



सत्यमेव जयते

GOVERNMENT OF GUJARAT

REPORT OF THE

**COMPTROLLER
AND**

AUDITOR GENERAL OF INDIA

FOR THE YEAR 1975-76

(COMMERCIAL)



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PREFATORY REMARKS

Government commercial concerns, the accounts of which are subject to audit by the Comptroller and Auditor General of India, fall under the following categories :—

- (i) Government Companies ;
- (ii) Statutory Corporations ; and
- (iii) Departmentally managed commercial undertakings.

2. This Report deals with the results of audit of the accounts of Government Companies and Statutory Corporations, including the Gujarat Electricity Board. The Report of the Comptroller and Auditor General of India (Civil) contains the results of audit relating to departmentally managed commercial undertakings.

3. The cases mentioned in the Report are those which came to notice of Audit during the year 1975-76 as well as those which had come to notice in earlier years but could not be dealt with in the previous Reports ; matters relating to the period subsequent to 1975-76 have also been included, wherever necessary.

4. In the case of Government Companies, audit is conducted by company auditors appointed on the advice of the Comptroller and Auditor General but the latter is authorised under section 619(3)(b) of the Companies Act, 1956 to conduct a supplementary or test audit. He is also empowered to comment upon or supplement the report submitted by the company auditors. The Companies Act further empowers the Comptroller and Auditor General to issue directives to the auditors in regard to the performance of their functions. In November 1962, such directives were issued to the auditors for looking into certain specific aspects of the working of Government Companies. These were revised in December 1965 and in February 1969.

5. There are certain companies in whose capital Government has invested funds but the accounts of which are not subject to audit by the Comptroller and Auditor General. Names of such companies in which Government has invested more than Rs. 25 lakhs are given below :

	Government investment upto 1975-76 (in lakhs of rupees)	Percentage of Government investment to total paid-up capital
Shree Digvijay Woollen Mills Limited	33.40	32.12
Gujarat Alkalies and Chemicals Limited	170.00	41.92

6. The Comptroller and Auditor General is the sole Auditor of Gujarat Electricity Board and Gujarat State Road Transport Corporation, which are statutory corporations, while he has the right to conduct an audit of Gujarat State Financial Corporation and Gujarat State Warehousing Corporation independently of the audit conducted by the professional auditors appointed under the respective Acts.

7. The points brought out in this Report are those which have come to notice during the course of test audit of the accounts of the above undertakings. They are not intended to convey or to be understood as conveying any general reflection on the financial administration of the undertakings concerned.

CHAPTER I

GOVERNMENT COMPANIES

SECTION I

1.01 Introduction :

1.01.1 There were 21 Companies (including 10 subsidiaries) of the State Government as on the 31st March 1976 as against 21 Companies (including 11 subsidiaries) as on the 31st March 1975. During the year, two Companies, viz., Gujarat Communications and Electronics Limited and Tourism Corporation of Gujarat Limited and one subsidiary Company of the Gujarat Industrial Investment Corporation Limited, viz., Gujarat Aromatics Corporation Limited, were incorporated; two subsidiary Companies of Gujarat Industrial Investment Corporation Limited, viz., Gujarat Alkalies and Chemicals Limited and Gujarat Carbon Limited ceased to be Government Companies and Government wrote off its shareholding of Rs. 3 lakhs in one Company, viz., Bhavnagar Public Dairy Limited.

1.01.2 A synoptic statement showing the summarised financial results of 12 Companies (including three subsidiaries) for their accounting years ending in 1975-76 and of two other Companies for the years ended the 31st March 1974 and the 31st March 1975 respectively, is given in Annexure 'A'. The accounts of one Company, viz., Gujarat State Handicrafts and Handloom Development Corporation Limited for the year 1975-76 have not yet been finalised (April 1977). Accounts of the Bhavnagar Public Dairy Limited for the year 1974-75, which were shown in arrears in the Report of the Comptroller and Auditor General of India for the year 1974-75, have still not been prepared (April 1977). The two new Companies (including one subsidiary) will be preparing their first accounts in the year 1976-77. The six other subsidiary Companies had capitalised the entire expenditure incurred during 1975-76 as they were at the construction stage.

1.02 Paid-up capital :

The total paid-up capital of 9 Companies (excluding subsidiaries) which had prepared their accounts stood at Rs. 1,291.15 lakhs at the end of 1975-76 out of which Government investment was Rs. 1,065.25 lakhs.* This represented an increase of Rs. 29.44 lakhs over the paid-up capital of Rs. 1,261.71 lakhs, in respect of eight Companies at the end of the previous year.

1.03 Long-term loans :

The balance of long-term loans outstanding against seven Companies (excluding subsidiaries) was Rs. 2,465.60 lakhs as on the 31st March 1976 (Rs. 1,015.85 lakhs from the State Government, Rs. 1,437.50 lakhs from other parties and Rs. 12.25 lakhs as deferred payment credit). This represented an increase of Rs. 421.68 lakhs over the outstanding balance of Rs. 2,043.92 lakhs in respect of seven Companies as on the 31st March 1975.

* Figures are from the books of accounts of the Companies and are under reconciliation with those mentioned in the Finance Accounts.

1.04 Guarantees :

The State Government had guaranteed repayment of the share capital of one Company, viz., Gujarat Small Industries Corporation Limited amounting to Rs. 45 lakhs against which Rs. 30 lakhs were outstanding on the 31st March 1976.

The State Government guaranteed repayment of loans, including deferred payment credits, to the extent of Rs. 1,858.76 lakhs raised by three Companies against which Rs. 1,807.12 lakhs* were outstanding on the 31st March 1976.

1.05 Profits and dividends :

1.05.1 The working results of the twelve Companies (including three subsidiaries) for the accounting years ending in 1975-76, as compared to the previous year, are analysed in the table given below :

Particulars	Number of Companies	Aggregate of		Percentage of profits to paid-up capital
		Paid-up capital	Profits (+) Losses (-)	
(In lakhs of rupees)				
Companies other than subsidiaries.				
(i) which earned profits	5 (6)	790.50 (1,230.78)	(+) 52.41 (+) 105.03	6.63 (8.53)
(ii) which sustained losses	4 (2)	500.65 (30.93)	(-) 54.11 (-) 12.72	.. (-)
Total	9 (8)	1,291.15 (1,261.71)	(-) 1.70 (+) 92.31	.. (7.32)
Subsidiary Companies.				
(i) which earned profits	..	..	..	..
(ii) which sustained losses	3 (3)	45.91 (39.18)	(-) 20.01 (-) 5.30	.. (-)

Note :—Figures in the brackets indicate figures for the previous year.

1.05.2 Particulars of two Companies whose profits during the year 1975-76 were substantially higher than in 1974-75 are given below :

Name of the Company	Profits during	
	1974-75	1975-76
(In lakhs of rupees)		
Gujarat Export Corporation Limited	11.54	16.73
Gujarat State Construction Corporation Limited†	..	8.01

* Figures are from the books of accounts of the Companies and are under reconciliation with those mentioned in the Finance Accounts.

† First year's working.

1.05.3 In 1975-76, the profits of three Companies were substantially lower than in 1974-75, as given below :

Name of the Company	Profits during	
	1974-75	1975-76
	(In lakhs of rupees)	
Gujarat State Textile Corporation Limited ..	15.53	4.91
Gujarat Industrial Investment Corporation Limited	29.12	14.94
Gujarat Mineral Development Corporation Limited	12.38	7.82

1.05.4 The following Companies (excluding subsidiaries) incurred losses in 1975-76 :

Name of the Company	Loss sustained during	
	1974-75	1975-76
	(In lakhs of rupees)	
Gujarat Agro Industries Corporation Limited	†	14.51
Gujarat Communications and Electronics Limited	††	1.07
Gujarat Dairy Development Corporation Limited	10.34	18.23
Gujarat Small Industries Corporation Limited	*	20.12

The State Government gave a subsidy to the Gujarat Dairy Development Corporation Limited of Rs. 2.62 lakhs in 1974-75 and Rs. 5.68 lakhs in 1975-76, towards reimbursement of loss incurred in running a dairy.

1.05.5 Four Companies (excluding subsidiaries) declared dividends aggregating Rs. 6.36 lakhs, in respect of the accounts closed during the year 1975-76 as indicated below :

Name of the Company	Distributable surplus	Amount retained in business	Dividend declared	Percentage of dividend to paid-up capital
	(In lakhs of rupees)			
Gujarat Export Corporation Limited	5.73	4.23	1.50	15
Gujarat State Construction Corporation Limited	6.74	5.54	1.20	12
Gujarat State Textile Corporation Limited	2.78	1.23	1.54	0.95
Gujarat Small Industries Corporation Limited	..	..	2.12	4

† The Company earned a profit of Rs. 6.38 lakhs during 1974-75.

†† This is the first years working of this Company.

* The Company earned a profit of Rs. 30.08 lakhs during 1974-75.

Although the Gujarat Small Industries Corporation Limited incurred a loss in the year 1975, it declared a dividend at 4 per cent (as guaranteed by the Government of Gujarat) to be paid out of the General Reserve (Rs. 0.96 lakh) and out of subvention to be received from the State Government (Rs. 1.16 lakhs).

1.06 In accordance with section 619-B of the Companies Act, 1956 (effective from February 1975), a Company became subject to the provisions of Section 619 of the Act, as if it were a Government Company, if 51 per cent or more of the Company's paid-up share capital is held by one or more of the following or any combination thereof, namely, the Central or one or more State Governments and one or more Government Companies, or Corporations owned or controlled by the Central or State Governments, or one or more Government Companies or Corporations, owned or controlled by Government. There was one such Company in the State. This was Gujarat State Fertilizers Company Limited with a paid-up capital of Rs. 1,499.62 lakhs, of which Rs. 1,198.26 lakhs was held by the State Government and companies and corporations owned or controlled by Governments. Up to March 1975, the Company had been closing its accounts on the 31st March each year. Thereafter, it changed its financial year so as to close its accounts on the 31st December; accounts have been prepared for the nine-month period ending on the 31st December 1975. The working results of the Company for the period which ended on the 31st December 1975 showed a net profit of Rs. 2,118.17 lakhs, before tax and development rebate reserve.

SECTION II

GUJARAT STATE HANDICRAFTS AND HANDLOOM
DEVELOPMENT CORPORATION LIMITED

1.07 Introduction :

Gujarat State Handicrafts and Handloom Development Corporation Limited was incorporated in August 1973. The main objects of the Company are :

- (a) to aid and promote the interests of, and to manufacture and deal in, all kinds of handicrafts, handloom products, etc., and to provide technical and managerial assistance, and
- (b) to organise and establish emporia and sales depots for handicrafts, handloom products, etc.

1.08 Capital structure :

The Company was incorporated with an authorised capital of Rs. 10 lakhs which was increased to Rs. 20 lakhs in January 1976. The paid-up capital of the Company as on the 31st March 1976 including share application money pending allotment, was Rs. 11.24 lakhs, out of which the State Government had subscribed Rs. 10.50 lakhs ; the balance was subscribed by two other State Government Companies, viz., Gujarat Export Corporation Limited (Rs. 0.50 lakh) and Gujarat Small Industries Corporation Limited (Rs. 0.24 lakh). The Company had also obtained loans totalling Rs. 11.35 lakhs from the State Government ; the whole amount was outstanding on the 31st March 1976.

1.09 Financial position and working results :

1.09.1 The accounts of the Company for the year 1975-76 had not been finalised (April 1977). The financial position of the Company for the two years 1973-74 and 1974-75 is summarised below :

	1973-74	1974-75
	(in lakhs of rupees)	
Liabilities :		
1. Paid-up capital	7.47@	9.54
2. Borrowings	..	2.95
3. Trade dues and current liabilities	0.93	1.63
	8.40	14.12

@ Includes share application money of Rs. 4.59 lakhs, pending allotment of shares.

	1974-74	1974-75
	(In lakhs of rupees)	
Assets :		
4. Gross block	2.64	2.97
5. <i>Less</i> depreciation	0.27	0.57
6. Net fixed assets	2.37	2.40
7. Current assets, loans and advances	4.59	8.13
8. Miscellaneous expenses	0.08	0.08
9. Accumulated loss	1.36	3.51
	8.40	14.12
Capital employed	6.03	8.90
Net worth	6.03	5.95

1.09.2 The working results of the Company for the two years were as follows :

	1973-74	1974-75
	(in lakhs of rupees)	
Opening stock	..	2.80
Add Purchases	3.83	7.85
<i>Less</i> Closing stock	2.57	5.63
Cost of materials traded	1.26	5.02
Expenses (including interest and depreciation)	1.39	3.62
Cost of production	2.65	8.64
Sales (including other income)	1.29	6.26
Net loss	1.36	2.38
Adjustment in value of closing stock carried out in 1974-75	0.23	..
Adjusted net loss	1.13	2.38

Loss accumulated up to the end of 1974-75 was Rs. 3.51 lakhs, that is, 36.79 per cent of the paid-up capital of Rs. 9.54 lakhs.

Notes.—(i) Net worth represents paid-up capital *less* intangible assets.

(ii) Capital employed represents net fixed assets *plus* working capital.

It will be seen that sales at Saputara and Bombay were negligible.

(ii) *Emporium at Delhi*.—The handicrafts emporium at Delhi, earlier run by the State Government, was taken over by the Company from the 1st January 1974, with all the infrastructure, interior decoration, dead stock and stock of finished goods, at a total cost of Rs. 4.59 lakhs which was treated as Government's contribution towards the Company's share capital. The value of finished goods, in stock for sale, taken over was Rs. 2.48 lakhs.

The staff employed, total sales and the balance of stock in the three years up to 1975-76 were as under :

	1973-74	1974-75	1975-76
Number of persons employed on the last day.	12	12	13
Sales during the year (in lakhs of rupees)	1.27	5.67	9.55*
Stock at the end of the year at sale value (in lakhs of rupees)	1.96	4.86	10.68
Percentage of stock to sales	154.3	85.7	111.8

While considering the takeover of the emporium in November 1973, the Board of Directors resolved that the losses in running the emporium in the initial stages should be reimbursed by Government. The matter was, however, taken up with Government only in November 1976, and their decision was awaited (April 1977).

The Board of Directors authorised the Managing Director in October 1974 to organise a clearance sale of goods at the emporium by giving discounts upto 50 per cent ; such a clearance sale is stated (May 1977) to be in progress. At that time (October 1974), the Managing Director had mentioned to the Board that during the period when the emporium was run by Government, faulty and reckless purchases of goods had been made. Out of the stock of Rs. 2.48 lakhs taken over from Government, goods worth about Rs. 0.10 lakh were lying unsold (April 1977). It will be noticed that the value of the stock of finished goods at the end of the next two years was higher than it was in January 1974.

1.10.4 *Participation in fairs and exhibitions*.—The Company organised on behalf of the State Government a pavilion at "Crafts India, 1974", exhibition at New Delhi ; the entire expenditure of Rs. 0.39 lakh including pay of staff deputed, was borne by the State Government. The Company also participated in the Indian Textiles Trade Fairs in Toronto and Montreal in February-March 1976 ; Rs. 0.38 lakh were spent, out of which Rs. 0.08 lakh were in foreign exchange. Both handloom textiles and handicraft products were sent as exhibits. No sales were effected at the fairs. The Company was, however, able to enter the export market in 1975-76; export sales totalled Rs. 0.36 lakh in 1975-76 and Rs. 1.19 lakhs in 1976-77 (up to December 1976).

* Figure of sales for the year 1975-76 is provisional.

1.10.5 *Wool Processing Plant.*—The Company decided in October 1974 to purchase a second-hand wool carding and spinning unit which had been lying unused since 1968-69 with the District Panchayat, Kutch. As there was a great demand for wool in the State and the raw wool was being sent outside the State for carding, it was considered by the Company that taking over of the unit would be helpful to weavers of Kutch district. Government agreed (November 1974) to sell the unit to the Company and possession was handed over in May 1975 at a price of Rs. 0.49 lakh. That amount was treated as a loan from Government to the Company, recoverable in four yearly instalments with interest at 2 per cent per annum.

The plant could not be operated after it was taken over because electricity connection had to be secured and there was also difficulty about water. The plant, too, required some repairs and change of the card belt. The water connection was also received only in May 1976; the plant was commissioned finally in September 1976. Four persons have been employed for the plant. The plant can process 50 kgs. of raw wool in 8 hours of operation. Detailed plant utilisation records had not been maintained (April 1977).

Up to December 1976, the Company had spent Rs. 0.12 lakh on repairs, Rs. 0.17 lakh on wages, water, electricity, etc., and Rs. 0.22 lakh on purchase of raw wool (1661 kgs.). The Company sold 407 kgs. of processed wool for Rs. 0.10 lakh. With the low utilisation of capacity and sales, even the direct running expenses were not recovered.

1.10.6 *Scarcity relief scheme.*—A scheme to provide employment through production of handicrafts as a part of scarcity relief in Kutch, prepared by the Company, was approved by the State Government in March 1975. The scheme was estimated to cost Rs. 8.51 lakhs as given below :

	(In lakhs of rupees)
Investment in raw materials	6.00
Investment in production wages	1.50
Revenue expenditure (pay of instructor-cum-supervisor, staff, handling charges, wastage, etc.)	1.01
	8.51

In May 1975, the scheme was extended to Banaskantha district and the amount of Rs. 6.00 lakhs sanctioned for investment in raw materials was also allowed to be utilised for purchase of finished goods.

For executing the scheme, the Company received from Government, in May 1975, Rs. 7.00 lakhs as loan and Rs. 0.90 lakh as a subsidy for payment of wages. The Company informed Government in May 1975 that according to their revised programme, 300 and 400 artisans were to be benefitted in

pril and May 1975 respectively, and 500 artisans from June to September 1975, which would involve payment of Rs. 2.47 lakhs as wages (calculated at Rs. 3 per day for 82,400 mandays) and, therefore, requested for an additional subsidy of Rs. 1.57 lakhs. Government in fact sanctioned Rs. 0.75 lakh in June 1975, which was received by the Company in September 1975.

The scheme was undertaken for six months from April to September 1975 at eight centres, seven centres in Kutch district and one in Banaskantha district. Centres were stated to have been selected with the help of officers of the Revenue and Co-operative Departments, keeping in view the concentration of artisans in different areas.

One supervisor was appointed for organising the centre in Banaskantha district, which was mainly for embroidery work by Harijan women workers. The centres in Kutch district were organised for the weavers, mainly of woollen articles like shawls, carpets, dhablas, namdas, etc., although some cotton goods were also manufactured at the closing stage; one supervisor, one clerk and one peon were appointed for organising these centres.

The work was arranged through individual artisans and at one place through a co-operative society. The artisans, who worked in their homes, were required to produce goods according to the requirement of the Company. An artisan was paid a daily wage of Rs. 3. The raw materials, viz. cloth for embroidery and yarn for weaving, were provided by the Company. The weavers were also permitted to use their own materials and the Company purchased finished goods manufactured by them. Further processing, if required, particularly of embroidered materials, to make usable goods like bags, pillow covers, etc., was done by the head office.

During the six months' period employment of 43,331 artisan-days was generated. Rupees 1.30 lakhs were paid as wages against Rs. 1.65 lakhs received as subsidy. Details of employment days generated and the number of artisans employed every month are given below :

Centre	April	May	June	July	August	Sept- ember	Total
<i>Kutch</i>							
Adhor	1,320	1,364	840	..	..	..	3,524
Bhujodi	2,340	2,418	2,040	2,294	2,356	1,260	12,708
Mota Bandra	600	620	600	620	620	600	3,660
Ningal	1,190	1,550	1,500	1,550	1,488	1,500	8,778
Jamthado	900	1,116	1,080	1,116	1,116	..	5,328
Varnora	540	620	600	558	496	..	2,814
Mindiala	840	744	720	..	..	..	2,304
<i>Banaskantha</i>							
Radhanpur	..	992	960	2,263	..	..	4,215
Total	7,730	9,424	8,340	8,401	6,076	3,360	43,331
Maximum number of artisans employed dur- ing the month	268	336	280	271	196	112	

It will be seen that the number of artisans benefited was less than what could have been achieved out of the subsidy received.

Details of the expenditure of Rs. 8.60 lakhs incurred are given below :

Particulars	Head Office	Banas-kantha	Kutch	Total
	(in lakhs of rupees)			
Wages	—	0.13	1.17	1.30
Purchases (finished goods and raw materials)	3.13	0.17	3.31	6.61
Processing charges	0.12	0.09	0.10	[0.31
Incidental expenses like clearing, and forwarding, insurance, sales tax, etc.	0.21	—	—	0.21
Overhead expenses	0.17	..	—	0.17
	3.63	0.39	4.58	8.60

The goods produced were despatched either to the head office or directly to the emporia for sale. The Company had not prepared an inventory of the goods produced under the scheme. The value of the raw materials purchased for the scheme but remaining unutilised, had also not been assessed (March 1977) and deducted from the total expenditure.

Out of the goods produced, the goods lying unsold on the 31st January 1977 were stated to be worth Rs. 2.10 lakhs. It was explained by the Management (November 1976) that goods produced were mainly woollen articles, which could be sold only in the winter.

The following points were noticed during test-check of the expenditure incurred in Kutch district :

(i) All payments (for wages, purchases and advances) were arranged, either by cheques or in cash, through co-operative societies or leaders of groups of artisans, who obtained the acquittances from the payees. These and other vouchers were not subjected to further scrutiny at head office.

(ii) In a number of cases, as detailed in Annexures B and C, the invoices from the suppliers and the stamped acquittances of the payees were not on record (January 1977).

(iii) Acknowledgements of the recipient units, for goods valued at Rs. 0.09 lakh despatched to Delhi emporium (Rs. 0.06 lakh) and head office (Rs. 0.03 lakh) were wanting (January 1977). In respect of despatches to the head office, the goods had not been accounted for in the stock records (January 1977).

SECTION III
OTHER TOPICS OF INTEREST
Gujarat Agro-Oil Enterprises Limited

1.11 Purchase of groundnuts :

In 1973, the State Government entrusted to the Company, the procurement of groundnut oil on agency basis. The Company had the discretion either to purchase groundnuts and arrange for their crushing or to purchase oil in the open market directly or through agents. As the groundnut crop in the State had failed and its quality was not good, the Company decided to purchase groundnuts from outside the State and appointed a firm of Bombay as agents for the purpose on a commission of one *per cent* of the invoice value of groundnuts procured. During 1973, 14,495 bags of groundnuts were purchased through the firm and Rs. 39.43 lakhs were paid, including Rs. 0.40 lakh as commission. The amount was, in turn, received by the Company from Government. In September 1975, the Anticorruption Bureau of the State Government found that the firm had inflated the invoiced value of groundnuts from Rs. 38.09 lakhs to Rs. 39.83 lakhs while preferring the claim against the Company. The overpayment of Rs. 1.74 lakhs could not be detected by the Company as the payment was made without calling for the bills of the primary sellers. An enquiry instituted by Government also confirmed (November 1975) that the secret profit made by the agent was illegal and unjustified.

The Management stated (October 1976) that a civil suit had been filed in September 1976 against the firm for recovery of Rs.1.74 lakhs and one *per cent* paid on that amount as commission. The result of the suit is awaited (January 1977).

Gujarat Agro Foods Limited

1.12 Storage of potatoes :

The Company has been running cold storages for storage of potatoes purchased at Boriavi and Deesa since 1971 and at Chhani from 1972. On the basis of past experience, the Company considers a storages loss, due to moisture, spoilage and handling, of seven *per cent* as normal.

Loss during storage was less than seven *per cent* in Deesa in 1974. In the other two centres and in Deesa in 1975, the loss was more as indicated below :

Year	Name of cold storage	Quantity stored	Actual storage loss including spoilage (Quantity in quintals)	Normal loss at seven <i>per cent</i>	Loss in excess of seven <i>per cent</i>	
					Quantity in quintals	Value at cost (in lakhs of rupees)
1974	Chhani	10,953	13,133	767	546	0.34
1974	Boriavi	23,850	2,230	1,669	561	0.33
1975	Chhani	17,555	1,892	1,229	663	0.36
1975	Boriavi	19,675	1,634	1,377	257	0.14
1975	Deesa	22,183	2,706	1,553	1,153	0.51

The excess loss in storage was Rs.1.68 lakhs. In 1974 and 1975, the Company realised Rs. 0.40 lakh from the sale of 246.6 quintals of spoiled potatoes.

In addition to storage loss, loss in transit from the cold storages to towns for sale during 1975 was Rs. 0.39 lakh as detailed below :

Name of cold storage	Quantity despatched	Transit loss	Value (in lakhs of rupees)
	(Quantity in quintals)		
Chhani	15,663	175	0.10
Boriavi	18,041	409	0.23
Deesa	19,477	149	0.06

The Management attributed (October 1976) the high incidence of storage, spoilage and transit losses to the following :

(i) Delays by the labour contractor in placing and stacking potato bags in the cold storage at Chhani in 1974, which resulted in the potato bags lying in the open exposed to hot weather. A penalty of Rs.0.02 lakh was recovered from the contractor.

(ii) Potatoes were sold in distant markets at Surat and Bombay through commission agents. As prices were not remunerative, the potatoes could not, at times, be sold quickly. Because of the long distance and timelag in disposal, the transit losses were heavy.

(iii) Transportation of 7000 bags of potatoes from Boriavi cold storage to Chhani cold storage in the summer season of 1974, to utilise the latter's idle capacity, resulted in higher storage loss.

(i) Jwing to long and frequent power break-downs and interruption on account of expansion activities, the storage losses at Deesa were heavy.

CHAPTER II
STATUTORY CORPORATIONS

SECTION IV

2.01 Introduction :

There were four Statutory Corporations in the State as on the 31st March 1976, viz., Gujarat Electricity Board, Gujarat State Road Transport Corporation, Gujarat State Financial Corporation and Gujarat State Warehousing Corporation.

An analysis of the capital structure, working results, etc. of these corporations is given below separately in respect of (A) Gujarat Electricity Board and (B) other Corporations.

2.02 Gujarat Electricity Board :

The Gujarat Electricity Board was formed in May 1960 under Section 5(1) of the Electricity (Supply) Act, 1948. A synoptic statement showing the summarised financial results of the working of the Board for the year 1975-76 is given in Annexure 'D' (Part I).

(i) *Capital.*—The capital requirements of the Board are provided by loans from Government, the public and banks.

