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Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings
for the year ended 31 March 2016

Government of Chhattisgarh

Report No. 01 of the year 2017

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Preface

This report deals with the results of audit of Government companies and Statutory corporation of Chhattisgarh for the year ended 31 March 2016.

The accounts of Government Companies (including companies deemed to be Government companies as per the provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 143 (6) of the Companies Act 2013. The Accounts certified by the Statutory Auditors (Chartered Accountants) appointed by the CAG under the Companies Act are subject to supplementary audit by officers of the CAG and the CAG gives his comments or supplements the reports of the Statutory Auditors. In addition, these companies are also subject to test audit by the CAG.

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

The instances mentioned in this Report are those, which came to notice in the course of test audit during the year 2015-16 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; matters relating to the period subsequent to 2015-16 have also been included, wherever necessary.

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

Overview

Overview

This report contains three Chapters. Chapter-I contains functioning of State Public Sector Undertakings, Chapter-II includes Report of one Performance Audit on Implementation of Restructured Accelerated Power Development and Reforms Programme in Chhattisgarh and one Audit on Mining and Marketing of Minerals by Chhattisgarh Mineral Development Corporation Limited. Chapter-III contains nine Transaction Audit Paragraphs on Government companies. The total financial impact of audit findings is ₹ 521.68 crore.

1. Functioning of State Public Sector Undertakings

Audit of Government companies is governed by Section 139 and 143 of the Companies Act, 2013. As on 31 March 2016, the State of Chhattisgarh had 21 Government companies and one Statutory Corporation[1]. The accounts of Government companies are audited by Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG). These Accounts are also subject to supplementary audit conducted by CAG. Audit of Chhattisgarh State Warehousing Corporation is governed by the Warehousing Corporations Act, 1962. The State PSUs registered a turnover of ₹ 21579.75 crore and incurred loss of ₹ 1108.05 crore as per their latest finalised accounts as of 30 September 2016. They had 20317 employees as on 31 March 2016.

(Paragraph 1.1)

Investments in State PSUs

As on 31 March 2016, the investment (Capital and Long term loans) in 22 State PSUs (including one Statutory corporation) was ₹ 27881.71 crore. It grew by 57.22 *per cent* from ₹ 17734.35 crore in 2011-12. Out of total investment, 44.28 *per cent* was towards Capital and 55.72 *per cent* was towards long term loans. The thrust of PSU investment was mainly in power sector which increased from ₹ 17301.26 crore in 2011-12 to ₹ 25157.36 crore in 2015-16. The State Government contributed ₹ 2524.42 crore towards loans and grants/subsidies during 2015-16.

(Paragraphs 1.6, 1.7 and 1.8)

Performance of State PSUs as per their latest finalised accounts

As per latest finalised accounts, out of 22 PSUs, 12 PSUs earned total profit of ₹ 488.93 crore and eight PSUs incurred total loss of ₹ 1596.98 crore. One PSU earned neither profit nor loss and one PSUs did not finalise its first accounts. The losses were mainly incurred by Chhattisgarh State Power Distribution Company Limited (₹ 1554.17crore) and Chhattisgarh State Power Transmission Company Limited (₹ 40.32 crore).

(Paragraph 1.15)

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[1]Chhattisgarh State Warehousing Corporation

Accounts Comments

Out of 23 accounts finalised by 20 working PSUs (including one Statutory corporation) during October 2015 to September 2016, the Statutory Auditors had given qualified certificates for six accounts and unqualified certificates for 17 accounts. There were 26 instances where compliance of Accounting Standards was not done in 15 Accounts. The Audit reports of Statutory Auditors and the supplementary audit by the CAG indicate that the quality of accounts needs to be improved substantially.

(Paragraphs 1.18 and 1.19)

Arrears in finalisation of Accounts

Fifteen PSUs had arrears of 33 Accounts as of September 2016. The extent of arrears ranged from one to five years. The PSUs need to set targets for the work relating to preparation of accounts with special focus on clearance of arrears.

(Paragraph 1.10)

2. Performance Audit relating to Government Companies

2.1 Implementation of Restructured Accelerated Power Development and Reforms Programme in Chhattisgarh

Introduction

During 2009-10, the losses in distribution networks of Chhattisgarh State Power Distribution Company Limited (Company) were significantly high at an average of 36.29 *per cent*. To address such issues in Power Sector, Accelerated Power Development and Reforms Programme (APDRP) was modified and renamed (July 2008) as "Re-structured Accelerated Power Development and Reforms Programme (R-APDRP)" by Government of India (GoI) and introduced in Chhattisgarh in September 2009. The main objectives of R-APDRP were to reduce the loss of power in distribution network {Aggregate Technical and Commercial (AT&C)loss} on sustainable basis to 15 *per cent*, to establish reliable and automated systems for collection of accurate base line data, and to adopt Information Technology (IT) for energy accounting and auditing. The Power Finance Corporation (PFC) was designated as the Nodal Agency of GoI for implementation of the Scheme. The total project cost of R-APDRP was ₹ 873.75 crore.

The projects under R-APDRP consist of Part-A (IT enabled system) implemented in 20 selected towns of Chhattisgarh with a project cost of ₹ 122.45 crore, Supervisory Control and Data Acquisition System (SCADA) implemented in two selected towns for a project cost of ₹ 41.06 crore and Part-B (strengthening of distribution network) implemented in 19 selected towns with a project cost of ₹ 710.24 crore.

Part-A included establishment of baseline data, IT applications for energy accounting/ auditing and IT based consumer service center with 17 modules for implementation. SCADA/ Distribution Management System (DMS) were being established in two large towns of Chhattisgarh. Part-B included regular distribution system strengthening works. Part-A of the Scheme was completed in August 2015. However, there was no progress in implementation of SCADA till March 2016. Physical progress made in respect of Part-B of the Scheme was 84 *per cent* till March 2016.

Power Distribution losses (AT&C losses)

Audit observed that during 2009-10, the Power Distribution losses of 20 project towns ranged between 8.57 *per cent* and 63.52 *per cent.* Despite an expenditure of ₹ 540.46 crore (as on March 2016), only four out of 20 towns in Chhattisgarh could achieve the target of 15 *per cent* AT&C losses during 2015-16. Further, in respect of five project towns, instead of decrease, the towns witnessed increased AT&C losses in 2015-16 as compared to 2014-15. In remaining 11 towns, though the losses were reduced, the target of 15 *per cent* could not be achieved. The reasons for failure to bring down the AT&C losses were mainly poor execution of works, high rate of theft of electricity, lack of action against the defaulting consumers etc. Thus, the Company failed to achieve the primary objective of the Scheme.

(Paragraph 2.1.13.1)

Go-live without completion of projects

A project town is declared go-live on establishment of IT enabled system as per System Requirement Specifications and online generation of AT&C losses report without human intervention. Under Part-A of the Scheme (IT enabled system), the Company declared all the towns as go-live by August 2015.

However, in respect of the 17 modules provided under Part-A of the Scheme, there were deficiencies in three modules. Customer Care Services module does not have a provision for customer’s feedback, Maintenance Management module was not recording all the feeder trippings and New Service Connection module was not being fully utilised for new service connections. As a result, resolution of complaints could not be monitored by the Company, maintenance data was not available and consumers could not avail online connection facility.

A beneficiary survey by audit revealed that in 10 towns, 61 *per cent* of the consumers (out of 500 consumers surveyed) were not aware about the benefits of Customer Care Services. As a result, they were not using online or telephone facility to register their complaints, query and other billing related problems. Further, 16 *per cent* (82 consumers out of 500) of surveyed consumers in 10 towns complained that their meter reading was not being taken regularly and received bills for energy charges on average consumption basis. The survey also revealed that nine *per cent* of consumers (47 out of 500) were not receiving energy bills in time. Despite delays in resolving complaints the Government and

Chhattisgarh State Electricity Regularity Commission (CSERC) have not issued any instructions to the Company for prompt resolution of complaints.

(Paragraphs 2.1.10.1, 2.1.10.4, 2.1.10.5, 2.1.10.6 and 2.1.10.8)

Updation of consumer database

The Company did not complete the updation of database of consumers as consumer indexing was not done in respect of 1.99 lakh (21 *per cent*) out of 9.51 lakh consumers as the Company has not developed a system for updation of database of consumers on regular basis.

(Paragraph 2.1.10.7)

Modems for obtaining energy data

Out of 10361 modems installed in Distribution Transformers (DTRs) and feeders for obtaining energy data, only 3240 modems were communicating the data as of 31 March 2016 due to network problems, fault in cables, interruption in power supply, defective modems etc. This resulted in poor communication of energy data from DTRs and feeders compelling the Company to fill gaps in the energy data through manual entries thereby defeating the Scheme objective of eliminating human intervention in energy accounting/auditing.

(Paragraph 2.1.10.3)

Implementation of SCADA

SCADA was to be implemented in two towns as per guidelines of the Scheme with the sanction cost of ₹ 41.06 crore. However, there was no physical progress in projects even after a lapse of more than four years due to delay in appointment of SCADA Implementing Agency (SIA), inaction on the part of SIA and not providing of SCADA enabling infrastructure by the Company. Thus, the Company failed to improve system reliability under the Scheme through remote operation.

(Paragraphs 2.1.11 and 2.1.11.1)

Financial Management

The Company deposited Scheme funds of ₹ 317.33 crore in its overdraft account instead of Scheme account in violation of the Scheme guidelines causing a loss of interest income of ₹ 1.70 crore in Scheme account. Further, Scheme funds amounting to ₹ 312.09 crore were drawn without immediate requirement and kept in fixed deposits of more than 180 days. Due to payment of higher rate of interest on funds drawn than the interest earned on fixed deposits, there was an avoidable interest burden of ₹ 6.23 crore on the Scheme. Also, interest income of ₹ 21.02 crore earned on Scheme funds was not credited to Scheme account.

(Paragraphs 2.1.8.1 and 2.1.8.2)

Internal Control, Monitoring and Training

The State Level Distribution Reform Committee (SLDRC) meetings were not conducted regularly. This resulted in ineffective monitoring by SLDRC of compliance of conditions of Scheme and achievement of milestones to improve the effectiveness of the Scheme.

(Paragraph 2.1.14.1)

2.2 Audit of Mining and Marketing of Minerals by Chhattisgarh Mineral Development Corporation Limited

Chhattisgarh Mineral Development Corporation Limited (Company) was incorporated in June 2001 with the objective of exploitation, mining and marketing of minerals.

Outsourcing of mining and marketing activities by the Company

The Company did not carry out mining and marketing of minerals on its own and awarded the same to private contractors. During 2011-12 to 2015-16, the Company carried out mining and marketing of Bauxite ore only through private contractors and trading (purchase and sale) of tin-ore. The pre-mining activities *viz* preparing feasibility reports, prospecting and obtaining statutory clearances etc. were also carried out through outsourced agencies without any cost benefit analysis of outsourcing of these activities.

(Paragraph 2.2.2)

Development of Coal blocks

The Company failed to develop the Coal blocks and commence mining though the milestones for commencement of production were missed by nearly two years to over seven years and substantial expenditure was incurred by the Company on these blocks. The failure was mainly due to inordinate delays in preparation of Geological Reports, delays in applying for various requirements such as mining lease, forest clearance, environmental clearance and land acquisition etc. The directive of the Hon'ble Supreme Court (September 2014) to cancel the allotment of five Coal blocks to the Company rendered the expenditure of ₹ 339.24 crore incurred by the Company for pre-mining works, infructuous.

(Paragraph 2.2.4.1)

Mining and marketing of Bauxite ore

Undue extension of pre-mining activity period

In the contract for mining and marketing of Kesra II, III, IV, Barima VI and Nagadand Bauxite mines, the Company unduly extended the period for completion of pre-mining activities. As a result, the Company suffered loss of revenue ₹ 9.30 crore during January 2009 to December 2013.

(Paragraph 2.2.5.2)

Failure to comply with agreement and mining plan

The Company did not monitor and initiate timely action regarding payments to be made by the contractor under contractual provisions. As a result, the contractor for mining and marketing of Bauxite at Daldali Bauxite mine made payments for the actual quantity mined instead of the monthly scheduled quantity as per agreement and the approved mining plan.

(Paragraph 2.2.5.10)

Mining of Iron ore

MoU with Steel Authority of India Limited

As the Company did not implement the MoU with Steel Authority of India Limited (SAIL) for development of Eklama Iron-ore deposit despite submission of final draft Joint Venture Agreement by SAIL after incorporating the suggestions of the high level committee and delayed the submission of application for mining lease of iron ore, the Company lost the opportunity to exploit the estimated Iron ore reserve of 100 million tonnes.

(Paragraph 2.2.6.1)

Standing instructions in preparation of pre-feasibility report

The Company failed to operationalise the Aridongri Iron-ore mine in Kanker District as the mining lease could not be obtained due to failure of the Company to adhere to the standing instructions in preparation of prefeasibility report. As a result expenditure of ₹ 75.30 lakh incurred on prospecting, drilling and preliminary investigation works of the mine remained blocked for a period ranging from four to eight years.

(Paragraph 2.2.6.2)

Trading of Columbite

Conditions for renewal of license

Failure of the Company to comply with the conditions for renewal of license for trading of Columbite resulted in loss of revenue of ₹ 3.35 crore.

(Paragraph 2.2.8)

Compliance to Environmental regulations

The Company failed to ensure compliance to the environmental regulations in respect of ambient air quality, noise pollution and tree plantation in Daldali Bauxite mine.

Joint inspection of the Daldali Bauxite mine revealed that:

- No analysis was being carried out by the contractor to assess the ambient air quality;
- There was no system in place for recording /monitoring the noise level in the mines and no ear plugs/air tight operation cabins were provided to the workers;
- No plantation was done in the mined out area, though plantation of 1000 trees per hectare was required to be carried out.

(Paragraph 2.2.9)

3. Transaction Audit Observations

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

There was loss of ₹ 127.98 crore in six cases due to non-compliance with rules, directives, procedures, terms and conditions of contracts.

(Paragraphs 3.1, 3.2, 3.4, 3.5, 3.6 and 3.9)

Loss of ₹ 3.16 crore was incurred in two cases due to defective/ deficient planning.

(Paragraphs 3.3 and 3.8)

Gist of some important audit observations in respect of other transaction audit paragraphs are given below:

The Chhattisgarh State Beverages Corporation Limited finalized purchase price of foreign liquor for the years 2014-15 and 2015-16 at higher rates in violation of terms and conditions of tender as well as directives of Board of Directors resulting in grant of undue benefit of ₹ 112.87 crore to the suppliers of foreign liquor.

(Paragraph 3.1)

The Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited made payment for business expenditure of more than ₹ 20000 in cash and also made payments without effecting TDS in violation of provisions of Income Tax Act resulting in payment of extra income tax of ₹ 2.02 crore by the Company as the business expenditure of ₹ 6.10 crore was disallowed.

(Paragraph 3.2)

The Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited suffered loss of ₹ 2.18 crore due to lack of proactive marketing strategy for sale of surplus paddy seed.

(Paragraph 3.3)

The Chhattisgarh State Industrial Development Corporation Limited awarded civil works valuing ₹ 44.40 crore at exorbitant rate based on two price bids at first call and without assessing the reasonability of rates resulting in avoidable extra expenditure of ₹ 5.19 crore.

(Paragraph 3.4)

The Chhattisgarh State Industrial Development Corporation Limited recovered land premium at lower rate resulting in loss of ₹ 75.46 lakh to the Company and extension of undue benefit to a private party.

(Paragraph 3.5)

The Chhattisgarh State Civil Supplies Corporation Limited failed to enforce provisions of MoU for advance payment and incorporate suitable clause in MoU towards penal interest for delayed payment. As a result, interest of ₹ 6.18 crore could not be recovered from KFCSCL causing loss to the Company.

(Paragraph 3.6)

The Chhattisgarh State Civil Supplies Corporation Limited failed to timely submit the lower interest rate proposal of ICICI bank before the State Level Committee for approval resulting in extra expenditure ₹ 98.27 lakh towards interest on cash credit limit.

(Paragraph 3.8)

Chapter - I

CHAPTER-I

1. Functioning of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory Corporations. The State PSUs are established to carry out activities of a commercial nature while keeping in view the public welfare of people and occupy an important place in the State economy. As on 31 March 2016, in Chhattisgarh there were 22 PSUs including one Statutory Corporation as detailed in ***Annexure - 1.1***. None of these PSUs was listed in any of the stock exchanges. During the year 2015-16, one PSU i.e. Kerwa Coal Limited was established and no PSU/ Statutory corporation was closed down. The details of the State PSUs in Chhattisgarh as on 31 March 2016 are given in **Table - 1.1**.

Table - 1.1: Total number of PSUs as on 31 March 2016

Type of PSUs	Working PSUs	PSUs not working	Total
Government companies[1]	21	-	21
Statutory corporation	1	-	1
Total	**22**	**-**	**22**

(Source : Data compiled from the Information furnished by the PSUs)

The working PSUs registered a turnover of ₹ 21579.75 crore as per their latest finalised accounts as of 30 September 2016. This turnover was equal to 8.58 *per cent* of State Gross Domestic Product (GDP) for 2015-16. The working PSUs incurred loss of ₹ 1108.05 crore as per their latest finalised accounts as of 30 September 2016. They had employed 20317 employees as on 31 March 2016.

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

Accountability framework

1.2 The process of audit of Government companies is governed by respective provisions of Section 139 and 143 of the Companies Act, 2013 (Act). According to Section 2 (45) of the Act, "Government company" means any company in which not less than fifty one *per cent* of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary company of such a Government company.

Further, as per sub-Section 7 of Section 143 of the Act, the CAG may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, if considers necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19 A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit. Thus, a Government Company or any other Company owned or controlled, directly or

[1] Government Companies include other Companies referred to in Section 139(5) and 139 (7) of the Companies Act, 2013.

indirectly, by the Central Government, or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments is subject to audit by the CAG. An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

Statutory Audit

1.3 The financial statements of the Government companies (as defined in Section 2(45) of the Companies Act, 2013) are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 139(5) or (7) of the Act who shall submit a copy of the Audit Report to the CAG which, among other things, includes financial statements of the Company under Section 143 (5) of the Act. These financial statements are subject to supplementary audit conducted by CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

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

Role of Government and Legislature

1.4 The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Reports together with the Statutory Auditors Reports and Comments of the CAG, in respect of State Government companies and Separate audit Reports in case of Statutory Corporation is to be placed before the Legislature under Section 394 of the Act or as stipulated in the respective Act. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Stake of Government of Chhattisgarh

1.5 The State Government has huge financial stake in these PSUs. This stake is of mainly three types:

- **Share Capital and Loans -** In addition to the share capital contribution, State Government also provides financial assistance by way of loans to the PSUs from time to time.
- **Special Financial Support -** State Government provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees -** State Government also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

Investment in State PSUs

1.6 As on 31 March 2016, the investment (capital and long-term loans) in 22 State PSUs was ₹ 27881.71 crore as detailed in **Table - 1.2**.

Table - 1.2: Total investment in PSUs

(₹ in crore)

Government companies			Statutory corporation			Grand Total
Capital	Long term loans	Total	Capital	Long term loans	Total	
12342.36	15426.01	27768.37	4.04	109.30	113.34	27881.71

(Source: Data compiled from the Information furnished by the PSUs)

As on 31 March 2016 of the total investment in State PSUs, 44.28 *per cent* was towards Capital and 55.72 *per cent* towards Long-term loans. The investment has grown by 57.22 *per cent* from ₹ 17734.35 crore in 2011-12 to ₹ 27881.71 crore in 2015-16 as shown in **Chart - 1.1.**

Chart 1.1: Total investment (Capital and Long-term loans) in PSUs

1.7 The sector wise summary of investments in the State PSUs as on 31 March 2016 is given in **Table - 1.3**.

Table - 1.3: Sector-wise investment in PSUs

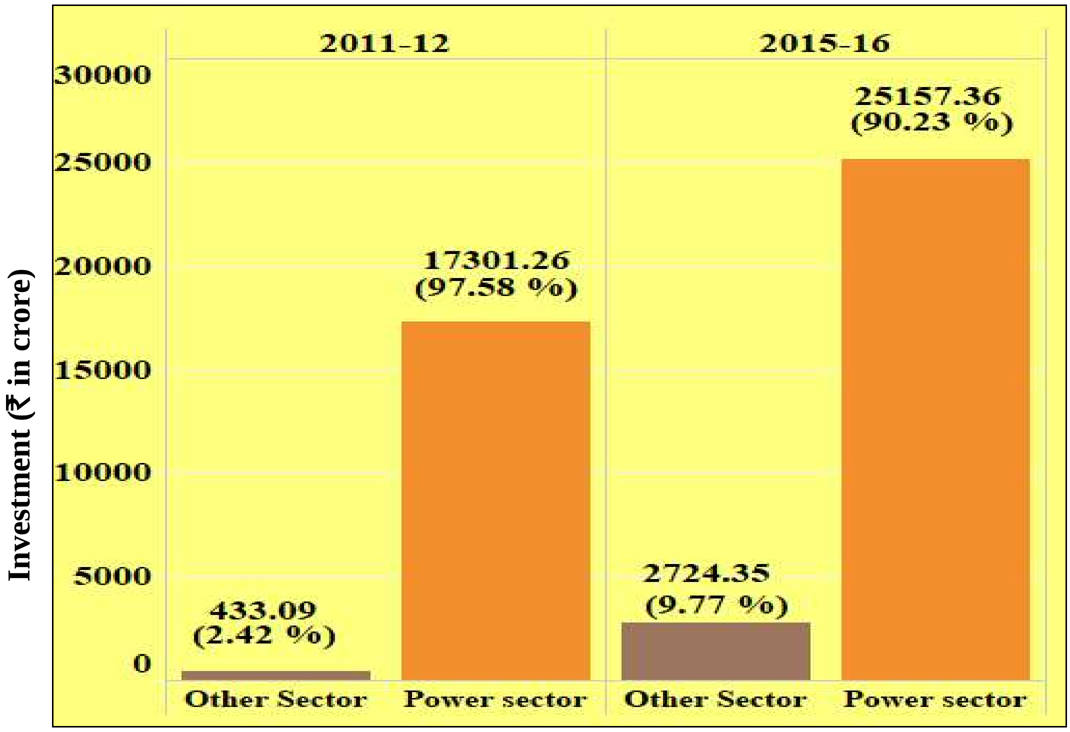
(₹ in crore)

Name of Sector	Government companies	Statutory corporation	Total	Investment
Agriculture and allied	2	-	2	27.15
Finance	1		1	5.00
Infrastructure	3	-	3	10.70
Mining	5	-	5	108.08
Power	5	-	5	25157.36
Services	5	1	6	2573.42
Total	**21**	**1**	**22**	**27881.71**

(Source: Data compiled from the Information furnished by the PSUs)

The investment in important sectors and the percentage thereof as of 31 March 2012 and 31 March 2016 are indicated in the **Chart - 1.2**.

Chart-1.2: Investment in important sectors



The thrust of PSU investment was mainly in power sector which was 90.23 *per cent* of total investment as of 31 March 2016. During the past five years the investment in this sector is showing an increasing trend. It grew by 45.41 *per cent*, from ₹ 17301.26 crore in 2011-12 to ₹ 25157.36 crore in 2015-16. This increment was mainly due to the investment made by the Government in equity and loan obtained by PSUs of power sector from Power Finance Corporation Limited/ Rural Electrification Corporation Limited for their new projects and up gradation works.

Special support and returns during the year

1.8 The State Government provides financial support to PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and interest waived in respect of State PSUs for the three years ended 2015-16 are given in the **Table - 1.4.**

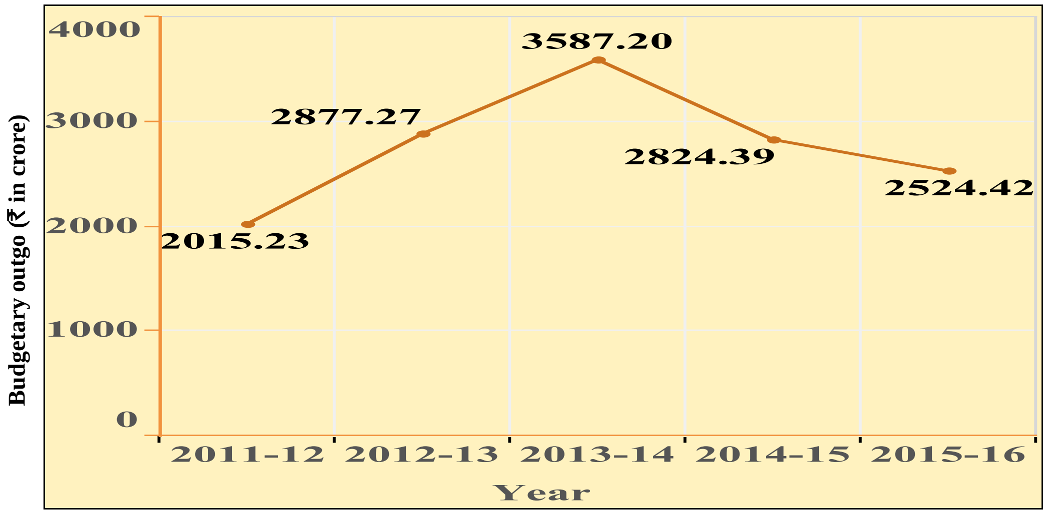
Table - 1.4: Details regarding budgetary support to PSUs

SN	Particulars	2013-14		2014-15		2015-16	
		No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)
1.	Equity Capital outgo from budget	2	22.45	1	4.90	-	-
2.	Loans given from budget	3	556.78	1	16.87	4	531.71
3.	Grants/ Subsidy received	8	3007.97	9	2802.62	8	1992.71
4.	**Total Outgo (1+2+3)**	**11**[2]	**3587.20**	**11**[2]	**2824.39**	**9**[2]	**2524.42**
5.	Waiver of loans and interest	-	-	-	-	-	-
6.	Guarantees issued	1	500.00	2	526.00	1	1000
7.	Guarantee commitment	3	867.70	3	744.73	3	1353.46

(Source : Data compiled from the Information furnished by the PSUs)

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

Chart - 1.3: Budgetary outgo towards Equity, Loans and Grants/ Subsidies



The budgetary outgo towards equity, loans and grants/subsidies increased from ₹ 2015.23 crore in 2011-12 to ₹ 3587.20 crore in 2013-14 and thereafter it declined to ₹ 2824.39 crore in 2014-15 and further to ₹ 2524.42 crore in 2015-16. The budgetary outgo of ₹ 2524.42 crore during 2015-16 included support of ₹ 1848.27 crore extended to two PSUs viz. Chhattisgarh State Power Distribution Company Limited and Chhattisgarh State Industrial Development Corporation Limited by way of subsidy and grants of ₹ 1763.73 crore and ₹ 84.54 crore respectively.

[2] These represent actual number of PSUs which received budgetary support . Some PSUs fall in more than one category.

The guarantees outstanding increased from ₹ 867.70 crore in 2013-14 to ₹ 1353.46 crore in 2015-16. None of the PSUs had paid any guarantee fee/commission to the State Government during 2015-16.

Reconciliation with Finance Accounts

1.9 The figures in respect of equity, loans and guarantees outstanding as per records of the State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as at 31 March 2016 is stated in the **Table - 1.5**.

Table - 1.5: Equity, loans, guarantees outstanding as per Finance Accounts *vis a vis* records of PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	5969.83	8225.08	2255.25
Loans	257.48	531.71	274.23
Guarantee	857.76	1353.46	495.70

(Source: State Finance Accounts for the year 2015-16 and information furnished by PSUs)

Audit observed that the differences occurred in respect of ten PSUs[3] and some differences were pending reconciliation since 2004-05. Though the differences between the amounts reflected in the Finance Accounts and as per the records of the PSUs were reported in the Audit Reports of earlier years, no corrective action was taken by the State Government. The Government and the PSUs should take concrete steps to reconcile the differences in a time bound manner.

Arrears in finalisation of accounts

1.10 The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year i.e. by September end in accordance with the provisions of Section 96 (1) read with Section 129 (2) of the Companies Act, 2013 (Act). Failure to do so may attract penal provisions under Section 99 of the Act which provides that every officer of the Company who is in default shall be punishable with fine which may extend to one lakh rupees and in case of continuing default, with a further fine which may extent to five thousand rupees for every day during which such default continues. As such Management of the Government companies, whose accounts are in arrears, are liable for default. Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

Table - 1.6 provides the details of progress made by PSUs in finalisation of accounts as of 30 September 2016.

[3] CRVVNL, CSIDC, CSPDCL, CSPGCL, CSPHCL, CSPTCL, CIDC, CSCSCL, CNJVAVN and CSWC.

Table - 1.6: Position relating to finalisation of accounts of working PSUs

SN	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Number of PSUs	20[4]	19	20	21	22
2.	Number of accounts finalised during the year	16	24	21	24	23
3.	Number of accounts in arrears	41	36	37	34	33[5]
4.	Number of PSUs with arrears in accounts	15	15	15	17	15
5.	Extent of arrears	1 to 6 years	1 to 7 years	1 to 7 years	1 to 6 years	1 to 5 years

(Source : Data compiled from the Information furnished by the PSUs)

It can be observed that the number of accounts in arrears of the PSUs had decreased over the years from 41 accounts in respect of 15 PSUs in 2011-12 to 33 accounts in respect of 15 PSUs in 2015-16. Out of 34 accounts in arrears as of 30 September 2015 only 23 accounts were finalised during the current year. The extent of arrear was ranging from one to five years.

The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the stipulated period. We informed the concerned administrative departments and officials of the Government of the arrears in finalisation of accounts. In addition, the Accountant General took up the matter with the Chief Secretary twice during the current financial year (June 2016 and November 2016) for clearance of the arrears of accounts. However, no significant improvement has been noticed.

1.11 The State Government had invested ₹ 1892.45 crore in five PSUs (Loans: ₹ 530.92 crore in two PSUs and Grants: ₹ 1361.53 crore in three PSUs) during the years for which accounts have not been finalised as detailed in ***Annexure - 1.2*****.** In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not. Further, the present net worth of these PSUs could not be assessed in the absence of finalisation of accounts. Thus Government's investment in such PSUs remained outside the control of State Legislature.

Placement of Separate Audit Reports

1.12 The Separate Audit Reports (SAR) issued by the CAG on the annual accounts of Chhattisgarh State Warehousing Corporation (CSWC) are laid in the State Legislature. The SAR on the accounts of CSWC for the year ended 31 March 2014 was placed in the State Legislature on 16 March 2016.

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

[5] Five accounts for the years 2011-12 to 2015-16 are yet to be received from RNNTL.

Impact of Accounts not finalised

1.13 As pointed out above (Paragraph 1.10 and 1.11), the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant Statues. In view of the above state of arrears of accounts, the actual contribution of PSUs to the State GDP for the year 2015-16 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that:

- The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies/ corporation which would be monitored by the cell.
- The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.

Performance of PSUs as per their latest finalised accounts

1.14 The financial position and working results of Government companies and Statutory Corporation are detailed in ***Annexure - 1.1*****.** A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. **Table - 1.7** provides the details of PSU turnover and State GDP for a period of five years ending 2015-16.

Table - 1.7: Details of working PSUs turnover *vis-a-vis* State GDP

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Turnover[6]	14200.21	11776.04	13734.46	15510.96	21579.75
State GDP	158074	177511	206786	236318	251447
Percentage of Turnover to State GDP	8.98	6.63	6.47	6.56	8.58

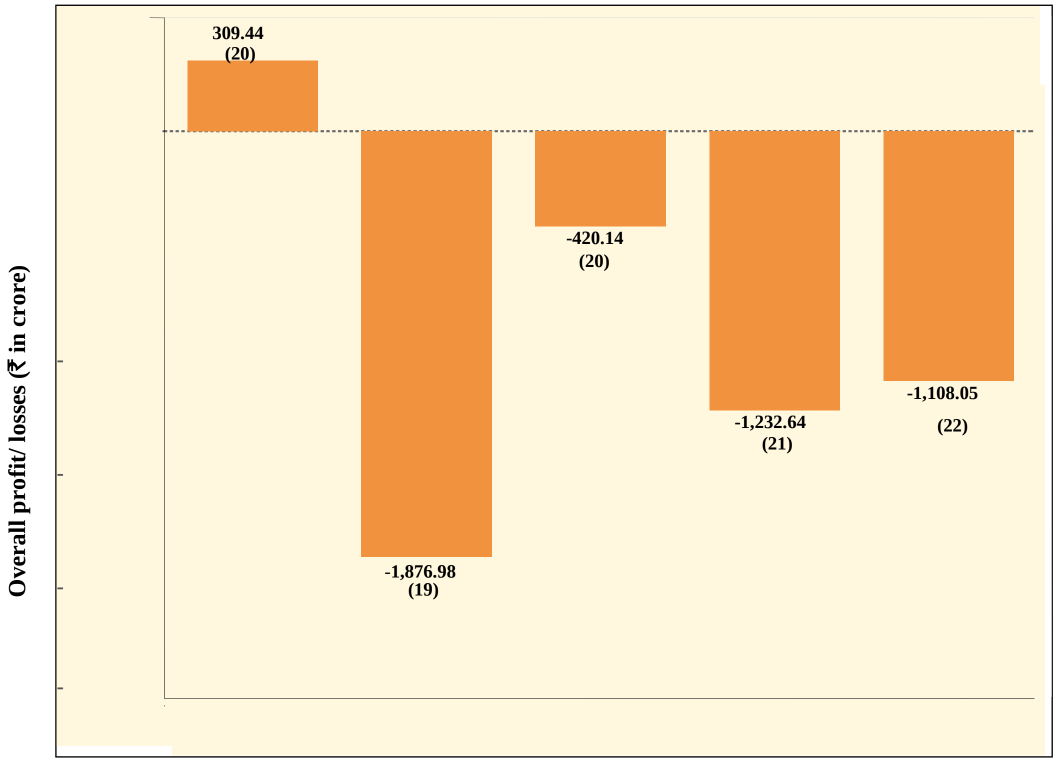
(Source: Website of Ministry of Statistics and Programme Implementation, Government of India and Information furnished by the PSUs)

The percentage of turnover of the PSUs to the State GDP had decreased from 8.98 in 2011-12 to 8.58 in 2015-16. The turnover of ₹ 21579.75 crore in 2015-16 does not include turnover of one PSU (RNNTL) in the absence of finalisation of their first accounts.

1.15 Overall profit/ losses earned/ incurred by State PSUs during 2011-12 to 2015-16 as per their latest financial accounts as on 30 September 2016 is given in the **Chart - 1.4**.

[6] Turnover as per the latest finalised accounts as of 30 September.

Chart - 1.4: Overall profit/losses incurred during the year by working PSUs



(Figures in brackets show the number of working PSUs in respective years)

The aggregate profit of ₹ 309.44 crore earned by the State PSUs in 2011-12 turned into aggregate loss of ₹ 1876.98 crore in 2012-13 due to heavy loss (₹ 2012.27 crore) incurred by Chhattisgarh State Power Distribution Company Limited. In 2015-16 there was an aggregate loss of ₹ 1108.05 crore. During the year, out of 22 working PSUs, 12 PSUs[7] earned total profit of ₹ 488.93 crore and eight PSUs[8] incurred total loss of ₹ 1596.98 crore. One PSU[9] earned neither profit nor loss. The remaining one PSU[10] did not finalise their first accounts. The major contributors to profit were Chhattisgarh State Power Generation Company Limited (₹ 354.15 crore), Chhattisgarh State Warehousing Corporation (₹ 44.33 crore), Chhattisgarh Rajya Van Vikas Nigam Limited (₹ 37.52 crore) and Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (₹ 25.99 crore). Losses were mainly incurred by Chhattisgarh State Power Distribution Company Limited (₹ 1554.17 crore) and Chhattisgarh State Power Transmission Company Limited (₹ 40.32 crore).

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[7] CRBEKVNL, CRVVNL, CNJVAVN, CIDC, CSPGCL, CSPHCL, CSBCL, CSCSCL, CMSCL, CPHCL, CMDC and CSWC

[8] CSIDC, CSCCL, CAPCL, CSPDCL, CSPTr.CL, CSPTCL, CRDCL and KCL

[9] CICL

[10] Raipur Nagar Nigam Transport Limited

1.16 Some other key parameters of PSUs are given in the **Table - 1.8**.

Table - 1.8: Key parameters of State PSUs

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Return on Capital Employed (*Per cent)*	5.59	-	-	-	-
Debt	8576.28	3156.39	12033.56	13602.11	15535.31
Turnover[11]	14200.21	11776.04	13734.46	15510.96	21579.75
Debt/ Turnover Ratio	0.60	0.27	0.88	0.88	0.72
Interest Payments	618.38	395.46	415.87	697.83	1009.99
Accumulated Profit /(-)Loss	2002.78	(-)3136.26	(-)3627.12	(-) 4780.58	(-) 5879.98

(Source: Data compiled from the Information furnished by the PSUs)

Return on Capital Employed during 2011-12 was 5.59 *per cent* and in the subsequent years there was no return as the PSUs suffered losses. The accumulated profit of the State PSUs of ₹ 2002.78 crore in 2011-12 has turned into accumulated loss of ₹ 5879.98 crore in 2015-16 which was mainly due to losses incurred by Chhattisgarh State Power Distribution Company Limited and Chhattisgarh State Power Transmission Company Limited. This indicated the deteriorating operational performance of PSUs. The Debt turnover ratio increased from 0.60:1 in 2011-12 to 0.72:1 in 2015-16 showing that turnover has not increased in the proportion in which debt has increased during this period.

1.17 The State Government had not formulated any dividend policy for payment of minimum return on the paid-up share capital contributed by it. As per their latest finalised accounts, 12 PSUs earned profit aggregating ₹ 488.93 crore of which only two PSUs (Chhattisgarh Rajya Van Vikas Nigam Limited and Chhattisgarh State Warehousing Corporation) declared dividend of ₹ 4.53 crore.

Accounts Comments

1.18 Nineteen companies forwarded their 22 audited accounts to the Accountant General during the period from 1 October 2015 to 30 September 2016. Of these, 21 Accounts of 19 companies[12] were selected for supplementary audit. The audit reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and CAG are given in **Table - 1.9**.

[11] Turnover of PSUs as per their latest finalised accounts as of 30 September 2016.

[12] CRBEKVNL, CRVVNL, CIDC, CSIDC, CMDC, CICL, CSCCL, CAPCL, CSPDCL, CSPGCL, CSPHCL, CSPTr.CL, CSPTCL, CSBCL, CSCSCL, CMSCL, CPHCL, CRDCL and KCL

Table - 1.9: Impact of audit comments on working Companies

SN	Particulars	2013-14		2014-15		2015-16	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1.	Decrease in Profit	7	3.70	9	26.35	8	31.09
2.	Increase in Loss	3	216.54	4	6.09	3	7.94
3.	Increase in Profit	4	0.90	5	150.74	4	177.42
4.	Decrease in Loss	4	1448.49	1	360.86	4	26.58
5.	Material facts not disclosed	3	1065.51	6	527.54	6	581.49
6.	Error in classification	1	34.01	6	77.76	3	17.12

(Source: Figures worked out by Audit)

During the year, the Statutory Auditors had given unqualified certificates for six accounts and qualified certificates for 16 accounts. The compliance of companies with Accounting Standards remained poor as there were 26 instances in 15 PSUs accounts where compliance of accounting standards was not made.

