REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2000

COMMERCIAL

GOVERNMENT OF KERALA

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Preface

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 Government companies and Statutory corporations including Kerala State Electricity Board and has been prepared for submission to the Government of Kerala under Section 19A of the Comptroller and Auditor General's (Duties, Powers, and Conditions of Service) Act 1971, as amended from time to time. The results of audit relating to departmentally managed commercial undertakings are included in the Report of the Comptroller and Auditor General of India (Civil) - Government of Kerala.

3. Audit of the accounts of Government companies is conducted by the Comptroller and Auditor General of India under the provisions of Section 619 of the Companies Act , 1956. There are however, certain companies which in spite of Government investment are not subject to audit by the Comptroller and Auditor General of India as Government hold less than 51 *per cent* of their share capital. A list of such companies in which Government investment by way of share capital was more than Rs.10 lakh as on 31 March 2000 is given in Annexure 1.

4. In respect of Kerala State Road Transport Corporation, Kerala State Electricity Board and Kerala Industrial Infrastructure Development Corporation which are Statutory corporations, the Comptroller and Auditor General of India is the sole Auditor. In respect of Kerala Financial Corporation and Kerala State Warehousing Corporation, Comptroller and Auditor General of India has the right to conduct the audit of their accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with him. The Audit Reports on the annual accounts of all these corporations are forwarded separately to the Government.

5. The cases mentioned in this Report are those which came to notice in the course of audit during the year 1999-2000 as well as those which came to notice in earlier years but were not dealt with in the pervious Reports. Matters relating to the period subsequent to 1999-2000 have also been included, wherever necessary.

OVERVIEW

1. GENERAL

1.1 The State had 103 Government companies (including 18 subsidiaries) and five Statutory corporations as on 31 March 2000, of which six companies were under liquidation, seven under closure and eight companies referred to BIFR.

(Paragraphs 1.1 and 1.2.1)

1.2 The total investment in 108 Public Sector Undertakings (103 Government companies including 18 subsidiaries and five Statutory corporations) as on 31 March 2000 was Rs.8413.16 crore. The Government had guaranteed loan aggregating Rs.2776.22 crore obtained by 40 Government companies and two Statutory corporations during the year. At the end of the year guarantees amounting to Rs.6295.85 crore against 36 Government companies and four Statutory corporations were outstanding.

(Paragraphs 1.2 and 1.4)

1.3 Only 18 companies finalised their accounts for the year 1999-2000 within the stipulated period while none of the Statutory corporations finalised their accounts for the corresponding period. The accounts of 85 companies and five Statutory corporations were in arrears for periods ranging from one to 17 years. According to the latest finalised accounts, 37 companies and three Statutory corporations earned an aggregate profit of Rs.184.16 crore and Rs.50.55 crore respectively whereas 61 companies and two Statutory corporations sustained an aggregate loss of Rs.163.40 crore and Rs.72.78 crore respectively. Of the 11 companies which earned an aggregate profit of Rs.54.94 crore, only nine companies declared dividend aggregating Rs.4.57 crore which worked out to 0.4 *per cent* on the total equity investment of Rs.1270.59 crore by State Government in all companies.

(Paragraphs 1.5.1, 1.6 and 1.6.1.1)

1.4 Of the 61 loss incurring companies, 47 companies had accumulated losses aggregating Rs.1077.20 crore which exceeded their aggregate paid-up capital of Rs.388.03 crore. Despite this, State Government provided financial support of Rs.138.80 crore by way of equity, loans, conversion of loans into equity, subsidy, grants, etc,. to 19 companies during 1999-2000.

(Paragraph 1.6.1.2)

2. REVIEWS – GOVERNMENT COMPANIES

The activities of Kerala State Film Development Corporation Limited were reviewed in audit.

2 Kerala State Film Development Corporation Limited

As the Company could not evolve a definite programme for modernisation of the Chithranjali Studio Complex, a sum of Rs.2.63 crore out of Rs.3.85 crore received from Government under Plan schemes was diverted for other purposes.

(Paragraph 2.6.1)

The Company's contribution in production of Malayalam films was very poor as it contributed only 44 films as against 374 films produced and certified in the State during the last five years up to 1999-2000.

(Paragraph 2.8.8.1.1)

Undue payments and loss of interest in the Thrissur theatre project amounted to Rs.0.20 crore. Further, 28 out of 38 shops constructed (June 1997) at Thrissur theatre-cum-shopping complex could not be leased out resulting in loss of interest amounting to Rs.1.28 crore on idle investment.

(Paragraph 2.9.1)

Shortfall in income from theatres due to low occupancy amounted to Rs.2.74 crore.

(Paragraph 2.9.2.1)

3. REVIEWS - STATUTORY CORPORATIONS

Tariff, Billing and Collection of Revenue in Kerala State Electricity Board, Operational Performance (including Material Management and Inventory Control) of Kerala State Road Transport Corporation and working of Kerala State Warehousing Corporation have been reviewed in audit.

3A Tariff, Billing and Collection of Revenue in Kerala State Electricity Board

As per Section 49 of the Electricity (Supply) Act, 1948, the Board is empowered to fix and regulate tariff for different categories of consumers. In practice, however, the Board consulted and obtained Government permission on decisions relating to tariff fixation.

(Paragraph 3A.5.1)

The Board incurred a loss of Rs.10.78 crore by resorting to purchase of power at higher rate from Kayamkulam Power Project without fully drawing the allocated power from Central Pool.

(Paragraph 3A.5.3)

Transmission and distribution loss in excess of the norm prescribed by Central Electricity Authority for the five years up to 1998-99 was Rs.178.84 crore.

(Paragraph 3A.5.4)

Penalty for low Power Factor below the norm of 0.85 was not imposed on HT/EHT consumers resulting in non-realisation of additional revenue of Rs.14.67 crore.

(Paragraph 3A.5.7)

Power purchased at higher cost from Central Pool was sold to Department of Electricity, Pondicherry at lower rates involving a loss of Rs.4.59 crore to the Board.

(Paragraph 3A.5.11.3)

Due to errors and delay in billing of consumption during power cut period, non-application of higher tariff rates for imported energy and error in fixing quota and irregular sanction of concessions/rebates to ineligible consumers there was revenue loss of Rs.13.87 crore to the Board.

(Paragraphs 3A.6.1, 3A.6.2 and 3A.6.4)

Wide variation between energy sent out from sub-stations and that recorded at consumers' premises led to revenue loss of Rs.16.94 crore.

(Paragraph 3A.6.11)

3B Operational Performance (including Material Management and Inventory Control) of Kerala State Road Transport Corporation

The Corporation had incurred losses during the five years up to 1998-99 except during 1994-95 when it earned a nominal profit of Rs.0.10 crore. The accumulated loss of the Corporation increased from Rs.275.05 crore in 1994-95 to Rs.443.89 crore in 1998-99 which had completely eroded the equity capital of the Corporation.

(Paragraph 3B.5(i))

Expenditure on staff salaries and allowances constituted about 39 to 48 *per cent* of the total expenditure and enhancement of passenger fares in August 1996 could not fully compensate for the increase in operating expenses.

(Paragraphs 3B.5(ii) and 3B.5(iii)(a))

Cancellation of scheduled trips due to want of bus varied from 44 *per cent* (1995-96) to 66 *per cent* (1998-99) in sixteen depots. Besides, cancellation of economic services and operation of uneconomic services resulted in loss of potential revenue of Rs.5.25 crore.

(Paragraph 3B.6.2)

Consumption of high speed diesel in excess of norms during 1994-95 to 1998-99 resulted in extra expenditure of Rs.4.81crore.

(Paragraph 3B.6.4(i))

Delay in repair of vehicles caused loss of 80603 vehicle days involving loss of potential revenue of Rs.27.34 crore.

(Paragraph 3B.6.6(ii))

The Corporation did not have the party-wise and year-wise details of outstanding advances amounting to Rs.7.26 crore given to suppliers of materials prior to 31 March 1996.

(Paragraph 3B.9.1(c))

Delay in completion of body building for 166 buses resulted in loss of potential revenue of Rs.1.93 crore.

(Paragraph 3B.9.2(iv))

3C Kerala State Warehousing Corporation

Unnecessary retention of cash balances ranging from Rs.0.62 crore to Rs.1.71 crore in 63 current accounts entailed loss of interest of Rs.0.29 crore.

(Paragraph 3C.6)

The Corporation had mainly catered to the storage needs of organised sector and not of the agriculturists which was one of its important objectives.

(Paragraph 3C.8.2)

Storage loss in excess of prescribed norms amounted to Rs.1.37 crore.

(Paragraph 3C.12)

Failure to charge revised storage rates applicable from time to time and omission to enter into contract specifying tariff resulted in non-realisation of Rs.0.50 crore.

(Paragraph 3C.18)

Surplus manpower in warehousing centres resulted in payment of idle wages to the extent of Rs.2.20 crore.

(Paragraph 3C.19)

4. OTHER TOPICS OF INTEREST

A test check of the records of Government companies and Statutory corporations revealed cases of avoidable extra expenditure, losses, etc., as under:

4.1 Government companies

Decision of the Management of The Travancore Cements Limited to invest in grey cement project disregarding the advice of the consultants resulted in infructuous expenditure of Rs.0.73 crore.

(Paragraph 4.1.1.1)

Keeping of huge surplus by Kerala State Beverages (Manufacturing and Marketing) Corporation Limited in term deposit with nationalised/scheduled banks at lesser rate of interest against the Government's instructions and availing of loan thereagainst resulted in avoidable loss of interest of Rs. 0.70 crore.

(Paragraph 4.1.2.1)

Failure of Traco Cable Company Limited to include the normal rate of sales tax (10 *per cent*) in the quoted price resulted in additional burden of Rs.0.48 crore.

(Paragraph 4.1.3)

Failure of Kerala Electrical and Allied Engineering Company Limited to ensure availability of funds resulted in abandonment of project and infructuous expenditure of Rs.1.37 crore.

(Paragraph 4.1.4)

Granting of exemption by Steel Complex Limited to mill owners from payment of sales tax contrary to directions of sales tax authorities resulted in loss of Rs.0.41 crore.

(Paragraph 4.1.5)

Delay by the Kerala State Civil Supplies Corporation Limited of over six years in transferring margin money deposit to regular account of the Company resulted in interest loss of Rs.0.32 crore.

(Paragraph 4.1.6)

4.2 Statutory corporations

4.2.1 Kerala State Electricity Board

Procurement of defective fuse boards, wrong designing of special type steel posts and deterioration of mobile cable fault location equipment, resulted in infructuous expenditure of Rs.16.28 crore.

(Paragraph 4.2.1.1)

Failure to assess the suitability of the new site before relocating the plant resulted in avoidable extra expenditure of Rs.5.70 crore.

(Paragraph 4.2.1.2)

Failure to avail of concessional rate of customs duty by proper registration of contract resulted in avoidable loss of Rs.19.73 crore.

(Paragraph 4.2.1.3)

Failure to conduct proper negotiations or invite open tenders for sale of scrap resulted in loss of Rs.3.01 crore.

(Paragraph 4.2.1.5)

4.2.2. *Kerala State Road Transport Corporation*

Inaction of the Corporation in evicting illegal occupants of stalls resulted in revenue loss of Rs.0.26 crore.

(Paragraph 4.2.2.1)

CHAPTER I

1. GENERAL VIEW OF GOVERNMENT COMPANIES AND STATUTORY CORPORATIONS

1.1 Introduction

As on 31 March 2000 there were 103 Government companies (including 18 subsidiaries) and five Statutory corporations as against 103 Government companies (including 23 subsidiaries) and five Statutory corporations as on 31 March 1999 under the control of the State Government. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors who are appointed by Government of India on the advice of CAG of India as per provision of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per provisions of Section 619 of the Companies Act, 1956. The audit of the Statutory corporations are conducted under the provisions of the respective Acts as detailed below:

Name of the Corporation	Authority of Audit by the CAG	Audit arrangement
1. Kerala State Electricity Board	Section 69(2) of the Electricity (Supply) Act, 1948	Sole audit by CAG
2. Kerala State Road Transport Corporation	Section 33(2) of the Road Transport Corporations Act, 1950.	Sole audit by CAG
3. Kerala Industrial Infrastructure Development Corporation	Section 20(2) of Kerala Industrial Infrastructure Development Act, 1993.	Sole audit by CAG
4. Kerala Financial Corporation	Section 37(6) of the State Financial Corporations Act, 1951.	Chartered Accountants and supplementary audit by CAG
5. Kerala State Warehousing Corporation	Section 31(8) of the Warehousing Corporations Act, 1962.	Chartered Accountants and supplementary audit by CAG

1.2 Investment in Public Sector Undertakings (PSUs)

As on 31 March 2000 the total investment in 108 PSUs (103 Government companies including 18 subsidiaries and five Statutory corporations) was Rs.8413.16 crore (equity: Rs.3083.66 crore and long-term loans: Rs.5329.50 crore) as against the total investment of Rs.7729.75 crore (equity: Rs.2954.01 crore and long-term loans: Rs.4775.74 crore) in 108 PSUs (103 Government companies including 23 subsidiaries and five Statutory corporations) as on 31 March 1999. The analysis of the investment in PSUs is given in the following paragraphs.

1.2.1 Government companies

Total investment in 103 companies (including 18 subsidiaries) as on 31 March 2000 was Rs.2088.52 crore (equity: Rs.1270.59 crore and long-term loans: Rs.817.93 crore) as against the total investment of Rs.2074.78 crore (equity: Rs.1163.69 crore and long-term loans: Rs. 911.09 crore) as on 31 March 1999 in 103 Government companies (including 23 subsidiaries).

The classification of the Government companies was as under:

Status of companies	Number of companies	Investment (Rupees in crore)		Number of companies referred to BIFR
		Paid up capital	Long term loans	
(a) Working companies	90 (90)	1247.70 (1140.80)	796.96 (890.12)	8 [C] (8)
(b) Non-working companies				
(i) Under liquidation	6 [A] (6)	8.86 (8.86)	6.64 (6.64)	---
(ii) Under closure	7 [B] (7)	14.03 (14.03)	14.33(14.33)	---
Total(a+b)	**103** **(103)**	**1270.59** **(1163.69)**	**817.93** **(911.09)**	**8** **(8)**

(Figures in brackets are for previous year)

(**A** Sl Nos. 14, 15, 26, 29, 39 and 70; **B** Sl Nos 9, 21, 25, 40, 48, 50 and 62; **C** Sl Nos.19, 32, 35, 36, 37, 41, 52 and 89 of Annexure 2)

As 13 companies were non-working or under process of liquidation/ closure under Section 560 of the Companies Act for 5 to 17 years and substantial investment of Rs.43.86 crore was involved in these companies, effective steps need to be taken for their expeditious liquidation or revival. The summarised financial results of Government companies are detailed in Annexure 3.

Sector wise investment in Government Companies

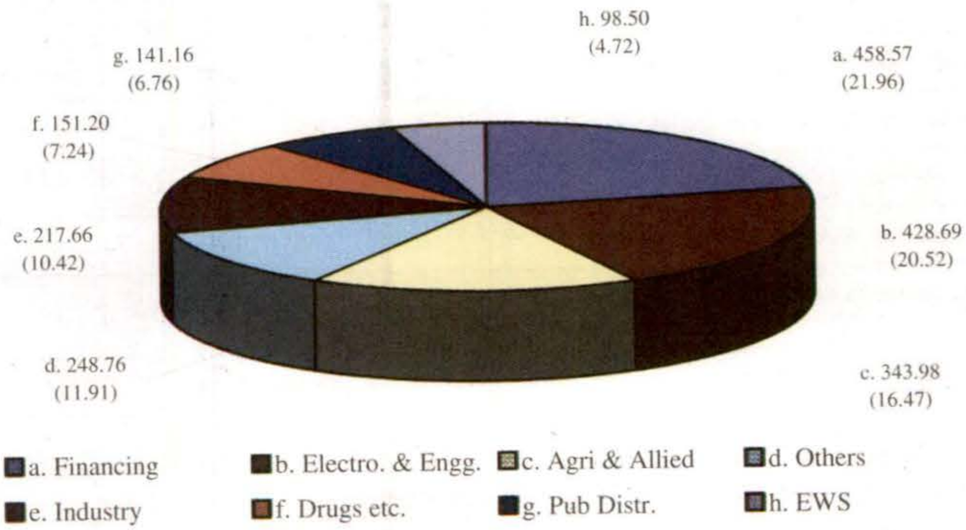
As on 31 March 2000, of the total investment in Government companies, 61 *per cent* comprised equity capital and 39 *per cent* comprised loans compared to 56 *per cent* and 44 *per cent* respectively as on 31 March 1999.

The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2000 and 1999 are indicated below in the pie charts:

Sector wise investment in Government companies as on 31 March 2000

Amount : Rupees in crore

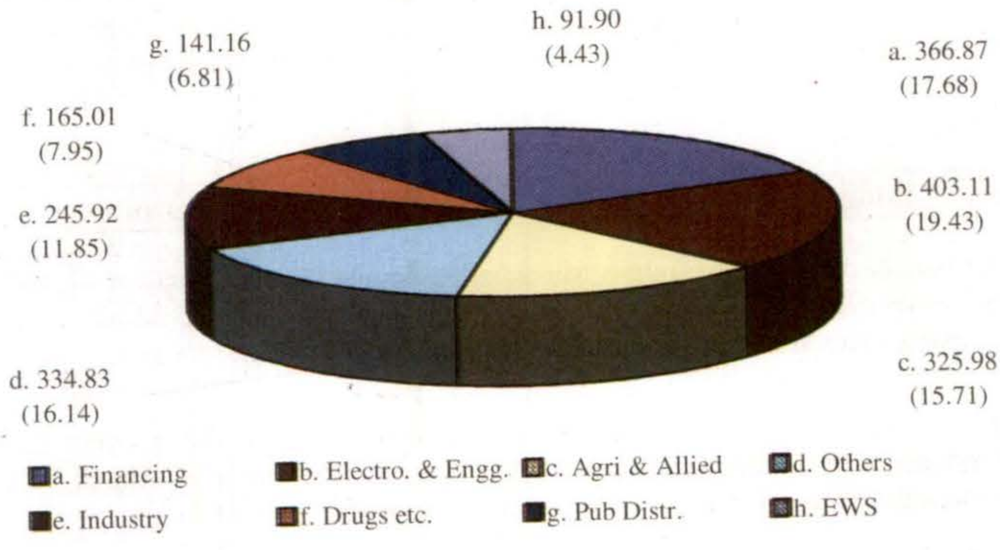
(Figures in bracket indicate percentage of investment)



Sector wise investment in Government companies as on 31 March 1999

Amount : Rupees in crore

(Figures in bracket indicate percentage of investment)



1.2.2 Statutory corporations

The total investment in five Statutory corporations as at the end of March 2000 was as follows:

Name of the Corporation	1998-99		1999-2000	
	Capital	Loan	Capital	Loan
	(Rupees in crore)			
Kerala State Electricity Board (KSEB)	1553.00@	3027.50@	1553.00@	3551.10@
Kerala State Road Transport Corporation (KSRTC)	107.20@	126.87@	115.20@	197.50@
Kerala Financial Corporation (KFC)	105.00	617.13	118.00@	650.91@
Kerala State Warehousing Corporation (KSWC)	6.75@	0.71@	7.50@	0.62@
Kerala Industrial Infrastructure Development Corporation (KINFRA)	18.37*	92.44	19.37*	111.44@
Total	**1790.32**	**3864.65**	**1813.07**	**4511.57**

The summarised financial results of all the Statutory corporations as per the latest finalised accounts are given in Annexure 3 and financial position and working results of individual Statutory corporation for the three years up to 1999-2000 are given in Annexures 5 and 6 respectively.

1.3 Disinvestment, Privatisation and Restructuring of Public Sector Undertakings (PSUs)

The Government had not laid down any policy in regard to disinvestment, privatisation and restructuring of PSUs so far (October 2000). No disinvestment, privatisation and restructuring in PSUs had taken place during the year 1999-2000.

1.4 Budgetary outgo, subsidies, guarantees and waiver of dues

The details of budgetary outgo, subsidies, guarantees issued, waiver of dues and conversion of loans into equity by State Government to Government companies and Statutory corporations are given in Annexures 2 and 4.

The budgetary outgo from the State Government to the Government companies and statutory corporations for the three years up to 31 March 2000 in the form of equity capital, loans, grants and subsidy is given below:

@ Figures are provisional

* represents contributions of Central and State Government by way of Capital grants.

(Amount : Rupees in crore)

	1997-98				1998-99				1999-2000			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity Capital	26	227.95	3	19.25	25	79.31	2	13.25	21	51.65	3	21.75
Loans	19	98.24	2	223.30	18	58.39	2	149.21	16	68.65	2	30.05
Grants	--	--	2	1.18	--	--	1	0.02	...	...	1	3.81
Subsidy towards												
(i) projects/ programmes/ schemes	--	--	--	--	--	--	--	--	...	...	...	...
(ii)other subsidy	7	7.11	1	7.09	10	68.55	1	2.30	18	89.76	1	3.00
(iii)total subsidy	7	7.11	1	7.09	10	68.55	1	2.30	18	89.76	1	3.00
Total outgo	**# 39**	**333.30**	**# 5**	**250.82**	**# 48**	**206.25**	**# 5**	**164.78**	**# 44**	**210.06**	**# 5**	**58.61**

During the year 1999-2000 the Government had guaranteed the loans aggregating Rs.2776.22 crore obtained by 40 Government companies (Rs.1770.46 crore) and two Statutory corporations (Rs.1005.76 crore). At the end of the year guarantees amounting to Rs.6295.85 crore against 36 Government companies (Rs.1716.57 crore) and four Statutory corporations (Rs.4579.28 crore) were outstanding. Government had foregone Rs.1.51 crore by way of loans written off or interest waived in one Statutory corporation during 1999-2000. The Government also converted its loans amounting to Rs.78.80 crore into equity capital in six companies during the year. The guarantee commission paid/payable to Government by Government companies and Statutory corporations during 1999-2000 was Rs.51.75 crore and Rs.15.67 crore, respectively.

1.5 Finalisation of accounts by PSUs

1.5.1 The accounts of the companies for every financial year are required to be finalised within six months from the end of relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 of CAG's (Duties, Powers and Conditions of Service)Act, 1971. They are also to be laid before the Legislature within nine months from the end of financial year. Similarly, in case of Statutory corporations their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

\# *these are the actual number of companies / corporations which have received budgetary support in the form of equity, loans, grants and subsidy from the Government during the respective years.*

However, as could be noticed from Annexure 3, only 18 out of 103 Government companies and none of the five Statutory corporations had finalised their accounts for the year 1999-2000 within the stipulated period. During the period from October 1999 to September 2000, 78 Government companies finalised 99 accounts for the year 1999-2000 or previous years (81 accounts for previous years by 60 companies and 18 accounts for 1999-2000 by 18 companies). Similarly during this period three Statutory corporations finalised three accounts for previous years.

The accounts of other 85 Government companies and five Statutory corporations were in arrears for periods ranging from one year to 17 years as on 30 September 2000 as detailed below:

Sl. No.	Year from which accounts are in arrears	Number of years for which accounts are in arrears	No. of Companies/Corporations		Reference to Serial No. of Annexure 3	
			Government companies	Statutory corporations	Government companies	Statutory corporation
1.	1983-84 to 1999-2000	17	1	...	A-70	...
2.	1985-86 to 1999-2000	15	2	...	A-14, 29	...
3.	1986-87 to 1999-2000	14	1	...	A-21	...
4.	1989-90 to 1999-2000	11	3	...	A-15, 62, 71	...
5.	1990-91 to 1999-2000	10	2	...	A-25, 72	...
6.	1992-93 to 1999-2000	8	3	...	A-9, 39, 68	...
7.	1993-94 to 1999-2000	7	1	...	A-51	...
8.	1994-95 to 1999-2000	6	6	...	A-22, 23, 57, 82, 83, 98	...
9.	1995-96 to 1999-2000	5	4	...	A-26, 78, 85, 86	...
10.	1996-97 to 1999-2000	4	6	...	A- 6, 7, 11, 24, 31, 42	...
11.	1997-98 to 1999-2000	3	9	...	A-2, 5, 27, 34, 40, 49, 50, 61, 74	...
12.	1998-99 to 1999-2000	2	13	1	A- 10, 12, 18, 19, 28, 48, 58, 65, 67, 69, 75, 97, 102	B - 4
13.	1999-2000	1	34	4	A – 1, 13, 17, 20, 32, 33, 35, 37, 38, 41, 43, 44, 45, 46, 47, 52, 53, 54, 55, 56, 59, 60, 66, 73, 76, 84, 88, 90, 91, 92, 93, 96, 101, 103	B – 1, 2, 3, 5
TOTAL			85	5		

Of the above 85 Government companies whose accounts were in arrears, 13 companies were non-working companies (Sl. Nos. 9, 14, 15, 21, 25, 26, 29, 39, 40, 48, 50, 62, and 70 of Annexure 3).

The administrative departments have to oversee and ensure that the accounts are finalised and adopted by PSUs within prescribed period. Though the concerned administrative departments and officials of the Government were apprised quarterly by the Audit regarding arrears in finalisation of accounts, no effective measures had been taken by the Government and as a result, the investments made in these PSUs could not be assessed in audit.

1.5.2 Status of placement of Separate Audit Reports of Statutory corporations in Legislature

The following table indicates the status of placement of various Separate Audit Reports (SARs) on the accounts of Statutory corporations issued by the CAG of India in the Legislature by the Government :

Sl. No.	Name of Statutory Corporation	Year up to which SARs placed in Legislature	Years for which SARs not placed in the Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in the Legislature
1.	Kerala State Electricity Board	1996-97	1997-98	29.8.2000	Legislature not in session since then
			1998-99	Under finalisation	---
			1999-2000	Accounts in arrears	---
2.	Kerala State Road Transport Corporation	1997-98	1998-99	Under finalisation	---
			1999-2000	Accounts in arrears	---
3.	Kerala Financial Corporation	1997-98	1998-99	13.07.2000	Legislature not in session since then
			1999-2000	Accounts in arrears	---
4.	Kerala State Warehousing Corporation	1996-97	1997-98	Yet to be issued by Corporation	---
			1998-99	Accounts in arrears	---
			1999-2000	Accounts in arrears	---
5.	Kerala Industrial Infrastructure Development Corporation	1997-98	1998-99	01.08.2000	Legislature not in session since then
			1999-2000	Under finalisation	---

1.6 Working results of Public Sector Undertakings

According to latest finalised accounts of 103* Government companies and five Statutory corporations, 61 companies and two corporations had incurred an aggregate loss of Rs.163.40 crore and Rs.72.78 crore respectively, 37 companies and three corporations earned an aggregate profit of Rs.184.16 crore and Rs.50.55 crore respectively and four companies had not commenced commercial activities.

The summarised financial results of Government companies and Statutory corporations as per latest financial accounts are given in Annexure 3. Besides, working results of individual corporations for the latest three years for which accounts are finalised are given in Annexure 6.

1.6.1 Government Companies

1.6.1.1 Profit earning companies and dividend

Out of 18 companies (including two subsidiaries) which finalised their accounts for 1999-2000 by September 2000, 11 companies earned an aggregate profit of Rs.54.94 crore and only nine companies (Sl.Nos. 3, 4, 8, 64, 77, 79, 87, 95 and 100 of Annexure 3) declared dividend aggregating Rs.4.57 crore. The dividend as percentage of share capital (Rs.62.63 crore) in the above nine profit earning companies worked out to 7.3. The remaining two profit earning companies did not declare any dividend. The total return by way of dividend of Rs.4.57 crore, worked out to 0.4 *per cent* in 1999-2000 on total equity investment of Rs.1270.59 crore by the State Government in all Government companies as against 0.3 *per cent* in the previous year. The State Government has formulated (December 1998) a dividend policy for payment of minimum dividend. However, these guidelines were complied by only 4 companies (Sl.Nos. 3,8, 87 and 95 of Annexure 3).

Similarly out of 85 companies which finalised their accounts for previous years by September 2000, 26 companies earned an aggregate profit of Rs.129.22 crore and 24 companies earned profit for two or more successive years.

1.6.1.2 Loss incurring companies

Of the 61 loss incurring companies, 47 companies had accumulated losses aggregating Rs.1077.20 crore which exceeded their aggregate paid-up capital of Rs.388.03 crore.

Despite their poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to these companies in the form of contribution towards equity, further grant of loans, conversion

* One company at Sl.No.A-66 of Annexure 3 (Kerala Police Housing and Construction Corporation Limited) transfers its excess of expenditure over income to works accounts as per its accounting policy.

of loans into equity, subsidy, etc. According to available information, the total financial support so provided by the State Government by way of equity, loans, conversion of loans into equity, subsidy, grant, etc., during 1999-2000 to 19 companies out of these 47 companies amounted to Rs. 138.80 crore.

1.6.2 Statutory corporations

1.6.2.1 Profit earning Statutory corporations and dividend

Out of five corporations, which finalised their accounts for previous years by September 2000, two corporations (Sl. Nos. 1 and 4 of Annexure 3) earned a profit of Rs.39.07 crore. These corporations also earned profit for two or more successive years.

1.6.2.2 Loss incurring Statutory corporations

One Corporation (Kerala State Road Transport Corporation) which finalised its accounts for the previous year by September 2000 had incurred a loss of Rs.72.35 crore. This Corporation had accumulated loss of Rs.447.83 crore which had far exceeded its paid-up capital of Rs.107.20 crore. Inspite of poor performance leading to complete erosion of paid-up capital, the State Government continued to provide financial support to Kerala State Road Transport Corporation in the form of contribution towards equity, further grant of loans, etc.. The financial support so provided by the State Government by way of equity amounted to Rs.8 crore during 1999-2000.

1.6.2.3 Operational performance of Statutory corporations

The operational performance of Statutory corporations is given in Annexure 7.

The following points were observed on operational performance of Statutory corporations.

1. Kerala Financial Corporation

Total number of loans disbursed reduced from 2712 (Rs 199.44 crore) in 1997-98 to 1651 (Rs 149.71 crore) in 1999-2000.Percentage of overdue amount to the total loans outstanding increased from 38.91 in 1997-98 to 49.80 in 1999-2000.

2. The operational performance of Kerala State Road Transport Corporation and Kerala State Warehousing Corporation has been discussed in detail in Paragraphs 3B and 3C of Chapter 3 respectively of this Report.

1.7 Return on Capital Employed

As per the latest finalised accounts (up to September 2000), the capital employed worked out to Rs.1935.70 crore in 103 companies and total return thereon amounted to Rs.275.26 crore which is 14.2 *per cent* as compared to total return of Rs.136.73 crore (8.4 *per cent*) in the previous year (accounts finalised up to September 1999). Similarly, the capital employed and total return thereon in the case of Statutory corporations as per the latest finalised accounts (up to September 2000) worked out to Rs.5964.79 crore and Rs.362.24 crore (6.07 *per cent*) respectively against the total return of Rs.306.31 crore (7.2 *per cent*) in the previous year (accounts finalised up to September 1999). The details of capital employed and total return on capital employed in the case of Government companies and Statutory corporations are given in Annexure-3.

1.8 Results of audit by Comptroller and Auditor General of India

During the period from October 1999 to September 2000, the audit of accounts of 58 companies and five corporations were selected for review. The net impact of the important audit observations as a result of review of the PSUs was as follows:

Details	No. of accounts		Rupees in lakh	
	Government companies	Statutory corporations	Government companies	Statutory corporations
i. Decrease in profit	12	1	278.72	395.08
ii. Increase in profit	-	-	-	-
iii. Increase in loss	8	-	215.83	-
iv. Decrease in loss	1	-	31.46	-
v. Non disclosure of material facts	19	2	667.79	1670.81
vi. Errors of classification	7	-	117.65	-

Some of the major errors and omissions noticed in the course of review of annual accounts of some of the above companies and corporations are mentioned below:

A. Errors and omissions noticed in case of Government companies

1. Travancore Sugars and Chemicals Limited (1998-99)

Profit (Rs.2.56 crore) of the Company for the year was overstated by Rs.25.55 lakh due to wrong accounting of unspent balance of grant received from Government as income instead of as current liability.

2. Kerala State Cashew Development Corporation Limited (1994-95)

Loss (Rs.21.63 crore) of the Company was understated to the extent of Rs.1.57 crore due to non-provision of service charges (Rs.8.83 lakh), short provision of sales commission (Rs.0.75 lakh), short provision of transport charges (Rs.3.07 lakh), non-provision of pending claim from LIC (Rs.83.00 lakh) and short provision of guarantee commission to Government (Rs.60.95 lakh).

3. ***Kerala School Teachers and Non-Teaching Staff Welfare Corporation Limited (1994-95)***

Net loss (Rs.9.40 lakh) of the Company for the year was understated by Rs.28.89 lakh due to short provision of interest on loan from HUDCO (Rs.30.32 lakh), short provision of outstanding expenses (Rs.0.38 lakh) and short accounting of interest subsidy reimbursable by Government (Rs.1.81 lakh).

B. Errors and omissions noticed in case of Statutory corporations

Kerala Financial Corporation(1998-99)

Profit (Rs.11.48 crore) was overstated to the extent of Rs.3.95 crore due to short-provision of stamp duty (Rs.40.00 lakh), non-provision of Income Tax (Rs.2.93 crore) and non-provision of interest on bonds (Rs.61.64 lakh).

B.1. Audit assessment of the working results of Kerala State Electricity Board

Based on the audit assessment of the working results of the Kerala State Electricity Board (KSEB) for the three years up to 1998-99 and taking into consideration the major irregularities and omissions pointed out in the SARs on the annual accounts and not reckoning the subsidy/subventions receivable from the State Government, the net surplus/deficit and the percentage of return on capital employed would be as given below:

Sl No	Particulars	1996-97	1997-98	1998-99 (Provisional)
		(Rupees in crore)		
1.	Net surplus/(-) deficit as per accounts	23.99	24.62	38.75
2	Subsidy from the State Government	278.02	321.31	301.71
3	Net surplus/(-) deficit before subsidy from the State Government (1-2)	(-)254.03	(-)296.69	(-)262.96
4	Net increase/decrease in net surplus / (-) deficit on account of audit comments on the annual accounts	(-)16.44	(-)101.24	Under audit
5	Net surplus / (-) deficit after taking into account the impact of audit comments but before subsidy from the State Government (3-4)	(-)270.47	(-)397.93	-do-
6	Total return on capital employed	(-)90.31	(-)17.29	-do-
7	Percentage on total return on capital employed.	-	-	-do-

It is evident from the above, that the surplus of Rs.24.62 crore for the year 1997-98 was arrived at after taking credit for Government subsidy of Rs.321.31 crore. But for the above subsidy, the working of the Board would have resulted in a deficit of Rs.296.69 crore.

C. Persistent irregularities and system deficiencies in financial matters of PSUs

The following persistent irregularities and system deficiencies in financial matters of PSUs had been repeatedly pointed out during the course of audit of their accounts but no corrective action taken by these PSUs so far:

Statutory corporations

a) Kerala State Electricity Board

1) Depreciation in respect of assets put to use was not being provided for.

2) Value of assets commissioned/put to use and also expenditure incurred on abandoned projects included under capital work-in-progress.

3) Sundry debtors for sale of power includes dues from 1982 onwards without details.

4) Payments made towards advances to suppliers/contractors remaining unadjusted .

5) Compilation and reconciliation of General Provident Fund being in arrears.

b) Kerala State Road Transport Corporation

1) Non-capitalisation and non provision of depreciation on Chief Office building already put to use

2) Non-maintenance of assets register

3) Sales relating to 1985-86 yet to be invoiced for want of details.

4) Inclusion of expenditure incurred on interior arrangement/decoration (in a hired building during the period from 1984-85 to 1987-88 and surrendered in March 1988) in capital works.

5) Short term advances to employees being shown after adjusting credit balances.

6) Non-reconciliation of General Provident Fund, State Transport Provident Fund accounts and non-provision of liability on account of pension and gratuity on accrual basis.

c) Kerala Financial Corporation

1) Non-provision of interest on bonds.

2) Non-accountal of all expenses on accrual basis instead of cash basis in terms of directions of Government of Kerala and IDBI.

D. Closure of PSUs

Even after completion of five years of their existence, the turnover of 41[@] Government companies and one[*] Statutory corporation have been less than Rs.5 crore in each of the preceding five years. Similarly, eight[#] Government companies had been incurring losses for five consecutive years (as per latest finalised accounts) leading to a negative net worth. In view of poor turnover and continuous losses, the Government may either improve performance of above 49 Government companies and one Statutory corporation or consider their closure.

1.9 Position of discussion of Audit Reports (Commercial) by Committee on Public Undertakings (COPU)

Period of Audit Report	Total no. of Reviews and paragraphs in the Audit Report		No. of reviews and paragraphs pending (October 2000) discussion by COPU	
	Reviews	Paragraphs	Reviews	Paragraphs
1988-89	8	24	--	--
1989-90	4	16	--	1
1990-91	5	17	1	1
1991-92	6	19	--	1
1992-93	4	28	--	8
1993-94	5	30	3	5
1994-95	5	27	3	10
1995-96	5	30	3	23
1996-97	5	28	3	24
1997-98	4	29	4	21
1998-99	3	39	3	39

During the year 1999-2000, COPU considered two reviews and 11 paragraphs relating to the year 1991-92 (one paragraph), 1993-94 (three paragraphs), 1994-95 (one review), 1995-96 (one paragraph), 1996-97 (two paragraphs and one review) and 1997-98 (four paragraphs). Selective approach has been adopted by COPU for discussion of paragraphs and accordingly COPU has decided not to consider the remaining paragraphs up to the year 1987-88. As at the end of September 2000, 35 reports of COPU were pending settlement and remedial Action Taken Notes on 84 audit paragraphs relating to the year 1988-89 onwards are pending receipt from Government.

@ Sl.No.A-6,11,12,13,16,22,23,24,28,30,31,34,44,46,47,49,51,54,58,59,60,64,67,68,69,71, 72,73,74,79,82,85,86,89,94,97,98,99,101,102,103 of Annexure-3

* Sl.No. B-5 of Annexure-3

\# Sl.No. A-27,32,37,38,52,55,75,83 of Annexure-3

1.10 619-B Companies

Some non-Government companies are deemed to be Government companies under Section 619-B of the Companies Act, 1956 for the limited purpose of extending to them the provisions relating to audit of Government companies contained in Section 619 of the Act. There were five such companies covered under Section 619-B of the Act. The table given below indicates the details of paid-up capital and working results of these companies based on the latest available accounts:

Name of company	Year of accounts	Paid-up capital	Investment by			Profit(+)/ Loss(-)	Accumulated Loss.
			State Govt.	Govt. companies	Others		
		(Rupees in lakh)					
1. Vanchinad Leathers Limited (under liquidation)	1986-87	59.94	...	17.59	42.35	(-)64.74	401.12
2. Kinfra Export Promotion Industrial Parks Limited	1998-99	30.01	...	30.01	...	(+)1.04	Nil
3. Kinfra International Apparel Parks Limited	1998-99	25.01	...	25.01	...	Commercial activities not yet commenced.	
4. Marine Products Infrastructure Development Corporation Limited	Incorporated on 8.3.1999 First Accounts not prepared	500.00	...	500.00	...	...	
5. Cochin International Airport Limited	1998-99	6616.37	2185.00	1260.00	3171.37	Commercial activities not yet commenced.	

1.11 Companies not subject to audit by CAG of India

The State Government had invested Rs.3.41crore in seven companies which were not subject to audit by the CAG as the aggregate amount of investment made by the State Government by way of share capital was less than 51 *per cent* of the share capital of the respective companies. The particulars of such companies in which the investment of State Government by way of share capital was more than Rs.10 lakh in each case as on 31 March 2000 are given in Annexure 1.

CHAPTER II

REVIEW RELATING TO GOVERNMENT COMPANY

2. KERALA STATE FILM DEVELOPMENT CORPORATION LIMITED

Highlights

As the Company could not evolve a definite programme for modernisation of the Chitranjali Studio Complex, a sum of Rs.2.63 crore out of Rs.3.85 crore received from Government under Plan schemes was diverted for other purposes.

(Paragraph 2.6.1)

A sum of Rs.4.67 crore, out of Rs.5.97 crore borrowed from Government, was utilised for discharging earlier loans (Rs.1.50 crore) and interest including penal interest accrued thereon(Rs.3.17 crore). Besides, a sum of Rs.1.12 crore was also utilised for payment of additional compensation for land acquired.

(Paragraph 2.6.2)

An amount of Rs.2.11 crore was outstanding from film producers out of which Rs.0.76 crore was outstanding for more than three years.

(Paragraph 2.7(iii))

Short recovery of silver in laboratory, damage of films due to machine breakdown and excess wastage of films resulted in loss of Rs.0.58 crore.

(Paragraphs 2.8.4.2.1 and 2.8.4.2.2)

Excess consumption of chemicals caused a loss of Rs.0.32 crore while excess holding of inventory resulted in loss of interest of Rs.0.30 crore.

(Paragraphs 2.8.4.2.3 and 2.8.7)

The Company's contribution in production of Malayalam films was very poor as it contributed only 44 films as against 374 films produced and certified in the State during the last five years up to 1999-2000.

(Paragraph 2.8.8.1.1)

The Company extended advance credit of Rs.0.85 crore in the form of subsidy to the producers of films even before sanction of the Government resulting in an interest loss of Rs.0.28 crore.

(Paragraph 2.8.8.1.2)

Undue payments and loss of interest in the Thrissur theatre project amounted to Rs.0.20 crore. Further, 28 out of 38 shops constructed (June 1997) at Thrissur theatre-cum-shopping complex could not be leased out resulting in loss of interest amounting to Rs.1.28 crore on idle investment.

(Paragraph 2.9.1)

Short fall in income from theatres due to low occupancy amounted to Rs.2.74 crore.

(Paragraph 2.9.2.1)

Investment in incomplete theatre projects resulted in interest loss of Rs.0.56 crore

(Paragraph 2.9.3)

2.1 Introduction

Kerala State Film Development Corporation Limited was incorporated in July 1975 as a fully owned Government Company.

2.2 Objectives

The main objects of the Company are:

(i) to carry on the business of cinematograph, trade and industry and all its allied trades and business particularly construction and running of studios, laboratories, theatres and stages for the production of films; provision of technical and social amenities for the development of film industry on modern lines; giving of awards, subsidies and holding of film festivals for the improvement and encouragement of better quality films; and

(ii) to carry on the business of production of films for entertainment, amusement, television publicity, education and instruction.

2.3 Present activities

The Company's Chithranjali Studio at Thiruvallom started its operations from July 1983 with facilities for indoor and outdoor shooting, recording, editing, processing, printing and preview of films. There are eight theatres (three at Thiruvananthapuram, two at Kozhikode, two at Thrissur and one at Cherthala) owned by the Company.

The activities of the Company at present are confined to operating the Studio Complex and running of theatres.

2.4 Organisational set-up

The management of the Company is vested in a Board of Directors nominated by the State Government. Even though Government had issued (December 1986) general guidelines limiting the number of Directors of PSUs between 7 and 11, the number of Directors of the Company stood between 17 and 21 during the five years ending 31 March 2000.

The Company has a full time Chairman and a Managing Director. The Managing Director is the chief executive of the Company and he is assisted by a Studio Manager, a Project Engineer and a Secretary-cum-Finance Manager. There were five changes in the incumbency of the post of Managing Director during the five years upto 1999-2000 and their tenure ranged from two months to twenty-one months, thus, depriving the Company of long-term leadership.

2.5 Scope of Audit

The performance of the Company was last reviewed in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1989 (Commercial), Government of Kerala. However, the Committee on Public Undertakings had not discussed the review so far (August 2000). The activities of the Company during the five years up to 1999-2000 were reviewed in audit between November 1999 and May 2000 and findings are discussed in the succeeding paragraphs.

2.6 Finance and Resources

2.6.1 Share Capital

As against the authorised share capital of Rs.15 crore, the paid-up capital of the Company as on 31 March 2000 stood at Rs.14.56 crore which was contributed by the State Government. During the five years ended 1999-2000, the Company received Rs.3.85 crore as share capital contribution under plan schemes for the modernisation of the Chithranjali Studio Complex. However, the Company could not so far (March 2000) evolve a definite programme for modernisation of the Chithranjali Studio Complex and the facilities to be created .

The Management stated (March 2000) that out of Rs.3.85 crore, a sum of Rs.1.22 crore was spent for procurement of studio equipment during the last five years and the balance fund was utilised for the project at Thrissur. However, it was observed in audit that the Plan proposals envisaged (October 1994) that the cost of Thrissur project would be met through loans raised from financial institutions. Funds amounting to Rs.2.63 crore earmarked for modernisation of the studio were thus diverted and used for Thrissur Project.

2.6.2 Borrowings

The total borrowing of the Company as on 31 March 2000 was Rs.8.44 crore. During the five years ended 31 March 2000, the Company borrowed a sum of Rs.5.97 crore from Government, out of which Rs.2.12 crore was treated as interest free loan. The borrowed funds were mainly utilised for clearance of the earlier loans of Rs.1.50 crore (Canara Bank : Rs.62.22 lakh; Kerala Toddy Workers Welfare Fund Board : Rs.87.50 lakh) and for payment of additional compensation of Rs.1.12 crore to the owners of land acquired. Since the repayment schedule was not adhered to, the above balance of loans availed during 1981-83 from Canara Bank and Kerala Toddy Workers Welfare Fund Board for the construction of theatres had to be repaid (1995-96 to 1998-99) with interest including penal interest thereon amounting to Rs.3.17 crore.

In respect of Rs.2.55 crore availed from Housing and Urban Development Corporation Limited for Thrissur theatre project during February 1998 to February 1999, the Company could not adhere to the repayment schedule due to which the overdue instalments and interest including penal interest thereon amounted to Rs.58 lakh and Rs.16.78 lakh respectively as on 31 March 2000.

2.7 Financial position and working results

The Company had finalised its accounts up to the year 1997-98 and thereafter had prepared provisional accounts for the year 1998-99 only. The financial position and working results of the Company for each of the five years up to 31 March 1999 are detailed in Annexures 8 and 9 respectively.

It was observed from these Annexures that

(i) The accumulated loss of the Company upto the year 1998-99 amounted to Rs. 13.90 crore which represented 108.5 *per cent* of the paid up capital. The net worth of the Company has been fully eroded and was negative from 1994-95 onwards.

(ii) The borrowings of the Company which were mainly received from Government increased four fold during the five years ended 31 March 1999.

(iii) The current assets, loans and advances as at 31 March 1999 (Rs.4.42 crore) include a sum of Rs.2.11 crore representing book debts, of which Rs.76.45 lakh was more than three years old. The Company did not have the required details of these old debtors. A firm of Chartered Accountants was engaged (February 1999) to analyse the list of debtors and assess the actual outstandings from individual debtors latest by 15 March 1999. The firm could not complete the work by the prescribed date and was still on the job and up to June 2000 could furnish details of debts amounting to Rs.32.32 lakh only. In the absence of individual debtors' details and action to recover the dues, the scope for realisation of book debts was rather remote.