The aggregate of long-term loans, including loans from Government, obtained by the Board was Rs.32,082.46 lakhs at the end of 1975-76 and represented an increase of Rs.4,906.09 lakhs over the long-term loans of Rs.27,176.37 lakhs at the end of the previous year. Details of loans as on the 31st March 1976, according to the sources were as follows :

Source	Amount
	(in lakhs of rupees)
State Government	21,540.23
Deferred payment credit	96.01
Other sources	10,446.22
	32,082.46

(ii) *Guarantees.*—Government had guaranteed repayment of loans raised by the Board to the extent of Rs.9,652.85 lakhs and payment of interest thereon. The amount of principal guaranteed and outstanding on the 31st March 1976 was Rs. 9,428.89 lakhs.

(iii) *Profits.*—The Board had a surplus of Rs.116.94 lakhs during 1975-76 appropriated towards the general reserve in terms of section 67(viii) of the Electricity (Supply) Act, 1948. Interest liability (Rs.820.39 lakhs) pertaining to 1975-76 on loans from the State Government was not

discharged as an adequate surplus was not available. The cumulative interest due but not paid as on the 31st March 1976 amounted to Rs. 3,285.63 lakhs.

2.03 Other Statutory Corporations :

(i) *Paid-up Capital.*—The aggregate of the paid-up capital of the three other Corporations, viz., Gujarat State Road Transport Corporation, Gujarat State Warehousing Corporation and Gujarat State Financial Corporation, was Rs. 3,367.33 lakhs on the 31st March 1976 as against Rs. 2,845.74 lakhs on the 31st March 1975. The analysis of the capital of each Corporation as on that date, by investments made by the State Government, Central Government and others was as follows :

Name of the Corporation	State Government	Central Government, Central Warehousing Corporation, and Reserve Bank of India	Others	Total
(in lakhs of rupees)				
Gujarat State Road Transport Corporation	1976.42*	822.91	..	2,799.33
Gujarat State Financial Corporation ..	239.01	220.00	40.99	500.00
Gujarat State Warehousing Corporation	34.00	34.00	..	68.00
	<u>2,249.43</u>	<u>1,076.91</u>	<u>40.99</u>	<u>3,367.33</u>

(ii) *Long-term loans.*—The long-term loans obtained by the three Corporations and outstanding on the 31st March 1976 amounted to Rs. 5,128.42 lakhs and represented an increase of Rs.1,037.60 lakhs over the outstanding balance of Rs.4,090.82 lakhs at the end of the previous year. The details of the long-term loans were as under :

Name of the Corporation ..	State Government	Central Government, Central Warehousing Corporation, Reserve Bank of India	Others	Total
(in lakhs of rupees)				
Gujarat State Road Transport Corporation	5.12	40.00	552.81	597.93
Gujarat State Financial Corporation ..	51.29	270.00	4205.20	4526.49
Gujarat State Warehousing Corporation	..	4.00	..	4.00
	<u>56.41</u>	<u>314.00</u>	<u>4,758.01</u>	<u>5,128.42</u>

* Figure is from the books of accounts of the Corporation and is under reconciliation with those mentioned in the Finance Accounts .

(iii) *Guarantees* :—Government has guaranteed repayment of the share capital of the Gujarat State Financial Corporation.

Government has also guaranteed repayment of loans obtained by the Gujarat State Road Transport Corporation and Gujarat State Financial Corporation to the extent of Rs. 4,587.66 lakhs, of which the amount outstanding on the 31st March 1976 was Rs. 3,106.36 lakhs as shown below:

Name of the Corporation	Amount guaranteed	Sums guaranteed and outstanding on the 31st March 1976
	(in lakhs of rupees)	
Gujarat State Road Transport Corporation	535.61	421.61
Gujarat State Financial Corporation	4,052.05	2,684.75*

(iv) *Profits and dividends*.—The Gujarat State Road Transport Corporation incurred a loss of Rs.276.03 lakhs while the Gujarat State Financial Corporation and Gujarat State Warehousing Corporation earned profits of Rs.121.49 lakhs and Rs.29.60 lakhs respectively during 1975-76. The details of the profits or loss made and the interest paid or dividend declared by the Corporations are given below :

Name of the Corporation	Profit (+) Loss (—) before tax	Interest paid	Dividend declared
	(in lakhs of rupees)		
Gujarat State Road Transport Corporation	(—)276.03	157.50 [@]	
Gujarat State Financial Corporation	(+)121.49	..	15.94
Gujarat State Warehousing Corporation	(+)29.60	..	4.80

A synoptic statement showing the summarised financial results of working of the three Corporations for 1975-76 is given in Annexure 'D' (Part II

* Figure is from the books of accounts of the Corporation and is under reconciliation with those mentioned in the Finance Accounts.

[@] The entire capital has been contributed by the Central Government and the State Government on which the Corporation is required to pay interest.

SECTION V

GUJARAT INDUSTRIAL DEVELOPMENT CORPORATION

2.04 Introduction :

The Corporation was established in August 1962 under the Gujarat Industrial Development Ordinance, 1962, later replaced by the Gujarat Industrial Development Act, 1962 (hereinafter referred to as the 'Act') with the object of promoting and assisting in the rapid and orderly establishment, growth and development of industries in the State.

The Corporation was, in particular, required to :

- (a) establish and manage industrial estates at places selected by the State Government ;
- (b) develop industrial areas selected by the State Government for the purpose and to make them available for undertakings to establish themselves;
- (c) develop land on its own account or for the State Government to facilitate the location of industries thereon ;
- (d) assist financially, by loans, industries to move their factories into such estates or area ;
- (e) undertake schemes or works, either jointly with other corporate bodies or institutions or with Government or local authorities, or on an agency basis, in furtherance of the purposes for which the Corporation was established and all matters connected therewith.

The State Government had not (February 1977) notified any area as an industrial area nor had it selected any site for development as an industrial estate except for twelve industrial estates initially taken up for development by Government but later on transferred to the Corporation. The main activity of the Corporation so far has been the development and management of industrial estates on its own account, as also the 12 estates transferred by Government. In addition, a scheme was formulated in 1973-74, jointly with Gujarat State Financial Corporation and Gujarat Industrial Investment Corporation Limited, for encouraging entrepreneurs to start their own industries. Under this scheme, the Gujarat State Financial Corporation provides loans up to 90 *per cent* of the value of fixed assets and the Gujarat Industrial Investment Corporation Limited provides the remaining 10 *per cent*, as also margin money for working capital; this Corporation provides sheds or plots for the location of the industries.

2.05 Organisation :

The Corporation consists of twelve members, of whom nine are nominated by the State Government (three official members and six others having knowledge and experience of industry, trade, finance, etc.) and one representative each of the State Electricity Board and the Gujarat Housing Board. The State Government appoints one of the members as Chairman of the Corporation. In addition, the Chief Executive Officer, appointed by the State Government, acts as Member-Secretary. He is the executive head of the Corporation and is in overall charge of the management of its affairs.

Planning, land acquisition, finalisation of agencies for construction work, policies regarding allotments, fixing of premium prices for plots and price of sheds and collection of statistical data are dealt with in Head Office. Recovery of premium price for land and hire-purchase amount of sheds from allottees is looked after by a cell at Head Office.

For conduct of its operations, the Corporation has five divisions (at Ahmedabad, Baroda, Surat, Vapi and Rajkot) and four regional offices (at Surat, Baroda, Ahmedabad and Rajkot), the former being under the charge of an Executive Engineer and the latter being headed by a Regional Manager. The divisions are responsible for development of land, construction of sheds, construction and maintenance of roads, buildings, water supply works, etc., and collection of rent, water and service charges.

The functions of Regional Offices are assessment of demand, location of entrepreneurs, allotment of sheds and plots and attending to difficulties of entrepreneur.

Powers have been delegated to the Chief Executive Officer and other officers in most matters except in regard to fixation of premium price of land and price of sheds which vests in the Corporation.

2.06 Capital structure :

Under the Act, the State Government may make grants, subvention, loans and advances to the Corporation to enable it to carry out its functions. The Corporation may also borrow money in the open market or otherwise.

The Corporation has, from time to time, obtained loans from the State Government, commercial banks, financial institutions and also from public. It has also obtained loans from the Housing and Urban Development Corporation Limited (a Central Government undertaking) for construction of quarters for workers. The total amount of loans so obtained and

outstanding as on the 31st March 1976 was Rs.3641.35 lakhs as detailed below :

	(in lakhs of rupees)
(i) Loans from the State Government	1137.90 *
(ii) Public loans by issue of bonds (guaranteed by the State Government)	1170.68
(iii) Loans from nationalised banks (guaranteed by the State Government)	862.16
(iv) Loans from financial institutions	386.23
(v) Loans from Housing and Urban Development Corporation Limited (guaranteed by the State Government)	84.38
	3641.35

Government has also given subsidies to the Corporation for development of rural industrial estates and for implementing the scheme for providing employment to educated and unemployed persons and other schemes sponsored by Government. The amount of subsidy remaining unutilised or unadjusted as on the 31st March 1976 was Rs. 134.15 lakhs out of Rs.189.11 lakhs received till that date.

2.07 Operations :

2.07.1 As mentioned earlier, the Corporation is engaged in the establishment and management of industrial estates at various centres in the State. This activity consists of (a) acquisition of land, (b) development of industrial estates by providing roads, water and electricity supply, drainage and other infrastructure facilities, (c) construction of factory sheds in the industrial estates so developed, and (d) providing housing quarters for industrial workers in the estates.

Keeping in view the availability of raw materials, power, water, skilled manpower, transport and communications facilities, industrial zone in the master plan, etc., the location and size of an industrial estate is decided by the Corporation. The backwardness of the area is also to be kept in view to ensure a balanced dispersal of industries throughout the State. Land is then acquired either from Government or others. After acquisition of the land, a project report is prepared for the industrial estate indicating the lay-out, expenditure on development, etc. A portion of the developed area is kept as open plots, for allotment to industries desiring plots of the sizes of their choice, while factory sheds are constructed on the remaining land for meeting the needs of small entrepreneurs. A portion of the estate is reserved for building quarters for workers, wherever these are also planned. The Corporation had not, however, formulated a long-term plan for acquisition of land and development of industrial estates in the State.

* Differs from details of loans and advances shown in the Finance Accounts. The difference is under reconciliation.

Plots are allotted to entrepreneurs or industrialists, whose applications are recommended by the Commissioner of Industries of the State. The plots and sheds are allotted on lease for 99 years which can be extended for a further period of 99 years. A premium price which takes into account cost of land and its development, and a nominal rent of Re.1 per annum per 1000 sq.metres, are charged. Sheds are also given on hire-purchase basis.

The housing tenements built with loans from Housing and Urban Development Corporation Limited are allotted directly to the workers, as required under the terms of the loan, while tenements built with capital obtained from other resources are given to the industrialists in the Corporation's estate on hire-purchase basis for allotment to their workers.

2.07.2 *Acquisition of land.*—Land is acquired under the Land Acquisition Act either by regular land acquisition proceedings or by consent awards after negotiations with the owners. Some Government land was also given to the Corporation. The details of the land in the possession of the Corporation from various sources, are given below :

	Rural	Semi-urban	Urban	Total
	(Area in lakh sq. metres)			
1. Government land	2.55	10.82	26.58	39.95
2 Land acquired under the Acquisition Act.				
(a) by consent award	10.78	123.75	254.21	388.74
(b) by regular proceedings	0.93	4.14	70.07	75.14
Total	<u>14.26</u>	<u>138.71</u>	<u>350.86</u>	<u>503.83</u>

Most of the lands purchased or acquired by the Corporation are in Ahmedabad, Baroda and Valsad districts, as shown below :

	Up to		
	1973-74	1974-75	1975-76
	(Area in lakh sq. metres)		
Total area in possession of the Corporation in 18 districts.	421.94	489.43	503.83
Area in the districts of :			
Ahmedabad	63.73	74.73	76.60
Baroda	99.65	107.71	95.89*
Valsad	121.28	125.91	129.18
Total	<u>284.66</u>	<u>308.35</u>	<u>301.67</u>

*The decrease in the area in possession was due mainly to transfer of land to Indian Petro-Chemicals Corporation Limited.

2.07.3 *Development of industrial estates.*—(i) Up to the 31st March 1976, development of 77 estates had been started, as detailed below :

Particulars	Developed	Being developed	Sanctioned	Total
<i>Urban</i>				
Backward	20	..	2	22
Others	21	2	3	26
Total	41	2	5	48
<i>Semi-Urban</i>				
Backward	7	..	2	9
Others	8	..	2	10
Total	15	..	4	19
<i>Rural</i>				
Backward	4	..	..	4
Others	3	2	1	6
Total	7	2	1	10
<i>Total</i>				
Backward	31	..	4	35
Others	32	4	6	42
Total	63	4	10	77

Developed estates also include 12 estates which were developed by Government before the formation of the Corporation and transferred to the Corporation in the years 1969-70, 1970-71 and 1971-72.

Of the four estates under development, two were sanctioned in 1970-71 and one each in 1972-73 and 1973-74. Out of ten estates sanctioned but not yet taken up for development, one was sanctioned in 1975-76, three in 1973-74, four in 1972-73 and two prior to 1972-73. In 1976-77, development has been taken up in three estates and land acquisition is in progress in four estates.

(ii) The table below gives the details of the area in the possession of the Corporation, area developed in the form of open plots and area allotted at the end of each of the three years up to 1975-76. No targets are fixed for these activities in physical terms. Annual budgets are, however, prepared in financial terms.

	As on 31st March		
	1974	1975	1976
	(Area in lakh sq. metres)		
1. Total area	421.94	489.43	503.83
2. Total disposable area	220.71	270.26	316.18
Less : areas covered by			
(a) sheds, godowns, etc.	28.70	33.02	30.55
(b) housing sector	12.39	13.65	19.96
3. Net area disposable as open plots	179.62	223.59	255.67
4. Area actually developed	132.82	151.55	179.69
5. Cost of land and development (in lakhs of rupees)	2020.13	2423.44	2650.01
6. Area allotted	116.23	140.42	160.59

Information regarding the cost of area developed (including cost of land) but not yet allotted, was not available. The estates taken up for development are categorised by the Corporation with reference to their location, etc. The estates located near metropolitan cities like Ahmedabad, Baioda, Surat, etc., are categorised as high demand estates. Out of nine high demand estates developed by the Corporation up to the 31st March 1976, sale of plots in some was slow. In some of the other estates too, the demand for plots was low as indicated below :

Name of the estate	Total disposable area	Area developed up to the 31st March 1976	Additional area under development on the 31st March 1976	Developed area allotted up to September 1976
(Area in lakh sq. metres)				
<i>High demand estates :</i>				
Odhav	4.09	4.09	..	3.70
Vatva	14.66	14.66	..	13.03
Makarpura	16.19	16.19	..	8.00
Nandesari	11.97	9.69	2.26	7.89
Pandesara	13.30	5.18	6.60	4.87
Jamnagar	1.38	1.38	..	0.23
<i>Other developed estates :</i>				
Vithal udyognagar	4.77	3.99	0.58	3.84
Kalol (Panchmahal)	5.13	1.73	..	0.01
Kalol (Mehsana)	3.11	3.11	..	2.49
Valsad	1.62	1.21	..	0.89
Ankleshwar	16.11	10.00	6.11	9.57
Navsari	1.64	0.30	1.33	0.20
Surendranagar	3.05	3.05	..	1.80

The Management attributed (January 1977) low demand for plots in certain estates to the following reasons :

High demand estates .—Odhav and Vatva estates had been designed for engineering industries, which were badly affected by the recession. In Makarpura estate also, the demand had been low due to the recessionary trend. Nandesari industrial estate had been developed to accommodate downstream projects of the Petro-Chemical Complex, demand for which was picking up. Similarly, in Pandesara estate designed for processing industries, the demand was picking up with the completion of water supply scheme.

Other developed estates .—Low demand was mainly due to the recessionary trend in general and at Ankleshwar, financial institutions had not accorded their approval to certain projects for establishing paper plants.

2.07.3 *Industrial estate at Arambhada (Mithapur)*.—Keeping in view the proposal of a private industrial house to establish a fertilizer complex at Mithapur, the Corporation decided in 1968 to develop an industrial estate at Arambhada (near Mithapur). A plot measuring 2.31 lakh sq. metres was taken over from Government in April 1970 at a cost of Rs.1.12 lakhs and an area of 0.65 lakh sq. metres was developed at a cost of Rs. 0.87 lakh. Two sheds, 406.11 sq. metres each and 4 sheds, 205.70 sq. metres each, were also constructed in March 1972 at a cost of Rs. 2.19 lakhs. The fertilizer project had not been approved by the authorities at that stage, nor was it approved later. It also appears that the availability of water had not been examined before the land was acquired and developed. All the sheds were allotted in 1972-73 and the shed holders also took 13 plots covering an area of 15,566 sq. metres. None of them has, however, any concrete projects in hand (February 1977). Approximately 0.48 lakh square metres of developed land and 1.66 lakh square metres of undeveloped land were lying unutilised.

The slow development of the estate was attributed by the Management (January 1977) to the following reasons :

- (i) The fertilizer complex at Mithapur had not come up.
- (ii) There was acute shortage of water in the area.

The Corporation decided (July 1975) not to undertake further development and to dispose of the undeveloped land on "as is where is" basis for housing and commercial purposes. No further allotment or disposal of plots had been made (April 1977).

2.07.4 *Construction of sheds*.—(i) As mentioned earlier, the Corporation constructs sheds in the industrial estates for sale to industrialists on the hire-purchase system. The table below indicates the number of sheds sanctioned, constructed, allotted, etc. for each of the three years up to 1975-76 :

Particulars of sheds	1973-74	1974-75	1975-76
Sanctioned up to the end of the year	4,002	4,077	4,279
Taken up for construction	3,708	3,989	4,020
Completed up to the end of the year	2,033	2,852	3,550
Under construction at the end of the year	1,675	1,137	470
Cost of construction (in lakhs of rupees)	1,296.21	1,836.60	2,124.04
Allotted up to the end of the year	1,895	2,313	2,782
Pending allotment	138	539	768

Out of the sheds mentioned above, the Corporation had undertaken construction of 1000 sheds in 1973, when the demand for ready made sheds was found to be on the increase. However, these expectations did not materialise and the demand for sheds slumped, as a result of which the number of sheds completed but not allotted, gradually increased.

(ii) The demand for sheds was low in certain estates as can be seen from the following :

Name of the estate	Number of sheds completed up to the 31st March 1976	Number of sheds allotted up to September 1976	Number of sheds awaiting allotment September 1976	Year of completion of construction of unallotted sheds
Palanpur	25	5	20	15 in 1974-75 5 in 1975-76
Khambhat	10	3	7	Prior to 1972-73
Wankaner	5	1	4	1972-73
Jamnagar	231	75	156	43 in 1974-75 113 in 1975-76
Dabhoi	24	3	21	1975-76
Balasinor	22	7	15	8 in 1972-73 7 in 1975-76
Nadiad	20	12	8	1974-75
Surendranagar	27	11	16	1975-76
Porbandar	21	13	8	3 prior to 1972-73 5 in 1975-76

Information regarding the cost of sheds constructed but not yet allotted is not available with the Corporation.

The low demand was attributed by the Management (January 1977) to the following :

- (a) Recession in general.
- (b) Non-availability of rough diamonds so far as Palanpur is concerned where sheds were constructed for diamond entrepreneurs.
- (c) Difficulty in getting power at Dabhoi because of disputes between the licensee and the Electricity Board.
- (d) Entrepreneurs at Khambhat backed out of their undertaking to purchase the sheds.

2.07.5 *Construction of sheds at Palanpur.*—The Corporation constructed, in March 1975, 25 sheds at a cost of Rs. 8.25 lakhs at Palanpur to promote the diamond cutting and polishing industry and to provide employment in rural areas. Before construction of sheds was started in 1973, 33 entrepreneurs had paid deposits amounting to Rs. 0.65 lakh for 25 sheds

on hire-purchase basis. The entrepreneurs backed out in May 1974 on the following grounds :

- (i) The price of shed originally estimated at about Rs.28,000 had increased to Rs.42,500 resulting in the monthly instalments increasing from Rs. 250 to Rs. 650.
- (ii) The quality of construction was unsatisfactory, *e. g.*, the flooring was found to be very rough, the doors unsuitable, shelves broken and instead of 5 windows, only four were provided.

After considering the representations of the entrepreneurs, the Corporation brought down (September 1974) the price of the shed from Rs. 42,500 to Rs. 39,000 but only 6 sheds could be given out on hire-purchase basis and 15 sheds on rent (December 1976). Though the deposits could have been forfeited, the deposits of 30 entrepreneurs totalling Rs. 0.61 lakh were refunded in August 1976.

The Management stated (August 1976) that rough stone flooring was provided as in the original sanctioned estimate. The defects in the fixation of doors were rectified. Notice had been issued to the contractor as to why he should not be black-listed. The Deputy Engineer in charge had also been reverted.

2.07.6 *Housing*.—The Corporation undertook a scheme to provide housing tenements in 17 estates up to the 31st March 1976. These tenements are either allotted directly to the workers or given to industrialists on hire-purchase for allotment to their workers. The details of tenements sanctioned, completed and allotted for the three years upto the 31st March 1976 are as under :

Particulars of tenements	Upto the 31st March		
	1974	1975	1976
Sanctioned (in numbers)	2,942	3,099	3,706
Tenements taken up for construction (in numbers)	2,748	2,892	3,022
Completed (in numbers)	1,040	1,484	2,224
Under construction (in numbers)	1,708	1,408	798
Cost of construction (in lakhs of rupees)	163.65	286.12	360.39
Allotted (in numbers)	991	1,054	1,560
Pending allotment (in numbers)	49	430	664

The Corporation has undertaken construction of three types of tenements of which, type 'A' has the largest area and type 'C' the least. The position of tenements awaiting allotment on the 30th September 1976 in different estates was as follows :

Estate	Number of tenements		Awaiting allotment	Year of completion of construction
	Completed upto the 31st March 1976	Allotted upto the 30th September 1976		
<i>A-Type</i>				
Vatva	6	2	4	Prior to 1972-73
<i>B-Type</i>				
Naroda	30	24	6	1975-76
Vatva	20	9	11	Prior to 1972-73
Kalol (Mehsana)	20	4	16	1975-76
Nandesari	70	36	34	1975-76
Southern Township	40	20	20	1974-75
Kalol (Panchmahal)	50	17	33	1975-76
Navsari	10	3	7	1975-76
Chitra	10	1	9	1975-76
Porbandar	10	1	9	1974-75
<i>C-Type</i>				
Naroda	96	59	37	1975-76
Kalol (Mehsana)	48	6	42	1975-76
Southern Township	224	141	83	80 in 1974-75 3 tenements prior to 1972-73
Kalol (Panchmahal)	96	31	65	1975-76
Navsari	32	10	22	1975-76
Pandesara	80	65	15	1975-76
Chitra	32	16	16	1975-76
Porbandar	24	..	24	1974-75

Information regarding the cost of tenements constructed but not yet allotted was not available.

Disposal of tenements at Kalol (Mehsana), Nandesari, Kalol (Panchmahal), Navsari, Pandesara and Porbandar was considered difficult by the

Corporation. It was stated (January 1977) that Vatva, too, did not attract workers as it was a small colony besides being very near Ahmedabad city.

In addition to construction of tenements, the Corporation earmarked residential plots in eight estates. The details of the area earmarked for housing, area developed, area allotted, etc., as on the 31st March 1976 were as under :

Estate	Area earmarked for housing	Area developed	Area allotted	Area available for allotment
	(Area in lakh sq. metres)			
Naroda	2.00	...	0.03	1.97
Odhav	3.01	...	0.04	2.97
Makarapura	1.70	...	...	1.70
Nandesari	0.31	...	0.25	0.06
Petro-Chemical Complex, Nandesari.	6.74	6.74	6.29	0.45
Vapi	1.98	...	1.55	0.43
Umbergam	1.25	...	0.03	1.22
Ankleshwar	1.03	1.03	..	1.03
	<u>18.02</u>	<u>7.77</u>	<u>8.19</u>	<u>9.83</u>

It will be seen that demand was poor except in estates at the Petro-Chemical Complex, Nandesari and Vapi.

2.07.7 *Quarters at Porbandar Industrial estate.*—In February 1975, the Corporation constructed 26 quarters (ten 51 square metres each (type B) and sixteen 29 square metres each (type C) total cost Rs. 4.02 lakhs) in the industrial estate at Porbandar, out of loans obtained from the Housing and Urban Development Corporation Limited. It was expected that an industrial enterprise located in the estate, would require the quarters for their staff but no formal undertaking was obtained from the enterprise in this regard. The quarters were not accepted by the enterprise and are lying vacant (December 1976). The Corporation's efforts to allot the quarters to workers of other enterprises, located in the estate did not prove successful as the estate is about 7 kilometres from the city and has no facilities for schooling, shopping, transport, etc.

The Management stated (December 1976) that efforts were being made to allot the quarters to the workers of industries located outside the industrial estate. Interest alone on the idle investment is Rs. 0.26 lakh annually.

It may be mentioned that another 8 quarters of type 'C' were also constructed at a cost of Rs. 0.85 lakh, out of the Corporation's own funds. These, too, were lying vacant (December 1976).

2.07.8 *Industrial estates transferred by the State Government.*—Prior to the formation of the Corporation, the State Government had developed thirteen industrial estates. Out of these, twelve estates were transferred by Government to the Corporation for further development and management (eight in 1969-70, three in 1970-71 and one in 1971-72). The estates were transferred at book value which was treated as a loan to the Corporation. Details of the total area transferred, their book value, further expenditure incurred by the Corporation on development, etc., up to the 31st March 1976 are given below :

Number of estates	12
Total area (in lakh square metres)	7.86
Number of sheds transferred	299
Book value of transferred estates (in lakhs of rupees)	79.36
Number of sheds constructed by the Corporation	105
Further expenditure incurred by the Corporation on construction of sheds and development of land (in lakhs of rupees).	92.24
Total expenditure (in lakhs of rupees)	171.60
Disposable area available (in lakh square metres)	5.75
Area allotted (in lakh square metres)	4.97
Number of sheds available	404
Sheds allotted (number)	387

Although the estates were transferred during 1969-70 to 1971-72 and their value treated as a loan, the rate of interest (6 per cent) payable on the loan was fixed, in June 1975, for the period up to March 1974. The rate of interest payable by the Corporation after March 1974 had not been fixed by Government (January 1977). The Corporation, however, had provided for interest in the accounts at the rate of 6 per cent per annum.

