

Laid in State Legislature
On.....

**Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings**

for the year ended 31 March 2017

**Government of Uttar Pradesh
Report No. 2 of the year 2018**

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PREFACE

This Report contains results of the Performance Audit on Rajiv Gandhi Grameen Vidyutikaran Yojana (now subsumed in Deen Dayal Upadhyaya Gram Jyoti Yojana), Audit on Operation of Urban Transport in Uttar Pradesh under Jawaharlal Nehru National Urban Renewal Mission, and Follow-up audit of Review of the Performance of U.P. Projects Corporation Limited and six Audit Paragraphs based on the Compliance Audit of Public Sector Undertakings.

The accounts of Government companies (including companies under Section 139 (5) and 139 (7) of the Companies Act, 2013) are audited by the Comptroller and Auditor General of India (CAG) under the section 143 (6) of the Companies Act, 2013. The accounts certified by the Statutory Auditors (Chartered Accountants) appointed by the CAG under the Companies Act are subject to supplementary audit by CAG, and the CAG gives his comments or supplements the reports of the Statutory Auditors.

CAG conducts audit of the six Statutory corporations under Section 19 (2) and (3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. CAG is the sole Auditor for four Statutory corporations viz., Uttar Pradesh State Road Transport Corporation as per the Road Transport Corporation Act, 1950, Uttar Pradesh Forest Corporation as per the U P Forest Corporation Act, 1974, Uttar Pradesh Avas Evam Vikas Parishad and Uttar Pradesh Jal Nigam as per the Section 20 (1) of the CAG (DPC) Act, 1971. As per the State Financial Corporations Act, 1951, CAG has the right to conduct the audit of accounts of Uttar Pradesh Financial Corporation in addition to the audit conducted by the Chartered Accountants, appointed by the Corporation. In respect of Uttar Pradesh State Warehousing Corporation, CAG has the right to conduct the audit of their accounts as per the State Warehousing Corporations Act, 1962 in addition to the audit conducted by the Chartered Accountants, appointed by the State Government.

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

This Report highlights the following:

1. Out of the 103 Public Sector Undertakings (PSUs) in Uttar Pradesh, 95 PSUs had arrears in accounts ranging from 1981-82 onwards. Delays/non-preparation of accounts are fraught with risk of misrepresentation of facts, fraud and misappropriation.
2. The 22 PSUs that had finalised their accounts in the last three years had an average negative Return on Investment of 19 *per cent* against average borrowing cost of 6.52 *per cent* resulting in total loss to the public exchequer of ₹ 11,920.32 crore as per their latest finalised accounts of the last three years. The loss of the remaining 56 PSUs whose accounts have not been finalised cannot be estimated.

3. The basis on which the State Government extended Budgetary support of ₹ 56,273.05 crore to 22 working PSUs and ₹ 7.03 crore to three non-working PSUs during the last three years, despite not having finalised their accounts is not clear.
4. The shortcomings in one corporation (Uttar Pradesh Jal Nigam) are so serious that the CAG has declined to give an opinion on its accounts. Statutory Auditor has also declined to give an opinion in view of serious shortcomings in respect of Uttar Pradesh Food and Essential Commodities Corporation Limited for the year 2008-09.
5. The State Government has not completed the apportionment of assets and liabilities of six PSUs even 17 years after the reorganisation of the erstwhile State of Uttar Pradesh.
6. DISCOMs substantially achieved their financial targets, but failed to achieve performance targets under Ujwal Discom Assurance Yojna (UDAY).
7. The Performance Audit covers the formulation, approval and the implementation of Rajiv Gandhi Grameen Vidyutikaran Yojana during 2012-17 (XI and XII FYP) in Uttar Pradesh. REC sanctioned ₹ 11,697.83 crore for 86 projects in 75 districts during 2012-17. Out of 75 districts, 11 districts were covered under the XI FYP, 53 districts under the XII FYP and 11 districts under both the plans and REC had withheld (as of 31 March 2017) reimbursement of ₹ 1,197.22 crore due to negligence of the DISCOMS. Audit also observed cases of poor financial management (*viz.*, drawal of loan by the DISCOMs from the REC despite the availability of subsidy) leading to avoidable burden of interest on the State exchequer.
8. Audit on Operation of Urban Transport in Uttar Pradesh under Jawaharlal Nehru National Urban Renewal Mission brings out the deficiencies noticed in urban transportation services provided in three cities of the state.
9. Instances of non-realisation of infrastructure surcharge of ₹ 33.89 crore on sale of plots, undue benefit to contractor in recovery of dues of ₹ 16.25 crore, loss of ₹ 3.69 crore due to not having a system of procurement of replaceable meter boxes separately and short charge of revenue of ₹ 1.28 crore from a consumer have been reported.

The Audit has been conducted in conformity with the Regulations on Audit and Accounts and the Auditing Standards issued by the CAG of India.

OVERVIEW

This Report contains following three Chapters:

Chapter-1: General information on functioning of State Public Sector Undertakings,

Chapter-2: Performance Audit on Rajiv Gandhi Grameen Vidyutikaran Yojana (now subsumed in Deen Dayal Upadhyaya Gram Jyoti Yojana), Audit on operation of Urban Transport in Uttar Pradesh under Jawaharlal Nehru National Urban Renewal Mission, and follow-up audit of Review of the Performance of Uttar Pradesh Projects Corporation Limited.

Chapter-3: Six Compliance Audit Paragraphs on Public Sector Undertakings.

The total financial impact of the Audit findings is ₹ 1,176.51 crore.

Chapter-1: Functioning of State Public Sector Undertakings

As on 31 March 2017, there are 103 PSUs in Uttar Pradesh, of which only 51 Government companies and six Statutory corporations are working. The remaining 46 non-working PSUs are all Government companies.

Out of 103 PSUs, only 40 PSUs finalised their accounts in the last three years, and 95 PSUs had arrears in accounts ranging from 1981-82 onwards. Delays/non-preparation of accounts are fraught with risk of misrepresentation of facts, fraud and misappropriation.

As per the latest finalised accounts of these 40 PSUs, 22 PSUs¹ had earned a profit of ₹ 963.97 crore, 17 PSUs² had incurred loss of ₹ 19,299.56 crore and the remaining one PSU³ had reported no profit or loss. The loss, if any, incurred by the remaining 63 PSUs (103-40) who have not finalised their accounts could not be assessed. These PSUs registered a turnover of ₹ 88,036.52 crore as per their latest finalised accounts as of 31 December 2017.

The 22 PSUs (PSUs in which the State Government has made investments) generated an average negative Return on Investment of 19 *per cent* on the investments made by the State Government. This remained well below the average cost of borrowings of 6.52 *per cent* during 2014-15 to 2016-17. Thus, the loss to the public exchequer as a result of the investment in the 22 PSUs as per their latest finalised accounts in the past three years (as on 31 December 2017) amounted to ₹ 11,920.32 crore.

(Paragraphs 1.1, 1.9 and 1.10)

¹ Sl. No. A1, A3, A5, A12, A14, A15, A18, A19, A20, A22, A32, A34, A37, A39, 43, B1, B2, B4, B6, C15, C18 and C20 of **Annexure-1.1**.

² Sl. No. A7, A16, A17, A25, A27 to A31, A35, A36, A42, A45, C27, C31, C32 and C33 of **Annexure -1.1**.

³ The sole power plant of Jawaharpur Vidyut Utpadan Nigam Limited, as Company is at the construction stage and hence, there was no profit or loss.

Investment in State PSUs

As on 31 March 2017, the investment (Capital and Long Term loans) in 103 PSUs was ₹ 2,39,019.94 crore. The thrust of the investment in PSUs during the last five years was in the Power sector (₹1,36,393.21 crore).

(Paragraphs 1.5 and 1.6)

Arrears in finalisation of accounts

The Companies Act, 2013 stipulates that the annual financial statements of companies are to be finalised within six months from the end of the relevant financial year i.e., by September end. Failure to do so may attract penal provisions, under which every officer of the defaulting company shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to ₹ five lakh, or with both.

Out of 57 working PSUs, only seven PSUs finalised their accounts for the year 2016-17 while 50 PSUs had arrears of 192 accounts as of 31 December 2017 with the extent of arrears ranging from one to 14 years. Out of 46 non-working PSUs, 12 PSUs were in the process of liquidation and the remaining 33 PSUs (one PSU submitted accounts for the year 2016-17) had arrears of 509 accounts for one to 35 years. The State Government had extended Budgetary support (Equity, Loans, Grants and Subsidy to consumers, etc.) of ₹ 56,273.05 crore to 22 working PSUs whose accounts were in arrears during last three years. Out of this, the budgetary support of ₹ 20,908.98 crore was extended to 14 PSUs during the year 2016-17. The State Government had formulated (October 2002) a dividend policy under which all profit earning PSUs are required to pay a minimum return of five *per cent* on the paid up share capital contributed by the State Government. Accordingly, 18 PSUs were required to declare dividend as per the dividend policy. However, only eight PSUs declared a dividend of ₹ 6.54 crore. The remaining 10 profit earning PSUs did not declare dividend of ₹ 507.48 crore in compliance with the State Government's policy regarding payment of minimum dividend due.

(Paragraphs 1.9, 1.10, 1.11 and 1.15)

Placement of Separate Audit Reports

Separate Audit Reports (SARs) of five to nine years of six Corporations were not placed in the State Legislature. This weakens legislative control over Statutory corporations and dilutes the latter's financial accountability. The lack of financial accountability in the Uttar Pradesh Jal Nigam (UPJN) is so serious that the CAG has refused to provide an opinion on the accounts of the UPJN for 2011-12 that was finalised during 2017-18. The State Government has provided loan of ₹171.35 crore to UPJN between 2012-17 when its accounts were in arrears and there was no possibility of evaluating the financial capability of UPJN.

(Paragraph 1.12)

Winding up of non-working PSUs

Out of 46 non-working PSUs, 12 PSUs have commenced liquidation process in the last 14 to 36 years, which are pending with the official liquidator and with the High Court, Allahabad. Further, the State Government has issued orders to initiate liquidation of 31 PSUs, but final action by the concerned authority is still pending.

(Paragraph 1.17)***Accounts Comments***

The quality of accounts of companies needs improvement. The Statutory Auditors had given unqualified certificates for six accounts, qualified certificates for 40 accounts, given an adverse certificate in case of one account⁴. Statutory Auditors have also declined to give an opinion in view of serious shortcomings in respect of Uttar Pradesh Food and Essential Commodities Corporation Limited for the year 2008-09. Compliance to the Accounting Standards issued by the Companies remained poor as there were 173 instances in 39 accounts of 33 Companies where there was no compliance with the Accounting Standards.

(Paragraph 1.18)***Follow-up action on Audit Reports***

The Finance Department, Government of Uttar Pradesh issued (June 1987) instructions to all administrative Departments to submit replies/explanatory notes to paragraphs/performance audits included in the Audit Reports of the CAG of India within a period of two to three months of their presentation to the State Legislature, in the prescribed format without waiting for any questionnaires from the Committee on Public Undertakings (COPU). It was observed, however, that out of 88 audit paragraphs/performance audits, explanatory notes to 55 paragraphs/ performance audits, which were placed in the State Legislature during the last five years, were still awaited (December 2017).

(Paragraph 1.21)***Restructuring of PSUs***

Consequent to the reorganisation of the erstwhile Uttar Pradesh State into the states of Uttar Pradesh and Uttarakhand *w.e.f.* 25 August 2000, the assets and liabilities of the then existing 42 PSUs⁵ were to be divided as per the provisions laid down in the Uttar Pradesh Reorganisation Act, 2000. This exercise, has, however, not been completed in respect of six PSUs⁶ as of March 2018.

(Paragraph 1.24)

⁴ Uttar Pradesh State Spinning Company Limited.

⁵ Sl. No.A1, A3 to A15, A22, A24, A26, A34, A35, A37, A39, A40 to A43, A50, A51, B2, B4, B6, C2 to C5, C7, C9, C10, C11, C21, C27, C29 and C30 of **Annexure 1.1**.

⁶ Uttar Pradesh State Industrial Development Corporation Limited, Uttar Pradesh Jal Vidyut Nigam Limited, Uttar Pradesh Power Corporation Limited, Uttar Pradesh Forest Corporation, Uttar Pradesh Avas Evam Vikas Parishad and Uttar Pradesh State Road Transport Corporation Limited.

Reforms in Power Sector under Ujwal Discom Assurance Yojna (UDAY)

A Memorandum of Understanding (MoU) was signed (January 2016) between Ministry of Power, GoI, Government of Uttar Pradesh (GoUP) and Uttar Pradesh Power Corporation Limited (UPPCL) on behalf of DISCOMs⁷ for implementation of UDAY with identified financial and operational targets. While the financial targets have been achieved, the achievement of operational targets by the five DISCOMs especially in rural areas was far from satisfactory.

(Paragraph 1.25)

Summary of recommendations:

- Since the continued existence of loss making and non-working PSUs constitutes a substantial drain on the public exchequer, the State Government may (i) review the functioning of all loss making PSUs; (ii) review the status of non-working PSUs to initiate/ expedite the process of their winding up; and (iii) assess whether employees of non-working PSUs can be sent on reverse deputation to Government departments having vacancies, as has been done by the Government of Rajasthan.
- The Finance department, administrative departments and the PSUs may take immediate steps to reconcile the differences in figures, in a time bound manner, with the Accountant General (A&E-I).
- Government of Uttar Pradesh (GoUP) should review for winding up/disinvestment of all PSUs where its stake is nominal.
- Since the chances of repayment of loans by 21 non-working PSUs who have not even paid interest on loans, are remote, if not non-existent, GoUP should consider converting past loans to equity or writing them off and future payments, if any, should be by way of grants in aid, pending review of whether at least some of these PSUs should not be wound up.
- The Finance Department and the concerned administrative departments should ensure that the State PSUs take immediate action to make their accounts current, so that the directors of these PSUs do not continue to fall foul of the Companies Act and the relevant Acts governing State Statutory corporations.
- The Finance Department and the concerned administrative departments should initiate steps to ensure that Budgetary support is extended only to such PSUs whose accounts are current.
- The Finance Department should ensure that the SARs of the Statutory corporations are placed in the Legislature immediately, and no further budgetary support is extended to these corporations till this is done.
- The State Government should direct profit making PSUs to remit to Government account arrears of dividend (amounted to ₹ 582.61 crore) from the date of adoption of dividend policy (October 2002).

⁷ Madhyanchal Vidyut Vitran Nigam Limited, Purvanchal Vidyut Vitran Nigam Limited, Paschimanchal Vidyut Vitran Nigam Limited, Dakshinanchal Vidyut Vitran Nigam Limited and Kanpur Electricity Company Limited.

- The Finance Department and the concerned administrative departments should immediately review the working of the 35 PSUs (31 companies and four Statutory corporations) where the CAG/Statutory Auditors have given qualified comments, adverse comments and declined to give an opinion in view of the serious shortcomings in these PSUs. In particular, the Finance Department may review the working of Uttar Pradesh Jal Nigam where the CAG had declined to give an opinion on the accounts of the corporation, and Uttar Pradesh Food and Essential Commodities Corporation Limited where the Statutory Auditors had declined to give an opinion on the accounts of the Company.
- The concerned administrative departments should ensure compliance to the directives (June 1987) of the Finance Department and furnish timely response to audit observations.
- Since almost two decades have passed after the reorganisation of the State, the State Government is required to work closely with the Government of Uttarakhand for the expeditious division of assets and liabilities of the six PSUs, where the Government investment as on 31 March 2001 was ₹ 6,174.40 crore.

Chapter-2: Performance Audits relating to Public Sector Undertakings

2.1 Performance Audit on Rajiv Gandhi Grameen Vidyutikaran Yojana (now subsumed in Deen Dayal Upadhyaya Gram Jyoti Yojana)

Ministry of Power (MoP), Government of India (GoI) launched (March 2005) the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) under the X Five Year Plan (2002-09) with the objective of electrifying all villages and all Rural House Holds (RHHs) with access of electricity and electricity connections to Below Poverty Line (BPL) families free of cost.

GoI twice extended (February 2008/September 2013) the scope of RGGVY under Eleventh Five Year Plan (XI FYP 2007-12) and Twelfth Five Year Plan (XII FYP 2012-17) to increase coverage of habitations having the population above 300 and 100 respectively. In Uttar Pradesh, 1,21,20,231 households (36.81 *per cent*) out of total 3,29,24,216 households had access to electricity as per 2011 Census data. As against this, access to electricity has increased (March 2017) to 2,33,43,305 households.

The Performance Audit covers the formulation, approval and the implementation of the XI and XII FYP of RGGVY (Scheme) during 2012-13 to 2016-17 in the State of Uttar Pradesh.

Physical and Financial progress of the Scheme

REC sanctioned ₹ 11,697.83 crore for 86 projects in 75 districts during 2012-17. Out of 75 districts, 11 districts were covered under the XI FYP, 53 districts under the XII FYP and 11 districts under both the plans and REC has withheld (as of 31 March 2017) reimbursement of ₹ 1,197.22 crore due to negligence of the DISCOMs. Physical progress achieved under the XI and XII FYP was 79.10 and 44.47 *per cent* respectively.

(Paragraph 2.1.9)

The following are the main audit findings:

Project Planning

- The DPRs were prepared either on the basis of a doubtful or no survey due to complete dependence on PMCs data/survey. DISCOMs failed to ensure existence of the villages covered in the DPRs and correctness of the DPRs prepared by the PMCs.

(Paragraph 2.1.13)

- DISCOMs reduced the scope of the works of the sanctioned DPRs in order to limit the overall cost of the project within the sanctioned amount. Consequently, 4,24,370 households were deprived of electrification and 1,22,441 BPL households could not get connections at free of cost.

(Paragraph 2.1.15)

- Inclusion of inadmissible works/items and non-provision of received back materials in the DPRs resulted in an avoidable expenditure of ₹ 12.98 crore and excess drawal of funds of ₹ 11.99 crore from Scheme funds by DISCOMs.

(Paragraphs 2.1.14 and 2.1.17)

Project Management

- The physical progress in 19 sampled districts ranged between 22.81 *per cent* and 89.09 *per cent* even after delay of one to 20 months after the scheduled date of completion. The main reasons for delay in completion were delays in awarding works, delay in actual site survey and delay in supply of materials.

(Paragraph 2.1.22)

- The DISCOMs, without ensuring the reasonability of the quoted rates with the estimated and prevailing market rates, awarded the work to turn-key contractors at significantly higher rates, in violation of Central Vigilance Commission's guidelines, which led to extra expenditure of ₹ 537.45 crore.

(Paragraph 2.1.23)

- DISCOMs failed to deduct liquidated damages of ₹ 43.87 crore from the bills of contracting firms failing to perform the assigned works within the stipulated time.

(Paragraph 2.1.26)

- Negligence of DISCOMs in taking necessary steps in respect of obtaining full amount of Bank Guarantee (BG)/Contract Performance Guarantee (CPG) from Contractors and in encashment of BG/CPG of defaulting firm resulted in undue favour to the Contractors of ₹ 95.91 crore.

(Paragraph 2.1.29)

Financial Management

- Drawal of loan by the DISCOMs from the REC despite the availability of subsidy was indicative of poor financial management leading to avoidable burden of interest of ₹ 129.22 crore on the State exchequer.

(Paragraph 2.1.32)

- DISCOMs incurred expenditure in respect of value added tax and works contract tax of ₹ 136.88 crore from the Scheme fund and failed to claim this amount from the State Government as required.

(Paragraph 2.1.35)

- DISCOMs irregularly diverted the Scheme fund of ₹ 10.63 crore for purposes not covered under the Scheme and diverted fund of ₹ 42.42 crore from XI FYP to XII FYP and *vice-versa*.

(Paragraphs 2.1.37 and 2.1.38)

Scheme Performance

- In 19 sampled districts, DISCOMs failed to provide 29.65 lakh BPL households with electricity connections against the target of 41.21 lakh connections to BPL households.

(Paragraph 2.1.40)

- In 19 sampled districts, 19,48,218 RHHs (61 *per cent*) were electrified against the target of electrification of 31,69,925 RHHs (excluding BPLs).

(Paragraph 2.1.41)

- In 19 sampled districts, 3,29,930 energy meters installed at the premises of BPL consumers at a cost of ₹ 29.14 crore but the billing of these consumers was still being done on provisional basis without taking actual meter reading due to shortage of manpower. This defeated the purpose of installation of meters and the expenditure incurred on installation of meters proved to be unproductive.

(Paragraph 2.1.42)

Summary of Recommendations:

- The DISCOMs should ensure inclusion of only eligible villages/habitations in DPRs.
- DISCOMs should adhere to the Scheme guidelines and ensure due diligence in project planning *i.e.*, preparation of DPRs.
- The DISCOMs should ensure the reasonableness of the rates as per the CVC guidelines when awarding the work.
- The Department may examine from vigilance angle the undue advantage extended to contractors by DISCOM functionaries.
- DISCOMs should strictly comply with the provisions of the Scheme guidelines relating to fund management.
- DISCOMs should ensure completion of projects within the stipulated timelines to achieve intended objectives of the Scheme to provide access of electricity to all RHHs (including BPL families).

2.2 Audit on operation of Urban Transport in Uttar Pradesh under Jawaharlal Nehru National Urban Renewal Mission

As part of Jawaharlal Nehru National Urban Renewal Mission (scheme), the Ministry of Urban Development (MoUD), Government of India (GoI) issued guidelines (January 2009) and provided financial assistance of ₹ 217.17 crore, as a one-time measure for purchase and operation of 1,140 buses for establishing and maintaining an efficient, reliable and cost effective public transport solution in the selected seven cities of the State, to the Uttar Pradesh State Road Transport Corporation (UPSRTC) nominated (April 2009) as the Executing Agency (EA) by the Government of Uttar Pradesh (GoUP). UPSRTC constituted (February 2010 to July 2010) six Urban Transport Companies (UTCs) for operating bus services in seven cities viz., Agra-Mathura City Transport Services Limited (A-MCTSL), Allahabad City Transport Services Limited (ACTSL), Kanpur City Transport Services Limited (KCTSL), Lucknow City Transport Services Limited (LCTSL), Meerut City Transport Services Limited (MCTSL) and Varanasi City Transport Services Limited (VCTSL).

(Paragraph 2.2.1)

The important audit findings are detailed below:

- GoUP constituted (June 2010) Unified Metropolitan Transport Authority (UMTA) as committee under the chairmanship of Chief Secretary of the State for oversight control and monitoring of the urban transport. Since formation, only three meetings (June 2010, October 2010 and September 2012) of UMTA were held. Consequently UTCs formed for urban transport remained unmonitored. Further, Dedicated Urban Transport Fund (DUTF) amounting to ₹ 445.67 crore made available to Directorate of Urban transport for reforms in urban transport remained un-utilised.

(Paragraphs 2.2.6 and 2.2.7)

- KCTSL did not prepare annual financial statements. A-MCTSL prepared annual financial statements from the date of commencement of business (10 April 2012) to 2015-16 and LCTSL prepared its first financial statements from January 2011 to March 2011 only. None of the UTCs submitted financial statements to CAG for supplementary audit. Delays/ non-preparation of accounts are fraught with risk of misrepresentation of facts, fraud and misappropriation.

(Paragraph 2.2.11)

- UTCs failed to monitor the operation of city buses to achieve the standards prescribed in Detailed Project Report. Further, UTCs did not prepare their own standards of the operation of city buses or adopt standards of UPSRTC for effective monitoring and control of operation of city buses.

(Paragraphs 2.2.14 and 2.2.15)

- Intelligent Transport System (ITS) was not installed in the buses of UTCs despite incurring an expenditure of ₹ 2.04 crore.

(Paragraph 2.2.17)

- Despite having their own supervisory staff in the same premises adjacent to the workshop, MDs and service managers of LCTSL and KCTSL did not inspect the maintenance of repair work by the Contractor. This led to cannibalisation of buses resulting in loss of ₹ 20.22 crore.

(Paragraph 2.2.18)

Summary of recommendations:

- UMTA should ensure adequate oversight control and should make efforts for effective utilisation of DUTF.
- The Department of Urban Development should ensure that the UTCs take immediate action to make their accounts current, so that the directors of these PSUs do not continue to fall foul of the Companies Act.
- UTCs should prepare their own standards of operation or adopt UPSRTC's Standards for periodic monitoring of operation of city buses.
- UTCs should ensure installation of ITS on all city buses for effective monitoring.
- UTCs should develop MIS to ensure daily monitoring of the bus wise/job wise maintenance work done with strict follow-up of the same to prevent unauthorised cannibalisation of buses.

2.3 Follow-up audit of Review of the performance of Uttar Pradesh Projects Corporation Limited (UPPCL)

The follow-up audit disclosed that recommendations were partly implemented by the UPPCL. The persistent shortcomings going unchecked are: violation of provisions of the Uttar Pradesh Rajkiya Nirman Nigam Working Manual, 91.66 per cent works were executed through sub-contractors, non adherence to the prescribed procedure for execution of works, engagement of architects and payment of architects' fees and continued to appoint architects without competitive bidding; irregular technical sanction to 434 works of ₹ 359.85 crore by officers below the rank of CGM viz., PM/GM in violation of the orders of GoUP; irregular release of advances to the sub-contractors to the extent of ₹ 65.27 crore; and failure to strengthen the internal control mechanisms relating to financial management, execution of works and maintenance of necessary control records.

Chapter-3: Compliance Audit Observations

Gist of some of the important compliance audit paragraphs is given below:

- Uttar Pradesh Avas Evam Vikas Parishad did not realise infrastructure surcharge of ₹ 33.89 crore on sale of 20 plots in contravention to Government orders and thus, extended undue benefit to purchasers of plots.

(Paragraph 3.1)

- **Uttar Pradesh State Road Transport Corporation** extended undue benefit to contractor in recovery of dues which resulted in loss of revenue of ₹ 16.25 crore.

(Paragraph 3.2)

- **Madhyanchal Vidyut Vitran Nigam Limited and Paschimanchal Vidyut Vitran Nigam Limited** suffered a loss of ₹ 3.69 crore due to not having a system of procurement of replaceable meter boxes separate from procurement of meters.

(Paragraph 3.3)

- **Purvanchal Vidyut Vitran Nigam Limited** recovered ₹ 3.63 crore recovered from a consumer towards wrong adjustment of banked energy, at the instance of Audit.

(Paragraph 3.4)

- **Paschimanchal Vidyut Vitran Nigam Limited (PVVNL)** short charged a consumer by ₹ 1.28 crore by not adhering to the provisions of the Supply Code, 2005.

(Paragraph 3.6)

CHAPTER-1

Functioning of State Public Sector Undertakings

CHAPTER-1

1. Functioning of State Public Sector Undertakings

Introduction

1.1 As on 31 March 2017, there were 103 State Public Sector Undertakings (PSUs) in Uttar Pradesh (*Annexure 1.1*) as depicted in table 1.1.

Table 1.1: Number of PSUs as on 31 March 2017

Type of PSUs	Working PSUs	Non-working PSUs ¹	Total
Government companies ²	51	46	97
Statutory corporations	6	Nil	6
Total	57	46	103

Source: Information furnished by PSUs

Out of 57 working PSUs and 46 non-working PSUs, only 33 working PSUs and seven non-working PSUs³ had finalised their accounts for the years 2014-15 to 2016-17 as on 31 December 2017 (*Annexure 1.2*). As per the latest finalised accounts of these 40 PSUs, 22 PSUs⁴ had earned a profit of ₹ 963.97 crore, 17 PSUs⁵ had incurred loss of ₹ 19,299.56 crore and the remaining one PSU⁶ had reported no profit or loss. These PSUs registered a turnover of ₹ 88,036.52 crore as per their latest finalised accounts as of 31 December 2017. The loss, if any incurred by the remaining 63 PSUs who have not finalised their accounts could not be assessed.

Against the average cost of borrowings of 6.52 per cent during 2014-15 to 2016-17, the 22 PSUs, where the State Government has invested ₹ 1,09,996.96 crore, generated on an average, negative Return on Investment (ROI) of 19 per cent on the investments by the State Government rendering the entire investment a total loss. Thus, the overall loss to the public exchequer (accounting for the negative return and average borrowing cost) as a result of the investment in the 22 PSUs as per their latest finalised accounts (between the period 2014-17) amounted to ₹ 11,920.32 crore.

As on 31 March 2017, the State PSUs had 1,12,784 employees (1,11,901 in 50 working PSUs and 883 in 11 non-working PSUs). The non-working PSUs have had no activity for more than three years and had an investment of ₹ 1,829.46 crore.

Recommendation:

Since the continued existence of loss making and non-working PSUs constitutes a substantial drain on the public exchequer, the State Government may (i) review the functioning of all loss making PSUs;

¹ PSUs which have had no activity for more than last three years.

² Companies referred to in Section 2 (45), 139 (5) and 139 (7) of the Companies Act, 2013.

³ Sl. No. C15, C18, C20, C27 and C31 to C33 of *Annexure 1.1*.

⁴ Sl. No. A1, A3, A5, A12, A14, A15, A18, A19, A20, A22, A32, A34, A37, A39, 43, B1, B2, B4, B6, C15, C18 and C20 of *Annexure-1.1*.

⁵ Sl. No. A7, A16, A17, A25, A27 to A31, A35, A36, A42, A45, C27, C31, C32 and C33 of *Annexure -1.1*.

⁶ The sole power plant of Jawaharpur Vidyut Utpadan Nigam Limited is at the construction stage and hence, there was no profit or loss.

(ii) review the status of non-working PSUs to initiate/ expedite the process of their winding up; and (iii) assess whether employees of non-working PSUs can be sent on reverse deputation to Government departments having vacancies, as has been done by the Government of Rajasthan.

Accountability framework

1.2 Sections 139 and 143 of the Companies Act, 2013 (Act) apply to audit of Government companies. The CAG appoints the Statutory Auditors (Chartered Accountants) and conducts supplementary audit in respect of these companies.

Audit of Statutory corporations is governed by their respective legislations as detailed below in table 1.2:

S. No.	Name of Corporation	Authority for audit by the CAG	Audit arrangement
1	Uttar Pradesh State Warehousing Corporation	Section 31(8) of the State Warehousing Corporations Act, 1962	Audit by Chartered Accountants and supplementary audit by the CAG
2	Uttar Pradesh Forest Corporation	Section 23(2) of U P Forest Corporation Act, 1974	Sole audit by CAG
3	Uttar Pradesh Financial Corporation	Section 37(6) of the State Financial Corporations Act, 1951	Audit by Chartered Accountants and supplementary audit by the CAG
4	Uttar Pradesh Avas Evam Vikas Parishad	Section 20(1) of the CAG (DPC) Act, 1971	Sole audit by CAG
5	Uttar Pradesh Jal Nigam	Section 20(1) of the CAG (DPC) Act, 1971	Sole audit by CAG
6	Uttar Pradesh State Road Transport Corporation	Section 33(2) of the Road Transport Corporations Act, 1950	Sole audit by CAG

The Audit Reports of the CAG are submitted to the Government, who shall, in terms of the CAG's (Duties, Powers and Conditions of Service) Act, 1971, cause them to be laid before the Legislature.

1.3 The concerned administrative departments under the Government of Uttar Pradesh exercise control over the affairs of these PSUs, whose Chief Executives and Directors to the Board are appointed by the State Government.

Stake of Government of Uttar Pradesh

1.4 The State Government's stake in PSUs falls under three broad categories, viz., Share Capital and Loans, special budgetary support by way of grants and subsidies to consumers and guaranteeing of loans availed by PSUs from the financial institutions.

Investment in State PSUs

1.5 As on 31 March 2017, the investment (Share Capital and Long-Term Loans) in 103 State PSUs by the State Government, the Central Government

and others⁷ was ₹ 2,39,019.94 crore as per details given in table 1.3 (Further details are given in *Annexure I.1*).

Table 1.3: Total investments in PSUs as on 31 March 2017

								(₹ in crore)
Type of PSUs	Status of accounts finalised	Equity			Long term loans			Grand total
		State Government	Others ⁸	Total	State Government	Others ⁹	Total	
Working PSUs	2014-15 to 2016-17 ¹⁰	98,355.54	49,306.79	1,47,662.33	11,163.52	74,170.11	85,333.63	2,32,995.96
	Prior to 2014-15	2,933.00	178.97	3,111.97	604.01	478.54	1,082.55	4,194.52
	Sub-total	1,01,288.54	49,485.76	1,50,774.30	11,767.53	74,648.65	86,416.18	2,37,190.48
Non-working PSUs	2014-15 to 2016-17	214.46	494.97	709.43	263.44	28.06	291.50	1,000.93
	Prior to 2014-15	214.35	134.52	348.87	297.98	181.68	479.66	828.53
	Sub-total	428.81	629.49	1,058.30	561.42	209.74	771.16	1,829.46
Total		1,01,717.35	50,115.25	1,51,832.60	12,328.95	74,858.39	87,187.34	2,39,019.94

Source: As per audited accounts/Information furnished by the PSUs

1.6 The sector wise summary of investments in the State PSUs as on 31 March 2017 is given in the table 1.4.

Table 1.4: Sector-wise Investment in PSUs

							(₹ in crore)
Name of Sector	Working PSUs		Non-working PSUs		Total	Total Investment	Investment in last five years
	With three years' accounts	Without three years' accounts	With three years' accounts	Without three years' accounts			
Power	11	1	2	1	15	2,27,779.67	1,36,393.21
Manufacturing	5	4	5	14	28	4,497.48	925.23
Infrastructure	6	2	0	3	11	3,633.26	3,243.04
Finance	1	5	0	2	8	1,894.26	275.62
Service	4	8	0	12	24	1,075.53	304.22
Social Welfare and Agriculture	5	5	0	7	17	139.74	10.93
Total	32	25	7	39	103	2,39,019.94	1,41,152.25

Source: As per audited accounts/Information furnished by PSUs

The thrust of the State Government investment in PSUs was in the Power Sector which increased from ₹ 45,607.46 crore (91.21 per cent) in 2011-12 to ₹ 1,06,118.31 crore (93.05 per cent) in 2016-17. Three PSUs under the Power sector with major State Government investment were Uttar Pradesh Power Corporation Limited (₹ 85,935.80 crore), Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (₹ 10,110.43 crore) and Uttar Pradesh Power Transmission Corporation Limited (₹ 9,572.93 crore). During 2012-17 alone, the State Government invested ₹ 60,590.36 crore in these three major PSUs.

⁷ Financial Institutions and other PSUs.

⁸ Includes Share Capital of Central Government and by eight holding companies in their 20 subsidiary companies.

⁹ Includes loans from Central Government and Financial Institutions.

¹⁰ Accounts finalised at least up to 2014-15.

1.7 Differences between figures of Government equity and loans depicted in the Finance Accounts¹¹ and in the records of PSUs are given in the table 1.5.

Table 1.5: Equity and Loans outstanding as on 31 March 2017			
(₹ in crore)			
Investment	As per Finance Accounts ¹²	As per records of PSUs	Difference ¹³
Equity	1,01,863.84	1,01,717.35	146.49
Loans	13,160.88	12,328.95	831.93

Source Information furnished by the PSUs and Finance Account, GoUP, 2016-17

Differences between the figures relating to guarantees given by the State Government in the Finance Accounts and in the records of PSUs are given in table 1.6.

Table 1.6: Guarantees outstanding as on 31 March 2017			
(₹ in crore)			
Guarantees Outstanding	As per Finance Accounts	As per records of PSUs	Difference
	52,883.80	52,843.82	39.98 ¹⁴

Source: Information furnished by PSUs and Finance Accounts, GoUP, 2016-17

Recommendation:

The Finance department, administrative departments and the PSUs may take immediate steps to reconcile the differences in figures with the Accountant General (A&E-I).

1.8 The position of the State Government stake in non-working PSUs is as stated in table 1.7.

Table 1.7 Position showing Government stake in non-working PSUs		
(₹ in crore)		
Particulars	Number of PSUs	Amount
Nominal ¹⁵ or nil Government stake	20	2.89
Non-working PSUs where there is no expenditure at all	0	0
Equity, loan and grant/ subsidy received during 2014-15 to 2016-17	3 ¹⁶	7.03
Outstanding GoUP loans to PSUs which have not paid interest on loans for last five years	21	368.77

Source: Information furnished by PSUs and Finance Accounts, GoUP, 2016-17

Recommendations:

1. Government of Uttar Pradesh (GoUP) should review for winding up/disinvestment of all PSUs where its stake is nominal.

¹¹ More details are available in Statement No. 19 and 18 of State Finance Accounts (2016-17), Government of Uttar Pradesh.

¹² The information is in respect of 103 PSUs as appearing in the Finance Accounts.

¹³ The main reason for difference is non-accountal of adjustments in the Finance Accounts arising out of conversion of loans into equity and waiver of interest, etc.

¹⁴ Differences relates to eight PSUs. S.No. A1, A7, A11, B3, C6, C7, C21 and C27 of Annexure I.1.

¹⁵ Equity and Loan less than ₹ one crore.

¹⁶ Uttar Pradesh State Textile Corporation Limited, Chhata Sugar Company Limited. and Uttar Pradesh State Yarn Company Limited.

2. Since the chances of repayment of loans by 21 non-working PSUs who have not even paid interest on loans, are remote, if not non-existent, GoUP should consider converting past loans to equity or writing them off and future payments, if any, should be by way of grants in aid, pending review of whether at least some of these PSUs should not be wound up.

Arrears in finalisation of Accounts

1.9 The Companies Act, 2013 stipulates that the annual financial statements of Companies are to be finalised within six months from the end of the relevant financial year *i.e.*, by September end. Failure to do so may attract penal provisions, which stipulates that every officer of the concerned defaulting company shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand Rupees, but which may extend to five lakh Rupees, or with both.

The accounts of Statutory corporations are required to be finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

As of 31 December 2017, accounts of 44 working companies and six Statutory corporations were in arrears for periods up to 14 years and five years respectively, as depicted in **Annexure 1.3**

Out of 57 working PSUs, only seven PSUs¹⁷ had finalised their accounts for the financial year 2016-17. The remaining 50 PSUs have arrears of 192 accounts up to December 2017. Out of 50 PSUs, accounts of 26 PSUs were in arrears for 1-2 years, 11 PSUs for 3-5 years, 11 PSUs for 6-10 years and two PSUs for above 10 years as detailed in **Annexure 1.3**.

Details of the directors of 41 working companies¹⁸ whose accounts are in arrears, who also simultaneously held various posts in different departments and are liable under the above penal provisions of the Companies Act are given in **Annexures 1.4 (A) and (B)**.

1.10 In addition to the above, as on 31 December 2017, the accounts of all non-working PSUs were in arrears, except one¹⁹. Out of 46 non-working PSUs, 12²⁰ PSUs were in the process of liquidation from 14 to 36 years, whose 315 Accounts were in arrears for one to 29 years. Details of the arrears in accounts of the remaining non-working PSUs are given in table 1.8.

Year	No. of non-working PSUs	No. of Accounts in arrears	Period for which Accounts were in arrears ²¹	No. of years for which Accounts were in arrears
2014-15	27	413	1981- 82 to 2014-15	1 to 33
2015-16	26	422	1981-82 to 2015-16	1 to 34
2016-17	33	509	1981-82 to 2016-17	1 to 35

¹⁷ Sl. No. A1, A16 to A20 and A37 of Annexure-1.1.

¹⁸ 41 companies mentioned at Sl. No. A2 to A7, A9 to A15, A21 to A36, A38 to A40 and A42 to 50 of **Annexure-1.1**. Three companies at S.No. A8, A41 and A51 of **Annexure-1.1** did not furnish the information.

¹⁹ Uttar Pradesh State Yarn Company Limited.

²⁰ Sl. No. C2, C3, C10, C12, C13, C14, C16, C17, C19, C22, C23 and C25 of Annexure-1.1 and Sl. No. 1, 7, 8, 9, 13, 24 and 25 of **Annexure 1.2**.

²¹ Period of arrears of Accounts includes arrears of 12 companies up to date of going in to liquidation.

1.11 The State Government had extended budgetary support of ₹ 56,273.05 crore {Equity: ₹ 44,308.92 crore (nine Government companies and one Statutory corporation), Loans: ₹ 4,103.20 crore (six Government companies and one Statutory corporation), Grants: ₹ 2,020.77 crore (eight Government companies and one Statutory corporation) and others (subsidies): ₹ 5,840.16 crore (four Government companies)} to 22 working PSUs whose accounts were in arrears during last three years as detailed in **Annexure 1.5**. Out of this, the budgetary support of ₹ 20,908.98 crore was extended to 14 PSUs²² during the year 2016-17.

Further, the State Government had extended budgetary support of ₹ 7.03 crore (loan) to three non-working PSUs whose accounts were in arrears during last three years as detailed in **Annexure 1.5**. Out of this, the budgetary support of ₹ 4.54 crore was extended to these PSUs during the year 2016-17.

The decision of the State Government to extend budgetary support to the above PSUs that were in arrears in accounts was financially imprudent, since the State Government had no basis to assess the financial soundness of these PSUs. This is evident from the fact that all the above PSUs that received the State Government loan did not even repay the interest thereon.

Recommendations:

- 1. The Finance Department and the concerned administrative departments should ensure that the State PSUs take immediate action to make their accounts current, so that the directors of these PSUs do not continue to fall foul of the Companies Act and the relevant Acts governing State Statutory corporations.**
- 2. The Finance Department and the concerned administrative departments should initiate steps to ensure that budgetary support is extended only to such PSUs whose accounts are current.**

Placement of Separate Audit Reports

1.12 The respective Acts of the Statutory corporations stipulate that the audit reports of the CAG shall be placed in the Legislature soon after placement in the annual general meeting and the Government shall as soon as thereafter cause the same to be laid before the Legislature. It was, however, observed that the State Government failed to ensure compliance to the Act in the laying of the Separate Audit Reports (SARs) of the CAG relating to the six Statutory corporations (up to 31 December 2017), as depicted in table 1.9.

²² Uttar Pradesh State Spinning Company Limited, Uttar Pradesh Electronics Corporation Limited, Uttar Pradesh Bhumi Sudhar Nigam Limited, Uttar Pradesh Power Corporation Limited, Pashchimanchal Vidyut Vitran Nigam Limited, Uttar Pradesh Power Transmission Corporation Limited, Purvanchal Vidyut Vitran Nigam Limited, Uttar Pradesh Scheduled Caste Finance and Development Corporation Limited, Allahabad City Transport Services Limited, Varanasi City Transport Services Limited, Uttar Pradesh State Food and Essential Commodities Corporation Limited, Uttar Pradesh Waqf Vikas Nigam Limited and Uttar Pradesh State Road Transport Corporation.

