PREFACE

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

(i) Government companies,

(ii) Statutory corporations, and

(iii) Departmentally managed commercial undertakings.

2. This report deals with the results of audit of Government companies and Statutory corporations. The report has been prepared for submission to the Government of Uttar Pradesh under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time. The results of audit relating to 11 departmentally managed commercial undertakings are included in the Report of the Comptroller and Auditor General of India (Civil) – Government of Uttar Pradesh.

3. Audit of accounts of Government companies is conducted by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act, 1956.

4. In respect of Uttar Pradesh State Road Transport Corporation, Uttar Pradesh Avas Evam Vikas Parishad, Uttar Pradesh Jal Nigam and Uttar Pradesh Forest Corporation, which are Statutory corporations, CAG is the sole auditor. In respect of Uttar Pradesh State Financial Corporation, CAG has the right to conduct the audit of accounts, in addition to the audit conducted by the Chartered Accountants out of panel of auditors approved by the Reserve Bank of India as per State Financial Corporations (Amendment) Act, 2000. In respect of Uttar Pradesh State Warehousing Corporation, CAG has the right to conduct the audit of accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with CAG. In respect of U.P. Government Employees Welfare Corporation, audit is conducted under Section 19 (3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. In respect of Uttar Pradesh Electricity Regulatory Commission, CAG is the sole auditor. The Audit Reports on the annual accounts of all these corporations/commission are forwarded separately to the State Government.

5. The cases mentioned in this Report are those, which came to notice in the course of our audit during the year 2009-10 as well as those which came to notice in earlier years but were not dealt with in the previous Reports. Matters relating to the period subsequent to 2009-10 have also been included, wherever necessary.

6. Our audit, in relation to the material included in this Report, has been conducted in conformity with the Auditing Standards issued by the CAG.

OVERVIEW

1. Overview of Government companies and Statutory corporations

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by CAG. These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2010, the State of Uttar Pradesh had 83 working PSUs (76 companies and 7 Statutory corporations) and 43 non-working PSUs (all companies), which employed 0.78 lakh employees. The working PSUs registered a turnover of ` 35,541.61 crore for 2009-10 as per their latest finalised accounts. This turnover was equal to 9.94 per cent of the State GDP indicating a moderate role played by the State PSUs in the economy. However, the working PSUs incurred overall loss of ` 3,919.77 crore in 2009-10 and had accumulated losses of ` 17,889.43 crore.

Investments in PSUs

As on 31 March 2010, the investment (Capital and long term loans) in 126 PSUs was ` 62,997.81 crore. It grew by over 137.05 per cent from ` 26,576.17 crore in 2004-05 mainly because of increase in investment in power sector. Power Sector accounted for 90.04 per cent of the total investment in 2009-10. The Government contributed ` 8,111.91 crore towards equity and grants/subsidies during 2009-10.

Performance of PSUs

During the year 2009-10, out of 83 working PSUs, 33 PSUs earned profit of ` 1,081.60 crore and 21 PSUs incurred loss of ` 5,001.37 crore. Two working PSUs, which were incorporated during 2006-07 had not submitted their first accounts whereas 27 companies remained at no profit no loss. The major contributors to profit were Uttar Pradesh Avas Evam Vikas Parishad (` 424.13 crore), Uttar Pradesh Rajkiya Nirman Nigam Limited (` 195.64 crore), Uttar Pradesh State Industrial Development Corporation Limited (` 97.01 crore), Uttar Pradesh Forest Corporation (` 101.59 crore), Uttar Pradesh Jal Nigam (` 66.54 crore), Uttar Pradesh State Warehousing Corporation (` 39.82 crore) and Uttar Pradesh State Road Transport Corporation (` 10.67 crore).

The heavy losses were incurred by seven power sector companies (total ` 4738.53 crore), Uttar Pradesh Financial Corporation (` 115.01 crore) and Uttar Pradesh State Sugar Corporation Limited (` 43.87 crore).

The losses are attributable to various deficiencies in the functioning of PSUs. A review of three years Audit Reports of CAG shows that the state PSUs losses of ` 1,807.02 crore and infructuous investments of ` 30.11 crore were controllable with better management. Thus, there is tremendous scope to improve the functioning and minimise/eliminate losses. The PSUs can discharge their role efficiently only if they are financially self-reliant. There is a need for professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of accounts of PSUs needs improvement. Of the 65 accounts of working companies finalised during October 2009 to September 2010, qualified certificates were issued for 53 accounts, adverse certificates for four accounts, disclaimer for one account and unqualified certificates for seven accounts. There were eight instances of non-compliance with Accounting Standards. Of the seven accounts finalised during October 2009 to September 2010 by the six statutory corporations, we conducted audit of seven accounts and issued qualified certificate for four accounts. The audit of rest of three corporations was under finalisation.

Arrears in accounts and winding up

Fifty two working PSUs had arrears of 182 accounts as of September 2010. The arrears need to be cleared by setting targets for PSUs and outsourcing the work relating to preparation of accounts. There were 43 non-working companies. As no purpose may be served by keeping these PSUs in existence, Government needs to expedite closing down of the non working PSUs.

2. Performance reviews relating to Government Companies

Performance reviews relating to Uttar Pradesh State Agro Industrial Corporation Limited, Power Generating Undertakings in Uttar Pradesh and Information Technology Support System of Revenue Billing in Lucknow Electricity Supply Administration, Lucknow, were conducted. Executive summary of our audit findings is given below:

Uttar Pradesh State Agro Industrial Corporation Limited

The Uttar Pradesh State Agro Industrial Corporation Limited, Lucknow was established in March 1967 as a Government Private Company (subsequently converted into Deemed Public Company in May 1975) with the objective to aid, assist, promote or establish, develop and execute agro-industries, projects or enterprises or programme to manufacture or production of such equipments or goods that will promote or advance agro industrial development of Uttar Pradesh. The objectives were modified in February 2000 to include manufacturing and trading of implements/inputs used in agriculture, horticulture, rural industries and other programmes to increase productivity, promote employment and income generation in rural areas, any other activity or business that increase turnover or improves financial position or assigned to it by Government or other agencies.

The Company's activities were mainly confined to sale of tractors, procurement of agriculture implements on Government demands or its authorities, installation of hand pumps, distribution of fertilizers, pesticides, seeds etc. to farmers, procurement of wheat and paddy on behalf of State Government under the Scheme of Minimum Support Price (MSP) of Central Government, procurement of gypsum on behalf of State Government for supply to Agriculture Department, production and sale of agriculture implements and cattle feed.

Procurement and installation of hand pumps

The Company, for installation of hand pumps, received supplies of 745 lots of GI pipes (24.33 lakh metre) which were having weight lesser by 521 MT (valued at ` 2.40 crore) than the standard weight of 7615.16 MT. It failed to cancel supplies of 60 lots (2.20 lakh metre) of GI pipes valued at ` 3.26 crore as per the terms and conditions of orders, where variation in weight exceeded the permissible allowance. It accepted supplies of 257 lots of GI pipes valued at ` 13.74 crore without its weighment. The Company had weak control mechanism regarding scrutiny of tenders as it placed order for supplies of GI pipes valued at ` 3.98 crore on a firm which had quoted two rates from two places. It incurred extra expenditure of ` 39.70 lakh due to use of more length of PVC pipes in installation of hand pumps without any basis. The Company inflated cost of installation of hand pumps to the extent of ` 5.73 crore by adding extra amount towards cost of materials.

Procurement of fertilizers and seeds

Fertilizers business was continuously in loss during five years ending 2009-10 and aggregated to ` 3.87 crore as the Company could not recover its administrative and finance cost. Reasons of loss were failure to induce farmers for purchasing from Company's outlets, lesser allocation of fertilizers to the Company for sale, margin of sale of fertilizers remaining almost unchanged for last ten years etc. The Company purchased 864.90 quintals of hybrid paddy seeds belatedly without ascertaining its marketability in kharif season 2009 resulting in failure to sell 681.31 quintals seeds and expiry of its germination life and loss of ` 1.28 crore.

Procurement of wheat and paddy under MSP

The State Government authorised the Company for procurement of wheat and paddy for state and central pool. The Company failed to streamline varying practice of raising claims of incidental charges receivable on procurement of wheat and its admittance by RFCs. It did not claim incidentals charges of ` 2.16

crore whereas the RFCs did not admit the claims of ` 0.98 crore of the Company on procurement of wheat during 2005-10.

Manpower Planning

The Company had acute shortage of Executives in key post and other staff which adversely affected internal control, sales promotion, manufacturing and trading of the Company.

Internal Control System

Internal Control of the Company was weak as audit wing was non-functional and there was acute shortage of staff on key posts. The Company failed to stop encashment of cheques issued by it before one week of the actual supply as per the terms and conditions of the orders.

Conclusion and recommendations

The performance of the Company was found to be dismal in regard to procurement and installation of hand pump assemblies. Prescribed procedures for procurement of materials were not adhered to resulting in sub-standard purchase of GI pipes, estimates for the installation of hand pumps were prepared with inflated cost and PVC pipes were used in excess of PVC pipes for casing purpose were used in excess of requirement. Inrequirement. Hybrid paddy seeds were procured belatedly resulting in major quantity remaining unsold beyond its germination period and resulted in loss to the Company. Claims of incidental charges against procurement of wheat were not being raised uniformly in the Company and as per the Government orders resulting in non-receipt of total incidental charges. Due to diversion of loan funds received for procurement of wheat, the Company incurred extra burden of interest. There was acute shortage of staff and absence of incumbents for key posts which adversely affected the functioning of the Company. The available funds were not judiciously utilised. The internal control system was deficient in procurement of gypsum and internal audit was not functional.

The Company should adhere to prescribed procedures of procurement to ensure quality of materials, prepare estimate of installation of hand pumps as per norms. It should utilise funds judiciously and arrange funds from Government and other financial institutions for its working capital requirement and streamline internal control system to ensure compliance of procedures, rules, regulation & financial propriety.

Power Generating Undertakings in Uttar Pradesh

Power is an essential requirement for all facets of life and has been recognised as a basic requirement. In Uttar Pradesh, the generation of thermal power is managed by the Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) and of hydro power by Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL). UPRVUNL has eight thermal generation stations and UPJVNL has 12 hydro generation stations with installed capacity of 4082 MW and 526.10 MW respectively. Keeping in view the power availability situation in the State, it was considered desirable to undertake performance audit review of the power generation activities during 2005-10. Important audit observations are discussed below.

Capacity Addition

Against the envisaged capacity addition of 6515 MW to meet the energy generation requirement in the State during 2005-10, the actual addition was 2728 MW. Though 1420 MW of capacity was planned to be added by UPRVUNL during the five years ending March 2010, the actual addition was only 480 MW leaving a deficit of 940 MW. The State was not in position to meet the demand as the power generated as well as power purchased fell short to the extent of 7871 MUs to 13672 MUs during 2005-10.

Project Management

The six units taken up for implementation during the review period were not completed within scheduled time. The slippage in time schedule was due to delay in release of advance to BHEL, delay in splitting and awarding of Balance of Plant (BOP) contract and delay in finalising plot plan/ main power house etc. In two units, time overrun varied from 21 to 27 months in commercial operation of projects, which led to additional expenditure of interest during construction (IDC) of ` 46.44 crore. UPRVUNL failed to recover liquidated damages of ` 132.45 crore from BHEL being the penalty for the delay in commissioning of the projects. UPRVUNL incurred excess expenditure of ` 64.49 crore due to non-awarding of BOP work to BHEL.

Contract Management

During 2005-10, contracts valuing ` 7263 crore were executed with BHEL on single quotation basis which defeated the purpose of getting work done at competitive rate. UPRVUNL extended undue favour to a contractor in award of work of switchyard, resulting in avoidable expenditure of ` one crore.

Operational Performance

Performance of the existing generation stations depends on efficient use of material, manpower and capacity of the plants so as to generate maximum energy possible without affecting the long term operations of the plants. Audit scrutiny of operational performance revealed the following:

Procurement of coal

In absence of any agreement with the coal companies during 2005-10, UPRVUNL failed to procure allotted quantity of coal since short receipt of coal was about 10.89 per cent.

UPRVUNL suffered loss of ` 53.85 crore on account of excess transit loss of coal as compared to norms fixed by MERC/HERC. The Company also made an avoidable payment of ` 16.57 crore as demurrage charges to railways due to delay in unloading of coal wagons by the private contractors and incurred additional expenditure of ` 83.40 crore on procurement of 2.40 lakh MT imported coal due to mixing of imported coal with domestic coal in an arbitrary manner.

Consumption of coal

The consumption of coal in Orba and Parichha TPSs was higher than the norms fixed by UPERC during the review period which resulted in excess consumption of coal of 63.06 lakh MT valued at ` 1082.51 crore.

Deployment of Manpower

UPRVUNL had 9327 employees as on 31 March 2010. The deployment of manpower was not rational as the manpower deployed at thermal power stations was in excess of the norms fixed by CEA which resulted in extra expenditure of ` 694.11 crore during 2005-10. In UPJVNL, the deployment of manpower was within the norms fixed by CEA.

Plant Load Factor

The PLF of all the TPSs of UPRVUNL was lower than the national average except PLF of Anpara TPS. The estimated shortfall in generation as compared to national average PLF worked out to 28608.87 MUs resulting in loss of contribution amounting to ` 1271.17 crore.

Outages

The forced outages remained more than the norm of 10 per cent fixed by CEA in all the five years ending 31 March 2010 which would otherwise have entailed availability of plant for additional 79291 operational hours with consequent generation of 12296 MUs valued at ` 2308.42 crore.

Auxiliary Consumption

The actual auxiliary consumption of Anpara, Obra and Parichha TPSs was more than the norms fixed by UPERC during the period under review resulting in lesser availability of power by 1673.01 MUs valued at ` 269.32 crore.

Repairs and maintenance

UPRVUNL incurred avoidable expenditure of ` 33.94 crore due to non-carrying out of capital overhauling of unit-4 of Anapara 'B' TPS on due date and also suffered generation loss of 1194 MUs valued at ` 208.16 crore.

Renovation & Modernisation

The contract agreement executed for R&M of Obra'B' TPS with BHEL was faulty since supply of material was not linked with shutdown schedule of each units which resulted in blockade of funds of ` 580.82 crore.

Financial Management

Dependence of UPRVUNL on borrowed funds increased from ` 3115.29 crore in 2005-06 to ` 5516.15 crore in 2009-10 which resulted in interest burden of ` 1750 crore.

Claims and Dues

Due to deletion of penalty clause of PPA, the UPRVUNL could not claim late payment surcharge from UPPCL and suffered loss of ` 2928.80 crore during

2005-10 and receivables (dues) from UPPCL increased from ` 2028.62 crore (March 2005) to ` 4089.94 crore (March 2010).

Environmental Issues

To reduce SPM level, UPRVUNL had procured material valuing ` 209.68 crore for installation of ESPs but it could not be installed so far. Further, on line monitoring system to record SPM level was not installed/ operative in any TPSs of UPRVUNL.

Conclusion and Recommendations

Construction activities taken up by UPRVUNL and UPJVNL for new thermal and hydro power projects were far behind the scheduled timeframe. The performance of UPRVUNL and UPJVNL was not up to the desired level due to lower operational efficiency and short fall in generation with reference to targets fixed by CEA/ UPERC. UPRVUNL failed to control outages and excess auxiliary consumption in both old and new units. Failure to follow the prescribed preventive maintenance schedule and inefficient fuel management marred the performance of UPRVUNL. The review contains six recommendations which include effective planning and monitoring, ensuring consumption of coal within the prescribed norms, minimise forced outages and auxiliary consumption etc.

Information Technology Support System of Revenue Billing in Lucknow Electricity Supply Administration

The Government of Uttar Pradesh (GoUP) trifurcated (January 2000) the activities of the erstwhile Uttar Pradesh State Electricity Board into three Government Companies. While it assigned the function of power generation to two Government Companies viz., thermal power generation to Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) and hydro-electric power generation to Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL), it assigned transmission and distribution functions to Uttar Pradesh Power Corporation Limited (UPPCL). The GoUP reallocated the functions of UPPCL and assigned (12 August 2003) the distribution function to four newly formed subsidiary distribution Companies (Discoms) of UPPCL viz. Purvanchal Vidyut Vitaran Nigam Limited, Varanasi, Pashchimanchal Vidyut Vitaran Nigam Limited, Meerut, Madhyanchal Vidyut Vitaran Nigam Limited, Lucknow and Dakhinanchal Vidyut Vitaran Nigam Limited, Agra. The present review covers the Lucknow Electricity Supply Administration (LESA) which is one of the four zones under of the Mandhyanchal Vidyut Vitran Nigam Limited (Company) and is responsible for supply and maintenance of electrical energy for its 6.30 lakh consumers in the urban area of the Lucknow. The Company signed a MOU on 8 August 2006 with e-Suvidha by which thehanding over the complete billing system of LESA including 27 Billing Centres (front end) was given to them for maintenance of front end and back end.

Lack of documented IT Policy

Though the Company has adopted the online billing system since 2000, it did not formulate and document a formal IT policy and a long/medium term IT strategy, incorporating the time frame, key performance indicators, cost benefit analysis for developing its own software, integration of various systems and safety measures for data. The hand held billing agencies transfer billed data through CD, pen drive or through e-mail for uploading in the central server. The system of uploading of billed data is not safe as data is exposed.

System design deficiency

System was not designed in the billing software to take care of provisions of billings in case meter ceases to records consumption and was deficient in case of billing on the basis of units consumed where meter is operative resulting in short assessment of ` 3.47 crore. The software designed and used did not automatically provide alert in the cases where the power factor was below the specified factor of 0.75.

The software designed by the outsourced agencies include an irregular application control wherein the billing of 800 units only is done even in case the consumption of any consumer exceeds 800 units per kW in a month which led to short billing of energy charges of ` 4.16 crore and electricity duty of ` 10.83 lakh.