One of the conditions of transfer of the estates was that the difference between the sale price and the book value of any asset, *i. e.*, a plot of land, a shed or other asset disposed of by the Corporation, either on hire-purchase basis or otherwise, would be returned to Government after deducting development, maintenance, administrative expenditure, etc., incurred by the Corporation.

The Corporation had not worked out the surplus or deficit in respect of the estates transferred by Government (December 1976). The Management stated (January 1977) that their proposal to work out the net surplus every five years was under the consideration of Government.

2.07.9 As the demand for sheds and tenements was not picking up, the terms of allotment of sheds and tenements were revised in October 1975. The revised terms for sheds were as under :

	Revised terms effective from the 24th October 1975	Original terms
<i>A. Developed estates :</i>		
(i) Initial payment	25 per cent	35 per cent
(ii) Moratorium period	2 years	1 year
(iii) Period of repayment of balance amount.	8 years	5 years
<i>B. Developing estates :</i>		
(i) Initial payment	20 per cent	20 per cent
(ii) Moratorium period	2 years	1 year
(iii) Period of repayment of balance amount.	8 years	6 years

The progress of allotment of plots and sheds during 1975-76 was again reviewed in August 1976. The value of plots, sheds and housing tenements pending allotment as on the 31st March 1976, was estimated at Rs. 1,125 lakhs. While it was expected that quick disposal of these assets would be difficult, the following measures were approved by the Corporation to accelerate disposal :

- (i) intensive publicity campaign,
- (ii) reduction in down payment,
- (iii) specific promotional measures like development of special estate for cycle spare parts, garments, etc., and
- (iv) general promotion measures like inviting representatives of trade and industries to visit the estates.

Intensive publicity campaign was undertaken in September—October 1976 to attract prospective entrepreneurs. Representatives of different trades and business, particularly from Bombay, were invited to visit some of the large estates. The initial payment for plots in developing estates was reduced from 25 per cent to 20 per cent and in developed estates from 40 per cent to 25 per cent, from October 1976. Similarly, the period for payment of the cost of plots was increased from 6 years in developing estate, and from 5 years in developed estates to 8 years.

For sheds at Vatva, Makarpura, Kalol (Panchmahal), Jamnagar, Dabhoi, Bardoli and Palanpur, the initial payment was further reduced from 25 or 20 per cent to 15 per cent during the period October 1976 to December 1976.

2.07.10 *Utilisation of plots and sheds by industrialists.*—According to the terms and conditions for allotment of plots, plans for construction of factory buildings have to be submitted to the Corporation within three months of the date of the agreement; construction is to be commenced within six months and completed within two years. For sheds, the purchaser has to start using them within six months from the date of the agreement or the date possession was taken over, whichever is earlier. Details regarding utilisation of plots and sheds as on the 31st March 1976 are given below :

Plots :

Number of plots allotted	Number of plots of which possession taken	Number of plots for which building plans not submitted		Number of plots in which construction had not commenced		Number of plots in which construction is completed.
		Allotted in the last 3 months	Allotted more than 3 months earlier	Allotted within the last 6 months	Allotted more than 6 months earlier	
3896	3464	135	622	205	462	1441

Sheds :

Number of sheds allotted	Number of sheds of which possession taken	Number of sheds in which factories are in operation	Number of sheds not utilised out of those allotted	
			less than 6 months earlier	more than 6 months earlier
2782	2700	2200	167	333

2.08 Socio-economic benefits :

The Corporation undertakes periodically a survey in the various industrial estates to assess the investment in production from, and employment generated by, industries set up with the facilities offered by the Corporation. The survey for the three years ended up to 1975-76 indicated the following facts :

Year	Type of industries	Number of units established	Investment (in lakhs of rupees)	Number of persons employed	Value of production (in lakhs of rupees)
1973-74	.. 26 (23)	1422 (207)	4,476.06 (372.27)	27,214 (3,050)	8,258.83 (719.81)
1974-75	.. 25 (22)	1940 (241)	6,714.25 (537.94)	34,417 (3,287)	10,898.00 (932.27)
1975-76	.. 25 (21)	2315 (293)	7,454.23 (586.50)	40,827 (3,412)	12,237.77 (1006.61)

Note.—Figures in brackets indicate data in respect of backward districts viz., Amreli, Banaskantha, Bhavnagar, Broach, Junagadh, Kutch, Mehsana, Panchmahal, Sabarkantha and Surendranagar,

The survey also indicated that the industries engaged in mechanical engineering, chemicals and textiles products, were major beneficiaries and that about 96 per cent of the total industries, were in the small scale sector.

2.09 Pricing for land and sheds :

2.09.1 *Premium price for land.*—The plots in an industrial estate are given to industrialists at a price (called premium price) which is fixed after taking into consideration the cost of land, cost of development including construction of roads, drainage, etc., and other expenditure incurred on the estate. The premium price fixed is either equal to or more or less than, the cost depending on whether the area was industrially developed or backward, with the ultimate aim of making neither profit nor loss on all the estates put together. The premium price of plots in different estates once fixed is reviewed periodically every six months or one year.

The premium price is kept lower in the initial stages of development of an industrial estate and is gradually increased with the development of the estate.

Out of 60 industrial estates for which the premium price had been fixed (June 1976), it was above cost in 40 estates (the difference ranging from Re. 0.03 to Rs. 99.98 per square metre), below cost in 19 estates (the difference ranging from Re. 0.05 to Rs. 6.69 per square metre) and equal to cost in one estate.

A detailed scrutiny was stated (January 1977) to be on hand to ascertain the impact of the policy.

(b) *Reservation charges.*—When an entrepreneur is not in a position to make a final offer for a plot pending clearance from the Industries Commissioner, letter of intent, import licence, etc., he can reserve the plot at the prevailing premium price, for a period not exceeding one year, by paying, with the application, reservation charges equal to a year's interest, at the prescribed rate, on the total price.

(c) *Frontage charges.*—The premium price fixed is normally uniform for all plots in an estate irrespective of their location. The Corporation decided (January 1971) to levy frontage charges, in addition to the premium price, for plots (including those in which sheds were constructed) with locational advantages. The frontage charges are levied as under:

- (i) 25 per cent of the premium price, for plots situated on National and State Highways and corner plots on the main estate roads,
- (ii) 15 per cent of the premium price for plots situated on the main estate road provided it is more than 60 feet wide,
- (iii) In case of large plots, frontage charges are levied on the first 20,000 square metres of land,

- (iv) In Broach estate treated as slow moving and 11 estates which were categorised as small by the Corporation, the frontage charges are levied at half the normal rates.

(d) According to the " Handbook of Instructions " of the Corporation, a list of plots where frontage charges are leviable is to be maintained at the regional office, but no such lists were maintained (December 1976) except at one regional office (Surat). The instructions had been interpreted differently in some of the estates as indicated below :

- (i) In one estate, Makarpura, frontage charges were levied on plots situated on all roads more than 60 feet wide, instead of the main estate roads.
- (ii) In Odhav estate, no frontage charges were levied on plots situated on 80 feet wide roads because none of the roads was declared as a main estate road.
- (iii) In Vapi estate, frontage charges were levied at different rates on different plots on the same road.

The Management stated (January 1977) that instructions had been issued to the local officers to observe the requirements.

(e) *Shortage recovery of premium price.*—(i) Industrial estate at Pandesara: The premium price of land in Pandesara industrial estate fixed from time to time was as under :

Rs. 9.60 per square metre up to the 31st March 1974.

Rs. 12.00 per square metre from April 1974 to March 1975.

Rs. 16.00 per square metre from April 1975 to March 1976.

A request from a Bombay firm for allotment of land in this estate, for a citric acid plant, was under consideration of the Corporation since 1970. The firm was informed in May 1973 that the land was being reserved for the project at Pandesara ; the firm was, therefore, requested to reserve the land for their project from June 1973. The firm was reminded (November 1973) to arrange remittance of the reservation charges of Rs. 0.75 lakh and to apply on the prescribed form. The firm paid the amount of Rs. 0.75 lakh in April 1974 as reservation charges for a plot of 1.28 lakh square metres in either Pandesara or Vapi; the reservation was to be made from the 1st May 1974. The application in the prescribed form was, however, not submitted by the firm. Filling in of the usual application for leasing out a plot was also deferred by the firm till the final selection of the plot.

According to the conditions prescribed by the Corporation, reservation is initially made for a period of six months, which can be extended for another six months in appropriate cases. If allotment is made within one

year, the price and terms of payment as prevailing on the date of first reservation are applicable ; otherwise the reservation charges as well as price and terms of payment are to be determined according to the premium price in force on the date of the extension of the period of reservation.

The firm informed the Corporation of the selection of a site for their plant at Pandesara in October 1974 and their readiness to proceed with documentation in April 1975. The application for registration of a plot in this industrial estate was forwarded on the 28th May 1975, which was cleared by the Industries Commissioner on the 20th June 1975. The Corporation informed the firm on the 30th June 1975 that arrangements to finalise the allotment of 1.28 lakh square metres of land were being made for which the premium price at Rs. 9.60 per sq. metre would be charged and that reservation charges equal to the amount of interest chargeable on the total price of land from May 1974 to June 1975 would be levied. In October 1975, the firm paid Rs. 1.41 lakhs as the balance of the reservation charges due and Rs. 4.41 lakhs as initial payment of 40 per cent of the premium price.

The total price chargeable at Rs. 16 per square metre (the rate in force from the 1st April 1975) was Rs.18.88 lakhs as against Rs.11.33 lakhs charged. The possession of the land was given on the 21st November 1975.

The Management stated (January 1977) that the benefit of the premium price of Rs. 9.60 in force at the time when the party paid the reservation charges (April 1974) was extended to the party because the party had confirmed their final requirement of land in their letter dated the 22nd April 1975 *i. e.*, within one year of the payment of reservation charges. As the reservation was for the period May 1974 to June 1975 which was more than a year, the premium price in force on the date of such extension, *i.e.*, on the 1st April 1975 was normally recoverable. Approval of the Corporation had not been obtained to the deviation from the policy laid down.

(ii) A party from Calcutta applied on the 24th July 1974 for allotment of ten acres of land at Ankleshwar or Vapi industrial area for setting up a paper manufacturing plant. On the 12th February 1975, two plots measuring 40,779 square metres were offered to the party at Ankleshwa for Rs. 3.64 lakhs. The party was asked to pay, within ten days, a amount of Rs. 0.91 lakh being 25 per cent of the premium price; the party sent a cheque on the 5th July 1975. The formal letter of allotment was issued by the Corporation on the 18th August 1975.

As the party had not paid reservation charges in advance to entitle them to the rates prevailing at the time of the first offer (February 1975), the rates prevailing on the date of allotment should have been charged.

While issuing the letter of allotment, the fact that the rate of premium price at which the offer was made had been revised from the 1st July 1975

was not taken into account nor was it brought to the notice of the Chief Executive Officer while obtaining his approval for the allotment. This resulted in an under-recovery of Rs. 0.82 lakh.

The Management stated (January 1977) that having created a large water supply capacity, the Corporation was keen to have the project, being a water intensive industry, located at Ankleshwar; since the offer to the firm was made prior to revision of premium price, it was not considered possible or desirable to ask the party to make payment according to the revised price. These reasons were, however, not on record in the papers leading to the decision.

2.09.2 *Prices charged for sheds.*—Prices for different types of sheds allotted to entrepreneurs are fixed by the Head Office of the Corporation with reference to the cost of construction of the sheds and other expenditure, etc. This price is in addition to the premium price payable for the plot of land on which the shed is constructed. The prices, once fixed, remain in force for three months from the date of the completion of sheds. According to standing instructions, the prices so fixed have to be increased by 2 per cent per quarter. It was noticed that the procedure of increasing the prices by 2 per cent for each quarter was not followed in 6 estates while making allotments. This resulted in under-recovery of Rs. 0.73 lakh in 27 cases in 6 estates as revealed by a test-check conducted in audit.

The particulars regarding the date up to which prices fixed and intimated by Head Office should be effective and the dates of completion of construction of sheds were not noted in the allotment sheets. The correctness of the actual prices charged when sheds were allotted was also not being subjected to any independent check.

The Management stated (January 1977) that in 24 cases it was not possible to revise the price in accordance with the policy since the demand was very sluggish and that *ex-post-facto* sanction of competent authority was being obtained.

2.10 Management of industrial estates :

2.10.1 *Agreements.*—On receipt of the offer money from entrepreneurs desirous of leasing or buying plots or sheds, allotment letters are issued to selected entrepreneurs. The possession of plots or sheds is handed over to allottees on execution of agreements (licence agreements for plots and hire-purchase agreements for sheds). During scrutiny of allotment files, it was noticed in audit that in a majority of the cases, agreements contained only the signatures of allottees and no other details were filled in. These agreements provide, *inter alia*, the following conditions :

- (i) For plots, plans for construction were to be submitted within three months and construction commenced within six months and completed within two years of the date of the agreement;

- (ii) For sheds, the purchaser was to commence using the shed within six months of the date of the agreement or the date of possession, whichever was earlier; and
- (iii) The buildings erected on plots and sheds taken on hire-purchase basis had also to be insured by allottees against loss or damage by fire. While the insurance for buildings erected on plots was to be taken in the name of the licensee, the cover for sheds was to be in the name of the Corporation.

Compliance with these conditions was not being watched by regional or sub-divisional offices (December 1976). It would appear from data in paragraph 2.07.10 above that purchasers and allottees did not always fulfil the conditions mentioned in sub-paragraphs (i) and (ii) above.

A fire broke out in January 1976 in the factory premises of a shed-holder at Pandesara industrial estate. As the shed was not insured, the Corporation decided in May 1976 to undertake repairs at a cost of Rs. 0.30 lakh to rehabilitate the entrepreneur, who was a technician, on the condition that the expenditure would be recovered from him, with interest, in suitable instalments. Improvement of the procedure to ensure that shed-holders insure their premises was stated to be under consideration (December 1976).

2.10.2 *Service charges.*—Expenditure incurred on maintenance of road, drainage, street lights, sanitation, public amenity buildings, security, etc., is not included in the premium price of land but is recovered separately from the allottees as service charges in accordance with agreements entered into with them. The following guidelines were laid down by the Corporation in May 1971 :

- (a) expenditure to be incurred on maintenance of services and establishment charges allocable to an estate for its maintenance should be assessed in the beginning of a financial year for every industrial estate.
- (b) expenditure thus assessed should be distributed among shed and plot holders on the basis of the area of plots occupied during the financial year.

There was resistance from the plot and shed holders to the levy of service charges. The Corporation, therefore, decided (May 1971) to levy service charges, on an experimental basis, in 4 estates only. In March 1972, it was further decided to gradually extend it to more estates.

By March 1976, out of 63 developed estates, service charges had been assessed and levied only in 46 estates as given below :

Year	Number of estates at the end of the year		Number of estates in which service charges levied	
	Developed	Developing	During the year	Cumulative up to the end of the year
1971-72	43	3	4	4
1972-73	48	8	7	11
1973-74	49	10	—	11
1974-75	61	3	9	20
1975-76	63	4	26	46

The Management stated (January 1977) that development in the remaining estates was not to an extent sufficient to justify the levy of service charges, considering the facilities provided.

Details of expenditure incurred on maintenance and assessment of service charges recoverable for the three years up to 1975-76 are :

	1973-74	1974-75	1975-76
	(In lakhs of rupees)		
Expenditure on maintenance of services :			
(i) 46 estates where charges are levied	8.02	9.43	12.59
(ii) Other estates	2.09	2.33	1.69
	10.11	11.76	14.28
Assessment for recovery of service charges	0.26	6.66	9.01

The Management stated (January 1977) that difference between the actual expenditure and recoverable amounts occurred because expenditure was incurred on the entire developed area while the assessment of recovery was made on the area allotted.

Although the service charges are to be assessed in the beginning of the financial year, assessment for the years 1973-74 and 1974-75 was made in November 1974. Service charges recoverable for the year 1975-76 was assessed in September 1976.

In the following areas, service charges for the year 1975-76 were fixed at rates lower than the expenditure assessed by the Corporation:

Name of estate	Rates computed on assessed expenditure	Rates fixed
	(in paise per sq. metre)	
Nadiad	33	15
Mehsana	23	15
Vithalwadi	24	20
Palanpur	26	15
Godhra	66	15
Bulsar	24	15
Gondal	13	15
Junagadh	16	12

The recovery foregone in 1975-76 by keeping service charges at lower rates totalled Rs. 0.78 lakh in respect of these estates. The lower rates were charged, as the Corporation feared that the levy of service charges at cost might act as a disincentive for future allotment prospects in these areas.

2.10.3 *Non-agricultural assessment.*—The land acquired by the Corporation for the industrial estates attracts non-agricultural assessment from the date it is developed. The non-agricultural assessment payable is not taken into account to compute either the premium price or the service charges. According to the agreements with the plot and shed holders, all taxes such as non-agricultural assessment, property tax and other taxes levied by the State Government or the local authorities are to be borne by the allottee.

In June 1975, the Corporation paid Rs. 2.51 lakhs to Government as non-agricultural assessment of land at Vapi industrial estate for the years 1971-72 to 1974-75. This amount had not been recovered from plot and shed holders (January 1977).

Details regarding non-agricultural assessment paid for other estates had not been compiled. The Management stated (January 1977) that details of the non-agricultural taxes paid or payable in various estates were being worked out and demand notices would be issued to the allottees for payment.

2.10.4 *Water supply.*—As a part of the complete infrastructure facilities provided in industrial estates, the Corporation arranges to supply water

for industries either by drawing water from the municipalities or other local authorities or by setting up its own water supply schemes. The Corporation recovers water charges from the plot and shed holder based on the consumption. Upto March 1976, the Corporation had installed its own water supply system in 31 industrial estates.

The capital and recurring expenditure incurred on the water supply schemes furnished by the Corporation, for the three years upto 1975-76 are as under :

	1973-74	1974-75	1975-76
	(In lakhs of rupees)		
Capital expenditure upto the end of the year	404.92	467.00	592.58
Recurring expenditure during the year	16.07	48.33	56.15
Dues assessed for recovery from allottees	3.60	23.87	56.27

Different rates have been fixed for different levels of consumption. The water rates fixed, from time to time, were revised in October 1974, on account of increase in the cost of materials and electricity charges, by adding *ad-hoc* 25 Paise to 60 Paise per 1000 gallons to the existing rates. The revised rates ranged between Rs. 1.50 to Rs. 2.25 per 1000 gallons compared to the then existing rates which were between Re. 1 to Rs. 2 per 1000 gallons. While considering the revision of water rates, the Chief Executive Officer desired (August 1974) that each water supply scheme should be studied to find out whether the revised rates were sufficient to cover the fixed and operating costs. A detailed study in July 1976, for the year 1975-76, revealed that in 24 estates the scheme had run into a deficit of Rs. 15.51 lakhs ; most of the deficit (Rs. 12.44 lakhs) was in Vapi estate. This was on account of the heavy incidence of interest and depreciation arising from the investment of Rs. 92.30 lakhs on a weir on the river Damanganga capable of supplying 8 million gallons per day, against which the actual consumption was less than two million gallons of water per day.

Consequent on an increase in the power tariff, revision of pay scales of employees and the larger amount payable as interest, the rates for major water supply schemes in 9 estates were again examined by the Corporation in February 1976. It was noticed that, in almost all cases, the additional burden was of the order of 30 to 35 *per cent*, as a result of which the operating cost was likely to increase by 25 Paise to 50 Paise per 1000 gallons and fixed cost by 15 to 18 Paise, depending on the size of the scheme and the capital investment. As it was not possible to recover the entire increased cost from the consumers by increasing the rate all of a sudden, the Corporation increased, *ad-hoc*, the water rates, from the 1st April 1976, by 50 Paise per 1,000 gallons in those estates where the previous rate was Rs. 2.00 or less per 1000 gallons and by 25 Paise per 1,000 gallons, where the rates were more than Rs. 2.00 per 1000 gallons.

2.10.5 *Arrears*.—The outstanding of water charges as on the 31st March 1976 *vis-a-vis* assessment of dues is given below :

Name of the division	Dues assessed	Balance outstanding on the 31st March 1976
	(In lakhs of rupees)	
Baroda	6.39	2 03
Vapi	7.77	0.46
Rajkot	2.43	2 81
Ahmedabad	38.92	6.69
Surat	0.76	0.19
Total	56.27	12.18

The total amount outstanding on the 31st March 1976 was equivalent to 3 months' assessment. The Corporation had not made an age-wise analysis of these outstandings. The Management stated (January 1977) that the arrears included Rs. 3.41 lakhs due from a unit, because of non-finalisation of the rate, which had been cleared during the current year.

In addition to Rs. 12.18 lakhs mentioned above, Rs. 0.40 lakh in respect of one estate (Bhaktinagar) for the period April 1974 to March 1976 were also in arrears, as the demand for the amount was raised only in January 1977.

2.11 Financial management

2.11.1 *Financial position and working results*—(a). The financial position of the Corporation for the three years up to 1975-76 is summarised below :

	1973-74	1974-75	1975-76
	(In lakhs of rupees)		
Liabilities			
1. Loan	2,868.25	3,195.71	3,641.35
2. Subsidy from Government	134.21	141.00	134.15
3. Reserves and surplus	35.76	51.78	71.43
4. Current liabilities and provisions	244.68	492.55	335.58
Total	3,282.90	3,881.04	4,182.51

	1973-74	1974-75	1975-76
	(In lakhs of rupees)		
<i>Assets :</i>			
1. Gross fixed assets	15.34	27.12	31.02
2. <i>Less</i> depreciation	5.14	7.38	9.42
3. Net fixed assets	10.20	19.74	21.60
4. Development of industrial estates :			
(a) Land and development	2,020.13	2,423.44	2,650.01
(b) Construction of factory sheds	1,296.21	1,836.60	2,124.04
(c) Construction of quarters	163.65	286.12	360.39
(d) Construction of rural workshops	1.16	1.20	1.26
	<u>3,481.15</u>	<u>4,547.36</u>	<u>5,135.70</u>
<i>Less recoveries :</i>			
(i) Premium price of plots and land for sheds.	398.79	481.58	582.98
(ii) Recovery-Sheds	175.66	253.14	343.67
Quarters	7.47	12.41	14.48
(iii) Deposits-Plots	185.41	377.04	507.56
Sheds	51.44	102.05	258.32
Quarters	8.83	26.92	42.84
Housing plots	0.61	..	..
	<u>828.21</u>	<u>1,253.14</u>	<u>1,749.85</u>
<i>Net development expenditure</i>	2,652.94	3,294.22	3,385.85
5. Investments	83.22	83.22	83.22
6. Cash and bank balances including short-term deposits.	403.24	314.98	365.63
7. Other current assets, loans and advances.	117.44	150.99	302.85
8. Other miscellaneous expenditure	15.86	17.89	23.36
Total :	<u>3,282.90</u>	<u>3,881.04</u>	<u>4,182.51</u>

Note : Figures for 1975-76 are subject to audit.

(b) The table below indicates the working results of the Corporation for the three years up to 1975-76 :

	1973-74	1974-75	1975-76
	(In lakhs of rupees)		
A. Income			
Interest	94.10	96.39	121.95
Rent	11.16	4.14	12.09
Water charges	16.57	43.29	61.62
Service charges	1.45	11.72	10.13
Other income	11.80	17.45	19.49
Total (A) :	135.08	172.99	225.28
B. Expenditure			
Administrative expenses	51.62	85.29	82.78
Interest on loan	165.92	253.05	302.29
Depreciation	1.28	2.24	2.65
Maintenance expenses	13.69	22.67	33.07
Miscellaneous expenses	0.05	0.01	..
Total expenditure (B) :	232.56	363.26	420.79
C. Less : Expenditure capitalised :			
Administrative expenses	46.36	79.95	67.51
Interest	64.12	124.16	145.16
Depreciation	1.26	2.18	2.50
	111.74	206.29	215.17
D. Net expenditure (B—C)	120.82	156.97	205.62
E. Excess of income over expenditure (A—D)	14.26	16.02	19.66
F. Provision for replacement and renewal	6.09	7.22	9.39
G. Net surplus	8.17	8.80	10.27

The substantial increase in expenditure during 1974-75 and 1975-76 over the previous year has been attributed by the management (January 1977) to the following :

- (i) *Administrative expenses*—Due to increase in the staff strength, and higher dearness allowance and other benefits payable to them.
- (ii) *Interest*—Due to increase in the amounts taken as loans, increase in rates of interest and payment of the difference of interest pertaining to previous years, in 1975-76.
- (iii) *Maintenance expenses*—Due to larger areas to be maintained, maintenance of water supply schemes on a larger scale and also payment of arrears of non-agricultural assessment, land revenue, etc., in 1975-76.

2.11.2 Maintenance of Accounts :

(i) A professor of the Indian Institute of Management, Ahmedabad was asked (May 1971) to study the system of accounts including the forms of the annual accounts. The report, submitted in June 1976, is under consideration of the Corporation (April 1977).

(ii) As the accounts of plot and shed holders were defective, a firm of Chartered Accountants (who are also the internal auditors of the Corporation) was asked in December 1974 to re-check the calculations and postings in the accounts and reconcile the entries with cash and bank books to arrive at the correct balances.

No time limit was laid down for completing the work. While approving the engagement of the firm, *post facto*, in July 1975, on a remuneration of Rs. 10,000, the Corporation desired that the entire work should be completed by November 1975. The work had not been completed (April 1977).

2.12 Sundry Debtors :

(a) The instalments of premium prices of sheds and plots in arrear as on the 30th September 1975, 31st March 1976, 30th June 1976 and 30th September 1976 are shown below :

	1st April 1975 to 30th September 1975	1st October 1975 to 31st March 1976	1st April 1976 to 30th June 1976	1st July 1976 to 30th September 1976
(in lakhs of rupees)				
Opening balance	140.97	173.28	163.18	146.72
Assessment for the period	105.04	133.40	76.54	81.20
Total dues	246.01	306.68	239.72	227.92
Recoveries during the period	72.73	143.50	93.00	89.00
Balance outstanding	173.28	163.18	146.72	138.92

The outstanding amount of Rs. 138.92 lakhs included the following items :

- (1) Stay orders issued by courts : Rs. 5.30 lakhs.
- (2) Rescheduling of payments on account of cyclones in Jamnagar and Porbandar areas : Rs. 7.40 lakhs.
- (3) Relief given to shed holders at Vapi consequent on the floods in the 1976 monsoons : Rs. 3.64 lakhs.
- (4) Normal rescheduling of payments : Rs. 15 lakhs.