1.19 Similarly, the Chhattisgarh State Warehousing Corporation forwarded its accounts for the year 2014-15 to the Accountant General during the year 2015-16. The Statutory Auditors have given qualified certificate on the accounts and the accounts of the Corporation was selected for supplementary audit. The details of aggregate money value of comments of Statutory Auditor and CAG on the Corporation is given in **Table - 1.10**.

Table - 1.10: Impact of audit comments on Statutory Corporation

SN	Particulars	2013-14		2014-15		2015-16	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1	Increase in profit	-	-	1	0.53	Under finalisation	
2	Decrease in profit	1	0.20	1	0.82		

(Source: Figures worked out by Audit)

Response of the Government to Audit

Performance Audits and Paragraphs

1.20 For the Report of the CAG for the year ended 31 March 2016, one performance audit on Implementation of Restructured Accelerated Power Development and Reforms Programme in Chhattisgarh, audit on Mining and Marketing of Minerals by Chhattisgarh Mineral Development Corporation Limited and nine compliance audit paragraphs involving six departments were issued to the Additional Chief Secretaries/ Principal Secretaries/ Secretaries of the respective Departments with request to furnish replies within six weeks. The State Government had furnished all the replies.

Follow up action on Audit Reports

Replies outstanding

1.21 The Report of the CAG represents the culmination of the process of audit scrutiny. According to the Rules of procedure for the internal working of the Committee on Public Undertakings (COPU), the Administrative Departments were to initiate, *suo moto* action on all Audit Paragraphs and performance audits featuring in the Comptroller and Auditor General's Audit Report regardless of whether these are taken up for examination by COPU or not. They were also to furnish explanatory notes, indicating the remedial action taken or proposed to be taken by them within six months of the presentation of the Audit Reports to the State Legislature. The replies/ explanatory notes awaited as on 30 September 2016 are given in **Table – 1.11**.

Table – 1.11: Explanatory notes not received (as on 30 September 2016)

Year of the Audit Report (Commercial/PSU)	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs) and Paragraphs in the Audit Report		Number of PAs/Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2008-09	26 March 2010	1	5	-	2
2014-15	31 March 2016	1	13	1	4
Total		**2**	**18**	**1**	**6**

(Source: Information compiled by Audit)

From the above, it could be seen that out of 20 paragraphs/ performance audits, explanatory notes to seven paragraphs/ performance audit in respect of three departments (Energy Department, Home Department and Commerce & Industries Department), which were commented upon, were awaited (September 2016).

Discussion of Audit Reports by COPU

1.22 The status as on 30 September 2016 of performance audits and paragraphs that appeared in Audit Reports (Civil & Commercial) and Audit Reports (PSUs) and discussed by COPU is as given in **Table - 1.12**.

Table - 1.12: Performance Audits/ Paragraphs appeared in Audit Reports *vis-à-vis* discussed as on 30 September 2016

Period of Audit Report	Number of Performance Audits (PAs)/ Paragraphs					
	Appeared in Audit Report		Paras discussed		Paras pending for discussion	
	PAs	Paragraphs	PAs	Paragraphs	PAs	Paragraphs
2008-09	1	5	1	3	-	2
2010-11	1	8	1	5	-	3
2011-12	1	10	-	3	1	7
2012-13	1	9	1	4	-	5
2013-14	1	11	-	5	1	6
2014-15	1	13	-	1	1	12
Total	**6**	**56**	**3**	**21**	**3**	**35**

(Source: Information compiled by Audit)

Compliance to Reports of Committee on Public Undertakings (COPU)

1.23 Action Taken Notes (ATN) of the Government Departments to seven paragraphs pertaining to seven Reports of the COPU presented to the State Legislature between July 2008 and March 2012 have not been received (September 2016) as indicated in **Table - 1.13**.

Table - 1.13: Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total number of recommendations in COPU Report	Number of recommendations for which ATN not received
2008-09	2	3	1
2009-10	1	1	1
2010-11	3	4	3
2011-12	1	2	2
Total	**7**	**10**	**7**

(Source: Information compiled by Audit)

These Reports of COPU contained recommendations in respect of paragraphs pertaining to three departments (Food Department, Energy Department and Commerce & Industries Department), which appeared in the Reports of the CAG for the years 2002-03 to 2008-09.

It is recommended that the Government may ensure:

- sending of replies/ explanatory notes to IRs/draft paragraphs/performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule;
- recovery of loss/ outstanding advances/ overpayments within the prescribed period; and
- revamping of the system of responding to audit observations.

Chapter - II

CHAPTER-II

2. Performance Audit relating to Government Companies

2.1 Implementation of Restructured Accelerated Power Development and Reforms Programme in Chhattisgarh

Executive summary

Introduction

During 2009-10, the losses in distribution networks of Chhattisgarh State Power Distribution Company Limited (Company) were significantly high at an average of 36.29 *per cent*. To address such issues in Power Sector, Accelerated Power Development and Reforms Programme (APDRP) was modified and renamed (July 2008) as "Re-structured Accelerated Power Development and Reforms Programme (R-APDRP)" by Government of India (GoI) and introduced in Chhattisgarh in September 2009. The main objectives of R-APDRP were to reduce the loss of power in distribution network {Aggregate Technical and Commercial (AT&C) loss}on sustainable basis to 15 *per cent*, to establish reliable and automated systems for collection of accurate base line data, and to adopt Information Technology (IT) for energy accounting and auditing. The Power Finance Corporation (PFC) was designated as the Nodal Agency of GoI for implementation of the Scheme. The total project cost of R-APDRP was ₹ 873.75 crore.

The projects under R-APDRP consist of Part-A (IT enabled system) implemented in 20 selected towns of Chhattisgarh with a project cost of ₹ 122.45 crore, Supervisory Control and Data Acquisition System (SCADA) implemented in two selected towns for a project cost of ₹ 41.06 crore and Part-B (strengthening of distribution network) implemented in 19 selected towns with a project cost of ₹ 710.24 crore.

Part-A included establishment of baseline data, IT applications for energy accounting/ auditing and IT based consumer service centre with 17 modules for implementation. SCADA/ Distribution Management System (DMS) were being established in two large towns of Chhattisgarh. Part-B included regular distribution system strengthening works. Part-A of the Scheme was completed in August 2015. However, there was no progress in implementation of SCADA till March 2016. Physical progress made in respect of Part-B of the Scheme was 84 *per cent* till March 2016.

Power Distribution losses (AT&C losses)

Audit observed that during 2009-10, the Power Distribution losses of 20 project towns ranged between 8.57 *per cent* and 63.52 *per cent*. Despite an expenditure of ₹ 540.46 crore (as on March 2016), only four out of 20 towns in Chhattisgarh could achieve the target of 15 *per cent* AT&C losses during 2015-16. Further, in respect of five project towns, instead of decrease, the towns witnessed increased AT&C losses in 2015-16 as compared to 2014-15. In remaining 11 towns, though the losses were reduced, the target of 15 *per cent* could not be achieved. The reasons for failure to bring down the AT&C losses were mainly poor execution of works, high rate of theft of electricity,

lack of action against the defaulting consumers etc. Thus, the Company failed to achieve the primary objective of the Scheme.

(Paragraph 2.1.13.1)

Go-live without completion of projects

A project town is declared go-live on establishment of IT enabled system as per System Requirement Specifications and online generation of AT&C losses report without human intervention. Under Part-A of the Scheme (IT enabled system), the Company declared all the towns as go-live by August 2015. However, in respect of the 17 modules provided under Part-A of the Scheme, there were deficiencies in three modules. Customer Care Services module does not have a provision for customer's feedback, Maintenance Management module was not recording all the feeder trippings and New Service Connection module was not being fully utilised for new service connections. As a result, resolution of complaints could not be monitored by the Company, maintenance data was not available and consumers could not avail online connection facility.

A beneficiary survey by audit revealed that in 10 towns, 61 *per cent* of the consumers (out of 500 consumers surveyed) were not aware about the benefits of Customer Care Services. As a result, they were not using online or telephone facility to register their complaints, query and other billing related problems. Further, 16 *per cent* (82 consumers out of 500) of surveyed consumers in 10 towns complained that their meter reading was not being taken regularly and received bills for energy charges on average consumption basis. The survey also revealed that nine *per cent* of consumers (47 out of 500) were not receiving energy bills in time. Despite delays in resolving complaints the Government and Chhattisgarh State Electricity Regularity Commission (CSERC) have not issued any instructions to the Company for prompt resolution of complaints.

(Paragraphs 2.1.10.1, 2.1.10.4, 2.1.10.5, 2.1.10.6 and 2.1.10.8)

Updation of consumer database

The Company did not complete the updation of database of consumers as consumer indexing was not done in respect of 1.99 lakh (21 *per cent*) out of 9.51 lakh consumers as the Company has not developed a system for updation of database of consumers on regular basis.

(Paragraph 2.1.10.7)

Modems for obtaining energy data

Out of 10361 modems installed in Distribution Transformers (DTRs) and feeders for obtaining energy data, only 3240 modems were communicating the data as of 31 March 2016 due to network problems, fault in cables, interruption in power supply, defective modems etc. This resulted in poor communication of energy data from DTRs and feeders compelling the Company to fill gaps in the energy data through manual entries thereby defeating the Scheme objective of eliminating human intervention in energy accounting/auditing.

(Paragraph 2.1.10.3)

Implementation of SCADA

SCADA was to be implemented in two towns as per guidelines of the Scheme with the sanction cost of ₹ 41.06 crore. However, there was no physical progress in projects even after a lapse of more than four years due to delay in appointment of SCADA Implementing Agency (SIA), inaction on the part of SIA and not providing of SCADA enabling infrastructure by the Company. Thus, the Company failed to improve system reliability under the Scheme through remote operation.

(Paragraphs 2.1.11 and 2.1.11.1)

Financial Management

The Company deposited Scheme funds of ₹ 317.33 crore in its overdraft account instead of Scheme account in violation of the Scheme guidelines causing a loss of interest income of ₹ 1.70 crore in Scheme account. Further, Scheme funds amounting to ₹ 312.09 crore were drawn without immediate requirement and kept in fixed deposits of more than 180 days. Due to payment of higher rate of interest on funds drawn than the interest earned on fixed deposits, there was an avoidable interest burden of ₹ 6.23 crore on the Scheme. Also, interest income of ₹ 21.02 crore earned on Scheme funds was not credited to Scheme account.

(Paragraphs 2.1.8.1 and 2.1.8.2)

Internal Control, Monitoring and Training

The State Level Distribution Reform Committee (SLDRC) meetings were not conducted regularly. This resulted in ineffective monitoring by SLDRC of compliance of conditions of Scheme and achievement of milestones to improve the effectiveness of the Scheme.

(Paragraph 2.1.14.1)

Introduction

2.1.1 Accelerated Power Development and Reforms Programme (APDRP) was modified (July 2008) during the XI Plan as "Re-structured Accelerated Power Development and Reforms Programme (R-APDRP)" by the Ministry of Power (MoP), Government of India (GoI). The main objectives of R-APDRP were to reduce Aggregate Technical and Commercial (AT&C) losses on sustainable basis to 15 *per cent*, to establish reliable and automated systems for collection of accurate base line data and to adopt Information Technology (IT) for energy accounting and auditing. The Power Finance Corporation (PFC) was the Nodal Agency of GoI for implementation of the Scheme. In Chhattisgarh, where the AT&C losses of the State were significantly high at 36.29 *per cent* in 2009-10, the Scheme was implemented by the Chhattisgarh State Power Distribution Company Limited (Company). The Scheme covers urban areas with a population of more than 30000 (as per 2001 census).

The Scheme was divided into Part-A and Part-B. Part-A included establishment of baseline data, IT applications for energy accounting/ auditing and IT based consumer service center, establishment of Supervisory Control and Data Acquisition System/ Distribution Management System

(SCADA/DMS) in large towns[1] and Part-B included regular distribution system strengthening works.

A Steering Committee under Secretary (Power) comprising of representatives of Ministry of Finance, Planning Commission, Central Electricity Authority, PFC, Rural Electrification Corporation (REC), selected State Governments and MoP was constituted by MoP, GoI to monitor the implementation of the Scheme. Further, a State Level Distribution Reform Committee (SLDRC) under the Chairmanship of the Secretary, Department of Energy was constituted (August 2009) for recommendation of the project proposals, monitoring the compliance of conditions of the Scheme and achievement of milestones.

Unbundling of State Electricity Board (Board) was one of the first steps for restructuring the power sector and kicking off the power sector reforms. As per the provisions of the Electricity Act, 2003 (2 June 2003) Part-XIII, Section 131 to 134 the State Government shall re-organise the Board on such date as decided by State Government. Accordingly, the State Government restructured (1 January 2009) the Chhattisgarh State Electricity Board into five Companies i.e. Chhattisgarh State Power Holding Company Limited, Chhattisgarh State Power Generation Company Limited, Chhattisgarh State Power Transmission Company Limited, Chhattisgarh State Power Distribution Company Limited and Chhattisgarh State Power Trading Company Limited. Setting up of Chhattisgarh State Electricity Regulatory Commission (CSERC) was a prerequisite for availing of assistance under R–APDRP and accordingly CSERC was constituted on 3 October 2001.

Funding mechanism and benefit from the Scheme

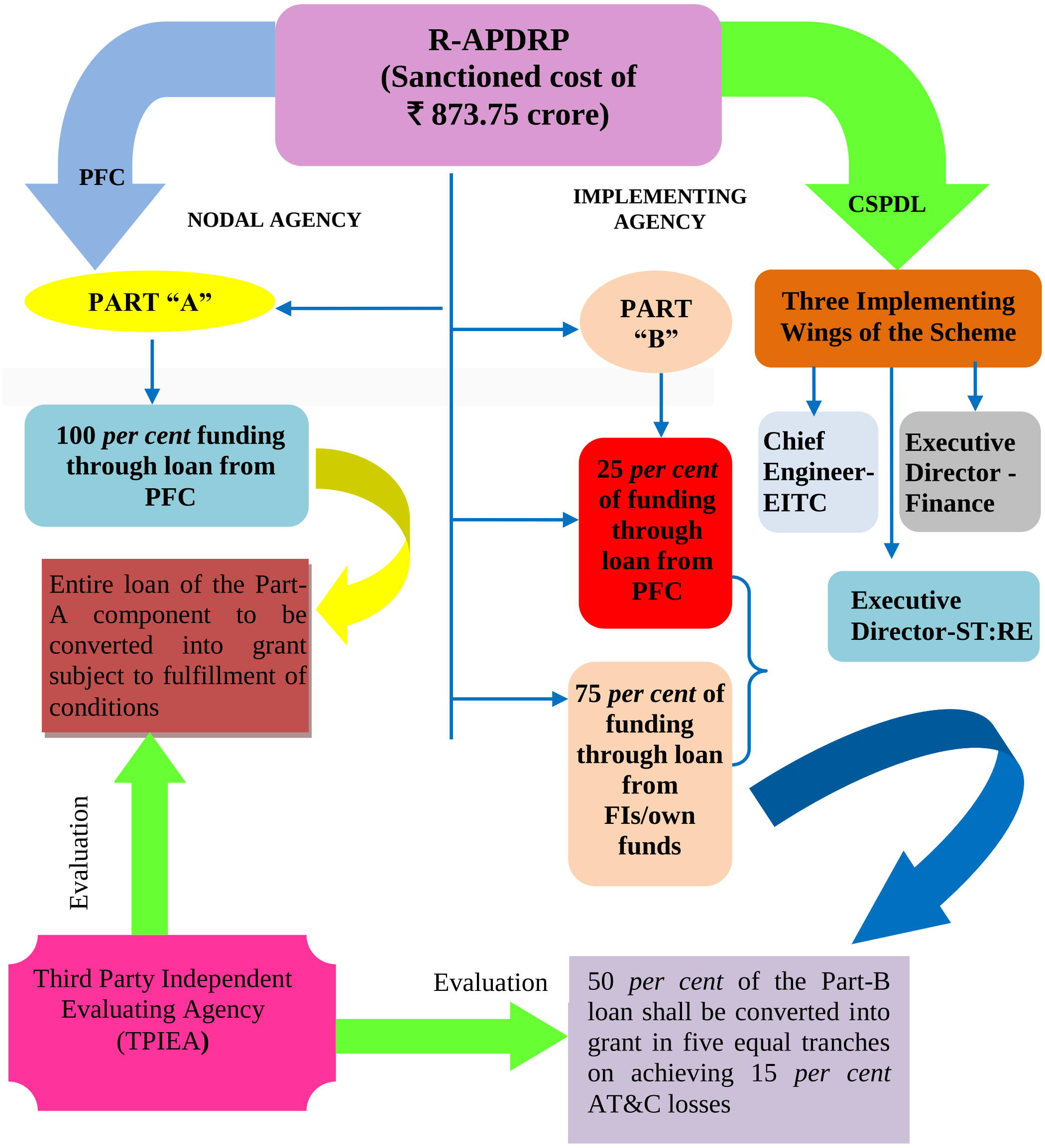
2.1.2 In Chhattisgarh, the sanctioned cost of the Scheme was ₹ 873.75 crore. The Scheme provided for 100 *per cent* loan for Part-A (including SCADA) and 25 *per cent* loan for Part-B by GoI through PFC. The balance fund (75 *per cent* for Part-B) was to be raised by the Company from Financial Institutions (FIs) namely PFC/REC and own resources. The entire loan of Part-A along with interest was to be converted into grant subject to completion of the Scheme within the scheduled period or extended period from the date of sanction and duly verified and reported by Third Party Independent Evaluating Agency (TPIEA) to be appointed by PFC. Upto 50 *per cent* of the entire loan of Part-B along with interest was to be converted into grant in five equal tranches on achieving 15 *per cent* AT&C losses in project towns and duly verified by TPIEA on a sustainable basis over a period of five years. Thus, considering the financial health, scarcity of funds and huge losses incurred by the Company, timely completion of the Scheme provided an opportunity to the Company to establish IT enabled systems and improve its power distribution infrastructure, thereby to reduce its AT&C losses upto 15 *per cent* and also avail benefit of the grant.

The Scheme was to be completed within three years from the sanction of project (Part-A upto September 2012, SCADA upto January 2015 and Part-B

[1]Towns with population of more than four lakh as per 2001 census and annual input energy of 350 MUs.

upto January 2015), but the same was extended upto September 2015 for Part-A, upto March 2017 for SCADA and upto January 2017 for Part-B of the Scheme.The R-APDRP Scheme has not been completed so far (March 2016). A schematic diagram describing the details of the Scheme is as follows:

Schematic diagram of the implementation of R-APRDP Scheme



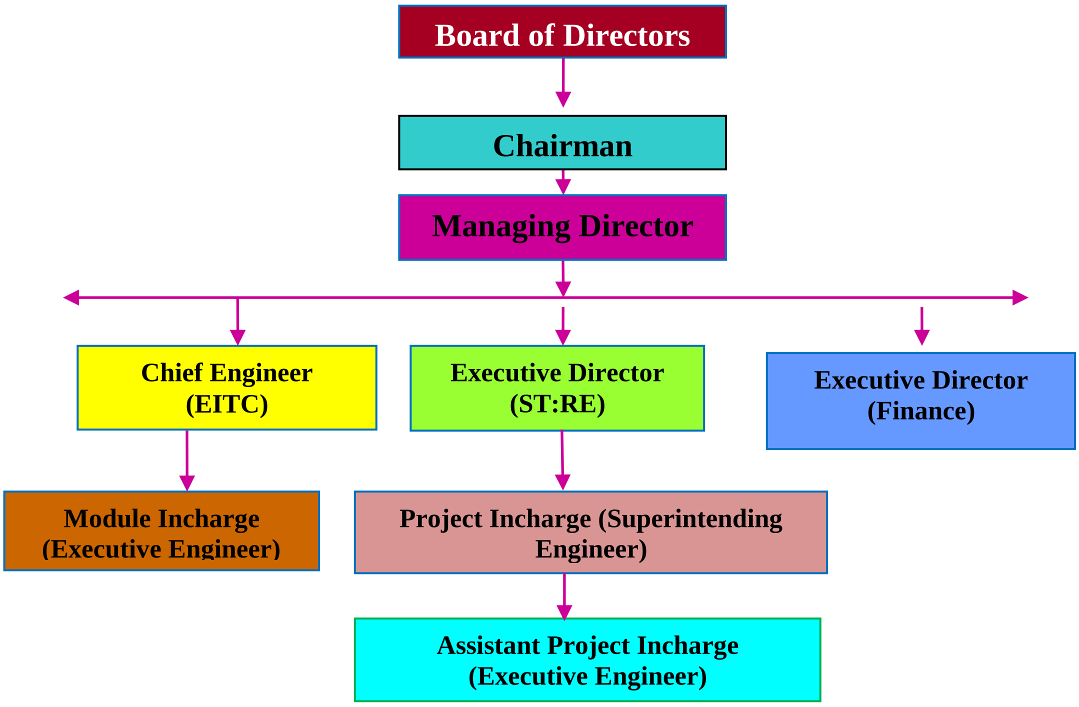
Organisational Setup

2.1.3 The Company is a fully owned subsidiary of Chhattisgarh State Power Holding Company Limited. The Management of the Company is vested in Board of Directors (BoD) and the Managing Director (MD) is the Chief Executive officer of the Company. The head office of the Company is at Raipur. In order to oversee the implementation of the Scheme, the MD is assisted by the heads of three wings i.e. Chief Engineer (CE) Energy Info Tech Centre (EITC), Executive Director (ED) Sub Transmission and Rural Electrification (ST:RE) and Executive Director (ED) Finance.

CE-EITC is nodal officer for implementation of Part-A of the Scheme who has further distributed the work into modules and the each module is headed by Executive Engineer. ED-ST:RE is the nodal officer for implementation of

Part-B who in turn has appointed Project Incharge and Assistant Project Incharge for each of the towns. ED (Finance) looks after the overall financial management of the Scheme. The organisational chart of the Company for implementation of the Scheme is as follows:

Organisational Chart of the Company for implementation of R-APDRP



Audit Objectives

2.1.4 The Performance Audit was conducted to assess whether:

- The formulation of Detailed Project Reports (DPRs) was in line with the Scheme objective to derive maximum benefits;
- The funds received under the Scheme were utilised economically, efficiently and effectively;
- The Scheme was implemented efficiently, economically and effectively as per the Scheme guidelines and whether envisaged objective of Scheme were achieved; and
- The effective internal control and monitoring mechanism was put in place to monitor the Scheme works efficiently.

Audit Criteria

2.1.5 The audit criteria adopted to assess the achievement of audit objectives were drawn from:

- Electricity Act, 2003 and Scheme guidelines issued by PFC and MoP, GoI;
- Agenda and Minutes of the meetings of Board of Directors, Steering Committee and SLDRC; Monitoring reports/returns of the Company;
- Quadripartite agreement among GoI, PFC, Government of Chhattisgarh (GoCG) and the Company and DPRs;

- Request for Proposals (RFP), Tender documents, Agreements and System Requirement Specifications (SRS) document; and
- Chhattisgarh State Electricity Regulatory Commission (Standard of Performance in Distribution of Electricity) Regulation 2006 and General Financial Rules 2005.

Scope and Methodology of Audit

2.1.6 The Performance Audit was conducted during April 2016 to June 2016 covering the period from 2009-10 to 2015-16. The records maintained at head office of the Company and at the 20 towns in respect of 20 projects under Part-A, two projects under SCADA and 19 projects[2] under Part-B were examined, thereby 100 *per cent* of units under the Scheme were covered (***Annexure - 2.1.1***)

Besides, consumer survey in 10 project towns was also conducted. The Audit findings were reported to the Company and GoCG in July 2016 and discussed with Additional Chief Secretary (Department of Energy), GoCG and MD of the Company in an Exit Conference held on 27 October 2016. The reply of Government and views expressed by them in Exit Conference have been considered while finalising the Performance Audit Report.

Audit acknowledges the cooperation extended by the Management in timely completion of Audit.

Financial and physical progress

2.1.7 The Scheme was sanctioned in September 2009 at a total cost of ₹ 873.75 crore of which ₹ 122.45 crore was for Part-A (20 projects), ₹ 41.06 crore for SCADA (two projects) and ₹ 710.24 crore was for Part-B (19 projects). Out of this an amount of ₹ 518.63 crore[3] would be converted into grant on completion of the Scheme subject to fulfillment of conditions. As per the Scheme guidelines expenditure on each of the projects would only be incurred on the basis of the DPRs duly approved by the Steering Committee of MoP.

The financial and physical progress of the Scheme as on 31 March 2016 is shown in **Table - 2.1.1** and the project wise status is given in ***Annexure – 2.1.2.***

Table 2.1.1: Details of financial and physical progress as on 31 March 2016

(₹ in crore)

Part of Scheme	Sanctioned cost	Funds released/ received	Funds utilised	Financial progress (*per cent*)	Physical progress (*per cent*)
Part-A	122.45	71.28	84.02	68.62	100
SCADA	41.06	12.32	2.59	6.31	0
Part-B	710.24	551.97	540.46	76.10	83.97
Total	**873.75**	**635.57**	**627.07**		

(Source: Data furnished by the Company)

[2] Part-B of Scheme was implemented in 19 towns by excluding one town (Chirmiri) as the existing AT&C losses of this town was below 15 *per cent*.

[3] ₹ 122.45 crore (100 *per cent*) for Part-A, ₹ 41.06 crore (100 *per cent*) for SCADA and ₹ 355.12 crore (50 *per cent* of ₹ 710.24 crore) for Part-B of the Scheme.

Audit observed that in Part-A, all the projects were completed within extended time period upto September 2015 and in case of SCADA, there was no progress except expenditure of ₹ 2.59 crore incurred towards payment to SCADA Consultant (SDC) and payment of mobilisation advance to SCADA Implementing Agency (SIA). In case of Part B, after incurring an expenditure of ₹ 540.46 crore the Company could achieve physical progress of 83.97 *per cent* despite availability of funds. Further in Part-A the excess expenditure than the funds received was met from internal resources.

Audit Findings

The audit findings are discussed in the succeeding paragraphs.

Financial Management

2.1.8 The deficiencies noticed in management and utilisation of funds are as follows:

Deposit of Scheme funds in Company's overdraft account

The Company parked Scheme funds of ₹ 317.33 crore in its overdraft account by violating the Scheme guidelines which resulted in loss of interest income of ₹ 1.70 crore on the Scheme funds.

2.1.8.1 As per the Scheme guidelines, Scheme funds was to be kept in a Scheme bank accounts. However, audit noticed that ₹ 317.33 crore received under the Scheme was initially deposited into overdraft (OD) account of the Company during 2013-14 to 2015-16 in violation of the Scheme guidelines. Out of this, ₹ 306.18 crore was transferred to the Scheme account on various dates for expenditure. Evidently the Company used the Scheme funds to reduce its own overdraft. Had the Scheme funds been kept in the Scheme account, an interest of ₹ 1.70 crore could have been earned and credited to Scheme funds. Thus, by depositing the Scheme funds in its own overdraft account the Company benefited at the cost of the Scheme.

The Government stated (November 2016) that the funds kept in OD account was counterpart funding which required to be financed by the Company either from its internal sources or by way of loan from FIs. Since, the Company had opted for loan from FIs, the same was parked in OD account to reduce the interest burden.

The reply is not acceptable because as per the guidelines, Scheme funds were to be kept in the Scheme account only. Further, as 50 *per cent* of entire loan of Part-B (GoI loan and counterpart funds loan including interest) is to be converted into grant. So the borrowed amount for counterpart funds should have been kept in Scheme account only to reduce the interest burden on Scheme.

Drawal of funds without immediate requirement

2.1.8.2 The Company claimed funds from PFC/REC to meet the expenditure under the Scheme and PFC/REC released the funds. Audit noticed that the Scheme funds were being drawn much before requirement and were kept in Fixed Deposits (FDs), with various banks. During 2011-12 to 2014-15, Scheme funds amounting to ₹ 312.09 crore were kept in FDs for a period more than 180 days which shows that the funds were drawn without immediate requirement. While the funds kept in FDs carried an average interest rate of 9.08 *per cent* per annum, the Company had to pay interest at the average rate of 11.25 *per cent* per annum on the funds drawn from PFC/REC. This resulted

Drawal of loan funds without immediate requirement resulted in avoidable interest burden of ₹ 6.23 crore on the Scheme.

in an avoidable interest burden of ₹ 6.23 crore on the Scheme. It was also noticed that the Company earned interest of ₹ 23.24 crore on FDs of Scheme funds out of which only ₹ 2.22 crore was credited to the Scheme account and balance of ₹ 21.02 crore was credited to own income of the Company. This was in violation of decision (2 June 2010) of the Steering Committee for depositing the interest earned on FDs in Scheme accounts.

The Government stated (November 2016) that decision regarding drawal was made by the Nodal Offices of the Scheme to maintain the pace of work and for completion in time and received funds were kept in fixed deposits by Finance Wing for short period till utilisation of funds. The Government further stated that if PFC will demand for the refund of interest earned on GoI loan/grant, the same will be complied with.

The reply is not acceptable because due to lack of coordination between nodal offices and Finance Wing, the nodal officers drew funds without taking into account available scheme funds deposited in FDs by Finance Wing of the Company. Further, crediting interest earned on Scheme funds to Company own income was also not appropriate as it violated the decision of the Steering Committee.

Conversion of Facility Management Services Cost into grant

2.1.8.3 As per DPRs of Part-A projects, cost of Facility Management Services (FMS)[4] undertaken for completed projects within three years (scheduled completion period for Part-A projects) of approval of project DPR will be covered under R-APDRP. Beyond this period, the Company shall bear the FMS cost as its revenue expenditure. Thus, the loan component for FMS cost incurred after three years of DPR sanction was not convertible into grant. Further, the scheduled completion period of three years was extended to six years upto September 2015 by GoI.

Audit observed that the Company included one year's FMS cost in the DPRs of Part-A assuming that the project would be completed one year in advance of scheduled completion period. However, the Company could not complete six projects[5] one year prior to the scheduled completion period as projected for conversion of their FMS cost into grant. Thus, the FMS cost of ₹ 4.03 crore of these projects has to be borne by the Company as its own revenue expenditure.

The main reasons for delay in completion of the projects were delay in finalisation of contract with Information Technology Implementing Agency (ITIA), delay in commencing the field activities of Part-A and failure on the part of ITIA in implementing various stages of the project as per schedule as discussed in the *paragraph 2.1.10.2*.

The Government while accepting the audit observation stated (November 2016) that the Company will be approaching MoP, GoI through PFC, while submitting final DPR at the time of closure of the project for considering FMS charges for one year as considered in the original DPR.

[4] FMS provided to manage entire IT system installed & commissioned by ITIA to enable Company to realise its desired business objectives.

[5] Naila Janjgir, Raigarh, Korba, Durg-Bhilai Nagar, Raipur and Bilaspur.

Funds of Accelerated Power Development and Reforms Programme

2.1.8.4 Accelerated Power Development and Reforms Programme (APDRP) was a Scheme implemented in Chhattisgarh State during 2002 to 2009 with a similar objective of reducing the AT&C losses to 15 *per cent*.

Audit observed that unutilised funds of ₹ 7.58 crore of APDRP were utilised for the R-APDRP, but the same was not adjusted against the cost of the R-APDRP Scheme while submitting the DPRs as the availability of unutilised funds under APDRP was not intimated by the Finance Wing to nodal offices for implementation of the Scheme i.e. STRE and EITC Wings. This resulted in excess sanction of loan and increase in cost of the Scheme by ₹ 7.58 crore.

The Government while accepting the observation stated (November 2016) that it was informed to PFC on 27 February 2016.

The fact remains that unutilised funds of APDRP Scheme was not adjusted against the cost of R-APDRP leading to excess sanction of loan.

Cost variation guidelines of Power Finance Corporation

2.1.8.5 As per the Scheme guidelines, quantity variation of individual items of works were to be accepted upto +/- 20 *per cent* of the awarded Bill of Quantity (BOQ) subject to +10 *per cent* of the awarded cost with the approval of SLDRC within one year from the date of Letter of Intent (LOI).

Audit observed that under Part-A of the Scheme the Company has placed (22 April 2013 and 20 May 2013) additional orders on ITIA at the cost of ₹ 4.80 crore (4.19 *per cent* of the awarded cost) for servers, data concentrators, modems and Geographical Information System (GIS) survey. However, the Company neither obtained approval from SLDRC, nor submitted the matter to PFC so far (31 March 2016). Thus, due to failure of the Company in taking SLDRC approval, additional cost of ₹ 5.72 crore[6] is not convertible into grant.

The Government stated (November 2016) that during various review meetings, PFC/MoP instructed the Company that any variation within 20 *per cent* ceiling of BoQ or 10 *per cent* of cost shall be considered only after completion of the project. Accordingly, revised final DPRs have been submitted (August 2016) to PFC for closure of the project. Formal acceptance of closure is awaited (November 2016).

The reply is not acceptable as the Company did not produce any such records of PFC's instructions though called for by audit. Further, as per the guidelines, quantity and cost variation were to be submitted within one year from the date of LOI and the Company failed to do so.

[6] ₹ 4.16 crore loan and interest of ₹ 0.92 crore thereon at the rate of 9 *per cent* for 30 months (10 October 2013 to 31 March 2016) plus ₹ 0.64 crore loan amount only interest was not considered as the payment was not made so far (March 2016).

Project wise separate account/ sub-account head

2.1.8.6 Clause 12 (b) of Quadripartite Agreement[7] envisages opening of project wise separate account/sub-account head for separate accounting classification to enable proper audit certification.

In Chhattisgarh 41 projects (Part-A-20, SCADA-2 and Part-B-19) were sanctioned for implementation of the Scheme. Audit noticed that inspite of the requirement under Scheme guidelines for keeping separate account/sub-account head for each of the projects so as to track and monitor release and utilisation of funds, the Company has opened only two heads of accounts, one for Part-A and other for Part-B. This has resulted in violation of the Scheme guidelines and also there was no mechanism to detect cases of diversion of funds from one project to another. Audit, further, noticed that in the monthly progress reports for Part-A projects, the Company did not depict the project wise utilisation of funds.

The Government stated (November 2016) that to simplify the accounting process in SAP, common GL code is being maintained. The Government further stated that project-wise expenditure incurred can be retrieved from SAP.

The reply is not acceptable because Scheme guidelines clearly stated to open project wise separate account/sub-account head. Further, in the absence of separate project wise account head the Company failed to work out project wise expenditure so far (November 2016).

Submission of Utilisation Certificates

2.1.8.7 PFC instructed (22 April 2010) the Company to submit utilisation certificates (UC) duly certified by the Auditors in form General Financial Rules (GFR) 19 B within 18 months from the date of expiry of the financial year in which the loan was disbursed in compliance to rule 226 (2) of the GFR.

PFC disbursed the GoI loan of ₹ 36.74 crore and ₹ 34.54 crore during the years 2009-10 and 2013-14 respectively for Part-A, ₹ 12.32 crore in the year 2012-13 for SCADA and ₹ 106.53 crore in 2012-13 for Part-B projects. Audit observed that in case of Part-A, UC without Auditor’s certification was submitted to PFC with a delay of 24 months and five months for the loan disbursed during 2009-10 and 2013-14 respectively. In case of SCADA, UC was not submitted to PFC so far (March 2016).

The Government while accepting observation stated (November 2016) that the Company will ensure compliance of the GFR rules and submit UCs duly verified by the Auditor.

The above deficiencies in Financial Management of the Scheme were discussed (January 2017) with Department of Energy, Government of Chhattisgarh who assured that for better financial management the Company would follow the provisions of scheme guidelines.

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[7] Quadripartite agreement executed (18 March 2010) among GoI, PFC, GoCG and the Company for implementation of R-APDRP in Chhattisgarh.

Implementation of the Scheme

2.1.9 Audit objective wise findings are discussed separately under Part-A (IT enabled system and SCADA) and Part-B of the Scheme in succeeding paragraphs.

Part-A - IT enabled system

2.1.10 The Part A of the Scheme envisaged establishment of baseline data, IT applications for energy accounting/auditing and IT based consumer service centre. The Scheme provided 17 modules under Part-A.

This component of the Scheme was implemented in 20 towns with sanctioned cost of ₹ 122.45 crore, out of which ₹ 71.28 crore was released to the Company by PFC and ₹ 84.02 crore (including ₹ 12.74 crore incurred from internal resources) was spent upto March 2016. The town wise breakup of sanctioned cost, receipt of funds and total expenditure of projects is given in ***Annexure - 2.1.2***.

The IT enabled system was to be established by ITIA within 18 months from the date of award of work (28 March 2012). However, ITIA took more than three years to complete the works up to August 2015. The deficiencies in IT enabled system are discussed in succeeding paragraphs.

Declaring projects 'go-live'

2.1.10.1 A project town is declared go-live on establishment of IT enabled system as per SRS and online generation of AT&C losses report without human intervention. As per the Scheme guidelines projects were to be completed upto September 2015.

Sixteen out of 20 project towns were declared go-live without functioning of the Meter Data Acquisition System module and Customer Care Service module.

Audit observed that the Company has declared all 20 towns as go-live in all respect during June 2013 to August 2015 and intimated the same to PFC. These included 16 towns (except Bilaspur, Raipur, Raigarh and Durg-Bhilai-Charoda) declared as go-live till March 2015; however, the Meter Data Acquisition System (MDAS) module was not functional in these town at the time of declaring go-live as evident from the fact that no reports were generated from the module. Audit further noticed that in 12 towns declared go-live, the Customer Care Service (CCS) module started functioning after lapse of one to 15 months from the date of go-live of these towns.

The Government stated (November 2016) that there was some issue with the MDAS report server, which was resolved and at present the system is generating all the reports. The Government further stated that for implementation of CCS module the Company has established centralised call centre at Raipur and Fuse of Call Centre (FOCs)[8] at all R-APDRP towns and after making all arrangement towns have been declared go-live.

The reply is not acceptable as at the time of declaring towns as go-live MDAS module was not generating any reports and CCS module had not started functioning.

[8] FOCs means call centre where consumers complaints were registered.

Implementation of Part-A of the Scheme

2.1.10.2 For implementation of Part-A of the Scheme, Information Technology Consultant (ITC) was to be appointed by the Company from consultants empanelled with PFC. The ITC was responsible for preparation of DPR and monitoring of progress of the work. Further, an ITIA was to be appointed from firms empanelled with PFC for establishment of IT enabled system.

There were instances of tardy implementation of the Scheme as discussed below.

- As per the RFP, the selection of ITC was to be completed within 15 to 25 days from empanelment of ITC (9 January 2009) i.e. latest by 4 February 2009. However, the Company appointed the ITC on 30 May 2009 with a delay of 116 days.

The delay in execution of projects delayed the delivery of envisaged benefits of the Scheme.

The Government stated (November 2016) that due to discrepancies in model RFP and enforcement of 'model code of conduct' issue of Notice Inviting Tender (NIT) and its opening was delayed, which led to delay in appointment of ITC.

The reply is not acceptable as MoP informed on 27 January 2009 that RFP would be amended. However, the Company had not pursued the matter with MoP to obtain amended RFP. After lapse of more than one month NIT was issued on the basis of old RFP. Had the Company pursued the matter with MoP immediately, the process could have been completed within stipulated period and before coming into force of model code of conduct on 5 March 2009.

