

REPORT
OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

FOR THE YEAR 1980-81

(COMMERCIAL)

GOVERNMENT OF WEST BENGAL

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PREFATORY REMARKS

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

Government Companies;

Statutory Corporations; and

Departmentally-managed commercial undertakings.

2. This Report deals with the results of audit of accounts of Government Companies and Statutory Corporations, including the West Bengal State Electricity Board. The Audit Report (Civil) contains the results of audit relating to departmentally-managed commercial undertakings.

3. The cases mentioned in the Report are those which came to notice during the year 1980-81 as well as those which had come to notice in earlier years but could not be dealt with in the previous Reports; matters relating to the period subsequent to 1980-81 have also been included wherever necessary.

4. In the case of Government Companies audit is conducted by Chartered Accountants appointed on the advice of the Comptroller and Auditor General, but the latter is authorised under Section 619(3)(b) of the Companies Act, 1956 to conduct a supplementary or test audit. He is also empowered to comment upon or supplement the report submitted by the Company auditors. The Companies Act further empowers the Comptroller and Auditor General to issue directives to the auditors in regard to the performance of their functions. In November 1962, such directives were issued to the auditors and these were revised from time to time.

5. There are, however, certain companies other than Government Companies in which Government have invested funds but the accounts of which are not subject to audit by the Comptroller and Auditor General. A list of 20 such companies where Government investment exceeded Rs.10 lakhs as on 31st March 1981 is given in Appendix 'A',

6. In respect of the Calcutta State Transport Corporation, the North Bengal State Transport Corporation, the Durgapur State Transport Corporation and the West Bengal State Electricity Board, the Comptroller and Auditor General is the sole auditor, while in respect of the West Bengal State Warehousing Corporation and the West Bengal Financial Corporation, he has the right to conduct the audit of the concerns independently of the audit conducted by the Chartered Accountants appointed under the respective Acts.

In respect of the West Bengal Industrial Infrastructure Development Corporation, the Comptroller and Auditor General who has been entrusted (June 1978) with the audit under Section 19(3) of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 is the sole auditor for 5 years in the first instance subject to a review of the arrangements thereafter.

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

CHAPTER I

GOVERNMENT COMPANIES

SECTION I

1.01. Introduction

There were 33 Government Companies (including 7 subsidiaries) as on 31st March 1981 as against 29 Government Companies (including 5 subsidiaries) as at the close of the previous year due to addition of the following 4 Companies :

Name of the Company	Date of incorporation	Authorised capital (Rupees in lakhs)
West Bengal Colour Film and Sound Laboratory Corporation Limited.	5th July 1980	300 00
The Shalimar Works (1980) Limited	12th January 1981	100 00
Subsidiaries		
Webel Video Devices Limited	26th August 1977	100 00
West Bengal Fish Seed Development Corporation Limited.	27th March 1980	100 00

1.02. Compilation of Accounts

Audited accounts of 15 Companies (including three subsidiaries) for the year 1980-81 and 10 Companies (including two subsidiaries) for the earlier years were received. A synoptic statement showing the summarised financial results of the Companies based on the latest available accounts is given in Appendix 'B'. The accounts of the following 17 Companies (including four subsidiaries) were not received (June 1982) for the period noted against each.

Name of the Company	Extent of arrears
Basumati Corporation Limited	1977-78 to 1980-81
West Bengal Dairy and Poultry Development Corporation Limited.	1977-78 to 1980-81
West Bengal Handloom and Powerloom Development Corporation Limited.	1978-79 to 1980-81
West Bengal Livestock Processing Development Corporation Limited.	1978-79 to 1980-81
West Bengal State Minor Irrigation Corporation Limited ..	1978-79 to 1980-81
West Dinajpur Spinning Mills Limited	1978-79 to 1980-81
Webel Video Devices Limited	1979-80 to 1980-81

Name of the Company	Extent of arrears
West Bengal State Textiles Corporation Limited ..	1979-80 to 1980-81
The Electro-Medical and Allied Industries Limited ..	1979-80 to 1980-81
West Bengal Agro-Industries Corporation Limited ..	1979-80 to 1980-81
West Bengal Handicrafts Development Corporation Limited	1979-80 to 1980-81
West Bengal Small Industries Corporation Limited .	1979-80 to 1980-81
Westinghouse Saxby Farmer Limited .	1979-80 to 1980-81
West Bengal Ceramic Development Corporation Limited ..	1980-81
The Kalyani Spinning Mills Limited ..	1980-81
State Fisheries Development Corporation Limited ..	1980-81
West Bengal Fish Seed Development Corporation Limited ..	1980-81

The position of arrears in the finalisation of accounts was brought to the notice of Government from time to time, the last communication was made in March 1982.

1.03. Paid-up capital

Against the aggregate paid-up capital of Rs.6,413.04 in 24 Companies (excluding subsidiaries) as on 31st March 1980, the aggregate paid-up capital in 26 Companies as on 31st March 1981 increased to Rs.7,451.38 lakhs as detailed below :

Particulars	Number of Companies	Investment by			Total
		State Government	Central Government	Others	
(Rupees in lakhs)					
(i) Companies wholly owned by State Government.	17	5,035.12	..	..	5,035.12
(ii) Companies jointly owned with the Central Government/others.	9	2,030.48	364.02	21.76	2,416.26
Total ..	26	7,065.60*	364.02	21.76	7,451.38

1.04. Loans

The balance of long-term loans outstanding in respect of 26 Companies as on 31st March 1981 was Rs.13,831.76 lakhs (State Government : Rs.11,032.81 lakhs, others : Rs.2,692.85 lakhs, deferred payment credits : Rs.106.10 lakhs) as against Rs.11,472.88 lakhs as on 31st March 1980, in respect of 24 Companies.

*The amount as per Finance Accounts is Rs 4931.93 lakhs and the difference of Rs. 2133.67 lakhs is under reconciliation.

**The amount as per Finance Accounts is Rs 13493.12 lakhs and the difference of Rs 2460.31 lakhs is under reconciliation.

1.05. Guarantees

1.05.1. The amount guaranteed and outstanding thereagainst as on 31st March 1981 were Rs.4,209.03 lakhs and Rs.2,980.04 lakhs respectively as shown below :

Name of the Company	Amount guaranteed	Amount outstanding as on 31st March 1981
	(Rupees in lakhs)	
The Kalyani Spinning Mills Limited	208.97	235.54
West Bengal Essential Commodities Supply Corporation Limited ..	930.00	38.52
West Bengal Mineral Development and Trading Corporation Limited.	8.88	3.88
West Bengal Industrial Development Corporation Limited ..	1,926.00	1,926.00
West Bengal Small Industries Corporation Limited	300.00	156.48
West Bengal Tea Development Corporation Limited	4.00	2.43
West Bengal Forest Development Corporation Limited ..	93.18	53.31
Westinghouse Saxby Farmer Limited	125.00	111.45**
West Bengal Sugar Industries Development Corporation Limited ..	131.00*	204.67
Durgapur Chemicals Limited	300.00	247.76
West Bengal Handloom and Powerloom Development Corporation Limited.	100.00	Nil.
West Bengal Agro-Industries Corporation Limited	82.00	Nil.
Total ..	4,209.03†	2,980.04††

1.05.2. The Companies have to pay guarantee commission in consideration of the guarantees given by the Government. As on 31st March 1981, the payment of guarantee commission was in arrears in the case of 6 Companies †† as detailed below :

Name of the Company	Amount in arrears
	(Rupees in lakhs)
The Kalyani Spinning Mills Limited	4.99
West Bengal Essential Commodities Supply Corporation Limited ..	6.00
West Bengal Mineral Development and Trading Corporation Limited ..	0.03
West Bengal Industrial Development Corporation Limited	8.53
Westinghouse Saxby Farmer Limited	0.80
West Bengal Handicrafts Development Corporation Limited	0.33

*The guarantee expired on 31st March 1981 and renewal of guarantee was awaited.

**Figures are provisional as accounts are awaited.

†The figures as per finance accounts are Rs. 3540.13 lakhs and Rs. 3248.47 lakhs. The differences are under reconciliation.

††Based on information received up to June 1982.

1.06. Performance of Companies

1.06.1 The following table* gives details of three Companies (including one subsidiary) which earned profit during 1980-81, and the comparative figures for the previous year :

Name of the Company	Paid-up capital		Profit		Percentage of profit to paid-up capital	
	1980-81	1979-80	1980-81	1979-80	1980-81	1979-80
(Rupees in lakhs)						
Companies :						
West Bengal Industrial Development Corporation Limited.	498.42	398.42	19.83	13.91	3.98	3.49
West Bengal Essential Commodities Supply Corporation Limited.	79.00	65.00	158.31	36.98	200.39	56.89
Subsidiary :						
West Bengal Electronic Industry Development Corporation Limited.	318.00	281.00	0.91	0.29	0.29	0.10
	895.42	744.42	179.05	51.18		

1.06.2. The following table* gives details of 11 Companies (including two subsidiaries) which incurred loss during the year 1980-81 and the comparative figures for the previous year :

Name of the Company	Paid-up capital on 31st March		Loss during	
	1981	1980	1980-81	1979-80
(Rupees in lakhs)				
Companies :				
The Durgapur Projects Limited	2,790.07	2,393.41	454.38	118.37
West Bengal Mineral Development and Trading Corporation Limited.	119.65	90.15	5.88	4.53
West Bengal Pharmaceutical and Phytochemical Development Corporation Limited.	48.00	37.00	2.78	4.77
West Bengal Tea Development Corporation Limited.	95.00	70.00	18.97	8.01
West Bengal State Leather Industries Development Corporation Limited.	52.84	50.00	9.71	10.89
West Bengal Sugar Industries Development Corporation Limited.	158.50	150.50	53.57	58.08
Durgapur Chemicals Limited	678.98	533.98	345.59	310.62
West Bengal Colour Film and Sound Laboratory Corporation Limited.	16.60	..	0.86	..
West Bengal Tourism Development Corporation Limited.	57.00	49.00	13.06	7.56
Subsidiaries :				
West Bengal Cements Limited	51.10	..	39.58	..
Webel Telecommunication Industries Limited ..	100.00	100.00	22.71	8.26

*Information is based on the accounts for 1980-81 received in respect of 11 Companies up to June 1982.

1.06.3. Up to 31st March 1981, the accumulated loss in respect of 11** Companies (paid-up capital : Rs.4,167.74 lakhs) amounted to Rs.6,790.53 lakhs. Particulars of 3 Companies the accumulated loss of which had exceeded their paid-up capital are given below :

Name of the Company	1980-81	
	Paid-up capital	Accumulated loss
(Rupees in lakhs)		
West Bengal Sugar Industries Development Corporation Limited ..	158.50	329.34
The Durgapur Projects Limited	2,790.07	3,776.81
Durgapur Chemicals Limited	678.98	2,494.44

The accumulated loss in respect of the following 5 Companies also, as reflected in the accounts received up to the period noted against each, had earlier exceeded their paid-up capital :

Name of the Company	Year	Paid-up capital	Accumulated loss
(Rupees in lakhs)			
The Kalyani Spinning Mills Limited	1979-80	158.21	1,650.35
West Bengal Ceramic Development Corporation Limited.	1979-80	31.00	98.02
The Electro-Medical and Allied Industries Limited ..	1978-79	25.00	87.38
Westinghouse Saxby Farmer Limited	1978-79	100.00	1,229.38
Basumati Corporation Limited	1976-77	10.00	28.95

1.07. Webel Video Devices Limited (a subsidiary) with a paid-up capital of Rs.69.00 lakhs was under construction. The expenditure incurred up to 30th September 1979 was Rs.1.05 lakhs (Rs.0.80 lakh up to 30th September 1978).

1.08. Under Section 619(4) of the Companies Act, 1956 the Comptroller and Auditor General has a right to comment upon or supplement the audit reports of the Company auditors. Under this provision, a review of the annual accounts of Government Companies is conducted in selected cases. Some of the major errors/omissions

**Information is based on the accounts for 1980-81 received in respect of 11 Companies up to June 1982.

noticed in the course of review of the annual accounts are detailed below :

The Durgapur Projects Limited

Overstatement of fixed assests and understatement of capital works-in-progress due to inclusion of incomplete works :
Rs.4.62 lakhs,

Understatement of capital works-in-progress and sundry creditors due to (a) non-inclusion of works measured and certified, and (b) omission to account for claim of cost of escalation on the components of the power plant expansion : Rs.135.54 lakhs,

Non-adjustment of value of steel materials, *etc.*, lying without proper accounting : Rs.29.60 lakhs,

Non-adjustment of loss due to theft of stores materials :
Rs.4.08 lakhs,

Non-disclosure of amount earmarked against letter of credit issued by the Bank for import of spare parts : Rs.195.39 lakhs,

Understatement of current liabilities due to omission to account for interest and storage charges accrued : Rs.43.72 lakhs.

Durgapur Chemicals Limited

Unexpired commitment on contracts (DM 6,541 and FF 638930) on account of orders for foreign suppliers not disclosed : Rs.10.93 lakhs.

Non-disclosure of the fact of non-adjustment of the amount of shortage found in physical verification of mercury :
Rs.7.54 lakhs.

Understatement of current assets due to non-inclusion of Bank draft : Rs.20 lakhs.

SECTION II

**WEST BENGAL TOURISM DEVELOPMENT CORPORATION
LIMITED****2.01. Introduction**

The West Bengal Tourism Development Corporation Limited was incorporated in April 1974 as a wholly owned Government Company with the objects *inter alia* :

- (i) to develop tourism in the State of West Bengal;
- (ii) to take over and manage existing hotels of the State Government;
- (iii) construct, purchase, acquire, lease, run and maintain hotels, motels, canteen, *etc.*;
- (iv) to establish and manage transport units;
- (v) to produce, distribute and sell tourist publicity materials;
- (vi) to take over, develop and manage places of tourist interest in the State of West Bengal and elsewhere such as wild life sanctuaries, parks, beaches *etc.*; and
- (vii) to provide shopping facilities to tourists.

The activities of the Company have so far (August 1981) been confined to :

- taking over tourist lodges administered by Government earlier;
- opening of new lodges; and
- undertaking certain extension|development works on tourist lodges.

Other fields for development and promotion of tourism in the State such as net-work of tourist transport services, tourist shopping centres and art galleries, *etc.*, as envisaged in the Memorandum had not been taken up by the Company (August 1981).

2.02. Capital structure

2.02.1. The Company's authorised capital as on 31st March 1981 was Rs.250 lakhs divided into 25,000 equity shares of Rs.1,000 each against which the paid-up capital stood at Rs.49 lakhs. In addition, a sum of Rs.8 lakhs was received by the Company during 1980-81 from the State Government against which shares were allotted in June 1981.

2.02.2. Fourteen tourist lodges run by the State Government (value : Rs.75.11 lakhs) were transferred to the Company in November 1975. Government had stipulated (1975) that 50 per cent of the value would be treated as State Government's contribution towards equity capital of the Company and the balance 50 per cent would be treated as loan (interest-free for the first five years and carrying interest at 8 per cent per annum thereafter). Pending issue of final orders the entire sum of Rs.75.11 lakhs had been treated as loan.

2.02.3. The Company had not brought into account (August 1981) the land, buildings and other assets in respect of two tourist lodges at Bakreswar and Madarihat taken over in 1976-77 and 1978-79 respectively. The purchase consideration in respect of Bakreswar tourist lodge had been fixed by the Government (April 1982) at Rs.5.55 lakhs as per the terms and conditions laid down in respect of the above fourteen tourist lodges; but such value in respect of Madarihat tourist lodge was not fixed (May 1982).

2.02.4. In addition, value of the lands for three more lodges viz., Digha, Diamond Harbour and Bakkhali tourist lodges acquired by the Tourism Department and transferred (after 1st November 1975) to the Company had not been settled and adjusted (August 1981).

2.03. Utilisation of grants from the Government

The following table indicates the grants received by the Company for execution of schemes and expenditure incurred thereagainst during six years up to 1980-81 :

Year	Receipt	Utilisation	Balance at the end of the year
(Rupees in lakhs)			
1975-76	8.50	1.25	7.25
1976-77	8.00	4.20	11.05
1977-78	15.00	3.24	22.81
1978-79	15.00	0.91	36.90
1979-80	..	3.38	33.52
1980-81	..	2.94	30.58
Total	46.50	15.92	

The unutilised balances of grants received from the Government along with advances (paragraph 2.04. *infra*) and, other funds of the Company, for which the Company was not required to pay any interest, were kept in fixed deposits (for periods, ranging from 15 days to 1 year) with banks at low rates of interest (2.5 per cent to 6 per cent) thereby earning non-operating income as interest as detailed below for three years ending 31st March 1981 :

Year					Amount kept	Interest re-
					in fixed	ceived on fixed
				deposits	deposits	
				(Rupees	in lakhs)	
1978-79	70.00	3.44
1979-80	74.00	4.34
1980-81	51.00	3.93

The Management stated (August 1980) that the slow progress of works out of capital grants was due to :

- (a) organisational deficiency resulted in delay in finalisation of project reports;
- (b) changes in the approved work programmes|schedules from time to time; and
- (c) shortage of essential material, e.g. cement and steel.

2.04. Utilisation of advances|moneys received from Government

The Company received (1975-76 to 1978-79), for purpose of meeting expenses towards repairs, renovation and new construction, advances from the Government amounting to Rs.63.80 lakhs and disbursed Rs.28.59 lakhs up to 31st March 1981 to various executing agencies such as State Public Works Divisions and State Forest Divisions from time to time as indicated below :

Year					Amount of	Disburse-	Balance
					advance	ments	unutilised
				(Rupees	in lakhs)		
1975-76	5.90	..	5.90
1976-77	7.50	4.50	8.90
1977-78	18.00	1.00	25.90
1978-79	10.23	18.43	17.70
1979-80	12.49	1.88	28.31
1980-81	10.44	2.78	35.97
Total				..	64.56	28.59	

2.05. Working results

The operating losses of the Company amounted to Rs.17.13 lakhs in 1978-79, Rs.15.98 lakhs in 1979-80 and Rs.15.10 lakhs in 1980-81 which were set off to a large extent by non-operating revenue such as interest, grants-in-aid, *etc.* Taking into account the non-operating revenue the Company had a net profit of Rs.1.58 lakhs in 1978-79 and incurred losses of Rs.6.06 lakhs and Rs.10.37 lakhs in the subsequent 2 years. Accumulated loss at the end of 1980-81 was Rs.21.75 lakhs accounting for 44.4 *per cent* of the paid-up capital (Rs.49.00 lakhs).

The Management stated (June 1981) that besides overhead costs, locational disadvantages, high maintenance costs, uneconomic size of the units and absence of proper publicity were the main contributory factors responsible for the loss.

2.06. Capital works programme

2.06.1. The capital works programme taken by the Company from time to time for execution consisted of the following works :

- (i) Construction of additional tourist bungalows;
- (ii) Additions to the existing bungalows taken over from Government; and
- (iii) Development of tourist complexes consisting of hotel-cum-commercial blocks and picnic spots.