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in State Legislature	Years for which SARs not placed in State Legislature	
			Year of SAR	Date of issue to the Government
1.	Uttar Pradesh State Road Transport Corporation	2011-12	2012-13 2013-14 2014-15	6 June 2014 2 September 2015 24 March 2017
2.	Uttar Pradesh Financial Corporation	2007-08	2008-09 2009-10 2010-11 2011-12 2012-13	20 May 2011 13 April 2012 27 August 2012 16 September 2013 12 November 2015
3.	Uttar Pradesh Forest Corporation	-- ²³	2008-09 2009-10 2010-11 2011-12 2012-13 2013-14 2014-15	9 March 2011 16 November 2011 21 September 2012 11 July 2013 6 June 2014 21 April 2015 17 October 2016
4.	Uttar Pradesh Avas Evam Vikas Parishad	2010-11	2011-12 2012-13 2013-14 2014-15 2015-16	16 September 2013 7 November 2014 20 August 2015 15 November 2016 23 February 2017
5.	Uttar Pradesh Jal Nigam	2007-08	2008-09 2009-10 2010-11 2011-12	3 August 2011 20 May 2013 12 December 2013 25 May 2017
6.	Uttar Pradesh State Warehousing Corporation	2011-12	2012-13 2013-14 2014-15	29 June 2015 20 July 2016 27 June 2017

Source: Information furnished by the corporations and compiled by Audit

The State Government has provided budgetary support of ₹ 2,947.97 crore to two Statutory corporations²⁴ (₹ 100 crore equity, ₹ 50 crore loans and ₹ 2,797.97 crore grant) over the past five years alone. The lack of financial accountability in the Uttar Pradesh Jal Nigam (UPJN) is so serious²⁵ that the CAG has refused to provide an opinion on the accounts of the UPJN for 2011-12 (finalised during 2017-18). The State Government has provided loans of ₹ 171.35 crore to UPJN between 2012-17 when its accounts were in arrears and there was no possibility of evaluating the financial capability of UPJN.

Besides, due to non-laying of SARs before the State Legislature, the serious irregularities as detailed in **Annexure 1.6** could not be brought to the notice of the Legislature.

Recommendation:

The Finance Department should ensure that the SARs of the Statutory corporations are placed in the State Legislature immediately, and no further budgetary support is extended to Corporations whose accounts are in arrears and/or whose accounts are defective.

²³ Uttar Pradesh Forest Corporation submitted its Accounts for the year 2008-09 after incorporating amendment for audit by CAG in U. P. Forest Corporation Act, 1974.

²⁴ Uttar Pradesh Jal Nigam and Uttar Pradesh State Road Transport Corporation.

²⁵ Uttar Pradesh Jal Nigam did not provide source/ basic information/records in support of different items appearing in the Balance Sheet and Income and Expenditure Account.

Performance of PSUs as per their latest finalised Accounts

1.13 The key financial ratios used to assess the performance of the 40 PSUs²⁶ that had finalised their accounts for the period 2014-15 to 2016-17 are given in table 1.10: (Further details are given in *Annexure 1.7*).

Particulars	Key Parameters (in percentage)	2014-15	2015-16	2016-17	Average
Profit making PSUs	ROCE ²⁷	6.57	5.04	12.60	8.07
	ROI ²⁸	6.57	5.04	12.60	8.07
	ROE ²⁹	1.01	1.95	3.55	2.17
Loss making PSUs	ROCE	-32.07	-31.56	-31.11	-31.58
	ROI	-32.07	-31.56	-31.11	-31.58
	ROE	-43.33	-42.00	-42.29	-42.54
Cost of Borrowing		6.40	6.35	6.82	6.52

Source: Information as per finalised accounts of PSUs

1.14 The major contributors to profit were Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (₹ 677.94 crore), Uttar Pradesh State Warehousing corporation (₹ 87.07 crore) and Uttar Pradesh Avas Evam Vikas Parishad (₹ 50.68 crore). The RoI on these PSUs ranged between 1.17 per cent and 22.19 per cent between 2014-15 and 2016-17. The PSUs which incurred heavy losses were Uttar Pradesh Power Corporation Limited (₹ 12,669.08 crore), Dakshinanchal Vidyut Vitran Nigam Limited (₹ 2,036.31 crore) and Paschimanchal Vidyut Vitran Nigam Limited (₹ 1,836.84 crore) as per their latest finalised Accounts.

1.15 The State Government had formulated (October 2002) a dividend policy under which all profit earning PSUs are required to pay a minimum return of five per cent on the paid up share capital contributed by the State Government. Accordingly, 18 PSUs³⁰ were required to declare dividend as per the dividend policy. However, only eight PSUs³¹ declared a dividend of ₹ 6.54 crore. The remaining 10 profit earning PSUs³² did not declare dividend of ₹ 507.48 crore as stipulated in the State Government's policy.

Recommendation

The State Government should direct profit making PSUs to remit to Government account arrears of dividend (amounting to ₹ 582.61 crore) from the date of adoption of dividend policy (October 2002).

1.16 The Companies Act, 2013 stipulates that the Board of Directors of every company meet a minimum of four times a year. It was observed, however, that

²⁶ Financial ratios cannot be calculated for non-working PSUs or those PSUs whose accounts are in arrears.

²⁷ Return on Capital employed= (Net Profit/Loss before dividend, interest and tax)/Capital Employed.

²⁸ Return on Investment (ROI)= (Net Profit before dividend, tax and interest)/Investment.

²⁹ Return on Equity (ROE)= (Net Profit after tax-Preference dividend)/Shareholders' Fund.

³⁰ 18= [Total PSUs: 32 Less 14 PSUs (three PSUs namely Uttar Pradesh Jal Nigam, Uptron Powertronics Limited and UCM Coal Company Limited fall under both category i.e. having accumulated Losses and without having Government Equity)].

³¹ Sl. No. A5, A11, A13 to A15, A22, A41 and A43 of **Annexure-1.1**.

³² Sl. No. A2 to A4, A8, A10, A12, A37, A39, A50 and B1 of **Annexure-1.1**.

out of 51 working companies, 13 companies³³ conducted less than four meetings during 2014-17.

Winding up of non-working PSUs

1.17 There were 46 non-working PSUs as on 31 March 2017. Of these, 12 PSUs³⁴ have commenced liquidation process in the last 14 to 36 years which are pending with the official liquidator and with the High Court, Allahabad. Though the remaining 34 PSUs³⁵ are not working for the past five to 42 years, liquidation process has not yet been started despite orders of the State Government for closure of 31 companies having net worth of (-) ₹ 744.48 crore. No PSU was wound up in 2016-17.

Accounts Comments

1.18 Thirty seven³⁶ working companies forwarded their 48 audited accounts³⁷ to the Accountant General during 2016-17³⁸. Of these, 37 accounts³⁹ of 31 companies pertaining to periods ranging from 1998-99 to 2016-17 were selected for supplementary audit. The Audit Reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicated that the quality of maintenance of accounts needs to be improved substantially. Details of comments of Statutory Auditors and CAG are given in table 1.11.

(₹ in crore)							
Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in profit	10	43.92	15	224.75	17	383.25
2.	Increase in loss	9	7.11	5	42.58	13	286.57
3.	Material facts not disclosed	12	2,290.30	4	11,286.83	11	815.12
4.	Errors of classification	2	2.20	1	10.67	15	381.32

During the year, the Statutory Auditors had given unqualified certificates for six accounts, qualified certificates for 40 accounts, given an adverse certificate

³³ Uttar Pradesh State Industrial Development Corporation Limited, Uttar Pradesh State Bridge Corporation Limited, Uttar Pradesh Rajkiya Nirman Nigam Limited, Uptron Powertronics Limited, Noida Metro Rail Corporation Limited, Uttar Pradesh Development Systems Corporation Limited, Kanpur City Transport Services Limited, Lucknow City Transport Services Limited, Meerut City Transport Services Limited, Varanasi City Transport Services Limited, Allahabad City Transport Services Limited, Agra-Mathura City Transport Services Limited and Uttar Pradesh State Sugar Corporation Limited.

³⁴ Sl. No. C2, C3, C10, C12 to C14, C16 to C17, C19, C22, C23 and C25 of Annexure-1.1.

³⁵ Sl. No. C-1, 4, 5, 6, 7, 8, 9, 11, 15, 18, 20, 21, 24, 26 to 46

³⁶ Sl. No. A-1, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 15, 16, 19, 20, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 37, 38, 41, 42, 43, 46 and 51 of Annexure-1.1.

³⁷ Including two accounts each of PSUs at Sl. No. A10, A16, A24, A37 and A46, three accounts of each PSUs at Sl. No. A3 and five accounts of PSU at Sl. No. A8 of Annexure-1.1.

³⁸ October 2016 to September 2017.

³⁹ 11 Accounts of seven companies were not selected for supplementary audit. These were issued Non-review certificate.

in case of one account⁴⁰. Statutory Auditor has also declined to give an opinion in view of serious shortcomings in respect of Uttar Pradesh Food and Essential Commodities Corporation Limited for the year 2008-09 submitted in 2016-17. Compliance with the Accounting Standards issued by the Companies remained poor as there were 173 instances in 39 accounts of 33 Companies where there was no compliance with the Accounting Standards. Further, during 2016-17, the CAG had also issued an adverse certificate in respect of Uttar Pradesh Electronic Corporation Limited for the accounts of 2015-16.

1.19 Similarly, five working Statutory corporations forwarded their five accounts⁴¹ to the Accountant General during the year 2016-17⁴². Of these, four accounts of four Statutory corporations⁴³ pertained to sole audit by CAG. The remaining one account⁴⁴ was selected for supplementary audit. The Audit Reports of Statutory Auditors and the sole/supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. Details of comments of Statutory Auditors and CAG are given in table 1.12.

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in profit	3	232.85	2	3.66	5	7.27
2.	Increase in loss	1	10.00	-	-	-	-
3.	Material Facts not disclosed	4	704.58	1	448.02	5	1,114.38
4.	Errors of classification	2	20.05	-	-	4	1,472.19

During the year, out of five⁴⁵ accounts, in one account in respect of Uttar Pradesh Jal Nigam (2011-12) CAG has declined to give an opinion in view of serious shortcomings and in respect of Uttar Pradesh Avas Evam Vikas Parishad for the year 2015-16 an adverse certificate was issued. Compliance by the Statutory corporations to the Accounting Standards remained poor, as there were six instances of non-compliance in two accounts during the year.

Recommendation:

The Finance Department and the concerned administrative departments should immediately review for appropriate action, the working of the 35 PSUs (31 companies and four Statutory corporations) where the CAG/Statutory Auditors have given qualified comments, adverse comments and declined to give an opinion.

⁴⁰ Uttar Pradesh State Spinning Company Limited.

⁴¹ Uttar Pradesh State Warehousing Corporation (for the year 2014-15), Uttar Pradesh Forest Corporation (for the year 2015-16), Uttar Pradesh Avas Evam Vikas Parishad (for the year 2015-16), Uttar Pradesh State Road Transport Corporation (for the year 2015-16) and Uttar Pradesh Jal Nigam (for the year 2011-12).

⁴² October 2016 to December 2017.

⁴³ Uttar Pradesh Avas Evam Vikas Parishad, Uttar Pradesh State Road Transport Corporation, Uttar Pradesh Jal Nigam and Uttar Pradesh Forest Corporation.

⁴⁴ Uttar Pradesh State Warehousing Corporation.

⁴⁵ Serial no. B-1, 2, 4, 5 and 6 of Annexure 1.1

Response of the Government to Audit

Performance Audits and Paragraphs

1.20 One Performance Audit, two long paragraphs, one follow-up audit report and six compliance audit paragraphs were issued (June 2017 to February 2018) to the Government/Management. Replies of Management were received. Replies in respect of one Performance Audit, two long paras, one follow-up audit, and five audit paragraphs were awaited from the State Government (September 2018).

Follow up action on Audit Reports

Replies outstanding

1.21 Reports of the Comptroller and Auditor General of India represent the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. The Finance Department, Government of Uttar Pradesh issued (June 1987) instructions to all administrative departments to submit replies/explanatory notes to paragraphs/performance audits included in the Audit Reports of the CAG of India within a period of two to three months of their presentation to the State Legislature, in the prescribed format without waiting for any questionnaires from the Committee on Public Undertakings (COPU). The position of explanatory notes not received is given in table 1.13.

Table 1.13: Explanatory notes not received (as on 31 December 2017)

Year of the Audit Report (Commercial/ PSUs)	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PA) and Paragraphs in the Audit Report		Number of PA/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2011-12	16 September 2013	2	14	1	6
2012-13	20 June 2014	1	19	1	2
2013-14	17 August 2015	2	15	2	9
2014-15	8 March 2016	6	12	6	11
2015-16	18 May 2017	6	11	6	11
Total		17	71	16	39

Recommendation:

The concerned administrative departments should ensure compliance to the directives (June 1987) of the Finance Department and furnish timely response to audit observations.

Discussion of Audit Reports by COPU

1.22 The status as on 31 December 2017 of Performance Audits and Paragraphs that appeared in Audit Reports (PSUs) and discussed by the COPU⁴⁶ is given in table 1.14.

⁴⁶ Committee on Public Sector Undertakings.

Table 1.14: Performance Audits/ Paragraphs in Audit Reports vis a vis discussed (as on 31 December 2017)

Period of Audit Report	Number of PAs/paragraphs			
	Appeared in Audit Report		Paragraphs on which discussion completed	
	PAs	Paragraphs	PAs	Paragraphs
1982-83 to 2010-11	138 ⁴⁷	914	78	545
2011-12	2	14	0	4
2012-13	1	19	0	7
2013-14	2	15	0	3
2014-15	6	12	0	0
2015-16	6	11	0	0
Total	155	985	78	559

Compliance to Reports of COPU

1.23 The internal working rules of COPU do not provide for vetting of Action Taken Notes (ATNs) by the Accountant General. Hence, the ATNs on the recommendations of COPU are furnished by the Departments to the Accountant General only at the time of discussion of ATNs by the Committee. Therefore, the status of ATNs is not discussed here.

Restructuring of PSUs consequent to reorganisation of the State

1.24 Consequent to the reorganisation of the erstwhile Uttar Pradesh State into the states of Uttar Pradesh and Uttarakhand w.e.f. 25 August 2000, the assets and liabilities of the then existing 42 PSUs⁴⁸ were to be divided as per the provisions laid down in the Uttar Pradesh Reorganisation Act, 2000. This exercise, has, however, not been completed in respect of six PSUs⁴⁹ as of March 2018.

Recommendation:

Since almost two decades have passed after the reorganisation of the State, the State Government is required to work closely with the Government of Uttarakhand for the expeditious division of assets and liabilities of the six PSUs, where the Government investment as on 31 March 2001 was ₹ 6,174.40 crore.

Reforms in Power Sector under Ujwal Discom Assurance Yojana (UDAY)

1.25 With an objective to improve the operational and financial efficiency of the State DISCOMs, Ministry of Power, Government of India (GoI) had launched (November 2015) the Ujwal DISCOM Assurance Yojana (UDAY), a scheme for financial turnaround of Power Distribution Companies.

⁴⁷ Included Standalone Performance Audit Report on Sale of Sugar Mills of Uttar Pradesh State Sugar Corporation Limited.

⁴⁸ Sl. No.A1, A3 to A15, A22, A24, A26, A34, A35, A37, A39, A40 to A43, A50, A51, B2, B4, B6, C2 to C5, C7, C9, C10, C11, C21, C27, C29 and C30 of **Annexure 1.1**.

⁴⁹ Uttar Pradesh State Industrial Development Corporation Limited, Uttar Pradesh Jal Vidyut Nigam Limited, Uttar Pradesh Power Corporation Limited, Uttar Pradesh Forest Corporation, Uttar Pradesh Avs Evam Vikas Parishad and Uttar Pradesh State Road Transport Corporation.

A Memorandum of Understanding (MoU) was signed (January 2016) among Ministry of Power, GoI, Government of Uttar Pradesh (GoUP) and Uttar Pradesh Power Corporation Limited (UPPCL) on behalf of DISCOMs⁵⁰ for implementation of the scheme with identified financial and operational targets.

The progress achieved so far in respect of important financial and operational targets fixed as per MoU and achievements thereof of each DISCOM as on 31 March 2018 is given in **Annexure 1.8**.

The overall financial and operational achievements of DISCOMs under UDAY Scheme are given in table 1.15.

Table 1.15: Implementation of UDAY scheme by DISCOM			
Parameter	Target period as per MoU	Target	Achievement
Financial			
Taking over 75 per cent of UP DISCOMs debts of ₹ 59205 crore by GoUP	2015-16 (last quarter of FY)	₹ 29,602 crore	₹ 29,602 crore has been taken over in 2015-16
	2016-17 (up to 30 June 2016)	₹ 14,801 crore	₹ 14,801 crore has been taken over in 2016-17 by GoUP.
Taking over and funding of future losses of UP DISCOMs by GoUP	2017-18	5 per cent Loss (₹ 409.93 crore) of 2016-17	State Government has funded ₹ 409.93 crore in 2017-18
Reduction of AT & C Loss ⁵¹ (in per cent)	2015-16	32.36	38.41 (not achieved)
	2016-17	28.27	30.22 (partially achieved)
	2017-18	23.63	27.67 (partially achieved)
Reduction of ACS-ARR Gap ⁵²	2016-17	₹ 1.04/kWH	₹ 0.62/kWH (not achieved)
	2017-18	₹ 0.60/kWH	₹ 0.37/kWH (partially achieved)
Billing Efficiency (in per cent)	2015-16	76.43	78.33 (achieved)
	2016-17	78.29	78.91 (achieved)
	2017-18	80.82	79.15 (partially achieved)
Collection Efficiency (in per cent)	2015-16	88.50	78.63 (not achieved)
	2016-17	91.64	88.43 (partially achieved)
	2017-18	94.50	91.39 (partially achieved)
Tariff Revision in time	2015-16	November 2014	November 2014
	2016-17	November 2015	December 2015
	2017-18	November 2016	June 2017
Operational			
Distribution Transformer Metering (in Nos.)	100 per cent by 30 September 2017	3,82,460	1,97,235 (Not achieved)
Feeder Metering (in Nos.)	100 per cent by 30 September 2016	16,072	16,072 (Achieved)
Feeder segregation (in Nos.)	2016-17	1,660 (30 per cent)	0 (Not achieved)
	2017-18	3,597 (65 per cent)	374 (Not achieved)
11 kV Rural Feeder Audit (in Nos.)	2016-17	847 (10 per cent)	2,515 (Achieved)
	2017-18	2,542 (30 per cent)	6,505 (Achieved)
Smart Metering above 200 kWh and up to 500 kWh (in Nos.)	2017-18	1.56 lakh	0 (Not achieved)

⁵⁰ Madhyanchal Vidyut Vitran Nigam Limited, Purvanchal Vidyut Vitran Nigam Limited, Paschimanchal Vidyut Vitran Nigam Limited, Dakshinanchal Vidyut Vitran Nigam Limited and Kanpur Electricity Supply Company Limited.

⁵¹ Aggregate Technical and Commercial (AT & C) loss is the sum total of technical and commercial loss and shortage due to non-realisation of billed amount.

⁵² Average Cost of Supply (ACS)- Average Revenue Realisation (ARR) gap.

Parameter	Target period as per MoU	Target	Achievement
Smart Metering equal to or above 500 kWh (in Nos.)	2016-17	1.11 lakh	0 (Not achieved)
	2017-18	1.12 lakh	0 (Not achieved)
Electricity access to un-connected households (in Nos.)	2019-20	143.54	Under implementation
Distribution of LEDs under UJALA scheme (in Nos.)	2016-17	50.00 lakh	148.25 lakh (Achieved)
	2017-18	80.00 lakh	82.33 lakh (Achieved)

DISCOMs have achieved the financial targets fixed under the MoU except reduction of AT&C loss in case of three DISCOMs (MVVNL, DVVNL and PuVVNL) and reduction of ACS-ARR gap and collection efficiency in case of four DISCOMs (MVVNL, DVVNL, PuVVNL and PVVNL). In so far as achievement of operational targets is concerned, the performance of DISCOMs was far from satisfactory, especially in the rural areas. There are still 1.44 crore households which have no access to electricity. There was no/slow progress in smart metering and only nominal progress made in feeder segregation. Thus, operational turnaround of the five DISCOMs, as envisaged in the MoU, was yet to be achieved.

CHAPTER-2

Performance Audit relating to Public Sector Undertakings

CHAPTER-2

2.1 Performance Audit on Rajiv Gandhi Grameen Vidyutikaran Yojana (now subsumed in Deen Dayal Upadhyaya Gram Jyoti Yojana)

Introduction

Background

2.1.1 Ministry of Power (MoP), Government of India (GoI) launched (March 2005) the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) under the Tenth Five Year Plan (X FYP 2002-07) with the objective of electrifying all villages¹ and all rural households (RHHs) with access of electricity and electricity connections to below poverty line (BPL) families free of cost.

GoI twice extended (February 2008/September 2013) the scope of RGGVY under Eleventh Five Year Plan (XI FYP 2007-12) and Twelfth Five Year Plan (XII FYP 2012-17) to increase coverage to habitations having population above 300 and 100 respectively.

GoI launched (December 2014) the Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) subsuming the targets laid down under the erstwhile RGGVY as a separate rural electrification sub-component by carrying forward the approved outlay for the RGGVY to the DDUGJY with two additional objectives, *viz.*, separation of agriculture and non-agriculture feeders, and strengthening and augmentation of sub-transmission and distribution infrastructure in rural areas, including metering at distribution transformers, and at feeders and consumers' end. The Performance Audit covers the formulation, approval and the implementation of the XI and XII FYP of RGGVY (Scheme) during 2012-13 to 2016-17 in the State of Uttar Pradesh (GoUP). Thus, throughout this report, the term "Scheme" refer to RGGVY XI and XII FYP. As per 2011 Census data, 1,21,20,231 households (36.81 *per cent*) out of total 3,29,24,216 households in Uttar Pradesh had access to electricity. As against this, access to electricity has increased (March 2017) to 2,33,43,305 households.

During the Performance Audit, 19 districts² (25 *per cent* of the total 75 districts) were test checked. These 19 districts were having sanctioned cost of ₹ 3,026.74 crore (25.87 *per cent* of total sanctioned cost of ₹ 11,697.83 crore) under XI and XII FYP.

There are total 32 audit observations reflecting deficiencies in project planning, project management, fund management and monitoring as well as control mechanism. These deficiencies may occur in other districts which were not covered in test audit. The management of respective DISCOMs, therefore, may like to internally examine works of all the other districts covered under the Scheme with a view to ensuring that these are being carried out as per the guidelines of the Scheme.

The revamped and renamed Scheme DDUGJY was not covered as there was no release of funds by the GoI after the launch of the DDUGJY in December

¹ A village is considered electrified if basic infrastructure such as transformers and lines are provided in the inhabited locality, electricity is provided in public places like schools, panchayat offices, community/Government health centres/dispensaries *etc.*, and at least 10 *per cent* of households of village are electrified.

² Lucknow, Sultanpur, Faizabad, Ambedkar Nagar, Barabanki, Ghazipur, Mau, Ballia, Roberts Ganj, Basti, Meerut, Shamli, Bulandshahr, Saharanpur, Agra, Mathura, Hathras, Etawah and Aligarh.

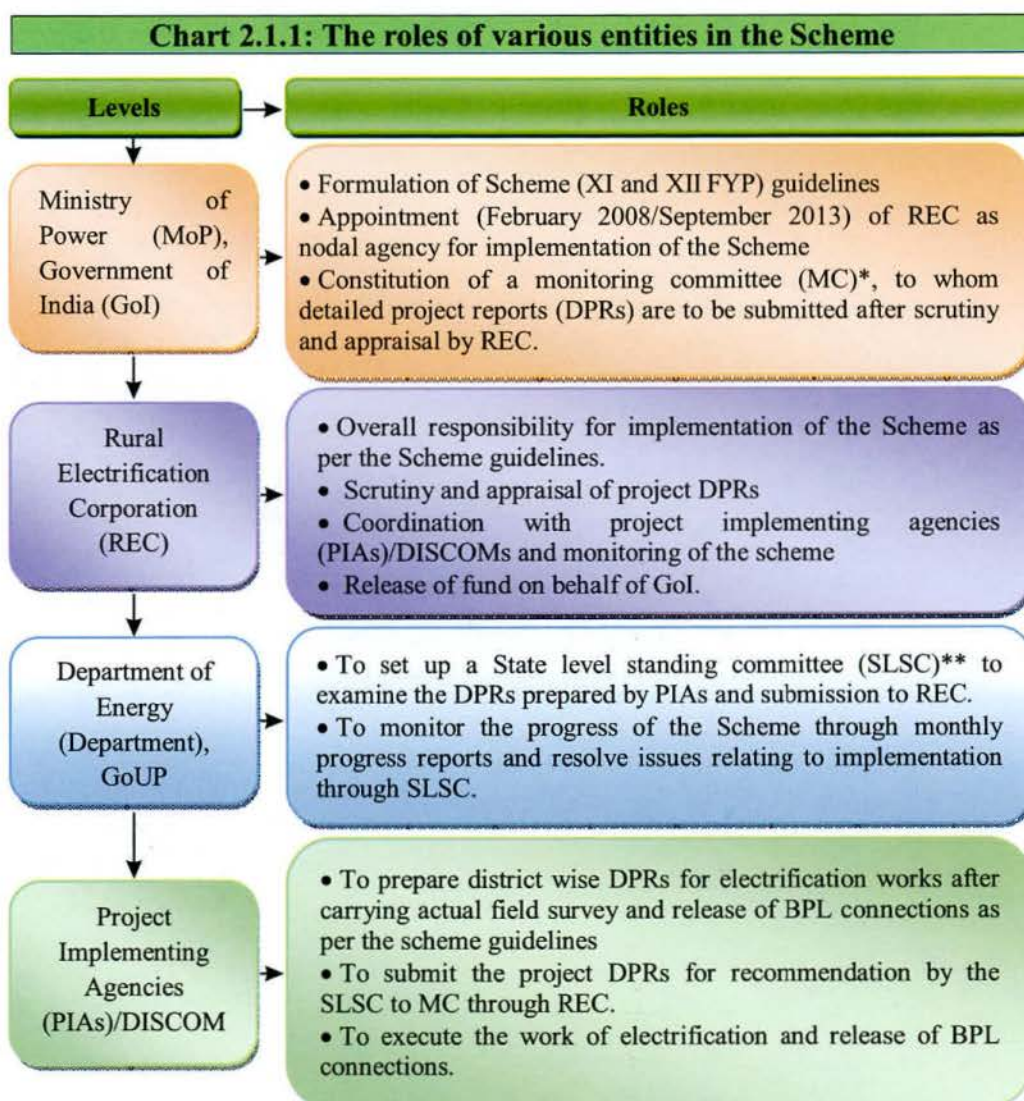
2014 till March 2017 except a release of ₹ 18.74 crore for Varanasi. This work has not been audited.

Funding pattern

2.1.2 Under the Scheme, GoI contributed 90 per cent of the cost as capital subsidy through the Rural Electrification Corporation (REC) Limited, with 10 per cent to be contributed by the State by way of loans from the REC at 11 to 13 per cent interest. GoI also provided capital subsidy to DISCOMs through REC for releasing free connections to below poverty line (BPL) consumers.

Role of various entities

2.1.3 Roles of various entities in the Scheme formulation, approval and implementation have been shown in the chart 2.1.1.



* MC comprises Secretary, MoP as chairman, representatives of Department of Expenditure, Planning Commission, Panchayati Raj, Rural Development and New and Renewable Energy of GoI.

** SLSC is headed by the Chief Secretary and consists of Secretaries of Energy, Rural Development, Finance, Panchayati Raj, Forest, Revenue and a representative of REC and any other member nominated by GoUP.

Scheme implementation

2.1.4 The Scheme provided for development of a rural electricity distribution backbone (REDB) with installation of at least one 33/11 KV sub-station of adequate capacity in blocks where these did not exist. Likewise, village electrification infrastructure (VEI) was to be established with a distribution transformer of appropriate capacity in 1,72,682 villages/habitations in 822 Blocks of the State.

A tripartite agreement was entered into (July 2005) between the REC (on behalf of GoI), GoUP and the DISCOMs for implementation of the Scheme. In Uttar Pradesh, the Scheme was implemented by four DISCOMs viz., Madhyanchal Vidyut Vitran Nigam Limited (MVVNL), Lucknow, Purvanchal Vidyut Vitran Nigam Limited (PuVVNL), Varanasi, Paschimanchal Vidyut Vitran Nigam Limited (PVVNL), Meerut and Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), Agra, which are subsidiaries of the Uttar Pradesh Power Corporation Limited (UPPCL).

Three tier (levels) of control were defined to ensure the quality of work. The first tier of quality control (QC) of projects was to be ensured by the DISCOMs, which were to engage third party inspection agency (TPIA) for undertaking quality control checks. REC and MoP were responsible for the second and third tiers of QC respectively.

As per Scheme guidelines, projects were to be implemented on turnkey basis. However, the agencies were allowed to execute the projects departmentally in exceptional cases, with adequate justification, with the approval of the MC. DISCOMs awarded works to contractors, selected through open tenders, for supply of materials and execution of work on turnkey basis. Chief Engineer/ Superintending Engineers (CE/SE, RGGVY wing) of DISCOMs were overall responsible for implementation of the Scheme as per the provisions of the Scheme. The Superintending Engineers (SE), Distribution Circles of the DISCOMs were designated as the Chief Executive Officers (CEO), responsible for getting the work executed in the areas within their jurisdiction in accordance with the provisions of the agreement.

Organisational set up

2.1.5 The managements of DISCOMs are vested with individual Board of Directors comprising a Chairman, a Managing Director (MD) and four other Directors appointed by GoUP. The day-to-day operations are carried out by the MDs, who are Chief Executives of the DISCOMs, assisted by Chief Engineers, Superintending Engineers and Executive Engineers posted at the DISCOM Headquarters and in the field.

Audit Objective

2.1.6 The Performance Audit was conducted to assess whether the DISCOMs/GoUP implemented the scheme in an economical, efficient and effective manner in all stages of project implementation viz., planning, execution, financial controls, monitoring and supervision etc.

Audit Criteria

2.1.7 Audit criteria were sourced from the:

- RGGVY/DDUGJY office memoranda and guidelines issued by GoI;

- National Rural Electrification and State Rural Electrification Policies;
- The Electricity Act, 2003;
- General Financial Rules 2005/Financial Hand Book and CVC guidelines;
- Instructions issued by GoI/REC/GoUP and Tripartite agreement executed between the REC, the GoUP and the DISCOMs;
- Laid down procedures and policies of REC for preparation DPRs;
- Agenda notes and minutes of the meetings of Board of Directors (BoDs) of DISCOMs; and
- Records of Co-ordination committee³ meetings with respect to rural electrification works.

Scope and Methodology of Audit

2.1.8 Audit methodology included collection of available data and analysis thereof with the help of data analytical tools (MS Excel and IDEA), examination of DISCOMs records, issue of audit observations/queries, on-site inspection, beneficiary survey, and Entry and Exit conferences.

The Performance Audit report was issued to the DISCOMs and the State Government in August 2017 for their comments. Replies of the DISCOMs were received in September 2017/March 2018, which have been duly considered while finalising the Performance Audit Report. The Entry and Exit conferences were not attended by any representative of State Government. Further, reply of the Government was also awaited (September 2018) despite reminders issued in November 2017 and March 2018.

Physical and Financial progress of the Scheme

2.1.9 REC sanctioned ₹ 11,697.84 crore for 86 projects in 75 districts during 2012-17. Out of 75 districts, 11 districts were covered under the XI FYP, 53 districts under the XII FYP and 11 districts under both the plans. Physical and Financial progress of the Scheme (DISCOM-wise) as on 31 March 2017 under both XI and XII FYP is depicted in table 2.1.1.

Table 2.1.1: Physical and Financial Progress in XI and XII FYP

Five Year Plan	DISCOM	No of Projects / Districts	Physical Progress			Financial Progress (₹ in crore)				
			No of villages/habitations in DPR	No of villages/habitations completed	Percentage of completed villages	Sanctioned cost	Claim lodged	Claim received from REC	Balance amount to be received	Expenditure
XI FYP (2007-12)	DVVNL	03	1,808	1,618	89.49	242.96	177.04	111.61	65.43	112.16
	PuVVNL	07	8,825	9,398	106.49	1,341.21	736.82	654.38	82.44	537.45
	PVVNL	03	1,055	745	70.62	452.02	260.85	184.58	76.27	126.42
	MVVNL	09	20,343	13,576	66.74	2,378.83	1,824.82	1,236.66	588.16	1,219.80
Total		22	32,031	25,337	79.10	4,415.02	2,999.53	2,187.23	812.30	1,995.83
XII FYP	DVVNL	21	32,477	13,089	40.30	2,466.14	1,044.15	845.94	198.21	714.57
	PuVVNL	17	60,642	34,161	56.33	2,247.39	1,292.02	1,031.78	260.24	824.73

³ District Level Co-ordination Committee consists of District Magistrate, Chief Development Officer, GM, Industries, District Agriculture Officer of respective district, SE/EE of DISCOMs and members of Trade, Industries' and Farmers' groups.

Table 2.1.1: Physical and Financial Progress in XI and XII FYP

Five Year Plan	DISCOM	No of Projects / Districts	Physical Progress			Financial Progress (₹ in crore)				
			No of villages/habitations in DPR	No of villages/habitations completed	Percentage of completed villages	Sanctioned cost	Claim lodged	Claim received from REC	Balance amount to be received	Expenditure
(2012-17)	PVVNL	12	10,101	5,774	57.16	983.39	505.84	356.39	149.45	272.32
	MVVNL	14	37,431	9,528	25.45	1,585.90	804.45	609.53	194.92	414.27
Total		64	1,40,651	62,552	44.47	7,282.82	3,646.46	2,843.64	802.82	2,225.89
G. Total		86	1,72,682	87,889		11,697.84	6,645.99	5,030.87	1,615.12	4,221.72

Source- Information furnished by DISCOMs

REC has withheld (as of 31 March 2017) reimbursement of ₹ 1,197.22 crore due to negligence of the DISCOMs to upload habitation wise online data, install sign boards, not submitting village/ habitation wise inspection reports and not complying with the inspection reports of the Quality Monitors.

Recommendation:

The Department and the DISCOMs should proactively address the concerns of REC to ensure release of withheld amounts.

Acknowledgement

2.1.10 Audit acknowledges the cooperation and assistance extended by the DISCOMs and their officials during conduct of the Performance Audit.

Audit Findings

2.1.11 The Audit findings are discussed in the succeeding paragraphs:

Project Planning

2.1.12 The DISCOMs engaged project management consultants⁴ (PMCs) at a total cost of ₹ 40.17 crore⁵ in XI FYP and ₹ 157.60 crore⁶ in XII FYP to prepare DPRs. Irregularities in preparation of DPRs of XI FYP and XII FYP are discussed in the succeeding paragraphs:

Preparation of DPRs without field survey

2.1.13 The DPRs, forwarded to the state level standing committee (SLSC) as well as the monitoring committee (MC) for approval, included undertakings by the DISCOMs that the DPRs were based on field surveys and updated SoR.

Audit observed that DISCOMs did not maintain any centralised data for electrified and unelectrified villages/habitations and relied on the field survey conducted by the PMC. As a result, out of 28,342 villages/habitations (as per DPRs prepared by PMC) proposed by DISCOMs for electrification in 13 districts/projects, 2,053 villages/habitations of nine districts were found already electrified and 286 villages/habitations in nine districts did not exist when site survey was done by turnkey contractor (TKC) before start of the execution of the work as detailed in table 2.1.2.

⁴ Project Management Consultant is an outside agency appointed by the DISCOMs for preparation of DPRs and monitoring and management of projects.

⁵ DVVNL-₹ 2.27 crore, PuVVNL-₹ 11.07 crore, PVVNL-₹ 1.32 crore and MVVNL-₹ 25.51 crore

⁶ DVVNL-₹ 32.80 crore, PuVVNL-₹ 76.05 crore, PVVNL-₹ 11.88 crore and MVVNL-₹ 36.87 crore

Table 2.1.2: Details of already electrified and non-existing habitations

Name of DISCOM	No. of districts/projects	No. of habitations to be electrified	No. of habitations already electrified	No. of non-existing habitations
MVVNL	3	7,656	267	54
PuVVNL	4	10,918	1,624	22
PVVNL	1	503	85	119
DVVNL	5	9,265	77	91
TOTAL	13	28,342	2,053	286

Source- Information furnished by DISCOMs

Further audit findings are given below:

- As per the Scheme guidelines, villages/habitations having population of more than 300 were to be covered for electrification under the XI FYP. Audit noted that 497 villages/habitations with population of more than 300 were not initially included in the approved DPR of Barabanki District under MVVNL. Subsequently, on the exclusion being pointed out (August 2014) by the executing firm, these villages/habitations were allowed (June 2015) by the REC for coverage on the condition that the project cost not to be revised.
- As per the Scheme guidelines, villages/habitations having population of more than 100 were to be covered for electrification under the XII FYP. Audit observed that 19 villages/habitations with population of more than 100 were not included in the DPR of Sultanpur District under MVVNL. Further, MVVNL electrified (2016-17) these 19 villages/habitations at a cost of ₹ 3.03 crore under Dr. Ram Manohar Lohia Samgra Gram Vikas Yojna (a Scheme funded by the GoUP). Though subsidy was available under RGGVY from GoI, incorrect planning led to an avoidable burden of ₹ 2.73 crore (90 per cent of the project cost) on the State exchequer. Further, 213 BPL households of these 19 habitations were still without free electricity connections.
- Contrary to the Scheme guidelines, the DPR of Sonebhadra district under PuVVNL did not include provision for electrification of 34 primary schools. As a result, instead of availing of Scheme funds, the PuVVNL used GoUP fund of ₹ 1.68 crore for electrifying these schools.

The above indicates that the DPRs were prepared either on the basis of a doubtful or no survey due to complete dependence on PMCs data/survey. The CE/SE (RGGVY Wing of respective DISCOMs) failed to ensure genuineness of the villages covered in the DPRs and correctness of the DPRs prepared by the PMCs.

These DISCOMs stated (March 2018) that the DPRs were prepared much before the commencement of the work and some habitations might have been electrified under various ongoing schemes in the State. Instances of habitations not being found were likely due to their relocation due to climatic conditions/changes in local nomenclature over the period. The reply is not convincing as the DPRs in question were revalidated/re-cast and there was time gap of only one year between the submission of the revalidated DPRs and commencement of the work. This confirms the audit observation that surveys were not reliable.

Inclusion of inadmissible works/items in DPRs despite disallowance by REC earlier

2.1.14 The Scheme guidelines prohibited inclusion of inadmissible works/items in the DPR.

Audit observed that despite disallowance of inadmissible items by REC at the time of project closure of X FYP, three DISCOMs included various inadmissible works/items of ₹ 12.98 crore in the DPRs as detailed in table 2.1.3. Such inadmissible expenditure is likely to be disallowed by REC at the time of project closure.

DISCOM	Projects	FYP	Name of work	Amount (₹ in crore)
MVVNL	Shahjahanpur	XI	Conversion of 66/11 KV S/s to 33/11 KV S/s	3.80
	Ambedkar Nagar, Hardoi, Gonda, Lakhimpur, Barabanki, Faizabad, Unnao, Bahraich, Shahjahanpur	XI	Work of establishing the set up for computerisation of consumer data, indexing, billing and construction of billing centers etc.	3.06
PVVNL	Bulandshahr	XI	-do-	0.16
DVVNL	Etah, Kannauj	XI	LT PVC cables for street light connections	2.61
	Aligarh, Mathura, Hathras, Agra, Etawah	XII	LT PVC cables for street light connections	3.35
TOTAL				12.98

Source- Detailed Projects Reports sanctioned by REC.

DISCOMs incurred avoidable expenditure of ₹ 12.98 crore due to inclusion of inadmissible works/items in the DPRs

DISCOMs stated (March 2018) that these works were sanctioned by the REC. The reply is not acceptable as in a similar case of Bulandshahr project of PVVNL under X FYP, despite initial approval, the REC had disallowed inadmissible items of ₹ 1.63 crore at the time of project closure.

Irregular reduction in the scope of work of approved DPRs

2.1.15 As per Scheme guidelines, the DISCOMs were to prepare the DPRs as per the data based on actual surveys and latest cost schedules to avoid any subsequent quantity or cost variations. Any cost overrun due to variation in quantity or rate was to be borne by the State Government.

Audit observed that while finalising the tenders for award of work to the PIAs, DISCOMs (MVVNL, PuVVNL and DVVNL), found that the rates quoted by the L-1 firms were higher than the sanctioned in the DPRs leading to an increase in the cost of work. However, instead of transferring the cost difference to the GoUP or referring the matter to the MC and REC, CE/SE (RGGVY) of DISCOMs reduced the scope of the said works by ₹ 207.31 crore (MVVNL ₹ 19.81 crore, PuVVNL ₹ 118.90 crore and DVVNL ₹ 68.60 crore) in order to limit the overall cost of the project within the sanctioned amount. Consequently 4,24,370 households were deprived of electrification and 1,22,441 BPL households could not get connection as detailed in table 2.1.4.

Name of DISCOMs	No. of projects/districts	No. of RHHs deprived of electrification	No. of BPL HHs deprived of connections
MVVNL	3	21,844	1,22,441
PuVVNL	3	3,25,254	NIL
DVVNL	3	77,272	NIL
TOTAL	9	4,24,370	1,22,441

By resorting to irregular reduction in the scope of work of the approved DPRs, 4,24,370 households were deprived of electrification and 1,22,441 BPL households could not get connection

The DISCOMs accepted (March 2018) the audit observation.

Failure in obtaining approval of DPRs of 11 districts

2.1.16 GoI directed (September 2013) the continuance of the scheme under XII FYP in order to cover all the remaining census villages and habitations with population of above 100 and to complete the spill over works of the projects already sanctioned under X and XI FYP. Accordingly, the DISCOMs submitted (November 2013) DPRs for all the 75 districts of the State having villages/habitations with populations above 100. However, the REC sanctioned (January 2014) DPRs of 64 districts only, excluding 11 districts⁷ on the ground that these districts were already covered under the X and XI FYP. As the XI FYP covered the villages/habitations having populations more than 300, the refusal of the REC to sanction DPRs of these 11 districts were not in line with the directions of the GoI to cover all remaining census villages and habitations with population of above 100 in these districts.