- As per DPR, selection process of ITIA was to be completed within three months from the sanction of DPR (4 September 2009) but first ITIA (M/s KLG Systel) was selected on 15 November 2010 with a delay of seven months. On termination of the first ITIA due to poor execution of work, NIT was issued on 18 October 2011 for selection of new ITIA. The selection process was to be completed within three months (17 January 2012) but same was completed on 28 March 2012. So new ITIA (M/s Reliance Infrastructure) was selected with a further delay of more than two months.

- The ITIA completed the works of fast track town[9] and pilot town[10] in June 2013 and August 2015 after a delay of three and 28 months respectively from the scheduled completion date (March, 2013). Project works in balance 18 towns were completed by June 2015 with a delay ranging between one and 21 months from scheduled completion date (September 2013). The main reasons for delay in completion of projects were delay in finalisation of contract with ITIA, delay in commencing the field activities and failure on the part of ITIA in implementing various stages of the project as per schedule.

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[9] Bhatapara town being small and near to Data Centre as well as headquarter was considered as Fast Track Town to complete the work fast.

[10] As per model RFP the town where Data Centre was located had to be considered as Pilot Town (Raipur).

The delay in execution of projects delayed the delivery of envisaged benefits of the Scheme i.e. reduction in AT&C losses, reduction in outages and interruptions, increase in consumer satisfaction etc.

The Government stated (November 2016) that the Part-A projects involved significant time consuming activities spread across 20 towns. The Government further stated that considering the less available time for completion of such a big project, GoI had extended the period of execution of the project from 36 months to 60 months for all the States.

The fact remains that the Company took abnormal time at each stage of projects viz selection of ITC/ITIA, execution of work leading to delay in completion of the project.

Communication of energy data

2.1.10.3 As per SRS, energy accounting and auditing reports should be generated in an automated way by capturing the data through modem without human intervention. Accordingly, the Scheme provided for installation of meters, modems and GPRS SIMs[11] at each Distribution Transformer (DTRs) and feeder to capture the energy data on continuous basis. In this connection audit observed the following:

Modems installed in DTRs and feeders were not successfully communicating energy data defeating the objective of the Scheme for energy accounting and auditing without human intervention.

- Under Part-A, 9612 modems were installed on DTRs and 749 modems were installed on feeders. Out of these only 2792 DTR modems and 448 feeder modems were communicating energy data as of March 2016. The percentage of modems successfully communicating energy data of DTRs ranged between 11.43 *per cent* and 67.39 *per cent* in 20 project towns and percentage of those successfully communicating energy data of feeders ranged between 0 *per cent* and 85.71 *per cent* in 17 towns and 100 *per cent* in remaining three towns. The reasons for not functioning of modems were connectivity problem between DTRs and meters, fault in cables, interruption in three phase supply, non-functioning of antenna of modems and network problems. Consequently, the Company was compelled to fill gaps in energy data through manual entries which defeated the basic objective of eliminating human intervention in energy accounting and auditing.

[11] Subscriber identity module.

(***Modem installed on Distribution Transformer at Raipur town)***

- Under Part-B, 3768 modems were installed (March 2016) on new DTRs at a cost of ₹ 2.76 crore but SIMs were not installed therein as installation of SIMs in modem was not in scope of work. As a result modems installed at a cost of ₹ 2.76 crore were lying idle defeating the purpose of installation of these modems.

- As per SRS, the system was to calculate the AT&C losses, commercial losses, High Tension (HT) losses, bus bar losses, sub-station losses, DTRs losses and feeder losses. However, audit observed that due to low communication of data by modems, un-availability of SIM in modems, incomplete consumer indexing and absence of complete data, the calculated AT&C losses were not found reliable.

The Government stated (November 2016) that the Company is putting sincere efforts to ensure high availability of meter data after timely rectification of problems by mobilising the field units for identification of fault as and when noticed. The Government further stated that the Company has constantly taken up the matter with ITIA for network strengthening and installation of SIMs in the modems is under active consideration of the Company.

The reply is not acceptable as the Company failed to install SIMs in the modems and rectify the problems causing poor communication of energy data from DTRs and feeders thereby defeating the purpose of energy accounting without human intervention.

Implementation of Customer Care Service module

2.1.10.4 As per SRS the objective of CCS module is to improve the customer service by processing and resolving customer request/queries/complaints in minimum possible time[12] by taking up it at appropriate place and level. Following deficiencies were observed in the working of the module:

[12] Time fixed as per Schedule – I of CSERC (Standards of Performance in Distribution of electricity) Regulations, 2006 for resolution of power outages complaints was four hours.

- Audit observed that all the power complaints registered in complaints register of town offices were not entered into CCS module and there was a huge difference of 48312 and 63174 number of power complaints between those entered in complaints register and in CCS module in five and 13 towns during 2014-15 and 2015-16 respectively. This indicates that the implementation of CCS module at field level was not effective.

The Government stated (November 2016) that due to unavailability of computer literate operators at FOCs of towns, all the complaints could not be registered in the CCS module. Hence, difference was there.

All the power complaints were not entered into CCS module. Further, the module does not have provision for consumers' feedback.

The reply confirms that the Company failed to make necessary arrangement for effective implementation of the CCS module.

- As per SRS, the CCS module should include consumers' feedback to know whether the complaint has been attended or not. Audit noticed that in the CCS module, there was no provision for obtaining consumers' feedback on resolution of the complaint. As a result the consumers were frequently registering the same complaint as these were not solved. However, the same was being shown as resolved in the CCS module. In absence of feedback system, the Company was not in a position to ensure that the complaints were actually attended and resolved.

The Government stated (November 2016) that centralised call centre operators obtained feedback of 10 *per cent* complaints from consumers. The Government further stated that all steps will be taken to impart training to field staff.

The reply is not acceptable as the Company should be able to take feedback through CCS module as specifically mentioned in SRS. Moreover, even feedback on 10 *per cent* of complaints is being taken only from centralised call centre and not from FOCs.

- As per Chhattisgarh State Electricity Regulatory Commission (CSERC) norms technical complaints[13] were to be attended within four hours. However, audit observed that during 2014-15 in four[14] project towns technical complaints ranging between 51 and 100 *per cent* and during 2015-16 in nine[15] towns technical complaints ranging between 56.72 and 98.85 *per cent* were not resolved within CSERC prescribed time limit. Hence, delay in resolving the technical complaints resulted in deficiency in service to consumers which may increase consumer's dissatisfaction.

The Government stated (November, 2016) that technical complaints were resolved at field level within time limit specified by CSERC, however the same could not be entered timely in the CCS module due to unavailability of the computer literate operators at FOCs.

The reply is not acceptable because all the complaints were not resolved within the prescribed time limit of CSERC as reported by the Company to PFC.

[13] Power supply failure, voltage fluctuation, transformer and line related complaints are included in technical complaints.

[14] Bhatapara, Naila-Janjgir, Dhamtari and Mahasamund.

[15] Bhatapara, Mahasamund, Mungeli, Champa, Dhamtari, Ambikapur, Korba, Naila-Janjgir and Raigarh.

During consumer survey conducted by audit it was noticed that 305 out of 500 surveyed consumers (61 *per cent*) were not using online or telephone facility to register their complaints, query and other billing related problems in the CCS module due to inadequate awareness of the facility (***Annexure - 2.1.3***).

The Government while accepting the audit observation stated (November 2016) that the Company was publicising the available facility among the consumers through various media so that consumers would start using IT enabled facilities gradually.

Further, during discussion (January 2017) with the Special Secretary, Department of Energy on steps taken by the Company for improving consumer experience/satisfaction, he stated that the Company has established FOC in every town for prompt resolution of consumer complaints and also introduced a centralised customer care centre for registering consumers complaints at helpline number 1912.

Recording of feeder trippings in Maintenance Management module

2.1.10.5 The Maintenance Management (MM) module provides a system for better planning and coordination of various maintenance activities, reducing breakdowns by inculcating the culture of preventive and predictive maintenance, recording maintenance history and feedback to management for timely decision making.

Audit observed that during the years 2014-15 and 2015-16 MM module has recorded 996 and 1935 number of feeder trippings as against the actual number of 30999 and 28713 feeder trippings respectively noticed at town offices. This shows that the entries of all trippings were not made in MM module by the field offices. Thus, the objective of MM module was not fulfilled.

The Government while accepting the audit observation stated (November 2016) that necessary instructions as well as training have been given to the field staff to ensure entry of each outage/tripping in the system to avoid mismatch in the data in future.

Commercial complaints under Billing module

2.1.10.6 The main objective of the Billing module is to ensure that the Company efficiently bills their consumers for service rendered and resolves billing queries/complaints of consumer in CSERC prescribed time limit[16] of seven days.

In this connection, Audit observed the following:

- During the period from September 2013 to March 2016, out of 11543 complaints[17] registered in billing module, 5478 complaints were resolved within stipulated time limit of seven days. The remaining 6065 complaints (53 *per cent*) were resolved with delay ranging between eight and 562 days. However, the delay in resolution of complaints beyond the prescribed time

[16] Time fixed as per schedule-I of CSERC (Standards of Performance in distribution of electricity) Regulation 2006 for billing related queries i.e. seven days.

[17] Like bill not received, reading not taken, payment not updated, wrong tariff bill generated, stop defective/burnt meter, high consumption etc.

The billing related complaints were not resolved within CSERC prescribed timeframe resulting in deficiency in service to consumers.

limit showed decreasing trend which came down from 93 *per cent* in 2013-14 to 40 *per cent* in 2015-16. Thus, though the delay in resolution of complaints has reduced, it was still significant. The delay in resolving the complaints can lead to consumers' dissatisfaction. Audit noticed that despite delays, the Government and CSERC have not issued any instruction to the Company for prompt resolution of complaints.

The Government while accepting the audit observation stated (November 2016) that training has been given to staff to resolve and close the complaint. The Government further stated that the field officials are regularly advised to adhere to the time limit prescribed by CSERC.

- During the consumer survey (May 2016) 82 out of 500 surveyed consumers (16 *per cent*) complained that their meter reading is not being taken regularly and received energy charges on average consumption basis. Further, 47 consumers (9 *per cent*) complained that they were not receiving energy bill in time (***Annexure - 2.1.3***).

During discussion (January 2017) on the matter, the Special Secretary, Department of Energy stated that the Company has started (March 2016) spot billing with photo of meter in phased manner to overcome meter reading problem in all towns (except Ambikapur and Jagdalpur).

The fact remains that spot billing with photo was yet to be fully implemented in all the towns as of January 2017 and meter reading billing problems were reported by 16 *per cent* of consumers surveyed by audit. Thus, the Company needs to ensure regular meter reading and accurate billing to improve the consumer satisfaction.

Completion of Consumer Indexing

2.1.10.7 SRS stipulated indexing of consumers through door to door survey to develop the consumer database for energy accounting without manual intervention. The DPR of Part-A provided that the Company along with ITIA should formulate a system/ process so that future addition/ upgradation of consumer database can be made on regular basis.

Audit noticed that as on 31 March 2016 the Company had completed consumer indexing of 7.52 lakh (79.07 *per cent*) out of 9.51 lakh consumers resulting in a shortfall in indexing of 1.99 lakh (20.93 *per cent)* consumers. This was due to not developing a proper system/process for updation of database of consumers on regular basis. As a result the very purpose of the Scheme for energy accounting without manual intervention was defeated.

The Government while accepting the audit observation stated (November 2016) that the indexing of remaining consumers would be completed by December 2016. Further, during discussion (January 2017) on the matter, the Special Secretary, Department of Energy stated that the Company is making efforts to achieve near 100 *per cent* consumer indexing.

The fact remains that in the absence of developing a system for regular updation of data of new consumers in the database, 100 *per cent* indexing of consumer would not be achieved.

Utilisation of New Service Connection module

2.1.10.8 The objective of New Service Connection (NSC) module is to enhance the convenience of the consumers. It would enable the consumers to collect and submit applications through online channels, allow application status tracking etc. The system would help to reduce the time taken for the new connection process through online system.

Audit observed the following deficiencies in working of the module:

- In the NSC module, the process[18] of obtaining new connection was to be done through online system. The Company issued 72589 new service connections during 2015-16. Out of these 55895 connections were served through NSC module and 16694 (23 *per cent)* connections were served manually even after implementation of NSC module, which indicates that the objective of NSC module was not fulfilled.

- The module has a provision for online application by a consumer for a new service connection. Audit noticed that during June 2013 to March 2016 only 49 out of 117204 new consumers applied online for new service connection. The fact of not using the online system for applying for new connection was also confirmed during the consumer survey conducted by Audit (***Annexure - 2.1.3***). This indicates that there is a need to create awareness among the consumers about online application facility for new service connection.

The Government while accepting the audit observation stated (November 2016) that instructions have been issued to field offices to serve new service connection through NSC module and create awareness among public about NSC module.

Synchronisation of Part-A and Part-B works

2.1.10.9 Audit noticed that four towns namely Manendragarh, Mungeli, Jagdalpur and Naila-Janjgir were declared go-live (Part-A) with delay of 56, 80, 100 and 336 days respectively after completion of Part-B works[19] of these towns. The Part-A works should have been completed before the completion of Part-B, so as to receive the meter data from substations, feeders and DTRs installed under Part-B of the Scheme and to map the assets in GIS. Due to not synchronising of Part-A and Part-B in the above mentioned towns the Company was deprived of the benefits of the Part-A for the period of delay.

The Government stated (November 2016) that the works were executed as per field conditions and assured to take special care to avoid delay in future.

[18] like accepting application form, accepting customers details, checking system capability for issuing connection, generation of inspection report, estimate preparation and generation of service order.

[19] Part-B works in Manendragarh, Mungeli, Jagdalpur and Naila-Janjgir was completed in 31 December 2013, 25 October 2013, 30 April 2014 and 30 April 2014 respectively.

Award of work of Zone office buildings

2.1.10.10 The Company decided (September 2011and March 2012) to construct 19 numbers of zone office buildings under the Scheme. As per the tender conditions, class A-III[20] or above category contractor or experienced in same nature work in Government Department or Undertaking was eligible to participate in tender.

(Incomplete zone office building at Raigarh town)

Audit noticed that five works[21] were awarded to ineligible contractors who did not fulfill the above eligibility criteria of tender resulting in extension of undue benefit to the contractors. Audit further noticed that two zone office buildings were completed with delay ranging between five and 17 months and two zone office buildings were not completed as on 31 March 2016 due to poor performance of the contractors.

The Government stated (November 2016) that in respect of zone office building, Raigarh, the lowest bidder was registered in category A-II and contractor registered in the A- IV class before entering into contract. In respect of remaining zone office buildings based on the experience of the contractors work was awarded to them.

The reply is not acceptable because in case of zone office building, Raigarh contractor was not eligible at the time of tendering and in the case of other zone office buildings contractors did not have required experience of similar nature works in Government Department/undertakings as per tender conditions.

Establishment of Supervisory Control And Data Acquisition System

2.1.11 SCADA envisaged improvement in system reliability through remote operation by centrally controlling the Distribution Management System (DMS) in big towns. SCADA was to be implemented in two towns[22] within three years from sanction (January 2012) of the project i.e. January 2015 which was subsequently extended upto March 2017. The SCADA consultant (SDC) was to be appointed by the Company for preparation of DPRs, monitoring of projects and assisting the Company in appointment of SIA for implementation of the projects. Part-A of SCADA covers IT part of SCADA and DMS. Part-B of SCADA covers SCADA/DMS enabling infrastructure and other equipment. The sanctioned cost of projects of two towns was ₹ 41.06 crore, out of which ₹ 12.32 crore was received (September 2012) from GoI and ₹ 2.59 crore was spent on payment to consultant and mobilisation advance to SIA.

[20] Class A-III category contractor is eligible for work upto ₹ 50 lakh.

[21] Construction of double storied Zone office building at Raigarh I, Raigarh II, Durg, Mungeli and Bilaspur.

[22] Raipur and Durg-Bhilai-Charoda towns.

Audit observed that as of March 2016, there was no physical progress in the project. The town wise breakup of sanctioned cost, receipt of funds and total expenditure on SCADA projects is given in ***Annexure - 2.1.2***.

Execution of SCADA work

2.1.11.1 As per the Scheme guidelines, Part-A of SCADA/DMS was to be carried out by SIA. The Company appointed (26 April 2013) M/s Alstom T & D India Limited as SIA. The agreement was executed on 11 July 2014 with the scheduled completion period upto January 2016. As per the DPR, the Company shall provide SCADA enabling infrastructure and other equipment to SIA to carry out the work. In this connection, Audit observed the following:

- The Company appointed SIA with a delay of one year from the stipulated date due to delay in processing the tender by EITC Wing of the Company. Further, as per the work order, agreement was to be executed within 14 days of award of work i.e. by 9 May 2013. But the agreement was executed on 11 July 2014, after lapse of more than 14 months of award of the work due to delay in submission of performance guarantee by SIA. As a result, the scheduled date of completion of SCADA was postponed by 14 months.

- As per the DPR, the Company shall provide SCADA enabling infrastructure and other equipment to the SIA to carry out the work. For execution of these works, the Company floated NIT on 19 March 2013. It was extended eight times upto 15 November 2013 due to lack of response from bidders. Subsequently, the Company decided (December 2013) to bifurcate the work in two parts as per the nature of work and to allocate the strengthening of distribution network[23] to STRE Wing of the Company owing to technical experience and expertise. The other works[24] related to supply and installation of equipment was to be carried out by EITC Wing of the Company. Had the Company bifurcated the works in the initial stage itself, it could have saved seven months[25] time which was wasted in processing the combined tender. After bifurcation of works, the works were awarded (during May 2015 to May 2016) to contractors. These works were under progress.

- As per DPR, the Company had to provide building of SCADA control centre to SIA at its own cost. The Company completed the SCADA control centre building at Bhilai in December 2013 but SCADA control centre building at Raipur was yet to be completed as of March 2016. As per work order, the SIA was to install SCADA hardware in control centres. However, the installation of SCADA hardware in Control Centre building at Bhilai was not started by SIA as of 31 March 2016 despite lapse of more than two years citing not providing of SCADA enabling infrastructure by the Company. Further, on the request of SIA, the Company granted (February 2016) extension of time for completion of work upto August 2017.

[23] Installation of transformers, digital relay panel and construction of DP structure with AB cable.

[24] Survey, design and engineering, supply, installation, testing and commissioning of ring main unit and fault passage indicator.

[25] April 2013 to October 2013.

(SCADA Control Centre Building Bhilai without SCADA installations)

There was no progress in implementation of SCADA projects even after lapse of more than four years.

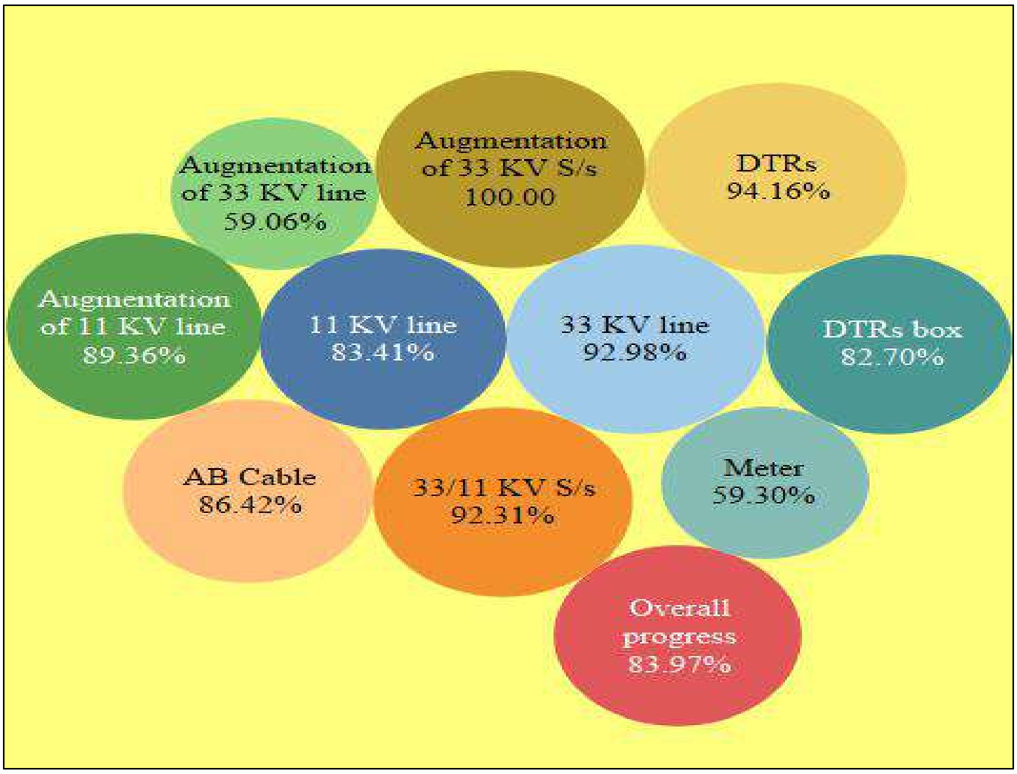
Thus, even after lapse of more than four years from sanction (January 2012) of SCADA Project, the Company failed to achieve any progress in the Project thereby defeating the envisaged objective to improve system reliability through remote operation of distribution management system due to delay in appointment of SIA, inaction on the part of SIA and not providing SCADA enabling infrastructure and other equipments by the Company.

The Government while accepting the observation stated (November 2016) that the Company would take all earnest measures to complete the work within extended time upto March 2017 granted by GoI.

Part-B: Distribution system strengthening works

2.1.12 Part-B of the Scheme envisaged regular distribution system strengthening projects *viz.* Renovation, modernisation and strengthening of sub-stations, Transformers, Re-conductoring of lines, Aerial Bunched Conductoring in dense areas, replacement of electromagnetic energy meters with tamper proof electronic meters, installation of capacitor banks *etc.* The Part-B of the Scheme was implemented in 19 towns with a sanctioned cost of ₹ 710.24 crore with the scheduled date of completion as January 2015 which was subsequently extended by GoI upto January 2017. As of March 2016 funds of ₹ 551.97 crore were received, out of which ₹ 540.46 crore were spent and physical progress of work was 83.97 *per cent* as shown in **Chart - 2.1.1**.

Chart- 2.1.1
Physical progress of major items of all towns



(Source: Information furnished by the Company)

The town-wise breakup of sanctioned cost, receipt and expenditure of funds is given in ***Annexure - 2.1.2***.

Execution of works

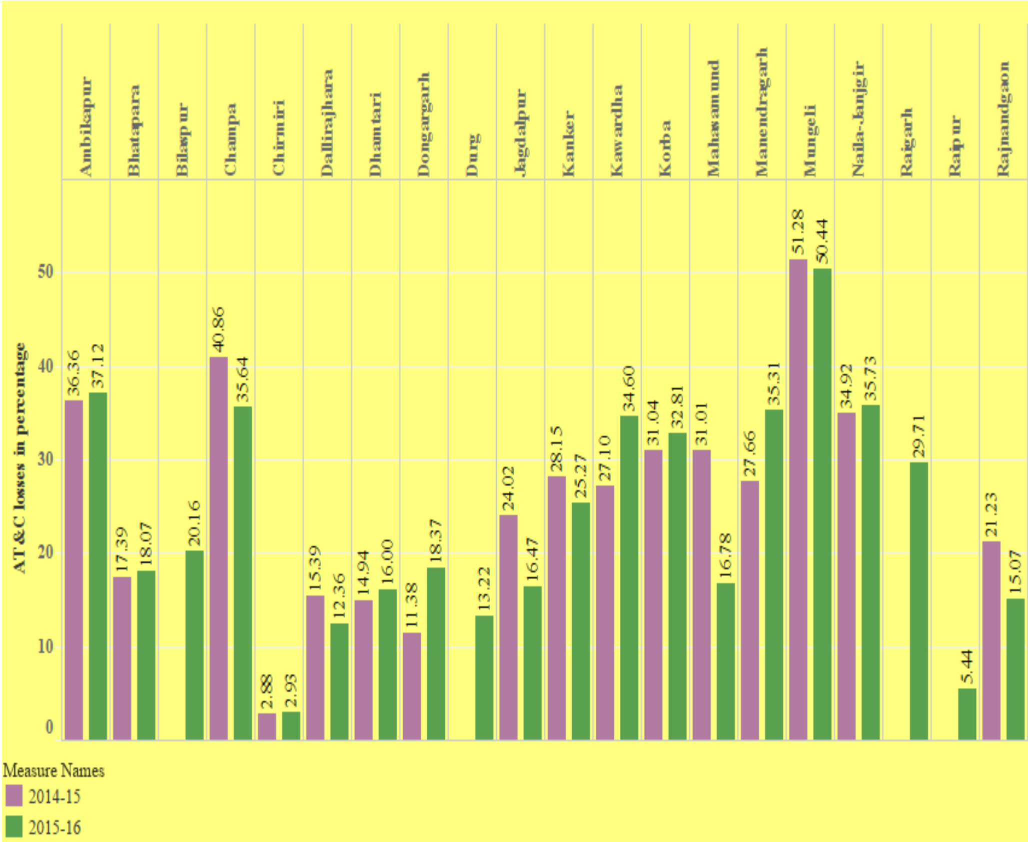
2.1.13 The works related to strengthening of distribution network (projects) were awarded to different Turnkey Contractors (TKCs) selected through town wise open tenders by ED-ST:RE of the Company. The Superintending Engineers of respective Circle of the Company, being Project Incharge, were responsible to get the works executed as per Scheme guidelines and monitor the execution of works under their respective jurisdiction. The Company awarded (May 2012 to March 2013) works of strengthening of distribution network in 19 towns, on turnkey basis. By the end of March 2016 only 15 towns were completed[26]. The deficiencies noticed in execution of projects are discussed below:

AT&C losses in 'go-live' towns

2.1.13.1 The primary objective of R-APDRP was reduction in AT&C losses to 15 *per cent* level on sustainable basis. In the beginning of Scheme in 2009-10, the AT&C losses of 20 project towns ranged between 8.57 *per cent* and 63.52 *per cent.* Audit noticed that in the towns covered under the Scheme, the AT&C losses ranged between 2.88 and 51.28 *per cent* during the period 2014- 15 and 2015-16 as depicted in **Chart - 2.1.2.**

[26] Closure reports are not yet submitted.

Chart 2.1.2
Town wise AT&C losses during the years 2014-15 and 2015-16



From the above Audit observed the following:

- During the years 2014-15 and 2015-16 only three[27] (19 *per cent*) and four[28] (20 *per cent*) towns out of 16 and 20 go-live towns respectively could achieve the target of 15 *per cent* AT&C losses owing to effective implementation of system strengthening work, better revenue collection efficiency and monitoring. The disappointing performance in other towns was due to poor execution of work, high rate of theft of electricity and inaction against the defaulting consumers.

- The achievement in five[29] towns was far below the target and their percentage of AT&C losses has ranged between 32.81 and 51.28 during the years 2014-15 and 2015-16.

The Company failed to achieve primary objective of R-APDRP to contain AT&C losses in the go-live towns upto targeted level of 15 *per cent.*

- The Company failed to sustain the achieved AT&C losses in Kawardha, Dongargarh, Manendragarh, Bhatapara and Ambikapur towns which was 27.10, 11.38, 27.66, 17.39 and 36.36 *per cent* respectively in 2014-15, however, the same increased to 34.60, 18.37, 35.31, 18.07 and 37.12 *per cent* in 2015-16.

[27] Dongargarh, Dhamtari and Chirmiri.
[28] Dallirajhara, Durg-Bhilai-Charoda, Raipur and Chirmiri.
[29] Champa, Ambikapur, Naila-Janjgir, Korba and Mungeli.

- AT&C losses in 16 towns[30] in excess of the benchmark level of 15 *per cent* worked out to 213.78 MUs, which led to a potential loss of revenue of ₹ 66.06 crore during the year 2015-16.

This indicates that the Company failed to achieve primary objective of R-APDRP to contain AT&C losses in the go-live towns upto targeted level of 15 *per cent*.

During the Exit Conference (October 2016) the Government stated that trajectory of AT&C losses in the State is showing reducing trend.

The reply is not acceptable as five towns showed increasing trend in AT&C losses in 2015-16 as compared to 2014-15. Further out of 20 go-live towns, AT&C losses of 16 towns were in excess from the bench mark level of 15 *per cent.*

Further, during discussion (January 2017) on future course of action required to be taken by the Company for reduction in AT&C losses, the Special Secretary, Department of Energy stated that all the towns will achieve the targeted AT&C losses to 15 *per cent* till 2018-19. He also stated that the Aerial Bunch cable is being laid in all towns to avoid theft.

Issue of completion certificate

2.1.13.2 The Company appointed ED-ST:RE, Superintending Engineer and Executive Engineer as nodal officer, project incharge and assistant project incharge respectively to carry out the Part-B works of the Scheme. Their primary responsibility was to ensure that the work was completed as per the terms and conditions of work order.

Audit noticed that the contractor has not completed[31] the Part-B work of Ambikapur town so far (March 2016), however, the Superintending Engineer of the Company had issued (31 March 2014) completion certificate and ED-STRE informed the same to PFC. Thus completion certificate was issued without completion of the work and incorrect status was intimated to PFC. By issuing completion certification for incomplete work, the contractor was also absolved from the responsibility to complete the balance work.

(Service cable not installed as per the provision of work order at Ambikapur town)

The Government stated (November 2016) that due to certain practical issues, some DTRs and lines could not be energised and the Company has rectified the discrepancies.

[30] Declared go-live upto March 2015.
[31] DTRs boxes and service cable was not installed, DTRs and AB cable were not energised.

The reply is not acceptable because DTRs and line were not energised in the absence of completion of the work. In many places AB Cable, distribution boxes and service cable were not installed.

Execution of works above the limit approved by the Steering Committee

2.1.13.3 As per decision (August 2012) of Steering Committee, the value variation in cost due to revision in the BOQ was limited to 10 *per cent* of the sanctioned DPR cost.

Audit observed that in Manendragarh and Mungeli towns actual cost of work was ₹ 5.84 crore and ₹ 5.98 crore as against the sanctioned DPR cost of ₹ 5.38 crore and ₹ 5.15 crore respectively. The increase in cost of 19.34 *per cent* for Mungeli town and 23.97 *per cent* for Manendragarh town was mainly due to increase the scope of work during execution which indicated that DPRs were not prepared on realistic basis. The increase in cost beyond the variation limit of 10 *per cent* approved by the Steering Committee has to be financed by the Company from its own funds as the same cannot be claimed under the Scheme. Thus, due to preparation of DPRs on unrealistic basis the Company has to bear the additional cost of ₹ 1.13 crore.

The Government stated (November 2016) that DPRs were prepared on the basis of field conditions and works available at that time i.e. 2010-11 and work was carried out as per actual site conditions. The Government further, stated that proposal for the same is put up (September 2015) to Steering Committee through PFC.

The reply is not acceptable as the cost variation was permissible only to the extent of 10 *per cent* above the DPR cost.

Finalisation of the tenders

2.1.13.4 After the approval of DPRs by Steering Committee, the Company initiated the tendering process for execution of Part-B works.

Audit noticed that the Scheme guidelines and the approved DPRs of Part-B did not prescribe any time schedule for finalisation of turnkey contracts whereas approved DPRs of Part-A and SCADA provided three months for finalisation of the implementing agency. In the absence of any time frame, the Company should have adopted the time frame of three months similar to Part-A of the Scheme for finalisation of tender of Part-B. However, the tenders were finalised with delay ranging between 21 and 164 days (considering three months timeframe for finalisation of tender) which led to delay in completion of the whole project.

The Government while accepting the observation stated (November 2016) that for future tendering the Company will consider the recommendations of audit and will follow or develop the time schedule to minimise the delay in finalisation of tender.

Completion of works

2.1.13.5 As per the work orders, Part-B works were to be completed within 12/18 months from the date of work order. Details of progress of work as on 31 March 2016 are given in the ***Annexure - 2.1.4***.

Audit noticed that out of 19 project towns, only in two towns works were completed in time and in 13 towns works were completed with delay ranging from two to 13 months. In remaining four towns works were not completed even after a delay of 28 months as at the end of March 2016. This was due to delay in completion of ring fencing, frequent revision of scope of work, delay in handing over of land for substations, delay in survey of 33/11 KV lines, public intervention, power shut down for execution works not provided in time, heavy rain and poor performance of the contractors. This indicates that the Company could neither plan the works properly nor provide the basic infrastructure to the contractors.

The Government while justifying the reasons for delay stated (November 2016) that the problems narrated above were being faced all over India and accordingly, MoP, GoI extended completion period from January 2015 to January 2017.

The reply is not acceptable because the Company took abnormal time to complete the works and failed to control the avoidable delays. Consequently, the delay in completion of the projects, postponed the envisaged benefits to be derived under the Scheme.

Award of work at Raigarh town

2.1.13.6 As per the terms and conditions of the tender the successful bidder was to furnish performance security within 30 days from date of Letter of Acceptance (LOA). Further, in case of failure of successful bidder to do so the Company might award the contract to the next lowest bidder. The Company invited tender (20 July 2011) for the system strengthening works of Raigarh town. The tender was finalised and LOA was issued (23 March 2012) to L-1 tenderer M/s Aravali Infrastructure Power Ltd., New Delhi (contractor) at a price ₹ 30.64 crore. However, the contractor did not furnish the performance security in stipulated time and the Company floated (27 August 2012) new tender for the same. The work was awarded (7 March 2013) to with new contractor for ₹ 34.86 crore.

Delay in finalising the tender resulted in expiry of validity period of offer and consequent avoidable financial burden of ₹ 1.18 crore due to award of work on higher rate in new tender.

Audit noticed that the Company took abnormally long time of eight months in finalisation of original tender. Consequently, on not furnishing of performance security by the selected bidder, the counter offer to the L-2 bidder was not accepted by him as validity of the offer had already expired by that time. Had the Company finalised the tender well before the validity period, on defaulting of the L-1 bidder the Company could have awarded the work to L-2 bidder at his quoted rate of ₹ 33.68 crore and saved ₹ 1.18 crore. This has resulted in avoidable financial burden of ₹ 1.18 crore on Scheme.

The Government stated (November 2016) that delay occurred due to financial scrutiny of huge number of bids and audit suggestion for timely finalisation of tender will be complied in future tender. The Government further, stated that L-2 bidder M/s SMS Infrastructure Limited had denied to accept the counter offer.

The reply is not acceptable as the Company was well aware of the expiry date of the price bids on 26 March 2012. Therefore, the Company should have finalised the tender in a time bound manner so as to avoid refusal of bidder to accept the tender due to expiry of price bid validity. However, the Company did not fix any time frame for finalisation of the tender and delayed the finalisation of tender which led to expiry of validity period of price bid and consequent refusal of L-2 bidder to accept the counter offer.

Execution of Part-B works

2.1.13.7 During scrutiny of records following deficiencies in execution of works were noticed:

- As per the terms and conditions of tender, if during the defect liability period any defect is found in the items supplied/work executed, the contractor shall carry out appropriate repairs or replacement of defective items/work promptly. In Korba town, the quality of Miniature Circuit Breakers (MCBs) was poor and most of the installed MCBs at DTRs had failed or burnt. However, the contractor installed grip instead of its replacement. Thus, instead of replacing (as per the terms of contract) the failed MCBs, the contractor has managed to run the MCBs by using grip, which was violation of terms of contract and also compromised with safety.

- In Naila-Janjgir, Champa, Mahasamund, Ambikapur and Rajnandgaon towns permission from Electrical Inspector was not obtained for charging of sub-station or line, which was in violation of Central Electricity Authority (Measures relating to Safety & Electric Supply) Regulations 2010.

Internal Control, Monitoring and Training

2.1.14 Monitoring is a key component of the quality assurance system. The Scheme provides mechanism of monitoring by SLDRC, submission of monthly progress reports to PFC in prescribed form and monitoring by State Level Task Force. Further Third Party Independent Evaluating Agency (TPIEA) is in place for evaluation of the Scheme. A review of monitoring mechanism revealed the following:

Monitoring of milestones/ targets and evaluation of projects by SLDRC

2.1.14.1 As per the Scheme guidelines, SLDRC[32] was to be constituted by the State for recommendation of the project proposals, monitoring the compliance of conditions of the Scheme and achievement of milestones. Accordingly, Department of Energy, GoCG, constituted (August 2009) SLDRC and instructed that SLDRC should meet once in every two months.

SLDRC failed to monitor the compliance of conditions of the Scheme and achievement of milestones/targets under the Scheme.

The SLDRC had conducted only eight meetings during September 2009 to March 2016 against the 39 meetings due and no meeting has been conducted since 6 January 2012. In the absence of regular meetings the SLDRC did not monitor milestones and targets under the Scheme and also compliance to the conditionalities. Further, there was no follow up on the lapses in execution, unsatisfactory performance of contractors and delay in completion of work due to lack of monitoring by SLDRC.

The Government stated (November 2016) that looking at the frequency of review meetings arranged at various high levels, need to review the progress separately by SLDRC was not felt. However, the Company will consider the recommendation of audit in future.

[32] Under the Chairmanship of the Chief Secretary/Principal Secretary/Secretary Power/Energy.

The reply is not acceptable because as per guidelines SLDRC meetings were required to be conducted once in every two months to monitor the compliance of conditions of the Scheme and achievement of the milestones. However, the Company failed to ensure the same.

Monitoring mechanism

2.1.14.2 The short comings noticed in monitoring of the Scheme are as under:

- The officials of the Company were required to monitor the projects on weekly/routine basis at different levels. However, no report/records were maintained by the Company in this regard. In absence of the same, audit could not ensure that the responsible officials effectively monitored the projects and made efforts to complete the projects within the stipulated time.

- Ministry of Power constituted (14 August 2013) State Level Task Force for special monitoring of the Scheme. The task force was to visit the respective State at least once in a month. However, Audit noticed that the Company had not maintained any records of visits of task force, suggestions made by them and action taken thereon. Hence, it could not be ascertained if the envisaged purpose of the constitution of the State task force was achieved.

- The Company did not have any mechanism by way of periodical returns and performance reports through which the important activities such as status of progress, compliance to conditionalties, progress on achievement of targets and evaluation of the Scheme were periodically brought to the notice of Board of Directors. Absence of such mechanism, especially for a project of this significance, is a serious deficiency on the part of the Company.

The Government stated (November 2016) that the Company monitored the progress of work and assured that all efforts would be made in future to improve monitoring mechanism.

The fact remains that the Company needs to improve its monitoring mechanism of the Scheme.

Internal Audit

Internal audit is an essential component of the internal control. It ensures compliance with the directives, rules and regulations laid down by the Company/ Government. In this connection, Audit observed that during the review period no internal audit of ED-ST:RE and CE-EITC, Nodal offices for implementation of R-APDRP was conducted.

Physical verification of Part-B assets

Physical verification of assets confirms the physical existence of the assets and ensures that they are accounted properly. Audit observed that physical verification of Part-A was conducted whereas no physical verification of assets was conducted in respect of assets created under the Part-B of the Scheme during the period 2012-13 to 2015-16.

The Government stated (November 2016) that physical verification was done by the concerned field officers at the time of passing the contractor's bills.

The reply is not acceptable as physical verification of completed assets was not conducted at regular intervals after passing of contractor's bills to ensure their physical existence and proper accounting.

Training to technicians and linemen

2.1.14.3 As per the 12th meeting of Steering Committee of GoI, six months Certificate Programme in Power Distribution was to be imparted to technicians and linemen under the Scheme. It is the Company responsibility to take the registration and paid course fee.

