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**Report of the
Comptroller and Auditor General of India**
on
**Public Sector Undertakings
for the year ended 31 March 2014**



Government of Chhattisgarh
Report No. 2 of the year 2014



**COMPTROLLER AND
AUDITOR GENERAL OF INDIA**

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दिनांक 12-6-MAR-2015
में प्रस्तुत।
Presented to Legislature
on.....

**Government of Chhattisgarh
*Report No. 2 of the year 2014***

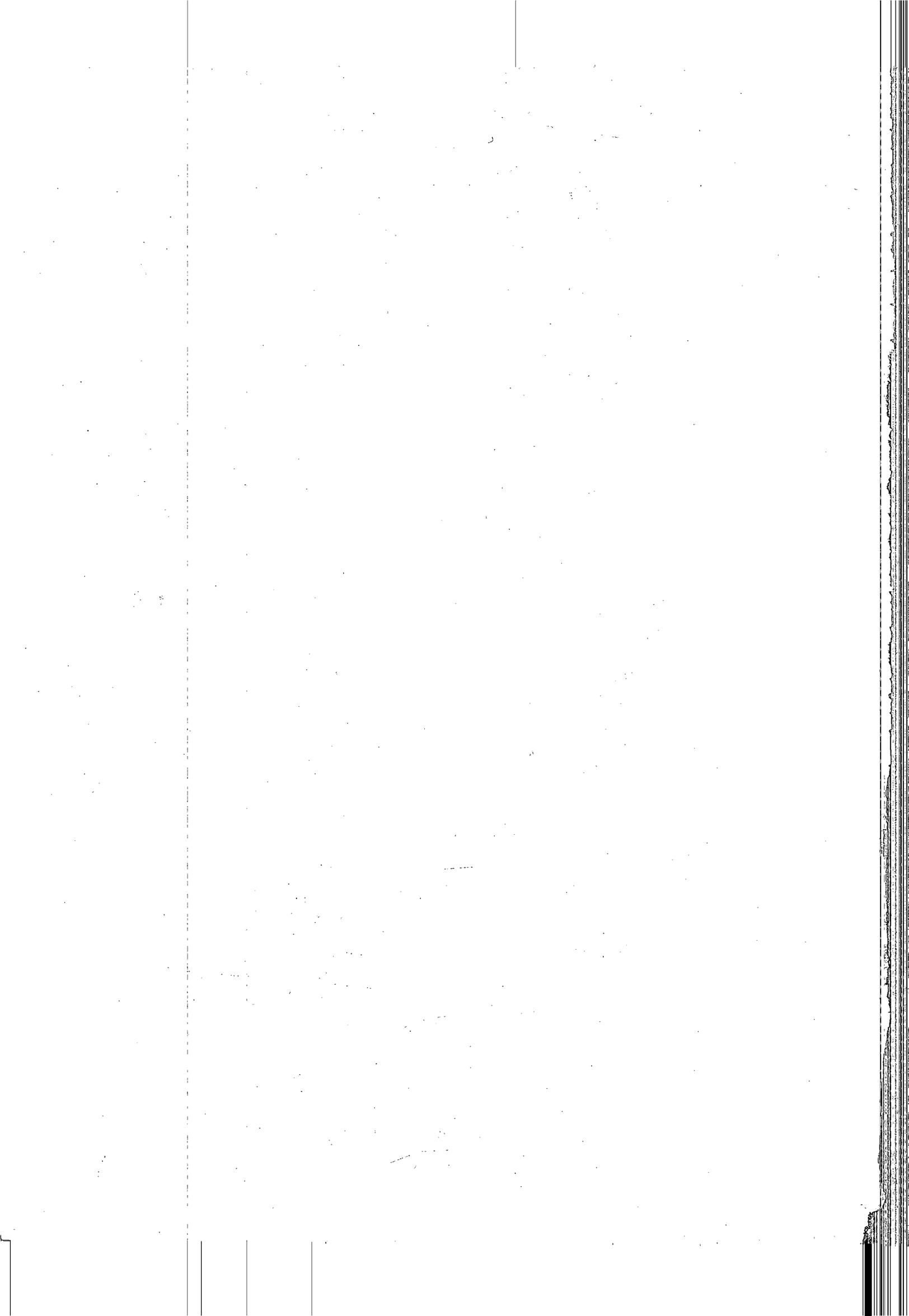


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Preface

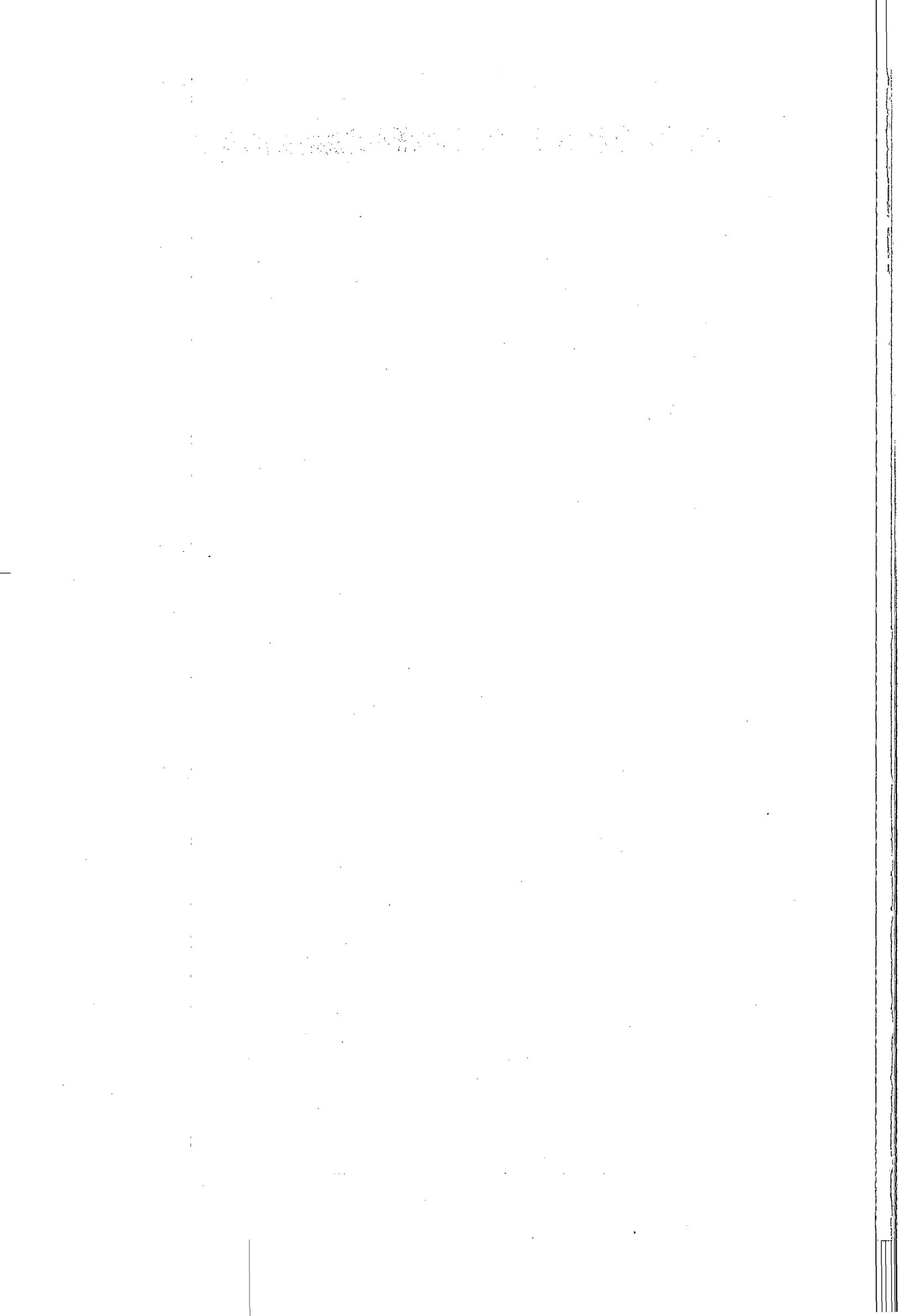
This report deals with the results of audit of Government companies and Statutory corporation of Chhattisgarh for the year ended March 2014.

The accounts of Government Companies (including companies deemed to be government companies as per the provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act 1956. The Accounts certified by the Statutory Auditors (Chartered Accountants) appointed by the CAG under the Companies Act are subject to supplementary audit by officers of the CAG and the CAG gives his comments or supplements the reports of the Statutory Auditors. In addition, these companies are also subject to test audit by the CAG.

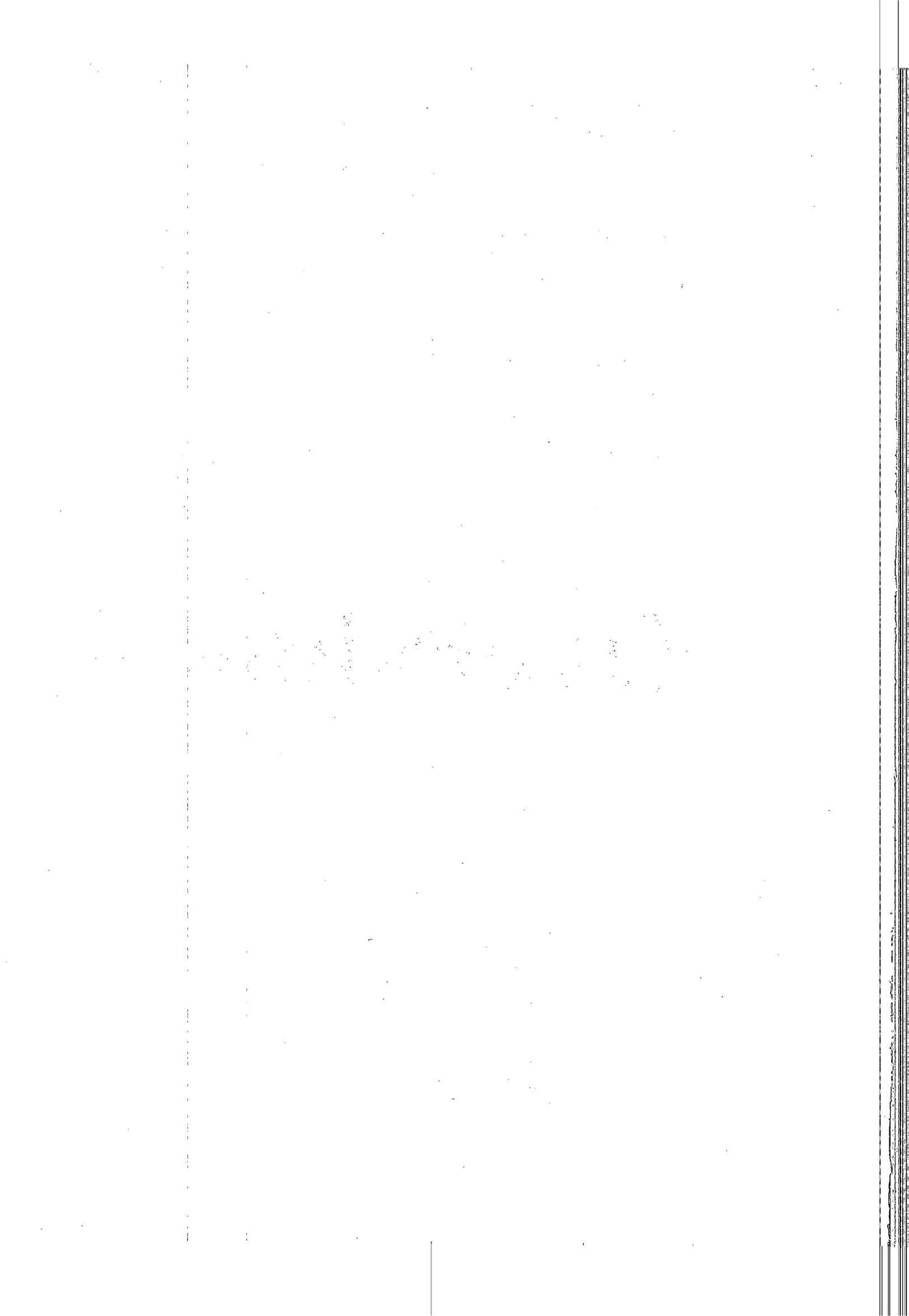
Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by the CAG for laying before State Legislature of Chhattisgarh under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the year 2013-14 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; matters relating to the period subsequent to 2013-14 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



Overview



Overview

1. Overview of Government companies and Statutory corporation

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG). These accounts are also subject to supplementary audit conducted by CAG. Audit of Chhattisgarh State Warehousing Corporation, a Statutory Corporation, is governed by the Warehousing Corporations Act, 1962. As on 31 March 2014, the State of Chhattisgarh had 20 working PSUs (19 companies and one Statutory corporation), which employed 20950 employees. The working PSUs registered a turnover of ₹ 13734.46 crore as per their latest accounts finalised during the year 2013-14.

Investments in PSUs

As on 31 March 2014, the investment (Capital and Long term loans) in 20 PSUs (including one Statutory corporation) was ₹ 24374.05 crore. It grew by 462.93 per cent from ₹ 4329.85 crore in 2009-10. 50.63 per cent of total investment was towards Capital and 49.37 per cent was towards Long-term loans. The Government contributed ₹ 3587.20 crore towards equity, loans and grants/ subsidies during 2013-14.

Performance of PSUs

During the year 2013-14, out of 20 PSUs, 12 PSUs earned total profit of ₹ 123.66 crore and four PSUs incurred total loss of ₹ 543.80 crore. Three PSUs earned no profit no loss. The remaining one PSU did not finalise its first accounts. The losses were mainly incurred by Chhattisgarh State Power Distribution Company Limited, Chhattisgarh State Civil Supplies Corporation Limited and Chhattisgarh State Power Transmission Company Limited to the extent of ₹ 498.19 crore, ₹ 26.63 crore and ₹ 18.94 crore respectively as per their latest finalised accounts. The losses incurred by PSUs are mainly attributable to deficiencies in financial management, planning, implementation of projects, running their operations and monitoring.

Arrears in accounts

15 PSUs had arrears of 36 accounts as of September 2014. The PSUs need to set targets for the work relating to preparation of accounts with special focus on clearance of arrears.

Quality of accounts

The quality of accounts of PSUs needs improvement. Out of 22 accounts finalised by working PSUs during October 2013 to September 2014 the Statutory Auditors had given qualified certificates for 15 accounts. The audit reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of accounts needs to be improved. Reports of Statutory Auditors on internal control of the companies indicated certain weak areas.

(Chapter – I)

2. Review of Statutory Corporation

A review on functioning of the Chhattisgarh State Warehousing Corporation was conducted. Executive summary of our audit findings is given below.

Introduction

Main activity of the Chhattisgarh State Warehousing Corporation (Corporation) during the period 2009-10 to 2013-14 was rendering services of storage of rice, wheat, sugar, grams and other commodities mainly to the Chhattisgarh State Civil Supplies Corporation Limited (CSCSCL) and Food Corporation of India (FCI) by constructing/hiring godowns. The Corporation held 14.02 lakh MT (9.11 lakh MT own and 4.91 lakh MT hired) storage capacity as at the end of March 2014.

Planning and construction of godowns

The Corporation does not undertake any assessment of the future storage requirements and systematic planning to construct godowns as storage requirements are assessed by State Level Committee. It executes construction of godowns as sanctioned under Private Entrepreneur Guarantee (PEG) Scheme, 2009, a Central Scheme and various schemes of the Government of Chhattisgarh (GoCG) as per its instructions issued from time to time to strengthen the Public Distribution System (PDS) in the State.

The Corporation could construct 2.87 lakh MT as against the target of 4.92 lakh MT under PEG Scheme and there was shortfall of 2.05 lakh MT in storage capacity additions as at the end of March 2014.

The Corporation incurred extra expenditure of ₹ 73.36 lakh for construction of godowns at unsuitable land/forest land and ₹ 91.46 lakh blocked up due to construction of godowns at disputed land.

There was violation of Delegation of Powers as the Managing Director sanctioned additional works valued ₹ 67.98 lakh beyond his powers.

The Corporation did not recover risk and cost amount of ₹ 32.30 lakh from a contractor who did not complete the work.

The Corporation short levied penalty of ₹ 84.40 lakh and did not recover business loss of ₹ 3.92 crore from the contractors for delay in construction of godowns and it violated environmental norms by using clay bricks instead of fly ash bricks.

Financial management

The total income of the Corporation increased from ₹ 52.39 crore in the year 2009-10 to ₹ 78.50 crore in 2012-13.

The Corporation suffered loss of interest of ₹ 88.89 lakh due to delay in raising of bills on FCI.

Outstanding claims of ₹ 1.01 crore in Backward Region Grant Fund (BRGF), a Central Scheme and ₹ 1.25 crore in State Schemes were not realised due to lack of pursuance.

The Corporation paid a penalty of ₹ 72.24 lakh due to delay in payment of service tax.

Capacity utilisation of godowns

Overall utilisation of godown capacity was above 90 per cent in all the five years under Review. However, godowns at two branches were never utilised and the utilisation was below 50 per cent in four to 13 branches in case of own godowns and in nine to 14 branches in case of hired godowns.

Operation and maintenance of godowns

Despite recurring losses by six branches in all the years under review, the Corporation did not take any concrete steps to reduce the losses.

In contravention of the provision of storage tariff, FCI withheld ₹ four crore from the bills for storage charges towards storage losses.

The Corporation violated norms by using pesticide below standard norms and by non-disposal of empty chemical containers.

Conclusion

The Corporation was to construct godowns under PEG Scheme 2009 with capacity of 4.92 lakh MT but could only construct 2.87 lakh MT as at the end of March 2014. There was thus a shortfall of 2.05 lakh MT in capacity addition due to delay in construction of godowns because of non-availability of land/disputed land etc.

Storage charges of ₹ 4.55 crore were outstanding for more than three years from Chhattisgarh State Civil Supplies Corporation Limited (₹ 3.22 crore) and Laghu Vanopaj Sangh (₹ 1.33 crore outstanding since May 2002). Out of this, ₹ 2.59 crore related to a case of shortage of rice found in physical verification referred (September 2005) to Economic Offence Wing of the GoCG for investigation which is under progress.

(Chapter - II)

3. Transaction Audit Observations

Transaction audit observations included in the Report highlight deficiencies in the management of Public Sector Undertakings involving serious financial implications. The irregularities pointed out are broadly of the following nature:

There was loss of ₹ 22.89 crore in six cases due to non-compliance with rules, directives, procedures, terms and conditions of contracts.

(Paragraphs 3.2, 3.3, 3.6, 3.8, 3.10 & 3.11)

Loss of ₹ 1.77 crore was incurred in four cases due to defective/ deficient planning.

(Paragraphs 3.4, 3.5, 3.7 & 3.9)

Loss of ₹ 5.38 crore was incurred in one case due to inadequate/ deficient monitoring.

(Paragraph 3.1.10)

Gist of some of the important audit observations are given below:

Wrong accounting of interest accrued on Group Leave Encashment Scheme Policy by **Chhattisgarh Rajya Van Vikas Nigam Limited** as income of the Company resulted in avoidable payment of income tax of ₹ 49.05 lakh

(Paragraph 3.3)

There was loss of interest of ₹ 54.74 lakh in **Chhattisgarh State Beverages Corporation Limited** due to non-availing auto sweep facility in current accounts.

(Paragraph 3.5)

The interest income was lower by ₹ 40.66 lakh in **Chhattisgarh State Industrial Development Corporation Limited** due to injudicious investment of surplus funds.

(Paragraph 3.7)

Failure of **Chhattisgarh State Power Generation Company Limited** to carry out capital overhauling of unit 6 of Korba Thermal Power Station in time resulted in avoidable expenditure of ₹ 68.87 lakh.

(Paragraph 3.9)

Non-incorporation of suitable clause on deduction of line loss in Power Purchase Agreements with private power producers by **Chhattisgarh State Power Distribution Company Limited** and allowing line loss on lower side by **Chhattisgarh State Power Trading Company Limited** resulted in extension of undue financial benefit of ₹ 20.54 crore to private power producers.

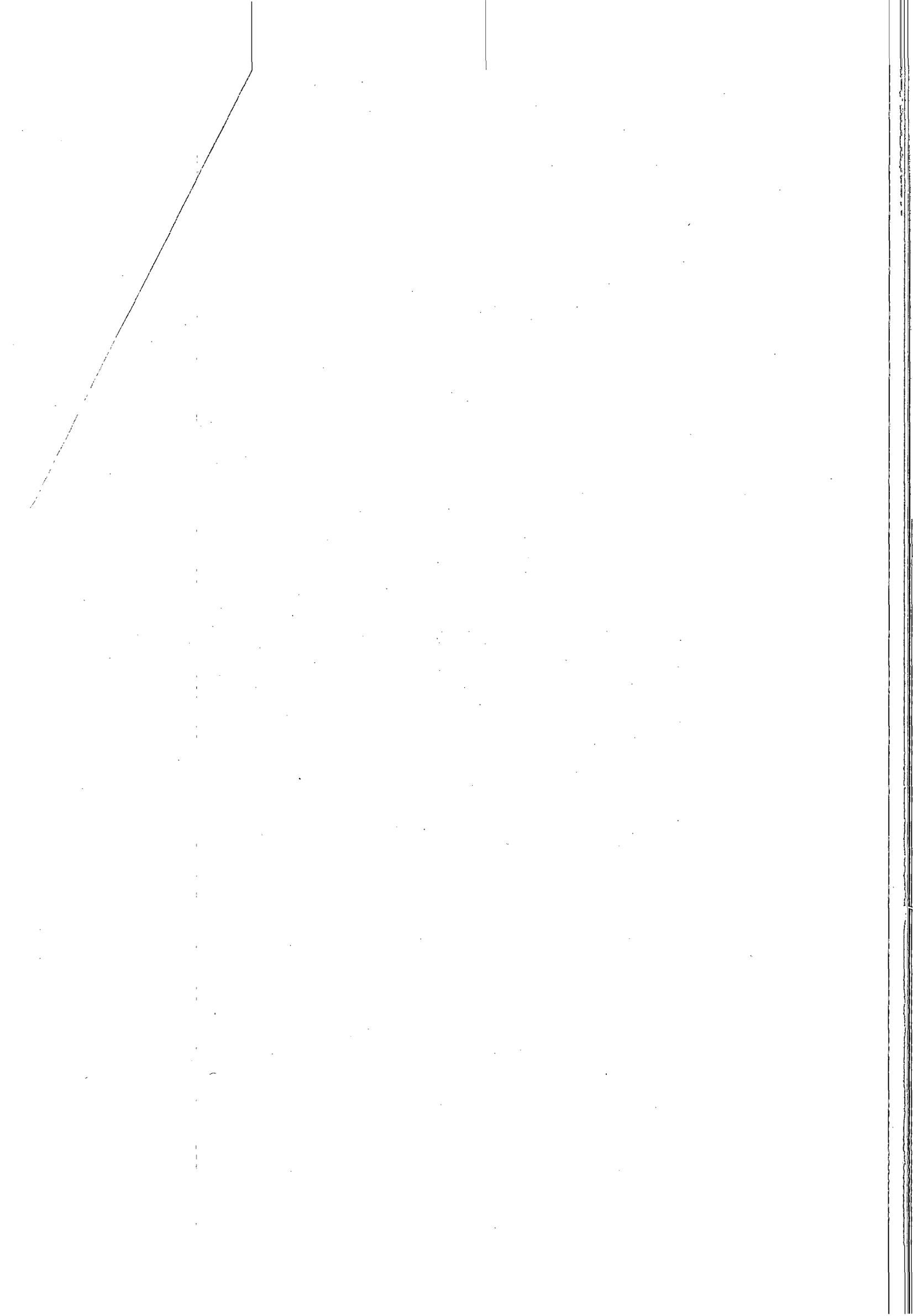
(Paragraph 3.10)

Acceptance of revision of scheduling of power by **Chhattisgarh State Power Trading Company Limited** in contravention of provisions of Power Purchase Agreements resulted in extension of undue benefit of ₹ 1.37 crore to captive power producers.

(Paragraph 3.11)



Chapter-I



CHAPTER-I

1. Overview of Government companies and Statutory corporation

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporation. The State PSUs are established to carry out activities of a commercial nature while keeping in view the public welfare.

1.2 In Chhattisgarh, as on 31 March 2014, there were 19 Government companies¹ and one Statutory corporation² (all working). None of these companies was listed in any of the stock exchanges. These PSUs registered a turnover of ₹ 13734.46 crore as per their latest audited accounts as of September 2014. The State PSUs incurred an aggregate loss of ₹ 420.14 crore as per their latest audited accounts. They had employed 20950 employees as of 31 March 2014.

1.3 State PSUs does not include the Chhattisgarh State Electricity Regulatory Commission (CSERC), an autonomous body, of which the Comptroller and Auditor General of India (CAG) is the sole auditor.

1.4 During the year 2013-14, no new PSUs were established and no PSU/ Statutory corporation was closed down.

Audit mandate

1.5 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *percent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company.

¹ Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (CRBEKVNL), Chhattisgarh Rajya Van Vikas Nigam Limited (CRVVNL), Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam Limited (CNJVAVN), Chhattisgarh Infrastructure Development Corporation Limited (CIDC), Chhattisgarh State Industrial Development Corporation Limited (CSIDC), Chhattisgarh Mineral Development Corporation Limited (CMDC), CMDC ICPL Coal Limited (CICL), Chhattisgarh Sondiha Coal Company Limited (CSCCL), CSPGCL AEL Parsa Collieries Limited (CAPCL), Chhattisgarh State Power Distribution Company Limited (CSPDCL), Chhattisgarh State Power Generation Company Limited (CSPGCL), Chhattisgarh State Power Holding Company Limited (CSPHCL), Chhattisgarh State Power Trading Company Limited (CSPTCL), Chhattisgarh State Power Transmission Company Limited (CSPTCL), Chhattisgarh State Beverages Corporation Limited (CSBCL), Chhattisgarh State Civil Supplies Corporation Limited (CSCSCL), Chhattisgarh Medical Services Corporation Limited (CMSCL), Chhattisgarh Police Housing Corporation Limited (CPHCL) and Raipur Nagar Nigam Transport Limited (RNNTL)

² Chhattisgarh State Warehousing Corporation (CSWC)

1.6 The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 (4) of the Companies Act, 1956.

1.7 Audit of Chhattisgarh State Warehousing Corporation (CSWC), a Statutory Corporation, is governed by the Warehousing Corporations Act, 1962. The audit of CSWC is conducted by Chartered Accountants and supplementary audit is done by CAG.

Investment in State PSUs

1.8 As on 31 March 2014, the investment in 20 PSUs (including one Statutory corporation) was ₹ 24374.05 crore as detailed in **Table - 1.1**.

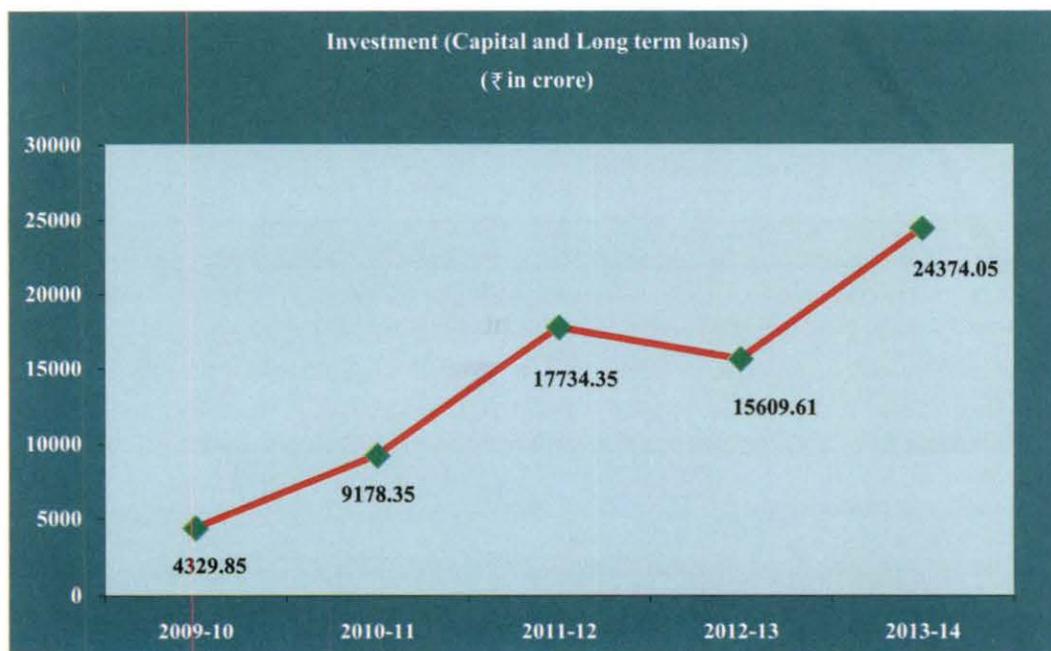
Table - 1.1

Government companies			Statutory corporation			Grand Total
Capital	Long term Loans	Total	Capital	Long term Loans	Total	
12336.45	11966.84	24303.29	4.04	66.72	70.76	24374.05

A summarised position of Government investment in State PSUs is detailed in **Annexure - 1.1**.