The table below indicates the salient features of the work programmes as on 31st March 1981 :

Cc	Name of the work	Sanctioned estimate (i) Original (ii) Revised (Rupees in lakhs)	Expected date of completion	Actual date of completion (position of incomplete work)	Actual expenditure incurred up to 31st March 1981 (Rupees in lakhs)	Percentage of increase of revised estimate to original estimate	Management's reasons for delay	Remarks
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Tourist lodge at Bakkhali ..	(i) 14.00 (ii) 16.83	March 1980	(*) 90 per cent completed	13.93	20.21	Non-availability of cement and steel (Original item of work completed in January 1981).	Vide paragraph 2.06.2(a)
2.	Tourist lodge at Siliguri ..	(i) 18.00 (ii) 24.66	..	..	1.98	37	....	Vide paragraph 2.06.2(b)
3.	Tourist lodge at Haldia ..	(i) 28.40	..	..	0.61	..	Financial constraints; steps were being taken to mobilise institutional finance.	Vide paragraph 2.06.2(c)
4.	Tourist rest centre at Kurseong	(i) 7.34 (ii) 10.02	October 1979	31st March 1981	10.03	36.51	(i) Delayed start due to monsoon (ii) Non-availability of cement and steel.	
5.	Day Centre at Bethuadahari Deer Park	(i) 2.31 (ii) 3.04	November 1979	(*) 70 per cent completed	1.39	31.60	(i) Delay in handing over site (ii) Non-availability of cement and steel	
6.	Motel at Raigunj	(i) 5.30	May 1980	Extent of progress not available	1.85.	..		

(*) Represents physical progress

2.06.2. Before taking up of the projects, no feasibility study was conducted by the Company to assess the customers' composition and expected occupancy. A test check of the construction programmes of the Company revealed the following features :

(a) *Tourist lodge at Bakkhali*

The Bakkhali Tourist Lodge was taken over by the Company from Government with dormitory accommodation for 18 persons without catering arrangement. The Management considered the area to have a good tourist potential and proposed (1977) to expand the tourist lodge. Accordingly, the Board of Directors of the Company approved (July 1978) the design and estimates for construction of a tourist lodge at Bakkhali at a cost not exceeding Rs.14 lakhs. The work was awarded (April 1979) to a contractor at a cost of Rs.12.23 lakhs to be constructed under the technical supervision of the consultants who had invited tenders for the work on behalf of the Company. The work was to be completed within 12 months, i.e., by March 1980. With additional work valued at Rs.3.29 lakhs, the estimate was revised (December 1980) to Rs.16.83 lakhs with extended date of completion up to 31st March 1981.

After the main structure was completed, it was noticed by the Company (July 1981) that due to rain, the reception pavilion and bar room were under 1¹/₂-6" deep water and septic tank and inspection chamber were inundated. The Management attributed these to defective planning by the consultants and their failure to foresee that the compound would be at a much lower level than the road side land and observed that the building was constructed practically without any plinth. The consultants stated (August 1981) that the plinth of building had to be lowered since the Company preferred to restrain the capital outlay over the functional requirement. The matter was, however, referred to Chief Engineer, (Irrigation and Waterways) in November 1981 for suggesting measures for removal of defects. Further development in the matter was awaited (May 1982).

The work of construction of the lodge was completed in June 1981 and it was opened in March 1982. An expenditure of Rs.10.03 lakhs was incurred up to 31st March 1981.

(b) *Construction of a tourist lodge at Siliguri*

In order to establish a tourist lodge at Siliguri, the Company acquired a plot of land measuring 3.21 acres at a cost cost of Rs.1.61 lakhs in January 1979. An estimate for Rs.18 lakhs submitted (April 1979) by a firm of architects and consultants was approved by the Board in August 1979. The work was awarded to a contractor in April 1981 at Rs.23.81 lakhs; the increase in cost was attributed by

the Management to escalation in price of civil, electrical and site development jobs. In May 1981, the Project Review Committee of the Company suggested some modification in the plan, viz., (i) alteration in the foundation of the building from 2 storeyed to 4 storeyed, (ii) all single bed rooms to be converted into double bed rooms, (iii) width of corridor to be reduced with corresponding increase in room dimension, etc., virtually scrapping the earlier plan resulting in suspension of work. The modification estimated to cost Rs 30.50 lakhs which was approved by the Board of Directors in December 1981 was aimed at increasing the bed strength of the lodge. In the meantime, the contractor asked (July 1981) for further increase on the tendered rates for delay in execution. (total increase demanded : Rs.5.82 lakhs). The contractors were asked to restart the work in January 1982 with revised plan at old rates plus Rs.2.18 lakhs as escalation charges and the work was resumed accordingly.

(c) *Tourist complex at Haldia*

With a view to opening a tourist lodge at Haldia the Company acquired in April 1975 land measuring 4,047 sq. metres on lease terms on a monthly rent of Rs.228.50, subsequently raised to Rs.607.05 from August 1978. The cost estimate of the work for Rs.28.40 lakhs prepared by a consultant firm (December 1976) at a cost of Rs.0.28 lakh was approved by the Board (July 1978). Execution of the work was not taken up due to unfavourable resource position and it was decided to explore the possibility of getting the finance for execution of the scheme from West Bengal Financial Corporation which, on being approached asked (March 1981) for a comprehensive Project Report.

The project report was under preparation (July 1982).

The Company had so far (December 1981) spent Rs.0.34 lakh towards lease rent on the land acquired for the purpose.

(d) *Works not yet taken up*

The following table indicates the amounts received from Government for execution of various projects, the work on which had not been taken up (August 1981).

Name of project	Date of receipt	Amount (Rupees in lakhs)	Remarks
Setting up of a tourist centre at Bandel	March 1979	3.00	Executing agency had not yet been appointed
Laying a full-fledged garden-cum-picnic spot at Lalbag.	March 1980	2.77	Do.

2.07. Tourist lodges

2.07.1. Occupancy ratio

At the time of take-over from Government (November 1975) the total bed strength in the fourteen tourist lodges was 464. Another two tourist lodges at Bakreswar and Madarihat with bed strength of 34 were got transferred by the Company from Government in December 1976 and November 1978 respectively. With the commissioning of two tourist lodges by the Company at Siliguri (October 1976) and Malbazar (February 1981) the total bed strength was increased to 570 as on 31st March 1981.

The percentage of occupancy in the tourist lodges of the Company during the three years ended 1980-81 was as follows :

Sl. No.	Name of the tourist lodge	Bed strength			Beds occupied			Percentage of occupancy		
		1978-79 (in numbers)	1979-80 (in numbers)	1980-81 (in numbers)	1978-79 (in numbers)	1979-80 (in numbers)	1980-81 (in numbers)	1978-79	1979-80	1980-81
1	Malda	26	26	26	6,034	7,204	6,572	63.6	75.7	69.1
2	Diamond Harbour	50	50	50	9,248	11,581	8,304	51.2	63.3	45.5
3	Berhampore	26	26	26	5,281	5,931	5,504	55.4	63.3	58.0
4	Bakkhali	18	18	18	2,434	3,013	3,569	37.0	45.8	54.3
5	Maple	23	21	21	2,541	4,495	4,135	30.1	53.4	50.1
6	Darjeeling	58	58	58	10,746	14,072	9,319	55.4	64.7	48.0
7	Durgapur	24	24	24	3,737	3,692	4,458	42.4	41.9	47.4
8	Digha	36	36	36	6,029	8,008	6,037	45.7	61.1	45.8
9	Vishnupur	28	28	28	2,274	3,040	4,181	27.1	33.1	44.9
10	Santiniketan	89	89	89	12,955	14,491	14,281	40.0	44.4	44.0
11	Sangri-la	20	21	21	3,106	3,669	3,207	42.6	50.7	43.1
12	Sailabash	53	53	53	4,370	4,559	6,378	24.4	23.4	32.4
13	Madarihat .. .. .	..	16	16	..	2,439	1,778	..	41.5	30.5
14	Kalimpong	13	13	13	1,907	1,848	1,436	48.8	45.8	30.1
15	Bakreswar	41	41	41	4,160	4,506	4,317	27.8	29.8	28.6
16	Siliguri	22	22	22	3,563	2,661	2,095	44.2	31.6	24.9
17	Malbazar (from February 1981) .. .. .	..	..	8	..	..	91	..	..	12.9
18	Tiger-Hill	24	20	20	702	941	409	9.5	12.8	6.0
		551	562	570	79,087	96,210	86,071	39.3	46.9	41.4

As the average percentage of occupancy (39 per cent to 46 per cent during the 3 years 1979-80 to 1980-81) was below 60 (estimated by the Management for fixation of tariff) in the tourist lodges, the Board directed (June 1980) a review of the position of occupancy and financial viability of the tourist lodges, particularly, those which were not economically viable, so as to consider whether steps could be taken to make them viable and whether it would be necessary to subsidise them in the interest of the promotional aspects of tourism. It was seen that no review was done (May 1982) as directed by the Board and reasons for poor occupancy in almost all lodges had not been analysed by the Management.

The Company had been recovering room rents of the tourist lodges at the rates fixed by Government before the same were transferred to it in November 1975. From April 1980, the Company increased rates for all the tourist lodges ranging from Rs.10 to Rs.60 with a view to bridging the gap between income and expenditure keeping in view the acceptability of the rates by the customers.

2.08. Services

2.08.1. Catering service

Catering services in 14 different tourist lodges were taken up by the Company between January 1976 and January 1980. The working results of the catering section of these tourist lodges for the three years up to 1980-81 were as follows :

	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
(1) Catering section receipts	10.49	13.62	17.55
(2) Expenses excluding staff salaries and depreciation ..	7.68	8.90	12.22
(3) Gross profit (1-2)	2.81	4.72	5.33
(4) Salaries of catering staff	1.38	2.59	3.61
(5) Depreciation	0.28	0.28	0.28
(6) Net profit	1.15	1.85	1.44

There was no uniform policy regarding the prices of food stuff sold at different tourist lodges. The Company had introduced food prices at uniform rates only from February 1979 with a gross profit margin of 50 per cent on expenses. It was, however, noticed that the percentage of gross profit to expenses even in 1980-81 was only 43.6 while the same was 36.6 in 1978-79 and 53.0 in 1979-80.

The Management stated (August 1981) that the steep escalation in cost of food articles was responsible for erosion of profit to some extent and that effective steps for proper control of catering units were on the anvil.

2.08.2. Bar service

The Company had provided bar facilities in eight tourist lodges as on 31st March 1981. The results of the working of the bar service for the three years up to 1980-81 were as follows :

	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
Bar service receipts	1.48	2.45	2.45
Expenses including salaries of bar-staff	1.25	1.79	1.78
Profit	0.23	0.66	0.67

Bar service at Tiger Hill tourist lodge was running at loss and the aggregate of this amount at the close of three years up to 1979-80 was Rs.0.08 lakh. The Company decided (June 1981) to close down the bar. The decision was yet to be implemented (July 1982).

2.09. Summing up

(i) The Company was incorporated in April 1974, *inter alia*, with the objects to promote tourism, to take over and manage the existing hotels, to construct, purchase, acquire and run hotels, motels, *etc.*, to develop and produce tourist publicity material to develop tourist transport services, shopping centres, art galleries.

(ii) The Company had so far taken over fourteen tourist lodges from the Government and taken up construction of six lodges, of which three (Bakkhali, Kurseong and Raigunj) were commissioned. The Government transferred to the Company 521 beds alongwith the lodges to which the Company could add only 49 beds in six years ending 31st March 1981.

(iii) In the capital work programme, there were delays ranging between 2 to 3 years in all the items of works. There were also constructional defects and excess of expenditure over original estimates in most of them. Before taking up of the work, feasibility study was not taken up to assess viability.

(iv) The occupancy ratio in the tourist lodges during the 3 years 1978-79 to 1980-81 varied from 39 *per cent* to 46 *per cent*, reasons for which were not investigated.

(v) During the six years ending 1980-81, the Company received grants from the Government totalling Rs.46.50 lakhs for execution of Plan schemes out of which only Rs.15.92 lakhs could be utilised by the Company during the same period.

(vi) The Company also received advances from the Government amounting to Rs.63.80 lakhs, out of which Rs.28.59 lakhs only (up to 31st March 1981) were disbursed to various executing agencies such as State Public Works Division and State Forest Divisions.

(vii) The accounts of the Company for the year 1980-81 disclosed a cumulative loss of Rs.22.10 lakhs. Although the Company made a profit of Rs.1.58 lakhs in 1978-79, the operating loss was Rs.17.13 lakhs, Rs.15.98 lakhs and Rs.15.10 lakhs during the 3 years ending 31st March 1981.

SECTION III

**WEST BENGAL SMALL INDUSTRIES CORPORATION
LIMITED****3.01. Introduction**

The West Bengal Small Industries Corporation Limited was incorporated on 29th March 1961 with the objects of aiding and promoting the interest of small and village industries by providing with capital, credit, technical and managerial assistance and undertaking capital works for creation of infrastructural work for small and village industries. It commenced business from 1st June 1961.

3.02. Activities

The major activities of the Company were in the field of procurement and distribution of raw materials to small scale industrial (SSI) units, providing marketing facilities to SSI units, construction and running of industrial/commercial estates, setting up of industrial units in collaboration with private entrepreneurs, and supply of machinery on hire-purchase scheme to SSI entrepreneurs.

The Company has set up a subsidiary company, viz., "West Bengal Handicrafts Development Corporation Limited" which is functioning from June 1976; it is engaged in promotion and development of handicrafts in the State.

The Company did not fix any physical target for any of its activities and mainly followed the directives received from the State Government from time to time. In the absence of targets the performance of the Company could not be compared in audit.

3.03. Capital structure

The authorised capital of the Company, as on 31st March 1981, was Rs.250 lakhs divided into 2,50,000 equity shares of Rs.100 each. The paid-up capital as on that date, wholly subscribed by the State Government, was Rs.143.44 lakhs. The Company's investment in its subsidiary company as on 31st March 1981 stood at Rs.18.50 lakhs.

3.04. Borrowings

3.04.1. The Company obtained loans from Government at varying rates of interest from time to time, aggregating Rs.336.52 lakhs as on 31st March 1981; terms and conditions of loans amounting to Rs.194.78 lakhs were not (April 1982) specified by the

Government. The Company had not accepted (April 1982) the terms and conditions of loans for Rs.42.50 lakhs laid down by the State Government in September 1980. The amount of loans outstanding, as on 31st March 1981, was Rs.276.77 lakhs including Rs.13.73 lakhs representing the value of stock in Government Sales Emporia transferred to the Company in June 1961 to be treated as interest-free loan.

Besides the above, the Company obtained term-loan of Rs.76.28 lakhs from banks up to 31st March 1981. Amount outstanding at the end of the year 1980-81 was Rs.35.76 lakhs (principal : Rs.22.72 lakhs, interest : Rs.13.04 lakhs—provisional).

The Company had arrangements of cash credit facilities with two nationalised banks for an aggregate limit of Rs.300 lakhs (50 : 50) and actually availed of Rs.178.42 lakhs up to 31st March 1981 against hypothecation of stock and guarantee given by the State Government.

3.04.2. Out of the total loans of Rs.130.52 lakhs obtained by the Company up to 1977-78 against specific schemes, Rs.31.56 lakhs as detailed below remained unutilised (March 1980) :

Name of the Scheme	Year of sanction	Amount received	Amount utilised	Percentage of utilisation	Balance unutilised
		(Rupees in lakhs)			(Rupees in lakhs)
Scheme for equity capital and seed capital for small venture	1971-72	1.00	Nil	Nil	1.00
Scheme for supply of indigenous machinery on hire purchase	1971-72	26.38	} 32.16	94.3	1.96
	1972-73	1.50			
	1973-74	6.24			
Loan as margin money for drawing bank loans	1973-74	56.49	} 66.80	72.3	25.60
	1977-78	35.91			
Refinance scheme ..	1975-76	3.00	Nil	Nil	3.00
		<u>130.52</u>	<u>98.96</u>		<u>31.56</u>

The reasons for non-utilisation of funds were stated by the Management to be (April 1982) :

lack of interested entrepreneurs; and non-operation of the refinance scheme and the hire purchase scheme.

3.05. Budgetary control

The Company was required to prepare annually an internal budget and get it approved by the Board of Directors. The Company prepared its first budget in 1978-79, but budgets for 1979-80 and 1980-81 were not prepared. Budgets for 1978-79 and 1981-82 were prepared only in July 1978 and May 1981 respectively, *i.e.* after commencement of the respective financial years.

3.06. Working results

The audited accounts of the Company were received up to 1978-79 only, to the end of which the Company incurred an accumulated loss of Rs.8.50 lakhs against the paid-up capital of Rs.113.44 lakhs. According to the provisional accounts for 1979-80, the loss was wiped out due to earning a profit of Rs.15.52 lakhs during the year 1979-80.

3.07. Procurement and distribution of raw materials

The Company procures scarce and canalised raw materials and distributes the same to different SSI units as determined by the Cottage and Small Scale Industries Department of State Government. The raw materials dealt in by the Company are iron and steel, pig iron, non-ferrous metals, paraffin wax, mutton tallow, fatty acids, caustic soda, soda ash, hard coke, breeze coke, etc.

Some of the points noticed in audit in respect of these transactions have been indicated below :

(a) Mutton tallow|Fatty acid

The following table indicates the quantities of State allocation of mutton tallow|fatty acid, offer of the State Trading Corporation of India Limited (STC), quantity paid for by the Company, actual quantities lifted, quantities distributed and the number of units to whom distribution was effected during the 4 years up to 31st March 1981 :

Year	State allocation	STC's offer	Quantity paid for	Quantity lifted	Quantity delivered to units	Number of Units which	
						offered to take delivery	actually took delivery
(In tonnes)						(Number)	
1977-78	.. 4,475	2,781	2,781	2,044	1,720	NA	NA
1978-79	.. 3,580	2,615	2,615	2,027	1,746	920	318
1979-80	.. 3,222	1,797	1,493	1,256	NA	169	118
1980-81	.. 3,222	716*	716	567	NA	244	159

Though the Company paid for a quantity of 7.605 tonnes during the 4 years, it lifted only 5,894 tonnes.

*Quantity offered against allocation of 1979-80.

NA : Information not made available.

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The Company paid Rs.0.88 lakh to STC during 1978-79 as additional charges for extension of lifting period on 1,134.417 tonnes of mutton tallow|fatty acids, but it lifted only 405.022 tonnes within the extended period ultimately resulting in lapsing of the quota. Reasons for short-lifting were attributed (April 1982) by the Management, *inter alia*, to non-supply of entire allotment within the scheduled time, delay on the part of the lifting contractors and dearth of empty drums.

The Company did not initiate any penal action on the lifting contractor, though provided in the agreement, for failure to lift the offered quantity even after grant of several extensions of lifting time on grounds of load-shedding, break-down in filling station equipment, *etc.*

Value of quantities not lifted was either refunded by STC or adjusted against subsequent offers. However, it was noticed in audit that refunds|adjustments were made after a lapse of 132 to 1,287 days, mainly due to delay in preferring the claims on account of records|accounts being incomplete. If the refunds|adjustments had been made without delay, they would have reduced cash credit and, consequently, the interest burden to the extent of Rs.14.65 lakhs on cash credit could have been reduced.

For lifting of mutton tallow|fatty acids from STC's agent in Calcutta and distribution of the same to SSI units, the Company appointed (May 1979) a firm of Calcutta as its lifting contractor at Rs.209 per tonne. As per the agreement, the lifting contractor was to (i) take delivery of mutton tallow, from the STC's storing agent in tanker lorries|drums, (ii) fill it in drums of two quintals each and (iii) deliver the same to customers at the filling station as per delivery orders issued by the Company.

During October 1978, due to mechanical break-down in the installation point of STC, delivery of mutton tallow in tanker lorries was suspended and the STC approached (December 1978) the Company to take delivery in drums. Though the contract provided for taking delivery of the material in drums also, the contractor requested the Company (December 1978) to arrange payment at the rate of Rs.25 per tonne over and above Rs.209, for taking delivery in drums instead of in tanker lorries, which was accepted by the Company.