Audit noticed that no such training was provided to the staff of the Company so far (March 2016) as envisaged in the Scheme. As a result the Scheme was deprived of the envisaged benefits of training to the technicians/lineman.

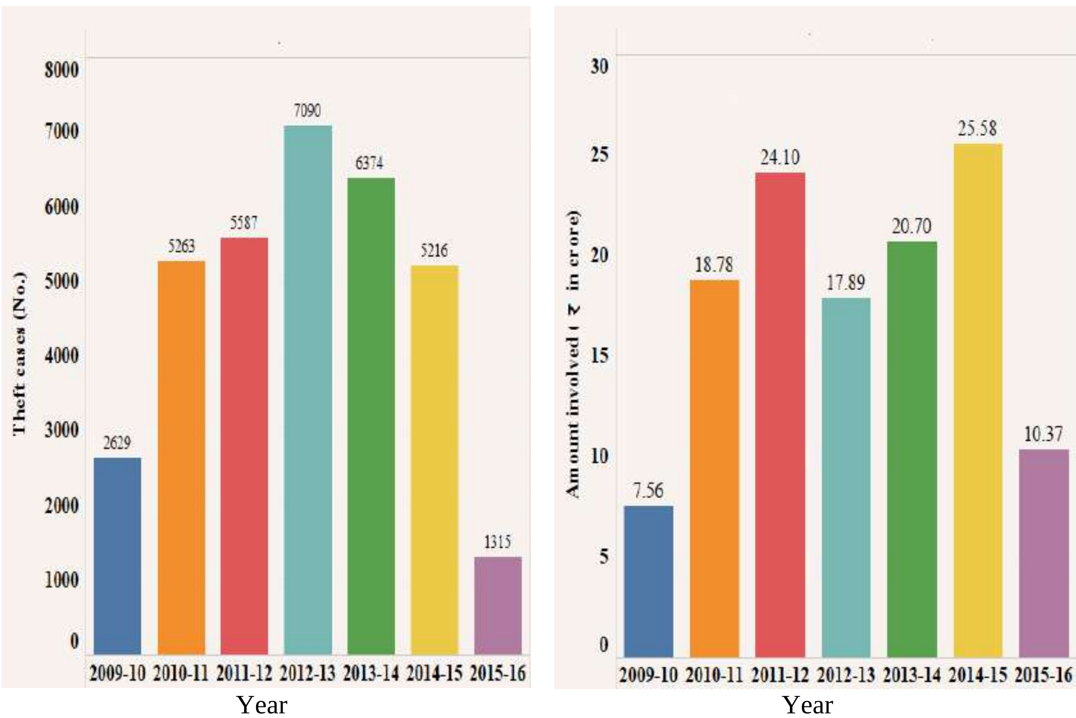
The Government stated (November 2016) that six months certificate programme training to technicians/lineman was not given as the staff was required to be spared for six months and fee was to be paid by staff which was refundable only in case of passing of said course.

The reply is not acceptable because above training was to be imparted for effective implementation of the Scheme and not imparting of the training to the staff resulted in violation of Scheme guidelines.

Vigilance and legal measures to prevent theft of electricity

2.1.14.4 Vigilance and legal measures are some of the important steps to prevent theft of electricity and thereby reducing commercial losses. Audit noticed that the amount involved in theft cases has shown an increasing trend i.e. from ₹ 7.56 crore (2009-10) to ₹ 25.58 crore (2014-15) i.e. increase of 338 *per cent* as may be seen in ***Chart 2.1.3***.

Chart-2.1.3
No. of theft detected and amount involved therein



This indicates that the existing mechanism was not effective to prevent theft of electricity. Further, only 2149 First Information Reports (FIRs) were lodged in 33474 cases of theft/pilferage during the period 2009-10 to 2015-16. Against these 2149 FIRs conviction has been made only in 393 cases[33] (18.29 *per cent)*.

The Government stated (November 2016) that to reduce theft of electricity the Company has taken various measures. The Government further stated that detected cases are intimated to police in writing and during 2009-16 total 21235 number of FIRs were registered by the Company.

The reply is not acceptable because theft cases have shown an increasing trends during 2009-10 to 2014-15. Further, in respect of FIRs reply is factually incorrect as FIRs were lodged only in 2149 cases during the years 2009-10 to 2015-16.

Setting of targets for Vigilance Wing

2.1.14.5 On review of targets of inspection by Vigilance Wing and achievements there against, audit observed the following:

- During the years 2009-10 to 2015-16 achievement against target for inspection ranged between 76.36 *per cent* and 116.24 *per cent*. Audit noticed that the Vigilance Wing failed to achieve targets during the years 2009-10 to 2013-14. However, targets were achieved in 2014-15 and 2015-16 due to lower fixation of targets than the targets achieved in the immediately preceding year[34].

- Achievement of targets of revenue collection by the Vigilance Wing in 2009-10 to 2015-16 ranged between 114.24 and 452.4*8 per cent.* Audit observed that during 2014-15 and 2015-16 targets were fixed lower than the revenue collection achieved in the preceding year[35]. It indicates that targets for vigilance wing were fixed on lower side even though there was increasing trend in theft cases as discussed in *paragraph 2.1.14.4*.

The Government stated (November 2016) that the annual target was fixed based on available resources and manpower. The Government also stated that the Company has already increased the target for 2016-17.

Reply is not acceptable as the Company failed to consider the actual achievement in preceding year at the time of fixation of targets for the current year. Further, increased targets for 2016-17 also substantiated the fact that the targets for previous years were reduced without any proper justification.

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[33] 1.17 *per cent* of total 33474 theft/malpractices detected.

[34] In 2013-14 and 2014-15, 50398 and 54610 inspections were conducted respectively. However, in 2014-15 and 2015-16, targets of 49000 and 36100 inspections respectively were fixed.

[35] Revenue collection achieved in 2013-14 and 2014-15 were ₹ 132.80 crore and ₹ 55.45 crore respectively. However, in 2014-15 and 2015-16, targets for revenue collection of ₹ 30.05 crore and ₹ 25.89 crore respectively were fixed.

Conclusion

Audit concluded that:

- **Despite an expenditure of ₹ 540.46 crore (as on March 2016), only four out of 20 towns could achieve the targeted 15 *per cent* power distribution losses (AT&C losses) during 2015-16. In respect of five project towns, instead of decrease, the towns witnessed increased AT&C losses in 2015-16 as compared to 2014-15. In the remaining 11 towns, though the losses were reduced, the target of 15 *per cent* could not be achieved. The reasons for failure to bring down the AT&C losses were mainly, poor execution of works, higher rate of theft of electricity, lack of action against the defaulting consumers etc. Thus, the Company failed to achieve the primary objective of the Scheme.**

- **Under IT enabled system (Part-A of the Scheme), the Company declared all the towns as go-live by August 2015. However, in respect of 17 modules provided under the Scheme, there were deficiencies in three modules. Customer Care Services module does not have a provision for customer's feedback, Maintenance Management module was not recording all the feeder trippings and New Service Connection module was not being fully utilised for new service connections. Only 31 *per cent* of Modems installed in distribution transformers and feeders were successfully communicating energy data defeating the objective of the Scheme for energy accounting and auditing without human intervention.**

- **The Company failed to develop a system for updating the consumer database on regular basis.**

- **There was no progress in implementation of SCADA projects even after lapse of more than four years due to delay in appointment of SCADA Implementing Agency (SIA), inaction on the part of SIA and not providing of SCADA enabling infrastructure by the Company. Thus, the Company failed to improve system reliability through remote operation.**

- **The Company deposited Scheme funds of ₹ 317.33 crore in its overdraft account instead of Scheme account in violation of the Scheme guidelines resulting in loss of interest income of ₹ 1.70 crore to the Scheme. The funds were drawn without immediate requirement resulting in an avoidable interest burden of ₹ 6.23 crore on the Scheme.**

- **SLDRC and the Company failed to monitor the compliance of conditions of the Scheme and achievement of milestones/targets under the Scheme. Further, the nodal officers of the Company failed to monitor the progress of the projects as no reports/records of such monitoring were available.**

Recommendations

Audit recommends that:

- **The Company should make all out efforts to achieve the target of 15 *per cent* AT&C losses on sustainable basis by removing the deficiencies in infrastructure and by taking effective action against theft of electricity/defaulting consumers.**
- **The Company should rectify the deficiencies in the system to obtain real time data without human intervention for energy accounting and auditing as envisaged in the Scheme. The Company should develop a system for updating the consumers' data in the system on regular basis.**
- **The Company may ensure execution of the SCADA works without any further delay so as to complete the project within the extended time period of the Scheme.**
- **The Company should follow the Scheme guidelines for better financial management of the funds received under the Scheme. The Scheme funds should be deposited in the Scheme bank account only and loan funds may be drawn on need basis.**
- **SLDRC needs to convene regular meetings to monitor the milestones/targets under the Scheme. The nodal officers of the Company also need to regularly monitor the progress of projects and maintain the records of the same to ensure that remedial action on the shortcomings noticed is taken.**

2.2 Audit on Mining and Marketing of Minerals by Chhattisgarh Mineral Development Corporation Limited

Introduction

2.2.1 Chhattisgarh Mineral Development Corporation Limited (Company) was incorporated on 7 June 2001 for exploration and exploitation of mineral resources, enhancement of production of minerals, establishment and promotion of mineral based industries, exploration of new areas of mining in the State. In Chhattisgarh, 18 minerals are found and of these, Company's activities were mainly confined to four minerals i.e. Bauxite, Coal, Iron-ore and Tin-ore. The Company does not do business of minor minerals[36] as per decision of Government of Chhattisgarh (GoCG).

The audit of mining activities of the Company was conducted (May 2016 and June 2016) covering the period from 2011-12 to 2015-16 to assess whether development of mines and mining activities were carried out economically, efficiently and effectively; the contracts for operation of mines were awarded and implemented in an economic and efficient manner and the environmental and other regulations were complied with.

During the course of audit, records at the Company's Corporate office at Raipur, Regional office at Ambikapur and in sub-office at Dantewada were test checked. Joint inspection[37] of the Daldali Bauxite mine at Kabirdham District was also conducted.

An entry conference was held with the Under Secretary, Department of Mineral Resources, GoCG and Managing Director (MD) of the Company in July 2016 wherein objectives, scope and methodology of audit were discussed. The Audit findings were reported to the Company and GoCG in July 2016 and discussed in an Exit Conference held on 11 November 2016 with the Secretary, Department of Mineral Resources, GoCG. The replies and views expressed by them in Exit Conference have been duly considered while finalising the audit report.

Mining and Marketing of Minerals

2.2.2 For minerals other than Coal, the Company carries out reconnaissance study to identify the mineral bearing areas on a regional scale, worthy of further investigation. After reconnaissance, prospecting is carried out to search the mineral deposits. Thereafter the Company applies to GoCG for mining lease and GoCG recommends the same to Government of India (GoI) for approval. After the approval is accorded by GoI, the mining plan is got approved[38] from Indian Bureau of Mines (IBM)[39] and environmental clearance is obtained from Ministry of Environment and Forest, GoI (MoEF). Thereafter, the mining lease is executed between GoCG and the Company for varying periods ranging from 20 to 30 years. Mining operations are carried out

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[36] Minor mineral is defined in section 3 (e) of Mines and Mineral (Development and Regulation) Act, 1957.

[37] Joint inspection was conducted by audit team along with Company officials.

[38] Mining plan is approved by Ministry of Coal in case of coal block.

[39] Indian Bureau of Mines (IBM) is a regulatory body for promotion of systematic and scientific development of mineral resources of the Country through regulatory inspections of the mines and approval of mining plans.

after obtaining working permission from the District Collectorate. In case of Coal, the Coal blocks are allotted to the Company by the Ministry of Coal, GoI (MoC) after which mining lease is executed with GoCG following the above procedure. The Company pays royalty for the minerals extracted and other levies[40] to GoCG.

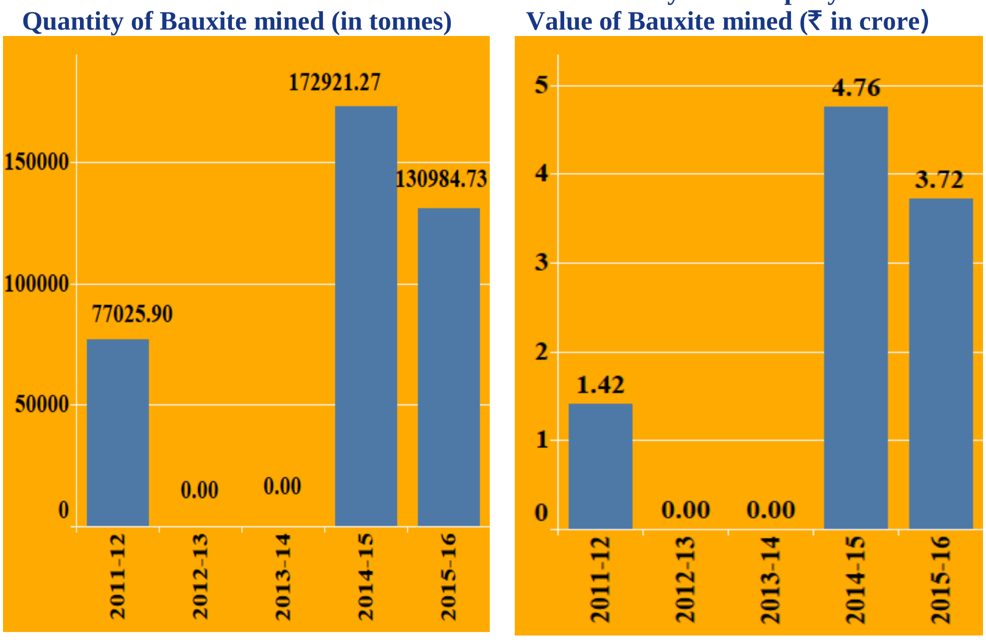
Audit observed that the Company did not carry out mining and marketing of minerals on its own and awarded the same to contractors. Further, the pre-mining activities of preparing feasibility reports, prospecting and obtaining of statutory approvals were also outsourced by the Company.

During the period from 2011-12 to 2015-16 the Company had a total manpower ranging from 180 to 196 and the percentage of technical manpower dealing with core activities of mining and marketing of minerals ranged between 50 and 52. The administrative and employee benefit cost of the Company during the period from 2011-12 to 2015-16 was ₹ 5.67 crore, ₹ 6.39 crore, ₹ 8.56 crore, ₹ 6.24 crore and ₹ 6.65 crore which was 38, 50, 76, 38 and 70 *per cent* of the Company's revenue in the respective years.

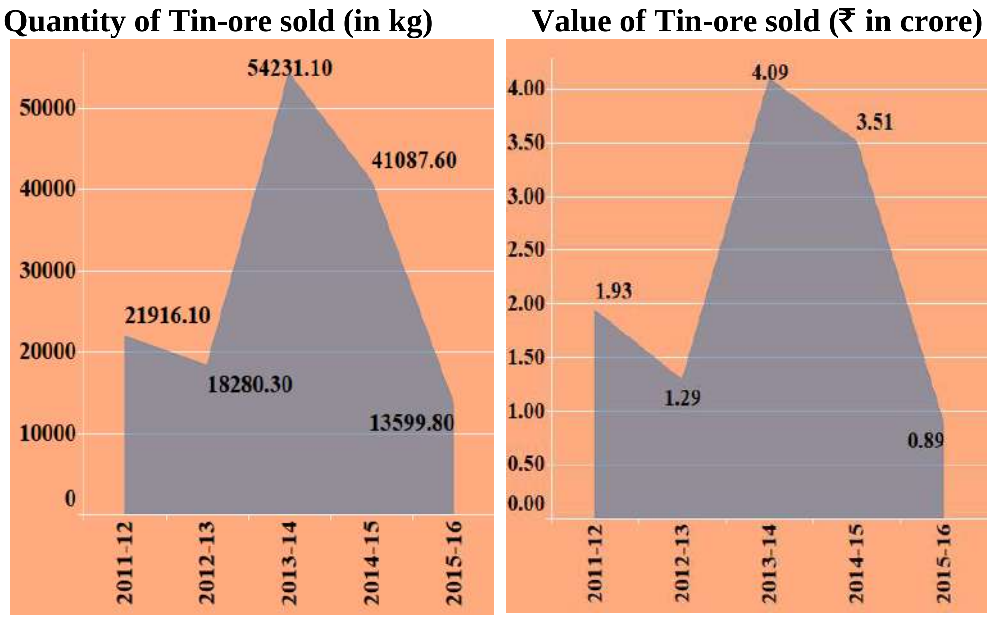
Thus, despite spending substantial portion of its revenue on administrative and employee benefit costs, the core activity of mining and marketing of minerals was being carried out through outsourced agencies by the Company. The Government/Company also did not carry out any cost benefit analysis of mining and marketing activities through outsourcing and by the Company.

During 2011-12 to 2015-16, the Company carried out mining and marketing of Bauxite through private contractors and trading (purchase and sale) of Tin-ore, whereas no mining was carried out in case of Coal, iron-ore and Tin-ore due to reasons discussed in subsequent paragraphs. The quantity and value of the Bauxite mined and Tin-ore sold by the Company during the five years from 2011-12 to 2015-16 are depicted in **Chart- 2.2.1**.

Chart – 2.2.1 Details of minerals mined/sold by the Company



[40] *Adhosanrachna Vikas Upkar, Vikas Evam Paryavaran Upkar, Panchayat kar*, contribution towards District Mineral Foundation and National Mineral Exploration Trust Fund etc.



(Source: Information furnished by the Company)

During the period 2012-13 and 2013-14, mining of Bauxite was not carried out in any of the 15 mines in possession of the Company. This was due to not approval of mining schemes by IBM[41], not obtaining of working rights[42], currency of pre-mining activity period[43], not obtaining of environmental clearance[44], not inviting of tenders[45] and bidders did not participate[46] in tendering for operation of mines.

Financial Performance

2.2.3 The financial performance of the Company for the last five years ending 2015-16 is detailed in ***Annexure- 2.2.1.*** The Company's revenue declined from ₹ 14.79 crore in 2011-12 to ₹ 12.84 crore in 2012-13 and ₹ 11.33 crore in 2013-14 primarily because the mines of Bauxite were not operational during the period 2012-13 and 2013-14. Though the revenue increased to ₹ 16.58 crore in 2014-15 due to recommencement of operations of Bauxite mines, it again declined to ₹ 9.56 crore in 2015-16 due to decline in revenue from operations and interest income. The Company had profit of ₹ 3.74 crore, ₹ 2.93 crore and ₹ 2.26 crore during the years 2011-12, 2012-13 and 2014-15 respectively. The Company suffered a loss of ₹ 1.19 crore in the year 2013-14 and provisional[47] loss of ₹ 1.51 crore in the year 2015-16. Loss in 2013-14 was mainly due to increase in employee benefit expenses and in 2015-16 due to decline in revenue from operations and interest income. The revenue from various sources of the Company during 2011-12 to 2015-16 is depicted in **Chart - 2.2.2.**

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[41] The mining schemes of Barima I and Barima II mines were not approved due to deficiencies in the mining schemes submitted to IBM for approval.
[42] Pandrapat I, Pandrapat II, Kesra II, Kesra III, Kesra IV and Nagadand.
[43] Daldali.
[44] Barima VI.
[45] Barima III, Barima IV, Barima V and Kesra I.
[46] Narmdapur.
[47] The Annual Accounts of the Company for the year 2015-16 were not finalised as of November 2016.

Chart – 2.2.2
Income from various sources (₹ in lakh)

(Source: Information furnished by the Company)

Audit findings

Mining of Coal

2.2.4 Coal is the most widely used energy source for electricity generation and an essential input for steel production. In India, about 76 *per cent* Coal output is consumed in power sector. As per the data of IBM year book 2014 published in July 2016, as on 1 April 2014 the Chhattisgarh State alone accounted for over 17.42 *per cent* of the Coal reserves (52532.92 million tonnes) out of total reserves (301564.45 million tonnes) available in the Country.

Mining operations in Coal blocks

2.2.4.1 During the period from August 2003 to November 2013, the Company was allocated six Coal blocks[48] by the Ministry of Coal, GoI (MoC). Detailed exploration and mining was to be carried out by the Company or by a separate Government Company eligible to do Coal mining to be created with participation of the Company.

As per terms and conditions of allocation, for explored Coal blocks, the Company was to obtain the available geological data on payment of necessary exploration cost to the Coal India Limited/Central Mine Planning and Design Institute Limited/Geological Survey of India within one and half months of allocation. In respect of unexplored blocks, the Company should apply for a prospecting license within three months of allocation and exploration should be completed and Geological Report (GR) should be prepared within two years from the date of issue of the prospecting licence.

[48] Tara (14 August 2003), Gare Pelma sector I (2 August 2006), Sondiha (25 July 2007), Shankarpur-Bhatgaon (25 July 2007), Chendipada (25 July 2007) and Kerwa (7 November 2013).

The Company failed to develop the coal blocks and commence mining in these blocks though the Company missed the milestones for commencement of production by nearly two years to over seven years and expenditure of ₹ 339.24 crore was incurred on these coal blocks.

Further, as per the milestones prescribed by MoC the Company had to submit mining plan within six months of allocation and get it approved from MoC, obtain forest and environmental clearances from MoEF within 12 months from the date of allocation and production from the Coal blocks was to be commenced within 54 months from allocation. Allocation of Coal blocks was liable to be cancelled in case of failure in achieving the milestones.

Audit observed that the Company failed to develop the Coal blocks allocated to it and commence mining in these blocks mainly due to inordinate delay in purchase/preparation of GR and applying for various requirements like mining lease, forest clearance, environmental clearance and land acquisition etc. Audit further observed that, the Hon'ble Supreme Court of India vide its judgment dated 24 September 2014 held that the allotment of Coal blocks were arbitrary and illegal and cancelled the allotment of five Coal blocks (except Kerwa Coal block) allocated to the Company. However, the Company had already incurred an expenditure of ₹ 339.24 crore for development of these five[49] Coal blocks.

The Company failed to develop the Coal blocks and commence mining in these blocks as per the milestone fixed for commencement of production and the delay ranged from nearly two years (Shankarpur-Bhatgaon Coal block) to over seven years (Tara Coal block) as given in **Table - 2.2.1**.

Table 2.2.1: Slippage from scheduled date of production

Name of Coal block	Date of allocation	Scheduled date of commencement of production	Slippage as on date of de-allocation
Tara	14 August 2003	14 February 2007	7 years 6 months
Gare-Pelma	2 August 2006	2 February 2011	3 years 6 months
Chendipada	25 July 2007	25 January 2011	3 years 7 months
Shankarpur-Bhatgaon	25 July 2007	25 January 2011	1 year 10 months
Sondiha	25 July2007	25 January 2011	3 years 7 months

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

Had the production from these Coal blocks commenced as per prescribed milestones, the Company would have recovered the cost incurred on these Coal blocks from the revenue generated from operation of the Coal blocks. The entire expenditure of ₹ 339.24 crore incurred by the Company on these Coal blocks became infructuous on cancellation of allocation of these Coal blocks. However, the milestone for commencement of production from Kerwa Coal block allocated in 2013 has not yet reached.

The Government stated (November 2016) that development of Coal blocks was continuously monitored by the MoC. The reasons for delay occurred in development of these Coal blocks were either procedural or beyond the control of Company. Further, the expenditure incurred on Gare Pelma Sector-I Coal block has already been realised from the new allottee. Similarly, the balance amount would be recovered in due course as and when the Coal blocks are allocated.

The reply is not acceptable as the MoC issued show cause notices to the Company (allocatee) for slow progress of development of Coal blocks in respect of Tara (3 January 2014), Shankarpur-Bhatgaon (30 April 2012),

[49] Tara, Shankarpur-Bhatgaon, Gare Pelma Sector-I, Sondiha and Chendipada coal blocks.

Sondiha (14 June 2013) and Chendipada (4 May 2012) Coal blocks and directed to forfeit the BG in case of Shankarpur-Bhatgaon, Sondiha and Chendipada Coal blocks due to failure to achieve the prescribed milestones. Further, the contention of Government on recovery of expenditure from new allocatees is also not acceptable because even if the expenditure is recovered from them, there is loss of revenue due to failure to commence mining as per prescribed milestones.

Mining of Bauxite

2.2.5 Bauxite is an essential ore of Aluminium which is one of the most important other than ferrous metals used in the modern industry. As per the IBM year book 2014 published in July 2016, as on April 2010, Chhattisgarh State alone accounted for 74.499 million tonnes of Bauxite reserves which was over 12.56 *per cent* of the total reserves of 592.938 million tonnes in the Country.

Mining and marketing of Bauxite at Kesra-II, III, IV, Barima VI and Nagadand mines

2.2.5.1 The Company executed (18 January 2008) an agreement for mining and marketing of Bauxite at Barima-VI, Kesra- II, III, IV and Nagadand Bauxite mines with RK Transport Company (contractor) for a period of five years[50] i.e. from January 2009 to December 2013. In this connection, the following was observed.

Collection of the value of Bauxite as per agreement

2.2.5.2 As per clause 2.2 and clause 15.6 (a) of the agreement, the contractor was required to complete all the pre-mining activities[51] within one year from the date of agreement i.e. by January 2009, thereafter the contractor was liable to pay the monthly instalment for monthly scheduled quantity of 12500 tonnes. Further, clause 19.4 stipulated that if the contractor failed to execute the work to the satisfaction of the Company, the MD reserved the right to terminate the contract after 60 days notice and get the work executed by other contractor. Besides, loss if any, incurred by Company shall be recovered from the contractor's pending bills and Bank Guarantee (BG).

The Company unduly extended the period for completion of pre-mining activities which resulted in revenue loss of ₹ 9.30 crore.

Audit observed that the contractor could not complete the pre-mining activities within one year. However, the Company extended (19 June 2009) the period for completion of pre-mining activities firstly upto 31 July 2009 and later till the date of obtaining environmental clearance. Though, the environmental clearance for Nagadand and Kesra (Kesra-II, III and IV) mines was obtained[52] on 3 August 2011 and 13 December 2011 respectively by the contractor, the working permission from the District Collectorate could not be obtained.

The Company issued (2 January 2015) a show cause notice to the contractor

[50] Excluding one year for completion of pre-mining activities.

[51] Preparation and approval of revised mining plan, environmental clearance, acquisition of private land and any other work to start and operate the mining operations.

[52] Environmental clearance for Barima VI mine was obtained in January 2016.

for not complying with terms and conditions[53] of the agreement. In response, the contractor stated (17 January 2015) that as the delay in obtaining environmental clearance and working permission from District Collectorate was caused due to delay on the part of Government, therefore force majeure clause (clause 19) of the agreement would be applicable in the present case. The Company sought legal opinion on the matter from a law intern who opined that the agreement can be cancelled as the contractor had failed to start production or pay the instalment for monthly scheduled quantity in accordance with clause 2.2 of the agreement.

The Company terminated (23 January 2016) the contract and stated that loss incurred by the Company will be recovered through encashment of BG. However, the BG submitted by the contractor had already expired on 12 April 2015.

The contractor filed (2 February 2016) a writ petition at High Court, Bilaspur against the termination order in which the Hon'ble High Court ordered (4 April 2016) the Company to pass a fresh reasoned and speaking order for termination of the contract. Accordingly, the Company passed (4 June 2016) a speaking order stating that the period for completion of pre-mining activities was extended without relaxing the condition of payment for monthly scheduled quantity of Bauxite and accordingly the contractor was liable to make payment of scheduled quantity. However, no payment was made by contractor.

Thus, due to failure of the Company to monitor and take timely action as per contractual provisions, mining operations could not be commenced till March 2016. This also resulted in loss of revenue ₹ 9.30 crore[54] to the Company from January 2009 to December 2013.

The Government stated (November 2016) that consequent upon failure of the contractor to obtain requisite clearances; the contract was terminated on 23 January 2016. Efforts were made to extend the validity period of BG but the contractor did not extend the same.

The reply is not acceptable because had the Company terminated the contract timely and got the work executed by other contractor, it would have earned significant revenue. Instead the Company unduly extended the period for completion of pre-mining activities as a result of which the Company could not get any revenue so far (November 2016). Moreover, the BG amounting to ₹ one crore was allowed to expire which otherwise could have been encashed in order to minimise the loss.

Payment of crop compensation by Company on behalf of the contractor

2.2.5.3 Clause 1.1 of the agreement (18 January 2008) provided that the contractor would pay the amount of compensation to land owners through Company and will assist Company in acquisition of land and getting environmental clearance. Clause 13.1 of the agreement also provided that cost of acquisition of private land shall be borne by the contractor.

[53] Clause 1– obtain environment clearance within one year , Clause 2- make payment as per monthly scheduled quantity, Clause 15.4- make payment of monthly installment in advance, Clause 15.6- complete all the mining activities as stated in clause 1 and clause 16- period of contract.

[54] 150000 tonnes per year x ₹ 124 per tonne (excluding royalty and taxes) x 5 years (from January 2009 to December 2013).

The Company deposited ₹ 6.76 crore towards crop compensation without collecting the same from the contractor in violation of the contractual provisions.

The Land Acquisition Officer, District Sarguja passed order (25 March 2015) for crop compensation of 52 land oustees and directed the Company to deposit an amount of ₹ 6.76 core[55]. The same was payable by the contractor as per clause 1.1 and 13.1 of the agreement. However, the Company deposited[56] the amount with the Collector and Land Acquisition Officer, District Sarguja without collecting the same from the contractor. This resulted in avoidable expenditure of ₹ 6.76 crore and extension of undue benefit to the contractor to that extent. It is pertinent to mention here that crop compensation in case of Daldali mine was paid (15 May 2014) by the contractor as per clause 2.10 of the agreement.

The Government stated (November 2016) that in view of lack of interest on the part of contractor and in order to save the mining lease from being lapsed, the amount of crop compensation was deposited by the Company. The agreement was terminated on 23 January 2016 and thus no benefit was extended to the contractor.

The reply is not acceptable because terms of agreement of the contract clearly stated that compensation for land acquisition shall be borne by the contractor. The Company terminated (23 January 2016) the contract and stated that loss incurred to the Company would be recovered through encashment of BG and other available options. However, BG has already expired in April 2015.

Mining and marketing of Bauxite at Barima-I to V and Kesra-I mines.

2.2.5.4 The Company invited (November 2006) open tender for mining and marketing of Bauxite at Barima-I to V and Kesra-I mines. An agreement was executed (January 2007) with the highest tenderer i.e. BALCO for mining and marketing of 1.20 lakh tonnes *per annum*[57] of Bauxite at the rate of ₹ 160 per tonne. The agreement was valid for three years from 16 February 2007 to 15 February 2010 which was further extended till 15 February 2012.

In this connection following irregularities were noticed:

Encashment of Bank Guarantee

2.2.5.5 Clause 17.6 of the agreement stipulated that the contractor is required to pay the value of monthly contracted quantity in advance irrespective of actual production in the month. In the event value of Bauxite is not paid, the work may be stopped by the Company and if contractor fails to pay the value of the Bauxite within seven days of stoppage of work then the Company shall forfeit the security deposit (SD).

Audit observed that during the period from February 2010 to December 2011 BALCO produced a total quantity of 3.03 lakh tonnes Bauxite against the contracted quantity of four lakh tonnes resulting in short production of 0.97 lakh tonnes. Thus as per clause 17.6 the Company was required to realise an amount of ₹ 1.56 crore[58] for the short production. However, against the outstanding dues of ₹ 1.60 crore (including ₹ 4.03 lakh towards other dues) the Company adjusted (August 2012) ₹ 62.29 lakh from excess paid in previous

[55] ₹ 6.04 crore for crop compensation and ₹ 0.72 crore for administrative fees.

[56] ₹ 6.04 crore on 4 December 2015 and ₹ 0.72 crore on 14 March 2016.

[57] Two lakh tonnes per annum from 16 February 2010 to 15 February 2012.

[58] ₹ 1,55,61,728 (97260.80 tonnes x ₹ 160 per tonne).

bills and forfeited the SD/earnest money deposit (EMD) of ₹ 75 lakh[59] and the balance amount of ₹ 22.36 lakh remained outstanding.

Audit further observed that BALCO was defaulting in payments of monthly installments from September 2011 onwards and stopped the work from December 2011. The Company did not encash the BG of ₹ 75 lakh lying with it as per clause 17.6 of the agreement and instead BG was allowed to expire on 15 February 2012. As per Delegation of Powers the Controller (Finance) of the Company was responsible for recovery of outstanding dues. Thus failure of the Controller (Finance) to take action for recovery of outstanding dues by encashment of BG resulted in dues of ₹ 22.36 lakh remaining outstanding.

The Government stated (November 2016) that ₹ 22.36 lakh was outstanding after adjustment from various sources and the contractor filed (7 January 2013) application with the Hon'ble High Court, Bilaspur for appointment of arbitrator. Accordingly, an arbitrator was appointed by the Hon'ble High Court vide its order dated 11 June 2013. Presently the case is pending in arbitration.

The reply is not acceptable because as per the terms of the agreement if contractor fails to pay the value of the Bauxite within seven days of stoppage of work then the Company can forfeit the SD. Accordingly, the Company should have encashed the BG after stoppage of work in December 2011 itself.

Award of new contract to BALCO despite poor performance in previous contract

2.2.5.6 The contractor M/s BALCO did not make payment of monthly instalment from September 2011 to December 2011 in the previous contract (effective from 16 February 2010 to 15 February 2012) and stopped the mining work with effect from 4 December 2011. Despite this the Company again awarded (8 September 2014) the contract of mining and marketing of Barima-I to IV and Kesra-I Bauxite mines to BALCO, which produced 2.37 lakh tonnes of Bauxite during October 2014 to August 2015. Thereafter, BALCO again abandoned the mining work from September 2015 onwards and the contract was terminated in February 2016. Hence, due to the injudicious decision of the Company in selecting the contractor, the mining operations could not be completed.

The Government stated (November 2016) that tender was invited through wide publicity in which only two tenderers participated and BALCO quoted the highest rate. Due to limited demand of Bauxite the Company did not have any other option than accepting the tender.

The reply is not acceptable as the Company should have incorporated suitable clauses in the tender specifications for safeguarding the financial interests of the Company against the defaulting contractors.

[59] ₹ 25 lakh SD for above contract and ₹ 50 lakh EMD deposited in respect of tender for other contracts in Sarguja and Kabirdham Districts.

Contract for mining and marketing of Bauxite at Barima-I to IV and Kesra I mines

2.2.5.7 The Company executed (8 September 2014) an agreement with BALCO for mining and marketing of Bauxite at Barima-I to IV and Kesra-I mines at the rate of ₹ 275 per tonne. The following irregularities were observed in this regard.

Award of work of mining and marketing of Bauxite

2.2.5.8 The Company before inviting tender for mining and marketing of Bauxite at Barima I to IV and Kesra I mines assessed (March 2014) the minimum rate of Bauxite payable by the tenderer as ₹ 365 per tonne[60] considering the rate finalised in previous contract, cost inflation index and operational expenses of mines. Besides, the minimum rate of Bauxite was to be revised every year in accordance with the cost inflation index notified by GoI.

In response to the tender (16 June 2014) for the above work only two bids[61] were received which were evaluated (August 2014) by the tender committee and price bid was opened on 8 August 2014. BALCO quoted the highest rate of ₹ 275 per tonne which was accepted and agreement was executed (8 September 2014) for a period of three years. During the period from October 2014 to August 2015, BALCO produced a quantity of 2.37 lakh tonnes of Bauxite.

Tender was finalised at lower rate of ₹ 275 per tonne as compared to minimum rate of ₹ 365 per tonne assessed by the Company resulting in loss of revenue of ₹ 2.13 crore.

Audit observed that the rate quoted by BALCO (₹ 275 per tonne) was much lower than the minimum rate of ₹ 365 per tonne assessed by the Company before inviting tender. Thus, accepting a rate much lower than the minimum rate assessed by the Company has resulted in loss of revenue of ₹ 2.13 crore (2.37 lakh tonnes x ₹ 90 i.e. ₹ 365 - ₹ 275). Besides, no price escalation clause was included in the agreement as was done in case of Daldali Bauxite mine at Kabirdham District, which resulted in further loss of ₹ 11.96 lakh to the Company. Moreover, since the Bauxite is also used by the contractor for captive consumption, the question of collusion may not be ruled out.

The Government stated (November 2016) that the terms and conditions of tender were approved by the Board of Directors (BoD) and accordingly, tender was invited without any base price. After evaluation of tender the bidder quoting the highest rate was declared as the successful bidder i.e. BALCO.

The reply is not acceptable because Company itself assessed the minimum rate of Bauxite as ₹ 365 per tonne before inviting the tender; however, the Company did not consider this rate and finalised the tender at lower rate of ₹ 275 per tonne.

Failure to realise ₹66.67 lakh from BALCO

2.2.5.9 As per clause 19.2 of the agreement for mining and marketing of Bauxite dated 8 September 2014, the contractor BALCO was required to pay

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[60] Rate of Bauxite ₹ 260 per tonne finalised in previous tender x ₹ 939 cost inflation index for the year 2013-14 / ₹ 785 cost inflation index for the year 2011-12 + ₹ 54.42 operational expenses.

[61] IRC Natural Resources Private Limited and BALCO.

the value of monthly contracted quantity in advance irrespective of actual production in the month. Clause 19.3 of the agreement stipulated that in case the monthly instalment is not paid by seventh of the month, the work may be stopped by the Company and if the outstanding amount is not paid within 15 days of stoppage with interest at the rate of 12 *per cent per annum,* the agreement shall be terminated and SD shall be forfeited.

Audit observed that the contractor defaulted in making payment of monthly instalments from September 2015 onwards and the Company stopped the mining work on 11 September 2015. The Company encashed (2 December 2015) the BG of ₹ 50 lakh, however, the outstanding dues had mounted to ₹ 1.17 crore by this time. The contract was terminated on 11 February 2016. Had the Company terminated the contract and encashed the BG after 15 days of stoppage of work i.e. on 26 September 2016 as per clause- 19.3 of the agreement, the entire outstanding dues of ₹ 38.92 lakh as on that date could have been realised. Thus, due to delay in termination of the contract and encashment of BG by the Company, an amount of ₹ 66.67 lakh[62] remained unrealised (November 2016) from the contractor.

The Government stated (November 2016) that during September 2015 to November 2015 the mines were not operated by the contractor and consequent upon failure of the contractor to start the work, BG of ₹ 50 lakh was encashed. Hence, there was no loss to the Company.

The reply is not acceptable because the Company failed to terminate the contract and forfeit the SD within 15 days of stoppage of work as a result the outstanding dues accumulated to ₹ 1.17 crore. Further, the Company incurred initial expenses of ₹ 39.84 lakh and other overhead expenses of ₹ 50.40 lakh for operating of these mines which remained unrecovered because of failure to realise the payment for schedule quantity of Bauxite as per the agreement.

Collection of value of Bauxite as per mining agreement for Daldali mine

2.2.5.10 As per mining plan (8 December 2008) and the modified mining plan (11 October 2012) Daldali mine was having an estimated mineable Bauxite reserve of 3.44 lakh tonnes and the annual production quantity for a period of five years was as given in ***Annexure - 2.2.2***.