Though the REC rejected the DPRs on wrong grounds, DISCOMs failed to pursue the matter with the REC. As a result, 45,492 villages/ habitations having 21,35,768 RHHs and 7,18,083 BPL RHHs in these 11 districts having population between 100 to 300 were deprived of access to electricity as detailed in **Annexure-2.1.1**.

The Management stated (March 2018) that the DPRs of all the projects had been submitted to the REC and the decision to accord the sanction was with the REC. The reply is not convincing as DISCOMs did not take up the matter with REC as well as MoP, GoI for re-considering the rejected DPRs.

Non-adjustment of value of material received back

2.1.17 As per the orders (August 2011 and May 2013) of the UPPCL, in case of augmentation of a sub-station, value of received back transformers should be adjusted against the project cost.

Audit observed that in MVVNL and DVVNL, 42 power transformers of various capacities valued at ₹ 11.99 crore were removed on account of capacity augmentation of the sub-stations in 10 projects and kept by the DISCOMs for their own use. However, the costs of these transformers was not adjusted against the respective project costs, resulting in excess drawal of funds totalling ₹ 11.99 crore by MVVNL and DVVNL.

The DISCOMs accepted (March 2018) the audit observations.

Avoidable expenditure on augmentation of capacities of 33/11 KV sub-stations

2.1.18 As per the Scheme guidelines, establishment of new 33/11 KV sub-stations and augmentation of existing 33/11 KV sub-stations was to be carried out by the respective DISCOMs after furnishing proper justification substantiated with data regarding system requirements.

Audit observed that in two (Ambedkar Nagar and Faizabad) out of 19 districts of MVVNL, the existing capacity of 28 sub-stations of 33/11 KV (539 MVA) was over and above the connected load of existing consumers as well as increased load of anticipated consumers (438 MVA). Therefore, the available

⁷ Bahraich, Barabanki, Lakhimpur Kheri, Shahjahanpur, Unnao, Bulandshahr, Muzaffarnagar, Allahabad, Ballia, Gorakhpur and Jaunpur.

In DPRs of Ambedkar Nagar and Faizabad districts, MVVNL provided for augmentation of capacity of sub-stations, which involved an avoidable expenditure of ₹ 33.61 crore

capacity of the sub-stations was sufficient to cater to the increased load of anticipated consumers as mentioned in the DPRs.

Despite this, the management of MVVNL provided for augmentation of additional capacity of sub-stations of 155 MVA in DPRs of aforesaid districts, which involved an avoidable expenditure of ₹ 33.61 crore of Scheme funds.

Excess provision of Distribution Transformers (DTs) in DPRs

2.1.19 As per the Scheme guidelines, village electrification infrastructure (VEI) was to be created with provision for distribution transformers (DTs) of appropriate capacity, keeping in view the load required for electrification of BPL/APL RHHs and public places.

Audit observed that:

- In two districts of MVVNL (Ambedkar Nagar and Sultanpur), load of 49,575 KVA only (80 per cent of installed capacity) was required for giving connections to 1,27,074 RHHs as proposed in the DPRs. However, the MVVNL proposed installation of DTs of 1,21,518 KVA capacity which was in excess of 59,550 KVA (120 per cent higher) as compared to the requirement of load assessed on the basis of anticipated connections provided in the DPRs. This inflated estimation led to installation of excess capacity of 59,550 KVA (3,721 DTs of 16 KVA) valued at ₹ 27.91 crore.

In DPRs, MVVNL made excess provision for installation of DTs involving an avoidable expenditure of ₹ 30.47 crore

- The DPRs prepared under the Scheme specified the category of consumers to whom the electricity connections were to be provided. The DPRs of three districts (Ambedkar Nagar, Barabanki and Faizabad) of MVVNL, despite making provisions for giving connections to all known categories, also made provision for an additional 2,984 connections (load of 6,631 KVA) to 'Other' category of consumers. This additional provision led to unwarranted installation of DTs of 6,640 KVA (10 KVA each) valued at ₹ 2.56 crore.

The excess provision for installation of DTs by the management of MVVNL led to creation of idle capacity and involved an avoidable expenditure of ₹ 30.47 crore (₹ 27.91 crore for 16 KVA and ₹ 2.56 crore for 10 KVA DTs).

Thus, if the expenditure of ₹ 64.08 crore (₹ 33.61 crore in paragraph 2.1.18 and ₹ 30.47 crore in paragraph 2.1.19) could have been avoided by the DISCOMs, more districts could have been covered under the scheme as discussed in paragraph 2.1.17.

MVVNL stated (March 2018) in respect of paragraph 2.1.18 and 2.1.19 that the excess capacity was created to keep the system under load even after five years. The reply is not acceptable as the MVVNL has chosen to provide capacity augmentation only in two districts out of 19 districts. Hence, this does not seem to be a conscious policy decision, and the reply is an afterthought.

Award of work for preparation of DPRs without obtaining competitive bids

2.1.20 The work of survey, preparation of DPRs and project monitoring during construction (PMC) work in 14 districts for 36,889 villages/habitations under the XII FYP was awarded (November 2013) by PuVVNL to REC Power Distribution Company Limited (RECPDCL) at the previous rates (rate for work executed by the same firm under XI FYP) of ₹ 16,720 per habitation/village on single offer basis. Out of the value of the awarded rates 25 per cent (₹ 4,180 per villages/habitation) was for carrying out the survey

and preparation of DPRs and 75 per cent (₹ 12,540 per villages/habitation) was intended for PMC work.

Audit observed that the management of PuVVNL, awarded (November 2013) the work at the old rates without taking cognizance of the rates awarded (September 2013) i.e. ₹ 2,500 per village/habitation by a sister company MVVNL to M/s Medhaj Techno Concepts Limited (referred to in paragraph 2.1.21 below) for the work of survey and preparation of DPRs after inviting tenders (June 2013). This led to award of work by the company at a rate higher by ₹ 1,680 per habitation/village involving an extra expenditure of ₹ 6.20 crore⁸.

PuVVNL stated (March 2018) that due to urgency of work and shortage of time, the PMC work was awarded to the same firm at old rates. The reply is not convincing as the progress of the work was 52.69 per cent (March 2017) despite the expiry of schedule date of completion, which itself indicates that the urgency of work was merely an excuse or afterthought. Further, the reply does not address the issue of how, in similar circumstances, PVVNL (another sister company of PuVVNL) also had awarded (July 2013) the work of preparation of DPRs by inviting open tender.

Excess payment to PMC for preparation of DPRs

2.1.21 MVVNL entered into an agreement (September 2013) with M/s Medhaj Techno Concept Private Limited (Contractor) for preparation of DPRs including GPS survey of various habitations in 19 districts under the XII FYP. As per the Scheme guidelines, the Contractor was to prepare DPRs for habitations having population above 100 and habitations not covered earlier under the X and XI FYP. The Contractor was to be paid ₹ 2,500 per habitation (service tax extra) on the basis of actual number of habitations covered for electrification after survey and approval of the same by the REC.

Audit observed that the Contractor, in violation of the Scheme guidelines, prepared DPRs for all the 95,067 habitations in the 19 districts including habitations having population less than 100 and habitations already covered under X and XI FYP. The REC, in line with the provisions of the Scheme, sanctioned (December 2013) DPRs of 37,431 habitations only.

The Contractor submitted a claim for payment against total 95,067 habitations. The MVVNL released (January 2015) full payment of ₹ 9.36 crore (service tax extra) for 37,431 habitations as approved by the REC. In addition, the MVVNL also made payment of ₹ 5.96 crore being 50 per cent payment for the balance 42,384 habitations with the approval of the Chairman and the Managing Director without assigning any reason, thereby extending an undue benefit of ₹ 5.96 crore (including service tax) to the Contractor.

MVVNL stated (March 2018) that the Contractor had surveyed all the villages/habitations of the DISCOM excluding villages covered under X, XI FYP and villages/habitations having population below 100, and hence, payment of all surveyed villages/habitations was released to Contractor. The reply is not acceptable as it is contrary to the scope of the Scheme guidelines and the Contractor was not eligible for any reimbursement.

MVVNL extended undue benefit to contractor by release of payments for covering habitations not approved by REC

⁸ 36,889 village/majras x ₹ 1,680 (₹ 4,180-₹ 2,500) = ₹ 6.20 crore

Recommendations:

1. DISCOMs should ensure inclusion of only eligible villages/habitations in DPRs;
2. DISCOMs should adhere to the Scheme guidelines and ensure due diligence in preparation of DPRs; and
3. DISCOMs should take up the matter with GoUP to bear the burden of cost difference of sanctioned cost and awarded cost instead of reducing the BOQ/scope of the work so that the intended objective of the Scheme of electrification of all eligible villages/habitations can be achieved.

Project Management

2.1.22 Audit examined execution of projects in 19 districts (sanctioned cost of ₹ 3,026.74 crore) out of 75 districts (sanctioned cost of ₹ 11,697.84 crore). For implementing, monitoring and quality control activities, the DISCOMs had received service charges/fees of ₹ 353.20 crore and ₹ 364.14 crore under XI and the XII FYP respectively (at the rate of eight *per cent* of the sanctioned cost of the projects in XI FYP and five *per cent* in XII FYP). Plan wise physical and financial progress in these sampled districts is detailed in table 2.1.5.

Table 2.1.5: Physical and financial progress of sampled districts of XI and XII FYP

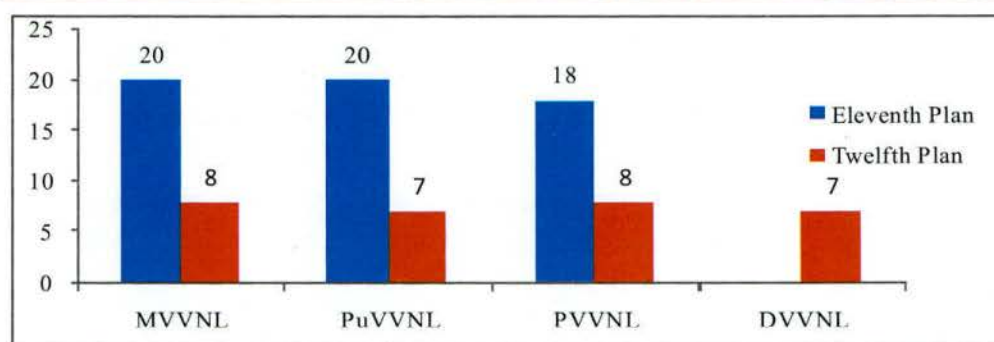
(₹ in crore)										
Five Year Plan	DISCOM	No of districts	Physical progress			Financial progress				
			No of villages/habitations in DPR	No of villages/habitations completed	Percentage of completed villages	Sanctioned cost	Claim lodged	Claimed amount received from REC	Percentage of claims received	Expenditure
XI FYP (2007-12)	MVVNL	3	8,746	7,792	89.09	893.14	680.55	566.67	83.27	571.03
	PuVVNL	1	984	984	100.00	153.59	138.2	122.11	88.36	124.82
	PVVNL	1	503	329	65.41	160.81	104.99	77.3	73.63	58.65
Sub-total		5	10,233	9,105	88.98	1,207.54	923.74	766.08	82.93	754.50
XII FYP (2012-17)	MVVNL	4	8,699	1,984	22.81	317.5	131.77	103.65	78.66	122.42
	PuVVNL	4	15,708	8,276	52.69	621.9	413.56	330.16	79.83	245.11
	PVVNL	3	2,300	1,873	81.43	214.7	106.1	78.03	73.54	79.33
	DVVNL	5	9,265	3,712	40.06	665.1	277.66	214.05	77.09	186.27
Sub-total		16	35,972	15,845	44.05	1,819.2	929.09	725.89	78.13	633.13
Grand total		21⁹	46,205	24,950	54.00	3,026.74	1,852.83	1,491.97	80.52	1,387.63

Source- Information furnished by DISCOMs

Physical progress in the sampled districts of the DISCOMs ranged between 22.81 *per cent* and 89.09 *per cent* (except 100 *per cent* in one district of PuVVNL). Electrification work could not be completed even after delay of one to 20 months after the scheduled date of completion. The position of maximum delay in sampled RGGVY projects in the State DISCOMs up to March is depicted in chart 2.1.2.

⁹ Two districts *i.e.*, Faizabad and Ambedkar Nagar are common in XI and XII FYP.

Chart 2.1.2: Position of delay (in months) in sampled projects up to March 2017



The main reasons for delay in completion of 19 projects test checked in audit were delays in awarding works (one to 13 months) in 17 projects, delays in actual site survey (one to 24 months) in 19 projects and delays in supply of material (one to 24 months) in 19 projects as detailed in **Annexure-2.1.2**.

DISCOMs have outsourced all the implementation activities on turnkey/ semi turnkey basis to various turnkey contractors (TKCs). Further, DISCOMs have even outsourced regular monitoring and supervision works of projects to project management consultants (PMCs) at a total cost of ₹ 197.76 crore in all DISCOMs. The TKCs submit monthly progress reports to the PMCs who in turn submit the MIS to CE, RGGVY. In spite of having habitation wise monthly MIS reports, the CE, RGGVY failed to take corrective measures to control the delay in implementation of projects.

The deficiencies observed during examination of records at the Headquarters of the DISCOMs and in execution of work in the selected 19 projects are discussed below:

Non-adoption of rates of cost schedule in NIT led to award of works at higher rate

2.1.23 As per Scheme guidelines, DISCOMs are required to prepare DPRs based on actual field survey and updated cost schedule to avoid subsequent revision in projects cost.

Accordingly, the DISCOMs prepared DPRs considering their updated Rural Electrification and Secondary System Planning Organisation (RESSPO) Cost Schedule¹⁰ applicable for the respective years. Further, the Scheme guidelines stipulate that any cost revision is to be borne by the State Government.

Audit observed that the Managing Director's Committee¹¹ of the respective DISCOMs awarded the work on turnkey basis at higher rates ranging between 16 and 58 per cent as compared to the rates approved in the DPRs (**Annexure-2.1.3**) of 14 out of 19 sampled districts in all the four DISCOMs. The main reason, as analysed by audit, for higher rates, was the higher cost of materials ranging between 21 and 67 per cent (**Annexure-2.1.4**) as compared to the RESSPO Cost Schedule and non inclusion of applicable rates of cost schedule in the Notice Inviting Tenders (NITs) by the aforesaid Committees. The

¹⁰ RESSPO cost schedule is prepared on the basis of highest rates of materials and erection charges (inclusive of all taxes and establishment cost etc.) noticed among all the DISCOMs during the respective years.

¹¹ Managing Director's Committee comprises MD, Director (Technical), Director (Finance), CGM/GM (Finance) and Chief Engineer (RGGVY) of the respective DISCOM.

guidelines issued by the CVC¹² also provide that before acceptance of offer, reasonability of the quoted rates should be established based on estimated rates and prevailing market rates. The DISCOMs, however, without justifying such significantly higher rates (up to 67 per cent) or exercising any other alternative like retendering, awarded the work. This led to extra expenditure of ₹ 537.45 crore (*Annexure-2.1.3*).

The DISCOMs stated (March 2018) that works were awarded on turnkey basis against e-tendering following the tender procedures. Further, the revised higher cost under XI FYP works had been approved by REC. In the XII FYP, BOQ/scope of work was curtailed accordingly to restrict the cost of project within the sanctioned limit. The reply is not acceptable as these DISCOMs adhere to RESSPO cost schedule while implementing GoUP electrification schemes and the RGGVY scheme also stipulates the same provision. Further, the REC had already disallowed such cost escalation of ₹ 4.22 crore in J.P. Nagar project of PUVNL under X FYP projects at the time of closure of the project and it is therefore likely that in these cases also, REC will disallow cost escalation at the time of closure. Reducing the BOQ/scope of work to fit the cost of the project is injudicious since it implies that the project will ultimately not meet the envisaged goals.

Extra expenditure due to excess provision of PCC poles

2.1.24 REC guidelines stipulate preparation of DPRs based on actual field surveys and updated RESSPO cost schedule to avoid subsequent revision in projects cost.

Audit noticed that against the DPR provision of installing 17 portland cement concrete (PCC) poles at every one kilometer (km), MVVNL installed 25 PCC poles per km in three out of four sampled districts (Lucknow, Faizabad and Ambedkar Nagar) under XII FYP for the spur (branch) line for electrification of villages/habitations. This led to increased cost against RESSPO cost schedule, and excess installation of 3,362 PCC poles involving extra expenditure of ₹ 1.73 crore.

The MVVNL stated (March 2018) that the number of poles were increased to avoid accidents by reducing the span of distance between two poles. The reply is not acceptable as other DISCOMS as well as MVVNL itself had installed 17 PCC poles per km earlier in other districts. Further, MVVNL has not furnished a single instance of accident due to span of distance between two poles where MVVNL had earlier installed 17 PCC poles per km.

Burden on State exchequer due to deviation from Scheme guidelines

2.1.25 As per Scheme guidelines, the DPRs prepared by the DISCOMs are submitted to the SLSC for approval with the undertaking that no villages/habitations of the DPRs were included in any other scheme. The DPRs approved by the SLSC are sent to the REC for approval by the MC.

Audit noticed that an agreement was executed (December 2014) by MVVNL with M/s Jyoti Structural Limited for the electrification of 1,991 villages/habitations of Lucknow district. Due to slow progress of work (three per cent) the agreement of M/s Jyoti Structural Limited was terminated

¹² As per point no. 15 in respect of reasonableness of prices envisaged in guidelines in reference to common lapses/irregularities issued by CVC on 15 January 2002.

(May 2016) and a new agreement with M/s KEI Limited was executed (June 2016) to cover the district under the Scheme.

Audit further noticed that contrary to the undertaking given to SLSC, SE Distribution Circle, Lucknow approved (May 2016) the electrification of 107 villages/habitations (out of 1,991 villages/habitations) at cost of ₹ 16.26 crore under the Ram Manohar Lohia Scheme, {(RML) funded by the GoUP}, which were electrified in December 2016. These villages were already covered under the RGGVY Scheme. The justification for electrification of 107 villages under the RML scheme given by the SE was termination of agreement (May 2016) under RGGVY scheme. The justification of SE was not convincing as before the termination of the agreement of M/s Jyoti Structural Limited, the process of retendering under RGGVY was initiated (March 2016) for the work of electrification of villages/habitations of Lucknow district well before undertaking (May 2016) the work under RML Scheme. Therefore, had these 107 habitations not got electrified under RML Scheme, these could have been carried out by M/s KEI Limited under RGGVY Scheme.

Thus, due to irregular action of the SE, the GoUP had to bear extra burden of ₹ 14.63 crore¹³, which was otherwise available under the RGGVY scheme. Further, since there was no provision of releasing connections to BPL households free of cost in RML Scheme, 2,067 BPL households of these 107 habitations which could have been released connections free of cost in RGGVY, were also deprived of free electricity connections.

MVVNL stated (March 2018) that due to termination of the agreement of the contractor, these villages were covered under RML Scheme on the request of the villagers for early electrification. The reply is not acceptable as the retendering process was already initiated in March 2016 for all the remaining habitations including these 107 habitations.

Non-imposition of liquidated damages

2.1.26 As per the agreements under the scheme, if a contractor fails to perform the assigned works within the stipulated time (18/24 months from agreement); liquidated damages (LD) at the rate of half *per cent* of the uncompleted works to a maximum of five *per cent* are leviable.

Audit observed that though 17 projects of DISCOMs¹⁴ were delayed by one to 24 months from the scheduled dates of completion, the CE/SE (RGGVY) of respective DISCOMs failed to deduct LD of ₹ 43.87 crore from the bills of contracting firms.

Audit, further, observed that MVVNL had deducted LD of ₹ 3.23 crore from the bills of the contractors (M/s Everest India for Faizabad and M/s IL&FS for Ambedkar Nagar) for failure to execute the work within the stipulated time (by July 2015) under the XI FYP. Subsequently, the Managing Director of MVVNL refunded (March 2017) the LD amount of ₹ 2.27 crore to the contractors by extending completion period by six to eight months without specifying any reason.

Thus, by not deducting LD despite their failure to complete the works within the stipulated period and by refunding the already deducted LD, the

¹³ ₹14.63 crore = (90 *per cent* of ₹16.26 crore).

¹⁴ **XI FYP**- PUVNL- 3 projects and DVVNL- 3 projects; **XII FYP**- MVVNL-2 projects, PuVVNL-2 projects and DVVNL-7 projects.

management of DISCOMs extended undue favour of ₹ 46.14 crore (₹ 43.87 crore + ₹ 2.27 crore) to contractors.

The DISCOMs stated (March 2018) that LD was not deducted as the matter of time extension was pending with the REC. DVVNL further stated that it had deducted LD of ₹ 15.22 crore out of deductible amount of ₹ 25.12 crore pointed out by Audit. The replies are not acceptable, as LD was to be deducted after the lapse of scheduled completion period immediately. Moreover, the time extension sought had not been provided by REC till date. Further, no reply was furnished by MVVNL with respect to unjustified refund of the LD.

Deficient provision in PMC agreement

2.1.27 An agreement was executed (March 2015) between the MVVNL and M/s Medhaj Techno Concept Private Limited (PMC), under the XII FYP for a contracted price of ₹ 41.42 crore for undertaking PMC work in 19 districts. Out of the contract price of ₹ 41.42 crore, ₹ 18.64 crore was awarded for inspection of materials, physical verification and quality monitoring of works being executed by turnkey contractors (TKCs). The PMC was to be paid in 24 equal monthly installments.

Audit noticed that the agreement between PMC and MVVNL did not include any provision for linking PMC payment with actual progress of work by TKC. After 24 months (March 2017), out of 37,431 habitations awarded for electrification, only 12,889 habitations (34.43 per cent) were completed by TKC. However, MVVNL released total awarded amount of ₹ 18.64 crore to PMC (April 2015 to March 2017) on monthly basis even though the physical progress was only 34.43 per cent.

Thus, non-linking of payment of PMC with progress of work executed by TKC resulted in release of ₹ 12.22 crore¹⁵ to the PMC without any physical progress being achieved on the ground.

MVVNL stated (March 2018) that the PMC had deployed required technical manpower at the DISCOM as well as in the field offices. The reply is not convincing as the management of MVVNL did not ensure the linking of payment to the firm with physical progress of the work, due to which payment had been made to the PMC without performing the work it was engaged for. MVVNL was well aware of implementation delays in all projects in X and XI FYP. Therefore, they should have included an enabling provision in the contract to safeguard their interest in case of delay by TKC in execution of projects. After the completion of agreement period, MVVNL does not have any legally enforceable clause against PMC on the remaining 65 per cent of work. Further, the PVVNL (sister company of MVVNL) had fixed the terms of payment to be made to PMC in such a way that, if no work was done by TKC, no payment would be made to PMC after three months and limiting such payment for the three months period to ₹ 5 lakh.

2.1.28 DVVNL entered (January 2015) into an agreement with REC Power Distribution Company Limited, New Delhi as PMC for projects in 21 districts under XII FYP at the rate of ₹ 10,100 per village (excluding Service Tax), in which, the DVVNL allowed activity based payment to the PMC. For the work of activity number two "Pre-dispatch inspection of quality of material as per technical specifications of material and physical verification of material

¹⁵ ₹ 18.64 crore - ₹ 6.42 crore (34.43 per cent of ₹ 18.64 crore).

received/installed and erected in electrification works”, 45 per cent (₹ 4,545 per villages/habitations, out of ₹ 10,100 per habitations) of the total contract value was to be paid.

Audit observed that out of 21 districts, in four districts (Agra, Mainpuri, Etawah and Kannauj) having 6,668 villages/habitations, the work was being executed by the DVVNL on semi-turnkey basis (the works were awarded during September 2013 to January 2016) in which the materials were procured by DVVNL. Hence, pre-dispatch inspection as well as physical verification of material was to be ensured by the company’s own material management (MM) wing.

DVVNL made avoidable payment of ₹ 3.41 crore to PMC due to faulty agreement

Therefore, the rate allowed for activity number two of the payment schedule i.e., ₹ 5,106.76 (₹ 4,545 plus ST) per villages/habitations was avoidable. However, Chief Engineer and Superintending Engineer (RGGVY Wing) of DVVNL failed to exclude activity number two from the scope of the agreement in respect of 6,668 villages/habitations of four districts and made an avoidable payment of ₹ 3.41 crore to the PMC.

DVVNL stated (March 2018) that the PMC was carrying out 100 per cent pre dispatch inspection of materials. The reply substantiates the audit observation that DVVNL allowed the PMC to inspect the material supplied by it and made payment for the same whereas its own MM wing could have easily inspected the material at little or no extra cost.

Short collection and failure in encashment of BG and CPG

2.1.29 The agreements entered into by DISCOMs with contractors for the execution of projects, stipulate an unconditional and irrevocable contract performance guarantee (CPG) of 15 per cent of the total contract price to be obtained from the contractors at the time of agreement. Further, the contractors are to deposit bank guarantee (BG) of 110 per cent against any mobilisation advance prior to its release. The Chief Engineer (RGGVY) of DISCOMs is responsible for obtaining BG/CPG of the required amount. Audit observed that:

- MVVNL awarded (August 2013) the work of rural electrification of Hardoi and Bahraich districts under XI FYP to M/s Modern Instrument Limited (contractor). MVVNL obtained the BG for required amount of ₹ 6.71 crore. However, the CE (RGGVY) short collected CPG by ₹ 16.65 crore (required ₹ 52.32 crore – deposited ₹ 35.67 crore).

Against the completion schedule by July 2015, the contractor executed (upto April 2016) only 21.17 and 32.82 per cent in Hardoi and Bahraich districts respectively. Despite the fact that the scheduled date of completion was over, CE, RGGVY issued four reminders during December 2015 to February 2016 for early completion of works. Even after these reminders, the performance of the firm remained poor. Finally, after the eight months of the scheduled date of completion, MD terminated (1 April 2016) the agreement without encashing BG/CPG. After more than one month (6 May 2016) the MD ordered deferment of encashment of BG and CPG of ₹ 42.38 crore (BG of ₹ 6.71 crore and CPG of ₹ 35.67 crore) till 14 May 2016 without recording any reason. Though the extension for encashment also expired on 14 May 2016, MVVNL did not encash the BG/CPG till 29 May 2016. Meanwhile, the contractor approached the High Court, Allahabad on 30 May 2016 and obtained stay

order on 16 June 2016 against encashment of BG and CPG. However, BG expired in January 2017 and CE, RGGVY, MVVNL did not make any efforts for its renewal.

- DVVNL awarded (September 2014) the works of rural electrification of Agra and Hathras districts under XII FYP to M/s Accurate Transformers (Contractor) for contracted values of ₹ 133.18 crore and ₹ 103.48 crore respectively with completion schedule up to August 2016. As per the provisions of tender document and contract terms, the firm was to deposit full amount of BG/CPG within 30 days from the date of issue of LOI.

The Contractor requested DVVNL to grant the relaxation in deposit of full amount of BG/CPG on the ground of increasing pace of work, which REC refused (October 2014). Despite the refusal of REC, MD/CE irregularly obtained approval (March 2015) from the BODs, which was not competent to grant such relaxation. By such relaxation the Contractor was irregularly favoured to short deposit BG/CPG by ₹ 21.38 crore (CPG of ₹ 17.76 crore in Agra and Hathras projects and BG by ₹ 3.62 crore in the Hathras project). Further, due to slow progress of the work (one *per cent* to 17.86 *per cent*), MD of DVVNL terminated (February 2016) the agreement of Agra district and short closed (September 2016) the agreement of Hathras district. Moreover, the CE (RGGVY) of DVVNL short recovered BG of ₹ 4.06 crore (recovered ₹ 5.92 crore against BG of ₹ 9.98 crore) at the time of termination of the agreement in Agra project without recording any reasons. Further, in Hathras project, MD short closed the agreement which should have been terminated involving encashing BG and CPG. Consequently, DVVNL unduly favoured the Contractor by not encashing BG and CPG of ₹ 11.44 crore.

Thus, by neglecting to take necessary steps in obtaining full amount of BG/CPG, encashing BG/CPG and by resorting to short closure of the project in place of termination of the agreement, the management of DVVNL could not safeguard its financial interest to the tune of ₹ 36.88 crore (including the short deposited amount of CPG of ₹ 21.38 crore).

DVVNL stated (March 2018) that the BODs provided the necessary relaxation (March 2015) to the firm in depositing the full amount of CPG to increase the pace of work. The reply is not acceptable as providing relaxation in depositing the full amount of CPG was contrary to the order of REC refusing to provide relaxation. Moreover, the pace of work performed by the firms was also not satisfactory. Further, DVVNL did not furnish any reply regarding the failure to encash BG/CPG in the Agra project and also did not furnish the justification of short closure of agreement of Hathras project instead of terminating the same.

- In 10 projects of MVVNL and DVVNL, the firms deposited ₹ 49.86 crore CPG against the required amount of ₹ 128.56 crore, as detailed in **Annexure-2.1.5**. Thus, by permitting short deposit of CPG of ₹ 78.70 crore, the CE (RGGVY) of MVVNL and DVVNL violated Scheme guidelines and unduly favoured the contractors. Further, the interests of the DISCOMs were also at the stake in case of termination of the agreements due to failure of the firms.

MVVNL and DVVNL stated (March 2018) that the firms were provided relaxation in submission of CPG to speed up the progress of the work. However, the balance amount of CPG would be deducted from the bills of the contractors. The reply is not acceptable, as the full amount of CPG was to be obtained as per the terms and conditions of the agreement as also

DISCOMs extended undue favour of ₹ 95.91 crore to the contractors by not obtaining full amount of BG/CPG and not encashing BG/CPG.

instructed/clarified by REC. Further, though all the projects awarded under both plans were to be completed between July 2015 to March 2017, but no project has been completed till date (March 2018), despite relaxation in respect of BG/CPG.

Non submission of additional bank guarantee

2.1.30 As per the terms and conditions of the notification of award (NOA)/ letter of intent (LOI) issued to the contractors under RGGVY (XII FYP) in PVVNL, the contractors were required to submit an additional security of 15 per cent of the total cost of distribution transformers (DTs) and energy meters in the form of additional bank guarantee (BG). CE (RGGVY) was responsible for obtaining additional Bank Guarantee of the required amount.

Audit observed that in 19 out of 51 turnkey/semi-turnkey agreements in 12 districts/projects of PVVNL, the CE (RGGVY) did not obtain (between December 2014 to March 2016) the additional BG for ₹ 9.08 crore against supply of DTs and energy meters from the contractors on the ground that the required amount would be deducted from the running bills of the contractors. Since the submission of additional BG was the requirement of the terms and conditions of the contract, the granting relaxation in submission resulted in undue favour to contractor.

PVVNL accepted (March 2018) the facts.

Recommendations:

- 1. The DISCOMs should take corrective measures to control delays in implementation of projects;**
- 2. The DISCOMs should ensure the reasonableness of the rates as per CVC guidelines when awarding the work;**
- 3. The DISCOMs should evolve a detailed checklist to be followed to ensure compliance with the terms and conditions of the agreement; and**
- 4. The Department may examine from a vigilance angle the undue advantage extended to contractors by DISCOM functionaries.**

Financial Management

2.1.31 The Scheme was to be financed on 90:10 basis with GoI providing capital subsidy and GoUP contributing from its own resources or through loan from FIs (including REC). On request of the DISCOMs and after satisfying itself that the conditions specified for release of particular installment had been complied with, REC would release the GoI capital subsidy in five installments (30, 20, 20, 20 and 10 per cent) against the project cost (including cost of BPL connections) as detailed in the table 2.1.6.

Installment No.	Progress of villages including associated habitations & BPL HHs (in percentage)		Release of funds (in percentage)	
	Progress	Cumulative progress	Installment amount	Cumulative installment
1	-	-	30	30
2	05	05	20	50
3	25	30	20	70
4	25	55	20	90
5	45	100	10	100

Source: Guidelines of the Scheme

Avoidable burden of interest

2.1.32 Details of eligible capital subsidy receivable by the DISCOMs, subsidy and loans availed and expenditure incurred under XI and XII FYP during 2012-13 to 2016-17 are given in the table 2.1.7 below:

FYP	Eligible subsidy (₹ in crore)	Subsidy received (₹ in crore)	Loan availed from REC (₹ in crore)	Expenditure incurred (₹ in crore)
XI	1,986.76 ¹⁶	1,968.51	201.85	1,995.83
XII	3,277.26 ¹⁷	2,559.23	240.75	2,225.89
TOTAL	5,264.02	4,527.74	442.60	4,221.72

Source: Information furnished by DISCOMs

It may be seen from the above that despite being eligible for getting GoI capital subsidy from the REC, the managements of DISCOMs instead availed loans from the REC.

Audit observed that while releasing funds, the REC clubbed loan with capital subsidy, which the DISCOMs did not protest against. Funds already availed of by the DISCOMs as subsidy of ₹ 4,527.74 crore were also almost sufficient to cover the expenditure of ₹ 1,995.83 crore incurred in the XI FYP and expenditure of ₹ 2,225.89 crore in the XII FYP up to 31 March 2017. Thus, drawal of loan despite the availability of subsidy was indicative of poor financial management leading to avoidable burden of interest of ₹ 129.22 crore (*Annexure- 2.1.6*) on the State exchequer.

The DISCOMs accepted (March 2018) the audit observation.

Release of mobilisation advance without valid Bank Guarantee

2.1.33 MVVNL signed an agreement (October 2013) with M/s IVRCL Limited, Hyderabad (Firm) for rural electrification work of Unnao district under XI FYP for a contracted value of ₹ 394.36 crore (including ₹ 322.46 crore for supply of materials). The agreement stipulated that 10 per cent of the ex-work price component of the supply of materials of the contract price shall be paid as an initial mobilisation advance bearing interest at the rate of 12 per cent and shall be recovered from the first five bills. The mobilisation advance was payable only after presentation of an unconditional and irrevocable bank guarantee (BG) of 110 per cent of the amount of mobilisation advance valid for 18 months or till the recovery of the mobilisation advance. The firm submitted a BG of ₹ 35.47 crore (110 per cent of 10 per cent of supply portion) on 20 November 2013 drawn on the Chartered Mercantile M.B. Limited, Lucknow (CMMB), which was a mutual benefit company and not a bank.

Audit noticed that despite receipt of prior intimation (28 December 2013) from the CMMB that the BG issued in favour of the firm had been terminated due to non-completion of required formalities, the CE/SE (RGGVY) of MVVNL released (3 January 2014) mobilisation advance of ₹ 13.83 crore to the firm. Further, the MVVNL had to terminate the agreement on

MVVNL released mobilisation advance without valid BG which led to non-recovery of ₹ 13.83 crore

¹⁶ Eligible amount of subsidy in XI FYP = 50 per cent of (total sanctioned cost of ₹ 4,415.02 crore x 90 per cent) = ₹ 1,986.76 crore.

¹⁷ Eligible amount of subsidy in XII FYP = 50 per cent of (total sanctioned cost of ₹ 7,282.81 crore x 90 per cent) = ₹ 3,277.26 crore

25 August 2014 as the firm did not commence the work for seven months from the date of obtaining the mobilisation advance.

Accepting the Audit observations, MVVNL stated (March 2018) that following the Audit observation, out of ₹ 13.83 crore released to the firm, ₹ 11.86 crore was adjusted (September 2017) against the pending bills of the firm pertaining to X FYP of RGGVY of MVVNL and the balance amount would be adjusted against the pending bills of firm pertaining to X FYP of RGGVY (₹ 35.13 crore against X FYP) of DVVNL. However, the fact remains that the MVVNL released the advance without the requisite bank guarantee, providing an undue advantage to the firm.

Recommendation:

The Department may examine from a vigilance angle, the suspected collusion of MVVNL officials.

Irregular retention of miscellaneous income earned on Scheme funds

2.1.34 The Scheme guidelines stipulated that funds would be maintained in a dedicated bank account of the Scheme. Funds in excess of ₹ 50 lakh in the dedicated bank account would automatically be maintained as fixed deposits by the bank and the DISCOMs should not invest the funds in any other bank. The interest earned on the unutilised amount would be considered as RGGVY funds and credited to the Scheme fund account. Thus, in line with the guidelines of the Scheme, the interest earned on mobilisation advances, forfeited amount of BG/CPG and Earnest Money should be remitted to the Scheme fund account.

Audit observed that DISCOMs did not transfer interest earned on unutilised funds/mobilisation advance and forfeited amount of CPG/earnest money amounting to ₹ 61.17 crore (upto March 2017) to Scheme fund account and instead treated these funds as their own income as shown in table 2.1.8.

DISCOMs retained the income amounting to ₹ 61.17 crore earned as interest on Scheme fund and forfeited amount of earnest money, BG/CPG instead of remitting the same to Gol

Table 2.1.8: Details of miscellaneous income earned on Scheme fund

Sl. No.	Particulars	DISCOMs (₹ in crore)				TOTAL
		MVVNL	PuVVNL	PVVNL	DVVNL	
1	Interest on Mobilisation Advances (XI and XII FYP)	11.73	20.29	--	4.41	36.43
2	Interest on unutilised fund of Scheme (XI and XII FYP)	--	2.65	0.68	--	3.33
3	Forfeited amount of Earnest Money Deposit	1.21	--	--	1.30	2.51
4	Forfeited amount of Contract Performance Guarantee	--	--	--	18.90	18.90
TOTAL		12.94	22.94	0.68	24.61	61.17

Source- Information and details furnished by DISCOMs

The DISCOMs accepted (March 2018) the audit observations and after this was pointed out by Audit, the DVVNL credited ₹ 23.31 crore to the Scheme fund. However, the remaining amount of ₹ 37.86 crore was still pending to be credited to the Scheme fund.

Further, as per provisions of the Scheme, Income tax on interest earned on unutilised funds of the Scheme was not to be deducted under Section 197 of the Income Tax Act. Audit observed that the Director (Finance) and General Manager (Finance) of MVVNL and DVVNL did not bring the above provisions in the notice of the banks. As a result, the banks deducted income

tax of ₹ 10.51 lakh and ₹ 2.46 crore from the interest earned on the Scheme fund by MVVNL and DVVNL respectively during 2014-15 and 2016-17.

No claiming of Value Added Tax, Works Contract Tax and Labour Cess from the State Government

2.1.35 As per Scheme guidelines, capital subsidy was to be provided for rural electrification at the rate of 90 per cent of the cost of the projects, excluding the amount of State or local taxes which were to be borne by the concerned State/State Utility. Accordingly, the GoUP ordered (March 2014) that these taxes were reimbursable to DISCOMs. The Chief Engineer (RGGVY) and Director/General Manager (Finance) of the concerned DISCOMs were responsible for ensuring compliance with the aforesaid guidelines and Government Order.

Audit observed that:

Inaction of DISCOMs resulted in non-reimbursement of State taxes/cess aggregating ₹ 139.57 crore from the State Government

- While making payments to contractors from Scheme funds, all the four DISCOMs deducted and deposited value added tax (VAT) and work contract tax (WCT) to the tune of ₹ 120.97 crore¹⁸ with the Commercial Tax Department during 2012-17. The DISCOMs, however, failed to claim reimbursement of these taxes from the State Government.

- In 17 districts, DVVNL, instead of asking the contractors to submit the bills showing cost of materials and VAT separately, released the payment of ₹ 397.84 crore under XII FYP against supply bills wherein VAT was not shown separately. As a result, DVVNL was unaware of the amount of VAT to be claimed from the State Government and was, therefore, deprived of reimbursement of VAT amounting to ₹ 15.30 crore (considering lower rate of four per cent of VAT).

- DVVNL, PuVVNL and MVVNL deducted and deposited ₹ 2.69 crore towards labour cess from the running bills of the contractors in the XI and XII FYP. The DISCOMs, however, failed to get the labour cess from the State Government.

Thus, the Chief Engineer (RGGVY) and Director/General Manager (Finance), failed to claim State taxes/levy aggregating ₹ 139.57 crore.

The DISCOMs accepted (March 2018) the audit observation.

Short deduction of Labour Cess from the bills of the contractors

2.1.36 As per the Building and Other Construction Workers' Welfare Cess Act, 1996, the executing agency should deduct labour cess at the rate of one per cent of total cost of projects and the same should be deposited with the labour cess authority within 30 days of receipt of payment. The Director (Finance) and General Manager (Finance) of the concerned DISCOMs were to ensure the compliance of the aforesaid provision.

Audit observed that all the four DISCOMs made payment of ₹ 4,221.72 crore to various contractors and deducted labour cess of ₹ 2.69 crore only against

¹⁸ MVVNL-₹ 45.23 crore, PuVVNL-₹ 63.80 crore, PVVNL-₹ 11.07 crore and DVVNL-₹ 0.87 crore.

the required amount of ₹ 42.21 crore leading to short deduction of ₹ 39.52 crore¹⁹ from the bills of the contractors.

The DISCOMs accepted (March 2018) the audit observation.

Diversion of fund

2.1.37 The Scheme guidelines prohibited diversion of funds beyond the purpose of the Scheme.

Audit observed that the Managing Directors (MDs) of MVVNL and DVVNL approved the utilisation of the fund on works, which did not form part of the DPRs approved by the REC under the scheme, as discussed in table 2.1.9 below:

Name of DISCOMs	Amount (₹ in crore)	Reason/purpose for diversion
MVVNL	3.92	For construction of MD's camp office, own building of Distribution/Test division in five Districts ²⁰ and extension/strengthening of 33/11 KV sub-stations, not covered under the Scheme.
MVVNL	1.24	Adjustment of mobilisation advance of ₹ 2.61 crore released under R-APDRP to Biecco Lawrie Limited with RGGVY fund.
DVVNL	5.47	For construction of DISCOM's own building, CE's office, residences and other field offices buildings.
TOTAL	10.63	

Source: Information furnished by the DISCOMs

Thus, the MDs of the DISCOMs irregularly diverted the Scheme fund amounting to ₹ 10.63 crore for purposes not covered under the Scheme.

Irregular inter plan diversion of fund

2.1.38 As per the Scheme guidelines, the DISCOMs were to open dedicated bank accounts under the XI and XII FYP. On request of the DISCOMs, REC was to release funds to their dedicated bank accounts. Subject to fulfilment of certain conditions, the DISCOMs were allowed to utilise funds, earmarked for one project, for other projects of the same plan of the respective DISCOM. The inter plan diversion of fund was strictly restricted.