On the total quantity lifted in drums by the contractor (1,358.701 tonnes) the Company paid Rs.0.34 lakh as additional charges (March 1979 to March 1980).

(b) Coke and pig iron

(i) Coke and pig iron were supplied to various SSI units as per allotment fixed by the State Government with reference to yearly quota. The units were to deposit the value of quantity offered in advance against which the Company issued delivery orders for collection of the same from respective Stores/Stock-yard of the Company.

A test check in audit revealed that supplies valued at Rs.2.97 lakhs were effected in excess of the allotted quantities for which neither payments were received nor the amounts adjusted against subsequent supplies made.

(ii) The Company was fixing selling price of different grades of pig iron by adding to its procurement expenses including base price, a margin of 3 to 5 *per cent*. Government of India, while formulating a revised policy for prices to be charged to SSI units, decided (June 1979) that with effect from 1st July 1979, SSI units would be supplied pig iron at base prices plus an overall margin of Rs.93 per tonne to cover expenses of the Company in respect of its procurement and distribution.

The expenses incurred by the Company for procurement and distribution (over and above the base price) during the period from July 1979 to July 1981, however, ranged between Rs.159 and Rs.217 per tonne. The Company supplied 47,906 tonnes of pig iron to SSI units during the period and sustained a loss of Rs.38.19 lakhs.

(c) Defective galvanised plain sheets

The Company purchased 46 tonnes of galvanised plain sheet (GP) of 24-G size from SAIL against its offer of July 1980 (value : Rs.2,89 lakhs) and had taken delivery of 45 tonnes of the material at its Cossipore raw material depot, Calcutta, in August 1980 through its transport contractor. But only 39,040 tonnes valued at Rs.2.45 lakhs were received at the destination that too in damaged condition. As per terms of contract for transportation, all damages caused were the liability of the contractor. The Company did not fix any responsibility for the lapse on the part of the contractor. The damaged goods remained undisposed of (October 1981).

(d) Soda ash

(i) The State Government directed (August 1979) the Company to arrange for procurement of 500 tonnes of soda ash at Rs.2,206 per tonne offered by Government of India against State allocation. A further quantity of 500 tonnes of the material was also offered

(February 1980) for lifting by the Company for distribution to SSI units. The Company paid Rs.24.14 lakhs (November 1979 and February 1980) to the State Chemicals and Pharmaceuticals Corporation Limited (SCPC) including a security deposit of Rs.1.20 lakhs. Against the total quantity of 1,000 tonnes, the Company received 718.500 tonnes (October 1980 to March 1981).

The accounts with SCPC had not yet been settled (October 1981) although the last consignment of supply was effected in March 1981. A balance of Rs.7.66 lakhs (including security deposit of Rs.1.20 lakhs) remained locked up with the suppliers on this account.

The sales price was fixed (July 1980) at Rs.3,050 per tonne including a margin of 3 *per cent* over cost of procurement. The price was revised to Rs.3,460 per tonne from April 1981 to cover elements of interest charges and godown rent.

As the Company could not sell any quantity at the above prices (since the open market rate came down due to relaxation in import of the materials) the entire stock was put to auction (June 1981) with a reserve price of Rs.2,400 per tonne. The highest offer received in the auction was Rs.1,725 per tonne and the Company decided (June 1981) to treat the offer as cancelled.

In June 1982, the Company disposed of 618 tonnes of soda ash at rates varying from Rs.2,055 to Rs.3,050 per tonne which resulted in a loss of Rs.8.05 lakhs considering the cost of procurement at Rs.3,460 per tonne and the remaining quantity (100.5 tonnes) was lying in store.

(ii) For transportation of 1,000 tonnes of soda ash and 500 tonnes of caustic soda from Kandla and Bombay ports respectively by road (due to difficulty in allotment of railway wagons), the Company appointed (June 1980) a transport contractor on the basis of lowest offers received against tenders. The rates agreed upon were Rs.350 per tonne for caustic soda and Rs.450 per tonne for soda ash (the rate of Rs.450 was enhanced to Rs.522 from October 1980 in view of price rise of petrol, oil and lubricants). The contractor, however, brought the materials by rail up to Shalimar (Calcutta) and transported the goods to the godown of the Company by road.

The rail transportation charges from Bombay to Calcutta and Kandla to Calcutta being Rs.177 and Rs.200 per tonne respectively and taking into account the loading charges, transportation by road from rail head to the Company's godown and unloading charges at Rs.50 per tonne, the chargeable rates worked out to Rs.227 and

Rs.250 respectively against which the contractor was paid a rate of Rs.350 and Rs.522 per tonne respectively, involving an unintended benefit of Rs.3.54 lakhs. On this being pointed out in audit (August 1981) the Company encashed (September 1981) a bank guarantee of Rs.0.45 lakh furnished by the contractor towards security deposit. The Company was yet to decide (July 1982) on the further course of action in the matter.

The Company could dispose of 392.600 tonnes of caustic soda up to June 1982 to SSI units and other Government and private enterprises at rates varying from Rs.5,020 to Rs.6,616 per tonne resulting in a loss of Rs.1.61 lakhs considering the cost of the material at Rs.6,243 per tonne.

(e) *Brass scrap*

As suggested by the State Government (March 1980) the Company procured brass scrap from National Small Industries Corporation Limited (NSIC), a Central Government Undertaking, for distribution to recommended SSI units of the State. During April 1980 to August 1980, NSIC offered a total quantity of 63.280 tonnes of brass scrap for which the Company paid Rs.11.65 lakhs. However, NSIC actually supplied 49.629 tonnes (value : Rs.11.44 lakhs) at Rs.23.050 per tonne during October 1980 and January 1981. There was no demand for the brass scrap from SSI units.

As desired by the State Government in September 1980, the Company offered (October 1980) to supply 20 tonnes of brass scrap to one unit of the State Government at Rs.25,534 per tonne. But there was no response. Ultimately, the Company decided (March 1981) to dispose of the material by tenders and accordingly tenders were invited in March 1981. The highest offer was Rs.25,970 per tonne. The material was, however, not disposed of. In May 1981, the Company decided to sell the stock by auction, the reserve price being fixed at Rs.26,280 per tonne. The highest bid in the auction (22nd June 1981) was only Rs.22,270 per tonne. The Company, however, did not dispose of the material at this rate.

A quantity of 46.404 tonnes of brass scrap was disposed of (June 1982) at Rs.25,534 (5 tonnes) and Rs.25.005 (41.404 tonnes) to one State Government Undertaking and another Central Government Undertaking respectively which resulted in a loss of Rs.2.28 lakhs.

Management stated (April 1982) that the Company was acting as a State Agency and had no option to verify the market condition etc. and that the raw material was procured on the advice of the State Government.

(f) Zinc slab and Zinc Cathode

As advised by the Development Commissioner, Small Scale Industries, New Delhi and the Director, Cottage and Small Scale Industries, Government of West Bengal, the Company procured 155.430 tonnes of Zinc slab and 74.700 tonnes of Zinc Cathode during March and April 1974 at Rs.13,986.28 and Rs.14,982.94 per tonne respectively for distribution to SSI units in the State.

Up to May 1977, the Company could distribute 100.149 tonnes of Zinc slab and 50.408 tonnes of Zinc Cathode at Rs.14,500 and Rs.14,093 per tonne respectively.

Several attempts were made between May 1975 and October 1977 to dispose of the balance material by inviting tenders without any success. It was only in November 1979 that 50.518 tonnes of Zinc slab and 23.277 tonnes of Zinc Cathode were sold at Rs.10,900 and Rs.10,000 per tonne respectively.

The Company had, thus, sustained a loss of Rs.2.72 lakhs in the disposal of the materials; besides incurring interest charges (Rs.3.93 lakhs) on funds blocked up to November 1979.

3.08. Marketing assistance scheme

One of the activities of the Company was to assist marketing of products of different SSI units in the State. The Company had extended its assistance to marketing of (i) fishing hooks, (ii) wooden furniture, surgical instruments, *etc.*, (iii) candles, and (iv) supply of stores to wood industries centres at Kalyani and Durgapur (Departmental undertakings of the State Government).

(i) Fishing hooks

As directed by Government (September 1977) the Company implemented a scheme for marketing fishing hooks manufactured by artisan members of a co-operative society to protect them from exploitation by *mahajons*.* Under the scheme, 3,000 artisan members were to be gradually covered. The number covered up to September 1981 was 1,500.

The Company was the sole distributor of fishing hooks manufactured by the society which were to be marketed through Government Sales Emporia operating all over the country and dealers/agents to be appointed on commission basis (range of commission : 10 per cent to 15 per cent). Selling price was to be fixed by the Company by adding 3 to 5 per cent margin on procurement cost. The Company had to finance the scheme out of its own resources.

*Middlemen who are financiers.

The scheme started functioning since 1978-79 and the particulars of trading in fishing hooks under the scheme up to 1980-81 were as under :

Year					Opening stock	Hooks procured	Hooks marketed	Closing balance
					(value in lakhs of Rupees)			
1978-79	..	..	..	..	Nil	10.74	8.70	2.04
1979-80	..	..	..	..	2.04	4.52	2.25	4.31
1980-81	..	..	..	..	4.31	6.20	2.44	8.07
Total/progressive					..	<u>21.46</u>	<u>13.39</u>	<u>8.07</u>

All the sales were made directly and no dealers had been appointed. The appointment of dealers/agents by the Company for marketing of fishing hooks did not materialise reportedly due to indifference on the part of private dealers to become Company's dealers under the scheme.

The Company did not maintain separate accounts for transactions under the scheme, and as such, profitability of the deal could not be examined in audit.

The stock of hooks progressively piled up. The closing stock held as on 31st March 1981 (Rs.8.07 lakhs) represented about 2 years' average sales requirements. According to the local management the stock-piling was due to partial coverage of artisans under the scheme and the resultant market competition faced by the Company. No action had been taken (April 1982) to cover all the artisans and to liquidate the stocks.

(ii) Supply of furniture

The Company took up (April 1979) the work of supply of wooden furniture, surgical instruments, *etc.*, to Employees' State Insurance Hospitals, Government Departments, *etc.*, after securing orders from respective departments and distributing the orders to SSI units *pro rata*. To cover the incidental expenses, the Company charged 5 per cent on the quoted rates as service charges.

The Company made payments to the SSI units supplying the articles within one month from the date of presentation of the bills with receipted challans in support of deliveries whereas there were delays of 53 to 282 days in realisation of the same from the Employees' State Insurance authorities. Against Rs.10.79 lakhs due from Employees' State Insurance authorities and other departments towards value of supplies made up to September 1981, a sum of Rs.2.33 lakhs was outstanding (March 1981).

(iii) Supply of stores to Wood Industries Centres

As decided by Government (July 1979), the Company started (August 1979) to make payments in advance to Government Saw Mills, Siliguri towards the value of stores to be supplied to Wood Industries Centres at Kalyani and Durgapur and the latter were to reimburse the amount paid by the Company. The scheme was introduced to tide over financial difficulties of the Centres in making advance payments.

The performance of the Company in this regard during the 2 years up to 1980-81 was as under :

Year	Value of goods supplied to		Reimbursement received from		Outstanding dues (year end)			
	Kalyani	Durgapur	Kalyani	Durgapur	Kalyani	Durgapur		
	(Rupees in lakhs)							
1979-80	..	..	4.93	1.03	1.00	1.00	3.93	0.03
1980-81	..	..	1.01	Nil.	0.06	0.02	0.95	(-)0.02

The Company paid (November 1979) Rs.3.65 lakhs to the Government Saw Mills, Siliguri. The Superintendent of Wood Industries Centres at Kalyani and Durgapur intimated (February 1980) that a very nominal quantity of supplies had only been effected.

3.09. Industrial estate|commercial complex

The Company was entrusted by the Government with the work of setting up of industrial estates|commercial complexes in different districts under "additional employment programme". During the year 1976-77 to 1980-81, the Company took up construction of 16 industrial estates|complexes.

As per the Articles of Association of the Company, approval of Government was necessary for undertaking capital works both in respect of approved schemes exceeding Rs.10 lakhs and of new schemes exceeding Rs.2 lakhs prior to the same being undertaken. No such approval was obtained by the Company in any case.

As per the scheme, the State Government was to invest, as margin money, 20 *per cent* of the total cost of the scheme while bank loans were to be obtained for the balance 80 *per cent*. The following table indicates particulars of estimated cost, margin money utilised, bank loan obtained and the expenditure incurred up to June 1980 (provisional) :

Name of the scheme	Estimated cost	Date of completion	Bank loan sanctioned	Bank loan obtained	Margin money utilised	Expenditure up to June 1980	Physical progress
	(Rupees in lakhs)		(Rupees in lakhs)				
Kharagpur Industrial Estate ..	32.62	October 1980	26.10	Nil	6.52	21.28	Completed but power connection awaited.
Durgapur Industrial Estate ..	35.62	March 1981	26.02	Nil	7.58	42.93	Ditto.
Raigunj Commercial Complex	33.00	March 1981	31.10	Nil	9.58	42.37	Completed.
Siliguri Industrial Estate ..	19.23	N.A.	N.A.	Nil	5.42	25.33	Sheds completed. Development of plots in progress. Power connection awaited.
Ultadanga Industrial Estate ..	19.23	N.A.	N.A.	Nil	5.42	25.33	Completed.
Silpa Bhavana, Calcutta ..	18.00	January 1981	N.A.	Nil	N.A.	18.46	Completed except auditorium.
Haldia Industrial Estate ..	16.60	June 1981	6.12	Nil	6.12	7.15	Completed except inside road and overhead reservoir. Power connection awaited.

N.A. denotes not available.

The Company could not avail of the loans sanctioned by the banks for this purpose due to non-compliance of certain basic requirements for the purpose of drawal of loans such as, proper documentation, delay in selection of site, etc.

The State Government sanctioned (March 1979) Rs.35.91 lakhs as margin money support for construction of Industrial Estates at Bolpur, Sainthia, Sreerampore, Haldia, and Dankuni. The Company drew the amount in March 1979 but utilised only Rs.7.15 lakhs (June 1980) for construction of one estate at Haldia.

The Management stated (April 1982) that construction work had started in Bolpur, land for Dankuni estate was under dispute and sites for Sreerampore and Sainthia had not yet been selected.

(i) *Allotment of sheds*

The construction of the following estates/complexes had been completed but some portions of the estates remained unallotted up to September 1981.

Name of the Estate/ Complex	Date of comple- tion	Total area/ Number of sheds	Total area/shed allotted (Septem- ber 1981)	Total area/shed vacant
Ultadanga	.. 31st March 1979	21 sheds	19 sheds	2 sheds
Durgapur	.. 31st March 1981	29 sheds	17 sheds	12 sheds
Kharagpur	.. 31st October 1980	24 sheds	3 sheds	21 sheds
Siliguri ..	.. Not available	20 sheds	4 sheds	16 sheds
Raigunj (commercial complex)	31st March 1981	260 stalls 48,000 sq. ft. office space	Nil 19,974 sq. ft. office space	260 stalls 28,026 sq. ft. office space
Malda (commercial complex)	31st October 1980	287 stalls 40,000 sq. ft. office space	274 stalls Not available	13 stalls Not available

The Management stated (April 1982) that due to non-availability of power at Durgapur, Kharagpur, Siliguri and Raigunj the sheds/stalls could not be allotted in full. In Malda allotment would be made shortly by the Selection Committee.

(ii) *Outstanding rent*

(a) The following table indicates the year-wise position of collection of rent and dues outstanding from occupants of the industrial estates|commercial complexes for 3 years up to 1979-80 :

Year	Opening Balance	Rent etc. for the year	Total amount due	Collection during the year	Outstanding dues at the close of the year	Percentage of realisation during the year to total dues
			(Rupees in lakhs)			
1977-78 ..	4.22	10.93	15.15	4.65	10.50	30.7
1978-79 ..	10.50	16.20	26.70	9.12	17.58	34.2
1979-80 ..	17.58	19.22	36.80	11.49	25.31	31.2

The rate of recovery of the dues during the 3 years up to March 1980, was poor.

Management stated (April 1982) that the reasons for such low collection could not be pinned down and that some of the allottee units had complained of financial difficulties in regard to payment of rent.

Management further stated (April 1982) that 9 certificate cases have already been filed to cover Rs.9.50 lakhs and that another 20 cases covering Rs.15 lakhs are going to be instituted shortly and that the Company was also taking recourse to provisions under the West Bengal Tenancy Regulation Act for realisation of rent|eviction of the units from the estates|complexes.

(b) The Board decided (May 1978) that rent of Malda commercial estate would be charged from the actual date of power connection from each of the shed-holders. Test check (September 1981) revealed that bills of the shed-holders were raised from May 1978 only. Due to non-raising of bills from the date of power connection to April 1978, the Company suffered a loss of revenue of Rs.0.45 lakh.

(c) Some of the aspects noticed in audit from time to time as regards construction of industrial estates|commercial complexes are detailed hereunder :

*Procurement of construction material—iron and steel—*For construction of Behala Drug Industrial Estate, etc., the Board approved (May 1980) purchase of 270 tonnes of iron and steel materials of different specifications. The Company was heretofore procuring steel for construction job directly from the manufacturers through its Commercial Division. But in view of non-availability of

materials with the commercial division, the Company invited (June 1980) open tenders for the same. The materials could not be procured from the lowest offerers (3 parties) due to failure of the Company to place order before expiry of validity period of the offers of two parties.

The Company procured 262.078 tonnes (value : Rs.11.27 lakhs) of the material from a local dealer during September 1980 to August 1981 against approval of purchase of 60 tonnes obtained from the Managing Director on ground of urgency.

The Company did not fix any target date(s) for completion of the construction works and the works were still in progress (February 1982).

Procurement of the steel materials during the period from September 1980 to August 1981 on ground of urgency resulted in an extra expenditure of Rs.2.69 lakhs compared to Joint Plant Committee (JPC) rates.

3.10. Hire-purchase scheme

The Company was entrusted by the State Government with a centrally sponsored hire-purchase scheme in December 1971.

Under this scheme, which is financed by loans from the Government, the Company supplied machinery and equipment valued at Rs.32.16 lakhs to 74 units up to 31st March 1978. Nine units repaid loans of Rs.4.52 lakhs in full along with interest thereon. The Company made partial recovery of Rs.5.37 lakhs from 55 units against Rs.15.64 lakhs due from them. From 10 units, no amount (principal : Rs.6.63 lakhs) was collected by the Company so far (October 1981). The Company had instituted suits against 40 defaulting units involving Rs.13.36 lakhs inclusive of 12 *per cent* interest up to March 1981. The other cases were under different stage of pursuance.

3.11. Demurrage|detention charges

(a) The Company paid (May 1980) Rs.2.30 lakhs towards demurrage charges on 300 tonnes of caustic soda cleared from Railways belatedly in May 1980. The goods despatched under Railway Receipts (R.Rs., dated 4th and 5th April 1980 in the name of Director, Cottage and Small Scale Industries Department, Government of West Bengal) which were received by the Company on 19th April 1980 were got released on 7th May 1980 due to delay in obtaining endorsement on the R.Rs. from the Director. The material had already reached the rail head on 10th April 1980. The demurrage (Rs.1.54 lakhs—19th April to 7th May 1980) could have been largely avoided had the endorsement been obtained immediately on receipt of the R.Rs. on 19th April 1980.