The contract for mining and marketing of Bauxite at Daldali mine was awarded (2 February 2012) to Bagmar Bauxite Industries and A. S. Associates (contractor) at the rate of ₹ 220 *per* tonne. As per agreement (23 March 2012) the contractor was required to pay monthly installment amount in advance as per the monthly scheduled quantity which was determined on the basis of mining plan (clause 6.2.2 and 6.2.5). Further, as per clause 6.2.7 if the contractor fails to produce and market the scheduled quantity, he shall be bound to pay the value for the scheduled quantity.

[62] ₹ 1.17 crore – ₹ 35.00 lakh BG and – ₹ 15.00 lakh EMD.

(Bauxite mining at Daldali mine in District Kabirdham)

The contractor commenced the mining work from July 2014 and produced a quantity of 0.67 lakh tonnes as against the scheduled quantity of 1.08 lakh tonnes upto March 2016. The contractor made payment of scheduled quantity from July 2014 to September 2014 and sought permission (23 September 2014) for making payment of actual quantity mined instead of scheduled quantity citing less availability of Bauxite. The Company constituted (28 October 2014) a committee to assess the mineral reserves at the mine. Based on the recommendations (6 December 2014) of the committee, the BoD decided (27 January 2015) to modify the mining plan after assessing the actual availability of Bauxite and take payment from the contractor accordingly. Further, till modification of mining plan, payment for a fixed quantity was to be taken from the contractor.

The Company failed to collect the value of Bauxite from the contractor as per agreement resulting in loss of ₹ 1.89 crore to the Company.

Audit observed that during the period from July 2014 to March 2016 the contractor made payment of ₹ 1.35 crore as against ₹ 3.08 crore payable for the scheduled quantity as per the agreement. Thus, due to allowing the contractor to pay for a lesser quantity than the scheduled quantity as per mining plan and agreement, the Company suffered a loss of ₹ 1.73 crore. Audit further observed that against 21 monthly instalments, the contractor made payments with delay ranging from one to 20 days during the period from July 2014 to March 2016. The Company suffered loss of interest of ₹ 16.11 lakh on short/delayed payment by the contractor. The matter of delayed payment was neither condoned/waived nor was the same brought to the notice of the BoD.

The Government stated (November 2016) that the matter regarding acceptance of contractor's request and modification of mining plan has been referred to the Department of Law and Legislative Affairs, GoCG for legal opinion. Further, in order to maintain the continuity of the mine, the mining operations have been carried out by allowing the contractor to make payment for a fixed monthly quantity. Any further action will be taken after considering the legal opinion.

Reply is not acceptable as the Company did not submit any modified mining plan for approval to IBM till date (November 2016) and the contractor was allowed to pay for a lesser quantity in violation of mining plan and agreement. Further, both the mining plans approved by IBM earlier (December 2008 and

October 2012) recognised the Bauxite reserves to be 3.44 lakh tonnes according to which monthly scheduled quantity in the agreement was fixed, but this fact was overlooked by the BoD.

Deposit of statutory dues of ₹ 95.57 lakh towards District Mineral Foundation Fund and National Mineral Exploration Trust

2.2.5.11 The Ministry of Mines, GoI notified (17 September 2015) Mines and Minerals (Contribution to District Mineral Foundation) Rules, 2015 (Rules) which were applicable from 12 January 2015. As per the Rules, every holder of a mining lease shall pay to the District Mineral Foundation Fund (DMF) contribution at the rate of 30 *per cent* of the royalty paid in respect of mining lease granted before 12 January 2015 and 10 *per cent* of the royalty paid in respect of mining lease granted on or after 12 January 2015. Further, as per Mines and Mineral (Development and Regulation) Amendment Act, 2015 notified by GoI in March 2015, two *per cent* of royalty is also payable to National Mineral Exploration Trust Fund[63] (NMET) with effect from 12 January 2015. The purpose of DMF was to work for the benefit of the persons and areas affected by mining related operations and NMET Fund was to be used for regional and detailed exploration of minerals.

As per the agreement with BALCO (for operation of Barima-I to IV and Kesra- I mines) and Bagmar Bauxite Industries and A.S Associates (for operation of Daldali mine), it was the responsibility of the Company to deposit statutory levies and taxes and recover the same from the contractor. However, Company failed to deposit statutory dues of DMF and NMET for mining of Bauxite for the period from January 2015 to December 2015 and recover the same from the contractors.

Audit observed that GoCG instructed (December 2015, January 2016, February 2016 and April 2016) the Company to deposit ₹ 94.91 lakh and ₹ 6.32 lakh on the Company towards DMF and NMET respectively in respect of Bauxite mined from Barima I to IV and Kesra I mines (from January 2015 to August 2015) and Daldli mine (between January 2015 and December 2015).

However, the Company deposited DMF ₹ 5.23 lakh and NMET ₹ 0.43 lakh only and recovered the same from the contractor of Daldali mine. The Company neither deposited the remaining statutory dues of ₹ 89.68 lakh towards DMF and ₹ 5.89 lakh towards NMET despite instructions from GoCG to do so, nor recovered the same from the contractors.

The Government stated (November 2016) that the Company made payment towards DMF and NMET from September 2015 and August 2015 respectively in respect of Daldali mine and recovered the same from the contractor. However, no payment was made in respect of Barima I to IV and Kesra I mines as these were not in operation from September 2015 onwards. The payment towards DMF for the period from 12 January 2015 to 15 September 2015 in case of Daldali mine was not made in the view of direction given by Hon'ble High Court, New Delhi. Further action will be initiated after final decision of the Hon'ble High Court.

[63] The National Mineral Exploration Trust Fund was established on 14 August 2015.

The fact remains that the Company failed to deposit the statutory dues of DMF and NMET, thereby the purpose of these funds was not served.

Royalty paid on Bauxite

2.2.5.12 As per procedure in vogue, in respect of Barima and Kesra Bauxite mines the Company deposits royalty in advance with mining branch of the Ambikapur Collectorate based on the previous month's production/quantity transported as per the transit passes. The Company was issued transit passes against the advance payment of royalty. The year wise detail of royalty for the last five years ended 31 March 2016 as given in ***Annexure - 2.2.3*** revealed that the advance royalty paid by the Company was always more than the royalty due and though the mining operations were not carried out during the years 2012-13, 2013-14 and 2015-16 (after August 2015) the Company did not claim refund of excess royalty lying with the mining department. This has resulted in blocking up of the Company's funds of ₹ 22.16 lakh.

The Government stated (November 2016) that the excess royalty deposited will be adjusted in due course of time after commencement of Bauxite mines.

The reply confirms that payment of royalty was made without proper assessment of actual royalty payable leading to blocking up of Company's funds.

Mining of Iron-ore

2.2.6 The mining of Iron ore, an essential raw material for Iron & steel industry is arguably of prime importance among all mining activities undertaken in the Country. As per the data of IBM year book 2014 published in July 2016, as on 1 April 2010 the Chhattisgarh State alone accounted over 11.12 *per cent* (900.11 million tonnes) of the total reserves (8093.55 million tonnes) available in the Country.

Memorandum of Understanding with SAIL for development and exploitation of Iron-ore deposit

2.2.6.1 GoCG granted (23 March 2011) prospecting licence for undertaking prospecting for Iron ore over an area of 1909.04 hectare around Sahaspur-Lohara area (Eklama Iron-ore deposit) in Kabirdham District to the Company. As per estimate of Directorate of Geology and Mining, Chhattisgarh, Eklama Iron-ore deposit had an estimated Iron ore reserve of 100 million tonnes. Further, the Company estimated that it could earn minimum of ₹ 900 crore to ₹ 1000 crore per annum if the Iron ore deposit is developed through a Mine Developer cum Operator.

Audit observed that the Steel Authority of India (SAIL) requested (29 September 2011) the Chief Minister, Chhattisgarh for development of the Eklama Iron ore deposit through Joint Venture route with the Company. The Company signed Memorandum of Understanding (MoU) with SAIL on 2 November 2012 for development and exploitation of Iron-ore deposit. As per terms of MoU, SAIL was also to undertake other developmental and welfare activities for the benefit of the local population including laying of railway line, establishment of Engineering College and Medical College etc. The draft Joint Venture Agreement (JVA) was submitted by SAIL (30 November 2012 and 14 September 2013), however, as consensus could not be arrived at, the JVA could not be finalised

In order to expedite the formation of JVC a high level committee was constituted (29 January 2014) comprising of Additional Chief Secretary (Finance) and Chairman of the Company, Director (Finance) SAIL and Secretary, Mineral Resource Department, GoCG. SAIL submitted (26 April 2014) a final draft JVA to the Company after incorporating the suggestions of the high level committee. However, the BoD of the Company did not consider the draft JVA and decided (24 July 2014) to terminate the MoU citing delay in finalisation of JVA on the part of SAIL. No reason was assigned for not considering the final draft submitted by SAIL after incorporating the suggestions of high level committee in which Chairman of the Company was a member. The Company terminated (26 September 2014) the MoU and applied (23 June 2015) to GoCG for grant of mining lease which has not been received so far (November 2016). The Company could not commence the mining of Iron-ore till date as a result of which ₹ 5.45 crore expenditure incurred by the Company between January 2012 and December 2014 on exploration of Eklama Iron-ore deposit remained blocked. As the Company did not implement the MoU with SAIL despite submission of final draft JVA by SAIL after incorporating the suggestions of the high level committee and delayed the submission of application for mining lease of Iron ore, the Company lost the opportunity to exploit the estimated Iron ore reserve of 100 million tonnes.

The Government stated (November 2016) that despite all efforts by the Company, SAIL failed to finalise the terms and conditions of JVA as a result the MoU was terminated. Further, as the expenditure incurred for prospecting work was necessary for obtaining mining lease and performing mining activities, the same is not blocked.

The reply is not acceptable because SAIL submitted (26 April 2014) final draft JVA after incorporating the suggestions given by the high level committee in its meeting held on 16 April 2014. However, BoD of the Company terminated (26 September 2014) the MoU without considering the final draft of JVA. Further, after obtaining prospecting licence on 23 March 2011, the Company applied for mining lease only on 23 June 2015 after lapse of more than four years which is yet to be granted. As a result the expenditure incurred by the Company remained blocked.

Mining lease of Iron ore

2.2.6.2 The Company submitted (20 May 2011) application to GoCG for obtaining mining lease of Iron ore in Aaridongiri area in Kanker District. The GoCG recommended (4 September 2014) the application to Ministry of Mines, GoI for granting of mining lease after 39 months against prescribed time limit of 12 months from the date of receipt of application in terms of Rule 63A of Mineral Concession Rules, 1960. The delay of 27 months occurred mainly due to delay on the part of the Company in submission of pre-feasibility report in accordance with instructions (19 March 2010) of IBM to categorise the mineral reserves as per UNFC[64] system and delay in

[64] United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources.

correspondence with IBM for estimation of mineral reserves as per UNFC system.

The GoI granted (14 October 2015) approval for grant of mining lease and GoCG instructed (10 November 2015) the Company to submit approved mining plan and environmental clearance within six months. The mining plan was approved (12 July 2016) by IBM and the environmental clearance is under process so far (November 2016).

Thus, approval of GoI for grant of mining lease was obtained with abnormal delay due to failure of the Company to comply with the prescribed requirements of IBM. As a result ₹ 75.30 lakh[65] expenditure incurred on prospecting work, drilling work and preliminary investigation work remained blocked for a period ranging between four and eight years.

The Government stated (November 2016) that the delay was mainly because of naxal problem, delay in obtaining clarification regarding location of applied area and not adhering to UNFC system in estimation and categorisation of mineral reserves in pre-feasibility report. It was further stated that expenditure incurred was not wasteful because the application for mining lease cannot be made without prospecting report.

The fact remains that the Company submitted application (20 May 2011) for obtaining mining lease without preparing pre-feasibility report in contravention to IBM instructions (19 March 2010) regarding the UNFC system. As a result the approval of GoI for grant of mining lease was delayed and mines remained inoperative till date (November 2016).

Mining of Tin-ore

2.2.7 Tin is used mostly for tin plating, soldering special alloys and in making bronze. As per data of IBM year book 2014 published in May 2016, as of April 2010 the total reserves of tin-ore in India was 7132 tonnes and the entire tin-ore reserves are located in Dantewada District of Chhattisgarh.

Commencement of mining operations of tin-ore

2.2.7.1 The Mineral Resource Department, GoCG granted (6 February 2010) mining lease for tin-ore in Dantewada District and mining lease deed was executed (19 July 2010) with GoCG. As per Rule 28 of Mineral Concession Rules, 1960 (MCR), if mining operations are not commenced within a period of two years from the date of execution of the lease or is discontinued for a continuous period of two years after commencement of such operations, the State Government shall by an order, declare the mining lease as lapsed.

The Company applied (10 May 2012 and 31 January 2014) for extension of mining lease as the mining operations were not commenced due to not obtaining the requisite environmental clearance and consent of land owners. The GoCG granted (12 June 2014 and 24 February 2016) extension of mining lease for the period from 18 July 2012 to 17 July 2014 and 18 July 2014 to 17 July 2016 and directed the Company to commence mining operations within six months from the date of extension.

[65] ₹ 19.70 lakh on 28 November 2007, ₹ 27.80 lakh on 14 December 2009 and ₹ 27.80 lakh on 29 August 2011.

However, no action was taken by the Company for preparing Environment Impact Assessment Report, a pre-requisite for obtaining environmental clearance, even after elapse of more than 81 months[66] from the date of obtaining of mining lease. As a result environmental clearance could not be obtained and mining operation of tin-ore has not commenced so far (November 2016).

The Government stated (November 2016) that area is naxal affected and action was not taken for obtaining environmental clearance, which involves huge expenditure, in view of security concerns.

The fact remains that the Company could not commence mining even during the extended period of mining lease as directed by GoCG. Further, the Company was well aware of the issue of huge expenditure involved in obtaining environmental clearance and the naxal problem at the time of obtaining the mining lease and its extension.

Trading of Columbite

Renewal of license for trading of Columbite

2.2.8 Columbite a co-product of tin-ore, has a strategic importance for the Department of Atomic Energy (DAE), GoI. The DAE suggested (July 2001) the Company to procure Columbite from the local Tribals and sell it to DAE. Accordingly, the Company started (March 2002) procurement of Columbite from local Tribals which continued upto January 2008 and it sold 383.50 kg (8 February 2005) to DAE. Further, the Company sold 14895 kg (20 August 2008 and 22 November 2008) Columbite to Vimal Stone Associates[67] at the rate of ₹ 403.00 per kg[68]. Thereafter, no purchase and sale of Columbite has been done by the Company till date (November 2016).

Audit observed that DAE had given (28 February 2007) license to the Company for trading of 120 tonnes Columbite *per annum* and the license was valid up to 31 January 2010. The Company applied (26 December 2009) for extension of validity of license for further three years. In response DAE instructed (29 January 2010 and 28 September 2010) the Company to submit No Objection Certificate (NOC) from Atomic Minerals Directorate for Exploration and Research, GoI (AMD); the names of the parties with whom the Company had dealt and the end use of Columbite so traded.

However, the Company failed to submit the information/documents timely and approached AMD for NOC only in August 2013. Finally the DAE had given (26 March 2014) license to the Company for three years from 26 March 2014 to 25 March 2017.

Had the Company acted in time for compliance of conditions for renewal of license, the Company could have executed the contract for sale of Columbite for a period of three years from October 2010 to September 2013, since the

[66] From March 2010 to November 2016.

[67] Under an agreement (September 2007) which provided for selling of maximum 120 tonnes Columbite per year to Vimal Stone Associates for a period of three years upto September 2010.

[68] The purchase price of Columbite from local Tribals was at ₹ 310 per kg.

firm (Vimal Stone Associates) had already requested (September 2010) the Company to restart the supply of Columbite for a period of three years.

However, the Company could not extend the agreement period as the validity of its license was not renewed due to failure on its part in submitting documents and obtaining NOC from AMD. Thus, failure of the Company to comply with the conditions for renewal of license for trading of Columbite resulted in loss of revenue ₹ 3.35 crore[69] during the period (from October 2010 to September 2013).

It was further observed that even after getting license from the DAE for the period from 26 March 2014 to 25 March 2017, the Company did not commence the trading of Columbite so far (November 2016) despite elapse of 32 months, the reason for which was stated to be unavailability of qualified and experienced Safety Officer and Radiological Safety Officer.

The Government stated (November 2016) that correspondence was made with DAE regularly for the renewal of licence and after obtaining the licence, procurement was not done because the terms and conditions for appointment of qualified and experienced Safety Officer and Radiological Safety Officer was not relaxed by DAE.

Reply is not acceptable as the Company approached AMD to provide NOC only in August 2013 after elapse of about three years. Further, while applying (26 December 2009) for licence the Company assured DAE for appointment of qualified and experienced Safety Officer and Radiological Safety Officer. However, these officers were not recruited by the Company which is a pre-requisite for obtaining the license for trading of columbite.

Compliance to the Environmental and other Regulations

2.2.9 In order to minimise the adverse impact on the environment, the Government of India (GoI) had enacted various Acts and Statutes. At the State level, Chhattisgarh Environment Conservation Board (CECB) is the regulatory agency to ensure compliance with the provisions of these Acts and Statutes. The Ministry of Environment and Forest (MoEF) and Central Pollution Control Board (CPCB) are also vested with powers under various Statutes.

As per the conditions of consent to operate mines granted by CECB, the Company was required to monitor and record the ambient air quality. Further, as per the agreement for operation of Daldali Bauxite mines (only operational mine of the Company) the contractor was required to take steps to revert/minimise the environmental damage and the consequential effects thereof on property and people by deploying suitable technologies and practices besides plantation of trees and reclamation of mined out area at his cost.

Audit scrutiny revealed that compliance with the provisions of various Acts in operation of mines (such as analysis of ambient air quality, tree plantation in the mined out area etc.) was being made in Barima and Kesra Bauxite mines during their operation. However, during joint inspection (20 May 2016) of

[69] Total quantity to be sold to the firm for 3 years i.e. 360000 Kg at the rate of ₹ 93.00 per kg (Sale price ₹ 403.00 per Kg – Purchase price ₹ 310.00 per kg) =₹ 33480000

Daldali Bauxite mine by audit team with the Company officials, the following deficiencies were observed:-

(i) Air Pollution

Due to various activities of mining operations like drilling, blasting, loading and transportation, emission of some amount of noxious gases are likely to be generated. Air pollution caused by mining and associated activities can be classified into the following categories:-

(a) Gaseous pollutants (Nitrogen Oxide, Sulphur Dioxide and Carbon monoxide); and

(b) Suspended Particulate Matter.

The Company failed to ensure the compliance of the environmental Regulations in respect of ambient air quality, noise pollution and tree plantation in Daldali Bauxite mine.

As per National Ambient Air Standards notified (18 November 2009) by CPCB, the level of Sulphur Dioxide, Nitrogen Dioxide and Particulate Matter of size less than 2.5 *micro gram per cubic metre* (μ/m^3) during a year should not exceed 50 μ/m^3, 40 μ/m^3 and 40 μ/m^3 respectively. However, during joint inspection it was observed that no analysis was being carried out by the contractor to assess the ambient air quality.

(ii) Noise Pollution

Noise Pollution (Regulation and Control) Rules, 2000 aims to regulate and control noise producing and generating sources with the objective of maintaining the ambient air quality standards in respect of noise. Accordingly, the levels of sound was fixed as 75 dB(A) Leq[70] during day time and 70 dB(A) Leq during night time for industrial area. Further, as per the approved mining plan, in order to protect the workers from exposure to higher noise levels ear plugs and air tight operation cabins were to be provided to the workers. However, during joint inspection it was observed that neither there is system in place for recording /monitoring the noise level nor ear plugs/air tight operation cabins were provided to the workers.

(iii) Tree Plantation

Land degradation is one of the major adverse impacts of open-cast mining and any effort to control adverse impacts would be incomplete without appropriate land reclamation strategy. As per the approved mining plan, after levelling of the mined out land with overburden soil and waste material plantation was to be carried out at the rate of 1000 trees per hectare. However, during joint inspection it was observed that no plantation was done in the mined out area though plantation of 1000 trees per hectare was required to be carried out.

(iv) Safety and security

As per the approved mining plan the lease area was to be properly fenced to prohibit entry of outsiders. However, it was observed that fencing of lease area was not done.

The Government stated (November 2016) that employees were provided with ear plugs and trained about the benefit of the use of ear plugs to encourage

[70] dB (A) Leq denotes the time weighted average of the level of sound in decibels on scale A which is relatable to human hearing. Decibel is a unit in which noise is measured. "A", in dB (A) Leq, denotes the frequency weighting in the measurement of noise and corresponds to frequency response characteristics of the human ear. Leq is energy mean of noise level over a specified period.

them to regularly use the same. It was further stated that 70 *per cent* survival rate of plantation during 2016-17 will be ensured. Regarding fencing of the lease area, the Government stated that fencing in some area is proposed in order to prohibit the entry of outsiders.

The reply is not acceptable as audit during the joint inspection observed that ear plugs and air tight operation cabins were not provided to workers/staff. Further, no analysis was carried out to assess the ambient air quality. The above deficiencies were also endorsed by the Company officials during the joint inspection. Thus, the Company/contractor failed to comply with the environmental Regulations prescribed under various Acts.

Conclusion

Audit concluded that:

- **The Company did not carry out mining and marketing of minerals on its own and awarded the same to private contractors without any cost benefit analysis of outsourcing of these activities, despite spending substantial portion of its revenue on administrative and employee benefit costs. The pre-mining activities *viz* preparing feasibility reports, obtaining statutory clearances etc. were also carried out through outsourced agencies.**

- **The Company failed to develop the Coal blocks and commence mining though the milestones for commencement of production were missed by nearly two years to over seven years and substantial expenditure was incurred by the Company on these blocks. The failure was mainly due to inordinate delays in preparation of Geological Reports, delays in applying for various requirements such as mining lease, forest clearance, environmental clearance and land acquisition etc. The directive of the Hon'ble Supreme Court (September 2014) to cancel the allotment of five Coal blocks to the Company rendered the expenditure of ₹ 339.24 crore incurred by the Company for pre-mining works, infructuous.**

- **The Company did not monitor and initiate timely action regarding payments to be made by the contractor under contractual provisions. As a result, the contractor for mining and marketing of Bauxite at Daldali Bauxite mine made payments for the actual quantity mined instead of the monthly scheduled quantity as per agreement and the approved mining plan.**

- **In the contract for mining and marketing of Kesra II, III, IV, Barima VI and Nagadand Bauxite mines, the Company unduly extended the period for completion of pre-mining activities, as a result of which the Company suffered losses.**

- **As the Company did not implement the MoU with SAIL for development of Eklama mine despite submission of final draft JVA by SAIL after incorporating the suggestions of the high level committee and the delayed submission of application for mining lease of Iron ore, the Company lost the opportunity to exploit the estimated Iron ore reserve of 100 million tonnes.**

- **The Company failed to operationalise the Aridongri Iron-ore mine in Kanker District as the mining lease could not be obtained due to failure of the Company to adhere to the standing instructions in preparation of pre-feasibility report.**
- **Failure of the Company to comply with the conditions for renewal of license for trading of Columbite resulted in loss of revenue of ₹ 3.35 crore.**
- **The Company failed to ensure the compliance of the environmental Regulations in respect of ambient air quality, noise pollution and tree plantation in Daldali Bauxite mine.**

Recommendations

Audit recommends that the Company should:

- **Carry out a proper cost benefit analysis regarding execution of various activities related to mining and marketing of minerals departmentally and take appropriate view of the matter.**
- **Initiate timely action for completion of pre-mining activities in mining of ores to expedite revenue earning and avoid loss of revenue on account of inoperative mines.**
- **Explore further options including MoUs with major steel manufacturers to exploit the vast reserves of Iron ore in the State.**
- **Ensure compliance to the terms and conditions of agreement by the contractor regarding payments towards minimum scheduled quantity in respect of Bauxite mining.**
- **Ensure strict compliance to the environmental Regulations prescribed under various Acts.**

Chapter - III

CHAPTER -III

3. Transaction Audit Observations

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

Chhattisgarh State Beverages Corporation Limited

3.1 Undue benefit to the suppliers of foreign liquor by fixing purchase price on higher side

The Company finalised purchase price of foreign liquor for the years 2014-15 and 2015-16 at higher rates in violation of terms and conditions of tender as well as directives of Board of Directors resulting in extension of undue benefit of ₹ 112.87 crore to the suppliers of foreign liquor.

The Chhattisgarh State Beverages Corporation Limited, Raipur (Company), was established (November 2001) as a wholly owned State Government Company to act as sole licensed wholesale agent to procure, store and sell foreign liquor[1]in the State of Chhattisgarh. For every financial year, the Company invites open tender for registration of suppliers as well as finalisation of rates i.e. purchase price[2] for supply of foreign liquor to the Company. Based on the offers received, the purchase price is approved by the Board of Directors (BoD) of the Company. From the registered Suppliers, the Company procures different brands of foreign liquor, stores the same in its godowns and after adding its margin of 10 *per cent* on the purchase price and applicable taxes and duties etc., the same is then sold to the retailers having permit of the State Excise Department. The retail price (MSP and MRP) at which the foreign liquor is sold to the public is fixed by the State Excise Department.

For the year 2014-15, the Company had finalised (March 2014) purchase price of 462 Brands/labels pertaining to 35 suppliers. Similarly, for the year 2015-16, the Company had finalised (March 2015) purchase price of 512 brands of 39 suppliers.

On scrutiny of records (January 2016) relating to finalisation of purchase price for the years 2014-15 and 2015-16, Audit observed the following:

a) Finalisation of purchase price without obtaining Ex-Distillery Price

As per clause 5 (a) of the terms and conditions of Rate offer, the suppliers was to submit purchase price with Ex-Distillery Price[3] (EDP) for those products, which they want to sell in State in the prescribed format of “Annexure A” to the tender document. However, none of the suppliers had submitted EDP for the years 2014-15 and 2015-16 because the format of “Annexure A” was not having any column to indicate EDP, though a specific column for submitting

[1] Indian made foreign liquor, foreign made foreign liquor and Beer

[2] The price (Free on Road destination cost) at which the Company receives stock of foreign liquor from suppliers at its godowns

[3] Direct manufacturing cost of foreign liquor at the distillery excluding packing, freight, handling, insurance charges etc.

EDP in the format of "Annexure A" was included upto 2012-13. Obtaining the EDP was important as it helps the Company to ascertain what are the indirect charges after EDP being loaded by the suppliers to arrive at purchase price and whether the same are reasonable or not. In the absence of EDP, Audit could not ensure how the Company assessed the reasonability of rates offered by the suppliers and found that the purchase price was finalised at higher rate as discussed in succeeding paragraph.

The Government stated (December 2016) that the column for providing the EDP was omitted inadvertently from the "Annexure A" of the tender document. The Government further assured that in future tenders, the Company will rectify the mistake by adding column for EDP in the "Annexure A".

b) Undue benefit to the suppliers to the tune of ₹ 112.87 crore due to fixation of purchase price at higher rates without assessing the reasonability of rates

For assessment of reasonability of rates offered by the suppliers, clause 5 (c) of terms and conditions of Rate offer stipulated that the supplier should quote the purchase price of their products on competitive basis keeping in view the prices prevailing in the market. The Supplier shall also mention EDP and rates of their products, which they have quoted in other adjoining States. The purchase price quoted for any label should be reasonable keeping in view the price quoted by the supplier in neighboring States, namely Maharashtra, Madhya Pradesh, Uttar Pradesh, Jharkhand, Odisha and Andhra Pradesh. Further, clause 9 also empowers the Company to enter into negotiation with the suppliers for obtaining competitive and reasonable rates.

Audit observed that for 2014-15, none of the suppliers had submitted their EDP and supply rates for adjoining States. At the time of approval of the purchase price, BoD directed (March 2014) to ensure reasonability of rates through comparative analysis of prevailing rates of foreign liquor in six adjoining States by obtaining rates from these States to fulfill the condition of clause 5 (c) of the Rate offer. Accordingly, the Company obtained rates from adjoining States and prepared a comparative statement which showed that the purchase price quoted by many suppliers for Chhattisgarh State was much higher as compared to rates of adjoining States. Out of total 462 approved brand/labels for 2014-15, the purchase price quoted by suppliers for 106 labels were higher than the supply rates in adjoining states.

Audit observed that though the Company was aware about higher rates quoted by the Suppliers for Chhattisgarh, it did not take any action to get reduced the purchase price through negotiation with the suppliers in accordance with clause 9 of the Rate offer and directions of BoD. Thus fixation of higher purchase price of 106 labels has resulted in undue benefit of ₹ 6.69 crore to the suppliers for the year 2014-15 as detailed in ***Annexure - 3.1*** which consequently resulted in selling of liquor to the general public of the State at higher rates**.**

Similarly, for 2015-16 also the suppliers had not submitted EDP and supply rates for adjoining States. The Company, however, simply approved (March 2015) the purchase price of 512 brands/labels at their quoted price without any analysis of reasonability of rates quoted by the suppliers. Though the management had prepared a comparative statement of purchase prices of adjoining states for comparison purpose for 2015-16 also, however, it did not make use of it and take any action to get the rates reduced. Out of total 512 approved brand/labels for 2015-16, the purchase price quoted by suppliers for 275 labels/brands was much higher than the prevailing rates in adjoining states resulting in extension of undue benefit of ₹ 106.18 crore to the suppliers for 2015-16 as detailed in ***Annexure - 3.2***.

Had the Company properly assessed the reasonability of purchase price in 2014-15 itself and taken action against the suppliers for reduction of purchase price at par with adjoining states, this irregularity could have been avoided in succeeding year i.e. 2015-16. Thus during the years 2014-15 and 2015-16, the Company extended undue benefit of ₹ 112.87 crore to the suppliers of IMFL by accepting higher purchase price.

The Secretary, Department of Commercial Tax and Registration, Government of Chhattisgarh during discussion (December 2016) on the para accepted the audit observation and stated that show cause notices were issued on 24 November 2016 to all the suppliers for recovery of ₹ 112.87 crore[4]. The Secretary further stated that action would be taken against these suppliers after verification of their responses.

The fact remains that the Company had not done any analysis of reasonability of rates quoted at appropriate level before accepting the rates in violation of provision of terms & conditions of tender as well as directives of Board of Directors resulting in extension of undue benefit of ₹ 112.87 crore to the suppliers of foreign liquor.

Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited

3.2 Avoidable payment of Income Tax

The Company made payment for business expenditure of more than ₹ 20000 in cash and also made payments without effecting TDS in violation of provisions of Income Tax Act which led to disallowance of ₹ 6.10 crore business expenditure resulting in payment of extra income tax of ₹ 2.02 crore by the Company.

As per section 40A (3) of the Income Tax Act 1961 (Income Tax Act), where the assessee incurs any expenditure in respect of which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque or bank draft, exceeds ₹ 20000[5], no deduction shall be allowed in respect of such expenditure for the purpose of computing the income chargeable under the head profit and gains of business or profession.

Similarly, as per section 40(a) (ia) of Income Tax Act, any interest, commission, brokerage, rent, royalty, fees for professional services or technical services, any amount payable to a resident contractor shall not be allowed as a deduction in the previous year in which the expenses are incurred, while computing the income chargeable under the head profit and

[4] 2014-15: ₹ 6.69 crore from two suppliers and 2015-16: ₹ 106.18 crore from 19 suppliers

[5] ₹ 35000 where payment is made for plying, leasing or hiring goods carriages

gains of business or profession, if in respect of such expenses, tax has not been deducted at source.

Audit observed (March 2016) that on various occasion the Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (Company) has made payment of business expenditure (pay and allowance, transportation charges, repair and maintenance, bonus, godown rent, payment to statutory auditors) more than ₹ 20000 in cash and also paid business expenditure without effecting tax deduction at source (TDS) in gross violation of provisions of the Income Tax Act. The Tax Auditor of the Company has been regularly pointing out this irregularity and in spite of this the Deputy General Manager (Finance), who was incharge of the Finance Wing of the Company, has not taken any corrective action to ensure compliance of Income Tax Act while making payment towards business expenditure.

Thus, due to making payment of business expenditure more than ₹ 20000 in cash and making payment without effecting TDS, business expenditure aggregating ₹ 6.10 crore has been disallowed by the Tax Auditor itself while computing total income of the Company for the years 2005-06 to 2012-13. As a result the Company had to pay income tax of ₹ 2.02 crore on such disallowed expenditure which was otherwise avoidable as detailed in the **Table - 3.1**.

Table - 3.1: Disallowed expenditure and avoidable payment of income tax

(Amount in ₹)

Financial Year	Payment of business expenditure more than ₹ 20000 in cash, disallowed under section 40A (3) of Income Tax Act	Expenditure disallowed due to not effecting TDS while making payment under section 40(a) (ia) of Income Tax Act	Effective rate of income tax (%)	Avoidable payment of income tax
1	2	3	4	5 (2+3) x Col 4
2005-06	101038	1562580	33.66	559974
2006-07	691411	1894957	33.66	870571
2007-08	353655	5643731	33.99	2038512
2008-09	54263	8176042	33.99	2797481
2009-10	1234552	2507356	33.99	1271875
2010-11	156778	11152832	33.22	3756770
2011-12	2013876	593384	32.45	845926
2012-13	2464689	22390666	32.45	8065563
Total	7070262	53921548		20206670
Grand Total		60991810		

* **Details for 2013-14 to 2015-16 are not available since accounts of the Company are yet to be finalised and tax audit yet to be conducted.**

Audit also noticed that the above matter of disallowed expenditure by Tax Auditor was not discussed in the meeting of Board of Directors.

The Management stated (July 2016) that in future the Company would act as per the suggestions of audit in true spirit and for violation of the same, the officials would be liable for recovery. Further necessary instructions have also been issued (23 July 2016) to all the concerned in this regard.

During discussion (29 December 2016) on audit para, the Joint Secretary, Department of Agriculture stated that DGM (Finance) was the Chief Finance Officer during the period mentioned in the para. However, he may not be held responsible for this irregularity because the main reason for this irregularity was that the accounts of the Company were in arrears and due to this the Company could not monitor the payment status effectively. The Joint Secretary further stated that instructions have been issued to all the field offices of the Company for full compliance of the provisions of Income Tax Act. In case of failure to adhere the above, recovery would be made from the concerned official.

The fact remains that due to not complying with provisions of Income Tax Act while making payment towards business expenditure despite being pointed out by the Tax Auditor, the Company had to pay extra income tax of ₹ 2.02 crore and suffered loss to that extent. Further, regarding arrears of accounts the reply of the Government is also not acceptable because timely preparation of accounts of the Company is also the responsibility of the Finance Wing.

3.3 Loss on sale of surplus paddy seed

The Company suffered loss of ₹ 2.18 crore due to lack of proactive marketing strategy for sale of surplus paddy seed.

The Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (Company) is responsible for supply of adequate quantity of certified seeds of various crops to the farmers as per the requirement intimated by the State Agriculture Department (SAD). If the in house production of certified seed of the Company is not sufficient to meet the requirement of SAD, then the shortfall quantity is procured by the Company through Central/State agencies and registered co-operative societies.

Scrutiny of records revealed (March 2016) that for Kharif 2015 season, the Company received (December 2014) total demand of 6.34 lakh quintal paddy seed of different varieties from SAD against which total 6.90 lakh quintal[6] paddy seed was available with the Company. The Company sold 5.47 lakh quintal seed to the farmers and after revalidation of 0.32 lakh quintal seed for next year use, 1.11 lakh quintal seed remained unsold/surplus. Out of surplus stock, 76872 quintal seed was auctioned by the Company as foodgrain in *Krishi Upaj Mandis* so far (February 2016) at total sale proceed of ₹ 8.77 crore at an average rate of ₹ 1140 per quintal.

Audit observed that the Company was well aware about availability of excess paddy seed over the requirement since beginning (March 2015) when it assessed demand of SAD *vis-a-vis* availability of seeds under production programme and found that it would have surplus quantity of 53220 quintal paddy seed. However, the Company did not take prompt action to market the surplus paddy seed to other seed marketing agencies and first such attempt

[6] In house production - 665755 quintal and procurement from outside agencies - 24523 quintal

was made by the Company only in May 2015 when it offered to sell paddy seed to other seed marketing agencies[7].

Since almost all the agencies had finalised their seed arrangements by this time, the Company could not sell any quantity to them. The Company subsequently auctioned 76872 quintal surplus paddy seed at an average rate of ₹ 1140 per quintal. Had the Company taken prompt action in March 2015 itself to sell the paddy seed to other agencies when these agencies generally finalise[8] there paddy seed requirement for Kharif season, the surplus quantity could have been sold out at the minimum rate of ₹ 1550 per quintal[9]. This has resulted in minimum[10] loss of ₹ 410 per quintal aggregating ₹ 2.18 crore[11] to the Company on the sale of surplus quantity of 53220 quintal available in March 2015 itself for which no timely action was taken by the Company for its marketing.

Further, the Company had not taken any steps to sell the entire surplus quantity of paddy seed to the Chhattisgarh State Marketing Federation (MARKFED) which procures paddy from the farmers under the Decentralised Procurement Scheme (DCP) of Government of India at Minimum Support Price (MSP) for distribution of rice under Public Distribution System. Since the quality of processed paddy seed is much better than that of normal paddy, the Company should have taken up the matter with State Government to sell surplus paddy seed to MARKFED similar to as was done in case of failed paddy seed for which Government of Chhattisgarh allowed (26 May 2015) farmers to sold their failed seed to MARKFED at MSP.

Thus, the decision of the Company to auction the surplus paddy seed as foodgrain in *Krishi Upaj Mandi* at lower rate of ₹ 1140 per quintal against the prevailing MSP of ₹ 1450 per quintal was not in the best interest of the Company. Had surplus quantity been sold to MARKFED at MSP the Company could have earned more revenue of ₹ 310 per quintal (₹ 1450 - ₹ 1140) than the revenue earned through auction.

The Government stated (November 2016) that there was no demand for paddy seed in other States and hence other agencies had not shown any interest to purchase the same. However, during discussion (December 2016) on the audit para, the Joint Secretary, Department of Agriculture stated that with an objective to develop the State as one of the prime seed exporting States in future, the State Government has directed the Company to ensure export of surplus seeds to other seed marketing agencies.

The reply of the Government regarding no demand of paddy seed in other States is not acceptable because the Company offered to sell the surplus paddy

[7] National Seed Corporation Limited, Andhra Pradesh State Seed Development Corporation Limited and Madhya Pradesh Rajya Beej Evam Farm Vikas Nigam

[8] For instance, the Directorate of Agriculture, Government of Jharkhand had invited (28 March 2015) tender for procurement of 3.04 lakh quintal paddy seed for its seed distribution programme for Jharkhand. Similarly, The National Seed Corporation also invited (April 2015) tender for procurement of 55000 quintal paddy seed.

[9] Per quintal subsidised rate of paddy seed at which the Company sells it to the farmers

[10] The Company has sold 76872 quintal surplus paddy seed so far at an average rate of ₹ 1140 per quintal. The remaining surplus quantity would fetch further lower amount due to deterioration in quality with passage of time which would decrease the per quintal average rate of realisation and increase the loss. Thus ₹ 2.18 crore is minimum loss.

[11] 53220 quintal X ₹ 410 per quintal

seed belatedly in May 2015 whereas significant demand of paddy seed was there in March and April 2015. For instance, Directorate of Agriculture, Government of Jharkhand and National Seed Corporation Limited invited tenders to procure paddy seed during this period. However, the Company did not take any action to dispose the surplus quantity of paddy seed by participation in these tenders.