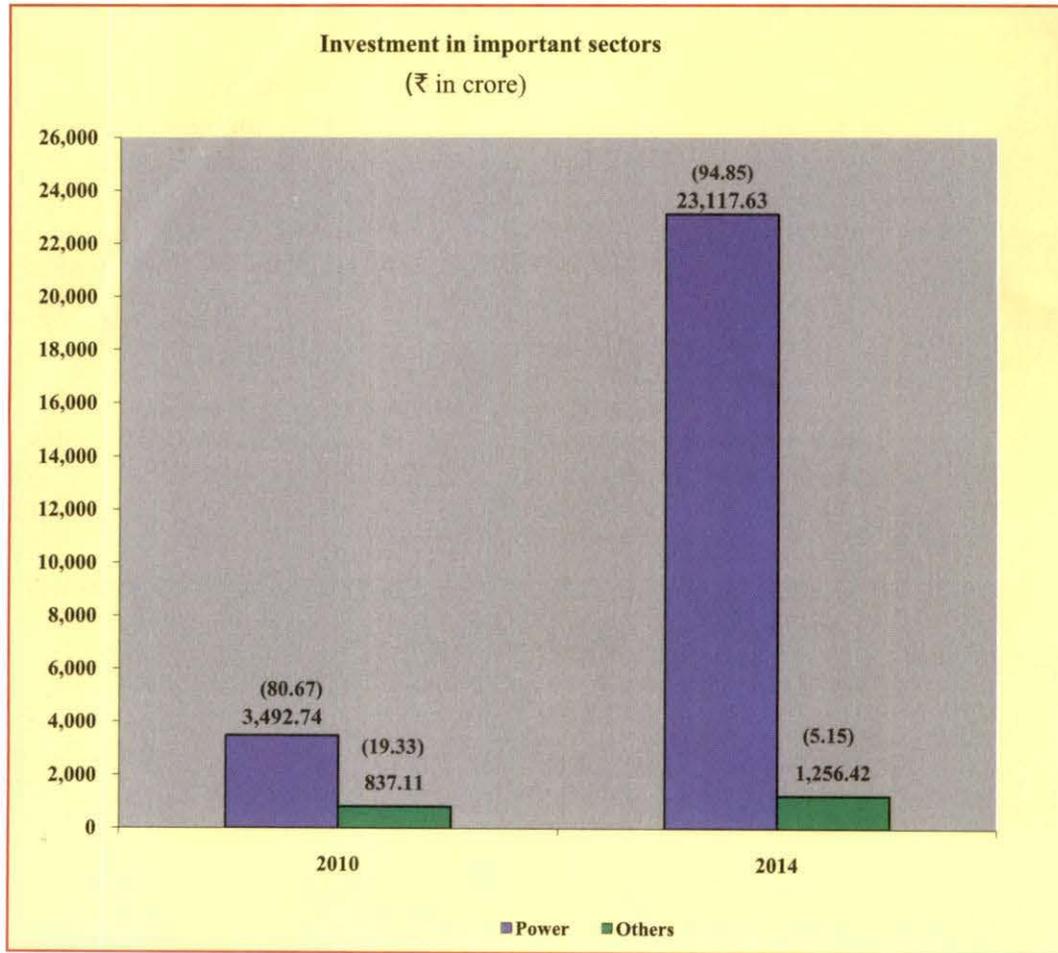
1.9 As on 31 March 2014, of the total investment in PSUs, 50.63 per cent was towards Capital and 49.37 per cent towards Long-term loans. The investment in the PSUs has grown by 462.93 per cent from ₹ 4329.85 crore in 2009-10 to ₹ 24374.05 crore in 2013-14 as shown in **Chart - 1.1**.

Chart - 1.1



1.10 The investment in various important sectors and the percentage thereof at the end of 31 March 2010 and 31 March 2014 are indicated in the *Chart - 1.2*.

Chart - 1.2



(Figures in brackets show percentage of total investment)

The thrust of investment in the PSUs was mainly in the power sector. During the past five years the investment in this sector is showing an increasing trend. It grew by 561.88 per cent from ₹ 3492.74 crore in 2009-10 to ₹ 23117.63 crore in 2013-14 mainly due to investment made by the Government in equity and loans obtained by PSUs of power sector from Power Finance Corporation Limited/ Rural Electrification Corporation Limited for their new projects/ development/ upgradation works.

Budgetary outgo towards Equity, Grants/Subsidies, Guarantees and Loans

1.11 The details regarding budgetary outgo towards equity, loans and grants/subsidies in respect of State PSUs at the end of March 2014 are given in *Annexure - 1.2*.

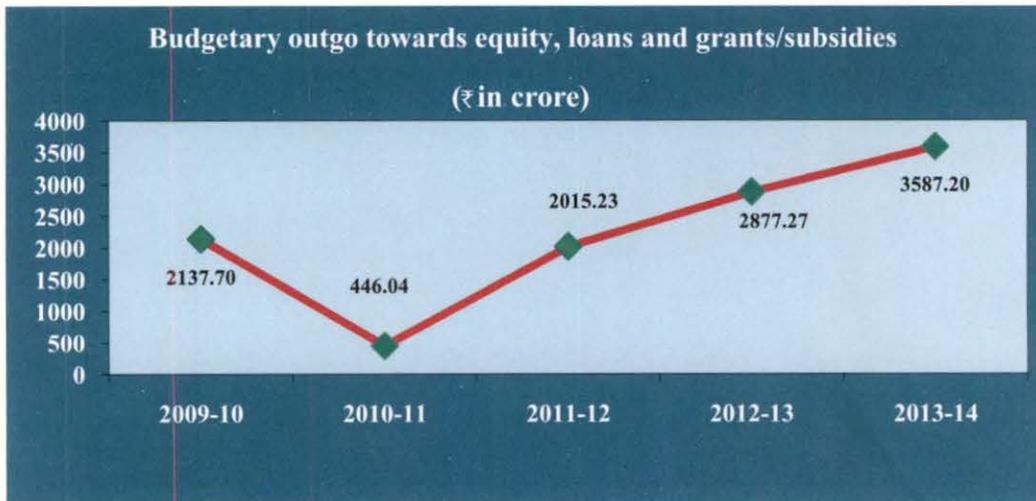
The summarised details of budgetary outgo towards equity, loans and grants/subsidies for the three years ended 2013-14 are given in the *Table - 1.2*.

Table - 1.2

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)
1.	Equity Capital outgo from budget	-	-	4	903.52	2	22.45
2.	Loans given from budget	1	500.00	3	651.66	3	556.78
3.	Grants/Subsidy received	7	1515.23	6	1322.09	8	3007.97
4.	Total Outgo (1+2+3)	7	2015.23	10	2877.27	11	3587.20
5.	Loans converted into equity	-	-	-	-	-	-
6.	Guarantees issued	1	2.50	1	500.00	2	508.00
7.	Guarantee commitment	2	302.84	3	937.61	2	525.00

1.12 The details regarding budgetary outgo towards equity, loans and grants/subsidies for the past five years are given in the *Chart - 1.3*.

Chart - 1.3



The budgetary outgo towards equity, loans and grants/subsidies drastically decreased from ₹ 2137.70 crore (2009-10) to ₹ 446.04 crore (2010-11), the same had increased to ₹ 2015.23 crore, ₹ 2877.27 crore and ₹ 3587.20 crore in 2011-12, 2012-13 and 2013-14 respectively. The budgetary outgo of ₹ 3587.20 crore during 2013-14 included support of ₹ 3420.61 crore extended to two PSUs viz. Chhattisgarh State Power Distribution Company Limited and Chhattisgarh State Civil Supplies Corporation Limited by way of equity, loans, subsidy and grants of ₹ 635.64 crore and ₹ 2784.97 crore respectively.

Reconciliation with Finance Accounts

1.13 The figures in respect of equity, loans and guarantees outstanding as per records of the State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department are required to conduct

reconciliation of the differences. The position in this regard as at 31 March 2014 is stated in the **Table - 1.3**.

Table - 1.3

Outstanding in respect of	₹ in crore)		
	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	1662.38	6807.94	5145.56
Loans	440.17	313.58	126.59
Guarantee	1676.21	525.00	1151.21

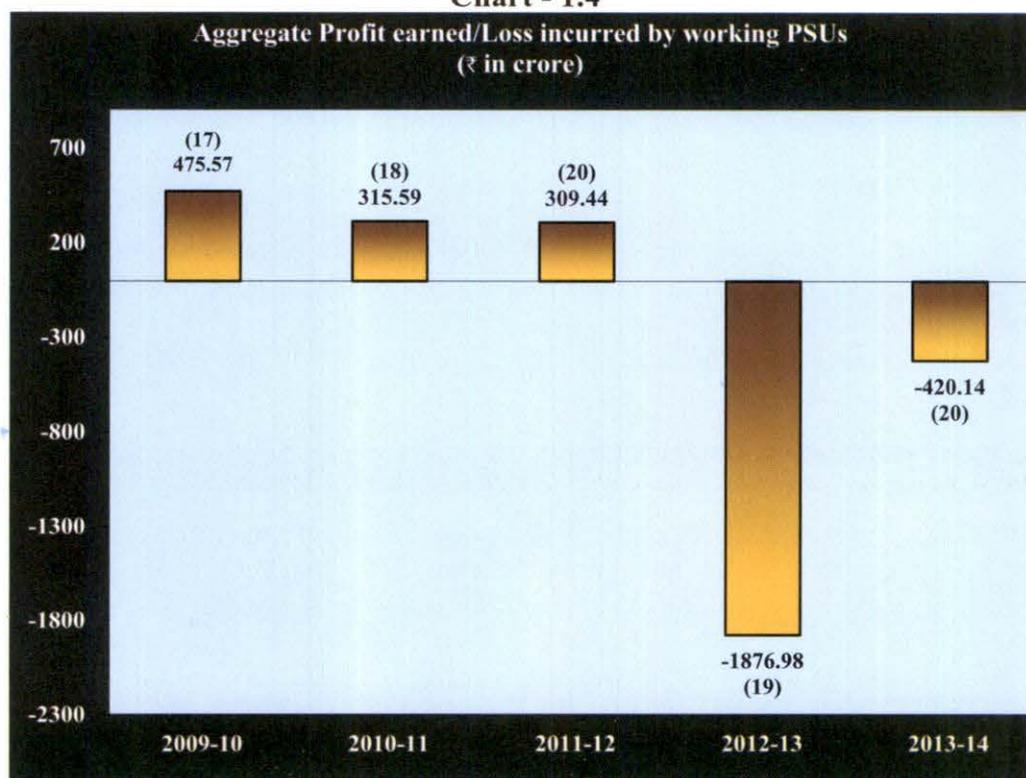
1.14 We observed that the differences occurred in respect of thirteen³ PSUs and these differences were pending reconciliation since 2004-05. Though the differences between the amounts reflected in the Finance Accounts and as per the records of the PSUs were reported in the Audit Reports of earlier years, no corrective action was taken by the State Government.

Performance of PSUs

1.15 The financial results of PSUs and financial position and working results of the Statutory corporation are detailed in **Annexures - 1.3, 1.4 and 1.5** respectively.

1.16 The aggregate profit earned/loss incurred by State working PSUs as per their latest finalised accounts during the period 2009-10 to 2013-14 is given in the **Chart - 1.4**.

Chart - 1.4



(Figures in brackets shows the number of working PSUs in the respective year based on latest audited accounts)

³ CRBEKVN, CRVNL, CNJVAVN, CIDC, CSIDC, CMDCL, CSPDCL, CSPGCL, CSPTCL, CSBCL, CSCSCL, CMSCL and CSWC

The aggregate profit of ₹ 309.44 crore earned by the State PSUs in 2011-12 turned into aggregate loss of ₹ 1876.98 crore in 2012-13 due to heavy loss incurred by CSPDCL (₹ 2012.27 crore). The same had significantly improved to aggregate loss of ₹ 420.14 crore in 2013-14 due to reduction of losses in CSPDCL (₹ 498.19 crore).

As per the latest accounts finalised as on 30 September 2014, out of 20 working PSUs⁴, 12 PSUs⁵ earned total profit of ₹ 123.66 crore and four PSUs⁶ incurred total loss of ₹ 543.80 crore. Three PSUs⁷ earned no profit no loss. The remaining one PSU⁸ did not finalise its first account. The major contributors to profit were Chhattisgarh State Warehousing Corporation (₹ 40.51 crore), Chhattisgarh Rajya Van Vikas Nigam Limited (₹ 27.81 crore) and Chhattisgarh State Power Generation Company Limited (₹ 16.31 crore). Losses were mainly incurred by Chhattisgarh State Power Distribution Company Limited (₹ 498.19 crore), Chhattisgarh State Civil Supplies Corporation Limited (₹ 26.63 crore) and Chhattisgarh State Power Transmission Company Limited (₹ 18.94 crore).

1.17 A review of the latest three years Audit Reports of CAG shows that the State PSUs incurred controllable losses to the tune of ₹ 38.08 crore and infructuous investment of ₹ 0.91 crore which were controllable with the better management as given in the *Table - 1.4*.

Table - 1.4

Particulars	(₹ in crore)			
	2011-12	2012-13	2013-14	Total
Net Profit(+)/loss (-) of working PSUs	309.44	(-) 1876.98	(-) 420.14	(-) 1987.68
Controllable losses as per CAG's Audit Report	1958.08	204.13	38.08	2200.29
Infructuous Investment	44.12	0	0.91	45.03

1.13 The State Government had not formulated any dividend policy for payment of minimum return on the paid-up share capital contributed by the State Government. As per their latest finalised accounts, 12 PSUs earned profit aggregating ₹ 123.66 crore of which only two PSUs⁹ declared dividend of ₹ 3.57 crore.

Arrears in finalisation of accounts

1.19 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956.

⁴ CRBEKVN, CRVVNL, CNJVAVN, CIDC, CSIDC, CMD, C, CSCCL, CAPCL, CSPDCL, CSPGCL, CSPHCL, CSPTTr.CL, CSPTCL, CSBCL, CSCSCL, CMSCL, CPHCL, RNNTL and CSWC

⁵ CRBEKVN, CRVVNL, CNJVAVN, CIDC, CSIDC, CMD, CSPGCL, CSPHCL, CSPTTr.CL, CSBCL, CPHCL and CSWC

⁶ CSCCL, CSPDCL, CSPTCL and CSCSCL

⁷ C, CAPCL and CMSCL

⁸ RNNTL

⁹ CRVVNL and CSWC

Similarly, in case of the Statutory corporation, the accounts are to be finalised, audited and presented to the Legislature as per the provisions of the Warehousing Corporation Act, 1962. The **Table - 1.5** provides the details of working PSUs and the status of finalisation of their accounts (September 2014).

Table - 1.5

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Number of Working PSUs	17 ¹⁰	18 ¹¹	20 ¹²	19	20
2.	Number of accounts finalised during the year	16	15	16	24	22
3.	Number of accounts in arrears	36	38	41	36	36 ¹³
4.	Average arrears per PSU (3/1)	2.25	2.24	2.16	1.89	1.80
5.	Number of Working PSUs with arrears in accounts	15	15	15	15	15
6.	Extent of arrears (years)	1 to 6	1 to 5	1 to 6	1 to 7	1 to 7

1.20 The number of accounts in arrears of the PSUs increased from 36 accounts in respect of 15 PSUs in 2009-10 to 41 in 2011-12 in respect of 15 PSUs and it decreased to 36 accounts in 2013-14 in respect of 15 PSUs.

1.21 The State Government had invested ₹ 5101.97 crore (Equity: ₹ 0.45 crore, Loans: ₹ 1063.74 crore, Grants: ₹ 294.65 crore and Subsidy: ₹ 3743.13 crore) in 10 PSUs during the years for which accounts have not been finalised as detailed in **Annexure - 1.6**. In the absence of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested had been achieved. Thus, the Government's investment in such PSUs remained outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

1.22 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though we informed the

¹⁰ Including CSEB, which was unbundled into five companies with effect from 1 January 2009 as per the State Government Gazette Notification dated 19 December 2008. The name of CSEB has been included in the Chapter for reconciliation purposes as CSEB, having pendency upto 2008-09 in finalisation of accounts

¹¹ CSEB not considered as arrears of accounts

¹² CSEB not considered as arrears of accounts and CPHCL incorporated on 14 December 2011 is also not considered to be in arrears as their first accounts were prepared for 15 months period. However in respect of CMSCL two accounts have been considered as arrears because the Company has prepared two accounts separately - one for the period from 7 October 2010 to 31 March 2011 and another for the period from 1 April 2011 to 31 March 2012

¹³ Three accounts for the years 2011-12 to 2013-14 are yet to be received from RNNTL

concerned administrative departments and officials of the Government of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this, we could not assess the net worth of these PSUs. We had also taken up (September 2014) the matter of arrears in accounts with the Chief Secretary to expedite clearance of the backlog of arrears in accounts in a time bound manner.

1.23 In view of the above state of arrears, it is recommended that the Government should monitor and ensure timely finalisation of accounts in conformity with the provisions of the Companies Act, 1956.

Comments on accounts

1.24 Fourteen working companies forwarded their 21 audited accounts to the Accountant General during the period from 1 October 2013 to 30 September 2014. Out of these, 12 companies¹⁴ were selected for supplementary audit. The statutory auditors had given unqualified certificates for six accounts and qualified certificates for 15 accounts. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved. The details of aggregate money value of comments of statutory auditors and CAG are given in **Table - 1.6** as follows:

Table - 1.6

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1.	Decrease in Profit	8	1024.43	6	9.41	7	3.70
2.	Increase in Loss	-	-	4	42.66	3	216.54
3.	Increase in Profit	-	-	4	10.90	4	0.90
4.	Decrease in Loss	1	6469.24	3	129.49	4	1448.49

Some of the important comments of CAG in respect of accounts of companies finalised during 2013-14 are as follows:

Chhattisgarh State Beverages Corporation Limited (2012-13)

- Profit for the year was overstated by ₹ 46.17 lakh due to non provision of Income tax payable as per the demand raised by Income Tax Department and non provision of amount payable to Chhattisgarh State Industrial Development Corporation Limited towards annual charges.

¹⁴ CRBEKVNL, CSIDC, CMDC, CICL, CSPDCL, CSPHCL, CSPTCL, CSPTCL, CSBCL, CSCSCL, CSPHCL, CMSCL

Chhattisgarh State Civil Supplies Corporation Limited (2011-12)

- Long Term Provisions and Loss for the year were overstated by ₹ 4.33 crore due to wrong computation of 'Interest on DCP¹⁵ Rice Purchase'.
- Loss for the year was overstated by ₹ 1.82 crore due to short accountal of income towards "Differential amount from Sugar Equalisation Fund".

Chhattisgarh Mineral Development Corporation Limited (2010-11)

- Profit for the year was overstated by ₹ 15.75 lakh due to non-provision of payment of pay arrears for the year 2010-11.

Chhattisgarh State Industrial Development Corporation Limited (2006-07)

Profit for the year was overstated by ₹ 2.41 crore due to:

- Non-provision for the interest of ₹ 1.59 crore accrued for the period from 1 July 2000 to 31 March 2002 on Inter Corporate Deposit with MPSIDC.
- Non-provision for bad and doubtful debts of ₹ 70.24 lakh towards old balance of debtors which was pending for more than three years and the details of the debtors were not available with the Company.
- Non-provision of rejected TDS refund claim of ₹ 11.83 lakh.

Chhattisgarh State Power Distribution Company Limited (2012-13)

- The Current Liabilities and Loss for the year were understated by ₹ 23.39 crore due to short accountal of cost of power purchase from Chhattisgarh State Power Trading Company Limited.
- The Trade Payables and Loss for the year were understated by ₹ 3.31 crore due to non-provision of Transmission Charges payable to Power Grid Corporation for the period from October 2012 to March 2013 which was paid in year 2013-14.
- The Current Liabilities and Loss for the year were understated by ₹ 1.55 crore due to non-provision of penal interest payable to Jindal Steel & Power Limited (JSPL) for delayed payment of power purchase bill as on 31 March 2013.
- The Current Liabilities and Loss for the year were understated by ₹ 0.94 crore due to non-provision of expense towards power purchase from M/s ACB and M/s Spectrum Coal & Power Limited for the month of March 2013 payable to Chhattisgarh State Power Trading Company Limited.
- The Loss for the year was overstated by ₹ 10 crore due to non accountal of amount received from M.P. Power Management Company Limited towards Reactive Energy Charges for the period 27 March 2006 to 31 March 2013 in compliance with the directives issued by CSERC on 18 July 2013.

¹⁵ Decentralised Procurement

- Non-accountal of ₹ 77.74 lakh towards interest on Unscheduled Interchange (UI), Pool income pertaining to the month of March 2013 has resulted in understatement of Revenue from Operations, understatement of Trade Receivable and overstatement of loss to the extent of ₹ 77.74 lakh.

Chhattisgarh State Power Transmission Company Limited (2012-13)

- Loss for the year was overstated by ₹ 0.51 crore due to transfer of entire short term open access charges (SLDC charges) of ₹ 1.01 crore recovered by State Load Despatch Centre to “SLDC Development Fund”. However, as per the Chhattisgarh State Electricity Regulatory Commission (Fees and Charges of State Load Despatch Centre and Other Related Matter) Regulation, 2010, only 50 per cent of SLDC charges was to be transferred.
- Loss for the year was understated by ₹ 0.56 crore due to non-provision of expenditure incurred by the Company towards operation and maintenance of substations, plantation and advertisement pertaining to the financial year 2012-13 but paid during the year 2013-14.

Comments on accounts of Statutory corporations

1.25 Similarly, the Chhattisgarh State Warehousing Corporation forwarded accounts for the year 2012-13 to the Accountant General during the year 2013-14. The Statutory Auditor has given qualified certificate on the accounts and the accounts of the Corporation were selected for supplementary audit. The details of aggregate money value of comments of Statutory Auditors and CAG on the Statutory corporations are given in **Table - 1.7**.

Table - 1.7

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1	Increase in profit	-	-	1	0.81	-	-
2	Decrease in profit	2	1056.20 ¹⁶	-	-	1	0.20
	Total		1056.20		0.81		0.20

1.26 The important comments in respect of accounts of the Chhattisgarh State Warehousing Corporation for the year 2012-13 are as follows:

- Profit for the year was overstated by ₹ 11.92 lakh due to non-provision of godown rent for the period 31 March 2013, which was paid in next year.
- Non-provision of pay arrears pertaining to the period June 2006 to March 2013 has resulted in understatement of other liabilities as well as overstatement of Profit by ₹ 8.24 lakh.

Comments on internal control

1.27 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control / internal audit

¹⁶ includes ₹ 1056.11 crore decrease in profit relating to erstwhile Chhattisgarh State Electricity Board for the period from 1 April 2008 to 31 December 2008 which was unbundled into five companies w.e.f. 1 January 2009. The SAR of CSEB was finalised during 2011-12

systems in the companies audited in accordance with the directions issued by CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/ internal control system in respect of eleven¹⁷ companies on the accounts finalised during the year 2013-14 are given in the *Table - 1.8*.

Table - 1.8

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the Companies as per Annexure 1.3
1.	Non-fixing of minimum/maximum limits of store and spares.	3	A-10, A-11, A-14
2.	Absence of internal audit system commensurate with the nature and size of business of the Company.	10	A-01, A-06, A-10, A-11, A-12, A-13, A-14, A-15, A-16, A-17
3.	Non-maintenance of fixed assets register showing full particulars including quantitative details and location of fixed assets.	8	A-01, A-05, A-06, A-10, A-11, A-14, A-15, A-16
4.	Physical verification of inventory has not been conducted.	4	A-01, A-05, A-06, A-14

Recoveries at the instance of audit

1.28 During the course of audit in 2013-14, recoveries of ₹ 52.26 crore were pointed out to the Management of various PSUs of which ₹ 13.85 crore was admitted and ₹ 0.64 crore was recovered during the year 2013-14.

Status of placement of Separate Audit Reports

1.29 The *Table - 1.9* shows the status of placement of Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory corporation in the State Legislature.

Table - 1.9

Sl. No.	Name of Statutory corporation	Year for which SAR placed in Legislature		
		Year of SAR	Date of issue to the Government	Date of placement in legislature
1.	Chhattisgarh State Warehousing Corporation	2011-12	21.02.2013	16.07.2013
		2012-13	11.02.2014	Yet to be placed

(Source: Data compiled from the information furnished by corporation)

¹⁷ CRBEKVNL, CSIDC, CMDC, CSPDCL, CSPGCL, CSPHCL, CSPTTr.CL, CSPTCL, CSBCL, CSCSCL and CMSCL

Delay in placement of SARs weakens the legislative control over the Statutory corporation and dilutes the latter's financial accountability. The Government should ensure prompt placement of the SARs in the Legislature.

Reforms in power sector

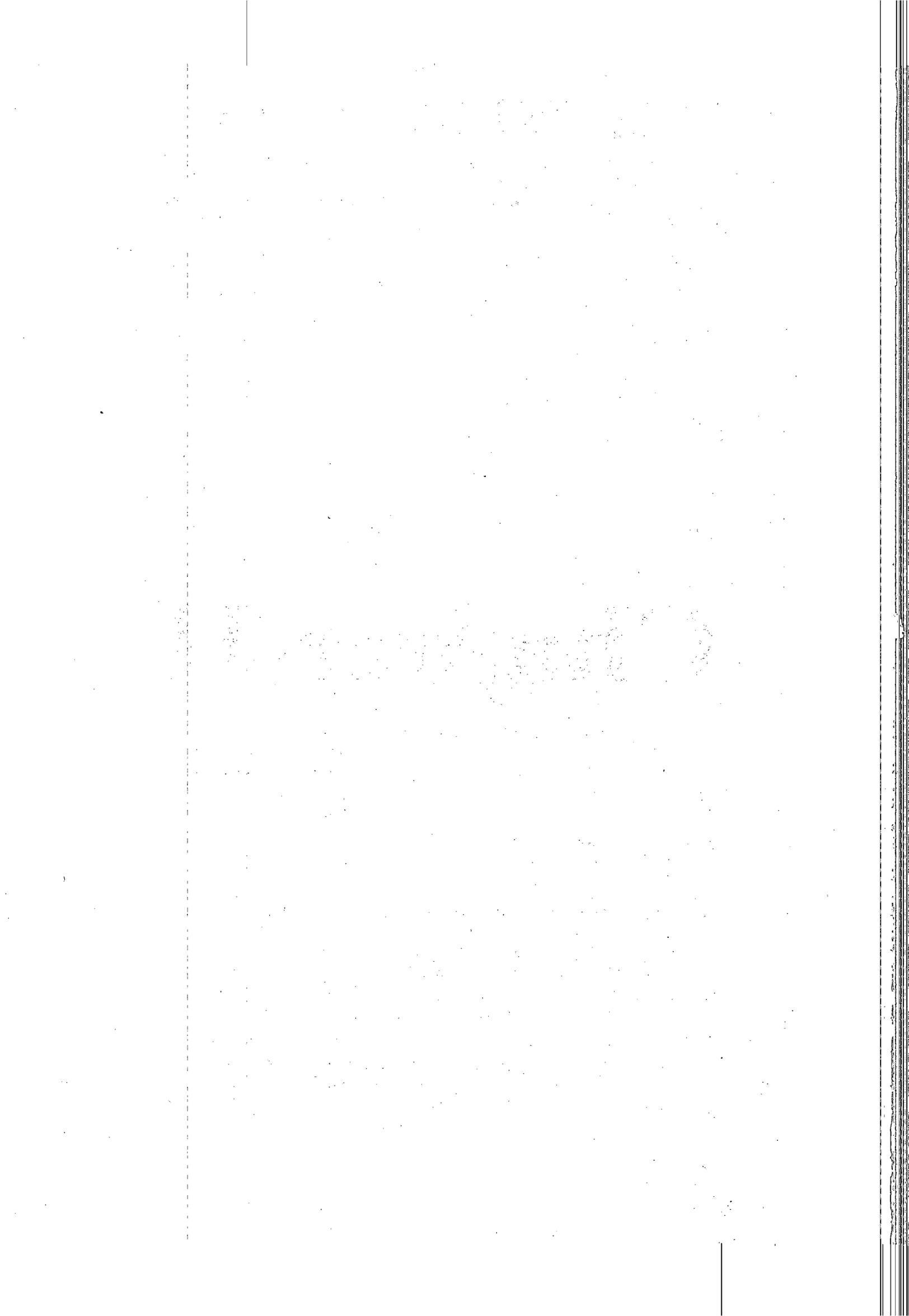
1.30 The process of unbundling of Chhattisgarh State Electricity Board was completed as per the Electricity Act, 2003. The Board was unbundled into five companies¹⁸ with effect from 1 January 2009.

1.31 The State has formed the Chhattisgarh State Electricity Regulatory Commission (CSERC) in May 2004 under Section 82 of the Electricity Act, 2003 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. During 2013-14, CSERC issued six orders on annual revenue requirements and 80 other orders.

1.32 A Memorandum of Understanding (MoU) was signed in May 2000 between the Union Ministry of Power and the State Government of Madhya Pradesh as a joint commitment for implementation of reforms programme in the power sector with identified milestones. However, no MoU was signed between the Union Ministry of Power and the State of Chhattisgarh after formation of the latter in November 2000 bifurcating the erstwhile State of Madhya Pradesh under the Madhya Pradesh Reorganisation Act. Hence, the implementation of reforms programme and achievement of identified milestones could not be assessed.