(b) As per agreement with the loading|unloading contractors, the responsibility to unload materials within free-time rested with the contractor and incidence of demurrage charges due to their default was to be realised from the contractors' bills by way of deductions.

The incidence of high demurrage charges during 1980-81 was analysed in audit (August 1981) as follows—

- (i) The Company paid (March 1981) to Calcutta Port Trust Rs.0.66 lakh towards demurrage charges for delay in unloading 28 wagons containing hard coke and breeze coke placed at Sonai stock-yard on 8th August 1980 but could not be unloaded before 16th August 1980 due to labour trouble in contractors' organisation. No action for recovery of the amount from the contractor was taken by the Company (October 1981).
- (ii) The Company paid (March 1981) Rs.1.08 lakhs to the Calcutta Port Trust as detention charges on 27 wagons for 645 hours beyond free-time for unloading of pig iron received on 10th September 1980 at the Company's stock-yard at Sonai. The wagons were unloaded on 20th September 1980 with the help of another contractor working in the same site as the terms of the existing unloading contractor had expired (31st August 1980) and the Company had neither extended the period of contract nor finalised fresh contract in time.

3.12. Shortages of material

(a) *Shortages on physical verification of stores*—Mention was made in paragraph 17 of Section III of the Report of the Comptroller and Auditor General for the year 1975-76 (Commercial) about writing off of net shortage of stores valued at Rs.9.15 lakhs in the accounts for 1974-75 without investigation. The loss of Rs.17.57 lakhs relating to net shortages noticed on physical verification for 1974-75 and 1975-76 was written off in the accounts of 1976-77. While approving the writing off of the shortages the Board of Directors observed (August 1976) that the shortages were due to not conducting *cent per cent* annual physical verification of stores and resolved that *cent per cent* physical verification of stores should be conducted every year without which no annual accounts should be placed before the Board of Directors for consideration. The Company which caused physical verification of stores during 1976-77 and 1977-78 had not conducted physical verification of stores for the years 1978-79 (accounts already audited) and 1979-80 (accounts in arrears), reasons for which were not on record.

The shortages and excesses found on physical verification of stores for 1976-77 and 1977-78 were as follows :

Year					Shortages	Excesses	Net
					(Rupees in lakhs)		shortages
1976-77	..	..	..	..	3.25	0.48	2.77
1977-78	..	..	..	..	7.43	..	7.43
						Total	10.20

While approving the write off proposals for Rs.10.20 lakhs, the Board directed (July 1978) the Company to investigate into the shortages by appointing a committee of officers.

A Committee of officers constituted in March 1980 was to look into the matter, but no report had been submitted by the Committee to the Board so far (April 1982).

(b) A firm of Chartered Accountants which was appointed (October 1978) by the Company as a special stock verifier by the Company for Sonai stock-yard (where hard coke, pig iron, breeze coke, and iron and steel materials were received in bulk) conducted investigation and special checking of the stores transactions for the year 1977-78. According to the report, there were little internal control and checking in regard to verification of actual quantities received and delivered. The firm had also adversely commented on the security arrangement in the stock-yard. The firm further expressed its surprise about the deplorable condition of security arrangements where stores valued at Rs.272.44 lakhs were stored throughout the year. The Company had not taken any step to improve internal control procedure and maintenance of stores so far (October 1981).

(c) *Handling|lifting shortages*—Although the Company did not conduct physical verification of stock, it worked out handling|lifting shortages and excesses of hard coke, breeze coke and iron and steel materials for 1978-79, the details of which were as follows :

Year	Shortages		Excesses	
	Quantity (in tonnes)	Value (Rupees in lakhs)	Quantity (in tonnes)	Value (Rupees in lakhs)
1978-79				
Iron and Steel : Discrepancies at stock-yard, rail head, etc.	50.1	2.77	32.6	0.77
Imported C.R. sheets	72.7	3.98	..	..
Hard coke and breeze coke (short receipt in stock-yard)	130.1	0.36	..	..
	Total ..	7.11		0.77

Out of the shortage of 72.700 tonnes of imported C.R. sheets, 20.555 tonnes were reported to have been lost before the materials could reach rail head (Shalimar). A claim for Rs.1.12 lakhs was preferred to SAIL through which the import was effected, but the same was rejected by SAIL on the ground that the entire consignment was put to carriers as per bill of lading and hence they had no further liability in this respect. The Company did not prefer any claim against HSL, which acted as its loading|unloading agents for reasons not on record.

For the balance shortage of 52.1 tonnes of C.R. sheets, the Company held the transport contractor responsible and as per terms of contract deducted the value of shortages from the bills of lifting charges but the contractor went in for arbitration (March 1979) and the award was in his favour. In another dispute over shortage of iron and steel materials (12.100 tonnes) the contractor also moved (April 1980) for arbitration and the award in this case also went in his favour (July 1980). As per the lifting contractors, the shortages were not made known to them at the time of actual receipt of the materials by the receiving sections as provided in the contracts. The circumstances under which the shortages could not be made known to the contractors in time were, however, not on record. The Board approved (March 1981) the write off of the value of shortages (Rs.6.34 lakhs) and directed the Managing Director to fix responsibility against the negligent persons for such heavy loss. Further development was awaited (October 1981).

For conducting physical verification of stores for the year 1980-81 also, a firm of Chartered Accountants was appointed in January 1980 and stores verification was conducted during January to March 1981. As per the physical verification report (May 1981) there were shortages of 8,586 tonnes (value : Rs.49.46 lakhs) of breeze coke. This included a shortage of 3,577.860 tonnes of hard coke (value : Rs.20.31 lakhs) which was pointed out in the physical verification report for 1976-77 for which no adjustment was, however, carried out in quantity accounts earlier.

3.13. Manpower analysis

The Company had not conducted any study to assess the staff requirements since inception and the staff sanctioned is on *ad hoc* basis.

3.14. Summing up

(a) The Company was incorporated in March 1961, *inter alia*, with the object of aiding and promoting the interest of small and village industries by providing technical, financial and managerial assistance and infrastructural facilities.

The Company had so far taken up distribution of scarce raw materials and providing marketing facilities to SSI units, supply of machinery on hire-purchase for the units and setting up of industrial estates. The Company had not fixed any targets for its activities but mainly followed the directive received from the State Government.

(b) In the execution of the above schemes several points were noticed as under :

- (i) The Company short lifted 1,711 tonnes of mutton tallow| Fatty acids during the 4 years up to 1980-81 stated to be due to non-supply of the offered quantity by STC within the scheduled time, delayed lifting by contractors and dearth of empty drums; Rs.14.65 lakhs were paid as interest on blocked up funds due to delay in adjustment|refund of the values of non-supply. The Company did not enforce penalty on the contractors for their failure to lift the quantities ordered even after grant of extension of lifting time.
- (ii) The policy of pricing of pig iron was revised by Government of India from July 1979. The Company suffered a loss of Rs.38.19 lakhs in supplying 47,906 tonnes of pig iron to SSI units during July 1979 to March 1981 as the procurement expenses incurred by the Company were high compared to the margin allowed by the Government of India.
- (iii) Rupees 7.66 lakhs, including Rs.1.20 lakhs as security money, remained blocked up with a Government of India undertaking since November 1979. Disposal of 618 tonnes of soda ash at rates varying from Rs.2,055 to Rs.3,050 per tonne resulted in a loss of Rs.8.87 lakhs.
- (iv) The contractor for transportation of soda ash and caustic soda from Bombay port was paid at rate applicable for transportation by road even though he spent less by transporting them by rail-cum-road in contravention of the terms of contract which resulted in excess payment of transport charges of Rs.0.89 lakh.
- (v) Transaction in brass scrap without market study resulted in loss of Rs.2.28 lakhs.
- (vi) The Company suffered a loss of Rs.2.72 lakhs in the dealing in Zinc cathode and slabs besides incurring interest charges of Rs.3.94 lakhs on the funds blocked up.
- (vii) Stock of fishing hooks was piling up with the Company (value of stock as on 31st March 1981; Rs.8.07 lakhs).

- (viii) Out of Rs.35.91 lakhs paid by Government in March 1979 as margin money for construction of 5 industrial estates, only Rs.7.15 lakhs had been utilised on one estate up to March 1980.
 - (ix) In the six industrial estates|commercial complexes constructed up to March 1981, 324 stalls and 28,026 sq.ft. of office space could not be allotted up to September 1981.
 - (x) Arrears of rent and other charges due from the occupants of industrial estates|commercial complexes accumulated to Rs.25.31 lakhs as on 31st March 1981.
 - (xi) Procurement of 262.078 tonnes of iron and steel materials during August 1979 to September 1981 from a local dealer for construction of industrial estates on urgent basis resulted in a loss of Rs.2.69 lakhs.
 - (xii) The Company supplied machines valued at Rs.32.16 lakhs to 74 units under hire-purchase scheme up to March 1981. Outstanding principal and interest amounted to Rs.22.27 lakhs from 55 units.
 - (xiii) The Company held the transporting contractors responsible for shortage of 52.1 tonnes of imported C.R. Sheets and 12.1 tonnes of iron and steel materials. However, in the arbitration, the award went against the Company as the shortages were not made known to the contractor at the time of taking delivery of materials.
- (c) Audited accounts of the Company for the years 1979-80 and 1980-81 were not submitted.

SECTION IV

**WEST BENGAL HANDLOOM AND POWERLOOM
DEVELOPMENT CORPORATION LIMITED****4.01. Introduction**

The West Bengal Handloom and Powerloom Development Corporation Limited was incorporated on 25th September 1973 with the main objects to supply raw materials required for the handloom, powerloom and hosiery industry, to assist in marketing of the products of that industry, to promote and assist in the rehabilitation, growth and development of the industry and to guarantee loans obtained by the units of the aforesaid industry.

4.02. The Company has not extended (August 1981) its activities to fields of powerloom and hosiery industry. Government stated (June 1982) that it had not been possible for the Company to enter into the fields of powerloom and hosiery industry due to paucity of funds.

4.03. Capital structure**4.03.1 *Share capital***

The authorised capital of the Company as on 31st March 1981 was Rs.3 crores divided into three lakh equity shares of Rs.100 each. Its paid-up capital on that date stood at Rs.173.54 lakhs and was held by the Government of West Bengal (Rs.171.04 lakhs), a nationalised bank (Rs.2.50 lakhs) and 3 private individuals (Rs.300).

4.03.2. *Borrowings*

The Company obtained loans aggregating Rs.105.07 lakhs up to 31st March 1981 from the State Government. Against Rs.36.80 lakhs due for repayment, Rs.5.00 lakhs were repaid (April 1980) leaving a balance of Rs.100.07 lakhs and overdue amount of Rs.31.80 lakhs as on 31st March 1981.

The Company also defaulted in payment of interest on loans obtained from the State Government. The amount outstanding towards interest as on 31st March 1981 was Rs.17.74 lakhs including Rs.3.74 lakhs towards penal interest for non-payment of instalments of principal on the due dates.

4.03.3. As on 31st March 1981, the Company had cash credit arrangement with a nationalised bank up to a limit of Rs.42.00 lakhs for meeting working capital requirements.

4.04. The Company also received from State Government grants for implementation of Export Production Project and Intensive Development Project amounting to Rs.2.50 lakhs and Rs.29.22 lakhs respectively up to 31st March 1981.

4.05. Financial position and working results

According to the audited accounts for the year 1977-78, the accumulated loss at the end of 1977-78 was Rs.31.20 lakhs, as against the paid-up capital of Rs.83.54 lakhs. Of this, a loss of Rs.20.48 lakhs occurred in 1974-75 which, according to the Management, was due to unprecedented slumps in the textile market. The losses recorded in the 3 years up to 1977-78 were Rs.1.14 lakhs, Rs.11.02 lakhs and Rs.7.16 lakhs respectively.

4.06. Activities

4.06.1. In pursuance of the State Government's decision (March 1974) that the Company should set up a spinning mill with 25,000 spindles capacity in order to meet shortage of yarn in the State, a subsidiary company styled "the West Dinajpur Spinning Mills Limited" was established in August 1975. The Company invested in the subsidiary an amount of Rs.23 lakhs as share capital (March 1981). The techno-economic feasibility report prepared by the consultants in July 1975 envisaged a total capital outlay of Rs.4.74 crores for a mill having 25,000 spindles. This report was, however, not approved by the State Government who suggested setting up of a polyester and synthetic fibre plant. The subsidiary company did not, however, get the report revised accordingly as it felt that the product would be consumed in the decentralised sector. The Project Report was subsequently revised (April 1979) to have a mill with 18,290 spindles of cotton yarn and 6,160 spindles of polyester viscose blended yarn and the outlay was expected to be Rs.6.60 crores. The Report was further up-dated in May 1980 and the capital cost estimated at Rs.7.40 crores. During the 6 years up to 31st March 1981, there was, thus, no tangible achievement in setting up a spinning mill. An expenditure of Rs.1.41 lakhs was incurred on acquisition of land (25.285 acres) during 1975.

4.06.2. In pursuance of Government's direction (November 1980), a sum of Rs.8.00 lakhs was invested (December 1980) by the Company in the equity of West Bengal Co-operative Spinning Mills Limited.

4.06.3. The State Government entrusted (December 1976) the Company with the task of implementing two projects in the State viz., Intensive Development Project and Export Production Project. It

was stipulated that Government would provide financial assistance during a maximum period of five years, partly by loan and partly by grant.

4.06.4. *Intensive Development Project*

4.06.4.1. The State Government constituted (July 1975) a Project Board (July 1975) to advise the Project Administrator in the matter of execution of the Intensive Development Project.

4.06.4.2. It was contemplated (December 1976) that the Project for Intensive Development of Handloom industry would be set up in the State in an area where there was large concentration of handlooms working under *Mahajans*, or village money lenders. The Project was expected to render to weavers services such as meeting their yarn requirement for a steady livelihood, arranging modernisation of their handlooms where necessary, organising their credit requirement with the help of nationalised banks, arrange for marketing production, maintenance of continuous supply of inputs to them and, if necessary, to organise a suitable dyeing unit and training of weavers, *etc.* Initially, it was envisaged (December 1976) to cover 10,000 looms over a period of five years from 1976-77 to 1980-81 in the districts of Nadia (6,000 looms) and Malda and West Dinajpur (4,000 looms). Later, in November 1979, Burdwan district was included, instead of Malda and West Dinajpur, for which a revised scheme was prepared and sent to Government for approval (January 1980). It was decided to cover 8,000 looms in the revised Project as below :

Year	Nadia		Burdwan		(Number of looms)	
	Up to 1979-80	2,000
1980-81	..	..	..	..	1,600	800
1981-82	..	..	..	..	1,600	600
1982-83	..	..	..	..	800	600
				Total	6,000	2,000

Pending final decision the implementation of the Project was confined to Nadia district (March 1982).

The revised Project had not, however, been approved by Government who stated (March 1982) that the intensive development scheme "should not be continued beyond 31st March 1982". The Company decided (April 1982) to run the Project itself from the 1st April 1982 since it was felt that the Project was an important programme providing continuous employment to a large number of weavers living in Santipur and adjacent areas.

4.06.4.3. *Assistance to weavers*

There are four production centres in Nadia district, two of which are situated at Santipur, one at Fulia and one at Ranaghat. The particulars of looms targeted to be covered at the end of each year and actuals thereagainst up to 1980-81 were as under :

						Targets	Actuals
						(Number of handlooms)	
1st year (1976-77)	..	..	..	..	..	2,000	200
2nd Year (1977-78)	..	..	..	..	..	4,000	395
3rd Year (1978-79)	..	..	..	..	..	6,000	906
4th Year (1979-80)	..	..	..	..	..	8,000	2,075
5th Year (1980-81)	..	..	..	..	..	10,000	2,200

The handlooms numbering 2,200 to which assistance was extended consisted of 1,035 looms run by co-operatives, 1,105 by individuals and 60 by associations.

The Project Administrator stated (May 1980) that the Project had a belated start in December 1977 due to delay in release of funds by Government, non-existence of infrastructure and late deployment of suitable technical staff and that the progress was further affected due to "unprecedented floods in the Project area in the year 1978".

4.06.4.4. *Production obtained from assisted weavers*

(a) The following table indicates the overall production obtained from weavers under Intensive Development Project during the three years ended 1980-81 :

Year				Production (Provisional)			
				Number of handlooms	Quantity	Value	
				(in lakh metres)		(Rupees in lakhs)	
1978-79	906	5.83	29.06
1979-80	2,075	12.38	78.23
1980-81	2,200	15.39	100.63

(b) Records maintained did not indicate whether any target was fixed for production per loom. The Company had also not fixed any norms of production per loom. However, according to the Project Report, increase in production was envisaged by 50 per cent (i.e., to 150 metres from 100 metres per loom per month taken in the Project Report as the performance before the scheme was taken up). The

following table indicates the total production and average production per loom during the three years ended 1980-81 :

	1978-79	1979-80	1980-81
Average number of handlooms	650	1,490	2,137
Production in lakh metres	5.83	12.38	15.39
Production per loom per month (in metres) . . .	74.74	69.25	60.00

The average production per loom was on the lower side and that also assumed a decreasing trend from year to year. Government stated (June 1982) that "due to the stress laid on the qualitative aspect of production for loom, the quantum of production per loom tended to suffer".

4.06.4.5. *Credit requirements of weavers*

Arrangements were made for payment of loan to handloom weavers through nationalised banks. Based on the recommendations of the Project Administrator on the applications of the weavers, loans were sanctioned by banks and part of the amounts of loan passed on to the Company, and retained by it as deposit against which yarn was issued to the individual weavers. The weavers were to deliver the finished goods to the Company. The weavers were entitled to wages for weaving cloth. The Company was required to recover instalments of loans from the wages of weavers and pass them on banks.

Consequent on non-delivery of finished products to the Company by the weavers, instalments of loan amounting to Rs.27,190 and yarn valuing Rs.52,672 were outstanding as on 31st March 1981 from 62 out of 488 beneficiaries under the scheme. Of this, loans of Rs.4,060 and yarn valued at Rs.5,090 from 8 beneficiaries and loan of Rs.14,535 and yarn valued at Rs.25,462 from 29 beneficiaries were outstanding for more than two years and one year respectively.

4.06.4.6. *Modernisation of looms*

The Project included a scheme for modernisation of looms of handloom weavers to meet cost of latest equipment to be installed. The cost of modernisation was to be financed by the Company by way of loan (seventy-five *per cent*) and grant (twenty-five *per cent*). The Company spent Rs.0.62 lakh (provisional) on modernisation up to 31st March 1981.

The Company supplied 4 pieces of jacquard machine during 1979-80 and 17 pieces during 1980-81 to weavers on cash payment and 39 pieces of such machines during 1980-81 on loan, the value of which is repayable in instalments. The extent of loan recovered from the weavers and that due as on 31st March 1981 had not been worked out by the Company.

4.06.4.7. *Training of weavers*

The Project envisaged setting up of two training centres, one in each of the two areas for giving training to 50 weavers. No training centre as contemplated in the Project has been set up so far (May 1982). The Project Administrator stated (May 1981) that the training programme could not be started due to non-completion of construction of the training shed. Government, however, stated (June 1982) that training programme in smaller scale was started from the 1st August 1981.

4.06.5. *Export Production Project*

4.06.5.1. The Export Production Project was conceived primarily to produce exportable handloom materials by traditionally skilled weavers of the State being "geared up under a suitable administrative structure" and it was envisaged to provide a small supervisory set-up to each manufacturing unit to be linked up with a depot for supply of yarn and procurement of finished products. Supervision on looms was to be carried on by the technical personnel provided under the scheme. The Project was to link up with some established export houses which would take away the bulk production for sale through their own channel for export. Where possible, the Company was to open independently new market for exports. The ceiling of expenditure for the Project was fixed at Rs.40 lakhs.