Regarding sale of surplus paddy seed to MARKFED, the Joint Secretary appreciated the suggestion of audit to sell the surplus paddy seed to MARKFED at MSP in the same manner as that of failed seed. The Joint Secretary further stated that by selling the same to MARKFED, the losses to State Government will be reduced and best quality rice will be available for State Public Distribution System. The Government directed the Company to submit a suitable proposal for sale of surplus paddy seed to MARKFED through farmers after identifying the concern farmer from seed tags.

Chhattisgarh State Industrial Development Corporation Limited

3.4 Award of work at higher rate

The Company awarded civil works valuing ₹ 44.40 crore at exorbitant higher rate simply based on two price bids at first call and without assessing the reasonability of rates properly resulting in avoidable extra expenditure of ₹ 5.19 crore.

The Government of India (GoI) sanctioned (March/August 2015) the infrastructure upgradation[12] scheme for Urla and Sirgitti Industrial Areas of Chhattisgarh State Industrial Development Corporation Limited (Company) under the ‘Modified Industrial Infrastructure Upgradation Scheme’ (MIIUS). The industrial area wise progress of MIIUS scheme is discussed in succeeding paragraphs.

A. Urla Industrial Area

The Company invited (6 November 2015) online tenders for work of construction of cement concrete roads for strengthening and widening of existing roads along with RCC drain and street light at industrial area Urla under MIIUS at a total Schedule of Rates (SoR 2015) value of ₹ 24.89 crore. In response, eight bids were received, of which only three bidders had qualified the technical bids. The price bids of all the three qualified bidders were opened on 31 December 2015 and the bid of M/s Sewa Singh Oberoi & Company was found lowest at 24.03 *per cent* below SOR value.

As the lowest quoted rate was much below the SOR value, the tender committee after examination of price justification furnished by the Contractor as to workability of quoted rate, decided (5 January 2016) to award the work to the contractor after obtaining five *per cent* additional performance guarantee as per clause 22 of the tender condition. Accordingly, the work was awarded (4 February 2016) to M/s Sewasingh Oberoi & Company at their quoted rates of 24.03 *per cent* below SOR at total value of

[12] Upgradation of existing roads, drainage system, water supply system, common facilities etc.

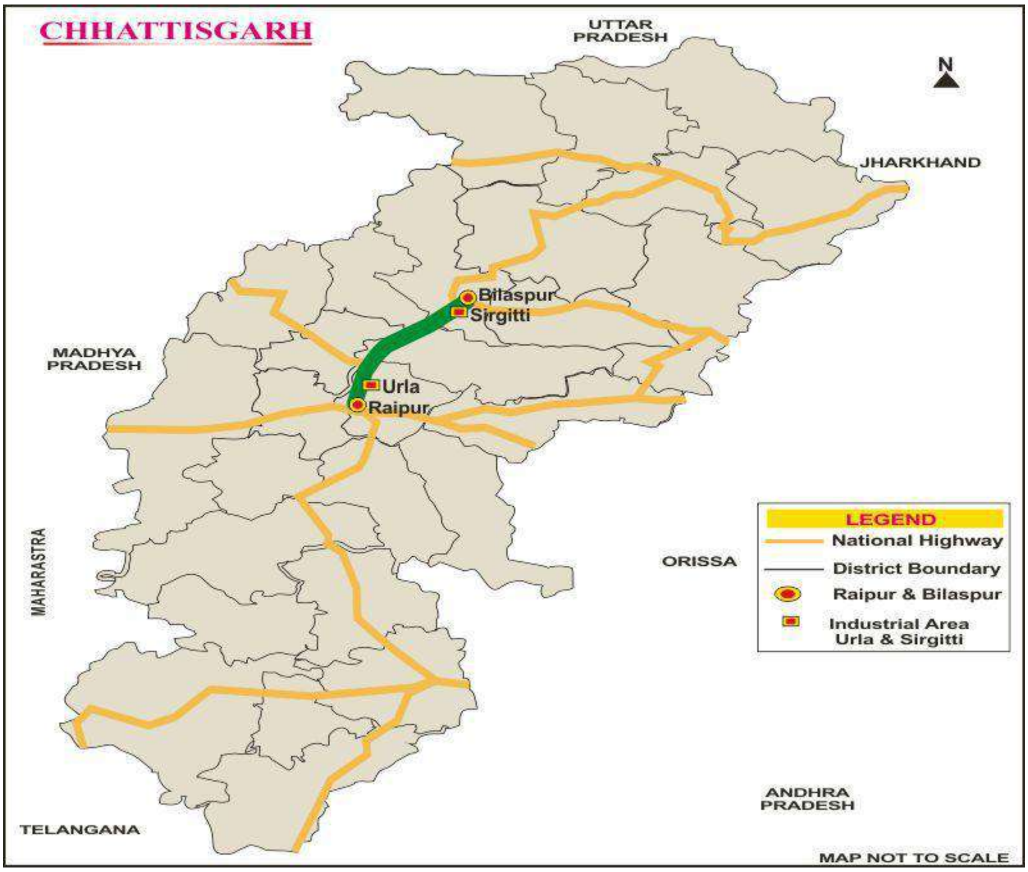
₹ 18.91 crore. The scheduled date of completion is August 2017 and as of 31 March 2016, the contractor has completed work amounting to ₹ 1.51 crore.

B. Sirgitti Industrial Area

Similarly, the Company invited (3 November 2015) online tender for upgradation of infrastructure i.e. roads, drainage system and water supply in Sirgitti industrial area under MIIUS at a total SOR (SoR 2015) value of ₹ 41.23 crore which was subsequently revised (5 December 2015) to ₹ 44.40 crore. In response, seven bids were received upto the last date (11 January 2016) of submission of bids. On technical evaluation (3 March 2016), five bids were rejected due to not fulfilling the pre-qualifying requirement and only two bids (M/s Raipur Construction Private Limited, Raipur and M/s Aarcons Infrastructure Private Limited, Chhindwara) were found technically qualified. The price bids of both the eligible bidders were opened on 5 March 2016 and the bid of M/s Raipur Construction Private Limited was found lowest at 12.36 *per cent* below SOR value.

As the lowest quoted rate was below the SOR value, the tender committee decided (15 March 2016) to award the work to M/s Raipur Construction at lowest quoted rate after obtaining five *per cent* additional performance guarantee as per clause 22 of the tender terms and conditions. Accordingly the work was awarded (May 2016) to M/s Raipur Constructions Private Limited at their quoted rates of 12.36 *per cent* below SOR at total value of ₹ 38.92 crore with scheduled date of completion within 12 months including rainy season.

Map of Chhattisgarh State showing location of Urla and Sirgitti industrial area and adjacent National Highway 200 is as follows:



Audit observed (May 2016) that during finalisation of tender for Sirgitti industrial area, the Company compared the lowest quoted rates (12.36 *per cent* below SoR) with the rates obtained (6.24 *per cent* below SoR) in upgradation of road[13] work of Public Works Department (PWD) and found the same as reasonable on the ground that the quoted rates were lower than that of PWD work. In this process the Company simply ignored the much lower rates (24.03 *per cent* below SoR) received in simultaneous tender for its Urla industrial area for similar scope of work for assessing the reasonability of rates quoted by the lowest bidder. Since the lowest quoted rate received for Sirgitti at first call with two price bids was much higher (about 12 *per cent*) than the rates finalised by the Company for its Urla industrial area, the Company should have resorted to retendering to get more competitive rates.

Thus, award of work for Sirgitti industrial area at higher rate simply based on two price bids received at first call without assessing the reasonability of rates properly taking into account the lower rates received for Urla industrial area has resulted in avoidable extra expenditure to the tune of ₹ 5.19 crore[14].

The Government stated (July 2016) that reasonability of rates is assessed on the basis of rates received in similar nature works in near vicinity and thus it is not appropriate to compare the rates with the rates received for Urla industrial area. Accordingly, it had compared the rate received for Sirgitti industrial area with the rate received for work of upgradation of Chnadkhuri-Maro-Sambalpur-Umariya road (ADB project of PWD) and it was found that the rates received was much lower than the rates received for PWD work. The Government further stated that the rates received for Urla industrial area was not workable and that is why it obtained five *per cent* additional performance guarantee from the contractor of Urla industrial area. Further, during discussion (January 2017) on the para the Joint Secretary, Department of Commerce and Industries reiterated the Government reply.

The reply is not acceptable in view of following:

- The rates received for Urla industrial area was well comparable because both the projects (Sirgitti and Urla) are situated on the same National Highway (NH-200) with distance less than 100 km with same scope and specifications. However, at the time of assessment of reasonability of rates of Sirgitti industrial area the Company simply ignored the much lower rates received for Urla industrial area and accepted the lowest quoted rate received for Sirgitti without making any efforts to get the rates reduced.

- The specifications of Chandkhuri-Maro-Sambalpur-Umariya Road (ADB Project) are quite different than that of Sirgitti Industrial area and ADB compliant tendering processes are also complex and hence, both the works are not comparable.

- By stating the rates received for Urla industrial area as unworkable, the Government put serious questions on the Company's tendering process and decision because the work for Urla was awarded after assessing the workability with the approval of Board of Directors of the Company. It is pertinent to mention that the work of Urla industrial area is going on smoothly

[13] Chnadrakhuri- Maro- Sambalpur- Nawagarh- Chirha- Umariya road

[14] ₹ 44.40 crore being value of Sirgitti work x (24.03 *per cent* below for Urla – 12.36 *per cent* below for Sirgitti)

and as on 31 December 2016, the contractor has completed work valuing ₹ 11.80 crore.

3.5 Short assessment of land premium

The Company had recovered land premium at lower rate resulting in loss of ₹ 75.46 lakh to the Company and extension of undue benefit to a private party.

The Chhattisgarh State Industrial Development Corporation Limited (Company) allots land to industries within the industrial areas as well as outside the industrial areas. On receipt of application from entrepreneurs for allotment of land outside the industrial areas, the Company acquires Government land through transfer from Revenue Department, Government of Chhattisgarh (GoCG) and private land through Land Acquisition Officer (LAO) i.e. District Collector. For allotment of private land, the Company collects the land premium equal to the amount of land compensation (value of land as per Central Valuation Board Guidelines[15] *plus* solatium at the rate of 100 *per cent* and interest at the rate of 12 *per cent* of the value of the land) awarded by LAO and service charge at the prevailing rate.

Similarly, as per State Government notification of April 1982, the calculation of land premium in respect of Government land allotted to entrepreneurs outside the industrial area is also done in line with the valuation of private land. The Company also collects annual lease rent at the prevailing rate from all the allottees outside the industrial area.

M/s. Salasar Pipes Private Limited (Salasar) applied (25 September 2014) for allotment of land at village Konari, Tilda for setting up of its fly ash products unit. The Company issued (22 January 2015) letter of Intent (LoI) for allotment of 1.9424 hectare land from its land bank[16] at concessional[17] land premium of ₹ 29.14 lakh and lease rent of ₹ 1.46 lakh as detailed in the ***Annexure – 3.3***. The Company issued (12 May 2015) land allotment order and also executed (26 May 2015) lease deed for 99 years.

Audit observed (April 2016) that since the land allotted to M/s Salasar was situated outside the industrial area, as per prevailing CVB guidelines rate, land premium of ₹ 39.07 lakh and annual lease rent of ₹ 1.95 lakh should have been recovered as detailed in ***Annexure – 3.4***. By not recovering land premium as per CVB guidelines rate the Company has suffered loss of ₹ 9.93 lakh towards land premium and ₹ 65.53 lakh towards lease rent over the period of lease of 99 years resulting in extension of undue benefit to the firm to that extent.

The Government stated (November 2016) that the Board of Directors of the Company had fixed (26 June 2009) ₹ 30.00 lakh per hectare as land premium for allotment of land in industrial area, Tilda and land premium has been

[15] For every financial year, the Central Valuation Board of GoCG fixes the value of different land according to their nature and location

[16] Land Bank means the private as well as Government land acquired outside the industrial area for setting up of industries by the entrepreneurs/industrial area without any delay in getting requisite land.

[17] The fly ash industry comes under the priority sector in industrial policy 2009-14 and thus eligible for 50 *per cent* rebate on land premium for allotment of land at industrial areas of the Company.

recovered accordingly. The Government further stated that allotted land is unirrigated government land, for which of ₹ 8.20 lakh per hectare would be applicable instead of ₹ 17.25 lakh per hectare for land situated at main road as considered by the audit. Further, during discussion (January 2017) on the para the Joint Secretary, Department of Commerce and Industries reiterated the Government reply.

The reply is not acceptable because Board of Directors had fixed ₹ 30 lakh per hectare as land premium for proposed large industrial area at Tilda which has not yet been setup. In absence of development of large industrial area, the Company started allotting land from its land bank kept for large industrial area. Here it is also pertinent to mention that the Company allotted land to RK Warehousing (February 2015) and Bharat Petroleum Corporation Limited (August 2015) at CVB guidelines rate in the same area. The Government reply regarding applicability of rate for unirrigated land is also not acceptable because the allotted land is also situated at main road, which connect the two villages Nakti and Konari. Therefore the rate of land would be ₹ 17.25 lakh per hectare for land situated at main road as per CVB guidelines.

Chhattisgarh State Civil Supplies Corporation Limited

3.6 Loss due to failure in recovery of interest

The Company failed to enforce provisions of MoU for advance payment and incorporate suitable clause in MoU towards penal interest for delayed payment. As a result interest of ₹ 6.18 crore could not be recovered from KFCSCL causing loss to the Company.

The Government of Chhattisgarh (GoCG) decided (June 2013) to sell rice to Karnataka Food & Civil Supplies Corporation Limited (KFCSCL) through the Chhattisgarh State Civil Supplies Corporation Limited (Company). Accordingly, the Company signed (July 2013) Memorandum of Understanding (MoU) with KFCSCL. As per clause 10 of MoU, KFCSCL was required to pay the cost of rice and freight charges of each rake in advance to the Company before loading the rice. The Company was to supply 2.25 lakh MT rice between August 2013 and December 2014 as and when indented by the KFCSCL at the effective rate of ₹ 2290 per quintal[18] excluding railway freight charges, which is to be recovered on actual basis.

Scrutiny of records revealed (September 2014) that KFCSCL had paid ₹ 45 crore advance once in July 2013 and accordingly the Company has started supplying rice. Subsequently though KFCSCL had not made advance payment, the Company continued supplying of rice. The Company sold 155715.66 MT rice valuing ₹ 377.75 crore from July 2013 to December 2013, against which KFCSCL paid ₹ 332 crore between July 2013 and February 2014 and ₹ 45.68 crore in October 2014. As on 30 September 2016, ₹ 6.23 lakh was still outstanding *(**Annexure - 3.5**)*.

Audit observed that despite clear provision of advance payment in MoU, the Company continued to supply the rice without obtaining advance payment from KFCSCL. It is pertinent to mention that every year the Company avails

[18] Including ₹ 30 per quintal for handling and transportation charges.

loan/cash credit from various financial institutions to make payment towards cost of rice procured by it. Accordingly, the Company should have incorporated a suitable clause in MoU towards penal interest for delayed payment by KFCSCL. The Company failed to do so and as a result interest on delayed payment could not be recovered from KFCSCL causing loss to the Company. On being pointed out this by Audit in September 2014, the Company raised (February 2015) demand of ₹ 6.17 crore towards interest on delayed payment at the average rate of interest of 11 *per cent* per annum from KFCSCL. However, KFCSCL has not paid the amount so far (December 2016).

Thus, failure of the Incharge of the Finance Department of the Company to ensure receipt of advance payment before supply of rice in violation of MoU provisions and to incorporate suitable clause in MoU for payment of interest on delayed payment by KFCSCL resulted in no recovery of interest of ₹ 6.18 crore (***Annexure - 3.5***) causing loss to the Company.

The Government stated (November 2016) that correspondence is being made for payment of outstanding amount of ₹ 6.23 lakh along with interest of ₹ 6.17 crore. The Government also stated that If KFCSCL does not pay outstanding dues, the action would be taken as per the provisions of MoU. Further, during discussion (November 2016) on the audit para, the Secretary, Department of Food, Civil Supplies and Consumer Protection assured that a suitable clause regarding penal interest would be incorporated in future MoUs/agreements. The Secretary also informed that at the time of finalisation of MoU and supply of rice to KFCSCL, there was no General Manager (Finance) appointed from State Finance Services.

The fact remains that in the absence of enabling clause in MoU, no effective legal action can be taken by the Company to recover interest of ₹ 6.18 crore from KFCSCL.

3.7 Excess payment of interest

Due to lack of proper internal control the Company failed to detect and raise the demand for excess payment of interest of ₹ 2.09 crore made to Madhya Pradesh Civil Supplies Corporation Limited.

The Chhattisgarh State receives wheat for distribution in Public Distribution System from Food Corporation of India (FCI) on the basis of allotment received from Government of India (GoI). However, as allotment of wheat was not received from GoI for 2014-15, the Government of Chhattisgarh decided (March 2014) to purchase wheat from Madhya Pradesh Civil Supplies Corporation Limited (MPCSCL). Accordingly, a Memorandum of Understanding (MoU) was signed (June 2014) between the Chhattisgarh State Civil Supplies Corporation Limited (Company) and MPCSCL. As per MoU, MPCSCL was to supply two lakh MT wheat to the Company at the rate as decided by GoI and FCI. However, railway freight was to be paid by the Company on actual basis. The Company was to pay the amount in advance to MPCSCL. Since MPCSCL had already completed procurement of wheat by April/ May 2014 it was provided in MoU (clause 5) that the Company would pay one month interest upto 31 May 2014 on the cost of two lakh MT wheat to

MPCSCL at the average rate at which MPCSCL obtained finances from various banks. From 1 June 2014, the interest was payable by the Company till the date the actual payment was made.

The Company paid ₹ 405 crore in tranches during June 2014 to December 2014 including railway freight of ₹ 19.17 crore to MPCSCL against which MPCSCL supplied 199734.575 MT wheat during July 2014 to March 2015. After completion of supply of wheat, MPCSCL submitted (19 May 2015) actual cost sheet of wheat supplied to the Company.

On scrutiny of cost sheet submitted by MPCSCL, Audit observed (February 2016) that MPCSCL had wrongly charged interest for two months i.e. April and May 2014 instead of interest for one month as per clause 5 of MoU. Further, while calculating the interest for subsequent months, the date of payment was not taken correctly by MPCSCL. The Company paid ₹ 150 crore, ₹ 30 crore and ₹ 40 crore to MPCSCL on 13 June 2014, 24 July 2014 and 8 October 2014 respectively, but interest was calculated considering the date of payment as 16 June 2014, 25 July 2014 and 14 October 2014 respectively. Due to charging of additional interest for one month and due to wrong calculation of interest by taking wrong/different date of receipt of payment, MPCSCL had charged excess interest of ₹ 3.97 crore which was accepted by the Company without verification. This has resulted in excess payment of ₹ 3.97 crore to MPCSCL. On being pointed out (February 2016) by Audit, the Company raised (March 2016) demand of ₹ 3.97 crore on MPSCSL.

The Government stated (September 2016) that MPCSCL had recovered interest for two months against interest for one month as per MoU plus additional 15 days interest allowed by GoI in the Cost Sheet of wheat procured by MPCSCL. Accordingly, MPCSCL has refunded (17 May 2016) ₹ 2.09 crore towards 15 days excess interest charged and excess interest charged on account of calculation mistake. Further, during discussion (November 2016) on the audit para the Secretary, Department of Food, Civil Supplies and Consumer Protection reiterated the Government reply.

The fact remains that the Company failed to detect from the cost sheet (May 2015) that MPCSCL had charged excess interest and it raised demand for the same after almost one year in March 2016 only after it was pointed out by Audit (February 2016) which indicates lack of proper scrutiny/ internal control while passing the bills for payment. The Company should strengthen its internal control mechanism so far as scrutiny and payment of bills are concerned.

3.8 Extra interest burden due to not availing cash credit at lower rate of interest

The Company failed to timely submit the lower interest rate proposal of ICICI bank before the State Level Committee for approval resulting in extra expenditure of ₹ 98.27 lakh towards interest on cash credit limit.

The Government of Chhattisgarh (GoCG) had constituted (April 2010) a State Level Committee (SLC) for finalisation of proposal of Chhattisgarh State Civil Supplies Corporation Limited (Company) for obtaining finances to arrange working capital for procurement of rice. As per the recommendation (October 2014) of SLC the Company invited (18 November 2014) open tender for availing ₹ 2000 crore Cash Credit limit (CC limit) from various banks to arrange the working capital for Kharif Marketing Season 2014-15.

Offer of seven banks were opened by SLC on 27 November 2014 and after negotiation (3 December 2014) SLC approved (12 December 2014) offer of five[19] banks. Subsequently, Indian Bank further reduced its rate and submitted a proposal to this effect to the Company on 16 February 2015 which was put up before SLC on 4 March 2015. Considering the lower rate offered by Indian Bank, SLC approved revised CC limit of five banks on 4 March 2015. The original as well as revised approval given by SLC is detailed in the **Table-3.2.**

Table – 3.2: Statement showing CC limits and rate of interest

(₹ in crore)

SN	Name of the Banks	Original approval of SLC (12 December 2014)		Revised approval of SLC (4 March 2015)	
		Amount	Rate of interest	Amount	Rate of interest
1	Dena Bank	500	10.49	400	10.49
2	State Bank of India	500	10.49	500	10.49
3	Canara Bank	200	10.49	100	10.49
4	Indian Bank	500	10.49	500	10.29
5	Allahabad bank	500	10.35	500	10.35
6	ICICI Bank	200	10.50	Not approved	
7	Punjab & Sind Bank	200	10.75		

Audit observed (February 2016) that ICICI bank had also subsequently reduced the rate of interest from 10.50 *per cent* to 10 *per cent* for ₹ 200 crore CC limit and intimated the same to the Company on 3 March 2015. However, while submitting (4 March 2015) the rate reduction proposal of Indian Bank to SLC, the Company failed to submit the rate reduction proposal of ICICI bank to SLC. As a result the Company lost the opportunity to avail CC limit of ₹ 200 crore at lower rate of 10 *per cent* from ICICI bank against the higher rate of 10.49 *per cent* offered by other banks leading to loss of ₹ 98.27 lakh[20] to the Company.

[19] Dena Bank, State Bank of India, Canera Bank, Indian Bank and Allahabad Bank

[20] ₹ 200 crore x 0.49 *per cent* (being the difference of rate of 10 *per cent* offered by ICICI bank and rate of 10.49 *per cent* of other banks) x 366 days (from 1 April 2015 to 31 March 2016 during which the Company availed CC limit)

The Management stated (May 2016) that it had subsequently requested (20 March 2015) GoCG to consider the proposal of lower rate of interest of ICICI bank but in absence of any decision on the matter, it could not obtain CC limit from ICICI bank. The Government stated (July 2016) that offer of ICICI bank was received on 7 March 2015 as also confirmed by ICICI bank and therefore the same could not be placed before SLC on 4 March 2015. Further the ICICI bank had offered CC limit for different purpose (maintenance of godowns, payment to employees etc.) than the requirement of the Company to procure rice.

During discussion (November 2016) on the audit para, the Secretary, Department of Food, Civil Supplies and Consumer Protection added (November 2016) that ICICI bank was not selected by the SLC in the meeting held on 12 December 2014, therefore, proposal of rate reduction of ICICI bank was not considered.

The reply of the Government is not acceptable because the proposal of ICICI bank was received by the Company on 3 March 2015 well before meeting of SLC as clearly evident in the note dated 3 November 2015 submitted by Deputy Accounts Officer and Senior Accounts Officer to the Chairperson of the Company. Regarding confirmation given by ICICI bank that letter was delivered on 7 March 2015 it is surprising that the Company has not diarised the letter and against the standard procedure of giving acknowledgement of receipt of letter by the receiver (the Company in this case), the ICICI bank itself (sender in this case) has given confirmation that letter was delivered to Civil Supplies on 7 March 2015 which is not in order.

Further, the Government’s contention that ICICI bank had offered CC limit for different purpose was also not acceptable as SLC did not reject the proposal of ICICI bank on the basis of different purpose of CC limit. The Government’s reply regarding not selecting (12 December 2014) of ICICI bank by the SLC seems to be an afterthought because the SLC authorised Managing Director (MD) to consider the proposal of further reduction of interest rate by the banks, which participated in the tender.

Thus, the failure of the MD to bring the revised proposal of ICICI bank before the SLC and subsequent inability to pursue the matter with GoCG has resulted in loss of ₹ 98.27 lakh to the Company. The role of the Government’s nominees on the Board (Secretary, Finance and Secretary, Food, Civil Supplies & Consumer Protection) to coordinate between GoCG and the Company was also quite ineffective in the matter.

Chhattisgarh State Power Transmission Company Limited

3.9 Loss due to not recovery of risk and cost amount

The Company has not recovered risk and cost amount of ₹ 97.17 lakh from the contractor resulting in loss to the Company as well as extension of undue benefit to the contractor.

The Chhattisgarh State Power Transmission Company Limited (Company) issued (October 2011) work order for construction of 10 Km LILO[21] of 132 kV Bilaspur – Bhilai line to 132 kV substation at Patharia (first work) to M/s Nirmala Construction, Raigarh (contractor) at a value of ₹ 57.46 lakh on labour contract basis. Further, the work for construction of 10 Km LILO of 220 kV Korba- Budhipadar line at PGCIL substation at Raigarh (second work) was also awarded (April 2012) to the same contractor for ₹ 1.02 crore on labour contract basis. The first and second work was to be completed by April 2012 and January 2013 respectively. Clause 28 of the tender conditions of both the works provided that if contractor fails to complete the work, the Company reserves the right to engage another contractor upon such terms and in such a manner as may deem appropriate and the contractor will be liable to the Company for any additional costs as may be required for the completion of work.

Scrutiny of records revealed (January 2016) that the contractor had not executed the first work even after lapse of scheduled completion period. Consequently, the Company terminated the first work in January 2013 after forfeiting initial security deposit of ₹ 2.87 lakh. Further, in case of second work the contractor did not execute the contractual formalities including submission of security deposit and the work was terminated in December 2012 after forfeiting earnest money deposit of ₹ 0.70 lakh. Subsequently, the Company executed these terminated works on labour contract basis by engaging new firms. The first work was completed in July 2014 at a total cost of ₹ 85.79 lakh and second work was completed in August 2015 at a total cost of ₹ 1.74 crore.

Audit observed that while terminating both the works the Chief Engineer (Extra High Tension: Construction and Maintenance) of the Company had informed the contractor about his liability to pay the risk and cost amount to be intimated by the Company separately. However, the Company has neither intimated the contractor about the risk and cost amount nor recovered the same. Thus, failure to recover risk and cost amount of ₹ 97.17 lakh **(**first work ₹ 25.46 lakh[22] and second work ₹ 71.71 lakh[23]) from the contractor has resulted in loss to the Company as well as extension of undue benefit to the contractor to the extent of ₹ 97.17 lakh.

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[21] When a new EHV substation is inserted between two existing substations, the transmission line for new inserted EHV substation is called LILO i.e. Line In Line Out.

[22] First work completed ₹ 85.79 lakh - original order ₹ 57.46 lakh - ₹ 2.87 lakh security deposit forfeited.

[23] Second work completed ₹174.19 lakh - original order ₹101.78 lakh - ₹ 0.70 lakh security deposit forfeited

The Government stated (October 2016) that the Company had forfeited EMD and initial security deposit and debarred the contractor for future business for a period of two years. It was further stated that two separate legal notices were issued (August 2016) to the contractor for payment of risk and cost amount as per the tender terms and conditions, however, the contractor has not responded to notices so far. During discussion (January 2017) on the audit para, the Special Secretary, Department of Energy reiterated the Government reply.

The reply confirms the failure on the part of Management to safeguard the Company's financial interest as it had served legal notices for recovery of risk and cost amount only after it was pointed out by Audit.

Raipur **(BIJAY KUMAR MOHANTY)**
The 26 February 2017 **Accountant General (Audit), Chhattisgarh**

Countersigned

New Delhi **(SHASHI KANT SHARMA)**
The 1 March 2017 **Comptroller and Auditor General of India**

Annexures

Annexure - 1.1

Summarised financial position and working results of Government companies and Statutory corporation as per their latest finalised financial statement/accounts

(Referred to in paragraph 1.1, 1.14)

(Figures in column 5 to 12 are ₹ in crore)

SN	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital^	Loans outstanding at the end of year	Accumulated Profit(+)/ Loss (-)	Turnover	Net Profit (+) / Loss (-)	Net impact of Audit comments#	Capital employed@	Return on capital employed$	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
A. WORKING GOVERNMENT COMPANIES													
AGRICULTURE AND ALLIED													
1.	Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited(CRBEKVNL)	2012-13	2016-17	0.50	-	86.82	477.15	25.99	(-) 0.68	87.70	26.89	30.66	170
2.	Chhattisgarh Rajya Van Vikas Nigam Limited(CRVVNL)	2015-16	2016-17	26.65	-	195.11	61.51	37.52	Under finalisation	229.79	16.84	7.33	556
Sector wise total				**27.15**	**-**	**281.93**	**538.66**	**63.51**	**(-) 0.68**	**317.49**	**43.73**	**13.77**	**726**
FINANCE													
3.	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam (CNJVAVN)	2011-12	2015-16	5.00	-	7.16	2.01	1.27	0.04	22.46	1.77	7.88	7
Sector wise total				**5.00**	**-**	**7.16**	**2.01**	**1.27**	**0.04**	**22.46**	**1.77**	**7.88**	**7**
INFRASTRUCTURE													
4.	Chhattisgarh Infrastructure Development Corporation Limited (CIDC)	2010-11	2016-17	4.20	-	(-) 0.04	0.46	0.11	Under finalisation	4.20	0.11	2.61	5
5.	Chhattisgarh State Industrial Development Corporation Limited (CSIDC)	2010-11	2015-16	1.60	-	(-) 33.72	92.33	(-) 0.67	(-) 6.86	47.68	0.67	1.41	241
6.	Chhattisgarh Road Development Corporation Limited(CRDCL)	2015-16	2016-17	4.90	-	(-) 0.33	0.50	(-) 0.08	Under finalisation	4.74	(-) 0.08	-	12
Sector wise total				**10.70**	**-**	**(-) 34.09**	**93.29**	**(-) 0.64**	**(-) 6.86**	**56.62**	**0.70**	**1.24**	**258**

SN	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital^	Loans outstanding at the end of year	Accumulated Profit(+)/ Loss (-)	Turnover	Net Profit (+) / Loss (-)	Net impact of Audit comments#	Capital employed@	Return on capital employed$	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
MINING													
7.	Chhattisgarh Mineral Development Corporation Limited (CMDC)	2014-15	2015-16	1.00	-	13.97	16.58	2.26	0.11	382.67	2.26	0.59	185
8.	CMDC ICPL Coal Limited (CICL)	2015-16	2015-16	82.60	-	(-) 1.32	-	-	Nil Comment	141.16	-	-	-
9.	Chhattisgarh Sondiha Coal Company Limited (CSCCL)	2015-16	2016-17	21.94	-	(-) 0.39	-	(-)0.00*	Non-review	21.55	0.00	-	-
10.	CSPGCL AEL Parsa Collieries Limited (CAPCL)	2015-16	2016-17	0.16	1.38	(-) 0.03	-	(-)0.00*	Under finalisation	1.51	-	-	1
11.	Kerwa Coal Limited(KCL)**	2015-16	2016-17	1.00	-	(-)0.00*	0.01	(-)0.00*	(-) 0.11	1.00	0.00	-	-
Sector wise total				**106.70**	**1.38**	**12.23**	**16.59**	**2.26**	**0.00**	**547.89**	**2.26**	**0.41**	**186**
POWER													
12.	Chhattisgarh State Power Distribution Company Limited(CSPDCL)	2014-15	2016-17	2326.37	1208.21	(-) 5571.42	8411.14	(-) 1554.17	(-) 26.34	2353.26	(-) 1324.73	-	10370
13.	Chhattisgarh State Power Generation Company Limited (CSPGCL)	2014-15	2016-17	2287.74	10376.75	(-) 675.40	3577.79	354.15	(-) 9.57	11728.70	889.81	7.59	5312
14.	Chhattisgarh State Power Holding Company Limited(CSPHCL)	2014-15	2016-17	6757.81	-	40.50	1.59	1.08	(-) 0.11	6798.31	1.08	0.02	186
15.	Chhattisgarh State Power Trading Company Limited(CSPTr.CL)	2014-15	2015-16	0.05	-	(-) 2.92	0.30	(-) 1.74	Nil Comment	(-) 2.87	1.74	-	17
16.	Chhattisgarh State Power Transmission Company Limited (CSPTCL)	2014-15	2015-16	810.76	1389.67	11.51	785.90	(-) 40.32	7.93	3343.09	100.75	3.01	1805
Sector wise total				**12182.73**	**12974.63**	**(-) 6197.73**	**12776.72**	**(-) 1241.00**	**(-) 28.09**	**24220.49**	**(-) 331.35**	**-**	**17690**

SN	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital^	Loans outstanding at the end of year	Accumulated Profit(+)/ Loss (-)	Turnover	Net Profit (+) / Loss (-)	Net impact of Audit comments#	Capital employed@	Return on capital employed$	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
SERVICES													
17.	Chhattisgarh State Beverages Corporation Limited (CSBCL)	2014-15	2016-17	0.15	-	56.25	836.55	10.73	(-) 0.84	56.40	10.73	19.02	108
18.	Chhattisgarh State Civil Supplies Corporation Limited (CSCSCL)	2013-14	2016-17	4.43	2450.00	(-) 215.43	7109.67	0.67	176.27	1493.15	99.07	6.63	569
19.	Chhattisgarh Medical Services Corporation Limited (CMSCL)	2014-15	2016-17	3.45	-	5.20	95.22	4.52	0.08	201.31	4.52	2.25	185
20.	Chhattisgarh Police Housing Corporation Limited (CPHCL)	2015-16	2015-16	2.00	-	28.36	9.75	6.30	Under finalisation	53.59	6.30	11.76	86
21.	Raipur Nagar Nigam Transport Limited (RNNTL)	$$	-	0.05	-	-	-	-	-	-	-	-	1
Sector wise total				**10.08**	**2450.00**	**(-) 125.62**	**8051.19**	**22.22**	**175.51**	**1804.45**	**120.62**	**6.68**	**949**
Total A (All sector wise Government companies)				**12342.36**	**15426.01**	**(-) 6056.12**	**21478.46**	**(-) 1152.38**	**139.92**	**26969.40**	**(-) 162.27**	**-**	**19816**
B. Statutory Corporation													
SERVICES													
1.	Chhattisgarh State Warehousing Corporation (CSWC)	2014-15	2016-17	4.04	109.30	176.14	101.29	44.33	Under Finalisation	334.35	48.37	14.47	501
Total B (Statutory Corporation)				**4.04**	**-**	**176.14**	**101.29**	**44.33**	**-**	**334.35**	**48.37**	**14.47**	**501**
Grand Total (A + B)				**12346.40**	**15535.31**	**(-) 5879.98**	**21579.75**	**(-) 1108.05**	**139.92**	**27303.75**	**(-) 113.90**	**-**	**20317**

(Source: Data compiled from the audited annual accounts of the PSUs and information furnished by the PSUs)

Note:

^ Paid up capital includes share application money pending allotment

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

@ Capital employed represents Shareholder’s Fund plus long term borrowings

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

* The amount is very less and become rounded off to zero.