¹⁸ CSPDCL, CSPGCL, CSPHCL, CSPTTr.CL and CSPTCL

Chapter-II



CHAPTER – II

2. Review of Statutory Corporation

Functioning of the Chhattisgarh State Warehousing Corporation

Executive Summary

Introduction

Main activity of the Chhattisgarh State Warehousing Corporation (Corporation) during the period 2009-10 to 2013-14 was rendering services of storage of rice, wheat, sugar, grams and other commodities mainly to the Chhattisgarh State Civil Supplies Corporation Limited (CSCSCL) and Food Corporation of India (FCI) by constructing/hiring godowns. The Corporation held 14.02 lakh MT (9.11 lakh MT own and 4.91 lakh MT hired) storage capacity as at the end of March 2014.

Planning and construction of godowns

The Corporation does not undertake any assessment of the future storage requirements and systematic planning to construct godowns as storage requirements are assessed by State Level Committee. It executes construction of godowns as sanctioned under Private Entrepreneur Guarantee (PEG) Scheme, 2009, a Central Scheme and various schemes of the Government of Chhattisgarh (GoCG) as per its instructions issued from time to time to strengthen the Public Distribution System (PDS) in the State.

The Corporation could construct 2.87 lakh MT as against the target of 4.92 lakh MT under PEG Scheme and there was shortfall of 2.05 lakh MT in storage capacity additions as at the end of March 2014.

The Corporation incurred extra expenditure of ₹ 73.36 lakh for construction of godowns at unsuitable land/forest land and ₹ 91.46 lakh blocked up due to construction of godowns at disputed land.

There was violation of Delegation of Powers as the Managing Director sanctioned additional works valued ₹ 67.98 lakh beyond his powers.

The Corporation did not recover risk and cost amount of ₹ 32.30 lakh from a contractor who did not complete the work.

The Corporation short levied penalty of ₹ 84.40 lakh and did not recover business loss of ₹ 3.92 crore from the contractors for delay in construction of godowns and it violated environmental norms by using clay bricks instead of fly ash bricks.

Financial management

The total income of the Corporation increased from ₹ 52.39 crore in the year 2009-10 to ₹ 78.50 crore in 2012-13.

The Corporation suffered loss of interest of ₹ 88.89 lakh due to delay in raising of bills on FCI.

Outstanding claims of ₹ 1.01 crore in Backward Region Grant Fund (BRGF), a Central Scheme and ₹ 1.25 crore in State Schemes were not realised due to lack of pursuance.

The Corporation paid a penalty of ₹ 72.24 lakh due to delay in payment of service tax.

Capacity utilisation of godowns

Overall utilisation of godown capacity was above 90 per cent in all the five years under Review. However, godowns at two branches were never utilised and the utilisation was below 50 per cent in four to 13 branches in case of own godowns and in nine to 14 branches in case of hired godowns.

Operation and maintenance of godowns

Despite recurring losses by six branches in all the years under review, the Corporation did not take any concrete steps to reduce the losses.

In contravention of the provision of storage tariff, FCI withheld ₹ four crore from the bills for storage charges towards storage losses.

The Corporation violated norms by using pesticide below standard norms and by non-disposal of empty chemical containers.

Conclusion

The Corporation was to construct godowns under PEG Scheme 2009 with capacity of 4.92 lakh MT but could only construct 2.87 lakh MT as at the end of March 2014. There was thus a shortfall of 2.05 lakh MT in capacity addition due to delay in construction of godowns because of non-availability of land/disputed land etc.

Storage charges of ₹ 4.55 crore were outstanding for more than three years from Chhattisgarh State Civil Supplies Corporation Limited (₹ 3.22 crore) and Laghu Vanopaj Sangh (₹ 1.33 crore outstanding since May 2002). Out of this, ₹ 2.59 crore related to a case of shortage of rice found in physical verification referred (September 2005) to Economic Offence Wing of the GoCG for investigation which is under progress.

Introduction

2.1 Chhattisgarh State Warehousing Corporation (Corporation) was formed (May 2002) under the Warehousing Corporations Act, 1962 (Act). Main activities of the Corporation during the period 2009-10 to 2013-14 was rendering services of storage of rice, wheat, sugar, grams and other commodities mainly to the Chhattisgarh State Civil Supplies Corporation Limited (CSCSCL) and Food Corporation of India (FCI) by constructing/hiring godowns.

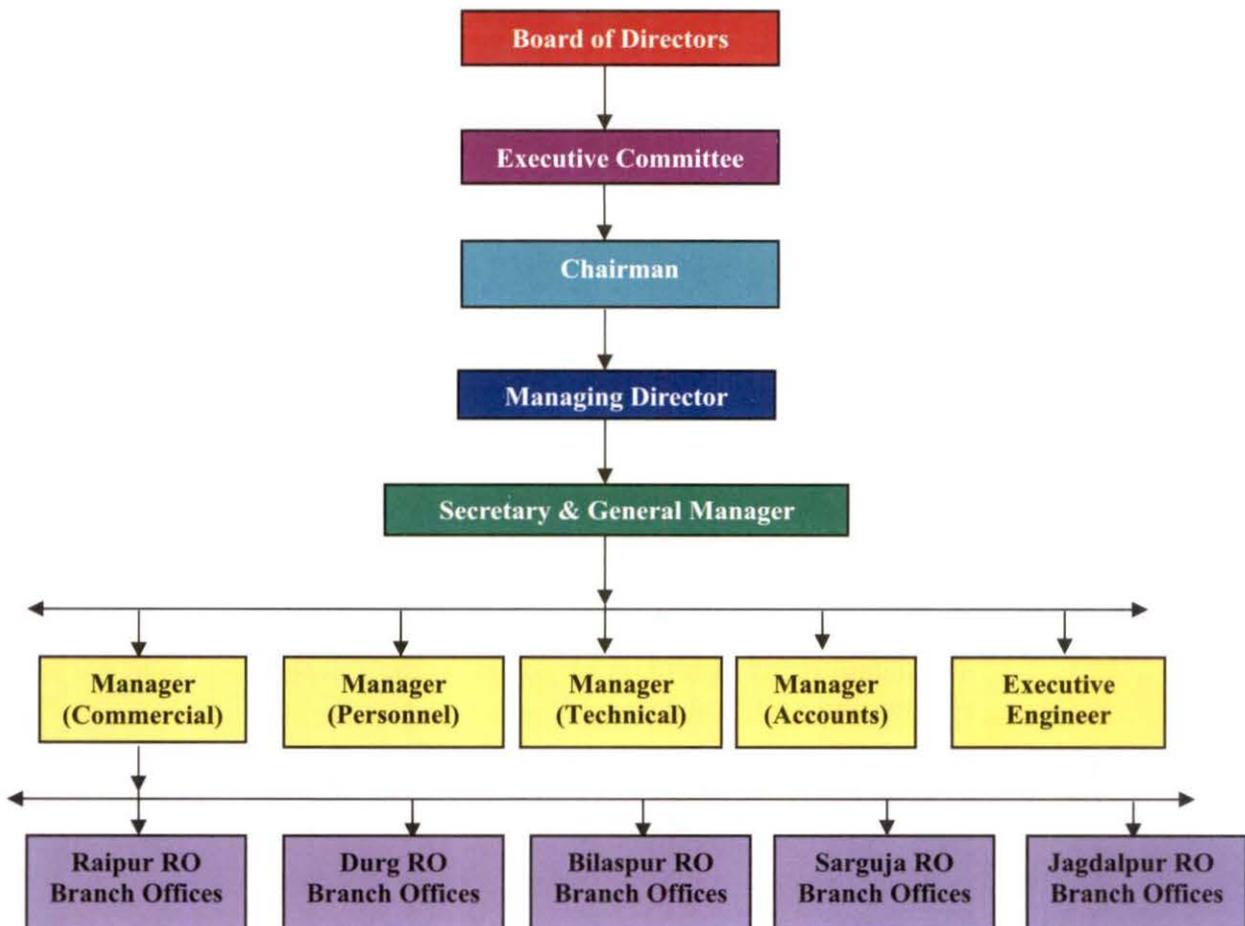
The Corporation utilised the storage spaces of own godowns as well as hired godowns as per its storage needs based on location, availability of storage space and as per the requirement of depositors.

As on 1 April 2009, total storage capacity was 9.98 lakh MT (own godowns: 4.97 lakh MT and hired godowns: 5.01 lakh MT). The total storage capacity increased to 14.02 lakh MT (own godowns: 9.11 lakh MT and hired godowns: 4.91 lakh MT) as on 31 March 2014. The capacity utilisation of own and hired godowns together ranged between 91 per cent and 101 per cent during the period of review.

The Performance Audit on Construction, Operation and Maintenance of Warehouses in Chhattisgarh State Warehousing Corporation included in Audit Report 2005-06 of Government of Chhattisgarh was discussed by Committee on Public Undertakings (COPU) in July 2009 and its recommendations are awaited (September 2014).

Organisational setup

2.2 The Corporation is managed by Board of Directors (BoD). As on 31 March 2014, the BoD consisted of nine Directors¹ including a full time Managing Director (MD) and all the directors are functional. The day-to-day activities of the Corporation are managed by the MD who is assisted by four Managers in-charge of Finance, Commercial, Personnel and Technical divisions. A Chairman and an Executive Committee² also review the activities of the Corporation through its monthly meetings. As of March 2014, the Corporation had five Regional Offices (ROs) and 125 Branch Offices (BOs) consisting of 632 own godowns and 330 hired godowns. The BOs are managed by Branch-in-charges who are assisted by Technical Assistants and supporting staff. The organisational chart is given below:



¹ Secretary, Food, Civil Supplies and Consumer Protection Department; Joint Secretary, Finance and Planning; Managing Director, Chhattisgarh State Civil Supplies Corporation Ltd; Executive Director, Chhattisgarh Laghu Vanopaj Evam Sahakari Sangh; General Manager, Central Warehousing Corporation; Regional Manager, Central Warehousing Corporation; Managing Director, Chhattisgarh State Warehousing Corporation; Deputy Secretary of Ministry of Consumer Affairs, Food and Public Distribution and Deputy General Manager, State Bank of India

² Executive Committee consists of the Chairman of the Board of Directors, the Managing Director and three other directors

Audit objectives

- 2.3** Review of the Corporation was conducted to assess whether:
- A well-established planning and construction mechanism for godowns was in place and was followed effectively and economically;
 - Fund management was efficient;
 - Capacity utilisation of own and hired godowns was optimal; and
 - Operation and maintenance of godowns was efficient.

Audit criteria

- 2.4** The Performance of the Corporation was assessed with reference to the:
- The Warehousing Corporations Act 1962 and Warehousing (Development and Regulation) Act 2007 (WDR Act);
 - Agenda and Minutes of Meetings of BoD of the Corporation;
 - Guidelines of Rural Infrastructure Development Fund (RIDF)/ Gramin Bhandaran Yojna (GBY)/ Sarguja and Uttar Vikas Pradhikaran (SUVV)/ Bastar and Dakshin Kshetra Adivasi Vikas Pradhikaran (BDKVP)/ Private Entrepreneur Guarantee (PEG) Scheme, 2009;
 - Norms for fixation of godown rent, hiring of godowns and storage charges fixed by the Corporation;
 - Norms for maintenance and capacity utilisation of godowns fixed by the Corporation; and
 - Norms for pest control/fumigation as per the Warehouse Manual for Operationalising of Warehousing (Development & Regulation) Act 2007 and norms for storage losses adopted by the Corporation.

Scope and methodology of audit

2.5 The Review conducted from 24 March 2014 to 30 June 2014 covered the functioning of the Corporation covering the transactions at Head Office, two (Bilaspur and Raipur) out of five ROs and 12 (Bagbahara, Durg, Bilaspur, Abhanpur, Rajim, Mandirhasuad, Mahasamund, Akaltara, Janjgir, Loharsingh, Kirodimal Nagar and Rajnandgaon) out of 125 BOs for the period from 2009-10 to 2013-14. The BOs were selected considering quantum of business done and capacity utilisation of godowns by each BO.

We explained the objectives of audit to the Corporation/Government of Chhattisgarh (GoCG) during an Entry Conference held on 23 April 2014. The audit findings were reported to the Corporation and the State

Government in July 2014 and the replies of the Corporation were received on 9 September 2014. However, the replies of the Government have not been received so far (October 2014). The replies furnished by the Corporation have been considered while finalising the Performance Audit. The Exit Conference with the Principal Secretary of the Department was held on 12 September 2014 to discuss the audit findings.

Audit findings

2.6 The audit findings are discussed in the succeeding paragraphs.

Planning and construction of godowns

Planning

2.7 The Corporation did not undertake any assessment of the future storage requirements and systematic planning to construct godowns as storage requirements are assessed by State Level Committee (SLC)³. It executes construction of godowns as sanctioned under PEG Scheme and various other schemes of the GoCG at identified locations to strengthen the Public Distribution System (PDS) in the State. Under PEG Scheme the SLC assesses the storage needs in the State and sends its recommendations for construction of godowns to a High Level Committee (HLC)⁴ for approval.

No policy or plans formulated by the Corporation for construction of godowns.

The fact of non-formulation of policy regarding construction of godowns was reported in Paragraph 6.2.9 of the Report of the Comptroller and Auditor General of India (Civil and Commercial) for the year ended 31 March 2006. Based on discussion in COPU on Construction, Operation and Maintenance of Warehouses in Chhattisgarh State Warehousing Corporation, the Corporation has submitted a policy for construction of godowns in its 20th meeting of BoD (March 2010) which was deferred to next meeting of BoD for discussion. However, no discussion on the policy was held in the subsequent meetings of BoD and the Corporation did not formulate any policy or plans for construction of godowns so far (September 2014).

Non-achievement of the targeted construction under PEG Scheme

2.8 Private Entrepreneur Guarantee Scheme, 2009 envisages construction of godowns for FCI storage and State requirement. The storage charges are guaranteed by FCI and GoCG for nine years under this scheme. For this purpose the SLC examined (September 2010) storage

³ SLC consisted of the Secretary (Food) and Director (Food) of the State, Executive Director (Zone) and General Manager (Region) of the Food Corporation of India (FCI), Regional Manager of Central Warehousing Corporation (CWC) and Managing Director of the Corporation

⁴ HLC consisted of the Additional Secretary & Financial Advisor, Ministry of Consumer Affair, Food and Public Distribution, Government of India, CMD of FCI, MD of CWC and State Government representatives

needs in the State and sent its recommendations for construction of godowns with total storage capacity of 3.02 lakh MT to the HLC which approved (March 2011) total capacity addition of 2.17 lakh MT with 1.92 lakh MT to be constructed by the Corporation and 0.25 lakh MT to be constructed by the Central Warehousing Corporation (CWC). In August 2011, SLC recommended storage capacity of 3.22 lakh MT for construction of godowns and HLC approved (November 2012) a capacity of 3.20 lakh MT with a total capacity of 3.00 lakh MT to be constructed by the Corporation and 0.20 lakh MT to be constructed by CWC.

There was shortfall of 2.05 lakh MT in construction of godowns under PEG scheme.

Audit observed that the Corporation could construct godowns with capacity of 2.87 lakh MT⁵ as against the target of 4.92 lakh MT. Thus, there was shortfall of 2.05 lakh MT in creation of storage capacity with reference to the approval of HLC under PEG Scheme as at the end of March 2014. Out of this, 1.19 lakh MT capacity godowns were delayed due to non-availability of land/disputed land and non-availability of sand for construction of godowns and remaining 0.86 lakh MT capacity godowns were not completed due to delay on the part of contractors. It was further observed that 2.87 lakh MT capacity godowns were constructed under the nine years storage guarantee from FCI and GoCG, however, the Corporation could hand over (September 2014) godowns with a total capacity of 0.40 lakh MT only to FCI due to non-installation of weighbridges and non-completion of other works such as construction of boundary wall, approach road etc. in the remaining constructed godowns. As a result the Corporation could not avail the nine years storage guarantee in respect of 2.47 lakh MT capacity godowns under PEG Scheme.

The Management stated (September 2014) that construction work for remaining godowns is in progress. It further stated that as per PEG Scheme guidelines electronic weighbridges are being installed in constructed and under-construction godowns and installation work has been completed in 34 godowns.

The fact remains that due to non-completion of construction work and installation of weighbridges in godowns, the Corporation could not avail benefits under PEG Scheme.

Construction of godowns

2.9 The Corporation constructs godowns with own funds and also by availing loans/ grants under various Central/ State schemes (*Annexure - 2.1*) for storage of agricultural produce, seeds, manures, fertilisers, agricultural implements and notified commodities. The Corporation also hires godowns according to its storage needs. The details of addition of own storage capacities during the five years ending 2013-14 are given in the *Table - 2.1*.

⁵ 1.87 lakh MT and 1.00 lakh MT as against the target of 1.92 lakh MT and 3.00 lakh MT sanctioned in the years 2011 and 2012 respectively

Table - 2.1

Year	Existing capacity at the beginning		Actual additions during the year		Total capacity at the end of the year	
	No. of godowns	Capacity in MT	No. of godowns	Capacity in MT	No. of godowns	Capacity in MT
2009-10	412	497412	6	8000	418	505412
2010-11	418	505412	38	78436	456	583848
2011-12	456	583848	46	89864	502	673712
2012-13	502	673712	47	90600	549	764312
2013-14	549	764312	83	147400	632	911712
Total			220	414300		

(Source: Business Reports of the Corporation)

A test check of records of 50 out of 127 cases of construction of godowns awarded during 2009-14 revealed the following shortcomings:

Extra expenditure/blockage of funds in construction of godowns

2.10 From scrutiny of records, it was observed that the Corporation incurred extra expenditure of ₹ 73.36 lakh in three cases due to construction of godowns at unsuitable lands and delay in application for allotment of land. Rupees 91.46 lakh had been blocked up due to construction of godown at disputed site. The details of these cases are given in the *Annexure - 2.2*.

Awarding of additional construction work in violation of Delegation of Powers

2.11 As per the Delegation of Powers (DoP) of the Corporation, the Managing Director (MD) is competent to sanction additional work up to 20 per cent of the awarded work and for more than 20 per cent, tender committee is empowered. In two cases, MD, in violation of delegation of powers sanctioned additional works of ₹ 67.98 lakh for construction of boundary wall at Mahasamund and Janakpur. These works were sanctioned though they were beyond 20 per cent of the original work,

The Management stated (September 2014) that the Corporation called tenders as per the model estimate as the GoCG did not make available the land and cost of construction increased during the execution of work and construction of boundary wall. The Corporation further stated that the works of construction of godown and boundary wall were different from each other and might not be treated as same work.

The reply of the Management is not acceptable as the construction of the boundary wall was allotted as an additional work without calling for fresh tender, hence it cannot be called as separate work. Thus, the Corporation failed to obtain the sanction of the competent authority for execution of additional works.

Non-compliance of tender procedure

2.12 During the test check, the following irregularities were noticed relating to non-compliance of tender procedure in implementation of construction of godowns.

Additional works of ₹ 67.98 lakh were awarded by the MD in violation of the Delegation of Powers.

(i) Award of work without following tender procedure

The Corporation awarded (December 2011) land filling work at Dhamtari to M/s. Rahul Constructions for ₹ 48.74 lakh without inviting tenders by treating it as an additional work of another contract at a different location at Dhamtari.

The Management stated (September 2014) that as per clause 13 of tender, additional/alteration work upto 25 per cent of the contract amount might be given to the same contractor at the same rate.

The reply of the Management is not correct as the land filling work at a different site was a separate work and not an additional/alteration work.

(ii) Non-recovery of risk and cost from a contractor

The Corporation awarded (July 2010) the work of construction of 3600 MT capacity godown at Pendraroad to M/s Vishwakarma Fabricators, Manendragarh. The contractor left the work after completion of 34 per cent of the work. The balance work was got executed through another contractor, M/s Sai Infrastructure, by incurring additional expenditure of ₹ 32.30 lakh. The Corporation did not recover additional expenditure of ₹ 32.30 lakh as per risk and cost of the contract from M/s Vishwakarma Fabricators.

The Management stated (September 2014) that action for recovery of risk and cost amount is being taken.

The reply of the Management is not correct as even after a lapse of more than two years no action for the recovery of the amount on account of risk and cost was taken.

Non-recovery of business loss/penalty for delayed execution of works

2.13 The terms and conditions of tender provided for levy of penalty upto six per cent of the total value of the contract for delay in construction of godowns. Further, business loss was also to be recovered from the contractors at the rate of godown rent (full capacity) per MT per month, if construction was delayed by more than three months.

We observed that in 25 out of 127 cases as detailed in *Annexure - 2.3*, the Corporation had granted time extension of 81 to 705 days. The reasons for delays attributed by the contractor mainly include heavy rains, Naxal problem, hard rock, hilly area, non availability of material, labour problem, water problem, additional work etc. These reasons were accepted by the Corporation and accordingly, lesser penalty or no penalty was imposed. The action of the Corporation in accepting these reasons for delays is not justified as these were deemed to be in the notice of the contractors at the time of submitting tender, which should have been taken into account while accepting the scheduled date of completion. Non-imposition of penalty at prescribed rate resulted in short levy of penalty of ₹ 84.40 lakh as detailed in *Annexure - 2.3*.

We further observed that even though there were delays in construction of godowns for more than three months in 25 cases, the Corporation did not

There was short/non-imposition of penalty of ₹ 84.40 lakh and non recovery of business loss of ₹ 3.92 crore for delayed completion of work.

recover business loss of ₹ 3.92 crore from the contractors as detailed in *Annexure - 2.4*.

The Management stated (September 2014) that due to heavy rain, naxal problem, hard rock, hilly area, existence of trees, black soil, non-availability of water, labour problem, existence of electric pole in the site etc., construction work could not be completed in time.

The reply of the Management is not acceptable as General Terms and Conditions of the contract clearly stated that the contractor would be responsible for any delay in execution and therefore, penalty and business loss for the entire delay was leviable.

Violation of environmental norms in construction of godowns

2.14 As per the instructions issued (August 2003) by the Ministry of Environment and Forest (MoEF), use of fly ash bricks in all types of building construction works within the radius of 100 KMs of the thermal power plants of National Thermal Power Corporation was made compulsory. At the State level, the Chhattisgarh Environment Conservation Board (CECB) is the regulating agency to ensure compliance with the above provision.

Godowns were constructed at Korba in violation of instructions issued by MoEF.

Audit observed that the Corporation used clay bricks instead of fly ash bricks in construction of 3600 MT capacity godown in Korba during 2009-10. On receipt (January 2010) of notice from CECB to stop the use of clay bricks, the Corporation assured (January 2010) CECB to use fly ash bricks in all future construction works. The Corporation again used clay bricks in construction of two godowns each of which having a capacity of 1800 MT at Korba during 2010-11.

The Management stated (September 2014) that the Corporation was not aware of the instructions of the MoEF issued in 2003 in which use of fly ash bricks was made compulsory within the radius of 100 km of the thermal power plants of National Thermal Power Corporation. As such, clay bricks were used in construction of godowns.

The reply of the Management is silent about use of clay bricks in 2010-11 despite giving assurance (January 2010) in reply to the notice to CECB for use of fly ash bricks in all future construction works.

Financial management

2.15 The financial position and working results of the Corporation for the last four years are given in *Annexure - 2.5*. The total income of the Corporation increased from ₹ 52.39 crore in the year 2009-10 to ₹ 78.50 crore in 2012-13. Profit before tax also increased from ₹ 33.17 crore in 2009-10 to ₹ 40.51 crore in 2012-13. An analysis of financial position and working results for the years 2009-10 to 2012-13 shows the following:

- Capital employed in the Corporation increased from ₹ 103.42 crore in 2009-10 to ₹ 220.61 crore in 2012-13.

- Return on capital employed increased from ₹ 21.85 crore in 2009-10 to ₹ 41.60 crore in 2012-13. However, rate of return on capital employed decreased from 21.13 per cent in 2009-10 to 18.86 per cent in 2012-13.
- Ratio of expenditure of the Corporation to the total income increased from 36.69 per cent in 2009-10 to 48.39 per cent in 2012-13.

Issues relating to financial controls have been discussed in succeeding paragraphs:

Delay in recovery of outstanding Storage Charges

2.16 Warehousing charges are payable by the depositors only at the time of delivery of commodities to the depositors or their agents except for guaranteed hired space where monthly storage bills are paid by the depositors within 15 days. The year-wise revenue earned from warehousing charges and arrears thereof are given in the **Table - 2.2**.

Table - 2.2

Particulars	(₹ in crore)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Annual revenue towards warehousing charges	46.58	46.53	56.26	66.35	Accounts not compiled
Average monthly revenue	3.88	3.88	4.69	5.53	
Warehousing charges receivable at the end of year	13.20	17.17	26.82	34.94	
Percentage of dues to total revenue	28.34	36.90	47.67	52.66	
Number of months' revenue in arrears	3.40	4.43	5.72	6.32	

(Source: Figures compiled from the Annual Accounts of the Corporation)

It could be seen from the above that about three to six months' revenue was in arrears which constitutes 28.34 per cent to 52.66 per cent of the total revenue.

As on 31 March 2014, an amount of ₹ 16.84 crore was outstanding from various depositors out of which ₹ 6.98 crore was outstanding for more than three years as per the details given in the **Table - 2.3**.

Table - 2.3

Sl. No.	Name of the Depositors	(₹ in crore)
1	District Marketing Federation (DMF)	2.27
2	Food Corporation Of India (FCI)	0.16
3	Chhattisgarh State Civil Supplies Corporation Limited (CSCSCL)	3.22
4	Laghu Vanopaj Sangh (LVS)	1.33
Total		6.98

(Source: Figures compiled from the data furnished by the Corporation)

Out of ₹ 3.22 crore outstanding from CSCSCL, ₹ 2.59 crore related to a case of shortage of rice found in physical verification referred (September 2005) to Economic Offence Wing of the GoCG for investigation which is under progress. Rupees 1.33 crore outstanding since May 2002 from LVS. No concrete efforts were made by the Corporation to realise the outstanding dues.

The Management stated (September 2014) that against the outstanding of ₹ 2.27 crore from DMF, the Corporation also withheld amount of ₹ 2.30 crore towards rent of the godowns payable to DMF and ₹ 0.16 crore outstanding from FCI due to non-availability of bill of storage charges which has now been provided to FCI for release of payment.

The reply of the Management confirms that no efforts are being made to settle old outstanding dues from DMF and reply is silent about the efforts made to realise the outstanding dues from CSCSCL and LVS.

Delay in raising of bills of storage charges

2.17 The Corporation stores foodgrains of different depositors and collects storage charges from the depositors other than FCI, as per the rate notified by the Corporation. In case of FCI, the Corporation claims the storage charges at the rate notified by the GoI from time to time. GoI revised the rate of storage charges per bag⁶ per month to ₹ 2.07 in June 2011, ₹ 2.13 in July 2011, ₹ 2.45 in October 2011, ₹ 2.73 in October 2012 and ₹ 2.92 in September 2013 with retrospective effect from April 2006, April 2007, April 2008, April 2009 and April 2010 respectively. The Corporation claimed differential storage charges from FCI and the same was paid to the Corporation by the FCI.

Audit observed that the Corporation claimed the differential storage charges from the FCI belatedly for the period ranging between 29 and 220 days after allowing 15 days towards raising the bills from the receipt of the letter on rate revision in the Corporation which has resulted in loss of interest of ₹ 34.29 lakh.

Audit further observed that as per the Storage Tariff of the Corporation if depositors failed to pay storage charges within 15 days from the date of raising of the bill, interest at 12 *per cent* per annum would be charged. However, the Corporation failed to claim the interest inspite of delayed payment by FCI for the period ranging between 13 and 365 days. As a result, the Corporation suffered a loss of revenue of ₹ 54.60 lakh.

The Management stated (June 2014) that the rates of storage charges to be collected by the CWC from FCI are decided by the GoI and the same rates are adopted by the Corporation. After finalisation of rates, bills were raised on FCI for payment and during this process the delay occurred. Further, penal interest was not claimed as there was no provision in the tariff rules prior to bifurcation of the Corporation from the Madhya Pradesh Warehousing and Logistics Corporation.

The reply of the Management is not acceptable as audit worked out the delay in raising the bills after considering 15 days period for raising the bills and as regards the provision for penal interest, the Corporation is required to follow the provisions of storage tariff effective from 1 January 2009 and not tariff rates prior to bifurcation.

Corporation suffered loss of interest ₹ 88.89 lakh due to delay in raising of bills and non-imposition of penal interest for delayed payment of storage charges.

⁶ One bag contains 50 kg foodgrains.

Non-realisation of amounts from GoCG in Central/ State Schemes

2.18 The Corporation constructs godowns with its own funds and also by availing loans/ grants under various Central/ State schemes for storage of notified commodities. A scrutiny of availing of grant under Backward Region Grant Fund (BRGF), a Central Scheme and State schemes viz., Bastar and Dakshin Kshetra Adivasi Vikash Pradhikaran (BDKVP) and Sarguja and Uttar Vikash Pradhikaran (SUVP) revealed the following deficiency in management of fund:

Outstanding Claims under Backward Regions Grant Fund (Central Scheme)

The Backward Regions Grant Fund is designed to redress regional imbalances in development. Under this scheme, GoI extends financial assistance through State Government for infrastructure development. During the years 2009-10 to 2013-14, construction of 10 godowns were sanctioned under this scheme. Construction of nine out of 10 godowns had been completed and construction of one godown was under progress (September 2014). The Corporation incurred ₹ 1.06 crore in excess of amount sanctioned in construction of eight godowns and it saved ₹ 5.05 lakh in construction of one godown. However, the Corporation did not pursue with the GoI through GoCG for reimbursement of the amount. This has resulted in blocking of ₹ 1.01 crore apart from loss of interest.