In December 1976 it was proposed to locate five units at Bankura, Burdwan, Tamluk (Midnapore), Murshidabad and Birbhum to operate 200 handlooms each for manufacturing cotton (first three units) and silk (other two) materials.

As the progress of the Project was found by the Company to be inadequate (November 1979) a revised scheme approved by the Board in March 1980 was sent to Government in May 1980 seeking its approval. Approval to this revised scheme was not received from Government who, however, stated (June 1982) that "a further revised scheme" was being drawn up by the Directorate of Handloom and Textiles. Pending receipt of Government's approval to the further revised scheme, production programme was being carried on by the Company in centres as already implemented under the original project.

4.06.5.2. Under the project, there were four production Centres as on 31st March 1981 operating 314 looms at Tantipara (Birbhum—50 looms), Tamluk (Midnapore—102 looms), Bankura (100 looms) and Boswa (Birbhum—62 looms).

The table below indicates the production position in the Centres during the three years ended 1980-81 :

Centre	Value of production		
	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
1. Tamluk	3.54	6.83	9.79
2. Bankura	3.93	6.14	8.32
3. Boswa	0.92	7.79	8.59
4. Tantipara	4.09	4.28	1.23
Total	12.48	25.04	27.93

Out of the production for the three years, only production valued at Rs.3.00 lakhs and Rs.1.48 lakhs was exported during the years 1978-79 and 1979-80 respectively.

The Company had not entered into direct export through its own effort.

The Management reported (June 1981) to the Development Commissioner, Handlooms that the following difficulties were faced by the Project—

Quality and standard suffered because of decentralised production at weavers' cottages; and

Cost, quality control and improved techniques of production could not be introduced.

It was, however, stated (June 1981) that these difficulties had been taken care of in the revised scheme.

4.06.5.3. Tamluk Production Centre

(a) The table below indicates the position of yarn lying with weavers during 1979-80 and 1980-81 :

	1979-80	1980-81
	(Rupees in lakhs)	
(i) Yarn lying with weavers at the beginning	0.20	0.50
(ii) Issues during the year	5.52	5.87
(iii) Yarn lying with the weavers at the end	0.50	0.72
(iv) Total consumption during the year	5.22	5.65
	(in number)	
(v) Average number of days' consumption lying with weavers at the end.	35	47

The weavers were required to deliver to the Company the finished products within 21 days from the date of delivery of yarn. The above table will show that much more than 21 days' requirement of yarn was lying with the weavers. Test check (August 1981) of record revealed that 18 weavers of the Centre had been defaulting in delivering the finished products. The value of yarn lying with them amounted to Rs.0.15 lakh.

4.06.5.4. *Boswa Production Centre*

Boswa Production Centre started functioning in January 1979 with 62 looms for producing silk cloth. It was contemplated in the scheme on the Export Production Project that each unit of silk producing centre consisting of 200 looms after implementation of the scheme, will have a capacity to produce 70 metres per loom per month instead of 66 metres per loom per month at the time of survey (1976). The particulars of looms and silk cloth produced per loom per month since inception of the Centre were as follows :

	1978-79	1979-80	1980-81
Production of silk cloth (in metres)	7,887	45,914	46,937
	(in two months)		
Number of looms	62	62	62
Production of silk cloth per loom per year (in metres) ..	763.26	740.55	757.05
Production of silk cloth per loom per month (in metres) .	63.61	61.71	63.09

Production per loom did not reach even the norms as indicated in the survey at the initial stage.

4.07. Inventory control

4.07.1. The table below indicates comparative position of inventory of handloom products at Central Store, production Centres and sales depots for four years ended 1978-79 :

	1975-76	1976-77	1977-78	1978-79*
	(Rupees in lakhs)			
Sales during the year	12.69	27.56	34.36	82.39
Closing balance	3.84	21.01	22.23	32.24
	(In terms of months' sales)			
Closing stock in months' sales	3.63	9.15	7.76	4.70

Relevant data for 1979-80 and 1980-81 are not available (August 1981).

*Provisional.

4.07.2. Although physical stock taking for the year 1979-80 and 1980-81 had been done, verification reports for these years have not been prepared (May 1982).

4.07.3. Scrutiny of records of the Central Stores revealed the following points :

- (1) Stock ledgers were not kept on annual basis. Postings were not made in ledger on day-to-day basis. Entries were continued in the same folio for several years till the item of stock was exhausted.
- (2) Many columns were left blank in the ledgers.
- (3) Work of supervising physical verification was entrusted to and conducted by an official during April 1981 (Assistant Manager-Marketing) who was looking after the issue of stocks and recording entries in the stock ledger.
- (4) Statement of slow-moving/non-moving items of cloth and damaged goods held had not been prepared.

4.07.4. *Procurement of yarn*

The Company is not preparing any purchase budget or purchase programme for procurement and distribution of yarn keeping in view the future production sale of finished products. Standard norms for stock control such as fixation of maximum level, minimum level and ordering level had not been fixed.

4.08. Sales performance

4.08.1. The marketing activities of the Company in respect of handloom products are retail-oriented. Besides sales through retail outlets, handloom products were also sold directly from the Head Office of the Company as well as through exhibitions.

The following table indicates the particulars (provisional) of sales through different media during three years up to 1980-81 :

	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
Sales through sales depots	37.58	72.01	120.78
Sales at Head Office	23.82	42.05	57.22
Sales at exhibitions	20.99	18.50	39.79
Total ..	82.39	132.56	217.79
Number of sales depots	18	27	32
Average sales for each depots (Rupees in lakhs) ..	2.09	2.67	3.77

No sales budget for the Company as a whole had been framed. Neither the minimum business to be carried by each retail outlet had been stipulated for assessing performance.

4.08.2. While the turnover by the sales depots generally showed an upward trend from year to year, the same in the following cases assumed a reverse trend during 1980-81; reasons for which were neither analysed nor investigated by the Management.

Name of sales depot	Period of inception	Gross sales		
		1978-79	1979-80	1980-81
(Rupees in lakhs)				
Krishnagar	May 1977	1.33	2.15	2.10
Ranaghat	September 1978	0.49	2.00	1.67
Asokenagar	September 1978	1.23	3.11	2.84
Hasnabad	September 1978	1.27	3.16	2.81

4.08.3. *Participation in Exhibitions*

A test check of relevant records revealed that accounts in connection with 12 exhibitions in which the Company participated during 1975-77 had not been settled so far (August 1981).

It was also noticed that several items valued at Rs.1.52 lakhs returned from different exhibitions to Central Stores during 1980-81 had not been taken into stock accounts (December 1981).

4.09. **Costing**

4.09.1. The Company did not maintain any cost accounts showing the actual costs of production of different types of handloom products.

4.09.2. In the absence of cost accounts, cost incurred for a product and the extent to which the actual costs were recovered from sales were not capable of being determined by the Management.

4.10. **Internal Audit**

The Company's internal audit branch functioning from November 1976 consists of one Internal Auditor, designated from January 1981 as Supervisor (Audit). Audit work to be carried out had not been set out to determine the adequacy or otherwise of the Internal Audit and records of checks exercised had also not been kept. No internal audit manual had been prepared (August 1981).

4.11. Summing up

(i) The Company was established on 25th September 1973, *inter alia*, with the main objects to supply raw materials required for the handloom, powerloom and hosiery industries and to assist in marketing their products and to promote and develop these industries.

The Company has so far confined its activities to the handloom industry alone and no activity was undertaken in respect of the other two industries mainly due to financial restraints.

(ii) The Company took up for implementation two schemes under handloom, *viz.* Intensive Development Project and Export Production Project. The Intensive Development Project covered only 2,200 looms against 10,000 looms targeted. As contemplated in the project scheme, training centres were not set up for training the weavers. Under the Export Production Project, only 314 weavers were enrolled against 1,000 targeted; sales in the export market were quite insignificant. The Company had not entered into direct export through its own effort.

(iii) A subsidiary company set up in August 1975 (investment made : Rs.23.00 lakhs) had not yielded any tangible achievement.

(iv) The Company sustained loss from inception to 1977-78 after which the working result is not available as the accounts were still to be compiled for subsequent years up to 1980-81.

(v) Other deficiencies noticed in different areas included the following :

- (a) There was no target as regards production or sale.
- (b) Production per loom under both Intensive Development Project and Export Production Project was much less than contemplated.
- (c) Economic viability of retail outlets had not been studied; performance of some sales depots was poor.
- (d) There was no proper system of inventory control at Central Stores; stock records were not maintained properly.
- (e) Proper costing of articles was not done; and
- (f) Internal audit was inadequate.

SECTION V

**WEST BENGAL PHARMACEUTICAL AND PHYTOCHEMICAL
DEVELOPMENT CORPORATION LIMITED****5.01. Introduction**

The West Bengal Pharmaceutical and Phytochemical Development Corporation Limited was incorporated on 28th March 1974, mainly to produce drugs, pharmaceuticals and base chemicals, to encourage and promote production thereof, and to cultivate and harvest all kinds of aromatic essential oil and medicinal plants

The activities of the Company are confined (March 1982) to production of aromatic oil, investment in a joint sector company engaged in manufacture of medicinal preparations, and exploration of ways and means for manufacture of basic drugs.

5.02. Capital structure

Against the authorised capital of Rs.200 lakhs divided into 20,00,000 shares of Rs.10 each, the paid up capital, as on 31st March 1981 stood at Rs.48.00 lakhs contributed wholly by the State Government.

5.03. Working results

The working of the Company during three years up to 1980-81 resulted in a net loss of Rs.4.26 lakhs, Rs.4.83 lakhs and Rs.3.14 lakhs respectively. Accumulated loss at the end of 1980-81 was Rs.19.77 lakhs. amounting to 41 *per cent* of the paid-up capital (Rs.48.00 lakhs). The Company had been incurring losses year after year as the production and sales were negligible. The sales were only in respect of one scheme, *viz.*, production of citronella oil [paragraph 5.04(iv) (b) *infra*], while other activities involved only expenditure and no income. Even production of citronella oil had not yielded any profit as the sales to the end of 1980-81 were for Rs.0.13 lakh as against revenue expenditure of Rs.2.86 lakhs.

5.04. Performance

(i) During the period from 1974-75 to 1980-81, the Company initiated feasibility studies of the following schemes in the promotional field of pharmaceutical and phytochemical industries in the State :

(a) Pharmaceutical Schemes

(1) Raw Material Bank

(2) Bakreswar Mineral Water Scheme

- (3) Drug Intermediate Complex, Durgapur
 - (4) Process-cum-pilot Scale Pharmaceutical Development Laboratory (in collaboration with Jadavpur University)
 - (5) Drug Industrial Estate, Behala
 - (6) Manufacture of transfusion solution in joint sector
 - (7) Salicylic Acid¹ Aspirin Project
 - (8) 8-Hydroxyquinoline Project
- (b) Phytochemical Schemes
- (1) Production of citronella oil, slips and miscellaneous at Telepara Drug Farm
 - (2) Production of Solenum Khasianum, Vinca Rosea, Mentha Arvensis, Menthol and Mentholised oil at Kalyani Drug Farm

(ii) Out of the ten schemes mentioned above, the Company decided not to process the following three schemes further after incurring a total expenditure of Rs.0.52 lakh towards preparation of feasibility report :

(a) Drug Intermediate Complex—The scheme initiated in September 1975 for production of 21 Drug intermediates at an estimated cost of Rs.18 crores was abandoned in November 1978 after incurring an expenditure of Rs.0.50 lakh as the scheme was considered uneconomical due to changed market conditions.

(b) (i) Bakreswar Mineral Water Scheme, and (ii) Raw Material Bank—The schemes initiated in September 1975¹ August 1974 for commercial utilisation of mineral water of the hot springs of Bakreswar and for supply of essential raw materials to pharmaceutical manufacturers respectively, were abandoned after incurring an expenditure of Rs.0.01 lakh each, as the former was found uneconomical and the latter had no response from prospective manufacturers.

(iii) Of the remaining schemes, the following two schemes, taken up in June 1978 were abandoned :

- (1) Establishment of process-cum-pilot scale pharmaceutical development laboratory (estimated cost : Rs.3 69 lakhs).
- (2) Drug Industrial Estate, Behala (estimated cost : Rs.0.35 lakh).

The former was aimed at providing assistance to entrepreneurs in assessing the commercial viability of the technical know-how available with them. Initially, the development of the know-how on

8-Hydroxyquinoline was taken up. However, it was decided (January 1980) to drop the entire scheme with effect from March 1980, in view of the non-achievement of the aims within the time specified (February 1980) in the letter of intent. The Management later stated (June 1981) that due to other constraints such as non-availability of power, cease-work by the university staff at that time and anticipating inordinate delay, the scheme was abandoned, after incurring an expenditure of Rs.0.35 lakh.

The latter scheme *viz.*, establishment of a Drug Industrial Estate at Behala was formulated for providing the pharmaceutical entrepreneurs infrastructural facilities like sheds equipped with water, power, gas, effluent discharge, *etc.* For this purpose, Government allotted (April 1978) land measuring 16.50 *acres* including a building (without settling the terms), of which the building and the adjoining land measuring about 0.5 *acre* were let out (June 1978) by the Company to a joint sector company for manufacture of transfusion solutions at an *ad hoc* monthly rent of Rs.5,000. The rent of Rs.20,000 in respect of the first four months was realised and that for the subsequent 42 months till March 1982 was outstanding. The remaining 16 *acres* of land were transferred (August 1979) to another State Government Undertaking (West Bengal Small Industries Corporation Limited) according to the decisions (January 1979) of the Cabinet Sub-Committee. A total expenditure of Rs.1.81 lakhs (revenue expenditure : Rs.0.95 lakh and Powerhouse : Rs.0.86 lakh) was incurred on the portion transferred against which Rs.0.95 lakh was received from the transferee Government Undertaking. For the balance amount of Rs.0.86 lakh, a claim was being pursued through Government. The terms and conditions of the transfer were still in the process of finalisation (May 1982).

(iv) A review on the implementation of the other schemes revealed the following features :

(a) *Joint Sector Project for manufacture of transfusion solutions :*

With a view to providing assistance in the manufacture of transfusion solutions, the Company with the approval of Government (November 1976) invested a sum of Rs.1.69 lakhs (between June and September 1978) in the equity shares of a new joint sector public company formed in collaboration with a private promotor to manufacture transfusion solution. The agreement (January 1978) in this connection provided, *inter alia* the following :

- (i) The issued and paid-up share capital of Rs.6.50 lakhs would be shared at the rate of 26 *per cent*, 25 *per cent* and 49 *per cent* amongst the Company, the promotor-director and public respectively.

- (ii) The Company was to have its majority directors (6 out of total 11) in the joint sector company.
- (iii) The Company would have the right to be consulted and had to give its consent in writing in the event of the promotor's share holdings going beyond 25 *per cent*.

The scheme envisaged a total outlay of Rs.32.77 lakhs to be financed by share capital (Rs.6.50 lakhs) and bank loan (Rs.26.27 lakhs). Of this, Rs.14.60 lakhs were for working capital estimated at 3 months' production cost and Rs.18.17 lakhs were for fixed capital expenses. A portion of the accommodation available in the Company's industrial estate, Behala was let out (June 1978) to the joint sector company on a monthly rental of Rs.5,000.

As the joint sector company could not get term loan of Rs.12.50 lakhs from the West Bengal Financial Corporation (WBFC) due to its inability to mortgage the land and office building in favour of WBFC, the Company raised (February-March 1979) an unsecured short-term loan (interest : 11 *per cent* per annum) of Rs.6.25 lakhs to meet the financial commitments in respect of supplies of machinery, etc., against an undertaking for its refund within three months from the date of drawal or availability of loan from the WBFC whichever was earlier.

Un to 30th June 1979, the Company's investment in equity shares of the joint sector company was to the extent of 50.98 *per cent* as against the requirement of 26 *per cent*. In June 1980 the percentage was reduced to 26.17 as a result of public issue of equity shares, the balance of 73.83 *per cent* being held by the promotor-director as against 25 *per cent* required under the agreement.

The target date for commercial production was not fixed up at any stage. Commercial production started in September 1980, but was, however, stopped from 21st January 1981 due to managerial problems. Production during the period is still (May 1982) not known to the Company as accounts have not yet been prepared by the joint sector company.

The Company moved (February 1981) the Calcutta High Court for relief against oppression and mis-management by the promotor. A special officer was appointed (May 1981) by the High Court and production was resumed with effect from 22nd July 1981. However, the matter is *sub judice* (May 1982). The Company advanced a sum of Rs.0.71 lakh during May 1981 to August 1981 under orders of the Court to meet the running expenses.

Total dues recoverable from the joint sector company as on 31st March 1982 amounted to Rs.10.65 lakhs (loan : Rs.6.25 lakhs, interest on loan : Rs.2.10 lakhs, and rent : Rs.2.30 lakhs) against which a sum of Rs.0.20 lakh towards rent only had so far (May 1982) been realised.

Thus, the Company's financial involvement in the joint sector company amounting to Rs.12.85 lakhs (including share capital of Rs.1.69 lakhs and advance of Rs.0.71 lakh), remained un-productive so far (March 1982).

The Company's role in the matter of commercial production of transfusion solutions through equity and loan assistance to the joint sector company proved to be ineffective.

(b) *Production of citronella oil*

The scheme for production of citronella oil, *etc.*, was estimated to cost of Rs.17.81 lakhs (capital expenditure : Rs.2.00 lakhs and revenue expenditure : Rs.15.81 lakhs). The scheme was to run for four years and envisaged production of 40,000 kgs. of citronella oil and income of Rs.18 lakhs from its sale (*i.e.*, a surplus of Rs.2.19 lakhs. over revenue expenditure).

For cultivation of citronella the Government allotted to the Company (January 1976) land measuring 172.50 *acres* at Telepara in North Bengal, terms of allotment of the land in question were yet to be finalised (May 1982).

For implementing the scheme an agreement was entered into (July 1976) with a firm for bringing an area of 100 *acres* of land under citronella cultivation within September 1976. The scope of service and terms and conditions of the agreement stipulated, *inter alia*, that the firm should ensure that the grass would yield at least 1 *per cent* oil after harvesting and distilling the crop and the firm would be entitled to payment (at the rate of Rs.1,330 *per acre*) only when it was found that the production of oil in the first year *per acre* (comprising 4 harvests) was 80 kgs. Within November 1976, the firm brought under cultivation an area of 99.24 *acres* of land but as the plantation in 40 *acres* did not survive, the Company took up itself (November 1976) replantation in 20 *acres* leaving the balance 20 *acres*, found unsuitable for replantation.

The Contractor was paid Rs.0.86 lakh (excluding security money Rs.0.53 lakh) between 1976-77 and 1980-81 at the full rate for about 60 *acres* cultivated and Rs.6,725 for 20 *acres* on which replantation was undertaken by the Company. The payment was, however, released without any reference to the yield of oil as per agreement,

Actual production of citronella oil during the entire period of four years (1976-77 to 1979-80) of the scheme was 146.1 kgs. which was 0.37 per cent of the production targeted under the scheme. The Management stated (June 1981) that the desired result could not be achieved as the essential infrastructural facilities were not provided.