(iv) The Company had been incurring losses ever since its inception except during 1996-97 and 1998-99. The profit of Rs.17.84 lakh in 1996-97 was due to the reduction in interest liability (Rs.22 lakh) on account of interest free loans given by the Government and a net income of Rs.23 lakh from the conduct of film festival. The small profit as per provisional accounts for 1998-99 was due to write back of interest on loan from Canara bank consequent on a one time settlement (Rs.78.68 lakh) and non-provision of interest on Government loans (Rs.25.21 lakh). The loss in other years since inception was attributed mainly to poor utilisation of the facilities on account of obsolescence of equipment due to technological changes, non-modernisation of studio and underutilisation of capacity.

2.8 Chithranjali Studio Complex

The Chithranjali Studio Complex, constructed at a cost of Rs.5.48 crore at Thiruvallom, became operational from July 1983 onwards. The cameras and other equipment of the Studio had become outdated (March 2000) and there were no concrete proposals with the Company for their modernisation. It was observed that though while submitting the proposal for plan funds to Government, the Company had indicated the broad requirement of funds for modernisation of studio, it had failed to identify the specific areas to be modernised. As a result of this and the tight financial position, of Rs.3.85 crore received for modernisation during five years up to 1999-2000, only Rs.1.22 crore could be utilised and balance Rs.2.63 crore was diverted for Thrissur project as discussed in paragraph 2.6.1 supra. The utilisation of the facilities created in the Chithranjali Studio Complex was very low as discussed below:

2.8.1 Landscape

The landscape project was undertaken in the Chithranjali Studio Complex for rendering the location suitable for film shooting at a cost of Rs.7.33 lakh in 1981-82. The Company could earn only Rs.1.56 lakh during the five years up to March 2000 from hiring out the area for shooting purposes. In reply to Audit enquiry, the Management stated (March 2000) that the landscape at Chithranjali Studio Complex had become too familiar to viewers and producers had therefore started avoiding this location to avoid the monotony of its repetition in their films. The Company had not taken any steps for beautification or change of landscape scenery to solve this problem.

2.8.2 *Shooting floor*

Utilisation of shooting floor was very poor

The Chithranjali Studio Complex has a shooting floor constructed (1982) at a cost of Rs.30.65 lakh covering an area of 17470 sq.ft and comprising a carpentry workshop for fabrication of Studio sets. During the five years ended 1999-2000, the shooting floor was utilised for 124 days indicating a capacity utilisation of 6.8 *per cent* only and the revenue earned was Rs.2.41 lakh. In reply to Audit enquiry, the Management stated (March 2000) that the general tendency of the producers for outdoor shooting had minimised the utilisation of the shooting floor.

2.8.3 *Outdoor units*

Obsolescence of camera equipment led to underutilisation of outdoor units

The Chithranjali Studio Complex had five operational camera units (outdoor units) commissioned during the period July 1976 to May 1982 at a cost of Rs.33.10 lakh and the units were given on hire to film producers on call sheet/day* basis. One of the units (viz.35mm camera) was converted (December 1996) into a cinemascope unit having facility on par with the latest technology available at that time (Arri III series of Camera) by investing Rs.13.05 lakh. During the five years ended 1999-2000, the capacity utilisation of cinemascope unit varied from 13.62 *per cent* to 42.86 *per cent*, that of 35mm units from 12.83 *per cent* to 31.59 *per cent* and that of 16mm unit from 2.62 *per cent* to 19.14 *per cent*. The total revenue earned during the five years up to 1999-2000 was Rs.1.06 crore. The Management in reply to Audit enquiry stated (March 2000) that underutilisation was due to obsolescence of camera equipment. However, the Company had not taken any action for modernisation/replacement of camera equipment.

2.8.4 *Laboratory*

2.8.4.1 *Underutilisation of capacity*

The operating capacity of the laboratory was not fully utilised

The Company had installed (1975) equipment valued at Rs.1.46 crore in the laboratory for processing and printing both black and white and colour films. The Company had been undertaking printing of films for Films Division and Armed Forces Film Photo Division, New Delhi apart from films produced in its own studio. The underutilisation of the operating capacity of the laboratory during the five years up to 1999-2000 resulted in a short fall in revenue to the tune of Rs.14.66 crore as detailed below.

* One call sheet represents eight machine hours

Period	Available capacity for 350 operating days (feet in lakh)	Total length printed (feet in lakh)	Utilisation of capacity (per cent)	Income earned (Rs. in lakh)	Unutilised capacity (feet in lakh)	Short fall in revenue (Rs. in lakh)
1995-96	875.42	92.02	10.51	22.69	783.40	193.16
1996-97	806.40	70.52	8.74	30.18	735.88	314.95
1997-98	806.40	83.28	10.33	35.56	723.12	308.77
1998-99	806.40	70.41	8.73	38.80	735.99	405.57
1999-2000	504.00*	83.35	16.54	48.22	420.65	243.36
Total		**399.58**		**175.45**		**1465.81**

The Management in reply to Audit enquiry stated (March 2000) that the loss on account of underutilisation was mainly due to lack of work orders which in turn was due to technological changes. However, no action was taken to overcome this problem so as to make the laboratories more income earning.

2.8.4.2 Processing and printing of films

2.8.4.2.1 Short recovery of silver

Shortfall in recovery of silver against prescribed norms resulted in a loss of Rs.0.35 crore

Processing of films in hypo solution (Sodium Thiosulphate) leaves behind some quantity of silver. As per the project report of September 1982 the quantities of silver thus recovered would be 30 grams per 1000 feet of black and white films and 15 grams per 1000 feet of colour films. The recovered silver is sold in auction in the form of silver flakes at periodic intervals. During the five year period ended 31 March 2000 the Company processed 5.90 lakh feet of black and white and 392.21 lakh feet of color films and recovered 77.203 kg of silver as against 606.023 kg recoverable as per norms, resulting in a short recovery of 528.820 kg worth Rs.35.01 lakh. In spite of the fact that the short recovery was to the tune of 87 *per cent,* the Management had not, so far (June 2000), investigated the reasons for the shortfall in recovery and consequent loss of revenue.

2.8.4.2.2 Loss due to excess wastage of films during printing

The Company was eligible for compensation for normal losses during processing and printing of films in terms of wastage allowance which varied from 8 *per cent* to 20 *per cent* of the total films printed. A review of consumption of films as per the daily printing reports revealed that the actual wastage during the period of five years up to 1999-2000, in 208 cases was 201070 feet, whereas the Company was eligible for wastage allowance of 84980 feet only resulting in excess wastage of 116090 feet valued at Rs.3.99 lakh. The Company had not investigated the reasons for the excess wastage.

Frequent mechanical and electrical break-down resulted in damage to films and loss of Rs.0.19 crore

The equipment for processing and printing of both black and white and colour films suffered frequent breakdowns due to mechanical /electronic fault resulting in damage to films. The Company had to resort to reprinting these

* The capacity was reduced to 504.00 lakh feet in 1999-2000 due to operation of the laboratory on single shift basis instead of double shift basis done in earlier years.

films. During the period of five years up to 1999-2000, the Company had to reprint 176664 meters of films resulting in a loss of Rs.19.43 lakh.

The Company had not devised any strategy to take up preventive maintenance to avoid such breakdowns and consequent loss.

2.8.4.2.3 *Excess consumption of chemicals*

Chemicals worth Rs.0.32 crore were consumed in excess of norms during processing of films

The processing of films involves various stages and in each stage, the film has to be immersed in a particular type of chemical solution. The mixing of chemicals and their proportions are provided by KODAK FORMULA which the Company has been following. The analysis of the usage of chemicals for various stages revealed that as against a quantity of 2171.51kg required for processing 398.11 lakh feet films (@2.4 kg/44,000 ft.) during the five year period ended 1999-2000, the actual consumption was 44574.55 kg resulting in an excess consumption of 42403.04 kg valued at Rs.31.77 lakh.

The Management in reply to Audit enquiry, stated (March 2000) that optimum utilisation was not practical as the chemicals were to be changed after a certain period to avoid algae formation and contamination even without processing any footage. The reply was not convincing because the excess consumption was as high as 1953 *per cent* which was very abnormal..

2.8.5 *Editing rooms*

2.8.5.1 *Underutilisation of capacity*

Underutilisation of editing rooms resulted in loss of potential revenue of Rs.0.85 crore

The studio has eight editing rooms with six editing machines (five 35mm machines and one 16mm machine) installed at a cost of Rs.12.68 lakh during the period from 1978 to1982. The editing machines were hired out to the producers on call sheet/hourly basis. The utilisation of the 35mm machines was between 11 *per cent* to 18 *per cent* during the five year period ended 1999-2000. Out of the 210000 hours available during the above period of five years, the machines were utilised for 31489 hours only (15 *per cent*) and the income earned was only Rs.15 lakh which meant a shortfall in potential revenue to the extent of Rs.85 lakh. The 16 mm machine was idling during all the five years up to 1999-2000.

The Management in reply to Audit enquiry, stated (March 2000) that the machines were idling due to obsolescence. However the Company had not taken any action for modernisation of these machines.

2.8.5.2 Payment of idle wages

Salaries and wages paid to the idle staff amounted to Rs.0.07 crore

Since the editing machines were hired out to private parties, the five employees (one Film Editor, two assistant Editors and two attenders) of the editing department were engaged for documentary works and maintenance work of machines which lasted for a period of 142 days only during the five years up to 1999-2000. There was no editing work after January 1997 except for three months from May 1999 to July 1999. The idle expenditure towards salary and wages of these employees from January 1997 to March 2000 was Rs.7.71 lakh.

The Management in reply to Audit enquiry, stated (February 2000) that it would deploy the surplus staff in other departments and theatres in future.

2.8.5.3 Hiring of Steenbeck editing machine

The Chithranjali Studio Complex took on hire (April 1997) a Steenbeck editing machine from National Film Development Corporation Limited (NFDC), Mumbai on a monthly rental charge of Rs.20000. Due to frequent machine faults and outdated technology, the Studio asked (March 1998) NFDC to take back the machine. However, NFDC had not acted on the Company's request so far (June 2000). The liability towards the rent for the period April 1997 to March 2000 amounted to Rs.7.20 lakh. The actual revenue earned from the producers as hire charges during the period April 1997 to March 2000 amounted to Rs.0.38 lakh resulting in loss to the extent of Rs.6.82 lakh. The total loss amounted to Rs.7.65 lakh (including Rs.0.83 lakh spent for transportation and cost of new lens).

The Management in reply to Audit enquiry, stated (March 2000) that the machine had become obsolete and the rental charges would not be paid and that the cinemascope lens purchased (cost: Rs.0.50 lakh) would be put to other use.

2.8.6 Idling of machines

Obsolete machines were not disposed of

As early as March 1986 the Government directed the Company to dispose of all obsolete equipment and unviable units. Accordingly, the Managing Director was authorised (April 1986) to make a detailed assessment and to take action for disposal of obsolete equipment. Twenty-five machines were found idling of which the value of 17 machines alone were available which amounted to Rs.69.58 lakh. The Company was not able to assess the value of the remaining machines. No effective action was taken by the management to dispose of the idling machines so far (March 2000).

2.8.7 *Excess holding of inventory*

Inventory held was far in excess of requirements

The annual expenditure on consumption of raw materials, spares, etc., increased from Rs.8.90 lakh in 1994-95 to Rs.23.67 lakh in 1998-99. The value and the extent of stock of spares held in stock in terms of month's consumption during the period were as under :

Period	Value of the stock held at the year end (Rs. in lakh)	Average consumption per month	Stock in terms of months' consumption	Excess stock held* (Rs. in lakh)	Interest loss (Rs. in lakh)
1994-95	66.01	0.75	88.63	63.77	11.48
1995-96	35.72	0.52	68.65	34.16	6.15
1996-97	43.57	0.82	53.10	41.11	7.40
1997-98	17.27	1.78	9.56	11.85	2.13
1998-99	19.28	1.97	9.78	13.37	2.41
Total					**29.57**

The excess inventory holding over and above the normal stock requirement equivalent to three months' consumption ranged from Rs.11.85 lakh to Rs.63.77 lakh during the five years ending 1998-99 which resulted in a loss of Rs.29.57 lakh by way of interest @ 18 *per cent* per annum on blocked capital. The Management in reply to Audit enquiry, stated (March 2000) that the stock of stores included stock of films belonging to Films Division and Armed Forces Film Photo Division which were taken to the Company's stock as their security was the Company's responsibility. The reply could not be verified in the absence of detailed stock accounts.

2.8.8 *Production of films and documentaries*

2.8.8.1 *Film production*

2.8.8.1.1 *Shortfall in production of feature films*

The Company's contribution to the production of Malayalam films was very poor

The Company established the Chithranjali Studio Complex with a view to provide all facilities necessary for the purpose of indoor and outdoor shooting and particularly to attract Malayalam film producers. The revised project report of September 1982 envisaged the production of 65 feature films annually from 1985-86 onwards, in this studio. During the five years ended 1999-2000 as against 374 Malayalam films produced and certified, the Company`s contribution was only 44. In spite of offering several new facilities such as subsidy, credit card scheme, lower rates compared to other studios, etc., to the producers, the Company could not attract sufficient number of producers. The extension of incentives had, thus, only increased the Company's financial burden instead of achieving the desired objective of increasing the production of films.

* after allowing three months` consumption as normal stock

The Management in reply to Audit enquiry, stated (March 2000) that financial constraints and non-modernisation of Studio were the reasons for the poor performance.

2.8.8.1.2 Extension of credit against anticipated sanction of subsidy

Advance credit of subsidy resulted in interest loss of Rs.0.28 crore

The grant of subsidy to films produced in Kerala and those produced utilising the facilities available with the Studio are governed by the rules framed (April 1985) by Government of Kerala as revised from time to time, the latest revision being from 1 April 1997. The subsidy released to the Company was to be adjusted against producers' dues /or passed on to them as such. But the Company had been settling the bills of producers after adjusting the eligible subsidy even before sanction of the subsidy. In respect of 27 films produced, for which the bills were settled during the period December 1995 to February 1999, the subsidy of Rs.84.88 lakh was sanctioned and received only in May 1999. The advance credit given to producers thus resulted in an interest loss of Rs.19.37 lakh to the Company. Besides, in respect of 30 other films, subsidy of Rs.68.45 lakh had been adjusted in advance during the period March 1999 to March 2000; but the subsidy amount had not even been sanctioned so far (March 2000) by the Government. Thus, advance credit given to producers of these 30 films had already (up to March 2000) led to a loss of interest of Rs.8.45 lakh and would increase further till actual receipt of subsidy amount.

2.8.8.1.3 Production of a children's film

Funds received for children's film were utilised for other purposes

Government agreed (March 1995) to bear one third cost of production of a children's film costing Rs.40 lakh by the Company and permitted it to retain the entire proceeds therefrom estimated at Rs.68 lakh. The Company did not take (March 2000) any concrete steps for the production of the film despite release of a sum of Rs.9.50 lakh up to April 1996 by Government and the amount was diverted for revenue expenses.

The Management in reply to Audit enquiry, stated (March 2000) that the amount received was utilised for other purposes due to financial difficulties.

2.8.8.2 Production of video cassettes

The production of video cassettes started (July 1989) by the Company with an initial expenditure of Rs.5.90 lakh had to be abandoned later due to lack of demand for cassettes. Cassettes (1699 numbers) costing Rs.3.40 lakh were disposed of (July 1997) realising only Rs.0.16 lakh. Embarking on production of cassettes without properly assessing the demand thus resulted in a loss of Rs.3.24 lakh besides rendering the expenditure of Rs.5.90 lakh on the facility idle.

2.8.9 Credit card scheme

The Company introduced (December 1998) a Credit Card Scheme which envisaged the production of high budget films (costing above Rs.50 lakh each) with credit facility to producers, similar to that in private laboratories. Under the scheme, the producers on furnishing a bank guarantee for a sum up to Rs.10 lakh could avail the Studio's facilities for double the amount and could get ninety days' credit interest-free. During the period December 1998 to March 2000, though 14 producers started production of films by furnishing bank guarantee as envisaged in the scheme, none of them was a high budget film. As the Company was already extending credit as evidenced from the outstanding dues from producers, the scheme did not serve any additional purpose while the Company was losing interest of 90 days for the credit extended. Of the 14 films produced, the Company had outstanding dues of Rs.36.28 lakh in respect of three producers even after invoking bank guarantee and adjustment of subsidy.

2.8.10 Delay in revision of rates

Delay in implementing rate revision in studio resulted in a revenue loss of Rs.0.12 crore

The technical facilities available at the Studio are utilised for the films produced by the Company and also hired out to outside parties on rental basis either individually or under Package/Mini Package/Credit card Scheme. There was no costing procedure in vogue to determine the basis for fixation of rates for various facilities. The Company took the rates prevailing in private studios in Chennai as the basis for fixation of rates. However, the rates fixed thereafter were very much low, compared to the rates realised by such private studios in Chennai offering identical facilities and there was heavy time lag also in effecting revisions. It was noticed that the studios at Chennai revised their rates during August 1996, but the Company took an unduly long period of seventeen months to revise (January 1998) its rates. Granting a reasonable period of three months, after the revision by Chennai based studios the delay of 14 months for implementing the revision resulted in a revenue loss of Rs.11.73 lakh on a few selected items such as out door units, processing and printing, package schemes and mini package schemes.

2.9 Theatre projects

2.9.1 Thrissur theatre project

The Company finalised (August 1996) a project for the construction of a twin theatre cum shopping complex at Thrissur at an estimated cost of Rs.3.32 crore. The civil work of the project was awarded (November 1996) to a contractor (M/s. Manohara Constructions, Thiruvananthapuram) at a cost of Rs.1.70 crore with a schedule to complete the same by May 1998 and the work in respect of electrical, sanitary and allied works were awarded (1997-98) to various contractors at an estimated cost of Rs.1.60 crore. The entire civil work and the necessary electrical, air conditioning, furnishing of chairs, etc., were completed and the theatre was commissioned on 1 April 1999 at a cost of

Rs.4.56 crore. The total project cost worked out to Rs.6.49 crore (civil, electrical, furniture, etc.: Rs.4.56 crore, Digital Track Sound system: Rs.16.90 lakh, land value: Rs.75 lakh, finance charges: Rs.78.73 lakh, and architectural and construction management fees: Rs.21.67 lakh). Audit scrutiny revealed the following:

Competitive bidding was not ensured for selecting architects for Thrissur theatre project

(i) The Company engaged (August 1994) a firm of architects(M/s.Jose, Ramesh and Babu, Kozhikode) for the preparation of architectural design, structural design, estimate, etc., for the Thrissur project on a fee of three *per cent* of the actual cost of construction plus supervision charges at the rate of Rs.1000 per visit, without inviting quotations and without assessing their previous experience in the field.

Payment of additional fee for 'Construction Management' resulted in undue benefit of Rs.0.12 crore to the architects

(ii) By another agreement executed (October 1996), the same architects were also engaged for the work of 'Construction Management' of the theatre project on a further fee of three *per cent* of the total cost of the project. While as per item 7 of the first agreement, the architects were specificially excluded from checking reinforcement, supervision of concreting and structural work, preparation of bills, quantities, etc., these were required to be executed as per the latter agreement. Moreover the Company had engaged its own site engineer at the project site during the execution of the work. In the circumstances, engagement of the firm of architects for 'Construction Management' on additional fee was unjustified and resulted in an undue benefit to the tune of Rs.12.66 lakh to them.

(iii) The Company incurred an expenditure of Rs.7.19 lakh by way of interest due to (a) taking loan from Kerala State Housing Board at a higher rate of interest of 21.5 *per cent* which was necessitated due to delay in obtaining Government sanction for the loan from HUDCO (Rs.2.63 lakh), (b) releasing the retention amount (Rs.13.53 lakh) to the civil works contractor while passing the part contract certificate bills instead of retaining it till completion of the work (Rs.2.53 lakh), (c) delay of about 22 months in erection and commissioning of the passenger lift (Rs.1.23 lakh) and (d) idling of transformer for nearly two years (Rs.0.80 lakh).

Delay in allotment of shops resulted in interest loss of Rs.1.28 crore

(iv) Of the 38 Shops in the theatre-cum-shopping complex which were constructed in June 1997 and proposed to be allotted on lease for a period of 99 years, the Company could so far (June 2000) allot only 10 shops (nine shops on outright sale basis for a consideration of Rs.1.65 crore and one shop on a lease deposit of Rs.8.16 lakh). The remaining 28 shops costing about Rs.2.13 crore and having an area of 448.50 sq. metre in the shopping complex were still left unoccupied (June 2000) resulting in loss of interest to the tune of Rs.1.28 crore on the funds blocked by way of idle investment.

2.9.2 *Performance of theatres*

2.9.2.1 *Capacity and net collection*

The cost of construction, capacity and date of commissioning of the eight theatres of the Company are as follows:

Name of Theatre	Date of commissioning	Project cost (Rs. in lakh)	Capacity (seats)
Kairali and Sree at Thiruvananthapuram	January 1988	186.51	1320
Kairali and Sree at Kozhikode	August 1990	101.00	1326
Kairali and Sree at Thrissur	April 1999	470.36	1441
Chithranjali at Cherthala	June 1985	25.92	778
Kalabhavan at Vazhuthacaud	September 1985	Not available	529

Low occupancy in theatres resulted in shortfall in income of Rs.2.74 crore

The films screened in the theatres had occupancy varying from 25 *per cent* to 74 *per cent*. The income earned by the theatres when compared to the net collections at 68 *per cent* occupancy as projected for the period under review showed shortfall to the tune of Rs.2.74 crore. A further comparison of the net collections of neighbouring theatres with that of Kairali Theatre at Thiruvananthapuram alone showed a deficiency of more than 20 *per cent* amounting to Rs.59.19 lakh.

The Management, in reply to Audit enquiry, stated (March 2000) that its inability to pay huge advances to distributors for screening high budget and super star films was responsible for the low occupancy.

2.9.2.2 *Loss due to exhibiting films after the date of holdover*

Company sustained revenue loss of Rs.0.53 crore due to screening of films after holdover dates

The net collections generated by screening the films in the theatres are shared between the distributors and the exhibitors (Company) according to a fixed ratio. When a film becomes holdover[@] the exhibitor has the right to unilaterally fix the share to be paid to the distributor. Otherwise the theatre is not liable to exhibit a film after holdover date. During the five years up to 1999-2000 the theatres had 43813 shows of which 13869 shows (31.65 *per cent*) were after the holdover dates. The occupancy rates in the theatres after the holdover dates were far below those recorded before the dates of holdover. The Company sustained a revenue loss of Rs.52.65 lakh during the period under review (April 1995 to March 2000) due to screening of films after the holdover dates.

The Management, in reply to Audit enquiry, stated (March 2000) that they were forced to exhibit films after holdover because of the inability to pay huge advances for high budget and super star films. Audit scrutiny revealed that the

[@] When the actual net collections for the three regular shows on a day fall below 85 *per cent* of the net collections realisable for one house-full show reckoning the seating capacity of the theatres the film is stated to be "holdover"

Management at no time had projected this constraint to Government nor had it taken any steps to arrange for additional funds.

2.9.3 *Idle investment in theatre projects*

Failure to complete the construction of theatres resulted in idle investment of Rs.0.30 crore and interest loss of Rs.0.56 crore

The Company proposed (June 1978) to construct 100 theatres in three stages within a period of five years. In the first stage it was proposed to construct 25 theatres. In May 1979, however, the Company revised the proposal and decided to construct only seven theatres initially. The Company purchased (July 1979 to December 1981) 160 cents of land at North Parur, Chittur and Alappuzha at a cost of Rs.4.03 lakh and spent a sum of Rs.24.63 lakh for construction of structures at Chittur and North Parur and Rs.0.84 lakh for development of land at Alappuzha. It was observed that the project report was envisaged profits from the second year of their operation. The Company, however, failed to complete the construction of these theatres and the investment of Rs.29.50 lakh was rendered idle and the Company lost Rs.56 lakh by way of interest (up to 1999-2000) as the investment was made out of borrowed funds. It was noticed that though the Company decided (March 1999) to go ahead with the construction of the theatre at North Parur, it was not completed even as of March 2000. The execution of the project, thus, showed a total lack of planning, failure to execute projects on schedule and ad-hocism in decision making. Due to its inability to complete the construction work, the Company abandoned the project. The Company however, failed to dispose of the incomplete assets created.

2.9.4 *Infructuous expenditure on architects' fee*

The Company decided (August 1996) to execute a project for the construction of a ten-storied shopping complex in the open space around Kairali and Sree theatres at Kozhikode at an estimated cost of Rs.2 crore. An application seeking exemption from Kerala Building Rules, submitted (October 1996) to Government of Kerala through Calicut Development Authority alongwith the requisite fee of Rs.1.02 lakh was rejected (May 1998) by the Government for the reason that the area was already congested. In the meantime, the Company had engaged (December 1996) a firm of architects for architectural consultancy and construction management of the project and a sum of Rs.3.08 lakh was paid (December 1997) as fees for preliminary drawings which also became infructuous as the project was not taken up.

2.10 Formation of Centre for Development of Imaging Technology (C-DIT)

The Company decided (December 1988) to set up a Video and TV production centre as an autonomous training and research institution at a project cost of Rs.1.07 crore, as approved by the Government of Kerala. For this purpose the Company was permitted to sponsor a society named Centre for Development of Imaging Technology (C-DIT) and register the same under Travancore Literary, Scientific and Charitable Societies Registration Act, 1965. The

Government stipulated that the society would be publicly funded, and the Company would provide facilities such as building and space, machinery, etc. The Chairman of the Company would function as the Chief executive of the new society and the governing body would consist of four officials from the Company and a nominee of the Board of Directors. In this connection, it was seen that:

(i) the society was registered (December 1988) and started functioning in the premises of Chithranjali Studio Complex and occupied two floors of the Studio building till it shifted to its own building in August 1999. The Company did not charge any rent for the area occupied by C-DIT so far.

(ii) the Company transferred three acres of its land to the society on lease for 99 years free of charge. However, as per the terms of lease, the Company was entitled to one-third of the total equipment time and access to technical facilities free of charge as well as permit-free use of the building and land for shooting purposes. The Company did not have any record to show whether the facilities were in fact availed.

(iii) Even though as per clause 8 of the Memorandum of Understanding, the Company would be represented in the governing body by six nominees including the Chairman of the Company, the Chairman of the Company was the sole member in the governing body so far (February 2000).

In the circumstances, no benefits flowed to the Company for sponsoring C-DIT, and allowing use of two floors of the studio building and free transfer of three acres of land to it at Chithranjali Studio Complex on lease for 99 years. The Company did not have adequate say in the functioning of the society since the terms as regards the induction of six nominees (including Chairman) was not fulfilled.

The above matters were reported to the Company/Government in June 2000; their replies had not been received (September 2000).

Conclusion

The Company has suffered losses since inception and its income during each of the five years up to 1998-99 ranged between Rs.1.64 crore and Rs.3.63 crore as against the expenses which ranged between Rs.2.85 crore and Rs.4.24 crore. The capital of the Company was fully eroded by accumulated loss. The main reasons for the losses and poor performance were obsolescence of equipment, machines, camera, etc., due to technological changes. The Company did not have any project/plan for modernisation of equipment and facilities and to make its various units viable. During the 25 years of its existence, the Company could not make any impact on the Malayalam film industry and cinema houses constructed by it could not be optimally utilised.

CHAPTER III

3. REVIEWS RELATING TO STATUTORY CORPORATIONS

3A. TARIFF, BILLING AND COLLECTION OF REVENUE IN KERALA STATE ELECTRICITY BOARD

Highlights

As per Section 49 of the Electricity (Supply) Act, 1948, the Board is empowered to fix and regulate tariff for different categories of consumers. In practice, however, the Board consulted and obtained Government permission on decisions relating to tariff fixation.

(Paragraph 3A.5.1)

The State Government or the Board has not formulated any rules or prescribed any principle/norm governing fixation of tariff for different consumers and revisions were adhoc and never linked to cost. Consequently, the Board could not generate required surplus and continued to rely on borrowed funds which entailed increased finance charges.

(Paragraph 3A.5.1)

The Board incurred a loss of Rs.10.78 crore by resorting to purchase of power at higher rate from Kayamkulam Power Project without fully drawing the allocated power from Central Pool.

(Paragraph 3A.5.3)

Transmission and distribution loss in excess of the norm prescribed by Central Electricity Authority for the five years up to 1998-99 was Rs.178.84 crore.

(Paragraph 3A.5.4)

Penalty for low Power Factor below the norm of 0.85 was not imposed on HT/EHT consumers resulting in non-realisation of additional revenue of Rs.14.67 crore.

(Paragraph 3A.5.7)

Tariff revision for the years 1997 and 1999 were applied to Grid consumers after a delay of 3 months resulting in loss of Rs.3.89 crore to the Board besides unintended benefit of Rs.3.14 crore to the licensees.

(Paragraph 3A.5.11.1)

Power purchased at higher cost from central pool was sold to Department of Electricity, Pondicherry at lower rates involving a loss of Rs.4.59 crore to the Board.

(Paragraph 3A.5.11.3)

Due to errors and delay in billing of consumption during power cut period, non-application of higher tariff rates for imported energy and error in fixing quota and irregular sanction of concessions/rebates to ineligible consumers there was revenue loss of Rs.13.87 crore to the Board.

(Paragraphs 3A.6.1, 3A.6.2 and 3A.6.4)

Wide variation between energy sent out from substations and that recorded at consumers' premises led to revenue loss of Rs.16.94 crore.

(Paragraph 3A.6.11)

As on 31 March 1999 total arrears of revenue outstanding was Rs.414.45 crore which was equal to 4.13 months' revenue on account of sale of energy as against the security deposit of two months' revenue on account of sale of energy.

(Paragraph 3A.7)

3A.1 Introduction

The Kerala State Electricity Board (Board) was set up in April 1957 under Section 5(1) of the Electricity (Supply) Act, 1948 (Act) and was responsible for generation, transmission and distribution of electricity in the State of Kerala. Section 59 of the Act stipulates a minimum rate of return (ROR) of three *per cent* on the capital base. Against this, the actual ROR (excluding subsidy from Government) of the Board was only 1.84 *per cent* in 1994-95 which declined to (-) 36.16 *per cent* in 1997-98 and (-) 20.36 *per cent* in 1998-99. Consequently, the State Government had to grant subsidy of Rs.967.82 crore during 1994-95 to 1998-99 to help the Board to maintain the statutory 3 *per cent* return. The two standard indicators of liquidity viz. Current Ratio* and Quick Ratio** were substantially below the norm of 2 and 1 respectively during the four years up to 1998-99; the current ratio ranged between 1.09 and 1.46 while the quick ratio was between 0.023 and 0.039. Since the sale of energy was the main source of income of Board, tariff rationalisation, prompt billing and collection of revenue assumed greater importance especially in the context of low return on investment and liquidity problems. Though the Electricity Regulatory Commissions Act, 1998, provided for the establishment of State Electricity Regulatory Commission for the purpose of rationalisation of tariff, transparent policies regarding subsidies, etc., the State Government has not yet (September 2000) established an Electricity Regulatory Commission for the State, for which no reason was adduced by the State Government.

3A.2 Organisational Structure

The tariff formulation, implementation, billing, collection and accountal of revenue are under the overall charge of Member (Finance) who is assisted by Chief Engineer (Commercial & Tariff), Financial Adviser and Special Officer (Revenue). Tariff formulation was done by Chief Engineer (Commercial & Tariff) with the approval of Member (Finance)/Chairman.

The billing, collection and accounting for High Tension (HT) and Extra High Tension (EHT) consumers were being done centrally by Special Officer (Revenue). For Low Tension (LT) consumers billing was done at 271 Electrical Major Sections supervised by 54 Billing Supervision Units attached to Electrical Divisions. There were about 60.30 lakh consumers including 1683 HT/EHT consumers as on 31 March 2000. The revenue collected by the sections was initially deposited in local bank and then transferred to bank account at Board's headquarters.

* Current ratio is the ratio of current assets to current liabilities

** Quick ratio is the ratio of quick assets (cash and bank balances) to current liabilities

3A.3 Scope of Audit

A review on billing and collection of revenue was included in the Report of the Comptroller and Auditor General of India for the year 1988-89 (Commercial), Government of Kerala. The review is yet to be discussed by Committee on Public Undertakings (COPU) (September 2000). The present review conducted during November 1999 to March 2000 covers tariff, billing and collection of revenue along with the results of test check conducted at the office of the Special Officer (Revenue) and 62 Electrical Major Sections for the period 1995-96 to 1999-2000.

3A.4 Sale of power

The details of sale of power for the last four years, up to 1998-99 are given below:

Particulars	1995-96	1996-97	1997-98	1998-99
Units sold (in MU)	7415	7021	7716	9183
Number of consumers (in lakh)	46.86	49.23	52.11	56.39
Revenue realised per unit (in paise)	93	96	123	131
Average Cost per unit (in paise)	100	133	163	158
Loss per unit (in paise)	7	37	40	27

Despite increase in number of consumers and units sold, the loss per unit in the Board had increased mainly due to fixation of tariff much below the cost per unit of power sold, excessive transmission and distribution loss, purchase of power at higher cost, deficiencies in billing and collection of revenue as discussed in succeeding paragraphs.

3A.5 Tariff

3A.5.1 Tariff structure

Tariff revision proposals not placed before the full Board of Members of the Board

As per Section 49 of the Electricity (Supply) Act, 1948, the Board was empowered to fix and regulate tariff for different categories of consumers. However, in practice, Board obtained the consent of State Government before each revision of tariff. During the six years ended March 2000, Board's tariff was revised by the Government in September 1994, January 1997 and May 1999, in addition to a uniform ten *per cent* hike in February 1998 and February 1999 in respect of consumers other than those belonging to domestic and agricultural categories. None of these proposals was placed before the full Board of Members of the Board or approved by it and decisions on tariff fixation/revision were taken by the Government ignoring the Board, which was in violation of statutory provisions.

The details of tariff fixed in respect of different categories of consumers during these revisions were as indicated in Annexure 10. The increase in energy charges ranged from 3 to 35 *per cent* in September 1994, 8 to 317 *per cent* in January 1997 and 8 to 76 *per cent* in May 1999. The increase in demand charge was up to 100 *per cent* in September 1994 and January 1997 and 79 *per cent* in May 1999. The following points were noticed:

(i) The Board as well as the Government had not formulated any rules or prescribed any principle governing fixation of the tariff for different classes of consumers and revisions were adhoc and not based on norms.

(ii) The Board had not worked out the total cost with component-wise split up per unit and the extent to which the revised tariff rates would absorb the total cost. On the basis of cost details compiled by Audit, the tariff rates fixed for domestic and agricultural consumers did not cover the total cost per unit during the five years up to 1998-99 (Annexure 11). The cost coverage under domestic category was only in the range of 45 to 67 *per cent*. This was as low as 20 to 39 *per cent* for consumers under agricultural category.

Loss increased from Rs.35.54 crore to Rs.296.69 crore despite heavy tariff hike

(iii) All the three revisions were stated to be for ensuring a minimum surplus of 3 *per cent,* meeting the increased cost of imported power from Central Agencies and raising revenue from internal sources for capital works. Despite tariff revisions, the loss which was Rs.35.54 crore in 1995-96 rose to Rs.296.69 crore during 1997-98 mainly due to increase in cost of purchase of power and employees' costs besides decrease in generation of cheap hydel power. Hence, it could not generate any fund from internal sources for capital works as anticipated. Consequently, the Board had relied heavily on borrowed funds leading to increase in interest and finance charges.

3A.5.2 Excessive employee costs not absorbed in tariff

Percentage of employee costs was the highest in Kerala when compared to TNEB, APSEB and KEB

Despite the lower generation cost, the per unit expenditure increased from 88 paise in 1994-95 to 163 paise in 1997-98 as against the per unit realisation of 87 paise and 131 paise respectively. One of the main reasons for higher cost per unit was the excessive cost on employees. It was also noticed that while the employee costs constituted only 9.5 to 11.5 *per cent* of the total cost in Andhra Pradesh State Electricity Board (APSEB), 19.0 to 21.9 *per cent* in Tamil Nadu Electricity Board (TNEB) and 16.1 to 17.4 *per cent* in Karnataka Electricity Board (KEB), it was 22.5 to 28.2 *per cent* in the Board during the period 1994-95 to 1997-98. Mention was made in paragraph 4.2.1.1. of the Report of the Comptroller and Auditor General of India, for the year ended 31 March 1997 (Commercial), Government of Kerala about the overpayment to employees of the Board in basic pay alone amounting to Rs.40 crore due to erroneous fixation of pay from August 1993 onwards. The anomalies pointed out therein still continued and recovery in this regard had not been made (March 2000). The excessive expenditure on manpower arising from the largesse granted by the Board to its employees and the inability to recover over payments also contributed to the worsening of its financial health.

3A.5.3 *Non-absorption of value of costly power purchased from Kayamkulam Power Project*

Costly power was purchased from Kayamkulam Project when cheap power was available from central pool resulting in loss of Rs.10.78 crore

The Board purchased power from Kayamkulam Power Project (KPP) of NTPC from November 1998 onwards at the provisional rate of Rs.2.75 per unit till March 2000 and Rs.3.50 per unit from April 2000 while the per unit realisation during that period was only Rs.1.31 per unit. The Board had been drawing power from central generating stations also as per allocation made by Southern Regional Electricity Board at rates ranging from Re.0.81 to Rs.1.80 per unit. It was noticed that during the months November 1998, June, July and November 1999 Board purchased power at higher rates from KPP to meet the requirement without fully drawing the allocated power from central pool, especially from NTPC Ramagundam, which was available at rates ranging from Rs.1.02 to Rs.1.32 per unit. The loss due to purchase of power at higher rates, without drawing full allocation of comparatively cheaper power during the above period, amounted to Rs.10.78 crore. The loss had occurred due to defective planning in assessing power requirement before concluding power purchase agreement with KPP for costly thermal power.

3A.5.4 *Excessive transmission and distribution loss*

The transmission and distribution (T&D) losses of the Board during the period 1995-96 to 1998-99 were 18 to 20 *per cent* of the total power available for sale as against the norm of 15.5 *per cent* prescribed by Central Electricity Authority (CEA) as detailed below:

	1994-95	1995-96	1996-97	1997-98	1998-99
Total power available for sale (MU)	8794	9274	8771	9394	11165
Power sold (MU)	7028	7415	7021	7716	9183
Transmission & Distribution loss (MU)	1766	1859	1750	1678	1982
Percentage of T & D losses to total power available for sale	20	20	20	18	18
T & D loss in excess of 15.5 *per cent* (MU)	403	422	391	222	251
Loss (Rs. in crore)	37.08	41.36	39.10	28.42	32.88

Under realisation of revenue due to transmission and distribution loss in excess of norm was Rs.178.84 crore

It was further noticed that the above system losses of 18 to 20 *per cent* during 1995-96 to 1998-99 were on the higher side as compared to 17 *per cent* in TNEB and 18.5 *per cent* in KEB during the same period. The under realisation of revenue for the five years up to 1998-99 due to T&D loss in excess of the norm prescribed by CEA, worked out to Rs.178.84 crore.

It was also noticed that as per the energy audit conducted (March 1999) by the Board, in certain feeders the transmission and distribution loss went up to

25.64 *per cent*. The reasons identified in energy audit for such a high *per cent* of loss were use of conductors with too many joints, non-installation of capacitors, theft and pilferage of energy, defective meters, etc.

3A.5.5 Loss due to non revision of rates for public lighting

Tariff for public lighting was not revised along with other tariffs resulting in potential revenue loss of Rs.2.69 crore

The Board used to revise the rates for public lighting at the time of general tariff revisions. However, during the tariff revision made in January 1997, the rates for public lighting were not revised. The reason for exempting this category alone from the revision was not on record. Considering the minimum increase of 8 *per cent* in the general revision of January 1997, the Board had foregone potential revenue to the tune of Rs.2.69 crore during February 1997 to May 1999 due to non-revision of tariff for public lighting.

3A.5.6 Loss of revenue due to conversion of certain categories of LT consumers into deemed HT consumers for billing purpose

Low Tension consumers of the Board whose connected load exceeded 100KVA (150 KVA with effect from 1 July 1999) and who did not either apply for HT supply or execute HT agreement, were to be treated as deemed HT consumers for billing purpose. However, a comparison of rates under LT and HT for certain categories of consumers (VI B, VI C, VII A, VII C) revealed that rates under HT were lower and treating of LT consumers as HT for billing purpose alone, resulted in revenue loss. In seven cases test checked, the Board had lost revenue to the tune of Rs.43.34 lakh during the period from January 1999 to July 2000. The Board had not incorporated suitable protective clause in the tariff orders to avoid such losses.

HT tariff was lower than that for LT in certain cases

3A.5.7 Non-imposition of penalty for lower Power Factor for EHT & HT consumers

Failure to charge penalty for low power factor on EHT/HT consumers including Railways and Grid consumers resulted in a revenue loss of Rs.14.67 crore

As per clause (40) of Conditions of Supply of Electrical Energy, the Power Factor (PF) of the plant and apparatus owned by the consumer at individual points of supply shall not be less than 0.85 and different categories of consumers who have not installed the necessary capacitors to improve the PF would be charged at penal rates as specified. It was also stated in the general tariff revision order that the service connection would be disconnected if monthly average PF reaches below 0.85. In 110 KV railway traction tariff notification and agreements entered with grid consumers, it was stipulated that Board would impose penalty at specified rates if PF remained below 0.85. However, on a review of meter readings and other records of HT/EHT consumers including railway traction and grid consumers for the period from December 1998 to June 2000 indicated that the Board had neither disconnected the service connection nor imposed any penalty in cases where average PF had gone below 0.85. TNEB and erstwhile APSEB were imposing penalty at specified rates if the average PF was below 0.90 and KEB imposed penalty for a PF below 0.85. Had the Board imposed penalty to compensate the line loss on account of low PF at the rates stipulated for railway traction tariff and grid consumers, there would have been additional revenue of

Rs.14.67 crore in respect of 105 consumers during the period December 1998 to June 2000.

3A.5.8 Low Tension Tariff - Loss due to undue favour to private hospitals

Undue concessional tariff to Low Tension private hospitals resulted in revenue loss of Rs.2.43 crore

As per tariff orders, private hospitals having LT connection which were registered under Cultural, Scientific and Charitable Societies Act were being classified under LT VIA on par with Government hospitals, and other hospitals under LT VI B. The rates charged in respect of the above categories were very low compared to LT Commercial (LT VIIA), under which private hospitals in other States like Karnataka and Tamil Nadu had been classified for tariff purpose. Tariff rates under LT VIA were generally applied to places of religious worship and LT VI B to State and Central Government offices. While this anomaly had been rectified (June 1999) in the case of HT consumers, the private hospitals with LT connection continued to be charged at lower tariff. On a test check of the records relating to 103 private hospitals it was noticed that the Board had been deprived of revenue to the tune of Rs.2.43 crore during the period from January 1997 to July 2000 due to the above undue favour in tariff revision.

3A.5.9 Variation in category-wise contribution of consumers to the revenue

Annexure 11 indicates category-wise details of consumption, number of consumers and revenue earned as against cost per unit during the five years up to 1998-99 . It would be seen therefrom that :

(i) though the share of consumption by domestic consumers ranged from 33 to 48 *per cent*, the revenue received was only in the range of 22 to 30 *per cent*.

(ii) the average realisation per unit from consumers under commercial category was the highest (Paise 121 to Paise 298), but the share of consumption recorded a decline from 14 to 9 *per cent*. The consumption came down to 785 MU in 1998-99 from 954 MU in 1994-95. Since this was the lone category, which gave surplus after covering all costs in all previous years, decline in consumption of this category had adversely affected the overall revenue and thus contributed to the increase in loss.

(iii) the share of consumption by the HT industrial consumers came down from 37 *per cent* in 1994-95 to 30 *per cent* in 1998-99 though the revenue earned was just sufficient to cover cost.

Domestic, agriculture and bulk supply consumers contributed to the loss

3A.5.10 Contribution of consumers to the surplus/deficit

Annexure 12 gives the details of category-wise contribution towards final surplus/deficit of the Board during 1994-95 to 1998-99. It would be seen therefrom that :

(i) During 1994-95 to 1998-99 domestic, agriculture and bulk supply consumers contributed to deficit to the extent of Rs.1078.17 crore, Rs.148.01 crore and Rs.30.10 crore respectively, which could not be compensated by meagre surplus generated from other categories of consumers.

(ii) The consumers under industrial (both LT & HT), public lighting and public water works category were contributing to the surplus (Rs.67.51 crore) of the Board for the two years up to 1995-96 but contributed to loss (Rs.31.57 crore) for the years 1996-97 and 1997-98 mainly due to non-revision of tariff corresponding to increase in cost. In 1998-99, consumers under industrial (both LT and HT) category contributed to the surplus (Rs.34.26 crore) but public lighting and public water works continued to contribute to loss (Rs.8.61 crore).

3A.5.11 Loss of revenue in case of special tariffs for Grid Supply

The Board has been supplying energy in bulk to 8 licensees/sanction holders at the rates notified in tariff revision orders from time to time. A test check in audit revealed irregularities involving the following cases:

3A.5.11.1 Loss due to delayed revision of grid tariff

Delay in implementation of tariff revision for grid consumers resulted in loss of Rs.3.89 crore to the Board besides unintended benefit of Rs.3.14 crore to the licensees

The revised rates of grid tariff were also notified along with general tariff revisions. However, these revisions were implemented only three months after the revised rates of other categories were given effect, which was specified in the notification itself, for which no reasons were on record. Thus, the delay of three months in implementation of revised rates for grid tariff contributed to loss of Rs.1.04 crore and Rs.2.85 crore during 1997 and 1999 tariff revisions respectively. However, it was noticed that the licensees like Thrissur Muncipality, Cochin Port Trust and Tata Tea Limited were charging the revised tariff on the consumers under their distribution net from the dates of general revision itself which resulted in unintended benefit to the licensees to the tune of Rs.3.14 crore during January 1997 and May 1999 revision. No action has been taken by the Board to realise this amount from the licensees.

3A.5.11.2 Supply of power to Cochin Shipyard Limited

Extension of concessional grid tariff rates to Cochin Shipyard in violation of grid tariff orders resulted in loss of Rs.2.35 crore

As per Grid Tariff Orders issued by the Board from time to time, 11KV licensees/sanction holders who consumed more than 50 *per cent* of the total energy themselves, would not have the advantage of grid tariff and HT1 rates had to be applied in such cases for the entire energy consumption as well as the maximum demand. But Cochin Shipyard Ltd., a consumer drawing power in 11KV system and consuming more than 50 *per cent* of the total energy themselves, was billed at grid tariff rates, instead of HT1 rates resulting in loss of revenue of Rs.2.35 crore during the period from May1997 to March 2000.