Mapping of business rules

There were discrepancies in mapping of various provisions of tariff. Interest on

security deposit was not credited/ allowed in 354754 bills resulting in accumulated liability of ` 1.03 crore. The special tariff for air conditioning loads was not applied in 65676 bills resulting in short assessment of ` 3.98 crore. The divisions did not neither issued notice to the consumers to get access to their meter and also did not nor levy penalty of ` 41.09 lakh.

Input controls

Input controls were deficient as various types of billing were not done as per the provisions of tariff orders resulting in short assessment of energy charges of ` 6.40 crore and electricity duty of ` 0.59 crore in case of life line consumers, short assessment/recovery of energy charges of ` 6.58 crore and electricity duty of ` 0.33 crore in respect of other than life line consumers and short assessment of energy charges of ` 5.16 lakh in case of non-domestic consumers. The consumers were classified as connected through rural feeder instead of categorizing under urban schedule which resulted in short assessment of energy charges and electricity duty of ` 24.39 lakh.

Validation checks

Validation checks were either not there or deficient as 2.56 per cent of operative consumers had duplicate connection numbers and 4.60 per cent of operative consumers had same meter number. The databank of On-line Billing (OLB) contained unrealistic data and/ or incomplete details in 21.53 per cent of the cases.

Compliance of terms and conditions of agreements

In term of the agreement with the e-Suvidha, the latter e-Suvidhawas responsible for maintaining the OLB system and up-gradation/migration to the billing application with new hardware. The upgradation work was delayed by e-suvidha and could not be executed up to February 2010. The system faced problems due to utilisation of 99 per cent of storage up to November 2007. The OLB system was deleting the logs created by the system to make space in the server.

There was no system to obtain the rates of the sister units which lapsed opportunity to compare its rate with the rate quoted in other units of UPPCL resulted in award of work at higher rate and excess payment of ` 49.96 lakh to outsourced billing agencies. Payment of ` 69.55 lakh to the billing agencies on account of meter reading of defective meter was made despite the fact that the bills of these consumers were generated by the OLB system at the provisional/ assessed units. The Company paid to billing agency for 4764394 bills of healthy category consumers against 4498385 actual bills and 1037288 bills of defective category consumers against 913204 actual bills resulting in excess payment of ` 23.11 lakh to the billing agencies.

Monitoring Mechanism

Monitoring of OLB system was inadequate and ineffective because the Company has not recruited any IT expert nor has it /formulatedformed a committee for monitoring the online billing system. It did not develop a system for periodical inspection of infrastructure of the outsourced agencies. The prescribed MIS reports could not be generated due to inadequacy of the OLB system and the OLB division or the billing divisions did not have access to the databank as the level of authority for access to the databank has not been prescribed by the competent authority. The GIS mapping work, intended to ensure efficient and effective monitoring, was done by the agencies and a payment of ` 75.01 lakh was made on this account but but the mapping could not be used due to nonas there was -integrationno integration between billing databank and GIS mapping data bank. Thus, non-utilisation of the system rendered.

Lack of disaster recovery and business continuity plan

The Company did not have a disaster recovery and business continuity plan outlining the action to be taken immediately after a disaster and to ensure that the data processing operation could be acquired immediately. The Revenue Billing System implemented in LESA being mission critical, adequate disaster recovery and business continuity plan needs to be developed and adopted on priority basis.

Conclusion and Recommendations

The Company did not formulate and document a formal IT Policy and a long/medium term IT strategy and the system of uploading of billed data is not safe as transfer of data was being made through CD, pen drive or through e-mail. On-line billing software was not designed to take care of various provisions of billings and contained irregular application control. Input control was deficient as various types of billing were not done as per the provisions of tariff.

Validation checks were either not there or deficient. Monitoring of OLB system was inadequate and ineffective. It did not have a disaster recovery and business continuity plan. The GIS mapping work, intended for effective monitoring could not be used due to lack of integration of data.

The Company should formulate and document an IT policy, formulate IT security policy and business continuity plan to prevent changes/ modifications in database without authorisation, ensure compliance of tariff provisions issued by UPERC and its application in the billing software/database used by outsource billing agencies, ensure linkage of GIS software with the billing data bank to have finer details of the network and connected consumers, formulate disaster recovery plan for immediate operation of data processing at the time of disaster and GIS mapping should be periodically updated.

3. Transaction audit observations

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

There were four cases of avoidable loss/expenditure amounting to ` 71.63 crore on account of:

- avoidable payment of interest;
- extra expenditure on architects' fee;
- extra expenditure on construction work; and
- extra expenditure on procurement of material.

(Paragraphs 3.2, 3.5, 3.6 and 3.10)

There were three cases of loss of revenue of ` 12.76 crore on account of:

- short levy of restoration fee and effect charges;
- inadmissible voltage rebate allowed to consumer; and
- short realisation of connection charges.

(Paragraphs 3.1, 3.7 and 3.9)

There were four cases of financial mis-management causing loss of ` 123.38 crore on account of:

- extra payment of corporate tax;
- imprudent management of funds;
- irregular investment in Kisan Vikas Patra; and
- imprudent management of funds for deposit work.

(Paragraphs 3.3, 3.11, 3.12 and 3.13)

There was one case of wasteful expenditure of ` 1.05 crore on account of:

- wasteful expenditure on GIS mapping.

(Paragraph 3.8)

Gist of some of the important paragraphs is given below:

- **Uttar Pradesh State Industrial Development Corporation Limited** short levied restoration fee and effect charges of ` 4.37 crore on an allottee.

(Paragraph 3.1)

- **Uttar Pradesh Projects Corporation Limited** paid avoidable corporate tax of ` 8.01 crore due to treating interest on unutilised/idle funds received from the Government for deposit works, as its own income.

(Paragraph 3.3)

- **Kanpur Electricity Supply Company Limited** incurred expenditure of ` 1.05 crore on GIS survey, mapping and software which could not be utlised due to errors in individual consumer indexing.

(Paragraph 3.8)

- **Uttar Pradesh Power Corporation Limited and Electricity Distribution Companies** suffered loss of ` 8.07 crore due to short levy of fixed charges on service connections.

(Paragraph 3.9)

- **Uttar Pradesh Jal Nigam** suffered loss of interest of ` 84.64 lakh on investment in Kisan Vikas Patra though not eligible to invest therein.

(Paragraph 3.12)

- **Uttar Pradesh Jal Nigam, Uttar Pradesh State Bridge Corporation Limited and Uttar Pradesh Police Avas Nigam Limited** did not utilise facility of auto sweep for keeping its unutilised funds resulting in loss of interest of ` 5.11 crore.

(Paragraph 3.13)

CHAPTER-I

1. Overview of Government companies and Statutory corporations

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 commercial nature while keeping in view the welfare of people. In Uttar Pradesh, the State PSUs occupy a moderate place in the State economy. The State working PSUs registered a turnover of ` 35,541.61 crore for 2009-10 as per their latest finalised accounts as of September 2010. This turnover was equal to 9.94 *per cent* of State Gross Domestic Product (GDP) for 2009-10. Major activities of Uttar Pradesh State PSUs are concentrated in power sector. The State working PSUs incurred a loss of ` 3,919.77 crore in the aggregate for 2009-10 as per their latest finalised accounts. They had atleast 0.78 lakh[1] employees as of 31 March 2010. The State PSUs do not include six prominent Departmental Undertakings (DUs), which carry out commercial operations but are a part of Government departments. Audit findings of these DUs are incorporated in the Civil Audit Report for the State.

As on 31 March 2010, there were 126[4] PSUs as per the details given below. Of these, no company was listed on the stock exchange(s).

Type of PSUs	Working PSUs	Non-working PSUs[2]	Total
Government Companies[3]	76[4]	43	119
Statutory Corporations	7	Nil	7
Total	**83**	**43**	**126**

As per information received during the year 2009-10, Prayag Raj Power Generation Company Limited and Sangam Power Generation Company were privatised[5] on 23 July 2009.

Audit Mandate

1.2 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and Corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as per Section 619-B of the Companies Act.

The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

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1 As per the details provided by 53 PSUs. Remaining 73 PSUs did not furnish the details.
2 Non-working PSUs are those which have ceased to carry on their operations.
3 Includes 619-B companies.
4 One company named as Uttar Pradesh Power Transmission Corporation Limited has been incorporated on 13 July 2006 under the Companies Act, 1956. This company has been established by Uttar Pradesh Power Corporation Limited under the provision contained in Section 39 of the Electricity Act, 2003.
5 Sl.No. A-38 and 40 of Annexure-1.

Audit of Statutory corporations is governed by their respective legislations. Out of seven statutory corporations, CAG is the sole auditor for Uttar Pradesh State Road Transport Corporation, Uttar Pradesh Avas Evam Vikas Parishad, Uttar Pradesh Forest Corporation, and Uttar Pradesh Jal Nigam. In respect of Uttar Pradesh State Warehousing Corporation, Uttar Pradesh Financial Corporation, and Uttar Pradesh Government Employees Welfare Corporation, the audit is conducted by Chartered Accountants and supplementary audit by CAG.

The State Government formed Uttar Pradesh Electricity Regulatory Commission and its audit is entrusted to the CAG under Section 104 (2) of the Electricity Act, 2003.

Investment in State PSUs

1.3 As on 31 March 2010, the investment in 126 PSUs (including 619-B companies) was ` 62,997.81 crore as per details given below.

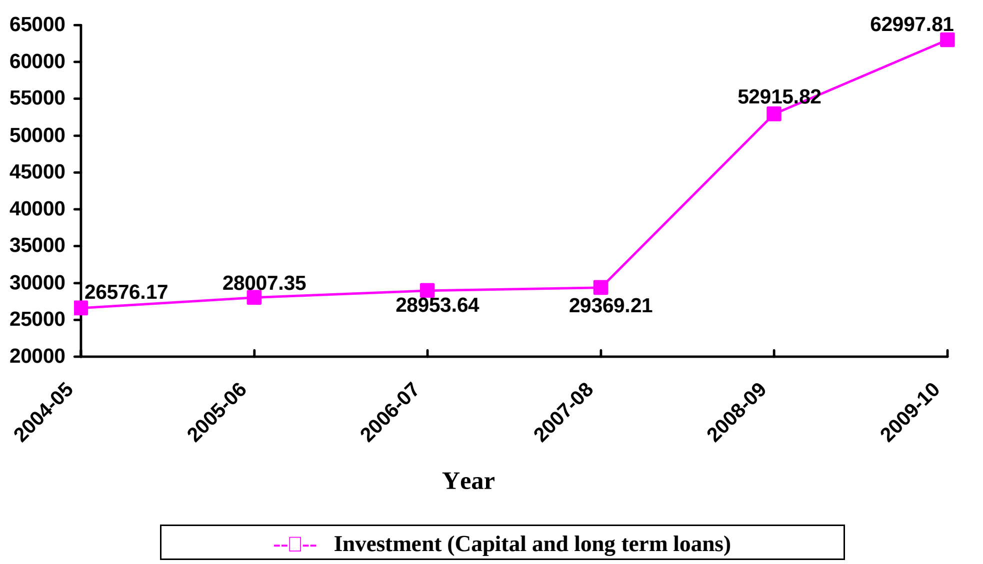
(` in crore)

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	47615.06	13222.64	60837.70	561.78	715.23	1277.01	62114.71
Non-working PSUs	440.90	442.20	883.10	-	-	-	883.10
Total	**48055.96**	**13664.84**	**61720.80**	**561.78**	**715.23**	**1277.01**	**62997.81**

A summarised position of government investment in State PSUs is detailed in **Annexure-1**.

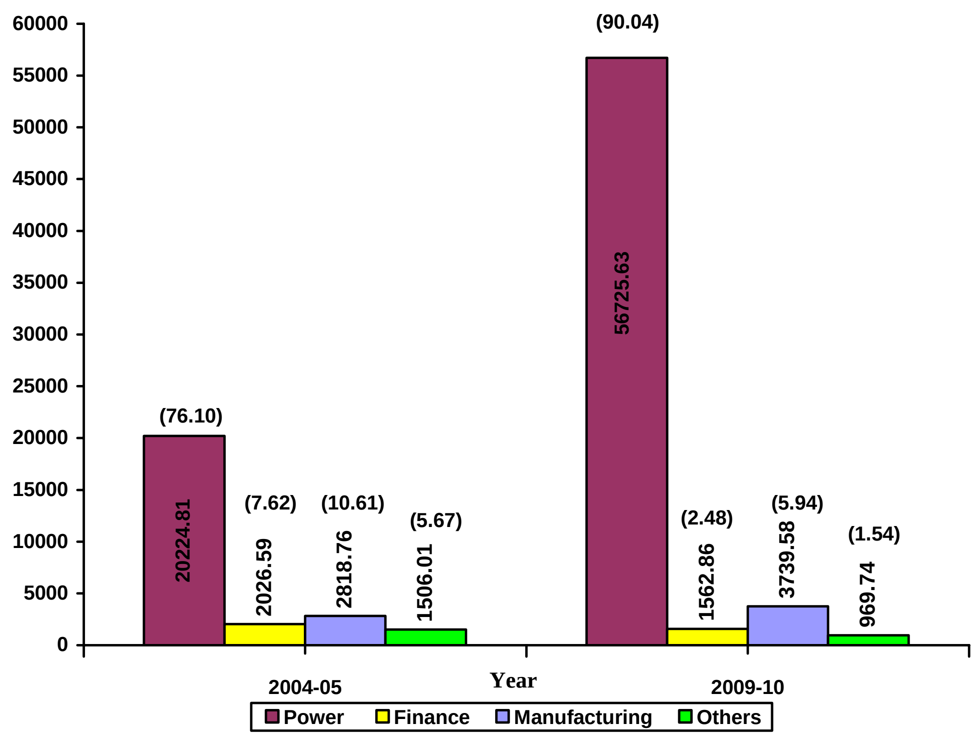
As on 31 March 2010, of the total investment in State PSUs, 98.60 *per cent* was in working PSUs and the remaining 1.40 *per cent* in non-working PSUs. This total investment consisted of 77.17 *per cent* towards capital and 22.83 *per cent* in long-term loans. The investment has grown by 137.05 *per cent* from ` 26,576.17 crore in 2004-05 to ` 62,997.81 crore in 2009-10 as shown in the graph below.

(` in crore)



The investment in various important sectors and percentage thereof at the end of 31 March 2005 and 31 March 2010 are indicated below in the bar chart. The thrust of PSU investment was mainly in power sector during the five years which has seen its percentage share rising from 76.10 *per cent* in 2004-05 to 90.04 *per cent* in 2009-10 while the share of manufacturing sector decreased from 10.61 *per cent* in 2004-05 to 5.94 *per cent* in 2009-10.

(` in crore)



(Figures in brackets show the percentage of total investment)

Budgetary outgo, grants/subsidies, guarantees and loans

1.4 The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in **Annexure-3**. The summarised details are given below for three years ended 2009-10.

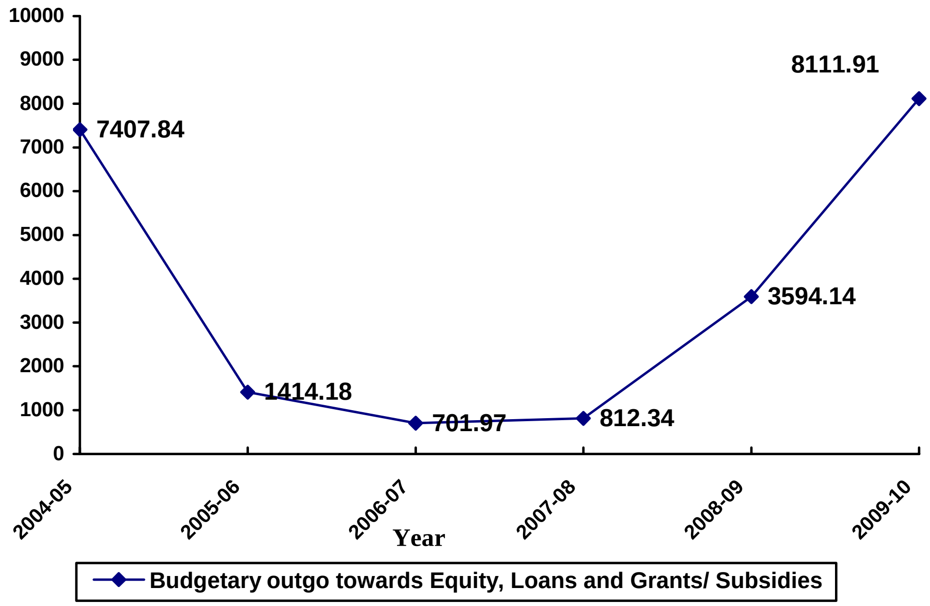
(Amount ` in crore)

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	5	20.20	5	2405.08	6	5146.82
2.	Loans given from budget	6	214.14	4	90.53	11	1021.96
3.	Grants/Subsidy received	6	578.00	9	1098.53	14	1943.13
4.	**Total Outgo (1+2+3)**	**10***	**812.34**	**14***	**3594.14**	**26***	**8111.91**
5.	Loans converted into equity	-	-	2	209.30	1	138.77
6.	Guarantees issued	6	455.30	2	20735.82	2	6245.25
7.	Guarantee Commitment	8	322.80	7	10525.81	7	7380.11

These represents actual number of PSUs which received budgetary support.

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for past six years are given in a graph below.

(` in crore)



It can be seen that the budgetary outgo in the form of equity, loans, grants, subsidies, etc. to state PSUs was all time low in 2006-07 during the period from 2004-05 to 2009-10. The budgetary outgo jumped to ` 8,111.91 crore in 2009-10 mainly due to extension of financial support of ` 6,973.69 crore by the State Government to eight power sector companies in the form of equity (` 5,131.97 crore), loan (` 608.52 crore) and grants/subsidies (` 1,233.20 crore). The amount of guarantee outstanding increased from ` 322.80 crore in 2007-08 to ` 10,525.81 crore in 2008-09 and decreased to ` 7,380.11 crore in 2009-10. The amount of guarantee commission payable by four PSUs as on 31 March 2010 was ` 9.10 crore[6]. During the year two PSUs[7] had paid guarantee commission of ` 8.81 crore.