It was noticed during audit that land development, weeding, deweeding, etc., were not done for want of pump, deep tubewell, irrigation facilities, etc. Reasons for which these could not be provided was not on records of the Company. The scheme yielded a revenue of Rs.0.13 lakh only by sale of citronella oil while the revenue expenditure and capital expenditure incurred were Rs.2.86 lakhs and Rs.0.56 lakh respectively.

(c) *Cultivation of medicinal and aromatic plants*

In February 1976, the Company obtained from Government 55 acres of land at Kalyani for cultivation of phytochemical plants and undertook (April 1976) a scheme for production of Solenum Khasianum (in 10 acres), Vinca Rosea (in 30 acres in the 1st year and 10 acres in the second year onward) and Mentha Arvensis (one acre). The non-recurring expenditure on the scheme was estimated at Rs.6.67 lakhs and recurring expenditure at Rs.3.46 lakhs for the first year and Rs.3.77 lakhs per year thereafter for total period of seven years during which the scheme was to yield a revenue surplus of Rs.1.62 lakhs in the first year and Rs.3.56 lakhs per year thereafter.

The work of cultivation in the entire area as per the scheme viz., 41 acres including harvesting during the first year from 14th May 1976 to 13th May 1977 was entrusted to a contractor who was selected on the recommendation of the Vice-Chancellor, Bidhan Chandra Krishi Viswavidyalaya at a total cost of Rs.1.76 lakhs.

The terms and conditions of the contract provided, *intèr alia*, that the Company would provide funds to him for cultivation of plants.

In December 1976 the contractor obtained an advance of Rs.0.05 lakh. After cultivation in 27.33 acres (out of 41 acres) the contractor discontinued further work (December 1976) as according (May 1982) to the Management, the contract was not reasonably economical to the contractor. Besides the advance as above, total on account payment made to the contractor was Rs.0.71 lakh out of which Rs.0.12 lakh was retained by way of security deposit. The accounts of the contractor had not yet been finalised (May 1982),

The work was then taken up by the Company and in the year 1977-78 only 20 acres were cultivated under *Solenum Khasianum*. Thereafter, there was no cultivation of these items.

Cultivation of *Vinca Rosea* was made for the first year, i.e., 1976-77 only when all the roots and almost all the seeds were harvested. Cultivation of *Solenum Khasianum* was carried out in 4 acres in the first year in 1976-77 and in 20 acres in the second year i.e., 1977-78 and was continued in 20 acres up to the third year (1978-79). Thus, the total estimated yield as per scheme for the first three years compared to actual yield for the same period was as below :

	Production		Percentage of actual production to target
	Target as per Scheme	Actual	
	(kg.)	(kg.)	
<i>Solenum Khasianum</i>			
Dry Berries	44,000	454.7	1
Seeds	3,720	106.3	3
<i>Vinca Rosea</i>			
Roots	15,333	9,000.0	59
Seeds	767	24.8	3

Reasons for the shortfall were not on records of the Company.

According to the Management the poor yield was due to unprecedented floods (1978) which damaged the standing crops. The Government stated (May 1982) that though the land at Kalyani was very low and prone to water logging in monsoon, cultivation of these plants was taken up because these plants could be harvested before monsoon.

The cultivation scheme was abandoned (September 1979) on account of decline in the marketing prospect of the items and unsuitability of the land for commercial cultivation in as much as the total area was too small for commercial cultivation and a lot of capital investment was necessary for filling up of the ditches on a portion of uneven land measuring about 30 acres. The assets (costing Rs.0.42 lakh) acquired for the scheme were disposed of by sale in 1979-80 for Rs.0.19 lakh. As against total expenditure of Rs.2.89 lakhs (revenue expenditure including depreciation : Rs.2.47 lakhs; capital expenditure : Rs.0.42 lakh), during the period from 1976-77 to 1980-81, the receipts were only Rs.0.30 lakh up to 1980-81 (sale of produce : Rs.0.11 lakh; sale of assets : Rs.0.19 lakh). Farm products valued at Rs.0.40 lakh which were lying in

stock since 1978-79 without being disposed of for a considerable period destroyed in 1980-81 and their value written off. The implementation of the scheme thus resulted in a net loss of Rs.2.59 lakhs.

5.07. **Manufacture of Salicylic Acid|Aspirin and 8-Hydroxyquinoline**

To undertake production Salicylic Acid|Aspirin and 8-Hydroxyquinoline letter of intent for 400 tonnes per annum (TPA) for the former and 100 TPA of the latter was obtained from the Government of India (August 1977). Subsequent progress in the matter was as below :

(1) *Salicylic Acid Aspirin*

The anticipated outlay on the scheme for manufacture of 880 TPA Salicylic Acid was Rs.375 lakhs including Rs.15.17 lakhs for working capital, which was proposed to be met from loans from financial institutions, banks and from equity capital. It was expected that during first two years the scheme would run at a loss and the return would increase gradually from Rs.3.18 lakhs in the third year to Rs.30.68 lakhs in the tenth year, net return during first 10 years being Rs.103.21 lakhs.

In February 1979 Company noticed that a composite plant for the manufacture of 880 TPA Salicylic Acid to be converted to 1,000 TPA Aspirin would be economical and viable. The Company therefore moved (April 1979) the Government of India for letter of intent for 1,000 TPA and got it in January 1980. The Government also conveyed approval (January 1980) in principle for technical know-how, *etc.*, subject to its entering into an agreement with the foreign collaborator on the terms and conditions as stipulated by Government (May 1982). The foreign technical collaboration agreement had not been executed (May 1982). The scheme was proposed (August 1981) to be financially implemented in the joint sector with a Bombay firm which ultimately backed out (June 1981) because of financial constraints. The Company was exploring (September 1981) other means to take up the project but no final decision in the matter had yet (May 1982) been taken

(ii) *8-Hydroxyquinoline*

A project report for setting up a 50 TPA capacity plant for manufacture of 8-Hydroxyquinoline, a basic drug intermediate involving capital cost of Rs.58.00 lakhs was got prepared (October 1980). The financial outlay was proposed to be met from loans from financial institutions, Government subsidy and equity capital. In the first year of operation loss of Rs.1.09 lakhs was estimated,

Thereafter, it was expected that profit rising from Rs.2.88 lakhs in the second year would be Rs.21.84 lakhs in the eighth year, the projected operational profit being Rs.86.04 lakhs in eight years. Two agreements were entered into, one with technical collaborator in February 1981 to render process know-how and engineering data and the other with financial collaborator in May 1981, for its 40 *per cent* share participation. Another agreement was entered into (July 1981) with a firm for supervision of the project. The financial collaborator backed out in March 1982. Thereupon, the Board of Directors decided (April 1982) that the Company itself should implement the project. Time schedule for commissioning the plant is at present (May 1982) under consideration of the consulting engineering firm.

Till March 1981, total expenditure on the scheme was Rs.2.75 lakhs including Rs.2.59 lakhs spent on consultancy fees paid to the technical collaborator as per agreement Rs.0.09 lakh on project report in 1980-81.

5.06. **Summing up**

(i) The Company was incorporated in March 1974, *inter alia*, with the main objects to produce drugs, pharmaceuticals and base chemicals and cultivation of all kinds of aromatic essential oil and medicinal plants;

(ii) During 1974-75 to 1980-81, it had initiated feasibility studies of 10 pharmaceutical and phytochemical industries of which 5 schemes were dropped after incurring an expenditure of Rs.1.73 lakhs on the reports;

(iii) Financial involvement amounting to Rs.12.85 lakhs in a joint sector venture for manufacture of transfusion solutions remained unproductive;

(iv) Scheme for cultivation of phytochemical plants was abandoned after incurring a loss of Rs.2.59 lakhs;

(v) Two schemes, one for manufacture of salicylic acid/aspirin and the other for manufacture of 8-Hydroxyquinoline initiated in 1979-1981 have not yet shown any significant progress.

(vi) The Company's revenues (which were negligible) accrued through production and sale of citronella oil alone up to 1980-81 and the expenditure incurred (Rs.2.86 lakhs) far exceeded the revenue (Rs.0.13 lakh) while the other promotional activities involved expenditure only.

Thus, the objects for which the Company was set up had largely remained unachieved.

SECTION VI

OTHER POINTS OF INTEREST

DURGAPUR CHEMICALS LIMITED

6.01. Avoidable expenditure of Rs.0.53 lakh

A purchase order for import of 10 tonnes heat transfer fluid (thermax equivalent of Dewtherm) valued at US \$18,500.00 *c.i.f.* Calcutta was placed by the Company under open general licence scheme with Imperial Chemicals Industries Limited, England in November 1979.

The consignment, when landed at the Calcutta Port on 4th May 1980, was considered by the Collector of Customs as an unauthorised importation being in contravention of the provisions of the Imports & Exports (Control) Act, 1947 read with Section 11 of the Customs Act, 1962 and the goods were subjected to confiscation under Section 125 of the Act. The Company was finally given the option (October 1980) to redeem the goods on payment of a fine of Rs.10,000 in lieu of confiscation.. However, the release of the consignment was delayed as it required insurance survey due to leakage in drums which was conducted in December 1980. The consignment was lifted on 4th December 1980 on payment of Rs.0.43 lakh to the Port Trust towards rent for the hazardous godown for the period from May 1980 to December 1980. The total expenditure of Rs.0.53 lakh could have been avoided if the correct import procedures had been followed.

6.02. Infructuous expenditure : Rs.4.20 lakhs

Pursuant to the decision of the Government of India to allow import of 4,000 tonnes of naphthalene during 1978-79 without incidence of duty and entrustment of the work of importing to the Steel Authority of India Limited (SAIL) for domestic supply, the Company arranged to import its requirements through SAIL. Under this arrangement the Company received 1213.853 tonnes during 1979-80 (value : Rs.57.81 lakhs) and 189.720 tonnes during 1980-81 (value : Rs.9.16 lakhs).

The consignment received during 1980-81 arrived at Calcutta Port on 5th April 1980. The Shipping Agent of the concerned vessel requested the Company on 2nd April 1980 to take direct delivery of the consignment immediately on the arrival of the vessel failing which the cargo would be removed to the hazardous godown of the Calcutta Port Trust or any other bonded warehouse at the latter's cost, risks and responsibility. Direct delivery of the cargo could not be taken by the Company due to some discrepancy in the bill of entry and the goods were removed (9th April 1980) to the hazardous godown of the Calcutta Port Trust. Though the bill of

entry was released by the Customs on 20th June 1980 on getting certain clarifications from SAIL regarding the quantity imported, the Company took delivery of the consignment only on 10th September 1980 after paying the rental charges of Rs.7.66 lakhs for the period from 9th April 1980 to 10th September 1980 to the Port Trust. The Company also paid Rs.0.24 lakh to the Shipping Agents towards charges for removal of the goods to the hazardous godown.

Had the Company taken action to lift the materials immediately on release of the bill of entry by the Customs on 20th June 1980, the extra expenditure to the extent of Rs.4.20 lakhs on account of godown rent for the period from 21st June 1980 to 10th September 1980 could have been largely avoided.

The Company preferred a claim for Rs.7.90 lakhs on SAIL (October 1980) on the ground that there were some irregularities in the import documents which had not so far (May 1982) been accepted by SAIL.

The Management stated (September 1981) *inter alia*, that it was confused as to the appropriateness of the charges made by the Shipping Agent and in the process the payment was delayed resulting in payment of godown rent amounting to Rs.7.66 lakhs.

6.03. Purchase of Salt

The Company placed (July 1977) an order on a firm of Madras for supply of 1000 tonnes of industrial salt at Rs.110 per tonne f.o.r. Madras. As per the supply order, sample salt was to be tested by a representative of the Company at the supplier's factory at Madras before despatch. Accordingly, the Company's representative examined the material at the loading point and the samples were found to be at variance with the specification. In spite of this the Managing Director ordered delivery of 200 tonnes on trial basis to have a comparative picture of the cost of this salt with usual supplies from West Coast. Supply of 192.860 tonnes of salt was taken delivery of (August 1977) against payment of Rs.0.40 lakh representing 95 *per cent* payment in advance, inclusive of railway freight.

On further analysis conducted during August 1977 the salt was found unsuitable for the purpose. The supplier was requested (January 1979) to take back the material, but this has not been agreed to.

Government stated (November 1981) that during the flood in September 1978 the stock of salt was partly washed out and with a view to using the balance quantity in the plant after mixing with good salt the Company had sent samples for analysis and advice to caustic chlorine manufacturers and Government Salt Research Institute, Bhavanagar.

CHAPTER II
STATUTORY CORPORATIONS
SECTION VII

7.01. Introduction

There were six Statutory Corporations in the State as on 31st March 1981, *viz.*, West Bengal State Electricity Board, Calcutta State Transport Corporation, North Bengal State Transport Corporation, Durgapur State Transport Corporation, West Bengal Financial Corporation and West Bengal State Warehousing Corporation.

In addition to the above, the audit of the West Bengal Industrial Infrastructure Development Corporation has been entrusted (June 1978) to the Comptroller and Auditor General by the State Government for a period of 5 years up to 1982-83.

The accounts of the following Corporations were not received (June 1982) :

Name of the Corporation	Extent of arrears
West Bengal Industrial Infrastructure Development Corporation ..	1973-74 to 1980-81
North Bengal State Transport Corporation	1975-76 to 1980-81
Durgapur State Transport Corporation ..	1976-77 to 1980-81
West Bengal State Warehousing Corporation	1979-80 and 1980-81

The position of arrears in the finalisation of accounts of the Corporations was brought to the notice of Government from time to time, the last communication was made in June 1982.

A synoptic statement showing the summarised financial results of the Corporations, based on the latest available accounts, is given in Appendix 'C'.

7.02. West Bengal State Electricity Board

7.02.1. Introduction

The West Bengal State Electricity Board was formed on 1st May 1955 under Section 5(1) of the Electricity (Supply) Act, 1948.

7.02.2. Capital : The capital requirements of the Board are provided in the form of loans from the Government, the public, the banks and other financial institutions.

The aggregate of long-term loans (including loans from Government) obtained by the Board was Rs.7,19,03.46 lakhs* at the end of 1980-81 and represented an increase of Rs.1,03,42.02 lakhs* i.e., 16.82 per cent on the long-term loans of Rs.6,15,61.44 lakhs* as at the end of the previous year. Details of loans obtained from different sources and outstanding at the close of the two years up to 31st March 1981 were as follows :

Source	Amount outstanding as on 31st March		Percentage increase
	1980	1981*	
	(Rupees in lakhs)		
State Government	2,77,72.84	3,23,73.13	16.77
Other sources	3,37,88.60	3,95,30.33	16.99

7.02.3. *Guarantees* : Government had guaranteed the repayment of loans raised by the Board to the extent of Rs.4,20,11.34 lakhs and the payment of interest thereon. The amount of principal guaranteed outstanding as on 31st March 1981 was Rs.3,30,78.52 lakhs*. Amount of guarantee fee in arrears as on 31st March 1981 was Rs.1,81.68 lakhs*.

7.02.4. The financial position of the Board at the close of the three years up to 1980-81 is given in the following table :

	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
Liabilities			
(a) Loans from Government**	2,34,38.92	2,77,72.84	3,23,73.13
(b) Other long term loans (including bonds)	2,68,85.05	3,37,88.60	3,95,30.33
(c) Deposits from public	28,37.97	30,38.19	33,95.45
(d) Reserves and surplus	10,29.03	16,69.18	24,28.14
(e) Current liabilities	1,22,17.29	1,25,91.60	1,58,69.85
Total	6,64,08.26	7,88,60.41	9,35,96.90
Assets			
(a) Gross fixed assets	2,51,19.31	2,83,41.02	2,88,40.93
(b) Less : Depreciation	52,69.96	61,33.93	71,53.99
(c) Net fixed assets	2,01,79.35	2,22,07.09	2,16,86.94
(d) Capital works-in-progress	2,53,75.14	3,00,28.46	3,80,52.35
(e) Current assets	2,08,53.78	2,66,24.86	3,38,57.61
Total	6,64,08.27	7,88,60.41	9,35,96.90
Capital employed†	2,85,35.65	3,62,40.35	3,96,74.70

*The figures are provisional.

**Total loan as booked in Finance Accounts is Rs. 3,18,41.84 lakhs. Out of the difference of Rs. 5,31.29 lakhs, Rs. 5,00.06 lakhs have been reconciled. The balance of Rs. 31.23 lakhs is under reconciliation.

†Capital employed represents net fixed assets (excluding capital works-in-progress) plus working capital.

7.02.5. *Working results* : The working results of the Board for the three years up to 1980-81 are summarised below :

	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
(a) Revenue receipts	82,38.93	99,39.46	1,27,35.84
(b) Subsidy from State Government	8,43.50	16,96.33	15,74.49
Total	90,82.43	1,16,35.79	1,43,10.33
(c) Revenue expenditure including write off of intangible assets.	75,83.56	89,81.71	1,19,42.39
(d) Gross surplus for the year	14,98.87	26,54.08	23,67.94

7.02.5.1. The revenue receipts of the Board during the three years up to 1980-81 (*i.e.* gross surplus after meeting the operating, maintenance and management expenses) were not adequate to meet fully the other liabilities mentioned in Section 67 of the Electricity (Supply) Act, 1948 and, therefore, the Board distributed the surplus towards the following liabilities :

	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
Gross surplus available including subvention from State Government and after write off of intangible assets.	14,98.87	17,90.10	13,47.87
Add: Depreciation provided (not covered by revenue surplus during 1979-80 and 1980-81 charged in accounts but withdrawn).	*	8,68.98	10,20.06
Amount available as per accounts for appropriation ..	14,98.87	26,54.08	23,67.93
Appropriated to meet payment of interest on loans not guaranteed under Section 66.	3,17.20	2,47.20	3,72.13
Contribution to repayment of loans raised under Section 65 ..	..	5,92.21	6,58.30
Payment of interest on loans guaranteed under Section 66	6,07.51	8,80.43	12,28.55
Payment of interest on loans from Government	3,77.80	8,48.52	1,08.95
Contribution to sinking fund	9.17	9.16	..
Contribution to general reserve	1,27.19**	..	..
* Contribution to depreciation .. .. .	..	76.56	..
Total	14,98.87	26,54.08	23,67.93

*Depreciation of Rs. 1,06.93 lakhs was provided by charge to revenue account.

**Contribution to general reserve not in accordance with the provisions of the Act *ibid.*

The total return on capital employed during the three years up to 1980-81 is compared in the following table :

	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
Total return on capital employed	14,98.86	17,90.11	19,62.03
	(per cent)		
Rate of return	5.28	4.94	4.95

Even though the gross surplus was not sufficient to cover the liabilities towards interest on Government loans and depreciation during 1979-80 and 1980-81, the liability towards interest alone (Rs.9,25.61 lakhs for 1980-81) was carried forward to be provided in future. Depreciation not provided during 1979-80 (Rs.7,87.41 lakhs) and 1980-81 (Rs.18,07.47 lakhs) was, however, adjusted to the assets account without charging to revenues.