3A.5.11.3 *Sale of power to Department of Electricity, Pondicherry at rates below purchase cost*

Sale of high cost energy to Department of Electricity, Pondicherry at lower rates, resulted in loss of Rs.4.59 crore

The Board had been exporting power to Department of Electricity, Pondicherry for the Mahe area at the rates applicable to Grid tariff consumers. During the period from April 1998 to August 2000, the Board sold, 58.24 MU of energy to Pondicherry at rates ranging from 65 to 100 paise. It was noticed that during the above period, the Board purchased 7827.28 MU of energy from Central Generating Stations at rates varying from 81 to 181 paise and from Kayamkulam Power Project at 275 to 350 paise per unit. The sale of energy to Pondicherry below average purchase cost ranging from 152 paise to 170 paise per unit during the period April 1998 to August 2000, resulted in loss of Rs.4.59 crore. However, no action was taken by the Board to revise the rate/ agreement.

3A.5.12 *Loss of revenue in railway traction tariff*

Revision of railway traction tariff on the basis of pre-revised rate, just one month before general revision, entailed a loss of Rs.1.60 crore

The Board has been supplying power to railway traction at concessional rate. While notifying (March 1997) the rates of 110 KV railway traction for the period from April 1997 to March 1999, the Board specified that for three years from April 1999, the tariff applicable to railway traction would be seventy five *per cent* of 110 KV EHT tariff ruling as on 1 April 1999. The rates applicable to 110KV EHT consumers as on 1 April 1999 were Rs.120 per KVA as demand charges and Rs.1.16 per unit as energy charges. These rates were revised to Rs.205 per KVA and Rs.1.95 per unit respectively in the general tariff revision made in May 1999. In the absence of clause permitting increase in rates, the Board could not apply the revised rates as it was already notified that seventy five *per cent* of the rates as on 1 April 1999 would be applied to railway traction for three years. The decision of the Board to adopt a lower rate equal to seventy five *per cent* of 110 KV EHT rate with effect from the date falling just one month before (April 1999) the date of upward revision of general tariff (May 1999), for a long period of three years, caused revenue loss of Rs.1.60 crore for the period from June 1999 to July 2000 in respect of three railway traction consumers (Palakkad, Shornur and Chalakudy).

3A.5.13 *Non-compensation by Government for tariff concession*

Tariff concession amounting to Rs.46.12 crore to agricultural consumers were not compensated by Government

(i) The agricultural consumers were supplied energy at concessional rate ranging from 12 to 50 paise per unit during the year 1994 –95 to 1998-99 as against cost per unit of 88 to 163 paise. The revenue loss (in comparison with the lowest rate applicable to domestic consumers) amounting to Rs.46.12 crore due to concessional tariff, had not been compensated by Government.

(ii) As per the package of incentives declared by Government in January 1983 and February 1992, new industrial units and existing units which had undergone modernization/expansion, were given concessional tariff from September 1982 to August 1987 and January 1992 to December 1997 . The concessional rate per unit as declared in February 1992 was 50 paise for LT and 40 paise for HT industrial consumers as against the ruling tariff ranging

Only Rs.25 crore, out of Rs.117.92 crore allowed as package incentive to industrial units, reimbursed by Government

from 75 to 220 paise for LT and 57 to 200 paise for HT. Against a claim of Rs.117.92 crore in respect of HT/EHT consumers up to 1998-99, the Board could receive (November 1996) only an ad hoc amount of Rs.25 crore from Government since the Board failed to pursue the matter. The claims relating to LT consumers have neither been prepared nor preferred till date (May 2000).

Rs.5.35 crore concession given to hotels at the instance of Government not reimbursed by the Government

(iii) Tourism was declared as industry by State Government and accordingly classified hotels (one to five star) were sanctioned concessional tariff with effect from April 1987. The concessional rate per unit during the period from 1994 to 1999 varied from 100 to 220 paise as against the then ruling tariff for other hotels ranging from 335 to 660 paise. But no compensation was provided by Government. The Board had worked out the quantum of concession as Rs.5.35 crore during the period 1987-88 to 1998-99 against which no amount has been received (September 2000) from Government.

3A.6 Billing of consumers

Billing of revenue was being done on the basis of consumption recorded by the meter installed at the premises of consumers except for Public Lighting for which a composite rate was adopted based on number of lamps installed. High Tension (HT), Extra High Tension (EHT), Low Tension (LT) Industrial and other LT consumers having connected load above 10 KW were being billed monthly. In respect of other category of consumers, Board introduced (February 1997) Provisional Invoice Card System, under which consumers were allotted Provisional Invoice Card showing monthly current charges to be remitted on the basis of a predetermined average consumption for the preceding six months. After every six months, adjustment bills for excess consumption were to be issued and monthly current charges payable revised from time to time. Bimonthly Spot billing System (issuing the bill on the spot after recording consumption) was also introduced (April 1990) in certain billing units for the consumers under the above category.

A test check in audit revealed the following deficiencies resulting in short billing and loss of revenue.

3A.6.1 Loss due to errors and delay in billing of consumption during power cut period

The Board imposed power cut during January 1996 to December 1997. During power cut period, monthly quota for consumption of energy was fixed for LT and HT consumers and consumption in excess of quota attracted higher rates besides reduction in quota for succeeding months. A test check in audit revealed loss of revenue due to wrong fixation of quota and interest loss due to delayed billing amounting to Rs.6.15 crore during February 1996 to March 2000 as discussed below:

Short billing of Rs.5.13 crore resulted from undue concession

(i) As per the Board order (January 1996) introducing power cut, clubbing of monthly quota for industries of the same management in different premises or connections of different voltage class in the same premises was permitted subject to the condition that total consumption in all such cases should not exceed the total of individual quotas allotted. It was noticed that this concession was extended to M/s Indian Aluminium Company (IAC) Ltd. and Fertilizers and Chemicals Travancore (FACT) Limited., two EHT consumers, though the total consumption in different supply points during power cut period of February1996 to May 1996 in respect of IAC and May 1996 to September1996 in respect of FACT, exceeded the total quota. The concession allowed in violation of the orders resulted in short billing of Rs.5.13 crore .

Wrong fixation of quota and delayed billing resulted in loss of Rs 0.61 crore

(ii) The directions of the Board regarding adjustment of monthly excess consumption over quota against succeeding month was not being complied with by certain billing sections, resulting in loss of revenue as the consumption in excess of quota was not billed at higher rate. On a test check it was noticed that adjustment of excess consumption against quota in succeeding month was not done in any of the billing sections under Electrical Circle, Thrissur and Electrical Division, Attingal. The loss of revenue on this account in respect of 134 consumers under five billing sections alone during the power cut period, worked out to Rs.12.84 lakh (Annexure 13). In five billing sections under Electrical Division, Ernakulam and two sections under Electrical Division, Cherthala and at Muvattupuzha, the above omission was detected and adjustment bills for Rs.1.62 crore were raised during September 1998 to March 2000 after a delay of 9 to 31 months, resulting in loss of interest to the tune of Rs.47.71 lakh (Annexure 14).

Under billing due to non-adjustment of excess consumption over quota was Rs.0.41 crore

(iii) When the power cut imposed on HT/EHT consumers was withdrawn with effect from 15 December 1997, the quota for 15 days in December 1997 was fixed and revised invoice for the month issued. While calculating the revised quota and raising invoices for December 1997 in respect of M/S Travancore Cochin Chemicals Limited, the excess consumption of 31.94 lakh units over quota fixed for November 1997 was not adjusted in December 1997 resulting in under billing to the extent of Rs.41.11 lakh.

3A.6.2 Loss due to non-application of higher tariff rates for sale of imported energy during power cut period

Defective reckoning of number of days for calculating consumption and fixation of quota, resulted in loss of revenue of Rs.2.95 crore

During power cut period the HT/EHT consumers were supplied energy at the higher rate of Rs.3.20 per unit out of power imported from Eastern Region Electricity Board (EREB) and consumers were also given option of not using power at higher rate provided their monthly consumption did not exceed 70 *per cent* of the base average consumption (allocation made on the basis of preceding six month average consumption). Consumption to the above extent was charged only at normal tariff. However, at the time of lifting of power cut on 15 July 1997, the Board prescribed the method of calculation of 70 *per cent* of base average consumption for the 15 days of July 1997 by taking the number of days for July as 22 instead of 31 due to the mistake in limiting the total number of days also to 70 *per cent.* Hence a portion of the energy consumed by these consumers was charged only at the normal rates instead of at the higher rate of Rs.3.20 *per unit* plus duty thereon. The loss of revenue on this account in respect of five consumers viz., Travancore Chemicals and Manufacturing Company Limited., FACT Ltd., Binani Zinc Ltd., Hindustan Organic Chemicals Limited and IAC Ltd. from 1 July to 15 July was Rs.1.04 crore. The Board has not fixed any responsibility for the loss.

While lifting the power cut on EHT/HT consumers with effect from 15 December 1997 also, the quota for the period of 14 days was calculated with a base of 22 days instead of 31 days for the month of December 1997 resulting in ineligible higher quota and consequent loss of revenue of Rs.1.91 crore for the period 1 December to 15 December 1997 in five cases noticed in audit.

3A.6.3 Loss of revenue due to non-billing of HT consumers on differential pricing system

Failure to implement the pattern of tariff for HT consumers who have installed TOD meter prior to December 1998 resulted in revenue loss of Rs.1.10 crore

Under differential pricing system, introduced in December 1998, different rates were to be applied for EHT consumers during normal*, peak♣ and off-peak$^{\Psi}$ hours. As per tariff revision orders in January 1997, HT/EHT consumers were to be billed on differential pricing system using Time Of Day (TOD) meters. However, the Board did not implement the pattern of tariff for HT consumers, who had installed TOD meters prior to December 1998 and in respect of ten consumers test checked, the loss of revenue on this account during December 1998 to July 2000 was Rs.1.10 crore. The Board could give no reason for its failure to cover the HT consumers who had installed TOD metres before December 1998.

3A.6.4 Loss of revenue due to ineligible concessions and rebates

As a part of policy decision taken by the State Government from time to time concessions were being allowed to industrial consumers in the form of reduced tariff, incentives and rebates. The loss incurred by the Board due to extension of concession to some of the ineligible consumers was Rs.4.77 crore as discussed below :

Tariff concession was allowed to industrial consumers whose commercial production was started after the stipulated date resulting in revenue loss of Rs.2.81 crore

(i) The concession of supply of electricity at pre-1982 tariff for a period of five years from November 1986 to December 1991 was sanctioned (March 1997) to M/s Binani Zinc Ltd, an EHT consumer, in pursuance of State Government's package of incentives announced in January1982. As stipulated by the Government (October 1986), tariff concession was available to new industrial units or existing units for their expansion/ diversification/ modernization, only if commercial production was started between September 1982 and August 1987. However, it was found out by the Board and a Committee constituted by the Government in October 1993 that the company started commercial production in modernized plant only in March 1988. The

* Normal hours : 05.00 hours to 18.00 hours

♣ Peak hours : 18.00 hours to 22.00 hours

$^{\Psi}$ Off-peak hours : 22.00 hours to 05.00 hours

Board failed to recover the ineligible concession of Rs.2.81 crore granted for the period from December 1986 to November 1991 till date (April 2000).

(ii) Identical concession of pre 1992 tariff was also allowed by the State Government to industrial units which started commercial production between 1 January 1992 and 31 December 1996. It was noticed that :

Concession was allowed after expiry of the prescribed period

(a) in respect of the Pollution Control System installed (November 1997) by M/s Indsil Electrosmelts Ltd., an EHT consumer, ineligible concession amounting to Rs.34.92 lakh was allowed for the period December 1992 to October 1999 after expiry of the period prescribed for concessions. The amount has not been recovered from the firm so far(August 2000).

Maximum demand and highest consumption were wrongly reckoned resulting in loss of Rs.0.43 crore

(b) the State Government further stipulated that in respect of expansion/modernisation, the industrial unit would be eligible for concession of rate in energy and demand charges, provided these exceeded the maximum limit recorded prior to the date of commissioning of expansion portion. In respect of M/s MRF Ltd, the maximum demand and highest consumption recorded prior to commissioning (December 1996) of expansion project were 4800 KVA and 18.18 lakh units respectively. However, for extending concession the maximum demand and highest consumption were reckoned as 4350KVA and 8.72 lakh units respectively. The ineligible concession extended during January to November 1997 was Rs.43.25 lakh. The Board has not recovered this amount from the firm so far (September 2000).

Undue concession of Rs.0.77 crore was allowed to hotels

(iii) on treating tourism as an industry the State Government allowed concessional tariff to classified hotels (one to five stars) from April 1987, based only on the certificate issued by the Director of Tourism, Government of Kerala. The scheme was discontinued with effect from May 1999. On a test check it was noticed that two hotels each at Kottayam, Ernakulam, Kanjikode and Thalassery and one at Chalakudy were extended concessional tariff during various spells between August 1991 and June 2000 without producing the required certificate from Director of Tourism and also in certain cases for more than the prescribed period of three years. The undue benefit extended due to the above ineligible concession was Rs.77.32 lakh.

(iv) the other ineligible concessions and rebate extended to eighteen consumers amounted to Rs.40.67 lakh as detailed in Annexure 15.

3A.6.5 Short-billing due to defective meters

Due to delay in replacement of defective meters the Board could not raise bills for Rs.1.24 crore

It was noticed that 5 *per cent* of total meters inspected during the three years ended 1999-2000 by special squad constituted by the Board to check installations in respect of HT/EHT and 33 *per cent* in respect of LT installations above 50 KVA remained faulty. The meters were not repaired for periods up to 100 months. As per Para 31(C) of Conditions of Supply of Electrical Energy, if a meter became faulty, assessment was to be done on the basis of average consumption for the previous three months and if the average consumption for the previous three months could not be taken due to any reason, the correct consumption was to be determined based on the average consumption for the succeeding three months. Even though, further readings taken after replacement of meter indicated increased consumption, adjustment bill for additional consumption had to be limited to six months prior to date of replacement, as the Board failed to replace the faulty meter within six months. The resultant non-billing for increased consumption for the period prior to six months, caused revenue loss of Rs.1.24 crore during the period from January 1992 to April 2000 in 140 cases test checked in Audit (Annexure 16).

3A.6.6 Under assessment of revenue due to incorrect application of tariff

There was loss of Rs.0.31 crore due to application of wrong tariff

While the tariff revision orders from time to time prescribed the classification and tariff applicable to various consumers, the classification was not correctly applied by the Board in many cases. A test check in audit revealed short assessment due to wrong application of tariff in 23 cases involving Rs.31.21 lakh during the period October 1999 to July 2000 as indicated in Annexure 17. No action had been taken against the officials responsible for the lapse.

3A.6.7 Loss of revenue due to incorrect application of Multiplication Factor

Non-reckoning of multiplication factor for calculating consumption resulted in loss of Rs.0.33 crore

The number of units of energy recorded on a three phase meter was to be multiplied by the relevant Multiplication Factor (MF) for arriving at the correct energy consumption of consumers. A test check revealed under-assessment of Rs.33.02 lakh in 14 cases due to omission to reckon Multiplication Factor while calculating the monthly consumption for billing purposes during the period January 1992 to June 2000, as detailed in Annexure 18. In this case also no action was taken by the Board against the officials responsible for the lapse.

3A.6.8 Short-assessment of energy charges for public lighting

Incorrect application of tariff for public lighting resulted in loss of revenue of Rs.0.38 crore

As per tariff orders prescribed from time to time the tariff applicable for public lighting had been prescribed on the basis of 4, 6 and 12 hours lighting per day. However, it was noticed in audit that there was no scientific basis for determining the actual consumption and applying the correct slab with the result that 12 hours consumption was often billed at six hour tariff. The enhancement (May 1999) in tariff from Rs.165 to Rs.247 for Sodium Vapour Lamp was not made applicable and various billing sections were adopting lesser tariff without any uniformity, for which there were no reason on record. The loss of revenue due to incorrect application of tariff as mentioned above, in eleven sections for the period from April 1994 to March 2000 worked out to Rs.38.21 lakh.

3A.6.9 Delay in issue of bills

After introduction (January 1997) of the Provisional Invoice Card System to Low Tension consumers (other than industrial category) having connected load up to 10KW, the Board was required to revise the original cards after

There was loss of interest of Rs.0.43 crore due to delay in issue of bills

assessing the actual consumption for a period of six months. However, a test check of adjustment invoices issued from March 1998 to June 2000 in eleven billing sections revealed delay of up to 100 months in taking meter reading and up to 39 months in raising adjustment bills amounting to Rs.2.56 crore which resulted in loss of interest of Rs.42.74 lakh.

3A.6.10 *Non-billing/short-billing of energy charges*

On a test check it was noticed in audit that due care was not being taken in raising energy bills for the correct consumption/load, or for levying penalties which resulted in non-billing/short-billing to the extent of Rs 1.41 crore as discussed below:

Non-levy of penalty for non-segregation of lighting load and power load resulted in loss of Rs.0.15 crore

(i) After categorisation of tourism as industry by Government, consumers eligible for tariff concession were required to segregate lighting load by using submeters in cases where the load was more than 20 *per cent* of the power load. Non-segregation of power as above attracted levy of 50 *per cent* more on the total current charges. However, in the case of three consumers viz. M/s International Hotel and Hotel Joymat, Ernakulam and Hotel Sea Queen, Kozhikode which had not segregated power, additional charges were not levied during the period March 1994 to March 2000 resulting in short-billing of Rs.15.17 lakh.

Non-levy of penalty for unauthorised connected load resulted in loss of revenue of Rs.0.75 crore

(ii) As per Section 42(d) of Conditions of Supply of Electrical Energy, the Board was required to levy penalty at three times, both on fixed and energy charges, in cases where unauthorised connected load was detected. However, this had not been complied with in the case of unauthorised connected load detected during December 1996 to August 2000 against M/s Escotel Limited, Ernakulam, Surabhi Theatre, Chalakudy and 12 other cases at billing Sections, Thalassery, Erattupetta, Chalakudy, Giri Nagar, Palai and Alleppey town, resulting in the loss of revenue of Rs.75.37 lakh.

Error in recording consumption resulted in short billing of Rs.0.17 crore

(iii) The meter readings taken by the Board in respect of two consumers under Billings Sections at Mangalapuram, Thiruvananthapuram West (Consumer No.11587) and Muthuvara, Trichur (Consumer No.F 39/CLY) were wrongly recorded on five digit basis when the meter was of six digit class, during the periods November 1993 to March 1995 and September 1994 to July 1998 respectively, resulting in loss of revenue of Rs.17.31 lakh on 16.92 lakh units short assessed..

(iv) Two consumers under billing sections at Attingal and Viyyur having connected load between 240 to 282 KVA, falling under HT category, were billed under LT category for the period June 1993 to July 2000 resulting in revenue loss of Rs.25.25 lakh.

(v) Other non-billing/short-billing noticed in five billing sections amounting to Rs.8.18 lakh are detailed in Annexure 19.

3A.6.11 Loss of revenue due to incorrect/non assessment for theft of energy

Unaccounted energy during distribution from sub-station to consumers end was to the value of Rs.16.94 crore

Regular checking of metering equipment, periodical verification of connected load of consumers and preparation of feeder-wise energy account showing difference, if any, between the energy sent out from the sub-station and the energy metered at consumers' end were the checks necessary for detection of theft of energy by consumers. It was noticed in audit that such checks were not being exercised by the Board and there existed wide variation between quantity of energy sent out from sub-stations and that recorded at consumers' end, which resulted in loss of revenue of Rs.16.94 crore (after considering distribution loss at 4.5 *per cent* of energy sent out, as per norms of CEA) as indicated below:

Name of Substation	Period	Name of consumer	Energy from sub station (MU)	Energy billed (MU)	Loss (excluding line loss at 4.5 per cent) (MU)	Loss of revenue (Rs. in lakh)
Kozhinjampara 66 KV	July 97 to July 2000	Bannariamman Steels	32.71	14.89	16.35	279.43
--do--	June 98 to June 2000	Agni Steels and Raj chemical	26.46	14.49	10.78	184.80
--do--	May 98 to July 2000	Agni Re-rollers	20.05	8.20	10.95	209.44
--do--	Jan 98 to June 2000	Bhagavathi textiles	37.33	24.91	10.74	170.58
--do--	June 98 to July 2000	SVA alloys	28.58	10.41	16.88	323.03
Pathirappally	May 98 to June 2000	Excel Glasses	33.46	31.74	0.21	28.80
Kadavanthara 110KV	Feb 99 to July 2000	Synthetic Properties	2.98	1.28	1.57	30.88
Aluva 110 KV	July 96 to Feb 2000	Kerala water Authority	69.49	41.11	27.30	466.59
Total loss						**1693.55**

3A.6.12 Ineffective check over customers' installation

The Board has set up an Anti Power Theft Squad (APTS) in November 1989 to maintain a constant vigil against theft/pilferage of electrical energy and to reduce consequent revenue loss. During the five years ended 1998-99 APTS could check only 3889 to 4919 installations per year which represented only 0.30 to 0.45 *per cent* of total installations (excluding that of domestic consumers) and assessed Rs.22.94 crore as penal charges out of which Rs.14.67 crore remained to be realised (March 2000).

A Special Squad for checking installations of EHT/ HT, Deemed HT (up to contract demand of 150 KVA) and LT consumers with connected load of 50 KVA and above was also set up in November 1996 and 3539 installations were checked during the three years ended 1999-2000, out of which 2317 were found to be defective. Defects noticed in general were faulty meter, non-installation of capacitor and correct CT/PT units, unauthorized additional load, low power factor and maximum demand exceeding contract demand, etc. Though the premises of almost all the HT/EHT consumers had been visited by concerned engineers every month to take monthly readings and checking of installations, they failed to detect the above irregularities in time leading to delayed realisation of revenue and unnecessary disputes.

3A.7 Collection of Revenue

The table below shows the position of assessment, collection and arrears in collection of revenue for the five years up to 1998-99:

Sl. No.	Particulars	1994-95	1995-96	1996-97	1997-98	1998-99
		(Rupees in crore)				
1	Arrears of revenue on account of sale of energy at the beginning of the year	164.08	206.23	224.82	257.36	318.32
2	Revenue assessed during the year	609.15	688.86	670.97	951.59	1205.28
3	Total amount due for collection	773.23	895.09	895.79	1208.95	1523.60
4	Revenue collected during the year	567.00	670.27	638.43	890.63	1109.15
5	Arrears of revenue on account of sale of energy at the close of the year	206.23	224.82	257.36	318.32	414.45
6	Percentage of collection to total revenue due for collection	73.33	74.89	71.27	73.67	72.80
7	Arrears in terms of months' revenue assessed for sale of energy	4.06	3.92	4.86	4.01	4.13

Arrears of revenue (Rs.414.45 crore) represented 4.13 months' revenue on account of sale of energy

It could be seen from the above that the arrears of revenue had gone up to Rs.414.45 crore during 1998-99 which represented 4.13 months' revenue on account of sale of energy as against the security deposit of consumers limited to two months' revenue on account of sale of energy. Hence only about 50 *per cent* of the arrears was secured by deposits.

3A.7.1 Absence of age-wise/category-wise arrears

The Board had not analysed the arrears age-wise/category-wise and hence could not fix priority for action to realise the arrears. Consolidated details of claims under litigation, amounts which were allowed repayment in instalment, cases under revenue recovery action, etc., were also not maintained by the Board's Headquarters/Section office and as such these cases were not centrally monitored. Analysis in audit revealed that as on 31 March 2000 an amount of Rs.252.14 crore was pending realisation from EHT/HT consumers. The break-up between different categories was licensees (Rs.14.29 crore), Central/State Government PSUs (Rs.68.34 crore), BIFR companies (Rs.16.93 crore) and others (Rs.152.58 crore).

The above included Rs.104.88 crore under litigation which had not been properly pursued by the Board; Rs.2.60 crore pending settlement on account of delay of the Board in taking decision on appeals made by consumers, as directed by court; Rs.19.85 crore due from consumers who were provided with instalment facility by the Chief Engineer (Commercial and Tariff) for repayment of dues, without proper authority or definite policy; Rs.1.22 crore due from 28 consumers whose services were dismantled and Rs 1.29 crore due from 29 consumers for the realisation of which revenue recovery action had been pending since December 1993. Undue relaxation in payment of dues by consumers, inadequate security deposit, etc., contributed to accumulation of arrears.

Test check of cases on claims receivable revealed the following:

There was delay of over five years in taking decision on payment of demand charges

(a) (i) M/s. Bharath Plywoods, an HT consumer, disputed in Court the demand charges billed by the Board during September 1982. Though the Court referred (July 1993) the case to the Secretary of the Board for settlement, the final decision was taken only in December 1998. The delay of over five years in taking decision on the basis of Court direction, resulted in avoidable loss of interest of Rs.21.15 lakh in delayed realisation of the arrears.

(ii) The Registrar, Kerala Agricultural University filed (September 1995) a case against the claim raised by the Board in August 1995, amounting to Rs.89.57 lakh, on treating it as deemed HT consumer (as the connected load exceeded 100 KVA) retrospectively from March 1991. Though the Court directed (November 1995) the Board to pass appropriate orders within a period of two months, orders were passed only in November 1997 resulting in delayed realisation of one-third amount (Rs.47.81 lakh) which the Court directed (February 1998) to be paid within two weeks. The amount was remitted only in March 1998, resulting in loss of interest of Rs.13.62 lakh for the period from May 1996 to March 1998.

(b) M/s Travancore Electro Chemical Industries Limited, an EHT consumer was granted instalment facility by Chief Engineer (Tariff and Commercial) twice in April 1999 and June 1999, for payment of the arrears amounting to Rs.3.32 crore for the period up to December 1998. The instalment facility granted by the Chief Engineer (Tariff and Commercial) without proper delegation has only contributed to accumulation of arrears against the consumer to the extent of Rs.17.11 crore till 31 May 2000.

(c) M/s Indsil Electro Smelts Ltd, Palghat, an EHT consumer, filed (May 1996) a case in the Court challenging the fixation of quota during power cut period and bill raised for excess consumption amounting to Rs.9.65 crore. However, the statement of facts on the case was filed in Court only in February 1999 resulting in delay in disposal of case and realisation of amount.

3A.7.2 Non-accounting of funds transferred to Central Collection Account

Failure to monitor transfer of revenue collection from branch account to central account, resulted in non-accounting of Rs.4.89 crore and resultant loss of interest of Rs.1.86 crore

The revenue collected by the units of the Board were to be transferred from the collection account to the central account at Head office on daily basis and the balances were to be reconciled monthly. A review of the transfer of funds from collection account maintained by 33 units in 65 branch accounts to the central account with three nationalised banks revealed that an amount of Rs.4.89 crore, relating to the period April 1995 to March 2000, was not accounted resulting in loss of interest of Rs.1.86 crore @ 18 *per cent* per annum. Though the reconciliation of the balances was completed up to 31 March 2000, the amount remained (September 2000) as un-accounted.

3A.7.3 Inadequate security deposit from consumers

Adequacy of deposit was not ensured periodically

Before receiving service connection, the consumers were required to deposit with the Board a sum equal to two times (three times in the case of LT consumers) the probable monthly current charges as security for the payment of monthly current charges and safe custody of installations in consumers' premises. The deposit amount had to be reviewed periodically and updated with reference to the latest energy charges. A test check revealed short collection of Rs.7.40 crore from the consumers resulting in interest loss of Rs.2.09 crore as discussed below:

Failure to collect deposit in cash/demand draft resulted in loss of interest of Rs.0.39 crore

(i) One EHT consumer (M/s Indsil Electrosmelts Ltd.) provided with service connection in August 1994 was allowed to furnish (June 1994) the security deposit of Rs.66.96 lakh by way of bank guarantee, instead of cash/demand draft, resulting in loss of interest of Rs.38.77 lakh from June 1994 to November 1996.

Failure to collect additional security deposit of Rs.6.50 crore resulted in loss of interest of Rs.1.65 crore

(ii) Additional Security Deposit of Rs.6.50 crore in respect of 356 HT/EHT consumers remained unrealised for the period from October 1999 to March 2000, resulting in loss of interest of Rs.1.65 crore.

(iii) In respect of a few consumers other than HT/EHT category there were short realisation of security deposit amounting to Rs.23.37 lakh involving loss of interest of Rs.5.13 lakh due to delay in collection for the period from January to December 1999.

3A.8 Energy Audit

Even though CEA had issued guidelines regarding conduct of Energy Audit in 1986 which was revised in July 1991, the project report for Energy Audit was submitted to the CEA by the Board only in February 1994 and was approved (February 1994) by CEA and Ministry of Power (March 1994). An amount of Rs.2.30 crore (50 *per cent* grant by Government of India and balance loan by Rural Electrification Corporation Limited) was sanctioned (November 1994). However, the Board conducted the Energy Audit only in March 1999 identifying the 11 KV feeders in Tirumala sub-station for the purpose. The draft report on Energy Audit submitted (April 2000) had only identified percentage loss in transmission and distribution and other system losses besides suggesting a few remedial measures. Since the percentage of transmission and distribution losses, defective meters and other system deficiencies were known to the Board earlier and the APTS for detection of theft, pilferage, etc., was functioning since 1989, the expenditure of Rs.2.37 crore on Energy Audit after a delay of 14 years merely for identifying the system deficiencies known to the Board, did not serve any purpose.

The above matters were reported to the Board/Government in June 2000; their replies had not been received (September 2000).

Conclusion

The Board had not evolved a scientific basis for tariff structuring and the tariff fixed did not cover the costs in any of the categories of consumers except commercial and industrial category. The additional revenue generated through tariff revision did not match the increase in cost mainly due to excessive expenditure on purchase of power from outside sources, employees' costs, financing cost, etc. Despite tariff revisions, the three *per cent* Rate of Return, could not be achieved and the State Government had to grant subsidy to help the Board show the prescribed rate of return. The mechanism to inspect installations for avoiding theft, pilferage, etc., to maintain the lines and replace the defective meters, were not adequate, resulting in very huge loss of revenue. Billing was not done timely and properly resulting in losses arising from delay in collection and short-billing. The collection of revenue also did not show a healthy trend as evident from the heavy accumulation of arrears, absence of proper documentation of dues and ineffective follow-up action for recovery.

In order to improve the working of the Board there should be scientific restructuring of tariff and curbing of high cost in purchase of power. There is also urgent need to promptly assess consumption, check theft/pilferage, replace defective meters and ensure timely billing and collection of revenues.

3B. Operational Performance (including Material Management and Inventory Control) of Kerala State Road Transport Corporation

Highlights

Kerala State Road Transport Corporation was formed on 15 March 1965 with the main object of providing an efficient, economic and reliable transport service in the State.

(Paragraph 3B.1)

The Corporation had incurred losses during the five years up to 1998-99 except during 1994-95 when it earned a nominal profit of Rs.0.10 crore. The accumulated loss of the Corporation increased from Rs.275.05 crore in 1994-95 to Rs.443.89 crore in 1998-99 which had completely eroded the equity capital of the Corporation.

(Paragraph 3B.5(i))

Expenditure on staff salaries and allowances constituted about 39 to 48 *per cent* of the total expenditure and enhancement of passenger fares in August 1996 could not fully compensate for the increase in operating expenses.

(Paragraphs 3B.5(ii) and 3B.5(iii)(a))

While the effective distance operated increased by 16 *per cent*, the growth in passenger traffic was only 1.5 *per cent* from 1994-95 to 1998-99. The occupancy ratio also fell from 87 *per cent* in 1994-95 to 84 *per cent* in 1998-99.

(Paragraph 3B.6)

Only 42.28 *per cent* of buses held by the Corporation as on 31 March 1999 were less than four years old against the norms of 60 *per cent* prescribed by ASRTU while 22.38 *per cent* of the buses had exceeded the optimum life of eight years.

(Paragraph 3B.6.1)

Cancellation of scheduled trips due to want of bus varied from 44 *per cent* (1996-97) to 66 *per cent* (1998-99) in sixteen depots. Besides, cancellation of economic services and operation of uneconomic services resulted in loss of potential revenue of Rs.5.25 crore

(Paragraph 3B.6.2)

Consumption of high speed diesel in excess of norms during 1994-95 to 1998-99 resulted in extra expenditure of Rs.4.81crore.

(Paragraph 3B.6.4(i))

The percentage of premature failure of new tyres during the five years ended 31 March 1999 ranged between 45 and 57 resulting in excess consumption of 33777 tyres.

(Paragraph 3B.6.5)

Delay in repair of vehicles caused loss of 80603 vehicle days involving loss of potential revenue of Rs.27.34 crore.

(Paragraph 3B.6.6(ii))

The Corporation did not have the party-wise and year-wise details of outstanding advances amounting to Rs.7.26 crore given to suppliers of materials prior to 31 March 1996.

(Paragraph 3B.9.1(c))

Non- moving and obsolete stores amounted to Rs.0.30 crore at the end of March 2000.

(Paragraph 3B.9.2(iii))

Delay in completion of bodybuilding for 166 buses resulted in loss of potential revenue of Rs.1.93 crore.

(Paragraph 3B.9.2(iv))

3B.1 Introduction

The Kerala State Road Transport Corporation (Corporation) was formed on 15 March 1965 under Section 3 of the Road Transport Corporations Act, 1950 with the object of fulfilling the need of the travelling public for efficient, economic and reliable transport service all over the State. The Corporation started its operations from 1 April 1965 by taking over the services then being run by the Government Transport Department along with its assets and liabilities. The fleet strength of buses which was 901 at the time of take over from the Transport Department had grown to 4093 by March 2000, while the number of schedules grew from 661 to 3876. The total number of buses (4093) owned by the Corporation constituted 17.39 *per cent* of total stage carriages (23537) registered in the State as on 31 March 2000. At present, the Corporation is also operating inter-State services to Tamil Nadu and Karnataka under reciprocal agreements with these States.

3B.2 Organisational set-up

The management of the Corporation vests with a Board of Directors comprising Chairman, Managing Director and Directors appointed by the Government of Kerala and one nominee from the Central Government. The Managing Director is assisted in his day to day functions by four Executive Directors and Chief Accounts Officer and Financial Adviser. The operations are carried on through 29 depots and 33 sub-depots headed by District Transport Officers (DTO) and Asst.Transport Officers (ATO) respectively.

3B.3 Scope of Audit

A review on Material Management and Inventory control in the Corporation was included in the Report of the Comptroller and Auditor General of India for the year 1980-81 (Commercial), Government of Kerala. The recommendations of COPU (1989-91) thereon are included in their 57th Report of August 1989. The action taken report on these recommendations is awaited (August 2000). Reviews on Public Transport System in Trivandrum City and Performance of Workshops were included in the Report of the Comptroller and Auditor General of India for the year 1988-89 (Commercial), Government of Kerala. These reviews have not been discussed by COPU so far (August 2000). Reviews on 'Purchase and performance of tyres and tread rubber' and 'Accident compensation claims' were also included in the Reports of the Comptroller and Auditor General of India for the years 1995-96 and 1998-99 (Commercial), Government of Kerala respectively. The review on 'Purchase and performance of tyres and tread rubber' was discussed (April 2000) by COPU and their recommendations are awaited whereas the review on Accident Compensation Claims is yet to be discussed by COPU (August 2000).

The present review covers the operational performance including material management and inventory control of the Corporation for the five years ended 31 March 1999. The activities of 19 depots (out of 62 depots), Central Workshop, Regional Workshops (2), Central Store and Regional Store (1) were reviewed (October 1999 to March 2000).

3B.4 Capital Structure and Borrowings

3B.4.1 Capital contribution

In terms of Section 23 (1) of the Road Transport Corporations Act, 1950 the State Government and the Government of India were to contribute capital to the Corporation in the ratio of 3:1 up to 1968-69 and 2:1 from 1969-70. As on 31 March, 2000, the capital of the Corporation was Rs.115.20 crore (State Government: Rs.91.99 crore and Central Government: Rs.23.21 crore). The Central Government did not contribute capital in the prescribed ratio since beginning and had stopped further capital contribution to the Corporation since 1995-96.

3B.4.2 Borrowings

As on 31 March 2000, the borrowings of the Corporation was Rs.197.50* crore (State Government: Rs.82.90 crore, Debentures: Rs.8.35 crore, Financial Institutions: Rs.28.22 crore and Bonds: Rs.78.03 crore).

3B.5 Financial position and working results

The financial position and working results of the Corporation for the five years up to 1998-1999 are given in Annexures 20 and 21 respectively.

An analysis of above Annexures revealed that:

(i) During the five years up to 1998-99 the Corporation had incurred losses except for a nominal profit of Rs.10 lakh in 1994-95. The accumulated loss of the Corporation increased from Rs.275.05 crore in 1994-95 to Rs.443.89 crore in 1998-99 which had completely eroded the capital contribution of the Corporation.

Expenditure on staff salary and allowance was excessive

(ii) The continuous losses since 1995-96 can mainly be attributed to the heavy expenditure on establishment (personnel) which varied from 39 *per cent* to 48 *per cent* of the total expenditure during the five year period as could be seen from the analysis of expenditure and revenue detailed in Annexure 22. The cost per km (CPKM) was more than the earnings per km (EPKM). The other reasons for the continuous losses are excess consumption of fuel, tyres, operation of uneconomic services, cancellation of economic services, etc., as brought out in subsequent paragraphs.

(iii) The Corporation's dues and other current liabilities increased from Rs.155.62 crore in 1994-95 to Rs.326.95 crore in 1998-99 mainly due to poor financial health of the Corporation.

* Figures are provisional as accounts for the year 1999-2000 are in arrears.

Other factors responsible for the adverse working results were as follows:

(a) According to Section 67 of the Motor Vehicles Act 1988, the power to fix fares in respect of the stage carriages operating in the State and revise them periodically is vested with the State Government. The State Government had not accepted the recommendation of Association of State Road Transport Undertakings (ASRTU)/Ministry of Surface Transport giving powers to Sate Transport Undertakings for automatic revision of fares according to a formula, to adjust the rising cost of operation.

Enhancement in passenger fares was not commensurate with the increase in operating expenses

During the five years ended 31 March 1999, revision of fares was ordered by the Government only once i.e. in August1996. On account of this revision, the Corporation effected, on an average, 22 *per cent* enhancement in fares in August 1996 and obtained 9 *per cent* (Rs.29.11 crore), 25 *per cent* (Rs.76.82 crore) and 31 *per cent* (Rs.97.31 crore) increase in operating revenue during 1996-97, 1997-98 and 1998-99 respectively compared to 1995-96. The increased revenue collections were, however, insufficient to cover the increase in operating expenses which was about 12 *per cent* (Rs.36.90 crore), 34 *per cent* (Rs.104.62 crore) and 46 *per cent* (Rs.146.26 crore) in 1996-97, 1997-98 and 1998-99 respectively as compared to 1995-96. A further revision of fares by an average 28 *per cent* was effected in October 1999, the impact of which could, however, not be assessed for want of finalisation of the accounts for 1999-2000 by the Corporation.

(b) The Corporation has estimated and claimed a subsidy of Rs.100.57 crore from Government for the losses due to extending concession to students, handicapped and blind persons, freedom fighters, ex-service men, etc., and on account of operation of uneconomic services during the five years ended 31 March 1999. The State Government has not reimbursed the same to the Corporation (August 2000).

3B.6 Operational performance

The operational performance of the Corporation for the five years ended 31 March 1999 is detailed in Annexure 23. The performance efficiency of the Corporation as assessed on important parameters is discussed in succeeding paragraphs.

There was fall in occupancy ratio

An analysis of the operational performance revealed that while the effective kilometers operated increased by 16 *per cent* during the five years, the growth in passenger traffic was only 1.5 *per cent* which appears to be due to the fall in occupancy ratio from 87 in 1994-95 to 84 in 1998-99.

It may also be seen that the performance of the Corporation in respect of fleet utilisation, breakdowns and accidents, was very much below that of three other State Road Transport Corporations during 1996-97 (for which details were available) as seen from the following table:

	Kerala	Karnataka	Andhra Pradesh	Maharashtra
Percentage of fleet utilisation	78	91	98	92
Breakdown per lakh km	9.30	2.30	2.86	3.50
Accidents per lakh km	0.30	0.22	0.15	0.26

The main reasons for low fleet utilisation as analysed in audit were frequent breakdown due to overaged vehicles and delay in repair of vehicles by the depots/regional workshops.

3B.6.1 Vehicular strength and age profile

The table below indicates fleet holding, number of overaged buses and their percentage to the fleet holding at the end of each of the five years up to 31 March 1999:

	Position as on				
	31.3.95	31.3.96	31.3.97	31.3.98	31.3.99
(a) No. of total buses held in fleet	3505	3505	3750	3783	3928
(b) No. of buses in operation for 8 years or above	768	692	941	893	879
Percentage to total buses	21.91	19.74	25.09	23.61	22.38
(c) No. of buses in operation for over 4 years but less than eight years	1336	1275	1141	1264	1388
Percentage to total buses	38.12	36.38	30.43	33.41	35.34
(d) No. of buses in operation for 4 years or less	1401	1538	1668	1626	1661
Percentage to total buses	39.97	43.88	44.48	42.98	42.28

About one-third of the fleet consisted of overaged vehicles

ASRTU has prescribed that 60 *per cent* of the total fleet should be less than four years old and that normal life of a bus should be considered as eight years or 5 lakh km run whichever is earlier. As against this, only 1661 buses (42.28 *per cent*) held by the Corporation as on 31 March 1999 were less than four years old while 879 buses (22.38 *per cent*) were more than eight years old. It was also noticed that out of 1073 vehicles whose log books were test checked in audit, 283 buses though less than eight years old had run a total distance of 5 lakh km each and had therefore completed their normal life.

The Corporation had not achieved the target set for purchase of new vehicles in any of the five years ended 31 March 1999. As against the targeted addition of 3550 new vehicles during the above five years, the actual addition was only 2052 vehicles. The shortfall ranged from 12 *per cent* in 1997-98 to 71 *per cent* in 1998-99 and the overall shortfall was 42 *per cent.*

3B.6.2 Cancellation of scheduled services

The main reason for cancellation of services was 'want of bus'

A review of the daily operations of 19 depots revealed that trips scheduled were not operated fully mainly due to reasons such as lack of buses, lack of crew including that resulting from engagement of crew on other duties and other factors (bandh, hartal, frequent strikes by the employees, etc.). Out of 9035.33 lakh km scheduled, the depots could operate only 7554.73 lakh km, resulting in cancellation of 1480.60 lakh km. (16.39 *per cent)* during the five year period ending 31 March 1999.

The table below gives the details of the number of trips scheduled for operation, trips operated and trips cancelled and percentage of cancellation against total scheduled trips for the five years up to 1998-99 in respect of the depots test checked:

	1994-95	1995-96	1996-97	1997-98	1998-99
	(Numbers in lakh)				
Trips scheduled	27.53	32.53	33.78	36.63	35.98
Trips operated	23.79	27.14	26.06	28.96	27.36
Trips cancelled	3.74	5.39	7.72	7.67	8.62
Percentage of cancellation to trips scheduled	13.59	16.57	22.85	20.94	23.96

The depots attributed the cancellation mainly to inadequate number of buses and crew. The extent of cancellation on account of these reasons during the five years ended 1998-99 are given in the following table :

Reasons	1994-95		1995-96		1996-97		1997-98		1998-99	
	No. of trips cancelled (in lakh)	Percentage to total cancellation	No. of trips cancelled (in lakh)	Percentage to total cancellation	No. of trips cancelled (in lakh)	Percentage to total cancellation	No. of trips cancelled (in lakh)	Percentage to total cancellation	No. of trips cancelled (in lakh)	Percentage to total cancellation
Want of buses	1.80	48	2.36	44	3.66	47	4.86	63	5.67	66
Want of crew	1.13	30	1.98	37	2.90	38	1.44	19	1.14	13
Other reasons (bandh, hartal, frequent strikes etc.)	0.81	22	1.05	19	1.16	15	1.37	18	1.81	21
Total	**3.74**	**100**	**5.39**	**100**	**7.72**	**100**	**7.67**	**100**	**8.62**	**100**

While there was cancellation of economic services, Corporation continued to operate uneconomic services thereby incurring loss of revenue

It may be seen that the major reason for the cancellation of scheduled trips was non-availability of buses. The cancellations steadily increased from 44 *per cent* to 66 *per cent* over the five years and was due to the absence of proper scheduling for periodical maintenance of the vehicles and inordinate delay in repairing the vehicles.

It was noticed in audit that the Corporation had cancelled certain trips with better EPKM (Earning per kilometer) while it continued to operate uneconomic services, as a result of which it was deprived of potential revenue of Rs.5.25 crore.

3B.6.3 Quality of services

The number of breakdown per 10000 km, accidents per lakh gross km and percentage of late departures and arrivals in respect of services of the Corporation during the five years up to 1998-1999 were as under:

Year	Number of break down per 10000 km	Number of accidents per lakh gross km	Percentage of	
			Late departures to total departures	Late arrivals to total arrivals
1994-95	1.18	0.41	7.8	10.0
1995-96	1.20	0.30	8.1	9.9
1996-97	0.93	0.30	7.7	11.5
1997-98	0.90	0.20	7.9	8.8
1998-99	0.90	0.20	9.9	12.9

While the number of breakdown was decreasing, test check indicated that avoidable breakdown on account of diesel starvation/block, tyre defects, etc., amounted to 30 *per cent* of the total breakdown. Reasons for the high incidence of avoidable breakdown and remedial action taken to minimise the avoidable breakdown, were not available on record.

A further analysis regarding regularity of services indicated that though the overall percentages of delayed departures and delayed arrivals were around 8 *per cent* and 10 *per cent* respectively, in 19 depots test checked late departures ranged from 2.25 *per cent* (DTO/Thrissur 1995-96) to 37.98 *per cent* (DTO/Ernakulam 1998-99). Similarly, percentage of late arrivals ranged from 3.27 *per cent* (DTO/Thrissur 1995-96) to 54.35 *per cent* (DTO/Kannur 1995-96). Reasons for late arrivals and departures were stated to be mechanical complaints, late arrival of previous trips, accidents, heavy traffic, late reporting of crew, etc.

3B.6.4 Consumption of high speed diesel and lubricants

(i) High speed diesel

Consumption of diesel oil in excess of norms resulted in extra expenditure of Rs.4.81 crore

The Corporation had fixed the norms for consumption of HSD oil at 3.8 km per litre for Leyland buses and 4.1 km per litre for TATA buses. The average norm of consumption of HSD oil fixed by Karnataka State Road Transport Corporation ranged from 4.55 to 4.80 km per litre during the period 1994-95 to 1998-99. Against these norms, the consumption of diesel during the five years ended 31 March 1999 varied from 3.21 km (ATO Thamarassery 1997-98) to 3.67 km (ATO Thamarassery 1996-97) per litre in respect of Leyland vehicles and from 3.71 km (DTO Kozhikode 1996-97) to 4.07 km (DTO Kollam 1996-97) per litre in respect of TATA vehicles resulting in additional expenditure of Rs.4.81 crore.