Reconciliation with Finance Accounts

1.5 The figures in respect of equity, loans and guarantees outstanding as per records of 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 differences. The position in this regard as at 31 March 2010 is stated below.

(` in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	39022.93	37099.87	1923.06
Loans	1273.08	2201.36	928.28
Guarantees	126.52	7380.11	7253.59

We have observed that the differences occurred in respect of 21 PSUs and some of the differences were pending for reconciliation since 2000-01. We have regularly taken up the matter of reconciliation of figures between Finance Accounts and Audit Report (Commercial) with the PSUs requesting them to expedite the reconciliation (September 2010). The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

6 The Pradeshiya Industrial and Investment Corporation of Uttar Pradesh, Uttar Pradesh Power Corporation Limited, Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited and Uttar Pradesh Government Employee Welfare Corporation.

7 Uttar Pradesh Power Corporation Limited and Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited.

Performance of PSUs

1.6 The financial results of PSUs, financial position and working results of working statutory corporations are detailed in **Annexures-2, 5** and **6** respectively. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSU turnover and State GDP for the period 2004-05 to 2009-10.

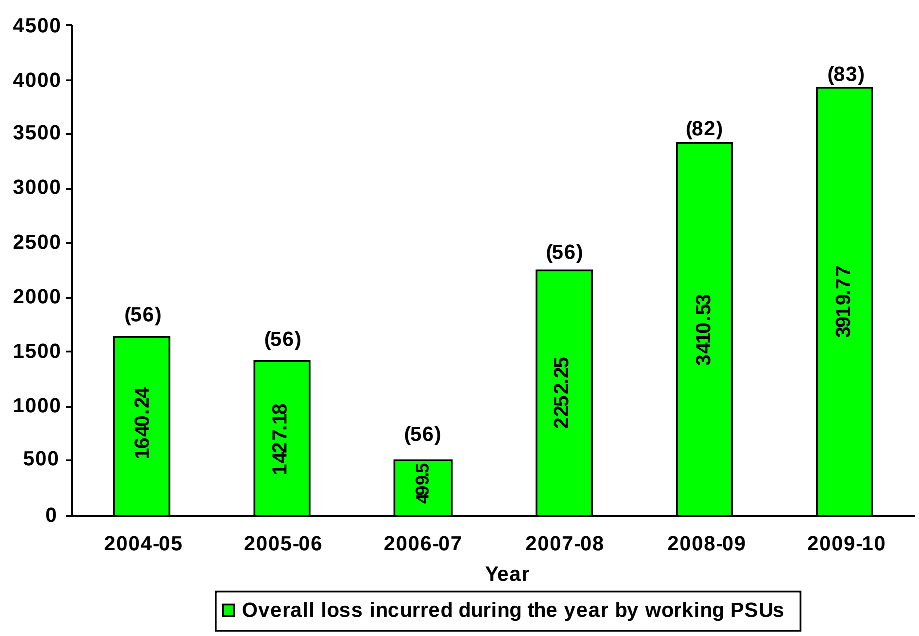
(` in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Turnover[8]	13374.72	18750.76	18860.47	27261.62	31480.07	35541.61
State GDP	248851.00	276969.00	309834.00	344346.00	400711.00	357557.00
Percentage of Turnover to State GDP	5.37	6.77	6.09	7.92	7.86	9.94

The percentage of turnover to state GDP was at 5.37 during 2004-05, which had grown to 9.94 *per cent* during 2009-10 after showing marginal fluctuations in six years period.

Losses incurred by State working PSUs during 2004-05 to 2009-10 are given below in a bar chart.

(` in crore)



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

The amount of loss incurred by working PSUs increased from ` 1,640.24 crore in 2004-05 to ` 3,919.77 crore during 2009-10. The position of loss incurred by State PSUs deteriorated from 2006-07, as loss increased from ` 499.50 crore in 2006-07 to ` 3,919.77 crore in 2009-10. During the year 2009-10, out of 83 working PSUs, 33 PSUs earned profit of ` 1,081.60 crore and 21 PSUs incurred loss of ` 5,001.37 crore. Two working PSUs which were incorporated during 2006-07 had not submitted its first accounts whereas 27 companies remained at no profit no loss. The major contributors to profit were Uttar Pradesh Avas Evam Vikas Parishad (` 424.13 crore), Uttar Pradesh Rajkiya Nirman Nigam Limited (` 195.64 crore), Uttar Pradesh State Industrial Development Corporation Limited (` 97.01 crore), Uttar Pradesh Forest Corporation (` 101.59 crore), Uttar Pradesh Jal Nigam

8 Turnover as per the latest finalised accounts as of 30 September 2010.

(` 66.54 crore), Uttar Pradesh State Warehousing Corporation (` 39.82 crore) and Uttar Pradesh State Road Transport Corporation (` 10.67 crore). The heavy losses were incurred by Purvanchal Vidyut Vitran Nigam Limited (` 1,096.32 crore), Dakshinanchal Vidyut Vitran Nigam Limited (` 1,070.00 crore), Madhyanchal Vidyut Vitran Nigam Limited (` 738.51crore), Paschimanchal Vidyut Vitran Nigam Limited (` 729.96 crore), Uttar Pradesh Power Corporation Limited (` 505.42 crore), Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (` 457.75 crore), Kanpur Electricity Supply Company Limited (` 140.57 crore), Uttar Pradesh Financial Corporation (` 115.01 crore) and Uttar Pradesh State Sugar Corporation Limited (` 43.87 crore).

The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. A review of the latest Audit Reports of CAG shows that the State working PSUs incurred losses to the tune of ` 1,807.02 crore and infructuous investment of ` 30.11 crore which were controllable with better management. Year wise details from Audit Reports are stated below.

(` in crore)

Particulars	2007-08	2008-09	2009-10	Total
Net loss	2252.25	3410.53	3919.77	9582.55
Controllable losses as per CAG's Audit Report	832.64	86.37	888.01	1807.02
Infructuous Investment	-	27.60	2.51	30.11

The above losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses would be much more. The above table shows that with better management, the losses can be minimised substantially. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

Some other key parameters pertaining to State PSUs are given below.

(` in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Return on Capital Employed (*Per cent*)	-	-	2.28	-	-	-
Debt	8133.48	8680.00	9192.09	9538.97	11656.61	14380.07
Turnover[9]	13374.72	18750.76	18860.47	27261.62	31480.07	35541.61
Debt/ Turnover Ratio	0.61:1	0.46:1	0.49:1	0.35:1	0.37:1	0.40:1
Interest Payments	12995.58	1166.79	1055.11	1212.39	1058.32	1187.42
Accumulated losses	10590.38	11141.45	12305.62	14129.45	15520.04	19024.03

(Above figures pertain to all PSUs except for turnover which is for working PSUs).

During the period 2004-05 to 2009-10 the debt to turnover ratio has improved from 0.61:1 in 2004-05 to 0.40:1 in 2009-10 which indicates that there is less pressure on profit margin. However, the amount of accumulated losses increased from ` 10,590.38 crore (2004-05) to ` 19,024.03 crore (2009-10). The return on capital employed was also negative in all the six years except during 2006-07.

The State Government had formulated (October 2002) a dividend policy under which all profit earning PSUs are required to pay a minimum return of five *per cent* on the paid up share capital contributed by the State Government. As per their latest finalised accounts, 33 PSUs earned an aggregate profit of ` 1,081.60 crore and six PSU[10] declared a dividend of ` 4.08 crore. Thus, the remaining profit earning PSUs did not comply with the State Government policy regarding payment of minimum dividend.

[9] Turnover of working PSUs as per the latest finalised accounts as of 30 September 2010.

[10] Uttar Pradesh Samaj Kalyan Nirman Nigam Limited, Uttar Pradesh State Industrial Development Corporation Limited, Uttar Pradesh Project Corporation Limited, Uttar Pradesh Police Avas Nigam Limited, Uttar Pradesh Rajkiya Nirman Nigam Limited and Uttar Pradesh State Warehousing Corporation.

Arrears in finalisation of accounts

1.7 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2010.

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Number of Working PSUs	56	56	56	60	83
2.	Number of accounts finalised during the year	55	42	64	46	98[11]
3.	Number of accounts in arrears	183	195	180	197	182
4.	Average arrears per PSU (3/1)	3.27	3.48	3.21	3.28	2.19
5.	Number of Working PSUs with arrears in accounts	49	50	49	54	52
6.	Extent of arrears	1 to 16 years	1 to 15 years	1 to 14 years	1 to 14 years	1 to 15 years

During the period 2005-06 to 2007-08 the number of working PSUs having their accounts in arrear remained between 49 and 50 and in 2009-10 it increased to 52 due to increase in the number of working PSUs. In 2008-09, despite increase in the number of working PSUs, the number of accounts finalised was lower at 46 accounts as against 64 accounts during 2007-08 and in 2009-10 98 accounts finalised by 71 PSUs. Resultantly, number of accounts in arrears increased to 197 during 2008-09 as against 180 in 2007-08 and reduced to 182 in 2009-10. Most of the working PSUs failed to finalise even one year's accounts every year causing accumulation of arrears. The main reasons responsible for arrear in accounts are delay in holding of annual general meetings, delay in approval of accounts by the Board of Directors, delay in certification of accounts by Statutory Auditor, delay in adoption of accounts in the Annual General Meetings, lack of accounts personnel, etc.

In addition to above, there were also arrears in finalisation of accounts by non-working PSUs. Out of 43 non-working PSUs, 12[12] had gone into liquidation process. Of the remaining 31 non-working PSUs, 31 PSUs had arrears of accounts for 1 to 35 years.

The State Government had invested ` 31,715.86 crore (Equity: ` 28,372.33 crore, loans: ` 992.54 crore, grants: ` 1,679.90 crore and subsidies: ` 671.09 crore) in 25 PSUs during the years for which accounts have not been finalised as detailed in **Annexure-4**. In the absence of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remained outside the scrutiny of the State Legislature. Further, 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 Companies Act, 1956.

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 prescribed period. Though the concerned administrative

[11] Uttar Pradesh Forest Corporation submitted its account for the year 2008-09 after doing necessary amendment in the UP Forest Corporation Act, 1974. The arrear of accounts for nine years (1999-2000 to 2007-08) has been counted in the finalised accounts during the year.

[12] Serial no. C-2, 3, 11, 13, 14, 18, 21, 22, 23, 25, 29 and 34 of Annexure-2.

departments and officials of the Government were informed every quarter by us, of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this the net worth of these PSUs could not be assessed by us. The matter of arrears in accounts was also taken up with the Chief Secretary/ Finance Secretary on 30 October 2009, 05 February 2010, 21 April 2010 and 02 August 2010 to expedite the backlog of arrears in accounts in a time bound manner. Further the Chief Secretary has also held a meeting on 19 May 2010 with PSUs having arrears in accounts to discuss the matter.

In view of above state of arrears, it is recommended that:

- **The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies 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.**

Winding up of non-working PSUs

1.8 There were 43 non-working PSUs (40 Government companies and 3 deemed Government companies) as on 31 March 2010. Of these, 12 PSUs had gone into liquidation process. The numbers of non-working companies at the end of each year during past five years are given below.

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
No. of non-working companies	42	43	43	43	43

The non-working PSUs are required to be closed down as their existence is not going to serve any purpose. During 2009-10, three[13] non-working PSUs incurred an expenditure of ` 0.16 crore towards establishment expenditure.

The stages of closure in respect of non-working PSUs are given below.

Sl. No.	Particulars	Companies
1.	Total No. of non-working PSUs	43
2.	Of (1) above, the No. under	
(a)	liquidation by Court (liquidator appointed)	12
(b)	Voluntary winding up (liquidator appointed)	-
(c)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started.	31

During the year 2009-10, no company was finally wound up. The companies which have taken the route of winding up by Court order are under liquidation for a period ranging from 6 years to 32 years. The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/ pursued vigorously. The Government may take a decision regarding winding up of 31 non-working PSUs where no decision about their continuation or otherwise has been taken after they became non-working. The Government may consider setting up a cell to expedite closing down the non-working companies.

Accounts Comments and Internal Audit

1.9 Sixty five working companies forwarded their audited 82 accounts to us during the year 2009-10. Of these, 58 accounts[14] of 46 companies were selected

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13 Out of 43 non working companies only three companies furnished the information. (Uttar Pradesh Pashudhan Udhyog Nigam Limited -` 5.05 lakh, Uttar Pradesh Chalchitra Nigam Limited - ` 9.10 lakh and Uttar Pradesh Poultry and Livestock Specilities Limited- ` 1.52 lakh).

14 Twenty four accounts of 19 companies were issued Non-Review Certificates.

for supplementary audit. The audit reports of Statutory Auditors appointed by CAG and the supplementary audit by us indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of our comments and those of Statutory Auditors are given below:

(Amount ` in crore)

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	8	17.67	10	53.60	15	352.49
2.	Increase in loss	12	95.02	8	843.84	4	2.05
3.	Non-disclosure of material facts	-	-	-	-	2	2.04
4.	Errors of classification	6	13.09	4	225.44	2	32.46
	Total:		**125.78**		**1122.88**		**389.04**

The aggregate money value of total comments decreased from ` 1,122.88 crore in 2008-09 to ` 389.04 crore in 2009-10 indicating improvement in the quality of accounts of the PSUs.

During the year, the Statutory Auditors had given unqualified certificates for seven accounts, qualified certificates for 53 accounts, adverse certificates (which means that accounts do not reflect a true and fair position) for four accounts and disclaimers (meaning the auditors are unable to form an opinion on accounts) for one account in respect of latest accounts finalised by 65 companies. The compliance of companies with the Accounting Standards (AS) remained poor as there were eight instances of non-compliance with the AS in five accounts during the year.

1.10 Some of the important comments in respect of accounts of companies are stated below.

Uttar Pradesh State Agro Industrial Corporation Limited (2005-06)

- The Sundry debtors were overstated by ` 1.43 crore due to non-reversal of amount receivable booked against the excess expenditure incurred without government approval on installation of hand pumps during 1994-95 to 2004-05.
- Loans and Advances were overstated and accumulated loss understated by ` 11.97 crore due to adoption of wrong basis of booking the incidental charges for procurement of wheat for the years 2002-03 to 2005-06.

Uttar Pradesh State Sugar Corporation (2006-07)

- The loss for the year was understated by ` 1.03 crore due to provision for employers contribution to employees provident fund at 10 *per cent* instead of 12 *per cent* as applicable under the provision of Employees Provident Fund and Miscellaneous Provision Act, 1952.

Purvanchal Vidyut Vitran Nigam Limited (2006-07)

- The loss as well as current liabilities and provisions were understated by ` 3.28 crore due to inclusion of ` 3.28 crore on account of interest earned on fixed deposits on Government Fund amounting to ` 443.50 crore received during 2006-07 under Rajeev Gandhi Gramin Vidyutikaran Yojna (RGGVY), which should have been credited to Government Accounts instead of treating it as company's income.

Kanpur Electricity Supply Company (2005-06)

- The loss for the year and purchase of power were overstated by ` 105.64 crore due to accountal of energy purchased (2,384.711 MU) at the rate of ` 2.34 per unit instead of applicable rate of ` 1.897 per unit.

Similarly, six working Statutory corporations forwarded their seven accounts to us during the year 2009-10[15]. Of these, four accounts of four Statutory corporations pertained to sole audit by CAG of which audit of only one account was completed (30 September 2010) and the other three accounts are under audit. The remaining three accounts of two Statutory corporations were selected for supplementary audit and completed (30 September 2010). The audit reports of Statutory Auditors and our sole/supplementary audit indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of our comments and those of Statutory Auditors are given below.

(Amount ` in crore)

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	5	202.57	2	3.89	1	0.68
2.	Increase in loss	1	5.37	1	0.68	-	-

During the year, out of seven accounts received, audit of four accounts was completed and we issued qualified certificate and rest three are under finalisation.

During the year, Statutory Auditors had given unqualified certificate for one account, qualified certificate for one account and adverse certificate to one account.

1.11 Some of the important comments in respect of accounts of Statutory corporations are stated below:

Uttar Pradesh Financial Corporation (2007-08)

- Loss for the year was understated by ` 20.45 lakh due to non provision of interest payable on SLR Bonds.
- Loss for the year was understated by ` 47.79 lakh due to capitalisation of restoration charges and extension fee instead of charging the same to the profit and loss Account.

Uttar Pradesh State Warehousing Corporation (2008-09)

- The liabilities and profit after tax were understated by ` 2.66 crore due to total tax liability of the corporation working out to ` 12.78 crore instead of ` 10.12 crore.
- The sundry debtors and profit for the year were understated by ` 4.10 crore due to inclusion of storage charges accrued in the year 2007-08 as storage charges Accounts instead of consumer's account during the current year.

Uttar Pradesh State Road Transport Corporation (2008-09)

- The profit for the year was overstated by ` 1.25 crore as provision for leave encashment on retirement/death had not been made in the Accounts. (in respect of Faizabad region: ` 64.24 lakh, Training Institute, Kanpur: ` 26.03 lakh and Dr. Ram Manohar Lohia workshop: ` 34.99 lakh).

The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/internal control system in respect of 31 companies[16] for the year 2008-09 and 31[17] companies for the year 2009-10 are given below:

[15] October 2009 to September 2010.

[16] Sl. No. A2, 3, 7, 11 to 15, 17, 18, 20, 22, 27 to 29, 31, 33 to 37, 39, 44 to 46, 71, 73, 74, C16, 28 and 38 of Annexure-2.

[17] Sl. No. A-4,7,8,11,12,13,14,15,16,17,18,24,26,27,28,32,34,35,36,37,38,39,40,42,44,46,74 C-17,20,37 and 41 of Annexure-2.