The total cumulative liability not provided for at the end of each of the three years up to 1980-81 (after taking into consideration the appropriations made during 1978-79 contrary to the provisions of Sections 67 and 68 of the Act *ibid*) would amount to Rs.15,79.69 lakhs, Rs.23,67.10 lakhs and Rs.43,12.76 lakhs respectively as detailed in the following table :

	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
1. Interest on loans from Government	15,79.69	15,79.69	25,05.29
2. Less : incorrect appropriations made during 1978-79 to be set off against 1 above :			
Contribution to General Reserve .. 1,27.19	..	..	..
Contribution to depreciation .. 1,06.93	2,34.12	2,34.12	2,34.12
3. Liability towards interest on loans from Government to be actually carried forward.	13,45.57	13,45.57	22,71.17
4. Liability towards depreciation to be carried forward (vide 2 <i>supra</i>).	2,34.12	2,34.12	2,34.12
5. Depreciation not provided by charge to Profit and Loss Account during 1979-80 and 1980-81.	..	7,87.41	18,07.47
Total cumulative liability	15,79.69	23,67.10	43,12.76

7.02.5.2. Profitability analysis

The following table depicts the profitability position of the Board if all accrued charges towards interest and depreciation were provided for during the three years up to 1980-81 :

	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
1. Revenue receipts including subsidy from State Government for the year	90,82.43	1,16,35.79	1,43,10.33
2. (a) Operating, maintenance and management expenses and depreciation (on assets in use) for the year.	75,83.57	98,45.68	1,23,48.30
(b) Interest on loans for the year ..	15,96.62	19,76.14	26,35.25
Total revenue expenditure for the year ..	91,80.19	1,18,21.82	1,49,83.55
Return on capital employed :			
Actual surplus (+)/deficit (—)	(—)97.76	(—)1,86.03	(—)6,73.22
Add interest charged to Profit and Loss account ..	15,96.62	19,76.14	26,35.25
Actual return on capital employed	14,98.86	17,90.11	19,62.03
	(per cent)		
Rate of return on capital employed	5.25	4.94	4.95

7.02.6. Operational performance

7.02.6.1. The following table indicates operational performance of the Board for the three years up to 1980-81 :

Particulars	1978-79	1979-80	1980-81*
1. Installed capacity (MW)			
(i) Thermal	694.00	694.00	845.00
(ii) Hydro	38.20	38.20	38.51
(iii) Others	16.20	115.50	126.33
Total ..	748.40	847.70	1009.84
2. Normal maximum demand (MW)	632.10	679.00	687.00
3. Power generated (Mkwh)			
(i) Thermal	2675.30	2740.00	2856.10
(ii) Hydro	57.20	32.70	56.40
(iii) Others	15.70	122.80	196.20
Total ..	2748.20	2895.50	3108.70
Loss :			
Auxiliary consumption (Mkwh)	239.60	251.60	269.20
4. Net Power generated (Mkwh)	2508.60	2643.90	2839.50
5. Power purchased (Mkwh)	809.80	832.54	791.80
6. Total power available for sale (Mkwh) ..	3318.40	3476.40	3631.30
7. Power sold (Mkwh)	2882.70**	3028.40**	3158.10**
8. Transmission and distribution loss (Mkwh) ..	435.70	448.00	473.20
9. Load factor (percentage)	59.90	44.23	60.33
10. Percentage of transmission and distribution loss	13.1	12.9	13.03

*The figures are provisional.

**Includes power supplied free 1.31 Mkwh each year.

7.02.6.3. The following table gives the details of power sold and revenue, expenses and profit/loss per kwh sold during the three years up to 1980-81 :

Category of consumers	Units sold (Mkwh)		
	1978-79	1979-80	1980-81*
(a) Agriculture	68.27	75.50	81.14
(b) Industrial	1028.99	1028.54	1146.07
(c) Commercial	94.67	126.97	105.68
(d) Domestic	119.48	137.24	147.05
(e) Others	1569.94	1658.81	1756.95
Total units sold ..	2881.35	3027.06	3236.89
Revenue per Kwh (paise)	27.80	31.96	37.46
Expenditure per Kwh (paise)** ..	26.30	32.52	40.57
Profit(+)/Loss(-) per Kwh (paise) ..	(+)1.50	(-)0.56	(-)3.11

7.03. Calcutta State Transport Corporation

7.03.1. Capital

The Calcutta State Transport Corporation was formed on 15th June 1960 under the Road Transport Corporations Act, 1950 for providing public transport for the people of Calcutta. The capital of the Corporation [under Section 32(i) of the Act *ibid*] was Rs.7,08.46 lakhs (State Government : Rs.6,08.46 lakhs; Central Government : Rs.1,00.00 lakhs) as on 31st March 1981 as against the capital of Rs.7,08.46 lakhs (State Government : Rs.6,08.46 lakhs; Central Government : Rs.1,00.00 lakhs) as on 31st March 1980. Interest is payable on capital received from the State and Central Governments at the rate of 6 per cent and 6.25 per cent respectively.

7.03.2. Guarantees

The table below indicates details of guarantees given by Government for repayment of loans raised by the Corporation and payment of interest thereon :

Particulars	Years of guarantee	Amount guaranteed*	Amount outstanding as on 31st March 1981*		
			Principal	Interest	Total†
Market loan ..	1972-73	110.00	110.00	..	110.00
IDBI loan ..	1969-70 to 1978-79	1003.44	147.34	52.20	199.54

*Provisional.

**Inclusive of total depreciation for the year but excluding interest on loan.

†The total outstanding as per Finance Accounts is Rs. 3,41.49 lakhs difference is under reconciliation.

7.03.3. Financial position

The table below summarises the financial position of the Corporation under the broad headings for the three years up to 1980-81 :

	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
Liabilities			
(a) Capital	708.46	708.46	708.46
(b) Reserves and Surplus	1240.09	1396.66	1598.40
(c) Borrowings	7231.39	8439.55	3393.42
(d) Trade dues and other current liabilities	3618.07	4178.28	2019.21
Total	12798.61	14722.95	7719.49
Assets			
(a) Gross block	2700.64	3042.32	3315.40
(b) Less: depreciation	1549.48	1732.22	2096.99
(c) Net fixed assets	1151.16	1290.10	1218.41
(d) Capital works-in-progress	36.31	37.51	56.54
(e) Investments	1138.98	1242.08	1404.08
(f) Current assets, loans and advances	1119.02	1224.02	1504.25
(g) Accumulated losses	9363.14	10929.24	3536.21*
Total	12793.61	14722.95	7719.49
Capital employed**	(-)1430.16	(-)1768.67	(+)603.54

7.03.4. Working results

The following table gives details of the working results of the Corporation for the three years up to 1980-81 :

	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
Particulars			
1. (a) Operating			
Revenue	905.35	1181.45	1363.65
Expenditure	1863.46	2202.19	2711.17
Deficit	958.11	1020.74	1347.52
(b) Non-operating			
Revenue	67.90	46.83	54.63
Expenditure	527.97	602.19	254.18
Deficit	460.07	555.36	199.55
(c) Total			
Revenue	973.25	1228.28	1418.28
Expenditure	2391.43	2804.38	2965.35
Net loss	1418.18	1576.10	1547.07
2. Interest on Capital and loan†	533.51	608.32	258.72
3. Total return on Capital employed	(-)884.67	(-)967.78	(-)1228.35

*Reduction compared with the figure at the end of 1979-80 notwithstanding further losses during 1980-81 is due to write off of the accumulated losses to the extent of Rs. 88,72.10 lakhs.

**Capital employed represents net fixed assets plus working capital.

†Interest liability to the end of the previous year not discharged up to the end of 1980-81 was Rs. 10,60.68 lakhs.

The increase in loss during 1979-80 was due to increase in salary of staff, heavy expenditure on repairs and maintenance and cost of P.O.L., and the marginal decline thereof in 1980-81 was mainly due to decrease in the charges of interest on loans.

7.03.5. Operational performance

The following table indicates the operational performance of the Corporation for the three years up to 1980-81 :

	1978-79	1979-80	1980-81
1. Average number of vehicles held	998	1059	1099
2. Average number of vehicles on road	631	721	738
3. Percentage of utilisation	63.2	68.1	67.2
4. Kms covered (in lakhs)			
(a) Gross	379	453	449
(b) Effective	358	430	425
(c) Dead	21	23	24
5. Percentage of dead Kms to gross Kms	5.54	5.08	5.35
6. Average Kms covered per bus per day	155	163	158
7. Average revenue per Km (paise)	268.65	283.13	331.80
8. Average expenditure per Km (paise)	669.24	654.91	696.10
9. Loss per Km (paise)	400.59	371.78	364.30
10. Route Kms	7330.89	7937.20	8245.20
11. Number of operating depots	8	8	8
12. Average number of break-downs per lakh Kms	181.20	142.60	124.64
13. Average number of accidents per lakh Kms	1.88	1.76	1.42
14. Passengers Kms schedule (in lakhs)			
City	28643	31009	34650
Long distance	2707	3706	4067
15. Passengers Kms operated (in lakhs)			
City	14912	19145	20424
Long Distance	2684	3706	4024
*16. Occupancy ratio			
City	52	62	59
Long distance	99	100	99

7.04. North Bengal State Transport Corporation

7.04.1. Capital

The North Bengal State Transport Corporation was formed on 15th April 1960 under the Road Transport Corporations Act, 1950 for providing public transport for the people of five North Bengal districts and also co-ordinating road transport with rail transport.

*"Occupancy ratio" means total seat Kilometres occupied (in lakhs) out of total seat Kms offered (in lakhs) expressed in percentage.

The capital of the Corporation [under Section 23(i) of the Act *ibid*] was Rs.6,23.06 lakhs (State Government : Rs.4,22.04 lakhs; Central Government : Rs.2,01.02 lakhs) as against the capital of Rs.5,80.56 lakhs (State Government : Rs.4,22.04 lakhs; Central Government : Rs.1,58.52 lakhs) as on 31st March 1980. Interest is payable on the capital at 6½ per cent per annum.

7.04.2. Guarantees

The table below indicates the details of guarantees given by Government for repayment of loans raised by the Corporation and payment of interest thereon :

Particulars	Years of guarantee	Amount guaranteed	Amount outstanding as on 31st March 1981		
			Principal	Interest	Total
(Rupees in lakhs)					
LDBI loan	1977-78	49.99	12.89	9.55	22.44
Ditto	1979-80	50.97	26.29	6.77	33.06
Cash Credit : Central Bank of India	1973-74	20.00	27.50	1.15	28.65
Total		1,20.96*	66.68	17.47	84.15*

The amount of guarantee fees in arrear as on 31st March 1981 was Rs.3.99 lakhs.**

7.04.3. Operational performance

The table below indicates the operational performance † of the Corporation for the three years up to 1980-81 :

	1978-79	1979-80	1980-81
1. Average number of vehicles held	391‡	422‡	439‡
2. Average number of vehicles on road	298‡	312‡	307‡
3. Percentage of utilisation	74	76	70
4. Kms covered (in lakh) —			
(a) Gross	221.82	237.64*	236.06
(b) Effective	220.28	235.62	234.36
(c) Dead	1.54	2.02	1.70
5. Percentage of dead Kms to gross Kms	0.69	0.85	0.72
6. Average Kms covered per bus per day	195	204	207

*The figures as per Finance Accounts are Rs. 82.00 lakhs and Rs. 42.80 lakhs respectively ; difference is under reconciliation.

**The figure is provisional

†Arising from records other than accounts which have not yet been compiled,

‡Includes trucks also.

	1978-79	1979-80	1980-81
7. Average revenue per Km (paise)* ..	169	182	203
8. Average expenditure per Km (paise)* ..	294	318	385
9. Loss per Km (paise)*	125	136	182
10. Route Kms	21355	21973	22275
11. Number of operating depots . . .	18	18	18
12. Average number of break-downs per lakh Kms	13	14	14
13. Average number of accidents per lakh Kms	0.26	0.20	0.27
14. Passenger Kms (Scheduled) (in lakhs) ..	10273.81	11060.52	11094.05
15. Passenger Kms operated (in lakhs) ..	7705.35	8848.41	7433.01
16. Occupancy ratio	75	80	67

7.05. Durgapur State Transport Corporation

7.05.1. Capital

The Durgapur State Transport Corporation was formed on 7th December 1973 under the Road Transport Corporations Act, 1950 for providing public transport to the passengers of the Durgapur Industrial Complex, besides co-ordinating road transport with rail transport. The capital of the Corporation [under Section 23(i) of the Act, *ibid*] was Rs.755.54 lakhs** (wholly subscribed by State Government) as on 31st March 1981 as against the capital of Rs.6,03.32 lakhs as on 31st March 1980. Terms and conditions regarding capital have not been settled (June 1982).

7.05.2. Guarantees

The table below indicates details of guarantees given by Government for repayment of loans raised by the Corporation and payment of interest thereon :

Particulars	Year of guarantee	Amount guaranteed	Amount outstanding as on 31st March 1981		
			Principal	Interest	Total
(Rupees in lakhs)					
IDBI Bills rediscounting Scheme ..	1974-75	12.24	1.22	0.08	1.30

The amount of guarantee fees in arrear as on 31st March 1981 was Rs.0.19 lakh. †

*Provisional.

**The difference of Rs. 1,19.80 lakhs with the figure as per Finance Accounts (Rs. 6,35.74 lakhs) has been reconciled.

†The figure is provisional.

7.05.3. Operational performance

The table below indicates the operational performance* of the Corporation for the three years up to 1980-81 :

	1978-79	1979-80	1980-81
1. Average number of vehicles held	118	119	128
2. Average number of vehicles on road	65	78	82
3. Percentage of utilisation	55	66	64
4. Kms covered (in lakhs)—			
(a) Gross	61.29	68.27	72.34
(b) Effective	57.11	63.82	66.56
(c) Dead	4.18	4.45	5.78
5. Percentage of dead Kms to gross Kms	6.82	6.52	7.99
6. Average Kms covered per bus per day	241	224	222
7. Average revenue per Km (paise)**	153	174	188
8. Average expenditure per Km (paise)**	322	363	425
9. Loss per Km (paise)**	169	189	237
10. Route Kms	4019	4169	5168
11. Number of operating depots	1	1	1
12. Average number of break-downs per lakh Kms	36	61	27
13. Average number of accidents per lakh Kms	0.81	0.91	1.57
14. Passenger Kms scheduled (in lakhs)	2348	2793	2862
15. Passenger Kms operated (in lakhs)	1902	2346	2353
16. Occupancy ratio	81	84	82

7.06. West Bengal Financial Corporation

7.06.1. Introduction

The West Bengal Financial Corporation was formed on 1st March 1954 under Section 3(i) of the State Financial Corporations Act, 1951 for supplementing work of the Industrial Financial Corporation by making term finance available to small and medium industrial units.

7.06.2. Paid-up capital

The paid-up capital of the Corporation as on 31st March 1981 was Rs.4,00 lakhs (State Government : Rs.1,81.77 lakhs; Industrial Development Bank of India : Rs.1,70 lakhs; others : Rs.48.23 lakhs) against the paid-up capital of Rs.3,70 lakhs (State Government : Rs.1,66.77 lakhs, IDBI : Rs.1,55 lakhs; other : Rs.48.23 lakhs) as on 31st March 1980.

*Arising from records other than accounts which have not yet been compiled.

**Provisional.

†The figure as per Finance Accounts is Rs. 2,21.77 lakhs. Out of the difference of Rs. 40 lakhs, Rs. 35 lakhs are under reconciliation.

7.06.3. Guarantees

Government has guaranteed the repayment of shares capital of Rs.3,50 lakhs (excluding special share capital of Rs.50 lakhs) under Section 6(1) of the Act *ibid* and the payment of minimum dividend thereon at 3.5 per cent. Subvention paid by Government (up to 31st March 1981) towards the guaranteed dividend amounted to Rs.11.87 lakhs which was outstanding for repayment as on 31st March 1981. The table below indicates details of other guarantees given by Government for repayment of loans raised by the Corporation :

Particulars	Year of guarantee	Amount guaranteed	Amount outstanding as on 31st March 1981		
			Principal	Interest	Total
(i) West Bengal Financial Corporation Bonds (from market)	1974-75 to 1980-81	12,10 00	12,10 00	14.82	1224 82

7.06.4. Financial position

The table below summarises the financial position of the Corporation under broad headings for the three years up to 1980-81 :

	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
Capital and liabilities			
(a) Paid-up capital (including share application money)	340 00	385 00	475.00
b) Reserve fund, other reserves and surplus	210 50	281.43	346.49
(c) Borrowings:			
(i) Bonds and debentures	815.00	1035.00	1210.00
(ii) Others	1183.73	1312.81	1429.52
(d) Subvention paid by State Government on account of dividend	11 87	11.87	11.87
(e) Other liabilities and provisions	176 46	354.33	346.84
Total	2737 56	3280.44	3819.72
Assets			
(a) Cash and bank balances	190.48	195.68	86.35
(b) Investment	3 84	8.55	9 77
(c) Loans and advances	2407 44	2570.36	3448.29
(d) Debentures and shares, etc acquired under writing agreement	47.33	48.35	48.35
(e) Net fixed assets	5.10	6.07	8.46
(f) Dividend deficit account	11.87	11.87	11.87
(g) Other assets	71.50	139.54	206.63
Total	2737.56	3280.44	3819.72
Capital employed*	2079 97	2535 77	2923.67

*Capital employed represents the mean of the aggregates of opening and closing balances of paid-up capital, bonds and debentures, borrowings and deposits.

7.06.5. Working results

The following table gives the details of the working results of the Corporation for three years up to 1980-81 :

Particulars	1978-79	1979-80	1980-81
(Rupees in lakhs)			
1. Income			
(a) Interest on loans and advances	217.02	269.07	324.67
(b) Other income	3.38	2.11	5.45
Total:	220.40	271.18	330.12
2. Expenses			
(a) Interest on long-term loans	108.16	131.64	133.04
(b) Other expenses	36.63	26.31	32.31
Total:	144.79	157.95	165.35
3. Profit before tax	75.61	113.23	164.77
4. Provision for tax	26.19	40.20	45.00
5. Other appropriations	40.74	61.99	107.62
6. Amount available for dividend	8.68	11.04	12.25
7. Dividend paid	7.54	2.10	2.10
8. Total return on capital employed	183.77	244.87	297.81
9. Percentage of return on capital employed	8.83	9.06	10.19

7.06.6. Disbursement and recovery of loans

The performance of the Corporation in the disbursement and recovery of loans during the three years up to 1980-81 is indicated below :

Particulars	(Amount: Rupees in lakhs)							
	1978-79		1979-80		1980-81		Cumulative	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
1. Applications pending at the beginning of the year	65	2,74.32	44	3,24.77	107	5,38.95	—	—
2. Applications received	249	13,12.49	328	15,61.69	597	16,33.06	3501	1,29,18.72
3. Total	314	15,86.81	372	18,86.46	704	21,72.01	3501	1,29,18.72
4. Applications sanctioned	221	9,90.12	227	9,58.27	516	11,41.56	2565	83,25.95
5. Applications cancelled/with drawn/rejected	49	2,71.92	37	3,88.73	89	5,87.82	837	41,50.14
6. Applications pending at the close of the year	44	3,24.77	108	5,39.46	99	4,42.63	99	4,42.63
7. Loans disbursed	205	4,14.64	270	4,27.77	282	5,43.89	1134	40,49.89
8. Amount outstanding at the close of the year	602	23,99.19	687	28,58.68	897	34,92.72	897	34,94.72
9. Amount overdue for recovery:								
(a) Principal	398	2,05.24*	347	3,74.99*	674	4,89.99*	674	4,89.99
(b) Interest	..	2,40.96**	..	3,52.70**	..	4,74.56	..	4,74.56
				(per cent)				
10. Percentage of defaults to total loans outstanding	..	18.60	..	25.46	..	27.60	..	27.60

*Excludes Rs. 3.35 lakhs, Rs. 42.44 lakhs and Rs. 10.66 lakhs respectively for 1978-79, 1979-80 and 1980-81 where other arrangements have been made.