** The Company incorporated on 28 January 2015 has submitted its first account for the period 28.01.2015 to 31.03.2016

$$ The company incorporated on 1 October 2011 has not submitted its accounts so far

Annexure - 1.2
Statement showing investment made by State Government in PSUs whose accounts are in arrears
(Referred to in paragraph 1.11)

(Figures in Column 4 and 6 to 8 are ₹ in crore)

SN	Name of the Public Sector Undertakings	Year upto which Accounts finalised	Paid up capital	Period of accounts pending finalisation	Investment made by State Government during the years for which accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
A. Government companies							
1	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	2011-12	5.00	2012-13	-	-	0.40
				2013-14	-	-	0.35
				2014-15	-	-	0.40
				2015-16			0.40
2	Chhattisgarh Infrastructure Development Corporation Limited	2010-11	4.20	2011-12	-	-	0.30
				2012-13	-	-	0.30
				2013-14	-	-	0.30
				2014-15	-	-	0.30
				2015-16			2.30
3	Chhattisgarh State Power Distribution Company Limited	2014-15	2326.37	2015-16	-	-	1356.48
4	Chhattisgarh State Civil Supplies Corporation Limited	2013-14	4.43	2014-15	-	-	-
				2015-16	-	500	-
	Total A (Government companies)				-	500.00	1361.53
B. Statutory corporation							
1	Chhattisgarh State Warehousing Corporation	2014-15	4.04	2015-16	-	30.92	-
	Total B (Statutory corporation)				-	30.92	-
	Grand Total (A + B)				-	**530.92**	**1361.53**

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

Annexure-2.1.1

Statement showing details of project towns covered under the Scheme

(Referred to in paragraph 2.1.6)

SN	Name of projects	Date of preparation of DPR	Whether IT consultant, empanelled by PFC, hired or DPR was prepared by in-house expertise	Date of submission of DPR to PFC	Whether the projects were sent to PFC indicating their order of priority	Date of sanction of DPR by Steering Committee
Part A						
1	Bhatapara	28-08-2009	Appointed IT consultant empanelled by PFC	02-09-2009	No	04-09-2009
2	Dongargarh	28-08-2009		02-09-2009	No	04-09-2009
3	Kawardha	28-08-2009		02-09-2009	No	04-09-2009
4	Rajnandgaon	28-08-2009		02-09-2009	No	04-09-2009
5	Mahasamund	28-08-2009		02-09-2009	No	04-09-2009
6	Champa	28-08-2009		02-09-2009	No	04-09-2009
7	Dhamtari	28-08-2009		02-09-2009	No	04-09-2009
8	Kanker	28-08-2009		02-09-2009	No	04-09-2009
9	Dalli Rajhara	28-08-2009		02-09-2009	No	04-09-2009
10	Manendragarh	28-08-2009		02-09-2009	No	04-09-2009
11	Chirmiri	28-08-2009		02-09-2009	No	04-09-2009
12	Mungeli	28-08-2009		02-09-2009	No	04-09-2009
13	Ambikapur	28-08-2009		02-09-2009	No	04-09-2009
14	Jagdalpur	28-08-2009		02-09-2009	No	04-09-2009
15	Korba	28-08-2009		02-09-2009	No	04-09-2009
16	Naila-Janjgir	28-08-2009		02-09-2009	No	04-09-2009
17	Durg-Bhilai-Charoda	28-08-2009		02-09-2009	No	04-09-2009
18	Bilaspur	28-08-2009		02-09-2009	No	04-09-2009
19	Raigarh	28-08-2009		02-09-2009	No	04-09-2009
20	Raipur	28-08-2009		02-09-2009	No	04-09-2009
SCADA						
SN	**Name of projects**	**Date of preparation of DPR**	**Whether IT consultant, empanelled by PFC, hired or DPR was prepared by in-house expertise**	**Date of submission of DPR to PFC**	**Whether the projects were sent to PFC indicating their order of priority**	**Date of sanction of DPR by Steering Committee**
1	Durg-Bhilai-Charoda	04-11-2011	Appointed IT consultant empanelled by PFC	04-01-2012	No	20-01-2012
2	Raipur	04-11-2011		07-01-2012	No	20-01-2012
Part B						
1	Ambikapur	14-10-2010	Appointed IT consultant empanelled	25-11-2010	No	15-06-2011
2	Kanker	14-10-2010		25-11-2010	No	15-06-2011

SN	Name of projects	Date of preparation of DPR	Whether IT consultant, empanelled by PFC, hired or DPR was prepared by in-house expertise	Date of submission of DPR to PFC	Whether the projects were sent to PFC indicating their order of priority	Date of sanction of DPR by Steering Committee
3	Dalli-Rajhara	14-10-2010	by PFC	25-11-2010	No	15-06-2011
4	Mungeli	18-11-2010		25-11-2010	No	15-06-2011
5	Bhatapara	22-10-2010		23-02-2011	No	15-06-2011
6	Dhamtari	14-10-2010		23-02-2011	No	15-06-2011
7	Manendragarh	14-10-2010		23-02-2011	No	15-06-2011
8	Naila-Janjgir	29-11-2010		23-02-2011	No	15-06-2011
9	Champa	18-11-2010		23-02-2011	No	15-06-2011
10	Mahasamund	22-10-2010		23-02-2011	No	15-06-2011
11	Rajnandgaon	27-12-2010		23-02-2011	No	15-06-2011
12	Kawardha	18-11-2010		18-04-2011	No	15-06-2011
13	Dongargarh	23-12-2010		18-04-2011	No	15-06-2011
14	Jagdalpur	27-12-2010		18-04-2011	No	15-06-2011
15	Raigarh	27-12-2010		18-04-2011	No	15-06-2011
16	Korba	27-12-2010		18-04-2011	No	15-06-2011
17	Bilaspur	25-05-2011		18-11-2011	No	20-01-2012
18	Durg-Bhilai-Charoda	25-05-2011		04-01-2012	No	20-01-2012
19	Raipur	25-05-2011		04-01-2012	No	20-01-2012

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

Annexure – 2.1.2

Statement showing sanctioned cost, financial and physical progress of the Scheme

(Referred to in paragraphs 2.1.7, 2.1.10, 2.1.11 and 2.1.12)

(₹ in crore)

Part A					
SN	**Name of Town**	**Sanctioned cost**	**Total fund released/receipt**	**Total fund utilised**	**Physical progress (in *per cent*)**
1	Ambikapur	2.06	0.75	Project wise expenditure was not maintained by the Company	100
2	Chirmiri	0.50	0.20		100
3	Manendragarh	0.76	0.29		100
4	Naila Janjgir	0.91	0.34		100
5	Champa	0.81	0.35		100
6	Dalli-Rajhara	0.77	0.28		100
7	Dongargarh	0.65	0.27		100
8	Rajnandgaon	2.38	0.99		100
9	Mungeli	0.65	0.25		100
10	Kawardha	0.67	0.30		100
11	Mahasamund	0.97	0.42		100
12	Dhamtari	1.76	0.82		100
13	Kanker	0.61	0.24		100
14	Jagdalpur	2.09	0.80		100
15	Bhatapara	0.99	0.46		100
16	Raigarh	2.49	1.15		100
17	Korba	3.94	1.81		100
18	Durg-Bhilai-Charoda	12.78	5.86		100
19	Raipur	55.64	42.54		100
20	Bilaspur	31.02	13.16		100
Total		**122.45**	**71.28**	**84.02**	
SCADA					
SN	**Name of Town**	**Sanctioned cost**	**Total fund released/receipt**	**Total fund utilised**	**Physical progress (in *per cent*)**
1	Raipur	25.10	7.53	Project wise expenditure was not maintained by the Company	0
2	Durg-Bhilai-Charoda	15.96	4.79		0
Total		**41.06**	**12.32**	**2.59**	**0**
Part B					
SN	**Name of Town**	**Sanctioned cost**	**Total fund released/receipt**	**Total fund utilised**	**Physical progress (in *per cent*)**
1	Ambikapur	31.50	28.35	30.51	100

Part A					
2	Bhatapara	9.94	8.95	10.05	100
3	Champa	7.26	6.53	6.38	100
4	Dalli-Rajhara	4.80	4.32	5.05	100
5	Dhamtari	10.70	9.34	9.34	100
6	Jagdalpur	21.19	19.07	21.04	100
7	Kanker	6.44	5.52	5.52	100
8	Korba	40.46	36.41	43.15	100
9	Mahasamund	6.34	5.34	6.30	100
10	Manendragarh	4.71	4.24	5.75	100
11	Mungeli	5.01	4.51	5.90	100
12	Naila Janjgir	6.99	5.85	5.85	100
13	Rajnandgaon	16.18	14.56	16.11	100
14	Raipur	251.19	185.74	153.97	Under progress
15	Durg-Bhilai-Charoda	155.13	116.90	115.28	Under progress
16	Bilaspur	87.36	66.10	56.78	Under progress
17	Dongargarh	5.94	3.27	5.26	100
18	Kawardha	7.13	4.23	6.12	100
19	Raigarh	31.97	22.74	32.10	Under progress
Total		**710.24**	**551.97**	**540.46**	**83.97**

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

Annexure – 2.1.3

Statement showing result of consumer survey

(Referred to in paragraphs 2.1.10.4, 2.1.10.6 and 2.1.10.8)

SN	Name of the town	Raigarh	Champa	Naila-Janjgir	Ambikapur	Bhatapara	Durg-Bhilai-Charoda	Rajnandgaon	Dalli-Rajhara	Kanker	Jagdalpur	Total
	Number of consumers	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**500**
1	How did you apply for a new service connection (In case of new consumer)											
	a)By registering online	0	0	0	0	0	0	0	0	0	0	**0**
	b) By visiting the office	27	7	4	7	3	7	4	2	7	1	**69**
2	How many days it took to get new service connection											
	a) Within 7 days	21	3	2	0	1	1	1	0	0	0	**29**
	b) 8 days - 30 days	4	2	0	5	0	4	2	2	3	2	**24**
	c) 30 days – 60 days	0	0	1	2	1	1	1	0	3	1	**10**
	d) More than 60 days	1	2	1	1	0	0	0	0	1	0	**6**
3	Do you use online/phone helpline facilities											
	a) Yes	21	2	4	11	15	30	28	24	33	27	**195**
	b) No	29	48	46	39	35	20	22	26	17	23	**305**
4	You use online facility for											
	a) Payment of monthly bills	8	1	2	3	2	0	0	0	0	0	**16**
	b) For lodging complaints	11	1	2	11	14	30	28	18	33	26	**174**
	c) For both the above	8	0	0	0	0	0	0	1	1	0	**10**
	d) For a) or b)	1	0	0	0	0	0	0	0	0	0	**1**
5	You receive feedback when complaint is registered online											
	a) Yes	35	0	2	2	8	15	1	4	11	1	**79**
	b) No	9	1	0	5	6	1	7	3	8	4	**44**
	c) Some times	1	0	2	1	0	2	1	0	1	0	**8**

SN	Name of the town	Raigarh	Champa	Naila	Ambikapur	Bhatapara	Durg	Rajnandgaon	Dallirajhara	Kanker	Jagdalpur	Total
	Number of consumers	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**500**
6	Whether meter reading is taken											
	a) Every month	45	17	30	42	42	50	47	49	48	44	**414**
	b) Once in two months	1	10	5	2	0	0	1	1	1	4	**25**
	c) Some times	2	23	15	6	6	0	2	0	1	2	**57**
7	You receive computerised power bills											
	a) Every month	47	25	48	43	44	49	48	49	49	48	**450**
	b) Once in two months	0	7	1	2	3	1	0	1	0	1	**16**
	c) Do not receive	2	18	0	5	2	0	2	0	1	1	**31**
8	Which method you use for payment of electricity bills											
	a) Online	9	1	2	0	0	1	1	1	0	2	**17**
	b) By ATP machine	36	46	49	49	48	49	46	0	50	19	**392**
	c) At the collection centre	12	3	0	1	0	0	1	48	2	31	**98**
9	Your nearest ATP machine/bill payment centre is within											
	a) Within 1 KM	14	30	7	6	17	9	2	13	14	12	**124**
	b) 1KM – 2 KM	17	11	15	13	14	16	10	10	20	19	**145**
	c) More than 2 KM	18	8	28	31	18	23	34	26	17	19	**222**
10	Power failure complaints of house are resolved											
	a) 1-4 hours	39	47	50	49	47	48	45	49	48	46	**468**
	b) 4-7 hours	9	1	0	1	1	1	2	1	0	4	**20**
	c) 7-24 hours	1	0	0	0	0	0	1	0	0	0	**2**
	d) More than 24 hours	0	0	0	0	0	0	0	0	0	0	**0**

SN	Name of the town	Raigarh	Champa	Naila	Ambikapur	Bhatapara	Durg	Rajnandgaon	Dallirajhara	Kanker	Jagdalpur	Total
	Number of consumers	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**500**
11	How often power failure occurs											
	e) Often	6	9	0	11	15	12	15	18	6	17	**109**
	f) Once in week	17	16	5	37	23	32	21	1	0	4	**156**
	g) Once in a month	12	4	11	1	0	0	0	0	0	0	**28**
	h) Rarely	15	20	33	0	11	6	14	30	44	29	**202**
12	Voltage fluctuations are felt											
	a) Often	2	1	0	9	2	3	11	8	5	12	**53**
	b) Once in week	1	0	1	2	2	4	0	1	1	0	**12**
	c) Once in a month	4	0	3	0	0	0	1	0	0	0	**8**
	d)Rarely	37	48	46	39	43	42	38	40	44	38	**415**
13	Power supply remains to the area in summer											
	a) Upto 6 hours a day	0	0	0	0	0	0	0	2	0	0	**2**
	b) 7 hours - 12 hours a day	0	0	0	0	0	1	0	0	0	0	**1**
	c) 13 hours – 18 hours a day	1	14	3	0	2	1	7	8	1	4	**41**
	d) Full day	47	35	47	49	45	48	42	39	49	46	**447**
14	Whether there is improvement in power supply during the last one year as compared to earlier years											
	a) Yes	48	50	49	44	35	47	40	41	48	43	**445**
	b) No	0	0	0	5	14	3	10	0	1	7	**40**

(Source: Data compiled from the consumer survey)

Annexure- 2.1.4

Statement showing delay in completion of Part-B work

(Referred to in paragraph 2.1.13.5)

SN	Name of the town	Name of the work	Name of the contractor	Work order No. & date	Work order amount (₹ in crore)	Completion period (in months)	Due date of completion	Actual date of completion	Delay in completion of work (Days)
1	Ambikapur	Modernisation, Strengthening and renovation	Shri Gopi Krishna, Hyderabad	442/23-5-2012	30.28	18	22-Nov-2013	31-Mar-2014	129
2	Bhatapara	Modernisation, Strengthening and renovation	Shri Gopi Krishna, Hyderabad	360/14-5-2012	9.67	18	13-Nov-2013	31-Oct-2013	0
3	Dhamtari	Modernisation, Strengthening and renovation	Shri Gopi Krishna, Hyderabad	359/14/5/2012	11.00	18	13-Nov-2013	31-Dec-2013	48
4	Rajnandgaon	Modernisation, Strengthening and renovation	Shri Gopi Krishna, Hyderabad	361/14-5-2012	16.13	18	13-Nov-2013	30-Apr-2014	168
5	Jagdalpur	Modernisation, Strengthening and renovation	Shri Gopi Krishna, Hyderabad	443/23-5-2012	21.21	18	22-Nov-2013	30-Apr-2014	159
6	Korba	Modernisation, Strengthening and renovation	Shri Gopi Krishna, Hyderabad	362/14-5-2012	39.23	18	13-Nov-2013	30-Apr-2014	168
7	Raigarh	Modernisation, Strengthening and renovation	Shri Gopi Krishna, Hyderabad	305/7-3-2013	34.86	18	9-Jun-2014	Under progress	661
8	Mungeli	Modernisation, Strengthening and renovation	M/s Maa Harsidhi	242/1-5-2012	5.77	18	30-Oct-2013	25-Oct-2013	0
9	Manendragarh	Modernisation, Strengthening and renovation	M/s Ashoka Buildcom	239/1-5-2012	5.38	18	30-Oct-2013	31-Dec-2013	62
10	Dongargarh	Modernisation, Strengthening and renovation	M/s Agrawal Power	239/1-5-2012	6.27	18	22-Oct-2014	28-Feb-2015	129
11	Kawardha	Modernisation, Strengthening and renovation	M/s Agrawal Power	238/1-5-2012	7.09	18	22-Oct-2014	28-Feb-2015	129
12	Champa	Modernisation, Strengthening and renovation	M/s Godrej Boycy	240/1-5-2012	7.95	18	15-Nov-2013	30-Apr-2014	166

SN	Name of the town	Name of the work	Name of the contractor	Work order No. & date	Work order amount (₹ in crore)	Completion period (in months)	Due date of completion	Actual date of completion	Delay in completion of work (Days)
13	Naila-Janjgir	Modernisation, Strengthening and renovation	M/s Godrej Boycy	241/1-5-2012	7.66	18	15-Nov-2013	30-Apr-2014	166
14	Mahasamund	Modernisation, Strengthening and renovation	M/s S. V. Associates	237/1-5-2012	6.31	18	11-Mar-2013	31-Mar-2014	385
15	Kanker	Modernisation, Strengthening and renovation	M/s S. V. Associates	236/1-5-2012	6.26	18	11-Mar-2013	31-Mar-2014	385
16	Dalli-Rajhara	Modernisation, Strengthening and renovation	M/s S. V. Associates	235/1-5-2012	4.52	18	11-Mar-2013	31-Jan-2014	326
17	Bilaspur Town:								
	i. Bilaspur	Modernisation, Strengthening and renovation (S/s)	M/s Rajputana Cables & Construction, Korba	2419/ 21-12-2012	15.05	18	20-Jun-2014	Under Progress	650
	ii. Bilaspur West	Modernisation, Strengthening and renovation	M/s Godrej Boycy	2417/21-12-2012	32.57	18	20-Jun-2014	Under Progress	650
	iii. Bilaspur East	Modernisation, Strengthening and renovation	M/s Godrej Boycy	2416/21-12-2012	38.85	18	20-Jun-2014	Under Progress	650
18	Durg-Bhilai-Charoda Town								
	i. Bhilai	Modernisation, Strengthening and renovation	M/s Bajaj Elect., Mumbai	2247/7-12-2012	65.15	18	6-Jun-2014	30-6-2015	389
	ii. Durg	Modernisation, Strengthening and renovation	M/s Shreem Electrial Ltd., Jaysingpur	2246/7-12-2012	26.63	18	6-Jun-2014	Under Progress	664
	iii. Charoda	Modernisation, Strengthening and renovation	M/s Ashoka Buildcom	2585/5-1-2013	15.74	18	4-Jul-2014	Under Progress	636
	iv. Durg-Bhilai-Charoda	Modernisation, Strengthening and renovation (S/s)	M/s Rajputana Cables & Construction, Korba	2420/21-12-12	23.42	12	20-Dec-2013	Under Progress	832
19	Raipur Town								

SN	Name of the town	Name of the work	Name of the contractor	Work order No. & date	Work order amount (₹ in crore)	Completion period (in months)	Due date of completion	Actual date of completion	Delay in completion of work (Days)
	(i) Raipur East	Modernisation, Strengthening and renovation	M/s Shreem Electrial Ltd., Jaysingpur	2243/ 7-12-12	62.18	18	6-Jun-2014	Under Progress	664
	(ii)Raipur West	Modernisation, Strengthening and renovation	M/s Shreem Electrial Ltd., Jaysingpur	2244/ 7-12-12	63.48	18	6-Jun-2014	Under Progress	664
	(iii)Raipur North-South	Modernisation, Strengthening and renovation	M/s Shreem Electrial Ltd., Jaysingpur	2245/ 7-12-12	48.23	18	6-Jun-2014	Under Progress	664
	(iv)Raipur Town	Modernisation, Strengthening and renovation (S/s)	M/s Shreem Electrial Ltd., Jaysingpur	2246/ 7-12-12	45.51	12	6-Dec-2013	Under Progress	846

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

Annexure-2.2.1

Statement showing financial performance of the Company during the years2011-12 to 2015-16

(Referred to in paragraph 2.2.3)

(₹ in lakh*)*

Particulars	2011-12 (Audited)	2012-13 (Audited)	2013-14 (Audited)	2014-15 (Audited)	2015-16 (Provisional)
A. Income					
1. Revenue from operations					
(a) Bauxite	299.15	-	-	826.20	650.24
(b) Tin ore	192.90	128.94	408.91	350.98	88.69
2. Other income					
(a) Interest	980.02	997.76	722.27	474.39	205.33
(b) Dividend	-	-	-	5.07	-
(c) Other Income	0.08	0.30	0.03	0.40	10.66
(d) Forfeiture Account	-	-	1.14	-	-
(e) Sale of tender form	6.51	0.56	0.29	0.60	1.40
(f)Commission on account of short lifting of bauxite	-	155.61	-	-	-
(g) Profit on sale of assets	-	0.52	-	-	-
Total A	**1478.66**	**1283.69**	**1132.64**	**1657.64**	**956.32**
B. Expenditure					
1. Purchase of tin ore	205.05	228.12	215.58	137.16	40.89
2. Changes in inventories of finished goods, work in progress and stock-in-trade (tin ore)	(-)67.80	(-)150.73	91.73	141.69	29.81
3. Employee benefit expenses	506.08	508.47	651.54	472.01	547.14
4. Finance cost	-	-	-	-	-
5. Depreciation and amortisation Expenses	12.29	12.90	9.89	20.51	12.31
6. Other expenses	268.69	226.32	283.38	605.73	476.80
Total B	**924.31**	**825.08**	**1252.12**	**1377.10**	**1106.95**
C. Difference (A – B)	**554.35**	**458.61**	**(-)119.48**	**280.54**	**(-)150.63**

(Source: Data furnished by the Company)

Annexure-2.2.2

Statement showing the five years annual quantity approved in mining plan

(Referred to in paragraph 2.2.5.10)

Year	Area requirement for development (in Sqm)	Production of bauxite (in Tonnes)
I	6000	46575
II	7855	60975
III	10000	77625
IV	10000	77625
V	10500	81505
Total	**44355**	**344305**

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

Annexure-2.2.3

Statement showing the year-wise opening balance, amount deposited and royalty due for last five years ending 31 March 2016

(Referred to in paragraph 2.2.5.12)

(₹ in lakh)

Year	Opening balance	Advance royalty paid	Royalty due	Closing balance
2011-12	(-)33.37	141.50	98.48	9.65
2012-12	9.65	0.00	0.00	9.65
2013-14	9.65	0.00	0.00	9.65
2014-15	9.65	280.85	239.91	50.59
2015-16	50.59	89.68	118.11	22.16
Average				**20.33**

(Source: Information furnished by the Company)

Annexure - 3.1

Statement showing Undue benefit to the suppliers due to fixation of purchase price at higher rates in comparison with rates offered in neighbouring States for the year 2014-15

(Referred to in paragraph 3.1)

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)						Lowest price amongst neighbouring States	Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhar-khand	Odisha				
1	2	3	4	5	6	7	8	9	10	11	12	13	14 (7-13)	15	16 (14 x 15)
Supplier Name: BACARDI INDIA PVT. LTD.															
1	Rum	Bacardi + cola mixed drink	275ML	24	1183	0	1065	0	721	0	1206	721	463	70	32376
2	Rum	Bacardi + lemonade mixed drink	275ML	24	1183	0	1065	0	721	0	1206	721	463	50	23126
3	Rum	Bacardi apple original	750ML	12	4114	10232	3989	0	2565	4668	4890	2565	1549	88	136286
4	Rum	Bacardi apple original	375ML	24	4121	10180	3989	0	2615	4668	5037	2615	1506	5	7528
5	Rum	Bacardi apple original	180ML	48	4180	10694	3989	0	3175	4734	5002	3175	1005	14	14063
6	Rum	Bacardi black original prem. Crafted	750ML	12	3999	11825	5200	7914	2554	4668	4784	2554	1445	125	180588
7	Rum	Bacardi black original prem. Crafted	375ML	24	3999	9666	5200	7914	2555	4668	4820	2555	1444	5	7222
8	Rum	Bacardi black original prem. Crafted	180ML	48	4000	11722	5200	7723	2709	4734	4870	2709	1290	10	12902
9	Rum	Bacardi dragon berry original strawberry	750ML	12	4182	10232	3989	7914	2565	0	5046	2565	1617	0	0
10	Rum	Bacardi dragon berry original strawberry	375ML	24	4189	10180	3989	7914	2615	0	5164	2615	1574	0	0
11	Rum	Bacardi dragon berry original strawberry	180ML	48	4425	10282	3989	7723	3175	0	5173	3175	1250	2	2499
12	Rum	Bacardi gold original prem. Crafted	750ML	12	3999	10796	4429	0	2751	0	5302	2751	1248	37	46183
13	Rum	Bacardi gold original prem. Crafted	375ML	24	3999	10180	4429	0	2751	0	5337	2751	1248	7	8736
14	Rum	Bacardi gold original prem. Crafted	180ML	48	4000	10282	4429	0	2862	0	5471	2862	1137	6	6824
15	Rum	Bacardi limon original c	750ML	12	4114	10232	3989	0	2565	4668	4890	2565	1549	35	54205

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)						Lowest price amongst neighbouring States	Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhar-khand	Odisha				
1	2	3	4	5	6	7	8	9	10	11	12	13	14 (7-13)	15	16 (14 x 15)
16	Rum	Bacardi limon original citrus	375ML	24	4121	10180	3989	0	2615	4668	5037	2615	1506	2	3011
17	Rum	Bacardi limon original citrus	180ML	48	4180	10694	3989	0	3175	4734	5002	3175	1005	18	18082
18	Rum	Bacardi o original orange	750ML	12	4114	10232	3989	0	2565	4668	4890	2565	1549	107	165711
19	Rum	Bacardi o original orange	375ML	24	4121	10180	3989	0	2615	4668	5037	2615	1506	24	36135
20	Rum	Bacardi o original orange	180ML	48	4180	10694	3989	0	3175	4734	5002	3175	1005	40	40181
21	Rum	Bacardi razz original raspberry	750ML	12	4114	10232	3989	0	2565	4668	4890	2565	1549	37	57302
22	Rum	Bacardi razz original raspberry	375ML	24	4121	10180	3989	0	2615	4668	5037	2615	1506	6	9034
23	Rum	Bacardi razz original raspberry	180ML	48	4180	10694	3989	0	3175	4734	5002	3175	1005	5	5023
24	Rum	Bacardi superior original prem.	750ML	12	3793	9871	3875	7914	2554	4668	4784	2554	1239	1246	1543420
25	Rum	Bacardi superior original prem.	375ML	24	3875	10179	3875	7914	2555	4668	4820	2555	1320	82	108280
26	Rum	Bacardi superior original prem.	180ML	48	3955	10283	3875	7723	2709	4734	4870	2709	1245	274	341174
27	Rum	Breezer blackberry crush	500ML	24	986	2056	971	2125	0	0	0	971	15	0	0
28	Rum	Breezer blackberry crush	275ML	24	1000	2057	971	2350	539	1041	1115	539	460	1161	534548
29	Rum	Breezer cranberry	500ML	24	986	2056	971	2125	0	0	0	971	15	0	0
30	Rum	Breezer cranberry	275ML	24	1000	2057	971	2350	539	1041	1115	539	460	1470	676817
31	Rum	Breezer island pineapple	500ML	24	986	2056	971	2125	0	0	0	971	15	0	0
32	Rum	Breezer island pineapple	275ML	24	1000	2057	971	2350	539	1041	1115	539	460	153	70444
33	Rum	Breezer jamaican passion	500ML	24	986	2056	971	2125	0	0	0	971	15	0	0
34	Rum	Breezer jamaican passion	275ML	24	1000	2057	971	2350	539	1041	1115	539	460	1214	558950
35	Rum	Breezer orange	500ML	24	986	2056	971	2125	0	0	0	971	15	0	0
36	Rum	Breezer orange	275ML	24	1000	2057	971	2350	539	1041	1115	539	460	901	414838

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)						Lowest price amongst neighbouring States	Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhar-khand	Odisha				
1	2	3	4	5	6	7	8	9	10	11	12	13	14 (7-13)	15	16 (14 x 15)
37	Scotch	Dewars year 12 old double aged blended scotch whisky	750ML	12	24266	0	0	0	0	0	0	0	24266	1	24266
38	Scotch	Tequila camino real blanco	750ML	12	10468	0	0	0	0	0	0	0	10468	76	795534
39	Scotch	Tequila camino real gold	750ML	12	11488	0	0	0	0	0	0	0	11488	11	126363
40	Vodka	Eristoff tripple distiled premium	750ML	12	3220	8740	2044	7516	2235	3141	4282	2044	1176	0	0
41	Vodka	Eristoff tripple distiled premium	375ML	24	3220	8740	2044	7576	0	3141	4282	2044	1176	75	88211
42	Vodka	Eristoff tripple distiled premium	180ML	48	3382	8844	2044	7503	2492	3108	4252	2044	1338	16	21401
Total															**6171263**
Supplier Name: UNITED SPIRITS LIMITED															
43	Rum	Mcdowells no.1 cariba rare gold rum	750ML	12	1790	5311	2008	0	0	1706	3444	1706	84	176	14784
44	Rum	Mcdowells no.1 cariba rare gold rum	375ML	24	1800	5311	2008	0	0	1706	3457	1706	94	137	12878
45	Rum	Mcdowells no.1 cariba rare gold rum	180ML	48	1850	5311	2008	0	0	1686	3435	1686	164	273	44772
46	Rum	Mcdowells no.1 celebration matured xxx rum	750ML	12	1240	4096	1171	1224	0	1331	2746	1171	69	25937	1789653
47	Rum	Mcdowells no.1 celebration matured xxx rum	375ML	24	1230	4096	1171	1272	0	1331	2775	1171	59	10932	644988
48	Rum	Mcdowells no.1 celebration matured xxx rum	180ML	48	1275	4007	1171	1296	0	1311	2738	1171	104	26165	2721160
49	Vodka	Red romanov russian tradition vodka	750ML	12	2024	5843	0	0	1411	0	0	1411	613	0	0
50	Vodka	Red romanov russian tradition vodka	375ML	24	2024	5895	0	0	1411	0	0	1411	613	0	0
51	Vodka	Red romanov russian tradition vodka	180ML	48	2024	5812	0	0	1386	0	0	1386	638	0	0
52	Vodka	Vladivar green apple zest vodka	750ML	12	3275	9565	2180	0	0	0	0	2180	1095	0	0

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)						Lowest price amongst neighbouring States	Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Maharashtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jharkhand	Odisha				
1	2	3	4	5	6	7	8	9	10	11	12	13	14 (7-13)	15	16 (14 x 15)
53	Vodka	Vladivar green apple zest vodka	180ML	48	3565	9565	2180	0	0	0	0	2180	1385	2	2770
54	Vodka	Vladivar lemon zest vodka	750ML	12	3275	9565	2180	0	0	0	0	2180	1095	0	0
55	Vodka	Vladivar lemon zest vodka	180ML	48	3565	9565	2180	0	0	0	0	2180	1385	0	0
56	Vodka	Vladivar organge zest vodka	750ML	12	3275	9565	2180	0	0	0	0	2180	1095	0	0
57	Vodka	Vladivar organge zest vodka	180ML	48	3565	9565	2180	0	0	0	0	2180	1385	4	5540
58	Vodka	Vladivar vodka	750ML	12	2780	8783	2040	0	0	0	0	2040	740	0	0
59	Vodka	Vladivar vodka	180ML	48	3180	9148	2040	0	0	0	0	2040	1140	15	17100
60	Vodka	White mis chief ultra pure vodka	750ML	12	1240	5126	1430	1143	0	1575	3225	1143	97	29630	2874110
61	Vodka	White mis chief ultra pure vodka	375ML	24	1230	5136	1430	1191	0	1576	3241	1191	39	13422	523458
62	Vodka	White mis chief ultra pure vodka	180ML	48	1275	5136	1430	1215	0	1556	3217	1215	60	45995	2759700
63	Vodka	White mischief flavoured vodka apple+cinnamon	750ML	12	1788	5687	1600	0	0	0	0	1600	188	0	0
64	Vodka	White mischief flavoured vodka apple+cinnamon	375ML	24	1788	5687	1600	0	0	0	0	1600	188	0	0
65	Vodka	White mischief flavoured vodka apple+cinnamon	180ML	48	1845	5687	1600	0	0	0	0	1600	245	0	0
66	Vodka	White mischief flavoured vodka mango+mint	750ML	12	1788	5687	1600	0	0	0	0	1600	188	1601	300988
67	Vodka	White mischief flavoured vodka mango+mint	375ML	24	1788	5687	1600	0	0	0	0	1600	188	814	153032
68	Vodka	White mischief flavoured vodka mango+mint	180ML	48	1845	5687	1600	0	0	0	0	1600	245	2872	703640
69	Vodka	White mischief flavoured vodka strawberry+ginseng	750ML	12	1788	5687	1600	0	0	0	0	1600	188	949	178412

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)						Lowest price amongst neighbouring States	Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhar-khand	Odisha				
1	2	3	4	5	6	7	8	9	10	11	12	13	14 (7-13)	15	16 (14 x 15)
70	Vodka	White mischief flavoured vodka strawberry+ginseng	375ML	24	1788	5687	1600	0	0	0	0	1600	188	292	54896
71	Vodka	White mischief flavoured vodka strawberry+ginseng	180ML	48	1845	5687	1600	0	0	0	0	1600	245	1922	470890
72	whisky	Antiquity blue ultra premium whisky	750ML	12	5410	10275	5530	3300	3597	5606	3987	3300	2110	4447	9383170
73	whisky	Antiquity blue ultra premium whisky	375ML	24	5410	10275	5530	3348	3620	5606	4027	3348	2062	486	1002132
74	whisky	Antiquity blue ultra premium whisky	180ML	48	5525	10275	5530	3372	3623	5204	4116	3372	2153	702	1511406
75	whisky	Antiquity rare premium whisky	750ML	12	4340	9280	3702	0	2967	4413	3022	2967	1373	3239	4447147
76	whisky	Antiquity rare premium whisky	375ML	24	4410	9280	3702	0	2967	4413	3022	2967	1443	176	253968
77	whisky	Antiquity rare premium whisky	180ML	48	4480	9280	3702	0	2962	4481	3075	2962	1518	339	514602
78	whisky	Black dog centenary aged & rare scotch whisky	180ML	48	8902	0	0	0	0	8848	0	8848	54	2	109
79	whisky	Black dog centenary black reserve aged & rare blended scotch whisky	750ML	12	8660	16802	9134	7371	0	8850	0	7371	1289	834	1075026
80	whisky	Black dog centenary black reserve aged & rare blended scotch whisky	375ML	24	8632	16802	9134	7419	0	8895	0	7419	1213	25	30325
81	whisky	Black dog centenary black reserve aged & rare blended scotch whisky	180ML	48	8902	16802	9134	7443	0	8848	0	7443	1459	28	40852
82	whisky	Black dog deluxe aged 12 years scotch whisky	1000ML	12	11740	0	0	0	0	0	0	0	11740	1	11740
83	whisky	Black dog deluxe gold reserve aged 12 years blended scotch whisky	750ML	12	12550	22308	13320	0	9960	13590	11727	9960	2590	1740	4506600
84	whisky	Black dog deluxe gold reserve aged 12 years	375ML	24	12550	22308	13320	0	10204	13590	11727	10204	2346	32	75072

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)						Lowest price amongst neighbouring States	Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhar-khand	Odisha				
1	2	3	4	5	6	7	8	9	10	11	12	13	14 (7-13)	15	16 (14 x 15)
		blended scotch whisky													
85	whisky	Black dog deluxe gold reserve aged 12 years blended scotch whisky	180ML	48	12780	22308	13320	0	10177	13557	11955	10177	2603	31	80693
86	whisky	Dsp black deluxe whisky	1000ML	12	1280	4191	0	0	0	0	0	4191	-2911	0	0
87	whisky	Dsp black deluxe whisky	750ML	12	1425	4477	1243	0	0	0	3731	1243	182	0	0
88	whisky	Dsp black deluxe whisky	375ML	24	1419	4477	1243	0	0	0	3731	1243	176	0	0
89	whisky	Dsp black deluxe whisky	180ML	48	1463	4477	1243	0	0	0	3710	1243	220	0	0
90	whisky	Mcdowells diplomat world class whisky	180ML	48	920	4067	800	0	0	0	0	800	120	1552	186240
91	whisky	Royal challange finest premium whisky	750ML	12	2305	6930	0	0	0	3375	2076	2076	229	13639	3123331
92	whisky	Royal challange finest premium whisky	375ML	24	2315	6930	0	0	0	3353	2102	2102	213	1610	342930
93	whisky	Royal challange finest premium whisky	180ML	48	2380	6930	0	0	0	3275	2138	2138	242	2601	629442
94	whisky	Royal challenge dietmate gold whisky	750ML	12	3120	8181	2760	0	0	0	0	2760	360	190	68400
95	whisky	Royal challenge dietmate gold whisky	375ML	24	3120	8181	2760	0	0	0	0	2760	360	72	25920
96	whisky	Royal challenge dietmate gold whisky	180ML	48	3200	8181	2760	0	0	0	0	2760	440	123	54120
97	whisky	Signature premier grain whisky	750ML	12	4340	9473	4005	4766	0	0	0	4005	335	8	2680
98	whisky	Signature premier grain whisky	375ML	24	4410	9525	4005	4766	0	0	0	4005	405	20	8100
99	whisky	Signature rare aged whisky	750ML	12	3510	8952	3614	2260	0	4104	2552	2260	1250	10585	13231250
100	whisky	Signature rare aged whisky	375ML	24	3500	9004	3614	2308	0	4156	2623	2308	1192	1995	2378040
101	whisky	Signature rare aged whisky	180ML	48	3720	9004	3614	2332	0	4141	2676	2332	1388	3191	4429108
102	whisky	Whyte & macaky special blended whisky	750ML	12	7360	14984	7800	0	6684	8075	5686	5686	1674	0	0
103	whisky	Whyte & macaky special blended whisky	375ML	24	7360	14984	7800	0	6813	0	5832	5832	1528	39	59592

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)							Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhar-khand	Odisha	Lowest price amongst neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14 (7-13)	15	16 (14 x 15)
104	whisky	Whyte & macaky special blended whisky	180ML	48	7450	14984	7800	0	6901	0	5959	5959	1491	4	5964
105	Wine	Bouvet brut saumur	750ML	12	13000	0	0	0	0	0	0	0	13000	0	0
106	Wine	Bouvet rose excellence	750ML	12	13000	0	0	0	0	0	0	0	13000	0	0
Total															**60750730**
Grand Total amount of undue benefit to the Suppliers for 2014-15															**6692199**

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

Annexure - 3.2

Statement showing Undue benefit to the suppliers due to fixation of purchase price at higher rates in comparison with rates offered in neighbouring States for the year 2015-16

(Referred to in paragraph 3.1)

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)								Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Maharashtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jharkhand	Odisha	Telangana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
Supplier Name: ALCOBREW DISTILLERIES INDIA PRIVATE LIMITED																
1	Rum	Old smuggler matur xxx	750ML	12	1250	0	875	0	0	0	0	0	875	375	83	31125
2	Rum	Old smuggler matur xxx	375ML	24	1250	0	875	0	0	0	0	0	875	375	16	6000
3	Rum	Old smuggler matur xxx	180ML	48	1250	0	875	0	0	0	0	0	875	375	27	10125
4	Whisky	Old smuggler blended scotch	750ML	12	8600	0	6600	0	5461	0	7393	0	5461	3139	0	0
5	Whisky	Old smuggler blended scotch	375ML	24	8600	0	6600	0	5461	0	7393	0	5461	3139	0	0
6	Whisky	Old smuggler blended scotch	180ML	48	8600	0	6600	0	5461	0	7393	0	5461	3139	23	72189
7	Whisky	White & blue premium	750ML	12	2350	0	1800	0	0	0	1528	0	1528	822	1097	902063
8	Whisky	White & blue premium	375ML	24	2350	0	1800	0	0	0	1528	0	1528	822	51	41937
9	Whisky	White & blue premium	180ML	48	2315	0	1800	0	0	0	1528	0	1528	787	157	123606
Total																**1187045**
Supplier Name: ALLIED BLENDERS AND DISTILLERS PVT.LTD.																
10	Whisky	Officers choice blue pure grain	750ML	12	1500	1131	1194	0	0	0	0	0	1131	369	11338	4179527
11	Whisky	Officers choice blue pure grain	375ML	24	1500	1131	1194	0	0	0	0	0	1131	369	4016	1480418

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)								Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Maharashtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jharkhand	Odisha	Telangana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
12	Whisky	Officers choice blue pure grain	180ML	48	1500	1132	1194	0	0	0	0	0	1132	368	12126	4456426
13	Whisky	Officers choice prestige	750ML	12	1000	910	792	0	0	0	962	0	792	208	3353	697424
14	Whisky	Officers choice prestige	375ML	24	1000	910	792	0	0	0	965	0	792	208	1164	242112
15	Whisky	Officers choice prestige	180ML	48	1000	911	792	0	0	0	1000	0	792	208	4288	891904
Total																**11947811**
Supplier Name: BACARDI INDIA PVT. LTD.																
16	Rum	Bacardi apple original	750ML	12	2455	7937	2288	0	2565	5043	5391	0	2288	167	225	37496
17	Rum	Bacardi apple original	375ML	24	2462	0	2288	0	2615	5043	5576	0	2288	174	25	4356
18	Rum	Bacardi apple original	180ML	48	2499	8297	2288	0	3175	5094	5564	0	2288	211	46	9706
19	Rum	Bacardi black original prem. Crafted	750ML	12	2499	9180	1999	7210	2554	5043	5257	0	1999	500	342	171051
20	Rum	Bacardi black original prem. Crafted	375ML	24	2499	0	1999	7210	2555	5043	5302	0	1999	500	5	2501
21	Rum	Bacardi black original prem. Crafted	180ML	48	2500	9101	1999	7018	2709	5094	5397	0	1999	501	44	22026
22	Rum	Bacardi dragon berry original strawberry	750ML	12	2455	0	2288	0	2568	0	5391	0	2288	167	0	0
23	Rum	Bacardi dragon berry original strawberry	375ML	24	2462	0	2288	0	2620	0	5576	0	2288	174	7	1220