Outstanding Claims under State Schemes

Construction of godowns under BDKVP and SUVP are taken up as per the instructions of GoCG to strengthen the Public Distribution System (PDS) in the regions covered under the schemes. Under these schemes 50 per cent of the cost of the godown is funded by the GoCG through grant and the balance 50 per cent of the cost is to be borne by the Corporation.

The Government of Chhattisgarh (GoCG) directed (March 2010) the Corporation to construct 27 godowns at a total cost of ₹ 13.27 crore during the years 2010-11 to 2013-14 under the above schemes. Fifteen out of 27 godowns had been completed at a total cost of ₹ 9.08 crore and 12 godowns have not been completed so far.

An analysis of 15 completed godowns revealed that the Corporation incurred ₹ 1.56 crore in excess of amount sanctioned for construction of eight godowns and it saved ₹ 30.95 lakh in construction of seven godowns. However, the Corporation did not pursue with the GoCG for reimbursement of the amount. This has resulted in blocking of ₹ 1.25 crore apart from loss of interest.

Audit observed that the Corporation did not include cost of approach road and boundary wall in the proposals submitted to GoCG for technical sanction for construction of godowns. However, it constructed the same later on at its own cost.

While accepting the audit observation, the Management stated (September 2014) that proposal for reimbursement of excess expenditure will be sent to GoCG.

Rupees 2.26 crore towards the share of GoI/GoCG in construction of godowns under Central/State schemes was not realised due to lack of pursuance.

Non-claiming of excess amount paid to GoCG

2.19 Under BDKVP, GoCG instructed (March 2011) the Corporation to construct 1800 MT capacity godown at Awapalli and Beejapur and sanctioned (March 2011) ₹ 25.20 lakh for each godown being 50 per cent of the cost of the godown (₹ 50.39 lakh) as per the estimate of the GoCG. The Corporation invited (June 2011) tenders for construction of 1800 MT capacity godowns at both places separately in which it received the offers at 89 per cent and 64 per cent above Schedule of Rates for Awapalli and Beejapur respectively. As the rates quoted by the bidders were very high, the tenders were cancelled and amount returned to the GoCG as per the instruction of the GoCG. The GoCG got the construction work done through District Works Committee at ₹ 1.31 crore at Awapalli and ₹ 1.11 crore at Beejapur and instructed the Corporation to remit ₹ 1.06 crore and ₹ 85.96 lakh respectively as its share and the Corporation remitted (February 2013/July 2013) the same.

There was non-reimbursement of ₹ 70.38 lakh in construction of godowns at Awapalli and Beejapur in BDKVP Scheme due to non-pursuance with GoCG.

Audit observed that even though the cost of the godown was to be borne equally by the Corporation and the GoCG as per the scheme, the Corporation paid ₹ 1.06 crore and ₹ 85.96 lakh instead of ₹ 65.50 lakh and ₹ 55.58 lakh respectively. However, the Corporation did not claim reimbursement of excess amounts of ₹ 40 lakh and ₹ 30.38 lakh paid to the GoCG for construction of godowns at Awapalli and Beejapur respectively.

While accepting the audit observation, the Management stated (September 2014) that proposal for reimbursement of excess expenditure will be sent to GoCG.

Non-receipt of balance grant

2.20 The Corporation taken up (March 2010) construction of 1800 MT capacity godown under BRGF Scheme at Janakpur at an estimated cost of ₹ 60 lakh based on the request (January 2010) of District Panchayat, Korla and the Panchayat released (March 2010) ₹ 30 lakh as first installment. The work of construction of the godown was awarded (March 2010) to M/s Gautam Construction, Raipur for ₹ 64.96 lakh which was under progress (September 2014).

As per the condition of approval of District Panchayat, Korla second installment would be released after receipt of utilisation certificate for the first installment. The Corporation had utilised the first installment by February 2012, however, the utilisation certificate and demand for balance grant was sent in July 2013, but no amount was received so far (September 2014). This has resulted in non-receipt of balance grant of ₹ 30 lakh and loss of interest of ₹ 6.98 lakh⁷.

The Management stated (September 2014) that a letter had been sent (July 2013) to District Panchayat for balance grant ₹ 30 lakh.

The reply of the Management is silent about the delay in submission of utilisation certificate and pursuance of the demand after July 2013.

⁷ ₹ 30.00 lakh x 31 months x 9 per cent per annum

Payment of penalty for delay in payment of service tax

2.21 The services of loading, unloading, packing, storage or warehousing of rice in godowns were brought under the ambit of service tax vide Finance Act 2012 with effect from 1 July 2012. Subsequently, GoI exempted these services from service tax vide Notification No. 4/2014-Service Tax (February 2014). As such, service tax was applicable on these services in the intervening period i.e., between 1 July 2012 and 16 February 2014.

GoI introduced (May 2013) a Voluntary Compliance Encouragement Scheme (VCES) which *inter alia* provided for exemption of interest on unpaid service tax for the period from 1 October 2007 to 31 December 2012 as on 1 March 2013. In this scheme, at least half of the service tax should be paid before 31 December 2013 and the remaining half to be paid by 30 June 2014.

The Corporation stored the commodities of FCI and CSCSCL in its godowns between 1 July 2012 and 31 December 2012 and paid (31 December 2013) service tax of ₹ 2.87 crore without interest by availing the benefit of the scheme. However, for the services rendered during the period between 1 January 2013 and 16 February 2014, the Corporation did not pay the service tax of ₹ 6.51 crore in time which had resulted in payment (March 2014) of penal interest of ₹ 72.24 lakh.

Audit further observed that though the details of deposit of commodities are available with the branch office of the Corporation it did not compile the information and depended on data inputs of the depositors (FCI & CSCSCL) for claiming of reimbursement of service tax. As such it claimed reimbursement of service tax from the depositors on receipt of data from them. Due to delay in receipt of data from depositors and lack of follow up action with depositors, an amount of ₹ 8.32 crore⁸ rendered unrealised so far (September 2014).

The Management stated (September 2014) that the payment of service tax was made based on the information received from the depositors regarding actual quantity of rice stored and it had realised ₹ 1.06 crore from the depositors.

The reply of the Management is not acceptable as it failed to pay service tax in time due to non-maintenance of proper records and depending on the depositors for the details of quantity of rice deposited had resulted in avoidable payment of penal interest of ₹ 72.24 lakh and due to lack of pursuance with the depositors an amount of ₹ 8.32 crore was not realised so far (September 2014).

Delay in payment of service tax resulted in avoidable interest burden of ₹ 72.24 lakh.

⁸ ₹ 6.51 crore + ₹ 2.87 crore - ₹ 1.06 crore

Capacity utilisation of godowns

Utilisation of storage capacity of godowns

2.22 The average capacity availability and actual average capacity utilisation of godowns of the Corporation in respect of own and hired godowns are given in the *Table - 2.4*.

Table - 2.4

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
	No. of Branches of the Corporation	106	111	119	123	125
A	No. of own Godowns available	413	429	475	516	597
1	Average capacity available (in lakh MT)	4.98	5.27	6.23	7.01	8.49
2	Average capacity utilised (in lakh MT)	4.87	4.73	5.49	6.24	7.87
3	Percentage utilisation of own capacity	98	90	88	89	93
B	No. of hired Godowns	320	338	342	360	307
1	Average Storage capacity hired during the year (in lakh MT)	4.27	4.41	4.14	4.62	4.24
2	Average capacity of hired godowns utilised during the year (in lakh MT)	4.43	4.34	4.05	4.34	4.10
3	Percentage of utilisation of hired Godowns	104 ⁹	98	98	94	97
C	For both types of storage capacity (own/hire)					
1	Average capacity available (in lakh MT)	9.25	9.68	10.37	11.63	12.73
2	Average capacity utilisation (in lakh MT)	9.30	9.07	9.54	10.58	11.97
3	Percentage of utilisation to capacity available	101	94	92	91	94

(Source: Business Reports of the Corporation)

It could be seen from the table that the overall utilisation of capacity was above 90 per cent in all the years. However, the utilisation of own capacity was less when compared to utilisation of hired capacity available in all the years 2009-10 to 2013-14. A scrutiny of records relating to capacity utilisation of own godowns as well as hired godowns in 106 to 125 branches of the Corporation during 2009-10 to 2013-14 revealed the following shortcomings:

- Utilisation of storage capacity of own godowns was below 50 per cent in four to 13 branches and between 51 per cent and 75 per cent in two to nine branches. The reasons for low utilisation were neither studied by the Corporation nor recorded in the files made available to Audit.
- Utilisation of storage capacity of hired godowns was below 50 per cent in nine to 14 branches and between 51 per cent and 75 per cent in six to 12 branches. The reasons for low utilisation were neither studied by the Corporation nor recorded in the files made available to Audit.

⁹ Capacity utilisation was more than 100 per cent due to storing of foodgrains beyond the capacity of the godowns

- Own godowns at two branches¹⁰ were never utilised during the period covered in the review and the Corporation did not explore the alternate use of the godowns.

The Management stated (September 2014) that the actual utilisation of godowns was looking low due to adoption of First In First Out delivery method and deposit and delivery of foodgrains from the same godown. It was further stated that the Audit might have considered only actual utilisation whereas the Corporation took both actual and reservations together for calculation of utilisation of godowns. Further, due to low utilisation, Orchha and Halba godowns were attached to Narayanpur and Narharpur BOs respectively and the scope for alternate utilisation for forest produce had been explored.

The reply of the Management for low utilisation was not correct as Audit worked out the utilisation by considering the average of actual utilisation and reservation of the godowns.

Operation and maintenance of godowns

2.23 Despite shortage of manpower, the Corporation could manage to utilise its overall capacity at more than 90 *per cent* during the years 2009-10 to 2013-14. However, the Corporation identified three risks inhibiting satisfactory performance and goal fulfillment viz., fire accidents of stocks kept in godowns, shortage of commodities stored and misappropriation of cash. The Corporation exercises the following controls to address these risks.

- Insurance of commodities and installation of firefighting equipment to address the risk of fire;
- Yearly/ six monthly physical and technical verification of stores to address the risk of shortages of commodities stored; and
- Internal audit through Chartered Accountants, pre-audit of various payment bills and issue of cheques for payments under joint signatures of the Manager (Finance) and the Managing Director to address the risk of misappropriation of cash.

However, unavailability of Technical Assistants in its 36 BOs poses a risk of inaccuracy in technical analysis of foodgrains as well as risk of damage to stocks due to improper fumigation through unqualified staff and deployment of workers on daily wages for watch and ward of the godowns poses a risk of theft/shortage of foodgrains as responsibility might not be fixed on them. No controls have been exercised by the Corporation to address these risks. Shortcomings noticed by Audit in the operation and maintenance of godowns are discussed in the succeeding paragraphs.

Recurring loss making Branch Offices

2.24 The Corporation earned accumulated net profit of ₹ 135.44 crore during 2009-10 to 2013-14. However, six branches having one godown

¹⁰ Halba used upto 2006-07 and Orchha used upto 2008-09

each incurred losses persistently in all the five years as given in the **Table - 2.5** and the Corporation had not taken any concrete steps to reduce the losses.

Table - 2.5

Sl. No.	Name of the Godown	Nature of Godown (Own/Hired)	Capacity (in MT)	Reasons for losses
1	Badedongar	Own	800	Very old godown and no business area
2	Dharsiwa	Own	3800	High establishment cost and poor business
3	Kushmi	Own	1800	High establishment cost and poor business
4	Orchha	Own	800	Very old Godown and Poor business area
5	Halba	Own	800	Very old godown and Poor business due to nearby Narharpur godown
6	Dornapal	Hired	418	High establishment cost and poor business

(Source: Figures compiled from the Income and Expenditure statement of Branch Offices)

As could be seen from the above, reasons for loss were low income, high establishment cost and poor business response. Early steps could have been taken by closing idle branches like Orchha and Halba or by exploring the possibility of alternate use of the godowns for improving the performance of the loss making branches.

The Management stated (September 2014) that the GoCG directed the Corporation to operate all branches for storage of foodgrains of PDS. All the six branches had been suffering losses due to excess establishment cost as compared to the capacity of godowns. The Orchha branch had not been operated due to naxal problem and its business had been transferred to Narayanpur branch. Godowns under Halba Branch office were very old and business had been transferred to Narharpur Branch office. The Management further stated that the Dornapal branch office with capacity of 418 MT had been operated as per the instructions of the GoCG for smooth function of the PDS.

The reply of the Management confirms the operation of loss making branches, however, no efforts were made to make operation of the godowns viable.

Storage losses

2.25 The terms and conditions of the storage tariff effective from 1 January 2009 stipulated that the depositors should not deduct/ withhold any amount towards storage losses from the bills for storage charges. Separate claims might be raised for storage losses and these claims would be settled through joint meetings. The Corporation follows the GoI's storage loss norm at 0.70 per cent weight loss for driage of one per cent moisture.

Audit observed that in contravention of the above provision, FCI withheld ₹ four crore from the bills for storage charges towards storage losses above

FCI withheld
₹ four crore
towards storage
losses in
deviation of
storage tariff.

0.50 per cent weight loss. Out of this, ₹ 0.49 crore related to storage losses ranged between 0.52 per cent and 0.69 per cent which was withheld by the FCI though it was within the norms and ₹ 3.51 crore related to storage losses ranged between 0.71 per cent and 4.32 per cent which was above the permissible norm for storage losses. However, the Corporation neither analysed the reasons for such huge storage losses nor pursued the matter with the FCI for return of withheld amount of ₹ four crore which has resulted in loss of interest of ₹ 0.62 crore upto 31 March 2014 apart from blocking up of the amount.

The Management stated (September 2014) that the Corporation requested (August 2012) FCI for release of withheld amount of ₹ four crore. It further stated that in the joint meeting held (February 2014) between FCI and the Corporation, it was decided that the amount withheld towards storage losses more than 0.50 per cent would be refunded by FCI.

The fact, however, remains that the Corporation could not get any refund so far (September 2014) due to lack of pursuance in the intervening period between August 2012 and February 2014.

Non-maintenance of records of repair and maintenance works

2.26 The Corporation constructs godowns to meet its warehousing requirement. The godowns so constructed are required to be maintained by carrying out necessary repair and maintenance works from time to time.

Records of
requisitions
received from BOs
for repair and
maintenance and
copy of Running
Account bill in
construction files
were not
maintained in
Construction Wing.

In this connection, Audit observed that the Corporation spent ₹ 61.47 lakh ₹ 65.65 lakh, ₹ 1.15 crore and ₹ 83.82 lakh during the years 2009-10 to 2012-13 respectively on repair and maintenance works. However, neither record of requisitions received from BOs nor running account bills for repair and maintenance of the godowns were maintained in the files of the Construction Wing of the Corporation.

The Management stated (September 2014) that the BOs had submitted written or oral requests to Head Office for carrying out repair and maintenance works and the Sub-Engineer concerned prepared estimates of the works. On accord of Administrative and Technical sanctions by the Head office, works were carried out.

The reply of the Management is not acceptable as the Corporation did not maintain any record of the requests for repair and maintenance works received from the BOs for the last five years. As such, there is no monitoring and internal control on the payments made on the repair and maintenance works.

Non-conducting of joint inspection

2.27 As per the instructions of the Corporation, fortnightly joint inspection of goods stored should be conducted by the representative of the depositors and the warehouse in-charge for examining the moisture content, insects and joint signature should be made in the Inspection Report. A record of the inspection results should also be made in a register.

In two Branch Offices joint inspections were not conducted.

Scrutiny of records at 12 BOs revealed that in two BOs¹¹ neither such fortnightly joint inspections of goods stored were conducted nor any joint signatures obtained during the years 2009-10 to 2013-14. This was not only in contravention of instructions but leads to unnecessary dispute over storage losses.

The Management stated (September 2014) that the Branch Managers were instructed to conduct joint inspection of the godowns and record moisture content, to make entry in fortnightly progress register and to ensure signature of the depositors in the register. However, depositors did not take interest. Instructions have been issued once again to Branch Managers for compliance of the same.

The reply of the Management confirmed that there was non-compliance of instructions on joint inspection and record of storage losses.

Non-registration of godowns under WDR Act

Godowns were not registered in compliance with the provisions of Warehousing (Development and Regulation) Act, 2007.

2.28 Section 3 of the Warehousing (Development and Regulation) Act, 2007 stipulates that no person shall commence or carry out the warehousing business unless he has obtained a registration certificate in respect of concerned warehouse or warehouses granted by the Warehousing Development and Regulatory Authority. It further states that a person carrying on business immediately before the commencement of the Act (October 2007) shall be allowed to carry on such business, in case he had made an application for registration within 30 days from the date of such commencement.

Audit observed that the Corporation had not applied for registration under the Act for carrying out the warehousing business so far (June 2014).

The Management stated (September 2014) that the Corporation started the process of registering its own godowns with WDR Act in the phased manner for which necessary prerequisite actions were being undertaken.

The fact, however, remains that even after the lapse of more than six years since the commencement of the Act, the Corporation could not comply with the provisions of the Act so far (September 2014).

Violation of norms in operation and maintenance of godowns

2.29 The Corporation had violated environmental norms in operation and maintenance of godowns as discussed below:

(i) Use of pesticide below standard norms

The Warehouse Manual for Operationalising of Warehousing (Development & Regulation) Act 2007 (Warehouse Manual) prescribed use of nine grams of Aluminium phosphide for one MT in one godown for treatment of insecticides.

Audit observed that in three¹² out of twelve BOs, the above norms were not followed during the years 2009-10 to 2013-14. As against the standard norm of nine grams for one MT, only six grams Aluminium phosphide

¹¹ Abhanpur and Rajim

¹² Rajim, Mandirhasaud and Mahasamund

Prescribed norm for use of chemicals for treatment of insecticide in godowns were not followed.

was used. Audit further observed that there was no uniformity in maintenance of records in respect of chemical treatment of godowns. This has resulted in violation of the Warehouse Manual.

The Management stated (September 2014) that the Corporation had used Aluminium phosphide at the dose of nine grams per MT at the time of heavy insects and six grams per MT for fewer insects as per the provision of the Training Manual on Scientific Methods of Storage of Foodgrains issued (16 May 2000) by Ministry of Food, GoI.

The reply of the Management is not acceptable as Warehouse Manual for Operationalising of Warehousing (Development & Regulation) Act 2007 has prescribed nine grams per MT and technical inspection conducted by the FCI also objected for the use of less dosage for the treatment of insecticides.

(ii) Disposal of empty chemical containers

As per Clause 5 (iii) of the Insecticide Act, 1968 the empty containers should be deformed, punctured at several places to prevent reuse and finally disposed off by burying in the soil at a depth of 45 to 50 cm.

During the visit of 12 BOs it was observed that in contravention of the above provisions, BOs neither disposed off empty containers nor maintained any record of empty containers/ tubes. Despite the hazardous nature of the chemicals which can contaminate the surroundings, pollute the atmosphere and cause human or animal poisoning, empty chemical containers/tubes were found dumped in the godowns.

While accepting the facts, the Management stated (September 2014) that the information had been called for from the field offices and the empty containers would be disposed off after receipt of the same.

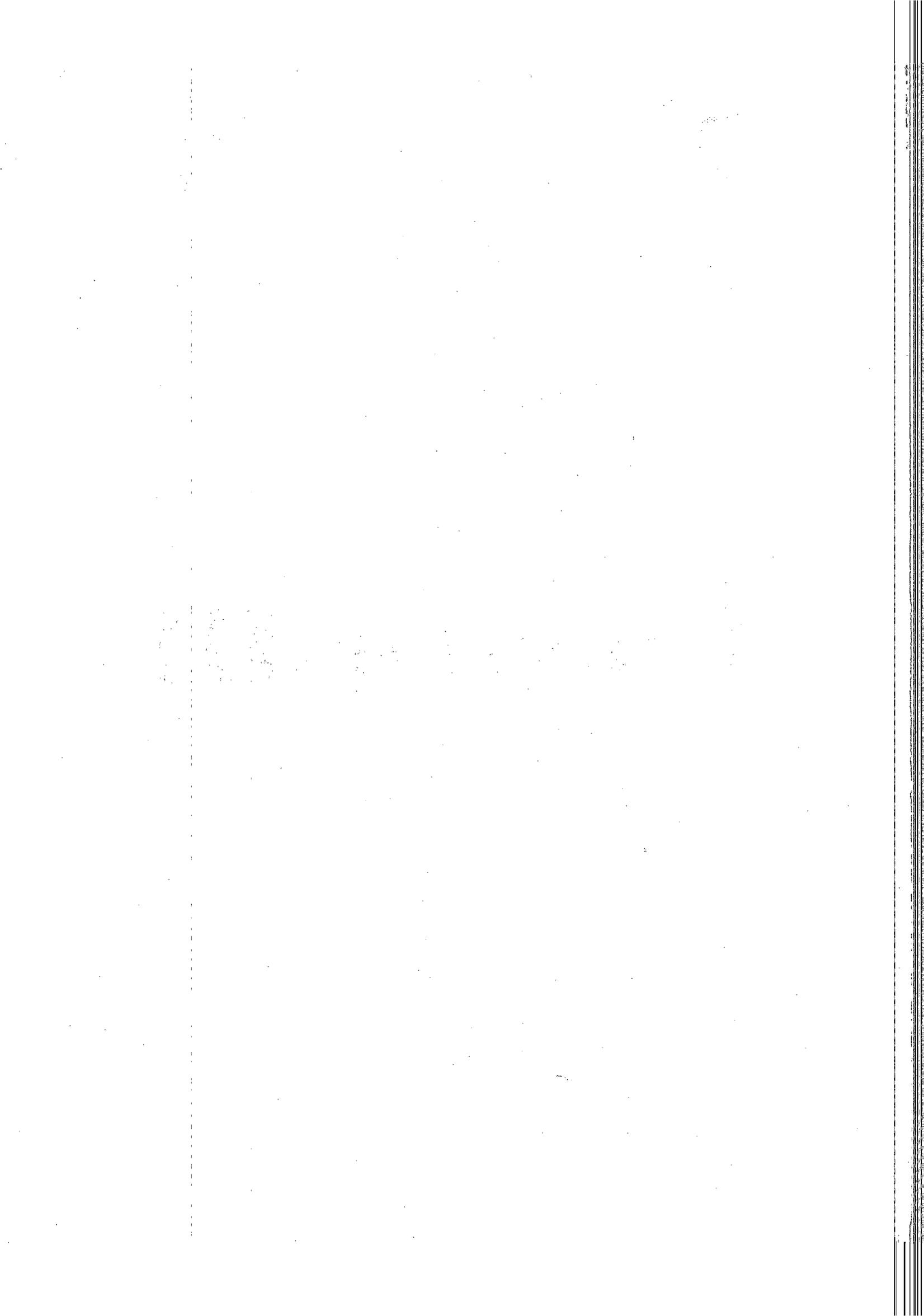
Branch offices did not maintain any record of empty containers and their disposal despite the hazardous nature of the chemicals.

Conclusion

The Corporation was to construct godowns under PEG Scheme 2009 with capacity of 4.92 lakh MT but could only construct 2.87 lakh MT as at the end of March 2014. There was thus a shortfall of 2.05 lakh MT in capacity addition due to delay in construction of godowns because of non-availability of land/disputed land etc. It is recommended that the Corporation take steps to complete the godowns and hand over these to FCI expeditiously.

Storage charges of ₹ 4.55 crore were outstanding for more than three years from Chhattisgarh State Civil Supplies Corporation Limited (₹ 3.22 crore) and Laghu Vanopaj Sangh (₹ 1.33 crore outstanding since May 2002). Out of this, ₹ 2.59 crore related to a case of shortage of rice found in physical verification referred (September 2005) to Economic Offence Wing of the GoCG for investigation which is under progress. It is recommended that the Corporation may pursue for early settlement of long outstanding storage charges.

Chapter-III



CHAPTER - III

3. Transaction Audit Observations

Important audit findings emerging from test check of transactions made by the State Government Companies have been included in this Chapter.

3.1 Long paragraph on Inventory Management in Chhattisgarh State Power Distribution Company Limited

Introduction

3.1.1 In Chhattisgarh, distribution of power upto 31 December 2008 was done by the erstwhile Chhattisgarh State Electricity Board (CSEB). Consequent upon unbundling of CSEB in January 2009, the distribution of power in Chhattisgarh is carried out by the Chhattisgarh State Power Distribution Company Limited (Company), which was incorporated on 19 May 2003 under the Companies Act 1956.

To operate and maintain distribution system the Company is maintaining six Area stores to provide conductors, transformers, meters etc. While on one hand it is essential to ensure availability of conductors, transformers, meters etc. for uninterrupted distribution system, on other hand excess inventory holding leads to additional carrying cost on account of interest, storage and handling charges and risk of deterioration in quality, which adversely affected the profitability of the organisation. Hence, management of inventory ensure timely availability of essential items with minimum blocking up of capital in the most efficient, economical and expeditious manner.

The Superintending Engineer (Stores) looks after overall inventory management in the Company. As on 31 March 2014, the Company had six Area Stores¹ located in different parts of the State, each headed by an Executive Engineer. The Executive Engineers, Area stores of the Company are responsible for storage and handling of materials. Available stock of inventory with the Company as on 31 March 2014 was ₹ 110.31 crore and the total cash outgo on purchase of inventory was ₹ 302.76 crore during 2013-14. As on March 2014, the total number of items held in inventory by the Company ranged between 77 (area store Jagdalpur) and 453 (area store Bhilai).

Audit objectives

3.1.2 The long draft para was attempted with the objective to assess whether:

- inventory levels were fixed after carrying out the proper studies and ABC² analysis to avoid blockage of funds in idle inventory;

¹ Bishrampur, Raigarh, Bilaspur, Raipur, Bhilai and Jagdalpur

² System of inventory control where items are categorised according to their value. For example, high value items are categorised as A, medium value items are categorised as B and least value items are categorised as C

- physical verification of inventory and reconciliation of differences identified, identification of slow moving, non-moving, obsolete/scrap items and timely disposal of scrap/obsolete items were done; and
- failed transformers were got repaired timely so as its utilisation could be maximized.

Scope and methodology of audit

3.1.3 The audit was conducted during March 2014 and April 2014 during which records of Chief Engineer (Store and Purchase) at head office Raipur and three³ out of six Area Stores were test checked. The audit methodology used was scrutiny of records and files of the selected offices/Area Stores.

Audit findings were reported to the Company and the State Government in July 2014 and discussed in an Exit Conference held on 11 September 2014. The Exit Conference was attended by Principal Secretary (Energy) and Managing Director of the Company. The Company replied to audit findings in August 2014. The views expressed by them in Exit Conference and replies have been considered while finalising Paragraph.

Audit findings

3.1.4 The cases of deficiencies noticed in inventory management have been discussed in succeeding paragraphs.

Fixation of inventory levels

3.1.5 As per established inventory management procedure, levels for minimum, maximum and re-order quantity are required to be fixed to maintain optimum inventory to avoid blockage of funds. It was noticed that the Company has neither prepared any manual for material management nor prescribed any stock limits such as minimum level, maximum level, re-ordering level or economic order quantity in respect of any of the items. This has resulted in overstocking of inventory items without immediate requirement and Company's funds remained blocked as discussed in the subsequent paragraphs.

The details of consumption and closing stock of inventory for the last three years ended March 2014 were given in *Table - 3.1*.

Table - 3.1

(₹ in crore)

Year	Opening inventory	Purchases during the year	Consumption during the year	Consumption per month	Closing inventory	Closing stock in terms of requirement in no. of months
1	2	3	4	5	6 (2+3-4)	7 (6/5)
2011-12	100.73	262.29	276.83	23.07	86.19	3.74
2012-13	86.19	264.93	265.99	22.17	85.13	3.84
2013-14	85.13	302.76	277.58	23.13	110.31	4.77

(Source: Information furnished by the Company)

³ Raipur, Bhilai and Bilaspur

From the above it could be seen that during the last three years, closing stock in terms of requirement in number of months increased from 3.74 months in 2011-12 to 4.77 months in 2013-14.

During the exit conference (September 2014), Government accepted the audit observation and stated that minimum, maximum and economic re-ordering level of inventory would be fixed.

Procurement of inventory without immediate requirement

3.1.6 On test check during audit it was noticed that in respect of following items purchases made were either without requirement or far in excess of requirement leading to blocking of funds and consequent loss of interest besides deterioration in quality of materials:

(i) Reinforced Steel Joist (R. S. Joist): R. S. Joist is required for line support i.e. for 33 kV, 11 kV and low tension lines in cities and for providing high tension connections etc. The details of requirement, procurement, consumption and closing stock of R. S. Joist for the last three years ended March 2014 were given in the **Table - 3.2**.

Table - 3.2

Year	Opening stock	Requirement during the year	Purchased during the year	Consumption during the year	Closing stock	
					Qty	₹ in crore
2011-12	100.25	1600	800.10	595.69	304.66	1.26
2012-13	304.66	1800	1013.02	877.14	440.54	1.90
2013-14	440.54	0	697.90	817.82	320.62	2.57

(Source: Information furnished by the Company)

Audit scrutiny revealed that the Company purchased R. S. Joist 800.10 MT and 1013.02 MT during the years 2011-12 and 2012-13 against requirement of 1600 MT and 1800 MT respectively. Further, during the year 2013-14 the Company purchased 697.90 MT without requirement. The Company was having minimum closing stock of 304.66 MT during the last three years. This indicates that the Company purchased R. S. Joist 304.66 MT valuing ₹ 1.26 crore in excess of actual requirement in last three years.