**Excludes Rs. 11.75 lakhs, Rs. 5.83 lakhs and Rs. 25.87 lakhs respectively for 1978-79, 1979-80 and 1980-81 where other arrangements have been made.

7.07. West Bengal State Warehousing Corporation

7.07.1. Introduction

The West Bengal State Warehousing Corporation was formed on 31st March 1958 under the Agricultural Produce (Development and Warehousing) Corporations Act, 1956, subsequently replaced by the Warehousing Corporations Act, 1962 for providing warehousing facilities in the State for storage and scientific preservation of agricultural produce, seeds, manures, fertilisers, etc.

7.07.2. Paid-up capital

The paid-up capital of the Corporation was Rs.2,89.40 lakhs* (State Government : Rs.1,44.70 lakhs; Central Warehousing Corporation : Rs.1,44.70 lakhs) as on 31st March 1981 against the paid-up capital of Rs.2,14.40 lakhs* (State Government : Rs.1,14.70 lakhs, Central Warehousing Corporation : Rs.99.70 lakhs) as on 31st March 1980.

7.07.3. Financial position

The table below summarises the financial position of the Corporation under broad headings for the three years up to 1978-79 :

	1976-77	1977-78	1978-79
	(Rupees in lakhs)		
Liabilities			
(a) Paid-up capital	1,27.00	1,81.40	1,90.40
(b) Reserves and surplus	40.87	39.68	45.40
(c) Trade dues and other current liabilities	60.22	63.95	66.77
Total ..	2,28.09	2,85.03	3,02.57
Assets			
(a) Gross block	66.20	69.65	72.46
(b) Less: Depreciation	21.17	23.01	23.84
(c) Net fixed assets	45.12	46.64	48.62
(d) Capital works-in-progress	1.91	0.51	1.34
(e) Investments	3.50	3.50	5.00
(f) Current assets, loans and advances	1,77.56	2,34.38	2,47.61
Total ..	2,28.09	2,85.03	3,02.57
Capital employed**	1,64.32	2,19.70	2,29.46

*Provisional.

**Capital employed represents net fixed assets plus working capital.

7.07.4. Working results

The following table gives the details of the working results of the Corporation for three years up to 1978-79.

Particulars		1976-77	1977-78	1978-79
		(Rupees in lakhs)		
1. Income				
(i) Warehousing charges	.. ..	69.56	73.45	91.38
(ii) Other income	.. ..	2.27	2.30	3.09
	Total	71.83	75.75	94.47
2. Expenditure				
(i) Establishment charges	.. ..	27.75	32.01	38.52
(ii) Other expenses	.. ..	41.81	42.40	44.31
	Total	69.56	74.41	82.83
3. Profit before tax	.. ..	2.27	1.34	11.64
4. Provision for tax	.. ..	1.25	1.25	1.75
5. Other appropriations	.. ..	0.95	0.98	3.47
6. Amount available for dividend	.. ..	0.07	(-)0.89	6.42
7. Dividend paid	.. ..	2.30	3.55	4.54
8. Total return on capital employed	.. ..	2.27	1.34	11.64
			(Per cent)	
9. Percentage of return on capital employed	.. ..	1.38	0.61	5.07

7.07.5. Operational performance

The following table gives details of storage capacity created, capacity utilised and other information about performance of the Corporation for the three years up to 1980-81 :

Particulars		1978-79	1979-80*	1980-81*
1. Number of stations covered	.. ..	33	36	38
2. Storage capacity created up to the end of the year (tonnes in lakhs)				
(a) Owned	.. ..	0.17	0.23	0.26
(b) Hired	.. ..	1.34	1.37	1.52
	Total	1.51	1.60	1.78
3. Average capacity utilised during the year (tonnes in lakhs).		1.32	1.43	1.58
			(Per cent)	
4. Percentage utilisation	.. ..	87	89	89
5. Average revenue per tonne (Rupees)	.. ..	69.23	79.03	69.24
6. Average expenses per tonne (Rupees)	.. ..	62.74	65.52	63.33

*Arising from the records other than accounts which have not been compiled.

SECTION VIII

WEST BENGAL STATE ELECTRICITY BOARD

Kolaghat Thermal Power Project

8.02.1. Purchase of boiler feed pump

The Board invited (April 1975) global tenders for supply of boiler feed pumps and auxiliaries. A letter of intent was placed (October 1975) with BHEL for supply of 3 sets at Rs.1,22.62 lakhs per unit. The terms of offer of BHEL included 10 *per cent* payment in advance (*i.e.*, Rs.36.78 lakhs) which was not paid as it was decided (October 1975) by the Board to negotiate with BHEL for reducing the cost of the pumps to match the price with that for imported pumps offered by another firm (Rs.83.95 lakhs each). BHEL declined to reduce the price offered but, instead raised the same to Rs.1,30.54 lakhs each (April 1977). Reasons for delay of about two and half years in taking a decision on the price offered by BHEL were not available.

The Board accepted (March 1978) the revised cost of pumps. The Management paid (March 1978) Rs.39.16 lakhs to BHEL on account of 10 *per cent* advance payment for 3 sets and placed firm order for supply of the sets with the stipulation that delivery of all components for Unit I would be completed by June 1980 and thereafter at nine months' intervals progressively for Units II and III.

Thus, due to non-payment of 10 *per cent* advance in time on the cost of the sets and confirm the order for which letter of intent was issued in October 1975, the Board had to incur extra liability of Rs.23.76 lakhs in procurement of the three sets.

8.02.2. Excess payment of sales tax

For utilisation in various works of the project, the Board purchased steel materials from suppliers from time to time. As the steel was required for use in generation and distribution of power, the Board was entitled to a concessional rate of West Bengal Sales Tax of one *per cent* by issuing necessary sales tax declaration form.

A test check revealed that during 1977-78 to 1980-81, the Board purchased steel materials costing Rs.3,41.59 lakhs. Although the sales tax declaration forms were stated to have been sent with individual supply orders, sales tax totalling Rs.13.04 lakhs at the rates between 2 to 4 *per cent* was charged by the suppliers through invoices which was paid by the Board as against Rs.3.42 lakhs at the rate of one *per cent*. The excess payment of Rs.9.62 lakhs on account of sales tax was pointed out to the Board in October 1981. Action taken, if any, to obtain refund of Rs.9.62 lakhs had not been intimated (May 1982).

The cases were referred to Government in October 1981; reply was awaited (May 1982).

SECTION IX

OTHER POINTS OF INTEREST

NORTH BENGAL STATE TRANSPORT CORPORATION

9.01. Purchase of micro-mini buses : Rs.2.42 lakhs

Mention was made in paragraph 2 of Section VII of the Report of the Comptroller and Auditor General of India for the year 1974-75 (Commercial) regarding purchase (in 1972) of seven "Dodge" make petrol driven mini bus chassis at a cost of Rs.2.46 lakhs without examining their operational suitability, and which were withdrawn by March 1975 in stages due to frequent breakage of axle, *etc.*, and high operational and maintenance cost.

In July 1976 the Chairman of the Corporation proposed the purchase of 4 wheeler drive jeep chassis with a view to introducing micro-mini buses as stage carriage services on Darjeeling-Mirik and Darjeeling-Gangtok routes. The Chief Engineer of the Corporation, however, opined (August 1976) that the chassis were not at all suitable for operation of micro-mini buses in the aforesaid hill areas. Further, on the basis of his visit (September 1976) to a neighbouring corporation having similar services in hill areas he expressed his opinion that these buses should not be operated in those routes as in that case expenditure would be too high and the Corporation would have to face lot of criticism due to frequent break-downs on the way. However, the General Manager placed (November 1976) an order with a firm of Siliguri for supply of three buses at a cost of Rs.2.42 lakhs for which approval of the Board was not obtained. All the three buses were received by the Corporation in June 1977. Of these, only one was tried for commercial use for a few months and the two others were not at all put on route since these were found unsuitable for the purpose.

The Management stated (June 1981) that the vehicles, in question, were withdrawn after a few days' run as they could not pick up in the hilly terrain due to weak construction in their axle/power transmission line.


Thus, despite similar experience earlier and after being forewarned of drawbacks in operating such buses for services in hilly areas, the Corporation acquired the vehicles which were found unsuitable, resulting in non-utilisation of the vehicles in the services for which they were acquired.

CALCUTTA STATE TRANSPORT CORPORATION

9.02. Non-disposal of auto fans

The Corporation introduced first class accommodation for travelling public in the upper deck of double-decker buses in the city acquired during 1972-73 and 1973-74 on an experimental basis with effect from September 1972 and abandoned it in April 1974. The scheme, *inter alia*, envisaged fitting of 4 auto fans (12"-swing) in each bus. In all 327 buses were covered (requiring 1308 fans) up to the time the scheme was abandoned in April 1974. The Corporation had no information as to the total number and value of fans actually procured and fitted in these buses. The stock card kept by the Corporation, however, revealed that 361 fans were retrieved from the double-decker buses after the scheme was abandoned. Information as to whether all the fans initially fitted in the buses were retrieved and accounted for was not available (May 1982).

Further, no action was taken to dispose of these 361 fans, together with 88 other fans already held in stock, though the Board ordered (December 1975) immediate disposal of the 449 fans.



(Smt. R. KRISHNAN KUTTY),
Accountant General II, West Bengal.

Calcutta,

The

1st JUL 1983

Countersigned



(GIAN PRAKASH),
Comptroller and Auditor General of India.

New Delhi,

The 18 JUL 1983

APPENDIX 'A'

(Reference : Paragraph 5 of prefatory remarks)

List of Companies in which Government invested more than Rs. 10 lakhs but which are not subject to audit by the Comptroller and Auditor General

Sl. No.	Name of the Company	Total investment up to 1980-81 (Rupees in lakhs)
1.	Engel India Machine and Tools Limited	1,30.27
2.	Gluconate Limited	89.12
3.	Eastern Distilleries (Private) Limited	19.50
4.	Sen Raleigh Limited	70.00
5.	Krishna Silicate and Glass Works Limited	2,94.31
6.	Inchek Tyres Limited	35.00
7.	Macintosh Burn Limited	91.75
8.	Groat Eastern Hotel Limited	70.25
9.	Duncan Brothers and Company Limited	34.58
10.	Britannia Engineering Company Limited	4,24.55
11.	Kinnison Jute Mills Company Limited	2,81.48
12.	Alokudyog Vanaspati and Plywood Limited	28.00
13.	Dr. Paul Lohmann (I) Limited	51.98
14.	Aluminium Corporation of India Limited	20.00
15.	Shalimar Works Limited	70.00
16.	Apollo Zipper Company (Private) Limited	40.59
17.	Kolay Iron and Steel Company Limited	15.00
18.	Indian Health Institute and Laboratory Limited	75.41
19.	Bharat Jute Mills Limited	50.00
20.	National Iron and Steel Company Limited	22.50
Total		19,14.29

APPEN

(Reference :

of Section I,

Summarised financial results

Sl No.	Name of the Company	Name of the Department	Date of incorporation	Period of accounts	Total capital invested	Profit(+) / Loss(-)
(Figures in columns 6 to 12 are						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Basumatī Corporation Limited	Information and Cultural Affairs	4th February 1975	1976-77	32 00	(-)11.21
2.	Durgapur Chemicals Limited	Public Under-takings.	31st March 1963	1980-81	2,321.80	(-)345.59
3.	The Durgapur Projects Limited	Ditto	6th September 1961	1980-81	8,375.80	(-)454.38
4.	The Electro-Medical and Allied Industries Limited	Ditto	29th June 1961	1978-79	194 97	(-)38.35
5.	Webel Telecommunication Industries Limited	Commerce and Industries	2nd April 1979	1980-81	100.00	(-)22.71
6.	West Bengal Agro-Industries Corporation Limited	Public Under-takings	16th August 1968	1978-79	10,82.22	(+)25.75
7.	West Bengal Cements Limited	Ditto	13th December 1973	1980-81	193.05	(-)39.58
8.	West Bengal Ceramic Development Corporation Limited	Ditto	31st March 1976	1979-80	150.15	(-)30.13
9.	West Bengal Colour Film and Sound Laboratory Corporation Limited	Information and Cultural Affairs	5th July 1980	1980-81	16.60	(-)0.86
10.	West Bengal Dairy and Poultry Development Corporation Limited	Public Under-takings	4th February 1969	1976-77	93.51	(-)3.12
11.	West Bengal Electronics Industries Development Corporation Limited	Commerce and Industries	4th February 1974	1980-81	377.87	(+)0.91
12.	West Bengal Essential Commodities Supply Corporation Limited	Food and Supplies	15th March 1974	1980-81	228.43	(+)158.31
13.	West Bengal Handloom and Powerloom Development Corporation Limited	Public Under-takings	25th September 1973	1977-78	137.70	(-)5.40
14.	West Bengal Industrial Development Corporation Limited	Commerce and Industries	6th January 1967	1980-81		(+)19 83

DIX 'B'

Paragraph 1.02

Page 1)

of Government Companies

Total interest charged to profit and loss account	Interest on long-term loans	Total return on capital invested (7+9)	Capital employed	Total return on capital employed (7+8)	Percentage of total return on capital invested	Percentage of total return on capital employed
Rupees in lakhs)						
(8)	(9)	(10)	(11)	(12)	(13)	(14)
..	..	(-)11.21	3 06	(-)11 21		
110.20	107.08	(-)238.51	234 49	(-)235 39		
268.21	268.21	(-)186.17	33,57 67	(-)186 17		
9.77	9.67	(-)28 68	1,00 87	(-)28 58		..
	..	(-)22.71	67 24	(-)22.71		
28.53	21.50	(+)47.25	9,05.78	54.28	4 37	5 99
1.27	1 27	(-)38.31	1,28 28	(-)28 31		
4.10	4.10	(-)26.03	51 34	(-)26.03		
..	..	(-)0.86	15 19	(-)0.86	..	
..	..	(-)3.12	81.65	(-)3.12	..	
5.34	5.34	6.25	1,81.69	6.25	1.66	3.44
36.14	3 75	162.06	2,63.46	194.54	70 94	73 81
4 87	2 38	(-)3.02	86.34	(-)0.53		
134.61	134.61	154.44	26,90.30	154.44		5.74

Sl No.	Name of the Company	Name of the Department	Date of incorporation	Period of accounts	Total capital invested	Profit(+) / Loss(-)
(Figures in columns 6 to 12 are						
(1)	(-)	(3)	(4)	(5)	(6)	(7)
15.	West Bengal Livestock Processing Development Corporation Limited	Animal Husbandry and Veterinary Services	9th April 1974	1977-78	52.94	(-)3.75
16.	West Bengal Mineral Development and Trading Corporation Limited	Commerce and Industries	23rd February 1973	1980-81	129.45	(-)5.88
17.	West Bengal Pharmaceutical and Phytochemical Development Corporation Limited	Ditto	28th March 1974	1980-81	48.00	(-)2.78
18.	West Bengal State Leather Industries Development Corporation Limited	Cottage and Small Scale Industries	3rd March 1976	1980-81	100.60	(-)9.71
19.	West Bengal State Textiles Corporation Limited	Closed and Sick Industries	19th March 1973	1978-79	102.00	(+)0.42
20.	West Bengal Tea Development Corporation Limited.	Commerce and Industries	4th August 1976	1980-81	95.00	(-)18.97
21.	West Bengal Sugar Industries Development Corporation Limited	Ditto	30th May 1973	1980-81	316.95	(-)53.57
22.	West Bengal Tourism Development Corporation Limited	Tourism	29th April 1974	1980-81	148.03	(-)13.06
23.	The West Dinajpur Spinning Mills Limited	Public Undertakings	22nd August 1975	1976-77 1977-78	23.01 23.01	(-)0.23 (-)0.15
24.	West Bengal Forest Development Corporation Limited	Forest	19th July 1974	1979-80 1980-81	361.48 438.47	(+)4.34 (+)4.64
25.	Webel Video Devices Limited	Commerce and Industries	26th August 1977	1978-79	114.00	..

Notes: (1) "Capital invested" represents paid-up capital plus long-term loans plus free

(2) "Capital employed" (except in the case of West Bengal Industrial Development or mines working capital, in the case of West Bengal Industrial Development Corporation the mean of the aggregates of opening and closing balances of (i) paid-up-capital and (v) deposits.

DIX 'B'—Contd.

Total interest charged to profit and loss account	Interest on long-term loans	Total return on capital invested (7+9)	Capital employed	Total return on capital employed (7+8)	Percentage of total return on capital invested	Percentage of total return on capital employed
(8)	(9)	(10)	(11)	(12)	(13)	(14)
..	..	(-)3.75	41.68	(-)3.75	..	..
0.07	..	(-)5.88	53.64	(-)5.81	..	..
..	..	(-)2.78	25.71	(-)2.78	..	..
1.97	1.97	(-)7.74	62.47	(-)7.74	..	..
..	..	(+)0.12	93.28	(+)0.42	0.41	0.45
0.15	..	(-)18.97	66.83	(-)18.82	..	..
27.98	23.83	(-)20.71	0.77	(-)25.59	..	..
..	..	(-)13.06	104.04	(-)13.06	..	..
..	..	(-)0.23	10.82	(-)0.23	..	..
..	..	(-)0.15	20.15	(-)0.15	..	..
2.47	2.47	6.81	361.48	6.81	1.89	1.89
4.51	4.54	9.18	438.47	9.18	2.09	2.09
..	..	..	26.93	..	..	..

reserves at the close of the year.

Corporation Limited) represents net fixed assets (excluding works-in-progress) plus Corporation Limited, "Capital employed" represents the mean capital employed, i.e. (i) bonds and debentures, (ii) reserves, (iv) borrowings including finance.

APPEN

(Reference : Paragraph

Summarised financial results

Sl. No.	Name of the Corporation/Board	Name of the Department	Date of incorporation	Period of accounts	Total capital invested	Profit(+) Loss(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Figures in columns 6 to						
1.	Calcutta State Transport Corporation	Home (Transport)	15th June 1960	1979-80 1980-81	91,48 01 41,01 87	(-)15,76 10 (-)15,47 07
2.	West Bengal Financial Corporation	Cottage and Small Scale Industries	1st March 1954	1980-81	33,99 03	(+)1,64.77
3.	West Bengal State Electricity Board	Power	1st May 1955	1979-80 1980-81	65,524 13 7,63,34 46	
4.	West Bengal Warehousing Corporation	Public Under takings	31st March 1955	1978-79	2,08 43	(+)11 64

Notes : (1) "Capital invested" represents paid-up capital plus long term loans plus free reserves

(2) "Capital employed" (except in the case of West Bengal Financial Corporation) of West Bengal Financial Corporation, "Capital employed" represents mean of the (iii) reserves (iv) borrowings including refinance and (v) deposits

DIX 'C'

7.01 of Section VII, Page 60)

of Statutory Corporations/Board.

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

12 are Rupees in lakhs)

608.32	608.32	(-)9,67.78	(-)17,68.67	(-)9,67.78	..	..
258.72	258.72	(-)12,88.35	(+)6,03.54	(-)12,88.35	..	..
1,33 04	1,33 04	2,97 81	29,23 67	2,97 81	8 76	10 19
19,76.14	19,16.88	19,16.88	3,62,40.35	19,76.14	2.92	5.45
17,09.64	15,31.55	15,31.55	3,96,74.70	17,09.64	2.01	4.31
..	..	11.64	2,29.46	11.64	5.58	5.07

represents net fixed assets (excluding works-in-progress) plus working capital. In case aggregates of opening and closing balances of (i) paid-up capital, (ii) bonds and debentures