The Management stated (June 2000) that poor mileages of the vehicles was attributed to poor performance of the engines, FI equipment, poor road conditions, frequent stops for ordinary buses, etc.

(ii) Engine Oil

Consumption of engine oil varied widely from depot to depot in case of 19 depots test checked. The average km per litre of engine oil obtained ranged from 349.10 (DTO Attingal) to 841 (ATO Thamarassery) in 1994-95, 336.52 (DTO Kollam) to 860 (DTO Chengannoor) in 1995-96, 320 (DTO Attingal) to 1053 (ATO Malappuram) in 1996-97, 339 (DTO Trichur) to 822 (DTO Kozhikode) in 1997-98 and 346 (DTO Kollam) to 748 (DTO Kannur) in 1998-99.

The Corporation had not fixed any norm for the consumption of engine oil. The depots had not maintained any records indicating vehicle-wise consumption of engine oil despite provisions in the Corporation's Handbook of Commercial Accounts Part II. The reasons for the wide variation in engine oil consumption had not been analysed by the Corporation.

3B.6.5 Performance of tyres

The average life of new tyres in the Corporation during the five years ended 31 March 1999 was 26824 km against the all India average of 48556 km (1997-98) for State Road Transport Corporaions (SRTCs). The Corporation has fixed norms for the performance of new and retreaded (cold-indag and hot process) tyres separately for each depot keeping in view the terrain and road conditions. The norms thus fixed in respect of the depots test checked varied as under.

Description of tyres	Range of norm	
	Lowest	Highest
New	24200 km (DTO, Kottayam)	33000 km (DTO, Kollam)
Retreaded:		
Cold process (indag) (Latest technology)	23000 km (DTO, Kottayam)	33000 km (DTO, Kollam)
Hot process (conventional method)	14500 km (DTO Kottayam)	22000 km (DTO Kollam)

50 *per cent* of the new tyres failed prematurely

It was noticed that 101504 tyres in depots test checked had failed before attaining the minimum mileage and this had resulted in excess consumption of 4208, 13186 and 16383 numbers of new, retreaded (cold process) and retreaded (hot process) tyres respectively during the five years ended 31 March 1999. The cost of new tyres excess consumed alone amounted to Rs.2.71 crore. A further analysis revealed that the premature failures in new tyres were 56 *per cent*, 57 *per cent*, 49 *per cent*, 45 *per cent* and 50 *per cent* of the total tyres withdrawn during 1994-95, 1995-96, 1996-97, 1997-98 and 1998-99 respectively. The depots had not investigated the reasons for such high incidence of premature failures so as to devise remedial measures.

3B.6.6 Docking of vehicles for maintenance and repairs

(i) According to the directions contained in the Operators Service Manual of vehicles, the frequency of oil change prescribed was 18000 km for TATA and 16000 km for Ashok Leyland vehicles. A test check of the log books maintained in depots for the period of five years up to 31 March 1999 revealed that the depots had not complied with the directions of the manufacturers and oil was changed after operating distances ranging from 17745 km (DTO, Sultan Bathery) to 44025 km (DTO Kottayam) in respect of Ashok Leyland vehicles and 19165 km (DTO Ernakulam) to 39765 km (DTO Kottayam) in respect of TATA vehicles.

Loss of potential revenue due to loss of vehicle days on account of delay in completion of repairs amounted to Rs.27.34 crore

(ii) According to the norms fixed by the Corporation major and minor repairs should be completed within 30 days and 14 days by the Regional and Depot workshops respectively. A review of the records at 19 depots test checked revealed delays up to 288 days in completing the repairs, the reasons for which were not available on record. The vehicle days thus lost (during the five years ended 31 March 1999) in respect of depots test checked worked out to 80603 and the loss of potential revenue involved was Rs.27.34 crore.

3B.7 Manpower analysis

Staff per bus ratio was high when compared to Karnataka

The category-wise analysis of manpower in position during the five years up to 1998-99 is given in Annexure 24. It could be seen from the Annexure that the manpower at supervisory level in all sections was on the increase even though the manpower at non-supervisory level showed a declining trend which led to gradual increase in employee costs due to higher pay and allowances of supervisory staff. The average number of employees per vehicle held during the above period of five years ranged between 6.43 and 7.71 while it was 5.78 in the State Road Transport Corporations of Karnataka.

A review of records test checked in depots revealed the following points:

The mismatch between number of conductors and drivers was very high in certain depots

(i) No proper norms had been followed for category-wise distribution of staff in the depots. Invariably, it was found that conductors and drivers were not in the same proportion. The excess of conductors over drivers ranged from 2 (ATO/Malappuram) to 42 (DTO/Chengannur) during 1996-97, 2 (DTO/ Kottarakkara) to 51 (DTO/Attingal) during 1997-98 and 3 (ATO/Malappuram) to 88 (DTO/ Kottarakkara) during 1998-99. Similarly the excess of drivers over conductors ranged from 10 (DTO Kayamkulam) to 40 (DTO Kottayam) during 1996-97, 9 (ATO Perinthalmanna) to 35 (DTO Kollam) during 1997-98 and 2 (DTO Ernakulam) to 31 (DTO Kottayam) during 1998-99. The uneven deployment of crew resulted in cancellation of trips as brought out in paragraph 3B.6.2 (supra).

(ii) The normal duty time of eight hours for the operating crew included steering duty of 6 ½ hours. Test check in the units indicated short provision of steering duty resulting in underutilisation of crew. The shortfall in steering duty ranged between 0.10 and 2.03 hours per duty in the depots test checked during the period of review.

(iii) The drivers and conductors instead of being engaged for line duties were posted for other duties e.g. clerical duties in the office. During the five years ended 31 March 1999, 129883 driver days and 63905 conductor days were utilised for duties other than line duty in the depots test checked, which was also one of the reasons for the cancellation of trips.

3B.8 Management Information System (MIS)

The Corporation has installed computers at the Chief Office, Electronic Data Processing (EDP) section. Details regarding daily operations at various depots are fed into the computer based on the daily/weekly/fortnightly/ monthly statements received from the depots. The outputs from the computers constituted the main source of MIS in the Corporation. It was noticed in audit that figures in the computer printouts did not agree with the figures obtained from the depot records in some cases as mentioned below:

Name of depot	Name of schedule	Period	As per computer statement		As per Schedule-wise daily collection statements of Depot	
			Collections (Rs.in lakh)	No. of days/km operated	Collections (Rs.in lakh)	No. of days/km operated
DTO, Kozhikode	Kozhikode–Kottayam 10.45 hrs	4/98 to 3/99	11.05	180 days	14.60	268 days
	Kozhikode-Ambalavayalpoyil 8.00 hrs	4/98 to 3/99	4.10	115 days	7.92	246 days
DTO, Palakkad	Palakkad–Trivandrum 10.00 hrs	4/98	1.08	0.13 lakh km	2.04	0.22 lakh km
DTO, Thrissur	Thrissur – Mysore 19.00 hrs	4/98	2.18	0.16 lakh km	2.36	0.17 lakh km

Besides, differences in the km covered taken for calculating EPKM (Earnings per kilometer) and KMPL (Kilometer per litre) were also noticed in some cases as shown below:

	km reckoned for (in lakh)		
	Period	EPKM	KMPL
DTO Kozhikode	4/98 to 3/99	103.52	86.36
DTO Thrissur	-do-	101.57	78.62

The reasons for difference in the figures were not on record. Thus, the authenticity of MIS report could not be vouched for.

3B.9 Material Management and Inventory Control

3B.9.1 Purchases

The Corporation has a centralised organisation under the overall administrative control of the Controller of Purchases and Stores(assisted by three Assistant Controllers) for the purchase and stocking of stores and spares. Stores and spares ordered are received, inspected and taken to stock mainly at the Central Store, Thiruvananthapuram and partly at the Regional Stores Aluva and Kozhikode.

The stores and spares required by the Corporation are procured by direct purchase of proprietary items from original equipment manufacturers, rate contract concluded by the ASRTU with various firms on behalf of the members and following the stores purchase rules framed by the Government.

Purchases involving more than Rs.5 lakh are to be approved by the Board. Preferential treatment is extended to products made within the State subject to satisfaction of quality and other factors.

The details of opening stock, purchases, consumption and closing stock of materials held by the Corporation during the five years up to 1998-99 are given in Annexure 25.

A test check of the purchases revealed the following points:

a) Purchases without properly assessing the requirements

(i) The Corporation assesses the requirement of most materials on the basis of previous years consumption as revealed by the issues from the chief store. Since the actual issue might not represent the actual requirement for consumption during the previous year (because of shortage or stock out of the items in the units) this cannot be a correct way of assessing the requirement. A test check showed that in respect of 287 items during 1997-98, 328 items during 1998-99 and 251 items during 1999-2000, there were frequent stock-outs ranging up to 20 times in a year. Besides, several body building materials (eg. MS flat GI Sheets, PVC cloth, paint, plywood, brake liners, spring tackle, etc.) and essential spares were out of stock up to 258 days, 360 days and 303 days during 1997-98, 1998-99 and 1999-2000 respectively. Reasons for stock-out of materials were delay in placing orders, placing orders on single party, delay in making advance payments and clearance of documents or non-supply/ rejection of supplies. The frequent stock-out of items resulted in undue delay in repairing/body building and consequent loss of vehicle days as brought out in paragraph 3B.6.6 (ii) (Supra) and 3B.9.2.(iv) (infra).

(ii) It was noticed in audit that the Corporation purchased new uniforms for its employees during April/May 2000 and issued the same without utilising the earlier stock of uniforms valued at Rs.8.41 lakh lying in store since September 1996.

b) Purchase without observing economy

Though the endeavour of the Corporation should have been to obtain the materials at the most competitive price, several instances of not adhering to economy in purchases have been noticed in audit and these have been included in various Reports of the Comptroller and Auditor General of India (Commercial), Government of Kerala (vide paragraphs 4.2.2.1 to 4.2.2.3 of 1994-95, paragraph 3B of 1995-96 and paragraph 4.2.2.1 of 1998-99).

Some other instances noticed are indicated below:

(i) Extra expenditure on purchase of seat cushions and back rests

For meeting the annual requirement for 2-seater and 3-seater cushion and back rest the Corporation invited tenders in May 1999 and 7 out of 14 offers received were found acceptable. Pending approval of the Board of Directors for the purchase, the Corporation placed (December 1999) an order with the lowest tenderer (M/s Ficus Foams, Changanassery) for supply of 500 numbers each of the items. Since the firm failed to maintain quality and complete the supply of the ordered quantity, the Corporation, without the approval of the Board of Directors and without considering the 2nd, 3rd or 4th lowest offers, purchased (January 2000) 2305 seat cushions and 2105 back rests from COIRFED (who had not quoted against the tender) and 2500 seat cushions and 2300 back rests from M/s Trivandrum Rubber Works (whose quoted rates against the tender were the highest), paying higher rates involving an extra expenditure of Rs.4.01 lakh. The reasons for ignoring the offers of the 2nd to 4th lowest tenders were not on record.

ii) Extra expenditure due to use of chequered plywood sheets

The Corporation proposed (1997) to use aluminium sheets for the flooring of new buses in place of chequered plywood sheets which was in use till then on the ground that plywood sheets required 2 to 3 replacements during the life time of a bus whereas aluminium sheets required no such replacements. The Corporation completed body building of 1098 buses at Central Workshop, Thiruvananthapuram during the period from 1997-98 to 1999-2000. As against the requirement of 247 metric tonnes of aluminium sheets for building these bodies, the Corporation purchased 104.363 metric tonne aluminium sheets sufficient for use in 465 buses only and the remaining 633 buses were completed using ply-wood sheets, though the use of plywood involved additional expenditure. The anticipated extra expenditure on the use of plywood sheets worked out to Rs.3.42 crore during the lifetime of the buses taking into account the additional cost of Rs.54020 per bus.

c) **Advances pending adjustments**

Advances pending over 3 years amounted to Rs.7.26 crore

The Corporation had been making advance payments to suppliers of materials and an amount of Rs.7.93 crore was outstanding adjustment as on 31 March 1999. This included Rs.7.26 crore pertaining to the period prior to March 1996, for which no party-wise or year-wise details were available. The Corporation had not maintained the personal ledgers of parties as prescribed in Corporation's Hand book of Commercial Accounts so as to watch the prompt adjustment of advances. The extent of supplies against the advances could not, therefore, be ascertained.

3B.9.2 Inventory control

As on 31 March 2000, there were about 3000 items handled by the Corporation. A review of inventory control being exercised by the Corporation revealed the following deficiencies:

(i) The maximum, minimum and re-ordering levels for the different items were not fixed. As could be seen from Annexure 25, inventory holding in the Corporation during the five years up to 1998-99 in terms of month's consumption had varied between 3.87 months and 7.35 months which was very high. The Corporation had not fixed any norm for inventory holding.

(ii) Priced stores ledgers were not maintained either in the Central Store or in the units and value of inventory was not readily ascertainable.

Non-moving and obsolete stores amounted to Rs.0.30 crore

(iii) There were 137 items valued at Rs.11.75 lakh lying in stores which had not moved for more than three years as on 31 March 2000. Further, there were 666 items valued at Rs.18.73 lakh, which had become obsolete and were lying in stores as at the end of March 2000.

(iv) The Corporation did not have a satisfactory system to ensure the availability of various materials in time which affected the smooth working of the various units of the Corporation. A test check of the records of the body building division at Pappanamcode, Aluva and Mavelikkara showed that the work was held up frequently due to non-

Delay in completion of body building of buses resulted in potential loss of revenue of Rs.1.93 crore

availability of the required materials. There was, however, no record to show the exact nature and quantity of such materials and the duration for which the body building work was affected. During the period from 1997-98 to 1999-2000, the Corporation completed 1098 bus bodies and the time taken for building each body ranged from 15 to 201 days. The Corporation had not fixed any time limit for completion of bodybuilding of vehicles. However, allowing 15 days as the normal time required there had been delays ranging up to 186 days in completion of building of 166 bus bodies during the three years ending 31 March 2000 which resulted in loss of 5505 vehicle days with consequent loss of potential revenue of Rs.1.93 crore (calculated at the average earning of Rs.3500 per bus per day).

The above matters were reported to the Corporation/Government in June 2000; their replies had not been received (October 2000).

Conclusion

About one-third of the Corporation's fleet consisted of overaged vehicles due to the Corporation's inability to induct new buses as planned. The continuous increase in operating expenses (mainly staff salaries and allowances) was not commensurate with increase in revenue. Excess consumption of fuel and engine oil, poor performance of tyres, operation of uneconomic services, cancellation of economic services, loss of vehicle days due to delays in carrying out repairs and building of new bus bodies have also contributed to the continuous losses of the Corporation. The enhancement in fares was quite inadequate to cover the increase in operating expenses. The Corporation was also not getting reimbursement of the loss incurred by it in extending concessions to students and other categories from the State Government.

There is an urgent need for devising a proper mechanism for rationalisation of schedules, efficient deployment of manpower along with easing out of overaged vehicles, adequate revision of fares and control over expenditure and consumption of fuel and tyres.

3C. Kerala State Warehousing Corporation

Highlights

The Corporation established in February 1959 is in the business of running warehousing centres in the State for storage of agricultural produces, seeds, manures, fertilizers and notified commodities.

(Paragraph 3C.1)

Unnecessary retention of cash balances ranging from Rs.0.62 crore to Rs.1.71 crore in 63 current accounts entailed loss of interest of Rs.0.29 crore.

(Paragraph 3C.6)

The overall capacity utilisation at the end of each year ranged between 59 and 117 *per cent* during 1994-95 to 1998-99.

(Paragraph 3C.8.1)

The Corporation had mainly catered to the storage needs of organised sector and not of the agriculturists which was one of its important objectives.

(Paragraph 3C.8.2)

Additional godowns were constructed at a cost of Rs.0.37 crore when existing facilities were being underutilised and Rs.0.26 crore was spent for construction of godowns in areas having no business prospects.

(Paragraph 3C.9.2)

Operational loss of Rs.0.26 crore was incurred due to failure to close down three non-profitable warehousing centres.

(Paragraph 3C.11.2)

Storage loss in excess of prescribed norms amounted to Rs.1.37 crore.

(Paragraph 3C.12)

Extension of concessional rate for storage on tonnage basis resulted in loss of Rs.0.27 crore and ineligible rebate of Rs.0.17 crore was granted to customers.

(Paragraphs, 3C.14 and 3C.15)

Failure to charge revised storage rates applicable from time to time and omission to enter into contract specifying tariff resulted in non-realisation of Rs.0.50 crore.

(Paragraph 3C.18)

Surplus manpower in warehousing centres resulted in payment of idle wages to the extent of Rs.2.20 crore.

(Paragraph 3C.19)

3C.1 Introduction

The Kerala State Warehousing Corporation (Corporation) was established in February 1959 under the Agricultural Produce (Development and Warehousing) Corporations Act, 1956 which was subsequently replaced by the Warehousing Corporations Act, 1962. Under the provisions of the Act, the main objective of setting up of the Corporation is to run warehousing centres in the State for the storage of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities, arrange facilities for transport of such items to and from the warehousing centres and act as an agent of the Central Warehousing Corporation (CWC) or of the Government for the purpose of purchase, sale, storage and distribution of these items.

The Corporation also undertook consultancy services for civil works of public sector undertakings and a courier service, which were neither covered by the objectives envisaged under the Act nor prescribed by Government.

3C.2 Scope of Audit

The working of the Corporation was last reviewed in the Report of the Comptroller and Auditor General of India for the year 1992-93 No.1 (Commercial), Government of Kerala. The review has, however, not been discussed by the Committee on Public Undertakings so far (September 2000). The present review covers the activities of the Corporation for the five years from 1994-95 to 1998-99 with emphasis on the working of 20 warehousing centres under the three regional offices at Thiruvananthapuram, Kollam and Alappuzha.

3C.3 Organisational set-up

As on 31 March 2000, the management of the affairs of the Corporation was vested in a Board of eleven Directors comprising five directors each nominated by the CWC and the State Government and a Managing Director appointed by the State Government.

The Board is assisted in its performance by an Executive Committee consisting of Chairman, Managing Director and two directors. The Corporation with its head office at Kochi has three zonal offices and nine regional offices under the zones. As at the end of 31 March 2000, the Corporation was operating 61 warehousing centres with a total capacity of 1.93 lakh tonnes (Corporation's own warehousing centres: 1.60 lakh tonnes; hired warehousing centres: 0.33 lakh tonnes). Each warehousing centre is managed by a Deputy/Senior Assistant/Assistant Manager depending on the warehousing capacity.

3C.4 Budgeting

The Corporation has a system of preparing annual revenue and capital budgets and sending them to the CWC and the State Government. The actual income and expenditure on revenue and capital account compared with the projections in the annual budgets for the five years up to 1998-99 are indicated in Annexure 26. It can be seen from the annexure that the actual income and expenditure on revenue account increased considerably during all the five years when compared with the budget estimates. Similarly, actual expenditure against capital outlay was much less than the projections and ranged only between 7.54 and 18.37 *per cent* of budget estimates during the five years, indicating poor augmentation of warehousing capacity.

These indicated that the annual budgets were prepared without adequate care thereby rendering the projections unrealistic. There was no system of preparing variance reports and analysing the reasons for wide variations as compared to projections in the budget estimates.

3C.5 Funding

3C.5.1 Capital structure

The authorised capital of the Corporation as on 31 March 2000 was Rs.7.50 crore against which the paid up capital was Rs.7.25 crore contributed by State Government (Rs.3.75 crore) and CWC (Rs.3.50 crore). State Government has also advanced Rs.25 lakh towards share capital.

3C.5.2 Borrowings

The borrowings of the Corporation as on 31 March 2000 was Rs.62.45 lakh comprising term loan availed of from State Government. As on 31 March 2000, the overdue interest on loans amounted to Rs.1.71 crore out of which Rs.2.36 lakh was payable to Government. The balance Rs.1.69 crore represented interest payable to a consortium of banks on loans, the principal amount of which had already been repaid.

3C.6 Cash Management

As per the system followed by the Corporation there were two current accounts with banks for each warehousing centre, one in the name of the Managing Director and the other for the Warehousing centre-in-charge. Funds deposited in the Managing Director's account were being used to clear cheques for establishment expenses, handling advances, imprest, etc.

Unnecessary retention of heavy balances in current account resulted in interest loss of Rs.0.29 crore

Analysis of the balances in 63 such current accounts maintained in the name of the Managing Director revealed that the total of the monthly minimum balances in those accounts ranged between Rs.62.06 lakh and Rs.1.71 crore during the three year period 1996-99. The minimum interest loss on account of keeping the huge cash resources in current account (after considering a cash balance of Rs.20 lakh for day to day transactions) for the three years worked out to Rs.28.89 lakh @12.5 *per cent.*

3C.7 Financial position and Working results

3C.7.1 Financial position

The financial position of the Corporation under the broad headings for the five years up to 1998-99 is given in Annexure 27. Scrutiny thereof reveals that the amount of rural godown subsidy received up to 31 March 1999 was Rs.1.62 crore, out of which Rs.20.75 lakh was received during 1996-97. The provision for bad and doubtful debts as on 31 March 1999 amounted to Rs.1.25 crore which included Rs.77.63 lakh created during 1997-98 for the purpose of withdrawing the excessive warehousing tariff applied in respect of Kerala State Beverages (M&M) Corporation Limited (KSBC) for earlier years.

3C.7.2 Working results

The working results of the Corporation for the last five years up to 1998-99 are given in Annexure 28. The Corporation was making profit up to 1987-88 and had reserves of Rs.2.12 crore as at the end of that year. The loss incurred during 1988-89 to 1993-94 amounted to Rs.3.58 crore. However, the working thereafter resulted in profit of Rs.2.97 crore during the period 1994-95 to 1998-99 as detailed in the above Annexure.

It could be seen from the Annexure that the income on warehousing, the prime activity of the Corporation, accounted for only 63.38 to 76.16 *per cent* of the total income during the five years and was not sufficient to cover the heavy expenditure on establishment, administration and other expenses including interest and depreciation. The income from handling and transportation activity ranged between 21.04 and 33.19 *per cent* of the total income mainly due to the very high margin obtained by the Corporation.

Increase in income was due to storage of IMFL an activity not envisaged under the Act

The huge increase in income from warehousing charges during 1994-95 to 1998-99 was due to activities like reservation/allotment of space to KSBC for storage and distribution of Indian Made Foreign Liquor (IMFL) which was not envisaged under the Act, and the storage of produce under the monopoly procurement/price support schemes of Government. The sharp increase in rates of storage charges also contributed to increase in income by way of warehousing charges.

The table below shows the establishment charges incurred during the five years up to 1998-99 and the employees cost per tonne of capacity in respect of the Corporation and Tamil Nadu Warehousing Corporation (TNWC):

Corporation

Particulars/Year	1994-95	1995-96	1996-97	1997-98	1998-99
Establishment charges (Rs. in lakh)	295.85	292.18	326.68	437.10	453.93
Total expenditure excluding provision for bad and doubtful debts (Rs. in lakh)	641.63	649.41	618.82	774.51	771.73
Average employee cost per tonne of capacity (in Rupees)	144.32	152.18	171.04	232.16	242.74

TNWC

Particulars/Year	1994-95	1995-96	1996-97	1997-98	1998-99
Employee cost (Rs. in lakh)	295.03	354.30	380.45	490.88	584.68
Total expenditure excluding provision for bad debts (Rs. in lakh)	483.72	563.57	590.19	844.19	954.88
Average employee cost per tonne of capacity (in Rupees)	49.92	58.08	61.26	78.66	93.85

It could be seen from the above that the expenditure on employees per tonne of capacity in the Corporation was much higher than that of TNWC. This was due to operation of more number of warehousing centres with lower storage capacity by the Corporation causing higher employees cost per tonne of capacity.

3C.8 Warehousing operations

As the production of food grains in the State is limited, the warehousing activity of the Corporation is mainly confined to storage of fertilizers, cement and items procured by Government under the price support scheme. As on 31 March 2000, there were 61 warehousing centres operated by the Corporation comprising 36 owned, 14 hired and 11 partially owned/hired (warehousing centre in one location having own as well as hired godowns).

3C.8.1 Capacity utilisation

The average capacity utilisation in various warehousing centres during the period 1994-95 to 1998-99 is detailed in Annexure 29.

* *Provisional*

It could be seen from the Annexure that while the overall capacity utilisation ranged between 59 and 117 *per cent*, it varied between 41 and 112 *per cent* in respect of owned warehousing centres and between 36 and 162 *per cent* in respect of hired warehousing centres.

Actual utilisation of warehousing centres did not justify creation of additional capacity

It could be further seen from the Annexure that the growth in own capacity during the five years ended 31 March 1999 was only 0.08 lakh tonnes while the hired capacity recorded a fall of 0.26 lakh tonnes due to closure of three warehousing centres (958 tonnes) which were not profitable and release of hired godowns (25227 tonnes) due to poor occupancy. It was noticed in audit that the growth in capacity of 0.08 lakh tonnes was not justifiable since the percentage of occupancy in the five warehousing centres where additional capacity was created during the period of review ranged between 10.1 to 88.3 only indicating that the capacity in those warehousing centres prior to creation of additional capacity was sufficient to cover the warehousing operations as discussed in paragraph 3C.9.2 *infra*.

The details of number of warehousing centres operated, total capacity and average capacity per warehousing centre in the Corporation, TNWC and the Kerala region of the CWC for the five years ended 1999-2000 are given in Annexure 30.

Comparison of the data in the Annexure revealed that the average capacity per warehousing centre of the Corporation during the five years ended 31 March 2000 ranged from 2985 to 3166 tonnes as against 9646 to 10023 tonnes in TNWC and 13582 to 14042 tonnes in Kerala region of CWC indicating that the Corporation had been operating smaller warehousing centres which were not economically viable considering the high establishment cost as discussed in paragraph 3C.7.2 *supra*.

There was high establishment cost due to clustering of large number of warehousing centres

An analysis in audit also revealed that there was one warehousing centre for every 0.32 lakh hectare of cultivated land in Kerala as against one warehousing centre per 1.04 lakh hectare in Tamil Nadu pointing to the clustering of large number of warehousing centres by the Corporation. The distance between warehousing centres of the Corporation was only 6 to 28 km.

Thus, the Corporation was operating a larger number of warehousing centres than required without considering the limited availability of agricultural produces in the State resulting in uneconomic operation of warehousing centres.

A further analysis in audit revealed that even with the storage of items procured by the nominated agencies under the price support scheme, the occupancy was less than 50 *per cent* in 26, 20, 27, 17 and 19 warehousing centres respectively during the five years ended 1998-99.

3C.8.2 Commodity-wise utilisation of storage capacity

The commodity-wise details of items stored in the warehousing centres during the four years up to 1997-98 are indicated in Annexure 31.

Maximum quantity stored was fertilizers

The Annexure indicates that the largest single item stored with the Corporation was fertilizers, followed by cement, levy sugar, copra and rubber during various periods. The total quantity of items deposited with the Corporation declined from 305585 tonnes in 1994-95 to 249841 tonnes during 1997-98. It was also noticed in audit that the number of deposits received declined from 18400 during 1994-95 to 11037 during 1996-97. It was noticed that the Corporation had mainly catered to the storage needs of organised sector and not of the agriculturists thereby failing in achievement of an important objective to help the primary producers i.e., agriculturists.

Agriculturists and producers were not utilising 20 warehousing centres test-checked

The Corporation was not maintaining customer-wise classification of its clients. However, a test check in audit of the storage activities of 20 warehousing centres of the Corporation under the South Zone revealed that agriculturists or producers were not utilising the facilities of the Corporation in any of them and nearly 75 *per cent* of deposits was from Government departments, public sector undertakings and co-operative institutions and more than 17 *per cent* from traders. The Kerala State Civil Supplies Corporation Limited (KSCSC), the nominated agency of the State Government for public distribution system was utilising the facility of the Corporation only to a limited extent on the ground that the Corporation's rates of storage were very high when compared to the market rates. Similarly, the activity of the Corporation as an agent of CWC or the Government for the purchase, storage and distribution/sale of agricultural produce, notified commodities, etc., was also limited in view of the fact that the quantity of paddy and rubber procured and sold by the Corporation during the three years up to 1999-2000 was only 618.513 tonnes and 83.006 tonnes respectively and worked out to 0.37 *per cent* of the average storage capacity during the corresponding period.

The high rate of storage charges levied by the Corporation was also evidenced by the fact that M/s. Apollo Tyres International Pvt. Ltd. which was occupying a storage space of 10000 sq. ft. on reservation basis at the rate of Rs.9 per sq. ft. from 1 July 1998 vacated the space in March 1999 since the Corporation refused to reduce the rate to Rs.5 per sq. ft. charged by other private parties at Kochi.

3C.9 Construction of godowns

3C.9.1 Purchase of land for construction of godowns

The Corporation had its own godowns in 48 locations as on 31 March 2000 and the capacity of the godowns ranged from 1000 tonnes to 12300 tonnes.

35.88 acres of land purchased in excess of norms

As per norms fixed by the Corporation the land required for construction of a godown of minimum capacity of 1000 tonnes was only 30 cents* with additional 10 cents for increase of every 500 tonnes. A review of the land utilisation for construction of godowns revealed that there was excess

* 100 cents = one acre.

procurement of land above the norms to the extent of 35.88 acres which included 301 cents purchased during the period July 1988 to April 1996 involving avoidable investment of Rs.18.73 lakh.

Lack of planning in purchase of land and construction of godowns would be evident from the following :

(i) The work of construction of godowns in the land purchased was either not commenced or commenced much after the purchase of land. Instances of delay exceeding one year noticed were as given hereunder:

Centre	Area of land (cents)	Month and year of purchase	Cost of land (Rupees in lakh)	Month of commencement of construction
Mavelikara	118.5	7/88	5.05	7/90
Attingal	122	1/92	12.63	8/97
Karunagappally	288	8/89	22.20	7/97
Thalassery	190.8	6/87	18.28	4/90
Pathanamthitta	110	8/86	6.49	3/90
Muvattupuzha	159.5	3/96	46.92	Not commenced
Padanakkad	137	8/88	7.55	Not commenced

Delay in construction resulted in avoidable payment of rent amounting to Rs.0.17 crore for hired facility

The delay of four years and five years in construction of godowns in the land procured at Muvattupuzha and Attingal respectively resulted in avoidable payment of Rs.16.57 lakh as rent for hired facility.

(ii) While additional godowns or new godowns have been constructed in places like Kalpetta and Iritty where the business was comparatively low, in centres like Thiruvananthapuram, Kannur, Thodupuzha and Cherthala, where private godowns were hired due to inadequacy of own godowns, no additional facilities were proposed even though surplus land of 150.65 cents was available.

(iii) In centres like Alangad, Kollam and Cheruvannur working in hired premises, though business was found to be comparatively better, the feasibility of purchasing land and constructing godowns had not been assessed.

(iv) In four centres viz. Chalakudy, Attingal, Mavelikara and Iritty there was delay ranging from 5 to 51 months beyond target dates for completion of work which resulted in avoidable payment of rent amounting to Rs.3.70 lakh.

3C.9.2 Construction of additional godowns

The Corporation constructed additional godowns in the following places even though the capacity of the then existing godowns was being underutilised.

(i) The work of enhancing the storage capacity of Pathanamthitta centre by 404 tonnes was taken up in February 1996 and completed in December 1996 at a cost of Rs.3.01 lakh. The extent of occupancy of the then existing godowns of 3200 tonnes capacity as at the end of 1993-94, 1994-95 and 1995-96 was only 63.5, 69.6 and 52 *per cent* respectively. The occupancy after completion of the addition was only 41.3 to 99.4 *per cent* of the original capacity and this too was on account of reservation/hiring of space to KSBC for storage of IMFL. The addition to capacity was, therefore, unjustified.

The Government stated (July 2000) that the additional godown was constructed to accommodate food grains and fertilizers separately when a portion of the existing godown was hired out to KSBC. The reply is not tenable since the original capacity was not being fully utilised even after construction of additional facility and in other warehousing centres of the Corporation food grains and fertilizers are being kept in the same godown only.

(ii) Based on a suggestion by the State Government, the Board accorded sanction to construct a godown of 2700 tonnes at Karunagapally without studying the feasibility and even ignoring the fact that the meagre capacity of 430 tonnes of the then existing godown was being utilised to the extent of 26 *per cent* only.

Investment of Rs.0.37 crore in construction of additional godown made when existing facility was not being used fully

The work of construction of godown started in July 1997 was completed in January 2000 at a cost of Rs.37.40 lakh. Investment in creation of additional storage facility at a place where the existing meagre capacity remained under utilised was unwise and against the financial interests of the Corporation.

(iii) The Corporation was operating a centre at Mavelikara in a hired godown building from July 1976. While the occupancy of this godown up to 1987-88 ranged between 6.98 and 50.57 *per cent* only, the Corporation purchased (July 1988) 118.530 cents of land at Chennithala, a rural area in Mavelikara Taluk, at a cost of Rs.5.05 lakh for construction of a godown of 2000 tonnes capacity. The work was started in July 1990 and completed in October 1995 at a total cost of Rs. 26.24 lakh.

Rs.0.26 crore spent for construction of godown in area having no business prospects

Utilisation of the newly constructed warehousing centre was also between 10.1 and 44.6 *per cent* only during 1995-96 to 1998-99. The occupancy of 44.6 *per cent* and operational profit of this centre during the year 1998-99 was due to storage of rubber procured under the price support scheme. According to the Corporation there was no possibility of getting stock from the local traders since the godown was located in a rural area. The decision to invest Rs.26.24 lakh for construction of godown in a remote area having no future business prospects was unwise.

The Government stated (July 2000) that the construction of godown was undertaken under the scheme of National Grid of Rural Godown to extend the warehousing activity to rural areas. However, there was no justification for construction of the warehousing centre in a rural area having no business prospects.

3C.10 Construction of godowns under Revamped Public Distribution System

Two godowns were constructed at a cost of Rs.0.76 crore without requirement

The Government sanctioned (March 1994) to the Corporation a loan and subsidy of Rs.20.75 lakh each for the construction of a godown at Iritty under Revamped Public Distribution System (RPDS). The Corporation was not able to obtain sufficient land at Iritty in time and therefore requested (6 November 1995) to change the location from Iritty to Kalpetta where there was surplus land. Sanction for the change of site was accorded (15 January 1996) by the Government. Construction of an additional godown of 1700 tonnes capacity at Kalpetta at a cost of Rs.26.84 lakh was completed on 1 February 1997. Under the terms and conditions of the RPDS the loan and subsidy were in the ratio of 1:1 and therefore the Corporation was eligible for a loan and a subsidy of Rs.13.42 lakh each. The balance loan and subsidy amount of Rs.14.66 lakh repayable to the Government with interest thereon has not yet been refunded (September 2000) and was diverted for other purposes. In view of the under utilisation of the already existing capacity of 4300 tonnes, the addition of another godown in the centre was not justified. Simultaneously, the Corporation purchased (April 1996) land at Iritty and constructed (December 1997) a godown at a cost of Rs.49.36 lakh even though there was no justification for creation of such facilities in that centre also.

3C.11 Performance of warehousing centres

3C.11.1 Performance of owned warehousing centres

The number of warehousing centres (region-wise) which made profit/loss during the five years ended 1998-99 is detailed in Annexure 32.

The details in the Annexure showed that only three owned warehousing centres made losses during 1994-95 but the position worsened during 1995-96 to 1997-98 and again improved during the year 1998-99. The improvement in performance was mainly due to additional storage income generated from activities connected with procurement of agricultural produce by State Government and the storage of IMFL (Indian Made Foreign Liquor) by KSBC as discussed below.

Annexure 8 indicates the total income earned by the warehousing centres of the Corporation during the years 1994-95 to 1998-99 from reservation of space for KSBC for storage and distribution of IMFL and on the storage of copra, cashew, rubber, etc., by the nominated agencies of Government under monopoly procurement/price support scheme announced by the Government.

Activity not covered by the objectives fetched substantial revenue

But for the income from the activity (item 1 of Annexure 33) which was not covered by the objectives envisaged under the Act and other activities (item 2 to 4 of Annexure 33) which were unusual in character, the working of the warehousing centres of the Corporation would have been in losses all these years. Though the income on reservation of space for KSBC was of a permanent nature, the other sources depended on the policy of Government to intervene in the market for maintaining the price of agricultural produces and the income on this account was not of recurring nature.

The operational performance of four warehousing centres owned by the Corporation with capacity of 1000 tonnes and below for the five years up to 1998-99 indicated profits during 1994-95 and 1998-99 only. This was mainly due to storage of copra/rubber procured under the price support schemes. Even with storage of items procured under the price support schemes, 11 owned warehousing centres made operational losses intermittently during the years 1994-95 to 1997-98.

3C.11.2 *Performance of hired warehousing centres*

50 to 65 *per cent* hired warehousing centres were on loss

The region-wise details of hired warehousing centres that made profit/loss during the five years ended 1998-99 are indicated in Annexure 32. The details in Annexure indicated that 50 to 65 *per cent* of the hired warehousing centres were incurring losses.

Despite policy decision loss making warehousing centres were not closed down

An analysis of the operational performance of 17 hired warehousing centres, detailed in Annexure 34 revealed that even with abnormal gains many of the warehousing centres were operating on losses. Further, out of 17 warehousing centres, only four were making profit continuously. Of the remaining 13 warehousing centres, six incurred continuous losses and the remaining seven warehousing centres could make profit only intermittently. Though the Corporation took (February 1995) a policy decision to close down all the loss making warehousing centres that failed to show improvement in business for the next three years and again decided (1997) to de-hire warehousing centres with continued poor performance, only three warehousing centres were closed down in June 1998. The remaining three warehousing centres viz., Edathua, Thiruvalla and Pallikathode were not closed down resulting in avoidable operational loss of Rs.25.85 lakh for the four years ended 1998-99.

3C.11.3 *Extra expenditure on rent due to hiring of godowns in excess of requirement*

Failure to dehire surplus godowns resulted in avoidable payment of Rs.0.20 crore

The Corporation was hiring more than one godown of varying capacities in each warehousing centre. By properly monitoring storage levels, it was possible to dehire some of the godowns without losing the business of storage. It was noticed in audit that:

(i) In ten out of 14 warehousing centres operated in hired godowns, the avoidable rent paid on account of failure to dehire surplus facility for the five years from 1994-95 to 1998-99 was Rs.10.51 lakh.

(ii) In six warehousing centres where hired godowns were maintained along with own godowns, retention of hired godowns was unnecessary because of the fact that even the own godowns were not fully utilised and resulted in avoidable payment of rent of Rs. 9.25 lakh during the period from July 1994 to March 1999.

3C.12 Claim from customers for storage losses

As per the provisions of Kerala Warehouse Rules, 1961, the Corporation was liable for the damages or deterioration of deposited goods, caused due to non-fulfilment of obligation and the cost of such damages were being recovered by the customers from the Corporation. Value of such shortages relating to eight centres in excess of the permissible limit recovered from the bills of the Corporation during the period March 1993 to August 1999 was Rs.4.27 lakh. It was noticed that the details of recoveries of such damages were not maintained and causes not analysed for taking corrective action. Similarly, the Corporation had also incurred loss of Rs.6.43 lakh due to damage to the stock kept by Indian Farmers Fertilizers Co-operatives Limited (IFFCO) in Kannur warehousing centre in June 1994 on account of leakage.

It was further noticed that under the 'Price Support Scheme' (PSS) 1994 and 1995, M/s. NAFED procured copra and stored a total quantity of 54669.258 tonnes in various warehousing centres of the Corporation during April 1994 to February 1996. However, when the stock was released there was a shortage of 568.088 tonnes valued at Rs.1.37 crore in excess of the norm of one *per cent* prescribed. The shortage claim of NAFED has not been settled so far (March 2000). The clarifications furnished by some of the warehousing centres revealed that in certain cases rejected stock of copra was re-accepted though the moisture content was over the permissible limit and in some of the warehousing centres extensive check of the quality was not conducted before accepting copra for storage. Though the explanations of the officials concerned for excessive shortages were obtained, no further action was taken to identify their responsibilities, if any, for the abnormal shortages.

Storage charges pending settlement was Rs.0.39 crore

Due to delay in settling the claims for shortages the customers delayed payment against bills for storage charges. As on 31 March 1998 the storage charges pending settlement from Kerala State Civil Supplies Corporation Limited (KSCSC) alone amounted to Rs.39.31 lakh including Rs. 9.30 lakh pending for more than 10 years.

3C.13 Theft of goods

The Corporation did not take insurance policy against theft of warehoused goods. The loss of goods deposited were guaranteed by the Government against self indemnification. A test check in audit revealed cases of theft of stock from the warehousing centres as indicated in the table below:

Name of warehousing centre	Details of material stolen and period	Value (Rs. in lakh)	Owner of the material	Further action
Tripunithura	23 tyres (July 1998)	1.23	Apollo tyres	Though the parties settled the accounts after recovering the value of theft, no action was taken for the lapse on the part of the officials.
Mananthavady	521 kg of black pepper (April 1999)	1.00	-	No action had been taken for the lapse on the part of the officials.
Fort Kochi	500 kg of Basmati rice (June 1997)	0.20	Jai Trading Company	Though value paid to the depositor, no action had been taken against the officials.
Manjeri	20 cartons of vegetable oil (August 1995)	0.24	Director of social welfare	No action had been taken against the officials.

Rs.0.09 crore was the value of stock misappropriated

Further, during 1995-96 an amount of Rs. 8.54 lakh was written off towards the value of stock misappropriated (1986) in three warehousing centres (Thodupuzha, Chengannur and Kottayam). An amount of Rs. 0.60 lakh only was recovered from the employees concerned who were dismissed (December 1987/June 1988) from the services of the Corporation. No further action for realisation of the balance amount had been taken (September 2000).

3C.14 Reservation of storage area on tonnage basis

The tariff schedule approved by the Corporation provided for reservation of space in warehousing centres on area basis. Reservation charges on area basis were comparatively lesser than normal charges. While the Corporation was extending lower rates for reservation on area basis, materials like fertilizers and cement enjoyed a further concessional rate for reservation on tonnage basis.

The table below compares the storage charges for reservation on area basis (converted into tonnage @ 6 sq. ft. equal to one tonne) with that for reservation on tonnage basis for fertilizer and cement:

Storage charges on area basis converted into tonnage		Storage charges on tonnage basis			
		Fertilizer		Cement	
Standard rated warehousing centre	High rated warehousing centre	Standard rated warehousing centre	High rated warehousing centre	Standard rated warehousing centre	High rated warehousing centre
Rupees per tonne					
38.20	42.10	23.40	28.60	28.60	35.10

Tonnage basis rates were cheaper than that on area basis

It could be seen from the above that the area reserved on tonnage basis was much cheaper than the reservation on area basis. For the storage of fertilizer over and above the reserved tonnage, the rates were Rs. 28.60 and Rs. 33.80 per tonne for standard rated and high rated warehousing centres, and in the case of cement it was Rs. 35.10 and Rs. 41.60 per tonne respectively.

Undue concession on storage of fertilizers led to loss of Rs.0.27 crore

While the Corporation was providing warehousing facilities to farmers, traders and other customers on normal warehousing or on reservation on area basis, fertilizer and cement were being given extra concessional rate. An analysis in audit revealed that extension of such a concession resulted in loss of Rs. 27.33 lakh during 1997-98 on the storage of fertilizer alone. It was ascertained that CWC was not allowing any special rate for fertilizer or cement except for reservation of the space on area basis.

3C.15 Loss due to extension of concessional rate to the customers

Undue rebate given to three customers amounted to Rs.0.17 crore

As a matter of policy, the Corporation was extending to its major customers a rebate ranging from 5 to 10 *per cent* of their storage charges. But in the case of reservation of space in the godowns the rate specified in the schedule of storage charges was to be applied and no rebate thereon was admissible. A review in audit, however, revealed that the Corporation was extending undue concession to some of its customers who reserved storage space on area basis in three centres as indicated in Annexure 35. The total undue concession extended in these cases amounted to Rs. 16.79 lakh.

3C.16 Loss of storage revenue due to non-adherence to space reservation rules

Non-collection of storage charges in advance as stipulated resulted in loss of revenue of Rs.0.10 crore

As per the terms and conditions of reservation of storage space, the depositor was liable to pay space reservation charges at the prescribed rate on the area reserved even if the space remained totally or partially unutilised. At the time of reservation, three months' storage charges were to be collected in advance for the floor area/capacity reserved. Failure of the Corporation in complying with these stipulations resulted in non recovery of Rs.10.08 lakh from Kerala State Horticultural Products Development Corporation Limited at Kozhinjapara (Rs.2.68 lakh), Standard Refrigeration Company at Eroor (Rs.0.98 lakh) and KSBC at Neyyatinkara (Rs.6.42 lakh) during the period from March 1996 to March 1998.

The Government stated (July 2000) that Kerala State Horticultural Products Development Corporation Limited did not make use of the space reserved at Kozhinjampara warehousing centre since the Corporation did not provide facilities agreed to be provided and in the case of Neyyattinkara warehousing centre, though the reserved space was not utilised by KSBC, the facility available at Nedumangad warehousing centre was used.

The reply is not acceptable since the rules did not permit waiver of storage space reservation charges and utilisation of space in another warehousing centre in a different location cannot be a justification for non-utilisation of space already reserved at Neyyattinkara.

3C.17 Dispute on enhancement of storage charges

KSBC, the nominee of the State Government for the wholesale distribution of IMFL within the State was utilising the godowns of the Corporation for running their bonded warehouses and FL 9 (wholesale) shops from 1984. The area reserved exclusively for KSBC in the 11 centres as at the end of 1998-99 was 157702 sq.ft. which represented 44.1 *per cent* of the total capacity of the godowns in those centres.

The enhanced counter offer of KSBC was not accepted

The Corporation was extending concessional rates to KSBC from January 1993. When the normal storage rates were revised (January 1995) to Rs.5.40/4.90 per sq.ft., the rate of KSBC was uniformly raised to Rs.3.90 per sq.ft. from their earlier rate of Rs.2 per sq.ft. The rate of Rs.3.90 per sq.ft. was accepted by KSBC on condition that the rate be maintained for three years from 1 January 1995 to 31 December 1997. However, when the rates were further revised with effect from 1 January 1997, the Corporation started billing KSBC at enhanced rate of Rs.7.02 and Rs.6.37 per sq.ft. against which KSBC was making payment only at Rs.3.90 per sq.ft. The counter offer of KSBC at Rs.3.90 per sq.ft. till 1997 and Rs.5 per sq.ft. for three years thereafter was not accepted. The dispute remained to be resolved (September 2000). As against Rs.4.68 crore billed on KSBC for the four years up to 1999-2000, the amount received was Rs.2.89 crore leaving a balance of Rs.1.79 crore. The Corporation should have made the KSBC management agree to a negotiated rate before agreeing to continue to store their commodities.