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)								Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhark-hand	Odisha	Telang-ana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
24	Rum	Bacardi dragon berry original strawberry	180ML	48	2499	0	2288	0	3185	0	5564	0	2288	211	7	1477
25	Rum	Bacardi gold original prem. Crafte	750ML	12	2691	8378	2650	0	2751	0	0	0	2650	41	57	2346
26	Rum	Bacardi gold original prem. Crafted	375ML	24	2691	0	2650	0	2751	0	0	0	2650	41	48	1975
27	Rum	Bacardi gold original prem. Crafted	180ML	48	2779	7977	2650	0	2862	0	0	0	2650	129	1	129
28	Rum	Bacardi limon original citrus	750ML	12	2455	7937	2288	0	2565	5043	5391	0	2288	167	83	13832
29	Rum	Bacardi limon original citrus	375ML	24	2462	0	2288	0	2615	5043	5576	0	2288	174	14	2439
30	Rum	Bacardi limon original citrus	180ML	48	2499	8297	2288	0	3175	5094	5564	0	2288	211	24	5064
31	Rum	Bacardi o original orange	750ML	12	2455	7937	2288	0	2565	5043	5391	0	2288	167	329	54828
32	Rum	Bacardi o original orange	375ML	24	2462	0	2288	0	2615	5043	5576	0	2288	174	23	4007
33	Rum	Bacardi o original orange	180ML	48	2499	8297	2288	0	3175	5094	5564	0	2288	211	41	8651
34	Rum	Bacardi razz original ruspberry	750ML	12	2455	7937	2288	0	2565	5043	5391	0	2288	167	108	17998
35	Rum	Bacardi razz original ruspberry	375ML	24	2462	0	2288	0	2615	5043	5576	0	2288	174	9	1568
36	Rum	Bacardi razz original ruspberry	180ML	48	2499	8297	2288	0	3175	5094	5564	0	2288	211	17	3587
37	Rum	Bacardi superior original prem.	750ML	12	2499	7657	2415	9258	2554	5043	5257	0	2415	84	2136	179744
38	Rum	Bacardi superior original prem.	375ML	24	2499	7898	2415	9378	2555	5043	5302	0	2415	84	129	10855

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)								Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhark-hand	Odisha	Telang-ana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
39	Rum	Bacardi superior original prem.	180ML	48	2500	7988	2415	9070	2709	5094	5397	0	2415	85	359	30364
40	Rum	Breezer blackberry crush	275ML	24	627	2044	800	2580	539	1159	1205	0	539	88	1464	128364
41	Rum	Breezer cranberry	275ML	24	627	2044	800	2580	539	1159	1205	0	539	88	2008	176061
42	Rum	Breezer orange	275ML	24	627	2044	800	2580	539	1159	1205	0	539	88	1082	94870
43	Vodka	Eristoff green triple distilledpremium green apple	750ML	12	2218	0	1984	0	0	0	0	0	1984	234	30	7025
44	Vodka	Eristoff green triple distilled premium green apple	375ML	24	2218	0	1984	0	0	0	0	0	1984	234	6	1405
45	Vodka	Eristoff green triple distilled premium green apple	180ML	48	2298	0	1984	0	0	0	0	0	1984	314	15	4704
46	Vodka	Eristoff red triple distilled premium cranberry	750ML	12	2218	0	1984	0	0	0	0	0	1984	234	45	10537
47	Vodka	Eristoff red triple distilled premium cranberry	375ML	24	2218	0	1984	0	0	0	0	0	1984	234	9	2107
48	Vodka	Eristoff red triple distilled premium cranberry	180ML	48	2298	0	1984	0	0	0	0	0	1984	314	13	4077
49	Vodka	Eristoff tripple distiled premium	750ML	12	2218	6810	1984	8404	2235	3515	4880	0	1984	234	0	0
50	Vodka	Eristoff tripple distiled premium	375ML	24	2218	0	1984	8464	0	3515	4880	0	1984	234	495	115904
51	Vodka	Eristoff tripple distiled premium	180ML	48	2298	0	1984	8394	2492	3468	4864	0	1984	314	55	17247

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)								Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhark-hand	Odisha	Telang-ana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
Total																**1149521**
Supplier Name: BEAM GLOBAL SPIRITS AND WINE INDIA PVT.LTD																
52	Scotch	Teachers 50 scotch whisky	750ML	12	13218	0	10973	0	8948	0	9191	8948	8948	4270	1950	8327183
53	Scotch	Teachers 50 scotch whisky	375ML	24	13521	0	10973	0	9362	0	9425	9362	9362	4159	43	178825
54	Scotch	Teachers 50 scotch whisky	180ML	48	13756	0	10973	0	9879	0	9641	9879	9641	4115	34	139901
55	Scotch	Teachers highland creame scotch whisky	1000ML	12	11069	0	7825	0	5618	0	8870	5618	5618	5451	0	0
56	Scotch	Teachers highland creame scotch whisky	750ML	12	8880	0	7825	0	5798	0	6825	5798	5798	3082	1298	4000890
57	Scotch	Teachers highland creame scotch whisky	375ML	24	9080	0	7825	0	6105	0	7005	6105	6105	2975	23	68418
58	Scotch	Teachers highland creame scotch whisky	180ML	48	9234	0	7825	0	6676	0	7400	6676	6676	2558	32	81869
59	Scotch	Teachers origin blended scotch whisky	750ML	12	14190	0	11818	0	9638	0	10572	9638	9638	4552	297	1352048
Total																**14149134**
Supplier Name: CARLSBERG INDIA PVT. LTD.																
60	Beer	Carlsberg allmalt pre	650ML	12	796	1376	529	2247	0	890	1197	413	413	383	22511	8620137
61	Beer	Carlsberg elephant strong super premium beer	650ML	12	815	1471	548	2187	0	936	1270	408	408	407	1981	806366
62	Beer	Tuborg strong pre. Beer	650ML	12	567	1192	421	1347	0	754	929	349	349	218	140508	30619503

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)								Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Maharashtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jharkhand	Odisha	Telangana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
63	Beer	Tuborg strong pre. Beer	500ML_CAN	24	863	2015	774	2192	0	1253	1483	429	429	434	2523	1094276
Total																**41140282**
Supplier Name: CROWN BEERS INDIA PVT LTD																
64	Beer	Budweiser magnum strong beer	650ML	12	1009	1402	696	920	0	0	0	0	696	313	9557	2991245
65	Beer	Budweiser pre. King of beers	650ML	12	767	1122	660	1001	0	0	0	0	660	107	23098	2472179
66	Beer	Budweiser pre. King of beers	330ML	24	857	1282	730	1066	0	0	0	0	730	127	491	62337
Total																**5525761**
Supplier Name: DIAGEO INDIA PVT. LTD.																
67	Rum	Captain morgan original spiced rum	750ML	12	4000	10203	2191	0	2640	5132	2207	0	2191	1809	0	0
68	Rum	Captain morgan original spiced rum	180ML	48	4000	0	2191	0	2712	5356	2306	0	2191	1809	15	27130
69	Scotch	John walker & sons odyssey blended scotch	700ML	2	195834	299079	0	0	0	0	0	0	299079	-103245	0	0
70	Scotch	Johnnie walker platinum label blended scotch whisky	750ML	6	33301	52040	28336	0	0	0	0	0	28336	4965	0	0
71	Vodka	Smirnoff - espresso tripple distilled vodka	750ML	12	4000	10203	2402	0	2505	4940	2546	0	2402	1598	133	212558
72	Vodka	Smirnoff - espresso tripple distilled vodka	180ML	48	4000	0	2402	0	2588	5356	2589	0	2402	1598	70	111873
73	Vodka	Smirnoff green apple tripple distilled vodka	750ML	12	4000	10203	2272	0	2505	4940	2546	0	2272	1728	221	381864

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)								Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhark-hand	Odisha	Telang-ana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
74	Vodka	Smirnoff green apple tripple distilled vodka	180ML	48	4000	0	2272	0	2588	5356	2589	0	2272	1728	333	575387
75	Vodka	Smirnoff orange tripple distilled vodka	750ML	12	4000	10203	2272	0	2505	4940	2546	0	2272	1728	529	914054
76	Vodka	Smirnoff orange tripple distilled vodka	180ML	48	4000	0	2272	0	2588	5356	2589	0	2272	1728	474	819020
77	Vodka	Smirnoff tripple distilled vodka	750ML	12	4000	9844	2191	0	2401	4700	2388	0	2191	1809	540	976601
78	Vodka	Smirnoff tripple distilled vodka	375ML	24	4000	0	2191	0	2458	4940	2518	0	2191	1809	558	1009154
79	Vodka	Smirnoff tripple distilled vodka	180ML	48	4000	0	2191	0	2487	4972	2619	0	2191	1809	753	1361816
80	Whisky	Black and white blended scotch whisky	750ML	12	8905	19790	6227	0	6081	10316	7288	0	6081	2824	439	1239736
81	Whisky	Johnnie walker -xr-21	750ML	6	58236	101516	57176	0	0	0	0	0	57176	1060	441	467478
82	Whisky	Johnnie walker black label scotch whisky	750ML	12	27641	50040	26390	0	0	0	19832	0	19832	7809	81	632527
83	Whisky	Johnnie walker blue label	750ML	6	71397	128177	70533	0	0	0	0	0	70533	864	13	11233
84	Whisky	Johnnie walker double black blended scotch whisky	750ML	6	15985	27943	15233	0	0	0	0	0	15233	752	558	419700
85	Whisky	Johnnie walker red label scotch whisky	750ML	12	13790	25122	14276	0	0	0	9253	0	9253	4537	5	22686
86	Whisky	Vat 69 black blended scotch whisky	750ML	12	12575	24610	9862	0	0	15116	9720	0	9720	2855	38	108481

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)								Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Maharashtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jharkhand	Odisha	Telangana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
87	Whisky	Vat-69 blende scotch whisky	750ML	12	7658	17945	4984	0	8996	8732	7119	0	4984	2674	522	1395744
88	Whisky	Vat-69 blended scotch whisky	375ML	24	8074	0	4984	0	5858	9164	7119	0	4984	3090	58	179211
89	Whisky	Vat-69 blended scotch whisky	180ML	48	8527	0	4984	0	6043	9196	0	0	4984	3543	57	201942
Total																**11068195**
Supplier name: Jagatjit industries limited																
90	Scotch	King henry viii blended scotch whisky	750ML	12	8425	14463	600	0	5975	0	7654	0	600	7825	45	352125
91	Scotch	King henry viii blended scotch whisky	375ML	24	8425	14603	600	0	6552	0	0	0	600	7825	0	0
92	Scotch	King henry viii blended scotch whisky	180ML	48	8525	14603	600	0	6638	0	0	0	600	7925	29	229825
93	Vodka	Iice flavorz green apple flavoured	750ML	12	2300	5691	1512	0	1837	2853	1458	0	1458	842	481	404776
94	Vodka	Iice flavorz green apple flavoured	375ML	24	2300	5691	1512	0	1837	2871	1466	0	1466	834	159	132584
95	Vodka	Iice flavorz green apple flavour	180ML	48	2300	5623	1512	0	1837	2787	1489	0	1489	811	518	420160
96	Vodka	Iice flavorz orange flavour	750ML	12	2300	5691	1512	0	1837	2853	1458	0	1458	842	1656	1393574
97	Vodka	Iice flavorz orange flavoured	375ML	24	2300	5691	1512	0	1837	2871	1466	0	1466	834	330	275174
98	Vodka	Iice flavorz orange flavoured	180ML	48	2300	5623	1512	0	1837	2787	1489	0	1489	811	1376	1116101
99	Vodka	Iice vodka tri distil pure grain premium	750ML	12	2080	5691	1199	0	1929	2647	1521	0	1199	881	777	684537
100	Vodka	Iice vodka tri distil pure grain premium	375ML	24	2080	5691	1199	0	1937	2647	1522	0	1199	881	93	81933

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)								Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhark-hand	Odisha	Telang-ana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
101	Vodka	Iice vodka tri distil pure grain premium	180ML	48	2080	5623	1199	0	1910	2675	1603	0	1199	881	379	333899
102	Whisky	Ac black whisky	750ML	12	1875	0	1150	0	0	2127	0	0	1150	725	7755	5622375
103	Whisky	Ac black whisky	375ML	24	1950	0	1150	0	0	2127	0	0	1150	800	238	190400
104	Whisky	Ac black whisky	180ML	48	2025	0	1150	0	0	2096	0	0	1150	875	507	443625
105	Whisky	Aristocrat whisky	750ML	12	975	0	778	0	0	0	0	0	778	197	0	0
106	Whisky	Aristocrat whisky	375ML	24	975	0	778	0	0	0	0	0	778	197	0	0
107	Whisky	Aristocrat whisky	180ML	48	918	0	778	0	0	0	0	0	778	140	5	700
108	Whisky	New improved aristocrat	750ML	12	1500	0	1072	0	0	0	0	0	1072	428	0	0
109	Whisky	New improved aristocrat	375ML	24	1500	0	1072	0	0	0	0	0	1072	428	0	0
110	Whisky	New improved aristocrat	180ML	48	1500	0	1072	0	0	0	0	0	1072	428	0	0
Total																**11681788**
Supplier name: Khoday india ltd.																
111	Whisky	Peter scot malt	750ML	12	3990	7584	3462	0	2305	2341	2745	0	2341	1650	764	1260218
112	Whisky	Peter scot malt	375ML	24	3990	0	3462	0	0	2416	2745	0	2416	1574	29	45646
113	Whisky	Peter scot malt	180ML	48	3990	0	3462	0	0	2637	2803	0	2637	1353	35	47354
114	Whisky	Red knight finest blended malt	750ML	12	2250	5248	1950	0	1049	1146	0	0	1049	1201	6578	7899915
115	Whisky	Red knight finest blended malt	375ML	24	2250	0	1950	0	0	1156	0	0	1156	1094	473	517651
116	Whisky	Red knight finest blended malt	180ML	48	2250	0	1950	0	0	1177	0	0	1177	1073	775	831761
117	Whisky	Red night premium	750ML	12	3200	0	2363	0	0	0	2253	0	2253	947	0	0
Total																**10602545**

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)								Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Maharashtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jharkhand	Odisha	Telangana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
Supplier Name: MODI DISTILLERY																
118	Vodka	Artic pure italian luxury vodka	750ML	12	3990	5176	2800	12021	3843	0	3376	3843	2800	1190	0	0
119	Vodka	Artic pure italian luxury vodka	180ML	48	3990	4949	2800	11780	3918	0	3499	3918	2800	1190	0	0
120	Whisky	Rockford classic finest blended whisky	750ML	12	3770	0	2800	10455	3597	0	3006	3597	2800	970	268	259960
121	Whisky	Rockford classic finest blended whisky	375ML	24	3809	0	2800	10514	3620	0	3054	3620	2800	1009	0	0
122	Whisky	Rockford classic finest blended whisky	180ML	48	3880	0	2800	10209	3623	0	3120	3623	2800	1080	70	75600
123	Whisky	The rockford reserve fine & rare	750ML	12	4955	4236	3992	12466	4482	0	4439	4482	3992	963	91	87633
124	Whisky	The rockford reserve fine & rare	375ML	24	4962	4236	3992	12526	4482	0	4441	4482	3992	970	0	0
125	Whisky	The rockford reserve fine & rare	180ML	48	4970	4304	3992	12226	4455	0	4542	4455	3992	978	0	0
Total																**423193**
Supplier Name: MOHAN MEAKINS LTD.																
126	Rum	Old monk gold res.	750ML	12	1498	5562	1165	7248	0	0	1059	0	1059	439	2368	1039718
127	Rum	Old monk gold res.	375ML	24	1498	0	1165	7296	0	0	1069	0	1069	429	74	31714
128	Rum	Old monk gold res.	180ML	48	1498	0	1165	7097	0	0	1110	0	1110	388	240	93166
129	Rum	Old monk supreme	750ML	12	2390	5922	1778	0	0	3154	0	0	1778	612	1825	1116900
130	Rum	Old monk xxx	750ML	12	1265	3900	785	0	0	0	0	0	785	480	10898	5231040
131	Rum	Old monk xxx	375ML	24	1265	3950	785	0	0	0	0	0	785	480	1569	753120
132	Rum	Old monk xxx	180ML	48	1265	3932	785	0	0	0	0	0	785	480	3991	1915680
133	Vodka	Knight rider	750ML	12	1265	0	920	0	0	2644	0	0	920	345	0	0

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						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhark-hand	Odisha	Telang-ana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
134	Vodka	Knight rider	375ML	24	1265	0	920	0	0	2644	0	0	920	345	0	0
135	Vodka	Knight rider	180ML	48	1265	0	920	0	0	2613	0	0	920	345	0	0
136	Whisky	Solan no.1	750ML	12	1498	0	1100	0	0	0	0	0	1100	398	0	0
137	Whisky	Solan no.1	375ML	24	1498	0	1100	0	0	0	0	0	1100	398	0	0
138	Whisky	Solan no.1	180ML	48	1498	0	1100	0	0	0	0	0	1100	398	0	0
Total																**10181338**
Supplier Name: Nashik Vintners Pvt.Ltd.																
139	Wine	Samara red	750ML	12	2294	2673	1786	0	1278	0	0	0	1278	1016	262	266145
140	Wine	Samara white	750ML	12	2308	2673	1743	0	1278	0	0	0	1278	1030	39	40163
141	Wine	Sula brut mithode champen	750ML	12	6599	10395	6042	7296	4480	7445	7041	0	4480	2119	0	0
142	Wine	Sula brut mithode champen	375ML	24	7054	11483	6042	7440	4952	0	0	0	4952	2102	89	187112
143	Wine	Sula carbernet shiraz	750ML	12	5398	6880	4652	5400	4031	5294	4533	0	4031	1367	0	0
144	Wine	Sula carbernet shiraz	375ML	24	5957	7227	4652	5544	4501	0	5082	0	4501	1456	386	562101
145	Wine	Sula sauvignon blanc	750ML	12	5426	6739	4645	5136	4031	5473	0	0	4031	1395	0	0
146	Wine	Sula sauvignon blanc	375ML	24	5979	7088	4645	5328	4501	0	0	0	4501	1478	57	84259
Total																**1139780**
	Supplier Name: PERNOD RICARD INDIA (P)															
147	Vodka	Seagram fuel vodka	750ML	12	1667	6287	1200	7210	0	3222	0	0	1200	467	433	202211
148	Vodka	Seagram fuel vodka	375ML	24	1677	6287	1200	7210	0	3222	0	0	1200	477	116	55332
149	Vodka	Seagram fuel vodka	180ML	48	1763	6287	1200	7018	0	3199	0	0	1200	563	311	175093
Total																**432636**

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						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhark-hand	Odisha	Telang-ana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
Supplier Name: PRIVILEGINDUSTRIES LTD.																
150	Beer	Budweiser magnum strong beer	650ML	12	1009	1794	696	920	0	0	663	0	663	346	0	0
151	Beer	Budweiser premium king of beers	650ML	12	767	1436	660	1001	0	0	559	0	559	208	0	0
152	Beer	Budweiser premium king of beers	500ML_ CAN	24	1091	2051	857	1661	0	0	815	0	815	276	0	0
153	Beer	Budweiser premium king of beers	330ML	24	857	1641	730	1066	0	0	0	0	730	127	3282	416683
154	Beer	Budweiser premium king of beers	330ML_ CAN	24	928	1641	779	0	0	0	0	0	779	149	5382	800088
Total																**1216771**
Supplier Name: RADICO KHAITAN LIMITED																
155	Brandy	Morpheus xo blended premium	750ML	12	4000	0	2145	0	0	0	5864	0	2145	1855	0	0
156	Brandy	Morpheus xo blended	375ML	24	4000	0	2145	0	0	0	5864	0	2145	1855	0	0
157	Brandy	Morpheus xo blended premium	180ML	48	4000	0	2145	0	0	0	5849	0	2145	1855	0	0
158	Rum	8pm barmuda xxx orig. Carebian	750ML	12	1200	3621	799	0	0	0	0	0	799	401	1150	461150
159	Rum	8pm barmuda xxx orig. Carebian	375ML	24	1200	3621	0	0	0	0	0	0	3621	-2421	0	0
160	Rum	Contessa xxx rum blended with matured cane juice spirit	750ML	12	1200	3621	725	0	0	0	0	0	725	475	0	0
161	Rum	Contessa xxx rum blended with matured cane juice spirit	375ML	24	1200	3621	725	0	0	0	0	0	725	475	0	0

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						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhark-hand	Odisha	Telang-ana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
162	Rum	Contessa xxx rum blended with matured cane juice	180ML	48	1150	3387	725	0	0	0	0	0	725	425	0	0
163	Vodka	M2 verve magic moments green apple premium flavoured vodka	750ML	12	4000	0	2275	10455	0	0	0	0	2275	1725	0	0
164	Vodka	M2 verve magic moments green apple premium flavoured vodka	375ML	24	4000	0	2275	10515	0	0	0	0	2275	1725	0	0
165	Vodka	M2 verve magic moments green apple premium flavoured vodka	180ML	48	4000	0	2275	10209	0	0	0	0	2275	1725	0	0
166	Vodka	M2 verve magic moments orange premium flavoured vodka	750ML	12	4000	0	2275	0	0	0	0	0	2275	1725	0	0
167	Vodka	M2 verve magic moments orange premium flavoured vodk	375ML	24	4000	0	2275	0	0	0	0	0	2275	1725	0	0
168	Vodka	M2 verve magic moments orange premium flavour	180ML	48	4000	0	2275	0	0	0	0	0	2275	1725	0	0
169	Vodka	M2 verve magic moments super premium vodka	750ML	12	3725	7999	2190	8575	0	0	5033	0	2190	1535	483	741405
170	Vodka	M2 verve magic moments super premium vodka	375ML	24	3725	8334	2190	8695	0	0	5215	0	2190	1535	27	41445

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						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhark-hand	Odisha	Telang-ana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
171	Vodka	M2 verve magic moments super premiu	180ML	48	3725	8334	2190	8385	0	0	5288	0	2190	1535	65	99775
172	Vodka	Magic moment remix flavoured vodka lemon	750ML	12	2390	0	1513	0	0	0	3945	0	1513	877	720	631440
173	Vodka	Magic moment remix flavoured vodka lemon	375ML	24	2390	0	1513	0	0	0	3945	0	1513	877	185	162245
174	Vodka	Magic moment remix flavoured vodka lemon	180ML	48	2390	0	1513	0	0	0	3952	0	1513	877	478	419206
175	Vodka	Magic moment remix flavoured vodka orange	750ML	12	2390	0	1513	0	0	3211	3945	0	1513	877	11170	9796090
176	Vodka	Magic moment remix flavoured vodka orange	375ML	24	2390	0	1513	0	0	3211	3945	0	1513	877	3385	2968645
177	Vodka	Magic moment remix flavoured vodka orange	180ML	48	2390	0	1513	0	0	3156	3952	0	1513	877	9293	8149961
178	Vodka	Magic moments remix flavored vodka lemongrass & ginger	750ML	12	2390	0	1513	0	0	0	0	0	1513	877	0	0
179	Vodka	Magic moments remix flavored vodka lemongrass & ginger	375ML	24	2390	0	1513	0	0	0	0	0	1513	877	0	0
180	Vodka	Magic moments remix flavored vodka lemongrass & ginger	180ML	48	2390	0	1513	0	0	0	0	0	1513	877	0	0

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						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhark-hand	Odisha	Telang-ana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
181	Whisky	8 pm smooth indian whisky blended with scotch	750ML	12	1200	3327	785	0	0	0	0	0	785	415	0	0
182	Whisky	8 pm smooth indian whisky blended with scotch	375ML	24	1200	3356	785	0	0	0	0	0	785	415	0	0
183	Whisky	8 pm smooth indian whisky blended with scotch	180ML	48	1150	3356	785	0	0	0	0	0	785	365	0	0
Total																**23471362**
Supplier Name: SABMILLER INDIA LTD.																
184	Beer	Fosters gold strong beer	650ML	12	615	0	487	0	321	0	355	423	321	294	22193	6520525
185	Beer	Fosters lagar	650ML	12	615	0	450	0	301	0	355	371	301	314	59084	18538196
186	Beer	Haywards 5000 super strong beer	650ML	12	567	0	419	0	255	709	865	271	255	312	1258420	392085919
187	Beer	Haywards 5000 super strong beer	325ML	24	741	0	500	0	287	0	0	390	287	454	6878	3124744
188	Beer	Miller high life	650ML	12	747	0	576	0	372	0	609	372	372	375	10004	3753801
189	Beer	Miller high life	330ML	24	873	0	618	0	403	0	746	403	403	470	1182	555505
Total																**424578690**
Supplier Name: SOM DISTILLERIES & BREWERIES LTD.																
190	Beer	Black fort super strong	650ML	12	387	0	347	0	0	0	0	0	347	40	0	0
191	Beer	Black fort super strong	325ML	24	567	0	416	0	0	0	0	0	416	151	25444	3842044
192	Beer	Hunter super strong pre	650ML	12	567	0	421	0	0	0	442	0	421	146	0	0
193	Beer	Hunter super strong pre	500ML_ CAN	24	842	0	626	0	0	0	737	0	626	216	47677	10298232

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)								Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhark-hand	Odisha	Telang-ana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
194	Beer	Hunter super strong pre	325ML	24	667	0	459	0	0	0	0	0	459	208	3537	735696
Total																14875972
Supplier Name: UNITED BREWERIES LTD.																
195	Beer	Heineken lager beer	650ML	12	1004	1796	765	2667	0	0	0	0	765	239	0	0
196	Beer	Heineken lager beer	500ML_CAN	24	1424	2416	1183	4232	0	0	0	0	1183	241	0	0
197	Beer	Heineken lager beer	330ML	24	1148	2209	835	2784	0	0	0	0	835	313	0	0
198	Beer	Kingfisher blue pre.	650ML	12	635	0	459	0	357	0	992	0	357	278	18511	5149205
199	Beer	Kingfisher pre draught	500ML_CAN	24	894	2035	0	0	0	0	0	0	2035	-1141	0	0
200	Beer	Kingfisher pre. Lagar	650ML	12	567	1156	459	1994	313	0	813	0	459	108	37629	4063932
201	Beer	Kingfisher pre. Lagar	500ML_CAN	24	894	1932	761	0	0	1253	1300	0	761	133	0	0
202	Beer	Kingfisher pre. Lagar	330ML_CAN	24	804	1311	591	0	439	0	0	0	439	365	2582	942017
203	Beer	Kingfisher pre. Lagar	325ML	24	741	0	556	0	0	0	0	0	556	185	0	0
204	Beer	Kingfisher pre. Strong	650ML	12	567	1199	421	0	357	0	865	0	357	210	956040	200930927
205	Beer	Kingfisher pre. Strong	500ML_CAN	24	894	2040	765	2090	0	1253	1340	0	765	129	3386	436794
206	Beer	Kingfisher pre. Strong	330ML_CAN	24	804	1415	626	0	0	0	0	0	626	178	33954	6043812
207	Beer	Kingfisher pre. Strong	325ML	24	741	0	556	0	0	0	0	0	556	185	5688	1052280
208	Beer	Kingfisher ultra lagar	650ML	12	786	1401	592	2147	471	0	0	0	471	315	0	0
209	Beer	Kingfisher ultra lagar	500ML_CAN	24	1206	2021	974	3752	0	0	0	0	974	232	25236	5854752
210	Beer	Kingfisher ultra lagar	330ML	24	931	1711	695	2264	504	0	0	0	504	427	1723	736238

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)								Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhark-hand	Odisha	Telang-ana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
211	Beer	Kingfisher ultra max premium strong beer	650ML	12	965	1814	633	0	0	0	0	0	633	332	0	0
212	Beer	Kingfisher ultra max premium strong beer	500ML_ CAN	24	1424	2848	995	0	0	0	0	0	995	429	0	0
213	Beer	Kingfisher ultra max premium strong beer	330ML	24	1003	2228	765	0	0	0	0	0	765	238	0	0
214	Beer	Zingaro super strong premium	650ML	12	567	1030	421	0	0	0	0	0	421	146	0	0
215	Beer	Zingaro super strong premium	330ML_ CAN	24	804	1280	591	0	0	0	0	0	591	213	0	0
Total																**225209957**
Supplier Name: UNITED SPIRITS LIMITED																
216	Gin	Blue riband premium extra dry gin	750ML	12	1240	0	870	0	0	0	0	0	870	370	928	343657
217	Gin	Blue riband premium extra dry gin	375ML	24	1240	0	870	0	0	0	0	0	870	370	628	232561
218	Gin	Blue riband premium extra dry gin	180ML	48	1240	0	870	0	0	0	0	0	870	370	2709	1003197
219	Gin	Blue riband tango gin and orange	750ML	12	1240	0	870	0	0	0	0	0	870	370	1170	432900
220	Gin	Blue riband tango gin and orange	375ML	24	1240	0	870	0	0	0	0	0	870	370	1682	622340
221	Gin	Blue riband tango gin and orange	180ML	48	1240	0	870	0	0	0	0	0	870	370	7586	2806820
222	Rum	Mcdowells no.1 celebration matured xxx rum	750ML	12	1275	0	787	0	0	0	817	0	787	488	12747	6220536

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						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhark-hand	Odisha	Telang-ana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
223	Rum	Mcdowells no.1 celebration matured xx	375ML	24	1275	0	787	0	0	0	837	0	787	488	6198	3024624
224	Rum	Mcdowells no.1 celebration matured xxx rum	180ML	48	1300	0	787	0	0	0	858	0	787	513	16347	8386011
225	Vodka	White mis chief ultra pure vodka	750ML	12	1275	0	923	0	0	0	970	0	923	352	11258	3962816
226	Vodka	White mis chief ultra pure vodka	375ML	24	1275	0	923	0	0	0	981	0	923	352	9162	3225024
227	Vodka	White mis chief ultra pure vodka	180ML	48	1300	0	923	0	0	0	1019	0	923	377	29165	10995205
228	Vodka	White mischief flavoured vodka green apple+cinnamon	750ML	12	1800	0	1200	0	1770	0	0	0	1200	600	1696	1017600
229	Vodka	White mischief flavoured vodka green apple+cinnamon	375ML	24	1800	0	1200	0	1770	0	0	0	1200	600	326	195600
230	Vodka	White mischief flavoured vodka green apple+ci	180ML	48	1750	0	1200	0	1773	0	0	0	1200	550	1286	707300
231	Vodka	White mischief flavoured vodka mango+mint	750ML	12	1800	0	1200	0	1770	0	0	0	1200	600	2128	1276800
232	Vodka	White mischief flavoured vodka mango+mint	375ML	24	1800	0	1200	0	1770	0	0	0	1200	600	578	346800
233	Vodka	White mischief flavoured vodka mango+mint	180ML	48	1750	0	1200	0	1773	0	0	0	1200	550	1695	932250

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)								Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Maharashtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jharkhand	Odisha	Telangana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
234	Vodka	White mischief flavoured vodka strawberry+ginseng	750ML	12	1800	0	1200	0	1770	0	0	0	1200	600	1032	619200
235	Vodka	White mischief flavoured vodka strawberry+ginseng	375ML	24	1800	0	1200	0	1770	0	0	0	1200	600	128	76800
236	Vodka	White mischief flavoured vodka strawberry+ginseng	180ML	48	1750	0	1200	0	1773	0	0	0	1200	550	15	8250
237	Whisky	Antiquity blue ultra premium whisky	750ML	12	5650	0	3560	11636	3597	5981	3831	0	3560	2090	5540	11578600
238	Whisky	Antiquity blue ultra premium whisky	375ML	24	5650	0	3560	11636	3620	5981	3870	0	3560	2090	483	1009470
239	Whisky	Antiquity blue ultra premium whisky	180ML	48	5760	0	3560	11333	3623	5564	3951	0	3560	2200	812	1786400
240	Whisky	Antiquity rare premium whisky	750ML	12	4610	0	2800	0	2967	4788	0	0	2800	1810	3608	6530480
241	Whisky	Antiquity rare premium whisky	375ML	24	4680	0	2800	0	2967	4788	0	0	2800	1880	165	310200
242	Whisky	Antiquity rare premium whisky	180ML	48	4650	0	2800	0	2967	4840	0	0	2800	1850	347	641950
243	Whisky	Bagpiper deluxe whisky	750ML	12	1000	0	800	0	0	0	951	0	800	200	28698	5739600
244	Whisky	Bagpiper deluxe whisky	375ML	24	1000	0	800	0	0	0	966	0	800	200	8814	1762800
245	Whisky	Bagpiper delux	180ML	48	1000	0	800	0	0	0	991	0	800	200	30420	6084000
246	Whisky	Black dog centenary black reserve	750ML	12	9150	0	6728	18484	6772	9225	7837	0	6728	2422	1576	3817261
247	Whisky	Black dog centenary black reserve	375ML	24	9100	0	6728	18604	6928	9270	8038	0	6728	2372	29	68791

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)								Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhark-hand	Odisha	Telang-ana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
248	Whisky	Black dog centenary black reserve	180ML	48	9200	0	6728	18321	6901	9207	8433	0	6728	2472	35	86524
249	Whisky	Black dog triple gold reserve	750ML	12	13275	0	10994	0	0	0	11305	0	10994	2281	470	1072253
250	Whisky	Black dog triple gold reserve	375ML	24	13270	0	10994	0	0	0	11305	0	10994	2276	0	0
251	Whisky	Black dog triple gold reserve	180ML	48	13270	0	10994	0	0	0	11521	0	10994	2276	141	320971
252	Whisky	Mcd. No.1 resereve whisky	750ML	12	1499	0	1131	0	0	2494	1354	0	1131	368	114635	42185680
253	Whisky	Mcd. No.1 resereve whisky	375ML	24	1499	0	1131	0	0	2494	1380	0	1131	368	36483	13425744
254	Whisky	Mcd. No.1 resereve whisky	180ML	48	1499	0	1131	0	0	2448	1397	0	1131	368	108945	40091760
255	Whisky	Mcdowells green lable deluxe grain whisky	750ML	12	1110	0	1036	0	0	0	0	0	1036	74	36	2664
256	Whisky	Mcdowells green lable deluxe grain whisky	375ML	24	1110	0	1036	0	0	0	0	0	1036	74	8	592
257	Whisky	Mcdowells green lable deluxe grain whisky	180ML	48	1240	0	1036	0	0	0	0	0	1036	204	3	612
258	Whisky	Mcdowells no. 1 dietmate premium grain supreme	750ML	12	1940	0	1800	0	0	0	0	0	1800	140	36919	5168660
259	Whisky	Mcdowells no. 1 dietmate premium grain supreme	375ML	24	1945	0	1800	0	0	0	0	0	1800	145	6517	944965
260	Whisky	Mcdowells no. 1 dietmate premium grain supreme	180ML	48	1999	0	1800	0	0	0	0	0	1800	199	12907	2568493

Sl. No.	Brand Name	Label Name	Bottle size	No of Bottles in one case	Purchase Price fixed by the Company (per case)	Purchase Price at neighbouring States (per case)								Difference in purchase price in comparison with lowest price	Quantity sold (cases)	Amount of undue benefit to suppliers
						Mahara-shtra	Madhya Pradesh	Uttar Pradesh	Andhra Pradesh	Jhark-hand	Odisha	Telang-ana	Lowest price amongst the neighbouring States			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 (6-14)	16	17 (15 x 16)
261	Whisky	Mcdowells no.1 platinum premium	750ML	12	2150	0	1800	0	0	0	0	0	1800	350	34582	12103700
262	Whisky	Mcdowells no.1 platinum premium	375ML	24	2114	0	1800	0	0	0	0	0	1800	314	6771	2126094
263	Whisky	Mcdowells no.1 platinum premium	180ML	48	2150	0	1800	0	0	0	0	0	1800	350	13678	4787300
264	Whisky	Royal challange finest premium	750ML	12	2305	0	1800	0	0	3709	1969	0	1800	505	25929	13094145
265	Whisky	Royal challange finest premium	375ML	24	2350	0	1800	0	0	3687	1994	0	1800	550	3042	1673100
266	Whisky	Royal challange finest premium	180ML	48	2315	0	1800	0	0	3596	2029	0	1800	515	4949	2548735
267	Whisky	Signature premier grain whisky	750ML	12	4340	0	3255	10910	0	5140	3284	0	3255	1086	0	0
268	Whisky	Signature premier grain whisky	375ML	24	4410	0	3255	10970	0	5140	3284	0	3255	1156	459	530375
269	Whisky	Signature premier grain whisky	180ML	48	4480	0	3255	10665	0	5150	3400	0	3255	1226	90	110295
270	Whisky	Signature rare aged whisky	750ML	12	3800	0	2624	10000	0	4479	2469	0	2469	1331	11892	15822663
271	Whisky	Signature rare aged whisky	375ML	24	3850	0	2624	10060	0	4531	2537	0	2537	1313	2106	2766126
272	Whisky	Signature rare aged whisky	180ML	48	3900	0	2624	9753	0	4500	2585	0	2585	1315	3556	4675607
273	Vodka	Stolichnaya vodka	750ML	12	12158	11354	0	0	0	0	0	0	11354	805	0	0
274	Wine	Two oceans sauvignon blanc	750ML	12	10331	9808	0	0	0	0	0	0	9808	523	0	0
275	Wine	Two oceans shiraz wine	750ML	12	10331	9808	0	0	0	0	0	0	9808	523	0	0
Total																**249746807**
Grand total amount of undue benefit to the Suppliers for 2015-16																**1061854679**

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

Annexure – 3.3

Statement showing details of land premium and user charges recovered from allottee
(Referred to in paragraph 3.5)

SN	Particulars	Amount (₹)
1	Rate of land per hectare considered by the Company	3000000
2	Land area in hectare	1.94249
3	Value of land (1x 2)	5827600
4	Amount of land premium (50 per cent rebate on land value)	2913800
5	Lease rent at the rate of 2.50 *per cent* of 3 above	145690

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

Annexure – 3.4

Statement showing details of short assessment of land premium and lease rent in respect of land allotment made to M/s Salasar Pipes Private Limited
(Referred to in paragraph 3.5)

SN	Particulars	Amount (₹)
1	Rate of land per hectare as per CBV guidelines	1725000
2	Land area in hectare	1.94249
3	Value of land (1x 2)	3350795
4	Add: Solatium at the rate of 100 *per cent* of 3 above	3350795
5	Add: Interest for 12 months at the rate of 12 *per cent* per annum on 3 above	402095
6	Total value of land (3+4+5)	7103685
7	Add: Service charge at the rate of 10 *per cent* on 6 above	710368
8	Total amount of land premium (6+7)	7814053
9	Amount of concessional land premium to be recovered (50 *per cent* of 8 above)	3907026
10	Lease rent to be recovered at the rate of 2.50 *per cent* of 8 above	195351
11	Land premium actually recovered	2913800
12	Lease rent actually recovered	145690
13	**Short recovery of land premium (row 9- row 11)**	**993226**
14	**Short recovery of lease rent (row 10- row 12) x 99 years (considering 25 *per cent* increase for interval of every 30 years as per lease deed clause 4)**	**6552924**
15	**Total short recovery of land premium and lease rent (row13 + row 14)**	**7546150**

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

Annexure – 3.5

Statement showing details of payment made by KFCSCL and loss of interest to the Company
(Referred to in paragraph 3.6)

(Amount in ₹)

Month	Opening outstanding amount	Total cost of rice including railway freight supplied during the month	Total amount receivable	Amount received from KFCSCL during the month	Balance amount outstanding	Period of loss of interest (in month)	Loss of interest at the average rate of 11% per annum
1	2	3	4(2+3)	5	6(4-5)	7	8 (Col.6 x Col 7 x 11% per annum)
Jul-13	0	312623147	312623147	450000000	-137376853	1	0
Aug-13	-137376853	293010746	155633893	120000000	35633893	1	326644
Sep-13	35633893	493954424	529588317	350000000	179588317	1	1646226
Oct-13	179588317	1615939257	1795527574	850000000	945527574	1	8667336
Nov-13	945527574	437654992	1383182565	1100000000	283182565	1	2595840
Dec-13	283182565	624287034	907469600	300000000	607469600	1	5568471
Jan-14	607469600	0	607469600	50000000	557469600	1	5110138
Feb-14	557469600	0	557469600	100000000	457469600	1	4193471
Oct-14	457469600	0	457469600	0	457469600	8	33547771
Sep-16	457469600		457469600	456846590	623010	23	131351
Total		**3777469600**	**7163903494**	**3776846590**			**61787249**

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

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