During the exit conference (September 2014), Government stated that the materials were purchased for requirement of various schemes. However, due to non- execution of schemes, material could not be utilised.

The reply confirms that procurement of R. S. Joist was made without proper assessment of the actual requirement.

(ii) Weasel conductor: In the sub-transmission system, conductors play a vital role for power flow from power generating stations to extra high voltage substations to 33/11 kV substations to distribution transformers and up to the consumer's premises. Power is actually transferred through the conductors of different sizes as per the standards laid down for high tension and low tension lines. The details of requirement, procurement, consumption and closing stock

of weasel conductor for the last three years ended March 2014 are given in **Table - 3.3**.

Table - 3.3

(Quantity in Km)

Year	Opening stock	Requirement during the year	Purchased during the year	Consumption during the year	Closing stock	
					Qty.	₹ in crore
2011-12	1978.53	17000.00	9188.78	10982.27	185.04	0.41
2012-13	185.04	14290.00	1741.95	1193.86	733.13	1.38
2013-14	733.13	10000.00	9363.40	5025.33	5071.20	9.50

(Source: Information furnished by the Company)

It could be seen from the above table that during the year 2013-14 the Company procured 9363.40 Km of weasel conductor which was significantly much higher to previous year. This has resulted in significant increase in closing stock. The closing stock as on 31 March 2014 was more than actual consumption. Thus procurement of weasel conductor for the year was much more than actual requirement leading to excess stock of 5071.20 Km valuing ₹ 9.50 crore.

During the exit conference (September 2014), Government stated that the materials were purchased for requirement of various schemes. However, due to non- execution of schemes, material could not be utilised.

The reply confirms that procurement of weasel conductor was made without proper assessment of the requirement leading to accumulation of stock.

(iii) **H Beam:** For strengthening of 33/ 11 kV lines in piling and retaining structure the Company procured H Beam. The details of requirement, procurement, consumption and closing stock of H Beam for last three years ended March 2014 were given in the **Table - 3.4**.

Table - 3.4

(Quantity in MT)

Year	Opening stock	Requirement during the year	Purchased during the year	Consumption during the year	Closing stock	
					Quantity	₹ in crore
2011-12	63.95	1000.00	226.00	279.43	10.52	0.05
2012-13	10.52	2000.00	1383.97	1351.91	42.58	0.21
2013-14	42.58	5000.00	4017.17	1725.94	2333.81	10.26

(Source: Information furnished by the Company)

It could be seen from the above table that during the year 2013-14 the Company procured 4017.17 MT of H Beam which was significantly much higher to earlier. This has resulted in significant increase in closing stock. Thus procurement of H Beam for the year 2013-14 was much more than actual requirement leading to excess stock of 2333.81 MT valuing ₹ 10.26 crore.

During the exit conference (September 2014), Government stated that the materials were purchased for requirement of various schemes. However, due to non- execution of schemes, material could not be utilised.

The reply confirms that the Company instead of procuring H Beam to meet the actual requirement for 2013-14 purchased excess inventory which would be utilised in 2014-15.

Physical verification of inventory and identification of slow moving/ non-moving inventory

Physical Verification of inventory

3.1.7 To ensure the continued usefulness of inventory and control over actual availability of items in stores as per records, physical verification of inventory is to be conducted at periodical intervals. The quantity of inventory held in stock would be assessed by counting, weighing, measuring or estimating depending upon the type of inventory. It was observed that physical verification of inventory was being conducted at the store level regularly. However, the physical verification reports were not analysed at head office level and the Company was not aware of the consolidated position of excess/ shortage noticed during physical verification.

On scrutiny of physical verification reports it was noticed that there were differences between physical verification reports and stocks shown in the records of Regional Accounts Offices (RAOs). Shortages noticed during physical verification as compared to book quantity increased from ₹ 9.69 crore (2011-12) to ₹ 9.83 crore (2013-14) in six RAOs. No excess/ shortage was found in RAO Jagdalpur. However, maximum excess of ₹ 1.55 crore and maximum shortage of ₹ 7.52 crore was found at RAO Bilaspur and RAO Ambikapur respectively. This indicates that system of monitoring/reconciliation of shortages was not adequate and discrepancies remained unreconciled (March 2014). Under such circumstances, the chances of theft and misappropriation of inventory cannot be ruled out.

During the exit conference (September 2014), Government accepted the audit observation and stated that excess/shortage is under investigation.

Slow moving and non-moving inventory

3.1.8 As per the Company's policy inventory have been categorised as under:

- **Slow moving:** slow moving items have been categorised by way of turnover ratio exceeding 12 months and upto 24 months.
- **Very slow moving:** very slow moving item have been categorised by way of turnover ratio exceeding 24 months and upto 36 months.
- **Non-moving:** non moving item have been categorised by way of turnover ratio exceeding 36 months.

Based on the policy of the Company for classification of inventory, **Table - 3.5** shows the value of inventory under different categories for the last three years ended 31 March 2014.

Table - 3.5

(₹ in crore)

Particulars	31.3.2012	31.3.2013	31.03.2014
Slow moving items	3.31	4.72	12.70
Very slow moving items	7.39	4.64	8.52
Non moving items	19.06	15.53	32.41
Total	29.76	24.89	53.63
Fast moving items	16.39	19.62	32.20
Failed transformers and scrap items	40.04	40.62	24.48
Inventory at the end of the year	86.19	85.13	110.31

(Source: Data compiled from information furnished by the Company)

Examination of the records revealed that the materials were categorised as slow moving, very slow moving and non-moving only on the basis of date of last issue irrespective of date of purchase. This resulted in categorising item purchased recently as slow moving as no issue were made against these items for considerable period. Few such cases are as under:

- Test check in audit revealed that R. S. Joist⁴ purchased in 2012-13, Weasel Conductor⁵ and H Beam⁶ purchased in 2013-14 were categorized as non-moving items as no quantity of these items were issued for more than 36 months. Similarly, 179 numbers 5 kVA distribution transformers valuing ₹ 0.33 crore which were purchased between May 2009 and February 2011 were not classified as slow moving, very slow moving or non-moving items because 10 numbers transformers were issued in June 2013.
- The value of non-moving items at area store Raigarh at the end of the year 2011-12 was ₹ 1.83 crore which increased to ₹ 2.93 crore at the end of the year 2012-13 and further increased to ₹ 7.92 crore at the end of the year 2013-14. These included items worth ₹ 7.01 crore purchased in 2013-14 but due to non-issue for more than 36 months, these items were also included under non-moving items.

It was also noticed that the Company does not maintain the age-wise consolidated position of slow moving, very slow moving and non moving items with a view to exercise proper control over inventory.

During the exit conference (September 2014), Government accepted the audit observation and stated that corrective measures would be taken.

Delay in survey/disposal of obsolete transformers

3.1.9 The transformers, which are not fit for repair, are to be scrapped after survey for disposal. On scrutiny of records relating to disposal of obsolete transformers, audit observed that 6848 numbers of obsolete/ unserviceable Distribution Transformers (DTs) and 39 numbers of obsolete/ unserviceable Power Transformers (PTs) of various capacities were lying at various stores for period ranging upto 31 years for disposal as detailed in **Annexure 3.1**.

During last three years the percentage of disposal of DTs and PTs was only 39.76 and 30.36 respectively and obsolete DTs and PTs were lying at

⁴ In area store Jagdalpur ₹ 0.14 crore and Bhilai ₹ 0.05 crore

⁵ In area store Bishrampur ₹ 1.93 crore, Bilaspur ₹ 1.85 crore and Raigarh ₹ 2.23 crore

⁶ In area store Jagdalpur ₹ 1.34 crore, Bilaspur ₹ 1.46 crore and Bhilai ₹ 1.81 crore

Company's Stores for long period. Thus, the delay in survey/disposal of obsolete/ unserviceable transformers resulted in delay in realisation of ₹ 11.67 crore⁷. This indicates that the Company did not have any policy and monitoring mechanism for identification and timely disposal of obsolete/ unserviceable transformers. Had the Company initiated the action for disposal of obsolete/ unserviceable transformers promptly, the Company could have earned revenue and freed up space for storage of other materials.

During the exit conference (September 2014), the Government accepted the audit observation and stated that a drive has been launched to auction the old unrepairable transformers.

Short receipt of oil from defective transformers

3.1.10 A transformer with no leakage and oil seal intact normally should contain oil to full tank capacity. It was observed that during the period from 2011-12 to 2013-14 the Company recovered 423.97 Kilo liters (KL) of transformer oil as against 1702.54 KL recoverable from 10464 transformers. This indicates that there was a shortage of 1278.57 KL (75.10 per cent) valued at ₹ 5.38 crore (*Annexure - 3.2*). No norms were prescribed for shortage of transformer oil by the Company. It was further observed that the shortages were not investigated by the Company which resulted in loss of ₹ 5.38 crore.

During the exit conference (September 2014), the Government accepted the audit observation and stated that norms would be fixed for shortage of transformer oil.

Delay in disposal of scrap

3.1.11 As on April 2011 the Company was having opening balance of scrap valuing ₹ 6.76 crore, during the period 2011-14, ₹ 9.96 crore were added and ₹ 5.33 crore were disposed off. During last three years the percentage of disposal of scrap was only 31.88. At the end of March 2014, the Company held scrap valuing ₹ 11.39 crore which include power transformers, distribution transformers, conductors, burnt oil, meters, vaccum circuit breakers, battery etc. lying at Company's stores for period ranging upto seven years. This resulted in blocking of funds to the tune of ₹ 11.39 crore. This was also indicative of poor inventory management.

During the exit conference (September 2014), the Government accepted the audit observation and stated that suitable action are being taken to dispose off the scrap.

Repair/replacement of failed transformers

Non- repair of failed transformers

3.1.12 The Power Transformers (PTs) and Distribution Transformers (DTs) are important part of inventory. As per the general terms and conditions of purchase order, the supplier has to guarantee the performance of transformers for five years from the date of supply. The Company was having 9107 DTs out of these 5001 DTs failed within guarantee period (WGP) and 4106 numbers DTs failed beyond guarantee (BGP) period which were in repairable condition but lying unrepared either at area stores or with the vendors at the

⁷ Value assessed by the Company

end of March 2014. The Company has not taken any action for replacement/repair/ return from vendors. The important findings noticed in this regard are as follows:

- 9107 DTs (3118 new DTs valuing ₹ 16.36 crore, 1883 under rate contract DTs valuing ₹ 3.59 crore and 4106 repairable DTs valuing ₹ 4.75 crore) valuing ₹ 24.70 crore which failed were lying unrepaired either at area stores or with the vendors at the end of March 2014. The age-wise details of 9107 DTs were not maintained by the Company. In the absence of age wise details, the period of delay could not be worked out and as the guarantee period of DTs lapses after 60 months of its purchase there is a possibility that the guarantee period had lapsed. The Company's failure in initiating timely action for getting the DTs repaired has resulted in idling of inventory worth ₹ 24.70 crore.

During the exit conference (September 2014), Government accepted the audit observation and stated that the work of serialization of DTs lying in stores is in progress after completion of serialization of all DTs, age wise details would be provided.

Purchase of Power transformers instead of repairing failed transformers

3.1.13 During the period 2011-12 to 2013-14, 74 numbers⁸ Power Transformers (PTs) were failed. In this connection audit observed that:

- 26 numbers failed PTs (five PTs WGP and 21PTs BGP) were not returned to area stores by field offices even after lapse of period ranging between seven and 34 months (February 2014)
- Only 11 PTs out of 68 PTs BGP failed were repaired under rate contract (RC). The RCs for repairing these PTs were issued after a delay ranging between seven and 12 months after receipt of PTs at Company's stores and RCs for 57 PTs were not issued (February 2014) at all.
- Five out of six PTs which failed within guarantee period were not returned to Area Stores by the Company's officials even after lapse of period ranging between seven and 34 months (February 2014). Further, non-intimation of failure of PTs by the Company to the supplier also affected the guarantee period.

Further, the Company had purchased 148 numbers 3.15 Mega Volt Ampere (MVA) and 101 numbers 5 MVA new PTs at an average cost of ₹ 0.20 crore and ₹ 0.29 crore per unit respectively during the period 2011-14. Timely action by the Company for repair of 24 numbers⁹ 3.15 MVA and 12 numbers¹⁰ 5 MVA PTs which were found in repairable condition could have saved an expenditure of ₹ 8.28 crore on purchase of such transformers. Further, the Company did not take any action for repair of these 36 numbers¹¹ PTs, even after lapse ranging between seven and 34 months which resulted in blockage of ₹ 2.21 crore being the assessed value of failed transformers.

During the exit conference (September 2014), the Government accepted the audit observation and stated that all failed transformers would be returned to

⁸ Six PTs within guarantee period and 68 PTs beyond guarantee period

⁹ 2011-12: eight numbers, 2012-13: four numbers and 2013-14: 12 numbers

¹⁰ 2011-12: three numbers, 2012-13: six numbers and 2013-14: three numbers

¹¹ 24 numbers 3.15 MVA and 12 numbers 5 MVA

area stores by October 2014. Further, the Government did not explain why the failed PTs were not repaired.

Conclusion

The Company does not have a well defined inventory management policy specifying minimum, maximum and re-ordering level of various categories of inventory. It is recommended that the Company should frame an inventory management policy fixing minimum, maximum and re-ordering level of various stores;

There was no system for assessment of requirement for material before placement of orders. As a result, the Company held excess stock of R. S. Joist, Weasel Conductors and H Beam valued ₹ 21.02 crore which were procured without immediate requirements. It is recommended that the Company should introduce system to assess requirements of material before making purchases;

The Company conducts physical verification of stores regularly, however, shortages noticed during 2011-12 to 2013-14 in inventory items valuing ₹ 9.83 crore were not reconciled (March 2014). It is recommended that the Company should take immediate action for reconciliation of shortages noticed on physical verification of inventory;

There were delay in disposal of obsolete transformers and scrap valued ₹ 23.06 crore. Shortages were also noticed in transformer oil recovered from defective transformers valued ₹ 5.38 crore. It is recommended that the Company should ensure prompt disposal of obsolete/ scrap/surplus items and fix norms for transformer oil found in failed transformers; and

The Company failed to repair power transformers/ distribution transformers valuing ₹ 26.91 crore which were lying idle at area stores/ with vendors resulting in procurement of new transformers. It is recommended that the Company should formulate a policy for timely return/ repair of failed transformers.

Chhattisgarh Police Housing Corporation Limited

3.2 Avoidable payment of penal interest

Failure on the part of the Company to pay advance tax resulted in avoidable payment of penal interest of ₹ 14.84 lakh.

As per Section 208 of the Income Tax Act, 1961 (Act), advance tax is payable during a financial year, in every case, where the amount of such tax payable by the assessee during the year is rupees ten thousand or more. Section 234B of the Act stipulates that where in any financial year, an assessee who is liable to pay advance tax under Section 208 failed to pay such tax or where the advance tax paid by such assessee is less than 90 *per cent* of the assessed tax, the assessee shall be liable to pay simple interest at the rate of one *per cent* for every month from the first day of April on the amount by which the advance tax paid fell short of the assessed tax. Further, Section 234C of the Act provides that if an assessee fails to pay advance tax or the advance tax paid is

less than 15 per cent, 45 per cent, 75 per cent and 100 per cent of the tax due till 15 June, 15 September, 15 December and 15 March respectively, the assessee shall be liable to pay simple interest at the rate of one per cent per month on the amount of the shortfall.

The Chhattisgarh Police Housing Corporation Limited (Company) was incorporated on 14 December 2011 to undertake the construction work of all type of buildings such as Police Stations, Police Chowkis, residential buildings etc. required by Police Department of the State of Chhattisgarh. For this purpose, the Company receives funds from Government of India (GoI) as well as Government of Chhattisgarh (GoCG) under various schemes. As the Company starts the works only after receipt of funds and the activities relating to preparation of estimates, approval and tendering process takes time, the funds received from GoI and GoCG are lying unspent in the Company's various bank accounts, on which the Company receives interest.

Scrutiny of records (February 2014) revealed that during the financial year 2012-13, the Company had earned total income of ₹ 8.39 crore including interest income of ₹ 8.11 crore. The Company did not pay advance tax (except the tax deducted at source by the banks on interest) on the above income within the stipulated period as per the provision of the Act. Out of total tax payable of ₹ 2.12 crore for the year 2012-13, the tax deducted at source was only ₹ 77.58 lakh. Subsequently, the Company had paid the balance income tax of ₹ 1.34 crore on 28 September 2013 at the time of filing income tax return for year 2012-13. Due to non-payment of advance tax, the Company also paid (28 September 2013) ₹ 14.84 lakh¹² towards penal interest.

We observed that there was no system in the Company for periodical review of estimated income. Failure on the part of the Company to assess its income on quarterly basis for paying advance tax led to non payment of advance tax which resulted in avoidable payment of ₹ 14.84 lakh towards penal interest.

The Government stated (June 2014) that the Corporation was newly incorporated and was not having sufficient employees due to which advance tax for the period 2012-13 could not be deposited. The Government also stated that advance tax for the year 2013-14 has been deposited timely.

The reply is not acceptable as during the year 2013-14 also, the advance tax of ₹ 1.03 crore and ₹ 2.21 crore was deposited only on 17 December 2013 and 18 March 2014 on provisional basis which indicated that the Management again failed to adhere to the quarterly schedule for payment of advance tax.

The Company should devise a proper system for estimation of quarterly profits and pay advance tax accordingly.

¹² Under Section 234B - ₹ 8.06 lakh and Section 234C - ₹ 6.78 lakh of the Act

Chhattisgarh Rajya Van Vikas Nigam Limited

3.3 Avoidable payment of income tax

Wrong accounting of interest accrued on Group Leave Encashment Scheme Policy as income of the Company resulted in avoidable payment of income tax of ₹ 49.05 lakh.

The Chhattisgarh Rajya Van Vikas Nigam Limited (Company) had taken (1 March 2009) Group Leave Encashment Scheme Policy (GLES) of Life Insurance Corporation of India (LIC) for providing leave encashment benefits to its employees on superannuation which is a defined benefit plan. The fair value of plan assets is compared with present value of obligation at the end of each financial year on the basis of actuarial valuation carried out by LIC and the shortfall is made good by the Company by way of contribution to GLES. Accordingly at the end of the each financial year, LIC makes actuarial valuation and after considering accrued interest on GLES fund, works out the amount of contribution to be made by the Company. The Company, in its books of accounts since 2009-10, has been showing the interest accrued on GLES as its income as well as expenditure (contribution to the GLES fund). Since the Company was required to contribute only the shortfall in fair value of plan assets (including accrued interest) as compared to present value of obligation as intimated by LIC, the interest accrued to the GLES was not the income of the Company.

We observed that the Company is engaged in agricultural activity and thus its agricultural income is exempted from income tax. However, due to wrongly considering the interest accrued on GLES as its income which was not agricultural income, the Company had to pay income tax of ₹ 49.05 lakh as detailed in *Annexure - 3.3*.

Had the actual shortfall amount (net of accrued interest) been considered as contribution to GLES, the Company would not have been required to pay income tax of ₹ 49.05 lakh.

The Government stated (June 2014) that from the year 2013-14 onwards the accounting of accrued interest on GLES policy would be done as recommended by the Audit.

3.4 Loss of revenue

There was loss of revenue of ₹ 11.77 lakh to the Company due to disclosure of lesser quantity of industrial bamboo for tender.

The Chhattisgarh Rajya Van Vikas Nigam Limited (Company) produces industrial bamboo in its forest which is measured in Notional Tone¹³ (NT). The Company sells industrial bamboo through tenders invited by the Chief Conservator of Forest (Production), Government of Chhattisgarh (CCF). The CCF gathers information regarding availability of stock of industrial bamboo at Company's various forest depots every year and invites tenders for disposal of the same. After due tender process, the CCF finalises the purchaser

¹³ Running length of 2400 meter of bamboos

(successful bidder) and the purchaser executes an agreement in this regard with the Regional General Manager (RGM) concerned of the Company. In accordance with tender terms and conditions, the agreement *inter alia* provides that the purchaser shall have to purchase industrial bamboo upto the tendered quantity at the rate finalised through tenders and the purchaser is also bound to purchase in the same manner upto 25 per cent additional quantity of bamboo which is offered to him in excess of the tendered quantity. In case, the production of industrial bamboo is more than the tendered quantity and 25 per cent additional quantity, the rates will be reduced by 10 per cent for this excess quantity. If the quantity of industrial bamboo offered to purchaser is understated in tender there is a risk of under realisation of revenue.

For the year 2010-11, 200 NT industrial bamboo of Panabaras Division was offered (first round tender in January 2011) to M/s Rajesh Kumar Khandelwal, Rajnandgaon (Contractor) at the rate of ₹ 3600 per NT against the actual production of 646.34 NT. The Company sold total 360 NT¹⁴ bamboo to the Contractor and the balance quantity of 286.34 NT was sold (May 2012) by CCF through tender at the lesser rate of ₹ 501 per NT to the same Contractor. Due to understatement of quantity of industrial bamboo offered to purchaser in tender the revenue realised was lower by ₹ 9.27 lakh as detailed in *Annexure - 3.4*.

Similarly for the year 2011-12, 580 NT industrial bamboo of Panabaras Division was offered (March 2012) for sale to M/s Sirjan Enterprises, Rajnandgaon (Contractor) at the rate of ₹ 4654 per NT against the actual production of 1041.82 NT. The Contractor lifted only the compulsory quantity¹⁵ of 725 NT and the balance quantity of 316.82 NT was sold (January 2013) by the Company through auction at lesser rate of ₹ 3864.56 per NT. This resulted in lower realisation of revenue to the tune of ₹ 2.50 lakh¹⁶.

The Government stated (June 2014) that the disclosure of less production to the CCF for tender during the years 2010-11 and 2011-12 was mainly due to uncertainty of transportation of industrial bamboos from forest to depots as the area was affected by Left Wing Extremism. The Government, however, stated that it had taken corrective action based on the audit observation by revising the estimated production intimated by Panabaras Division from 370 NT to 810 NT in 2012-13 and from 700 NT to 1000 NT in 2013-14 for tender.

The reply is not acceptable. Before finalisation of the purchaser agreement, the Company was aware (March 2011 and March 2012) about actual transportation of industrial bamboos from forest to depots i.e. 515.65 NT for the year 2010-11 and 809.05 NT for the year 2011-12 which was much higher than the tendered quantity. However, the Company had not taken any steps to revise the agreement quantity as suggested by its Additional Managing Director in March 2011 or to invite fresh tender which resulted in loss of revenue to the Company.

The Company should properly estimate the production of industrial bamboo and intimate the same to CCF for the purpose of tender.

¹⁴ 250 NT at the rate of ₹ 3600 per NT and 110 NT at the rate of ₹ 3240 per NT

¹⁵ 580 NT plus 145 NT at the rate of ₹ 4654 per NT

¹⁶ 316.816 NT X (₹ 4654 – ₹ 3864.56) per NT

Chhattisgarh State Beverages Corporation Limited

3.5 Loss of interest due to non-availing auto sweep facility

There was loss of interest of ₹ 54.74 lakh to the Company due to non-availing auto sweep facility in current accounts.

The Chhattisgarh State Beverages Corporation Limited, Raipur (Company) was established (November 2001) as a wholly owned State Government Company to act as sole licensed wholesale agent of Government of Chhattisgarh to procure, store and sell Indian Made Foreign Liquor (IMFL) in the State. From the registered suppliers, the Company procures different brands of IMFL, stores the same in its godowns and after adding its margin, the same is then sold to the retailers having permit of the State Excise Department.

The transactions of the Company were carried out through current accounts maintained in Punjab National Bank, Union Bank of India, State Bank of India and HDFC Bank. For smooth functioning, the Company further opened one current account each in UCO Bank, Raipur (27 September 2011) and Axis Bank, Raipur (20 September 2013). To earn interest on funds lying in current account, the Company instructed (10 October 2011) UCO Bank to keep minimum balance of ₹ 50000 in current account and transfer excess of ₹ 50000 to Auto Sweep Account¹⁷.

Scrutiny (March 2014) of daily bank balance of current accounts maintained in UCO Bank and Axis Bank for the period from October 2011/September 2013 to February 2014 revealed that the Company was having huge balance in its current accounts. The minimum balance ranging between ₹ 0.95 lakh (3 March 2012) and ₹ 10.00 crore (1 October 2011) in UCO Bank and ₹ 23.81 lakh (20 September 2013) and ₹ 6.93 crore (27 December 2013) in Axis Bank was lying in a non-interest bearing current accounts as detailed in *Annexure - 3.5*.

We observed that though the Company had issued specific instruction to UCO bank to transfer excess of ₹ 50000 from its current account to auto sweep account to maximise the interest income, UCO Bank had failed to transfer the excess fund to auto sweep account. We also observed that in respect of current account at Axis Bank, the Company had not availed the auto sweep facility. As a result, huge balance was lying in non-interest bearing current account of both the banks which resulted in loss of interest of ₹ 54.74 lakh worked out at the rate of interest applicable to auto sweep account as detailed in *Annexure - 3.5*.

The Government stated (June 2014) that the auto sweep facility in UCO Bank was already availed by the Company, however, due to some technical

¹⁷ Under the Scheme the customer has to maintain a particular minimum balance and the amount exceeding the minimum balance would be automatically converted into fixed deposits (FDs) on periodical basis for the period till the fund is utilised by the customer. At the requirement of the customer, if there is insufficient funds in the current account, the FD would be automatically closed (depending on the withdrawal amount) and interest will be calculated for the period during which the fund was under the Scheme

problems at Bank's end in some days, the amount could not be transferred to auto sweep account.

The reply is not acceptable as the Company failed to take up the issue of non-transferring of funds with UCO Bank and as a result the Company suffered loss of interest due to bank's internal problem.

The Company should immediately take up the matter with UCO bank and also make auto sweep arrangement with Axis Bank to avoid further loss of interest.

3.6 Avoidable payment of penal interest

Failure of the Company to deposit the amount of Tax Collected at Source to the Government Account within scheduled time resulted in avoidable payment of penal interest of ₹ 10.16 lakh.

As per Section 206C of Income Tax Act, 1961 (Act), every person, being a seller shall, at the time of debiting of the amount payable by the buyer to the account of the buyer or at the time of receipt of such amount from the said buyer in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, collect from the buyer of alcoholic liquor for human consumption at the rate of one *per cent* of such amount as income tax. The tax so collected is called Tax Collected at Source (TCS). Further, as per Rule 30(2) of the Income Tax Rules, seller has to deposit the amount of TCS to the Government Account on or before seven days from the end of the month in which the deduction is made. In case of failure to remit the TCS in time, interest at the rate 18 *per cent* per annum (12 *per cent* per annum upto 30 June 2010) from the date on which tax was deductible/ collectible to the date of payment to Government Account is chargeable.

The Chhattisgarh State Beverages Corporation Limited, Raipur (Company) was established (November 2001) as a wholly owned State Government Company to act as sole licensed wholesale agent of Government of Chhattisgarh to procure, store and sell Indian Made Foreign Liquor (IMFL) in the State. From the registered suppliers, the Company procures different brands of IMFL, stores the same in its godowns and after adding its margin, the same is then sold to the retailers having permit of the State Excise Department. As per Section 206C of the Income Tax Act, 1961 (Act), the Company, at the time of selling liquor to retailers, is liable to collect income tax (TCS) and remit the same to the Government Account in accordance with the provisions of Rule 30(2) of Income Tax Rules.

Scrutiny of records (March 2014) revealed that during 2009-12, on several occasions the Company had failed to deposit the amount of TCS to the Government Account within scheduled time resulting in avoidable payment of penal interest of ₹ 10.16 lakh.

The Government while accepting the audit observation stated (June 2014) that due to technical problem in the software and shifting of Raipur Godown of the Company, the amount of TCS could not be deposited on time. The Government also stated that on implementation of online payment services by the Company, the amount of TCS and other taxes are now being deposited regularly.

Chhattisgarh State Industrial Development Corporation Limited

3.7 Injudicious investment of surplus funds

Injudicious investment of surplus funds resulted in lower interest income by ₹ 40.66 lakh.

To earn interest, the Chhattisgarh State Industrial Development Corporation Limited (Company) used to invest its surplus funds in Fixed Deposits (FDs) with various scheduled banks. As on 31 March 2013, the Company had ₹ 584.45 crore in FDs with 18 banks at interest rates ranging between seven *per cent* and 10.10 *per cent*.

A test check (November 2013) of FDs made during the year 2012-13 revealed that the Company had not formulated any policy for investment of its surplus funds and the decision of investment in FDs was purely dependent on the discretion of the Management of the Company. We observed that the Company invested ₹ 144.80 crore in three banks at lower rate of interest ignoring the higher rate of interest offered by Allahabad bank. This resulted in interest income being lower by ₹ 40.66 lakh as given in the *Table - 3.6*.