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as per Annexure- 2
	1	2	3
1.	Non-fixation of minimum/ maximum limits of store and spares	22	A3, 7, 14, 15, 16, 17, 18, 20, 27, 28, 29, 32, 33, 34, 35, 36, 37, 39, 44, 45, 46 and C-20
2.	Absence of internal audit system commensurate with the nature and size of business of the company	28	A3, 4, 7, 8, 11, 12, 14, 15, 16, 17, 18, 22, 28, 29, 34, 35, 37, 38, 39, 40, 42, 71, 73, 74, C-16, 17 , 20 and 41.
3.	Non maintenance of cost record	11	A-14, 17, 34, 35, 36, 37, 39, 44, 46, 74 and C-20.
4.	Non maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations.	33	A-2, 4, 7, 11, 13, 14, 15, 16, 17, 18, 20, 24, 26, 28, 29, 31, 34, 35, 36, 37, 39, 44, 46, 71, 73, 74, C-16, 17, 20, 28, 37, 38 and 41.

Recoveries at the instance of audit

1.12 During the course of propriety audit in 2009-10, we have pointed out recoveries of ` 962.51 crore to the Management of various PSUs, of which, recoveries of ` 1.48 crore were admitted and ` 1.47 crore were recovered by PSUs.

Status of placement of Separate Audit Reports

1.13 The following table shows the status of placement of various Separate Audit Reports (SAR) issued by us on the accounts of Statutory corporations in the Legislature by the Government.

Sl No.	Name of Statutory corporation	Year up to which SAR placed in Legislature	Years for which SAR not placed in Legislature		Reasons for non-placement of SAR
			Year of SAR	Date of issue to the Government	
1	2	3	4	5	6
1.	Uttar Pradesh State Road Transport Corporation	2007-08	2008-09	22.07.2010	Reasons not furnished by the Corporation
2.	Uttar Pradesh Financial Corporation	1992-93	1993-94 1994-95 1995-96 1996-97 1997-98 1998-99 1999-2000 2000-01 2001-02 2002-03 2003-04 2004-05 2005-06 2006-07 2007-08	07.07.1995 18.04.1996 28.08.1998 17.12.1999 27.07.2000 20.10.2001 25.07.2002 20.02.2004 28.01.2005 21.12.2005 08.09.2006 01.05.2007 12.09.2007 17.04.2008 07-08-09	Reasons not furnished by the Corporation
3.	Uttar Pradesh State Warehousing Corporation	2005-06	2006-07 2007-08 2008-09	17.01.2008 24-03-2009 20.08.2010	Reasons not furnished by the Corporation
4.	Uttar Pradesh Forest Corporation [18]	--	1997-98 1998-99	17.08.2000 23.05.2002	Reasons not furnished by the Corporation
5.	Uttar Pradesh Avas Evam Vikas Parishad	2001-02	2002-03 2003-04 2004-05	10-12-2008 08.02.2008 13.07.2010	Reasons not furnished by the Corporation
6.	Uttar Pradesh Jal Nigam	2003-04	2004-05 2005-06 2006-07	02.02.2007 02.04.2008 21-03-2009	Reasons not furnished by the Corporation

Delay in placement of SAR weakens the legislative control over Statutory corporations and dilutes the latter's financial accountability. The Government should ensure prompt placement of SAR in the Legislature.

[18] Audit entrusted from 1997-98.

Reforms in Power Sector

1.14 The State has Uttar Pradesh Electricity Regulatory Commission (Commission) formed in September 1998 under Section 17 of the Electricity Regulatory Commission Act[19] with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. During 2008-09, (ERC) issued 46 orders (four orders on annual revenue requirements and 42 on others).

Memorandum of Understanding (MoU) was signed in (February 2000) between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programmed in power sector with identified milestones. The progress achieved so far in respect of important milestones is stated below.

Sl. No.	Reforms programme commitment as per MOU	Targeted completion schedule	Present status (as of October 2010)
1	2	3	4
I	**By the State Government:**		
(i)	Installation of meters on all 11 KV feeders	30 September 2000	Kanpur Electricity Supply Company Limited, Madhyanchal Vidyut Vitaran Nigam Limited and Purvanchal Vidyut Vitaran Nigam Limited have completed the work as per information received from the companies. The information is awaited from others companies.
(ii)	100 *per cent* metering of all consumers	31 December 2001	Kanpur Electricity Supply Company Limited (dated 06.11.2009) has completed the works. In Madhyanchal Vidyut Vitran Nigam Limited only 61.17 *per cent* consumers could be metered (July 2009), Purvanchal Vidyut Vitaran Nigam Limited metered only 43 *per cent* consumers (August 2009).
(iii)	Online billing at 20 selected towns	31 March 2001	As per available information on-line billing is being done at Lucknow Electricity Supply Authority and Kanpur Electricity Supply Company Limited.
(iv)	Upgradation of distribution system	Nil	Cent *per cent* work has been completed in Kanpur Electricity Supply Company Limited (September 2010).
(v)	Privatisation of distribution sector, if commercial viability is not achieved	Nil	An agreement has been made between Torrent Power Limited and Kanpur Electricity Supply Company Limited for Distribution arrangements of Electricity (18.05.2009) and Distribution of electricity work in Agra has been handed over to Torrent Power Limited (01.04.2009).
II	**By the Central Government:**		
(i)	Support from the Government of India for financing renovation and modernisation of existing thermal and hydro power stations	Nil	Loan of ` 2,773.676 crore has been sanctioned by the Power Finance Corporation to Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited for renovation and modernisation of Power plants (March 2010). Besides loan of ` 18.06 crore and subsidy of equal amount has been sanctioned by Government of India under Accelerated Power Development Reform Programme (APDRP) (March 2006).
(ii)	Support from the Government of India for undertaking construction of important transmission works	Nil	Power Finance Corporation has sanctioned a total loan of ` 3,889.47 crore for 96 schemes. Against this the loan of ` 1,616.58 crore had already been received for 85 schemes. (March 2009). In addition to above Power Finance Corporation sanctioned ` 216.5 crore for 26 projects in principle. At present, 05 schemes are pending for ` 63.31 crore for sanction.

[19] Since replaced with Section 82(1) of the Electricity Act, 2003.

CHAPTER-II

Performance Reviews relating to Government companies

2.1 Performance review on the Working of Uttar Pradesh State Agro Industrial Corporation Limited

Executive summary

The Uttar Pradesh State Agro Industrial Corporation Limited, Lucknow was established in March 1967 as a Government Private Company (subsequently converted into Deemed Public Company in May 1975) with the objective to aid, assist, promote or establish, develop and execute agro-industries, projects or enterprises or programme to manufacture or production of such equipments or goods that will promote or advance agro industrial development of Uttar Pradesh. The objectives were modified in February 2000 to include manufacturing and trading of implements/inputs used in agriculture, horticulture, rural industries and other programmes to increase productivity, promote employment and income generation in rural areas, any other activity or business that increase turnover or improves financial position or assigned to it by Government or other agencies.

The Company's activities were mainly confined to sale of tractors, procurement of agriculture implements on Government demands or its authorities, installation of hand pumps, distribution of fertilizers, pesticides, seeds etc. to farmers, procurement of wheat and paddy on behalf of State Government under the Scheme of Minimum Support Price (MSP) of Central Government, procurement of gypsum on behalf of State Government for supply to Agriculture Department, production and sale of agriculture implements and cattle feed.

Procurement and installation of hand pumps

The Company, for installation of hand pumps, received supplies of 745 lots of GI pipes (24.33 lakh metre) which were having weight lesser by 521 MT (valued at ` 2.40 crore) than the standard weight of 7615.16 MT. It failed to cancel supplies of 60 lots (2.20 lakh metre) of GI pipes valued at ` 3.26 crore as per the terms and conditions of orders, where variation in weight exceeded the permissible allowance. It accepted supplies of 257 lots of GI pipes valued at ` 13.74 crore without its weighment. The Company had weak control mechanism regarding scrutiny of tenders as it placed order for supplies of GI pipes valued at ` 3.98 crore on a firm which had quoted two rates from two places. It incurred extra expenditure of ` 39.70 lakh due to use of more length of PVC pipes in installation of hand pumps without any basis. The Company inflated cost of installation of hand pumps to the extent of ` 5.73 crore by adding extra amount towards cost of materials.

Procurement of fertilizers and seeds

Fertilizers business was continuously in loss during five years ending 2009-10 and aggregated to ` 3.87 crore as the Company could not recover its administrative and finance cost. Reasons of loss were failure to induce farmers for purchasing from Company's outlets, lesser allocation of fertilizers to the Company for sale, margin of sale of fertilizers remaining almost unchanged for last ten years etc. The Company purchased 864.90 quintals of hybrid paddy seeds belatedly without ascertaining its marketability in kharif season 2009 resulting in failure to sell 681.31 quintals seeds and expiry of its germination life and loss of ` 1.28 crore.

Procurement of wheat and paddy under MSP

The State Government authorised the Company for procurement of wheat and paddy for state and central pool. The Company failed to streamline varying practice of raising claims of incidental charges receivable on procurement of wheat and its admittance by RFCs. It did not claim incidentals charges of ` 2.16 crore whereas the RFCs did not admit the claims of ` 0.98 crore of the Company on procurement of wheat during 2005-10.

Manpower Planning

The Company had acute shortage of Executives in key post and other staff which adversely affected internal control, sales promotion, manufacturing and trading of the Company.

Financial Management

The Company at occasions failed to utilise its available funds judiciously as its funds remained parked in FDRs/Cash Certificates fetching lower interest rates resulting in loss of ` 1.21 core. It made avoidable payment of penal interest of ` 42.73 lakh due to delay in repayment of loans within the stipulated period. The Company also failed to repay Government loans of ` 7.50 crore taken in 1998 for fertilizers business on which it paid interest of ` 4.25 crore during 2005-10. The Company also could not realise ` 1.68 crore from the Government against supply of gypsum worsening its fund position.

Internal Control System

Internal Control of the Company was weak as audit wing was non-functional and there was acute shortage of staff on key posts. The Company failed to stop encashment of cheques issued by it before one week of the actual supply as per the terms and conditions of the orders.

Conclusion and Recommendations

The performance of the Company was found to be dismal in regard to procurement and installation of hand pump assemblies. Prescribed procedures for procurement of materials were not adhered to resulting in sub-standard purchase of GI pipes, estimates for the installation of hand pumps were prepared with inflated cost and PVC pipes were used in excess of PVC pipes for casing purpose were used in excess of requirement. Inrequirement.

Hybrid paddy seeds were procured belatedly resulting in major quantity remaining unsold beyond its germination period and resulted in loss to the Company. Claims of incidental charges against procurement of wheat were not being raised uniformly in the Company and as per the Government orders resulting in non-receipt of total incidental charges. Due to diversion of loan funds received for procurement of wheat, the Company incurred extra burden of interest. There was acute shortage of staff and absence of incumbents for key posts which adversely affected the functioning of the Company. The available funds were not judiciously utilised. The internal control system was deficient in procurement of gypsum and internal audit was not functional.

The Company should adhere to prescribed procedures of procurement to ensure quality of materials, prepare estimate of installation of hand pumps as per norms. It should utilise funds judiciously and arrange funds from Government and other financial institutions for its working capital requirement and streamline internal control system to ensure compliance of procedures, rules, regulation & financial propriety.

1.Introduction

2.1.1 The Uttar Pradesh State Agro Industrial Corporation Limited, Lucknow (Company) was established in March 1967 as Government Private Company, which was subsequently converted (May 1975) into Deemed Public Company by virtue of Section 43A(1A) of Companies Amendment Act, 1974. The main objectives of the Company are to aid, assist, promote or establish, develop and execute agro-industries, projects or enterprises or programme to manufacture or production of such equipments or goods that will promote or advance agro industrial development of Uttar Pradesh. The objectives were modified in February 2000 to include manufacturing and trading of implements/inputs used in agriculture, horticulture, dairying, bee keeping and animal husbandry etc. and activities relating to rural development, agriculture, horticulture, floriculture, rural industries and other programmes of diversified nature to increase productivity, promote employment and income generation in rural areas.

The National Agricultural Policy (NAP) was devised (July 2000) for uniform development in agriculture. The thrust of the NAP was to devise mechanism for price structure of inputs and outputs so as to ensure higher return to the farmers. It further stressed on “adequate and timely supply of quality inputs such as seeds, fertilizers, plant protection chemicals, bio-pesticides, agricultural machinery and credit at reasonable rates, soil testing, quality testing of fertilizers and seeds and ensure checking of spurious inputs being supplied”. The State Government has not formulated any separate agriculture policy.

The Company’s activities were confined to the following:

- Sale of tractors, installation of hand Pumps and manufacture/sale of Agricultural implements;
- Procurement of tractors trolley/lawn movers/bush cutter/tree guard/water tankers etc. on demands from Government’s authority/agencies;
- Distribution of fertilizers/ pesticides/ insecticides/seeds etc. to the farmers;
- Procurement of wheat and paddy on behalf of State Government under Minimum Support Price (MSP) of the Central Government;
- Procurement of gypsum on behalf of State Government for supply to Agriculture Department;
- Production and sale of agricultural implements including tool kits, disc harrow, grain bins etc.;
- Production and sale of cattle feed.

These activities are being undertaken by four divisions[♥] of the Company.

2.1.2 The overall management of the Company vests in a Board of Directors (BOD) comprising of a Chairman, a Managing Director (MD) and eight other Directors. The MD is the Chief Executive of the Company and is assisted by four Chief/General Managers (for four Divisions) and a Financial Advisor cum Chief Accounts Officer, all posted at headquarters, Lucknow. The activities of the Company are spread all over the State with control points at offices of 18 Divisional Engineers and 17 Regional Managers. The Company also has three cattle feed factories at Lucknow, Moradabad and Gorakhpur and one workshop at Lucknow.

♥ Service Division including Project Division at Noida, Marketing Division, Agricultural Workshop and Cattle Feed Division.

3. Scope of audit

2.1.3 The activities of the Company from 1987-88 to 1991-92 and 1996-97 to 2000-01 were reviewed and the results featured in the Report of the Comptroller and Auditor General of India, (Commercial), GovernmentGovernment of Uttar Pradesh for the years 1992-93 and 2001-02 respectively The activities of the Company from 1996-97 to 2000-01 were earlier reviewed and the results featured in the Report of the Comptroller and Auditor General of India (Commercial) Government of Uttar Pradesh for the year 2001-02. The review has not been discussed by COPU so far (October 2010). The present review conducted during November 2009 to March 2010 mainly deals with the operational performance of the Company for the five years from 2005-06 to 2009-10. Six offices of Regional Managers[1], seven offices of Divisional Engineers[2] and one office each of workshop and cattle feed factory[3] were selected on the basis of geographical distribution in the State. The records of head office and field offices relating to tenders, purchase orders, payments, invoices, sale/adjustment bills, drawings and designs etc. were examined.

The methodology we adopted for attaining the audit objectives with reference to audit criteria consisted of explaining audit objectives to top management during an entry conference held on 20 January 2010, scrutiny of records at Head office and selected units, interaction with the auditee personnel, analysis of data with reference to audit criteria, raising of audit queries, discussion of audit findings with the Management during an exist conference.

4. Audit objectives

2.1.4 The objectives of our performance audit were to assess whether:

- the Company managed its business economically, efficiently and effectively to achieve declared objectives pronounced in its memorandum;
- procurement and installation of hand pumps assemblies under the scheme of the Ggovernment was done in economical manner and according to plan of installation;
- system of procurement and distribution of gypsum/fertilizers/seeds/ pesticides/insecticides etc. to farmers was efficient and effective;
- procurement of food grains under minimum support price scheme of Central Government was done in accordance with the guidelines of State/Central Governments;
- sound financial management was in place in the Company; and
- internal control mechanism was efficient, effective and met the needs of the Management.

5. Audit Criteria

2.1.5 The audit criteria adopted for assessing the achievement of the audit objectives were as follows:

- National Agriculture Policy (NAP);
- Orders/guidelines issued by the Central/State Government in respect of schemes implemented by the Company,
- Procurement manual and orders/circulars issued from time to time regarding production/procurement and sale of items being dealt with by the Company,

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[1] Lucknow, Varanasi, Azamgarh, Faizabad, Bareilly and Meerut.
[2] Allahabad, Gorakhpur, Kanpur, Moradabad, Agra, Jhansi and Noida.
[3] Gorakhpur.

- Orders relating to release of funds to the Company for implementation of various schemes and provisions of Financial Hand Book,
- Norms of production of cattle feed and manufacture of agricultural implements.

7. Audit findings

2.1.6 The audit findings were reported to the Management/Government in June 2010 and discussed in the exit conference on 11 June 2010 which was attended by the Managing Director of the Company. Views of the Management had been duly considered while finalising the review.

The audit findings are discussed in the succeeding paragraphs:This resulted in avoidable payment of interest on cash credit for 00000.

7.1 Procurement and installation of hand pump assemblies

2.1.7 ***.1*** The Company was installing hand pumps uUnder the Accelerated Rural Water Supply Programme (ARWSP), now renamed as National Rural Drinking Water Programme (NRDWP), of the Government of India which envisaged making available of safe and potable water to all villagevillagesrs ., the Company has been installing hand pumps. Uttar Pradesh Jal Nigam (UPJN) is the nodal agency for implementing the above scheme in the State. The State Government allotted (October 2001) 10 *per cent* of the work of installation of hand pumps to the Company from the year 2001-02 during 1990. Accordingly, UPJN transferred 10 *per cent* of the total funds received from the Central Government to the Company of the total funds received from the Central Government under the above scheme..

2.1.8 During 2006-07 to 2009-10, The the Company installed 80,65071030 nos. hand pumps against the target of 86,381 hand pumps at the cost of ` 201.47 crore including profit margin of 12.50 *per cent*.. The Company ne The table below indicates the year wise figures of physical and financial targets and achievements for the period 2006-07 to 2009-10:

Year[4]	Targets (in number)	Funds[5] available (` in crore)	Total no. of hand pumps installed	Expenditure incurred (` in crore)	Percentage achieved (4/2)
1	2	3	4	5	6
2006-07	17510	37.20	17304	36.65	98.82
2007-08	24900	54.76	21078	46.82	84.65
2008-09	23456	67.60	22324	62.07	95.17
2009-10	20515	57.88	19944	55.93	97.22
Total	**86381**	**217.44**	**80650**	**201.47**	

We observed that the targets fixed by the Company were based on availability of funds from UPJN and not with reference to the number of hand pumps to be installed. Therefore, target of installation of hand pumps varied from year-to-year during 2006-2010. We further observed that during 2007-08, the Company could install only 84.65 *per cent* of the target for installation of hand pumps despite having sufficient funds in hand for that purpose.