Audit observed that without approval of REC:

- The MD of MVVNL did not adhere to the guidelines and to liquidate the liability of payment to the contractors under XII FYP, diverted ₹ 59.45 crore from the dedicated account of the XI FYP to that of the XII FYP during April 2016 to June 2016. However, ₹ 39.03 crore was reverted to the account of XI FYP during June 2016 to October 2016. Balance ₹ 20.42 crore were still (March 2017) remaining to be reverted.
- The MD of DVVNL also diverted ₹ 22 crore from the dedicated account of XII FYP to that of the XI FYP for making payments to the contractors under XI FYP. No amount had been remitted to the account of XII FYP (April 2017).

¹⁹ MVVNL-₹ 16.06 crore, PuVVNL- ₹ 12.41 crore, PVVNL-₹ 3.98 crore and DVVNL- ₹ 7.07 crore.

²⁰ Rai Bareilly, Bahraich, Faizabad, Bareilly and Unnao.

Despite the restrictions on inter plan diversion under the scheme, the DISCOMs diverted funds from XI FYP to XII FYP and *vice-versa*, out of which ₹ 42.42 crore were still (April 2017) to be remitted to the respective plan's account.

The DISCOMs accepted (March 2018) the audit observation.

Recommendation:

DISCOMs should strictly comply with Scheme guidelines relating to fund management.

Scheme Performance

2.1.39 In order to achieve the objectives of the Scheme, rural electrification work in the districts was to be completed within a period of two years from the date of issue of letter of intent (LOI) to the contractors engaged under the Scheme by the DISCOMs. The Managing Directors of DISCOMs were responsible for setting up the control mechanism to ensure achievement of targets set under the Scheme. Deficiencies observed in achievement of the targets/objectives of the Scheme and control mechanism are discussed below:

Failure in achieving the target of BPL connections

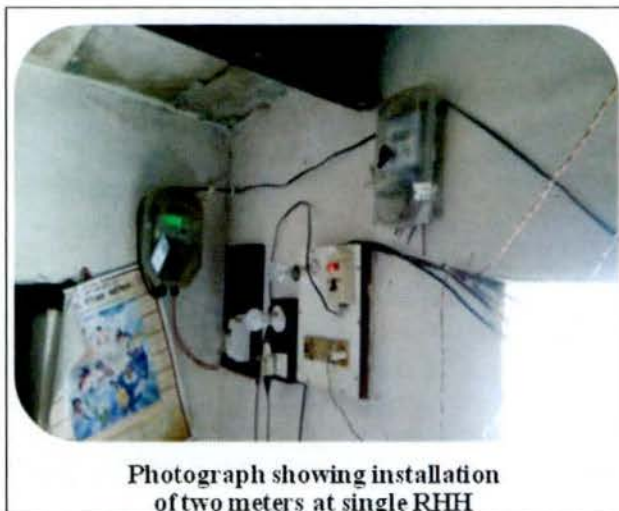
2.1.40 The Scheme envisaged free of cost of electricity connection to BPL households. The GoI provided 100 *per cent* subsidy for the cost of releasing connection. The status of connections released to BPL as on 31 March 2017 is shown in table 2.1.10:

Five Year Plan (FYP)	DISCOMs	No of Projects /Districts	No. of BPL connections to be issued as per DPR	No of BPL connections released	Short fall (in <i>per cent</i>)
XI	DVVNL	03	58,617	9,692	83.47
	PuVVNL	07	3,08,241	1,74,102	43.52
	PVVNL	03	1,07,717	18,046	83.25
	MVVNL	09	3,82,742	2,42,642	36.60
Sub total		22	8,57,317	4,44,482	48.15
XII	DVVNL	21	8,69,064	1,10,805	87.25
	PuVVNL	17	9,67,707	4,27,775	55.79
	PVVNL	12	2,55,146	67,624	73.50
	MVVNL	14	11,72,268	1,05,583	91.99
Sub total		64	32,64,185	7,11,787	78.19
Grand Total			41,21,502	11,56,269	71.95

Source- Progress Reports and information furnished by DISCOMs

DISCOMs failed to provide electricity connections to 29.65 lakh BPL households against the target of 41.21 lakh connections

The scheduled completion dates of projects under both the plans expired in September 2015 and March 2017 respectively. However, only 11.56 lakh (28.05 *per cent*) BPL connections were provided by the DISCOMs against the target of 41.21 lakh, and 29.65 lakh BPL households (71.95 *per cent*) were still deprived access to electricity as of March 2017. The main reasons of non-achievement of target of release of BPL connections were, delays in award of works, in carrying out actual site survey by contractors and in supply of materials by the contractors *etc.*



The DISCOMs accepted (March 2018) the audit observation.

Audit, further noticed that, in Ambedkar Nagar district of MVVNL, total 44,660 BPL connections were to be released, but the firm (IL&FS) released 69,000 BPL connections. The main reason for excess release of 24,340 connections was, issue of connections to BPL consumers who were already

having connection and raising of bills against BPL consumers without giving actual connections to them. Since the connections are released as per the report after site inspection carried out by the junior engineers of the respective divisions, the junior engineers of the field units were responsible for release of connections to consumers already having connection.

This, *prima facie*, indicated that the divisions allowed the firm to release the connections without following the due procedure intentionally to increase its claim against the number of connections released. Further, the Superintending Engineer of the Circle failed to develop a monitoring mechanism to ensure that the connections were released only to un-electrified BPL households. Thus, authenticity of release of 24,340 connections beyond the awarded quantity is questionable and payment of ₹ 5.35 crore (24,340 x ₹ 2,200/per connection) made to the contractor thereagainst was irregular and needed justification.

MVVNL accepted (March 2018) the audit observation.

Non-release of electricity connections to rural house holds

2.1.41 The main objective of the Scheme was to provide the access of electricity to all rural households (RHHs). As per the approved DPRs and LOIs issued to the firms, all the four DISCOMs worked out the required capacities of distribution transformers (DTs) to be installed under the Scheme keeping in view the loads of the RHHs (other than BPL) to be connected.

Audit observed that despite provision in the approved DPRs, the DISCOMs did not take any initiative to release the connections to these RHHs (other than BPL). In selected 19 projects of these DISCOMs, 31,69,925 RHHs (excluding BPLs) were to be electrified, against which only 19,48,218 RHHs (61 *per cent*) were electrified. The main reason for short release of connections to the RHHs was that despite the provision in the agreement with the PMC for monitoring BPL connections, the DISCOMs did not develop any similar mechanism for monitoring connections to other than BPL RHHs.

The DISCOMs accepted (March 2018) the audit observation.

Recommendation:

DISCOMs should ensure completion of projects within the stipulated timelines to achieve intended objectives of the Scheme to provide access of electricity to all RHHs (including BPL families) and to also ensure the

release of BPL connections linked with Aadhaar Card to avoid duplicate connections.

In-fructuous expenditure on installation of energy meters

2.1.42 The Scheme, *inter-alia*, provided that electricity connection shall be released free of charge to the BPL rural households for which capital subsidy was to be provided separately to the DISCOMs including cost of meters to be installed at the premises of such consumers. Executive Engineers of the Distribution Division were to ensure that bills were raised/issued to consumers as per the actual meter readings.

Audit noticed that in 19 sampled districts, 3,29,930 energy meters were installed at the premises of BPL consumers. But due to shortage of manpower, billing of these consumers was still being done by the respective Distribution divisions on provisional basis without actual meter reading. Thus, the purpose of installation of these meters to raise bill on the basis of actual consumption of energy was defeated and expenditure of ₹ 29.14 crore incurred on installation of meters proved to be unproductive.

The DISCOMs accepted (March 2018) the audit observation and stated that the steps for taking meter reading would be taken up.

Audit, further observed (April 2017) that, in DVVNL, 20,574 BPL connections under XII FYP were released but no connection details were included in the consumer ledger. In PuVVNL, 69,723 BPL connections were released under XII FYP out of which, only 26,681 BPL connections could be included in the consumer ledger, and 43,042 connections were awaiting for inclusion in consumer ledger. Due to non-inclusion of connections in consumer ledger by the respective Distribution Divisions, the bills could not be raised even on provisional basis, resulting in non-recovery of revenue of at least ₹ 1.15 crore (63,616 x ₹ 180/per connection) per month.

PuVVNL accepted (March 2018) the audit observation and stated that connections details are being included in consumer ledger. DVVNL also accepted the audit observation and has since taken corrective action.

In-fructuous expenditure on installation of Distribution Transformers meters

2.1.43 In order to ensure energy accounting, auditing and checking of commercial losses, meters were required to be installed at Distribution Transformers (DTs) in the villages electrified under the Scheme. Superintending Engineer/ Executive Engineer of respective Circles/ Distribution divisions were required to ensure that energy accounting was being carried out through meters installed at DTs.

Audit noticed that in 19 districts covered in audit, 36,881 energy meters were installed at the DTs. However, due to shortage of manpower, transformer-wise energy accounting, auditing and checking of energy losses was not being carried out by the Circle/Distribution divisions. Thus, the purpose of installation of DT meters was defeated and investment made on installation of DT meters worth ₹ 5.78 crore was yet to be put to productive use.

The DISCOMs accepted (March 2018) the observation and stated that due to shortage of staff, meter reading could not be carried out. The reply is not acceptable as smart meters could have been installed in place of conventional

Expenditure of ₹ 5.78 crore on installation of DT meters proved in-fructuous as reading was not being taken

meters to fetch the meter readings automatically without engaging any field staff.

Recommendation:

The DISCOMs may consider installing smart meters for all categories of consumers including DTs.

Quality Control Mechanism of the Scheme

2.1.44 Projects under the Scheme are subject to a three-tier Quality Monitoring Mechanism to ensure that all materials are utilised and workmanship conforms to prescribed specifications. The first tier of quality control (50 per cent of completed villages/habitations) was to be carried out by DISCOMs by engaging third party inspection agency (TPIA), second tier (20 per cent of completed villages/habitations) by REC Quality Monitor (RQM) and the third tier (one per cent of completed villages/habitations) by the National Quality Monitor (NQM) appointed by the MoP, GoI.

CEs (RGGVY) of the respective DISCOMs were to ensure compliance with the Scheme guidelines regarding Quality Control Mechanism. Deficiencies noticed in quality control mechanism are given in the table 2.1.11.

DISCOMs	FYP	Audit observation
DVVNL	XII	DVVNL did not appoint TPIA and treated the verification/inspection reports of the PMC as the TPIA reports.
MVVNL	XII	As on 31 March 2017, despite 30 per cent progress reported in Lucknow and Sultanpur districts, no inspection was carried out by TPIA.
PuVVNL	XII	As per scope of work, TPIA was to verify BPL connections by collecting mobile numbers and photographs of the consumers. The firm verified 53,896 BPL connections without collecting any photographs. Thus, authenticity of the 53,896 verified consumers could not be vouchsafed.
All DISCOMs	XI/ XII	Against the total discrepancies of 1,92,458 (as of 31 March 2017) observed by TPIA, RQM and NQM, 1,07,387 discrepancies (55.79 per cent) could be rectified leaving 85,071 discrepancies (44.21 per cent) unaddressed by DISCOMs.

The DISCOMs accepted the observation and stated (March 2018) that instructions have been issued to the TPIA to perform the works as per agreements executed with them.

Non-maintenance of Assets Registers

2.1.45 As per the Tripartite Agreement (July 2005) between the State Government, the REC and the DISCOMs, the State Government is the owner of the assets created by the DISCOMs under the Scheme. The State Government, however, authorised the DISCOMs to operate and maintain such assets. For this purpose, separate fixed assets registers were to be maintained by the Superintending Engineers (CEOs) of the respective Circles of DISCOMs for accounting the assets created under the Scheme.

Audit observed that assets worth ₹ 4,221.72 crore (₹ 1,995.83 crore under XI FYP and ₹ 2,225.89 crore under XII FYP) were created under the Scheme but, instead of showing them distinctly by maintaining separate fixed assets registers, the DISCOMs merged these assets with their own assets' database.

The DISCOMs stated (March 2018) that assets register would be maintained after handing over of the projects by turnkey contractors (TKCs). The reply is not convincing as assets registers should have been maintained at the time of

Despite assets of ₹ 4,221.72 crore created under the scheme, the DISCOMs failed to maintain separate Fixed Assets Registers

creation of assets and handing over of the projects by TKCs is not requirement for maintaining of assets register.

Internal Audit

2.1.46 Since the DISCOMs did not have their own Internal Audit Wing, they instead, appointed empanelled Chartered Accountant (CA) firms to do the work. Audit observed that the Internal Audit Reports did not include detailed technical audits or comment upon propriety of expenditure. This weakened overall internal controls. Further, there was no mechanism to review and pursue compliance with the Internal Audit observations.

Vigilance Wing

2.1.47 The DISCOMs did not have a dedicated vigilance wing to carry out independent checks upon for various functions including RGGVY works.

Recommendation:

An independent Internal Audit Wing and Vigilance Wing should be established at the earliest for timely detection of deficiencies and for taking remedial action.

Audit Impact

Action taken by the company on the basis of audit findings:

- After being pointed out by audit, DVVNL deducted LD of ₹ 15.22 crore out of deductible amount of ₹ 25.12 crore.

(Paragraph 2.1.26)

- PVVNL withheld the amount from the bills of the contractors against the amount of additional BG of ₹ 9.08 crore short deposited by them.

(Paragraph 2.1.30)

- Out of miscellaneous income earned on Scheme funds of ₹ 24.61 crore which had been treated as its own income by DVVNL, ₹ 23.31 crore was credited to Scheme fund.

(Paragraph 2.1.34)

- DVVNL lodged claims on VAT of ₹ 21.86 crore from State Government, out of which, ₹ 20.99 crore was reimbursed.

(Paragraph 2.1.35)

- PVVNL deducted labour cess of ₹ 36.72 lakh from the bills of the contractors after short deduction was pointed out by audit.

(Paragraph 2.1.36)

- After being pointed out by audit, 20,574 BPL connections were included in the consumer ledger by DVVNL.

(Paragraph 2.1.42)

2.2 Audit on operation of Urban Transport in Uttar Pradesh under Jawaharlal Nehru National Urban Renewal Mission

Introduction

2.2.1 Ministry of Urban Development (MoUD), Government of India (GoI) launched the Jawaharlal Nehru National Urban Renewal Mission (scheme) in 2005 with an aim to encourage fast track planned infrastructure development in identified¹ cities. As part of scheme, the GoI issued guidelines (January 2009) for providing financial assistance to States as a onetime measure for purchase and operation of buses for establishing and maintaining an efficient, reliable and cost effective public transport solution in the selected cities of the State.

Government of Uttar Pradesh (GoUP) nominated (April 2009) the Uttar Pradesh State Road Transport Corporation (UPSRTC) as the Executing Agency (EA) of the scheme in the State. Under the scheme, financial assistance of ₹ 217.17 crore was provided to the UPSRTC as grant for purchase of 1,140 buses for use in seven selected cities² of the State.

UPSRTC constituted (February 2010 to July 2010) six Urban Transport Companies (UTCs) for operating bus services in seven cities viz., Agra-Mathura City Transport Services Limited (A-MCTSL), Allahabad City Transport Services Limited (ACTSL), Kanpur City Transport Services Limited (KCTSL), Lucknow City Transport Services Limited (LCTSL), Meerut City Transport Services Limited (MCTSL) and Varanasi City Transport Services Limited (VCTSL) under the Companies Act, 1956 as independent Government companies, each having eight³ members in their respective Boards. Audit was conducted for the period April 2012 to March 2017 with the objective of assessing whether implementation of the scheme was properly executed with effective monitoring and oversight control, UTCs were operating and maintaining the buses efficiently and economically.

Audit Scope and Methodology

2.2.2 Audit methodology included examination of the records at the Urban Transport Directorate, the Headquarters of UPSRTC, and the Head offices and Depots of the three selected UTCs; interaction with personnel; issuing of audit observations/queries, joint physical verification of cannibalised buses⁴. Management/DoUD views were also elicited in the Entry and Exit Conference.

Out of the six UTCs, three UTCs (LCTSL, KCTSL and A-MCTSL) were selected as sample for detailed audit on basis of quantum of funds allocated to them. These selected UTCs had been allocated 70.25 per cent (₹ 152.56 crore) of the total funds received under the scheme for all the seven cities. There are 13 observations which are of nature that may reflect similar errors/omissions in other three UTCs formed under the scheme but not covered in test audit.

¹ Selected on the basis of having minimum population of 10 lakh or being State capital or having religious/historic/tourist importance.

² Agra, Allahabad, Kanpur, Lucknow, Mathura, Meerut and Varanasi.

³ Special Secretary and Director, Urban Transport Directorate; Divisional Commissioner, District Magistrate, Senior Superintendent of Police, Municipal Commissioner, Regional Transport Officer and Assistant Regional Manager (Operation).

⁴ Buses lying without parts, which were used in other buses.

The DoUD may like to internally examine other three UTCs working under the scheme with a view to ensuring that they are being carried out as per requirement and rules.

Acknowledgement

2.2.3 Audit acknowledges the cooperation and assistance extended by the UTCs, UPSRTC, Directorate of Urban Transport and its officials during conduct of the Audit.

Audit findings

2.2.4 The Audit findings are discussed in succeeding paragraphs:

Deficient oversight control

2.2.5 According to the provisions of the scheme, the Chief Secretary, GoUP was required to set up following bodies/authorities for oversight, control and reforms in operation of Urban Transport in the State:

- Unified Metropolitan Transport Authority (UMTA) to facilitate coordinated planning and implementation of projects relating to urban transport and their integrated management;
- Dedicated Urban Transport Fund (DUTF) at the State as well as city levels to bridge the viability gap in operations by UTCs;
- A regulatory body/ institutional mechanism to revise the passenger fares periodically.

Audit observed that the Chief Secretary, GoUP constituted (28 June 2010) the UMTA to work as a committee and created (27 January 2014) the DUTF at the State level. However, Chief Secretary, GoUP did not create a city level DUTF as well as Regulatory body/institutional mechanism to revise the passenger fares periodically as per the scheme guidelines. Due to deficient functioning of UMTA, non-utilisation of DUTF, and absence of city level DUTF and Regulatory bodies, the urban transport system in the State could not get proper monitoring and regulatory support. It also lacked oversight control as discussed below:

Inactive Unified Metropolitan Transport Authority

2.2.6 Since formation in June 2010, only three meetings (June 2010, October 2010 and September 2012) of the UMTA headed by Chief Secretary, were held as on March 2018. Thereafter, UMTA remained inactive. When UMTA was active it ordered (June 2010) MD, UPSRTC to submit a proposal to make the urban transport profitable. Though MD, UPSRTC did not submit such proposal, yet no action has been taken by the UMTA even after eight years (September 2018).

The Director, Urban Transport Directorate, DoUD, which was to work as technical secretariat of the UMTA, did not take any initiative to revive UMTA. Activities of the UTCs were to be monitored by the UMTA but due to non- functioning of UMTA, UTCs remained unmonitored and shortcomings as discussed in succeeding paragraphs remained unchecked and uncorrected.

Deficient working of DUTF

2.2.7 State level DUTF was created (January 2014) by the Chief Secretary, GoUP with a delay of 21 to 36 months from the date of commencement of

UMTA remained inactive after September 2012

operations by the UTCs. Reasons for delay are not on record. Directorate of Urban Transport (Directorate) was to operate the DUTF.

Funds amounting to ₹ 445.67 crore were lying unutilised in the DUTF

Directorate was required to formulate policies for priorities and programs of urban transport along with proper utilisation of funds. No such policy/priority was framed by the Directorate for best utilisation of funds. In absence of such planning, a substantial part of funds provided as grant amounting to ₹ 445.67 crore out of ₹ 550 crore made available to the DUTF by GoUP up to March 2016, remained unutilised till March 2017, resulting in failure to meet the objective to support urban transport. Since the funds were kept in normal savings account, GoUP suffered loss of interest amounting to ₹ 7.80 crore⁵.

Non-formation of regulatory body for passenger fare

The GoUP did not setup any Regulatory body/ institutional mechanism as required under the scheme

2.2.8 As per scheme guidelines a regulatory body/ institutional mechanism was to be formed to revise the passenger fares periodically. The Chief Secretary, GoUP did not setup any Regulatory body/institutional mechanism in this regard. In place of forming a regulatory body, Principal Secretary, DoUD of the GoUP, for reasons not on record, authorised (March 2009) the Board of Directors (BoDs) of the UTCs to fix passenger fares of the city buses. Further, the Detailed Project Reports (DPRs) provided that in revising fares, operating cost including cost of fuel, lubricants, dearness allowances, cost of spares, tyre replacement, changes in taxes/duties and insurance were to be considered. Audit noticed the following deficiencies in fixing of passenger fares as discussed below:

- MD LCTSL revised the fares five times during October 2013 to January 2015 out of which, it took approval of its BoDs only once (January 2015). No Board approval was taken for other four revisions. Revisions in passenger fare were carried out on the bare statements by MD, that there is increase in rate of CNG and remuneration of drivers/conductors, without carrying out any financial analysis with the operating cost elements as provided in DPR. In the absence of final accounts and MIS reports indicating the bus number wise route wise details of number of passengers travelled as required by DPR, audit could not determine the financial impact of this systemic failure. Due to non-consideration of operating cost in fixation of passenger fare, revenue earned was less than the expenditure incurred by ₹ 0.17 crore to ₹ 4.91 crore during April 2012 to March 17.

In the Exit Conference (November 2017), the LCTSL management accepted the audit observation.

- The MD, KCTSL enhanced the fare for monthly season tickets in July 2012 without approval of the BoDs. In A-MCTSL, revision of fare was carried out (January 2013) with the approval of the BoDs but without quoting any analysis for the same. Thereafter no revision in fare has taken place till March 2017 in both the above UTCs.

In reply, the KCTSL Management stated (October 2017) that the matter is under examination. A-MCTSL Management accepted (September 2017) the audit observation and stated that action in this regard will be taken shortly. Due to deficient fixation of passenger fare, expenditure of the KCTSL and

⁵ Estimated at the rate receivable on flexi funds with auto sweep facility.

A-MCTSL has exceeded the revenue by ₹ 0.17 crore to ₹ 10.61 crore during April 2012 to March 2017.

Recommendation:

UMTA should ensure adequate oversight control and should make efforts for effective utilisation of DUTF.

Deficient Manpower Management

2.2.9 Sanctioned strength of officers and staff (except for drivers and conductors) was neither provided in the DPR⁶ nor sanctioned by the BoDs of UTCs. Further, to systematise the deployment of man power the issue was never properly flagged by the respective managements to the BoDs of UTCs, DoUD and UMTA. Table 2.2.2 below provides the status (March 2017) of manpower of officers and accounts staff in the selected three UTCs:

Sl. No.	Designation	Actual Strength					
		A-MCTSL		KCTSL		LCTSL	
		As per DPR	Actual	As per DPR	Actual	As per DPR	Actual
1.	Managing Director	1 (RM, UPSRTC)		1 (RM, UPSRTC in dual charge)		1 (RM, UPSRTC in dual charge)	
2.	Assistant Regional Manager (Finance)	1(UPSRTC staff in dual charge)		1(UPSRTC staff in dual charge)		NIL	
3.	Assistant Regional Manager	1(Outsourced)		1(UPSRTC staff in dual charge)		NIL	
4.	Service Manager	Nil		1(UPSRTC staff in dual charge)		1(UPSRTC staff in dual charge)	
5.	Accountant	2 (Outsourced)		1(UPSRTC staff in dual charge)		1(UPSRTC staff)	
6.	Conductors	460	342	540	238	520	447
7.	Drivers	460	352	540	1	520	418

Source: Records of concerned UTCs

The issue of proper deployment of officers and staff in UTCs was never flagged to the respective Board of Directors of the UTCs

Proper deployment of officers and staff was not ensured in the UTCs. The issue was never flagged to the respective BoDs of the UTCs. This led to deficient working and monitoring, non-preparation of financial accounts and management information system concluding with deficient internal control mechanism as discussed in succeeding paragraphs.

Deficient Internal controls

2.2.10 There was no internal control mechanism for monitoring and control at the level of UTCs. Moreover, no internal audit wing was formed in any of the three selected UTCs. The following deficiencies were noticed by Audit in this regard:

Non-preparation of annual financial statements

2.2.11 The Companies Act, 2013 stipulates that the annual financial statements of the Companies are to be finalised within six months from the end of the relevant financial year i.e., by September end. Failure to do so may attract penal provisions, which stipulates that every officer of the concerned

⁶ Other than drivers and conductors

defaulting company shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand Rupees, but which may extend to five lakh Rupees, or with both.

Out of the three selected UTCs, KCTSL did not prepare any annual financial statements since its incorporation (April 2010). A-MCTSL prepared annual financial statements from the date of commencement of business (10 April 2012) to 2015-16 but failed to get the same audited through Statutory Auditors and the CAG. LCTSL prepared its first financial statements for the period from the date of commencement of business 25 January 2011 to 31 March 2011 and got the same audited by the Statutory Auditors but failed to submit the same to CAG till date (September 2018). After March 2011, no financial statements of LCTSL have been audited by the Statutory Auditor till date (September 2018). Audit observed that due to deficient manpower management and deficient oversight controls these deficiencies remained unwatched and unattended. Delays/non preparation of accounts are fraught with risk of misrepresentation of facts, fraud and misappropriation.

The UTCs accepted (October 2017 and March 2018) the audit observations.

Inadequate numbers of meetings of Board of Directors

2.2.12 As per Section 173 of the Companies Act, 2013, every Company shall hold the first meeting of the BoDs within thirty days of the date of its incorporation and thereafter hold a minimum number of four meetings of its BoDs every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the BoDs. Status of BoDs meetings of the selected three UTCs are detailed in table 2.2.3:

Sl. No.	Financial year	Number of meetings required	Number of meetings actually held		
			A-MCTSL	KCTSL	LCTSL
1	2012-13	4	3	1	8
2	2013-14	4	2	1	5
3	2014-15	4	1	1	4
4	2015-16	4	2	Nil	3
5	2016-17	4	1	Nil	2

Thus, all the three UTCs selected for detailed audit had failed to hold the required number of BoDs meetings to fulfill the requirements of Companies Act, 2013. As a result, deficiencies of non- preparation of financial statements, weak management information system (MIS) and manpower issues could not be resolved and oversight control remained weak.

Deficient Management Information System

2.2.13 DPRs provided that an Management Information System was to be introduced in each UTC, covering details regarding bus number wise and trip number wise details of routes of buses, passengers travelled, fuel used, lubricants used and details of date wise repairs carried out. Audit observed that MD and Assistant Regional Manager (ARM) of UTCs belonged to UPSRTC which maintains its MIS indicating number of buses on road, running of buses, number of passengers travelled, fuel used *etc.* Even though they follow well-structured MIS in UPSTRC, they failed to adopt the same in UTCs. In the

absence of the required MIS and supporting records, the management of UTCs failed to monitor and control the deficiencies of shortfall in revenue earnings, less running of buses and deficient maintenance of buses as discussed in succeeding paragraphs.

The UTCs accepted (October 2017 and March 2018) the audit observation.

Recommendations:

1. UTCs should ensure maintenance of MIS as required by the DPR.
2. The DoUD should ensure that the UTCs take immediate action to make their accounts current, so that the directors of these PSUs do not continue to fall foul of the Companies Act.

Operational performance of Urban Transport

2.2.14 The city-wise DPRs envisaged operating standards for running of buses and revenue to be earned. For effective control and monitoring, a mechanism to compare the actual operational results with the operating standards was required to be maintained at the level of UTCs. Audit noticed that no control or monitoring mechanism was in place in any of the UTCs. MD and ARM of UTCs were from UPSRTC which maintains its own MIS for comparing the revenue earned per bus, kilometers run by each bus *etc.* Yet the same officials did not adopt the monitoring mechanism of UPSRTC when managing UTCs. With a view to examine the operational efficiency of UTCs, Audit compared the actual results with the operational standards set in the respective DPRs for 2012-17 as detailed in table 2.2.4.

Table 2.2.4 UTC-wise operating standards envisaged in DPRs							
(₹ in crore)							
Sl. No.	Particulars	Name of UTCs					
		LCTSL	KCTSL	A-MCTSL	ACTSL	MCTSL	VCTSL
Revenue earning							
1.	Revenue to be earned as per DPR	212.80	205.80	151.80	96.35	88.85	93.10
2.	Actual revenue earned	143.03	52.97	83.95	77.69	82.64	72.14
3.	Shortfall of revenue earned	69.77	152.83	67.85	18.66	6.21	20.96
4.	Shortfall in per cent	32.79	74.32	44.76	19.36	6.99	22.51

Sources: Records and information furnished by the Management.

The reasons for short fall of revenue earnings noticed in test check of records, were, shortfall in kilometer running of buses and unplanned operation of routes as compared to the standards envisaged in the DPRs as discussed in the succeeding paragraphs:

Deficit in revenue earnings due to shortfall in running of buses

2.2.15 UTC-wise operating standards envisaged in DPRs of the scheme for running of buses and actual operating results of the UTCs during 2012-17 are summarised in table 2.2.5.

Table 2.2.5 UTC-wise operating standards envisaged in DPRs							
(Running: in lakh km)							
Sl. No.	Particulars	Name of UTCs					
		LCTSL	KCTSL	A-MCTSL	ACTSL	MCTSL	VCTSL
Running of buses							
1.	Running of buses as per DPR (km)	947.70	1056.60	785.70	480.60	457.20	471.60
2.	Actual running of buses (km)	739.57	294.48	573.42	424.65	372.89	363.90
3.	Shortfall in running of buses (km)	208.13	762.12	212.28	55.95	84.31	107.70
4.	Shortfall in per cent	21.96	72.13	27.02	11.64	18.44	22.84

Sources: Information furnished by the Management

The Managements of UTCs did not maintain any records to compare the running of buses with DPR standards. Though, MD and ARM of UTCs were from UPSRTC which controls the running of buses with its own standards, no efforts were made by the UTCs to analyse the reasons for the shortfall in distance travelled by the buses as compared to the DPR standards. However, as analysed in test check of records and information made available during audit of selected three UTCs, main reasons for deficit in running kilometers were excessive number of buses lying off-road due to repair and maintenance and deficient deployment of man power, unauthorised cannibalisation of buses by the maintenance contractors as discussed below:

- Though, no norm was provided in the DPRs of UTCs regarding percentage of off-road buses, the agreement entered with the annual maintenance contractor as discussed in paragraph 2.2.18 provided that availability of buses has to be 95 per cent for the first two years and 92 per cent thereafter. UPSRTC standardised (since June 2011) a norm for off road buses at any given point of time at three per cent of the total buses under operation.

In the three selected UTCs, Audit noticed that on an average, 12 to 24 per cent buses in LCTSL, 34 to 78 per cent buses in KCTSL and two to three per cent in A-MCTSL remained off road for repair and maintenance exceeding the norm for reasons not on record. The main reasons for this higher percentage of off-road buses as analysed by Audit were poor maintenance of buses as discussed in paragraph 2.2.18 and deficient deployment of man power as discussed in paragraph 2.2.9. Audit further observed that though the MD and ARM of UTCs were from UPSRTC, they failed to exercise similar control mechanism as prevailing in UPSRTC in UTCs. Due to higher percentage of off-road buses, there was a shortfall in revenue. Further, the objective of providing regular and reliable public transport could also not be achieved.

- Audit noticed that 42 buses in LCTSL and 19 buses in KCTSL were cannibalised by the annual maintenance contractor. Out of 61 buses 48 buses were repaired and rehabilitated by the UTCs balance 13 buses were lying unauthorisely cannibalised in LCTSL as discussed in detail in paragraph 2.2.18. Due to this, the UTC was deprived of revenue to the extent of ₹ 11.33 crore till March 2017.

UTCs accepted (March 2018) the irregular cannibalisation of buses.

- Further, as per DPR⁷ 1,520 conductors and 1,520 drivers were required in the three selected UTCs per year, against such requirement, only 904 to 1,194 conductors and 719 to 1,044 drivers were posted for operating the buses during 2012-17.

Thus, higher percentage of off-road buses and deficient man power followed by deficient oversight control as discussed in paragraph 2.2.5 and 2.2.9, led to shortfall in running of buses from 11.64 to 72.13 per cent as compare to standards provided in DPR.

The UTCs accepted (March 2018) audit observation.

Operation of routes contrary to DPR

2.2.16 Revenue to be earned from running of buses was assessed considering the routes specified in the DPRs. UTCs, therefore, should have either operated the buses on specified routes or, alternatively, should have identified the most beneficial routes in case of any deviation from the DPR. Audit noticed that LCTSL and KCTSL were operating buses on 83 routes, of which, none of the routes were specified in DPRs. A-MCTSL was operating buses on 21 routes out of which only three routes⁸ were specified in the DPR. These UTCs operated the deviated routes without carrying out any cost-benefit analysis. Besides, LCTSL, KCTSL and A-MCTSL also operated the buses on 21 rural routes for reasons not on record which was against the basic purpose of providing regular transport to the urban population. Further, no records were maintained showing the dates since when the routes were changed and on whose authority. UTCs did not maintain bus-wise/route-wise details of revenue earned. Consequently, impact of deviations, compared with the routes specified in the DPRs, could not be ascertained in audit.

In reply, UTCs accepted (October 2017, March 2018) the audit observation and stated that in future efforts will be made to operate the routes as provided in DPR.

Recommendation

UTCs should prepare their own standards of operation or adopt UPSRTC's Standards for periodic monitoring of operation of city buses.

Non-installation of Intelligent Transport System in buses

2.2.17 DPR provided for installation of Intelligent Transport System (ITS) equipped with Global Positioning System (GPS) and other facilities⁹. ITS was designed to provide timely information and assistance to the passengers. Besides, it could potentially help the respective managements of UTCs in controlling the operation of the buses. Audit noticed that no such ITS system was installed by the Managing Directors of the UTCs on the buses.

The work of installation of ITS in six UTCs was awarded (March 2010) for a contract value of ₹ 14.32 crore for 1,140 buses to Vayam Technologies

ITS was not installed in buses despite unfruitful expenditure of ₹ 2.04 crore

⁷ For operating the buses in two shifts, each shift having one conductor and one driver.

⁸ Agra-Mathura, Idgah to Fatehpursikari and Govardhan to Barsana.

⁹ GPS and data logger facility over the buses; LED display on buses; Automated announcement facilities; Modem/GSM based transceiver for maintaining contact between the bus driver and control center; Fuel sensor on buses; LED display at bus shelter of the bus stops; Communication interlink system; Communication centre at control stations; GIS application software and other requirement of hardware and software at the control centre.

Limited (Contractor) by UPSRTC with the stipulation to complete the work by March 2012. The Contractor supplied (June 2011) the material for ITS enabled systems for 260 buses of LCTSL. However, it did not supply/install any hardware/software in remaining 880 buses of other five UTCs for no reasons on record.

Audit observed that the General Manager (Technical) UPSRTC released part payment of ₹ 2.04 crore to the Contractor irregularly (January 2012) without ensuring successful commissioning of the material received for the LCTSL. Further, the Contractor failed to commission the project despite continuous reminders from February 2011 to March 2013. The contract was terminated (March 2013) and material was lying unused (March 2018). Thereafter, due to deficient oversight control as discussed in paragraph 2.2.5, neither the UTCs nor UPSRTC made any attempt to ensure the commissioning of ITS for the buses. Consequently, buses were being operated without ITS despite unfruitful expenditure of ₹ 2.04 crore.

The UTCs accepted the facts in the Exit Conference (November 2017).

Recommendation:

UTCs should ensure installation of ITS on all city buses for effective monitoring.

Maintenance of buses

2.2.18 UPSRTC awarded (April 2010) five year comprehensive Annual Maintenance Contracts (AMCs) to maintain 260 and 270 buses for LCTSL, Lucknow and KCTSL, Kanpur respectively, to M/s Goldrush Sales Limited (Contractor). As per AMC the Contractor was required to ensure availability of 95 *per cent* buses on road in the first two years of the contract and 92 *per cent* buses in the remaining three years of the contract. The Contractor was required to arrange supply of consumables, spare parts, tyres and other accessories, and was to be paid by the UTCs (LCTSL and KCTSL) on the basis of running kilometers of buses for which bills were to be raised fortnightly. The supervisors (service managers) of the UTCs were to perform daily inspection of the maintenance and repair work done by the Contractor.

Audit scrutiny revealed that the Contractor only made 90.39 *per cent* to 66.92 *per cent* buses available during the period from September 2011 to July 2012 despite being paid on time¹⁰ except in few cases¹¹. The UTCs citing poor performance of the Contractor, terminated (July/August 2012) the AMCs. Audit noticed from the records that the Contractor had cannibalised¹² 61 buses (42 buses of LCTSL and 19 buses of KCTSL). Besides, the above, LCTSL also noticed that (November 2012) that the Contractor had unauthorisedly sold 670 old tyres and 489 old tubes valued at ₹ 64.31 lakh. LCTSL and KCTSL spent ₹ 5.69 crore on rehabilitation of 48 cannibalised buses. The remaining 13 cannibalised buses of LCTSL were lying off-road as at the end of March 2017.

¹⁰ In 34 cases payments were made before 21 days, in eight cases 21 to 30 days, in 20 cases 31 to 60 days and in 11 cases 61 to 90 days.

¹¹ In seven cases payment was made from 90 to 170 days.

¹² Buses lying without those parts which were used in other buses.

Photographs of cannibalised buses of LCTSL



Audit further noticed that despite the AMC providing for daily supervision, and their own supervisory staff in the same premises adjacent to the workshop, MDs and service managers of both the UTCs did not inspect the maintenance or repair work done by the Contractor. Consequently, the activities of the Contractor remained unwatched and unauthorised cannibalisation of the buses under repair by the AMC contractor went unnoticed by the UTCs.

Both the UTCs did not take any legal action against the Contractor for such unauthorised cannibalisation and sale of old tyres and tubes. Thus, there seems to be a suspected collusion of senior officials of UTCs with the Contractor. Ultimately, UTCs have incurred avoidable expenditure of ₹ 5.69 crore on rehabilitation of 48 cannibalised buses which could have been avoided by preventing the unauthorised cannibalisation of buses. Besides, there was revenue loss of ₹ 11.97 crore¹³. Moreover, social objective of providing transportation to urban people through these cannibalised buses was also defeated.

Joint physical inspection¹⁴ (April 2017) of 10 cannibalised buses confirmed that such buses were lying cannibalised for bus parts valuing ₹ 1.92 crore.

The UTCs accepted (October 2017 and March 2018) the audit observations for corrective actions.

Non recovery of scrap

2.2.19 A-MCTSL entered (April 2010) AMC with M/s Shyama Shyam Services (Contractor) with a condition that the Contractor would return the scrap to the UTC. However, due to absence of internal control mechanism and internal audit A-MCTSL failed to ensure return of scrap by the Contractor against the purchase of spares worth ₹ 14.24 crore during April 2013 to February 2017.

A-MCTSL accepted (March 2018) the audit observation and stated that a committee had been constituted to assess the value of scrap and to realise the value of the scrap material from the Contractor.

¹³ Revenue loss ₹ 11.33 crore and ₹ 0.64 crore, value of unauthorised sale of tyres and tubes.

¹⁴ Joint Physical Verification was done by Audit Party under supervision of DAG/ES-I with ARM of LCTSL.

Recommendation:

1. UTCs should develop MIS to ensure daily monitoring of the bus wise/job wise maintenance work done with strict follow-up of the same to prevent unauthorised cannibalisation of buses.
2. A-MCTSL needs to realise the value of scrap from the annual maintenance contractor.

Non availing of discount in purchase of CNG

2.2.20 No system of comparative analysis or other-wise, was in place in the UTCs to ensure economy in purchase of CNG. For ascertaining economy in the purchase of CNG by UTCs, audit compared the contract awarded (April 2012) by the UPSRTC to M/s Green Gas Limited (GGL) for supply of CNG for its own buses i.e. buses other than those covered under the scope of audit. Audit noticed that as per the conditions of the contract, the supplier provided a discount of ₹ 0.70 per kg¹⁵ for CNG supplied to the UPSRTC.

A-MCTSL was purchasing the CNG since April 2012 from the GGL on the lines of contract entered with UPSRTC without entering into a separate contract. MD, A-MCTSL, however, failed to avail the discount as provided to UPSRTC by the GGL. This led to avoidable expenditure of ₹ 49.38 lakh during April 2012 to December 2016.

A-MCTSL stated (March 2018) that efforts are being made to obtain the discount in future.

LCTSL awarded (April 2012) the contract to the GGL for supply of CNG on the conditions¹⁶ as stipulated in the contract entered into with UPSRTC. Audit noticed that despite having the condition in the agreement, the LCTSL failed to avail a discount of ₹ 39.70 lakh for the period from March 2015 to November 2016 whereas for earlier period w.e.f. April 2012 discount was availed by the LCTSL.

LCTSL stated (March 2018) that GGL officers were contacted but discount could not be obtained. Reply is not acceptable as payments were made without retaining the amount of discount to enforce the contract condition as done in earlier period.

In totality, A-MCTSL and LCTSL incurred avoidable expenditure of ₹ 89.08 lakh.

Miscellaneous issues

Loss of revenue due to non-recovery of license fees on advertisement

2.2.21 Examination of contracts on display of advertisements on the UTC's buses and related records revealed deficiencies leading to loss of revenue amounting to ₹ 2.29 crore as discussed below:

- For display of advertisement on 260 buses, LCTSL entered into an agreement (December 2011) with M/s Momentum Control Software Pvt. Limited (Contractor). As per the agreement, ₹ 16.37 lakh was to be paid by the

¹⁵ Condition 10.01 stipulated a discount of ₹ 0.70 per kg for CNG supplied and ₹ 0.80 per kg if supply exceeded above 10,000 kg per day.

¹⁶ Condition 10.01 stipulated a discount of ₹ 0.70 per kg for CNG supplied and ₹ 0.80 per kg if supply exceeded above 10,000 kg.

Contractor per month as license fee for the whole group of buses. Audit noticed that after awarding the contract, LCTSL failed to establish any systemic mechanism to keep watch over periodic recovery of dues from the Contractor. Consequently, the Contractor defaulted on the payments since March 2012. LCTSL encashed the bank guarantee amounting to ₹ 49.10 lakh and the contract was terminated (December 2012) due to failure of the Contractor to pay the monthly license fee. LCTSL however, has failed to initiate measures to recover dues of ₹ 81.97 lakh plus interest of ₹ 13.94 lakh from the Contractor.

LCTSL accepted (March 2018) the audit observation.

- LCTSL and KCTSL suffered loss of license fee from advertisements displayed on buses which were off-road for period exceeding limit of seven days in a month as per the contract, to the extent of ₹ 41 lakh¹⁷ and ₹ 66 lakh¹⁸ respectively.