The Government stated (July 2000) that KSBC being a Government organisation and customer of the Corporation for the last so many years it was not practical not to allow them to continue their business at the warehousing centres before arriving at a mutually agreed rate of storage. The reply is not acceptable because KSBC was a customer and being a commercial entity, the Corporation was expected to safeguard its financial interests.

3C.18 Non-payment of storage charges by FCI and KSCSC

Revised rates of storage were not made applicable from January 1981 to December 1996

In the Corporation's own godown at Chalai, Thiruvanthapuram having an area of 12000 sq.ft., 7940 sq.ft. was being occupied by the Food Corporation of India (FCI) since 1969. The monthly rent for the godown fixed (January 1980) at Rs.3970 was not revised and continued up to December 1996. The Corporation billed FCI at the rates applicable from time to time for Rs.30.97 lakh in December 1996 towards the arrears of rent for the period from January 1981 to December 1996. But FCI did not make any payment on the ground that higher rate was not affordable since the godown was utilised for public distribution system of the State. Meanwhile, in January 1997, the activity of FCI in the godown was handed over to KSCSC and the godown was in their possession thereafter without entering into any contract.

The Corporation started billing on KSCSC from January 1997 onwards at the rate of Rs. 55795 per month at the tariff rate of Rs.75.50 per sq.m for 739 sq.m towards storage charges for the godown taken over from FCI but an amount of Rs. 18.97 lakh towards storage charges up to October 1999 remained to be paid. No action was also taken to realise the dues from FCI and KSCSC (March 2000).

Failure to revise the storage rate for FCI from time to time and further omission to enter into a contract specifying the rate at the time of handing over the godown to KSCSC resulted in non-realisation of Rs.49.94 lakh.

The Government stated (July 2000) that steps were being taken at various levels to realise the dues. The reply is not convincing since no action has been initiated for realisation of dues from FCI (July 2000) and the Corporation had already created provision of Rs.8.37 lakh towards bad and doubtful debts against Rs.18.97 lakh realisable from KSCSC.

3C.19 Manpower deployment and utilisation in warehousing centres

The manpower requirement of the warehousing centres was fixed (March 1991) by the Corporation on the basis of total capacity with the approval of the Government. The staff pattern of the warehousing centres was as follows:

(Capacity in tonnes)

Designation	Up to 500	501 to 1000	1001 to 2500	2501 to 5000	5001 to 10000	Above 10000
Dy. Manager	-	-	-	-	1	1
Sr. Asst. Manager	-	-	-	1	1	1
Assistant Manager	1	1	1	-	-	2
Assistant	-	-	1	1	1	3
Typist Clerk	-	-	-	-	1	1
Godown Keeper	-	1	2	2	3	5
Class IV	1	2	2	3	4	5
Total	**2**	**4**	**6**	**7**	**11**	**18**

The table below provides the details of staff required as per norms prescribed, actual strength and excess staff for the six years up to 1999-2000:

Year	Total staff required as per norm	Actual strength	Excess staff held
1994-95	315	453	138
1995-96	317	457	140
1996-97	303	442	139
1997-98	384	406	22
1998-99	346	396	50
1999-2000	335	379	44

It would be evident from the above that the total staff in position in the warehousing centres of the Corporation was far in excess of the norms prescribed. The loss to the Corporation on account of excess staff held during the six years up to 1999-2000 worked out to Rs.2.20 crore.

Excess staff maintained in warehousing centres where operation was managed by KSBC

Further, the Corporation had let out storage space to organisations like KSBC which maintained the stock at their cost and the services of the Corporation's staff were not required/availed of. This aspect was also not taken into account for the purpose of fixation of staff strength.

In the case of warehousing centres in which the area reserved and operated exclusively by KSBC, the excess staff maintained by the Corporation during the six years was as follows:

Year	No. of warehousing centres	Excess staff posted (all categories)
1994-95	9	53
1995-96	9	54
1996-97	10	62
1997-98	11	54
1998-99	11	54
1999-2000	11	26

3C.20 Outstanding debts

Overdue interest not being collected from customers

As per the terms and conditions of storage, depositors were required to pay storage charges in cash or demand draft before delivery was effected. But in the case of stock belonging to Government departments and organisations and public and private undertakings, there was a credit facility of 30 days from the presentation of bills. Even though interest at the rate of 18 *per cent* per annum was leviable on all overdue bills the Corporation was not collecting interest for belated payments and the provision for levy of interest was withdrawn (January 1997), when storage charges were revised.

The table below indicates the quantum of Sundry debtors as at the end of the four years up to 1997-98 in comparison with the storage income during the respective years and the provision for bad and doubtful debts created up to that date:

(Rupees in lakh)

Year ended	Sundry debtors	Storage income	Bad and doubtful debts	Percentage of debts to income
31-03-1995	181.06	470.76	27.11	38.46
31-03-1996	200.88	442.87	37.11	45.36
31-03-1997	252.71	480.77	37.00	52.56
31-03-1998	354.25	674.00	114.62	52.62

Provision for bad and doubtful debts was Rs.1.15 crore

Thus, the amount under Sundry debtors almost doubled within a period of three years and the percentage of Sundry debtors to storage income increased from 38.46 in 1994-95 to 52.62 in 1997-98. Evidently, adequate credit control was not being effected and a major share of the dues pertained to Government/Public Sector Undertakings. Up to 1997-98 the Corporation had created a provision of Rs.1.15 crore towards bad and doubtful debts, which was equivalent to 32.4 *per cent* of Sundry debtors.

Some of the major defaulters in payment of dues to the Corporation are listed in Annexure 36.

A test check in audit further revealed that the non-payment of the dues was on account of disallowance of the claim for shortage in stock and hence dues were doubtful of recovery.

3C.21 Diversification of activities

Diversified activities were in deviation of objectives of the Corporation

Though the Corporation was established with one of the main objectives of helping the agricultural sector by creating and providing facilities for the storage of agricultural produce, seeds, manures, fertilizers and agricultural implements, etc., the Corporation deviated from its objectives by diversifying the activities without obtaining the prior approval of the CWC and/or the State Government. While some of the activities undertaken were causing losses, the economic viability or relative profitability in other cases had not been established as discussed hereunder:

(i) Courier Service

In February 1995, the Corporation started a courier service by name 'Super Couriers'. The courier service was incurring cash loss continuously as detailed below:

(Rupees in lakh)

Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000
Income	1.64	1.84	3.19	2.63	1.20
Expenditure	2.13	2.28	4.42	3.88	1.58
Loss	0.49	0.44	1.23	1.25	0.38

It was observed that the expenditure on courier service did not include salary of the staff engaged for that business. When the salary of the staff exclusively used for courier business (ie. one Asst. Manager, two Sr. Assistants, one Assistant and four Class IV staff) was taken into account, the losses on the activity during the five years up to 1999-2000 would be Rs. 3.12 lakh, Rs. 3.67 lakh, Rs. 4.84 lakh, Rs.5.13 lakh and Rs.4.49 lakh respectively.

No action has, however, been taken either to discontinue the loss making activity or to make it profitable.

(ii) Container Freight Station (CFS)

The CFS was started in March 1999, by converting a part of warehousing centre at Tripunithura, the utilisation of which was cent *per cent.* During the period of twelve months from March 1999 to February 2000 the CFS handled 1347 containers and earned a revenue of Rs. 47.09 lakh against an expenditure of Rs. 39.63 lakh. Thus the operating profit of the unit was Rs. 7.46 lakh.

It was observed that against the profit of Rs.7.46 lakh made by the CFS during the one year period, the Corporation could have made a margin of Rs. 17.77 lakh in case the godown was not converted as CFS. Therefore, the identification of this warehousing centre at Tripunithura for running the CFS was not judicious. Instead, some other warehousing centre, which did not have enough business, should have been used for the above purpose.

(iii) Contract for civil works

The Corporation had a Civil Wing to undertake the work of construction and repairs to its own buildings, godowns, etc. The construction wing was also working as consultants of other public sector undertakings and autonomous bodies for their civil works on commission or centage charges basis.

Deviating from the role of consultants, the Corporation participated in tenders in the capacity of a contractor for execution of civil works which was outside the scope of its objectives and had to suffer loss as discussed below:

In respect of a contract for construction of staff quarters for the Kerala Livestock Development Board Limited (KLDB), the Corporation agreed (January 1998) to execute the work for Rs.26.67 lakh at 28.88 *per cent* above the estimate as per PWD schedule of rates of 1996. Even though the Corporation in turn tendered (February 1998) the work twice, the rates obtained were very high and the work could not be taken up as agreed to. KLDB forfeited the deposit of Rs. 1 lakh made by the Corporation, re-tendered the work at the risk and cost and fixed the total liability at Rs.3.71 lakh against which Rs.2.71 lakh was pending payment (March 2000). It was noticed in audit that the Corporation quoted the low rate of 28.88 *per cent* above estimates in October 1997 when the rates for its own/agency works were 29 to 43 *per cent* higher than the PWD schedule of rates. Thus, under quoting to secure the contract resulted in loss of Rs.3.71 lakh.

Conclusion

Though the objective of the Corporation was to run warehousing centres for storage of agricultural produces and allied products, implements, notified commodities and undertake transportation of such commodities, the storage activities were confined mainly to fertilizers and non-agricultural commodities like cement, IMFL, etc., and agriculturists barely utilised the facilities in any of the warehousing centres. A number of the owned and hired warehousing centres were incurring operational losses due to construction of godowns without identifying the right locations leading to idle investment, hiring of unsuitable godowns, overstaffing of the warehousing centres and clustering of too many low capacity warehousing centres at short distances involving high establishment cost. Despite poor planning in construction, hiring and operation of warehousing centres, the Corporation was profitable only due to substantial income generated by hiring out space for storage of IMFL (an activity not envisaged under the Act), storage of commodities under price support schemes.

The Corporation needs to rationalise its operations by efficient deployment of staff, avoid clustering of too many low capacity warehousing centres, close down uneconomic warehousing centres and take steps to attract the business for activities envisaged under the Act.

CHAPTER IV

4 MISCELLANEOUS TOPICS OF INTEREST RELATING TO GOVERNMENT COMPANIES AND STATUTORY CORPORATIONS

4.1 GOVERNMENT COMPANIES

4.1.1 The Travancore Cements Limited

4.1.1.1 Infructuous expenditure

Decision to invest in grey cement project disregarding the advice of the consultants resulted in infructuous expenditure of Rs.0.73 crore.

Advice of the consultants was ignored

In view of the fall in market share of its product, the Company which was producing white cement in all their three mills, decided (December 1993) to convert one of the mills (Mill B) for grinding of grey clinker and enter the grey cement market with an annual production of 66000 tonnes. The feasibility report prepared by the consultants M/s. Entech Consultancy Bureau for conversion of the Mill had projected (1993) an annual profit of Rs.3.63 crore when the cost of clinker to be purchased from outside the State for processing was Rs.1400 per tonne inclusive of transportation cost. But considering the subsequent increase in cost of clinker and transportation, the consultants advised (March 1994) the Company that the project was not viable. Despite this the Company went ahead with the implementation of the project on the ground that the increase in transportation cost of clinker could be absorbed by increasing the selling price of grey cement and placed (May 1994) orders with M/s. ACC Machinery Co. Ltd., Coimbatore for design, supply, erection and commissioning of the entire machinery required for the project and invested (July 1994 to January 1998) Rs.72.76 lakh.

The above investment could not be productively utilised since the cost of grey clinker was very high (Rs.2180/MT) in November 1995 as pointed out by the consultants before commencement of the project. The wrong decision to invest in the project disregarding the advice of the consultants, resulted in infructuous expenditure of Rs.72.76 lakh. The Company has also not taken any action to dispose of the machine (September 2000).

The Management stated (April 1999) that the clinker suppliers demanded very high increase in rates and it was not at all feasible to implement the grinding unit with the revised price of clinker. The reply is not acceptable since the consultants had advised the Company against implementation of the project on the same ground of high cost of grey clinker.

The above matter was reported to the Government in May 2000; their reply had not been received (September 2000).

4.1.1.2 Extra expenditure

Purchase of limeshell from outside at rates higher than cost of extraction, resulted in extra expenditure of Rs.0.14 crore.

The Company being manufacturers of white cement was extracting limeshell since October 1946 from nearby Vembanad lake by dredging and transporting to the factory in barges.

Purchases were made when lime shell stock did not warrant it

The Company purchased 4290 tonnes of limeshell from various co-operative societies during the period April 1996 to March 1999 at an average rate of Rs.1078.65 per tonne as against their own average actual cost of extraction and transportation of Rs.745.45 per tonne. This purchase at higher rate when the average monthly availability of limeshell was 9813 tonnes against the consumption of 3000 tonnes per month had resulted in an extra expenditure of Rs.14.29 lakh.

The Government stated (June 2000) that the purchase was resorted to maintain good and cordial relationship with local people and in case they did not buy limeshell from societies, Company's regular operations would have been hindered. The reply is not tenable since the average monthly availability of limeshell was around three times the average monthly consumption and the Company could have negotiated for a reasonable rate keeping in view their own cost.

4.1.2 Kerala State Beverages (Manufacturing and Marketing) Corporation Limited

4.1.2.1 Avoidable loss of interest

Keeping of huge surplus funds in term deposit with nationalised/scheduled banks at lesser rate of interest against the Government's instructions and availing of loan thereagainst resulted in avoidable loss of interest of Rs.0.70 crore.

As per instructions (January 1983) of the State Government reiterated in November 1997, all Public Sector Undertakings, Boards/Corporations were to deposit their surplus/reserve funds with the Government treasuries only. The term deposits with treasury carried interest of 13 *per cent* per annum. Despite such instructions, the Company which was generating surplus funds from sale

Surplus funds were kept in term deposit with banks at lower rate of interest instead of treasury deposits which fetched higher rates

of beverages, deposited (May 1997 to July 1999) a total amount of Rs.22 crore with nationalised /scheduled banks in 16 fixed deposits of Rupees one crore to two crore, for periods ranging from one to three years at interest rates of 10 to 12.5 *per cent* per annum. The deposit of surplus funds in nationalised/scheduled banks instead of putting it in Government treasuries not only violated the State Government's instructions but had also deprived the Company of additional interest earnings to the extent of Rs.60 lakh.

Loans availed against term deposits when funds were available in current account

The Government stated (August 2000) that the Company did not have surplus funds to spare and the deposits were only 'arrangements' which could not be permanently deposited for more than one year and loans were availed of against Fixed Deposits due to non-availability of funds in Current Account. The reply is not acceptable as the deposits were made for periods ranging from one to three years and on many occasions one year's deposits were renewed for another year. It was also noticed in audit that the Company unnecessarily availed of loans on 12 occasions amounting to Rs.21.72 crore, at a time when there was sufficient balance in current accounts during the period July 1997 to March 1999 resulting in additional loss of interest of Rs.10.37 lakh.

4.1.2.2 Avoidable payment

Failure to estimate the income correctly for purpose of income tax resulted in avoidable interest payment of Rs.0.38 crore.

There was shortfall of Rs.1.32 crore in payment of advance tax

As per Section 208 of the Income Tax Act, 1961, companies having taxable income had to pay advance tax every quarter (15 of June, September, December and March) on the estimated income failing which penal interest has to be paid under Section 234 B & C of the Act on the short paid amount. The Company had a taxable income of Rs.7.60 crore for the assessment year 1998-99 (previous year 1997-98) and the tax payable thereon was Rs.2.54 crore. However, the income was not estimated correctly and the advance tax paid for all the quarters fell short of the requirement by Rs.1.32 crore. Consequently the Company had to pay (March 2000) interest of Rs.38.46 lakh. The failure of the Company to estimate the income for the year 1997-98 correctly, resulted in unnecessary payment of interest despite the availability of surplus funds for payment of advance tax.

Advance tax not estimated correctly despite adequate data on income

The Management stated (May 2000) that due to abnormal variation in sales pattern it was not practicable to accurately estimate the income. The reply is not acceptable since the Company was aware of the income for 2 ½ months for each quarter which provided enough data for estimation of income before the payment of advance tax. Moreover, since the Company was aware of its income for 11 ½ months of the year by 15 of March, the shortfall in advance tax below 90 *per cent* could have been made up in March 1998.

The above matter was reported to the Government in June 2000; their reply had not been received (September 2000).

4.1.3 Traco Cable Company Limited

Loss due to non-recovery of sales tax

Failure to include the normal rate of sales tax (10 *per cent*) in the quoted price resulted in additional burden of Rs.0.48 crore.

The bid indicated only four *per cent* sales tax against the then prevailing normal rate of ten *per cent*

In response to a tender issued (November 1994) by Department of Telecommunications, New Delhi (DOT), the Company offered (January 1995) to supply 11613 km of polythene insulated jelly filled armoured/unarmoured underground cables of various sizes to the different circles and Government of India companies engaged in establishing telecommunication network. The Company quoted (January 1995) all inclusive prices reckoning sales tax at the concessional rate of 4 *per cent* though the then prevailing normal rate was 10 *per cent*. DOT, while finalising the tender indicated the all inclusive prices of cables. Against this, Mahanagar Telephone Nigam Limited (MTNL), Mumbai, placed orders for 139 km of cables valuing Rs.3.04 crore, in November 1996 and 52 km of cables valuing Rs.5.77 crore in February 1997 indicating that 'C' forms would not be issued for availing concessional rate of sales tax (4%) as DOT prices were all inclusive. The Company accepted (December 1996/March 1997) the orders and supplied (1996 to 1998) 191.257 km of cables for Rs.8.40 crore. Though the Company approached (January 1998) MTNL for payment of normal rate of sales tax @ 10 *per cent* the latter refused (January 1998) to pay on the ground that it was clearly mentioned in the purchase orders that the rate was inclusive of all taxes and duties and MTNL, Mumbai would not issue 'C' forms. Thus, the failure to include the normal rate of 10 *per cent* of sales tax in the bid resulted in a loss of Rs.48.44 lakh by way of additional burden of sales tax.

The Government stated (April 2000) that MTNL had agreed to pay differential sales tax against proof of document but they went back on this after the supplies were effected. The reply is not acceptable since MTNL had indicated clearly in the purchase orders that the price is inclusive of sales tax and 'C' form would not be issued. The loss was on account of omission to mention normal rate of 10 *per cent* in the bid submitted by the Company.

4.1.4 Kerala Electrical and Allied Engineering Company Limited

Infructuous expenditure

Failure to ensure availability of funds resulted in abandonment of project and infructuous expenditure of Rs.1.37 crore.

Mention was made in Paragraph 2B.8 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1996 (Commercial), Government of Kerala about the Nickel Cadmium Battery Project, which witnessed no progress in implementation.

Funds for the project not released for non-payment of dues

The financial institutions were not willing to release term loans for the project because of the non-payment of dues to them in respect of earlier loans taken. Further, the effort of the Kerala State Industrial Development Corporation Limited (KSIDC) to locate a joint venture partner also did not materialise as it felt that the project was not viable in the changed circumstances. Consequent to non-implementation of the project, the collaborators (Honda Denki Co. Ltd., Japan) terminated (February 1997) the agreement and demanded the second instalment of technical know-how fee of 270 lakh Japanese Yen (approximately Rs.89.71 lakh) which is yet to be paid (February 2000). The land acquired (Rs.17.80 lakh) for the project was also sold (January 1998) for Rs.18.21 lakh to a society. Thus, taking up of the project without ensuring the availability of funds resulted in abandonment of the project and consequently the expenditure of Rs.1.37 crore (technical know-how fee: Rs.89.71 lakh; consultancy fee: Rs.27.23 lakh and pre-operative expenses: Rs.20.22 lakh) was rendered infructuous. Besides, the Company is also liable to pay second instalment of technical know how fee of approximately Rs.89.71 lakh which will also be rendered infructuous.

Project not viable and hence abandoned

The Company stated (March 2000) that in the meeting held (May 1997) with the Honourable Minister of Industries and Social Welfare, Government of Kerala, KSIDC opined that the project was not viable. However, the Honourable Minister asked KSIDC to study the project and submit a report on the viability of the project. KSIDC had not prepared such report till March 2000.

The matter was reported to the Government in March 2000; their reply had not been received (September 2000).

4.1.5 Steel Complex Limited

Loss due to incorrect exemption

Granting of exemption from payment of sales tax contrary to directions of sales tax authorities resulted in loss of Rs.0.41 crore.

Despite clarification from Sales Tax Department the Mill owners were exempted from payment of tax

The Company was selling bulk of the steel billets manufactured by them to re-rolling mills after collecting sales tax @ 2 *per cent* against Form No. 18. Since the mill owners insisted on exemption from sales tax, citing a Government Order dated 31 March 1990, the Company obtained (August 1990) a clarification from the sales tax authorities that the exemption was in respect of sale of scrap to re-rolling mills only and not to billets. In spite of obtaining such clarification, the Company discontinued (August 1990 to March 1993) the levy of sales tax on the strength of an incorrect declaration from mill owners that the exemption was applicable to them. The Sales Tax Department demanded (June 1993) sales tax of Rs.16.30 lakh for the sale (August 1990 to March 1993) of billets worth Rs.4.01 crore and also imposed (June 1993) a penalty of Rs.25 lakh under Section 45 A of Kerala Government Sales Tax Act, for furnishing untrue and incorrect return. The request of the Company to the purchasers to remit the sales tax and penalty was turned down (July 1993) by them. Thus, the injudicious decision of the Company to grant tax exemption contrary to the direction of sales tax authorities, had resulted in a loss of Rs.41.30 lakh as it would not be in a position to recover the same from the customers.

The Government in interim reply stated (May 2000) that efforts were being made to expedite the process of an enquiry in the matter and finalise the report; their final reply had not been received (September 2000).

4.1.6 The Kerala State Civil Supplies Corporation Limited

Avoidable loss

Delay of over six years in transferring margin money deposit to regular account of the Company resulted in interest loss of Rs.0.32 crore.

Margin money deposit was not transferred to regular account even after the purpose was over

The Company deposited margin money of Rs.23.85 lakh (Rs.20 lakh on 30 October 1990 and Rs.3.85 lakh on 3 December 1990) with the State Bank of India, Ernakulam for opening a letter of credit and obtaining a bank guarantee. Though the purpose of retaining the amount was over by 10 December 1990 and 25 April 1991 respectively, the amount together with interest of Rs.26.88 lakh was credited by the bank to the regular account of the Company only on 15 June 1999 due to lack of follow up on the part of the Company. Since the Company was running on overdraft till March 1997, carrying interest ranging from 17.5 to 22.25 *per cent*, the retention of margin money for the above period without being transferred to regular account resulted in loss of Rs.31.74 lakh by way of avoidable additional interest burden and reflected poor cash management on the part of the Company.

The Company stated (December 1999) that this did not come to its notice in view of the arrears in the finalisation of accounts. The reply is not tenable as finalisation of accounts has no bearing on the cash management.

The matter was reported to the Government in February 2000; their reply had not been received (September 2000).

4.1.7 Kerala State Electronics Development Corporation Limited

Loss of potential revenue

The failure of the Company to productively use the three flats at Mumbai resulted in loss of potential revenue of Rs.0.19 crore.

The Company purchased (1981) four residential flats at Mumbai at a total cost of Rs.18.55 lakh and had been using them as a service centre and store of their Mumbai Branch. Since the unit of the Company in Mumbai had to be closed down the flats were not being used for business activities since 1992-93.

The three flats at Mumbai not productively used for seven years

In December 1994 the Company leased out one of the flats to a State Government Company (Kerala Electrical and Allied Engineering Company Ltd.) for residential purpose at a monthly rent of Rs.10000 (subject to increase at the rate of 5 *per cent* every year), after making alterations involving a cost of Rs.1.50 lakh. However, no efforts were made to productively use the remaining three flats since December 1994 by letting out the flats to other parties, resulting in potential loss of income from rent amounting to Rs.18.92 lakh for the period December 1994 to August 2000.

The Government stated (June 2000) that the other three flats could not be converted as residential apartments due to severe financial constraints and in line with the directions issued (March 1999), the Company had instructed (January 2000) its Mumbai Office to release newspaper advertisement for disposal of all the four flats. The reply is not acceptable as the conversion of a flat required only nominal amount and no concrete efforts were made by the Company to let out the three flats. Even the direction issued by Government in March 1999 for sale of the flats has not been implemented so far (September 2000).

4.1.8 Sitaram Textiles Limited

Idle investment

Investment on a machine without ensuring working capital resulted in idling of Rs.0.13 crore and interest loss of Rs.0.11 crore.

The Company purchased (August 1994) a Calico Rapid Jet Dyeing Machine costing Rs.13.04 lakh for processing high value items like polyster blended fabrics and uniforms without ensuring the availability of the working capital. Though the machine, erected in February 1995 by spending Rs.0.44 lakh, was

Dyeing Machine erected in February 1995 could not be put to use

commissioned in February 1996, it has not been put to use so far (September 2000). The Management stated (March 1998) that the machine could not be put to use due to insufficient working capital. Thus, the investment of Rs.13.48 lakh in a processing machine was rendered infructuous due to failure to ensure availability of working capital and also entailed an interest loss of Rs.10.92 lakh for the 4 ½ years up to September 2000 at the average cash credit rate of 18 *per cent* per annum.

The Government stated (July 2000) that it was quite impossible for the Company to attempt an increase in processing activity using the newly acquired machine for which the working capital requirements were much higher and a revival proposal envisaged the strengthening of working capital base to process high volumes of cloth to ensure use of the machine. The reply is not acceptable since the availability of working capital should have been ensured at the time of deciding the purchase of the machine.

4.1.9 Kerala State Detergents and Chemicals Limited

Avoidable payment

Failure to reduce contract demand according to requirement resulted in avoidable payment of demand charges amounting to Rs.0.17 crore.

The Company, a High Tension (HT) consumer, was having a connected load (contract demand) of 500 KVA. As per the tariff applicable, HT consumers had to pay demand charges @ 75 *per cent* of the contract demand or actual recorded maximum demand whichever was higher.

The contract demand was not reduced though the actual requirement was much less

The Company remained defunct from April 1992 till June 1995, when the production was resumed. Though the actual recorded demand from July 1995 to August 1999 ranged between 36 and 120 KVA only, the Company had to pay demand charges on 375 KVA (i.e., 75 *per cent* of 500 KVA) till September 1999, when the contract demand was reduced to 150 KVA. The failure of the Company in taking action to reduce the contract demand from July 1995 had resulted in avoidable payment of Rs.17.20 lakh towards contract demand charges up to August 1999.

The Government stated (May 2000) that since no decision was taken to discontinue the Spray Drying Power Plant which required 200-250 KVA of power for production, the Company had not moved for reduction in the contract demand as it would have been difficult to obtain higher quota once it was cut off. The reply is not tenable since the actual recorded demand of power since July 1995 was only between 36 to 120 KVA and the conditions of supply of energy by the State Electricity Board provided for reduction as well as increase of maximum demand.

4.1.10 Kerala Soaps and Oils Limited

Avoidable payment of demand charges

Failure to reduce the contract demand for power resulted in avoidable payment of demand charges of Rs.0.09 crore.

The Company, a High Tension (HT) consumer of Kerala State Electricity Board, was having a connected load of 900 KVA. As per the tariff applicable, HT consumers have to pay demand charges (based on connected load) at the rate of 75 *per cent* of contract demand or actual recorded maximum demand whichever is higher besides energy charges for actual consumption.

Contract demand not reduced due to delay in identifying essential equipments/plants

The Company remained defunct from April 1992 due to acute financial crisis. Based on the revival report prepared (December 1996) and approved (January 1997) by the State Government, production was resumed by April 1997. The revival report envisaged keeping off certain equipment from production line and consequently the connected load was assessed (April 1997) as 550 KVA. However, due to procedural delay in identifying essential equipments/plants and reducing contract demand, the Company paid demand charges for 675 KVA (75 *per cent* of 900 KVA) till April 1999. The contract demand was reduced to 350 KVA with effect from May 1999 only. The failure of the Company in taking timely action to get the contract demand reduced had thus resulted in avoidable payment of demand charges amounting to Rs.9.33 lakh for the period April 1997 to April 1999.

4.2 STATUTORY CORPORATIONS

4.2.1 Kerala State Electricity Board

4.2.1.1 Infructuous expenditure

Procurement of defective fuse boards, wrong designing of special type steel posts and deterioration of mobile cable fault location equipment, resulted in infructuous expenditure of Rs.16.28 crore.

(a) The Board placed (August 1996) orders on Indo Asian Fuse Gear Ltd., New Delhi for the purchase of 1500 nos. (750 nos. A and B type each) low voltage distribution fuse boards and spares for the works under the Master Plan for major cities at a total f.o.r. destination price of Rs.13.03 crore. As per the purchase order, the type tests of the equipment were to be carried out in the presence of an engineer deputed by the Board, and the supply was to commence only after the issue of inspection certificate and material despatch clearance certificate.

It was noticed that the inspection was waived (January 1997) by the Board and the firm supplied 822 numbers from December 1996 to April 1997, out of which only 15 *per cent* was found to be in acceptable condition. Instead of returning the defective consignments, the Board took delivery of the items and made 95 *per cent* payment. Even though the firm was directed (April 1997) by the Deputy Chief Engineer to stop further despatch of the items, conditional clearance was subsequently allowed (June 1997). The firm completed (August 1997) the supply of 1500 nos. of switch boards and Rs.11.67 crore was paid as 95 *per cent* of the total value against the defective items. An amount of Rs.0.61 crore was also spent (June 1997 to September 1999) for the repair of the items.

Defective materials accepted and payment made

Of the 1500 distribution fuse boards procured, the Board could instal (September to December 1997) only 14 boards for the Master Plan works so far (January 2000), which also failed (January 1998) due to various problems including design defects. The fact that none of the fuse boards could be put to use even after a lapse of three years would indicate that waiver of inspection, acceptance of materials despite instructions to stop despatch and effecting payments in violation of the agreement conditions were not in the best interest of the Board. These irregularities resulted in infructuous expenditure of Rs.12.28 crore.

The fuse boards could not be used even after 3 years resulting in infructuous expenditure of Rs.12.28 crore

The matter was reported to the Board/Government in May 2000; their replies had not been received (September 2000).

(b) For the purpose of drawing 11 KV double circuit overhead line under the Master Plan Project for Thiruvananthapuram, Kochi and Kozhikode cities, the Board designed 14 M special type steel posts which required a minimum of 2.2x2.2 M foundation for erection. The total requirement of posts for 220 km line length was projected as 4400 numbers and the Board placed orders (February 1996) on ARM Ltd., Hyderabad and Jindal Steel Products Ltd., Calcutta for fabrication and supply of 1234.784 MT and 499.168 MT respectively of the above type of posts required for the work in Kochi and Kozhikode cities. Against the above orders the firms supplied (February 1997 to February 1999) a total quantity of 1299.762 MT valued at Rs.3.95 crore against which Rs.3.55 crore (90 *per cent*) had already been paid. When the work for laying the foundation for the 14 M posts was started, the Public Works Department(PWD)/National Highway (NH) Authorities directed (May 1998) the Board to stop the work since the rules permitted a foundation width of only 0.50 M on PWD/NH roads against 2.2 M required for erection of the posts. Since the Board was not able to proceed with the work further, the contract for construction of 11 KV overhead line was terminated (August/November 1998) and the poles could not be used. Thus, the designing and procurement of 14 M posts which required 2.2 M width for foundation when PWD/NH norms permitted only 0.5M width, rendered the expenditure of Rs.3.55 crore incurred for the purchase infructuous. No action had been taken against the officers responsible for the lapse (September 2000).

Designing of special type post without considering PWD/NH norms resulted in infructuous expenditure of Rs.3.55 crore

The Government stated (July 2000) that the above design had been adopted since there might have been constraints in providing stays/struts in city roads and the poles were diverted for 33/11 KV State-wide system improvement works. The reply is not tenable since the design and procurement of 14 M special type posts were made specifically for city roads. Moreover, the design of the posts was not intended for 33/11 KV transmission system but for 11 KV overhead lines.

Failure to use the mobile cable fault location equipment resulted in its deterioration and rendering of the entire expenditure of Rs.0.45 crore incurred on it as unfruitful

(c) The Board placed (December 1994) orders for purchasing three van mounted mobile cable fault location equipments from Prime Chemfert Industries Ltd., New Delhi under Kerala Power Project Transmission and Distribution (World Bank) schemes, at a total cost of Rs.1.34 crore (including cost of vehicle). The equipments were received during the period between July and November 1996 and were allotted to three World Bank Project Divisions at Kozhikode, Kochi and Thiruvananthapuram. The equipment allotted to Thiruvananthapuram Division (Vehicle Reg. No. DL-1L 7809) was commissioned in August 1997 but could not be put to use till date (March 2000) for want of transfer of registration with Regional Transport Authorities due to dispute regarding payment of entry tax to Sales Tax Department. Though identical equipments were registered and put to use (May/July 1997) at Kozhikode and Kochi, the Board failed to effectively take up the matter with higher authorities to get the vehicle at Thiruvananthapuram registered and put to use. The equipment had been lying idle for the last three and a half years and was reported to be in a dilapidated condition with the result that the expenditure of Rs.44.52 lakh thereon was rendered infructuous. The Board also lost the claim for guarantee extended by the supplier as twenty four months had elapsed since the date of supply.

The matter was reported to the Board/Government in May 2000; their replies had not been received (September 2000).

4.2.1.2 Avoidable extra expenditure

Failure to assess the suitability of the new site before relocating the plant resulted in avoidable extra expenditure of Rs.5.70 crore.

Despite disadvantages of new site the plant was relocated and was again brought back to the original location

The Board selected (January 1992) the location for setting up a 126 MW thermal power plant at Nallalam in Kozhikode, considering its advantages such as easy evacuation of power generated, proximity to railhead and availability of water. The site was notified for acquisition at an estimated cost of Rs.0.55 crore in December 1992, but no acquisition was made as the State Pollution Control Board denied (July 1993) 'No Objection Certificate' (NOC) in view of its proximity to residential areas and complaints from public. Therefore, the Board decided (July 1993) to relocate the plant at Thalakkulathur even though the disadvantages of the site were known in January 1992 itself. Advance possession of 3.67 acres of land valued at Rs. 23.03 lakh was obtained in October 1994 for the purpose and an amount of Rs. 19.85 lakh was spent for development of the land at the new site. However, due to the unsuitability of the land acquired at Thalakkulathur for reasons such as scarcity of water, disadvantages in evacuation of power generated and problems in site preparation, the Board decided (October 1996) to locate the plant at the original site at Nallalam itself. A NOC from the Pollution Control Board, subject to certain conditions relating to pollution control systems, was obtained in November 1997. As a result, the expenditure of Rs. 19.85 lakh incurred on development of land at the second location became infructuous and the investment of Rs. 23.03 lakh on its purchase rendered idle. Besides, the Board had to incur an additional expenditure to the tune of Rs.5.50 crore for acquisition (December 1997) of 10.8 hectares of land at the original site as a result of increase in value of land from Rs.0.55 crore (1992) to Rs.6.05 crore (1997).

Thus, the decision of the Board to relocate the plant at a new site (at Thalakulathur) without assessing its suitability resulted in avoidable extra expenditure of Rs. 5.50 crore, besides blocking of funds to the extent of Rs. 23.03 lakh in land and unproductive expenditure of Rs.19.85 lakh in its development. Further, the implementation of the Project, the gestation period of which was only 2 1/2 years was also delayed by about 4 years, with attendant consequences like escalation in project cost and loss of revenue from sale of power.

The matter was reported to the Board/Government in April 2000; their replies had not been received (September 2000).

4.2.1.3 Avoidable payment of customs duty

Failure to avail of concessional rate of customs duty by proper registration of contract resulted in avoidable loss of Rs.19.73 crore.

The Board entered into (December 1985) an agreement with the World Bank for financing the execution of the Lower Periyar Hydro Electric Project and associated transmission and distribution works. Since concessional rate of customs duty was applicable for imports made under registered projects, the Board filed (September 1987) an application for registration with the customs authorities. However, initial setting up of the Lower Periyar Hydro Electric Project alone was mentioned in the application and the associated transmission and distribution works which formed part of the project were omitted to be included. The Board imported (September 1988) materials like steel plates, penstock pipes, etc., required for the initial setting up of the project, which were allowed to be cleared at concessional rate of 20 *per cent* duty. After receipt of the above material, the Board intimated (February 1991) the customs authorities that no further imports were expected for this project.

Subsequently, during the period between May and July 1993, the Board imported from China 325 km of 11 KV XLPE cables for Rs.25.66 crore and five numbers of GIS equipment at Rs.20.01 crore for the 'associated transmission and distribution' work of the above project. Though the customs authorities cleared (June-July 1993) these items initially under bond at concessional customs duty of Rs.9.23 crore, the assessment was finally made (May 1996) for Rs.48.69 crore stating that the second import was neither part of the project nor essential for initial setting up of it due to the omission in

Full details of the project was not mentioned at the time of registration of contract

mentioning full details of the project at the time of original registration. The Board was directed (May 1996) to pay the differential duty amounting to Rs.39.46 crore, which was finally settled (March 1999) by paying Rs.19.73 crore (50 *per cent*). Thus, the omission to mention the transmission and distribution part of the project in the application for registration for project contract, deprived the Board of the benefit of concessional rate of customs duty resulting in avoidable loss of Rs.19.73 crore.

The matter was reported to the Board/Government in May 2000; their replies had not been received (September 2000).

4.2.1.4 Payment to the contractor outside the scope of the contract

Adoption of percentage basis of payment in deviation of provisions of contract resulted in avoidable excess payment of Rs.0.25 crore.

The Board awarded (November 1993) the work of construction of a dam, power tunnel intake and appurtenant work for the Lower Periyar Hydro Electric Project to M/s. Hindustan Construction Company Limited (HCCL). The work included care and diversion of the river and maintenance during the entire period of construction. For the care and diversion, a lumpsum provision of Rs.1.10 crore was made in the contract and payment thereagainst was to be regulated for the actual work carried out by the contractor indicating that the total payment for the work had to be limited to Rs.1.10 crore or the actual value of work done whichever was lower.

The basis of payment as per contract was changed to the advantage of the contractor

Till March 1995, an amount of Rs.34 lakh was paid by the Board for care and diversion works on the basis of actual work done; but in March 1995 it was decided to effect payment to the contractor on monthly basis at 2.1594 *per cent* of the value of work done for the construction of dam, without considering the actual work done for care and diversion, on the ground that the payment at actuals does not reflect a true and correct picture of the expenditure actually incurred by HCCL. The work was completed in October 1997 and a total amount of Rs.1.03 crore was paid (February 2000) on *per cent* basis against the value of actual work done as per measurement book amounting to Rs.77.10 lakh, resulting in excess payment of Rs.25.45 lakh. Thus, the adoption of percentage basis for payment of care and diversion works in deviation of provisions of the contract and without relevance to actual work done, resulted in avoidable payment of Rs.25.45 lakh.

The matter was reported to the Board/Government in May 2000; their replies had not been received (September 2000).

4.2.1.5 Sale of scrap

Failure to conduct proper negotiations or invite open tenders for sale of scrap resulted in loss of Rs.3.01 crore.

In the course of regular repairs, replacement and maintenance work undertaken by the Board, huge quantities of high value scrap of copper, aluminium, iron, cold rolled steel, brass, transformers, etc., were being generated. The Board invited (June 1992) open tenders for the sale of these scrap materials lying in various locations and the bids of seven firms including Steel Industrials Kerala Limited (SILK), a State Government Company, were accepted (December 1992). Out of the above bidders, four parties, including SILK, defaulted in lifting the quantities allotted.

Scrap materials were sold at rates much lower than market rates

SILK offered (December 1993) to buy the entire scrap materials and the Board, after conducting negotiations, entered into (January 1994) a contract for the sale of all items, at rates which were much lower compared to the then prevailing market price and the earlier offers received. SILK lifted a total quantity of 2137.799 MT of various items of scrap for a total value of Rs.5.28 crore during the period January 1994 to November 1996. As against this, the value realisable for the above scrap on the basis of rates accepted in December 1992 would work out to Rs.8.28 crore. Had the Board conducted proper negotiations with SILK or invited open tenders to take advantage of the higher market rates, it could have avoided the revenue loss of Rs.3.01 crore (as detailed in Annexure 37) being the difference between the higher offer received earlier and the price obtained from SILK.

The matter was reported to the Board/Government in May 2000; their replies had not been received (September 2000).

4.2.1.6 Extra expenditure

Award of work of three units at higher rates due to wrong evaluation resulted in extra expenditure of Rs.0.23 crore.

The Board invited (February 1997) limited tenders for re-winding and uprating of five stator units of 50 MW Hydro generators at the Sabarigiri Hydro Electric Project. According to the notice inviting quotations, all the materials including testing and allied equipment, were to be brought to site by the contractor within 60 days from the date of execution of agreement and the units were to be handed over after re-winding at intervals of 45 days each.

Of the nine quotations received from various bidders including public sector BHEL, the Board identified the quotation of Yashmun Engineering Ltd., Pune (YEL) as the lowest at Rs.1.10 crore per unit for uprating to 54 MW capacity. The firm had demanded 35 *per cent* advance on the total cost and agreed to supply materials for the re-winding within 90 days and complete the re-winding at 45 days interval for each unit. As against this, the rate quoted by BHEL was Rs.1.17 crore per unit for an uprated capacity of 60 MW. BHEL demanded only 10 *per cent* advance and agreed to supply the materials within 60 days to complete the work of all the five units at intervals of 45 days each. The offer of BHEL had the advantage of additional 6 MW uprating per unit, lesser payment of advance and early completion of work.

Advantage of additional six MW capacity not considered while evaluating tenders

It was noticed in audit that while preparing the comparative statement, the value for capacity addition of 6 MW/unit amounting to Rs.7.55 lakh offered by BHEL was not taken into account for working out the per unit price which would have rendered their offer as the lowest at Rs.1.07 crore per unit. Based on the wrong comparison the Board placed orders for re-winding three units with YEL and only two units were awarded to BHEL. Award of work for re-winding of three units at higher rates to YEL on the basis of wrong evaluation, resulted in extra expenditure of Rs.22.65 lakh, compared to the offer received from BHEL. Further, the two units entrusted with BHEL were completed (October 1997/January 1998) within the scheduled time. Of the other three units for which work was awarded to YEL, only two units were completed (April/June 1998) and the third unit for which an advance amount of Rs.85 lakh was paid (April 1997) was delivered only in February 1999.

The matter was reported to the Board/Government in May 2000; their replies had not been received (September 2000).

4.2.1.7 Payment of advance outside the scope of agreement

Payment of advance to suppliers for excise duty outside the scope of the agreement and failure to claim refund in stipulated time resulted in loss of Rs.0.13 crore.

Advance payment of excise duty made in violation of agreement

The Board had entered into (1982) a contract with Venad Structurals, Kottayam, a Small Scale Industrial (SSI) Unit, for manufacturing and supplying PSC poles against work orders issued from time to time. As per the agreement, the excise duty on the poles manufactured was to be reimbursed to the Unit on clearance of poles from the yard. However, in practice, the Board had been paying the duty amount to the Unit in advance to avoid delay in clearance of poles. In March 1986, the Central Government exempted all SSI Units from payment of excise duty up to a turnover of Rs. 15 lakh and extended concessional rate of 5 *per cent* (against 15 *per cent*) beyond that limit.

More advance was paid than what was actually required

Even though Venad Structurals was an SSI Unit eligible for concessional duty, it was required to pay duty at normal rates for clearance of poles made during July 1988 to January 1990, due to failure to establish its eligibility by filing the documents in time. However, the Board made an advance payment of Rs. 16.56 lakh to the Unit to pay the excise duty at normal rates, against the actual duty payable amounting to Rs. 3.95 lakh.

Subsequently, the Central Excise Department granted SSI Unit status to this Unit, but its claim for refund of duty paid in excess amounting to Rs. 12.61 lakh was rejected by the department in July 1991 on the ground that the duty paid by the Unit had been collected from the Board. The appeal against this decision was also rejected by Customs and Central Excise Appellate Tribunal, Madras, on 29 October 1997.

Refund claim was not filed within the prescribed period

According to Section 11 B of the Central Excise and Salt Act, 1944, the Board should have applied for refund of the duty paid in excess within a period of six months from the date of rejection of the appeal, i.e., 29 October 1997. However, it was seen that the refund claim was not filed by the Board within the time prescribed as a result of which the refund claim was rejected (December 1998). Thus, the decision of the Board to pay advance to the Unit for payment of excise duty which was not contemplated in the agreement and its failure to claim refund within the time limit resulted in avoidable loss of Rs. 12.61 lakh. No action had been taken against the delinquent official(s) for this lapse (July 2000).

The matter was reported to the Board/Government in March 2000; their replies had not been received (September 2000).

4.2.1.8 Undue benefit to the supplier

Payment at higher rate for the second lot of the same order resulted in undue benefit of Rs.0.12 crore to the supplier.

The Board placed (July 1996) orders on Omega Cables Ltd., Chennai for the purchase of 1050 km of ACSR conductors in two lots of 525 km each, at two different rates of Rs.97200 and Rs.99500 per km (ex-works) respectively eventhough the supply of the first lot was to be made within three months and the second lot in five months from the date of receipt of order. Further, a price variation clause was also incorporated in the agreement for variation in the price of raw materials and labour during the scheduled delivery period subject to a ceiling of 20 *per cent*. As against the ordered quantity of 1050 km, the firm delivered 1089.918 km during the period between August 1996 and April 1997. While there was no provision in the agreement, the excess quantity of 39.918 km was also accepted by the Board and payment made at the ex-works rate of Rs.97200 per km applicable for the first lot.

First lot as well as additional quantity supplied at lower rates; but second lot alone paid higher rates

Even though the first lot as well as the additional quantity which was received along with the second lot were supplied at the rate of Rs.97200 per km only, the Board paid higher rates for the second lot of 525 km of cable on the ground that the firm quoted different rates for the two lots. Acceptance of higher price for the second lot was not justifiable, since extra payment of Rs.12.07 lakh at enhanced rates as well as price variation claims of Rs.15.26 lakh for the second lot of the material conferred double benefit upon the contractor and resulted in avoidable extra expenditure of Rs.12.07 lakh to the Board.

The Government stated (July 2000) that the order of 10 July 1996 was in response to a retender wherein the Board incorporated the two lot provisions to get advantageous offers from firms with lesser production capacity and that the rate of M/s Omega Cables being the lowest was accepted. The reply is not tenable since the Board could not retender for a material when the World Bank had already approved the rates on the basis of the earlier bid. Moreover, the Government could not offer any justification for allowing higher rate as well as price variation for the second lot alone.

4.2.1.9 Irregular payment

Failure to adhere to the instructions of the Board for non-admittance of claims for arrears of overtime/holiday wages resulted in irregular payment of Rs.0.15 crore.