(b) An analysis by the Corporation of the amounts outstanding for different periods on the 30th September 1976 revealed the following :

	(in lakhs of rupees)
1. Less than three months	44.00
2. More than three months but less than six months	20.30
3. More than six months but less than nine months	31.20
4. More than nine months	43.42
Total ..	138.92

(c) As the position of recovery of dues was considered unsatisfactory, the Corporation sanctioned in May 1975, seven posts of audit officers, eight posts of recovery officers and six additional posts of ledger keepers to expedite recoveries. Four posts each of audit officers and recovery officers and five posts of ledger keepers were filled from time to time. Starting with the opening balance of Rs. 140.97 lakhs on the 1st April 1975, the outstandings on the 30th September 1976 were slightly less at Rs. 138.92 lakhs. The regionwise break up of the dues on different dates are shown below :

	Dues (in lakhs of rupees) on the			
	30th Sept- ember 1975	31st March 1976	30th June 1976	30th Sep- tember 1976
Ahmedabad	47.84	46.38	43.35	40.55
Baroda	33.17	35.08	33.40	35.70
Rajkot	37.94	42.08	38.70	34.10
Surat	54.33	39.64	31.27	28.57
Total ;	173.28	163.18	146.72	138.92

It will be seen that there was substantial improvement only in Surat region.

2.13 Budgetary control :

The Corporation prepares an annual financial statement (budget) showing the estimated expenditure and receipts of the Corporation both on capital and revenue account. There is no system for analysing the variations between the actual expenditure and the budget estimates.

2.14 Cash management :

2.14.1 Most of the total capital and revenue expenditure of the Corporation is incurred by the five divisions. The divisions are provided with current banking accounts with commercial banks to meet day-to-day expenditure. On the basis of the requirement of funds for the next month (on weekly basis) intimated by the divisions at the close of the month, funds are placed by the head office at the disposal of the divisions. While reporting the requirements of funds, information regarding cash and bank balances available with the divisions is not furnished to the head office. A review of the weekly balances in the current accounts operated for each division during 1975-76, revealed that heavy balances ranging between Rs. 6.04 lakhs and Rs. 37.34 lakhs were held by all the divisions.

The divisions also recover the rent, water charges, etc. from the allottees, and the amounts received are deposited in the divisions' current accounts. Recoveries of rent, water charges, etc. made at the sub-divisions are initially deposited in the separate accounts opened with commercial banks at these places and the balances in these accounts are transferred periodically to the current accounts of the respective divisions.

2.14.2 The Corporation has also opened collection accounts with the Bank of Baroda at various places where offer money and instalments from plot and shed holders are received. Balances in excess of Rs. 1,000 are to be transferred to the Head Office account at Ahmedabad every week. The following points were noticed :

(i) *Mehsana* : The account was operated from the 12th June 1975, but transfers of amounts to Head Office account were made only from the 26th August 1975 onwards. The balances held from time to time upto that date were as follows :

	(in lakhs of rupees)
23rd June 1975	0.52
2nd August 1975	1.22
20th August 1975	1.62

It was also noticed that, later, the entire amount in excess of Rs. 1,000 was not always transferred to Head Office account as may be seen from the following :

Date	Amount transferred to Head Office	Balance in the collection account after transfer
(in lakhs of rupees)		
2nd September 1975	2.05	2.07
8th October 1975	0.20	0.04
28th October 1975	0.60	0.09
18th December 1975	1.00	0.40
16th January 1976	0.86	0.67

The non-transfer affected the possibility of investment in short-term deposits.

- (ii) *Baroda and Nadiad*.—At Baroda, transfers were not made by the bank, as had been arranged, every week between October 1975 and February 1976. At Nadiad, from the 30th December 1975 to the 31st March 1976, about Rs.1.10 lakhs remained in the collection account for two months and more than Rs.3 lakhs for over a month.
- (iii) *Ahmedabad*.—Cheques received by the Assistant Chief Executive from plot, shed and godowns holders were not promptly handed over to the Executive Engineer (in the same office building); delays ranged from seven days to over two months. There were also delays of 4 to 7 days on the part of the latter in depositing cheques with the bank.
- (iv) It was also noticed that some time was taken by the recovery officers in handing over cheques or cash received in realisation of dues to the divisional offices for credit to the collection accounts. The delay ranged from 9 to 10 days at Vapi and 2 to 3 months at Khambhat industrial estate.

The Management stated (January 1977) that now the local offices constantly review the collection accounts and persuade the banks to transfer amounts.

2.14.3 *Encashment of a cheque*.—A cheque book containing 100 cheques was obtained by a division from the bank on the 11th October 1974. The cheque book was actually used from the 6th November 1974. On the 22nd November 1974, while drawing cheques for payment, it was noticed that one cheque was missing from the cheque book. The bank was immediately addressed to verify and confirm that the cheque was not encashed and to stop payment, if presented subsequently. The bank replied that instruction to stop payment had been noted. When reconciliation of bank transactions

for the month of November 1974 was taken up belatedly on the 22nd January 1975, it was found that the cheque in question had been encashed on the 1st November 1974. It was alleged that signatures of the Executive Engineer were forged. On the 22nd January 1975 a complaint was lodged with police, who filed a case against two employees (an assistant and junior clerk) of the Corporation in May 1975. The Court, however, discharged (June 1975) the case for lack of *prima facie* evidence. A revision application filed as a result of further investigations by the police authorities has recently been decided in favour of the employees. Lacunae noticed in audit included the following :

- (a) No security was obtained from the cashier nor was he covered by fidelity insurance ;
- (b) The reconciliation of the bank account was inordinately delayed ; and
- (c) Cheque books were kept in the custody of the cashier and not the drawing officer.

2.15 Internal audit :

The Corporation had not established an internal audit wing, but a firm of Chartered Accountants had been appointed as Internal Auditors each year from 1964-65 on payment of Rs.5,000 per annum. The exact scope of work to be done by this firm was not defined.

The reports of internal auditors are not placed before the Board of the Corporation. Important matters, like (i) fixation of premium prices, water charges and service charges, (ii) allotments of plots and sheds, (iii) accounts of works maintained at the divisions, (iv) water charges bills, rent for quarters and godowns, and (v) bank accounts operated by officers of the Corporation were not subjected to scrutiny by the internal auditors.

The Management stated (January 1977) that the Corporation's specialised staff looked into these matters and, therefore, availing of the services of internal auditors for these purposes would be uneconomical.

2.16 Other points of interest :

2.16.1 *Repairs to sheds.*—The roofs of the sheds constructed (1970-71) at Vapi, Umbergam, Bhaktinagar and Khatodra industrial estates, were found leaking in 1972-73. In July 1972, a firm of Ahmedabad approached the Corporation with their newly developed material called "parmosolas" which could be utilised for plugging the leakage by treating cracks, holes, etc. They agreed to give a guarantee for 3 years for the work executed by them and, if found defective in the test, to re-do the work free of cost. They were also prepared to refund 75 per cent of the payment made to them if the repairs were again found unsatisfactory.

After negotiations, the firm was asked (July 1972) to carry out the work of water proof treatment of the sheds in Khatodra(Surat), Vapi, Umbergam, Aji and Bhaktinagar industrial estates. No agreement was, however, signed. Details of work done and the amounts claimed by the firm are given below :

Name of the estate	Period during which work was done	Amount claimed by the firm	Amount of advance paid	Balance to be paid
(in lakhs of rupees)				
Khatodra	July-October 1972	0.56	0.08	0.48
Umbergam	August-September 1972	0.04	0.02	0.02
Vapi	July-September 1972 and during June 1973	0.13	0.05	0.08
Rajkot (Bhaktinagar and Aji)	June 1973	0.07	...	0.07
Total		0.80	0.15	0.65

As the water-proof treatment was not considered successful, the firm's bills were not paid.

As the sheds at Khatodra continued to leak heavily, the Corporation decided to treat the entire surface of the roof of all the 99 sheds at Khatodra. On the basis of tenders invited in April 1973, the contract for full surface treatment was awarded to the same firm, being the lowest, who guaranteed the efficiency of surface treatment for seven years. All the sheds, including 55 sheds treated earlier, were given full surface treatment in April-July 1973 and the firm was paid Rs.0.66 lakh for the work. Leakages were against noticed (1973) after completion of the full surface treatment. The firm had not carried out further repairs.

The claim for Rs.0.65 lakh for the earlier work, regarding which the firm had served a legal notice, was referred by the Corporation to arbitration and finally settled, in October 1976, as under :

- (i) The Corporation was to pay to the firm Rs.0.55 lakh towards full and final settlement of all claims and counter-claims.
- (ii) The firm was to pay to the Corporation Rs.0.06 lakh as liquidated damages and compensation for the guarantee given in respect of light-weight water-proofing treatment to sheds at Khatodra.

Major leakages in 8 sheds and minor leakage in 38 sheds at Vapi were also noticed during the 1973 monsoon. The Corporation decided (December 1973) to carry out the repairs at an estimated cost of Rs.0.63 lakh or to pay the shed holders for repairs up to this limit. The Corporation spent about Rs.0.93 lakh on repairs to the sheds.

The Management stated (January 1977) that the Corporation had considered it in their interest to incur this expenditure as Vapi being one of the biggest and growing estates, any adverse publicity to it for whatever

small reasons, would have hampered the efforts in attracting the entrepreneurs from outside. They further stated that the surplus available in the total price of sheds in Vapi would be adequate to absorb this expenditure.

2.16.2 *Non-recovery of arrears of rent.*—The contract for running a canteen at Naroda industrial estate was auctioned in November 1967 and the possession of the premises was given in January 1968. No agreement was entered into with the party nor was any security in the form of cash or bank guarantee obtained. As the party did not pay the stipulated rent of Rs.950 per month, eviction proceedings were started in May 1969 and the Corporation got back the possession of the premises in February 1970. An amount of Rs.0.23 lakh is outstanding against the party (after adjusting Rs.0.02 lakh received in November 1967 and in June 1968).

The Management stated (January 1977) that, as it was not possible to trace the party, a proposal to waive the outstanding dues would be placed before the Corporation.

2.16.3 *Guest house at Vapi.*—The Corporation constructed (1971) a guest house in Vapi industrial estate at a cost of Rs.19.80 lakhs to provide accommodation for entrepreneurs coming to Vapi. The demand from the entrepreneurs did not materialise as they considered the suites expensive.

To utilise the buildings, 8 suites were converted in March 1972, into a guest house for the Corporation's staff. One of the two wings consisting of 10 double rooms, 10 single rooms, dining hall and kitchen was also allotted to a private individual for running a hotel for a period of 5 years from May 1974 at a monthly rent of Rs.5,000. Further, 13 rooms were given in April 1975 to a Trust for running an English Medium Primary School at a nominal rent of Re.1 per annum.

After running the hotel for about 9 months, the lessee approached the Corporation in January 1975 to reduce the rent with retrospective effect from May 1974 on the ground that his monthly income from the suites was not more than Rs. 4,000 and that the chances of any substantial increase in the near future were also dim. The representation of the lessee was considered in January 1976 and the Corporation agreed to reduce the monthly rent to Rs.3,300 from May 1974 to December 1975 and to Rs.3,500 from January 1976 to June 1976, as the building could not be put to any alternative use.

The revenue realised from the guest house during the three years 1973 to 1976 was Rs.0.79 lakh.

The Management stated (January 1977) that the investment on the guest house was being recovered by way of premium price of land and efforts were being made to activate and improve the hotel facility.

SECTION VI

GUJARAT ELECTRICITY BOARD

2.17 Introduction :

(a) The Gujarat Electricity Board was constituted in May 1960 for the co-ordinated development of generation, supply and distribution of electricity within the State in the most efficient and economical manner.

(b) *Generation and sale of energy.*—The table below indicates the particulars of the installed capacity, power generated and sold, etc., for the three years ending 1975-76 :

	1973-74	1974-75	1975-76
1. Installed capacity of generating plants (in M W)	712.6	858.9	1119.5
2. Total power generated (in MKWH)	3,349.552	4,138.094	4,202.367
3. Power used for generating station auxiliaries (in MKWH)	268.091	326.179	354.644
4. Power available for sale from Board's generation (in MKWH).	3,081.461	3,811.915	3,847.723
5. Power purchased (in MKWH)	956.243	805.013	1,059.220
6. Total power available for sale (in MKWH).	4,037.704	4,616.928	4,906.943
7. Power sold (in MKWH)	3,144.085	3,678.019	3,974.645
8. Loss in transmission and distribution (in MKWH).	893.619	938.909	932.298
9. Co-incident maximum demand (in MW)	706.0	964.7	1,034.0
10. Aggregate maximum demand (in MW)	847.8	1,150.5	1,333.0
11. Connected load (in MW)	1,960.3	2,238.9	2,424.7
12. Load factor (percentage)	65.3	54.6	54.2
13. Percentage of power generated to installed capacity.	53.6	55.0	42.7
14. Percentage of auxiliary consumption to power generated.	8.0	7.9	8.4
15. Percentage of transmission and distribution loss to power available for sale	22.1	20.1	18.99

The increase in auxiliary consumption in 1975-76 was due to inclusion of losses in the step-up powers transformers at the power stations which, up to 1974-75, were included in unaccounted units representing losses in

transmission and distribution. This also partly accounts for reduction in loss in transmission and distribution.

(c) The following paragraphs deal with some aspects of the working of the Board, namely the Dhuvaran Power Station, transmission and distribution lines and transformers.

2.18 Dhuvaran Power Station :

The first stage of Dhuvaran Power Station with a capacity of 254 MW (four units of 63.5MW each) was commissioned in 1965 at a cost of Rs. 3,285 lakhs. In 1970, two units of 27 M.W. each were added at a cost of Rs. 369 lakhs. The capacity was further augmented (second stage) by 280 M.W. (two units of 140 M. W. each) in 1972 at a cost of Rs.3,940 lakhs. The first four units are designed to use coal, oil or gas while the second stage units can use oil or gas; the two units of 27 M.W.each can work only on gas. The installed capacity of the station was 588 M.W.on the 31st March 1976, consisting of 534 M.W.of steam power and 54.M.W.of gas power.

Some aspects of the project for augmentation of the capacity of the Power Station were dealt with in paragraph 7.01 of Section IV of the Report of the the Comptroller and Auditor General of India for the year 1972-73 (Commercial).

2.19 Generation capacity and utilisation :

The total generation capacity available with the Board from different sources, including Dhuvaran, at the close of the three years up to 1975-76 was as under :

	As on 31st March		
	1974	1975	1976
	(capacity in M W.)		
A. Steam :			
(i) Dhuvaran	534.0	534.0	534.0
(ii) Utran	67.5	67.5	67.5
(iii) Shapur	16.0	16.0	16.0
(iv) Sikka	16.0	16.0	12.0
(v) Kandla	16.0	16.0	16.0
(vi) Ukai	..	..	120.0
Total A :	649.5	649.5	765.5

As on 31st March

	1974	1975	1976
	(capacity in M. W.)		
B. Gas turbine—Dhuvaran	54.0	54.0	54.0
C. Internal combustion	9.1	5.4	..
D. Hydol-Ukai	—	150.0	300.0
Total of Board's own capacity	712.6	858.9	1119.5
Share of Tarapur Atomic Power Station	190.0	190.0	190.0
Total available capacity	902.6	1048.9	1309.5
Percentage of capacity of Dhuvaran to :			
Total of Board's own capacity	82.5	68.5	52.5
Total available capacity	65.1	56.0	45.0

The details of the electricity available from different sources during the three years up to 1975-76 are given below :

	1973-74	1974-75	1975-76
	(in million KWH)		
A. Steam :			
(i) Dhuvaran	2,755	3,017	2,774
(ii) Utran	383	401	373
(iii) Shapur	47	55	31
(iv) Sikka	52	44	14
(v) Kandla	37	36	34
(vi) Porbandar	11	..	..
(vii) Ukai	—	..	..
B. Gas turbine—Dhuvaran	64	135	145
C. Internal combustion	..	—	—
D. Hydro-Ukai	—	450	824
E. Total of generation from Board's stations	3,349	4,138	4,195
F. Power received from Tarapur Atomic Station.	879	668	969
G. Power purchased from others	77	137	93
H. Total power available	4305	4,943	5,257
I. Percentage of power generated from Dhuvaran Station to :			
(i) Total of Board's generation	84	76	71
(ii) Total available power	11	64	55

2.20 Performance of the Station :

(a) Some data on the working of the Dhuvaran Power Station for the three years up to the 31st March 1976 are given below :

<i>Particulars</i> :	1973-74	1974-75	1975-76
Installed capacity (MW)	588	588	588
Firm capacity (MW)	561	561	561
Maximum Demand (MW)	524	496	525
Minimum Demand (MW)	100	119	121
Units generated (in million KWH)	2,819.09	3,151.55	2,919.14
Units used in auxiliary consumption (in million KWH)	220.48	233.52	228.22
Percentage of auxiliary consumption to units generated.	7.8	7.4	7.8
Units available for transmission (in million KWH).	2,598.61	2,918.03	3,690.92
Average load (MW) (Units generated ÷ total hours in the years).	322	360	333
Load factor (percentage of units generated to maximum demand).	61.45	72.58	63.24
Plant factor (percentage of average load to installed capacity).	54.76	61.22	56.63

The following table analyses the overall performance of the power station on the basis of hours available and hours actually used for generation of electricity for the three years up to 1975-76 :

<i>Particulars</i> :	1973-74	1974-75	1975-76
1. (a) Total hours available for operation in the year (8 sets × 8760 and 8 × 8784 for 1975-76)	70,080	70,080	70,272
<i>Less</i>			
(i) Standby-hours	10,211	11,005	8,907
(ii) Planned shutdown-hours	7,653	4,724	8,119
(iii) Forced shutdown-hours	985	193	165
(b) Total hours actually operated	51,231	54,158	53,081
2. Units which could have been generated in the actual hours operated (in million KWH).	4,165.71	4,433.53	4,354.32
3. Units actually generated (in million KWH)	2,819.09	3,151.55	2,919.14
4. Short-fall in generation (2-3) (in million KWH).	1,346.62	1,281.98	1,435.18

The difference between the units which could have been generated and the units actually generated was mainly because the sets were operated on low loads on account of variations between day and night loads.

The table below indicates the details of operation of gas operated and steam operated turbines for the three years up to 1975-76 :

Year	Installed capacity (in MW)	Available hours	Actual operation hours	Percentage of units generated	Percentage of a ctual hours operated to available hours	
		Units that would have been generated in avail-able hours (in million KWH)	Actual units generated (in million KWH)	to avail-able generation units		
Steam Turbines	1973-74	534	52,560	46,110	58.7	87.7
			4,677.84	2,755.26		
	1974-75	534	52,560	47,866	60.5	91.0
			4,677.84	3,016.72		
1975-76	534	52,704	45,518	59.0	86.3	
		4,690.66	2,773.73			
	Gas Turbines	1973-74	54	17,520	5,121	14.4	29.2
			473.04	63.83		
1974-75	54	17,520	6,292	28.5	35.9	
		473.04	134.83			
	1975-76	54	17,568	7,563	30.6	42.9
			474.34	145.41		

Though the actual generation hours of steam turbines were over 85 per cent of the available hours, units actually generated were only 60 per cent or so of units that could have been generated. The lower utilisation of gas turbines was attributed by the Management (December 1976) to non-availability of gas in sufficient quantities.

The average plant factor has been around 60 per cent. The low plant utilisation was attributed by the Management (December 1976) to (i) lack of sustained load, which during the night was only about 25 per cent of the maximum demand, (ii) the agreement with the Tarapur Atomic Power Station by which all the power available from that station had to be taken, which acted as a constraint on the Board operating the plant at the sustained

firm capacity, and (iii) with the commissioning of the Ukai Hydro-power Station during 1975-76, load on the Dhuvaran Power Station decreased.

(b) *Thermal efficiency* : The consumption of fuel, heat units generated, heat equivalent of electrical energy, and average thermal efficiency in the Power Station for the three years ending on the 31st March 1976, are given in Annexure 'E'.

The thermal efficiency of all the units was below the designed efficiency; the deficiency was more marked in the case of Stage-I units.

The Management stated (December 1976) that design efficiency is ascertained by running the plant under certain ideal conditions which in actual practice do not exist due to variations between day-time and night-time loads, use of steam for other purposes like heating fuel oil pipe line, soot blowing, etc., frequency drops on account of inter-connection with the Maharashtra grid and hence actual thermal efficiency varied from designed efficiency.

2.21 Fuel :

(a) As mentioned earlier, the power station has 10 boilers; eight were installed in the first stage and two in the second stage expansion. The boilers installed in the first stage were designed to use oil, gas, coal or residual fuel oil to be supplied by the Gujarat Refinery of Indian Oil Corporation. As the Gujarat Refinery agreed in August 1964 to supply residual fuel oil in sufficient quantities, two boilers installed in the second stage expansion project were designed to use only oil or gas. The Refinery could not, however, supply adequate quantities of residual fuel oil from 1971-72 to 1974-75 on account of commitments made to Tatas and Ahmedabad Electricity Company; this was, in turn, due to the fact that the Dhuvaran Power Station was unable to consume additional residual fuel oil available from 1966 onwards, because of delay in the commissioning of the second stage units. In 1971, the Board approached the Government of India to release furnace oil, with exemption from Central Excise Duty, which was agreed to from January 1972.

The table below indicates the quantity and cost of furnace oil used by the Board during the three years 1972-73 to 1974-75 as compared to the cost of residual fuel oil. No furnace oil was used during 1975-76 :

Year	Quantity of furnace oil used (in lakhs of tonnes)	Cost of furnace oil used (in lakhs of rupees)	Average cost per tonne (in rupees)	Average cost of residual fuel oil (in rupees per tonne)
1972-73	0.99	1,35.62	136.13	106.74
1973-74	2.11	2,82.09	133.59	167.13
1974-75	1.98	9,06.93	456.69	273.86

As the cost of furnace oil was higher than that of residual fuel oil, an extra expenditure of Rs.321.54 lakhs was incurred on fuel during the three years. Further, because of shortage of both furnace oil and residual fuel oil in January 1973, two sets (63.5 M.W. capacity each) had to be shut down for 77 hours.

(b) The coal and ash handling plants were also installed with the boiler sets in 1965, at a cost of Rs.126.00 lakhs and Rs. 33.73 lakhs respectively. These plants were used from September 1965 to March 1967. As no coal is being used in the boilers since then, the coal and ash handling plants are lying idle (except for use for three days in February/March 1976).

In March 1973, the Government of India had advised the Board to use coal at the latest from September 1973 on account of shortage of residual fuel oil and furnace oil. Oil prices were also increased by the Government of India in 1974 due to increase in the price of imported crude oil.

The Management explained (January 1977) that though coal was cheaper than residual fuel oil, the use of the latter was preferred because it reduces considerably the statutory and other outages.

2.22 Costing system and cost trends :

(a) In paragraph 12 of Section IV of the Report of the Comptroller and Auditor General of India for the year 1972-73(Commercial), the deficiencies in the costing system regarding non-fixation of norms for various elements like fuel, labour, etc., lack of a system for periodical calculation of cost of generation of each power house and cost variance analysis, etc., were mentioned. These deficiencies had not been removed (April 1977). The Management stated (December 1976) as follows :

(i) It was not possible to have norms for fuel consumption or labour employed uniformly for all the power stations; and even for the same plant, norms had to vary from month to month depending on the load factor, weather conditions, condition of cooling water, etc.

(ii) The working of each power station, its fuel consumption and fuel efficiency were being reviewed every month in the head office by a committee headed by the Chairman.

(iii) An elaborate cost accounting system had not been introduced as electricity was the single main product and it was simpler to work out the cost per KWH.

It may be mentioned that under the present system, the cost of generation for the Board as a whole is worked out after the close of the financial year. Comparison of cost of generation in different units using different fuels is not possible.

(b) The cost of generation for steam and gas power plants of the Power Station, as worked out by Audit, for the three years upto 1975-76 is given below :

	1973-74		1974-75		1975-76	
	Steam	Gas	Steam	Gas	Steam	Gas
Installed capacity (in MW).	534	54	534	54	534	54
Units generated (in million KWH)	2,755.260	63.826	3,016.717	134.832	2,773.732	145.40
Units used as auxiliary (in million KWH).	219.642	0.833	231.090	2.429	225.618	2.599
Units sent out (in million KWH).	2,535.618	62,993	2,785.627	132 403	2,548.114	142.810
Total cost of generation (in lakhs of rupees).	1,258.91	43.92	3,235.10	59.93	3,291.11	68.27
Cost per KWH generated (in paise) :						
(i) Fuel	3.28*	3.26	9.44	2.70	9.49	3.04
(ii) Oil, water and stores	0.11	--	0.15	...	0.27	..
(iii) Salaries, wages, allowances, etc.	0.13	0.16	0.14	0 10	0.16	0.10
(iv) Repairs and maintenance.	0.19	0.26	0.19	0 05	0.39	0.04
(v) Depreciation	0.72	3.06	0.67	1.45	0.72	1.35
(vi) Genera over-head charges	0.13	0.13	0.14	0.14	0.15	0.15
Total cost of generation.	4.56	6.87	10.73	4.44	11.18	4.68
Cost of auxiliary consumption.	0.40	0.10	0.88	0.09	0.99	0.09
Net cost per unit sent out.	4.96	6.97	11.61	4.53	12.17	4.77

The cost of generation per unit of steam power which was 4.96 paise per unit in 1973-74 increased to 11.61 and 12.17 paise per unit in 1974-75 and 1975-76 respectively, mainly due to the use of costlier furnace oil in 1974-75

* Cost of generation for the year 1973-74 does not take into account higher price of residual fuel oil payable as per the award.

c. f. paragraph 2.21(a) and increase in the cost of residual fuel oil in 1974-75 and 1975-76 as determined by an arbitration award given in April 1976.

The high cost of generation in the gas operated plant in 1973-74 was attributed by the Management (December 1976) to higher incidence of fixed costs due to generation of fewer units. With the commissioning of stage-II sets, operation of gas turbines was reduced and gas available was burnt in the boilers for operating the steam plant. This was considered to be more efficient.

2.23 Manpower analysis :

2.23.1 The total number of staff employed in the Power House on the 31st March 1976 was 868 compared to 761 persons employed in 1972.

The number of units generated per employee (technical staff engaged on generation) is given below :

As on 31st March	Number of generation employees (technical)	Number of units generated during the year	Units generated per generation employee
			(Units in million KWH).
1972	554	1,573.69	2.84
1973	639	2,480.47	3.88
1974	641	2,819.09	4.40
1975	611	3,151.55	5.16
1976	629	2,919.14	4.64

The generation of energy per employee was low during 1973-74 and 1975-76 as compared to 1974-75.