UTCs confirmed (March 2018) the facts and accepted the loss of revenue on account of excessive off-road buses. Management assured to control the same in future.

- Advertisement contract entered (November 2012) into with M/s Proactive Limited by UPSRTC for A-MCTSL ended on 30 November 2015. In the absence of any strategic plan despite having an offer from the same party, no retendering or other option was resorted to by the MD of A-MCTSL before the expiry of the earlier agreement to safeguard the financial interests of the UTC. This led to loss of revenue amounting to ₹ 26.41 lakh for the period from December 2015 to March 2017.

A-MCTSL accepted (March 2018) the delay in finalisation of advertisement contract.

Utilisation of parastatals contribution for settling the dues of UPSRTC

2.2.22 Under the scheme, funds received were to be utilised by UPSRTC for purchase of buses. Audit noticed that out of the funds received under the scheme amounting to ₹ 217.17 crore, Regional Manager Agra, UPSRTC unauthorisedly utilised ₹ 1.09 crore, against the dues of house tax of the UPSRTC paid to the Nagar Nigam Agra.

UPSRTC accepted (September 2017) the fact and A-MCTSL stated (November 2017) that a letter had been issued to the Regional Manager UPSRTC to refund the said amount to the UTC.

Irregular payment of Service Tax

2.2.23 Services provided by way of repair, and maintenance under Jawahar Lal Nehru National Urban Renewal Mission, were exempted from Service Tax under the Finance Act, 2012. Audit observed that the KCTSL irregularly paid ₹ 1.05 crore towards Service Tax to M/s Shyama Shyam for maintenance of its 270 buses during October 2015 to March 2017. It is pertinent to mention that the other two UTCs were not paying such tax.

In the Exit Conference (November 2017), the management assured to examine the issue for recovery of the said amount from the contractor.

¹⁷ For the period from February 2012 to November 2012.

¹⁸ For the period from December 2012 to March 2014.

Non-deduction of Value Added Tax at Source

2.2.24 GoUP notified (October 2013) deduction of VAT equal to four *per cent* of the value of goods by every person responsible for making payment to the seller. LCTSL and A-MCTSL failed to deduct VAT amounting to ₹ 82.71 lakh on payments made to suppliers for materials and spare parts procured during October 2013 to November 2016.

LCTSL Management stated (March 2018) that due to non-receipt of the Government notification, it could not take necessary action and that the corrective action is in process.

A-MCTSL Management stated (March 2018) that they had paid the maintenance contractor on composite rate, and no separate materials were purchased; therefore, they had not deducted the required VAT. Reply is not acceptable as Audit pointed out cases where payment for material was made without deducting VAT.

2.3 Follow-up Audit of Review of the Performance of Uttar Pradesh Projects Corporation Limited

Introduction

2.3.1 Uttar Pradesh Projects Corporation Limited (Company) under the administrative control of the Irrigation Department (ID) of Government of Uttar Pradesh (GoUP) accepts deposit works¹ from the GoUP for construction and reconstruction of shallow and deep tube wells, construction of hydrological structures, and undertaking works relating to irrigation, drainage and buildings. Works are executed through 31 field units of the Company, 29 located across the State, and one unit each at Roorkee (Uttarakhand) and Bhubaneswar (Orissa). Each unit is headed by a Project Manager (PM). The units are distributed among eight zones, each zone being supervised by a General Manager (GM).

A Performance Audit of the Company for the period 2007-13 was featured as paragraph 2.1 of Chapter- II of the Audit Report of the Comptroller and Auditor General of India (Public Sector Undertakings) for the year ended 31 March 2013, Government of Uttar Pradesh (GoUP).

The Performance Audit Report was laid in the State Legislature on 20 June 2014, and is yet to be discussed (September 2018) by the Committee on Public Undertakings (COPU).

The following four recommendations of Audit were accepted by the Company:

- The Company should strictly adhere to the prescribed procedures for execution of works, engagement of architects and payment of architect fee;
- Advances to sub-contractors should be made as per the laid down procedure;
- Financial management needs to be streamlined to ensure that expenditure incurred on works does not exceed the sanctioned cost/ funds received, and also to ensure that surplus funds are invested judiciously in order to maximise the yield; and
- The Company should strengthen its internal control mechanism relating to financial management, execution of works, procurement of materials and maintenance of necessary control records.

Scope and methodology of audit

2.3.2 The main objective of conducting this follow-up audit was to assess the progress made by the Company towards implementation of the accepted recommendations of the previous Performance Audit. The follow up audit was conducted during December 2016 to April 2017.

¹ Deposit or Cost *plus* Centage works are those works where Government Departments, Government organisations, and other clients agree to get their works executed on the basis of actual cost of materials, labour, *etc.*, incorporated in the actual works concerned *plus* certain percentage of additional payment towards overheads and profit for execution of these works.

Audit methodology included examination of records at the Headquarters of the Company and in the 11 selected units² which had been covered during the previous Performance Audit, issue of Audit observations/queries, and Entry and Exit Conference with Management/ID views.

Status of works executed

2.3.3 The position of works executed during the period from 2013-17 is depicted in table 2.3.1.

Table-2.3.1 Statement showing status of works executed during 2013-14 to 2016-17					
(₹ in crore)					
Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17
1	Value of works-in-progress at beginning of year	1,304.96	1,060.63	1,013.13	961.76
2	Value of works received for execution during the year	273.00	479.52	728.06	860.52
3	Total value of available works (1+2)	1,577.96	1,540.15	1,741.19	1,822.28
4	Value of works executed during the year	517.33	527.02	779.43	966.34
5	Value of closing works-in-progress (3-4)	1,060.63	1,013.13	961.76	855.94
6	Percentage of value of works executed to total value of available works (4 to 3)	32.78	34.22	44.76	53.03

Source: Information provided by the Company

Compliance by the Company on accepted recommendations

2.3.4 After the tabling (20 June 2014) of the Audit Report in the State Legislature, the Company was required to bring the audit recommendations to the notice of the Board of Directors (BoDs). Further, the Company was also required to devise a strategic plan for implementation of the aforesaid recommendations to prevent occurrence of the irregularities/deficiencies highlighted during the previous performance audit.

Audit noticed that the Management did not apprise the BoDs about the audit recommendations. It also failed to devise a strategic plan for the implementation thereof. The Irrigation Department also did not issue any instructions to the Company for ensuring compliance to the audit recommendations.

Recommendation-wise non compliance by the Company is discussed in the succeeding paragraphs:

Strict adherence to the prescribed procedures for execution of works, engagement of architects and payment of architect fee

2.3.5 In the previous performance audit, it was commented that the Company was not following prescribed procedures for execution of works. Cases of violation of the Uttar Pradesh Rajkiya Nirman Nigam (UPRNN) Working Manual (Manual) provisions, irregular technical sanctions, award of works and purchase of materials at higher rates, irregularities in engagement/appointment of architects and in payment of architect fees, were noticed.

² Unit -1 Sitapur, Unit -2 Allahabad, Unit -3 Varanasi, Unit - 4 Agra, Unit - 5 Ghaziabad, Unit - 8 Lucknow, Unit - 11 Faizabad, Unit - 14 Lucknow, Unit - 29 Gorakhpur, Unit - 36 Noida, Unit - 37 Roorkee.

Based on the above audit findings, it was recommended that the Company should strictly adhere to the prescribed procedure for execution of works, engagement of architects and payment of architect fees.

During the course of follow-up audit, it was noticed that the Management of the Company, by and large, did not comply with the recommendations and out of 20 deficiencies highlighted in the previous performance audit, it has acted upon in seven deficiencies only and the remaining deficiencies still persisted, as discussed below:

2.3.6 As per the Manual, works are to be executed directly through the technical and other staff of the Company by procuring necessary materials and arranging for necessary tools and equipments while labour is to be engaged through piece rate workers (PRWs). Further, in case it is considered unavoidable to sub-let a part of the work due to specific reasons, this can be done only under special written orders of the Managing Director (MD). During the current audit, it was noticed that the Project Managers of the Company continued with the practice of executing works through sub-contractors rather than executing the works directly without obtaining the prior approval of the MD. Consequently, out of the total 1,079 works valued at ₹ 1,034.67 crore³ executed by the Company during 2013-17, 989 works (91.66 per cent) valued at ₹ 883.77 crore were executed through sub-contractors.

In Exit Conference (November 2017), the Management and the Department accepted the facts and assured corrective action.

Appointment of and payments to the architects

2.3.7 Despite the audit recommendations, the Company failed to take corrective action in appointment and payment of architects, which resulted in continued occurrence of irregularities. Test check of 101 works (out of 363 works in the 11 selected units where Management had appointed 71 architects during the period 2013-17) revealed the following irregularities:

Appointment of architects without competitive bidding

2.3.8 The Project Managers did not adhere to the Central Vigilance Commission's guidelines (November 2002) in selection of architects in a transparent manner through competitive bidding, and continued with the past practice of appointing architects from the panel of prequalified architects on the basis of technical bids during 2013-14 to 2016-17 through inviting quotations from only a few of the empanelled architects.

In the Exit Conference (November 2017), the Management and the Department accepted the audit observation and assured corrective action.

Undue favour to architects

2.3.9 Audit noticed extension of undue favour to contractors in following cases:

2.3.10 Despite extant orders (January 2008) of the Managing Director fixing the fee of the architects according to the procedure adopted by the Uttar Pradesh Rajkiya Nirman Nigam Ltd. (UPRNN), i.e. at 1.5 per cent of the cost

³ Being value of works completed during the period 2013-17 by the 11 units examined in audit.

Out of the total 1079 works executed by the Company during 2013-2017, 989 works (91.66 per cent) of the works, were executed through sub-contractors

of work for architectural work⁴ and at 0.25 per cent of the cost of work in case the designs are put to repetitive use, the Project Managers (six units⁵) paid fee to six architects at varying rates of 1.2 to 1.25 per cent (inclusive of service tax) in eight works⁶ where the architects had prepared uniform drawings and designs which entailed payment at the rate of 0.25 per cent as applicable for repetitive drawings and designs. This resulted in excess payment of ₹ 13.30 lakh to the engaged architects.

The Management stated (January 2018) that it had recovered ₹ 6.09 lakh out of total ₹ 13.30 lakh from the architects and remaining ₹ 7.21 lakh were paid at the full rate as these are not the repetitive designs. The reply is not correct as in respect of remaining ₹ 7.21 lakh, the user departments⁷ while vetting design clearly stated that works were of similar nature, hence subsequent drawings were repeated drawings.

Payment of service tax to architects

2.3.11 During the previous performance audit, the Company had stated that efforts were being made to recover the excess payments already made to the architects. However, in the follow-up audit, it was noticed that the Company had not recovered excess payment of ₹ 29.30 lakh paid to the architects earlier. Out of 11 selected units, two Project Managers had paid excess amount of ₹ 1.31 lakh in five cases during the period 2013-17. This indicated that the Management even after a lapse of more than four years failed to rectify the systemic defects leading to instances of excess payment to the architects.

The Management stated (February 2018) that excess payment amounting to ₹ 1.31 lakh made by two units and ₹ 17.70 lakh, out of excess payment of ₹ 29.30 lakh commented upon in the previous performance audit, had been recovered and efforts were being made to recover the balance amount. The fact remains that ₹ 11.60 lakh were still (September 2018) pending for recovery.

Despite assurance given during the previous performance audit, the Management failed to recover ₹ 11.60 lakh from the architects

Deficiencies in execution of work

Irregular grant of Technical Sanction

2.3.12 GoUP delegated (February 2013) to the Company officers at the levels of Chief Engineers and above, the powers to grant technical sanction (TS). Accordingly, the Managing Director of the Company designated (September 2014) the Chief General Manager (CGM), a post equivalent to that of the Chief Engineer, as the competent authority to grant TS.

Audit examination of the TS granted to 507 works valued at ₹ 710.30 crore in eight⁸ out of 11 selected units during 2013-14 to 2016-17 revealed that TS

⁴ Detailed architectural drawings/ structural drawings/ sanitary/electrical drawings and detailed estimates.

⁵ Unit 1, Sitapur, Unit 2, Allahabad, Unit 3, Varanasi, Unit 11, Faizabad, Unit 14, Lucknow and Unit 29, Gorakhpur.

⁶ ITI Building at Sidhauri, Sitapur; three numbers 30 Bedded Maternity wings at Phoolpur, district Allahabad, Kada, district Kaushambi and Bhiyaon, district Ambedkar Nagar; two Sub-health Centres at Puwarikalan, district Varanasi and Jalalpur, district Jaunpur; one PHC at Jethumawai, district Amethi and one at Tehsil Kasya, district Kushinagar.

⁷ Health department and the Planning department, GoUP

⁸ Unit 2 Allahabad (28 works), Unit 3 Varanasi (16 works), Unit 4 Agra (15 works), Unit 5 Ghaziabad (137 works), Unit 8 Lucknow (31 works), Unit 11 Faizabad (158 works), Unit 29 Gorakhpur (20 works) and Unit 36 Noida (29 works).

were granted by the CGM in only 73 works (14 *per cent*). In the remaining 434 works valued at ₹ 359.85 crore, the TS were granted by the Project Managers/General Managers who were of lesser rank.

In the Exit Conference (November 2017), the Management and the Department accepted the facts and assured corrective action.

Award of works at higher rates

2.3.13 In terms of extant orders (February 1997) of the GoUP, centage⁹ on deposit works executed by an executing agency is limited to 12.5 *per cent* of the cost of the work after deducting five *per cent* from the estimates for the work prepared on the basis of UPPWD SOR. In other words, the Company was required to complete deposit works entrusted to it at 95 *per cent* of the estimates of the cost of the work to maximise its earnings. In order to ensure this, the Company was required to invite tenders (in case of sub-contracting of works) at 95 *per cent* of the estimated cost or below it.

As highlighted in the previous performance audit, the Company awarded the works at higher rates to the sub-contractors, thereby resulting in a loss to the user departments/ Company. In the follow-up Audit, it was noticed that during November 2012 to May 2016, the General Managers of Allahabad and Ghaziabad zones of the Company invited tenders from the registered contractors for two deposit works¹⁰ at 100 *per cent* of the estimated cost which resulted in award of works to private contractors at rates higher than 95 *per cent* of the estimated costs. This also resulted in loss of centage to the Company to the extent of ₹ 3.71 crore.

Unsystematic allocation of works among units

2.3.14 As commented on in the previous performance audit, the Managing Director of the Company was required to organise and adopt yardsticks for distribution of works to various units to the best advantage of the Company keeping in view the cost considerations in line with Para 17B of the Manual. In compliance to the above comment, the Company had also defined¹¹ work areas of the various units.

Audit noticed that despite defining work areas of the various units, the MD allocated works to other units located 46 to 143 kilometers away from the work areas as shown in table 2.3.2.

Table 2.3.2 Statement showing allocation of work

Name of work	Available units as per defined work areas	Name of the unit to which work was allotted	Distance in kms. between site of work and unit executing the work
Poultry shed in Agricultural University, Meerut	Meerut	Ghaziabad	46
Additional room in the office of District Agriculture Protection Officer (DAPO), Meerut	Meerut	Ghaziabad	46
Additional room and buffer	Meerut	Ghaziabad	46

⁹ The margin of profit available to the executing agency to meet out its overheads.

¹⁰ Construction/renovation/landscaping/ channelisation works on river Varuna at Varanasi, on river Yamuna at Vrindavan, Mathura.

¹¹ Territorial jurisdiction of units was defined by the Company vide office order dated 28 June 2013.

Invitation of tenders at costs higher than 95 *per cent* of the estimated cost resulted in loss of centage of ₹ 3.71 crore

Table 2.3.2 Statement showing allocation of work			
Name of work	Available units as per defined work areas	Name of the unit to which work was allotted	Distance in kms. between site of work and unit executing the work
godown in the office of DAPO, Meerut			
Veterinary Hospital, Meerut	Meerut	Ghaziabad	46
Repair and renovation works in Agricultural University, Meerut	Meerut	Ghaziabad	46
Construction of trauma center, Basti	Basti	Faizabad	71
NRHM works, Gorakhpur (12 works)	Gorakhpur	Faizabad	143
Construction of Houses of District Urban Development Agency, Basti	Basti	Faizabad	71

Source: Progress Reports of the units

In the Exit Conference (November 2017), the Management and the Department accepted the audit observation and informed that appropriate administrative orders had been issued (October 2017).

Advances to sub-contractors should be made as per laid down procedure

2.3.15 The Management had accepted the audit observations contained in the previous performance audit report on the issue of advances to sub-contractors, and agreed to take necessary action. Thus, the Company was required to strictly adhere to the provisions contained in the Manual and the guidelines issued by CVC/GoUP and to take necessary action against errant official(s). During the course of the present follow-up audit, it was noticed that the Company failed to fulfill its assurances, as discussed in the succeeding paragraphs:

Non-adjustment of advances released to sub-contractors

2.3.16 In the previous performance audit, it was pointed out that the Company should adhere to the provisions of the Manual¹² related to release of advances to the contractors. Audit had also pointed out that advances should be released only in urgent cases after assessment and evaluation of the quantum of the total work done duly certified by the Engineer-in-charge. Audit observation on release of irregular advances amounting to ₹ 22.60 crore to sub-contractors by one unit (Unit-37 Roorkee) was also raised in the previous performance audit report.

In the present follow-up audit, it was noticed that though the Company had imposed minor penalties upon some of its officials for not conforming to the extant provisions, it failed to adjust the advances completely due to non-measurement of the works and preparation of bills. The Management

Advances amounting to ₹ 2.71 crore were lying unadjusted even after a lapse of four years

¹² The Manual provides that the Project Manager may advance up to 75 per cent of the current value of material brought to site by the sub-contractor after entering into a formal agreement to secure a lien on the materials. It further provides that in urgent cases, where the sub-contractor needs money but measured bill could not be prepared, the Project Manager may release advance to the sub-contractor after an assessment and evaluation of the quantum of the total work done is made and a certificate is signed by him for such assessment. The frequency of such unmeasured advance payments should not be more than two advance payments against one payment on the basis of due measurements.

confirmed that the advances of ₹ 2.71 crore were pending adjustment as on February 2018.

Audit Impact

The Company, in compliance of audit observation, adjusted advances of ₹ 19.89 crore against total advances of ₹ 22.60 crore released to the sub-contractors.

Other irregularities noticed in audit regarding release of advances are briefly discussed below:

Irregular release of advances to sub-contractors

2.3.17 In test check of nine works executed by Unit-3, Varanasi, it was noticed that the Project Manager had released interest free secured advances of ₹ 3.77 crore to 10 sub-contractors during the period from December 2014 to January 2017 on the basis of applications made by them without assessing actual quantum of work executed or value of material brought at site by the sub-contractors in contravention of the provision of Manual. Further, no bank guarantee of an equivalent amount was obtained to safeguard the Company's interest.

The Management stated (September 2017) that advances were released after valuation of the executed works, and all advances had been adjusted. The reply is incorrect as advances were given without measurement of executed works and in contravention of the provisions of the Manual. The Company also failed to adhere to the assurance given to Audit resulting in continuation of the irregular practice of release of secured advances to the sub-contractors.

2.3.18 As per CVC guidelines (October 1997 and April 2007), Mobilisation Advance (MA) should be given in specific cases clearly stipulating the same in the tender document and advances should be interest bearing so that contractor does not draw undue benefit.

Audit examination of the work of channelisation and development of the river Varuna revealed that in violation of the guidelines of the CVC, the Project Manager (Unit-3 Varanasi) released (27 July 2016) an interest free mobilisation advance of ₹ 23.50 crore to M/s APCO Infratech Private Limited (sub-contractor) despite there being no provision for the same in the Notice Inviting Tender (NIT) and in the agreement entered into with the sub-contractor. Moreover, no bank guarantee was obtained from the sub-contractor against this advance. Thus, release of interest free mobilisation advance resulted in loss of interest to the State exchequer and extension of an undue benefit to the sub-contractor to the extent of ₹ 24.79 lakh¹³.

Further, secured advances of ₹ 38 crore¹⁴ were also released to the sub-contractor on the basis of his application without any supporting documents for receipt of materials at site and their measurement.

The Management stated (February 2018) that advances were released for the work against 75 per cent of value of materials stored at site after verification

¹³ Calculated at the rate of 5 per cent (rate of interest applicable on fixed deposit) for the period from 27 July 2016 to 13 October 2016 for 77 days being date of adjustment against the measurement done.

¹⁴ ₹ 18.00 crore on 14 October 2016 and ₹ 20.00 crore on 19 December 2016.

Release of interest free advance resulted in loss of interest of ₹ 24.79 lakh

and obtaining an indemnity bond from the sub-contractor. The reply is incorrect as the mobilisation advance was released on the request of the sub-contractor for mobilisation of resources and advance in both cases were released without obtaining any supporting documents for receipt of materials at site and their measurement.

The Company thus failed to act upon its assurance given during the previous performance audit and continued with the practice of releasing irregular advances to the sub-contractors.

Financial management needs to be streamlined to ensure that expenditure incurred on works does not exceed the funds received/sanctioned cost. There is also a requirement to invest surplus funds judiciously in order to maximise the yield.

2.3.19 As per the above recommendation, the Management was required to restrict its expenditure within the sanctioned cost/actual receipt of funds. It was also required to manage the surplus funds judiciously. This required strict adherence to the provisions of the generally accepted financial rules as provided in the Manual. The following were noticed in this regard:

Interest on Government funds

2.3.20 It was noticed that ₹ 119.09 crore was shown as liability in the annual accounts of the Company during 2005-06 to 2010-11, being interest earned on the unutilised Government funds. This amount increased to ₹ 293.08 crore in the annual accounts of the Company for the year ending 31 March 2016 (as per latest accounts finalised by the Company). GoUP vide order dated 16 December 2014 instructed all the Government agencies executing works to deposit interest earned on the Government funds in the treasury under the specific heads. The Company deposited during November 2011 to April 2018 interest income amounting to ₹ 155.67 crore in the Government treasury in compliance to the Government's directions. The Company, however, failed to ensure deposit of balance interest of ₹ 137.41 crore in the treasury.

Audit Impact

In compliance to the audit observation, the Company remitted ₹ 155.67 crore into the Government treasury out of total amount of interest earned ₹ 293.08 crore up to 31 March 2016.

Excess expenditure over funds received

2.3.21 As per the Manual, expenditure on deposit works should be restricted to the extent of funds received from the clients.

It was noticed (February/March 2017) that the units of the Company did not maintain appropriate control records such as work register, etc., in the absence of which it had no mechanism to restrict the expenditure on works to the extent of funds received from the client organisations. As a result, the Project Managers incurred expenditure of ₹ 40.42 crore against funds received of ₹ 37.95 crore, an excess of ₹ 2.47 crore on 55 works.

The Management stated (September 2017) some works such as flood safety works and earth works were executed up to a safe level. Works involving public interest were also executed as per the directions of the Government.

The Company incurred excess expenditure of ₹ 2.47 crore over the funds received from the client

The Management further stated (February 2018) that out of ₹ 2.47 crore only ₹ 1.22 crore of excess expenditure against five works remains to be received.

The reply is not acceptable as safe level/flood safety level and earth work were the initial stage works which had already been completed with the available funds. Further, the Management did not furnish any evidence to support their counter that works had been executed on orders of Government.

The Company should strengthen its internal control mechanisms relating to financial management, execution of works, procurement of materials and maintenance of necessary control records

2.3.22 The previous performance audit report commented on the absence of internal controls in the Company. Examples of consequences of the Management failing to fulfill their assurances in this regard as found during the present follow-up audit have already been discussed in paragraphs 2.3.17, 2.3.18 and 2.3.21. Further findings are discussed below:

Improper maintenance of basic records

2.3.23 Based on the audit recommendation, the Project Managers were required to maintain Index Registers showing details of Measurement Books (MB) issued and returned. All measurements pertaining to a single work were to be included in the same MB, and details recorded therein were to be compared with work registers to prevent double payments and manipulation.

Audit noticed that Project Managers of the Company continued to record measurements of one work in several MBs (except for Unit-29 Gorakhpur) without maintaining Index Register of MBs. Due to the multiplicity of MBs for the same work, and no record of the number of MBs in existence, it was not possible for audit to verify the correctness and completeness of entries relating to works. Nor would the Company be able to secure any assurance from its own records. Some of the audit checks that could not be performed are given below:

- Total quantity of actual work executed could not be compared with the bills of quantities provided in the estimates.
- Material Consumption Statement after the completion of work and at the end of the year as required in the Manual could not be prepared by the Company. Therefore, the total consumption of material in a work could not be compared with estimates of consumption.
- Double payment could not be easily detected.
- Manipulation in MBs may be possible in view of deficiency in maintaining MBs.

In the Exit Conference (November 2017), the Management and the Department accepted the facts and assured corrective action.

Conclusion

The follow-up audit disclosed that recommendations were partly implemented by the Company. The persistent shortcomings going unchecked are as under:

1. In violation of the provisions of the Manual, 91.66 per cent works were executed through sub-contractors instead of directly through the

technical and other staff of the Company by procuring necessary materials, and arranging for necessary tools and equipments and labour through piece rate workers (PRWs);

2. The Company did not adhere to the prescribed procedure for execution of works, engagement of architects and payment of architects' fees and continued to appoint architects without competitive bidding;

3. Technical Sanction to 434 works valued at ₹ 359.85 crore was given irregularly by officers below the rank of CGM *viz.*, PM/GM in violation of the orders of GoUP;

4. The Company irregularly released advances to the sub-contractors to the extent of ₹ 65.27 crore; and

5. The Company failed to strengthen its internal control mechanisms relating to financial management, execution of works and maintenance of necessary control records.

CHAPTER-3

Compliance Audit Observations



CHAPTER-3

3. Compliance Audit Observations relating to Public Sector Undertakings

Important audit findings emerging from test check of transactions made by the Public Sector Undertakings are included in this Chapter.

Uttar Pradesh Avas Evam Vikas Parishad

3.1 Non levy of infrastructure surcharge on sale of plots

The Parishad did not realise infrastructure surcharge of ₹ 33.89 crore on sale of 20 plots in contravention of Government order and extended undue benefit to purchasers of plots.

Government of Uttar Pradesh (GoUP) directed (August 1998) the Uttar Pradesh Avas Evam Vikas Parishad (*Parishad*) to charge Residential Infrastructure surcharge¹ (surcharge) at the rate of 10 *per cent* of the value of plots while selling them. This surcharge was to be deposited in separate bank accounts for each town as Residential Infrastructure Fund. The amount deposited in the fund was to be spent on construction of drainage and sewers, provision of street lights and water supply, beautification of the concerned town, *etc.*

Audit of the Joint Housing Commissioner, Lucknow zone of the *Parishad* showed that four² Estate Management Offices (EMOs) of the *Parishad* sold/auctioned 20 plots (1,24,810.37 sqm.) for ₹ 338.89 crore during September 2014 to December 2016. The Officer in-charge of the said EMOs, however, did not levy surcharge of ₹ 33.89 crore leading to extension of undue benefit to the purchasers.

The *Parishad* stated (August 2017) that surcharge had not been levied as the matter of exemption was under pursuance with the Government. The reply was not tenable as no correspondence was made with the Government after September 1999 (*i.e.*, since last 18 years) to get the necessary exemption from the levy of surcharge. Therefore, the surcharge should have been levied and realised, since there was no exemption by the Government.

The matter was reported to the Government in July 2017 and March 2018; their reply is awaited (September 2018).

Uttar Pradesh State Road Transport Corporation

3.2 Undue benefit to contractor in recovery of dues

The Corporation extended an undue benefit to contractor in recovery of dues which resulted in loss of revenue of ₹ 16.25 crore

Uttar Pradesh State Road Transport Corporation (Corporation) entered into an agreement (September 2015) for a period of three years (01 September 2015 to 31 August 2018) at annual license fees³ with M/s Axiss International

¹ In order to ensure infrastructural development of the town, the *Parishad* was directed to charge Residential Infrastructure Surcharge which was to be deposited in separate bank accounts for each town as Residential Infrastructure Fund. This fund was to be spent on strengthening of infrastructural facilities such as construction of drainage and sewer, providing street lights and water supply, beautification of the concerned town, *etc.*

² Vrindavan, Awadh Vihar, Amrapali and Indira Nagar.

³ ₹ 21.00 crore for first year, ₹ 22.05 crore for second year and ₹ 23.15 crore for third year was payable in eight equal installments *plus* applicable Service Tax and penalty for delay, if any, at the rate of 0.10 *per cent*.

(contractor) for supply and sale of packaged drinking water under the brand name of 'Parivahan Neer' in the buses and authorised food plazas of all the 242 bus stations of the Corporation in the State. The selection of contractor was made on the basis of the highest bid received through an open tender. Further, as per the terms of the agreement, any default in payment of license fee, tax, levy or other dues or damages shall be deducted from the security deposit furnished by the contractor which shall be recouped by the contractor within 15 days by the amount so deducted, failing which, this would result in automatic cessation of the agreement.

Audit noticed (April 2016) that as per the agreement, the contractor deposited (September 2015) ₹ 5.25 crore as security (towards 25 per cent of the annual license fee payable for the first year i.e., ₹ 21 crore) and first and second installments of the license fee due on 1 September and 1 October 2015. However, thereafter, he failed to pay the monthly installments on due dates from November 2015 onwards. On account of continuous failure of the contractor to pay the due license fee, the Corporation encashed (January 2016) the BG of ₹ 5.25 crore. The contractor continued to default (except for part payment of ₹ 40.89 lakh in February 2016) on payment of monthly installments even after encashment of the BG and failed to recoup the BG within 15 days after its encashment. Audit further noticed that the Managing Director failed to invoke the clause of automatic cessation of agreement and allowed the contractor to continue his business till 28 July 2016 when the agreement was terminated assessing arrear of dues payable at ₹ 16.25 crore⁴.

The contractor, after termination of the contract, filed a writ petition in the Hon'ble High Court against the termination order, which was turned down (August 2016). The Court further directed the contractor to either negotiate with the Managing Director of the Corporation or arrange for arbitration under the Arbitration and Conciliation Act, 1996. The case is pending with the Arbitrator at present (September 2018).

The Management stated (April 2018) that the accepted bid value (₹ 21 crore) was very high. The second highest bidder had quoted only ₹ 2.02 crore for the bid, and therefore, the Corporation neither suffered any loss nor favoured the contractor. The reply was not tenable as the Managing Director should have terminated the agreement, as per the terms of the agreement, after 15 days from the date (January 2016) of adjustment of dues from the security deposit.

The matter was reported to the Government in July 2017 and March 2018; reply is awaited (September 2018).

Madhyanchal Vidyut Vitran Nigam Limited Paschimanchal Vidyut Vitran Nigam Limited

3.3 Avoidable loss

The DISCOMs suffered a loss of ₹ 3.69 crore due to not having a system of procurement of replaceable meter boxes separately

Uttar Pradesh Electricity Supply Code, 2005 (Supply code) provides *inter alia* that the licensees⁵ are mandated to arrange pilfer proof meter boxes to prevent

⁴ ₹ 12.67 crore as license fee with Service Tax and ₹ 3.58 crore as penalty on late payment

⁵ As per section 2(17) of Electricity Act 2003 (the Act), Licensee means a person who has been granted a licence under section 14 of the Act to distribute electricity as a distribution licensee in the area specified in the licence. In the present case Madhyanchal Vidyut Vitran Nigam Limited and Paschimanchal Vidyut Vitran Nigam Limited are licensees.

diversion, theft or unauthorised use of electricity or tampering, distress or damage to meter. Tamper (pilfer) proof meter boxes are integrated in a transparent plastic case that breaks if the meter box is opened, leaving no alternative but to replace the entire meter box in such eventuality, even if the meter is otherwise functional. The meter and box are two separate units and procured separately against their respective technical specifications through open tender.



Audit observed that the Electricity Urban Test Division⁶ (EUTD)-X, Lucknow Electricity Supply Administration (LESA), Electricity Test Division (ETD), Bareilly² and EUTD, Bareilly² of Madhyanchal Vidyut Vitran Nigam Limited (MVVNL) and EUTD, Moradabad² of Paschimanchal Vidyut Vitran Nigam Limited (PVVNL) replaced⁷ 50,367 working meters with new meters costing ₹ 3.69 crore⁸ during 2014-15 to 2016-17⁹. Once the plastic meter boxes were broken the DISCOMs declared the existing functional meters as scrap, rather than procuring meter boxes separately by incurring an expenditure of ₹ 71.01 lakh¹⁰, and fitted them to the existing working meters.

Despite the fact that the existing meters were functional, the Managing Director of Distribution Companies (DISCOMs) did not evolve the system of procurement of separate meter boxes and continued to replace otherwise functional meters with new meters, the cost of which was borne by the DISCOMs as the consumers were not liable to pay for replacement of working meters with new meters.

Audit, further, observed that Dakshinanchal Vidyut Vitran Nigam Limited, a sister concern, had adopted the system of procuring meter boxes separately to reuse the working meters which was cost effective.

⁶ EUTD-X (LESA):11,238 single phase and 329 three phase meters, ETD, Bareilly: 1,295 single phase and 98 three phase meters, EUTD, Bareilly: 6,705 single phase and 267 three phase meters, EUTD, Moradabad: 30,435 single phase meters.

⁷ Meters were replaced either due to cable fault or under special drive to dismantle meters installed inside and re-install them outside the premises of the consumers.

⁸ 19,238 single phase meters x ₹ 864 per meter plus 30,435 single phase meter x ₹ 610 per meter plus 694 three phase meters x ₹ 2,414 per meter

⁹ EUTD-X (LESA):2015-16, ETD and EUTD, Bareilly: 2014-15 to August 2016, and EUTD, Moradabad: 2015-16

¹⁰ 19,238 single phase meters x ₹ 175 per meter box plus 30,435 single phase meter x ₹ 101 per meter box plus 694 three phase meters x ₹ 952 per meter box.

As a result, 50,367 (49,673 single phase and 694 three phase) meters in working condition could not be re-utilised and were scrapped by MVVNL¹¹ and PVVNL¹². By not carrying out a cost-benefit analysis of the options available, and going ahead with the decision of procurement of separate meter boxes, these DISCOMs lost an opportunity to re-utilise the working meters and consequently suffered a loss of ₹ 3.69 crore which could have been avoided.

The reply furnished (November 2017) by the PVVNL does not address the issue raised by Audit.

The matter was reported to the Government and Management in July 2017 and March 2018. The reply of the Government and Management of MVVNL is awaited (September 2018).

Audit Impact

Purvanchal Vidyut Vitran Nigam Limited

3.4 Recovery of ₹ 3.63 crore at the instance of Audit

As per CNCE Regulation 2009¹³ Captive Generating Plants shall be allowed banking of power¹⁴ subject to the condition that withdrawal of banked energy shall be adjusted against the energy purchased from the Purvanchal Vidyut Vitran Nigam Limited during the period *other than* peak hours (17:00 hours to 22:00 hours).

After being pointed out by Audit in May 2017, that the energy drawn by a consumer¹⁵ during the peak hours was being adjusted incorrectly against the banked energy, the Executive Engineer, Electricity Distribution Division, Pipri issued (July 2016) supplementary bill of ₹ 3.63 crore (April 2009 to August 2013) for the supply of electricity during the peak hours (17:00 to 22:00 hours) and recovered the same from the consumer in October 2017.

Uttar Pradesh Forest Corporation

3.5 Loss of interest due to imprudent investment of surplus funds

The Corporation was deprived of additional interest income of ₹ 1.52 crore due to imprudent investment of surplus funds created through its business activities¹⁶

As per Accounts' Manual of the Uttar Pradesh Forest Corporation (Corporation), the funds of the Corporation would be deposited into the State Bank of India, the UP Co-operative banks and other scheduled banks. A Committee (comprising three members¹⁷) was formed by the Managing Director (MD) of the Corporation for managing/investment of these funds.

¹¹ 19,238 single phase meters and 694 three phase meters.

¹² 30,435 single phase meters.

¹³ Uttar Pradesh Electricity Regulatory Commission notifies the Captive and Non-Conventional Energy Generating Plants Regulations.

¹⁴ Banking of power is a process under which a Generating Plant supplies power to the grid not with the intention of selling it to either a third party or to a Licensee, but with the intention of exercising its eligibility to draw back this power from the grid.

¹⁵ Kanoria Chemicals and Industries Limited {Aditya Birla Chemicals (India) Limited}

¹⁶ Corporation's business activities are collection/disposal of the forest produces handed over to it by Forest Department in lieu of payment of royalty.

¹⁷ General Manager (Industry) was the Chairman of the Committee and two other members of the Committee were General Manager (Marketing) and Chief Accounts Officer.

The Committee invites quotations from the scheduled banks for investment of surplus funds in Fixed Deposits (FDs). Funds are invested by the MD on the recommendations of the Committee at the highest quoted rates.

Audit noticed (January 2017) that the MD, on the recommendation of the Committee, approved proposals submitted by the Committee for investing ₹ 248.82 crore in 26 FDs made on three different dates for a period of one year. It was further noticed that the interest rates for FDs of less than ₹ one crore (for a period of one year) were higher as compared to rates offered by the banks for FDs of higher amount or of larger period or both.

Scrutiny of the FDs made by the Corporation revealed that on 17 December 2016, five FDs¹⁸ of less than ₹ one crore were made at the rates of seven to 7.25 per cent and one FD of more than ₹ one crore was made at 6.5 per cent. On 21 December 2016, four FDs of less than ₹ one crore were made at seven per cent and other five FDs of more than ₹ one crore were made at the rates lower than seven per cent¹⁹. Similarly on 23 December 2016, four FDs of less than ₹ one crore were made at seven per cent and other seven FDs of more than ₹ one crore were made at rates lower than seven per cent²⁰.

It is evident that 13 FDs were invested at higher rates of seven to 7.25 per cent. However, other 13 FDs were invested at lower rates of interest ranging between 6.26 and 6.61 per cent. This indicated that the Committee did not properly analyse the quotations obtained from various banks for making investments of surplus funds in a manner which would have provided maximum return. Even otherwise, if all the FDs of above three dates would have been invested at generally available rate of seven per cent, the Corporation could have earned an additional interest of ₹ 1.52 crore. As per records available, the matter was never reviewed internally by the Corporation.

The Management (August 2017) and the Government of Uttar Pradesh (February 2018) stated that the banks were committed to issue only one FDR on a particular date in different slabs of interest rate. If all amounts on a particular date were invested in a single FDR, there would be loss of interest to the Corporation. The reply was not acceptable as only four bank branches had proposed to issue one FDR on a particular date for an amount of less than ₹ one crore. Further, the Corporation itself had invested in 10 FDs of less than ₹ one crore in a bank branch²¹ on same date (December 2016). The amount of FD could have been split and invested in different banks on different dates in FDs of less than ₹ one crore to earn maximum interest.

Paschimanchal Vidyut Vitran Nigam Limited

3.6 Short charge of revenue

The Company short charged a consumer by ₹ 1.28 crore by not adhering to the provisions of the Supply Code, 2005

The Uttar Pradesh Electricity Supply Code, 2005 (Supply Code) under clause 5.7 (meter not recording) provides that the consumer shall be billed for the period between the date of last reading and the date of replacement of

¹⁸ Four FDs was of ₹ 99,90,000 at seven per cent and one FD of ₹ 99,90,000 at 7.25 per cent.

¹⁹ Two at 6.5 per cent, one at 6.61 per cent and remaining two at 6.26 per cent.

²⁰ Two at 6.5 per cent, one at 6.61 per cent and four at 6.26 per cent.

²¹ Punjab National Bank, Banthra branch

defective meter on the basis of average consumption and average maximum demand of three billing cycles prior to the last reading. The provisional bills, if any issued, shall be accordingly adjusted.

Audit noticed (December 2016) that in contravention to the provisions of the Supply Code, the Executive Engineer, Electricity Urban Distribution Division-II Noida (Division) of Paschimanchal Vidyut Vitran Nigam Limited (Company) issued bills for the electricity consumption of a consumer²² for the month of October 2015 (from 16 October to 31 October 2015 *i.e.*, 16 days) on the basis of reading recorded in the defective double pole meter²³ and for the month of November 2015 on the basis of *pro rata* of reading recorded in the main meter²⁴ during 23 November to 1 December 2015. Instead, the bills for the aforementioned periods were to be issued on the basis of average consumption and average maximum demand of three billing cycles prior to the last reading *viz.*, August, September and October 2015. By not adhering to the provisions of the Supply Code, the Company short charged the consumer by ₹ 1.28 crore.

The Management stated (October 2017) that when the double pole meter was recording the correct reading, the assessment of consumption should not be made as per the Supply Code 2005 on the basis of average of last three months' consumption. The reply of the Management was not acceptable. The Division billed the consumer in contravention of the provisions of the Supply Code. Besides the Officer/Officials²⁵ of the Division reported that RTC of the double pole meter was damaged and it was not possible to issue the correct bill on the basis of consumption recorded in the double pole meter.

The matter was reported to Government and the Management in June 2017 and March 2018. Reply of the Government is awaited (September 2018).

Dakshinanchal Vidyut Vitran Nigam Limited

3.7 Loss of revenue by not levying the applicable minimum charge

By not charging the applicable minimum charges in the bill of HV-3 category consumer (Railway traction), Dakshinanchal Vidyut Vitran Nigam Limited suffered a loss of revenue of ₹ 1.20 crore

The Tariff Orders²⁶ 2012-13 and 2013-14, approved by the Uttar Pradesh Electricity Regulatory Commission and applicable to High Voltage (HV)-3 category consumers (Railway Traction), provide the 'Rate'²⁷ which provides the demand and energy charges at which a consumer shall be billed for consumption of electricity. It, further, provides that a consumer shall be billed on the basis of 'Minimum charges' which come into effect only when the 'Rate of charge' is less than the Minimum charges.

²² Samsung, Noida having contracted load of 15,000 KVA.

²³ As per the report of Officials of the Division, the main meter installed in the premises of the consumer was not recording energy consumption from 16 October 2015 in all the eight TOD zones except one *i.e.*, zone one, due to a defect in the software pre-installed in the meter. Further, RTC (Real Time Clock) of double pole meter was defective.

²⁴ Software of the main meter was uploaded on 23 November 2015. Bill for the month of November 2015 was prepared taking the average of the reading recorded in the main meter during 23 November to 1 December 2015.