Specific instructions of the Board were violated and payment effected

At the time of switching over (March 1995) to the percentage rate (from variable) of payment of DA to the employees of the Board and again while issuing (October 1998) clarifications on the revision (August 1995) of Pay with retrospective effect from August 1993, it was reiterated by the Board that claims for arrears of overtime/holiday wages consequent on the revision of DA/Pay need not be admitted. However, a test check conducted (March 1999) in ten out of 98 units of the Board revealed that in four units viz. Generation Circle at Meencut and Electrical Divisions at Karunagappally, Chalakkudy and Kunnamkulam, the arrears of overtime and holiday wages for the period January 1993 to December 1996 aggregating Rs.14.65 lakh consequent on retrospective revision of DA/Wages was drawn (October 1995 to August 1997), out of which Rs.12.73 lakh was credited to Provident Fund account of the employees and balance Rs.1.92 lakh disbursed in cash. Though the above payment was in violation of the orders of the Board, no action was taken against the Dy.Chief Engineer of the Circle and Executive Engineers of the Divisions responsible for the inadmissible payment.

The Government stated (July 2000) that the Board had already taken action (June 1999) to withdraw the unauthorised credit from General Provident Fund account and to realise the arrears paid in cash. However, the actual adjustment/recovery remained to be effected so far (September 2000).

The Government in its interim reply stated (July 2000) that it proposed to order an enquiry and fix the responsibility for the loss. However, final reply of the Government had not been received (September 2000).

4.2.2 Kerala State Road Transport Corporation

4.2.2.1 Illegal occupation of stalls

Inaction of the Corporation in evicting illegal occupants of stalls resulted in revenue loss of Rs.0.26 crore.

a) In February 1994, the Corporation decided to award the licence to run stall No. I at Thiruvalla bus station to the highest bidder Shri. Benny Cyriac, for a period of one year from 1.4.1994 to 31.3.1995 at a licence fee of Rs.18300 per month. In the meantime, Shri.Mathai Cyriac, the existing licensee whose extended term expired on 31.3.1994, obtained (April 1994) an injunction order from Sub Court, Thiruvalla restraining the Corporation from forcibly evicting him from the stall. The temporary injunction issued by the Sub Court was against forcible eviction and hence the Corporation could have evicted the licensee by due process of law. But no action was taken to evict the illegal occupant (who was also not paying any licence fee) and stall No.I was not let out to the new bidder who had offered higher rates resulting in a potential revenue loss of Rs.14.09 lakh to the Corporation during the period 1.4.1994 to 31.8.2000 @ Rs.18300 per month.

No action taken to evict the occupant of stall despite favourable verdict

b) In another case relating to stall No. VI (Fruit stall) in the same bus station, the Corporation decided to award the licence to the highest tenderer, Shri.M.A.Rahman, for a period of one year from 1.4.1994 to 31.3.1995 at a fee of Rs.15086 per month. In this case also, the previous licensee Shri.Abdul Hameed whose extended term expired on 31.3.1994, obtained a stay order (8.4.1994) restraining the Corporation from evicting him from the stall till the disposal of the original suit filed before the Munsiff Court. Subsequently, the stay order was cancelled (29.6.1995) by the High Court and the original suit was also dismissed in February 1998 stating that the licensee had no legal or equitable right to continue to occupy the stall after the licence period. However, the Corporation did not take any action to evict the illegal occupant (who was also not paying any licence fee) due to which stall No. VI could not be allotted to the highest bidder resulting in a potential revenue loss of Rs.11.62 lakh to the Corporation for the period April 1994 to August 2000 at the rate of Rs.15086 per month.

The Management, in reply to Audit enquiries on 'a' and 'b' above, stated (November 1999) that eviction was not carried out due to non-co-operation of police authorities and also in view of the appeal pending before the Sub Court. The reply is not tenable because the Corporation had neither taken effective measures to get the Court injunction vacated nor any follow up action even after obtaining favourable judgements from the Court. The provisions of the Kerala Public Buildings (Eviction of unauthorised occupants) Act, 1968 were also not invoked for evicting the illegal occupants.

The inaction on the part of the Chief Law Officer of the Corporation who had been appointed as the Estate Officer under the provisions of the above Act resulted in an aggregate loss of revenue of Rs.25.71 lakh to the Corporation in the above cases.

Above matters were reported to the Corporation/Government in May 2000; their replies had not been received (September 2000).

4.2.2.2 Extension of concessional rates for transportation of newspapers and periodicals

Extension of concessional rates even after withdrawal of reciprocal arrangements resulted in a loss of Rs.0.14 crore.

Newspapers and periodicals were being transported in the buses of the Corporation at a concessional rate of 50 *per cent* of the charge applicable to unaccompanied luggage, i.e., at half passenger fare for every 30 kg. The concession was extended since 1965 on the basis of a reciprocal arrangement with the printers/publishers of newspapers and periodicals according to which the news matters and advertisements of the Corporation would be published free of cost by them.

However, the publishers of newspapers had withdrawn this reciprocal arrangement from April 1995 and the Corporation was paying for its advertisements in these newspapers like others. Even though the reciprocal arrangement was not in existence from April 1995, the Corporation continued to transport newspapers and periodicals at concessional rates which resulted in a loss of Rs.14.04 lakh in respect of 4546 tonnes of newspapers and periodicals conveyed from six major depots of the Corporation during the four years from 1996-97 to 1999 - 2000.

The Government stated (June 2000) that the proposal to revise the rate as per luggage rules was postponed consequent on fare revision in October 1999 and steps had already been taken to revise the fare which was expected to be implemented in one or two months. The reply is not tenable since the fare revision is a periodical exercise and this does not have any bearing on the failure to restore the normal rates on publishers and newspapers after withdrawal of reciprocal arrangement in April 1995.

4.2.2.3 Write-off of dues

Write-off of dues at the instance of Government when the Corporation was facing financial difficulties resulted in loss of Rs.0.98 crore.

The Corporation which was facing acute financial crisis, was entrusted with the management of Trivandrum Rubber Works Limited (TRW), a sick unit declared as a relief undertaking by Government Order in July 1984. After takeover of the management, the Corporation advanced funds to TRW on various occasions as per the directions of the Government, to be adjusted against purchase of tread rubber. But an amount of Rs.64.83 lakh remained unadjusted as at the end of July 1992.

Due to financial problems, it became difficult for the Corporation to run the sick unit. Hence, the Government, acting on the request of the Corporation decided in February 1994 to transfer TRW to a State Government undertaking viz. The State Farming Corporation of Kerala Ltd. (SFCK) as a subsidiary. According to the transfer/acquisition plan formulated by the Government, the SFCK was to receive equity shares in TRW against a portion of the liabilities and the balance was to be written off by the Government. However, as part of the deed, the interests of the Corporation which maintained the sick unit for nearly 10 years was not protected and it was ordered to write off the advances recoverable from TRW amounting to Rs.64.83 lakh with interest thereon and cost of fuel supplied (Rs.6.36 lakh), and a total amount of Rs.98.22 lakh was written off (August 1999).

Interest of the Corporation which maintained TRW for ten years was not protected

The waiver of dues recoverable from TRW for the benefit of SFCK, which resulted in a loss of Rs.98.22 lakh to the Corporation, without any compensatory benefit at a time when it was facing acute shortage of funds, lacked justification.

The Management stated (March 2000) that the matter was being pursued with the Government and it was hopeful of realising the dues from the Government.

The matter was reported to Government in May 2000; their reply had not been received (September 2000).

4.2.2.4 Avoidable investment

Deviation from the accepted policy in constructing sub-depot at Vellanad resulted in avoidable investment of Rs.0.28 crore.

For the construction of sub-depots/operating centres in rural areas, the Corporation had formulated a policy that the infrastructural facilities should be provided by the Panchayat authorities concerned at their expense. This policy was being followed in the case of sub depots/operating centres approved during the period up to November 1999 when all the infrastructural facilities like land, garage building, store rooms, staff rooms, etc., were provided by the beneficiaries. The Corporation deviated from that policy and agreed (February 1995) to construct a sub-depot at Vellanad at a cost of Rs.28.15 lakh on the land donated by the Panchayat. The work was completed (December 1998) at a total cost of Rs.27.99 lakh and the sub-depot started operations (March 2000) by diversion of 26 schedules from two other depots. The Corporation's decision to deviate from the policy and construct the

In deviation of accepted policy sub-depot was constructed at Vellanad

sub-depot at Vellanad resulted in avoidable investment of Rs.27.99 lakh at a time when its financial position was poor.

The matter was reported to the Corporation/Government in May 2000; their replies had not been received (September 2000).

Thiruvananthapuram
The 23 April 2001

(R.K.VERMA)
Accountant General (Audit), Kerala

Countersigned

V. K. Shunglu

New Delhi
The 30 April 2001

(V.K.SHUNGLU)
Comptroller and Auditor General of India

ANNEXURE 1

(Referred to in preface and paragraph 1.11)

Statement of companies in which State Government had invested more than Rs.10 lakh in share capital but which are not subject to audit by the Comptroller and Auditor General of India

Sl. No.	Name of company	Amount of investment in share capital up to 1999-2000 (Rupees in lakh)
1	Premier Tyres Limited	60.00
2	Apollo Tyres Limited	50.00
3	The Travancore Rayons Limited	164.63
4	Coats Viella (India) Limited	22.67
5	Travancore Electro Chemical Industries Limited	14.00
6	Punalur Paper Mills Limited	13.27
7	The Indian Aluminium Company Limited	16.83
	Total	**341.40**

ANNEXURE 2

(Referred to in paragraphs 1.2.1 and 1.4)

Statement showing particulars of paid-up capital, loans/equity received out of budget, other loans and loans outstanding as on 31 March 2000 in respect of Government companies and Statutory corporations

(Figures in columns 3(a) to 4(f) are Rupees in lakh)

Sl. No.	Sector and name of the Company/Corporation	Paid-up capital as at the end of the current year.					Equity/loans received out of Budget during the year		Other loans received during the year @	Loans** outstanding at the close of 1999-2000			Debt equity ratio for 1999-2000 (Previous year) 4(f)/3(e)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loans		Government	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
A	**Government companies**												
	AGRICULTURE AND ALLIED												
1	The Plantation Corporation of Kerala Limited	556.88	...	...	...	556.88	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
2	The State Farming Corporation of Kerala Limited	842.57	...	...	61.00	903.57	...	...	...	...	21.97	21.97	0.02 : 1 (0.02 : 1)
3	The Rehabilitation Plantations Limited	205.85	133.42	...	...	339.27	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
4	Oil Palm India Limited	679.47	499.29	...	...	1178.76	...	...	...	1.38	536.13	537.51	0.46:1 (0.00 : 1)
5	The Kerala Agro-Industries Corporation Limited	304.55	169.56	...	...	474.11	...	...	...	142.79	...	142.79	0.30:1 (0.01 : 1)
6	The Kerala State Coir Corporation Limited	804.55	...	...	...	804.55	50.00	...	...	93.25	...	93.25	0.12 : 1 (0.12 : 1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
7	The Kerala State Cashew Development Corporation Limited	18243.70	...	...	...	18243.70	...	756.50	...	3886.50	640.00	4526.50	0.25:1 (0.88 : 1)
8	Kerala Agro-Machinery Corporation Limited	161.46	...	...	...	161.46	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
9	Kerala State Coconut Development Corporation Limited	285.05	...	...	...	285.05	...	...	...	185.67	36.00	221.67	0.78 : 1 (0.78 : 1)
10	Foam Mattings (India) Limited	473.73	...	...	...	473.73	50.00	...	...	2.00	...	2.00	0.01:1 (0.01 : 1)
11	Kerala State Horticultural Products Development Corporation Limited	383.00	...	...	...	383.00	100.00	...	...	...	...	0.00	0.00:1 (0.01: 1)
12	Kerala Livestock Development Board Limited	732.57	...	...	...	732.57	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
13	Kerala State Poultry Development Corporation Limited	196.72	...	...	...	196.72	...	...	...	...	139.90	139.90	0.71 : 1 (0.71 : 1)
14	The Kerala Fisheries Corporation Limited	484.75	...	...	...	484.75	...	...	...	237.67	...	237.67	0.49 : 1 (0.49 : 1)
15	Kerala Inland Fisheries Development Corporation Limited	16.44	...	...	...	16.44	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
16	Kerala Feeds Limited	2109.00		...	631.50	2740.50	24.00	...	...	...	499.59	499.59	0.18:1 (0.13 : 1)
	Sector-wise total	**26480.29**	**802.27**	**...**	**692.50**	**27975.06**	**224.00**	**756.50**	...	**4549.26**	**1873.59**	**6422.85**	**0.23:1 (0.54 : 1)**
	INDUSTRY												
17	United Electrical Industries Limited	387.92	...	...	11.14	399.06	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
18	Traco Cable Company Limited	1282.02	...	...	19.79	1301.81	...	1500.00	...	187.70	1500.00	1687.70	1.29:1 (3.76 : 1)
19	Transformers and Electricals Kerala Limited	1119.41	...	...	238.13	1357.54	...	...	...	1262.00	468.42	1730.42	1.27 : 1 (1.07:1)
20	Kerala Electrical and Allied Engineering Company Limited	2802.70	...	...	603.24	3405.94	...	...	...	4.25	1151.60	1155.85	0.34:1 (0.43 : 1)
21	The Kerala Premo Pipe Factory Limited	130.91	...	...	...	130.91	...	...	...	...	25.00	25.00	0.19 : 1 (0.19 : 1)
22	Trivandrum Rubber Works Limited (Subsidiary of SFCK)	354.75	...	...	...	354.75	...	...	...	601.75	...	601.75	1.69:1 (2.38 : 1)
23	The Kerala Ceramics Limited	590.77	...	...	474.90	1065.67	...	...	...	150.00	84.70	234.70	0.22 : 1 (0.22 : 1)
24	Kerala Construction Components Limited	27.57	...	...	0.51	28.08	...	...	...	56.14	12.27	68.41	2.44:1 (2.44 : 1)
25	The Chalakudy Refractories Limited	346.51	...	...	0.13	346.64	...	...	...	...	109.26	109.26	0.32 : 1 (0.32 : 1)
26	Kerala Special Refractories Limited	291.23	...	...	...	291.23	...	...	...	107.00	...	107.00	0.37 : 1 (0.37 : 1)
27	Kerala Small Industries Development Corporation Limited (SIDCO)	1714.40	...	...	...	1714.40	250.00	...	...	261.60	105.74	367.34	0.21:1 (0.23 : 1)
28	Kerala State Film Development Corporation Limited	1456.19	...	...	...	1456.19	175.00	...	...	596.80	289.62	886.42	0.61:1 (0.74 : 1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
29	The Kerala Asbestos Cement Pipe Factory Limited	6.09	...	...	...	6.09	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
	Sector-wise total	**10510.47**	...	...	**1347.84**	**11858.31**	**425.00**	**1500.00**	...	**3227.24**	**3746.61**	**6973.85**	**0.59:1 (0.90 : 1)**
	ENGINEERING												
30	The Metal Industries Limited	140.56	...	...	7.40	147.96	...	...	...	30.00	1.00	31.00	0.21 : 1 (0.21 : 1)
31	The Metropolitan Engineering Company Limited	248.73	...	...	0.18	248.91	...	40.00	...	278.00	158.90	436.90	1.76:1 (1.19 : 1)
32	Steel Complex Limited (Subsidiary of KSIDC)	616.00	...	...	84.00	700.00	...	100.00	...	1506.00	309.31	1815.31	2.59:1 (2.54 : 1)
33	Steel Industrials Kerala Limited (SILK)	3500.00	...	...	...	3500.00	...	300.00	...	2879.20	380.44	3259.64	0.93:1 (1.19 : 1)
34	Scooters Kerala Limited	472.00	...	...	...	472.00	...	...	...	160.00	97.00	257.00	0.54:1 (0.27 : 1)
35	Kerala Automobiles Limited	535.93	...	...	...	535.93	...	...	...	339.56	569.65	909.21	1.70:1 (1.30 : 1)
36	Steel and Industrial Forgings Limited (Subsidiary of SILK)	...	...	1040.06	...	1040.06	...	...	...	...	420.75	420.75	0.40:1 (1.69 : 1)
37	Autokast Limited (Subsidiary of SILK)	...	...	1897.00	...	1897.00	...	300.00	...	...	672.81	672.81	0.35 : 1 (0.35 : 1)
38	Kerala Hitech Industries Limited	1300.00	...	...	...	1300.00	...	...	...	...	2755.86	2755.86	2.12: 1 (2.12 : 1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
39	Kerala State Engineering Works Limited	45.64	...	...	...	45.64	...	...	...	123.69	...	123.69	2.71 : 1 (2.71 : 1)
40	SIDECO Mohan Kerala Limited (Subsidiary of SIDCO)	...	...	8.67	8.33	17.00	...	...	...	...	31.44	31.44	1.85:1 (1.85 : 1)
	Sector-wise total	**6858.86**	...	**2945.73**	**99.91**	**9904.50**	**...**	**740.00**	...	**5316.45**	**5397.16**	**10713.61**	**1.08:1 (1.24 : 1)**
	ELECTRONICS												
41	Keltron Counters Limited (Subsidiary of KELTRON)	...	...	489.93	6.97	496.90	...	...	...	...	484.02	484.02	0.97:1 (0.59 : 1)
42	Kerala State Electronics Development Corporation Limited(KELTRON)	9182.37	...	...	...	9182.37	...	2500.45	...	5002.45	1980.70	6983.15	0.76:1 (0.62 : 1)
43	Keltron Electro Ceramics Limited (Subsidiary of KELTRON)	...	...	314.44	3.84	318.28	...	...	...	...	135.27	135.27	0.43 : 1 (0.43 : 1)
44	Keltron Crystals Limited (Subsidiary of KELTRON)	...	...	129.72	4.26	133.98	...	...	...	66.00	313.17	379.17	2.83 : 1 (2.03 : 1)
45	Keltron Component Complex Limited (Subsidiary of KELTRON)	...	...	172.99	69.46	242.45	...	...	...	...	743.90	743.90	3.07:1 (3.21 : 1)
46	Keltron Magnetics Limited (Subsidiary of KELTRON)	...	...	25.09	...	25.09	...	...	...	...	53.12	53.12	2.12 : 1 (2.12: 1)
47	Keltron Resistors Limited (Subsidiary of KELTRON)	...	...	159.81	...	159.81	...	...	...	...	93.30	93.30	0.58 : 1 (0.73 : 1)
48	Keltron Power Devices Limited (Subsidiary of KELTRON)	...	...	410.23	...	410.23	...	...	...	...	649.08	649.08	1.58 : 1 (1.58 : 1)
49	Keltron Rectifiers Limited (Subsidiary of KELTRON)	...	...	850.79	...	850.79	...	...	...	...	744.05	744.05	0.87:1 (0.54 : 1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
50	SIDKEL Televisions Limited (Subsidiary of SIDCO)	...	...	33.00	10.50	43.50	...	...	...	1.93	24.96	26.89	0.62 : 1 (0.62 : 1)
51	Astral Watches Limited (Susidiary of KSIDC)	...	...	95.38	...	95.38	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
	Sector-wise total	**9182.37**	...	**2681.38**	**95.03**	**11958.78**	...	**2500.45**	...	**5070.38**	**5221.57**	**10291.95**	**0.86 :1 (0.71 : 1)**
	TEXTILES												
52	Trivandrum Spinning Mills Limited	463.78	...	...	...	463.78	...	70.00	...	554.70	10.00	564.70	1.22:1 (1.07 : 1)
53	Kerala State Textile Corporation Limited	1838.19	...	...	25.00	1863.19	...	...	...	392.52	299.64	692.16	0.37:1 (0.41 : 1)
54	Kerala Garments Limited (Subsidiary of KSHDC)	...	...	48.00	...	48.00	...	...	...	4.40	187.20	191.60	3.99:1 (0.51 : 1)
55	Sitaram Textiles Limited	420.00	...	...	...	420.00	...	...	...	707.35	28.07	735.42	1.75:1 (1.74 : 1)
	Sector-wise total	**2721.97**	...	**48.00**	**25.00**	**2794.97**	**....**	**70.00**	...	**1658.97**	**524.91**	**2183.88**	**0.78 : 1 (0.72 : 1)**
	HANDLOOM AND HANDICRAFTS												
56	Kerala State Handloom Development Corporation Limited (KSHDC)	1156.78	...	...	5.42	1162.20	25.00	15.00	...	1243.43	...	1243.43	1.07:1 (1.07 : 1)
57	Handicrafts Development Corporation of Kerala Limited	195.52	61.00	...	...	256.52	...	...	...	120.51	...	120.51	0.47 :1 (0.47 : 1)
	Sector-wise total	**1352.30**	**61.00**	...	**5.42**	**1418.72**	**25.00**	**15.00**	...	**1363.94**	...	**1363.94**	**0.96 : 1 (0.96 : 1)**
	FOREST												
58	Kerala Forest Development Corporation Limited (KFDC)	413.00	93.00	...	...	506.00	...	...	...	120.00	79.00	199.00	0.39:1 (0.10 : 1)
59	Forest Industries (Travancore) Limited	29.19	...	...	8.52	37.71	...	...	...	94.13	...	94.13	2.50:1 (2.50 : 1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
60	Travancore Plywood Industries Limited	99.25	...	...	...	99.25	...	66.00	...	48.25	55.00	103.25	1.04:1 (0.99 : 1)
61	Kerala State Bamboo Corporation Limited	603.88	...	...	...	603.88	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
62	Kerala State Wood Industries Limited (Subsidiary of KFDC)	74.80	...	95.20	...	170.00	...	10.00	...	...	370.00	370.00	2.18 : 1 (2.18 : 1)
	Sector-wise total	**1220.12**	**93.00**	**95.20**	**8.52**	**1416.84**	**...**	**76.00**	**...**	**262.38**	**504.00**	**766.38**	**0.54 : 1 (0.41 : 1)**
	MINING												
63	Kerala State Mineral Development Corporation Limited	125.67	...	...	...	125.67	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
64	Kerala Clays and Ceramic Products Limited	131.82	...	...	...	131.82	...	...	...	...	...	0.00	0.00 : 1 (0.00: 1)
	Sector-wise total	**257.49**	**...**	**...**	**...**	**257.49**	**...**	**...**	**...**	**...**	**...**	**0.00**	**0.00 : 1 (0.00 :1)**
	CONSTRUCTION												
65	Kerala State Construction Corporation Limited	87.50	...	...	...	87.50	...	...	...	205.00	...	205.00	2.34 : 1 (2.34 : 1)
66	Kerala Police Housing and Construction Corporation Limited	603.00	...	...	...	603.00	...	...	...	...	990.18	990.18	1.64:1 (0.25 : 1)
	Sector-wise total	**690.50**	**...**	**...**	**...**	**690.50**	**...**	**...**	**...**	**205.00**	**990.18**	**1195.18**	**1.73:1 (0.51 : 1)**
	AREA DEVELOPMENT												
67	The Kerala Land Development Corporation Limited	671.40	34.00	...	...	705.40	...	...	...		...	0.00	0.00:1 (1.86 : 1)
	Sector-wise total	**671.40**	**34.00**	_	_	**705.40**	_	...	_		_	0.00	0.00:1 (1.86 : 1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	DEVELOPMENT OF ECONOMICALLY WEAKER SECTION												
68	Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited	1713.87	1527.59	...	...	3241.46	254.89	...	...	...	1731.11	1731.11	0.53:1 (0.52 : 1)
69	The Kerala State Backward Classes Development Corporation Limited	3319.00	...	...	...	3319.00	639.00	...	...	...	...	0.00	0.00.1 (0.19 : 1)
70	Kerala Fishermen's Welfare Corporation Limited	42.00	...	...	...	42.00	...	...	...	195.75	...	195.75	4.66 : 1 (4.66 : 1)
71	Kerala State Handicapped Persons' Welfare Corporation Limited	173.95	...	...	...	173.95	13.00	32.00	...	109.25	...	109.25	0.63 : 1 (0.63 : 1)
72	Kerala State Development Corporation for Christian Converts from Scheduled Castes & the Recommended Communities Limited	557.69	...	...	...	557.69	100.00	...	...	155.00	37.50	192.50	0.35:1 (0.65 : 1)
73	Kerala Artisans' Development Corporation Limited	200.00	...	...	...	200.00	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
74	Kerala State Palmyrah Products Development and Workers' Welfare Corporation Limited	87.00	...	...	...	87.00	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
	Sector-wise total	**6093.51**	**1527.59**	...	...	**7621.10**	**1006.89**	**32.00**	...	**460.00**	**1768.61**	**2228.61**	**0.29:1 (0.40 : 1)**
	PUBLIC DISTRIBUTION												
75	The Kerala State Civil Supplies Corporation Limited	856.00	...	...	...	856.00	...	...	...	13259.97	...	13259.97	15.49 : 1 (15.49 : 1)
	Sector-wise total	**856.00**	...	...	...	**856.00**	...	...	...	**13259.97**	...	**13259.97**	**15.49 : 1 (15.49 : 1)**

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	CEMENT												
76	The Travancore Cements Limited	26.00	...	...	24.00	50.00	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
77	Malabar Cements Limited	2599.87	...	...	...	2599.87	...	...	...	284.17	...	284.17	0.11:1 (0.20 : 1)
	Sector-wise total	**2625.87**	...	...	**24.00**	**2649.87**	...	...	...	**284.17**	...	**284.17**	**0.11:1 (0.19 : 1)**
	TOURISM												
78	Kerala Tourism Development Corporation Limited (KTDC)	3261.47	...	...	...	3261.47	600.00	...	...	1098.93	...	1098.93	0.34:1 (0.29 : 1)
79	Tourist Resorts (Kerala) Limited (Subsidiary of KTDC)	...	...	1639.91	...	1639.91	300.00	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
80	Bekal Resorts Development Corporation Limited	1785.00	...	...	...	1785.00	200.00	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
	Sector-wise total	**5046.47**	...	**1639.91**	**...**	**6686.38**	**1100.00**	...	...	**1098.93**	...	**1098.93**	**0.16 : 1 (0.11 : 1)**
	DRUGS, CHEMICALS AND PHARMACEUTICALS												
81	The Travancore-Cochin Chemicals Limited	1691.19	...	...	440.00	2131.19	...	...	...	...	...	0.00	0.00:1 (2.46 : 1)
82	Kerala Soaps and Oils Limited	299.59	...	...	...	299.59	...	400.00	...	2575.45	133.67	2709.12	9.04:1 (7.77 : 1)
83	Kerala State Drugs and Pharmaceuticals Limited	30.00	...	727.94	...	757.94	...	375.00	...	2334.28	...	2334.28	3.08:1 (0.00 : 1)
84	The Pharmaceutical Corporation(Indian Medicines) Kerala Limited	312.12	...	...	...	312.12	50.00	...	...	...	...	0.00	0.00:1 (0.00 : 1)
85	Kerala State Detergents and Chemicals Limited	...	...	154.63	...	154.63	...	...	...	...	1143.35	1143.35	7.39:1 (3.27 : 1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
86	Kerala State Salicylates and Chemicals Limited	...	...	628.00	...	628.00	...	...	...	679.99	472.98	1152.97	1.84:1 (1.84 : 1)
87	Travancore Titanium Products Limited	143.06	...	...	33.69	176.75	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
88	The Kerala Minerals and Metals Limited	3093.27	...	...	...	3093.27	...	...	...	100.00	...	100.00	0.03:1 (0.00 : 1)
89	The Travancore Sugars and Chemicals Limited	97.96	...	...	28.28	126.24	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
	Sector-wise total	**5667.19**	...	**1510.57**	**501.97**	**7679.73**	**50.00**	**775.00**	...	**5689.72**	**1750.00**	**7439.72**	**0.97:1 (1.27 : 1)**
	FINANCING												
90	Kerala State Industrial Development Corporation Limited (KSIDC)	23074.35	...	...	...	23074.35	2000.00	300.00	...	1232.50	9017.94	10250.44	0.44:1 (0.45 : 1)
91	The Kerala State Financial Enterprises Limited	300.00	...	...	...	300.00	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
92	Kerala Urban Development Finance Corporation Limited	51.00	...	...	45.04	96.04	...	100.00	...	625.00	4328.61	4953.61	51.58:1 (18.27 : 1)
93	Kerala Transport Development Finance Corporation Limited	4233.00	...	...	...	4233.00	150.00	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
94	Kerala Power Finance Corporation Limited	1000.00	...	...	950.00	1950.00	...	...	...	...	1000.00	1000.00	0.51 : 1 (0.00 : 1)
	Sector-wise total	**28658.35**	...	...	**995.04**	**29653.39**	**2150.00**	**400.00**	...	**1857.50**	**14346.55**	**16204.05**	**0.55:1 (0.44 : 1)**

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	MISCELLANEOUS												
95	Kerala State Industrial Products Trading Corporation Limited	33.90	...	...	...	33.90	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
96	Kerala State Beverages (Manufacturing and Marketing) Corporation Limited	102.00	...	...	...	102.00	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
97	Kerala School Teachers and Non-teaching Staff Welfare Corporation Limited	50.00	...	...	...	50.00	...	...	...	...	298.65	298.65	5.97:1 (6.88 : 1)
98	Kerala State Women's Development Corporation Limited	368.00	80.70	...	...	448.70	32.00	...	...	...	948.62	948.62	2.11:1 (1.86 : 1)
99	Overseas Development and Employment Promotion Consultants Limited.	63.79	...	...	...	63.79	2.00	...	...	...	...	0.00	0.00:1 (0.02 : 1)
100	Kerala State Industrial Enterprises Limited (KSIE)	120.00	...	...	...	120.00	50.00	...	...	56.00	...	56.00	0.47:1 (1.70 : 1)
101	Kerala State Maritime Development Corporation Limited	768.99	...	...	...	768.99	...	...	...	...	5.00	5.00	0.01 : 1 (0.00 : 1)
102	Meat Products of India Limited	135.54	...	...	45.56	181.10	...	...	...	13.00	41.46	54.46	0.30:1 (0.29 : 1)
103	Kerala Shipping and Inland Navigation Corporation Limited	1160.94	...	...	3.02	1163.96	100.00	...	...	3.00	...	3.00	0.00 : 1 (0.00 : 1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	Sector-wise total	**2803.16**	**80.70**	**...**	**48.58**	**2932.44**	**184.00**	**...**	**...**	**72.00**	**1293.73**	**1365.73**	**0.47:1 (1.13 : 1)**
	Total A (Companies – Sector-wise)	**111696.32**	**2598.56**	**8920.79**	**3843.81**	**127059.48**	**5164.89**	**6864.95**	**...**	**44375.91**	**37416.91**	**81792.82**	**0.64:1 (0.78 : 1)**
B	**Statutory corporations**												
	POWER												
1	Kerala State Electricity Board	155300.00	...	...	...	155300.00	...	1105.00	51254.76	16005.57	339104.05	355109.62	2.29:1 (1.95 : 1)
	Sector-wise total	**155300.00**	**...**	**...**	**...**	**155300.00**	**...**	**1105.00**	**51254.76**	**16005.57**	**339104.05**	**355109.62**	**2.29:1 (1.95 : 1)**
	TRANSPORT												
2	Kerala State Road Transport Corporation	9198.61	2321.04	...	...	11519.65	800.00	...	...	8290.00	11460.00	19750.00	1.66:1 (1.18 : 1)
	Sector-wise total	**9198.61**	**2321.04**	**...**	**...**	**11519.65**	**800.00**	**...**	**...**	**8290.00**	**11460.00**	**19750.00**	**1.66:1 (1.18 : 1)**
	FINANCING												
3	Kerala Financial Corporation	10292.50	---	...	1507.50	11800.00	1300.00	...	3821.06	...	65091.00	65091.00	5.52:1 (5.88 : 1)
	Sector-wise total	**10292.50**	**...**	**...**	**1507.50**	**11800.00**	**1300.00**	**...**	**3821.06**	**...**	**65091.00**	**65091.00**	**5.52:1 (5.88 : 1)**

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	AGRICULTURE AND ALLIED												
4	Kerala State Warehousing Corporation	375.00	...	...	375.00	750.00	75.00	...	...	62.45	...	62.45	0.08:1 (0.10 : 1)
	Sector-wise total	**375.00**	...	...	**375.00**	**750.00**	**75.00**	...	...	**62.45**	...	**62.45**	**0.08:1 (0.10 : 1)**
	MISCELLANEOUS												
5	Kerala Industrial Infrastructure Development Corporation	1443.00	494.00	...	...	1937.00	...	1900.00	...	11144.00	...	11144.00	5.75:1 (5.03 : 1)
	Sector-wise total	**1443.00**	**494.00**	**...**	**...**	**1937.00**	**...**	**1900.00**	**...**	**11144.00**	**...**	**11144.00**	**5.75:1 (5.03 : 1)**
	Total – B (Statutory Corporations -- Sector-wise)	**176609.11**	**2815.04**	**...**	**1882.50**	**181306.65**	**2175.00**	**3005.00**	**55075.82**	**35502.02**	**415655.05**	**451157.07**	**2.49:1 (2.15:1)**
	Grand total (A+B)	**288305.43**	**5413.60**	**8920.79**	**5726.31**	**308366.13**	**7339.89**	**9869.95**	**55075.82**	**79877.93**	**453071.96**	**532949.89**	**1.73:1 (1.62:1)**

Note: Except in respect of companies which finalised their accounts for 1999-2000(Serial Number 3, 4, 8, 16, 30, 36, 63, 64, 77, 79, 80, 81, 87, 89, 94, 95, 99, and 100) figures are provisional and as given by the companies

**Loans outstanding at the close of 1999-2000 represents long-term only

@ Includes bonds, debentures, inter corporate deposits, etc.

ANNEXURE 3

(Referred to in paragraphs 1.5, 1.6 and 1.7)

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Figures in columns 7 to 12 are Rupees in lakh)

Sl. No.	Sector and name of Company/ Corporation	Name of department	Date of incorporation	Period of accounts	Year in which accounts finalised	Net profit (+)/ loss(-)	Net impact of Audit Comm-ents	Paid-up capital	Accum-ulated profit(+)/ loss(-)	Capital employed (A)	Total return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Status of the Company/ Corpora-tion
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
A	**Government companies**													
	AGRICULTURE AND ALLIED													
1	The Plantation Corporation of Kerala Limited	Agriculture	12.11.1962	1998-99	2000-2001	(-)881.71	...	556.88	(+)301.94	3783.29	(-)880.96	...	1	Working
2	The State Farming Corporation of Kerala Limited	Agriculture	15.04.1972	1996-97	1999-2000	(+)705.94	...	903.57	(+)2584.11	2348.13	712.19	30.3	3	Working
3	The Rehabilitation Plantations Limited	Rehabilitation	05.05.1976	1999-2000	2000-2001	(+)411.11	...	339.27	(+)3132.35	3861.54	411.11	10.7	Nil	Working
4	Oil Palm India Limited	Agriculture	21.11.1977	1999-2000	2000-2001	(+)139.83	...	1178.76	(+)1155.99	3467.11	179.16	5.2	Nil	Working
5	The Kerala Agro - Industries Corporation Limited	Agriculture	22.03.1968	1996-97	1999-2000	(-)67.06	IL 0.56	474.11	(-)602.59	670.67	(-)39.99	...	3	Working
6	The Kerala State Coir Corporation Limited	Industries	19.07.1969	1995-96	1999-2000	(-)59.11	...	434.55	(-)435.11	180.36	(-)33.03	...	4	Working
7	The Kerala State Cashew Development Corporation Limited	Industries	19.07.1969	1995-96	2000-2001	(-)2048.96	IL 156.60	9079.01	(-)16884.20	(-)4876.91	(-)1501.01	...	4	Working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
8	Kerala Agro-Machinery Corporation Limited	Agriculture	24.03.1973	1999-2000	2000-2001	(+)1268.33	...	161.46	(+)2386.06	3162.20	1268.33	40.1	Nil	Working
9	Kerala State Coconut Development Corporation Limited	Agriculture	10.10.1975	1991-92	1997-98	(-)127.59	...	285.05	(-)972.22	9.23	(-)23.64	...	8	Under closure
10	Foam Mattings (India) Limited	Industries	18.12.1978	1997-98	1999-2000	(+)207.86	...	373.73	(+)305.59	759.53	214.35	28.2	2	Working
11	Kerala State Horticultural Products Development Corporation Limited	Agriculture	20.03.1989	1995-96	2000-2001	(-)44.42	...	83.00	(-)102.08	16.93	(-)42.59	...	4	Working
12	Kerala Livestock Development Board Limited	Agriculture	14.11.1975	1997-98	1999-2000	(+)20.88	...	732.57	(-)192.73	1479.71	20.88	1.4	2	Working
13	Kerala State Poultry Development Corporation Limited	Agriculture	15.12.1989	1998-99	1999-2000	(-)25.17	...	196.72	(-)137.70	464.97	(-)3.26	...	1	Working
14	The Kerala Fisheries Corporation Limited	Fisheries	12.04.1966	1984-85	1987-88	(-)89.87	...	484.75	(-)1104.60	(-)210.30	(-)41.04	...	15	Under liquidation
15	Kerala Inland Fisheries Development Corporation Limited	Fisheries	03.02.1981	1988-89	1991-92	(-)0.01	...	16.44	(-)16.44	Nil	(-)0.01	...	11	Under liquidation
16	Kerala Feeds Limited	Agriculture	13.10.1995	1999-2000	2000-2001	(-)375.67	...	2740.50	(-)470.77	2893.79	(-)302.77	...	Nil	Working
	Sector-wise total					**(-)965.62**		**18040.37**	**(-)11052.40**	**18010.25**	**729.72**	**4.1**		
	INDUSTRY													
17	United Electrical Industries Limited	Industries	03.10.1950	1998-99	1999-2000	(+)132.34	...	399.06	(+)249.64	669.32	141.21	21.1	1	Working
18	Traco Cable Company Limited	Industries	05.02.1960	1997-98	1999-2000	(-)1006.70	...	1301.81	(-)1454.93	4517.09	(-)140.56	...	2	Working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
19	Transformers and Electricals Kerala Limited	Industries	09.12.1963	1997-98	1999-2000	(+)189.65	DP 163.00	1357.54	(-)2716.36	2774.47	870.83	31.4	2	Working
20	Kerala Electrical and Allied Engineering Company Limited	Industries	05.06.1964	1998-99	1999-2000	(-)341.56	...	3405.94	(-)2316.03	4760.53	(-)0.40	...	1	Working
21	The Kerala Premo Pipe Factory Limited	Local Admn.	12.09.1961	1985-86	1999-2000	(-)35.46	...	34.50	(-)19.37	99.65	(-)21.40	...	14	Under closure
22	Trivandrum Rubber Works Limited (Subsidiary of SFCK)	Industries	01.11.1963	1993-94	1999-2000	(-)52.33	...	234.75	(-)1861.81	(-)656.90	(-)17.63	...	6	Working
23	The Kerala Ceramics Limited	Industries	01.11.1963	1993-94	2000-2001	(-)8.48	...	1086.91	(-)1698.89	43.73	37.60	86.0	6	Working
24	Kerala Construction Components Limited	Industries	21.12.1957	1995-96	2000-2001	(-)1.15	...	28.08	(-)94.34	8.17	11.70	143.2	4	Working
25	The Chalakudy Refractories Limited	Industries	15.03.1969	1989-90	1993-94	(-)38.93	...	306.64	(-)335.81	(-)43.31	(-)23.91	..	10	Under closure
26	Kerala Special Refractories Limited	Industries	05.11.1985	1994-95	1995-96	...	...	291.23	(Commercial production not commenced)				5	Under liquidation
27	Kerala Small Industries Development Corporation Limited (SIDCO)	Industries	06.11.1975	1996-97	1999-2000	(-)50.23	...	1064.40	(-)1670.21	138.26	44.73	32.4	3	Working
28	Kerala State Film Development Corporation Limited	Cultural	23.07.1975	1997-98	1998-99	(-)45.84	...	1181.19	(-)1398.38	489.23	(-)35.69	...	2	Working
29	The Kerala Asbestos Cement Pipe Factory Limited	Local Admn.	09.03.1984	1984-85	1986-87	...	...	6.09	(Commercial production not commenced)				15	Under liquidation
	Sector-wise total					**(-)1258.69**		**10698.14**	**(-)13316.49**	**12800.24**	**866.48**	**6.8**		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	ENGINEERING													
30	The Metal Industries Limited	Industries	06.03.1928	1999-2000	2000-2001	(-)21.41	...	147.96	(-)120.21	275.06	(-)16.13	...	Nil	Working
31	The Metropolitan Engineering Company Limited	Industries	05.01.1945	1995-96	1999-2000	(-)7.53	...	192.91	(-)436.09	193.07	(-)4.85	...	4	Working
32	Steel Complex Limited (SCL) (Subsidiary of KSIDC)	Industries	12.12.1969	1998-99	1999-2000	(-)538.82	...	700.00	(-)3367.43	690.86	(-)236.21	...	1	Working
33	Steel Industrials Kerala Limited (SILK)	Industries	03.01.1975	1998-99	1999-2000	(-)311.75	...	3100.00	(-)1850.74	2808.40	(-)187.38	...	1	Working
34	Scooters Kerala Limited	Industries	15.11.1976	1996-97	2000-2001	(-)52.49	...	332.00	(-)568.76	(-)22.85	(-)26.01	...	3	Working
35	Kerala Automobiles Limited	Industries	15.03.1978	1998-99	1999-2000	(+)228.59	...	535.93	(-)1329.87	969.47	365.65	37.7	1	Working
36	Steel and Industrial Forgings Limited (Subsidiary of SILK)	Industries	01.06.1983	1999-2000	2000-2001	(-)13.37	...	1040.06	(-)46.90	1876.44	32.91	1.8	Nil	Working
37	Autokast Limited (Subsidiary of SILK)	Industries	21.05.1984	1998-99	1999-2000	(-)843.44	IL 1.05	1897.00	(-)8929.13	(-)1659.18	(-)479.86	...	1	Working
38	Kerala Hitech Industries Limited	Industries	19.06.1989	1998-99	2000-2001	(-)1358.51	IL 4.13	1300.00	(-)4060.09	(-)11.32	(-)167.93	...	1	Working
39	Kerala State Engineering Works Limited	Public Works	20.03.1978	1991-92	1992-93	(-)16.54	...	45.64	(-)150.92	(-)71.71	(-)1.63	...	8	Under liquidation
40	SIDECO Mohan Kerala Limited (Subsidiary of SIDCO)	Industries	20.08.1980	1996-97	1998-99	(-)15.46	...	17.00	(-)89.37	(-)65.88	(-)0.03	...	3	Under closure
	Sector-wise total					**(-)2950.73**		**9308.50**	**(-)20949.51**	**4982.36**	**(-)721.47**			