Deficiencies in procurement and installation of hand pumps

2.1.9 The Company was procuring various components of hand pumps, like galvanised iron (GI) pipe, PVC pipes and hand pump assemblies etc. by inviting open tenders each year and placing orders on selected firms for delivery to 70 service centers spread all over the State.

We noticed various shortcomings in procurement and installation of hand pumps, which are discusseds in succeeding paragraphs.

Sub-standard procurement of GI pipes for hand pumps

2.1.10 For installation of hand pumps, Tthe Company for installation of hand pumps procures GI pipes of 32 mm *dia* on running length basis conforming to the specification IS-1239 (Part I): 2004 from suppliers short listed after tendering. According to IS code, average weight of GI pipe should be 3.13 Kg per metre with allowance of variation in the weight ± 10 *per* cent, if the ordered quantity is up to 10 MT and ± 7.5 *per cent* if the ordered quantity is

4 Data for the year 2005-06 was not made available to Audit.
5 Including funds for rebore hand pumps.

more than 10 MT. The Company procured 105.84 lakh metre (718.225 MT) of GI pipes during the period from 2005-06 to 2009-10 on metre basis through 784 purchase orders.

We noticed that:

- The GI pipes supplied by the firms in lots were not as per the standard weight and were always less than the specified standard weight of 3.13 Kg per metre. In respect of 745 lots of GI pipes (24.33 lakh metre) received by the Company during 2005-10 its actual weight was less by 521 MT valued at ` 2.40 crore than the standard weight of 7615.16 MT.

The Company accepted GI pipes valued at ` 3.26 crore where variation in weight exceeded the permissible allowance.

- As per the terms and conditions of supply orders placed on the firms, supplies were to be cancelled in case GI pipes did not conform to IS specification and the firm was required to be blacklisted with forfeiture of their security money. The Company, however, accepted 60 lots of GI pipes (2.20 lakh metre) valued at ` 3.26 crore where variation (negative) in weight exceeded the permissible variation of 7.5 *per cent* for quantity above 10 MT (42 lots) and of 10 *per cent* for ordered quantity below 10 MT (18 lots). Thus, the procurement was sub-standard but the Company neither cancelled the supply orders nor did it black list the suppliers and forfeit their security money.
- Since the procurement of GI pipes was centraliszed, the Company had the option to club the requirements and place all the orders of more than 10 MT (corresponding to 3195 metre). This would have allowed for a lower permissible variation of ± 7.5 *per cent* in weight rather than the higher variation of ± 10 *per cent*. The Company did not take advantage of this option in the purchase of 12.84 lakh metre GI pipes during 2005-10, but issued orders of quantities less than 10 MT. In respect of 136 lots of GI pipes received by the Company against such orders, the variation in standard weight exceeded the limit of –7.5 *per cent*. The monitory impact of higher variance in respect of 136 lots worked out to ` 34.70 lakh being the value of variation in weight of GI pipes exceeding –7.5 *per cent.*

The Management stated in Exit Conference that orders to field units had been issued not to accept sub-standard supplies and from 2007-08 supply orders of more than 10 MT were being placed. The reply is not based on facts as we noticed that orders were placed for quantity below 10 MT during 2007-08 also.

- The supply order envisaged that the weighment of lots of the pipes was to be done at receipt end. A test check of vouchers for the period of five years up to 2009-10 revealed that proof of weighment of the lots was not available in the paid bills of ` 13.74 crore in respect of 257 lots. Thus, the payment was made ignoring the provisions of the supply orders.

In the Exit Conference the Management stated that they made payments in such cases on the basis of weighment slips of suppliers. The fact remains that the Company ignored provisions of supply orders, which provided payment on the basis of weighment slips at the receiving end after weighment of lots of the pipes.

Irregular acceptance of tender for procurement of hand pumps

2.1.11 In May 2007 The the Company invited (May 2007) tenders for supply of India markMark-II, deep well hand pumps together with accessories. Thirteen firms submitted tenders, which was were opened on 15 June 2007. The FOR rate of two firms[6] which wasere lowest (` 3949), was 4.11 *per cent*

[6] M/s Bharat Enterprises, Noida and M/s Ashish Pumps, Noida.

The Company placed orders for supplies of GI pipes valued at ` 3.98 crore on a firm which quoted two different rates from two places.

higher than previous year's rate (` 3789). The FOR rates of L2[7] and L3[8] were ` 3969 and ` 3990 respectively. In During negotiations (26 June 2007) both the L1 firms agreed to supply the aforesaid items at ` 3945. SimilarlyOn the same day, L2 and L3 also submitted (26 June 2007) their consent for supply of above items on the negotiated rates. These four firms were short listed for supply of the items during 2007-08.

Perusal of tender records further revealed that one of the L1 firmss'[9] and the L2 firm werefirm was the same and submitted their offer from two different places, one from factory and second from registered office. In further scrutiny we observed that both the bids were quoted by the same person-, giving quoting the rate of ` 3949 and ` 3969 which was irregular and unethical. The Company, instead of rejecting/blacklisting for quoting twice at two different rates, selected the firm for supplying materials worth ` 3.98 crore to the Company.

In Exit Conference, the Management stated that the firm (Bharat Enterprises, New Delhi) was blacklisted for non-supply/untimely supply of ordered quantity. The fact remains that the firm was not blacklisted on account of adopting unethical business practices to grab the order but on the reasons of failure to supply. This is indicative of weak internal control mechanism in the Company as regards scrutiny of tenders.

Extra consumption of casing pipes for hand pumps

The Company incurred extra expenditure of ` 39.70 lakh due to increasing length of PVC pipes without any basis.

2.1.12 The IS-9301: 1990 prescribes use of casing pipes (PVC pipe) of nominal diameters from 100 to 125 mm in deep well hand pumps from ground level only in plain area. The Company was using 110 mm dia casing pipes for this purpose. Within the casing pipe, GI pipes are placed whose length varied from 15 metre to 24 metre depending upon the water table of the area.

We observed that the Company during the years 2006-07 and 2007-08 used PVC casing pipes equivalent to the length of GI pipes. But, during the years 2008-09 and 2009-10 it used PVC casing pipe one metre more than the length of GI pipes in all the installation of hand pumps. Thus, the Company deviated from the earlier practice and incurred an extra expenditure of ` 39.70 lakh as detailed below:

(` in lakh)

Year	Total no. of hand pumps installed in plains	Cost of one metre PVC pipe of 110 mm (in `)	Excess expenditure (2 x 3)	Centage @ 12.5 *per cent* on excess expenditure	Total excess expenditure (4+5)
1	**2**	**3**	**4**	**5**	**6**
2008-09	17932	108.00	19.37	2.42	21.79
2009-10	15312	104.00	15.92	1.99	17.91
Total	**33244**		**35.29**	**4.41**	**39.70**

In Exit Conference the Management stated that the length of casing pipe was increased by one metre to prevent soil from falling in the bore and protect cylinder from any damage due to impact of GI pipe. We do not agree as the change in length of PVC pipe was an arbitrary decision as none of the Divisional Engineers had reported any complaint in writing necessitating such increase in length of PVC pipe. The Management assured (October 2010) that in future estimates would be modified on written information of the Divisional Engineers.

Inflated profit on installation of hand pumps

2.1.13*6* The Company constitutes a committee every year for finaliszation of model estimates of hand pumps assembly which comprises material cost, labour and centage of 12.5 *per cent* of basic cost for meeting

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[7] Bharat Enterprises, New Delhi.
[8] Atul Generators, Agra.
[9] Bharat Enterprises, Noida.

expenses towards establishment and indirect cost. Estimates so prepared are circulated to the field units for accounting on the basis of the estimates.

We noticed that the estimates prepared at Headquarter were inflated by 6.20 to 10.94 *per cent* on each component of material to be used in installation of hand pumps for which no guidelines were received from Government during 2007-08 to 2009-10 as per details given below:

Particulars	FOR rates received by the Company (Amount in `)			Rates provided in estimate (Amount in `)			Percentage variation		
	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
PVC Pipe									
140 mm 6 Kgf	152.40	178.00	169.10	168.00	189.00	186.00	10.24	6.20	10.00
110 mm 6 Kgf	92.90	100.77	94.48	102.00	108.00	104.00	9.80	7.20	10.00
63 mm 6 Kgf	32.45	35.56	32.90	36.00	38.00	36.00	10.94	6.90	9.50
32 mm GI pipe	138.00	173.78	126.26	152.00	191.00	139.00	10.14	9.91	10.00
India Mark-II hand pump	3945.00	5550.00	4239.600	4340.00	5895.00	4664.00	10.00	6.20	10.00
Ribbed strainer	279.00	279.13	279.00	307.00	297.00	307.00	10.00	6.40	10.00

The Company inflated cost of installation of hand pumps to the extent of ` 5.73 crore by adding extra amount towards cost of material.

Thus, the cost of installation was inflated to the extent of ` 5.73 crore[10] during 2007-08 to 2009-10 by the Company. The Government could have got installed more hand pumps if the Company had not inflated the cost of hand pumps to that extent.

In Exit Conference the Management stated that the Company was preparing estimates as were being prepared by the UPJN. The reply is not based on facts as UPJN was not adding any profit margin on cost of materials and there was no order of the Government for inclusion of such elements in the cost.

Non-receipt back of the GI Pipe from re-bore of the Hand pumps

2.1.14*7* The hand pumps installed by the Company on being reported to have failed in due course of its their life,life are re-bored by the Company. In re-boring, out of 24 metres half the length of extracted existing GI pipes only 12 metres GI pipe is estimated to be reusable and remaining pipes are requiredwere to be taken back as unserviceable/scrap.

In test check of records of the six[11] Divisional Engineers offices, we noticed that the 3711 hand pumps were re-bored in 23 districts during 2005-06 to 2009-10 but the 38760 metre GI pipes that should have been retrieved as unserviceable/scrap (valued at ` 38.82 lakh[12]) was not accounted for as such.

In Exit Conference, the Management stated that unusable GI pipes were handed over to Water Management Committee of the area. We have observed that there was no such order for handing over of the material to any such committee. It was also noticed that UPJN was retrieving back unusable GI pipes.

7.2 Procurement and distribution of fertilizers, seeds etc.

2.1.15 The Company was procuring fertilizers (Urea, DAP, MOP, NPK[13], sulphur phosphate and zinc sulphate) and pesticides for distribution/sale to the farmers through outlets of the Company in the State. The Central Government fixed sale rates of fertilizer for manufacturers as well as for the Company. The Company was to arrange its own funds for procurement of fertilizers. The Company was fixing targets for distribution of fertilizers for each season (Rabi and Kharif).

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[10] The amount has been calculated by applying the average of percentage variation between estimated and actual material cost to total material cost incurred during the three years up to 2009-10.

[11] Agra, Allahabad, Jhansi, Kanpur, Moradabad and Noida.

[12] Calculated at the rate of ` 32 per Kg. being approximately ¼ FOR rates (` 126.26) of GI pipe for the year 2008-09. ` 38.82 lakh = 38760 metre x 3.13 (factor for converting length in weight) x ` 32.

[13] DAP=Di Ammonium Phosphate, MOP=Mouriate of Potash, NPK=Nitrogen Phosphorus Potassium.

We noticed that the Company could procure 6.94 lakh MT of fertilizer against the target of 10.73 lakh MT during five years up to March 2010 and sell only 6.41 lakh MT of fertilizers valued at ` 434.07 crore during that period. Targets for procurement of pesticides was not fixed by the Government and the Company procured it according to demand of farmers. We observed that:

- In respect of sale of fertilizers, the Company never achieved its targets in Rabi seasons and shortfall ranged between 31.15 *per cent* and 56.08 *per cent* and during Kharif seasons it achieved targets ranging between 71.73 *per cent* and 109.17 *per cent* during 2005-06 to 2009-10. It also failed to sell available stock of fertilizers during the season itself. The balances of stock ranged between 5282 MT (` 3.05 crore) and 8728 MT (` 6.23 crore) in Kharif season and 2405 MT (` 1.63 crore) and 4447 MT (` 4.99 crore) in Rabi season. Thus, the Company's working capital remained blocked in balance of the stock.

The fertilizer business was in loss aggregated to ` 3.87 crore during 2005-10 due to lack of efforts in sale and margin remaining almost unchanged during last ten years.

- The fertilizer business including pesticides was continuously in loss during five years up to 2009-10. The Company could generate gross margin of ` 33.41 crore from trading of fertilizers/pesticides during 2005-06 to 2009-10 which was not sufficient to meet administrative and finance cost of ` 37.28 crore during those years for the fertilizers business. Unrecovered administrative and finance cost aggregated to ` 3.87 crore. Reasons for losses as analysed by us are as under:
  - Lack of efforts to induce farmers to purchase fertilizers from Company's outlets.
  - Fixed margin on sale of fertilizers remaining almost unchanged since last ten years whereas the prices increased substantially during that period.
  - Recurring liability of average interest of ` 85.08 lakh per annum due to non-payment of Government loan of ` 7.50 crore raised by the Company in 1998 for business of fertilizers.

Loss due to procuring seeds without ensuring demands

The decision of procurement of paddy seeds without ensuring probability of sale caused loss of ` 1.28 crore to the Company.

2.1.16 The Company was receiving certified paddy seeds from Uttar Pradesh Beej Vikas Nigam Limited (UPBVNL) during each season against arrangement made by the State Government. The Company received (April-May 2009) 8,000 quintals of certified paddy seeds from UPBVNL and sold 5,481 quintals seeds up to May 2009.

The State Government decided (29 May 2009) to distribute 5,000 quintals of hybrid paddy seeds through Government agencies to the farmers. Accordingly, theThe next day ,day, the Company placed (30 May 2009) additional order of 1000 quintals of hybrid seeds on UPBVNL and asked the Regional Managers to explore the probability of sale of the seeds. The supply of the seeds, which had a germination life of nine months only, was to be made up to 8 June 2009having .

In test check ofThe Company received 864.90 quintals of seeds up to 9 June 2009 and could sell only 183.59 quintals seeds. Since, the seeding period of paddy (hybrid and certified) was May and June only, 681.31 quintals hybrid seeds valued at ` 1.28 crore remained unsold and had expired germination life. Thus, decision of procurement of seeds without taking feed back from RMs for probability of its sale caused loss of ` 1.28 crore to the Company.

In Exit Conference the Management stated that no payment had been made to UPBVNL. The reply does not justify the inaction to procure seeds without taking feed back from field about its marketability. We observed that the UPBVNL has raised (December 2009) its claims for supply of hybrid seeds for ` 1.63 crore for which Company's liability exits.

7.3 Procurement of Wheat and Paddy under Minimum Support Price

2.1.17 The State Government authorised (1978-79) the Company for procurement of wheat and paddy for State and Central pool. The Company procures allotted quantity of wheat and paddy from farmers at the Minimum Support Price (MSP) decided by the Government of India for a year. After procurement, paddy is handed over to Rice millers for hulling. Rice millers are required to deliver rice after hulling known as Custom Milled Rice (CMR) at fixed percentage[14] of paddy. The Company delivers wheat procured from farmers and CMR received from millers to Regional Food Controller (RFC)/Food Corporation of India (FCI). Any short recovery of CMR is recovered from the millers. The Company raises bill on RFC/FCI for claiming MSP, Mandi Charges, transportation charges, and taxes etc. Accordingly, RFC/FCI releases the payments.

During five years up to 2009-10, the Company could procure only 6.25 lakh MT (wheat) and 6.72 lakh MT (paddy) against the targets of 12.87 lakh MT (wheat) and 6.06 lakh MT (paddy) fixed by the Government. The shortfall in procurement of wheat ranged between 5.1818 *per cent* and 99.044 *per cent* during five years as detailed below:

(Figures in MT)

Year	Procurement of wheat			Procurement of paddy		
	Target	Achievement	Shortfall (*per cent*)	Target	Achievement	Shortfall (*per cent*)
2005-06	350000	107040	64.42	100000	110466	--
2006-07	350000	3353	99.04	100000	115740	--
2007-08	225000	35633	84.16	100000	105299	--
2008-09	150000	142232	5.18	150000	188059	--
2009-10	211775	336979	--	155999	152420	2.29
Total	**1286775**	**625237**	**--**	**605999**	**671984**	**--**

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Reasons for shortfall in procurement of wheat were:

- Fixing of higher targets by the Government without considering previous year's achievements and
- Market price being higher than MSP.

Discrepancies in claims for reimbursement of cost on wheat procurement

2.1.18 The Government was notifying rates of incidental charges viz. mandi fee, mandi labour charge, storage charge, interest charge, transportation & handling charges, administrative charge and commission to societies/sub-agents for procurement of wheat in each season. The Company was required to was submit its claims to Regional Food Controllers (RFCs) for reimbursement of incidental charges.

We observed in test check of records of five[15] Regional Offices for the years 2005-10 that various elements of incidental charges were not being claimed

[14] Presently, the State Government fixed recovery of rice at the rate of 67 *per cent* of paddy.