2.23.2 The over time paid during last three years as compared to the salary paid is given below :

	1973-74	1974-75	1975-76
Amount of overtime (in lakhs of rupees)	4.76	6.95	7.37
Amount of salary (in lakhs of rupees)	49.09	58.88	62.46
Percentage of overtime to salary	9.69	11.81	11.81

It will be noticed that the overtime payment has gradually increased.

The Management stated (December 1976) that certain categories of persons who started the work in the power station had to be continued as change-over to other staff was not practicable, that certain items of maintenance work had to be done during the light load periods after midnight and that agreements signed (August 1973) with the Engineers' and Workers' Unions, allowing them additional public and festival holidays, necessitated payment of overtime.

2.24 Construction of quarters :

In November 1972, the total requirement of quarters at Dhuvaran Power Station was assessed at 1019. Against this, the Power Station already had 736 quarters, 199 temporary quarters and 80 quarters with A.C. sheets roofs, that is 1015 quarters in all.

In April 1973, the Board sanctioned construction of 126 new quarters and separate baths and lavatories in 100 temporary quarters, which were constructed at a cost of Rs. 24.23 lakhs and Rs.1.19 lakhs respectively. By 1975, the 126 quarters were ready for occupation.

Thus in 1975-76, there were a total of 962 quarters ready for occupation (736 old permanent quarters, and 126 newly constructed quarters and 100 temporary quarters which had been improved) apart from 99 temporary quarters which were not improved. The number of employees on the 31st March 1973 and 31st March 1976 were 828 and 868 against the sanctioned strength of 927 and 901 respectively. Forty-nine quarters had been given to outsiders for school, bank, post office, etc, before construction of new quarters was sanctioned. As on the 31st March 1977, 11 new quarters and 61 temporary quarters with improved facilities, besides 59 unimproved temporary quarters, were lying vacant. Two 'B' type quarters, meant for higher grade officers, constructed earlier, were also lying vacant from April 1975 or earlier.

The Management stated (January 1977) that against the sanctioned strength of 901, the Board had constructed a total of 862 permanent quarters; the power station being situated in a remote place, quarters had to be provided for other facilities like marketing, banking, schooling, etc., the life of the temporary quarters was 5 years and, therefore, all the 199 quarters were being scrapped.

2.25 Inventory control :

2.25.1 Purchases, consumption and stocks of spare parts, coal and other general stores (excluding residual fuel oil and imported spares), for the three years were as given below :

	1973-74	1974-75	1975-76
	(in lakhs of rupees)		
Stock at the beginning of the year	111.34	125.08	234.05
Purchases during the year	123.26	259.11	370.05
Consumption	109.52	150.14	198.26
Stock at the end of the year	125.08	234.05	405.84
Stock held in terms of month's consumption	13.70	18.70	24.58

It would be seen that there was a substantial increase in the stock during the years 1974-75 and 1975-76.

2.25.2 Minimum, maximum and ordering limits: The minimum and maximum limits for stock holding and re-ordering levels for different items of stores had not been fixed (April 1977).

2.25.3 The Board issued instructions in March 1974 to classify materials in hand in February 1974 into five categories, viz., (a) active, (b) slow-moving, (c) non-moving, (d) obsolete, and (e) scrap and un-serviceable and to transfer all materials in categories (c) to (e) to the Regional Stores. On the 30th June 1976, the stock verifying team classified 413 and 2443 items, valued at Rs. 28.30 lakhs and Rs.114.15 lakhs, as slow moving and non-moving respectively. According to details submitted (October 1976) to the Committee appointed by the Chairman (June 1976) to review the inventory, the Power Station held stores of the value of Rs.13.86 lakhs which might be required in future by the Power Station but could presently be spared for other power stations. The Power Station also carried stores valued at Rs. 27.22 lakhs which could be declared surplus. List of such stores were circulated to other units to be taken into account while placing indents for purchase of those items.

The following items were lying un-used mostly from the dates of purchase :

Name of item	Quantity	Value (in lakhs of rupees)	Date of purchase
1	2	3	4
(i) Feroretoal black paint	1,752 litres	0.24	June 1969 and March 1973
(ii) White lead paint	820 litres	0.11	June 1974
(iii) M. S. Plates 28 mm and 16 mm	38.77 tonnes	0.60	June 1971
(iv) Hostalaine black pipes	39 numbers	2.95	February 1975
(v) Aluminium cables (3.3 KV × 3 core 300 mm).	2,489 metres	3.54	November 1974 and September 1975
(vi) Steel gloss valves	38 numbers	0.67	June 1969 to May 1976
(vii) Champion brand A/S rein- forced packing.	588 sets	0.81	June and August 1974
(viii) Aluminium-brass condenser tubes	3,955	15.64	April- 1973

2.25.4 Purchase of materials.—Cold Rolled Cold Annealed sheets were purchased for fabrication of heat transfer elements required for the Power

Station. Sheets worth Rs. 1.22 lakhs were received in December 1973, Rs. 2.26 lakhs in January 1974, and Rs. 1.76 lakhs in June 1974, out of which sheets valued about Rs. 0.40 lakh were utilised between January 1974 and June 1974. When tenders were invited for fabrication of heat transfer elements, it was found that the sizes of sheets required for the fabrication were different from the sizes purchased. The Board, therefore, placed an order (October 1974) for the supply of complete heat transfer elements, with the suppliers using their own sheets. The sheets valued at Rs. 4.84 lakhs were lying with the Board (December 1976). The Management stated (December 1976) that originally these elements were to be imported at a very high cost involving foreign exchange and, therefore, they had to get these elements indigenously fabricated, that at the initial stage there was difficulty in getting the particular type of sheets required, and whatever size the Hindustan Steel Limited could give was procured. Tendres were stated to have been called again for fabrication, stipulating use of the Boards sheets.

2.25.5. *Accounting deficiencies.*—A monthly abstract of receipts and issues, as indicated in the bin cards, has to be prepared to ensure reconciliation of balances in the stock ledgers with those in the control ledger. This statement had not been prepared from April 1973 onwards (March 1977).

Some errors involving both the physical quantities and value of the stock were noticed in test-check by Audit and were reported. The Management stated (December 1976) that stock ledgers were being corrected to depict the correct picture.

2.25.6 *Imported spares.*—According to the procedure laid down by the Board, detailed value accounts of each stores item are kept in the stock ledgers. The Board received imported spares valued at Rs.38.17 lakhs in 1965-66 with plant and equipment for the first stage of the Power Station which was commissioned in 1965-66. As the specific value of each item of spares was not intimated by the foreign suppliers and as the number of items was large, it was decided to maintain only quantity accounts of these spares and write off their value over 15 years, irrespective of yearly consumption. Later, the Board purchased, from abroad, spares valued at Rs. 13.64 lakhs and Rs.11.08 lakhs in 1968-69 and 1969-70 respectively. For these spares too, only quantity accounts without value had been maintained in the stock ledgers and their total value was being written off over 15 years.

The Management stated (December 1976) that non-maintanance of value accounts for spares purchased subsequently by placing them at par with spares of Stage-I was a mistake and instructions had been given to the unit to set this right.

2.26. Transmission and distribution lines :

Electricity generated in the Stations is transmitted through transmission lines (11 KV and above) and distribution lines (below 11KV).

When the Board was established in May 1960, the total length of transmission lines was 4154 circuit kilometres (ckm) and that of distribution lines was 3282 circuit kilometres.

The length of transmission and distribution lines and the cost of transmission and distribution of power for the three years up to 1975-76 were :

	1973-74	1974-75	1975-76
<i>(i) Transmission :</i>			
Length of transmission lines (11 KV and above in circuit kilometres).	43,469	47,307	55,432
Expenditure on operation and maintenance of transmission lines (in lakhs of rupees).	387.39	488.36	568.95
Cost per kilometre of transmission (in rupees)	891	1032	1026
Units transmitted (available for sale in million KWHs.)	4,037.70	4,616.93	4,906.94
Cost of transmission per unit available for sale (in paise).	0.96	1.06	1.16
Units sold (in million KWHs)	3,144.08	3,678.02	3,974.64
Cost of transmission per unit sold (in paise).	1.23	1.33	1.43
Transmission loss per unit (in paise)	0.27	0.27	0.27
<i>(ii) Distribution :</i>			
Length of distribution lines (in circuit kilometres).	35,966	38,915	41,671
Expenditure on operation and maintenance of distribution lines (in lakhs of rupees).	930.94	1211.29	1,417.78
Cost per kilometre of distribution line (in rupees).	2,588	3,113	3,402
Units available for sale (in million KWHs).	4,037.70	4,616.93	4,906.94
Cost of distribution per unit available for sale (in paise).	2.30	2.62	2.89
Units sold (in million KWHs)	3,144.08	3,678.02	3,974.64
Cost of distribution per unit sold (in paise).	2.96	3.29	3.57
Distribution loss per unit (in paise)	0.66	0.67	0.68

Operation and maintenance expenses of both transmission and distribution lines rose steadily from year to year. During the three years while the length of transmission lines increased by 27.5 per cent, distribution lines by 15.9 per cent, and sub-station capacity by 43.3 per cent, the operation and maintenance costs increased by 47.9 per cent for transmission and by 52.6 per cent for distribution lines.

The Management attributed (December 1976) the increase in expenditure on operation and maintenance of transmission and distribution lines to the following :

- (i) increase in dearness allowance of the employees,
- (ii) rise in the price of oil used for transformers and switch gears as also rise in cost of other maintenance materials,
- (iii) increased incidence of depreciation charges on account of higher capital cost of new lines and sub-stations; and
- (iv) excessive expenditure arising out of the effects of cyclones and floods.

2.27. Interruptions and system losses :

(i) *Interruption.*—The number of interruptions on high tension and extra high tension lines (66 KV to 220KV) were as follows during the three years up to 1975-76 :

1973-74	1279
1974-75	736
1975-76	348

(ii) *System losses.*—Units available for sale, units sold, and transmission and distribution losses during the three years were as follows :

Particulars :	1973-74	1974-75	1975-76
	(in million KWH)		
Units available for sale	4,037.70	4,616.93	4,906.94
Units sold	3,144.08	3,678.02	3,974.64
Units not accounted for, representing transmission and distribution losses.	893.62	938.91	932.30
Percentage of losses to units available for sale.	22.13	20.33	18.99

The transmission and distribution losses consist of transformer losses, transmission losses and distribution losses. The losses attributable to each cause have not been identified by the Board.

According to the findings of a Committee appointed by the Board in February 1967, the overall transmission and distribution losses on supply of power to high tension consumers should normally be around 14 to 15 per cent and in respect of low tension consumers around 17 to 18 per cent.

The Management stated (December 1976) that system improvement was a continuous process and action was being taken to reduce the transmission and distribution losses further by 2 per cent below the 1975-76 level.

The high percentage of transmission and distribution losses was attributed by the Board (May 1976) to transmission of power over long distances and its distribution in a wide area which involved transmission through a number of voltages and number of transformations from one voltage to another; inadequacies of transmission lines and sub-stations during 1973-74 on account of delay in completion of the lines and sub-stations and also to pilferage of energy.

The transmission and distribution losses in many feeders ranged between 30.4 per cent and 66.42 per cent during the three years ending 1975-76 as detailed in Annexure 'F'. The heavy losses were attributed (December 1976) by the Management to lightly loaded feeders in Saurashtra and Kutch areas.

The Board has taken, from time to time, steps to reduce the system losses by various improvements, proper maintenance of lines and intensification of checking of consumers' installations.

2.28 Theft of energy :

Theft of energy by consumers was considered by the Board as one reason for high transmission and distribution losses. The extent of the loss on this account had been estimated (December 1976) by the Board to be about half per cent of the total losses.

The number of cases of pilferage of energy detected, amounts assessed and amounts recovered from the consumers during the three years were :

Year	Number of cases compounded	Total amount assessed	Amount recovered
		(in lakhs of rupees)	
1973-74	735	5.96	3.23
1974-75	952	6.88	5.48
1975-76	1333	11.77	9.28

To eliminate losses due to pilferage and other malpractices adopted by consumers, the Board formed checking squads in 1967. The main function of these squads is to conduct surprise check of installations of the consumers on receipt of information either from public or employees about the pilferage and also cases of abnormal variations noticed in consumption of energy in premises of consumers. In May 1976, there were eight such squads. The

performance of these squads during the three years up to 1975-76 is given below :

	1973-74	1974-75	1975-76
Number of L. T. power consumers (at the end of the year).	1,45,291	1,60,943	1,75,938
Number of L. T. power connections checked	5,233	6,651	5,949
Number of connections found irregular	869	1,174	1,373
Amount assessed for irregular connections (in lakhs of rupees).	3.51	4.65	8.40

The Management stated (December 1976) that the checking squads were meant to check installations of doubtful or unreliable consumers.

2.29 Transformers :

2.29.1 Transformers are used in the process of transmission and distribution of electricity. These are generally classified in two categories, viz., power transformers and distribution transformers, depending on the nature of use. The power transformers are used for stepping up or down voltage of power to be transmitted from the power house to the sub-station and from sub-stations to distribution centres and distribution transformers are used to distribute power to various consumers.

The capacity and requirement of power transformers is worked out on the basis of the projected load development of the areas over a few years and orders for procurment are placed in advance to avoid delay in receipt and completion of works. The requirement of distribution transformers is worked out yearly after taking into account the expected increase in load with reference to the normal expansion programme, electrification of new villages, replacement of transformers due to failure of increase in load, etc.

The number of sub-stations and capacity set-up by the Board, at the end of each of the three years up to 1975-76 and the number of transformers installed as on the 31st March 1976 were :

Voltage	As on 31st March 1974		As on 31st March 1975		As on 31st March 1976		Number of transformers installed
	Number of sub-stations	Capacity in MVA	Number of sub-stations	Capacity in MVA	Number of sub-stations	Capacity in MVA	
220 KV	4	450	5	855	8	1,580	13
132 KV	26	1964	29	2,264	27*	2,444	35
66 KV	80	1314	92	1,520	100	1,791	212
33 KV	68	411	64	432	59*	442	124
22 and 11 KV		1,617		1,872		1,986	26,783
Total		5,756		6,943		8,243	

Note : * Reduction in number of sub-stations is due to uprating of certain sub-stations.

Although the rules framed by the Board require that history sheets showing the details, such as make and capacity of transformers, cost, date of installation, locations, dates of servicing, etc., should be maintained, these records had not been maintained. The Board has also not evolved any other system of control. The Management stated (December 1976) that instructions had been issued (February 1976) to field officers to maintain up to date history sheets.

2.29.2 *Purchase of transformers.*—When the Electricity Board was formed in 1960, there was hardly any manufacturer of transformers in Gujarat State. Gradually, the transformer industry was developed within the State and since 1969, the capacity of the local manufacturing units is sufficient to meet the Board's requirement for distribution transformers. These units are not capable of meeting the full requirements of power transformers.

As a matter of policy, the Board had been encouraging local manufacturers of transformers since 1969. While open tenders were invited for the purchase of transformers, only local suppliers were called for negotiations and asked to bring down their rates so as to match the lowest quotations mainly received from Bombay and Calcutta firms.

The outside firms were eliminated on the plea that (i) there was no possibility of ensuring regular supplies from Calcutta firms due to labour and other troubles, (ii) specifications of some firms were not according to the Board's requirement and (iii) the Board had no previous dealings with most of the firms. It was also considered that after sales service could be ensured if the firms were located in the State. As a result, no order for the supply of distribution transformers has been placed since 1969 on firms located outside Gujarat.

The Management stated (December 1976) that encouragement of local manufacturers had not been at the cost of economy or efficiency and an element of competition was maintained continuously.

2.29.3 *Performance of transformers.*—Every transformer carries the supplier's guarantee of trouble-free performance for a period of 18 months from the date of supply or 12 months from the date of commissioning whichever is earlier. If the transformer fails because of manufacturing defects within the guarantee period, the supplier has to repair or replace it free of cost. The repaired transformer carries a further guarantee for six months from the date of despatch after repairs.

(a) A few cases in which the Board could not enforce the suppliers guarantee of free repairs or replacement because of late commissioning of the transformers are detailed below :

Number of transformers	Location	Cost (in lakhs of rupees)	Date of commissioning/failure	Expenditure on repairs (in lakhs of rupees)	Remarks
3 of 11 KVA each.	Surendra-nagar.	Not available	August to October 1971	0.03	One transformer was repaired departmentally.
January to May 1970			August 1971 to May 1972		
1 of 5 MVA	Keshod	1.92	January 1971	Not ascertained by the Board	
October 1968			January 1971		
1 of 10 MVA	Construction Division, Rajkot.	4.56	March 1974	Not ascertained	
November 1972			October 1974		
1 of 10 MVA	Construction Division, Rajkot.	4.94	October 1969	Lying unrepared (January 1977).	
November 1967			October 1969		

Reasons for delay in commissioning these transformers were not investigated by the Board. However, in March 1974, instructions were issued to the field offices for installing and commissioning the transformers within six months of the date of receipt.

(b) Test-check conducted, from time to time, revealed that in five divisions, 34 transformers had failed within the period of guarantee but the failure was reported to the suppliers only after the guarantee period was over. The suppliers refused to repair or replace the transformers free of cost. Eleven transformers were repaired at a cost of Rs. 0.17 lakh while the expenditure incurred on repairs of the remaining 23 transformers was not ascertained by the Board.

These cases were not investigated by the Board.

In Kalol Division, 63 faulty transformers were lying unrepared (November 1976) in a sub-division since 1974. The records did not indicate whether the transformers had failed within the guarantee period.

2.29.4 *Idle transformers.*—Instances of transformers which were not installed, or were idle, long after the expiry of guarantee period are detailed below :

Number of transformers	Date of purchase	Capacity or rating of transformer	Cost (in lakhs of rupees)	Remarks
Two	December 1973	20 MVA power transformer	14.16	Purchased for installation at Bhatia-Jamnagar; not commissioned early due to non-development of load. The Board stated in December 1976 that the transformers were transferred to Bhuj and Wankaner and commissioned in March 1976 and January 1976.
Bhatia-Jamnagar.				
One	November 1967	10 MVA power transformer	4.94	This was found defective on commissioning in October 1969 and since then was lying un-repaired till November 1976 when it was sent for repairs.
Construction Division, Rajkot.				
Thirty-seven	Prior to 1966	3.3 KV distribution transformer	1.17	Lying idle as the distribution at 3.3 KV stopped. Proposal for disposal awaits approval of the Board since February 1976.
Rajkot.				
One	November 1972	500 KVA power transformer	0.47	The transformer was replaced in the sub-station at Gariadhar by another transformer of higher capacity. Being of small capacity, the disposal of the transformer was stated (December 1976) to be under consideration.
Gariadhar				
One	March 1968	1000 KVA 33/11 KV power transformer	0.44	The Management stated (December 1976) that the 33 KV supply voltage was being gradually eliminated from the Board's system and the disposal of the transformer was being considered.
Shapur Regional Stores.				
Three	Not available	2000 KVA 33/11 KV power transformers	2.61	The Management stated (December 1976) that the possibility of using these transformers for sub-station auxiliary supply was being examined, otherwise their disposal would be considered.
Talod				

2.29.5 *Repair of transformers* — Transformers are got repaired by outside parties. A schedule of rates for repairs or replacement of components for transformers of different capacities is decided. The parties with whom contracts for repairs are placed, are expected to repair 45 to 50 transformers in a month but no date is specified for the completion of repairs of each transformer. No provision for penalty for delay in repairs is also made in the contracts. In some cases, repairs of transformers were considerably delayed, as for instance :

Number of Transformer	Value (in lakhs of rupees)	Location	Date on which given for repairs	Actual date of return
One	3.04	Regional Stores Baroda	March 1973	May 1976
One	0.08	O. and M. Division, Mehsana	February 1973	September 1975
One	0.06	O. and M. Division, Mehsana	January 1975	November 1975
One	Not available	O. and M. Division, Vijapur	May 1974	June 1975
One	Not available	O. and M. Division, Vijapur	February 1975	July 1975

2.29.6 *Damaged or scrapped transformers.*—In 1973, the Chairman of the Board issued the following directions for declaring damaged transformers as scrap :

(i) transformers which had given service of more than 5 years and had been declared uneconomical by the Chief Engineer, were to be disposed of ; and

(ii) transformers which had given less than five years' service but were considered uneconomical for repairs, were to be inspected by a Committee consisting of Superintending Engineer (EHT), Deputy Chief Accounts Officer and the Superintending Engineer incharge of the circle. The Committee was to give its views on the following :

- (a) reasons for early failure.
- (b) make of transformers which had failed often.
- (c) whether they were repairable for further use.
- (d) identification of unserviceable transformers to be immediately disposed of.

The Committee reported in September 1973 that the reasons for early failures were as follows :

(a) Cumulative effect of long duration L. T. short circuits reflected on H. T. windings mainly due to non-replacement of H. R. C. fuses, when these were blown because of inadequate stocks of fuses available for replacement.

(b) Insufficient maintenance and breakage of H. T. or L. T. bushings remaining unattended to after the transformers were shifted to the stores yard.

(c) Internal short circuit due to bad workmanship in the case of four suppliers.

The Committee also reported that out of 20,000 transformers in the system at that time, 1489 distribution transformers were in a damaged condition and had given service for less than five years. Out of these, 931 transformers were repairable and 558 transformers were due for scrapping. It was estimated by another committee appointed by the Board (September 1975), that more than 1200 transformers, including those which had been in service for less than five years, were to be scrapped. The Board approved in November 1975 the disposal of the scrapped transformers (numbering 1200) on which a loss of Rs. 11.5 lakhs was estimated. Out of these, 301 transformers had been disposed of (August 1976), at a loss of Rs. 3.39 lakhs.

Under the Electricity (Supply) Act, 1948, the life of a transformer with rating of 100 KVA and over is fixed at 35 years and that of a transformer with rating of less than 100 KVA at 25 years for providing depreciation in the accounts. As the large-scale programme of electrification of villages and wells was started from 1966 onwards, most of the transformers proposed to be scrapped would not have completed even half their expected life. The Management stated (December 1976) that the life expectation as mentioned in the Electricity (Supply) Act, 1948 would seem to be based on transformers located in cities where short circuits and faults were controlled because of local generating stations; further, that with the advent of rural electrification in a big way, the transformers, being located in far-flung rural areas which could not even be reached easily, could also not be attended to. Therefore, the expected life as mentioned in the Act framed in 1948 was theoretical.

2.29.7 *Theft of transformer parts.*—Several cases of theft of H. T. and L. T. coils from the distribution transformers installed in remote villages

were noticed by the Board's employees. The following table indicates the cases of theft, amount of loss sustained by the Board, etc., :

Year	Number of transformers damaged by theft of parts	Net book value (in lakhs of rupees)	Number of transformers scrapped	Amount written off (in lakhs of rupees)
1969-70	1	0.09	..	..
1970-71	2	0.09	2	0.09
1971-72	14	0.97	10	0.85
1972-73	31	1.31	23	0.93
1973-74	22	1.12	12	0.56
1974-75	19	0.78	9	0.34
1975-76	25	1.45	2	0.08
	114	5.81	58	2.85

It will be seen that over a period of seven years, 114 transformers were damaged causing loss of Rs. 5.81 lakhs out of which the Board has written off Rs. 2.85 lakhs (the value of 58 transformers). It was seen that transformer coils or parts were stolen by cutting the top welded plates, cutting bolts and throwing the transformers to the ground. Complaints were lodged with the Police in all cases but the culprits could not be traced.

The Management stated (December 1976) that the following corrective measures had been initiated to prevent theft and pilferage :

- (a) Welding the transformer on the base.
- (b) Welding the four corners of the transformer by 'U' clamps.
- (c) Rivetting the bolts on the top load of the transformers.
- (d) Developing pilfer-proof, fully welded sealed transformers.

2.29.8 *Damage to a transformer.*—Against an order placed in August 1966, the Board received two (132/66 KV) transformers of 20 MVA capacity (costing Rs. 5.24 lakhs each), one in August 1968 at Ranavav and another in July 1968 at Talala. The tap-changer of the transformer received at Ranavav was damaged in transit, and was sent to the supplier's works for repairs. The tap-changer of the transformer received at Talala was used on the transformer at Ranavav. The damaged tap-changer, after repairs (at a cost of Rs. 0.04 lakh out of which Rs. 0.03 lakh were recovered from the insurance company), was sent to Talala in July 1970 where it was lying in the open yard. On inspection

for commissioning (October 1971), water was found in the tap-changer. As a result, the Board had to get it repaired again (August 1972) at a cost of Rs. 0.48 lakh. The extra expenditure would have been avoided, had the transformer been commissioned in time after receipt of the tap-changer in July 1970. The Management stated (December 1976) that the tap-changer was covered with tarpaulins, but due to continuous and heavy rains and storm in 1971, rain water had entered into the tap-changer.

2.30 Other Interesting Cases :

2.30.1 *Purchase of Stores.*—Stores, etc., are purchased by the Board on the basis of open tenders. The orders are placed either on the basis of firm prices or with price variation clauses. In many cases, it was noticed that the Board agreed to increase the agreed price as demanded by the suppliers although it was not strictly in accordance with the terms of purchase contracts. A few such cases are mentioned below :

(a) After inviting tenders in November 1973, for purchase of district-distribution transformers, two advance orders were placed on five firms of Baroda in January-February 1974 communicating Board's acceptance of their offers. These were followed by detailed orders on the 1st March 1974, for 4700 distribution transformers complete with first filling of transformer oil, of the value of Rs. 331.62 lakhs. These orders were duly accepted by the firms.

Although the prices were firm, the suppliers demanded on the 29th March 1974 increase in prices on account of rise in prices of raw materials.

The requests were considered by the Board and an increase in the price was allowed. This increase added Rs. 40.45 lakhs on supplies received up to October 1976. In addition, a similar payment of Rs. 12.10 lakhs was likely to be made on the balance yet to be delivered against these orders.

(b) In February 1974, the Board placed orders for purchase of 74 power transformers of 15, 10 and 5 MVA capacity, on four firms for the total value of Rs. 364.90 lakhs. The prices were subject to the Indian Electrical Manufacturers' Association (IEMA) price variation clause without ceiling. Subsequently, the firms accepted a ceiling of 10 per cent on price variation against an interest free advance up to 10 per cent of the value of the order being given by the Board.