²⁵ Executive Engineer, Electricity Urban Distribution Division-II, Noida

²⁶ Tariff Order 2012-13 (1 October 2012 to 9 June 2013) and Tariff Order 2013-14 (10 June 2013 to 11 October 2014)

²⁷ Fixed/Demand Charges *plus* Energy Charges

Audit noticed (May 2016) that the Executive Engineer, Electricity Distribution Division-II, Jhansi (Division) of Dakshinanchal Vidyut Vitran Nigam Limited (Company) released (January 2013) a connection with the contracted load of 5,000 KVA under HV-3 (Railway Traction) category to the Senior Divisional Electrical Engineer, Indian Railway, Jhansi (consumer). The Division billed the consumer for the period during January 2013 to August 2013 (except April 2013) on the basis of actual consumption instead of Minimum charges (₹ 550/KVA/month during 1 October 2012 to 9 June 2013 and ₹ 650/KVA/month during 10 June 2013 to 11 October 2014) prescribed; despite the fact that the actual consumption was less than the Minimum charges. This resulted in loss of revenue of ₹ 1.20 crore. Further, the amount became irrecoverable as more than two years lapsed from the date when such sum became first due.

The Management accepted the audit observation and stated (September 2017) that assessment of ₹ 95 lakh had been added in the bill for the month of June 2016. The consumer has since filed (January 2017) a petition in the Consumer Grievance Redressal Forum, Jhansi (Forum) under Supply Code which was still (September 2018) pending. Though, after the under-recovery was pointed out by Audit, the Management took corrective action, the case is now time barred and the dues are irrecoverable. Had the Company developed and maintained a proper monitoring mechanism, this avoidable delay in taking corrective action could have been prevented.

The matter was reported to Government and the Management in June 2017 and March 2018. Reply of the Government is awaited (September 2018).



(SAURABH NARAIN)

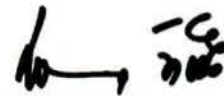
Accountant General

(Economic and Revenue Sector Audit),
Uttar Pradesh

Lucknow

The 10 नवम्बर 2018
NOV 2018

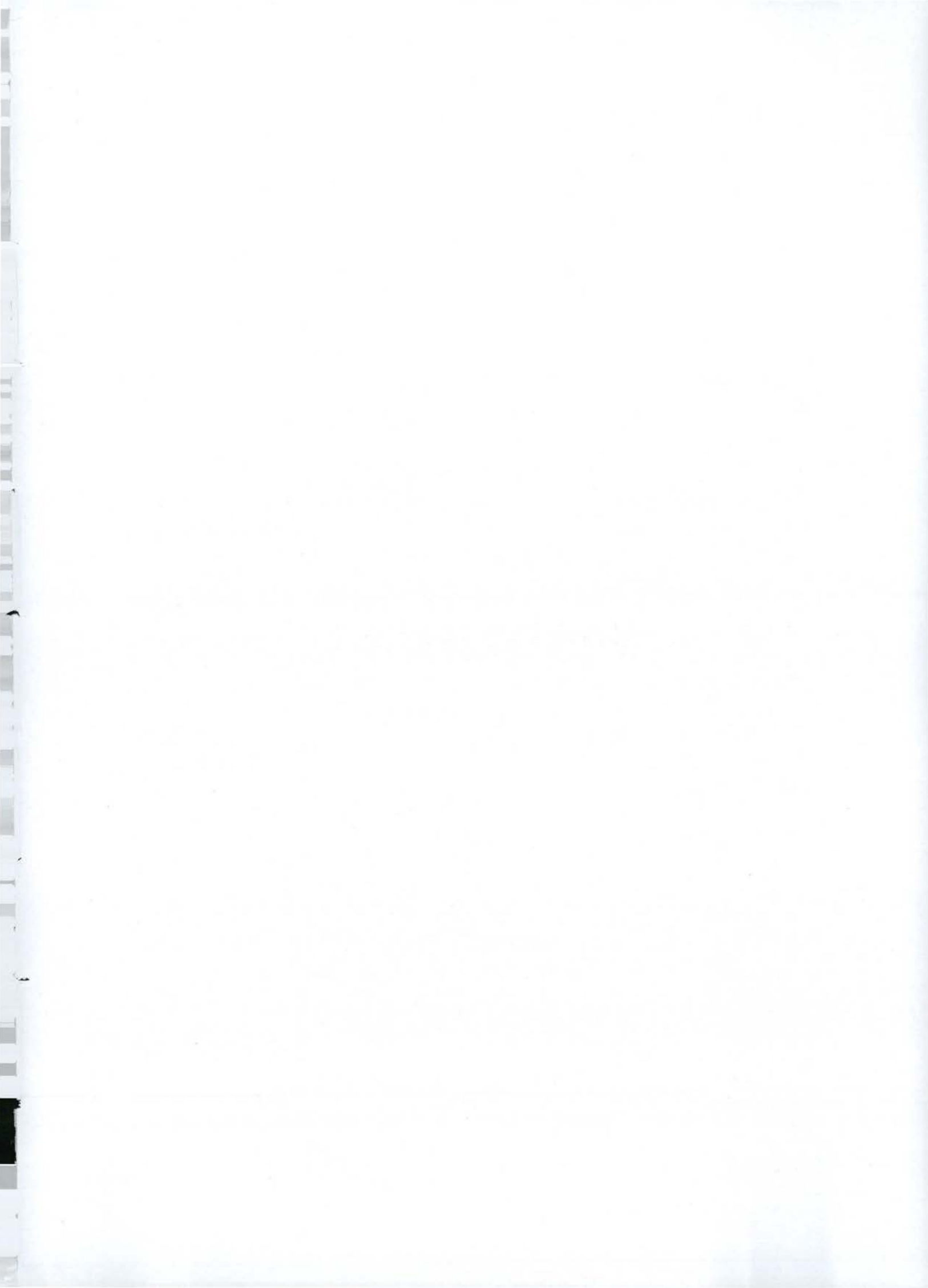
Countersigned



(RAJIV MEHRISHI)

Comptroller and Auditor General of India

New Delhi
The 12 नवम्बर 2018
NOV 2018



Annexures



Annexure-1.1
(Referred to in paragraphs 1.1 and 1.5)
Details of Paid-up Capital, Loans and Guarantees outstanding of PSUs as on 31 March 2017

(₹ in crore)

Sl. No.	Sector /Name of the Company	Paid-up capital (included share application money pending allotment)				Loans outstanding at the end of the year (long term)				Guarantee outstanding
		State Government	Central Government	Others	Total	State Government	Central Government	Others	Total	
(1)	(2)	3 (a)	3 (b)	3 (c)	3(d)	4 (a)	4 (b)	4 (c)	4(d)	(5)
A. Working Government companies										
Agriculture and Allied										
1	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	0.15	0.00	0.10	0.25	0.00	0.00	2.48	2.48	0.00
2	Uttar Pradesh Beej Vikas Nigam Limited	6.25	0.00	0.67	6.92	0.00	0.00	0.00	0.00	0.00
3	Uttar Pradesh Bhumi Sudhar Nigam	1.50	0.00	0.00	1.50	0.00	0.00	0.00	0.00	0.00
4	Uttar Pradesh Matsya Vikas Nigam Limited	1.07	0.00	0.00	1.07	0.00	0.00	0.00	0.00	0.00
5	U.P. Projects Corporation Limited	5.40	1.00	0.00	6.40	0.00	0.00	0.00	0.00	0.00
6	Uttar Pradesh State Agro Industrial Corporation Limited	58.32	0.00	0.00	58.32	5.00	0.00	0.00	5.00	0.00
Sector wise Total		72.69	1.00	0.77	74.46	5.00	0.00	2.48	7.48	0.00
Finance										
7	The Pradeshia Industrial and Investment Corporation of Uttar Pradesh Limited	135.58	0.00	25.00	160.58	485.24	0.00	0.00	485.24	0.00
8	Uttar Pradesh Alpsankhyak Vittiya Evam Vikas Nigam Limited	30.00	0.00	0.00	30.00	7.53	0.00	0.00	7.53	0.00
9	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited	12.23	0.00	0.00	12.23	0.00	0.00	40.37	40.37	52.65
10	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	123.24	107.18	0.00	230.42	0.00	0.00	46.32	46.32	0.00
11	Uttar Pradesh State Industrial Development Corporation Limited (UPSIDC)	24.08	0.00	0.00	24.08	1.98	0.00	0.00	1.98	0.00
Sector wise Total		325.13	107.18	25.00	457.31	494.75	0.00	86.69	581.44	52.65

Sl. No.	Sector /Name of the Company	Paid-up capital (included share application money pending allotment)				Loans outstanding at the end of the year (long term)				Guarantee outstanding
		State Government	Central Government	Others	Total	State Government	Central Government	Others	Total	
(1)	(2)	3 (a)	3 (b)	3 (c)	3(d)	4 (a)	4 (b)	4 (c)	4(d)	(5)
Infrastructure										
12	Uttar Pradesh Police Avas Nigam Limited	3.00	0.00	0.00	3.00	0.00	0.00	0.00	0.00	0.00
13	Uttar Pradesh Rajkiya Nirman Nigam Limited	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00
14	Uttar Pradesh State Construction & Infrastructure Development Corporation Limited	0.15	0.00	0.00	0.15	0.00	0.00	0.00	0.00	0.00
15	Uttar Pradesh State Bridge Corporation Limited	15.00	0.00	0.00	15.00	0.00	0.00	0.00	0.00	0.00
16	Lucknow Metro Rail Corporation Limited	930.05	351.60	25.00	1,306.65	535.00	88.32	841.00	1,464.32	0.00
17	NOIDA Metro Rail Corporation Limited	0.00	0.00	300.05	300.05	0.00	0.00	0.00	0.00	0.00
Sector wise Total		949.20	351.60	325.05	1,625.85	535.00	88.32	841.00	1,464.32	0.00
Manufacture										
18	Almora Magnesite Limited (139 (5) & (7) Company)	0.00	0.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00
19	Shreetron India Limited (Subsidiary of UPECL)	0.00	0.00	7.22	7.22	0.00	0.00	2.63	2.63	0.00
20	Uptron Powertronics Ltd. (subsidiary of UPECL)	0.00	0.00	4.07	4.07	0.00	0.00	0.00	0.00	0.00
21	Uttar Pradesh Drugs and Pharmaceuticals Limited	1.10	0.00	0.00	1.10	0.00	0.00	0.00	0.00	0.00
22	Uttar Pradesh Electronics Corporation Limited (UPECL)	91.54	0.00	0.00	91.54	113.16	0.00	0.00	113.16	0.00
23	Uttar Pradesh Rajya Chini Avam Ganna Vikas Nigam Limited	880.13	0.00	0.00	880.13	0.00	0.00	0.00	0.00	0.00
24	Uttar Pradesh Small Industries Corporation Limited (UPSICL)	5.96	0.00	0.00	5.96	6.32	0.00	3.92	10.24	0.00

Sl. No.	Sector /Name of the Company	Paid-up capital (included share application money pending allotment)				Loans outstanding at the end of the year (long term)				Guarantee outstanding
		State Government	Central Government	Others	Total	State Government	Central Government	Others	Total	
(1)	(2)	3 (a)	3 (b)	3 (c)	3(d)	4 (a)	4 (b)	4 (c)	4(d)	(5)
25	Uttar Pradesh State Spinning Company Limited	93.24	0.00	0.00	93.24	131.22	0.00	0.00	131.22	0.00
26	Uttar Pradesh State Sugar Corporation Limited (UPSSCL)	1,648.31	0.00	0.00	1,648.31	12.00	0.00	0.00	12.00	0.00
Sector wise Total		2,720.28	0.00	13.29	2,733.57	262.70	0.00	6.55	269.25	0.00
Power										
27	Dakshinanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	0.00	0.00	13,568.23	13,568.23	0.00	0.00	11,643.07	11,643.07	0.00
28	Kanpur Electricity Supply Company Limited	0.00	0.00	540.96	540.96	0.00	0.00	1,522.22	1,522.22	0.00
29	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	0.00	0.00	12,508.49	12,508.49	0.00	0.00	2,958.62	2,958.62	0.00
30	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	0.00	0.00	4,613.22	4,613.22	0.00	0.00	6,463.80	6,463.80	0.00
31	Purvanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	0.00	0.00	14,955	14,955.00	0.00	0.00	2,416.70	2,416.70	0.00
32	UCM Coal Company Limited	0.00	0.00	0.16	0.16	0.00	0.00	0.50	0.50	0.00
33	UPSIDC Power Company Limited (Subsidiary of UPSIDC)	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.00	0.00
34	Uttar Pradesh Jal Vidyut Nigam Limited	434.53	0.00	0.00	434.53	64.65	0.00	85.21	149.86	0.00
35	Uttar Pradesh Power Corporation Limited (UPPCL)	76,152.36	0.00	0.00	76,152.36	9,783.44	0.00	26,283.53	36,066.97	32,543.96
36	Uttar Pradesh Power Transmission Corporation Limited	9,572.93	0.00	2,213.28	11,786.21	0.00	0.00	10,224.62	10,224.62	995.69
37	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL)	10,110.40	0.00	0.00	10,110.40	0.00	0.00	11,183.95	11,183.95	19,251.52

Sl. No.	Sector /Name of the Company	Paid-up capital (included share application money pending allotment)				Loans outstanding at the end of the year (long term)				Guarantee outstanding
		State Government	Central Government	Others	Total	State Government	Central Government	Others	Total	
(1)	(2)	3 (a)	3 (b)	3 (c)	3(d)	4 (a)	4 (b)	4 (c)	4(d)	(5)
38	Jawaharpur Vidyut Utpadan Nigam Limited (Subsidiary of UPRVUNL)	0.00	0.00	126.05	126.05	0.00	0.00	353.58	353.58	0.00
Sector wise Total		96,270.22	0.00	48,525.44	1,44,795.66	9,848.09	0.00	73,135.80	82,983.89	52,791.17
Service										
39	Uttar Pradesh Development Systems Corporation Limited	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00
40	Uttar Pradesh Handicraft & Marketing Development Corporation Limited	6.34	0.90	0.00	7.24	7.44	0.00	0.00	7.44	0.00
41	Uttar Pradesh Food and Essential Commodities Corporation Limited	5.50	0.00	0.00	5.50	0.73	0.00	0.00	0.73	0.00
42	Uttar Pradesh State Tourism Development Corporation Limited	32.60	0.00	0.00	32.60	0.81	0.00	0.00	0.81	0.00
43	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	0.43	0.00	0.00	0.43	0.00	0.00	0.00	0.00	0.00
44	Lucknow City Transport Services Limited	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00
45	Meerut City Transport Services Limited	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00
46	Allahabad City Transport Services Limited	0.05	0.00	4.86	4.91	0.00	0.00	6.57	6.57	0.00
47	Agra-Mathura City Transport Services Limited	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00
48	Kanpur City Transport Services Limited	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00
49	Varanasi City Transport Services Limited	0.05	0.00	0.00	0.05	0.00	0.00	4.77	4.77	0.00
Sector wise Total		46.17	0.90	4.86	51.93	8.98	0.00	11.34	20.32	0.00
Social Welfare										

Sl. No.	Sector /Name of the Company	Paid-up capital (included share application money pending allotment)				Loans outstanding at the end of the year (long term)				Guarantee outstanding
		State Government	Central Government	Others	Total	State Government	Central Government	Others	Total	
(1)	(2)	3 (a)	3 (b)	3 (c)	3(d)	4 (a)	4 (b)	4 (c)	4(d)	(5)
50	Uttar Pradesh Mahila Kalyan Nigam Limited	4.71	0.48	0.00	5.19	0.00	0.00	0.00	0.00	0.00
51	Uttar Pradesh Waqf Vikas Nigam Limited	10.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		14.71	0.48	0.00	15.19	0.00	0.00	0.00	0.00	0.00
Total A (All sector wise working Government companies)		1,00,398.40	461.16	48,894.41	1,49,753.97	11,154.52	88.32	74,083.86	85,326.70	52,843.82
B. Statutory corporations										
Agriculture & Allied										
1	Uttar Pradesh State Warehousing Corporation	7.79	0.00	5.40	13.19	0.00	0.00	0.00	0.00	0.00
2	Uttar Pradesh Forest Corporation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		7.79	0.00	5.40	13.19	0.00	0.00	0.00	0.00	0.00
Finance										
3	Uttar Pradesh Financial Corporation	114.51	0.00	64.78	179.29	292.98	0.00	376.59	669.57	0.00
Sector wise Total		114.51	0.00	64.78	179.29	292.98	0.00	376.59	669.57	0.00
Infrastructure										
4	Uttar Pradesh Avas Evam Vikas Parishad	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Uttar Pradesh Jal Nigam	0.00	0.00	0.00	0.00	270.03	0.00	0.00	270.03	0.00
Sector wise Total		0.00	0.00	0.00	0.00	270.03	0.00	0.00	270.03	0.00
Service										
6	Uttar Pradesh State Road Transport Corporation	767.84	60.01	0.00	827.85	50.00	0.00	99.88	149.88	0.00
Sector wise Total		767.84	60.01	0.00	827.85	50.00	0.00	99.88	149.88	0.00
Total B (All sector wise working Statutory corporations)		890.14	60.01	70.18	1020.33	613.01	0.00	476.47	1089.48	0.00
Grand Total (A + B)		1,01,288.54	521.17	48,964.59	1,50,774.30	11,767.53	88.32	74,560.33	86,416.18	52,843.82

Sl. No.	Sector /Name of the Company	Paid-up capital (included share application money pending allotment)				Loans outstanding at the end of the year (long term)				Guarantee outstanding
		State Government	Central Government	Others	Total	State Government	Central Government	Others	Total	
(1)	(2)	3 (a)	3 (b)	3 (c)	3(d)	4 (a)	4 (b)	4 (c)	4(d)	(5)
C. Non-working Government companies										
Agriculture and Allied										
1	Command Area Poultry Development Corporation Limited (139 (5) & (7) company)	0.00	0.00	0.24	0.24	0.00	0.00	0.00	0.00	0.00
2	Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Limited	0.23	0.00	0.08	0.31	1.69	0.00	0.00	1.69	0.00
3	Uttar Pradesh (Rohilkhand Tarai) Ganna Beej Evam Vikas Nigam Limited	0.38	0.00	0.33	0.71	6.55	0.00	0.00	6.55	0.00
4	Uttar Pradesh Pashudhan Udyog Nigam Limited	2.10	0.63	0.00	2.73	0.71	0.00	0.00	0.71	0.00
5	Uttar Pradesh Poultry and Livestock Specialties Limited	2.88	1.28	0.00	4.16	1.10	0.00	0.00	1.10	0.00
6	Uttar Pradesh State Horticultural Produce Marketing & Processing Corporation Limited	8.72	0.00	0.64	9.36	1.22	0.00	0.00	1.22	0.00
7	Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Limited	0.51	0.00	0.13	0.64	0.00	0.00	0.00	0.00	0.00
Sector wise Total		14.82	1.91	1.42	18.15	11.27	0.00	0.00	11.27	0.00
Finance										
8	Uplease Financial Services Limited (Subsidiary of UPECL)	0.00	0.00	1.06	1.06	0.00	0.00	4.15	4.15	0.00
9	Uttar Pradesh Panchayati Raj Vitta Evam Vikas Nigam Limited	0.78	0.00	0.66	1.44	0.00	0.00	0.00	0.00	0.00
Sector wise Total		0.78	0.00	1.72	2.50	0.00	0.00	4.15	4.15	0.00
Infrastructure										
10	Uttar Pradesh Cement Corporation Limited	68.28	0.00	0.00	68.28	124.77	0.00	0.00	124.77	0.00
11	Uttar Pradesh State Mineral Development Corporation Limited (UPSMDCL)	59.43	0.00	0.00	59.43	18.24	0.00	1.50	19.74	0.00

Sl. No.	Sector /Name of the Company	Paid-up capital (included share application money pending allotment)				Loans outstanding at the end of the year (long term)				Guarantee outstanding
		State Government	Central Government	Others	Total	State Government	Central Government	Others	Total	
(1)	(2)	3 (a)	3 (b)	3 (c)	3(d)	4 (a)	4 (b)	4 (c)	4(d)	(5)
12	Vindhyachal Abrasives Limited (Subsidiary of UPMDCL)	0.00	0.00	0.00	0.00	0.00	0.00	0.84	0.84	0.00
Sector wise Total		127.71	0.00	0.00	127.71	143.01	0.00	2.34	145.35	0.00
Manufacture										
13	Auto Tractors Limited	5.63	0.00	1.87	7.50	0.38	0.00	0.00	0.38	0.00
14	Bhadohi Woollens Limited (Subsidiary of UPSTCL)	0.00	0.00	3.76	3.76	0.00	0.00		0.00	0.00
15	Chhata Sugar Company Limited (Subsidiary of UPSSCL)	0.00	0.00	81.38	81.38	0.00	0.00	25.90	25.90	0.00
16	Continental Float Glass Limited (Subsidiary of UPSMDL)	0.00	0.00	46.24	46.24	0.00	0.00	138.85	138.85	0.00
17	Electronics and Computers (India) Limited (139 (5) & (7) Company)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Ghatampur Sugar Company Limited (Subsidiary of UPSSCL)	0.00	0.00	156.67	156.67	0.00	0.00	2.16	2.16	0.00
19	Kanpur Components Limited (Subsidiary of Uttar Pradesh Electronics Corporation Ltd.)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20	Nandganj-Sihori Sugar Company Limited (Subsidiary of UPSSCL)	0.00	0.00	256.80	256.80	0.00	0.00	0.00	0.00	0.00
21	The Indian Turpentine and Rosin Company Limited	0.19	-	0.03	0.22	5.33	0.00	1.88	7.21	0.00
22	Uttar Pradesh Abscott Private Limited (Subsidiary of UPSICL))	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.00	0.00
23	Uttar Pradesh Carbide and Chemicals Limited (Subsidiary of UPSMDL))	0.00	0.00	6.59	6.59	11.02	0.00	0.00	11.02	0.00
24	Uttar Pradesh Instruments Limited (Subsidiary of UPSIDCL)	0.09	0.00	1.93	2.02	5.55	0.00	11.49	17.04	0.00

Sl. No.	Sector /Name of the Company	Paid-up capital (included share application money pending allotment)				Loans outstanding at the end of the year (long term)				Guarantee outstanding
		State Government	Central Government	Others	Total	State Government	Central Government	Others	Total	
(1)	(2)	3 (a)	3 (b)	3 (c)	3(d)	4 (a)	4 (b)	4 (c)	4(d)	(5)
25	Uttar Pradesh Plant Protection Appliances (Private) Limited (Subsidiary of UPSICL)	0.00	0.00	0.02	0.02	0.00	0.00	0.00	0.00	0.00
26	Uttar Pradesh State Brassware Corporation Limited	5.28	0.10	0.00	5.38	1.94	0.00	0.00	1.94	0.00
27	Uttar Pradesh State Textile Corporation Limited (UPSTCL)	160.79	0.00	0.00	160.79	189.61	0.00	0.00	189.61	0.00
28	Uptron India Limited (Subsidiary of UPECL)	0.00	0.00	57.93	57.93	0.00	0.00	9.70	9.70	0.00
29	Uttar Pradesh State Handloom Corporation Limited	36.44	10.63	0.00	47.07	110.58	0.00	12.70	123.28	0.00
30	Uttar Pradesh State Leather Development and Marketing Corporation Limited	5.74	0.00	0.00	5.74	1.91	0.00	-	1.91	0.00
31	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	53.67	0.00	0.00	53.67	73.83	0.00	0.00	73.83	0.00
Sector wise Total		267.83	10.73	613.27	891.83	400.15	0.00	202.68	602.83	0.00
Power										
32	Sonebhadra Power Generation Company Limited	0.00	0.00	0.07	0.07	0.00	0.00	0.00	0.00	0.00
33	Yamuna Power Generation Corporation Limited	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.00	0.00
34	Southern UP Power Transmission Company Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		0.00	0.00	0.12	0.12	0.00	0.00	0.00	0.00	0.00

Sl. No.	Sector /Name of the Company	Paid-up capital (included share application money pending allotment)				Loans outstanding at the end of the year (long term)				Guarantee outstanding
		State Government	Central Government	Others	Total	State Government	Central Government	Others	Total	
(1)	(2)	3 (a)	3 (b)	3 (c)	3(d)	4 (a)	4 (b)	4 (c)	4(d)	(5)
Service										
35	Agra Mandal Vikas Nigam Limited	1.00	0.00	0.00	1.00	0.05	0.00	0.00	0.05	0.00
36	Allahabad Mandal Vikas Nigam Limited	0.67	0.00	0.00	0.67	0.66	0.00	0.00	0.66	0.00
37	Bareilly Mandal Vikas Nigam Limited	1.25	0.00	0.00	1.25	0.00	0.00	0.00	0.00	0.00
38	Gorakhpur Mandal Vikas Nigam Limited	0.94	0.00	0.32	1.26	0.65	0.00	0.27	0.92	0.00
39	Lucknow Mandaliya Vikas Nigam Limited	0.70	0.00	0.00	0.70	0.86	0.00	0.00	0.86	0.00
40	Meerut Mandal Vikas Nigam Limited	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00
41	Moradabad Mandal Vikas Nigam Limited	0.25	0.00	0.00	0.25	0.65	0.00	0.00	0.65	0.00
42	Tarai Anusuchit Janjati Vikas Nigam Limited	0.45	0.00	0.00	0.45	1.25	0.00	0.00	1.25	0.00
43	Uttar Pradesh Bundelkhand Vikas Nigam Limited	1.23	0.00	0.00	1.23	0.05	0.00	0.00	0.05	0.00
44	Uttar Pradesh Chalchitra Nigam Limited	8.18	0.00	0.00	8.18	2.47	0.00	0.00	2.47	0.00
45	Uttar Pradesh Poorvanchal Vikas Nigam Limited	1.30	0.00	0.00	1.30	0.35	0.00	0.00	0.35	0.00
46	Varanasi Mandal Vikas Nigam Limited	0.70	0.00	0.00	0.70	0.00	0.00	0.30	0.30	0.00
Sector wise Total		17.67	0.00	0.32	17.99	6.99	0.00	0.57	7.56	0.00
Total C (All sector wise non working Government Companies)		428.81	12.64	616.85	1058.30	561.42	0.00	209.74	771.16	0.00
Grand Total (A + B + C)		1,01,717.35	533.81	49,581.44	1,51,832.60	12,328.95	88.32	74,770.07	87,187.34	52,843.82

Annexure- 1.2
(Referred to in Paragraph 1.1)

Summarised working results of Government companies and Statutory corporations (accounts of which are not in arrears for more than three years) as on 31 December 2017

(₹ in crore)

Sl. No.	Name of PSU	Year of finalised Account	Net profit/loss	Turnover
1	2	3	4	5
Profit making PSUs				
1	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	2016-17	0.02	0.22
2	Uttar Pradesh Bhumi Sudhar Nigam	2014-15	0.08	0.25
3	Uttar Pradesh Projects Corporation Limited	2014-15	6.22	524.85
4	Uttar Pradesh Police Avas Nigam Limited	2015-16	10.68	26.98
5	Uttar Pradesh State Construction & Infrastructure Corporation Limited	2015-16	11.63	662.91
6	Uttar Pradesh State Bridge Corporation Limited	2014-15	27.92	1,375.68
7	Almora Magnesite Limited	2016-17	0.48	24.56
8	Shreetron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	2016-17	0.76	36.91
9	Uptron Powertronics Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	2016-17	1.46	28.22
10	Uttar Pradesh Electronics Corporation Limited	2015-16	1.28	30.53
11	UCM Coal Company Limited	2015-16	0.01	0.00*
12	Uttar Pradesh Jal Vidyut Nigam Limited	2014-15	27.88	98.58
13	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	2016-17	677.94	11,831.48
14	Uttar Pradesh Development Systems Corporation Limited	2014-15	1.79	7.78
15	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2014-15	28.97	244.49
16	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2014-15	0.07	0.00*
17	Ghatampur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2015-16	5.40	0.00*
18	Nandganj-Sihori Sugar Company Limited (Subsidiary of State Sugar Corporation Limited)	2014-15	3.47	4.18
19	Uttar Pradesh State Warehousing Corporation	2014-15	87.07	353.97
20	Uttar Pradesh Forest Corporation	2015-16	4.26	381.29
21	Uttar Pradesh Avas Evam Vikas Parishad	2015-16	50.68	334.26
22	Uttar Pradesh State Road Transport Corporation	2015-16	15.90	3,333.04
Total			963.97	19,300.18
Loss making PSUs				
23	The Pradeshia Industrial and Investment Corporation of Uttar Pradesh Limited	2014-15	-11.93	0.18
24	Lucknow Metro Rail Corporation Limited	2016-17	-19.45	0.00*
25	NOIDA Metro Rail Corporation Limited	2016-17	-8.33	1.39
26	Uttar Pradesh State Spinning Company Limited	2015-16	-11.36	6.33

Sl. No.	Name of PSU	Year of finalised Account	Net profit/loss	Turnover
1	2	3	4	5
27	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	2016-17	-5.38	0.00*
28	Dakshinanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2014-15	-2,036.31	6,611.55
29	Kanpur Electricity Supply Company Limited	2014-15	-317.28	1,692.61
30	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2014-15	-965.09	5,949.66
31	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2014-15	-1,836.84	10,231.21
32	Purvanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2014-15	-1,317.99	6,052.56
33	Sonebhadra Power Generation Limited	2014-15	-0.01	0.00*
34	Uttar Pradesh Power Corporation Limited	2014-15	-12,669.08	36,838.75
35	Uttar Pradesh Power Transmission Corporation Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2014-15	-71.87	1,304.91
36	Yamuna Power Generation Corporation Limited	2014-15	-0.01	0.00*
37	Uttar Pradesh State Textile Corporation Limited	2015-16	-16.29	0.00*
38	Uttar Pradesh State Tourism Development Corporation Limited	2014-15	-5.13	31.08
39	Allahabad City Transport Services Limited	2014-15	-7.21	16.11
Total			-19,299.56	68,736.34
No profit no loss making PSUs				
40	Jawaharpur Vidyut Utpadan Nigam Limited	2015-16	0.00	0.00*
Total			0.00	0.00
Grand Total			-18,335.59	88,036.52

* These PSUs are either under construction stage or had no operational income.

Annexure-1.3
(Referred to in Paragraph 1.9)
Arrears of accounts of working and non-working PSUs as on 31 December 2017

Sl. No.	Name of the PSU	Year(s) for which Accounts are in arrears	Number of accounts in arrears
1	2	3	4
A. Working Companies			
1 to 2 years			
1	Uttar Pradesh Police Avas Nigam Limited	2016-17	1
2	Uttar Pradesh State Construction & Infrastructure Development Corporation Limited	2016-17	1
3	Uttar Pradesh State Spinning Company Limited	2016-17	1
4	Uttar Pradesh Electronics Corporation Limited	2016-17	1
5	UCM Coal Company Limited	2016-17	1
6	Jawaharpur Vidyut Utpadan Nigam Limited	2016-17	1
7	Uttar Pradesh Bhumi Sudhar Nigam	2015-16 and 2016-17	2
8	Uttar Pradesh Projects Corporation Limited	2015-16 and 2016-17	2
9	The Pradeshiya Industrial and Investment Corporation of U P Limited	2015-16 and 2016-17	2
10	Uttar Pradesh State Bridge Corporation Limited	2015-16 and 2016-17	2
11	Dakshninanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2015-16 and 2016-17	2
12	Kanpur Electricity Supply Company Limited	2015-16 and 2016-17	2
13	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2015-16 and 2016-17	2
14	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2015-16 and 2016-17	2
15	Purvanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2015-16 and 2016-17	2
16	Uttar Pradesh Jal Vidyut Nigam Limited	2015-16 and 2016-17	2
17	Uttar Pradesh Power Corporation Limited	2015-16 and 2016-17	2
18	Uttar Pradesh Power Transmission Corporation Limited	2015-16 and 2016-17	2
19	Uttar Pradesh Development Systems Corporation Limited	2015-16 and 2016-17	2
20	Uttar Pradesh State Tourism Development Corporation Limited	2015-16 and 2016-17	2
21	Allahabad City Transport Services Limited	2015-16 and 2016-17	2
22	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2015-16 and 2016-17	2

Sl. No.	Name of the PSU	Year(s) for which Accounts are in arrears	Number of accounts in arrears
1	2	3	4
3 to 5 years			
1	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	2014-15 to 2016-17	3
2	Uttar Pradesh Rajya Chini Avam Ganna Vikas Nigam Limited	2014-15 to 2016-17	3
3	Uttar Pradesh State Sugar Corporation Limited	2014-15 to 2016-17	3
4	UPSIDC Power Company Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	2014-15 to 2016-17	3
5	Uttar Pradesh Mahila Kalyan Nigam Limited	2014-15 to 2016-17	3
6	Uttar Pradesh Beej Vikas Nigam Limited	2013-14 to 2016-17	4
7	Uttar Pradesh State Industrial Development Corporation Limited	2013-14 to 2016-17	4
8	Uttar Pradesh Rajkiya Nirman Nigam Limited	2013-14 to 2016-17	4
9	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited	2012-13 to 2016-17	5
6 to 10 years			
1	Uttar Pradesh State Agro Industrial Corporation Limited	2011-12 to 2016-17	6
2	Meerut City Transport Services Limited	2011-12 to 2016-17	6
3	Uttar Pradesh Matsya Vikas Nigam Limited	2010-11 to 2016-17	7
4	Uttar Pradesh Drugs and Pharmaceuticals Limited	2010-11 to 2016-17	7
5	Agra-Mathura City Transport Services Limited	2010-11 to 2016-17	7
6	Kanpur City Transport Services Limited (Incorporated w.e.f. 28-04-10)	2010-11 to 2016-17	7
7	Varanasi City Transport Services Limited (Incorporated w.e.f.15-06-10)	2010-11 to 2016-17	7
8	Uttar Pradesh Food and Essential Commodities Corporation Limited	2009-10 to 2016-17	8
9	Lucknow City Transport Services Limited	2009-10 to 2016-17	8
10	Uttar Pradesh Small Industries Corporation Limited	2008-09 to 2016-17	9
11	Uttar Pradesh Handicraft & Marketing Development Corporation Limited(Formerly Uttar Pradesh Export Corporation Limited)	2008-09 to 2016-17	9
11 to 20 years			
1	Uttar Pradesh Waqf Vikas Nigam Limited	2004-05 to 2016-17	13
2	Uttar Pradesh Alpsankhyak Vittiya Evam Vikas Nigam Limited	2003-04 to 2016-17	14
Total (A)			178

Sl. No.	Name of the PSU	Year(s) for which Accounts are in arrears	Number of accounts in arrears
1	2	3	4
B. Statutory Corporation (Working)			
1 to 2 years			
1	Uttar Pradesh Forest Corporation	2016-17	1
2	Uttar Pradesh Avas Evam Vikas Parishad	2016-17	1
3	Uttar Pradesh State Warehousing Corporation	2015-16 and 2016-17	2
4	Uttar Pradesh State Road Transport Corporation	2016-17	1
3 to 5 years			
1	Uttar Pradesh Financial Corporation	2013-14 to 2016-17	4
2	Uttar Pradesh Jal Nigam	2012-13 to 2016-17	5
Total (B)			14
Grand Total (A+B)			192
C. Non-Working Companies (Other than under liquidation)			
1 to 2 years			
1	Ghatampur Sugar Company Limited) subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2016-17	1
2	Uttar Pradesh State Textile Corporation Limited	2016-17	1
3	Chhata Sugar Company Limited) subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2015-16 and 2016-17	2
4	Nandganj-Sihori Sugar Company Limited) subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2015-16 and 2016-17	2
5	Sonebhadra Power Generation Company Limited	2015-16 and 2016-17	2
6	Yamuna Power Generation Corporation Limited	2015-16 and 2016-17	2
3 to 5 years			
7	Uttar Pradesh State Mineral Development Corporation Limited	2014-15 to 2016-17	3
8	Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Limited	2014-15 to 2016-17	3
9	Southern UP Power Transmission Company Ltd.	2014-15 to 2016-17	3
10	Uttar Pradesh Pashudhan Udhog Nigam Limited	2013-14 to 2016-17	4
6 to 10 years			
11	The Indian Turpentine and Rosin Company Limited	2011-12 to 2016-17	6
12	Uttar Pradesh Bundelkhand Vikas Nigam Limited	2011-12 to 2016-17	6
13	Uttar Pradesh Poultry and Livestock Specialities Limited	2010-11 to 2016-17	7
14	Uttar Pradesh Chalchitra Nigam Limited	2010-11 to 2016-17	7
15	Meerut mandal Vikas Nigam Limited	2009-10 to 2016-17	8
11 to 20 years			
16	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited	2002-03 to 2016-17	15

Sl. No.	Name of the PSU	Year(s) for which Accounts are in arrears	Number of accounts in arrears
1	2	3	4
17	Uttar Pradesh State Leather Development and Marketing Corporation Limited	2001-02 to 2016-17	16
18	Uttar Pradesh State Handloom Corporation Limited	1999-2000 to 2016-17	18
19	Uplease Financial Services Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	1998-98 to 2016-17	19
20	Uttar Pradesh State Brassware Corporation Limited	1998-99 to 2016-17	19
Above 20 years			
21	Uttar Pradesh Panchayati Raj Vitta Evam Vikas Nigam Limited	1996-97 to 2016-17	21
22	Uptron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	1996-97 to 2016-17	21
23	Command Area Poultry Development Corporation Limited (139 (5) and (7) Company)	1995-96 to 2016-17	22
24	Moradabad Mandal Vikas Nigam Limited	1992-93 to 2016-17	25
25	Agra Mandal Vikas Nigam Limited	1989-90 to 2016-17	28
26	Bareilly Mandal Vikas Nigam Limited	1989-90 to 2016-17	28
27	Gorakhpur Mandal Vikas Nigam Limited	1989-90 to 2016-17	28
28	Uttar Pradesh Poorvanchal Vikas Nigam Limited	1988-89 to 2016-17	29
29	Varanasi Mandal Vikas Nigam Limited	1988-89 to 2016-17	29
30	Uttar Pradesh State Horticultural Produce Marketing & Processing Corporation Limited	1985-86 to 2016-17	32
31	Allahabad Mandal Vikas Nigam Limited	1984-85 to 2016-17	33
32	Tarai Anusuchit Janjati Vikas Nigam Limited	1983-84 to 2016-17	34
33	Lucknow Mandaliya Vikas Nigam Limited	1982-83 to 2016-17	35
Total (C)			509
D. Companies under liquidation			
1	Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Limited	2002-03	0
2	Uttar Pradesh (Rohilkhand Tarai) Ganna Beej Evam Vikas Nigam Limited	NA ¹	0
3	Uttar Pradesh Cement Corporation Limited	1996-97 to 1999-2000	0
4	Vindhyachal Abrasives Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	1988-89 to 2002-03	0
5	Auto Tractors Limited	1988-89 to 2002-03	0
6	Bhadohi Woolens Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	1995-96	0

¹ The Company had submitted accounts for the year 2006-07 and went into liquidation from 01 July 2003. Therefore, there were no arrears in accounts.

Sl. No.	Name of the PSU	Year(s) for which Accounts are in arrears	Number of accounts in arrears
1	2	3	4
7	Continental Float Glass Limited	1998-99 to 2001-02	0
8	Electronics and Computers (India) Limited (139 (5) & (7) Company)	NA ²	0
9	Kanpur Components Limited (Subsidiary of Uttar Pradesh Electronics Corporation Ltd.)	NA ²	0
10	Uttar Pradesh Abscott Private Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	1976-77 to 1996-97	0
11	Uttar Pradesh Carbide and Chemicals Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	1993-94	0
12	Uttar Pradesh Plant Protection Appliances (Private) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	1975-76	0
Total (D)			0
Grand Total (A+B+C+D)			701

² The company went into liquidation in its year of incorporation without submitting any accounts.