[15] Lucknow, Faizabad, Varanasi, Bareilly and Meerut.

uniformly by them. Further, claims submitted by the Regional Offices for incidental charges were partially admitted by the RFCs at varying rates as summarised below:

- Mandi labour charges were admissible at the rate varying from ` 9.21 per quintal to ` 10.91 per quintal during 2005-10. Lucknow region did not claim mandi labour charges for the year 2008-09 resulting in non-receipt of incidental charges of ` 21.85 lakh.
- Claims of Faizabad (2007-08 to 2009-10), Varanasi (2007-08 to 2009-10), Lucknow (2006-07, 2007-08 and 2009-10) and Meerut (2007-08 and 2009-10) regions for mandi labour charges were partially admitted by the RFCs at different rates. This deprived the Company an income of ` 29.84 lakh.
- Storage charges were admissible at the rate of ` 0.92 per quintal during 2005-10. Bareilly (2006-07 to 2009-10) and Meerut (2007-08 to 2009-10) regions did not claim storage charges resulting in non-receipt of incidental charges of ` 17.06 lakh.
- Interest charges were admissible at the rates varying from ` 2.58 per quintal to ` 5.85 per quintal during 2005-10. Lucknow (2006-07 to 2009-10) and Meerut (2008-09 and 2009-10) regions did not claim interest charges resulting in non-receipt of incidental charges of ` 41.72 lakh.
- Bareilly (2005-06) and Meerut (2007-08) regions claimed interest charges at specified rates but the RFCs admitted the claims partially. This deprived the Company an income of ` 1.86 lakh.
- Transportation and handling charges were admissible at the rates varying from ` 18.34 per quintal to ` 24.49 per quintal during 2005-10. Bareilly (2006-07 to 2009-10) and Varanasi (2005-06, 2008-09 and 2009-10) regions claimed transportation and handling charges at the specified rate but the RFCs admitted the claims partially. This deprived the Company an income of ` 66.19 lakh.
- Commission to Societies/Sub-agent was admissible at the rates varying from ` 4.42 per quintal to ` 25 per quintal during 2005-10. Bareilly (2007-08), Lucknow (2006-07 to 2009-10) and Meerut (2009-10) regions did not claim commission to Societies/ Sub-agent resulting in non-receipt of incidental charges of ` 135.52 lakh.

Against procurement of wheat, the Company did not claim incidental charges of ` 2.16 crore. In addition, the RFCs did not allow claim of incidental charges of ` 0.98 crore.

As such, the Regions did not claim various elements of incidental charges of ` 2.16 crore whereas the RFCs in respect of some of the elements of incidental charges admitted the claim partially and disallowed ` 0.98 crore. The Company did not take action to streamline varying practices in its Regional offices for claiming incidental charges and for admitting claims of incidental charges through concerned Department of the State and Central Governments.

Interest on premature withdrawal of loan

7.34.2 In test checks of records of the Company, it was noticed that the State Government sanctioned a loan of 15.00 crore for the Rabi Season 2006-07 vide sanction dated 07 March 2006. The withdrawal of the entire amount was made on 08.03.2006 although the purchase of wheat was to be started from second week of April. Thus due to premature withdrawal of the loan it had to pay avoidable interest of 9.17 lakh for the period 08 March 2007 to 31 March 2007 calculated at the prevailing rate of 9.70 *per cent*.

(i) (i) All kind of Agricultural inputs;

(ii) (ii) As service providers for various needs of farmers to enhance the production and productivity;

(iii)(iii)As center to provide the domestic goods to meet the farmers' daily need.

A test check of records revealed that in December 2009, two Agri-Marts at Hapur and Lucknow district were started to be constructed through U P Project Corporation Limited at a sanctioned cost of 193.40 lakh a198.10 respectively. It was also observed that to run these Agri-Marts following infrastructure was required to be taken up side-by-side of construction activities.

(i) Tie up with Metrological department for forecast of weather and monsoon;

(ii) Tie up with financial institution/insurance company for opening of extension counters;

(iii)Tie up with Agriculture Department for operation of soil testing lab;

(iv)Tie up with the oil companies for providing LPG and petrol pump outlets.

7.6 Manpower Planning

2.1.19 The Company had acute shortage of staff. It had only 988 staff against the sanctioned staff of 2558. We observed in audit that:

The Company had acute shortage of Executives in key post and other staff which adversely affected internal control, sales promotion, manufacturing and trading of the Company.

- The Company had only three incumbents against the 12 sanctioned key posts. The post of the General Managers, Manager (Food), Sr. Account Officer, Manager (Computer and Monitoring), Manager (Finance), Public Relation Officer, Manager (Fertilizer), Accounts Officer (Cost), Divisional Officers were vacant.
- Against sanctioned post of 80 executives like Account officer, Sales promotion officer, Assistant Engineer (Service) etc. only twenty officers were available for conducting business activities. Their works were carried out by staff of lower cadre having lesser expertise.
- Against sanctioned staff of 1630 in lower cadres, only 391 were in position. Their works were being carried out by unskilled staff. (572 unskilled staff were in position against sanctioned strength of 822).

Thus, the Company's internal control was weak due to shortage in key posts. Acute shortage in executive cadres and staff affected activities in sales promotion, accounting work as well as finalisation of annual accounts and manufacturing and trading of agricultural implements/fertilizer, seeds, pesticides etc. in the Company.

In Exit Conference, the Management stated that they had requested the Government for recruitment/outsourcing, but no approval from the Government was received.

6. Financial Management

6. Financial Position and working results

2.1.20.1 The Company has finalised its accounts up to 2007-08 only. The financial position and working results of the Company during the period from 2005-06 to 2009-10[16] (upto August 2009) are given in **Annexure-7** and **Annexure-8** respectively.

Analysis of the financial position and working results of the Company revealed that:

- The Company did not have its own funds during the last five years up to 2009-10 for working capital requirement as its accumulated loss exceeded the capital fund and reserve & surplus during the last four years up to 2008-09. Therefore, it was dependent on borrowings from banks and Government for its working capital requirement.

[16] The figures for the period 2008-09 and 2009-10 are based on provisional accounts.

- The Company still (as on 2009-1031 March 2010) had accumulated losses of
` 34.5323.06 crore, despite earning profit in each year during 2005-06 to 2009-10.
- The Company did not obtain confirmation from the banks in respect of amount lying in current accounts and fixed deposits at the end of the year.

7. Fund Management

2.1.21 The fund management comprises management of fund inflows and fund outflows. Sources of funds inflow of the Company are borrowing from the Government, funds received from the Government for various schemes, sale proceeds of gypsum/ fertilizers/ seeds/ pesticides/ implements/ tractors etc, reimbursements of cost of procurement of food grains and interest on bank deposits. Funds outflow comprises expenditure incurred on installation of hand pumps, procurement of gypsum/fertilizers/seeds/pesticides/implements/ tractors/food grains etc, interest, repayment of loans and expenditure on establishment.

The Company had bank balances ranging between ` 67.97 crore and ` 116.26 crore during 2005-10 excluding ` 60 crore of the Agriculture Department. The Company at occasions failed to utilise the available funds judiciously as discussed in subsequent paragraphs. The failure in its judicious utilisation resulted in loss of interest and procurement of fertilizers as discussed below:

2.1.22 The State Government authoriszed (1978-79) the Company for procurement of wheat and paddy for State and Central pool. The Company was to procure allotted quantity of wheat and paddy at the Minimum Support Price (MSP) decided by the Government of India for the year from the farmers. The State Government sanctioned loan to the Company every year for wheat and paddy procurement at interest rate ranging from 9.70 *per cent* to 13.10 *per cent* during 2005-06 to 2009-10. Principal and interest thereon was to be repaid by the Company up to 31 July and 31 March of the procurement season of wheat and paddy respectively. In case of payment beyond the cut-off date, a penal interest at the rate of two *per cent* was payable by the Company. The Company obtained loans ranging between ` 7.50 crore and ` 25 crore from the State Government during 2005-06 to 2009-10 for procurement of wheat and paddy.

We noticed that:

The Company's funds remained parked in FDRs/Cash certificates fetching lower interest rates than that of borrowings which resulted in loss of ` 1.21 crore.

- The Company parked its funds in banks in the form of cash certificates/ FDRs at the rates ranging between 5.75 *per cent* to 9.50 *per cent* during 2006-07 to 2009-10. On the other hand it paid interest on loan ranging between 9.70 *per cent* to 13.10 *per cent* per annum besides penal interest at the rate of two *per cent* on payment beyond stipulated dates of payment. As a result, the Company incurred loss of interest of ` 1.21 crore during that period.
- The Government order sanctioning loans to the Company for procurement of wheat and paddy provided that the loan fund should not be utilised for other purposes. The Company, however, temporarily diverted funds of ` 21.36 crore to fertilizer business in contravention of the terms of the Government order.
- The Company failed to repay loan amount within stipulated period and paid penal interest of ` 42.73 lakh during 2008-09.

2.1.23 The Company raised two loans of ` five crore each in March 199800000 and September 1998 respectively from the Government for fertilizer business at the interest rate of 12 12 and 12.5 *per cent* per annum. Out of which ` 7.50 crore were outstanding at the end of March 2005. The Ccompany did not make any payment against above loan during 2005-06 to 2009-10 and incurred interest liability of ` 4.25 crore during that period.2005-06 to 2009-10. The Company instead of refunding the loan amount parked its funds in FDs and CCs at lower interest rates rates ranginging between 5.75 andto 9.50 *per cent.*

2.1.24 An amount of ` 1.68 crore against supply of 57,792.43 MT gypsum to the Agriculture Department during 2006-10 was still outstanding[17]. The Company did not take up the matter with the Government for release of outstanding amount, worsening its fund position.

2.1.25 Out of ` 2.28 crore (at the end of March 2007) shown as money in transit relating to period prior to 1988, ` 1.38 crore was still pending for recovery from banks in absence of inter-unit reconciliation. bank has not credited the amount resulting in blocking of company's fund to the extent of

[17] Bareilly, Faizabad, Meerut and Agra Regions.

00000. The company even lapse of 21 to 32 years has failed to receive payment from bank. Non-utilisation of own funds

8. Internal Control System

2.1.26 Internal Control System is an integral process by which an organisation governs its activities to effectively achieve its objectives. Such a system consists of methods and policies designed to prevent frauds, minimise errors, promote operating efficiency and achieve compliance with established policies and helps to protect resources against loss due to waste, abuse and mismanagement**.**

Internal audit wing of the Company was ineffective as only one Audit Officer was posted for internal audit.

Internal control in the Company was weak due to acute shortage of officers and staff. Internal Audit wing of the Company was non-functional and ineffective as only one Audit Officer was engaged without any supporting staff during five years upto 2009-10. Though there existed an Audit Committee in the Company but no meeting was held.

We observed weaknesses in internal control system contributed to avoidable losses as discussed below:

- The Company entered (April 2009) into a Memorandum of Understanding (MOU) with FCI Aravali Gypsum and Minerals India Limited, Jodhpur (FAGMIL) for supply of 1.10 lakh MT gypsum for the year 2009-10. Individual orders for supply/ dispatch of gypsum stipulated that cheques for payment would be presented by FAGMIL to bank one week before the dispatch of gypsum to avoid loss of interest. The FAGMIL encashed the cheques but delayed the supply of gypsum from three days to 111 days from the date of encashment. Thus, due to failure of the Company to stop encashment of cheques by FAGMIL much before the actual supply, the Company lost interest[18] of ` 17.15 lakh.
- The Company had no system of analysing cost and benefit of transit insurance cover in procurement of gypsum keeping in view the past occurrence of loss/damage in transit. It, however, had been taking insurance cover for loss in transit of gypsum under specific voyage policy and paid ` 8.52 lakh during 2005-10. Incidentally, the loss of 393.60 MT gypsum (valued at ` 7.37 lakh) in transit could not be recovered from the insurer as gypsum was transported in open wagons though required to be transported in cover.
- As per the MOU with FAGMIL, the rate of gypsum was ` 874.14 per MT for supply up to 1.10 lakh MT and ` 984.30 per MT for supply exceeding 1.10 lakh MT. The Company placed orders (October 2009) for supply of 7906 MT gypsum for Fatehpur and Mainpuri at the higher rate of ` 984.30 per MT though the cumulative quantity of orders was less than 1.10 lakh MT. Thus, the Company made extra payment of ` 8.71 lakh on purchase of 7,906 MT gypsum.

The matter was reported to the Management and the Government in June 2010; their replies were awaited (October 2010).

Conclusion

- **The performance of the Company was found to be dismal in regard to procurement and installation of hand pump assemblies. Cases were noticed where:**

[18] Calculated at the rate of 9 *per cent* after allowing seven days from the date of encashment.

- **prescribed procedures for procurement of materials were not adhered to resulting in sub-standard purchase of GI pipes;**
- **estimates for the installation of hand pumps were prepared with inflated cost; and**
- **PVC pipes were used in excess of PVC pipes for casing purpose were used in excess of requirement. Inrequirement.**

- **Hybrid paddy seeds were procured belatedly resulting in major quantity remaining unsold beyond its germination period and loss to the Company;**
- **Claims of incidental charges against procurement of wheat were not being raised uniformly in the Company and as per the Government orders resulting in non-receipt of total incidental charges;**
- **Due to diversion of loan funds received for procurement of wheat, the Company incurred extra burden of interest. There was acute shortage of staff and absence of incumbents for key posts which adversely affected the functioning of the Company;**
- **Funds at the disposal of the Company were not utilised judiciously at occasions.**
- **Internal control system was deficient particularly in regard to procurement; and**
- **Internal audit was non-functional and ineffective.**

Recommendations

We recommend that the Company should:

- **adhere to prescribed procedures and standards of quality in procurement of materials,**
- **prepare estimates of installation of hand pumps as per the norms,**
- **streamline varying practices in its regional offices for claiming incidental charges in procurement of wheat under MSP;**
- **endeavourendeavour to arrange funds from Government and other financial institutions for its working capital requirement,**
- **utilise its funds judiciously to avoid payment of interest on loans.**
- **streamline the internal control mechanism to ensure adherence to prescribed procedure, rules and regulation and financial propriety, and ; and**
- **strengthen its Internal Audit Wing.**

2.2 Power Generating Undertakings in Uttar Pradesh

Executive summary

Power is an essential requirement for all facets of life and has been recognised as a basic requirement. In Uttar Pradesh, the generation of thermal power is managed by the Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) and of hydro power by Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL). UPRVUNL has eight thermal generation stations and UPJVNL has 12 hydro generation stations with installed capacity of 4082 MW and 526.10 MW respectively. Keeping in view the power availability situation in the State, it was considered desirable to undertake performance audit review of the power generation activities during 2005-10. Important audit observations are discussed below.

Capacity Addition

Against the envisaged capacity addition of 6515 MW to meet the energy generation requirement in the State during 2005-10, the actual addition was 2728 MW. Though 1420 MW of capacity was planned to be added by UPRVUNL during the five years ending March 2010, the actual addition was only 480 MW leaving a deficit of 940 MW. The State was not in position to meet the demand as the power generated as well as power purchased fell short to the extent of 7871 MUs to 13672 MUs during 2005-10.

Project Management

The six units taken up for implementation during the review period were not completed within scheduled time. The slippage in time schedule was due to delay in release of advance to BHEL, delay in splitting and awarding of Balance of Plant (BOP) contract and delay in finalising plot plan/ main power house etc. In two units, time overrun varied from 21 to 27 months in commercial operation of projects, which led to additional expenditure of interest during construction (IDC) of ` 46.44 crore. UPRVUNL failed to recover liquidated damages of ` 132.45 crore from BHEL being the penalty for the delay in commissioning of the projects. UPRVUNL incurred excess expenditure of ` 64.49 crore due to non-awarding of BOP work to BHEL.

Contract Management

During 2005-10, contracts valuing ` 7263 crore were executed with BHEL on single quotation basis which defeated the purpose of getting work done at competitive rate. UPRVUNL extended undue favour to a contractor in award of work of switchyard, resulting in avoidable expenditure of ` one crore.

Operational Performance

Performance of the existing generation stations depends on efficient use of material, manpower and capacity of the plants so as to generate maximum energy possible without affecting the long term operations of the plants. Audit scrutiny of operational performance revealed the following:

Procurement of coal

In absence of any agreement with the coal companies during 2005-10, UPRVUNL failed to procure allotted quantity of coal since short receipt of coal was about 10.89 per cent.

UPRVUNL suffered loss of ` 53.85 crore on account of excess transit loss of coal as compared to norms fixed by MERC/HERC. The Company also made an avoidable payment of ` 16.57 crore as demurrage charges to railways due to delay in unloading of coal wagons by the private contractors and incurred additional expenditure of ` 83.40 crore on procurement of 2.40 lakh MT imported coal due to mixing of imported coal with domestic coal in an arbitrary manner.

Consumption of coal

The consumption of coal in Orba and Parichha TPSs was higher than the norms fixed by UPERC during the review period which resulted in excess consumption of coal of 63.06 lakh MT valued at ` 1082.51 crore.

Deployment of Manpower

UPRVUNL had 9327 employees as on 31 March 2010. The deployment of manpower was not rational as the manpower deployed at thermal power stations was in excess of the norms fixed by CEA which resulted in extra expenditure of ` 694.11 crore during 2005-10. In UPJVNL, the deployment of manpower was within the norms fixed by CEA.

Plant Load Factor

The PLF of all the TPSs of UPRVUNL was lower than the national average except PLF of Anpara TPS. The estimated shortfall in generation as compared to national average PLF worked out to 28608.87 MUs resulting in loss of contribution amounting to ` 1271.17 crore.

Outages

The forced outages remained more than the norm of 10 per cent fixed by CEA in all the five years ending 31 March 2010 which would otherwise have entailed availability of plant for additional 79291 operational hours with consequent generation of 12296 MUs valued at ` 2308.42 crore.

Auxiliary Consumption

The actual auxiliary consumption of Anpara, Obra and Parichha TPSs was more than the norms fixed by UPERC during the period under review resulting in lesser availability of power by 1673.01 MUs valued at ` 269.32 crore.

Repairs and maintenance

UPRVUNL incurred avoidable expenditure of ` 33.94 crore due to non-carrying out of capital overhauling of unit-4 of Anapara 'B' TPS on due date and also suffered generation loss of 1194 MUs valued at ` 208.16 crore.

Renovation & Modernisation

The contract agreement executed for R&M of Obra'B' TPS with BHEL was faulty since supply of material was not linked with shutdown schedule of each units which resulted in blockade of funds of ` 580.82 crore.

Financial Management

Dependence of UPRVUNL on borrowed funds increased from ` 3115.29 crore in 2005-06 to ` 5516.15 crore in 2009-10 which resulted in interest burden of ` 1750 crore.

Claims and Dues

Due to deletion of penalty clause of PPA, the UPRVUNL could not claim late payment surcharge from UPPCL and suffered loss of ` 2928.80 crore during 2005-10 and receivables (dues) from UPPCL increased from ` 2028.62 crore (March 2005) to ` 4089.94 crore (March 2010).