In May 1974 one firm on which an order for 40 transformers had been placed, requested the Board to remove the ceiling on the price variation because of the drastic change in the market conditions. This was agreed to (September 1974) by the Board with a stipulation that the firm would bear a part of the increase which ranged from $4\frac{1}{2}$ per cent to $19\frac{1}{2}$ per cent

(over the first 10 *per cent*) for 5 and 10 MVA transformers to be supplied in different periods between October 1974 and September 1976. As a result of the removal of the ceiling, the Board had to pay an extra contractual price increase of Rs. 21.14 lakhs on 26 (5 and 10 MVA) transformers received up to December 1975. Price increase had not been paid on the balance of 14 transformers as in fresh tenders received in March 1976, prices were found to be lower. The three other firms had not asked for the removal of the ceiling. The following other aspects were also noticed:

(i) The Board granted an interest free advance of Rs. 21.96 lakhs to this firm in consideration of the ceiling of 10 *per cent*. The ceiling was removed but interest was not charged on the advance payment.

(ii) The firm supplied less transformer oil than the quantity specified in the tender; consequently it derived a financial benefit of Rs. 5.59 lakhs *c. f.* paragraph 2.30. 2 (b) below.

(c) In contracts signed with 19 suppliers from September 1969 to to September 1973, (18 contracts were signed before the 15th August 1972 and one contract, at the same rate and terms, in September 1973) for supply of pre-stressed cement concrete poles, the rate per pole on each occasion was firm without any provision for escalation. When the Minimum Wages Act was applied to the industry from August 1972, all the firms requested for an increase of Rs. 5 per pole from the 15th August 1972, and again demanded (August 1975) a further escalation at Rs. 2.30 per pole for every one rupee increase in minimum wages. The Board considered the requests in April 1974 and April 1976 and decided to grant the following price increases :

Rate of increase per pole	Manufactured between
Rs. 3.50	15th August 1972 and 30th September 1973
Rs. 7.25	1st October 1973 and 30th September 1974.
Rs. 10.45	1st October 1974 and 31st March 1976.

The Cost Accountant of the Board, who checked cost data furnished by two firms. (other firms did not furnish cost data) observed in November 1973 that the increase in cost due to the application of the Minimum Wages Act was between Rs. 1.80 and Rs. 2.45 per pole. The Management stated (November 1976) that the price increase granted was not only on account of application of the Minimum Wages Act but also of the steep rise in prices of steel, M. S. bars, lubricants, sand and kapachi.

The additional liability on this account was estimated by the Board at Rs. 28.42 lakhs. In respect of 11 suppliers, to whom price increases of Rs. 10.08 lakhs had been paid (December 1976), excess payment of Rs. 1.19 lakhs had been made to five firms in respect of poles manufactured before but delivered after the dates when prices were increased. The Management stated (December 1976) that steps would be taken to recover the excess payments.

2.30.2 *Purchase of transformers of undersized capacity:* (a) In March 1974, the Board placed an order on a firm of Baroda who quoted the lowest rates for 900 distribution transformers of 63 KVA and 100 KVA capacities at a total cost of Rs. 59.92 lakhs. The dimensions of transformers mentioned by the firm in their offer and indicated in the purchase order were different from the dimensions of the transformers actually supplied as detailed below :

	63 KVA		100 KVA	
	As per tender	As actually received	As per tender	As actually received
Length (mm)	1200	897	1275	1010
Breadth (mm)	1145	630	110	670
Height (mm)	1630	1230	1645	1230
Weight of core and winding (kg)	375	268	480	337
Oil for first filling (litres)	275	140	260	155
Total weight of transformer (kg)	730	473	945	565

The Board received 500 transformers of 63 KVA and 400 transformers of 100 KVA. The weight of core and winding, size of casing, quantity of oil, etc., are utilised for costing and calculating the price of a transformer. The Board accepted the transformers without any reduction in price on the plea that their overall performance met with Board's requirement. While the savings effected by the firm with the decrease in the size of the casing, weight of core and winding and the quantity of transformer oil cannot be calculated precisely, it appears that the savings would have been a significant proportion of the amount (Rs. 59.92 lakhs) paid.

It may be mentioned that the Board also allowed a price increase of Rs. 10.45 lakhs demanded by the supplier on account of price escalation, though the rates, as agreed, were firm.

(b) In February 1974, the Board placed an order on a firm of Baroda for purchase of 40 power transformers of different capacities (15 MVA, 10MVA, 5MVA) at a cost of Rs. 219.60 lakhs. According to the specifications,

the transformers were to be supplied with an initial filling of transformer oil equivalent to 16,000 Kgs, 13,030 Kgs and 7,000 Kgs. in each 15 MVA, 10 MVA and 5 MVA transformer respectively. In June 1974, the firm informed the Board that the transformers to be supplied would contain 13,900 Kgs., 11,336 Kgs. and 6,090 Kgs. transformer oil; this was accepted by the Board without asking for a reduction in price. The reduction in the quantity of transformer oil resulted in a financial benefit to the supplier of Rs. 5.59 lakhs.

The Management stated (December 1976) that the transformers with reduced specifications were got tested and their performance was found to be according to requirements.

2.30. 3. *Non-levy of penalty for late supplies.*—The Board placed an order in February 1970 and a repeat order in March 1970 on a firm of New Delhi for purchase of A.C.S.R. conductors of different sizes, at a total cost of Rs. 240.10 lakhs. The delivery of conductors was to be completed between March 1970 and September 1971. The prices were firm but any variation in statutory excise duty on aluminium and steel coming into force during the contractual delivery period was to be borne by the Board. The Board also advanced a loan of Rs. 25 lakhs to the firm carrying interest at 9 per cent per annum and adjustable at the rate of 15 per cent from each running bill.

The supplies were completed by the firm by September 1972 as against the stipulated date of September 1971, subsequently extended up to December 1971, and Rs. 4.06 lakhs were recovered as penalty. However, on receipt of a representation from the firm, 50 per cent of the amount, viz., Rs. 2.03 lakhs, was refunded in January 1973 on the consideration that (i) the delay was due to factors like power cuts, shortage of aluminium and steel, strike in the firm's works and works of its suppliers of steel wire, etc., which were beyond the control of the firm and (ii) the firm had suffered a loss due to an increase in excise duty after the 13th December 1971 and, which could not be claimed from the Board.

The dealings with the firm were stopped by the Board in April 1975 for a period of three years on account of the un-business like attitude displayed by the firm in this case and by its sister concern in another case mentioned in paragraph 5 of Section VII of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Commercial).

SECTION VII

GUJARAT STATE ROAD TRANSPORT CORPORATION

2.31 Stores Control :

The inventory holding and purchase procedure of the Corporation were mentioned in paragraph 6 of Section VI of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Commercial). The position has been further reviewed and certain points as noticed in audit, are mentioned below :

2.32 Stores Organisation :

(a) The stores organisation of the Corporation comprises the purchase department and the stores department. The main function of the stores department is to cater to the needs of the service, maintenance and repairs workshops, for stores and spare parts. The stores department is concerned with the review of stocks, placing of indents on the purchase department and receipt, inspection, issue and accountal of stores.

In March 1976, the Corporation had one central store, thirteen divisional stores and 102 depot stores. The central stores caters mainly to the requirements of the central workshops. It also handles some important items of stores for the whole Corporation, such as machinery and equipment, tools, certain consumable stores like uniforms, stationery and printed forms, tickets and tickets accessories. There is a central cardex system which provides information regarding stock, consumption and requirement of some selected items, to be reviewed from month to month, for all stores units of the Corporation.

The thirteen divisional stores receive stores direct from the suppliers and supply them to divisional workshops and depot stores under their jurisdiction. The depot stores meet day-to-day requirements of stores of the depot workshops for daily maintenance and repairs.

(b) On the basis of the indents received, procurement of stores is arranged by the purchase department by entering into annual rate contracts with the suppliers, after inviting tenders, for supply of stores to the various stores units. If the supply from the rate contract firms against the purchase orders placed on them is not forthcoming, the central and divisional stores units are authorised to make local purchases of the critical items of spare parts urgently required for repairs of vehicles. The Corporation has also constituted a committee called the High Level Committee under the chairmanship of the Deputy General Manager for effecting emergent centralised purchases of urgently required spare parts, supply of which was not forthcoming against the rate contracts. The value of such purchases made by the Committee and also local purchases effected by five divisional stores

(for which details were available) for the two years 1974-75 and 1975-76 are given below :

	1974-75	1975-76
	(in lakhs of rupees)	
Total purchases during the year	2,620.72	2,596.01
Purchases made by the high level committee	9.42	6.29
Local purchases made by the divisional stores	27.06	18.25

(c) Financial control over the inventory holding is exercised through the annual stores budget showing, in terms of value for different categories of stores, the estimates of purchases, consumption and opening and closing stocks. Purchase of stores is watched against the approved budget, keeping in mind the needs of the consuming units. The details of the revised estimates of purchases, consumption and closing stock of stores (excluding diesel and petrol), actual purchases and consumption in the three years up to 1975-76 are given below :

Year	Particulars	Revised estimates	Actual	Variation from revised estimates
(in lakhs of rupees)				
1973-74	Purchases	1,054.41	1,052.78	(-) 1.63
	Consumption	1,009.29	965.55	(-) 43.74
	Stock at the close	435.32	477.43	(+) 42.11
1974-75	Purchases	1,424.71	1,659.37	(+) 234.66
	Consumption	1,519.04	1,623.39	(+) 104.35
	Stock at the close	383.10	513.41	(+) 130.31
1975-76	Purchases	1,796.99	1,677.63	(-) 119.36
	Consumption	1,796.26	1,850.26	(+) 54.00
	Stock at the close	515.86	340.78	(-) 175.08

Reasons for variations from revised estimates were not analysed and placed before the Corporation.

The Management stated (January 1977) that the variations, either way, in the purchases and consumption had remained mostly within ten per cent and, considering that stores transactions cover a wide range and variety of items, should be considered reasonable and that higher variation in purchases in the year 1974-75 was due to the abnormal spurt in the prices

during that year. The Management further mentioned that since these were estimates, minor variations were bound to take place and hence were not placed before the Corporation.

2.33 Inventory Control :

(A) According to the Corporation's instructions, the overall stock limit of any item should not exceed 3 months' consumption. In respect of tyres, tubes and lubricants, the stock limit was further reduced from October 1975 to one month's consumption at the divisional level and 15 days' consumption at the depot level. The value of inventory (excluding diesel and petrol) held at the end of the year as compared to consumption, during each of the three years up to 1975-76 was :

	Year	Balance at the end of the year	Consumption during the year	Balance in terms of months consumption (months and days)
(in lakhs of rupees)				
				m. d.
1 Spare parts	1973-74	273.95	281.75	11.25
	1974-75	285.40	415.36	8.07
	1975-76	200.12	488.49	5.00
2 Lubricants, oil and greases.	1973-74	29.26	84.02	4.07
	1974-75	25.79	227.25	1.11
	1975-76	7.37	232.08	0.11
3 Tyres, tubes and flaps	1973-74	17.17	322.48	0.19
	1974-75	30.62	636.17	0.18
	1975-76	7.98	660.28	0.04
4 Other stores	1973-74	120.47	231.43	6.10
	1974-75	115.25	271.88	5.03
	1975-76	68.62	364.73	2.08
5 Tickets, ticket accessories, stationery, forms, etc.	1973-74	36.58	45.87	9.21
	1974-75	56.34	72.73	9.09
	1975-76	56.69	104.68	6.18
Total	1973-74	477.43	965.55	5.27
	1974-75	513.40	1,623.39	3.24
	1975-76	340.78	1,850.26	2.06

As a result of a special drive made during 1975-76, the stock of different kinds of stores and spares as on the 31st March 1976 was considerably reduced except that of tickets, ticket accessories, etc., in respect of which stocks held on the 31st March 1976 were sufficient for more than 6 months' consumption.

(B) The following points were noticed on the inventory as on the 31st March 1976 :

(i) The value of inventory on the last day of the year did not include the value of stores (Rs. 32.59 lakhs) received in the store-houses but the packages of which were not opened and stores not taken on charge by that date.

(ii) The inventory also did not include the value of stores (Rs. 34.83 lakhs) issued to the central workshop but not used and lying in the shop sub-stores on the last day of the year.

(iii) The consumption of stationery and forms increased from Rs. 16.93 lakhs during 1974-75 to Rs. 31.36 lakhs during 1975-76, which was attributed largely to the rise in price.

The average stock holding of stationery and forms in all the units was equivalent to 9.10 months' consumption. As against this, the stock holding in the following two units was much higher.

Unit	Stock (in lakhs of rupees)	Stock in terms of consumption (months)
Mehsana	2.74	13
Central stores	8.92	194

The central stores was holding stock of obsolete forms valued at Rs. 0.41 lakh for many years. The Management stated (January 1977) that the competent authority had approved disposal of the obsolete forms and action was being taken for their disposal.

(iv) All non-moving and surplus stores are surrendered to the central stores at the time of annual indenting. The items so transferred by the divisional stores which cannot be reallocated to other divisions, are stored in a separate section at the central stores. These stores form part of the total inventory of the Corporation but their value had not been ascertained. The Management stated (January 1977) that the administration was examining the possibility of having a separate inventory of non-moving stores.

2.34 Physical verification of stores :

(a) Stores are physically checked once in a year by a team of stock verifiers according to a programme fixed in advance by the Central Office. The following shortages and excesses were noticed during physical verification conducted in the four years up to 1975-76 :

Year	Total inventory holding	Value of shortages	Value of excesses
	(in lakhs of rupees)		
1972-73	402.15	2.21	5.58
1973-74	491.41	5.27	7.60
1974-75	531.91	6.28	9.89
1975-76	350.16	4.19	8.89

The stock of high speed diesel oil was verified at the end of each month by means of dip measurements and the quantity accounts corrected to the stock depicted by the dip reading. The value of shortages was adjusted by credit to Diesel Stock Account and debit to Stock Adjustment Account pending investigations, but no adjustment was made for excesses. The Management stated (January 1977) that the procedure to take excess diesel on charge was under examination.

Shortages of stores valued at Rs. 17.88 lakhs were noticed during stock verification of stores and spares at the central stores from 1966-67 to 1975-76. Out of this, proposal for the write off of shortages of Rs. 4.16 lakhs pertaining to 1966-67 to 1971-72 was stated to have been finalised by the central stores but approval of the competent authority for the write off was awaited (January 1977). The remaining shortages (Rs. 13.72 lakhs) pertaining to the four years from 1972-73 to 1975-76 as detailed below had not been investigated (April 1977) :

Year	In lakhs of rupees
1972-73	1.78
1973-74	4.65
1974-75	4.84
1975-76	2.45
	<hr/>
	13.72
	<hr/>

(b) *Stock Adjustment Account*.—Besides the value of shortages of stores noticed during the annual stock verification and the monthly shortages of high speed diesel oil, the value of stores received short or in damaged or defective condition, for which claims had been raised against the suppliers, is also debited to this account.

The table below indicates the position of this account during the three years up to 1975-76 :

Year	Balance at the beginning of the year	Additions during the year	Clearance/ adjustments during the year	Balance at the end of the year
	(in lakhs of rupees)			
1973-74	15.42	5.64	1.37	19.69
1974-75	19.69	10.12	1.09	28.72
1975-76	28.72	8.45	2.00	35.17

The Management attributed (August 1976) the delay in adjustment of outstanding amounts to the lengthy procedure of write off.

Out of the total balance of Rs. 35.17 lakhs as on the 31st March 1976, Rs. 19.81 lakhs pertained to the central stores, of which Rs. 17.88 lakhs were on account of inventory shortages referred to in the preceding sub-paragraph.

2.35 Outstanding advance payments :

In accordance with the stipulation made in the purchase orders, the Corporation makes advance payments to suppliers of cement and steel, etc. In the case of imported stores, letters of credit are opened in favour of foreign suppliers. Advances are also given to clearing agents appointed for clearing the foreign consignments. Such advances outstanding on the 31st March 1976 amounted to Rs. 186.38 lakhs ; the details are given below :

Period	Advances to suppliers of stores other than cement and steel	Letters of credit	Advances to clearing agents	Advances for purchase of cement and steel	Total
	(in lakhs of rupees)				
Less than one year	83.13	2.98	16.35	..	102.46
Over one year and up to three years	40.06	3.80	21.09	2.90	67.85
Over three years and up to five years	4.36	2.43	2.15	0.48	9.42
Over five years	11.45	0.03	0.04	1.35	12.87
Total	139.00	9.24	39.63	4.73	192.60
Unlinked credits	—	0.02	6.20	..	6.22
Net outstandings	139.00	9.22	33.43	4.73	186.38

Note : The above figures are based on detailed subsidiary registres maintained by the divisions.

The following other points were noticed :

(i) The balances as in the main ledger had not been reconciled with the subsidiary ledgers (December 1976). In the Central Stores as on the 31st March 1976, the balance of advances to suppliers of stores, other than cement and steel, indicated in the subsidiary ledger was Rs. 79.16 lakhs against Rs. 53.60 lakhs shown in the main ledger.

(ii) The balances of advances had also not been got confirmed from the respective parties (December 1976) and the matter was not pursued vigorously with the firms for the clearance of advances.

(iii) As regards advances to the clearing agents, money is advanced on demand, *ad hoc* or in lump sums, to pay customs duty and other charges on foreign consignments. The bills received from them could not be adjusted, in certain cases, against particular advances and as a result a number of credits remained unlinked.

The Management stated (January 1977) that out of Rs. 33.39 lakhs due from a clearing agent, Rs. 17.03 lakhs had been adjusted by the end of November 1976 and invoices for Rs. 7.22 lakhs were under objection; for the balance of Rs. 9.14 lakhs, the details of outstandings were being worked out and, thereafter, reconciliation with the books of the firm would be taken up.

2.36 Scrap :

Scrap material accumulated at each division is periodically sold by auction. The realisations from the sale of scrap during the three years up to 1975-76 were as under :

Year	Sale realisations (in lakhs of rupees)
1973-74	61.77
1974-75	66.12
1975-76	61.43

The value of scrap still held by the Corporation on the 31st March 1976 was Rs. 21.35 lakhs.

The scrap material is not considered as an item of regular stores and hence its value is not included in the total inventory. Quantity account for different categories of scrap is maintained by weight on an estimated basis.

In one division, a case of unauthorised removal by a contractor, in collusion with some employees of the Corporation, of 26.42 tonnes of scrap material (value : Rs. 0.30 lakh) was noticed by the Corporation in October 1971 as a result of a voluntary disclosure by an employee. Three employees out of five involved in the fraud case were convicted by the Court and their services terminated by the Corporation. On the basis of a departmental enquiry, the services of another employee, out of the two acquitted by the Court, were also terminated. The scrap dealer was black-listed.

In this connection, it may be mentioned that the quantity recorded in the scrap register was only 58.50 tonnes, against the total quantity of 84.16 tonnes (57.74 tonnes actually sold *plus* 26.42 tonnes pilfered) removed by the contractor.

The Management stated (January 1977) that instructions had been issued in June 1975 and April 1976 to make actual weightment of materials before they were put to auction; the lacuane would thus be minimised.

2.37 Purchase of P. V. C. leather cloth :

Based on tenders invited in June 1974, the Tender and Stores Committee of the Corporation accepted (September 1974) the lowest tender of firm 'A' of Bombay at Rs. 23.50 per metre for P. V. C. leather cloth required for consumption from September 1974 to August 1975. The letter of acceptance was issued to the firm on the 8th November 1974 followed by a regular purchase order on the 8th January 1975. Meanwhile, one of the tenderers, firm 'B', offered on the 2nd November 1974 a reduction of 10 per cent in the quoted price of Rs. 29.60 and further offered, on the 25th November 1974, a reduced price of Rs. 19.43 per metre. This reduced rate of firm 'B' approved by the Association of State Road Transport Undertakings, was received by the Corporation in December 1974.

The reduced offer was not put up before higher authorities or the Tender and Stores Committee for decision and a firm purchase order for supply of 62,501 metres was placed on firm 'A' on the 8th January 1975. On the 31st March 1975, another firm 'C' offered P. V. C. leather cloth marketed by firm 'B' at Rs. 17 per metre. When this offer was received, the matter was placed before the Vice-Chairman and General Manager and firm 'A' was asked on the 25th April 1975 to stop supplies; by that date, 6778 metres of cloth had been supplied.

In June 1975, firm 'A' agreed to a reduction of Rs. 1.50 per metre in the rate and about 35 per cent in the quantity ordered. Even after the reduction of Rs. 1.50 per metre, the price of firm 'A' was higher than the reduced price of firm 'B' received on the 25th November 1974 by Rs. 2.57 per metre. The Corporation incurred an extra expenditure of Rs. 1.18 lakhs on the purchase of 0.46 lakh metres of cloth from firm 'A'.

The Management stated (January 1977) that the rate contract with firm 'A' was a concluded one when the lower offer of firm 'B' was received in December 1974, but, this does not appear entirely correct since the purchase order was issued only in January 1975 and the negotiation conducted after stopping supplies in April 1975 should have been equally feasible before issue of the purchase order.

2.38 Defective and sub-standard seat frames :

In May 1974, the Tender and Stores Committee decided to purchase seat frames from a firm of Ahmedabad stipulating that supplies should

strictly conform to specifications and materials of inferior quality should not be accepted even after levying a penalty.

Out of 6673 frames supplied by the firm during May 1975 to February 1976, 2423 seat frames were found to be of poor quality and with manufacturing defects. These were initially rejected but were subsequently accepted by the Controller of Stores; a penalty of Rs. 720 was levied in respect of only 423 frames.

2.39 Refund of octroi :

Stores are periodically issued from the divisional stores to depots according to their requirements. Octroi is paid when the material is received at the division but refund is claimed when the material is sent out to depots. In order to simplify this procedure, the State Government issued orders in November 1959 and again in March 1971 to all municipalities that octroi on stores belonging to the Gujarat State Road Transport Corporation should be levied on the basis of net import into a division *i. e.* after deducting export. For this purpose, the Corporations is required to furnish a statement, within fifteen days of the completion of each quarter, to the municipality showing the total import, export and net import of materials by the division into the municipal area, together with octroi payable thereon, subject to final adjustment at the end of the financial year. As the amount of net imports is known only after completion of the quarter, the municipalities, in practice, recover octroi on total imports and refund the excess amount on receipt of quarterly statements showing net imports.

Certain cases of delay in furnishing the statements to the municipalities resulting in loss to the Corporation are given below :

(i) *Nadiad division.*—Claims for refunds were not preferred for the period October 1961 to March 1971. The quarterly statements for the period April 1971 to December 1973, claiming refund of Rs. 0.94 lakh were not sent by divisional office in time and were, therefore, rejected by the municipality. The statements for the subsequent period were sent in time but no refund was obtained (April 1977). The Corporation had not assessed the amount of refund thus lost for the period prior to April 1971.

The Management stated (January 1977) that the Nadiad Municipality was reluctant to adopt Government instructions up to March 1971 and that for the period after the 1st April 1971, the matter was being taken up with Government to explore the possibility of getting refund in spite of delays in submission of statements due to *bona fide* reasons.

(ii) *Godhra division.*—The division was formed as a separate unit from November 1973. The quarterly statements for the period November 1973 to February 1974 were forwarded to the municipality only in September 1974. The statements were also incomplete and did not indicate

the amounts of octroi paid and refund due. As the statements were not furnished in time, the municipality rejected the claims in January 1975. The division had not furnished statements from March 1974 up to September 1976. The quantum of refund admissible up to September 1976 had also not been assessed.

The Management stated (January 1977) that the matter had been taken up with the municipality and Government would also be approached for the refund for the period November 1973 to September 1976.

(iii) *Baroda division.*—In May 1971, the Baroda Municipal Corporation informed the Baroda division that the system of payment of octroi as prescribed by Government in its order of March 1971, was applicable to municipalities only and not to Municipal Corporations. The matter was not taken up further by the Corporation either with Government or the Municipal Corporation.

The Baroda Municipal Corporation, in accordance with its rules, had agreed to payment of octroi duty by other corporate bodies like Oil and Natural Gas Commission and Electricity Board divisions, on the basis of net consumption statements submitted by them.

2.40 Central Workshop :

2.40.1 Introductory —The central workshop at Ahmedabad with a total capital investment of Rs. 108.61 lakhs as on the 31st March 1976 was set up in July 1959 by the erstwhile Bombay State Road Transport Corporation as a regional workshop.

The workshop has been equipped to attend to the following works :

- (a) To build new bus-bodies;
- (b) To attend to major accident repairs and reconditioning of vehicles, bodies, engines and other major assemblies, viz., fuel injection pumps, starters, dynamos, automatisers, etc.; and
- (c) Retreading of tyres.

2.40.2 Repairs and maintenance and performance of fleet :—The average number of vehicles held, expenditure on repairs and maintenance and performance of vehicles for the three years up to 1975-76 were as given below :

	1973-74	1974-75	1975-76
1. Average number of vehicles held by the Corporation.	4,701	5,038	5,187
2. Expenditure on repairs and maintenance (in lakhs of rupees).			
Budgeted	1,013.91	1,757.75	2,010.01
Actual	1,094.34	1,818.69	1,987.67

	1973-74	1974-75	1975-76
3. Average expenditure on repairs and maintenance per vehicle (in rupees).	23,279	36,099	38,320
4. Percentage of off road vehicles to total vehicles held by the Corporation	10.3	12.9	12.0
5. Average kilometres obtained per litre of : diesel engine oil	4.22 295	4.22 273	4.35 300
6. Average of break-downs per 10,000 kilometres.	0.83	0.95	0.93

2.41 Performance analysis :

The table below indicates the extent of work done by the workshop in terms of quantity and value, wherever determined, during the three years up to 1975-76:

(Value in lakhs of rupees)

Serial number	Particulars of items	1973-74		1974-75		1975-76	
		Number	Value	Number	Value	Number	Value
1	Body building of new buses :						
	(a) For Corporation	719	176.60	547	143.96	515	160.23
	(b) For others	Nil	..	Nil	..	69	7.43
2	Reconditioning and repairs of bus bodies :						
	(a) Buses reconditioned	181	9.20	243	15.90	125	7.84
	(b) Buses repaired	179	0.72	241	1.37	124	0.64
	(c) Buses converted into other types	31	..	13	..	44	..
3	Reconditioning of engines	1636	69.46	1866	107.09	2251	146.88
4	Reconditioning of assemblies	32946	15.74	36711	20.16	38598	27.17
5	Tyres and tubes :						
	(a) Tyres retreaded	7612	15.38	12025	31.26	14700	38.08
	(b) Repairs of tubes, bags and retrieving of front spring rubber buffer	3147	0.59	3322	0.59	3322	0.63

Some further details in regard to major items of works executed by the workshop are mentioned in succeeding paragraphs.