Annexure – 1.4 (A)
(Referred to in Paragraph 1.9)
Name of directors in the Board of working PSUs

Sl. No.	Name of PSU	Names of Directors in the BoD
A. Working PSUs whose accounts are in arrears upto three years		
1	Uttar Pradesh Bhumi Sudhar Nigam	Shri Chandra Prakash
		Shri Satyendra Kumar Singh
		Shri Arvind Kumar Dhaka
		Shri Raj Pratap Singh
		Shri Chinta Mani Pandey
		Shri Amit Mohan Prasad
		Shri Rajiva Mohan
		Shri Suresh Chandra
		Shri Saroj Singh
		Shri Gyan Singh
		Shri Ajay Yadav
2	Uttar Pradesh Projects Corporation Limited	Shri Adesh Kumar Goel
		Smt. Nikhat Shamim
		Shri Chandra Kumar Verma
		Shri Ravi Sinha
		Shri Chandra Deo Ram
		Smt. Manju Shankar
		Shri Shailendra
		Shri Pradeep Kumar Singh
		Shri Bhupendra Sharma
		shri Sandeep Agarwal
		Shri VKL Srivastava
3	Uttar Pradesh Police Avas Nigam Limited	Shri Ajay Swarup Srivastava
		Ms. Manju Shanker
		Shri Ramesh Pratap Singh
		Shri Surya Narain Shukla
		Shri Prem Chand Meena
		Shri Prmod Kumar Tiwari
4	Uttar Pradesh State Construction & Infrastructure Corporation Limited	Shri Vinay Kumar Chaudhari
		Smt Anandeshwari Awasthi
		Shri Virendra Kumar Singh
		Shri V K L Srivastava
		Shri Bholu Singh
		Shri Mridul Lal
		Shri Pranjal Yadav
		Shri Alok Chauhan

Sl. No.	Name of PSU	Names of Directors in the BoD
		Shri Rajan Sengar
		Shri Munindra Kumar Singh
		Shri Manoj Singh
		Shri Rajeev Kumar Srivastava
		Shri Sunil Kumar Srivastava
		Shri Arvind Mohan Chitranshi
5	Uttar Pradesh State Bridge Corporation Limited	Shri N C Saxena
		Shri V K L Srivastava
		Shri Salek Chandra
		Shri Massarat Noor Khan
		Smt. Aradhana Shukla
		Shri Mukul Joshi
6	Uttar Pradesh Electronics Corporation Limited	Shri Rajeev Kumar Srivastava
		Shri N C Tripathi
		Dr V K Singh
		Shri Bharat Bhaskar
		Shri Rajendra Prasad Tiwari
		Shri Bhupendra S Chaudhary
		Shri Ajay Deep Singh
		Shri Surendra Vikram
		Shri Sanjiv Saran
7	UCM Coal Company Limited	Shri A. P. Mishra
		Shri J. K. Srinivasan
		Shri Sanjay Agarwal
		Shri Subodh Kumar Singh
		Shri Bipin Srimali
		Shri Shiv Ratan Sharma
		Ms. Reena Baba Saheb Kangale
		Shri Suresh Kumar Sharma
8	Uttar Pradesh Jal Vidyut Nigam Limited	Shri A K Agarwal
		Shri Yaadram
		Shri C K Verma
		Shri Manju Shankar
		Shri R P Gupta
		Shri S. K. Goel
		Shri P S Sharma
		Shri C D Ram
		Shri A K Singh
		Shri Neel Ratan Kumar

Sl. No.	Name of PSU	Names of Directors in the BoD
9	Uttar Pradesh Development Systems Corporation Limited	Shri Rajeev Kumar Srivastava
		Shri Naveen Chandra Tripathi
		Shri Hira Lal
		Shri Bhupendra S Chaudhary
		Shri Ajay Deep Singh
10	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	Brig. R D Singh
		Brig. Amulya Mohan
		Shri Rakesh Krishna
		Shri Mahendra Kumar
		Major Gen.A K Singh
		Shri Sandeep Kumar Singh
		Shri Ram Bahadur Singh
		Shri Amrendra Bahadur Singh
		Major Gen. Sanjay Saran
		Shri Anandeshwary Awasthi
11	The Pradeshiya Industrial and Investment Corporation of UP Limited	Shri Alok Ranjan
		Shri Mahesh Kumar Gupta
		Ms. Kanchan Verma
		Shri C. S. Banaudha
		Shri Deepak Singhal
		Shri Rahul Prasad Bhatnagar
		Shri Mukesh Mittal
		Shri M L Kashyap
		Shri Sanjay Agarwal
		Ms. Alaknanda Dayal
		Shri Rajiv Srivastava
		Dr. Anil Kumar
12	Uttar Pradesh State Spinning Company Limited	Shri S. K. Singh (BPE)
		Shri S. K. Singh Dy. Director (DI)
		Ms. Mridula Singh
		Shri S P Singh
		Mohd. Iftikharuddin
13	Dakshinanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Shri S.V.S. Rathore
		Shri N. C. Agarwal
		Shri S. C. Bharti
		Shri S. K. Mishra
14	Kanpur Electricity Supply Company Limited	Ms. Selva kumari J.
		Shri Kaushal Raj Sharma
		Shri Radhey Shyam Yadav

Sl. No.	Name of PSU	Names of Directors in the BoD
		Shri Vijay Singh Srivastava
		Shri Rakesh Kumar
		Shri Ranveer Prasad
		Shri Ashutosh Niranjana
		Shri Surendra Singh
		Ms. Saumya Agarwal
		Shri Alok Kumar
15	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Shri Anil Kumar Agarwal
		Shri Shameem Ahmad
		Shri Ved Prakash Verma
		Shri Vishal Chauhan
		Shri Satya Prakash Pandey
		Shri S C Gupta
		Shri Rakesh Kumar
		Ms. Selva Kumari J
		Shri Sudhir Kumar Verma
		Shri Sanjay Agrawal
		Shri Sudhanshu Dwivedi
16	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Shri Anil Kumar
		Shri Abhishek Prakash
		Shri Arvind Kumar Gupta
		Shri Arvind Rajvedi
		Shri Narendra Agrawal
		Shri Pawan Kumar Agarwal
17	Purvanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Shri Vishal Chauhan
		Ms. Selva Kumari J
		Shri Sudhanshu Dwivedi
		Shri Anil Kumar Awasthi
		Shri Mohit Arya
		Shri Rakesh Kumar Verma
		Shri Ajit Singh
18	Uttar Pradesh Power Corporation Limited	Shri Sanjay Agarwal
		Shri A P Mishra
		Shri Sudhanshu Dwivedi
		Shri Satya Prakash Pandey
		Shri Krishna Murari Mittal
		Shri Ramanand Yadav
		Shri Sanjay Kumar Singh
		Shri Neel Ratan Kumar

Sl. No.	Name of PSU	Names of Directors in the BoD
		Shri Vishal Chauhan
		Ms. Neerja Krishna
		Ms. Manju Shankar
19	Uttar Pradesh Power Transmission Corporation Limited	Shri Neel Ratan Kumar
		Shri A.P. Mishra
		Shri Sanjay Agarwal
		Shri Pramod Gopal Rao Khandelkar
		Shri A.P. Singh
		Shri Ram Swarath
		Shri Vishal Chauhan
		Ms. Ritu Maheshwari
		Ms. Manju Shanker
		Shri B. K. Khare
		Shri Chandra Mohan
		Shri S. K. Mishra
20	Uttar Pradesh State Tourism Development Corporation Limited	Shri Sudeep Ranjan Sen
		Shri Aparna U
		Shri Sanjeev Saran
		Shri Vivek
		Shri S K Singh
		Shri Ram Rekha Pandey
		Shri Mahendra Kumar
		Shri Sarvagya Ram Mishra
		Shri O P Dwivedi
		Shri Navneet Sahgal
		Shri Ram Vishal Mishra
21	Jawaharpur Vidyut Utpadan Nigam Limited	Shri A K Agarwal
		Shri Rakesh Trivedi
		Shri Ayodhya Prasad Misra
		Shri Vishal Chauhan
		Shri B S Tiwari
		Shri Sudhanshu Dwivedi
		Shri Atul Nigam
22	Uttar Pradesh Mahila Kalyan Nigam Limited	Ms. Kusum Sharma
		Shri Satyendra Kumar Singh
		Shri Anandeshwary Awasthi
		Shri Nandlal Prasad
		Shri Ram Dulaey Kalyan
		Shri Ram Kewal

Sl. No.	Name of PSU	Names of Directors in the BoD
23	Allahabad City Transport Services Limited	Shri Harish Chandra
		Shri Rajan Shukla
		Shri Sanjay Kumar
		Shri Ajay Kumar Singh
		Shri Devendra Kumar Pandey
		Shri K L Emenual
		Shri Sheshmani Pandey
		Shri Bheemsen
		Shri Sagir Ahmad Ansari
B. Working PSUs whose accounts are in arrears over three years.		
1	Uttar Pradesh Beej Vikas Nigam Limited	Shri Satyendra Kumar Singh
		Shri Raj Pratap Singh
		Shri Amit Mohan Prasad
		Shri Surendra Lal Goswami
		Shri Saroj Singh
		Shri Gyan Singh
		Shri Yogendra Dutt Tripathi
		Shri Gaya Prasad
		Shri Santosh Kumar Khare
		Shri Onkar Prasad Srivastava
		Shri Dheeraj Kumar
2	Uttar Pradesh Matsya Vikas Nigam Limited	Shri Sudhir Mahadeo Bobde
		Shri Anil Kumar Sagar
		Shri Har Sharan Das
		Ms. Mridula Singh
		Shri Ram Raj
		Ms. Manju Shanker
		Ms. Anita Mishra
		Shri Prabhat Kumar Srivastava
		Shri Arvind Kumar Dhaka
		Shri Kailash Prakash
3	Uttar Pradesh State Agro Industrial Corporation Limited	Shri Harminder Raj Singh
		Shri Jagdeesh Prasad
		Shri Narendra Sigh Kushwaha
		Shri Javed Iqbal
		Shri Padamm Sen Chaudhary
		Shri Nathulal Gangwar
4	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited	Shri Akhtar Ali Naqvi
		Shri Vinay Kumar Chaudhary

Sl. No.	Name of PSU	Names of Directors in the BoD
		Shri Rajendra Kumar Verma
		Shri Nathulal Gangwar
		Ms. Sushama Tiwari
		Shri Vimal Kishore Gupta
5	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	Shri Kedarnath
		Shri Vijay Bahadur Singh
		Shri Manoj Singh
		Shri Surendra Vikram
		Shri Dheeraj Kushwaha
		Shri A M Chitansi
		Shri K Narayana
6	Uttar Pradesh State Industrial Development Corporation Limited	Shri Alok Ranjan
		Shri Manoj Singh
		Shri L Venketeshwar Loo
		Ms. J Selva Kumari
		Shri Mahesh Kumar Gupta
		Shri Hrishikesh Bhaskar
		Shri Mukul Joshi
		Shri Nina Sharma
		Shri Sanjay Agarwal
		Shri Amit Kumar Ghosh
		Ms. Alaknanda Dayal
		Shri Ranvir Prasad
7	Uttar Pradesh Drugs and Pharmaceuticals Limited	Shri Devender Singh
		Shri Rajendra Kumar Gupta
		Shri Arvind Sonkar
		Shri Lokesh Kumar
8	Uttar Pradesh Rajya Chini Avam Ganna Vikas Nigam Limited	Shri Avinash Chandra Dwivedi
		Shri Vipin Kr. Dwivedi
		Shri A K Bisaria
		Shri S K Mehra
		Ms. Uma Dwivedi
		Shri Tulsi Ram
9	Uttar Pradesh Small Industries Corporation Limited	Shri Hulash Rai Singhal
		Shri Sandeep Bansal
		Shri Manoj Singh
		Shri Amit Kumar Ghosh
		Ms. Jaishri Bhoj
		Shri Vivek

Sl. No.	Name of PSU	Names of Directors in the BoD
		Shri Arvind Kumar Singh
		Shri Akhilesh Kumar
		Ms. Mridula Singh
10	Uttar Pradesh State Sugar Corporation Limited	Shri Avinash Chandra Dwivedi
		Shri Vipin Kr. Dwivedi
		Ms. Uma Dwivedi
		Shri Tulsi Ram
		Shri Navin Chandra Tripathi
		Shri Mukul Joshi
11	UPSIDC Power Company Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Shri Manoj Singh
		Shri Amit Kumar Ghosh
		Shri Sushil Kumar Yadav
		Shri Arun Misra
		Shri Pankaj Pandey
		Shri A. K. Trivedi
12	Uttar Pradesh Handicraft & Marketing Development Corporation Limited (Formerly Uttar Pradesh Export Corporation Limited)	Shri Markandey Singh
		Shri Gyanendra Nath Pandey
		Shri Praveen Kumar Singh
		Shri Vijay Kant Dubey
		Shri Dinesh Saxena
		Shri Rajeev Kumar Srivastava
13	Lucknow City Transport Services Limited	Shri T Venktesh
		Shri Anup Pandey
		Shri Bhuvnesh Kumar
		Shri S P Singh
		Shri A Rahman
		Shri Rajshekhar
		Shri Satyendra Singh
		Shri Gaurishankar Priyadarshi
		Shri Yashswi Yadav
		Shri Manjil Saini
		Shri Anup Kumar Yadav
		Shri Udayraj Singh
		Shri Sagir Ahmad Ansari
		Shri Ajay Kumar Tripathi
14	Meerut City Transport Services Limited	Shri Alok Sinha
		Shri Navdeep Rinva
		Shri Pankaj Yadav
		Shri Jagat Rao
		Shri Sandeep Laha

Sl. No.	Name of PSU	Names of Directors in the BoD
		Ms. B Chandrakala
		Shri Dilip Dixit
		Ms. Mamta Sharma
		Shri Dinesh Chandra Dubey
		Shri J Ravindra Gaur
		Shri Umesh Pratap Singh
		Shri Devendra Kumar Singh Kushwaha
		Shri Rajesh Kumar
		Shri Yogendra Yadav
15	Agra-Mathura City Transport Services Limited	Shri Pradeep Bhatnagar
		Shri Chandrakant
		Ms. Manisha Trighatiya
		Shri Pankaj Kumar
		Shri Gaurav Dayal
		Shri Pritendra Singh
		Ms. Mala Srivastav
		Shri Ajay Yadav
		Shri Indra Vikram Singh
		Shri Jagdish Singh Kushwaha
		Shri Vijay Kumar
		Shri Nikhil Chandra Shukla
		Shri S B Singh
		Shri Vijay Kumar
		Shri Rakesh Singh
		Shri Bablu Kumar
		Shri Mohit Gupta
		Shri Nitin Bansal
		Dr. Brijesh Kumar
16	Kanpur City Transport Services Limited	Mohd. Iftikharuddin
		Shri Kaushalraj Sharma
		Shri Shalabh Mathur
		Shri Neeraj Saxena
		Shri H N Singh
		Shri Akash Kulhari
		Ms. Jaishri Bhoj
		Shri Vivek Kumar
		Shri Devendra Singh Kushwaha
		Shri Umesh Pratap Singh
		Shri V K Singh

Sl. No.	Name of PSU	Names of Directors in the BoD
17	Varanasi City Transport Services Limited	Shri Nitin Ramesh Gokarn,
		Shri Rajmani Yadav
		Shri Vijay Kiran Anand
		Shri Yogeshwar Ram Mishra
		Shri Akash Kulhari
		Shri Nitin Tiwari
		Shri Haripratap Shahi
		Shri Pushpsen Satyarthi
		Shri Radheshyam
		Shri P K Tiwari
		Shri Prakash Chandra Srivastav
18	Uttar Pradesh Rajkiya Nirman Nigam limited	Shri Salek Chandra
		Ms. Aradhana Shukla
		Shri Anurag Yadav
		Shri Mukul Joshi
		Shri Sudhir Garg
		Shri Rang Nath Pandey
		Shri V K Singh
		Shri Masarat Noor Khan
		Shri Sadakant
		Shri Rajiv Srivastava
		Ms. Malini Sharma
		Shri Mahendra Kumar

Annexure- 1.4 (B)
(Referred to in Paragraph 1.9)
Names of officers who are directors of more than one PSU whose accounts are in arrears

Sl. No.	Name of Director	Name of Company
1	Ms. Manju Shankar	Uttar Pradesh Police Avas Nigam Limited
		Uttar Power Corporation Ltd
		Uttar Pradesh Power Transmission Corporation Limited
		Southern UP Power Transmission Corporation Ltd.
		Uttar Pradesh Matsya Vikas Nigam Limited
2	Shri Bhupendra Sharma	Uttar Pradesh Projects Corporation Limited
		Uttar Pradesh Jal Vidyut Nigam Limited
3	Shri V K L Srivastava	Uttar Pradesh State Construction and Infrastructure Corporation Limited
		Uttar Pradesh State Bridge Corporation Limited
4	Shri Manoj Singh	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited
		Uttar Pradesh State Industrial Development Corporation Limited
		UPSIDC Power Company Limited
		Uttar Pradesh State Construction and Infrastructure Corporation Limited
		Uttar Pradesh Small Industries Corporation Limited
5	Shri Alok Ranjan	Uttar Pradesh State Industrial Development Corporation Limited
		The Pradeshiya Industrial and Investment Corporation of UP Limited
		NOIDA Metro Rail Corporation Limited
6	Shri Mahesh Kumar Gupta	Uttar Pradesh State Industrial Development Corporation Limited
		The Pradeshiya Industrial and Investment Corporation of UP Limited
		NOIDA Metro Rail Corporation Limited
7	Shri Mukul Joshi	Uttar Pradesh State Industrial Development Corporation Limited
		Uttar Pradesh Rajkiya Nirman Nigam Limited
		Uttar Pradesh State Bridge Corporation Limited
		Uttar Pradesh State Leather Development and Marketing Corporation Limited
		Uttar Pradesh State Sugar Corporation Limited
8	Shri Sanjay Agarwal	Uttar Pradesh State Industrial Development Corporation Limited
		The Pradeshiya Industrial and Investment Corporation of UP Limited
		UCM Coal Company Limited
		Uttar Pradesh Power Corporation Limited

Sl. No.	Name of Director	Name of Company
9	Shri V K Singh	Allahabad City Transport Services
		Kanpur City Transport Services Limited
10	Shri Mahendra Kumar	Uttar Pradesh Rajkiya Nirman Nigam Limited
		Uttar Pradesh Jal Vidyut Nigam Limited
		Uttar Pradesh State Tourism Development Corporation Limited
		Uttar Pradesh Purva Sainik Kalyan Nigam Limited
11	Shri Rajan Mittal	Uttar Pradesh Rajkiya Nirman Nigam Limited
		Uttar Pradesh State Bridge Corporation Limited
12	Shri Arvind Kumar Gupta	Uttar Pradesh State Bridge Corporation Limited
		Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)
13	Shri Rama Raman	Yamuna Power Generation Corporation Limited
		NOIDA Metro Rail Corporation Limited
14	Shri R K Tiwari	Shreetron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)
		Uptron Powertronics Ltd. (subsidiary of Uttar Pradesh Electronics Corporation)
15	Shri Sanjiv Saran	Shreetron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)
		Uptron Powertronics Ltd. (subsidiary of Uttar Pradesh Electronics Corporation)
		Uttar Pradesh Tourism Development Corporation Limited
		Uttar Pradesh Electronics Corporation Limited.
16	Shri G S Naveen Kumar	Shreetron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)
		Uptron Powertronics Ltd. (subsidiary of Uttar Pradesh Electronics Corporation)
17	Shri Rajeev Srivastava	Uttar Pradesh Rajkiya Nirman Niagm Limited Electronics Corporation Limited.
		The Pradeshiya Industrial and Investment Corporation of UP Limited
18	Shri Avinash Chandra Dwivedi	Uttar Pradesh Rajya Chini Avam Ganna Vikas Nigam Limited
		Uttar Pradesh State Sugar Corporation Limited
19	Ms. Uma Dwivedi	Uttar Pradesh Rajya Chini Avam Ganna Vikas Nigam Limited
		Uttar Pradesh State Sugar Corporation Limited
20	Shri Tulsi Ram	Uttar Pradesh Rajya Chini Avam Ganna Vikas Nigam Limited
		Uttar Pradesh State Sugar Corporation Limited
21	Shri Pankaj Kumar	Uttar Pradesh State Leather Development and Marketing Corporation Limited
		Agra-Mathura City Transport Services Limited
22	Shri Gaurav Dayal	Uttar Pradesh State Leather Development and Marketing Corporation Limited
		Agra-Mathura City Transport Services Limited

Sl. No.	Name of Director	Name of Company
23	Shri S P Singh	Uttar Pradesh State Spinning Company Limited
		Lucknow City Transport Services Limited
24	Ms. Prabhawati Singh	Uttar Pradesh State Spinning Company Limited
		Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)
25	Shri S K Singh	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)
		Uttar Pradesh State Tourism Development Corporation Limited
26	Shri Vishal Chauhan	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)
		Purvanchal Vidyut Vitran Niagm Liomitwed (Subsidiary of Uttar Pradesh Power Corporation Limited)
		Uttar Pradesh Power Transmission Corporation Limited
		Uttar Pradesh Power Corporation Limited
27	Shri Rakesh Kumar	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)
		Kanpur Electricity Supply Company Limited
		Uttar Pradesh Purva Sainik Kalyan Nigam Limited
28	Shri Sudhanshu Dwivedi	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)
		Sonebhadra Power Generation Company Limited
		Purvanchal Vidyut Vitran Niagm Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)
		Jawaharpur Vidyut Utpadan Nigam Limited
29	Ms. Selva Kumari J.	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)
		Kanpur Electricity Supply Company Limited
		Purvanchal Vidyut Vitran Niagm Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)
30	Shri A P Mishra	Uttar Pradesh Power Transmission Corporation Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)
		UCM Coal Company Limited
		Sonebhadra Power Generation Company Limited
		Jawaharpur Vidyut Utpadan Nigam Limited
31	Shri Ramanand Yadav	Sonebhadra Power Generation Company Limited
		Uttar Pradesh Power Corporation Limited
32	Shri A K Agarwal	Uttar Pradesh Jal Vidyut Nigam Limited
		Jawaharpur Vidyut Utpadan Nigam Limited
33	Shri S K Mishra	Dakshinanchal Vidyut Vitran Nigam Limited
		Southern UP Power Transmission Corporation Ltd.

Sl. No.	Name of Director	Name of Company
34	Shri Neel Ratan Kumar	Uttar Pradesh Jal Vidyut Nigam Limited
		Uttar Pradesh Power Corporation Limited
		Southern UP Power Transmission Corporation Ltd.
		Uttar Pradesh Power Transmission Corporation Limited
35	Shri Umesh Pratap Singh	Meerut City Transport Services Limited
		Kanpur City Transport Services Limited
36	Shri Akash Kulhari	Kanpur City Transport Services Limited
		Varanasi City Transport Services Limited
37	Shri Akhilesh Kumar	Uttar Pradesh Small Industries Corporation Limited
		Uttar Pradesh State Leather Development and Marketing Corporation Limited
38	Mohd. Iftikharuddin	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)
		Uttar Pradesh State Spinning Company Limited
		Kanpur City Transport Services Limited
39	Ms. Alaknanda Dayal	The Pradeshiya Industrial and Investment Corporation of UP Limited
		Uttar Pradesh State Industrial Development Corporation Limited
40	Ms. Jaishri Bhoj	Uttar Pradesh Small Industries Corporation Limited
		Kanpur City Transport Services Limited
41	Ms. Mridula Singh	Uttar Pradesh State Yarn Company Limited
		Uttar Pradesh State Spinning Company Limited
		Uttar Pradesh Small Industries Corporation Limited
		Uttar Pradesh Matsya Vikas Nigam Limited
		Uttar Pradesh State Handloom Corporation Limited
42	Ms. Ritu Maheshwari	Uttar Pradesh Power Transmission Corporation Limited
		Southern UP Power Transmission Corporation Ltd.
43	Shri Ajay Deep Singh	Uttar Pradesh Electronics Corporation Limited.
		Uttar Pradesh Development Systems Corporation Limited

Annexure-1.5
(Referred to in Paragraph 1.11)

Equity, Loans, Grants and Guarantees by the State Government in PSUs whose accounts were in arrears as on 31 December 2017

Sl. No.	Name of PSU	Years from which Accounts are in arrears	Equity, Loans, Grants and others by State Government during last three years for which Accounts are in arrears				
			Equity	Loans	Capital Grant	Others	Total
1	2	3	4	5	6	7	8
A. Working Government Companies							
1 to 2 years							
1	Uttar Pradesh State Spinning Company Limited	2016-17	0.00	8.62	0.00	0.00	8.62
2	Uttar Pradesh Electronics Corporation Limited	2016-17	25.41	0.00	39.12	0.00	64.53
3	Uttar Pradesh Bhumi Sudhar Nigam	2015-16	0.00	0.00	330.00	0.00	330.00
4	Lucknow Metro Rail Corporation Limited	2015-16	510.00	185.00	473.00	0.00	1,168.00
5	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	2015-16	1,184.81	0.00	0.00	0.00	1,184.81
6	Uttar Pradesh Power Corporation Limited	2015-16	35,411.55	3,700.32	0.00	0.00	39,111.87
7	Paschimanchal Vidyut Vitran Nigam Limited	2015-16	0.00	0.00	0.00	3,453.66	3,453.66
8	Uttar Pradesh Power Transmission Corporation Limited	2015-16	4,968.89	0.00	0.00	0.00	4,968.89
9	Uttar Pradesh Development Systems Corporation Limited	2015-16	0.00	20.00	4.00	0.00	24.00
10	Purvanchal Vidyut Vitran Nigam Limited	2015-16	2,073.26	0.00	0.00	2,076.22	4,149.48
3 to 5 years							
1	Uttar Pradesh Scheduled Caste Finance and Development Corporation Limited	2014-15	0.00	0.00	0.00	151.16	151.16
2	Uttar Pradesh State Tourism Development Corporation Limited	2014-15	28.00	0.00	0.00	0.00	28.00
3	Kanpur Electricity Supply Company Limited	2014-15	0.00	0.00	0.00	159.12	159.12
4	Allahabad City Transport Services Limited	2014-15	0.00	0.00	5.49	0.00	5.49
6 to 13 years							
1	Meerut City Transport Services Limited	2011-12	0.00	0.00	3.95	0.00	3.95

Sl. No.	Name of PSU	Years from which Accounts are in arrears	Equity, Loans, Grants and others by State Government during last three years for which Accounts are in arrears				
			Equity	Loans	Capital Grant	Others	Total
1	2	3	4	5	6	7	8
2	Uttar Pradesh State Agro Industrial Corporation Limited	2010-11	0.00	66.00	0.00	0.00	66.00
3	Varanasi City Transport Services Limited	2010-11	0.00	0.00	2.54	0.00	2.54
4	Uttar Pradesh State Food & Essential Corporation Limited	2009-10	5.50	81.88	0.00	0.00	87.38
5	U.P. Handicrafts & Marketing Development Corporation Limited	2007-08	0.00	0.00	5.30	0.00	5.30
6	Uttar Pradesh Waqf Vikas Nigam Limited	2004-05	1.50	0.00	0.00	0.00	1.50
Total (A)			44,208.92	4,053.20	863.40	5,840.16	54,965.68
B. Working Statutory Corporations							
1 to 2 years							
1	Uttar Pradesh State Road Transport Corporation	2015-16	100.00	50.00	0.00	0.00	150.00
3 to 6 years							
1	Uttar Pradesh Jal Nigam	2011-12	0.00	0.00	1,157.37	0.00	1,157.37
Total (B)			100.00	50.00	1,157.37	0.00	1,307.37
Total (A+B)			44,308.92	4,103.20	2,020.77	5,840.16	56,273.05
C Non-Working Companies							
1 to 2 years							
1	Uttar Pradesh State Textile Corporation Limited	2016-17	0.00	1.39	0.00	0.00	1.39
2	Uttar Pradesh State Yarn Company Limited	2016-17	0.00	4.96	0.00	0.00	4.96
3	Chhata Sugar Company Limited	2015-16	0.00	0.68	0.00	0.00	0.68
Total (C)			0.00	7.03	0.00	0.00	7.03
Total (A+B+C)			44,308.92	4,110.23	2,020.77	5,840.16	56,280.08

Annexure-1.6

(Referred to in Paragraph 1.12)

Details of major/serious irregularities noticed during audit of accounts of Statutory corporations

S. No.	Irregularities noticed as per respective Separate Audit Report
A.	Uttar Pradesh Jal Nigam (2011-12)
1	Unsecured Loans from Government of Uttar Pradesh was understated by ₹ 141.85 crore due to execution of world bank loan of ₹ 42.29 crore received through the state Government during 1990-91 to 1995-96 under Current Liabilities instead of Unsecured Loan and non accountal of accrued interest of ₹ 99.56 crore thereupon.
2	Miscellaneous Security Deposit has been shown net of debit balance of ₹ 3.62 crore. This has resulted in understatement of Current Assets and Current Liabilities and Provision both by ₹ 3.62 crore.
3	Deposit received for projects has been shown net of debit balance of ₹ 56.78 crore resulting in understatement of Current Assets as well as Current Liabilities and Provisions by ₹ 56.78 crore each.
4	Accumulated deficit and Current liabilities and Provision have been understated by ₹ 39.05 crore due to not crediting of interest earned on works FDRs/ Saving bank accounts to the respective clients accounts instead of treating as own income.
5	Liabilities as well as Expenditure has been understated and surplus for the year has been overstated by ₹ 31.37 crore due to non provision for pension and gratuity at revised rates.
6	Project (Material) and Current Liabilities have been understated by ₹ 23.06 crore due to showing the balances of project material net of credit balances of ₹ 23.06 crore.
7	Work in progress has been understated by ₹ 10.12 crore due to accountal of centage on work cost at the rate lower than admissible rate of 12.5 per cent during the year 2009-10.
8	Work in progress has been overstated and "Completed Rural Water Project" maintained by U P Jal Nigam has been understated by ₹ 48.29 crore due to non capitalization of completed project at Babina (Jhansi) in 1996-97.
9	Work in progress has been overstated and Loans & Advances has been understated by ₹ 5.64 crore being unadjusted advance given for work to U P Development System Corporation, National Informatics Centre Services and Director, C & DS during March 2003 to February 2007.
10	Work in progress has been overstated by ₹ 31.21 crore due to non capitalization of 44 schemes that have already been completed by Ganga Pollution Control Unit Varanasi under Ganga Action Plan.
11	Balance with Banks has been overstated and Fixed deposits as well as Interest income has been understated by ₹ 49.55 crore, ₹ 49.70 crore and ₹ 0.15 crore respectively due to non accountal of Flexi FDRs with various banks and accrued interest of ₹ 14.68 lakh on those FDRs.
12	Work in progress under Current Assets of C & DS as per Schedule 11 and Current Liabilities have been overstated by ₹ 404.23 crore due to non adjustment of works completed and handed over to the clients during 1995 to March 2012.
13	Income from financing activities includes Interest of ₹ 31.55 crore earned on investment of funds received for deposit works pertaining to the year 2008-09 to 2010-11 which should have been credited to clients account instead of accounting as income from financing activities.
B	Uttar Pradesh Avas Evam Vikas Parishad (2015-16)
1	Self finance Scheme Deposits has been overstated and excess of Income over expenditure and Parishad Fund have been understated by ₹ 22.63 crore due to inclusion of interest and penal interest received during the year 2014-15 in deposits instead of recognizing the same as income for the year.
2	Revolving Fund has been understated by ₹ 7.09 crore (including ₹ 0.44 crore released from Infrastructure fund) due to non transfer of fund to this account although ₹ 7.09 crore was required to be credited to this fund. This has resulted in overstatement of Infrastructure fund by ₹ 0.44 crore and understatement of Money in transit by ₹ 6.65 crore.

S. No.	Irregularities noticed as per respective Separate Audit Report
3	Work in progress and Deposit work Liabilities have been overstated by ₹ 105.78 crore due to non making of necessary accounting entries in respect of 34 works completed at a cost of ₹ 105.78 crore during May 2014 to March 2016 and handed over to the client.
4	Public Loans under Sundry Receivables have been overstated and Provision for unrealized installments have been understated by ₹ 6.38 crore due to non provision for doubtful receivables.
5	Properties and Net provisioning for installments not yet due have been overstated by ₹ 7993.10 crore due to adoption of net opening balance as ₹ 2913.63 crore instead of ₹ 2095.61 crore, wrong carryover of figures in format EM-51 (₹ 552.51 crore) from format EM-45 (₹ 271.92 crore) and format EM-43 (₹ 299.30 crore).
6	Interest on saving bank/ flexi accounts does not include a sum of ₹ 5.10 crore being interest income credited by banks by 31 March 2017.
7	The Infrastructure fund to be created as per Significant Accounting policies was not adequately represented by the corresponding investment and was short represented by ₹ 264.83 crore as against Liabilities of ₹ 603.56 crore towards the Infrastructure fund, the availability of fund with the Parishad was ₹ 338.73 crore.
8	The Parishad has neither made any provision in its books of account to meet out the financial burden of ₹ 278 crore on account of arrears of pension as per decision dated 13 May 2015 in compliance to Hon'ble Supreme Court Award in September 2014 nor made any disclosure to this effect in notes on accounts.
9	The opening balance of Interest payable on registration money as per Balance Sheet (₹ 22.42 crore) was not reconciled with source document i.e. Form EM-41 (₹ 22.11 crore).
10	The opening balance of net provisioning/ Interest reversal required at year end (₹ 557.68 crore) as per Balance sheet was not reconciled with the opening balance of source document i.e. Form EM-45 (₹ 559 crore).
C	Uttar Pradesh State Road Transport Corporation (2014-15)
1	Fixed Assets and Passenger Amenity fund both have been overstated by ₹ 1.08 crore due to capitalization of the Land measuring seven acre at ₹ 1.08 crore instead of debited the same in Passenger Amenity Fund.
2	Sundry Debtors and Profit for the year were overstated by ₹ 2.09 crore and ₹ 0.52 crore respectively and accumulated loss understated by ₹ 1.57 crore due to accountal of ground rent from Allahabad City Transport Services Ltd for the year 2011-12 to 2014-15 whereas ground rent was not to be charged from Allahabad City Transport Services Ltd as per Government directives.
3	During the years 2010-11 to 2014-15, UPSRTC incurred expenditure of ₹ 15.97 crore on purchase, maintenance and stationery related to computer out of information Technology Fund. The assets created against the expenditure of ₹ 15.97 crore has not been disclosed in the accounts.
D	Uttar Pradesh Forest Corporation (2014-15)
1	Current Liabilities did not include a sum of ₹ 186.55 crore (including Contingent liabilities of ₹ 88.74 crore) payable to Uttaranchal Forest Development Corporation on account of liability for payment towards distribution of Free Reserve & Surplus and Stores after adjusting Stores of ₹ 53.77 crore. This has resulted in understatement of Current Liabilities and overstatement of Reserve & Surplus by ₹ 97.81 crore

Annexure-1.7

(Referred to in Paragraph 1.13)

Summarised financial position and working results of Government companies and Statutory corporations (accounts of which are not in arrears for more than three years) as per their latest finalised financial statements

(figures in column 4 to 9 are ₹ in crore and 10 to 12 in per cent)

Sl. No.	Name of PSU	Year of finalised Account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment €	Shareholders fund ^v	Capital employed [#]	Return on Capital employed (ROCE) ^a	Return on investment (ROI) ^b	Return on equity (ROE) ^c
									(4/9)	(4/7)	(5/8)
1	2	3	4	5	6	7	8	9	10	11	12
Financial year 2014-15											
Profit making PSUs											
1	Uttar Pradesh Projects Corporation Limited	2014-15	11.15	6.22	524.85	62.02	62.02	62.02	17.98	17.98	10.03
2	Uttar Pradesh Bhumi Sudhar Nigam	2014-15	0.08	0.08	0.25	2.24	2.24	2.24	3.57	3.57	3.57
3	Uttar Pradesh State Bridge Corporation Limited	2014-15	47.03	27.92	1,375.68	187.66	187.66	187.66	25.06	25.06	14.88
4	Uttar Pradesh Development Systems Corporation Limited	2014-15	2.66	1.79	7.78	6.18	6.18	6.18	43.04	43.04	28.96
5	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2014-15	28.97	28.97	244.49	149.78	149.78	149.78	19.34	19.34	19.34
6	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2014-15	1.07	0.07	0.00	-105.39	-105.39	-105.39	0.00 [*]	0.00 [*]	0.00 [*]
7	Uttar Pradesh State Warehousing Corporation	2014-15	87.07	87.07	353.97	433.79	433.79	433.79	20.07	20.07	20.07
8	Uttar Pradesh Forest Corporation	2014-15	1.01	1.01	451.66	1,408.32	1,408.32	1,408.32	0.07	0.07	0.07

Sl. No.	Name of PSU	Year of finalised Account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment €	Shareholders fund ^y	Capital employed [#]	Return on Capital employed (ROCE) ^a	Return on investment (ROI) ^b	Return on equity (ROE) ^o
									(4/9)	(4/7)	(5/8)
1	2	3	4	5	6	7	8	9	10	11	12
9	Uttar Pradesh Avas Evam Vikas Parishad	2014-15	32.71	32.71	498.59	4,696.58	4,696.58	4,696.58	0.70	0.70	0.70
10	Uttar Pradesh Jal Vidyut Nigam Limited	2014-15	50.41	27.88	98.58	172.15	107.50	172.15	29.28	29.28	25.93
11	Nandganj-Sihori Sugar Company Limited (Subsidiary of State Sugar Corporation Limited)	2014-15	3.47	3.47	4.18	-241.41	-241.41	-241.41	0.00 [*]	0.00 [*]	0.00 [*]
12	Ghatampur Sugar Company Limited (Subsidiary of State Sugar Corporation Limited)	2014-15	0.31	0.31	0.00	-155.56	-155.56	-155.56	0.00 [*]	0.00 [*]	0.00 [*]
13	Uttar Pradesh Power Transmission Corporation Limited	2014-15	324.87	-71.87	1,304.91	6,039.41	6,039.41	6,039.41	5.38	5.38	-1.19
14	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	2014-15	871.06	76.16	8,251.26	8,951.28	8,951.28	8,951.28	9.73	9.73	0.85
15	Almora Magnesite Ltd.	2014-15	0.44	0.2	28.85	0.98	0.98	0.98	44.90	44.90	20.41
16	Uttar Pradesh Electronics Corporation Limited	2014-15	2.46	1.48	33.58	209.03	95.87	209.03	1.18	1.18	1.54
17	Uttar Pradesh Police Avas Nigam Limited	2014-15	7.09	4.65	127.66	17.71	17.71	17.71	40.03	40.03	26.26
18	Shretron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	2014-15	0.27	0.18	12.60	1.91	1.91	1.91	14.14	14.14	9.42

Sl. No.	Name of PSU	Year of finalised Account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment €	Shareholders fund ^v	Capital employed [#]	Return on Capital employed (ROCE) ^a	Return on investment (ROI) ^b	Return on equity (ROE) [∞]
									(4/9)	(4/7)	(5/8)
1	2	3	4	5	6	7	8	9	10	11	12
19	Uptron Powertronics Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	2014-15	1.45	1.08	30.20	-3.94	-3.94	-3.94	0.00 [^]	0.00 [^]	0.00 [^]
20	Uttar Pradesh State Road Transport Corporation	2014-15	3.96	3.96	3,241.40	-495.26	-545.26	-495.26	0.00 [^]	0.00 [^]	0.00 [^]
Total (A)			1,467.28	224.45	16,590.49	22,339.04	22,161.23	22,339.04	6.57	6.57	1.01
Loss making PSUs											
21	NOIDA Metro Rail Corporation Limited	2014-15	-1.09	-1.81	0	-1.76	43.24	-1.76	0.00 [^]	0.00 [^]	0.00 [^]
22	The Pradeshiya Industrial and Investment Corp. of Uttar Pradesh Limited	2014-15	-8.99	-11.93	0.18	-240.62	-244.62	-240.62	0.00 [^]	0.00 [^]	0.00 [^]
23	Uttar Pradesh State Textile Corporation Limited	2014-15	-1.62	-8.48	0	-342.51	-342.51	-342.51	0.00 [^]	0.00 [^]	0.00 [^]
24	Dakshinanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	2014-15	-235.99	-2,036.31	6,611.55	-20,222.80	-20,222.80	-20,222.8	0.00 [^]	0.00 [^]	0.00 [^]
25	Kanpur Electricity Supply Company Limited	2014-15	-43.26	-317.28	1,692.61	-3,523.88	-3,523.88	-3,523.88	0.00 [^]	0.00 [^]	0.00 [^]
26	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	2014-15	-73.83	-965.09	5,949.66	-12,431.69	-12,431.69	-12,431.69	0.00 [^]	0.00 [^]	0.00 [^]
27	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	2014-15	-828.51	-1,836.84	10,231.21	-12,363.56	-12,363.56	-12,363.56	0.00 [^]	0.00 [^]	0.00 [^]

Sl. No.	Name of PSU	Year of finalised Account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment €	Shareholders fund ^z	Capital employed [#]	Return on Capital employed (ROCE) ^a	Return on investment (ROI) ^b	Return on equity (ROE) ^c
									(4/9)	(4/7)	(5/8)
1	2	3	4	5	6	7	8	9	10	11	12
28	Purvanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	2014-15	-163.92	-1,317.99	6,052.56	-16,428.37	-16,428.27	-16,428.37	0.00 [▲]	0.00 [▲]	0.00 [▲]
29	Sonebhadra Power Generation Limited	2014-15	-0.01	-0.01	0.00	-5.01	-5.01	-5.01	0.00 [▲]	0.00 [▲]	0.00 [▲]
30	Uttar Pradesh Power Corporation Limited	2014-15	-12,524.85	-12,669.08	36,838.75	38,897.27	29,113.83	38,897.27	-32.20	-32.20	-43.52
31	Yamuna Power Generation Corporation Limited	2014-15	-0.01	-0.01	0.00	-2.50	-2.50	-2.5	0.00 [▲]	0.00 [▲]	0.00 [▲]
32	UCM Coal Company Limited	2014-15	-0.05	-0.05	0.00	-0.08	-0.08	-0.08	0.00 [▲]	0.00 [▲]	0.00 [▲]
33	Uttar Pradesh State Construction & Infrastructure Corporation Limited	2014-15	-2.72	-2.79	425.04	60.11	60.11	60.11	-4.53	-4.53	-4.64
34	Lucknow Metro Rail Corporation Limited	2014-15	-2.28	-2.61	0.00	112.09	77.09	112.09	-2.03	-2.03	-3.39
35	Uttar Pradesh State Spinning Company Ltd.	2014-15	-12.86	-12.86	21.39	-59.12	-144.48	-59.12	0.00 [▲]	0.00 [▲]	0.00 [▲]
36	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	2014-15	-1.39	-4.71	0	-71.15	-138.02	-71.15	0.00 [▲]	0.00 [▲]	0.00 [▲]
37	Uttar Pradesh State Tourism Development Corporation Limited	2014-15	-4.90	-5.13	31.08	13.90	13.09	13.9	-35.25	-35.25	-39.19

Sl. No.	Name of PSU	Year of finalised Account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment ^ε	Shareholders fund ^v	Capital employed [#]	Return on Capital employed (ROCE) ^a	Return on investment (ROI) ^b	Return on equity (ROE) ^c
									(4/9)	(4/7)	(5/8)
1	2	3	4	5	6	7	8	9	10	11	12
38	Allahabad City Transport Services Limited	2014-15	-7.21	-7.21	16.11	-8.29	-8.29	-8.29	0.00 [*]	0.00 [*]	0.00 [*]
39	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	2014-15	-0.19	-0.19	0.13	-0.70	-0.70	-0.7	0.00 [*]	0.00 [*]	0.00 [*]
Total (B)			-12,534.75	-12,679.61	67,870.27	39,083.37	29,264.12	39,083.37	-32.07	-32.07	-43.33
No Profit no Loss making PSUs											
40	Jawaharpur Vidyut Utpadan Nigam Limited	2014-15	0.00	0.00	0.00	0.71	0.71	0.71	0.00 [*]	0.00 [*]	0.00 [*]
Total (C)			0.00	0.00	0.00	0.71	0.71	0.71	0.00	0.00	0.00
Grand Total (A+B+C)			-11,067.47	-12,455.16	84,460.76	61,423.12	51,426.06	61,423.12	-18.02	-18.02	-24.22
Financial year 2015-16											
Profit making PSUs											
1	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	2015-16	0.03	0.03	0.17	-0.67	-0.67	-0.67	0.00 [*]	0.00 [*]	0.00 [*]
2	Uttar Pradesh Projects Corporation Limited	2014-15	11.15	6.22	524.85	62.02	62.02	62.02	17.98	17.98	10.03
3	Uttar Pradesh Bhumi Sudhar Nigam	2014-15	0.08	0.08	0.25	2.24	2.24	2.24	3.57	3.57	3.57
4	Uttar Pradesh State Bridge Corporation Limited	2014-15	47.03	27.92	1,375.68	187.66	187.66	187.66	25.06	25.06	14.88
5	Uttar Pradesh Electronics Corporation Limited	2015-16	1.93	1.28	30.53	210.10	96.94	210.10	0.92	0.92	1.32
6	Shretron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	2015-16	1.40	0.93	39.70	2.84	2.84	2.84	49.30	49.30	32.75