Table - 3.6

Sl. No.	Name of Bank	Principal Amount (₹ in crore)	Period of investment	Rate of interest (%)	Interest earned (₹ in lakh)	Interest could have been earned had the funds been invested at the rate of 9.25 <i>per cent</i> in Allahabad Bank (₹ in lakh)	Lower interest income (₹ in lakh)
1	2	3	4	5	6	7	8 (7-6)
1	Bank of Baroda ¹⁸	140.00	One year (26.10.2012)	9.00	1303.17	1340.62	37.45
2	Andhra Bank	1.17	One year (25.10.2012)	8.00	10.94	11.25	0.31
3	Axis Bank	3.63	One year (13.10.2012)	8.50	31.84	34.74	2.90
						Total	40.66

The Government stated (August 2014) that the rate of Allahabad Bank had not been considered as the bank had offered 9.25 *per cent* rate of interest for the funds below ₹ five crore only because for FDs of ₹ five crore and above they required prior permission from their General Manager (IRM) which would have taken more time. For FDs made with Axis Bank, the Government stated that the funds invested in Axis Bank are the funds pertaining to "Assistance to States for Developing Export Infrastructure and other Allied Activities" (ASIDE) projects received from the Government of India and was practiced to be kept exclusively with Axis Bank.

¹⁸ 14 FDs of ₹ 10.00 crore each

The reply is not acceptable. The Company could have invested ₹ 140 crore in Allahabad Bank by making 28 FDs of below ₹ five crore¹⁹ each as was done in case of Bank of Baroda. Regarding Axis Bank, though it is a practice of the Company to keep the ASIDE fund with the Axis Bank but this practice does not prevent the Company to invest the surplus fund in more viable option.

The Company should formulate a long-term investment policy to maximise its internal resources by investing surplus funds judiciously.

3.8 Undue benefit to the allottee

Undue benefit of ₹ 23.60 lakh was extended to a private party due to adoption of lower rate for valuation of land premium.

The Chhattisgarh State Industrial Development Corporation Limited (Company), on specific request of entrepreneurs, acquires land outside industrial area and allots the same to them for establishing their projects. For allotment of private land, land premium is calculated at market value²⁰ of the land plus solatium, interest and service charge at the prevailing rate. In addition, the Company also collects annual lease rent equal to 2.5 per cent of the land premium. In this connection the State Government notification (April 1982) provided that the calculation of land premium in respect of Government land allotted to entrepreneurs should also be done in line with the valuation of private land.

M/s. Jindal Steel & Power Limited (JSPL) applied (28 July 2010) for allotment of 62.140 hectare land including 0.959 hectare Government land at district Raigarh for setting up of cement plant. The Government land measuring 0.959 hectare was recorded as constructed road situated in village Barmuda of Raigarh district in the records of the Raigarh district administration. After considering the application, the Company allotted (23 March 2013) 0.959 hectare Government land at a total land premium of ₹ 21.38 lakh and annual lease rent of ₹ 53450 to JSPL with a condition to make alternative arrangement for village road and also executed (3 June 2013) the lease deed for 99 years.

We observed (November 2013) that the subject Government land measuring 0.959 hectare was actually a road as per Government record. Accordingly, while calculating land premium, the market rate of the land should have been taken as ₹ 23.95 lakh per hectare being the rate of road side plots as per Central Valuation Board (CVB) guidelines. However, the Company had taken market value of the land on lower side at ₹ 13.92 lakh per hectare being *Padti*²¹ land. Due to adoption of lower rate of land for calculation of land premium, the Company has suffered loss of ₹ 15.41 lakh towards land premium and ₹ 8.19 lakh²² towards lease rent over the period of lease of 99 years. Further, JSPL has also not made alternate arrangement for village road.

¹⁹ Say ₹ 499.99Lakh

²⁰ Fixed annually as per the guidelines of Central Valuation Board (CVB) of Government of Chhattisgarh

²¹ Land which has not been in use for cultivation in recent 4-5 years

²² Being the Net Present Value of ₹ 50.82 lakh at five per cent discounting factor

The short recovery of land premium and lease rent also resulted in extension of undue benefit of ₹ 23.60 lakh to JSPL.

The Management stated (February 2014) that as per the order of the Collector, Raigarh, the subject land was a village road which is used by villagers to go to their fields and after acquisition of this entire land, this road was of no use. Accordingly, land premium was calculated considering the land as *Padti* land.

The reply confirmed that the subject land was a road and accordingly while calculating land premium, the market rate of the land should have been taken as ₹ 23.95 lakh per hectare being rate of road side plots as per CVB guidelines. Further, Management's reply that after acquisition of entire land, this road was of no use and accordingly rate for road side plot was not considered for calculation of land premium is not acceptable because for calculating land premium, land use recorded at the time of acquisition is considered. Thus, change in land use after acquisition has no significance/relevance so far as calculation of land premium is considered. Here it is also pertinent to mention that as per condition of allotment, possession of the plot was to be given only after alternate arrangement for village road is made by JSPL. However, JSPL had not made any alternate arrangement for village road so far (September 2014) and the Company has not insisted upon for the same.

The Company should recover the differential amount of land premium and lease rent from JSPL.

We reported (March 2014) the matter to the Government, their reply is awaited (October 2014).

Chhattisgarh State Power Generation Company Limited

3.9 Avoidable expenditure

Failure of the Company to carry out capital overhauling of unit 6 of Korba Thermal Power Station in time resulted in avoidable expenditure of ₹ 68.87 lakh.

To ensure long term sustainable levels of performance of thermal power plants, it is important to adhere to periodic maintenance schedules. The efficiency and availability of equipment is dependent on the strict adherence to Capital Overhauling (COH) schedules/ annual maintenance and equipment overhauling schedules. Non adherence to schedules carry a risk of the equipment consuming more coal, fuel oil and a higher risk of forced outages which necessitate undertaking repair and maintenance works. These factors lead to increase in the cost of power generation due to reduced availability of equipments which affect the total power generation.

After refurbishment, the unit-6 of the Korba Thermal Power Station, East (KTPS) of Chhattisgarh State Power Generation Company Limited (Company) having installed capacity of 120 MW was taken on load on 8 October 2003. As per the standard practice, COH of power plant is done in every fifth year for smooth operation and accordingly, the unit-6 was due for COH in October 2008. We observed (February 2014) that the Company, despite aware about high vibrations of Turbo Generator (TG) bearings, more

axial shift of TG, abnormal behavior of Intermediate Pressure (IP) differential expansion etc. in unit-6 since 2004 and also aware that these problems could be rectified during COH only, did not carry out COH of unit-6 in time and as a result major breakdown occurred in November 2012. Consequently, unit-6 remained shut down for 186 days from 4 November 2012 to 8 May 2013 for carrying out repair of generator rotor and COH. Had the Company carried out the COH of unit-6 as per schedule, the problem of high vibration of generator rotor could have been rectified during COH itself which would have avoided damage of generator rotor as well as outage of unit-6. Thus, failure of the Company has resulted in avoidable expenditure of ₹ 68.87 lakh incurred on repairing of damaged generator rotor besides generation loss of 221.18 Million Units²³ due to outage of unit-6.

The Management stated (April 2014) that Annual Overhaul (AOH) of the machines are scheduled every year and COH is decided on the condition of machine whether any major defect is persisting for long period which cannot be attended on regular AOH. The original equipment manufacturer of the machine i.e. BHEL has also not prescribed any specific time period for carrying out COH and the Company had previously done the COH of unit-6 in approximately 10 years interval. The Management further stated that as there was no critical abnormality in the unit-6 (bearing vibrations of Turbine and Generator, axial shift and differential expansion of turbine were normal) which requires COH, AOH of unit-6 was done in October-November 2012. The COH was decided later on after failure of the front generator bearing which was occurred after completion of AOH.

The reply is not acceptable because though BHEL did not prescribe any specific time period for carrying out COH but the site authorities²⁴ of KTPS and Chief Engineer (Stores & Purchase: Generation) of the Company themselves had suggested 24 November 2012 and 4 December 2012 respectively that COH of a power plant is done in every fifth year for smooth operation. Accordingly, the site authorities of KTPS also noted (24 November 2012) that the COH of unit-6 was due since long. Further, the Management's reply that there was no critical abnormality in the unit-6 prior to AOH is factually incorrect because problems of high vibrations of TG bearings, more axial shift of TG, abnormal behaviour of IP differential expansion etc. were persisting in unit-6 since July 2004 which was also reported (January 2013) by the Committee constituted for ascertaining causes of outage of unit-6.

The Company should formulate policy/prepare guidelines for carrying out Capital Overhauling after considering best practices in power sector to avoid recurrence of such incidence in future.

We reported (April 2014) the matter to the Government, their reply is awaited (October 2014).

²³ The net outage was for 96 days i.e. total outage of 186 days - 90 days maximum time allowed for COH. Thus the generation loss for 96 days was (120 MW X 1000 kwh X 24 Hrs X 80 per cent PLF X 96 days)/1000000 kwh = 221.18 Million Units

²⁴ SE (ET&I)-III and SE (MM-III)

**Chhattisgarh State Power Trading Company Limited and
Chhattisgarh State Power Distribution Company Limited**

3.10 Undue benefit to private power producers

Non-incorporation of suitable clause on deduction of line loss in Power Purchase Agreements with private power producers and allowing line loss on lower side resulted in extension of undue financial benefit of ₹ 20.54 crore to private power producers.

In the State of Chhattisgarh, procurement of power from Captive Power Plants (CPPs)/ Independent Power Producers (IPPs) on short term basis to meet the demand of the State was carried out by the erstwhile Chhattisgarh State Electricity Board (CSEB) upto December 2008. Consequent upon unbundling of CSEB, the power was procured by Chhattisgarh State Power Distribution Company Limited (CSPDCL) from 1 January 2009 to 31 March 2010 and thereafter by Chhattisgarh State Power Trading Company Limited (CSPTTrCL).

Accordingly, CSPDCL/ CSPTTrCL procures power from CPPs/ IPPs on short term basis to meet the demand of State. The generators offer to sell the power to CSPDCL/ CSPTTrCL depending upon their generating capacity and in response to the offers, CSPDCL/ CSPTTrCL accepts the power as per the demand. Subsequently, generators and CSPDCL/ CSPTTrCL enters into Power Purchase Agreement (PPA) for purchase of power in accordance with the rate, terms and conditions of the Chhattisgarh State Electricity Regulatory Commission (CSERC).

As per clause 4.1.1 of the Chhattisgarh State Electricity Grid Code, 2007 (came into force from 30 December 2006), the metering point for energy purchased should be the incoming feeder gantry of Extra High Voltage (EHV) substations of licensee²⁵. Transmission losses from the power plant to the injecting point of the substations are to be borne by the generators. Accordingly, CSPTTrCL recovers transmission loss at the rate of five²⁶/ six²⁷ per cent from April 2010 from such generators who were injecting power directly from their end to the grid.

(a) On scrutiny of the records for the period from 2008-09 to 2011-12, it was observed that 15 generators²⁸ were injecting the power from generators end directly to the grid and metering and billing was also done from the generators end.

We observed that CSPDCL did not incorporate suitable clause regarding metering point and line loss while entering into PPAs and thus could not

²⁵ Chhattisgarh State Power Transmission Company Limited and CSPDCL

²⁶ For 220/132 kV line

²⁷ For 33 kV line

²⁸ Bajrang Power and Ispat Limited, Singhal Enterprises Power Limited, Jaiswal Neco Industries Limited, Raipur, Salasar Steel & Power Limited, G.R. Sponge & Power Limited, Bharat Aluminum Company Limited, ACB India, Ind Synergy, Crest Steel & Power Limited, Topworth Steels Limited, Prakash Industries Limited, Nav Durga Fuels Private Limited, Anjani Steel P. Limited, Bajrang Metalics, API Ispat & Power Limited

recover ₹ 19.92 crore²⁹ from six generators³⁰ during 2008-10. Subsequently, CSPTTrCL started trading of power from 2010-11 onwards and also started recovery of transmission losses from generators and recovered (May 2011) ₹ 5.05 crore pertaining to the year 2009-10 from the above six generators. Five³¹ out of six generators from whom CSPTTrCL recovered transmission losses, filed petition before CSERC for refund of the same. CSERC decided (14 December 2011) the case in favour of generators and CSPTTrCL refunded (January 2012) ₹ 4.13 crore to these generators in compliance with the order.

Thus, non-incorporation of suitable clause on deduction of transmission loss while entering into PPAs has resulted in a loss of ₹ 19.00 crore³².

CSPDCL stated (7 August 2013/ 12 August 2014) that as per clause 4.1.4 of the first amendment of Chhattisgarh State Electricity Grid Code 2007, all existing generators have to ensure connectivity with the grid latest by 31 March 2009, which was extended by the CSERC from time to time. The CSERC in its order in petition no. 29 of 2011 (D) filed by the M/s Salasar Steel & Power Limited has also disallowed the recovery of line loss.

The reply is not acceptable because relaxation of time limit for getting independent connectivity for the generating stations upto 31 March 2009 given by CSERC was to prevent disconnection of the connectivity of generating station to grid which has no link with deduction of line/ transmission losses. Further, CSERC has disallowed the recovery of line loss from M/s Salasar Steel & Power Limited due to non-inclusion of suitable clause regarding deduction of line loss in the PPAs.

(b) It was also observed that CSPTTrCL deducted line loss from Bajrang Power & Ispat Limited at the rate of 0.04 *per cent* against the applicable rate of five *per cent*. Deduction of line loss at the rate of 0.04 *per cent* instead of five *per cent* lacks justification and resulted in extension of undue financial benefit of ₹ 1.54 crore³³ to Bajrang Power & Ispat Limited.

CSPTTrCL stated (12 August 2014) that the average loss of the independent feeder is worked out at 0.04 *per cent* by the Meter Relay Testing Division of Chhattisgarh State Power Transmission Company Limited and the same has been adopted for calculation of the line loss.

The reply is not acceptable because in case of other generators CSPTTrCL is deducting line loss at the rate of five *per cent* from April 2010 onwards.

Thus, non-incorporation of suitable clause for deduction of line loss while entering into PPAs with CPPs/ IPPs and allowing line loss on lower side to one CPP has resulted in undue financial benefit of ₹ 20.54 crore to CPPs/ IPPs.

We reported (July 2014) the matter to the Government, their reply is awaited (October 2014).

²⁹ 2008-09: ₹ 9.70 crore and 2009-10: ₹ 10.22 crore

³⁰ Singhal Enterprises Power Limited, Jaiswal Neco Industries Limited, Raipur, Salasar Steel & Power Limited, G.R. Sponge & Power Limited, Bharat Aluminum Company Limited, ACB India

³¹ Singhal Enterprises Power Limited, Jaiswal Neco Industries Limited, Raipur, Salasar Steel & Power Limited, G.R. Sponge & Power Limited, Bharat Aluminum Power Limited

³² ₹ 19.92 crore - (₹ 5.05 crore - ₹ 4.13 crore)

³³ During 2009-10: ₹ 0.15 crore and 2010-11: ₹ 1.39 crore

Chhattisgarh State Power Trading Company Limited

3.11 Undue benefit to Captive Power Producers

Acceptance of revision of scheduling of power in contravention of the provisions of Power Purchase Agreements resulted in extension of undue benefit of ₹ 1.37 crore to captive power producers.

Chhattisgarh State Power Trading Company Limited (CSPTTrCL) purchased power from M/s Corporate Ispat and Alloy Limited (CIAL) and M/s Bharat Aluminum Company Limited (BALCO) on the basis of the offer made by CIAL (8 April 2010 & 19 August 2010) and BALCO (26 August 2010) for the year 2010-11 on short term basis at the ceiling rate, terms and conditions outlined by the Chhattisgarh State Electricity Regulatory Commission (CSERC) in the model Power Purchase Agreement (PPA).

As per clause 3 of the PPA, the generators shall give a monthly schedule of quantum of power intended to be supplied to CSPTTrCL for the ensuing month by 23rd of the current month. In case the monthly schedule for the ensuing month is not submitted by the generators upto prescribed date to State Load Despatch Centre (SLDC) under intimation to the CSPTTrCL then the running schedule shall be considered as schedule of ensuing month also. Load factor and effective rate (power purchase) is calculated on monthly/weekly basis as per the schedule quantum of power purchased in accordance with the prescribed formulas³⁴.

It could be seen from the formula that if scheduled quantum is considered less, load factor will increase and consequently the effective rate also increases. This means that power purchase rate varies with scheduled quantum of power.

On scrutiny of the records, it was observed that CIAL and BALCO failed to declare the scheduled quantum within the stipulated time and intimated the same after 23rd of the current month, however the same was accepted by the CSPTTrCL in violation of the provision of the PPAs. Allowing CIAL and BALCO for revision of schedule quantum on power purchase bills has resulted in excess payment of ₹ 1.37 crore, as given in the **Table - 3.7**.

Table - 3.7

Name of generators	Running quantum (MW)	Supply hour (Peak/ Off-peak/ Round The Clock)	Scheduled quantum intimated (MW)	Date of scheduling/ intimation	Period	Excess payment (₹ in lakh)
CIAL	20	Peak hours	16	29-May-10	1 June 2010 to 30 June 2010	33.85
	23	Peak hours	16	27-Aug-10	25 September 2010 to 30 September 2010	31.46
BALCO	265	Round The Clock	93	4-Oct-10	29 October to 31 October 2010	71.95
Total						137.26

(Source: Data compiled from information furnished by the Company)

³⁴ Load factor =
$$\frac{\text{No. of units injected during week or month}}{\text{Monthly scheduled quantum} \times 19 \text{ hours (for off peaks hours) or } 5 \text{ hours (for peak hours)} \times \text{No. of days in a week or month}}$$

Effective rate =
$$\frac{\text{Power purchase rate} \times \text{Load Factor \%}}{80\%}$$

The Management stated (August 2014) that the load factor and effective power purchase rate was calculated based on the actual injected quantity for which “No Objection Certificate” for open access was received from the SLDC.

The reply is not acceptable, because generators failed to declare the schedule quantum for the ensuing month by 23rd of the current month, as per the provisions of the PPA and hence it should have been calculated at the running quantum only.

Thus, due to acceptance of revision of scheduling of power in contravention of PPA’s provisions resulted in extension of undue benefit of ₹ 1.37 crore to CIAL and BALCO.

We reported (July 2014) the matter to the Government, their reply is awaited (October 2014).

GENERAL

3.12 Follow up action on Audit Reports

3.12.1 Audit Reports of the Comptroller and Auditor General of India represent the culmination of the process of audit scrutiny starting with initial inspection of accounts and records maintained in various offices and departments of the Government. It is, therefore, necessary that they elicit appropriate and timely response from the Executive.

Audit Reports for the years 2008-09 to 2012-13 were placed in the State Legislature in March 2010, March 2011, April 2012, March 2013 and February 2014 respectively. Out of 27 paras/ Reviews involving 11 PSUs under eight departments featured in the Audit Reports (Civil & Commercial) for the year 2008-09, Audit Report (PSUs) for the year 2011-12 and Audit Report (PSUs) for the year 2012-13, no replies in respect of 14 paras/review have been received from the Government by 30 September 2014 as indicated in the *Table - 3.8*.

Table - 3.8

Year of Audit Report	Total Paragraphs/ Reviews in Audit Report	No. of Departments involved	No. of Paragraphs/ Review for which replies were not received
2008-09	6	6	2
2011-12	11	5	7
2012-13	10	6	5
Total	27		14

Department wise analysis is given in *Annexure - 3.6*.

Compliance with the Reports of Committee on Public Undertakings (COPU)

3.12.2 In the Audit Reports (Civil & Commercial) and Audit Report (PSUs) for the years 2001-02 to 2012-13, 75 paragraphs and eight Reviews were included. Out of these, 46 paragraphs and five Reviews had been discussed by COPU upto 30 September 2014. COPU had made recommendations in respect of six paragraphs of Audit Reports for the years 2001-02 to 2009-10. No recommendations have been made on the Reviews so far.

As per the working rules of the COPU, the concerned departments are required to submit Action Taken Notes (ATNs) to COPU on their recommendations within three months. Upto 30 September 2014, only one ATN for the years 2001-02 to 2009-10 was received.

Response to Inspection Reports, Draft Paragraphs and Reviews

3.12.3 Audit observations noticed during audit and not settled on the spot were communicated to the heads of PSUs through Inspection Reports (IRs). The heads of PSUs are required to furnish replies to the IR within a period of four weeks of its receipt. IRs issued upto March 2014 pertaining to 15 PSUs disclosed that 474 paragraphs related to 182 IRs remained outstanding at the end of September 2014. Department-wise break-up of IRs and audit observations outstanding as on 30 September 2014 are given in ***Annexure - 3.7***.

Similarly, draft paragraphs and Reviews on the working of PSUs are forwarded to the Principal Secretary/ Secretary of the administrative department concerned and the Principal Secretary, Finance demi-officially, seeking confirmation of facts and figures and their comments thereon within a period of six weeks. Out of 11 draft paragraphs (including one long draft paragraph) and one Review forwarded to the various departments during January 2014 to August 2014, the Government had replied to seven draft paragraphs so far (October 2014). Replies to four draft paragraphs and one Review have not been received as detailed in ***Annexure - 3.8***.

We recommend that the Government should ensure that (a) a procedure exists for taking action against the officials who failed to send replies to Inspection Reports/Draft Paragraphs/ Reviews and Action Taken Notes on the recommendation of COPU as per the prescribed time schedule, (b) action is taken to recover loss/outstanding advances/overpayments in a time bound manner and (c) the system of responding to audit observations is revamped.

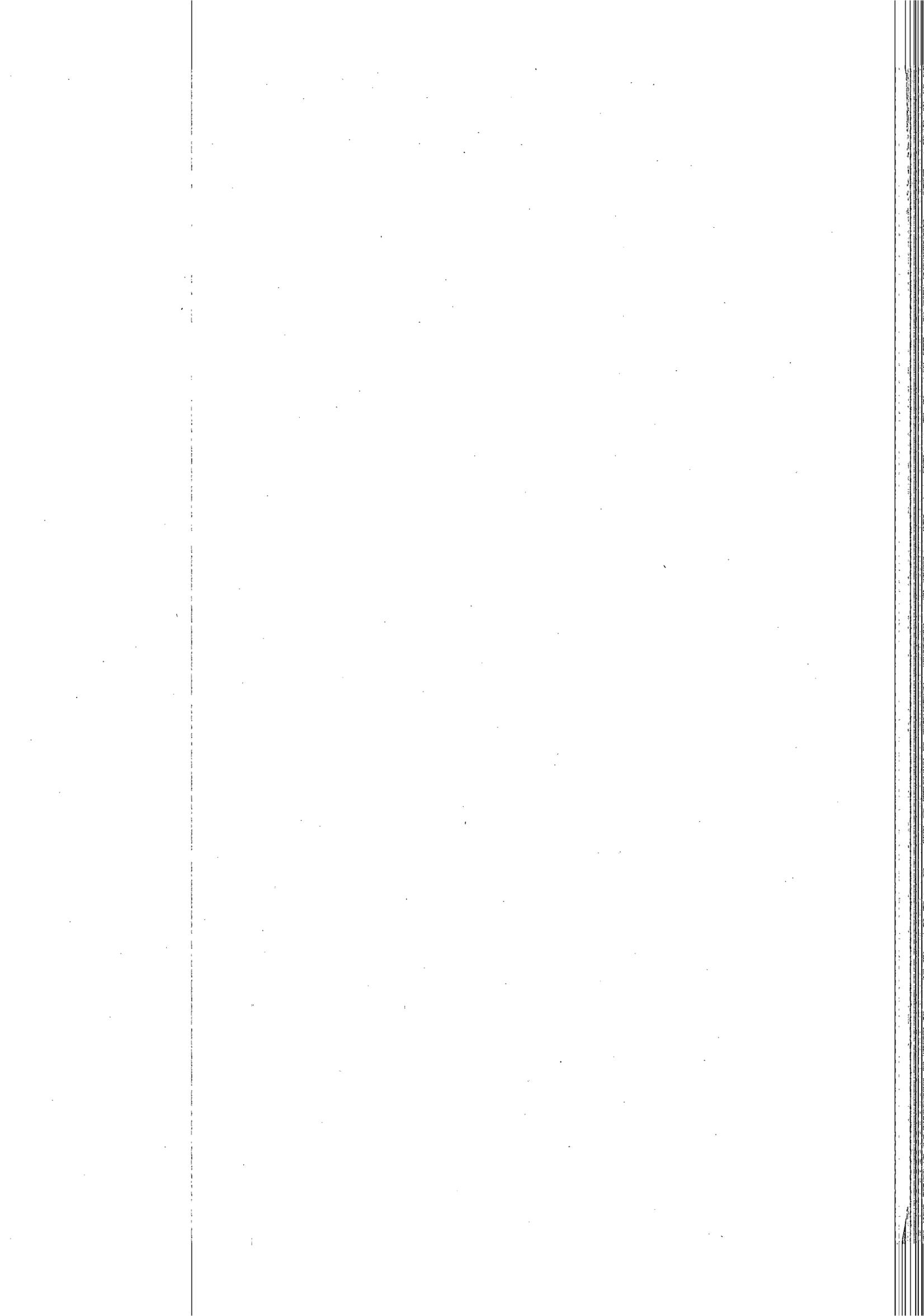
Raipur
The 10 January 2015


(BIJAY KUMAR MOHANTY)
Accountant General (Audit), Chhattisgarh

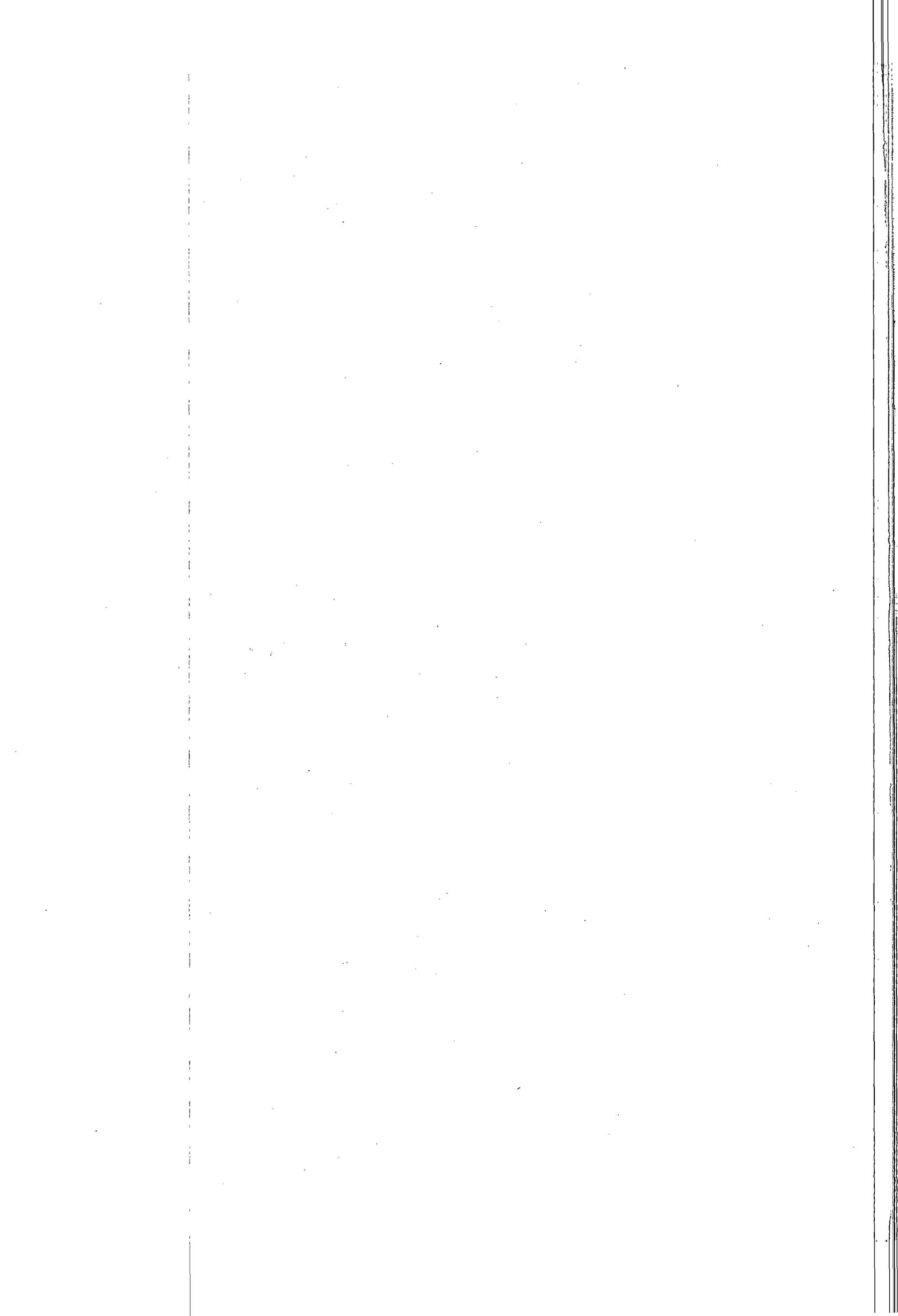
Countersigned

New Delhi
The 13 January 2015


(SHASHI KANT SHARMA)
Comptroller and Auditor General of India



Annexures



Annexure - 1.1
Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower
as on 31 March 2014 in respect of Government companies and Statutory corporation
(Referred to in paragraph 1.8)

(Figures in column 5 (a) to 6(d) are ₹ in crore)