2. 42 Coach shop :

(a) The coach shop has the capacity to build 1080 new bus bodies and to repair and recondition 300 buses in a year. However, the facilities can be diverted from the body building line to the repair and reconditioning line and *vice-versa*, as required. The number of bus bodies produced as compared to the production planned for the three years up to 1975-76 were as under :

Type of coach	Production in number of buses					
	1973-74		1974-75		1975-76	
	Planned	Actual	Planned	Actual	Planned	Actual
Ordinary	740	708	585	545	540	495
Luxury	10	11*	15	1	15	15
Double-decker	1	..	1	1	10	5
	751	719**	601	547***	565	515

Notes.— *One luxury body, work on which was started in 1972-73 was completed apart from 10 buses planned.

**Includes 47 bodies built on dummies not mounted on chassis.

***In addition, there were 26 ready vehicles which were nearing completion.

During 1975-76, 69 bus bodies were also built for outside parties (67 for the State Government and 2 for the Indian Space Research Organisation). Decrease in production over the years was attributed by the Management (September 1976) to (i) paucity of funds, (ii) short supply of new chassis, (iii) scarcity of other materials for body building like aluminium sections, seat frames, seat cushions, etc., (iv) civil disturbances from January to March 1974, (v) power cut imposed in April 1974 and (vi) erratic receipt of chassis in 1975-76.

The reduction in the number of new bus bodies built affected the number of vehicles available to meet the growing needs of traffic. Consequently, the stipulated life of vehicles was increased by the Corporation during 1972-73 and 1973-74 as under :

	From	To
	(in lakhs of kms.)	
Leyland	5.00	5.40
Tata 1210 D Model	4.83	5.40
Tata LP 1210	4.83	5.15
Tata 312	4.83	5.08

Despite the increase in the life of vehicles, the Corporation had to retain 510 over aged vehicles in the fleet (March 1976) for operation of schedules sanctioned earlier. This adversely affected the cost of repairs and maintenance which increased from Rs. 23, 279 per vehicle in 1973-74 to Rs. 38, 320 per vehicle in 1975-76, as will be seen from paragraph 2.40. 2 above.

(b) The labour hours consumed and the average cost incurred on a new ordinary single-decker body built on Leyland, Tata and Dodge Chassis, as compared with the estimates, during the three years up to 1975-76 are given below:

Year	Number of bodies built	Average labour hours consumed per body	Average cost per body (in Rupees)
<i>Leyland :</i>			
1973-74	258	1239	24116
1974-75	188	1228	26117
1975-76	227	1651	29998
<i>Tata :</i>			
1973-74	390	1244	24074
1974-75	356	1235	26258
1975-76	268	1405	30293
<i>Dodge :</i>			
1973-74	60	1234	24468
1974-75	1	1246	25744
1975-76	..	..	..
Planned/Budgeted (all makes together)			
1973-74	740	1275	24299
1974-75	585	1300	27313
1975-76	540	1500	30753

It will be seen that for both Leyland and Tata vehicles, the labour hours spent varied from year to year and both the average cost and the labour hours spent had increased during 1975-76. In respect of Leyland vehicles, the labour hours spent increased sharply (34 per cent from 1228 in 1974-75 to 1651 in 1975-76). The increase in the overall cost of a new body for Tata vehicles (from Rs. 26, 258 in 1974-75 to Rs. 30,293 in 1975-76) was more than for Leyland vehicles, although the increase in labour hours expended (from 1235 in 1974-75 to 1405 in 1975-76) was less than for Leyland vehicles.

The Management stated (December 1976) that the increase in the man hours for building new bus bodies in 1975-76 was because the bus bodies were built with mild steel materials due to shortage of aluminium materials. But the disproportionate increase in the cost of body building of Tata make vehicle has not been explained.

(c) The Corporation planned to construct, during 1974-75, luxury coach bodies on 15 chassis received from September to November 1974 (cost : Rs. 13.30 lakhs). Construction was started in November-December 1974. Six bodies were completed in May 1975 and nine in July 1975. Even after construction of the bus bodies, there were further delays ranging from 2 to 5 months in getting these vehicles registered and despatching them to divisions for use. In all, around 70 vehicle months were lost.

The Management explained (December 1976) that :

(i) Important materials, viz., wind screen glass, double sliding windows, decorative laminates, etc., could not be procured in time in spite of their best efforts.

(ii) The decision was to be taken about the replacement of old luxury coaches and for starting new routes, where the new luxury coaches could be used. This was delayed by the intervention of the monsoon.

2.43 Reconditioning of engine assemblies :

The workshop was equipped to recondition 1600 engines per year, which was increased to 2250 engines in 1975-76. The number of engines reconditioned, the average cost of reconditioning, labour hours spent and average performance per reconditioned engine were as under :

Particulars	1973-74	1974-75	1975-76
<i>Layland :</i>			
Number of engines reconditioned	986	911	859
Average cost of reconditioning per engine (in rupees)	3343	4821	5363
Labour hours spent per unit	143	118	144
Average distances run per engine removed from vehicles (in lakhs of kilometres)	1.54	1.26	1.25
<i>Tata :</i>			
Number of engines reconditioned	648	937	1336
Average cost of reconditioning per engine (in rupees)	3767	5250	6133
Labour hours spent per unit	108	118	105
Average distances run per engine removed from vehicles (in lakhs of kilometres)	1.44	1.07	1.00

The average cost of reconditioning the engines of Leyland and Tata vehicles has increased year after year mainly due to an increase in material and labour costs. As against the budgeted material cost of Rs. 3350 per engine for both types of vehicles in 1974-75 and Rs. 4600 per engine in 1975-76, the actual costs were Rs. 4063 and Rs. 4848 respectively.

The Corporation had prescribed (October 1957) that an engine, whether of Tata or Leyland make, should run a lakh of kilometres, after reconditioning, before it was again removed for reconditioning or was scrapped.

It may be seen that while the performance of both Tata and Leyland engines was better than the prescribed norm, performance of reconditioned Leyland engines was better than of Tata engines and the performance of both Tata and Leyland engines was falling from year to year. The Management attributed (September 1976) the poorer performance of reconditioned Tata engines to shortage of standard quality pistons resulting in the use of sub-standard pistons procured from other indigenous manufacturers and use of Tata metal flawn crankshaft instead of new crankshafts which were in short supply.

According to the instructions issued by the central office, if a reconditioned engine fails before running at least 25000 kilometres, it is to be treated as a case of premature failure and has to be reported to the central workshop. Premature failures of engines reported during the three years up to 1975-76 were :

Year	Leyland	Tata	Remarks]
1973-74	9	21	
1974-75	15	...	
1975-76	20	103	One engine sent to Himatnagar Division had failed without running any distance.

The Management stated (September 1976) that investigation of premature failure of engines revealed that besides accidental failures, the majority of engines had failed due to lapses in the maintenance of engines by the operating units. The lapses were due to non-maintenance of the lubricating oil, water cooling, air and diesel filtration systems, and other parts.

2.44 Reconditioning of fuel injection pumps:

The number of fuel injection pumps reconditioned the average cost, labour hours spent and the average performance of Leyland and Tata makes of pumps in the three years were as follows :

Particulars	1973-74	1974-75	1975-76
<i>Leyland :</i>			
Number of fuel injection pumps reconditioned	772	882	1029
Average cost of reconditioning (in rupees)	223	285	384
Labour hours spent per unit	10	10	12
Average distance run per reconditioned pump removed (in lakhs of kilometres)	0.89	1.12	1.18
<i>Tata :</i>			
Number of fuel injection pumps reconditioned	1194	1312	1386
Average cost of reconditioning (in rupees)	248	319	411
Labour hours spent per unit	11	10	11
Average distance run per reconditioned pump till it was removed (in lakhs of kilometres)	0.59	0.75	0.92

The cost of reconditioning of fuel injection pumps has progressively increased due to rise in material prices.

The Corporation had fixed (October 1967) a norm of one lakh kilometres for fuel injection pumps (both Leyland and Tata makes) reconditioned in the central workshop. The performance of reconditioned fuel injection pumps of Tata vehicles was below the norm. The causes leading to the poor performance of these fuel injection pumps had not been investigated (April 1977).

According to the instructions issued by the central office, if a reconditioned fuel injection pump fails before running at least 25000 kilometres, it is to be treated as a case of premature failure and is to be reported to the central workshop. In 1975-76, there were 65 cases in which fuel injection pumps had failed prematurely. Out of these, 5 pumps had worked for less than 500 kilometres. Reasons for the premature failures had not been investigated (April 1977).

2.45 Reconditioning of starter assemblies :

The average cost of reconditioning the starter assemblies, number of starters reconditioned and average performance of the reconditioned starters in the three years up to 1975-76 are indicated below :

Particulars	1973-74	1974-75	1975-76
<i>Tata :</i>			
Number of starters reconditioned	356	443	545
Average cost of reconditioning a starter (in rupees)	177	181	247
Labour hours spent	17	13	14
Average life of a reconditioned starter (in lakhs of kilometres)	0.58	0.49	0.80
<i>Leyland :</i>			
Number of starters reconditioned	926	1038	898
Average cost of reconditioning a starter (in rupees)	255	270	274
Labour hours spent	20	16	14
Average life of a reconditioned starter (in lakhs of kilometres)	0.75	0.82	0.95

The higher average cost of reconditioning Leyland starters, as compared to Tata starters, was attributed by the Management (December 1976) to materials required for reconditioning Leyland starters being costlier.

The Corporation had prescribed (October 1967) a norm of 70,000 kilometres for reconditioned starters of Tata and Leyland vehicles. The average life of reconditioned Tata starters was less than the prescribed norm during 1973-74 and 1974-75 and much lower than the average life obtained from reconditioned Leyland starters. The low performance of reconditioned starters during 1973-74 and 1974-75 was attributed by the Management (December 1976) to use of material of comparatively lower quality in daily maintenance, varied conditions of operation and lapses in maintenance by operating units.

2.46 Reconditioning of dynamo assemblies :

The number of dynamos reconditioned, the average cost of reconditioning and the average life obtained from reconditioned dynamos, during the three years 1973-74 to 1975-76 were as follows :

Particulars	1973-74	1974-75	1975-76
<i>Tata :</i>			
Number of dynamos reconditioned	204	446	508
Labour hours spent	17	15	12
Average cost of reconditioning (in rupees)	225	230	238
Average life obtained from a reconditioned dynamo (in lakhs of kilometres)	0.91	0.77	0.81
<i>Leyland :</i>			
Number of dynamos reconditioned	777	903	811
Labour hours spent	16	14	16
Average cost of reconditioning (in rupees)	201	195	256
Average life obtained from reconditioned dynamo (in lakhs of kilometres)	1.07	1.16	1.16

The Corporation had prescribed (October 1967) a norm of 70,000 kilometres for reconditioned dynamos of Tata and Leyland vehicles. It will be seen that the average life obtained from reconditioned dynamos of Tata vehicles was more than the prescribed norm but was less than that of reconditioned dynamos of Leyland vehicles.

2.47 Tyre retreading plants :

2.47.1 The tyre plant at the central workshop has a plant for retreading of worn out tyres. The Corporation has also installed a tyre retreading plant at Rajkot. The comparative performance of the two plants with the production planned and achieved and costs in the three years up to 1975-76 are given below :

Particulars	1973-74		1974-75		1975-76	
	Central workshop	Rajkot	Central workshop	Rajkot	Central workshop	Rajkot
Number of moulds at the end of year	5	6	5	6	5	6
Installed capacity per year (of 300 working days)	18,000	21,600	18,000	21,600	18,000	21,600
Plans for recapping and retreading	8,000	12,031	12,000	12,000	13,000	13,457
Actual retreading and recapping done	7,612	11,544	12,025	12,125	14,700	13,400
Cost of materials per tyre retreaded (in rupees)	128	127	183	171	185	193
Prime cost for recapping/retreading per tyre (in rupees)	142	139	200	187	203	211
Total cost (in rupees)	202	175	260	232	269	269

In neither retreading plant was the installed capacity fully utilised and the aggregate of retreading planned at both plants fell short of new tyres removed for the first retreading during 1974-75 and 1975-76 as may be seen from the figures given below :

	1973-74	1974-75	1975-76
		(In numbers)	
New tyres purchased	45,367	46,705	39,000
New tyres scrapped without retreading	15,603	20,928	9,648
New tyres removed for first retreading	19,465	27,169	33,759

The Management stated (December 1976) that the budgeted production programme was prepared according to the availability of space in machine shop as well as funds, materials, etc.; sometimes production was adversely affected due to the difficulty in getting all materials in time.

The higher average cost of retreading a tyre in the central workshop during 1973-74 and 1974-75, as compared to the Rajkot plant, was attributed by the Management (December 1976) to higher issue rate of retreading materials in the central workshop, and higher labour rate because of higher incidence of compensatory local allowance and house rent allowance at Ahmedabad.

2.47.2 *Performance of retreaded tyres.*—The Corporation had prescribed (October 1967) a norm of 24,000 kilometres for retreaded tyres. The average performance of retreaded tyres during the three years 1973-74 to 1975-76 was less than this norm as may be seen from the table below :

Year	Number of retreaded tyres removed for retreading again or for scrapping	Average distance run per tyre (in thousands of kilometres)
1973-74	18,396	20.8
1974-75	19,841	17.8
1975-76	19,738	20.4

Distances run by retreaded tyres removed during 1974-75 were lower than those removed in 1973-74 and 1975-76. The Management attributed (December 1976) this to the fact that tyres had to be removed for retreading after running longer kilometres, for want of new tyres and more worn out tyres had to be taken for retreading, which had affected the kilometres obtained from such tyres.

2.48 Manpower :

The sanctioned strength of the workshop was 1,550 on the 31st March 1976, against which 1,456 persons were in position.

2.48.1 *Labour efficiency.*—The Industrial Engineering Department of the workshop, computes every month the labour efficiency in terms of a performance percentage index* for every shop and labour absenteeism percentage of the workshop as a whole.

The shopwise performance indices for the three years upto 1975-76 are given below :

Name of the shop	Performance indices* (percentage)		
	1973-74	1974-75	1975-76
Coach shop	50.60	48.55	46.70
Engine shop	53.12	55.14	59.01
Machine shop	49.97	48.61	60.45
Tyre shop	61.91	72.70	75.41
Electric shop	51.62	51.12	59.63
Electro-plating shop	49.50	45.13	50.36
Plant shop	81.08	75.00	73.85
Overall performance	51.54	52.00	55.28
Percentage of absenteeism	18.91	18.11	18.32

It would be observed that while the overall performance index had risen over these years, the performance index of the coach shop and plant shop decreased continuously from 1973-74 to 1975-76. Further, the efficiency index of the coach shop and the electro-plating shop was below the overall performance efficiency achieved by the workshop.

The Management stated (December 1976) that the efficiency index of the coach shop showed a downward trend because of non-availability of materials; bus bodies were built with mild steel materials which consumed more man-hours whereas the standard man-hours were worked out with reference to aluminium bodies and that the fall in production of new bus bodies adversely affected performance index of the plant shop.

2.48.2 *Labour utilisation.*—The total labour hours available, hours spent on jobs (both direct and maintenance) and unproductive hours for the three years up to 1975-76 are given below :

	(Hours in lakhs)		
	1973-74	1974-75	1975-76
(i) Total hours available	19.27	19.54	20.04
(ii) Hours spent on jobs			
(a) Direct labour hours	17.23	18.33	18.95
(b) Maintenance hours†	1.29	0.67	0.69
	18.52	19.00	19.64

$$\dagger \text{Efficiency Ratio} = \frac{\text{Actual production in standard hours} \times 100}{\text{Actual hours worked.}}$$

Note.—†Represent hours spent on maintenance of machines in the shops itself.

	(Hours in lakhs)		
	1973-74	1974-75	1975-76
Percentage of maintenance hours to direct labour hours	7.5	3.7	3.7
(iii) Unproductive hours	0.75	0.54	0.40
(iv) Percentage of unproductive hours to total hours	3.79	2.79	2.09

Causewise analysis of unproductive hours is as under :

Cause	Unproductive hours		
	1973-74	1974-75	1975-76
<i>(a) Indirect labour hours :</i>			
(1) Government inspection or closure of shops due to extra-ordinary reason or event	1,386	173	99
(2) Labour welfare activities	24,210	22,558	19,537
(3) Payment of wages	11,776	12,795	11,446
<i>(b) Idle hours:—</i>			
<i>(i) Unavoidable :</i>			
(1) Due to accident, fire, etc.	1,149	2,075	1,858
(2) Failure of power	21,751	3,251	2,731
(3) Medical reasons	263	446	1,462
<i>(ii) Avoidable :</i>			
(1) Non-availability of spares/stores	6,420	11,005	2,388
(2) Machinery being out of order/break-down	136	785	246
(3) Other reasons like non-availability of jobs, etc.	7,657	261	526
Total	74,748	53,349	40,293

It will be seen that labour welfare activities and payment of wages, account for most of the unproductive hours. Failure of power had also contributed substantially, being about 29 per cent of the total idle hours in 1973-74. Idle hours due to non-availability of spares and stores had increased from 6,420 hours in 1973-74 to 11,005 hours in 1974-75, of which 9,616 hours were booked in the coach shop alone due to non-availability of industrial spares, etc.

The percentage of maintenance hours during 1973-74 was double that in 1974-75 and 1975-76, which was attributed by the Management (December

1976) to the practice followed up to 1973-74 of booking the labour hours spent on removal of spares and assemblies from scrapped vehicles as 'maintenance hours'

2.49 Machine utilisation records :

The workshop had a large number of machines and equipment valued at Rs.44.63 lakhs on the 31st March 1976. There are about 50 machines, each costing more than Rs.10,000. No record of utilisation of these machines and equipment is kept at the workshop. The matter was brought to the notice of the Corporation in May 1974 but no action had been taken (April 1977).

The Management stated (December 1976) that additional staff would be required to open and maintain detailed history cards, benefits of which would not be commensurate with the expenditure involved thereon.

2.50 Accumulation of electric horns :

Tata and Leyland chassis are fitted with electric horns, the use of which was found uneconomical by the Corporation. Accordingly, in June 1973, the Chief Mechanical Engineer of the Corporation asked the central workshop to replace electric horns received with the new chassis by ordinary pneumatic horns, and to sell the electric horns, so removed, by auction.

From June 1973 to December 1975, electric horns were removed from new chassis and were put for sale through auctions or tenders. As the offers received were very low, the horns could not be disposed of. The Corporation also approached the chassis manufacturers for taking these horns back but without success. The manufacturers also expressed their inability to supply new chassis without electric horns. As a result, 533 electric horns of 12 volts and 1042 horns of 24 volts valued at Rs. 0.95 lakh accumulated upto March 1976, were awaiting disposal.

The Management stated (December 1976) that as the accumulated horns could not be disposed of and the flow of new horns could not be eliminated, it had been decided not to remove electric horns from new chassis and to refit the accumulated horns on vehicles in the fleet.

2.51 Costing system :

(i) The annual production budgets are prepared by the workshop showing production planned, estimated labour hours required and estimated cost of production under different headings, viz., direct material, direct labour and overheads, in respect of body building, retreading of tyres and reconditioning of assemblies. Cost statements for each activity are prepared every month showing the budgeted cost and actual cost for the month and progressive cost up to the month. Analysis of variances by causes such as price, usage, efficiency and capacity utilisation was, however, not attempted.

(ii) The workshop also uses spares, sub-assemblies, assemblies and other materials salvaged from scrapped vehicles or engines, etc., for body building and reconditioning work. The serviceable materials used for reconditioning of assemblies were not priced and, therefore, their value was not included in the cost of reconditioning. Materials salvaged and used on new body building are, however, valued at fifty *per cent* of the cost of new materials.

(iii) No attempt had been made to examine whether the performance of reconditioned engines, fuel pumps, etc., justified expenditure on reconditioning as compared to the performance and cost of new engines, fuel pumps, etc.

(iv) The workshop has both production and service departments. One of the service departments, *viz.*, machine shop, deals with the maintenance and repairs of the machinery held by the workshop. Expenditure in the machine shop is, therefore, indirect in nature and should be apportioned over the production departments. Up to April 1975, the machine shop was treated as a production department and its expenditure was not apportioned over other production departments. As a result, cost statements of all the units were exclusive of this expenditure. The procedure was corrected from May 1975.

(v) Although the work orders for production are issued and completed in batches, costs of different batches are not evaluated to compare the average cost of similar items produced in different batches.

2.52 Defalcation of cash :

During test-check of the accounts of a Unit of the Corporation, defalcation of Rs.0.47 lakh on account of octroi charges, committed between April 1971 and December 1975 was detected. According to the Surat Municipality's rules, octroi charges by the Corporation are payable in advance on *ad-hoc* basis, subject to final assessment. Amounts advanced to the Municipality since April 1971 towards octroi charges had remained unadjusted over a long period. Normally, a few days after payment of the advance, the Municipality assessed the actual octroi charges for which bills were issued and the balance of the advance was refunded. The assistant of the Corporation dealing with the matter, on receipt of the final bills of octroi charges and refunds from the Municipality, again entered the amount of the bill in the cash book as payment for octroi charges instead of adjusting the charges against the advance and crediting the refund. The amount thus entered as payment, together with amounts received as cash refunds obtained from the Municipality were defalcated.

The defalcation was facilitated by the following causes :

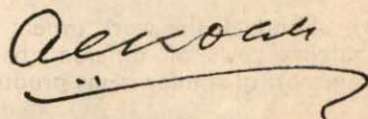
(i) Sub-divisional cash book was not balanced at frequent intervals, as required under the rules of Central Public Works Department which have been adopted by the Corporation,

(ii) Sub-divisional officers failed apparently to scrutinise the transactions recorded in the cash book carefully with reference to supporting vouchers and other basic documents; and

(iii) Supervision over the prompt clearance of advances was, it appears, inadequate. According to standing instructions, advances for octroi were to be adjusted within 21 days of the date of receipt of goods within the municipal limits. This was not observed.

The defalcation was brought to the notice of the Corporation in December 1975. The Management stated (November 1976) that (i) a departmental enquiry had been instituted to fix the responsibility, (ii) a complaint had been lodged with the Police against the delinquent who is under suspension, and (iii) the procedure for payment of octroi was being re-examined.

The results of the departmental enquiry and the police investigations were awaited (April 1977).

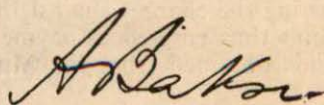


Ahmedabad
The

(A. L. KOHLI)
Accountant General, Gujarat.

31 MAY 1977

Countersigned



New Delhi
The

(A. BAKSHI)
Comptroller and Auditor General of India.

74 JUN 1977

ANNEXURES

1252 7414 11

1252 7414 11

Statement showing summarise financial results of Government Companies

Sr. No.	Name of the Company	Name of the Department	Date of incorporation	Accounts for the year ending	Capital invested	Profit(+) Loss(-)
1	2	3	4	5	6	7
(1)	Gujarat State Textile Corporation Limited.	Industries, Mines and Power.	30th November 1968	December 1975	180.20	(+)4.91
(2)	Gujarat Export Corporation Limited.	Do.	14th October 1965	March 1976	21.57	(+)16.73
(3)	Gujarat Industrial Investment Corporation Limited.	Do.	12th August 1968	March 1976	...	(+)14.94
(4)	Gujarat Mineral Development Corporation Limited.	Do.	15th May 1963	March 1976	554.36	(+)7.82
(5)	Gujarat Small Industries Corporation Limited.	Do.	26th May 1962	December 1975	105.69	(-)20.12
(6)	Gujarat State Handicrafts and Handloom Development Corporation Limited.	Do.	10th August 1973	March 1975	9.54	(-)2.38
(7)	Gujarat Communications and Electronics Limited.	Do.	30th May 1975	March 1976	20.84	(-)1.07
(8)	Gujarat State Construction Corporation Limited.	Public works.	16th December 1974	July 1975	36.74	(+)8.01
(9)	Gujarat Agro Industries Corporation Limited.	Agriculture, Forest and Co-operation.	9th May 1969	March 1976	454.07	(-)14.69
(10)	Gujarat Dairy Development Corporation Limited.	Do.	29th March 1973	March 1976	43.39	(-)18.23
(11)	Bhavnagar Dairy Limited.	Do.	25th June 1955	March 1974	3.08	(+)0.02

* (i) Profit represents the surplus out of the grant received from Government
(ii) As the Company did not carry on trading activities, capital employed was

A'

Referred to in paragraph 1.01.2 of Section I of Chapter I)

(In lakhs of rupees)

Total interest charged to profit and loss account	Interest on long term loans	Total return on capital invested (7+9)	Percentage of total return on capital invested	Capital employed	Total return on capital employed (7+8)	Percentage of total return on capital employed marks	
8	9	10	11	12	13	14	15
20.62	..	(+)4.91	2.72	292.69	(+)25.52	8.72	
1.78	..	(+)16.73	77.56	20.99	(+)18.51	88.18	
125.26	..	..	..	2,350.54	(+)140.20	5.96	
23.26	11.99	(+)19.81	3.57	568.81	(+)31.08	5.46	
37.78	3.86	(-)16.26	..	261.71	(+)17.66	6.75	
0.10	..	(-)2.38	..	8.80	(-)2.28	..	
..	..	(-)1.07	..	17.35	(-)1.07	..	
2.04	2.04	(+)10.05	27.35	35.93	(+)10.05	27.97	
9.10	3.71	(-)10.98	..	502.01	(-)5.59	..	
0.21	0.21	(-)18.02	..	19.30	(-)18.02	..	
..	..	(+)0.02	0.65	..	..	..	(*)

For meeting recurring expenditure.
 Nil and hence figures in Columns 12, 13, 14, are not given.

ANNEXURE

Sr. No.	Name of the Company	Name of the Department	Date of incorporation	Accounts for the year ending	Capital invested	Profit(+) Loss (-)
1	2	3	4	5	6	7
<i>Subsidiary Companies :</i>						
(12)	Gujarat Agro Foods Limited.	Agriculture, Forest and Co-operation.	29th October 1970	December 1975	65.84	(-)5.84
(13)	Gujarat Agro Oil-Enterprises Limited	Do.	21st April 1971	December 1975	32.85	(-)7.10
(14)	Gujarat Agro Marine Products Limited.	Do.	17th December 1971	December 1975	55.77	(-)7.07

- Note* :—(1) Capital invested represents paid-up capital *plus* long-term loans *plus*
- (2) Capital employed (excluding for Gujarat Industrial Investment Corporation progress) *plus* working capital.
- (3) Capital employed in respect of Gujarat Industrial Investment Corporation capital, bonds, reserves (other than those specifically funded and backed

A (Concl'd)

(In lakhs of Rupees)

Total interest charged to profit and loss account	Interest on long term loans	Total return on capital invested (7+9)	Percentage of total return on capital invested	Capital employed	Total return on capital employed (7+8)	Percentage of total return on capital employed	Remarks
8	9	10	11	12	13	14	15
7.39	7.39	(+)1.55	2.35	52.66	(+)1.55	2.94	
4.80	2.85	(-)4.25	-	40.67	(-)2.30	..	
2.64	-	(-)7.07	-	35.92	(-)4.13	..	

free reserves.