Sl. No.	Name of PSU	Year of finalised Account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment €	Shareholders fund ^v	Capital employed [#]	Return on Capital employed (ROCE) ^u	Return on investment (ROI) ^β	Return on equity (ROE) [∞]
									(4/9)	(4/7)	(5/8)
1	2	3	4	5	6	7	8	9	10	11	12
7	Uptron Powertronics Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	2015-16	1.87	1.24	46.91	-2.70	-2.70	-2.70	0.00 [^]	0.00 [^]	0.00 [^]
8	Uttar Pradesh Jal Vidyut Nigam Limited	2014-15	50.41	27.88	98.58	172.15	107.50	172.15	29.28	29.28	25.93
9	Uttar Pradesh Power Transmission Corp. Ltd.	2014-15	324.87	-71.87	1,304.91	6,039.41	6,039.41	6,039.41	5.38	5.38	-1.19
10	Nandganj-Sihori Sugar Company Limited (Subsidiary of State Sugar Corporation Limited)	2014-15	3.47	3.47	4.18	-241.41	-241.41	-241.41	0.00 [^]	0.00 [^]	0.00 [^]
11	Ghatampur Sugar Company Limited (Subsidiary of State Sugar Corporation Limited)	2015-16	5.40	5.40	0.00	-150.16	-150.16	-150.16	0.00 [^]	0.00 [^]	0.00 [^]
12	Uttar Pradesh Forest Corporation	2015-16	4.26	4.26	381.29	1,424.63	1,424.63	1,424.63	0.30	0.30	0.30
13	Uttar Pradesh Avas Evam Vikas Parishad	2015-16	55.77	50.68	334.26	4,747.26	4,747.26	4,747.26	1.17	1.17	1.07
14	Uttar Pradesh State Road Transport Corporation	2015-16	16.01	15.90	3,351.51	-635.45	-635.45	-635.45	0.00 [^]	0.00 [^]	0.00 [^]
15	UCM Coal Company Limited	2015-16	0.01	0.01	0.00	-0.08	-0.08	-0.08	0.00 [^]	0.00 [^]	0.00 [^]
16	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	2015-16	1,126.22	284.96	9,178.66	21,228.30	10,511.14	21,228.30	5.31	5.31	2.71

Sl. No.	Name of PSU	Year of finalised Account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment €	Shareholders fund ^y	Capital employed [#]	Return on Capital employed (ROCE) ^u	Return on investment (ROI) ^β	Return on equity (ROE) ^c
									(4/9)	(4/7)	(5/8)
1	2	3	4	5	6	7	8	9	10	11	12
17	Uttar Pradesh Development Systems Corporation Limited	2014-15	2.66	1.79	7.78	6.18	6.18	6.18	43.04	43.04	28.96
18	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2014-15	28.97	28.97	244.49	149.78	149.78	149.78	19.34	19.34	19.34
19	Uttar Pradesh State Warehousing Corporation	2014-15	87.07	87.07	353.97	433.79	433.79	433.79	20.07	20.07	20.07
20	Chhata Sugar Company Limited (Subsidiary of State Sugar Corp. Ltd.)	2014-15	1.07	0.07	0.00	-105.39	-105.39	-105.39	0.00 [▲]	0.00 [▲]	0.00 [▲]
21	Uttar Pradesh Police Avas Nigam Limited	2015-16	16.53	10.68	26.98	28.24	28.24	28.24	58.53	58.53	37.82
22	Uttar Pradesh State Construction & Infrastructure Corporation Limited	2015-16	15.82	11.63	662.91	71.71	71.71	71.71	22.06	22.06	16.22
23	NOIDA Metro Rail Corporation Limited	2015-16	3.04	1.91	0.00	525.61	525.61	525.61	0.58	0.58	0.36
24	Almora Magnesite Limited	2015-16	1.97	1.56	28.71	2.54	2.54	2.54	77.56	77.56	61.42
Total (A)			1,779.18	475.95	17,996.32	35,294.46	24,399.49	35,294.46	5.04	5.04	1.95
Loss making PSUs											
25	Lucknow Metro Rail Corporation Limited	2015-16	-20.00	-22.18	0.00	855.83	1105.60	855.83	-2.34	-2.34	-2.01
26	The Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited	2014-15	-8.99	-11.93	0.18	-240.62	-244.62	-240.62	0.00 [▲]	0.00 [▲]	0.00 [▲]

Sl. No.	Name of PSU	Year of finalised Account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment €	Shareholders fund ^y	Capital employed ^z	Return on Capital employed (ROCE) ^a	Return on investment (ROI) ^b	Return on equity (ROE) ^c
									(4/9)	(4/7)	(5/8)
1	2	3	4	5	6	7	8	9	10	11	12
27	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	2015-16	-1.59	-5.38	0.00	-74.27	-148.10	-74.27	0.00 ⁺	0.00 ⁺	0.00 ⁺
28	Uttar Pradesh State Textile Corporation Limited	2015-16	-9.33	-16.29	0.00	-169.09	-358.70	-169.09	0.00 ⁺	0.00 ⁺	0.00 ⁺
29	Uttar Pradesh State Spinning Company Limited	2015-16	-8.46	-11.36	6.33	-24.62	-155.84	-24.62	0.00 ⁺	0.00 ⁺	0.00 ⁺
30	Dakshinanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	2014-15	-235.99	-2,036.31	6,611.55	-20,222.80	-20,222.80	-20,222.80	0.00 ⁺	0.00 ⁺	0.00 ⁺
31	Kanpur Electricity Supply Company Limited	2014-15	-43.26	-317.28	1,692.61	-3,523.88	-3,523.88	-3,523.88	0.00 ⁺	0.00 ⁺	0.00 ⁺
32	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	2014-15	-73.83	-965.09	5,949.66	-12,431.69	-12,431.69	-12,431.69	0.00 ⁺	0.00 ⁺	0.00 ⁺
33	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	2014-15	-828.51	-1,836.84	10,231.21	-12,363.56	-12,363.56	-12,363.56	0.00 ⁺	0.00 ⁺	0.00 ⁺
34	Purvanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	2014-15	-163.92	-1,317.99	6,052.56	-16,428.37	-16,428.27	-16,428.37	0.00 ⁺	0.00 ⁺	0.00 ⁺
35	Sonebhadra Power Generation Limited	2014-15	-0.01	-0.01	0.00	-5.01	-5.01	-5.01	0.00 ⁺	0.00 ⁺	0.00 ⁺
36	Uttar Pradesh Power Corporation Limited	2014-15	-12,524.85	-12,669.08	36,838.75	38,897.27	29,113.83	38,897.27	-32.20	-32.20	-43.52

Sl. No.	Name of PSU	Year of finalised Account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment €	Shareholders fund ^x	Capital employed [#]	Return on Capital employed (ROCE) ^a	Return on investment (ROI) ^b	Return on equity (ROE) ^c
									(4/9)	(4/7)	(5/8)
1	2	3	4	5	6	7	8	9	10	11	12
37	Yamuna Power Generation Corporation Limited	2014-15	-0.01	-0.01	0.00	-2.50	-2.50	-2.50	0.00 [*]	0.00 [*]	0.00 [*]
38	Uttar Pradesh State Tourism Development Corporation Limited	2014-15	-4.90	-5.13	31.08	13.90	13.09	13.90	-35.25	-35.25	-39.19
39	Allahabad City Transport Services Limited	2014-15	-7.21	-7.21	16.11	-8.29	-8.29	-8.29	0.00 [*]	0.00 [*]	0.00 [*]
Total (B)			-12,549.75	-12,696.39	67,430.04	39,767.00	30,232.52	39,767.00	-31.56	-31.56	-42.00
No profit no loss making PSUs											
40	Jawaharpur Vidyut Utpadan Nigam Limited	2015-16	0	0	0	-0.76	-0.71	-0.76	0.00 [*]	0.00 [*]	0.00 [*]
Total (C)			0	0	0	-0.76	-0.71	-0.76	0.00	0.00	0.00
Grand Total (A+B+C)			-10,770.57	-12,220.44	85,426.36	75,061.46	54,632.01	75,061.46	-14.35	-14.35	-22.37
Financial year 2016-17											
Profit making PSUs											
1	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	2016-17	0.02	0.02	0.22	-0.65	-0.65	-0.65	0.00 [*]	0.00 [*]	0.00 [*]
2	Uttar Pradesh Bhumi Sudhar Nigam	2014-15	0.08	0.08	0.25	2.24	2.24	2.24	3.57	3.57	3.57
3	Uttar Pradesh Projects Corporation Limited	2014-15	11.15	6.22	524.85	62.02	62.02	62.02	17.98	17.98	10.03
4	Uttar Pradesh Police Avas Nigam Limited	2015-16	16.53	10.68	26.98	28.24	28.24	28.24	58.53	58.53	37.82
5	Uttar Pradesh State Construction & Infrastructure Corporation Limited	2015-16	15.82	11.63	662.91	71.71	71.71	71.71	22.06	22.06	16.22

Sl. No.	Name of PSU	Year of finalised Account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment €	Shareholders fund ¥	Capital employed #	Return on Capital employed (ROCE) ^a	Return on investment (ROI) ^b	Return on equity (ROE) ^c
									(4/9)	(4/7)	(5/8)
1	2	3	4	5	6	7	8	9	10	11	12
6	Uttar Pradesh State Bridge Corporation Limited	2014-15	47.03	27.92	1,375.68	187.66	187.66	187.66	25.06	25.06	14.88
7	Almora Magnesite Limited	2016-17	1.46	0.65	24.56	3.06	3.06	3.06	47.71	47.71	21.24
8	Shretron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	2016-17	1.11	0.76	36.91	3.60	3.60	3.60	30.83	30.83	21.11
9	Uptron Powertronics Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	2016-17	2.02	1.46	28.22	-1.24	-1.24	-1.24	0.00 [▲]	0.00 [▲]	0.00 [▲]
10	Uttar Pradesh Electronics Corporation Limited	2015-16	1.93	1.28	30.53	210.10	96.94	210.10	0.92	0.92	1.32
11	Uttar Pradesh Jal Vidyut Nigam Limited	2014-15	50.41	27.88	98.58	172.15	107.50	172.15	29.28	29.28	25.93
12	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	2016-17	2,447.77	677.94	11,831.48	11,031.37	11,031.37	11,031.37	22.19	22.19	6.15
13	UCM Coal Company Limited	2015-16	0.01	0.01	0.00	-0.08	-0.08	-0.08	0.00 [▲]	0.00 [▲]	0.00 [▲]
14	Uttar Pradesh Power Transmission Corporation Limited	2014-15	324.87	-71.87	1,304.91	6,039.41	6,039.41	6,039.41	5.38	5.38	-1.19
15	Uttar Pradesh Development Systems Corporation Limited	2014-15	2.66	1.79	7.78	6.18	6.18	6.18	43.04	43.04	28.96
16	Uttar Pradesh Purva Sainik Kalyan Nigam Ltd.	2014-15	28.97	28.97	244.49	149.78	149.78	149.78	19.34	19.34	19.34

Sl. No.	Name of PSU	Year of finalised Account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment €	Shareholders fund ^y	Capital employed [#]	Return on Capital employed (ROCE) ^u	Return on investment (ROI) ^β	Return on equity (ROE) ^o
									(4/9)	(4/7)	(5/8)
1	2	3	4	5	6	7	8	9	10	11	12
17	Uttar Pradesh State Warehousing Corporation	2014-15	87.07	87.07	353.97	433.79	433.79	433.79	20.07	20.07	20.07
18	Uttar Pradesh Forest Corporation	2015-16	4.26	4.26	381.29	1,424.63	1,424.63	1,424.63	0.30	0.30	0.30
19	Uttar Pradesh Avas Evam Vikas Parishad	2015-16	55.77	50.68	334.26	4,747.26	4,747.26	4,747.26	1.17	1.17	1.07
20	Uttar Pradesh State Road Transport Corporation	2015-16	16.01	15.90	3,351.51	-635.45	-635.45	-635.45	0.00 [^]	0.00 [^]	0.00 [^]
21	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2014-15	1.07	0.07	0.00	-105.39	-105.39	-105.39	0.00 [^]	0.00 [^]	0.00 [^]
22	Ghatampur Sugar Company Limited (Subsidiary of State Sugar Corporation Limited)	2015-16	5.40	5.40	0.00	-150.16	-150.16	-150.16	0.00 [^]	0.00 [^]	0.00 [^]
23	Nandganj-Sihori Sugar Company Limited (Subsidiary of State Sugar Corporation Limited)	2014-15	3.47	3.47	4.18	-241.41	-241.41	-241.41	0.00 [^]	0.00 [^]	0.00 [^]
Total (A)			3,096.89	865.94	20,623.56	24,573.20	24,395.39	24,573.20	12.60	12.60	3.55
Loss making Companies											
24	The Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited	2014-15	-8.99	-11.93	0.18	-240.62	-244.62	-240.62	0.00 [^]	0.00 [^]	0.00 [^]

Sl. No.	Name of PSU	Year of finalised Account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment €	Shareholders fund ^y	Capital employed [#]	Return on Capital employed (ROCE) ^u	Return on investment (ROI) ^b	Return on equity (ROE) ^c
									(4/9)	(4/7)	(5/8)
1	2	3	4	5	6	7	8	9	10	11	12
25	Lucknow Metro Rail Corporation Limited	2016-17	-17.06	-19.45	0.00	1,420.73	885.73	1420.73	-1.20	-1.20	-2.20
26	NOIDA Metro Rail Corporation Limited	2016-17	-7.86	-8.33	1.39	-8.23	-8.23	-8.23	0.00*	0.00*	0.00*
27	Uttar Pradesh State Spinning Company Ltd.	2015-16	-8.46	-11.36	6.33	-24.62	-155.84	-24.62	0.00*	0.00*	0.00*
28	Uttar Pradesh State Yarn Company Limited (Subsidiary of State Textile Corporation Ltd)	2015-16	-1.59	-5.38	0.00	-74.27	-148.10	-74.27	0.00*	0.00*	0.00*
29	Dakshinanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	2014-15	-235.99	-2,036.31	6,611.55	-20,222.80	-20,222.80	-20,222.80	0.00*	0.00*	0.00*
30	Kanpur Electricity Supply Company Limited	2014-15	-43.26	-317.28	1,692.61	-3,523.88	-3,523.88	-3,523.88	0.00*	0.00*	0.00*
31	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	2014-15	-73.83	-965.09	5,949.66	-12,431.69	-12,431.69	-12,431.69	0.00*	0.00*	0.00*
32	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	2014-15	-828.51	-1,836.84	10,231.21	-12,363.56	-12,363.56	-12,363.56	0.00*	0.00*	0.00*
33	Purvanchal Vidyut Vitaran Nigam Limited (Subsidiary of UPPCL)	2014-15	-163.92	-1,317.99	6,052.56	-16,428.37	-16,428.27	-16,428.37	0.00*	0.00*	0.00*
34	Sonebhadra Power Generation Limited	2014-15	-0.01	-0.01	0.00	-5.01	-5.01	-5.01	0.00*	0.00*	0.00*

Sl. No.	Name of PSU	Year of finalised Account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment €	Shareholders fund ¥	Capital employed #	Return on Capital employed (ROCE) α	Return on investment (ROI) β	Return on equity (ROE) ∞
									(4/9)	(4/7)	(5/8)
1	2	3	4	5	6	7	8	9	10	11	12
35	Uttar Pradesh Power Corporation Limited	2014-15	-12,524.85	-12,669.08	36,838.75	38,897.27	29,113.83	38,897.27	-32.20	-32.20	-43.52
36	Yamuna Power Generation Corporation Limited	2014-15	-0.01	-0.01	0.00	-2.50	-2.50	-2.50	0.00*	0.00*	0.00*
37	Uttar Pradesh State Textile Corporation Limited	2015-16	-9.33	-16.29	0.00	-169.09	-358.70	-169.09	0.00*	0.00*	0.00*
38	Uttar Pradesh State Tourism Development Corporation Limited	2014-15	-4.90	-5.13	31.08	13.90	13.09	13.90	-35.25	-35.25	-39.19
39	Allahabad City Transport Services Limited	2014-15	-7.21	-7.21	16.11	-8.29	-8.29	-8.29	0.00*	0.00*	0.00*
Total (B)			-12,546.81	-12,693.66	67,431.43	40,331.90	30,012.65	40,331.90	-31.11	-31.11	-42.29
No profit no loss making PSUs											
40	Jawaharpur Vidyut Utpadan Nigam Limited	2015-16	0	0	0	-0.76	-0.71	-0.76	0.00*	0.00*	0.00*
Total (C)			0	0	0	-0.76	-0.71	-0.76	0.00	0.00	0.00
Grand Total (A+B+C)			-9,449.92	-11,827.72	88,054.99	64,905.10	54,408.04	64,905.10	-14.56	-14.56	-21.74

€ Investment = (Paid up capital + Free Reserve + Long term loan).

¥ Shareholders fund = (Paid up capital + free reserve and surplus - accumulated loss - deferred revenue expenditure).

Capital employed = Shareholders fund + Long term Borrowings.

α Return on Capital employed = (Net Profit/Loss before dividend, interest and tax)/Capital Employed.

β Return on Investment (ROI) = (net Profit before dividend, tax and interest)/Investment.

∞ Return on Equity (ROE) = (Net Profit after tax - Preference dividend)/Shareholders' Fund

* In case of 21 PSUs where Investment/Shareholder's fund/Capital employed was negative, ROCE, ROI and ROE have not been worked out and stated nil. Due to accumulated losses, Investment (Equity and Loans) in these PSUs of ₹ 74,837.87 crore turns into negative Investment (after deducting accumulated losses) of ₹ 66,638.07 crore.

Annexure 1.8
(Referred to in Paragraph 1.25)
Targets vis-a-vis achievements by DISCOMs under UDAY Scheme

(₹ in crore)

Parameter	Target period as per MoU	Target						Achievement					
		MVVNL	DVVNL	PuVVNL	PVVNL	KESCO	Total	MVVNL	DVVNL	PuVVNL	PVVNL	KESCO	Total
Financial Turnarounds													
Taking over 75 per cent of DISCOMs debts of ₹ 59,205 crore by GoUP	2015-16 (Last quarter of FY)	5,527.00	9,814.73	6,836.36	5,686.67	1,737.86	29,602	5,527.00	9,814.73	6,836.36	5,686.67	1,737.86	₹ 29,602 crore has been taken over in 2015-16
	2016-17 (Up to 30 June 2016)	3,056.74	5,152.44	3,087.94	2,843.87	6,60.36	14,801	3,056.74	5,152.44	3,087.94	2,843.87	660.36	₹ 14,801 crore has been taken over in 2016-17
Taking over and funding of future losses of DISCOMs by GoUP	2017-18	83.89	116.36	136.37	51.31	22.00	5 per cent Loss (₹ 409.93 crore) of 2016-17	83.89	116.36	136.37	51.31	22.00	State Government has funded ₹ 409.93 crore in 2017-18
Reduction of AT&C Losses (in per cent)	2015-16	33.13	35.94	38.87	24.63	35.25	32.36	44.15	40.62	47.54	26.72	27.97	38.41
	2016-17	27.80	30.30	34.19	22.99	29.44	28.27	31.20	35.08	35.31	24.60	15.61	30.22
	2017-18	23.20	24.83	26.92	20.63	24.11	23.63	28.99	34.07	31.35	20.77	18.07	27.67

Parameter	Target period as per MoU	Target						Achievement							
		MVVNL	DVVNL	PuVVNL	PVVNL	KESCO	Total	MVVNL	DVVNL	PuVVNL	PVVNL	KESCO	Total		
Reduction of ACS-ARR Gap (Since PPA has been made by UPPCL, DISCOM wise ACS-ARR Gap has not been worked out)	2016-17	DISCOM wise targets have not been fixed.						₹ 1.04/ kWh	DISCOM wise achievements not available.						₹0.62/ kWh (not achieved)
	2017-18	DISCOM wise targets have not been fixed.						₹ 0.60/ kWh	DISCOM wise achievements not available.						₹0.37/ kWh (Not achieved)
Billing Efficiency (in per cent)	2015-16	76.86	72.80	77.33	78.51	74.42	76.43	77.80	75.55	76.98	81.35	81.66	78.33		
	2016-17	78.48	76.18	78.43	79.80	77.49	78.29	77.79	75.39	78.97	81.43	84.40	78.91 (Achieved)		
	2017-18	80.84	79.93	80.27	81.82	81.09	80.82	79.00	74.05	77.95	83.11	86.61	79.15 (Not achieved)		
Collection Efficiency (in per cent)	2015-16	87.00	88.00	79.05	96.00	87.00	88.50	71.79	78.59	68.14	90.08	88.21	78.63 (Not achieved)		
	2016-17	92.00	91.50	83.90	96.50	91.05	91.64	88.44	86.12	81.92	92.59	99.99	88.43 (Not achieved)		
	2017-18	95.00	94.05	91.05	97.00	93.59	94.50	89.89	89.04	88.07	95.34	94.60	91.39 (Not achieved)		
Tariff Revision in time	2015-16	30.11.14	30.11.14	30.11.14	30.11.14	30.11.14		08.12.14	08.12.14	08.12.14	08.12.14	30.11.14			
	2016-17	30.11.15	30.11.15	30.11.15	30.11.15	30.11.15		07.12.15	07.12.15	07.12.15	07.12.15	30.12.15			
	2017-18	01.11.16	01.11.16	01.11.16	01.11.16	01.11.16		21.06.17	21.06.17	21.06.17	21.06.17	21.06.17			

Parameter	Target period as per MoU	Target						Achievement					
		MVVNL	DVVNL	PuVVNL	PVVNL	KESCO	Total	MVVNL	DVVNL	PuVVNL	PVVNL	KESCO	Total
Operational Turnarounds													
Distribution Transformer Metering (in Nos.)	100 per cent by 30 September 2017	1,20,203	17,287	NA	2,40,216	4,754	3,82,460	1,65,279	13,761	16,624	563	1,008	1,97,235 (Achieved)
Feeder metering (in Nos.)	100 per cent by 30 September 2016	3,303	3,431	3,458	5,379	501	16,072	3,303	3,431	3,458	5,379	501	16,072 (Achieved)
Feeder segregation (in Nos.)	2016-17	0	0	0	0	0	1660 (30 per cent)	0	0	0	0	N.A	0 (Not achieved)
	2017-18	0	0	0	0	0	3597 (65 per cent)	14	120	58	182	N.A	374 (Not achieved)
11 kV Rural Feeder Audit (in Nos.)	2016-17	0	0	0	0	0	847 (10 Per Cent)	0	0	2515	0	0	2515 (Achieved)
	2017-18	0	0	0	0	0	2542 (30 per cent)	4237	237	482	976	573	6505 (Achieved)
Smart Metering above 200 kWh and up to 500 kWh (in number)	2017-18	0.56 lakh	0.63 lakh	NA	NA	0.37	1.56 lakh	0	0	0	0	0	0 (Not achieved)

Parameter	Target period as per MoU	Target						Achievement					
		MVVNL	DVVNL	PuVVNL	PVVNL	KESCO	Total	MVVNL	DVVNL	PuVVNL	PVVNL	KESCO	Total
Smart Metering above 500 kWh (in number)	2016-17	0.46 lakh	0.35 lakh	NA	NA	0.30	1.11 lakh	0	0	0	0	0	0 (Not achieved)
	2017-18	0.46 lakh	0.36 lakh	NA	NA	0.30	1.12 lakh	0	0	0	0	0	0 (Not achieved)
Electricity access to un-connected households (in Nos.)	2019-20	Under implementation					143.54 lakh	Under implementation					
Distribution of LEDs under UJALA Scheme (in Nos.)	2016-17	0	0	0	0	0	50.00 lakh	0	0	0	0	0	148.25 lakh (Achieved)
	2017-18	0	0	0	0	0	80.00 lakh	16.16 lakh	21.78 lakh	18.14 lakh	21.12 lakh	5.13 lakh	82.33 (Achieved)

Annexure-2.1.1
(Referred to in paragraph 2.1.16)

Habitations and rural households for electrification and BPL households to be connected as proposed in DPRs (which could not be sanctioned) under XII FYP

S. No.	Name of DISCOMs	Name of projects	No. of habitations proposed for electrification	No. of RHHs to be electrified excluding BPL	No. of BPL connections to be released
(1)	(2)	(3)	(4)	(5)	(6)
1	MVVNL	Unnao	4,484	1,82,393	80,188
2	MVVNL	Shahjahnpur	3,035	1,61,027	49,616
3	MVVNL	Lakhimpur Kheri	4,867	2,43,593	2,04,394
4	MVVNL	Barabanki	5,710	2,03,532	77,856
5	MVVNL	Bahraich	8,947	3,11,265	61,382
6	PuVVNL	Allahabad	3,770	3,60,418	45,087
7	PuVVNL	Ballia	3,972	1,29,056	26,992
8	PuVVNL	Gorakhpur	2,542	1,14,192	65,092
9	PuVVNL	Jaunpur	5,681	2,25,157	26,492
10	PVVNL	Bulandshahr	1,679	1,85,020	76,944
11	PVVNL	Muzaffarnagar	805	20,115	4,040
	TOTAL		45,492	21,35,768	7,18,083

Annexure-2.1.2

(Referred to in paragraph 2.1.22)

(A) Details of the delay in execution of the sampled projects in XI FYP

Name of DISCOMs	Name of projects	Month of DPRs sanctioned	Actual month of award of work	Delay in award (7 months from the sanction of DPR)	Month in which projects were to be completed	Progress of work (in per cent)	Reason for delay scheduled					
							Commencement of survey to be done by contracting agency within one month from award of work	Actual commencement of survey done by contracting agency	Delay in months	Commencement of supply of materials	Actual commencement of supply of materials by contractor	Delay in months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
MVVNL	Ambedkar Nagar	March 2012	August 2013	10	July 2015	100	September 2013	March 2014	6	November 2013	October 2014	11
MVVNL	Faizabad	March 2012	August 2013	10	July 2015	97.92	September 2013	March 2014	6	November 2013	October 2014	11
MVVNL	Barabanki	March 2012	September 2013	11	August 2015	81.29	October 2013	March 2014	5	December 2013	July 2014	7
PuVVNL	Ballia	December 2011	August 2013	13	July 2015	100	September 2013	March 2014	6	November 2013	August 2014	9
PVVNL	Bulandshahr	March 2012	October 2013	12	September 2015	65.41	November 2013	March 2014	4	January 2014	June 2014	5

(B) Details of the delay in execution of the sampled projects in XII FYP

Name of DISCOMs	Name of project	Month of DPRs sanctioned	Actual month of award of work	Delay in award (7 months from the sanction of DPR)	Month in which Projects were to be completed	Progress of work (in per cent)	Reason for delay					
							Commencement of survey to be done by contracting agency within one month from award of work	Actual commencement of survey done by contracting agency	Delay in months	Commencement of supply of materials	Actual commencement of supply of materials by contractor	Delay in months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
MVVNL	Ambedkar Nagar	December 2013	August 2014	1	July 2016	14.94	September 2014	September 2016	24	November 2014	November 2016	24
MVVNL	Faizabad	December 2013	June 2014	NIL	November 2016	10.89	January 2015	December 2015	11	March 2015	February 2016	11

Name of DISCOMs	Name of project	Month of DPRs sanctioned	Actual month of award of work	Delay in award (7 months from the sanction of DPR)	Month in which Projects were to be completed	Progress of work (in per cent)	Reason for delay					
							Commencement of survey to be done by contracting agency within one month from award of work	Actual commencement of survey done by contracting agency	Delay in months	Commencement of supply of materials	Actual commencement of supply of materials by contractor	Delay in months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
MVVNL	Lucknow	December 2013	December 2014	5	November 2016	47.06	January 2015	February 2015	1	March 2015	April 2015	1
MVVNL	Sultanpur	December 2013	August 2014	1	July 2016	38.95	September 2014	August 2016	23	November 2014	October 2016	23
PuVVNL	Basti	January 2014	December 2014	4	November 2016	59.45	January 2015	March 2015	2	March 2015	August 2015	5
PuVVNL	Ghazipur	January 2014	December 2014	4	November 2016	46.80	January 2015	March 2015	2	March 2015	August 2015	5
PuVVNL	Mau	January 2014	April 2015	8	March 2017	69.38	May 2015	September 2016	16	July 2015	November 2016	16
PuVVNL	Sonbhadra	January 2014	October 2014	2	September 2016	25.74	November 2014	September 2016	22	January 2015	November 2016	22
PVVNL	Meerut	January 2014	August 2014	0	July 2016	85.69	September 2014	September 2015	12	November 2014	October 2015	11
PVVNL	Shamli	January 2014	August 2014	0	July 2016	90.51	September 2014	July 2015	10	November 2014	September 2015	10
PVVNL	Saharanpur	January 2014	August 2014	0	July 2016	76.81	September 2014	September 2015	12	November 2014	October 2015	11
DVVNL	Etawah	August 2013	September 2014	6	August 2016	40.14	October 2014	September 2016	23	December 2014	September 2016	21
DVVNL	Mathura	December 2013	September 2014	2	August 2016	66.28	October 2014	December 2014	2	December 2014	April 2015	4
DVVNL	Hathras (Mahamaya Nagar)	December 2013	September 2014	2	August 2016	17.86	October 2014	December 2014	2	December 2014	April 2015	4
DVVNL	Aligarh	December 2013	February 2015	7	January 2017	62.99	March 2015	August 2016	17	May 2015	October 2016	17
DVVNL	Agra	December 2013	September 2014	2	August 2016	18.31	October 2014	December 2014	2	December 2014	April 2015	4

Annexure-2.1.3
(Referred to in paragraph 2.1.23)

(A) Details of excess value awarded in contract in comparison to sanction DPRs under XI FYP

(₹ in crore)

S. No.	Name of DISCOMs	Name of projects	Name of firms	Tender no.	Value of contract	Name of work	Value approved by REC in DPR	Value awarded in BOQ	Total excess value awarded	Percentage of excess value
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10=9-8)	(11=10/8*100)
1	MVVNL	Ambedkar Nagar	IL&FS Limited, Gurgaon	MEDCO/769/R GGVY-II/2013	284.04	33 KV REDB, 11 KV REDB and LT Works	177.65	254.78	77.13	43.42
2	MVVNL	Faizabad	Everest Infra Energy Limited	MEDCO/609/R GGVY-II/2012	180.10	33 KV REDB , 11 KV REDB and LT Works	110.93	157.61	46.68	42.08
3	MVVNL	Barabanki	L & T Limited, Chennai	MEDCO/607/R GGVY-II/2012	364.87	33 KV REDB , 11 KV REDB and LT Works	252.09	346.66	94.57	37.51
4	PuVVNL	Ballia	NCC Limited	EAV-125/PuVVNL/ RGGVY(BL)/1 2-13	139.90	33 KV REDB 11 KV REDB and LT Works	72.92	115.13	42.21	57.89
5	PVVNL	Bulandshahr	IL&FS Limited, Gurgaon	PVVNL/MT/R GGVY-11/1018/12-13	128.94	11 KV REDB and LT Works	83.36	114.86	31.50	37.78
Total							696.95	989.04	292.09	

(B) Details of excess value awarded in contract in comparison to sanction DPRs under XII FYP

(₹ in crore)

Sl. No.	Name of DISCOMs	Name of projects	Name of firms	Tender no.	Value of contract	Name of work	Value approved by REC in DPRs	Value awarded in BOQ	Total excess value awarded	Percentage of excess value
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10=9-8)	(11=10/8*100)
1	MVVNL	Faizabad	Jakson Limited	MEDCO/1473/RGGVY -12th Plan/2015	73.12	33 KV REDB , 11 KV REDB and LT Works	37.20	53.65	16.45	44.22
2	MVVNL	Ambedkar Nagar	NCC Limited	MEDCO/1705/RGGVY -12th Plan/2016	66.12	33 KV REDB ,11 KV REDB and LT Works	39.21	54.15	14.94	38.10
3	MVVNL	Lucknow	KEI Industries	MEDCO/1718/RGGVY -12th Plan/2015	91.38	11 KV REDB and LT Works	65.38	81.82	16.44	25.15
4	PuVVNL	Ghazipur	Larsen & Turbo	EAV-58/2014-15	199.07	11 KV REDB and LT Works	134.99	182.05	47.06	34.86
5	PuVVNL	Mau	Gopi Krishna Infra	EAV-209, 210, 211, 235/2014-15	128.77	11 KV REDB and LT Works	84.59	116.74	32.15	38.00
6	PuVVNL	Basti	NCC Limited	EAV-63/14-15	184.31	11 KV REDB and LT Works	107.86	156.12	48.25	44.73
7	PVVNL	Saharanpur	Various contractor	Agreement No. 86,85,88,90,95,171,174, 91,89,173,292	135.79	33 KV REDB , 11 KV REDB and LT Works	100.55	116.87	16.32	16.23
8	PVVNL	Meerut	Various contractor	Agreement no. 63,102,234,233,362,65, 230,64,61,81,231,60	50.55	33 KV REDB , 11 KV REDB and LT Works	29.06	35.43	6.37	21.92
9	DVVNL	Mathura	KEI Industries, New Delhi	DVVNL-MM/1392-2015 (Mathura)	113.38	33 KV REDB , 11 KV REDB and LT Works	59.17	70.45	11.28	19.06
10	DVVNL	Aligarh	L & T Limited, Chennai	DVVNL-MM/1299-2014	160.93	33 KV REDB , 11 KV REDB and LT Works	78.59	103.98	25.38	32.29
11	DVVNL	Hathras	Kashmiri lal	DVVNL-MM/1955-2016	95.37	33 KV REDB , 11 KV REDB and LT Works	50.92	61.64	10.72	21.05
						Total	787.52	1032.9	245.36	

Annexure-2.1.4
(Referred to in paragraph 2.1.23)

(A) Details of excess value awarded in contract in comparison to stock issue rate of Company under XI FYP

(₹ in crore)

S. No.	Name of DISCOMs	Name of projects	Name of firms	Tender no.	Value of contract	Name of items	Value of material as per SIR (2012-13)	Value of materials awarded in BOQ	Total excess value awarded	Percentage higher from SIR
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10=9-8)	(11=10/8*100)
1	MVVNL	Ambedkar Nagar	Limited, Gurgaon	MEDCO/769/RGGVY-II/2013	284.04	Power Transformer, Distribution Transformer, PCC Pole, Weasel and ABC Conductor	91.62	112.65	21.03	22.95
2	MVVNL	Faizabad	Everest Infra Energy Limited	MEDCO/609/RGGVY-II/2012	180.10	Power Transformer, Distribution Transformer, PCC Pole, Weasel and ABC Conductor	58.67	89.72	31.05	52.92
3	MVVNL	Barabanki	L&T Limited, Chennai	MEDCO/607/RGGVY-II/2012	364.87	Distribution Transformer, PCC Pole, Weasel and ABC and Dog Conductor	122.69	172.86	50.17	40.89
4	PuVVNL	Ballia	L&T Limited, Chennai	EAV-125/PuVVNL/RGGVY (BL)/12-13	139.90	Distribution Transformer, PCC Pole, Weasel and ABC Conductor	32.82	49.82	17.00	51.79
5	PVVNL	Bulandshahr	IL&FS Limited, Gurgaon	PVVNL/MT/RGGVY-II/1018/12-13	128.94	Distribution Transformer, PCC Pole, Weasel, Rabbit and ABC Conductor	45.86	67.66	21.80	47.53
							351.66	492.71	141.05	

(B) Details of excess value awarded in contract in comparison to stock issue rate of Company under XII FYP

(₹ in crore)

S. No.	Name of DISCOMs	Name of projects	Name of firms	Tender no.	Value of contract	Name of items	Value of material as per SIR (2014-15)	Value of materials awarded in BOQ	Total excess value awarded	Percentage higher from SIR
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10=9-8)	(11=10/8*100)
1	MVVNL	Faizabad	Jakson Limited	MEDCO/1473/RG GVV-12th Plan/2015	73.12	PTs, PCC Pole, Weasel Conductor and ABC cable	11.40	18.72	7.32	64.21
2	MVVNL	Ambedkar Nagar	NCC Limited	MEDCO/1705/RG GVV-12th Plan/2016	66.12	DTs, PCC Pole, Weasel and Rabbit Conductor and ABC cable	19.15	24.25	5.10	26.63
3	MVVNL	Luknow	KEI Industries Limited	MEDCO/1718/RG GVV-12th Plan/2015	91.38	DTs, PCC Pole, Weasel and Rabbit Conductor and ABC cable	29.30	35.33	6.03	20.58
4	PuVVNL	Ghazipur	Larsen & Turbo	EAV-58/2014-15	199.07	DTs, PCC Pole, Weasel and ABC Conductor	70.00	116.62	46.62	66.60
5	PuVVNL	Mau	Shri Gopi Krishna Infrastructure	EAV-209, 210, 211, 235/2014-15	128.77	DTs, PCC Pole, Weasel and ABC Conductor	46.45	66.57	20.12	43.42
6	PuVVNL	Basti	NCC Limited	EAV-63/14-15	184.31	DTs, PCC Pole, Weasel and ABC Conductor	61.43	88.99	27.57	44.88
7	PVVNL	Saharanpur	Various contractor	Agreement No. 86,85,88 to 91,95,171,174,173,292	135.79	PTs, DTs, PCC Pole, Weasel Conductor	32.24	45.24	13.00	40.32
8	PVVNL	Meerut	Various contractor	Agreement no. 63,102,234,233,36,2,65,230,64,61,81,231,60	50.55	DTs, PCC Pole, Weasel and ABC Conductor	12.00	15.37	3.37	28.08
9	DVVNL	Mathura	KEI Industries, New Delhi	DVVNL-MM/1392-2015	113.38	PTs, DTs, Pole, Weasel/ Rabbit Conductor and ABC cable.	37.99	48.24	10.25	26.98

S. No.	Name of DISCOMs	Name of projects	Name of firms	Tender no.	Value of contract	Name of items	Value of material as per SIR (2014-15)	Value of materials awarded in BOQ	Total excess value awarded	Percentage higher from SIR
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10=9-8)	(11=10/8*100)
10	DVVNL	Aligarh	Larsen & Turbo Limited	DVVNL-MM/1299-2014	163.91	PTs, DTs, Pole, Weasel and Rabbit Conductor and ABC cable	49.29	68.96	19.67	39.91
11	DVVNL	Hathras	Kashmiri lal	DVVNL-MM/1955-2016	95.37	PTs, DTs, Pole, Weasel and Rabbit Conductor and ABC cable	32.09	43.98	11.89	37.05
						Total	385.3	570.62	185.32	

Annexure-2.1.5
(Referred to in paragraph 2.1.29)
Details of short deposit of the contract performance guarantee

(Amount in ₹)

S. No.	Name of DISCOMs	Name of project	Name of firms	LOI/Tender no. & date	Contract performance guarantee required	Actual BG deposited	Short deposit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	MVVNL	Unnao (Bighapur)	UPSICD (earlier UP Samaj Kalyan Nirman Nigam Limited)	C-31/07-01-15	5,30,19,542	2,65,11,000	2,65,08,542
2	MVVNL	Unnao (Unnao)	Accurate Transformers	C-14/03-01-15	8,67,82,052	4,34,01,983	4,33,80,069
3	MVVNL	Unnao (Purwa)	PME Power Solution India Ltd.	C-1301/12-12-14	8,24,11,059	4,12,05,530	4,12,05,529
4	DVVNL	Hamirpur	SP Bright Light Pvt. Ltd.	1304/2014	10,44,19,298	5,22,09,424	5,22,09,874
5	DVVNL	Kanpur Dehat	SP Bright Light Pvt. Ltd.	1307/2014	28,91,31,695	14,45,65,846	14,45,65,849
6	DVVNL	Kanpur Nagar	SP Bright Light Pvt. Ltd.	1308/2014	21,88,75,184	10,94,37,592	10,94,37,592
7	DVVNL	Jhansi	Chaudhary Construction	1306/2014	13,15,62,752	6,57,82,000	6,57,80,752
8	DVVNL	Auraiya (against mobilisation advance)	NCC	1395/2016	13,06,14,168	1,55,14,000	11,51,00,168
9	DVVNL	Kannauj, Mainpuri, Etawah, Agra	Various Semi turn-key contractors		18,88,58,176	0	18,88,58,176
			TOTAL		1,28,56,73,926	49,86,27,375	78,70,46,551

Annexure-2.1.6
(Referred to in paragraph 2.1.32)
Details of the interest on avoidable loan availed by DISCOMs under XI and XII FYP

(₹ in crore)

Name of DISCOMs	Year	XI FYP		XII FYP		Total		Progressive figure for loan	Interest* at the rate 11.75 per cent p.a.
		Subsidy	Loan	Subsidy	Loan	Subsidy	Loan		
(1)	(2)	(3)	(4)	(5)	(6)	(7=3+5)	(8=4+6)	(9)	(10)
MVVNL	2013-14	655.57	63.37	0	0	655.57	63.37	63.37	7.45
	2014-15	0	0	203.49	15.33	203.49	15.33	78.70	9.25
	2015-16	336.37	41.26	59.09	16.88	395.46	58.14	136.84	16.08
	2016-17	121.06	14.22	286.00	28.32	407.05	42.54	179.38	21.08
PuVVNL	2013-14	165.82	19.72	0	0	165.82	19.72	19.72	2.32
	2014-15	147.91	16.94	136.74	11.04	284.65	27.98	47.70	5.60
	2015-16	123.57	15.43	406.05	57.63	529.62	73.06	120.76	14.19
	2016-17	151.64	3.65	385.81	19.56	537.45	23.21	143.97	16.92
PVVNL	2013-14	80.30	9.45	0	0	80.30	9.45	9.45	1.11
	2014-15	0	0	8.28	0.93	8.28	0.93	10.38	1.22
	2015-16	36.79	4.82	97.25	11.93	134.04	16.75	27.13	3.19
	2016-17	49.03	1.10	215.22	23.34	264.25	24.44	51.57	6.06
DVVNL	2012-13	43.14	5.22	0	0	43.14	5.22	5.22	0.61
	2013-14	0	0	0	0	0	0	5.22	0.61
	2014-15	45.48	5.31	429.69	55.79	475.17	61.10	66.32	7.79
	2015-16	0	0	0	0	0	0	66.32	7.79
	2016-17	11.83	1.36	336.61	0	348.44	1.36	67.68	7.95
Total		1,968.51	201.85	2,559.23	240.75	4,527.74	442.6		129.22

*The rate of interest which was charged by REC