Sl. No	Sector & Name of the company	Name of the Department	Month and year of incorporation	Paid-up capital ⁵				Loans outstanding at the close of				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.03.2014)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
A. Working Government Companies													
AGRICULTURE & ALLIED													
1	Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited	Agriculture	08.10.2004	0.50	-	-	0.50	-	-	-	-	-	150
2	Chhattisgarh Rajya Van Vikas Nigam Limited	Forest	22.05.2001	25.73	0.92	-	26.65	-	-	-	-	-	716
Sector wise total				26.23	0.92	-	27.15	-	-	-	-	-	866
FINANCE													
3	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	Social Welfare	19.07.2004	5.00	-	0.00 ¹	5.00	-	-	8.26	8.26	1.65:1 (2.70:1)	8
Sector wise total				5.00	-	0.00	5.00	-	-	8.26	8.26	1.65:1 (2.70:1)	8
INFRASTRUCTURE													
4	Chhattisgarh Infrastructure Development Corporation Limited	Finance	26.02.2001	4.20	-	-	4.20	-	-	-	-	-	5
5	Chhattisgarh State Industrial Development Corporation Limited	Commerce & Industries	16.11.1981	1.60	-	-	1.60	22.96	-	-	22.96	14.35:1 (14.35:1)	259
Sector wise total				5.80	-	-	5.80	22.96	-	-	22.96	3.96:1 (3.96:1)	264
MINING													
6	Chhattisgarh Mineral Development Corporation Limited	Geology & Mining	07.06.2001	1.00	-	-	1.00	-	-	-	-	-	186
7	CMDC ICPL Coal Limited	Geology & Mining	11.04.2008	-	-	82.60	82.60	-	-	-	-	-	1
8	Chhattisgarh Sondiha Coal Company Limited	Geology & Mining	30.12.2008	-	-	21.94	21.94	-	-	-	-	-	-
9	CSPGCL AEL Parsa Collieries Limited	Geology & Mining	06.12.2010	-	-	0.16	0.16	-	-	0.71	0.71	4.44:1	1
Sector wise total				1.00	-	104.70	105.70	-	-	0.71	0.71	-	188

¹ Actual amount is ₹ 8000

Sl No	Sector & Name of the company	Name of the Department	Month and year of incorporation	Paid-up capital ²				Loans outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (previous year)	Manpower (No. of employees) (as on 31.03.2014)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
POWER													
10	Chhattisgarh State Power Distribution Company Limited	Energy	19.05.2003	-	-	2326.37	2326.37	115.54	180.10	651.46	947.10	0.41:1 (0.30:1)	10757
11	Chhattisgarh State Power Generation Company Limited	Energy	19.05.2003	-	-	2287.73	2287.73	83.87	-	8703.22	8787.09	3.84:1 (0.41:1)	5312
12	Chhattisgarh State Power Holding Company Limited	Energy	30.12.2008	6757.81	-	-	6757.81	-	-	-	-	-	185
13	Chhattisgarh State Power Trading Company Limited	Energy	30.12.2008	-	-	0.05	0.05	-	-	-	-	-	20
14	Chhattisgarh State Power Transmission Company Limited	Energy	19.05.2003	-	-	810.76	810.76	26.13	-	1174.59	1200.72	1.48:1 (1.41:1)	1843
Sector wise total				6757.81	-	5424.91	12182.72	225.54	180.10	10529.27	10934.91	0.90:1 (0.22:1)	18117
SERVICES													
15	Chhattisgarh State Beverages Corporation Limited	Commercial Tax	7.11.2001	0.15	-	-	0.15	-	-	-	-	-	45
16	Chhattisgarh State Civil Supplies Corporation Limited	Food, Civil Supplies & Consumer Protection	13.03.2001	4.43	-	0.00 ²	4.43	-	-	1000.00	1000.00	225.73:1 (328.71:1)	774
17	Chhattisgarh Medical Services Corporation Limited	Health	7.10.2010	3.45	-	-	3.45	-	-	-	-	-	159
18	Chhattisgarh Police Housing Corporation Limited	Home	14.12.2011	2.00	-	-	2.00	-	-	-	-	-	31
19	Raipur Nagar Nigam Transport Limited	Urban Administrative & Development	01.10.2011	0.05	-	-	0.05	-	-	-	-	-	-
Sector wise total				10.08	-	-	10.08	-	-	1000.00	1000.00	99.21:1 (58.58:1)	1009
Total A (All sector wise working Government companies)				6805.92	0.92	5529.61	12336.45	248.50	180.10	11538.24	11966.84	0.97:1 (0.25:1)	20452

² Actual amount is ₹ 7000

SI No	Sector & Name of the Company			Name of the Department	Month and year of incorporation	Paid-up Capital ⁵				Loans outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.03.2014)
						State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
1	2			3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
B. Working Statutory corporation															
SERVICES															
1.	Chhattisgarh	State	Warehousing	Food, Civil Supplies & Consumer Protection	02.05.2002	2.02	-	2.02	4.04	65.08	-	1.64	66.72	16.51:1 (12.57:1)	498
Total B (Working Statutory Corporation)						2.02	-	2.02	4.04	65.08	-	1.64	66.72	16.51:1 (12.57:1)	498
Grand Total (A + B)						6807.94	0.92	5531.63	12340.49	313.58	180.10	11539.88	12033.56	0.98:1 (0.25:1)	20950

(Source: Data furnished by Government companies/Statutory corporation).

⁵Paid-up capital includes Share Application Money.

Annexure - 1.2

Statement showing equity/loans received, grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2014

(Referred to in paragraph 1.11)

(Figures in column 3 (a) to 6 (d) are ₹ in crore)

Sl. No	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year*				Guarantees received during the year and commitment at the end of the year**		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited	-	-	34.50	16.46	-	50.96	8.00	25.00	-	-	-	-
2.	Chhattisgarh Rajya Van Vikas Nigam Limited	-	-	-	(1.00)	-	(1.00)	-	-	-	-	-	-
Sector wise total				34.50	16.46	-	50.96	8.00	25.00	-	-	-	-
FINANCE													
3.	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	-	-	-	(0.35)	-	(0.35)	-	-	-	-	-	-
Sector wise total				-	(0.35)	-	(0.35)	-	-	-	-	-	-
INFRASTRUCTURE													
4.	Chhattisgarh Infrastructure Development Corporation Limited	-	-	-	(0.30)	-	(0.30)	-	-	-	-	-	-
5.	Chhattisgarh State Industrial Development Corporation Limited	-	-	10.63	21.49	-	32.12	-	-	-	-	-	-
Sector wise total				10.63	21.49	-	32.12	-	-	-	-	-	-
MINING													
6.	Chhattisgarh Mineral Development Corporation Limited	-	-	-	(82.30)	-	(82.30)	-	-	-	-	-	-
Sector wise total				-	(82.30)	-	(82.30)	-	-	-	-	-	-

Sl. No	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year*				Guarantees received during the year and commitment at the end of the year**		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
POWER													
7.	Chhattisgarh State Power Distribution Company Limited	-	34.54	-	393.76 (207.34)	-	393.76 (207.34)	500.00	500.00	-	-	-	-
8.	Chhattisgarh State Power Generation Company Limited	-	-	1.55	-	-	1.55	-	-	-	-	-	-
9.	Chhattisgarh State Power Holding Company Limited	22.00	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		22.00	34.54	1.55	393.76 (207.34)	-	395.31 (207.34)	500.00	500.00	-	-	-	-
SERVICES													
10.	Chhattisgarh State Civil Supplies Corporation Limited	-	500.00	1296.30	2284.97	-	3581.28	-	-	-	-	-	-
11.	Chhattisgarh Medical Services Corporation Limited	0.45	-	-	-	-	-	-	-	-	-	-	-
12.	Raipur Nagar Nigam Transport Limited	-	-	5.35	-	-	-	-	-	-	-	-	-
Sector wise total		0.45	500.00	1301.65	2284.97	-	3581.28	-	-	-	-	-	-
Sector wise total A (All sector wise working Govt. companies)		22.45	534.54	1348.33	2716.68 (291.29)	-	4059.67 (291.29)	508.00	525.00	-	-	-	-
B. Working Statutory Corporation													
SERVICES													
1	Chhattisgarh State Warehousing Corporation	-	22.24	-	-	-	-	-	-	-	-	-	-
Total B (Working Statutory Corporation)		-	22.24	-	-	-	-	-	-	-	-	-	-
Grand Total (A + B)		22.45	556.78	1348.33	2716.68 (291.29)	-	4059.67 (291.29)	508.00	525.00	-	-	-	-

(Source: Data furnished by Government companies/Statutory corporation.)

* Figures in bracket under column 4 (a) to 4 (d) indicate grants

** Figures indicate total guarantees outstanding at the end of the year

Annexure - 1.3

Summarised financial results of Government companies and Statutory corporation for the latest year for which accounts were finalised
(Referred to in paragraph 1.15)

(Figures in column 5 (a) to (11) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)			Turnover	Impact of Accounts Comment ^h	Paid up Capital [^]	Accumulated Profit (+)/ Loss (-)	Capital employed [®]	Return on capital employed [§]	Percentage return on capital employed	
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation								Net Profit/ Loss
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
A. Working Government Companies														
AGRICULTURE & ALLIED														
1.	Chhattisgarh Raja Beej Evam Krishi Vikas Nigam Limited	2009-10	2013-14	10.41	-	0.45	9.96	247.31	0.06	0.50	24.34	29.66	9.96	33.57
2.	Chhattisgarh Raja Van Vikas Nigam Limited	2012-13	2013-14	27.85	-	0.04	27.81	46.32	(-) 5.75	26.65	117.38	155.11	27.81	17.93
Sector wise total				38.26	-	0.49	37.77	293.63	(-) 5.69	27.15	141.72	184.77	37.77	20.44
FINANCE														
3.	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	2007-08	2010-11	0.64	0.04	0.01	0.59	0.64	Non-review	5.00	0.96	10.06	0.63	6.26
Sector wise total				0.64	0.04	0.01	0.59	0.64		5.00	0.96	10.06	0.63	6.26
INFRASTRUCTURE														
4.	Chhattisgarh Infrastructure Development Corporation Limited	2007-08	2013-14	0.11	-	0.02	0.09	0.31	(-) 0.01	4.20	(-) 0.76	4.20	0.09	2.14
5.	Chhattisgarh State Industrial Development Corporation Limited	2006-07	2013-14	0.61	0.02	0.25	0.34	49.63	(-) 1.77	1.60	(-) 35.27	65.71	0.36	0.55
Sector wise total				0.72	0.02	0.27	0.43	49.94	(-) 1.78	5.80	(-) 36.03	69.91	0.45	0.64
MINING														
6.	Chhattisgarh Mineral Development Corporation Limited	2012-13	2014-15	3.05	-	0.14	2.91	12.90	Non-review	1.00	12.23	246.00	2.91	1.18
7.	CMDC ICPL Coal Limited	2013-14	2014-15	-	-	-	-	-	-	82.60	(-) 1.32	312.72	-	-
8.	Chhattisgarh Sondiha Coal Company Limited	2013-14	2014-15	(-) 0.01	0.03	-	(-) 0.04	-	Under finalisation	21.94	(-) 0.14	21.80	(-) 0.01	-
9.	CSPGCL AEL Parsa Collieries Limited	2013-14	2014-15	-	-	-	-	-	Non-review	0.16	(-) 0.03	0.84	-	-
Sector wise total				3.04	0.03	0.14	2.87	12.90	-	105.70	10.74	581.36	2.90	0.50

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comment [#]	Paid up Capital [^]	Accumulated Profit (+)/ Loss (-)	Capital employed [#]	Return on capital employed ^S	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
POWER														
10.	Chhattisgarh State Power Distribution Company Limited	2012-13	2013-14	(-) 219.13	129.66	149.38	(-) 498.19	6454.29	(-) 1247.58	2326.37	(-) 3386.83	1889.82	(-) 368.53	-
11.	Chhattisgarh State Power Generation Company Limited	2012-13	2013-14	375.58	169.38	189.89	16.31	2319.91	0.38	2265.74	(-) 389.19	10616.08	185.69	1.75
12.	Chhattisgarh State Power Holding Company Limited	2013-14	2014-15	8.47	-	-	8.47	12.77	Under finalisation	6757.81	39.42	6797.24	8.47	0.12
13.	Chhattisgarh State Power Trading Company Limited	2013-14	2014-15	2.78	-	-	2.78	0.02	-	0.05	(-) 1.17	(-) 1.12	2.78	-
14.	Chhattisgarh State Power Transmission Company Limited	2012-13	2013-14	175.84	73.63	121.15	(-) 18.94	783.43	(-) 0.69	810.76	54.67	2403.35	54.69	2.28
Sector wise total				343.54	372.67	460.42	(-) 489.57	9570.42	(-) 1247.89	12160.73	(-) 3683.10	21705.37	(-) 116.90	-
SERVICES														
15.	Chhattisgarh State Beverages Corporation Limited	2012-13	2013-14	9.32	0.07	0.23	9.02	648.46	(-) 0.49	0.15	34.95	35.10	9.09	25.90
16.	Chhattisgarh State Civil Supplies Corporation Limited	2011-12	2013-14	16.02	41.95	0.70	(-) 26.63	3070.67	17.92	4.43	(-) 216.63	1827.58	15.32	0.84
17.	Chhattisgarh Medical Services Corporation Limited	2012-13	2013-14	-	-	-	-	0.91	-	3.00	0.03	78.74	-	-
18.	Chhattisgarh Police Housing Corporation Limited	2012-13	2013-14	4.97	-	0.10	4.87	8.39	(-) 0.08	2.00	4.95	7.42	4.87	65.63
19.	Raipur Nagar Transport Nigam Limited	\$\$	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total				30.31	42.02	1.03	(-) 12.74	3728.43	17.35	9.58	(-) 176.70	1948.84	29.28	1.50
Total A (All sector wise working Govt. companies)				416.51	414.78	462.36	(-) 460.65	13655.96	(-) 1238.01	12313.96	(-) 3742.41	24500.30	(-) 45.87	-

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comment [#]	Paid up Capital [^]	Accumulated Profit (+)/ Loss (-)	Capital employed [@]	Return on capital employed [§]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
B. Working Statutory Corporation														
SERVICES														
1.	Chhattisgarh State Warehousing Corporation	2012-13	2013-14	46.41	1.09	4.81	40.51	78.50	(-) 0.20	4.04	115.29	220.61	41.60	18.86
Sector wise total B (working Statutory Corporation)				46.41	1.09	4.81	40.51	78.50	(-) 0.20	4.04	115.29	220.61	41.60	18.86
Grand Total (A + B)				462.92	415.87	467.17	(-) 420.14	13734.46	(-) 1238.21	12318.00	(-) 3627.12	24720.92	(-) 4.27	-

(Source: Data compiled from the audited annual accounts of the PSUs)

Note: There is no non-working Government company/Statutory corporation in the State of Chhattisgarh.

Impact of accounts comment includes the net impact of qualifications of statutory auditors and comments of CAG and is denoted by (+) increase in profit/ decrease in loss, (-) decrease in profit/ increase in loss

@ Capital employed represents Shareholder's Fund plus Long term borrowings except in case of finance companies/corporation where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposit and borrowing (including refinance)

§ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account

§§ The company has not submitted accounts so far.

^ Paid up Capital includes share application money pending allotment

Annexure - 1.4
Statement showing financial position of Chhattisgarh State Warehousing Corporation
(Referred to in paragraph 1.15)

(₹ in crore)			
A. Assets	2010-11	2011-12	2012-13
Gross Block	73.56	96.92	126.39
Less: Depreciation	28.10	31.96	36.53
Net Fixed Assets	45.46	64.96	89.86
Capital Expenditure in progress	10.58	6.84	20.71
Assets not in use			
Investment			
Current assets, loans and advances	172.24	180.43	233.49
Total A	228.28	252.23	344.06
B. Liabilities			
Paid up capital	1.00	1.00	4.04
Advances against Capital	-	-	-
Reserves and Surplus [▼]	122.27	151.28	165.68
Borrowings :			
Government	-		42.84
Others	8.64	12.21	8.05
Trade dues and current liabilities	96.37	87.74	123.45
Total B	228.28	252.23	344.06
Capital employed*	131.91	164.49	220.61

(Source: Data compiled from the audited annual accounts of corporation)

* Capital employed represents Shareholder's Fund (Share Capital plus Reserve & Surplus) plus Long Term Borrowings

[▼] Including General reserve, Capital reserve and Self Indemnity fund.

Annexure - 1.5
Statement showing working results of Chhattisgarh State Warehousing Corporation
(Referred to in paragraph 1.15)

(₹ in crore)

1	Income	2010-11	2011-12	2012-13
	(a) Warehousing charges	46.53	56.56	66.35
	(b) Other Income	7.47	9.70	12.15
	Total (a+b)	54.00	66.26	78.50
2	Expenses			
	(a) Establishment charges	16.04	19.31	18.56
	(b) Other expenses	10.68	13.66	19.43
	Total (a+b)	26.72	32.97	37.99
3	Profit(+)/Loss(-) before tax (1-2)	27.28	33.29	40.51
4	Other appropriations	27.08	33.09	39.70
5	Amount available for dividend (3-4)	0.20	0.20	0.81
6	Dividend for the year	0.20	0.20	0.81
7	Total return on capital employed ^Y	21.99	29.78	41.60
8	Percentage of return on capital employed	16.67	18.10	18.86

(Source: Data compiled from the audited annual accounts of corporation)

^Y This does not include prior period adjustment

Annexure - 1.6
Statement showing investments made by State Government in PSUs whose accounts are in arrears
(Referred to in paragraph 1.21)

(Figures in Column 4 and 6 to 9 are ₹ in crore)

Sl. No.	Name of the PSUs	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Subsidy
1	2	3	4	5	6	7	8	9
Working Companies/ Corporation								
A. Government companies								
1	Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited	2009-10	0.50	2013-14	-	-	-	16.46
2	Chhattisgarh Rajya Van Vikas Nigam Limited	2012-13	26.65	2013-14	-	-	1.00	-
				2008-09	-	-	0.47	0.08
				2009-10	-	-	0.47	0.15
3	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	2007-08	5.00	2010-11	-	-	0.10	0.15
				2011-12	-	-	0.47	0.15
				2012-13	-	-	0.40	0.10
				2013-14	-	-	0.35	-
				2008-09	-	-	0.25	-
				2009-10	-	-	0.30	-
4	Chhattisgarh Infrastructure Development Corporation Limited	2007-08	4.20	2010-11	-	-	0.30	-
				2011-12	-	-	0.30	-
				2012-13	-	-	0.30	-
				2013-14	-	-	0.30	-
				2007-08	-	5.00	-	105.48
				2008-09	-	1.95	-	17.47
				2009-10	-	-	-	35.21
5	Chhattisgarh State Industrial Development Corporation Limited	2006-07	1.60	2010-11	-	0.01	-	37.95
				2011-12	-	-	-	40.29
				2012-13	-	-	-	48.37
				2013-14	-	-	-	21.49

Sl. No.	Name of the PSUs	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Subsidy
1	2	3	4	5	6	7	8	9
6	Chhattisgarh Mineral Development Corporation Limited	2012-13	1.00	2013-14	-	-	82.30	-
7	Chhattisgarh State Power Distribution Company Limited	2012-13	2326.37	2013-14	-	34.54	207.34	393.76
8	Chhattisgarh State Civil Supplies Corporation Limited	2011-12	4.43	2012-13	-	500.00	-	741.05
				2013-14	-	500.00	-	2284.97
9	Chhattisgarh Medical Services Corporation Limited	2012-13	3.00	2013-14	0.45	-	-	-
10	Chhattisgarh State Warehousing Corporation	2012-13	1.00	2013-14	-	22.24	-	-
Total					0.45	1063.74	294.65	3743.13

(Source: Data furnished by Government companies/Statutory corporation)

Annexure - 2.1
Central/ State schemes for construction of godowns
(Referred to in paragraph 2.9)

Sl. No.	Name of the Scheme and description
1.	<p>Backward Regions Grant Fund : The Backward Regions Grant Fund is designed to redress regional imbalances in development. The fund provides financial resources for supplementing and converging existing developmental inflows into identified districts, so as:</p> <ol style="list-style-type: none"> i. to bridge critical gaps in local infrastructure and other development requirements that are not being adequately met through existing inflows, ii. to strengthen Panchayat and Municipality level governance with more appropriate capacity building, to facilitate participatory planning, decision making, implementation and monitoring, to reflect local felt needs, iii. to provide professional support to local bodies for planning, implementation and monitoring their plans and iv. to improve the performance and delivery of crucial functions assigned to Panchayats and counter possible efficiency and equity losses on account of inadequate local capacity.
2.	<p>Bastar and Dakhsin Kshetra Adivasi Vikash Pradhikaran The Government of Chhattisgarh (GoCG) directed (3 March 2010) the Corporation to construct godowns under Bastar and Dakhsin Kshetra Adivasi Vikash Pradhikaran to strength the Public Distribution System (PDS) in the region. Under the scheme 50 <i>per cent</i> of the cost of the godown is funded by the GoCG through grant and the balance 50 <i>per cent</i> of the cost is to be borne by the Corporation.</p>
3.	<p>Surguja and Uttar Vikash Pradhikaran The GoCG directed (3 March 2010) the Corporation to construct godowns under Surguja and Uttar Vikash Pradhikaran to strength the PDS in the region. Under the scheme 50 <i>per cent</i> of the cost of the godown is funded by the GoCG through grant and the balance 50 <i>per cent</i> of the cost is to be borne by the Corporation.</p>
4.	<p>Gramin Bhandaran Yojna (GBY) Gramin Bhandaran Yojna in which 25 <i>per cent</i> of the cost of the project is given as subsidy by National Bank for Agriculture and Rural Development (NABARD).</p>
5.	<p>Rural Infrastructure Development Fund Rural Infrastructure Development Fund XVII (2011-12) Scheme of the GoI, which envisages loans by NABARD for 95 <i>per cent</i> of the Project cost for construction of warehouses at the rate decided by Reserve Bank of India (RBI) from time to time. The difference between NABARD loan and project cost is borne by the Corporation</p>
6.	<p>Private Entrepreneur Guarantee Scheme Private Entrepreneur Guarantee (PEG) Scheme 2009 envisaged construction of godowns by private entrepreneurs for Food Corporation of India (FCI) storage and State requirement. The storage charges are guaranteed by FCI and GoCG for nine years under this scheme.</p>

Annexure - 2.2

**Statement showing extra expenditure/blockage of funds in construction of godowns
(Referred to in paragraph 2.10)**

Sl. No.	No. of godowns planned for construction	Date of award of work/ Schedule date of completion/ cost of work	Reasons for delay/non-construction/ excess expenditure	Financial impact (₹ in lakh)
1	1 (10000 MT godown at Dhamtari)	June 2010/ May 2011/ ₹ 243.66 lakh	The Corporation at the first instance rejected this land for construction of godown because there were huge pits of 6 to 8 feet depth in the land and acquired another land. In the second instance for construction of another godown, the Corporation had accepted the said unsuitable land and incurred an expenditure of ₹ 48.23 lakh on land filling.	48.23

The Management stated (September 2014) that the Revenue authorities informed that there was no other land available at that place except the one which was offered and the land was accepted to complete the godown early.

The Management reply is not tenable as the Corporation could not produce the document in support of its claim that Revenue authorities informed that there was no other land available at that place except the one which was offered.

2	1 (1800 MT godown at Charama)	December 2011/ August 2012/ ₹ 68.80 lakh	The Corporation had applied (January 2012) for land after award of work to a contractor and took possession of land in May 2012. Due to delay in providing land to the contractor, he refused to execute the contract and the Corporation had to go for retendering for construction of the godown and work was awarded to another contractor which resulted in excess expenditure of ₹ 11.73 lakh and delay in construction of godown.	11.73
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The Management stated (September 2014) that the land was allotted belatedly after finalisation of tender.

The Management reply is not acceptable as it did not address the reasons for belated application for land.

3	1 (5400 MT godown at Bhanupratappur)	September 2013/ August 2014/ ₹ 205.82 lakh	Despite knowing the unsuitability of land for construction of godown, the Corporation paid (January 2012) ₹ 13.40 lakh to the GoCG towards land premium and lease rent. Subsequently, the Corporation acquired another land for construction of godown and the amount paid for unsuitable land was rendered unfruitful. The Corporation had not received back this money so far (September 2014).	13.40
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The Management stated (September 2014) that due to delay in forest clearance, the Corporation got allotment of another land by GoCG and the process of refund of ₹ 13.40 lakh to the Corporation is under process.

The Management reply is not acceptable as the Corporation gone ahead with payment for unsuitable land ignoring the report of the Nodal Officer who reported that the land was not suitable for construction of godown due to presence of heavy rocks and trees.

Sl. No.	No. of godowns planned for construction	Date of award of work/ Schedule date of completion/ cost of work	Reasons for delay/non-construction/ excess expenditure	Financial impact (₹ in lakh)
4	1 (20000 MT godown at Karanja, Bhilai)	September 2013/ August 2014/ ₹ 744.12 lakh	The Corporation provided a layout which included un-allotted land to the contractor for construction of godown and construction work was not stopped despite the Gram Sabha Samiti had obtained a stay order against the allotment order and construction work.	91.46

The Management stated (September 2014) that the GoCG earlier allotted 6.47 hectares land including disputed land.

The Management reply is not acceptable as the Corporation did not change the layout plan according to the revised allotment of land which had resulted in construction of the godown in un-allotted land and non-completion of construction of godown.

Annexure - 2.3
Statement showing non-recovery of penalty for delay in construction of godowns
(Referred to in paragraph 2.13)

(₹ in lakh)

Sl. No	Name of the Place	Name of the Contractor	Agreement amount	Due date of completion	Actual date of completion	Delay up to actual date of completion *	Amount of penalty recoverable	Amount of penalty recovered	Short recovery of penalty	Reasons for delay in completion of work as mentioned by the Corporation	Remarks of the Audit
1	Dantewada	M/s Durgaprakash Singh Chauhan, Dantewada	41.57	15/Jun/2010	30/Oct/2010	102	0.38	0.26	0.12	Difficulties in carrying the materials due to rains, naxal problem and additional work	Additional work valued ₹ 2.55 lakh for construction of retaining wall and RCC box culvert work was given to the contractor without issuing work order and without specifying the time for completion of additional work. Agreement already provided for one rainy season and naxal problem is not unforeseen. No supporting documents furnished by the contractor for his claim of rains and naxal problems.
2	Sukuma	M/s Jakir Husain	78.02	7/Aug/2010	20/Apr/2011	159	1.11	0.93	0.18	Heavy rain, Naxal problem and additional work	Additional work valued ₹ Seven lakh for hume pipe culvert and boundary wall given to the contractor without issuing work order and without specifying the time for completion of additional work. No supporting documents furnished by the Contractor for his claim of rains and naxal problems.
3	Kusumi	M/s Vinay Jayaswal, Surguja	57.30	8/Aug/2010	31/Mar/2012	559	2.86	0.27	2.59	Hilly area, rains, naxal problem, large number of trees and additional work of Boundary wall	Agreement is already provided for one rainy season and other problems are not unforeseen conditions. Further, no documentary evidence furnished by the Contractor in support of rains.

Sl. No	Name of the Place	Name of the Contractor	Agreement amount	Due date of completion	Actual date of completion	Delay up to actual date of completion *	Amount of penalty recoverable	Amount of penalty recovered	Short recovery of penalty	Reasons for delay in completion of work as mentioned by the Corporation	Remarks of the Audit
4	Bhopapatnam	M/s Jai Kumar Nayar	45.66	9/Aug/2010	29/Oct/2010	81	0.33	0.11	0.22	Naxal problems and heavy rains	Agreement is already provided for one rainy season and Naxal problem is not unforeseen. Further, no documentary evidence furnished by the Contractor in support of his claim of heavy rain.
5	Bijapur	M/s Jai Kumar Nayar	44.70	9/Aug/2010	29/Oct/2010	81	0.32	0.15	0.17	Naxal Problem and heavy rains	Naxal problem is not unforeseen. However, no proof of hindrance created by naxalites furnished by the contractor. Conditions are not unforeseen. Giving extension of 299 days on account of non-availability of material is not justified as the contractor is solely responsible for procuring the material and complete the work in time. Agreement is already provided for one rainy season.
6	Churia	M/s A.K.S. Construction	100	11/Feb/2011	21/Feb/2012	299	6.00	0.54	5.46	Labour problem, naxal problem, two months work was stopped due to fear of tiger and non-availability of specific material, additional work of boundary wall	Agreement is already provided for one rainy season. Naxal problem is not unforeseen and giving extension of time of 251 days due to heavy rain is not justified when there is no documentary proof furnished by the Contractor.
7	Chauki	M/s Amar Builders	92.784	8/Feb/2011	17/Oct/2011	251	5.57	1.57	4.00	Naxal problem and heavy rain	Naxal problem is not unforeseen and extension of 227 days on this account is not justified when no documentary proof is furnished by the Contractor.
8	Mohala	M/s Amar Builders	52.26	2/Feb/2011	17/Oct/2011	227	4.95	0.10	4.85	Hindrance in work due to naxalite problem, additional work of boundary wall	

Sl. No	Name of the Place	Name of the Contractor	Agreement amount	Due date of completion	Actual date of completion	Delay up to actual date of completion *	Amount of penalty recoverable	Amount of penalty recovered	Short recovery of penalty	Reasons for delay in completion of work as mentioned by the Corporation	Remarks of the Audit
9	Pratapur	M/s Vinay Jayaswal, Surguja	98.06	15/Feb/2011	23/Oct/2011	220	5.88	1.02	4.86	Naxal problem, heavy rain, caution of elephant flock, large number of trees in land and additional work of boundary wall	Additional work valued ₹ 9.85 lakh for boundary wall given to the contractor without issuing work order and without specifying the time for completion of additional work. Naxal problem and trees are not unforeseen. Giving extension of time of 220 days for fear of elephant flock and heavy rains without documentary proof is not justified.
10	Katghora	M/s Arora Constructin	75.645	22/May/2010	12/Jul/2011	416	2.81	0.73	2.08	Presence of rock	Contractor is responsible for execution of work whatever may be the type of soil. Extension of 416 days due to presence of rock is not justified.
11	Karwapound	M/s Rahul Construction, Dhamtri	51.62	22/May/2010	15/Jan/2011	238	1.10	0.81	0.29	Hard rock and periodical rains, naxal problem	Contractor is responsible for execution of work whatever may be the type of soil. Extension of 238 days due to presence of rock is not justified. There is no supporting document furnished by the Contractor for his claim of rains.
12	Shakti	M/s Natwarlal Agrawal, Gharghoda	87.12	20/May/2010	31/Oct/2011	529	4.11	0.47	3.64	Additional work	Additional work valued ₹ 7.40 lakh for boundary wall given to the contractor without issuing work order and without specifying the time for completion of additional work.