Limited) represents net fixed assets (excluding capital works-in-

Limited represents a mean of opening and closing balances of paid-up by outside investments) and borrowings.

ANNEXURE 'B'

Cases where invoices and acknowledgements of the suppliers for the payments made are not available

(Referred to in Paragraph 1.10.6 of Section II)

	Head office bank cash book voucher number and date	Name of the payee	Amount (in rupees)
10	23rd May 1975	M/s Bajaj Traders	10,325
60	7th August 1975	Saurashtra Handicraft	15,000
73	2nd September 1975	Gujarat Sheep and Wool Development Corporation	10,559
131	7th February 1976	Shri Manji Valji	525
132	7th February 1976	Shri Punja Vala	922
133	7th February 1976	Shri Aru Vala	213
134	7th February 1976	Shri Bhimji Vaigi	1,182
135	7th February 1976	Shri Dhevji Velgi	475
136	7th February 1976	Shri Jhauar Purbhai	375
137	7th February 1976	Shri Premji Velji	1,550
138	7th February 1976	Shri Premji Khetra	825
139	7th February 1976	Shri Parbankhera	675
140	7th February 1976	Shri Ramji Vaghji	810
141	7th February 1976	Shri Manji Tabha	810
142	7th February 1976	Shri Kheru Bhima	550
143	7th February 1976	Shri Dhanji Valji	1,050
144	7th February 1976	Shri Haiji Manji	1,635
145	7th February 1976	Shri Vishram Valji Vankar	3,697
146	7th February 1976	Shri Devji Valji	1,893
147	7th February 1976	Shri Kashanji Dhanji	1,645
		Total	54,716

ANNEXURE 'C'

Cases where acknowledgements from the payees are not available

(Referred to in paragraph of 1.10.6 of Section II)

Head office bank cash book voucher number and date	Name of the payee	Amount (in rupees)
16 2nd June 1975	M/s Mafatlal Industries Limited, Bombay.	2,827
26 2nd July 1975	Shri M. D. Vaghela (Salary for June 1975)	475
38 31st July 1975	Shri Ismail Haji Mansuri	850
49 7th August 1975	Smt. Parmaben Dave	570
50 7th August 1975	Shri Khatri Dawood Abdulla	853
51 7th August 1975	Shri Khatri Mohamedbhai Sidikhbai	3,273
55 7th August 1975	Khadi Gramodyog Bhavan	4,334
56 7th August 1975	Khatri Dawood Abdulla	4,415
57 7th August 1975	Khatri Mohmed Sidik	1,305
58 7th August 1975	Shri Vinayak K. Salvi	7,702
67 25th August 1975	M/s Shah and Shah Arts	4,596
72 1st September 1975	Shah Rajmal Laxmandas	4,387
78 5th September 1975	Shri Gayatri Handloom Wearing Factory	1,209
82 5th September 1975	Khadi Gramodyog Bhavan	8,319
90 15th September 1975	Smt. Asha Sing	830
93 16th September 1975	Shri Vaukar Vishram Valji	75
95 16th September 1975	Khatri Dawood Abdulla	790
96 16th September 1975	M/s Shah and Shah Arts	2,489
97 16th September 1975	New Vastra Kala	1,642
98 16th September 1975	Shri Maharaj Shivaji Vara	120
111 25th September 1975	Khadi Gramodyog Bhavan	1,007
117 30th September 1975	Khatri Dawood Abdulla	265
121 30th September 1975	Kutch Development Trust	17,616
23 cases	Total	69,949

Statement showing summarised financial results

(Referred to in paragraphs 2,02 and 2,03 (a))

Sr. No.	Name of the Corporation	Name of the Department	Date of incorporation	Total capital invested	Profit-Loss (-)
1	2	3	4	5	6
					Part-I
1	*Gujarat Electricity Board	Industries, Mines and Power	1st May 1960	35,777.97	(+)114.57 (A)
					Part II
2	Gujarat State Road Transport Corporation	Home	1st May 1960	2,700.08	(-)276.03
3	Gujarat State Financial Corporation	Industries, Mines and Power	1st May 1960	..	(+)121.48
4	Gujarat State Warehousing Corporation	Agriculture, Forest and Co-operation	5th December 1960	114.37	(+)29.60

Notes.—(1) Capital invested represents paid-up capital plus long-term loan.
 (2) Capital employed (excluding Gujarat State Financial Corporation working capital.

(3) Capital employed in respect of Gujarat State Financial Corporation reserves (other than those which have been funded specifically and including refinance).

(A) Represents contribution to General Reserve in terms of Section 67(v)

* The figures are subjected to audit.

Statutory Corporations. for the year 1975-76

Section IV of Chapter II)

(In lakhs of rupees)

Total interest charged on profit and loss account	Interest on long-term loans	Total return on capital invested (6+8)	Percentage of total return on capital invested	Capital employed	Total return on capital employed (6+7)	Percentage of total return on capital employed	Remarks
7	8	9	10	11	12	13	14

Gujarat Electricity Board.

747.92	747.46	(+)862.01	2.41	20,528.93	(+)857.70	4.18	
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Other Statutory Corporations.

215.96	185.85	(-)90.18	..	2,316.31	(-)69.52	..	
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284.54	4,740.90	(+)406.03	8.56	
--------	----	----	----	----------	-----------	------	--

0.32	0.32	(+)29.92	26.16	114.37	(+)29.92	26.16	
------	------	----------	-------	--------	----------	-------	--

plus free reserves.

represents net fixed assets (excluding capital works in progress) plus

represents mean of the opening and closing balances of paid-up capital, backed by investments outside), bonds, deposits and borrowings,

of the Electricity (Supply) Act, 1948.

Unitwise average thermal efficiency of Dhuvaran Thermal Power Station

	Unit	Stage-I		
		1973-74	1974-75	1975-76
(a) Fuel consumed ;				
(i) Furnace oil and residual fuel oil	(Thousand tonnes)	312.1	337.3	274.3
(ii) Gas	(million Cu. m)	45.03	35.9	29.6
(iii) Coal	(thousand tonnes)	—	—	11.1
(iv) L. D. Oil	(thousand tonnes )	...	...	..
(b) Heat value of fuel consumed (in thousand millions of Kilo calories)				
(i) Furnace oil and residual fuel oil	(10800 K. Cal/Kg)	3370.9	3642.7	2962.4
(ii) Gas	(9875 K. Cal /Cum)	444.6	354.5	292.3
(iii) Coal	(5110 K. Cal/Kg.)	—	—	36.8
(iv) L. D. Oil	(10100 K. Cal/Kg).	—	...	...
Total Calorific value of fuel consumed				
(i. e. total heat generated)		3,815.5	3,997.2	3,311.5
(c) Generation, heat rate and efficiency :				
(i) Total units generated	(in million KWH)	1,248.3	1,294.2	1,096.0
(ii) Heat rate in kilo calories	(K. Cal/KWH)	3056	3088	3,027
(iii) Thermal efficiency	Percentage	28.14	27.85	28.41
(iv) Design efficiency	Percentage	32.06	32.06	32.06

"E"

(Referred in paragraph 2.20 (b) of Section VI)

Stage-II			Gas Plant		
1973-74	1974-75	1975-76	1973-74	1974-75	1975-76
344.4	404.6	397.2	..	..	..
..	-	-	26.8	48.4	56.9
..	-	-	-
0.3	0.3	0.2	-	..	..
3,719.5	4,369.2	4,289.4	-	..	..
..	-	-	264.2	478.1	562.3
..	-	-	-
3.4	3.0	2.3	-	-	-
3,722.9	4,372.2	4,291.7	264.2	478.1	562.3
1,506.9	1,722.5	1,677.7	63.8	134.8	145.4
2,470	2538	2558	4140	3546	3867
34.82	33.88	33.62	20.77	24.25	22.24
35.40	35.40	35.40	24.40	24.40	24.40

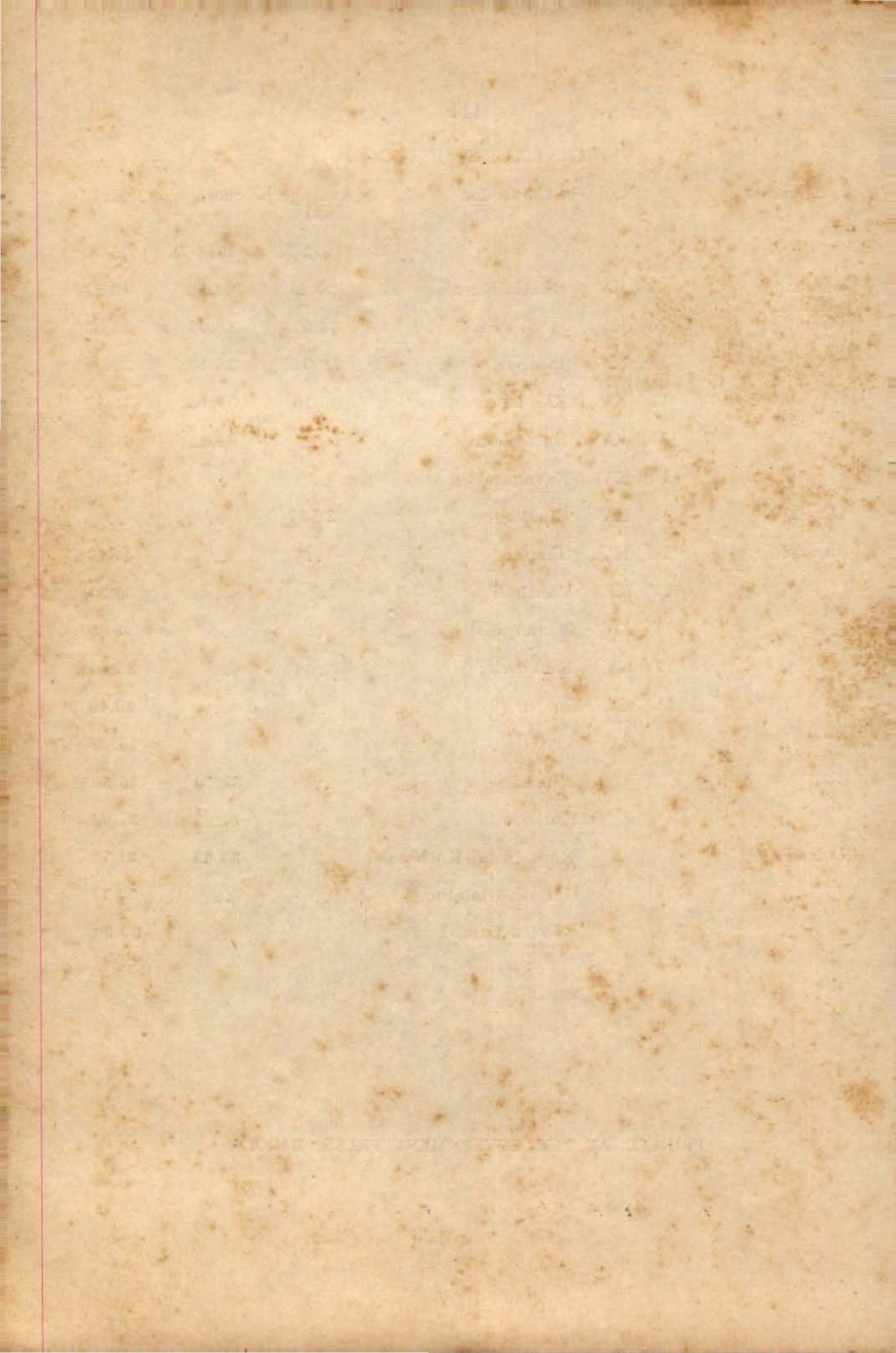
ANNEXURE "F"

Details showing the feederwise transmission and distribution losses in excess of thirty per cent (Referred to in paragraph 2.27 of Section VI)

Division	Name of the feeder	(Average percentage of T and D loss)		
		1973-74	1974-75	1975-76
	(Ranavav 132 S/S)			
Porbandar	11 KV Kandorna	32.00	35.30	34.20
"	11 KV Alirajpur	35.20	33.70	34.00
"	11 KV Sardargadh	-	-	31.40
"	Kothrij	-	34.70	32.30
Gondal	33 KV Virpur S/S	-	-	36.12
"	Kagwad	-	-	40.12
"	Vasavad	49.10	37.85	33.66
"	Ribda	36.61	36.24	46.80
"	Damda	35.80	43.11	47.33
"	Lodhika	-	-	39.84
"	Dharai	-	-	36.42
"	Kamodhia	-	-	36.76
"	Kotda	-	30.16	..
Nadiad	66 KV Kaira	-	-	30.40
"	66 KV Garod (66KV/S/S)	-	38.25	45.00
Baroda	22 KV Paleshwar	40.67	31.46	36.45
"	22 KV Rajpipla	32.45	30.98	37.64
"	22 KV Nasvadi Dabhoi	..	-	47.75
"	22 KV Sankheda	..	-	31.94
"	22 KV Bajuwa-Koyali	32.64	33.96	..
"	22 KV Bodeli	45.15	64.24	..
Jamnagar (Rural)	Jodhiya	-	35.06	40.83
"	Latipur	33.61	34.32	36.78
"	Banugar	33.10	35.96	40.01

ANNEXURE "F" (Concl'd.)

Division	Name of the feeder	(Average percentage of T and D loss)		
		1973-74	1974-75	1975-76
Jamnagar (Rural)	33 KV Bhatia Rural	30.25	41.52	43.28
Jamnagar	11 KV B. S. T. L.	34.97	38.07	47.03
"	11 KV Jasapar	38.51	36.45	32.08
"	11 KV Khandera	35.76	37.40	34.57
"	11 KV Balambadi	..	66.42	61.92
"	11 KV Navagam	..	..	42.02
Dhoraji	11 KV Pipalia	31.17	..	..
Junagadh	11 KV Shapur	..	..	45.43
"	11 KV Vanthali	..	..	36.30
"	11 KV Thanapipal	..	..	38.85
"	11 KV Kunkavav	..	..	36.60
"	11 KV Jetpur (2)	..	..	49.46
"	11 KV Vadia	..	..	45.09
Bhuj	Khedsi	..	37.20	46.50
"	Kothere	..	..	31.04
Nadiad	Kapadwanj-Kothamba	..	33.63	31.73
"	Umreth-Glassline	..	..	32.71
"	Bilodra-Vansol	..	..	35.36



ERRATA

Sl. No.	Reference		For	Read
	Page No.	Para No.		
1	i	Table-Heading of 3rd column	capltal	capital
2	1	Sixth line from the bottom	Government	Government
3	2	Table under paragraph 1.05.1-4th column	((—)12 72) ((+)92 31) ((—)5 30)	((—)12.72) ((+)92.31) ((—)5.30)
4	3	Note marked '††'	flrst years	first year's
5	6	Heading of 1st table	1974-74	1973-74
6	10	1.10.6—1st line	pril	April
7	10	1.10.6—18th line	ociety	Society
8	10	1.10.6—21st line	viz	viz.,
9	10	22nd line	mateials	materials
10	10	1.10.6—26th line	43331	43,331
11	12	Paragraph 1.12-3rd line	storages	storage
12	14	Paragraph 2.02-9th line	inc ease	increase
13	15	1st table	1976 42* 2,799.33 2,249 43 1,076 91	1976.42* 2,799.33 2,249.43 1,076.91
14	15	2.03(ii) 1st line of the table	ujarat	Gujarat
15	16	2.03(iii)—First word	Guv rantees :—	Guarantees :—
16	16	2.03(iv)-Last heading of the table	Dividen	Dividend
17	16	2nd table-heading	(in lakhs of rupees)	(in lakhs of rupees)

Sl. No.	Reference		For	Read
	Page No.	Para No.		
18	16	5th line from the bottom	(Part II	(Part II).
19	16	Foot note-First line	unde	under
20	16	Foot note-Third line	Stat	State
21	17	2.04 11th line of 3rd Sub-paragraph	p r cent	per cent
22	18	13th line from the bottom	entrepreneure	entrepreneurs
23	18	7th line from the bottom	laons	loans
24	20	1st table 5th column	503 83	503.83
25	21	2.07.3(i) Last heading of the table	Tota	Total
26	22	2nd line	available,	available.
27	22	2.07.3(ii) 13th line of the table	Ankleshwa	Ankleshwar
28	22	Table 3rd column	3 99	3.99
29	24	2.07.4(ii) 4th heading of the table	September 1976	(September 1976)
30	26	1st line	tenements	tenements,
31	26	2.07.6-1st column 9th line of the table	(Panchmhal)	(Panchmahal)
32	26	2.07.6-1st column 17th line of table	(Panchmhal)	(Panchmahal)
33	27	2.07.6-2nd column of the table 5th line—	6.14	6.74
34	27	Paragraph 2.07.7—		
		3rd line	(type C)	(type C) ;
		6th line	entreprise	entreprise

Sl. No.	Reference		For	Read
	Page No.	Para No.		
35	29	Last line	estate,	estates
36	30	Paragraph 2.08-table 4th column	(586-50)	(586.50)
37	30	2.08-5th column of the table 3rd line	34,117	34,417
38	30	Paragraph 2.08-Table 6th column	(932,27) (1006-61)	(932.27) (1006.61)
39	30	2.08-Note-First line	districts	districts,
40	31	11th line from the bottom	permium	premium
41	31	Paragraph 2.09.1-Insert '(a)' before the heading price for land'		namely, 'Premium
42	32	2.09.1(e) First word	shortage	short
43	32	1st line 2nd line	slow moving small	'slow m oving' 'small'
44	33	11th line	meteres	metres
45	33	2.09.1-4th para-4th line- last word	Ankleshwa	Ankleshwar
46	33	2.09.1-4th Para-5th line- last word	a	an
47	33	2.09.1-4th Para-6th line- last word	part	party
48	33	2.09.1-4th Para-7th line- last word	way	was
49	34	2.09.2-second line	entrepreneure	entrepreneurs
50	34	12th line	alloted	allotted
51	34	18th line from the bottom	alloted	allotted

Sl. No.	Page No.	Reference Para No.	For	Read
52	34	7th line from the bottom 4th line from the bottom	scrutiny of allotement inrter	scrutiny of allotment inter
53	35	7th line from the bottom	assessed	assessed
54	36	2nd table	10,11 6,66 9 01	10.11 6.66 9.01
55	36	8th line from the bottom	difference	differences
56	37	2.10.2-3rd column of the table 7th line	13	15
57	37	22nd line from the bottom 20th line from the bottom 15th line from the bottom	foregone service nto	forgone service into
58	38	13th line from the bottom 10th line from the bottom	tarif, noticed	tariff, noticed
59	39	2nd Sub-para below the 1st table-3rd line 2nd table-total	Januarv 4,182 51	January 4,182.51
60	40	2.11.1(a)-last column of the table-6th line	2,12404	2,124.04
61	40	Table-Total	3,282 90 4,182 51	3,282.90 4,182.51
62	41	2.11.1(b) first line of the page	Corportion	Corporation
63	41	2.11.1(b)-Last column of Sub- table B-3rd line	2 65	2.65
64	43	2.12(C) first line	Unsatis factory	Unsatisfactory
65	44	2.14.1-3rd line of the sub-para	day.to-day	day-to-day

Sl. No.	Reference		For	Read
	Page No.	Para No.		
66	44	2.14.2 First line of the sub-para	Corpoation	Corporation
67	44	2.14.2(i) Second column first line of the table	0 52	0.52
68	46	2.14.3 Fourth line of the page	1975	1975,
69	46	5th line	and	and a
70		17th line from the bottom	oi	of
71	47	1st line below table	successfull	successful
72	47	2.16.1-3rd para of the page-8th line	against	again
73	49	2.17(b) First-second line of the sub-para	partiyulars	particulars
74	49	2.17(b) Third line of the sub-para	cears	years
75	49	2.17(b) 2nd line of last paragraph	powers	power
76	50	17th line Table	pargraph 67 5 16 0	paragraph 67.5 16.0
77	51	2.19 Last column last but one line of the page	71	70
78	51	2.19-3rd column last line of the page	85	65
79	53	Table-3rd line from the bottom	473 04 134 83	473.04 134.83
80	55	2.22.(a)(i) 3rd line of the sub-para	very	vary
81	56	Table-4th item-3rd column	62,993	62.993

Sl. No.	Page No.	Reference	Para No.	For	Read
82	56	2.22(L)(vi) First word 6th column		Genera	General
83	56	2.22(L) Last line of the table		12 17	12.17
84	57	7th line 8th line from the bottom		operation payment	operation payment
85	58	18th line		unimporved	unimproved
86	59	3rd line		Miniumum	Minimum
87	60	2.25.4-15th line		Boards	Board's
88	60	2.25.5-3rd line of 3rd paragraph of the page		depitct	depict
89	60	4th line from the bottom		non-maintanance	non-maintenance
90	61	18th line from the bottom		transmjssion	transmission
91	62	2nd line 17th line		three years (i) Interrup- tion	three years, (i) Interrup- tions
92	62	2.26-2nd line of the 2nd para of the page		maintencne	maintenance
93	63	2nd line from the bottom		eneregy	energy
94	64	2.29.1 1st line of the 3rd paragraph of the page		requiremen	requirement
95	64	Paragraph 2.29.1-14th line 15th line		electrification of	electrification or
96	64	2.29.1 3rd line of the 3rd paragraph of the page		procurment	procurement

Sl. No.	Reference		For	Read
	Page No.	Para No.		
97	70	Table-heading of 5th column	(in lakhs o rupees)	(in lakhs of rupees)
98	70	2.29.8-5th line of the Sub-para	transit	transit,
99	71	2.30.1(a) 1st/2nd line of the sub-para	districtbution	distribution
100	71	2.30.1(L) 1st line of the last paragraph of the page	May 1974	May 1974,
101	72	6th line from the bottom	by two firms.	by two firms,
102	73	Table-5th item 6th item 12th line from the bottom 3rd line from the bottom	first filling transformer price February	first filling transformer price, February
103	77	Table-heading of 5th column	onsumption	consumption
104	78	12th line	price.	prices.
105	78	2.34(a) 2nd line of the sub-para	Office	Office
106	82	6th line 7th line 12th line	weightment lacuane Setptember	weighthment lacunae September
107	83	16th line	Corporations	Corporation
108	83	5th line from the bottom	bone fide	bona fide
109	85	2.41 1st heading of the table	Serial numbe	Serial number
110	85	Paragraph 2.41-item 5(a) of the table	Types	Tyres
111	86	Note marked* Note marked** 15th line from the bottom	luxury chasis chasis	luxury chassis chassis
112	87	7th line	sigle-decker	single-decker

Sl. No.	Reference		For	Read
	Page No.	Para No.		
113	88	1st line of the 1st column of the table	Layland	Leyland
114	88	Table 6th line from the bottom	engines	engines
115	89	2.43 2nd line of the page	ehicles	vehicles
116	89	2.43 3rd line of the page	end	and
117	89	2.43 4th line of the page	ngine	engine
118	89	2.43 2nd line of 2nd paragraph	sould	should
119	89	2.43 3rd line of 2nd paragraph	before t	before it
120	89	2.43 3rd line of 2nd paragraph	strapped.	scrapped.
121	89	2.43 4th line of 4th paragraph	Prematures failur	Premature failures
122	89	2.43 2nd line of the last paragraph of the page	engine	engines
123	90	2.44 1st line of 1st paragraph	reconditioned	reconditioned,
124	90	2.44 1st sub-head of the table	Layland	Leyland
125	90	2.44 last line of 1st Sub-head of the table	(in lakhs of kilometers)	(in lakhs of kilometres)
126	90	2.44 2nd line of 2nd Sub-head of the table	reconditioning	reconditioning.
127	92	2.47.1 1st line of the Sub-para	plan	plant
128	93	2.47.1 2nd line of 1st paragraph	rereading planned a	retreading planned at
129	93	2.47.1 3rd line of 1st paragraph	re reading	retreading
130	93	12th line 4th line from the bottom	adveresely obatained	adversely obtained

Sl. No.	Reference		For	Read
	Page No.	Para No.		
131	93	2.47.2-2nd line of the Sub-para	kilometrs	kilometres
132	94	1st table-8th item	Overall performance	Overall performance
133	94	Foot note	†Efficiency	Efficiency
134	95	2.48.1 1st line of the last paragraph of the page	11973-74	1973-74
135	95	table-items under sub-head (b) Idle hours	(ii) Avoidable. (2) Machinery being out of order / break-down	(ii) Avoidable (2) Machinery being out of order / break-down
136		6th line from the bottom	Idel	Idle
137	96	3rd line	'maintenance hours'	'maintenance hours'.
138	100	Annexure-'A' heading	summarise	summarised
139	100	2nd column-item 10	Corporattion	Corporation
140	102	Last line	furded	funded
141	104	12th item from the bottom-column 3	Shrj	Shri
		8th item from the bottom-column 3	Sh i	Shri
142	105	9th item from the bottom-column 3	Sing	Singh
143	106	3rd line Heading of column 2	2,02 and 2,03 Corporaration	2.02 and 2.03 Corporation
144	106	Last line	subjected	subject
145	108	Heading of column 3	Statge-I	Stage-I
146	110	3rd line	2 27	2.27

Page No.	Page No.	Reference
146	3rd line	2.17
145	1st line	2.17
144	1st line	2.17
143	Heading of column 2	2.17
142	1st line	2.17
141	1st line	2.17
140	1st line	2.17
139	1st line	2.17
138	1st line	2.17
137	1st line	2.17
136	1st line	2.17
135	1st line	2.17
134	1st line	2.17
133	1st line	2.17
132	1st line	2.17
131	1st line	2.17
130	1st line	2.17
129	1st line	2.17
128	1st line	2.17
127	1st line	2.17
126	1st line	2.17
125	1st line	2.17
124	1st line	2.17
123	1st line	2.17
122	1st line	2.17
121	1st line	2.17