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	ELECTRONICS													
41	Keltron Counters Limited (Subsidiary of KELTRON)	Industries	21.07.1964	1998-99	1999-2000	(+)57.82	...	496.90	(-)1156.20	122.66	100.44	81.9	1	Working
42	Kerala State Electronics Development Corporation Limited(KELTRON)	Industries	29.09.1972	1995-96	1998-99	(-)1252.67	...	9182.37	(-)9214.33	11817.47	1312.60	11.1	4	Working
43	Keltron Electro-Ceramics Limited (Subsidiary of KELTRON)	Industries	23.04.1974	1998-99	1999-2000	(-)9.82	DP 1.27	318.28	(-)184.87	404.21	35.92	8.9	1	Working
44	Keltron Crystals Limited (Subsidiary of KELTRON)	Industries	08.10.1974	1998-99	1999-2000	(-)176.96	...	133.98	(-)677.08	(-)199.73	(-)90.43	...	1	Working
45	Keltron Component Complex Limited (Subsidiary of KELTRON)	Industries	08.10.1974	1998-99	1999-2000	(+)18.74	DP 4.34	242.45	(+)196.32	2523.97	368.11	14.6	1	Working
46	Keltron Magnetics Limited (Subsidiary of KELTRON)	Industries	01.03.1975	1998-99	1999-2000	(-)42.24	...	25.09	(-)243.70	(-)122.20	(-)11.01	...	1	Working
47	Keltron Resistors Limited (Subsidiary of KELTRON)	Industries	29.04.1975	1998-99	1999-2000	(+)2.62	...	159.81	(-)131.38	164.48	27.91	17.0	1	Working
48	Keltron Power Devices Limited (Subsidiary of KELTRON)	Industries	28.01.1976	1997-98	2000-2001	(-)335.86	...	1144.24	(-)3027.92	(-)1340.48	(-)79.98	...	2	Under closure
49	Keltron Rectifiers Limited (Subsidiary of KELTRON)	Industries	28.03.1976	1996-97	2000-2001	(-)161.21	...	663.15	(-)1385.70	(-)116.95	72.85	...	3	Working
50	SIDKEL Televisions Limited (Subsidiary of SIDCO)	Industries	21.03.1984	1996-97	2000-2001	(-)30.61	...	43.50	(-)259.79	(-)78.10	(-)22.39	...	3	Under closure
51	Astral Watches Limited (Susidiary of KSIDC)	Industries	10.02.1978	1992-93	2000-2001	(-)20.07	...	8.00	(-)28.26	100.27	(-)7.66	...	7	Working
	Sector-wise total					**(-)1950.26**		**12417.77**	**(-)16112.91**	**13275.60**	**1560.66**	**11.8**		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	TEXTILES													
52	Trivandrum Spinning Mills Limited	Industries	01.11.1963	1998-99	1999-2000	(-)138.12	...	463.78	(-)1321.72	(-)151.98	(-)128.88	...	1	Working
53	Kerala State Textile Corporation Limited	Industries	09.03.1972	1998-99	1999-2000	(-)443.33	...	1863.19	(-)1616.14	1492.90	(-)261.60	..	1	Working
54	Kerala Garments Limited (Subsidiary of KSHDC)	Industries	17.07.1974	1998-99	2000-2001	(-)35.75	IL 1.52	48.00	(-)245.27	(-)127.33	(-)29.28	...	1	Working
55	Sitaram Textiles Limited	Industries	14.02.1975	1998-99	2000-2001	(-)246.41	IL 7.08	420.00	(-)2429.86	(-)1061.39	(-)96.60	...	1	Working
	Sector-wise total					**(-)863.61**		**2794.97**	**(-)5612.99**	**152.20**	**(-)516.36**			
	HANDLOOM AND HANDICRAFTS													
56	Kerala State Handloom Development Corporation Limited (KSHDC)	Industries	24.06.1968	1998-99	2000-2001	(-)27.31	IL 16.00	1137.20	(-)680.28	1670.08	153.25	9.2	1	Working
57	Handicrafts Development Corporation of Kerala Limited	Industries	16.11.1968	1993-94	2000-2001	(-)6.14	...	199.24	(-)162.97	205.76	12.05	5.9	6	Working
	Sector-wise total					**(-)33.45**		**1336.44**	**(-)843.25**	**1875.84**	**165.30**	**8.8**		
	FOREST													
58	Kerala Forest Development Corporation Limited (KFDC)	Agriculture	24.01.1975	1997-98	2000-2001	(+)169.81	...	768.44	(+)574.65	1409.46	201.25	14.3	2	Working
59	Forest Industries (Travancore) Limited	Industries	10.08.1946	1998-99	1999-2000	(+)0.89	...	37.71	(+)7.93	175.90	33.08	18.8	1	Working
60	Travancore Plywood Industries Limited	Industries	01.11.1963	1998-99	1999-2000	(-)152.70	...	99.25	(-)1827.73	(-)549.05	(-)147.52	...	1	Working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
61	Kerala State Bamboo Corporation Limited	Industries	21.07.1964	1996-97	1999-2000	(+)26.43	DP 6.74	558.88	(+)52.01	635.68	43.38	6.8	3	Working
62	Kerala State Wood Industries Limited (Subsidiary of KFDC)	Industries	08.09.1981	1988-89	1997-98	(-)119.94	...	170.00	(-)565.19	422.55	(-)14.10	...	11	Under closure
	Sector-wise total					**(-)75.51**		**1634.28**	**(-)1758.33**	**2094.54**	**116.09**	**5.5**		
	MINING													
63	Kerala State Mineral Development Corporation Limited	Industries	24.06.1992	1999-2000	2000-2001		...	125.67	(Commercial activities not yet commenced)				Nil	Working
64	Kerala Clays and Ceramic Products Limited	Industries	27.06.1984	1999-2000	2000-2001	(+)73.76	...	131.82	(+)124.57	257.05	73.76	28.7	Nil	Working
	Sector-wise total					**(+)73.76**		**257.49**	**(+)124.57**	**257.05**	**73.76**	**28.7**		
	CONSTRUCTION													
65	Kerala State Construction Corporation Limited	Public Works	25.03.1975	1997-98	2000-2001	(+)29.25	DP 9.89	87.50	(-)746.27	(-)241.45	57.28	...	2	Working
66	Kerala Police Housing and Construction Corporation Limited	Home	02.07.1990	1998-99	2000-2001	Nil	...	603.00	Nil	932.98	...	...	1	Working
	Sector-wise total					**(+)29.25**		**690.50**	**(-)746.27**	**691.53**	**57.28**	**8.3**		
	AREA DEVELOPMENT													
67	The Kerala Land Development Corporation Limited	Agriculture	15.12.1972	1997-98	1999-2000	(-)2.69	...	705.40	(-)3164.07	2879.18	(-)2.62	...	2	Working
	Sector-wise total					**(-)2.69**		**705.40**	**(-)3164.07**	**2879.18**	**(-)2.62**	**...**		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	DEVELOPMENT OF ECONOMICALLY WEAKER SECTION													
68	Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited	SC and ST Development	17.12.1972	1991-92	1999-2000	(+)8.97	DP 3.96	1651.11	(+)263.28	2309.42	26.83	1.2	8	Working
69	The Kerala State Backward Classes Development Corporation Limited	SC and ST Development	28.02.1995	1997-98	2000-2001	(+)33.54	...	1630.00	(+)39.20	3188.17	89.15	2.8	2	Working
70	Kerala Fishermen's Welfare Corporation Limited	Fisheries	31.01.1978	1982-83	1990-91	(-)31.61	...	42.00	(-)100.39	271.68	(-)15.84	...	17	Under liquidation
71	Kerala State Handicapped Persons' Welfare Corporation Limited	Social Welfare	01.09.1979	1988-89	1999-2000	(-)11.77	...	36.10	(-)55.32	9.87	(-)9.14	...	11	Working
72	Kerala State Development Corporation for Christian Converts from Scheduled Castes & the Recommended Communities Limited	SC and ST Development	31.12.1980	1989-90	1998-99	(-)9.49	...	128.25	(-)29.97	98.28	(-)9.49	...	10	Working
73	Kerala Artisans' Development Corporation Limited	Industries	01.10.1981	1998-99	2000-2001	(-)17.73	...	195.31	(-)173.31	178.86	(-)10.56	...	1	Working
74	Kerala State Palmyrah Products Development and Workers' Welfare Corporation Limited	Industries	13.11.1985	1996-97	1998-99	(-)3.06	...	75.00	(-)16.75	61.83	(-)3.06	...	3	Working
	Sector-wise total					**(-)31.15**		**3757.77**	**(-)73.26**	**6118.11**	**67.89**	**1.1**		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	PUBLIC DISTRIBUTION													
75	The Kerala State Civil Supplies Corporation Limited	Food	25.06.1974	1997-98	2000-2001	(-)1226.08	...	856.00	(-)20308.58	(-)4472.71	2883.70	...	2	Working
	Sector-wise total					**(-)1226.08**		**856.00**	**(-)20308.58**	**(-)4472.71**	**2883.70**			
	CEMENT													
76	The Travancore Cements Limited	Industries	09.10.1946	1998-99	1999-2000	(+)311.32	...	50.00	(+)1173.10	1221.94	322.40	26.4	1	Working
77	Malabar Cements Limited	Industries	11.04.1978	1999-2000	2000-2001	(+)1641.29	...	2599.87	(+)4844.42	8425.92	1679.60	19.9	nil	Working
	Sector-wise total					**(+)1952.61**		**2649.87**	**(+)6017.52**	**9647.86**	**2002.00**	**20.8**		
	TOURISM													
78	Kerala Tourism Development Corporation Limited (KTDC)	General Admn	29.12.1965	1994-95	2000-2001	(+)74.83	...	991.47	(-)815.31	719.07	120.96	16.8	5	Working
79	Tourist Resorts (Kerala) Limited (Subsidiary of KTDC)	General Admn	29.08.1989	1999-2000	2000-2001	(+)90.15	...	1639.91	(+)104.23	1245.80	90.15	7.2	nil	Working
80	Bekal Resorts Development Corporation Limited	General Admn	03.07.1995	1999-2000	2000-2001	...	...	1785.00	(Commercial activities not yet commenced)				nil	Working
	Sector-wise total					**(+)164.98**		**4416.38**	**(-)711.08**	**1964.87**	**211.11**	**10.7**		
	DRUGS, CHEMICALS AND PHARMACEUTICALS													
81	The Travancore-Cochin Chemicals Limited	Industries	08.11.1951	1999-2000	2000-2001	(-)1870.53	...	2131.19	(-)1375.69	7014.51	(-)1410.54	...	NIL	Working
82	Kerala Soaps and Oils Limited	Industries	01.11.1963	1993-94	1999-2000	(-)365.74	...	185.59	(-)3301.19	(-)590.69	(-)122.37	...	6	Working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
83	Kerala State Drugs and Pharmaceuticals Limited	Industries	23.12.1971	1993-94	1998-99	(-)393.10	DL 31.46	430.00	(-)2657.52	(-)1046.62	2.13	...	6	Working
84	The Pharmaceutical Corporation(Indian Medicines) Kerala Limited	Health	08.09.1975	1998-99	2000-2001	(+)113.70	DP 10.70	228.78	(+)69.97	307.78	115.65	37.6	1	Working
85	Kerala State Detergents and Chemicals Limited	Industries	10.06.1976	1994-95	1999-2000	(-)64.53	...	154.63	(-)1540.19	550.81	(-)64.33	...	5	Working
86	Kerala State Salicylates and Chemicals Limited	Industries	15.11.1984	1994-95	1998-99	(-)454.71	...	628.00	(-)2310.59	(-)435.40	(-)130.25	...	5	Working
87	Travancore Titanium Products Limited	Industries	18.12.1946	1999-2000	2000-2001	(+)1367.48	...	176.75	(+)5217.70	4959.18	1375.00	27.7	Nil	Working
88	The Kerala Minerals and Metals Limited	Industries	16.02.1972	1998-99	1999-2000	(+)8436.24	...	3093.27	(+)8280.49	11476.64	8451.35	73.6	1	Working
89	The Travancore Sugars and Chemicals Limited	Industries	23.06.1937	1999-2000	2000-2001	(+)13.77	DP 35.55	126.24	(-)395.44	(-)140.77	13.78	...	Nil	Working
	Sector-wise total					**(+)6782.58**		**7154.45**	**(+)1987.54**	**22095.44**	**8230.42**	**37.2**		
	FINANCING													
90	Kerala State Industrial Development Corporation Limited (KSIDC)	Industries	21.07.1961	1998-99	1999-2000	(+)581.03	...	21074.35	(-)1003.03	30139.17	1697.22	5.6	1	Working
91	The Kerala State Financial Enterprises Limited	Taxes	06.11.1969	1998-99	2000-2001	(+)409.68	...	300.00	(+)426.32	50183.42	7991.31	15.9	1	Working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
92	Kerala Urban Development Finance Corporation Limited	Local Admn.	28.01.1970	1998-99	1999-2000	(+)88.09	...	96.04	(+)139.64	4176.80	563.73	13.5	1	Working
93	Kerala Transport Development Finance Corporation Limited	Transport	27.02.1991	1998-99	2000-2001	(+)522.54	DP 8.50	4083.00	(+)887.98	4892.08	597.93	12.2	1	Working
94	Kerala Power Finance Corporation Limited	Power	20.03.1998	1999-2000	2000-2001	(+)255.52	...	1950.00	(+)104.48	2510.21	257.23	10.2	nil	Working
	Sector-wise total					**(+)1856.86**		**27503.39**	**(+)553.39**	**91901.68**	**11107.42**	**12.1**		
	MISCELLANEOUS													
95	Kerala State Industrial Products Trading Corporation Limited	Industries	04.08.1976	1999-2000	2000-2001	(+)116.82	...	33.90	(+)264.27	298.26	116.82	39.2	Nil	Working
96	Kerala State Beverages (Manufacturing and Marketing) Corporation Limited	Taxes	23.02.1984	1998-99	1999-2000	(+)457.02	DP 34.77	102.50	(+)863.65	1695.65	497.09	29.3	1	Working
97	Kerala School Teachers and Non-teaching Staff Welfare Corporation Limited	General Education	16.08.1984	1997-98	2000-2001	(-)15.94	IL 28.89	50.00	(-)72.61	373.92	42.91	11.5	2	Working
98	Kerala State Women's Development Corporation Limited	Social Welfare	22.02.1988	1993-94	1999-2000	(+)1.82	...	190.70	(-)18.98	297.46	1.82	0.6	6	Working
99	Overseas Development and Employment Promotion Consultants Limited.	Labour	20.10.1977	1999-2000	2000-2001	(-)0.45	...	63.79	(-)11.59	53.45	0.47	0.9	Nil	Working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
100	Kerala State Industrial Enterprises Limited (KSIE)	Industries	25.01.1973	1999-2000	2000-2001	(+)115.62	...	120.00	(+)218.59	4745.74	127.78	2.7	Nil	Working
101	Kerala State Maritime Development Corporation Limited	Fisheries	06.12.1994	1998-99	1999-2000	(-)128.43	...	749.00	(-)184.63	490.27	(-)128.43	...	1	Working
102	Meat Products of India Limited	Agriculture	13.03.1973	1997-98	2000-2001	(-)65.27	...	181.11	(-)421.91	110.13	(-)57.98	...	2	Working
103	Kerala Shipping and Inland Navigation Corporation Limited	Transport	29.12.1975	1998-99	2000-2001	(+)92.79	...	1063.96	(+)48.83	1231.46	93.70	7.6	1	Working
	Sector-wise total					**(+)573.98**		**2554.96**	**(+)685.62**	**9296.34**	**694.18**	**7.5**		
	Total - A(Sector-wise - Companies)					**(+)2076.23**		**106776.68**	**(-)85280.50**	**193570.38**	**27525.56**	**14.2**		
B	**Statutory corporations**													
	POWER													
1	Kerala State Electricity Board	Power	01.04.1957	1998-99*	2000-2001	(+)3875.19	...	1553.00	(+)5217.34	533609.00	32741.00	6.0	1	Working
	Sector-wise total					**(+)3875.19**	...	**1553.00**	**(+)5217.34**	**533609.00**	**32741.00**			
	TRANSPORT													
2	Kerala State Road Transport Corporation	Transport	15.03.1965	1998-99*	2000-2001	(-)7235.13	...	10719.65	(-)44783.29	(-)15405.00	(-)4890.00	...	1	Working
	Sector-wise total			-		**(-)7235.13**		**10719.65**	**(-)44783.29**	**(-)15405.00**	**(-)4890.00**			
	FINANCING													
3	Kerala Financial Corporation	Finance	01.12.1953	1998-99	1999-2000	(+)1148.49	...	10500.42	(+)8.73	66908.02	8347.21	12.5	1	Working
	Sector-wise total					**(+)1148.49**		**10500.42**	**(+)8.73**	**66908.02**	**8347.21**			

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	AGRICULTURE AND ALLIED													
4	Kerala State Ware-housing Corporation	Agriculture	20.02.1959	1997-98	1999-2000	(+)31.70	...	625.00	(+)54.98	792.00	69.00	8.7	2	Working
	Sector-wise total					**(+)31.70**		**625.00**	**(+)54.98**	**792.00**	**69.00**			
	MISCELLANEOUS													
5	Kerala Industrial Infrastructure Development Corporation	Industries	23.02.1993	1998-99	1999-2000	(-)43.29		1837.00	(-)239.28	10574.58	(-)43.29	...	1	Working
	Sector-wise total					**(-)43.29**		**1837.00**	**(-)239.28**	**10574.58**	**(-)43.29**			
	Total – B (All Sector-wise Statutory corporations)					**(-)2223.04**		**25235.07**	**(-)39741.52**	**596478.60**	**36223.92**			
	Grand total (A+B)					**(-)146.81**		**132011.75**	**(-)125022.02**	**790048.98**	**63749.48**			

(A) – Capital employed represents net fixed assets (including capital work-in-progress) plus working capital except in the case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid-up capital, free reserves and borrowings

IL: Increase in loss DL: Decrease in loss DP: Decrease in profit *Provisional

ANNEXURE 4

(Referred to in paragraph 1.4)

Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2000

(Figures in columns 3(a) to 7 are Rupees in lakh)

Sl. No.	Name of the Public Sector Undertaking	Grant/Subsidy received during the year *				Guarantees received during the year and outstanding at the end of year **					Waiver of dues during the year				Loans on which morat-orium allowed	Loans con-verted into equity during the year
		Central Govt.	State Govt.	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agree-ment with foreign consul-tants or contracts	Total	Loans repay-ment writt-en off	Inte-rest waived	Penal interest waived/ others	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
A	**Government companies**															
	AGRICULTURE AND ALLIED															
1	The Plantation Corporation of Kerala Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2	The State Farming Corporation of Kerala Limited	...	...	...	...	...	506.66 (506.66)	...	...	506.66 (506.66)	...	...	...	...	...	...
3	The Rehabilitation Plantations Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
4	Oil Palm India Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
5	The Kerala Agro-Industries Corporation Limited	...	...	...	...	103.00 (103.00)	60.82 (60.82)	...	...	163.82 (163.82)	...	...	...	...	...	...
6	The Kerala State Coir Corporation Limited	...	53.58	...	53.58	...	...	...	...	...	...	...	...	...	...	...

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
7	The Kerala State Cashew Development Corporation Limited	...	500.00	...	500.00	6350.00 (6350.00)	...	4000.00 (4000.00)	...	10350.00 (10350.00)	...	...	...	...	...	6564.69
8	Kerala Agro-Machinery Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
9	Kerala State Coconut Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
10	Foam Mattings (India) Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
11	Kerala State Horticultural Products Development Corporation Limited	...	72.26	...	72.26	...	...	...	...	...	...	...	...	...	...	...
12	Kerala Livestock Development Board Limited	...	400.00	...	400.00	...	...	...	...	...	...	...	...	...	...	...
13	Kerala State Poultry Development Corporation Limited	...	65.00	...	65.00	...	165.60 (167.00)	...	...	165.60 (167.00)	...	...	...	...	...	...
14	The Kerala Fisheries Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
15	Kerala Inland Fisheries Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
16	Kerala Feeds Limited	...	...	...	...	...	800.00 (800.00)	...	...	800.00 (800.00)	...	...	...	...	...	...
	Sector-wise total	...	**1090.84**	...	**1090.84**	**6453.00 (6453.00)**	**1533.08 (1534.48)**	**4000.00 (4000.00)**	...	**11986.08 (11987.48)**	...	...	...	...	...	6564.69
	INDUSTRY															
17	United Electrical Industries Limited	...	...	...	...	...	(5100.00)	...	...	(5100.00)	...	...	...	...	...	...
18	Traco Cable Company Limited	...	...	...	...	644.97 (644.97)	5550.18 (5550.18)	742.62 (742.62)	...	6937.77 (6937.77)	...	...	...	...	...	...
19	Transformers and Electricals Kerala Limited	...	...	...	...	1320.00 (1320.00)	10971.65 (10971.65)	1970.00 (1970.00)	...	14261.65 (14261.65)	...	...	...	...	...	...

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
20	Kerala Electrical and Allied Engineering Company Limited	...	...	...	...	2003.42	8979.87 (1131.47)	2500.00 (837.57)	...	13483.29 (1969.04)	...	...	...	...	...	...
21	The Kerala Premo Pipe Factory Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
22	Trivandrum Rubber Works Limited (Subsidiary of SFCK)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
23	The Kerala Ceramics Limited	...	...	...	...	181.43 (192.00)	...	...	...	181.43 (192.00)	...	...	...	...	...	...
24	Kerala Construction Components Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
25	The Chalakudy Refractories Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
26	Kerala Special Refractories Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
27	Kerala Small Industries Development Corporation Limited (SIDCO)	...	...	...	...	100.00 (100.00)	...	30.00 (30.00)	...	130.00 (130.00)	...	...	...	...	...	...
28	Kerala State Film Development Corporation Limited	...	...	...	...	...	(36.62)	...	...	(36.62)	...	...	...	...	...	...
29	The Kerala Asbestos Cement Pipe Factory Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	...	...	...	...	**4249.82 (2256.97)**	**25501.70 (22789.92)**	**5242.62 (3580.19)**	...	**34994.14 (28627.08)**	...	...	...	...	...	...
	ENGINEERING															
30	The Metal Industries Limited	...	...	...	...	29.70 (40.00)	...	...	...	29.70 (40.00)	...	...	...	...	...	...
31	The Metropolitan Engineering Company Limited	...	...	...	...	183.19	...	...	...	183.19	...	...	...	...	...	...

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
32	Steel Complex Limited (Subsidiary of KSIDC)	...	...	...	...	629.68 (629.68)	387.45 (387.45)	198.50 (198.50)	...	1215.63 (1215.63)	...	...	...	...	...	...
33	Steel Industrials Kerala Limited (SILK)	...	...	...	...	1576.25	...	...	...	1576.25	...	...	...	...	...	500.00
34	Scooters Kerala Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	50.00
35	Kerala Automobiles Limited	...	...	...	...	695.00		...	...	695.00	...	...	...	...	...	...
36	Steel and Industrial Forgings Limited (Subsidiary of SILK)	...	...	...	...	853.00 (853.00)	...	...	...	853.00 (853.00)	...	...	...	...	...	500.00
37	Autokast Limited (Subsidiary of SILK)	...	...	...	...	715.00	3045.48	...	...	3760.48	...	...	...	...	...	...
38	Kerala Hitech Industries Limited	...	...	...	...	...	7529.28 (7529.28)	...	...	7529.28 (7529.28)	...	...	...	...	...	...
39	Kerala State Engineering Works Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
40	SIDECO Mohan Kerala Limited (Subsidiary of SIDCO)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	...	...	...	...	**4681.82** **(1522.68)**	**10962.21** **(7916.73)**	**198.50** **(198.50)**	...	**15842.53** **(9637.91)**	...	...	...	...	...	1050.00
	ELECTRONICS															
41	Keltron Counters Limited (Subsidiary of KELTRON)	...	...	...	...	145.00 (145.00)	217.00 (217.00)	50.00 (50.00)	...	412.00 (412.00)	...	...	...	...	...	...
42	Kerala State Electronics Development Corporation Limited(KELTRON)	...	...	...	...	12718.00 (12718.00)	4130.70 (5436.00)	...	...	16848.70 (18154.00)	...	...	...	...	...	...
43	Keltron Electro-Ceramics Limited (Subsidiary of KELTRON)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
44	Keltron Crystals Limited (Subsidiary of KELTRON)	...	...	...	...	...	205.14	...	...	205.14	...	...	...	...	...	...

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
45	Keltron Component Complex Limited (Subsidiary of KELTRON)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
46	Keltron Magnetics Limited (Subsidiary of KELTRON)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
47	Keltron Resistors Limited (Subsidiary of KELTRON).	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
48	Keltron Power Devices Limited (Subsidiary of KELTRON)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
49	Keltron Rectifiers Limited (Subsidiary of KELTRON)	...	...	...	...	...	110.19	...	...	110.19	...	...	...	...	...	...
50	SIDKEL Televisions Limited (Subsidiary of SIDCO)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
51	Astral Watches Limited (Susidiary of KSIDC)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	...	...	...	...	**12863.00 (12863.00)**	**4663.03 (5653.00)**	**50.00 (50.00)**	...	**17576.03 (18566.00)**	...	...	...	...	...	...
	TEXTILES															
52	Trivandrum Spinning Mills Limited	...	...	...	...	66.86 (90.00)	...	...	...	66.86 (90.00)	...	...	...	...	...	...
53	Kerala State Textile Corporation Limited	...	...	...	...	164.09 (164.09)	242.36 (455.10)	...	...	406.45 (619.10)	...	...	...	...	...	...
54	Kerala Garments Limited (Subsidiary of KSHDC)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
55	Sitaram Textiles Limited	...	...	...	...	175.00 (175.00)	27.00 (27.00)	45.00 (45.00)	...	247.00 (247.00)	...	...	...	...	...	...
	Sector-wise total	...	...	...	...	**405.95 (429.09)**	**269.36 (482.10)**	**45.00 (45.00)**	...	**720.31 (956.19)**	...	...	...	...	...	...

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
	HANDLOOM AND HANDICRAFTS															
56	Kerala State Handloom Development Corporation Limited (KSHDC)	...	88.98	...	88.98	...	...	...	...	...	...	...	...	...	...	...
57	Handicrafts Development Corporation of Kerala Limited	...	15.34	...	15.34	98.00	...	...	...	98.00	...	...	...	...	...	...
	Sector-wise total	**...**	**104.32**	**...**	**104.32**	**98.00**	**...**	**...**	**...**	**98.00**	**...**	**...**	**...**	**...**	**...**	**...**
	FOREST															
58	Kerala Forest Development Corporation Limited (KFDC)	...	60.45	...	60.45	6.25	...	...	...	6.25	...	...	...	...	...	...
59	Forest Industries (Travancore) Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
60	Travancore Plywood Industries Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
61	Kerala State Bamboo Corporation Limited	...	70.00	...	70.00	...	...	...	...	...	...	...	...	...	...	...
62	Kerala State Wood Industries Limited (Subsidiary of KFDC)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	**...**	**130.45**	**...**	**130.45**	**6.25**	**...**	**...**	**...**	**6.25**	**...**	**...**	**...**	**...**	**...**	**...**
	MINING															
63	Kerala State Mineral Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
64	Kerala Clays and Ceramic Products Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
	CONSTRUCTION															
65	Kerala State Construction Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
66	Kerala Police Housing and Construction Corporation Limited	...	...	...	...	750.00 (811.61)	...	...	...	750.00 (811.61)	...	...	...	...	...	...
	Sector-wise total	**...**	**...**	**...**	**...**	**750.00 (811.61)**	**...**	**...**	**...**	**750.00 (811.61)**	**...**	**...**	**...**	**...**	**...**	**...**
	AREA DEVELOPMENT															
67	The Kerala Land Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**
	DEVELOPMENT OF ECONOMICALLY WEAKER SECTION															
68	Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited	...	1162.63	...	1162.63	...	1731.11	...	...	1731.11	...	...	...	...	...	...
69	The Kerala State Backward Classes Development Corporation Limited	...	...	...	...	...	3583.00 (7055.00)	...	...	3583.00 (7055.00)	...	...	...	...	...	...
70	Kerala Fishermen's Welfare Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
71	Kerala State Handicapped Persons'Welfare Corporation Limited	...	40.00	...	40.00	...	...	...	...	...	...	...	...	...	...	...
72	Kerala State Development Corporation for Christian Converts from Scheduled Castes & the Recommended Communities Limited	...	...	...	...	...	(1341.22)	...	...	(1341.22)	...	...	...	...	...	...

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
73	Kerala Artisans' Development Corporation Limited	...	10.00	...	10.00	...	(105.29)	...	...	(105.29)	...	...	...	...	...	...
74	Kerala State Palmyrah Products Development and Workers' Welfare Corporation Limited	...	25.00	...	25.00	...	...	...	...	...	...	...	...	...	...	...
	Sector-wise total		**1237.63**	**0.00**	**1237.63**	**0.00**	**5314.11** **(8501.51)**	**...**	**...**	**5314.11** **(8501.51)**	**...**	**...**	**...**	**...**	**...**	**...**
	PUBLIC DISTRIBUTION															
75	The Kerala State Civil Supplies Corporation Limited	...	6000.00	...	6000.00	1500.00 (1500.00)	...	...	...	1500.00 (1500.00)	...	...	...	...	...	...
	Sector-wise total	**...**	**6000.00**	**...**	**6000.00**	**1500.00** **(1500.00)**	**...**	**...**	**...**	**1500.00** **(1500.00)**	**...**	**...**	**...**	**...**	**...**	**...**
	CEMENT															
76	The Travancore Cements Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
77	Malabar Cements Limited	...	...	...	...	...	(525.34)	...	...	(525.34)	...	...	...	...	...	...
	Sector-wise total	**...**	**...**	**...**	**...**	**...**	**(525.34)**	**...**	**...**	**(525.34)**	**...**	**...**	**...**	**...**	**...**	**...**
	TOURISM															
78	Kerala Tourism Development Corporation Limited (KTDC)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
79	Tourist Resorts (Kerala) Limited (Subsidiary of KTDC)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
80	Bekal Resorts Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
	DRUGS, CHEMICALS AND PHARMACEUTICALS															
81	The Travancore-Cochin Chemicals Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
82	Kerala Soaps and Oils Limited	...	...	...	...	...	2148.00 (981.61)	...	...	2148.00 (981.61)	...	...	...	...	...	...
83	Kerala State Drugs and Pharmaceuticals Limited	...	...	...	...	132.83 (132.83)	(162.75)	4.42 (4.42)	...	137.25 (300.00)	...	...	...	...	...	...
84	The Pharmaceutical Corporation(Indian Medicines) Kerala Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
85	Kerala State Detergents and Chemicals Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
86	Kerala State Salicylates and Chemicals Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
87	Travancore Titanium Products Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
88	The Kerala Minerals and Metals Limited	...	...	...	...	...	...	1000.00 (1000.00)	...	1000.00 (1000.00)	...	...	...	...	...	...
89	The Travancore Sugars and Chemicals Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	65.00
	Sector-wise total	**...**	**...**	**...**	**...**	**132.83 (132.83)**	**2148.00 (1144.36)**	**1004.42 (1004.42)**	**...**	**3285.25 (2281.61)**	**...**	**...**	**...**	**...**	**...**	**65.00**
	FINANCING															
90	Kerala State Industrial Development Corporation Limited (KSIDC)	...	294.63	...	294.63	...	(2090.00)	...	...	(2090.00)	...	...	...	...	...	...

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
91	The Kerala State Financial Enterprises Limited	...	...	...	...	...	75300.00 (75000.00)	...	...	75300.00 (75000.00)	...	...	...	...	...	...
92	Kerala Urban Development Finance Corporation Limited	...	...	...	...	...	4328.61 (4946.24)	...	...	4328.61 (4946.24)	...	...	...	...	...	...
93	Kerala Transport Development Finance Corporation Limited	...	...	...	...	...	1295.00 (2000.00)	...	...	1295.00 (2000.00)	...	...	...	...	...	...
94	Kerala Power Finance Corporation Limited	...	...	...	...	...	1000.00 (2000.00)	...	...	1000.00 (2000.00)	...	...	...	...	...	...
	Sector-wise total	**...**	**294.63**	**....**	**294.63**	**...**	**81923.61 (86036.24)**	**...**	**...**	**81923.61 (86036.24)**	**...**	**...**	**...**	**...**	**...**	**...**
	MISCELLANEOUS															
95	Kerala State Industrial Products Trading Corporation Limited	...	...	...	...	...	...	...	....	...	...	...	...	...	...	...
96	Kerala State Beverages (Manufacturing and Marketing) Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
97	Kerala School Teachers and Non-teaching Staff Welfare Corporation Limited	...	...	...	...	298.65	...	...	...	298.65	...	...	...	...	...	...
98	Kerala State Women's Development Corporation Limited	...	60.00	...	60.00	...	2225.87 (2225.87)	...	...	2225.87 (2225.87)	...	...	...	...	...	...
99	Overseas Development and Employment Promotion Consultants Limited.	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
100	Kerala State Industrial Enterprises Limited (KSIE)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
101	Kerala State Maritime Development Corporation Limited	...	8.00	...	8.00	...	...	...	...	...	...	...	...	...	...	200.00
102	Meat Products of India Limited	...	50.00	...	50.00	...		...	...	...	...	...	...	...	...	...
103	Kerala Shipping and Inland Navigation Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	**...**	**118.00**	**...**	**118.00**	**298.65**	**2225.87 (2225.87)**	**...**	**...**	**2524.52 (2225.87)**	**...**	**...**	**...**	**...**	**...**	**200.00**
	Total – A (Sector-wise - companies)	**...**	**8975.87**	**...**	**8975.87**	**31439.32 (25969.18)**	**135066.31 (136809.55)**	**10540.54 (8878.11)**	**...**	**177046.17 (171656.84)**	**...**	**...**	**...**	**...**	**...**	**7879.69**
B	**Statutory corporations**															
	POWER															
1	Kerala State Electricity Board	...	{46472.15}	...	{46472.15}	697.04 (697.04)	98994.00 (425920.35)	...	(29103.25)	99691.04 (455720.64)	...	...	...	...	...	...
	Sector-wise total	**...**	**{46472.15}**	**...**	**{46472.15}**	**697.04 (697.04)**	**98994.00 (425920.35)**	**...**	**(29103.25)**	**99691.04 (455720.64)**	**...**	**...**	**...**	**...**	**...**	**...**
	TRANSPORT															
2	Kerala State Road Transport Corporation	...	...	...	...	...	(1000.00)	...	...	(1000.00)	...	...	...	...	...	...
	Sector-wise total	**...**	**...**	**...**	**...**	**...**	**(1000.00)**	**...**	**...**	**(1000.00)**	**...**	**...**	**...**	**...**	**...**	**...**
	FINANCING															
3	Kerala Financial Corporation	...	300.00	...	300.00	...	885.00 (30054.29)	...	...	885.00 (30054.29)	151.00	...	...	151.00	...	...
	Sector-wise total	**...**	**300.00**	**...**	**300.00**	**...**	**885.00 (30054.29)**	**...**	**...**	**885.00 (30054.29)**	**151.00**	–	–	**151.00**	–	–

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
	AGRICULTURE AND ALLIED															
4	Kerala State Warehousing Corporation	...	...	...	...	...	(256.14)	...	...	(256.14)	...	...	...	...	...	...
	Sector-wise total	...	...	...	...	...	(256.14)	...	...	(256.14)	...	...	...	...	...	...
	MISCELLANEOUS															
5	Kerala Industrial Infrastructure Development Corporation	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	...	....	...	...	...	...	...	...	...	...	...	...	...	...	...
	Total – B (All Sector-wise Statutory Corporations)	...	300.00 {46472.15}	...	300.00 {46472.15}	697.04 (697.04)	99879.00 (457230.78)	...	...	100576.04 (457927.82)	151.00	...	...	151.00	...	...
	Grand total (A+B)	...	9275.87 {46472.15}	...	9275.87 {46472.15}	32136.36 (26666.22)	234945.31 (594040.33)	10540.54 (8878.11)	(29103.25)	277622.21 (629584.66)	151.00	...	...	151.00	...	7879.69

@ Subsidy includes subsidy receivable at the end of the year which is shown in { }

** Figures in bracket includes guarantee outstanding as at the end of the year ( )

ANNEXURE 5

(Referred to in paragraph 1.2.2)

Statement showing financial position of Statutory corporations

(Rupees in crore)

1. Kerala State Electricity Board			
Particulars	1997-98	1998-99 (Provisional)	1999-2000 (Provisional)
A. Liabilities			
Equity Capital	---	1553.00	1553.00
Loans from Government	1024.35	149.01	160.06
Other long-term loans (including bonds)	1939.21	2878.49	3391.04
Reserves and Surplus	753.80	926.45	1099.51
Current liabilities and provisions	1837.92	1536.24	2025.20
Total – A	5555.28	7043.19	8228.81
B. Assets			
Gross fixed assets	2275.13	2682.03	3347.39
Less : Depreciation	562.44	682.20	826.08
Net fixed assets	1712.69	1999.83	2521.31
Capital works-in-progress	1693.58	1930.68	1977.58
Deferred cost	142.05	160.48	151.48
Current assets	2006.08	2941.82	3568.06
Investments	---	9.50	9.50
Assets not in use	0.88	0.88	0.88
Miscellaneous expenditure	---	---	---
Accumulated loss	---	---	---
Total – B	5555.28	7043.19	8228.81
C. Capital employed [@]	3574.43	5336.09	6041.75

[@] Capital employed represents net fixed assets (including capital works-in-progress) plus working capital.

(Rupees in crore)

2. Kerala State Road Transport Corporation			
Particulars	1997-98	1998-99 (Provisional)	1999-2000 (Provisional)
A. Liabilities			
Capital (Including capital loan & equity capital)	107.20	107.20	115.20
Borrowings (Government)	82.90	82.90	82.90
(Others)	45.39	43.97	114.60
Funds*	56.90	55.80	6.00
Trade dues and other current liabilities (including provisions)	259.34	326.95	383.77
Total – A	**551.73**	**616.82**	**702.47**
B. Assets			
Gross block	255.20	282.10	299.16
Less: Depreciation	146.79	170.85	181.06
Net fixed assets	108.41	111.25	118.10
Capital works-in-progress (including cost of chassis)	5.74	6.40	4.80
Investments	0.03	0.03	---
Current assets, loans and advances	63.79	55.25	55.37
Deferred cost	---	---	---
Accumulated loss	373.76	443.89	524.20
Total – B	**551.73**	**616.82**	**702.47**
C. Capital employed @	(-)81.40	(-)154.05	(-)230.51

* Excluding depreciation funds

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

(Rupees in crore)

3. Kerala Financial Corporation			
Particulars	1997-98	1998-99	1999-2000 (Provisional)
A. Liabilities			
Paid-up capital	67.00	67.00	67.00
Share capital advance	25.00	38.00	51.00
Reserve fund and other reserves and surplus	11.57	11.45	15.85
Borrowings:			
(i) Bonds and debentures	257.47	290.32	285.92
(ii) Fixed Deposits	0.91	1.37	1.35
(iii) Industrial Development Bank of India & Small Industries Development Bank of India and other Banks	263.04	325.43	363.64
(iv) Reserve Bank of India	---	---	---
(v) Loan in lieu of share capital			
(a) State Government	---	---	---
(b) Industrial Development Bank of India	---	---	---
(vi) Others (including State Government)	2.51	2.51	2.51
Other liabilities and provisions	15.91	20.78	23.49
Total – A	643.41	756.88	810.76
B. Assets			
Cash and Bank balances	24.87	54.79	72.98
Investments	0.10	0.10	0.10
Loans and Advances	588.13	668.53	694.56
Net fixed assets	5.92	6.66	5.76
Other assets	24.39	26.80	37.36
Miscellaneous expenditure	---	---	---
Total – B	643.41	756.88	810.76
C. Capital employed @	557.69	669.08	748.25

@ Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, loans in lieu of capital, seed money, debentures, reserves (other than those which have been funded specifically and backed by investments outside), bonds, deposits and borrowings (including refinance).

(Rupees in crore)

4. Kerala State Warehousing Corporation			
Particulars	1997-98	1998-99 (Provisional)	1999-2000 (Provisional)
A. Liabilities			
Paid-up capital	6.25	6.75	7.50
Reserves and surplus	0.55	2.97	3.16
Borrowings : (Government)	0.71	0.71	0.62
(others)	0.41	...	...
Trade dues and current liabilities(including provisions)	10.32	7.29	8.83
Total – A	18.24	17.72	20.11
B. Assets			
Gross block	13.63	14.41	15.38
Less: Depreciation	3.23	3.53	3.84
Net fixed assets	10.40	10.88	11.54
Capital works-in-progress	0.38	0.25	0.01
Current assets, loans and advances	7.46	6.59	8.56
Accumulated loss	...	...	...
Total – B	18.24	17.72	20.11
C. Capital employed [@]	7.92	8.56	11.28

[@] Capital employed represents net fixed assets (including capital works-in-progress) plus working capital.

(Rupees in crore)

5. Kerala Industrial Infrastructure Development Corporation(KINFRA)

Particulars	1997-98	1998-99	1999-2000 (Provisional)
A. Liabilities			
Grants	87.36	18.37	19.37
Loans	--	92.44	111.44
Trade dues and current liabilities(including provisions)	3.23	7.90	10.00
Total – A	90.59	118.71	140.81
B. Assets			
Gross block	0.41	0.49	0.65
Less: Depreciation	0.16	0.24	0.32
Net fixed assets	0.25	0.25	0.32
Investment	---	2.67	11.30
Current assets, loans and advances	88.38	113.40	126.55
Accumulated loss	1.96	2.39	2.64
Total – B	90.59	118.71	140.81
C. Capital employed [@]	85.40	105.75	116.87

[@] Capital employed represents net fixed assets (including capital works-in-progress) plus working capital.

ANNEXURE 6

(Referred to in paragraph 1.2.2)

Statement showing working results of Statutory corporations

(Rupees in crore)

1. Kerala State Electricity Board			
Particulars	1997-98	1998-99 (Provisional)	1999-2000 (Provisional)
1. Income			
(a) Revenue receipts	991.22	1263.80	1708.90
(b) Subsidy/subvention from Government	321.31	301.71	464.72
Total	1312.53	1565.51	2173.62
2. Revenue expenditure (net of expenses capitalised) including write off of intangible assets but excluding depreciation and interest	961.67	1065.03	1428.20
3. Gross surplus(+)/deficit(-) for the year (1-2)	(+)350.86	(+)500.48	(+)745.42
4. Adjustments relating to previous years	(-)25.38	(-)53.30	(-)189.48
5. Final gross surplus(+)/deficit(-) for the year (3+4)	(+)325.48	(+)447.18	(+)555.94
6. Appropriations:			
(a) Depreciation (less capitalised)	75.83	119.77	143.89
(b) Interest on Government loans	102.37	4.00	25.31
(c) Interest on others, bonds, advance, etc., and finance charges	254.57	392.51	466.55
(d) Total interest on loans and finance charges (b+c)	356.94	396.51	491.86
(e) Less: Interest capitalised	131.89	107.85	123.93
(f) Net interest charged to revenue (d-e)	225.03	288.66	367.93
(g) Total appropriations (a+f)	300.86	408.43	511.82
7. Surplus(+)/deficit(-) before accounting for subsidy from state Government [5-6(g)-1(b)]	(-)296.69	(-)262.95	(-)420.60
8. Net surplus (+)/deficit(-) {5-6(g)}	(+)24.62	(+)38.75	(+)44.12
9. Total return on capital employed #	249.65	327.41	412.05
10. Percentage of return on capital employed	7	6	7

Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised)

(Rupees in crore)

2. Kerala State Road Transport Corporation			
Particulars	1997-98	1998-99 (Provisional)	1999-2000 (Provisional)
Operating			
(a) Revenue	386.34	406.82	467.68
(b) Expenditure	420.86	461.71	524.00
(c) Surplus(+)/Deficit(-)	(-)34.52	(-)54.89	(-)56.32
Non-operating			
(a) Revenue	6.77	7.19	4.95
(b) Expenditure	23.25	24.65	25.00
(c) Surplus(+)/Deficit(-)	(-)16.48	(-)17.46	(-)20.05
Total			
(a) Revenue	393.11	414.01	472.63
(b) Expenditure	444.11	486.36	549.00
(c) Net Profit(+)/Loss(-)	(-)51.00	(-)72.35	(-)76.37
Interest on capital and loans	23.23	23.45	25.00
Total return on capital employed	(-)27.77	(-)48.90	(-)51.37

(Rupees in crore)

3. Kerala Financial Corporation			
Particulars	1997-98	1998-99	1999-2000 (Provisional)
1. Income			
(a) Interest on loans	82.23	100.16	106.65
(b) Other income	6.95	4.93	4.35
Total – 1	89.18	105.09	111.00
2. Expenses			
(a) Interest on long-term and short-term loans	57.99	71.99	79.67
(b) Provision for doubtful debts/bad debts written off	6.37	7.95	7.51
(c) Other expenses	13.34	13.67	17.07
Total – 2	77.70	93.61	104.25
3. Profit before tax(1-2)	11.48	11.48	6.75
4. Prior period adjustments	---	---	---
5. Provision for tax	2.48	2.26	1.46
6. Profit(+)/Loss(-) after tax	9.00	9.22	5.29
7. Other appropriations	4.98	5.03	2.96
8. Amount available for dividend #	4.02	4.19	2.33
9. Dividend paid/payable	1.78	1.77	0.89
10. Total return on capital employed	69.47	83.47	86.42
11. Percentage of return on capital employed	12.5	12.5	11.6

Represents profit of current year available for dividend after considering the specific reserves and provision for taxation.

(Rupees in crore)

4. Kerala State Warehousing Corporation

Particulars	1997-98	1998-99 (Provisional)	1999-2000 (Provisional)
1. Income			
(a) Warehousing charges	6.73	6.35	6.70
(b) Other income	2.11	2.11	1.96
Total – 1	8.84	8.46	8.66
2. Expenses			
(a) Establishment charges	4.37	4.54	4.30
(b) Other expenses	4.15	3.18	4.17
Total -- 2	8.52	7.72	8.47
3. Profit(+)/Loss(-) before tax	(+)0.32	(+)0.74	(+)0.19
4. Provision for tax	...	...	...
5. Prior period adjustments	0.01	...	...
6. Other appropriations	0.19	...	0.15
7. Amount available for dividend	...	...	...
8. Dividend for the year	0.12	...	0.04
9. Total return on capital employed	0.69	1.22	1.30
10. Percentage of return on capital employed	8.71	14.25	11.52

(Rupees in crore)

5. Kerala Industrial Infrastructure Development Corporation (KINFRA)

Particulars	1997-98	1998-99	1999-2000 (Provisional)
Miscellaneous income	0.31	0.22	3.20
Expenses	0.47	0.65	3.46
Deficit	0.16	0.43	0.26
Return on capital employed	(-)0.16	(-)0.43	(-)0.22

ANNEXURE 7

(Referred to in paragraph 1.6.2.3)

Statement showing operational performance of Statutory corporations

1. Kerala State Electricity Board			
Particulars	1997-98	1998-99 (Provisional)	1999-2000 (Provisional)
Installed Capacity:		(MW)	
(a) Thermal	85	107	235
(b) Hydro	1689	1704	2119
(c) Gas	---	---	---
(d) Others	2	2	2
TOTAL	1776	1813	2356
Normal maximum demand:			
Restricted	1337	1896	2177
Unrestricted	2368	2040	2330
Power Generated:		(MkWh)	
(a) Thermal	113	251	580
(b) Hydro	5074	7349	7074
(c) Gas	---	---	---
(d) Others	2	2	2
TOTAL	5189	7602	7656
Less: Auxiliary consumption:			
(a) Thermal (Percentage)	---	---	16 (0.2)
(b) Hydro (Percentage)	31	32	33 (0.4)
(c) Gas (Percentage)	---	---	---
(d) Others (Percentage)	---	---	---
TOTAL (Percentage)	31 (0.6)	32 (0.4)	49 (0.6)
Net power generated	5158	7570	7607
Power purchased:			
(a) Within the State	---	---	---
- Government:	---	---	---
-Private	---	---	---
(b) Other States:	---	---	---
(c) Central Grid	4236	3595	4275
Total power available for sale	9394	11165	11881
Power Sold:			
(a) within the State	7716	9183	9813
(b) Outside the State	---	---	---
Transmission and distribution losses	1678	1982	2068

Load factor(Percentage)	44	51	52
Percentage of transmission and distribution losses to total power available for sale	18	18	17
Number of villages/towns electrified	1384	1384	1384
Number of pump sets/wells energised	329355	319154	348478
Number of sub-stations	167	174	179
Transmission/distribution lines(in km)			
(a) High/medium voltage	34110	27756	28672
(b) Low voltage	138733	174196	180499
Connected load (in MW)	6460	7275	8150
Number of consumers	5210674	5639130	6029744
Number of employees	30498	28897	#
Consumer/employee ratio	171:1	195 : 1	#
Total expenditure on staff during the year (Rs. in crore)	375.42	410.14	443.65
Percentage of expenditure on staff to total revenue expenditure	30	28	23
Units sold:		MkWh	
(a) Agriculture (Percentage share to total units sold)	341 (4)	354 (4)	632 (7)
(b) Industrial (Percentage share to total units sold)	2515 (33)	3307 (36)	3447 (35)
(c) Commercial (Percentage share to total units sold)	652 (8)	785 (9)	819 (8)
(d) Domestic (Percentage share to total units sold)	3776 (49)	4212 (45)	4546 (46)
(e) Others (Percentage share to total units sold)	432 (6)	525 (6)	369 (4)
TOTAL	7716	9183	9813

Particulars	1997-98	1998-99	1999-2000
		(Paise per kWh)	
(a) Revenue (excluding subsidy from Government)	128	138	174
(b) Expenditure*	117	117	148
(c) Profit(+)/Loss(-)	(+)11	(+)21	(+)26
(d) Average Subsidy claimed from Government (in Rupees)	0.42	0.33	0.47
(e) Average interest charges (in Rupees)	0.46	0.43	0.50

Information not available

* Revenue expenditure includes depreciation but excludes interest on long-term loans.