SL No	Name of the Place	Name of the Contractor	Agreement amount	Due date of completion	Actual date of completion	Delay up to actual date of completion *	Amount of penalty recoverable	Amount of penalty recovered	Short recovery of penalty	Reasons for delay in completion of work as mentioned by the Corporation	Remarks of the Audit
13	Takhatpur	M/s Yes Construction	51.09	4/Aug/2010	15/Nov/2010	103	0.47	0.41	0.06	Additional work of boundary wall and hard stone	Additional work valued ₹ 7.82 lakh for boundary wall given to the contractor without issuing work order and without specifying the time for completion of additional work. The Contractor is responsible to execute the work whichever may be the type of the soil.
14	Daundi	M/s Ashok Khandelwal	50.75	9/Aug/2010	5/Mar/2011	133	0.60	0.39	0.21	Heavy rains and culvert work could not be completed due to heavy rains and additional work of boundary wall	Heavy rains are generally limited to 3 to 5 days and at the most 10 days. However, there is no supporting documents for the claim of heavy rains and culvert work. Giving extension of 133 days on this account is not justified.
15	Kawardha	M/s Rjendra Poddar	148.92	26/Oct/2010	15/Nov/2012	705	8.94	1.76	7.18	Black soil, heavy rain and godown was to be constructed behind the old godown. Due to rush in old godown work was effected and additional work of boundary wall	Conditions are not unforeseen and they were prevailing even at the time of tendering. Agreement is already provided for one rainy season. Extension for delay of 705 days on account of heavy rain is not justified when no documentary evidence is furnished by the Contractor.
16	Arang	M/s B.P. Agrawal	74.45	13/Nov/2010	30/Mar/2011	107	0.71	0.22	0.49	Due to black soil and heavy rain and additional work of boundary wall	Contractor is responsible for execution of the work whichever may be the type of soil and the agreement is already provided for one rainy season. Extension of time for delay of 107 days on account of heavy rain is not justified when no documentary evidence is furnished by the Contractor.

Sl. No	Name of the Place	Name of the Contractor	Agreement amount	Due date of completion	Actual date of completion	Delay up to actual date of completion *	Amount of penalty recoverable	Amount of penalty recovered	Short recovery of penalty	Reasons for delay in completion of work as mentioned by the Corporation	Remarks of the Audit
17	Saraiipali	M/s Arora Constructin	245.925	24/Mar/2011	23/Jul/2011	121	10.63	1.66	8.97	Non availability of material and uncertain rains	Contractor is responsible for procuring necessary material for execution of the work in time. Agreement is already provided for one rainy season.
18	Balod	M/s Jeevan Lal	241.75	2/May/2011	30/Oct/2011	114	9.84	6.73	3.11	Award of additional work	Additional work valued ₹ 17.16 lakh for boundary wall given to the contractor without issuing work order and without specifying the time for completion of the work.
19	Mahasamund	M/s Rahul Construction, Dhamtri	243.663	2/May/2011	31/Dec/2011	213	14.62	1.74	12.88	Presence of hard rock, non-availability of water and non-availability of material due to heavy rains	Conditions are not unforeseen. Time extension of 213 days on account of heavy rains is not justified as agreement if already provided for one rainy season and no documentary proof in support of heavy rain is furnished by the Contractor.
20	Dhamtari	M/s Rahul Construction, Dhamtri	240.256	5/May/2011	31/Dec/2011	150	12.87	1.00	11.87	Non-availability of trass material in time and additional work of boundary wall	Contractor is responsible for procuring necessary material for execution of the work in time. Giving extension of time of 150 days towards non-availability of material is not justified when no documentary proof is furnished by the Contractor.
21	Bilha	M/s Yes Construction	40.14	2/Feb/2011	21/May/2011	108	1.55	0.45	1.10	Black soil, heavy rain and godown was to be constructed behind the old godown due to rush in old godown work was effected.	Agreement is already provided for one rainy season and other conditions were prevalent even at the time of tendering. No documentary proof in support of heavy rain is furnished by the Contractor.

Sl. No	Name of the Place	Name of the Contractor	Agreement amount	Due date of completion	Actual date of completion	Delay up to actual date of completion *	Amount of penalty recoverable	Amount of penalty recovered	Short recovery of penalty	Reasons for delay in completion of work as mentioned by the Corporation	Remarks of the Audit
22	Marvahi	M/s Rajendra Poddar	68.878	22/Oct/2010	15/Mar/2011	144	2.87	1.16	1.71	Non availability of water and additional work of boundary wall	Additional work valued ₹ 4.39 lakh for boundary wall given to the contractor without issuing work order and without specifying the time for completion of additional work.
23	Kunkuri	M/s Mahamaya Fuels	96.61	9/Aug/2011	16/Mar/2012	130	4.49	0.97	3.52	Heavy rain, due to 500 meter away from the main road difficulty in carrying material and additional work of boundary wall	Conditions are not unforeseen and they were prevailing even at the time of tendering. Agreement is already provided for one rainy season. Extension for delay of 130 days on account of heavy rain is not justified when no documentary proof is furnished by the Contractor.
24	Patan	M/s Rajendra Poddar	101.24	29/Aug/2011	11/Jun/2012	267	6.07	3.83	2.24	Heavy rain, electric pole in land, non-availability of material due to interruption of road work	Agreement already provided for one rainy season. Contractor is responsible for execution of work in the given site by procuring necessary material in time. Giving extension of time for 267 days for interruption of road work lacks justification.
25	Baikunthpur	M/s Vishavkarma Fabricaters	75.50	4/Sep/2011	31/Jan/2013	398	4.53	1.93	2.60	Due to non-availability of approach road upto the construction area, difficulty for carrying material, heavy rains	Conditions are not unforeseen and they were prevailing even at the time of tendering. Giving extension of time of 398 days for heavy rain is not justified when no documentary proof is furnished by the Contractor.
Total							113.61	29.21	84.40		

(Source: Data compiled from the information furnished by the Corporation)

* 30 days allowed for additional work while calculating delay as no time period was specified for the same and delay in layout and land dispute were also considered.

Annexure - 2.4

Statement showing details of non-recovery of business loss from the contractors for delay in construction of godowns where delay was more than three months
(Referred to in paragraph 2.13)

(₹ in lakh)

Sl. No	Name of the Place	Capacity (MT)	Name of the Contractor	Agreement amount	Due date of completion	Actual date of completion	Delay up to actual date of completion *	Business loss for 2010-11	Business loss for 2011-12	Business loss for 2012-13	Total	Reasons for delay in completion of work as mentioned by the Corporation	Remarks of the Audit
1	Dantewada	1600	M/s Durgaprakash Singh Chauhan, Dantewada	41.57	15/Jun/2010	30/Oct/2010	102	2.24	0.00	0.00	2.24	Difficulties in carrying the materials due to rains, naxal problem and additional work	Additional work valued ₹ 2.55 lakh for construction of retaining wall and RCC box culvert was given to the contractor without issuing work order and without specifying the time for completion. Agreement already provided for one rainy season and naxal problem is not unforeseen. No supporting documents furnished by the contractor for his claim of rains and naxal problems.
2	Sukuma	2700	M/s Jakir Husain	78.02	7/Aug/2010	20/Apr/2011	159	5.90	0.00	0.00	5.90	Heavy rain, Naxal problem and additional work	Additional work valued ₹ Seven lakh for construction of hume pipe culvert and boundary wall given to the contractor without issuing work order and without specifying the time for completion. No supporting documents furnished by the Contractor for his claim of rains and naxal problems.
3	Kusumi	1800	M/s Vinay Jayaswal, Surguja	57.30	8/Aug/2010	31/Mar/2012	559	5.81	8.75	0.00	14.56	Hilly area, rains, naxlite problem and large number of trees and additional work of Boundary wall	Agreement is already provided for one rainy season and other problems are not unforeseen conditions. Further, no documentary evidence furnished by the Contractor in support of rains.
4	Churia	3600	M/s A.K.S. Construction	100	11/Feb/2011	21/Feb/2012	299	2.37	13.55	0.00	15.93	Labour problem, naxalite problem, two months work was stopped due to fear of tiger and non availability of specific material and additional work of boundary wall	Conditions are not unforeseen. Giving extension of 299 days on account of non-availability of material is not justified as the contractor is solely responsible for procuring the material and complete the work in time. Agreement is already provided for one rainy season.

Sl. No	Name of the Place	Capacity (MT)	Name of the Contractor	Agreement amount	Due date of completion	Actual date of completion	Delay up to actual date of completion *	Business loss for 2010-11	Business loss for 2011-12	Business loss for 2012-13	Total	Reasons for delay in completion of work as mentioned by the Corporation	Remarks of the Audit
5	Chauki	3600	M/s Amar Builders	92.784	8/Feb/2011	17/Oct/2011	251	2.52	10.80	0.00	13.32	Naxalite problem and heavy rain	Naxalite problem is not unforeseen and giving extension of time of 251 days due to heavy rain is not justified when there is no documentary proof furnished by the Contractor.
6	Mohala	1800	M/s Amar Builders	52.26	2/Feb/2011	17/Oct/2011	227	1.41	4.59	0.00	6.00	Hindrance in work due to naxalite problem, additional work of boundary wall	Naxalite problem is not unforeseen and extension of 227 days on this account is not justified when no documentary proof is furnished by the Contractor.
7	Pratapur	3600	M/s Vinay Jayaswal. Surguja	98.06	15/Feb/2011	23/Oct/2011	220	2.18	9.50	0.00	11.68	Naxalite problem, heavy rain, caution of elephant flock, large number of trees in the site and additional work of boundary wall.	Additional work valued ₹ 9.85 lakh for boundary wall given to the contractor without issuing work order and without specifying the time for completion. Naxal problem and trees are not unforeseen. Giving extension of time of 220 days for fear of elephant and heavy rains without documentary proof is not justified.
8	Katghora	3600	M/s Arora Construcitin	75.645	22/May/2010	12/Jul/2011	416	15.47	5.56	0.00	21.04	Presence of rock	Contractor is responsible for execution of work whichever may be the type of soil. Extension of 416 days due to presence of rock is not justified.
9	Karwapound	1800	M/s Rahul Construction, Dhamtri	51.62	22/May/2010	15/Jan/2011	238	5.88	0.00	0.00	5.88	Hard rock and periodical rains, naxalite problem	Contractor is responsible for execution of work whichever may be the type of soil. Extension of 238 days due to presence of rock is not justified. There is no supporting document furnished by the Contractor for his claim of rains
10	Shakti	3600	M/s Natwarlal Agrawal, Gharghoda	87.12	20/May/2010	31/Oct/2011	529	15.57	11.56	0.00	27.13	Additional work	Additional work valued ₹ 7.40 lakh for boundary wall given to the contractor without issuing work order and without specifying the time for completion.

Sl. No	Name of the Place	Capacity (MT)	Name of the Contractor	Agreement amount	Due date of completion	Actual date of completion	Delay up to actual date of completion *	Business loss for 2010-11	Business loss for 2011-12	Business loss for 2012-13	Total	Reasons for delay in completion of work as mentioned by the Corporation	Remarks of the Audit
11	Akaltara	10000	M/s Natwarlal Agrawal, Gharghoda	250.94	7/Aug/2010	31/Oct/2011	420	32.41	27.60	0.00	60.01	Non-availability of water and electricity and delay in availability of trace material	It is the responsibility of the Contractor to complete the given work within the time schedule by making necessary arrangements for the same. Giving extension of 420 days on account of non-availability of water, electricity and material is not justified.
12	Takhatpur	1800	M/s Yes Construction	51.09	4/Aug/2010	15/Nov/2010	103	2.50	0.00	0.00	2.50	Additional work of boundary wall and hard stone	Additional work valued ₹ 7.82 lakh for boundary wall given to the contractor without issuing work order and without specifying the time for completion. The Contractor is responsible to execute the work whichever may be the type of soil.
13	Daundi	1800	M/s Ashok Khandelwal	50.75	9/Aug/2010	5/Mar/2011	133	3.29	0.00	0.00	3.29	Culvert work could not be completed due to heavy rains, additional work of boundary wall	Heavy rains are generally limited to 3 to 5 days and at the most 10 days. However, there is no supporting document for the claim of heavy rains and culvert work. Giving extension of 133 days on this account is not justified.
14	Kawardha	5400	M/s Rjendra Poddar	148.92	26/Oct/2010	15/Nov/2012	705	11.57	29.57	18.08	59.22	Black soil, heavy rain and godown was to be constructed behind the old godown. Due to rush in old godown work was affected, additional work of boundary wall	Conditions are not unforeseen and they were prevailing even at the time of tendering. Agreement is already provided for one rainy season. Extension for delay of 705 days on account of heavy rain is not justified when no documentary evidence is furnished by the Contractor.
15	Dharshiva	2800	M/s B.P. Agrawal	80.06	13/Nov/2010	30/Mar/2011	107	4.11	0.00	0.00	4.11	Additional work of boundary wall, labour problem and non-availability of trass material	Additional work valued ₹ 6.14 lakh for boundary wall given to the contractor without issuing work order and without specifying the time for completion of additional work.

Sl. No	Name of the Place	Capacity (MT)	Name of the Contractor	Agreement amount	Due date of completion	Actual date of completion	Delay up to actual date of completion *	Business loss for 2010-11	Business loss for 2011-12	Business loss for 2012-13	Total	Reasons for delay in completion of work as mentioned by the Corporation	Remarks of the Audit
16	Arang	1800	M/s B.P. Agrawal	74.45	13/Nov/2010	30/Mar/2011	107	2.65	0.00	0.00	2.65	Due to black soil and heavy rain, additional work of boundary wall	Contractor is responsible for execution of the work whichever may be the type of soil and the agreement is already provided for one rainy season. Extension of time for delay of 107 days on account of heavy rain is not justified when no documentary evidence is furnished by the Contractor.
17	Saraipali	10000	M/s Arora Constructin	245.925	24/Mar/2011	23/Jul/2011	121	0.96	17.10	0.00	18.06	Non-availability of material and uncertain rains	Contractor is responsible for procuring necessary material for execution of the work in time. Agreement is already provided for one rainy season.
18	Balod	10000	M/s Jeevan Lal	241.75	2/May/2011	30/Oct/2011	114	0.00	17.10	0.00	17.10	Award of additional work	Additional work valued ₹ 17.16 lakh for boundary wall given to the contractor without issuing work order and without specifying the time for completion.
19	Mahasamund	10000	M/s Rahul Construction, Dhamtri	243.663	2/May/2011	31/Dec/2011	213	0.00	31.95	0.00	31.95	Presence of hard rock, non-availability of water and material due to heavy rains	Conditions are not unforeseen. Time extension of 213 days on account of heavy rains is not justified as agreement is already provided for one rainy season and no documentary proof in support of heavy rain is furnished by the Contractor.
20	Dhamtari	10000	M/s Rahul Construction, Dhamtri	240.256	5/May/2011	31/Dec/2011	150	0.00	22.50	0.00	22.50	Non-availability of trass material in time, additional work of boundary wall	Contractor is responsible for procuring necessary material for execution of the work in time. Giving extension of time of 150 days towards non-availability of material is not justified when no documentary proof is furnished by the Contractor.
21	Bilha	1800	M/s Yes Construction	40.14	2/Feb/2011	21/May/2011	108	1.41	1.38	0.00	2.79	Black soil, heavy rain and godown was to be constructed behind the old godown; due to rush in old godown work was effected.	Agreement is already provided for one rainy season and other conditions were prevalent even at the time of tendering. No documentary proof in support of heavy rain is furnished by the Contractor.

Sl. No	Name of the Place	Capacity (MT)	Name of the Contractor	Agreement amount	Due date of completion	Actual date of completion	Delay up to actual date of completion *	Business loss for 2010-11	Business loss for 2011-12	Business loss for 2012-13	Total	Reasons for delay in completion of work as mentioned by the Corporation	Remarks of the Audit
22	Marvahi	1800	M/s Rajendra Poddar	68.878	22/Oct/2010	15/Mar/2011	144	3.56	0.00	0.00	3.56	Non-availability of water and additional work of boundary wall	Additional work valued ₹ 4.39 lakh for boundary wall given to the contractor without issuing work order and without specifying the time for completion.
23	Kunkuri	3600	M/s Mahamaya Fuels	96.61	9/Aug/2011	16/Mar/2012	130	0.00	7.02	0.00	7.02	Heavy rain, work site was 500 meters away from the main road difficulties in carrying material, additional work of boundary wall	Conditions are not unforeseen and they were prevailing even at the time of tendering. Agreement is already provided for one rainy season. Extension for delay of 130 days on account of heavy rain is not justified when no documentary proof is furnished by the Contractor.
24	Patan	3600	M/s Rajendra Poddar	101.24	29/Aug/2011	11/Jun/2012	267	10.63	2.81	0.00	13.44	Heavy rain, electric pole in the site, non-availability of material due to interruption of road work	Agreement already provided for one rainy season. Contractor is responsible for execution of work in the given site by procuring necessary material in time. Giving extension of time for 267 days for interruption of road work lacks justification.
25	Baikunthpur	3600	M/s Vishavkarma Fabricaters	75.50	4/Sep/2011	31/Jan/2013	398	10.33	10.21	0.00	20.54	No proper of approach road upto the construction area, difficulty for carrying material, heavy rains	Conditions are not unforeseen and they were prevailing even at the time of tendering. Giving extension of time of 398 days for heavy rain is not justified when no documentary proof is furnished by the Contractor.
Total											392.42		

(Source: Data compiled from the information furnished by the Corporation)

Note: 2010-11- Business loss calculated at the rate of ₹ 41.20/MT per month

2011-12- Business loss calculated at the rate of ₹ 45.00/MT per month

2012-13- Business loss calculated at the rate of ₹ 54.60/MT per month

*30 days allowed for additional work while calculating delay as no time period was specified for the same and delay in layout and land dispute were also considered.

Annexure - 2.5
Statement showing Financial position and Working results of the Corporation
(Referred to in paragraph 2.15)

Financial Position:

(₹ in crore)				
A. Liabilities	2009-10	2010-11	2011-12	2012-13
Paid up capital	1.00	1.00	1.00	4.04
Advances against Capital	-	-	-	-
Reserves and Surplus	100.48	122.27	151.28	165.68
Borrowings :				
Government	-	-	-	42.84
Others	1.94	8.64	12.21	8.05
Trade dues and current liabilities	74.11	96.37	87.74	123.45
Total A	177.53	228.28	252.23	344.06
B. Assets				
Gross Block	56.91	73.56	96.92	126.39
Less Depreciation	25.79	28.10	31.96	36.53
Net fixed assets	31.12	45.46	64.96	89.86
Capital work in progress	2.37	10.58	6.84	20.71
Current assets, loans and advances	144.04	172.24	180.43	233.49
Total B	177.53	228.28	252.23	344.06
Capital employed[@]	103.42	131.91	164.49	220.61

Working results:

(₹ in crore)					
1	Income	2009-10	2010-11	2011-12	2012-13
	(a) Warehousing charges	46.58	46.53	56.26	66.35
	(b) Other Income	5.81	7.47	9.70	12.15
	Total (a+b)	52.39	54.00	66.26	78.50
2	Expenses				
	(a) Establishment charges	8.97	16.04	19.31	18.56
	(b) Other expenses	10.25	10.68	13.66	19.43
	Total (a+b)	19.22	26.72	32.97	37.99
3	Profit(+)/Loss(-) before tax (1-2)	33.17	27.28	33.29	40.51
4	Other appropriations	32.97	27.08	33.09	39.70
5	Amount available for dividend (3-4)	0.20	0.20	0.20	0.81
6	Dividend for the year	0.20	0.20	0.20	0.81
7	Total return on capital employed [§]	21.85	21.99	29.78	41.60
8	Percentage of return on capital employed [*]	21.13	16.67	18.10	18.86

(Source: Annual Accounts of the Corporation)

@ Capital employed represents net fixed assets (including capital expenditure /capital work-in-progress) plus working capital.

§ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

* Total return on capital employed x 100/capital employed

Annexure - 3.1

**Statement showing the details of obsolete transformers lying with Area Stores for want of survey
(Referred to in paragraph 3.1.9)**

Name of the area store	No. of sick transformers awaiting survey/disposal		Assessed value (₹ in crore)			Period of delay in survey/disposal
	DTs	PTs	DTs	PTs	Total	
Raipur	2929	4	5.88	0.54	6.42	One month to 27 years
Bhilai	2954	7	3.82	0.10	3.92	One month to five years
Bilaspur	630	7	0.59	0.09	0.68	14 years to 31 years
Raigarh	171	19	0.14	0.46	0.60	One month to 16 years
Jagdapur	50	1	0.03	-	0.03	One year to 19 years
Bishrampur	114	1	0.02	-	0.02	One year to three years
Total	6848	39	10.48	1.19	11.67	One month to 31 years

(Source: Data compiled from the information furnished by the Company)

Annexure - 3.2
Statement showing shortage of oil from defective transformers
(Referred to in paragraph 3.1.10)

Year	Capacity of transformer	No. of transformer failed (Nos.)	Oil to be received per transformer (Ltr)	Total quantity of oil to be received (KL)	Oil actually received (KL)	Shortage (KL)	Percentage of shortage (KL)	Unit rate of burnt transformer oil received against sale of scrap (KL)	Amount (₹)
2011-12	25 kVA	369	67	24.72					
	63 kVA	479	145	69.46					
	100 kVA	650	189	122.85					
	200 kVA	32	380	12.16					
	315 kVA	1	500	0.50					
	Total	1531		229.69	62.05	167.64	72.99	45310	7595678
2012-13	25 kVA	684	67	45.83					
	63 kVA	2329	145	337.71					
	100 kVA	1200	189	226.80					
	200 kVA	256	380	97.28					
	315 kVA	61	500	30.50					
	Total	4530		738.12	195.7	542.42	73.49	42700	23161035
2013-14	25 kVA	27	67	1.81					
	63 kVA	2949	145	427.61					
	100 kVA	1260	189	238.14					
	200 kVA	136	380	51.68					
	315 kVA	31	500	15.50					
	Total	4403		734.73	166.22	568.51	77.38	40599	23081100
Grand Total	10464		1702.54	423.97	1278.57	75.10		53837813	

(Source: Data compiled from the information furnished by the Company)

Annexure - 3.3
Statement showing avoidable payment of Income Tax
(Referred to in paragraph 3.3)

(₹ in lakh)

SN	Particulars	2009-10	2010-11	2011-12	2012-13
1	Interest accrued on GLES policy treated as Income	15.42	32.37	45.76	56.14
2	Income tax at the rate of 30 per cent	4.63	9.71	13.73	16.84
3	Surcharge (10 per cent, 7.5 per cent, 5 per cent and 5 per cent respectively)	0.46	0.73	0.69	0.84
4	Educational cess (3 per cent)	0.15	0.31	0.43	0.53
5	Total (2+3+4)	5.24	10.75	14.85	18.21
				Grand Total	49.05

(Source: Data compiled from the information furnished by the Company)

Annexure - 3.4
Statement showing loss of revenue
(Referred to in paragraph 3.4)

(Amount in ₹)

Particulars	Quantity (NT)	Amount	Total Amount
Sales Consideration would have been realised had the actual quantity been tendered and sold at the rate of ₹ 3600 per NT	646.342	2326831	2326831
Less: Sales Consideration actually realised			
1. at the rate of ₹ 3600 per NT	250	900000	
2. at the rate of ₹ 3240 per NT	110	356400	
3. at the rate of ₹ 501 per NT	286.342	143457	1399857
Loss of revenue			926974

(Source: Data compiled from the information furnished by the Company)

Annexure - 3.5

Statement showing minimum balance lying in current account of UCO Bank (account no. 20300210001332) and Axis Bank (Account no. 913020034288952) and loss of interest thereon

(Referred to in paragraph 3.5)

(Amount in ₹)

Month	Minimum balance in the month	Minimum funds available for transfer to auto sweep account after keeping ₹ 50000 as balance in current account	Loss of interest at the rate of 8 per cent per annum
1	2	3	4
(A) UCO Bank			
Oct-11	100000000	99950000	666333
Nov-11	19965315	19915315	132769
Dec-11	23873315	23823315	158822
Jan-12	43995315	43945315	292969
Feb-12	50014115	49964115	333094
Mar-12	95115	45115	301
Apr-12	1330538	1280538	8537
May-12	100863	50863	339
Jun-12	36846346	36796346	245309
Jul-12	135622	85622	571
Aug-12	135622	85622	571
Sep-12	10638422	10588422	70589
Oct-12	43882907	43832907	292219
Nov-12	8473139	8423139	56154
Dec-12	10025931	9975931	66506
Jan-13	26817662	26767662	178451
Feb-13	3825482	3775482	25170
Mar-13	250402	200402	1336
Apr-13	15116472	15066472	100443
May-13	13023674	12973674	86491
Jun-13	4070830	4020830	26806
Jul-13	4070830	4020830	26806
Aug-13	25853637	25803637	172024
Sep-13	16529360	16479360	109862
Oct-13	16678646	16628646	110858
Nov-13	30569152	30519152	203461
Dec-13	20499771	20449771	136332
Jan-14	27522356	27472356	183149
Feb-14	39172705	39122705	260818
Total (A)			3947090

Month	Minimum balance in the month	Minimum funds available for transfer to auto sweep account after keeping ₹ 50000 as balance in current account	Loss of interest at the rate of 8 per cent per annum
1	2	3	4
(B) Axis Bank			
Sep-13	2381275	2331275	15542
Oct-13	10399734	10349734	68998
Nov-13	36044752	35994752	239965
Dec-13	69349028	69299028	461994
Jan-14	53090667	53040667	353604
Feb-14	58096161	58046161	386974
Total (B)			1527077
Loss of Interest (A+B)			5474168

(Source: Data compiled from the information furnished by the Company)

Annexure - 3.6
Statement showing paragraphs/ Reviews for which replies were not received*
(Referred to in paragraph 3.12.1)

Sl. No.	Name of Department	2008-09		2011-12		2012-13	
		No. of paras in Audit Report	No. of paras for which reply not received	No. of paras in Audit Report	No. of paras for which reply not received	No. of paras in Audit Report	No. of paras for which reply not received
1.	Energy	4**	2	6	5	3	1
2.	Commerce & Industries	3**	2	-	-	1	1
3.	Agriculture	-	-	1	-	2	-
4.	Forest	1	-	-	-	-	-
5.	Food & Civil Supplies	2**	2	2	2	1	1
6.	Geology & Mining	2**	2	1	-	-	-
7.	Commercial Tax	1**	1	1	-	1	-
8.	Finance	-	-	-	-	2	2
Total		13	-	11	7	10	5

* Replies for the Audit Reports for the years 2009-10 and 2010-11 have been received from the State Government.

** Two paragraphs viz paragraph number 4.3.4 involving four Departments (Energy, Food Civil Supplies and Consumer Protection, Commerce & Industries and Geology & Mining) and paragraph number 4.3.5 involving five Departments (Energy, Food Civil Supplies & Consumer Protection, Commerce & Industries, Geology & Mining and Commercial Tax) on old IRs/Paras issued upto 2003-04 were developed and printed in Audit Report 2008-09, reply to which is awaited. Actual number of draft paragraphs/Review printed in Audit Report 2008-09 was six.

Annexure - 3.7

Statement showing department wise outstanding Inspection Reports (IRs)

(Referred to in paragraph 3.12.3)

Sl. No.	Name of Department	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Year from which paragraphs outstanding
1.	Energy	6	158	408	2007-08
2.	Forest	1	2	6	2011-12
3.	Geology & Mining	1	4	8	2009-10
4.	Commerce and Industries	1	5	19	2007-08
5.	Commercial Tax	1	2	14	2012-13
6.	Finance	1	2	3	2012-13
7.	Food & Civil Supplies	1	4	9	2009-10
8.	Food	1	4	6	2007-08
9.	Social Welfare	1	1	1	2011-12
10.	Agriculture	1	0	0	2010-11
Total		15	182	474	

Annexure - 3.8

Statement showing department wise draft paragraphs/Review issued during March 2014 to August 2014, replies to which were awaited

(Referred to in paragraph 3.12.3)

Sl. No.	Name of Department	No. of draft paragraphs	No. of Review	Period of issue
1.	Commerce & Industries	1	-	March 2014
2.	Energy	3	-	April 2014 to July 2014
3.	Food, Civil Supplies & Consumer Protection	-	1	August 2014
	Total	4	1	