Environmental Issues

To reduce SPM level, UPRVUNL had procured material valuing ` 209.68 crore for installation of ESPs but it could not be installed so far. Further, on line monitoring system to record SPM level was not installed/ operative in any TPSs of UPRVUNL.

Conclusion and Recommendations

Construction activities taken up by UPRVUNL and UPJVNL for new thermal and hydro power projects were far behind the scheduled timeframe. The performance of UPRVUNL and UPJVNL was not up to the desired level due to lower operational efficiency and short fall in generation with reference to targets fixed by CEA/ UPERC. UPRVUNL failed to control outages and excess auxiliary consumption in both old and new units. Failure to follow the prescribed preventive maintenance schedule and inefficient fuel management marred the performance of UPRVUNL. The review contains six recommendations which include effective planning and monitoring, ensuring consumption of coal within the prescribed norms, minimise forced outages and auxiliary consumption etc.

Introduction

2.2.1 Power is an essential requirement for all facets of life and has been recognised as a basic human need. The availability of reliable and quality power at competitive rates is very crucial to sustain growth of all sectors of the economy. The Electricity Act, 2003 provides a framework conducive to development of the Power Sector, promote transparency and competition and protect the interest of the consumers. In compliance with Section 3 of the *ibid* Act, the Government of India (GOI) prepared the National Electricity Policy (NEP) in February 2005 in consultation with the State Governments and Central Electricity Authority (CEA) for development of the Power Sector based on optimal utilisation of resources like coal, gas, nuclear material, hydro and renewable sources of energy. The Policy aims at, *inter alia*, laying guidelines for accelerated development of the Power Sector. It also requires CEA to frame National Electricity Plan once in five years. The Plan would be short term framework of five years and give a 15 years' perspective.

During 2005-06, electricity requirement in Uttar Pradesh was assessed at 58,158 Million Units (MUs) of which only 44,929 MUs were available leaving a shortfall of 13,229 MUs, which worked out to 22.74 *per cent* of the total requirement. The total installed power generation capacity in the State of Uttar Pradesh as on 1 April 2005 was 8,076 Mega Watt (MW) and effective available capacity was 5,717 MW against the peak demand of 7,970 MW leaving deficit of 2,253 MW. As on 31 March 2010, the comparative figures of requirement and availability of power were 76,088 MUs and 67,670 MUs with deficit of 8,418 MUs (11.06 *per cent*) while the installed capacity and effective available capacity was 10,804 MW and 8,186 MW respectively. Thus, there was a growth in demand of 17,930 Million Units (MUs) during review period against which 22,741 MUs were additionally available. The effective capacity addition during the review period was 2,469 MW.

Per capita consumption of electricity is treated as a strong indicator of development of a society. As per CEA report, per capita consumption of electricity in Uttar Pradesh during 2005-06 was 208.65 Kwh against all India average of 428.57 Kwh. However, per capita consumption of electricity increased to 345.66 Kwh during 2007-08 against all India average of 717.13 Kwh as per All India Electricity Statistics, General Review 2009 published by CEA in May 2009 (containing data for the year 2007-08). Low per capita consumption in the State was mainly due to low availability of electricity as discussed in succeeding paragraphs. The imbalance seriously affected industrial and social development of society in the State.

In Uttar Pradesh generation of thermal power is carried out by Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) and the generation of hydro power is carried out by Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) which were incorporated on 25 August 1980 and 17 December 1996, respectively under the Companies Act, 1956. These companies were under the administrative control of the Power Department of the Government of Uttar Pradesh. The Management of these Companies each is vested with a Board of Directors (BOD) comprising of a Chairman-cum-Managing Director (CMD) and three Directors appointed by the State Government. The day-to-day operations are carried out by the CMD, who is the Chief Executive of the Company with the assistance of Chief Engineer, Executive Engineer at headquarters and Power Stations. The UPRVUNL had eight thermal generation stations and UPJVNL had 12 hydro generation stations with the derated capacity of 4082 MW and 526.10 MW respectively. The turnover of the UPRVUNL and UPJVNL was ` 4577.87 crore and ` 80.81 crore respectively in 2009-10, which was equal to 13.05 *per cent* and 1.30 *per cent* of the turnover of the State PSUs (` 35691.82 crore) and State Gross Domestic Product (` 357557 crore), respectively. UPRVUNL and UPJVNL employed 9327 and 648 employees as on 31 March 2010, respectively.

A performance review on Renovation & Modernisation and Refurbishment activities in Thermal Power Station of Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited was included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2009 (Commercial), Government of Uttar Pradesh. The report has not been discussed by COPU so far (October 2010).

Scope and Methodology of Audit

2.2.2 The present review conducted during January 2010 to June 2010 covers the performance of the UPRVUNL and UPJVNL during the period from 2005-06 to 2009-10. The review mainly deals with Planning, Project Management, Financial Management, Operational Performance, Environmental Issues and Monitoring by Top Management. The audit examination involved scrutiny of records of UPRVUNL at the Head Office and six♣ out of eight* thermal generating stations having generation capacity of 3652 MW out of 4082 MW in 2009-10 and generation of 20,879 MU against total generation of 22,912 MU. Further, the audit examination involved scrutiny of records of UPJVNL at the head office and three♠ out of 12** hydro generating stations having generation capacity of 432.60 MW out of 526.10 MW and generation of 665 MU against total generation of 945 MU in 2009-10. The thermal and hydro generating stations have been selected for audit examination on the basis of installed capacity and level of generation of thermal and hydro generating stations.

The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of explaining audit objectives to top management, Scrutiny of records at Head Office and selected units, interaction with the auditee personnel, analysis of data with reference to audit criteria, raising of audit queries, discussion of audit findings with the Management and issue of draft review to the Management for comments.

Audit Objectives

2.2.3 The objectives of the performance audit were:

Planning and Project Management

- To assess whether capacity addition programme taken up/ to be taken up to meet the shortage of power in the State is in line with the "National Policy of Power for All by 2012";
- To assess whether a plan of action is in place for optimisation of generation from the existing capacity;
- To ascertain whether the contracts were awarded with due regard to economy and in transparent manner;
- To ascertain whether the execution of projects were managed economically, effectively and efficiently; and

♣ Anpara 'A', Anpara 'B', Obra 'A', Obra 'B', Parichha 'A' and Parichha 'B'.
* Anpara 'A', Anpara 'B', Harduaganj, Obra 'A', Obra 'B', Panki, Parichha 'A' and Parichha 'B'.
♠ Rihand, Obra (H) and Matatila.
** Rihand, Obra(H), Matatila, Khara, Nirgajini, Chitora, Salawa, Bhola, Belka, Babail, Sheetla and Purla Sumera.

- To ascertain whether hydro projects were planned and formulated after taking into consideration the optimum design to get the maximum power, dam design and safety aspects.

Financial Management

- To assess whether all claims including energy bills and subsidy claims were properly raised and recovered in an efficient manner; and
- To assess the soundness of financial health of the generating undertakings.

Operational Performance

- To assess whether the power plants were operated efficiently and preventive maintenance as prescribed was carried out minimising forced outages;
- To assess whether requirements of each category of fuel worked out realistically, procured economically and utilised efficiently;
- To assess whether the manpower requirement was realistic and its utilisation optimal;
- To assess whether the life extension (renovation and modernisation) programme were ascertained and carried out in an economic, effective and efficient manner; and
- To assess the impact of Renovation & Modernisation/Life extension activity on the operations performance of the Unit.

Environmental Issues

- To assess whether the various types of pollutants (air, water, noise, hazardous waste) in power stations were within the prescribed norms and complied with the required statutory requirements; and
- To assess the adequacy of waste management system and its implementation.

Monitoring and Evaluation

- To ascertain whether adequate MIS existed in the entity to monitor and assess the impact and utilise the feedback for preparation of future schemes.

Audit Criteria

2.2.4 The audit criteria adopted for assessing the achievement of the audit objectives were:

- National Electricity Plan, norms/guidelines of Central Electricity Authority (CEA) regarding planning and implementation of the projects;
- standard procedures for award of contract with reference to principles of economy, efficiency and effectiveness;
- targets fixed for generation of power;
- parameters fixed for plant availability, Plant Load Factor (PLF) etc;
- performance of best generating units in the regions/all India averages;
- prescribed norms for planned outages; and
- Acts relating to Environmental laws.

Financial Position and Working Results

Financial Position and Working Results of UPRVUNL

2.2.5 The financial position of the UPRVUNL for the five years ending 2009-10 is given below.

(` in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10 (Provisional)
A. Liabilities					
Paid up Capital	2523.81	2930.81	3936.81	4714.81	5527.00
Reserve & Surplus (including Capital Grants)	259.20	257.90	1027.93	1025.19	1030.56
Borrowings (Loan Funds):					
Secured	1286.68	1260.01	157.10	463.27	406.02
Unsecured	1828.61	2158.92	3296.80	4292.63	5110.13
Current Liabilities & Provisions	1648.25	1852.27	2243.35	2577.93	2619.27
Total	**7546.55**	**8459.91**	**10661.99**	**13073.83**	**14692.98**
B. Assets					
Gross Block	6754.77	7609.71	8547.11	8695.26	8891.86
Less: Depreciation	4701.61	5056.85	5450.89	5870.16	6264.37
Net Fixed Assets	2053.16	2552.86	3096.22	2825.10	2627.49
Capital works-in-progress	1649.35	1574.18	2115.91	3295.80	5081.26
Investments	909.57	--	--	0.10	21.49
Current Assets, Loans and Advances	2784.02	4248.29	5288.17	6333.39	5992.60
Accumulated losses	150.45	84.58	161.69	619.44	970.14
Total	**7546.55**	**8459.91**	**10661.99**	**13073.83**	**14692.98**

During detailed examination of records we observed the following:

- Dues receivable towards sale of energy included under Current Assets, Loan and Advances increased from 51.38 *per cent* in 2005-06 to 68.25 *per cent* in 2009-10 due to their poor realisation which led to accumulation of huge outstanding against Uttar Pradesh Power Corporation Limited (UPPCL) as commented in subsequent paras. Consequently, the Company had to borrow loans for installation of new projects, R&M programmes and operational requirements. This is evident from the fact that the borrowings which was ` 3115.29 crore at the end of 2005-06 increased to ` 5516.15 crore at the end of 2009-10 representing an increase of 77.07 *per cent*.
- Against the ideal debt-equity ratio of 2:1, the debt-equity ratio of the Company was 1.17:1 in 2005-06 which further improved to 0.99:1 in 2009-10 due to further infusion of equity capital of ` 3003.19 crore during the review period.
- During 2007-08, the loan from LIC was settled under OTS. As a result, Secured Loan from LIC reduced by ` 1193.34 crore and Reserve & Surplus increased by ` 702.87 crore.

The details of working results of UPRVUNL like cost of generation of electricity, revenue realisation, net surplus/ loss and earnings and cost *per* unit of operation are given below:

(` in crore)

Sl. No.	Description	2005-06	2006-07	2007-08	2008-09	2009-10 (Provisional)
1	2	3	4	5	6	7
1.	**Income**					
	Generation Revenue	2905.81	3324.35	3790.57	4170.30	4548.24
	Other income including interest/subsidy	12.34	15.64	45.21	23.99	29.63
	Total Income	**2918.15**	**3339.99**	**3835.78**	**4194.29**	**4577.87**
2.	**Generation**					
	Total generation (In MUs)	19370	20741	21041	22383	22912
	Less: Auxiliary consumption (In MUs)	2051	2124	2240	2427	2433
	Total generation available for Transmission and Distribution (In MUs)	17319	18617	18801	19956	20479
3.	**Expenditure**					
(a)	**Fixed cost**					
(i)	Employees cost	262.87	265.71	431.85	468.19	449.78
(ii)	Administrative and General expenses	37.31	41.28	64.53	64.39	74.38
(iii)	Depreciation	335.51	355.36	395.18	419.95	395.52
(iv)	Interest and finance charges	91.19	106.29	172.00	275.43	300.34
	Total fixed cost	726.88	768.64	1063.56	1227.96	1220.02
(b)	**Variable cost**					
(i)	**Fuel consumption**					
	a) Coal	1815.57	2168.79	2303.75	2715.71	3122.11
	b) Oil	103.02	152.94	187.81	257.63	227.31
	c) Gas					
	d) Naptha					
	e) Other fuel related cost including shortages/ surplus	54.72	-38.71	29.16	82.34	53.10
(ii)	Cost of water & chemical	5.93	6.16	5.91	14.36	7.75
(iii)	Lubricants and consumables	12.82	14.41	14.93	20.26	18.56
(iv)	Repair and maintenance	177.05	262.24	319.50	283.04	274.47
	Total variable cost	2169.11	2565.83	2861.06	3373.34	3703.30
C.	**Total cost 3(a) + (b)**	**2895.99**	**3334.47**	**3924.62**	**4601.30**	**4923.32**
4.	Realisation (` per unit)	1.68	1.79	2.04	2.10	2.24
5.	Fixed cost (` per unit)	0.42	0.41	0.57	0.62	0.60
6.	Variable cost (` per unit)	1.25	1.38	1.52	1.69	1.81
7.	Total cost (5+6) (` per unit)	1.67	1.79	2.09	2.31	2.41
8.	Contribution (4-6) (` per unit)	0.43	0.41	0.52	0.41	0.43
9.	**Profit (+)/Loss(-) (4-7) (` per unit)**	**0.01**	**0.00**	**(-) 0.05**	**(-) 0.21**	**(-) 0.17**

It would be seen from above that:

- The operations of UPRVUNL resulted in marginal profit in the years 2005-06 and loss during the years 2007-08 to 2009-10.
- The employee cost increased from 2007-08 due to implementation of recommendation of 6th Pay Commission in the Company.
- The variable cost per unit of energy generated by TPSs increased from ` 1.25 in 2005-06 to ` 1.81 in 2009-10 mainly due to increase in cost of fuel.

Financial Position and Working Results of UPJVNL

2.2.6 As compared to UPRVUNL, the operation of UPJVNL are at lesser levels in terms of equity and generation of power. The particulars of financial position and working results for the five years ending 2009-10 are given in **Annexure-9**. An analysis of the data in the Annexure has revealed the following:

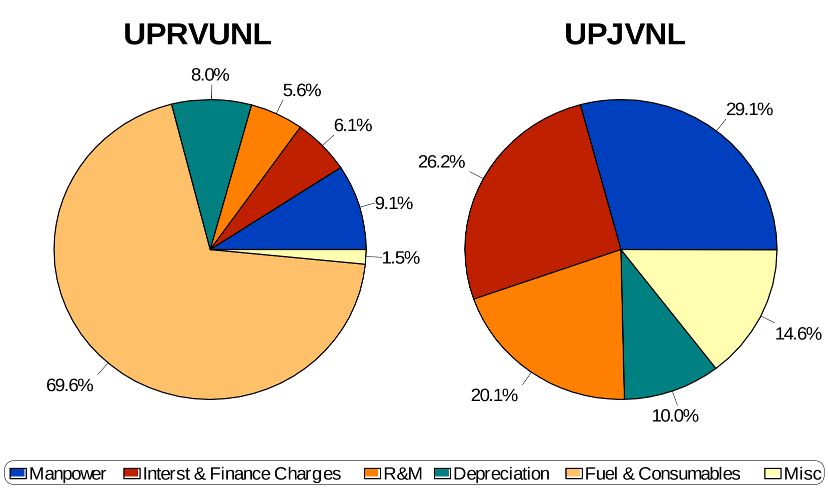
- Current Assets, Loans and Advances included dues receivable from UPPCL towards sale of energy which ranged between 26.64 *per cent* (2009-10) and 36.61 *per cent* (2005-06). Due to poor realisation of dues and consequent accumulation of huge outstanding from UPPCL (as commented in subsequent paras), the Company had to borrow loans for R&M programmes. This is evident from the fact that the borrowings which was ` 302.55 crore at the end of 2005-06 increased to ` 393.64 crore at the end of 2009-10 representing an increase of 30.11 *per cent*.

- Against the ideal debt-equity ratio of 2:1, the debt-equity ratio of the Company was 1.22:1 in 2005-06 and increased to 2.23:1 in 2009-10 due to addition in loan by ` 91.09 crore.
- The operations of UPJVNL resulted in profit in all the years except in the years 2005-06 and 2009-10.
- Other income mainly includes water charges received from sale of water to TPSs.
- The Expenditure does not include ` 132.44 crore written off by the Company as bad debts during 2006-07 to 2009-10 as discussed in paragraph 2.2.52.
- The variable cost per unit of energy generated by HPSs increased from ` 0.07 in 2005-06 to ` 0.19 in 2009-10 mainly due to increase in Repair and maintenance expenses.

Elements of Cost

2.2.7 Fuel & Consumables and Manpower constitute the major elements of costs. The percentage break-up of costs for 2009-10 in respect of UPRVUNL and UPJVNL are given below in the pie-charts.

Components of various elements of cost



Elements of revenue

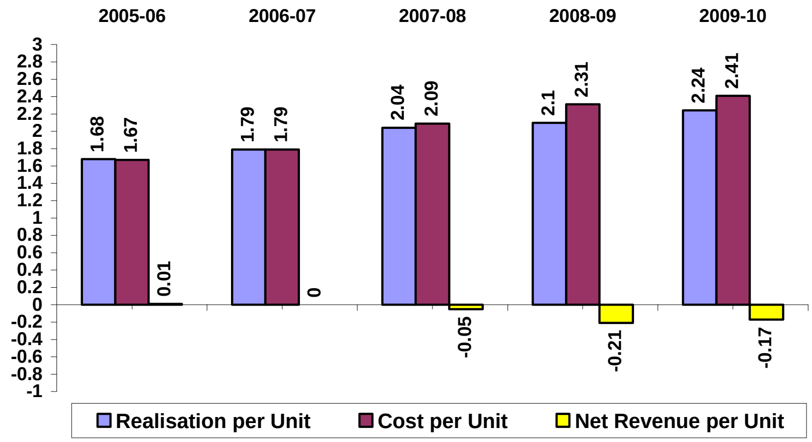
2.2.8 Sale of Power constitutes the major element of revenue. The other income constituted 0.6 *per cent* and 39.3 *per cent* of the total revenue during 2009-10 in respect of UPRVUNL and UPJVNL respectively.