2. Kerala State Road Transport Corporation			
Particulars	1997-98	1998-99 (Provisional)	1999-2000 (Provisional)
Average number of vehicles held	3708	3860	4000
Average number of vehicles on road	2995	3060	3184
Percentage of utilisation of vehicles	81	79	78
Number of employees	26609	25238	23524
Employee vehicle ratio	7:1	6:1	7:1
Number of routes operated at the end of the year	4136	4232	4485
Route kilometres	216720	224857	230288
Kilometres operated(in lakh) :			
(a) Gross	3623	3705	#
(b) Effective	3621	3704	3851
(c) Dead	2	1	#
Percentage of dead kilometres to gross kilometers.	0.05	0.04	#
Average kilometres covered per bus per day	331	332	331
Operating revenue per kilometre(Paise)	1067	1092	1214
Average expenditure per kilometre(Paise)	1162	1237	1360
Profit(+)/Loss(-) per kilometre(Paise)	(-)95	(-)145	(-)146
Number of operating depots	69	74	76
Average number of break-down per lakh kilometers	9	9	8
Average number of accidents per lakh kilometres	0.2	0.2	0.3
Passenger kilometre operated (in crore)	1437	1489	#
Occupancy ratio	82.7	84	80
Kilometres obtained per litre of:			
(a) Diesel Oil	3.89	3.9	#
(b) Engine Oil	#	#	#

Information not available

3. Kerala Financial Corporation						
					(Rupees in crore)	
Particulars	1997-98		1998-99		1999-2000 (Provisional)	
	Number	Amount	Number	Amount	Number	Amount
Applications pending at the beginning of the year	188	18.25	167	20.28	84	15.60
Applications received	3145	320.65	2119	273.69	1746	201.50
TOTAL	3333	338.91	2286	293.97	1830	217.10
Applications sanctioned	2929	260.35	2043	209.69	1631	176.12
Applications cancelled/withdrawn/ rejected/reduced	237	58.28	159	68.68	156	33.17
Applications pending at the close of the year	167	20.28	84	15.60	43	7.81
Loans disbursed	2712	199.44	1914	191.29	1651	149.71
Loans outstanding at the close of the year	24132	588.13	25807	668.53	13297	682.61
Amount overdue for recovery at the close of the year :						
(a) Principal	---	108.84	---	133.93	---	159.90
(b) Interest	---	119.99	---	154.43	---	180.05
TOTAL	---	228.83	---	288.36	---	339.95
Amount involved in recovery certificate cases	---	---	---	---	---	---
TOTAL	---	---	---	---	---	---
Percentage of overdue to the total loans outstanding	---	38.91	---	43.13	---	49.80

4. Kerala State Warehousing Corporation			
Particulars	1997-98	1998-99 (Provisional)	1999-2000 (Provisional)
Number of stations covered	64	61	61
Storage capacity created up to the end of the year (tonne in lakh) :			
(a) Owned	1.52	1.55	1.60
(b) Hired	0.39	0.33	0.33
TOTAL	1.91	1.88	1.93
Average capacity utilised during the year (tonne in lakh)	1.13	1.14	1.21
Percentage of utilisation	59.16	60.64	62.69
Average revenue per tonne per year (Rupees)	782.15	748.92	715.70
Average expenses per tonne per year (Rupees)	754.10	682.95	700.00
Profit(+)/Loss(-) per tonne (Rupees)	(+)28.05	(+)65.97	(+)15.70

ANNEXURE 8

(Referred to in paragraph 2.7)

Statement showing financial position of Kerala State Film Development Corporation Limited

(Rupees in lakh)

Particulars		1994-95	1995-96	1996-97	1997-98	1998-99 (Provisional)
LIABILITIES						
(a)	Paid-up capital (including share money pending allotment)	1071.19	1101.19	1131.19	1181.19	1281.19
(b)	Capital Reserve	-	-	-	-	0.36
(c)	Borrowings	217.30	429.07	452.27	706.57	938.46
(d)	Current liabilities and provisions	537.72	585.05	665.02	604.96	561.26
TOTAL		**1826.21**	**2115.31**	**2248.48**	**2492.72**	**2781.27**
ASSETS						
(a)	Gross fixed Assets	1023.25	1145.69	1151.88	1189.03	1195.48
(b)	Less: depreciation	584.29	615.98	629.72	661.25	692.30
(c)	Net block	438.96	529.71	522.16	527.78	503.18
(d)	Capital work-in-progress	68.14	75.70	109.70	263.14	446.02
(e)	Investments	0.15	0.15	0.15	0.15	0.15
(f)	Current Assets, loans and advances	184.26	155.20	279.77	303.27	441.78
(g)	Accumulated loss	1134.70	1354.55	1336.70	1398.38	1390.14
TOTAL		**1826.21**	**2115.31**	**2248.48**	**2492.72**	**2781.27**
Capital employed		153.64	175.56	246.61	489.23	829.72
Net worth		(-)63.51	(-)253.36	(-)205.51	(-)217.19	(-)108.95

Note: (1) Capital employed represents net fixed assets (including capital work-in-progress) *plus* working capital.

(2) Net worth represents paid-up capital *less* intangible assets

ANNEXURE 9

(Referred to in paragraph 2.7)

Statement showing working results of Kerala State Film Development Corporation Limited

(Rupees in lakh)

Particulars		1994-95	1995-96	1996-97	1997-98	1998-99 (Provisional)
	INCOME					
(a)	Documentary and production charges	18.71	30.26	77.29	31.30	73.41
(b)	Hire charges	11.64	8.78	-	-	-
(c)	Processing and printing and income from theatres	118.85	147.08	191.93	264.23	265.05
(d)	Other income	15.21	18.05	45.37	32.42	24.99
	TOTAL	164.41	204.17	314.59	327.95	363.45
	EXPENSES					
(a)	Salaries, wages and other expenses	172.66	251.02	244.58	304.59	338.37
(b)	Consumption of materials	8.94	6.24	9.85	21.37	19.33
(c)	Finance charges	62.27	84.22	12.45	12.98	26.26
(d)	Depreciation	35.64	31.51	29.52	34.85	35.73
(e)	Prior period adjustment	5.01	51.02	0.35	15.84	(-)64.48
	TOTAL	284.52	424.01	296.75	389.63	355.21
	Net Profit(+)/Loss(-)	(-)120.11	(-) 219.84	(+)17.84	(-)61.68	(+)8.24

ANNEXURE 10
(Referred to in paragraph 3A.5.1)

Category-wise tariff rates per unit in KSE Board under different tariff revisions and percentage of increase from 1994 to 1999

Category	1994		1997		1999		% of overall increase
	Paise/ unit	% of increase	Paise/ unit	% of increase	Paise/ unit	% of increase	
1.Domestic							
up to 40 unit/month	60	20	65	8	70	8	17
41-50	62	19	90	45	110	22	77
51-65	64	19	90	41	110	22	72
66-80	70	17	90	29	110	22	57
81-100	70	17	100	43	130	30	86
100-120	90	8	100	11	130	30	44
121-150	90	8	120	33	160	33	78
151-200	110	7	150	36	210	40	91
201-300	160	5	200	25	265	33	66
301-500	210	3	260	24	345	33	64
Above 500	210	3	260	24	355	37	69
2. Non-Domestic							
FC/kw/month(Rs)	50	100	68	36	115	69	130
Energy Charge:							
upto 5kw	198	11	267	35	450	69	127
above 5kw	248	9	335	35	570	70	130
3. Commercial LT							
FC/kw/month(Rs) :							
Single phase	10	(-)60	14	40	25	79	150
3 phase	20	(-)60	27	35	45	67	125
Energy Charge :							
upto 100unit	235	22	280	19	450	61	91
upto 200	260	35	310	19	500	61	92
upto 300	285	13	340	19	555	63	95
upto 500	310	23	370	19	600	62	94
Above 500	335	11	402	20	660	64	97
4. Public Lighting							
Flourescent lamp(Rs)	23.5	0	23.5	0	32	36	36
5. Agriculture							
FC/kw/month(Rs)	5	0	5	0	5	0	0
Energy Charge	12	0	50	317	50	0	317
6.Industrial LT							
FC/kw/month(Rs)	10	(-)17	20	100	35	75	250
Energy Charge	100	14	135	35	220	63	120

7.Commercial HT							
Demand charges (Rs./KVA)	85	0	133	56	230	73	171
Energy Charge	88	9	122	39	215	76	144
8. Agriculture HT							
Demand charges (Rs./KVA)	60	0	84	40	130	55	117
Energy Charge	50	0	70	40	105	50	110
9. Industrial HT							
Demand charges (Rs./KVA)	85	0	133	56	217	63	155
Energy Charge	83	19	122	47	200	64	141
10. EHT 66 KV							
Demand charges (Rs/KVA)	80	0	127	59	207	63	159
Energy Charge	82	19	118	44	193	64	135
11. EHT 110KV							
Demand charges (Rs./KVA)	71	(-)5	120	69	196	63	176
Energy Charge	81	19	116	43	190	64	135

ANNEXURE 11

(Referred to in paragraphs 3A.5.1.(ii) and 3A.5.9)

Category-wise details of consumption, number of consumers and revenue earned as against cost per unit in KSE Board during the five years up to 1998-99

	1994-95	1995-96	1996-97	1997-98	1998-99
A. Domestic					
1. No. of Consumers	3328784	3545475	3735260	3779741	4189502
2. Consumption (MU)	2300.87	2777.00	3405.00	3726.51	4188.00
3. Revenue (Ps/unit)	59	61	60	78	78
4. Cost coverage to revenue (%)	67	61	45	48	49
5. Share of Consumption (%)	33	37	48	48	46
6. Share of Revenue (%)	22	24	29	30	26
B. Commercial					
1. No. of Consumers	720794	757803	787662	831154	899028
2. Consumption (MU)	953.75	689.00	650.00	652.20	785.00
3. Revenue (Ps/unit)	121	195	205	280	298
4. Cost coverage to revenue (%)	138	195	154	172	189
5. Share of Consumption (%)	14	9	9	8	9
6. Share of Revenue (%)	18	19	19	19	19
C. Public Lighting					
1. No. of Consumers	1398	1398	1398	1398	1398
2. Consumption (MU)	113.10	110.00	110.00	110.70	140.00
3. Revenue (Ps/unit)	106	111	111	118	118
4. Cost coverage to revenue (%)	121	111	83	72	75
5. Share of Consumption (%)	2	1	2	1	2
6. Share of Revenue (%)	2	2	2	1	1
D. Irrigation					
1. No. of Consumers	285322.00	299288.00	309313.00	323573.00	347208.00
2. Consumption (MU)	271.23	322.00	329.00	340.70	354.00
3. Revenue (Ps/unit)	24	24	27	55	61
4. Cost coverage to revenue (%)	27	24	20	33	39
5. Share of Consumption (%)	4	4	5	4	4
6. Share of Revenue (%)	1	1	1	2	2
E. Public Water Works					
1. No. of Consumers	1261	1507	1565	1575	1693
2. Consumption (MU)	106.91	132.00	161.00	173.26	208.00
3. Revenue (Ps/unit)	126	129	129	138	144
4. Cost coverage to revenue (%)	144	129	97	84	91
5. Share of Consumption (%)	2	2	2	2	2
6. Share of Revenue (%)	2	2	3	2	2

F. Industrial LT					
1. No. of Consumers	78622	78963	86310	91655	98464
2. Consumption (MU)	543.43	532.00	494.00	514.23	579.00
3. Revenue (Ps/unit)	112	117	117	157	173
4. Cost coverage to revenue (%)	127	117	88	96	110
5. Share of Consumption (%)	8	7	7	7	6
6. Share of Revenue (%)	10	9	8	8	8
G. HT and EHT					
1. No. of Consumers	1177	1438	1525	1569	1581
2. Consumption (MU)	2598.02	2711.00	1735.00	2000.58	2728.00
3. Revenue (Ps/unit)	99	102	129	163	167
4. Cost coverage to revenue (%)	113	102	97	100	106
5. Share of Consumption (%)	37	37	25	26	30
6. Share of Revenue (%)	41	39	32	33	37
H. Railway					
1. No. of Consumers	0	0	0	1	2
2. Consumption (MU)	0.00	0.00	0.00	8.56	11.00
3. Revenue (Ps/unit)	0	0	0	102	106
4. Cost coverage to revenue (%)	0	0	0	63	67
5. Share of Consumption (%)	0	0	0	0	0
6. Share of Revenue (%)	0	0	0	0	0
I. Bulk supply					
1. No. of Consumers	8	8	8	8	8
2. Consumption (MU)	140.39	142.00	137.00	138.76	166.00
3. Revenue (Ps/unit)	68	73	73	109	111
4. Cost coverage to revenue (%)	77	73	55	67	70
5. Share of Consumption (%)	2	2	2	2	2
6. Share of Revenue (%)	2	1	1	2	1
J. Total average realisation (Paise per unit)	87	93	96	123	131
K. Total cost per unit (Paise)	88	100	133	163	158
L. Total cost coverage (%)	99	93	72	75	83

ANNEXURE 12

(Referred to in paragraph 3A.5.10)

Details of category-wise contribution towards final surplus/deficit of the KSE Board during 1994-95 to 1998-99

Category	1994-95	1995-96	1996-97	1997-98	1998-99	Total
	Surplus /(Deficit) (Rupees in crore)					
Domestic	(66.54)	(107.99)	(250.78)	(317.36)	(335.50)	(1078.17)
Commercial	31.52	65.60	46.54	76.13	109.97	329.76
Public lighting	2.03	1.21	(2.46)	(5.02)	(5.62)	(9.86)
Agriculture	(17.26)	(24.51)	(35.01)	(36.98)	(34.25)	(148.01)
Public water works	4.09	3.78	(0.70)	(4.42)	(2.99)	(0.24)
Industrial (LT)	13.02	9.01	(8.19)	(3.24)	8.94	19.54
HT/EHT	29.41	4.96	(6.93)	(0.61)	25.32	52.15
Bulk supply	(2.77)	(3.77)	(8.25)	(7.52)	(7.79)	(30.10)

ANNEXURE 13
(Referred to in paragraph 3A.6.1.(ii))

Loss of revenue due to non-deduction of excess consumption over quota during power cut in KSE Board

Name of Section	No. of Consumers	Loss of revenue (Rs.in lakh)
Thrissur, Koorkanchery	5	1.00
Thrissur, Ayyanthole	6	1.05
Thrissur, Ollur	77	10.18
Varkala	6	0.40
Chittur	40	0.21
Total	**134**	**12.84**

ANNEXURE 14
(Referred to in paragraph 3A.6.1.(ii))

Delay in invoicing during power cut period and loss of interest in KSE Board

Sl No.	Name of Section	Month in which bill		Amount	Loss of interest
		to be raised	raised	(Rupees in lakh)	
1	Ernakulam, Central	Sep.97	April 99	98.96	26.48
2	Ernakulam, College	Sep.97	April 99	21.38	7.45
3	Ernakulam, Giri Nagar	Sep.97	Oct. 99	4.62	1.87
4	Ernakulam, Edappally	Sep.97	May. 99	9.28	3.40
5	Ernakulam, Kaloor	Sep.97	Sep. 99	9.11	3.67
6	Cherthala	Sep.97	Sep. 98	4.60	1.09
7	Cherthala, Kuthiathodu	Sep.97	Sep. 99	12.00	2.57
8	Muvattupuzha	Sep.97	March 2000	1.90	1.18
Total				**161.85**	**47.71**

ANNEXURE 15
(Referred to in paragraph 3A.6.4.(iv))

Statement showing ineligible concession under pre-92 tariff in KSE Board

Sl. No.	Name of Section	No. of consumer	Reason for ineligibility	Amount (Rs. in lakh)
1	Cherthala,Kuthiathodu	6	Started production prior to eligible period	27.68
2	Thrissur,Koorkenchery	1	No documentary evidence to prove the claim	1.86
3	Thrissur, Ollur	1	Concession extended beyond eligible period	0.25
4	Cherthala	1	Additional load was connected after the expiry of eligible period	1.23
5	Kollam,Kilikollur	1	Roller flour mill – not eligible	0.38
6	EMS, Changanacherry	1	Error in assessing the energy consumption eligible for concession	3.90
7	EMS, Kizhakkambalam	3	Additional load connected after expiry of eligible period	2.69
8	EMS, Erattupetta	1	Energised the unit after the expiry of eligible period	1.29
9	EMS, Kottayam (Gandhinagar)	1	Additional load connected after expiry of the eligible period	0.69
10	EMS, Tirur	1	Concession extended beyond eligible period	0.16
11	EMS, Kanjikkodu	1	Concession to additional load connected after eligible period	0.54
	Total			**40.67**

ANNEXURE 16

(Referred to in paragraph 3A.6.5)

Statement showing revenue loss in KSE Board due to faulty meters

Sl. No.	Name of Section	No. of cases	No. of months meter remained faulty	Revenue loss (Rs. in lakh)
1	Ernakulam, Central	5	29	1.64
2	Ernakulam, Giri Nagar	9	54	9.97
3	Cherthala, Kuthiathodu	4	6	3.58
4	Calicut, Central	1	13	2.51
5	Calicut, Nadathara	1	6	0.55
6	Thrissur, Ayyanthole	3	54	1.21
7	Thrissur, Ollur	3	7	0.60
8	Cherthala	1	35	0.26
9	Kottayam, Central	2	31	1.90
10	Kollam, Kilikollur	6	25	0.37
11	Kollam, Olai	2	18	0.34
12	Kollam, Cantonment	2	18	3.57
13	Varkala	6	32	12.03
14	Perumbavoor	5	13	4.51
15	Kottayam, East	4	32	15.11
16	Aluva, Town	9	69	0.27
17	Changanacherry	1	9	1.15
18	Sultanpet	3	30	0.81

19	Viyyoor	2	30	1.65
20	Thrikkakara	2	50	2.16
21	Ernakulam College	7	15	2.47
22	Burnassery	2	11	0.91
23	Kannur	3	75	3.77
24	Kottackal	7	94	1.82
25	Thirur	14	100	4.71
26	Angamaly	1	9	0.37
27	Palarivattom	2	18	6.02
28	Thalassery	1	3	0.18
29	Muvattupuzha	4	23	5.57
30	Wadakkanchery	4	38	10.97
31	Gandhinagar, Kottayam	4	35	8.77
32	Thoppumpady	1	22	0.93
33	Kizhakkambalam	1	10	0.10
34	Nenmara	1	9	0.25
35	Kanjikode	4	14	2.50
36	Chalakudy	1	8	0.21
37	Palai	5	13	3.02
38	Erattupettah	5	82	2.75
39	Thodupuzha	2	28	4.78
Total		**140**		**124.29**

ANNEXURE 17

(Referred to in paragraph 3A.6.6)

Short-assessment due to wrong classification in KSE Board

Sl No.	Name of Section	Nature of consumption	Classification LT		Period	Short assessment (Rs. in lakh)
			Wrong	Correct		
1.	Ernakulam College	Travel Agency	VI A	VII A	8/96 to 1/2000	2.26
2.	Ernakulam Central	Defence Dept	II	VI B	1/95 to 12/99	0.86
		Railways	II	VI C	1/95 to 12/99	13.08
3.	Ernakulam, Kaloor	Computer Malayogam	IV	VII A	2/97 to 1/2000	1.56
4.	Calicut, Central	Shops, Bunks etc	VII B	VII A	1/99 to 1/2000	0.35
5.	Varkala	X-ray unit attached to hospital	VI A	VI B	3/97 to 1/2000	0.10
6.	Varkala	Municipal Town hall	VI B	VII A	3/97 to 3/2000	0.12
7.	Kollam, Olai	Commercial consumers	VII D	VII A	4/97 to 9/99	0.50
8.	Kazhakkuttam	University centre	IV	VI A	12/95 to 3/2000	1.21
9.	Attingal	Muncipal Town Hall	VI B	VII A	1/95 to 6/2000	0.87
10.	Sultanpet	Muncipal Town Hall	VI B	VII A	1/97 to 7/2000	1.05
11.	Burnassery	PAO, MES (Defence)	VI A	VI B	11/95 to 7/2000	0.35
12.	-Do-	Air India	VI B	VI C	10/98 to 5/2000	0.42
13.	Kannur	Water Authority	VI B	VI C	11/98 to 7/2000	0.56
14.	-Do-	K.S.R.T.C	VI B	VI C	2/98 to 7/2000	0.86
15.	Thoppumpady	Corporation of Cochin	VI A	VI B	7/99 to 6/2000	0.09
16.	Alleppey Town	Excise Department	VI B	VI C	3/96 to 4/2000	0.10
17.	-Do-	Sales Tax Department	VI B	VI C	11/94 to 4/2000	0.20
18.	Thirur	Hostel of Educational Institution	VI A	VI B	11/94 to 7/99	0.22
19.	-Do-	Hotel	VIIB	VIIA	1/97 to 5/2000	0.76
20.	-Do-	Hotel	VIIB	VIIA	11/98 to 4/2000	0.25
21.	Ernakulam central	Shopping Complex of Local Body	VI B	VII A	2/97 to 6/2000	4.62
22.	Palai	X-ray Unit	VI A	VI B	10/94 to 6/2000	0.13
23.	Thalassery	Service Station	IV	VII A	2/97 to 6/2000	0.69
	Total					**31.21**

ANNEXURE 18

(Referred to in paragraph 3A.6.7)

Statement showing cases of incorrect Multiplication Factor in KSE Board

Sl No.	Name of Section	Period	Nature of omission	Amount short assessed (Rs. in lakh)
1.	Ernakulam College	5/99	Non-applying M F '10'	0.13
2.	Cherthala	8/98 to 1/2000	M F '5' instead of '10'	1.88
3.	Calicut Central	2/98 to 1/2000	Omissiom Of M F '2'	2.16
4.	Thrissur, Ollur	10/94 to 8/99 (4 cases)	Omission of M F '2'	1.65
5.	Varkala	2/93 to 1/99	Non-applying MF '10'	15.53
6.	Viyyoor	1/92 to 7/99	Non-applying MF '10'	8.52
7.	Viyyoor	12/96 to 8/99	Non-applying MF '3'	0.24
8.	Manjeri	8/98	Non-applying MF '2'	0.22
9.	Mannuthi	6/95 to 3/99	Non-applying MF '20'	0.92
10.	Wadakkancherry	2/94 to 12/94	MF '0.5' instead of '2'	0.48
11.	Wadakkancherry	5/97 to 6/2000	Non-applying MF '3'	0.27
12.	Palarivattom	2/2000 to 6/2000	Non-applying MF '10'	0.22
13.	Palarivattom	11/99 to 6/2000	Non-applying MF '2'	0.22
14.	Gandinagar Kottayam	12/93 to 1/97	Non-applying MF '2'	0.58
	Total			**33.02**

ANNEXURE 19

(Referred to in paragraph 3A.6.10(v))

Errors in Billing in KSE Board

Sl. No.	Section	Nature	Period	Amount (Rs. in lakh)
1.	EMS, Erattupettah	Short assessment of consumption	7/98 to 7/2000	4.59
2.	EMS, Burnassery	Short assessment of consumption	8/99 to 1/2000	0.18
3.	EMS, College, Ernakulam	Short assessment of F.C for additional load	4/98 to 6/98	0.28
4.	EMS, Viyyoor	Omission in raising additional bill	6/97 to 3/99	0.98
5.	EMS, Thalassery	10% extra not charged for power intensive industries	2/97 to 1/98	1.49
6.	EMS, Burnassery	10% extra not charged for power intensive industries	2/97 to 1/98	0.66
TOTAL				**8.18**

ANNEXURE 20

(Referred to in paragraph 3B.5)

Financial position of Kerala State Road Transport Corporation

	Particulars	1994-95	1995-96	1996-97	1997-98	1998-99 (provisional)
		(Rupees in crore)				
A	**Liabilities**					
	Equity Capital	101.20	101.20	101.20	107.20	107.20
	Long term loans	105.11	108.48	111.84	128.29	126.87
	Bonds	53.13	55.55	55.22	56.90	55.80
	Trade dues and other current liabilities (including provision)	155.62	183.35	215.97	259.34	326.95
	Total A	415.06	448.58	**484.23**	**551.73**	**616.82**
B	**Assets**					
	Gross Block	185.42	205.36	227.81	255.20	282.10
	Less: Depreciation	107.07	113.88	130.54	146.79	170.85
	Net fixed assets	78.35	91.48	97.27	108.41	111.25
	Capital works-in-progress (including cost of chassis)	6.71	5.91	6.56	5.74	6.40
	Investments	0.03	0.03	0.03	0.03	0.03
	Current assets, loans and advances	54.92	57.42	57.91	63.79	55.25
	Accumulated loss	275.05	293.74	322.46	373.76	443.89
	Total B	415.06	448.58	**484.23**	**551.73**	**616.82**
	Capital employed*	**(-)15.64**	**(-)28.54**	**(-) 54.23**	**(-) 81.40**	**(-) 154.05**

* Capital employed represents net fixed assets (including capital works-in-progress) plus working capital

ANNEXURE 21

(Referred to in paragraph 3B.5)

Working results of Kerala State Road Transport Corporation

	1994-95	1995-96	1996-97	1997-98	1998-99 (provisional)
	(Rupees in crore)				
Operating					
a) Revenue	280.34	309.52	338..63	386.34	406.82
b) Expenditure	265.09	314.24	351.14	420.86	461.71
c) Surplus(+)/Deficit(-)	(+)15.25	(-)4.72	(-)12.51	(-)34.52	(-)54.89
Non-Operating					
a) Revenue	8.01	9.57	7.14	6.77	7.19
b) Expenditure	23.16	21.51	22.66	23.25	24.65
c) Surplus(+)/Deficit(-)	(-)15.15	(-)11.94	(-)15.52	(-)16.48	(-)17.46
a) Total revenue	288.35	319.09	345.77	393.11	414.01
b) Total expenditure	288.25	335.75	373.80	444.11	486.36
c) Profit(+)/Loss(-)	(+)0.10	(-)16.66	(-)28.03	(-)51.00	(-)72.35
Interest on loans	23.17	21.45	22.66	23.23	23.45
Total return on capital employed	23.27	4.79	(-)5.37	(-)27.77	(-)48.90

ANNEXURE 22

(Referred to in paragraph 3B.5.(ii))

Analysis of expenditure and revenue in Kerala State Road Transport Corporation

A. Analysis of expenditure

Particulars	1994-95		1995-96		1996-97		1997-98		1998-99 (Provisional)	
	Amount (Rs.in crore)	% to total expenditure	Amount (Rs.in crore)	% to total expenditure	Amount (Rs.in crore)	% to total expenditure	Amount (Rs.in crore)	% to total expenditure	Amount (Rs.in crore)	% to total expenditure
Personnel	111.55	38.73	141.13	42.03	175.52	46.96	213.50	48.07	232.43	47.79
Fuel	69.59	24.16	73.34	21.84	76.61	20.49	102.63	23.11	111.11	22.85
Materials	34.27	11.90	46.77	13.93	38.67	10.35	40.34	9.08	48.82	10.04
Rent, rates, taxes and insurance	28.37	9.85	29.22	8.70	32.13	8.60	34.24	7.71	36.72	7.55
Depreciation	17.38	6.04	19.26	5.74	21.46	5.74	23.74	5.35	26.04	5.36
Interest	23.17	8.05	21.45	6.39	22.66	6.06	23.23	5.23	24.65	5.07
Misc. expenditure	3.67	1.27	4.58	1.37	6.75	1.80	6.43	1.45	6.59	1.34
Total expenditure	288.00	100	335.75	100	373.80	100	444.11	100	486.36	100

B. Analysis of revenue

Particulars	1994-95		1995-96		1996-97		1997-98		1998-99 (Provisional)	
	Amount (Rs.in crore)	% to total revenue	Amount (Rs.in crore)	% to total revenue	Amount (Rs.in crore)	% to total revenue	Amount (Rs.in crore)	% to total revenue	Amount (Rs.in crore)	% to total revenue
Operating revenue	280.19	97.22	309.52	97.00	338.63	97.93	386.34	98.28	406.82	98.26
Non-operating revenue	8.00	2.78	9.57	3.00	7.14	2.07	6.77	1.72	7.19	1.74
Total revenue	288.19	100	319.09	100	345.77	100	393.11	100	414.01	100

ANNEXURE 23

(Referred to in paragraph 3B.6)

Operational performance of the Kerala State Road Transport Corporation for five years ending 31 March 1999

Particulars	1994-95	1995-96	1996-97	1997-98	1998-99 (Provisional)
Average no. of vehicles held	3498	3482	3560	3708	3860
Average no. of vehicles on road	2764	2809	2788	2995	3060
Average no. of vehicles off road	734	673	772	713	800
Percentage of fleet utilisation	79	80.7	78.3	80.8	79.3
Route km (in lakh)	1.78	1.78	2.14	2.17	2.25
No. of operating depots	56	56	57	57	62
Kilometre covered (in lakh)					
Scheduled kilometre	3650	3927	4227	4599	4628
Effective kilometre operated	3198	3418	3313	3621	3704
Operational efficiency (%)	88	87	78	79	80
Percentage of dead km to gross kilometre	0.1	0.1	0.04	0.05	0.04
Average km covered per bus per day	332	333	330	331	332
Average revenue per effective km(Ps)	901	934	1044	1067	1092
Average expenditure per effective km (Ps)	900	982	1128	1162	1237
Loss per km (Ps)	(+)1	48	84	95	145
Average no. of accidents (per lakh km)	0.41	0.30	0.30	0.20	0.20
Average no. of breakdown (per ten thousand km)	1.18	1.20	0.93	0.90	0.90
Passenger km operated (in crore)	1681	1759	1668	1738	1773
Passenger km availed (in crore)	1468	1449	1422	1437	1489
Occupancy ratio (*per cent*)	87	82	85	83	84
Vehicle-employee ratio	7.71:1	7.54:1	7.39:1	7.03:1	6.43:1
Passengers carried (in lakh)	9991.20	9842.20	10152.80	10032.71	10140.44

ANNEXURE 24

(Referred to in paragraph 3B.7)

Category-wise analysis of men in position in Kerala State Road Transport Corporation

	Position as at the end of March				
	1995	1996	1997	1998	1999
	Number of posts				
1. Traffic :					
a. Supervisory	941	1268	1410	1161	1292
b. Non-supervisory	15581	14647	15476	14946	13815
2. Mechanical :					
a. Supervisory	444	437	492	360	555
b. Non-supervisory	5987	6224	6258	6111	5734
3. Ministerial :					
a. Supervisory	311	284	297	291	343
b. Non-supervisory	3608	3384	3587	3514	3283
4. Higher division (corporate office level) :					
a. Administration	48	51	54	62	61
b. Traffic	35	34	66	74	69
c. Mechanical	70	72	65	79	75
d. Civil engineering	12	11	10	11	11
Total staff strength	27037	26412	27707	26609	25238
Number of buses on road	2764	2809	2788	2995	3060
Number of staff per bus	7.71	7.54	7.39	7.03	6.43

Note: *Figures of no. of employees taken from Appendix 1 of Administrative Reports of the Corporation*

ANNEXURE 25

(Referred to in paragraphs 3B.9.1 and 3B.9.2)

Purchase, consumption and inventory holding of materials by the Kerala State Road Transport Corporation

Year	Opening balance	Purchase	Total	Consumption	Closing balance	Closing balance in terms of months' consumption
	(Rupees in lakh)					
1994-95	1280.70	3950.56	5231.26	3427.34	1803.92	6.32
1995-96	1803.92	4382.46	6186.38	4677.51	1508.87	3.87
1996-97	1508.87	4241.77	5750.64	3867.31	1883.33	5.84
1997-98	1883.33	4622.14	6505.47	4033.74	2471.73	7.35
1998-99	2471.73	4157.71	6629.44	4881.82	1747.62	4.30

ANNEXURE 26
(Referred to in paragraph 3C.4)

Budget – variance analysis
Statement showing Income and Expenditure on Revenue and Capital Account in KSWC

Year	Budget	Actual	Increase over estimate	Percentage of increase to budget
	(Rupees in lakh)			
Income				
1994-95	326.40	697.73	371.33	113.76
1995-96	588.00	698.71	110.71	18.83
1996-97	534.50	713.71	179.21	33.53
1997-98	564.25	883.83	319.58	56.64
1998-99*	659.50	846.28	186.78	28.32
Revenue Expenditure				
1994-95	324.25	641.63	317.38	97.88
1995-96	406.14	659.41	253.27	62.36
1996-97	461.39	618.82	157.43	34.12
1997-98	488.17	852.13	363.96	74.55
1998-99*	539.22	771.73	232.51	43.12
Capital Expenditure				
1994-95	131.25	24.11	107.14	18.37
1995-96	661.29	106.71	554.58	16.14
1996-97	555.92	100.05	455.87	18.00
1997-98	541.46	71.75	469.71	13.25
1998-99*	783.70	59.07	724.63	7.54

* Figures for 1998-99 are provisional

ANNEXURE 27

(Referred to in paragraph 3C.7.1)

Statement showing the financial position of KSWC for the five years up to 1998-99

A. Capital and Liabilities	1994-95	1995-96	1996-97	1997-98	1998-99*
	(Rupees in lakh)				
Share Capital	490.00	550.00	575.00	625.00	675.00
Reserves and surplus	8.51	14.21	45.00	54.98	297.00
Long term loans	294.95	317.45	194.50	112.00	70.75
Trade dues and other current liabilities including provisions and rural godown subsidy	744.86	820.31	863.68	1032.02	728.88
Total A	**1538.32**	**1701.97**	**1678.18**	**1824.00**	**1771.63**
B. Assets					
Gross block	1124.11	1198.85	1264.22	1362.75	1440.87
Less: Depreciation	242.75	267.18	293.78	323.07	353.72
Net fixed assets	881.36	931.67	970.44	1039.68	1087.15
Capital work-in-progress	16.48	35.10	27.13	37.72	25.16
Current assets, loans and advances	545.21	685.90	680.61	746.60	659.32
Accumulated loss	95.27	49.30	-	-	-
Total B	**1538.32**	**1701.97**	**1678.18**	**1824.00**	**1771.63**

* figures are provisional

ANNEXURE 28

(Referred to in paragraph 3C.7.2)

Statement showing the working results of KSWC for the five years up to 1998-99

A. Income	1994-95	1995-96	1996-97	1997-98	1998-99*
	(Rupees in lakh)				
Warehousing charges	470.76	442.87	480.77	673.10	635.48
Handling and Transportation	217.56	231.88	204.43	185.97	196.93
Interest received	1.74	16.38	20.80	8.84	3.69
Services charges on godown construction	4.74	4.23	3.68	6.05	2.66
Courier service receipt	-	1.64	1.84	3.19	2.63
Other income	2.93	1.71	2.19	6.68	4.89
Total A	**697.73**	**698.71**	**713.71**	**883.83**	**846.28**
B. Expenditure					
Establishment charges	295.85	292.18	326.68	437.10	453.93
Administration and other expenses	109.59	141.44	88.03	144.78	110.23
Provision for bad and doubtful debts	--	10.00	--	77.62	---
Interest and Bank charges	48.19	50.30	45.56	37.04	31.28
Depreciation	23.79	25.22	26.60	30.05	30.66
Handling and Transportation	156.06	126.49	117.39	106.72	128.05
Construction wing expenses	8.15	13.78	12.29	14.40	13.70
Courier service expenses	-	-	2.27	4.42	3.88
Total B	**641.63**	**659.41**	**618.82**	**852.13**	**771.73**
C. Profit for the year	**56.10**	**39.30**	**94.89**	**31.70**	**74.55**
D. Percentage of income on Warehousing charges to					
(i) total income	67.47	63.38	67.36	76.16	75.09
(ii) expenditure other than handling & transportation, construction wing and courier service	98.60	85.31	98.75	92.64	112.64

* figures are provisional

ANNEXURE 29

(Referred to in paragraph 3C.8.1)

Statement showing capacity utilisation of Kerala State Warehousing Corporation

Sl. No	Particulars	1994-95	1995-96	1996-97	1997-98	1998-99
1.	Number of Warehousing centres	(in numbers)				
	(a) Own	45	46	46	47	47
	(b) Hired	19	18	18	17	14
	Total	64	64	64	64	61
2.	Storage capacity available	(in lakh tonnes)				
	(a) Own Warehousing centres*	1.47	1.49	1.51	1.52	1.55
	(b) Hired Warehousing centres	0.59	0.43	0.42	0.39	0.33
	Total	2.06	1.92	1.93	1.91	1.88
3.	Average capacity utilised during the year :					
	(a) Own Warehousing centres*	1.64	1.20	0.62	0.65	1.01
	(b) Hired Warehousing centres	0.76	0.68	0.68	0.48	0.12
	Total	2.40	1.88	1.30	1.13	1.13
4.	Percentage of utilisation of available capacity	*(Per cent)*				
	(a) Own Warehousing centres*	112	81	41	43	65
	(b) Hired Warehousing centres	129	158	162	126	36
	Total	117	98	67	59	60
		(in rupees)				
5.	Average income per tonne per year	290.72	371.65	549.01	782.15	748.92
6.	Average expenditure per tonne per year	267.35	350.75	476.02	754.10	682.95
7.	Profit per tonne per year	23.37	20.90	72.99	28.05	65.97

* includes hired godowns

ANNEXURE 30
(Referred to in paragraph 3C.8.1)

Statement showing number of warehousing centres operated, total capacity and average capacity per warehousing centre in respect of KSWC, TNWC and CWC (Kerala region) for the five years up to 1999-2000

KSWC			
Year	No. of Warehousing centres	Total capacity	Average capacity
		(in tonnes)	
1995-96	64	192325	3005
1996-97	64	193017	3016
1997-98	64	191037	2985
1998-99	61	188218	3086
1999-2000	61	193101	3166

TNWC			
Year	No. of Warehousing centres	Total capacity	Average capacity
		(in tonnes)	
1995-96	62	610204	9842
1996-97	62	621433	10023
1997-98	64	623832	9747
1998-99	64	622908	9733
1999-2000	65	627005	9646

CWC			
Year	No. of Warehousing centres	Total capacity	Average capacity
		(in tonnes)	
1995-96	5	70210	14042
1996-97	5	70210	14042
1997-98	5	67909	13582
1998-99	5	67909	13582
1999-2000	5	67909	13582

ANNEXURE 31

(Referred to in paragraph 3C.8.2)

Statement showing commodity-wise details of items stored in the warehousing centres of KSWC during the four years up to 1997-98

Commodity	Quantity deposited during the year in tonnes			
	1994-95	1995-96	1996-97	1997-98
Boiled rice	14044	16849	12277	2371
Grams & pulses	3411	3964	5075	7230
CSB & Bulgar wheat	10385	14362	16582	16122
Sugar (PDS)	34720	30103	26580	29429
Fertilizers	125261	111289	83634	72399
Caprolactum	4726	6643	4869	8883
Cement	35176	11671	46035	50260
Tyres	217	1405	-	-
Latex	2728	2454	2425	3647
Copra	53394	4995	708	276
Rubber	6830	11645	15378	23488
Coffee	907	911	695	1293
Tapioca chips	1779	2566	1537	1706
Cashew	118	5863	4	-
Paper & note book	1177	1432	1608	9435
Other items	10712	28747	10063	23302
Total	**305585**	**264899**	**227570**	**249841**

ANNEXURE 32

(Referred to in paragraphs 3C.11.1 and 3C.11.2)

Statement showing the number of owned and hired warehousing centres of KSWC which made operational profit/loss during the five years up to 1998-99

Region	1994-95		1995-96		1996-97		1997-98		1998-99	
	P	L	P	L	P	L	P	L	P	L
(i) Owned warehousing centres										
Thiruvananthapuram	4	-	2	2	2	2	4	-	4	-
Kollam	4	1	4	1	5	-	4	1	4	1
Alappuzha	4	1	2	4	2	4	3	3	6	-
Kottayam	8	-	8	-	7	1	8	-	8	-
Ernakulam	3	-	3	-	3	-	3	-	3	-
Thrissur	2	1	1	2	2	1	2	1	3	-
Palakkad	5	-	4	1	4	1	4	1	5	-
Kozhikode	5	-	5	-	5	-	5	-	5	-
Kannur	7	-	5	2	5	2	7	1	8	-
Total	**42**	**3**	**34**	**12**	**35**	**11**	**40**	**7**	**46**	**1**
(ii) Hired warehousing centres										
Thiruvananthapuram	1	-	1	-	1	-	1	-	1	-
Kollam	2	-	1	1	1	1	1	1	1	1
Alappuzha	1	2	-	2	-	2	-	2	-	2
Kottayam	-	1	-	1	-	1	-	1	-	1
Ernakulam	4	-	4	-	3	1	4	-	4	-
Thrissur	2	1	-	3	-	3	-	3	-	3*
Palakkad	-	-	-	-	-	-	-	-	-	-
Kozhikode	3	-	2	1	1	2	1	2	-	3
Kannur	1	1	1	1	1	1	-	1	-	1*
Total	**14**	**5**	**9**	**9**	**7**	**11**	**7**	**10**	**6**	**11**

P = profit L = loss

* Of this, two hired warehousing centres at Irinjalakkuda and Edappal in Thrissur region and one hired warehousing centre at Vellarikkundu in Kannur region were closed during 1998-99.

ANNEXURE 33

(Referred to in paragraph 3C.11.1)

Statement showing income earned by KSWC from reservation of space and storage of commodities procured by Government

	Particulars of income	1994-95	1995-96	1996-97	1997-98	1998-99
		(Rupees in lakh)				
1	Reservation of space for KSBC	33.22	55.29	79.79	126.99	130.52
2	Storage charges of Copra procured under the price support scheme by the National Agricultural Co-operative Marketing Federation Ltd. (NAFED)	193.41	38.64	11.93	-	-
3	Storage charges of rubber procured under the price support scheme:					
	a. from STC of India	-	-	-	38.22	127.45
	b. from RUBCO (Kerala State Rubber Co-operative Ltd.)	-	-	-	13.23	47.03
	c. Kerala State Co-operative Rubber Marketing Federation Ltd.	-	-	17.66	74.67	-
4	Storage charges of cashew from TRIFED (Tribal Co-operative Marketing Development Federation of India Ltd.)	-	32.44	7.36	-	-
	Total	**226.63**	**126.37**	**116.74**	**253.11**	**305.00**

ANNEXURE 34

(Referred to in paragraph 3C.11.2)

Statement showing operational performance of hired warehousing centres of KSWC

	Warehousing Centre	Capacity available as on 31.3.1999	Operational profit/(loss) during				
			1994-95	1995-96	1996-97	1997-98	1998-99
		(tonnes)	(Rupees in thousand)				
1	Tirur	432	21.88	(75.50)	(185.70)	(115.80)	(89.40)
2	Edathua	625	(49.41)	(168.30)	(274.80)	(366.00)	(385.10)
3	Thiruvalla	696	(57.64)	(189.60)	(366.50)	(333.80)	(290.90)
4	Pallickathode	701	(28.80)	(42.50)	(40.50)	(42.10)	(84.50)
5	Koilandy	829	508.34	23.50	(137.70)	(155.60)	(141.90)
6	Fort Kochi	1125	182.03	42.90	226.10	174.60	232.50
7	Cheruvannur	1212	2036.80	102.00	181.00	194.90	(223.70)
8	Badagara	1235	520.08	(55.10)	(122.10)	(46.40)	(26.60)
9	Parakode	1200	52.67	(146.00)	(2.40)	120.30	95.90
10	Moovattupuzha	1478	205.67	6.00	(35.70)	56.20	105.40
11	Kakkanadu	1723	194.25	133.10	438.10	648.10	416.20
12	Attingal	2003	419.08	107.60	169.20	579.90	543.40
13	Alangad	3576	492.96	471.10	699.30	1316.10	1250.00
14	Kollam	5451	705.97	1360.20	147.00	(5.00)	(120.10)
15	Irinjalakuda	413	(72.99)	(140.30)	(75.70)	(48.80)	(33.50)
16	Edappal	426	16.99	(42.50)	(49.60)	(149.50)	(24.70)
17	Vellarikundu	119	(19.06)	(76.00)	(125.00)	(55.50)	(11.00)

ANNEXURE 35

(Referred to in paragraph 3C.15)

Statement showing details of undue concession given by KSWC to some of its customers

Name of Warehousing centre	Party	Period	Rate to be charged	Rate charged	Loss	Total loss (Rs. in lakh)
			Per month (Rupees)			
Vandanmedu	Cardamom Processing and Marketing Society	1.1.95	33893	17313	16580	11.38 (up to 31.12.1999)
		1.1.97	44114	17313	26801	
Kollam	M/s. U. Shahul Hameed and Brothers	1.1.1993 to 31.12.1994	7381	2850	4531	3.84
		1.1.1995 to 31.12.1996	11388	3750	7638	
		1.1.1997 to 31.10.1997	14798	5600	9198	
Alappuzha	Coirfed	1.8.1996 to 31.12.1996	41160	33600	7560	1.57
		1.1.1997 to 30.6.1997	53508	33600	19908	
	Total					**16.79**

ANNEXURE 36

(Referred to in paragraph 3C.20)

Statement showing the list of major defaulters in payment of dues to KSWC

(Rupees in lakh)

Name of defaulter	More than 3 years but up to 5 years	More than 5 years but up to 10 years	More than 10 years	Total
Food Corporation of India	-	-	15.17	15.17
Kerala State Civil Supplies Corporation Ltd.	1.32	3.06	8.79	13.17
Director of Public Instruction	-	-	0.44	0.44
National Seeds Corporation	-	-	0.11	0.11
Malabar Cements Ltd.	0.03	0.50	-	0.53
Child Development Project Officer	0.17	0.48	0.07	0.72
Jayaram & Sons	-	-	0.18	0.18
National Agricultural Co-operative Marketing Federation Ltd	0.56	0.13	-	0.69
Indian Farmers Fertilizers Co-operative Limited	0.24	-	0.13	0.37
Kerala State Co-operative Marketing Federation Limited.	0.20	0.27	1.05	1.52

ANNEXURE 37

(Referred to in paragraph 4.2.1.5)

Statement showing loss due to sale of scrap in Kerala State Electricity Board

Sl. No	Item	Rate Dec.1992 (Rs.)	Silk Sales rate – 1994 (Rs./MT)	Diff. in rate (Rs.)	Quantity sold 1994 (MT)	Under-realisation (Rs.)	SILK sales rate 1995-96 (Rs./MT)	Diff. in rate (Rs.)	Quantity sold 95-96 (MT)	Under realisation (Rs.)
1.	Copper scrap	112980	75000	37980	275.341	10457413	84000	28980	110.252	3195103
2.	Meter scrap	22150	9000	13150	292.650	383372	9000	13150	228.974	3011008
3.	CRGO	31010	16000	15010	181.660	2726716	16000	15010	124.117	1862996
4.	Copper winding wire	98550	66000	32550	54.682	1779899	-	-	-	-
5.	Aluminium winding wire	69550	36500	33050	76.198	2518344	50000	19550	33.587	656626
6.	Aluminium scrap	69550	34500	35050	27.169	952273	50000	19550	00.521	10186
7.	Transformer tank	5610	4350	1260	261.114	329004	4500	110	138.876	15276
8.	Lead scrap	35560	18000	17560	28.278	496562	18000	17560	8.970	157513
9.	HTS wire	7400	4500	2900	98.323	285137	4500	2900	54.760	158804
10.	Brass scrap	81550	47000	34550	3.824	132119	47000	34500	2.525	87112
11.	Iron scrap	11850	4800	7050	14.466	101985	5500	6350	116.061	736987
12.	Cast iron	6020	3750	2250	3.301	7493	4000	2020	2.150	4343
	Total				**1317.006**	**20170317**			**820.793**	**9895954**

Total under-realisation – Rs.30066271