Recovery of cost of operations

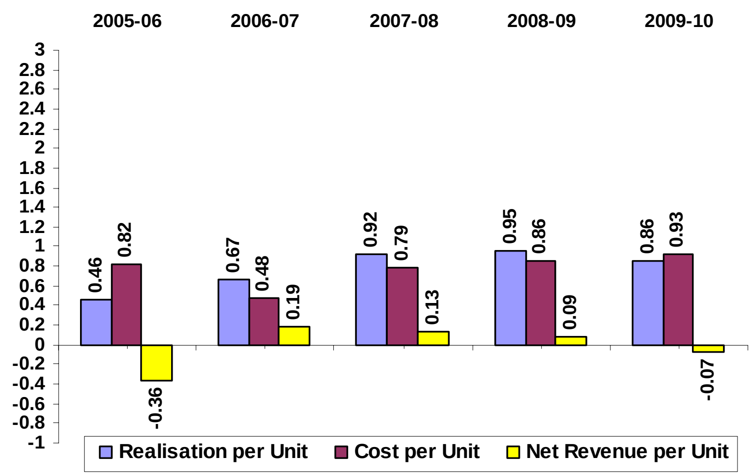
2.2.9 The UPRVUNL was not able to recover its cost of operations during the years 2007-08 to 2009-10. On the other hand, UPJVNL could recover its cost of operations excepting 2005-06 and 2009-10 as depicted in the following bar charts:

UPRVUNL

(Amount in `)



UPJVNL



Had the total revenue earned by UPRVUNL been sufficient to cover the cost, an additional amount of ` 861.22 crore could have been available for capacity addition/ life extension programmes. The main reasons for high cost of generation had been poor capacity utilisation corroding the system performance, high level of auxiliary consumption and higher interest and manpower cost.

Audit Findings

2.2.10 We explained the audit objectives to the UPRVUNL and UPJVNL during an 'entry conference' held on 6 February 2010. Subsequently, our audit findings were reported to them and the State Government in August, 2010.The audit findings were discussed in an 'exit conference' held on 25 August 2010 which was attended by Accountant General and CMD of UPRVUNL and UPJVNL. The replies to our audit findings were received in September 2010.

The State Government endorsed the views of managements. The views expressed by them have been considered while finalising this review. Our audit findings are discussed below.

Operational Performance

2.2.11 The operational performance of the UPRVUNL and UPJVNL for the five years ending 2009-10 is given in the **Annexure-10.** The operational performance of the UPRVUNL and UPJVNL was evaluated on various operational parameters as described below. It was also seen whether the UPRVUNL and UPJVNL were able to maintain pace in terms of capacity addition with the growing demand for power in the State. Audit findings in this regard are discussed in the subsequent paragraphs. These audit findings show that there was scope for improvement in performance.

Planning

2.2.12 National Electricity Policy aims to provide availability of over 1,000 Units of electricity per Capita by 2012. The Union Government has laid emphasis on the full development of hydro potential being cheaper source of energy as compared to thermal. The Central Government would support the State Government for expeditious development of hydro power projects by offering the services of Central Public Sector Undertakings like NHPC, NTPC and NEEPCO. Besides, environmental concerns would have to be suitably addressed through appropriate advance actions. The power availability scenario in the state indicating own generation, purchase of power, peak demand and net deficit was as under:

Actual generation of electricity in Uttar Pradesh was 45.26 *per cent* and 34.03 *per cent* of average and peak demand during 2005-06 which decreased to 35.43 *per cent* and 28.43 *per cent* in 2009-10 respectively.

In Uttar Pradesh the actual generation was substantially less than the peak as well as average demand during the period 2005-10 as shown below:

Year	Generation (MW)	Peak Demand (MW)	Average Demand (MW)	Percentage of actual generation to Peak Demand	Percentage of actual generation to Average Demand
2005-06	2905	8537	6418	34.03	45.26
2006-07	3215	8753	6718	36.73	47.86
2007-08	2639	10104	7478	26.12	35.29
2008-09	2773	10587	8013	26.19	34.61
2009-10	3086	10856	8710	28.43	35.43

As may be seen from the above that due to quantum jump in the demand during review period, actual generation could meet 45.26 *per cent* and 34.03 *per cent* of average and peak demand during 2005-06 and the same decreased to 35.43 *per cent* and 28.43 *per cent* in 2009-10 respectively. Thus, there was wide gap between generation and demand of electricity. Therefore, to narrow the gap, the State Government largely depended on purchase of power from Central Public Sector Undertakings/other States. However, the total supply even after import was not sufficient to meet the peak demand, as shown below:

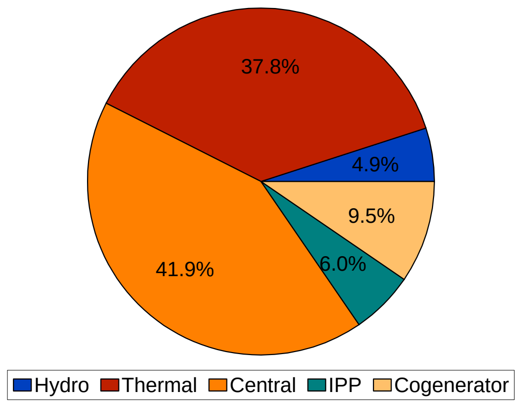
Year	Peak Demand (MW)	Peak Demand met (MW)	Sources of meeting peak demand		Peak Deficit (MW)	Percentage of Deficit
			Own (MW)	Import (MW)		
2005-06	8537	6112	2905	3207	2425	28.41
2006-07	8753	7188	3215	3973	1565	17.88
2007-08	10104	7504	2639	4865	2600	25.73
2008-09	10587	8222	2773	5449	2365	22.34
2009-10	10856	8186	3086	5100	2670	24.59

There remained a shortfall of 1565 to 2670 MW even after import. Consequently rotational load shedding is forced on the populace.

This section deals with capacity additions and optimal utilisation of existing facilities. Environmental aspects have been discussed in subsequent paragraphs at later stage.

Capacity Additions

2.2.13 The State had total installed capacity of 8076 MW at the beginning of 2005-06 and increased to 10804 MW at the end of 2009-10. The break up of generating capacities, as on 31 March 2010, under Thermal, Hydro, Central, IPP and Co-generators is shown in the pie chart below.



To meet the energy generation requirement of 76088 MUs in the State, a capacity addition of about 6515 MW was planned by the State during 2005-06 to 2009-10. As against this, the actual capacity addition at the end of March 2010 was 2728 MW leading to shortfall of 3787 MW. The projects categorised as 'Projects under Construction' (PUC) and 'Committed Projects[∞]' (CP) were earmarked for capacity addition during review period according to NEP are detailed below.

(In MW)

Sector	Thermal	Hydro	Non-conventional Energy	Total
PUC	8420	330	NIL	8750
CP	9710	NIL	NIL	9710
Total	**18130**	**330**	**NIL**	**18460**

We noticed that:

- Government approved (June 2007) installation of 1320 MW project at Meja, Allahabad in joint sector with NTPC. A sum of ` 98.14 crore (including UPRVUNL contribution of ` 49.33 crore) was spent on land acquisition and various site infrastructure etc. up to June 2010. However, the approval of Ministry of Environment and Forest was awaited (September 2010).
- UPRVUNL decided (February 2008) installation of 2000 MW project as joint venture with Neyveli Lignite Corporation (NLC). The Government issued NOC in May 2009 for installation of project at Fatehpur. However, NLC revised (December 2009) the site to Ghatampur without assigning any reason. Thus, non-installation of

[∞] Committed projects denote the projects approved by the State Government.

project at approved site of Fatehpur resulted in delay of more than two years.

The particulars of capacity additions envisaged, actual additions and peak demand vis-à-vis energy supplied during review period are given below:

Sl. No	Description	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Capacity at the beginning of the year (MW)	8076.34	8546.94	10300.54	10643.99	10453.99
2.	Additions planned as per National Electricity Plan (MW)	210	710	-	-	1980
3.	Additions planned by the State (MW)	1644.25	2337.00	147.00	237.00	2150.00
3 (a)	Additions planned by the UPRVUNL (MW)	420	-	-	-	1000
4.	Actual Additions (MW)	502.60	1853.60	343.45	10	350
4(a)	Actual additions by UPRVUNL (MW)	-	210	210	10	50
5	Capacity deletion by CEA(MW)	32	100	-	200	-
6.	Capacity at the end of the year (MW) (1 + 4 - 5)	8546.94	10300.54	10643.99	10453.99	10803.99
7.	Shortfall in capacity addition (MW) (3 – 4)	1141.65	483.40	(196.45)	227	1800
8.	Demand (MUs)	58158	58872	65679	70138	76088
9.	Energy supplied (MUs)					
	a) Energy produced	18596	20043	19722	21048	21419
	b) Energy purchased	27830	30958	35751	35418	46759
10.	Shortfall in supply (MUs)	11732	7871	10206	13672	7910

Actual capacity addition was only 480 MW against 1420 MW planned by UPRVUNL during 2005-10.

It may also be observed from the above table that during review period actual capacity addition was only 480 MW against 1420 MW planned by the UPRVUNL leaving shortfall of 940 MW against the addition planned. The State was not in a position to meet the demand as the power generated as well as power purchased fell short to the extent of 7871 MUs to 13672 MUs during review period. The particulars of projects of UPRVUNL and UPJVNL existing as on 1 April 2005, additions and deletions during review period and projects existing as on 31 March 2010 are given in the **Annexure-11**.

Instances of time overrun and consequential loss of generation have been discussed in subsequent paragraphs under project management.

Optimum Utilisation of existing facilities

2.2.14 In order to cope with the rising demand for power, not only the additional capacity needs to be created, but the plan for optimal utilisation of existing facilities needs to be in place. Simultaneously life extension programme/replacement of the existing facilities besides timely repair/ maintenance also need to be executed. The details of the power generating units, which were actually taken up for Renovation and Modernisation (R&M)/Life extension programmes (as *per* CEA norms) during the five years ending 2009-2010 vis-à-vis those were due are indicated in the table below.

Sl. No.	Name of the Plant	Unit No.	Installed capacity (in MW)	Due date (as per CEA norms)	Date when actually taken up	Delay in taking up R&M/LEP
1	Harduaganj TPS	5	60	March 1997	May 2005	8 years
2	Harduaganj TPS	7	110	March 1998	May 2005	7 years
3	Anpara "A'TPS	1	210	March 2006	May 2006	-
4	Anpara 'A'TPS	2	210	February 2007	May 2006	-
5	Anpara 'A' TPS	3	210	March 2008	May 2006	-
6	Obra 'A'TPS	6	100	October 1993	December 2005	12 years
7	Obra 'A'TPS	7	100	December 1994	December 2009	15 years
8	Obra 'A'TPS	8	100	September 1995	December 2009	14 years
9	Obra 'B'TPS	9	200	October 2000	June 2006	6 years
10	Obra 'B'TPS	10	200	January 1999	Yet to be started	11 years
11	Obra 'B'TPS	11	200	December 1997	Yet to be started	12 years
12	Obra 'B'TPS	12	200	March 2001	Yet to be started	9 years
13	Obra 'B'TPS	13	200	July 2002	Yet to be started	8 years

From the above, we see that against the 13 units due for being taken up for Renovation and Modernisation/ Life extension programmes, R&M was carried out in only nine units, and four units have not been taken up (March 2010) despite delays ranging between eight to 12 years. Of the nine units in which R&M was carried out, in six units the works were taken up six to 15 years after due date. Only in three units the R&M work was taken up on or in time.

The Management stated that due to power shortage in the State and delay in supply of material, the units could not be taken up for R&M on scheduled dates.

The detailed audit observations relating to repair/ maintenance and life extension programmes are discussed in succeeding paragraphs.

Project Management

2.2.15 Project management includes timely acquisition of land, effective action to resolve bottlenecks, obtain necessary clearances from Ministry of Forest and Environment and other authorities, rehabilitation of displaced families, proper scheduling of various activities etc. Notwithstanding, time and cost over runs were noticed due to absence of coordinating mechanism throughout the implementation of the projects during review period as discussed in succeeding paragraphs.

The following table indicates the scheduled and actual dates of completion of the power stations, date of start of transmission, date of commissioning of power stations and the time overrun during the review period.

Time overrun

Sl. No.	Phase-wise name of the Unit	Details	As per DPR	Actual time taken	Time overrun
1.	Parichha Ext. Unit-1 (210 MW)	Date of completion of unit	October 2004	23.05.2006	19 months
		Date of start of transmission	January 2005	23.05.2006	15 months
		Date of commercial operation/ commissioning of unit	February 2005	24.11.2006	21 months
2.	Parichha Ext. Unit- 2 (210 MW)	Date of completion of unit	April 2005	28.12.2006	21 months
		Date of start of transmission	July 2005	28.12.2006	17 months
		Date of commercial operation/ commissioning of unit	August 2005	1.12.2007	27 months

It is seen from above that Parichha Extension project implemented during review period, was not completed in time and slippages were on account of lack of co-ordination between various agencies involved in the construction of plant and non-payment of advance on due date. These factors were avoidable at various stages of implementation. However, the project cost remained same as the project was awarded to BHEL on turnkey basis.

The instances of cost overrun and consequential loss of generation vis-à-vis non recovery of LD amounts, as noticed by us, are given below:

Non-levy of liquidated damages in respect of Parichha Extension (2x210 MW)

Despite delay of seven and fourteen months in commissioning of Unit I and II, LD of ` 71.25 crore was not recovered from BHEL.

2.2.16 A LOI was issued (September 2002) to BHEL for Erection, Procurement and Commissioning (EPC) work of 2x210 MW extension project of Parichha TPS at a cost of ` 1425 crore. Both the units were scheduled to be commissioned after 30 months (15 April 2005) and 36 months (15 October 2005) from the zero date respectively. The payment of first instalment of mobilisation advance of 10 *per cent* to BHEL on 16 October 2002 was considered as Zero date.

The last instalment of mobilisation advance of 5 *per cent* was paid to BHEL on 31 March 2004 belatedly after a delay of over one year due to non-receipt of funds from the State Government. Accordingly, BHEL extended the due date of commissioning by one year (15 April 2006 and 15 October 2006 respectively).

We noticed that the first unit was commissioned on 24 November 2006 after a delay of seven months and second unit was commissioned on 1 December 2007 after delay of 14 months from the revised date of commissioning.

Thus, due to delay in the commissioning of the units, interest during construction (IDC) increased from ` 214.37 crore to ` 260.81 crore and the Company incurred additional expenditure of ` 46.44 crore on IDC. In addition, the delay caused loss of generation of 2157.96 MU valued at ` 213.64 crore (at the rate of ` 0.99 per unit).

Though, both the units were commissioned after the delay of seven months and fourteen months respectively but liquidated damages (LD) of ` 71.25 crore (5 *per cent* of ` 1425 crore) was not deducted from BHEL as per clause of LOA.

The Management accepted the increase in IDC due to delay in commissioning of project. The management further stated that negotiation with BHEL, regarding pending issues including LD, is in progress and Corporate Guarantee of ` 71.25 crore is valid up to 30 December 2010.

Collapse of Chimney at Parichha Extension (2x250 MW)

The Company did not impose LD of ` 61.20 crore on BHEL for delay in commissioning of Parichha Extension (2X250 MW) and suffered loss of generation valued at ` 882 crore.

2.2.17 Parichha (2x250 MW) extension was envisaged to augment the existing capacity of Parichha TPS. Accordingly, 2 x 250 MW units (units 5 & 6) were sanctioned by U.P. Government (June 2005). As per the DPR, the units were to be commissioned in 30 months and 36 months respectively from date of order (June 2006). BHEL was awarded the work of supply and installations of BTG and related civil works for ` 1224 crore.

We observed that BHEL was given commissioning schedule of 35 and 39 months from the date of release of advance (August 2006) against the DPR schedule of 30 and 36 months respectively. BHEL submitted revised schedule (August 2007) due to delay in finalising the plot plan/Main Power House (MPH) according to which both units were to be commissioned in January 2010 and May 2010. BHEL could not adhere even to this schedule and accordingly a further revised schedule was agreed to according to which both units were to be commissioned in July 2010 and December 2010.

Thus, there is a likely delay of 18 months and 17 months in commissioning of both the units, due to which the company suffered loss of generation of 5040 MU valued at ` 882 crore upto March 2010. Further, the Company did not impose LD of ` 61.20 crore at the rate of 5 *per cent* of the cost in accordance with terms of agreement with BHEL.

We further noticed that the Company awarded (June 2007) the work of construction of Chimney to NBCC, New Delhi for ` 33.16 crore which was to be completed by February 2009. However, the construction work of chimney was not completed within stipulated period and the chimney had also collapsed on 24 May 2010. The Company appointed (June 2010) IIT, New Delhi for investigation of reasons for collapse of chimney. Due to collapse of chimney, the commissioning of project would be further delayed.

The Management stated that the NBCC would re-construct the chimney and therefore, the project would be delayed by 15 months. The Management further stated that final decision for LD would be taken after completion of the project.

Splitting of BOP works of Harduaganj -Extension (2X250MW)

2.2.18 The Government approved (June 2005) setting up of 2x250 MW coal based units (Unit No. 8 & 9) at Harduaganj. As per DPR, the estimated cost of project was ` 1900 crore (which included BOP work of ` 500 crore). The

The Company incurred excess expenditure of ` 64.49 crore due to splitting of BOP works.

BHEL submitted (February 2006) an EPC proposal of ` 695 crore for balance of plant (BOP) work which was valid upto 30 November 2006.

As per directions of the Government the Company invited (July 2006) pre qualification bids for BOP works and two firms♥ were selected for submitting financial bids.

Subsequently, only REL submitted their price bid for BOP works for ` 744 crore which was cancelled by the management in December 2006 due to lack of competition. Thereafter, the Company decided (December 2006) that the entire BOP work should be divided into small packages and fresh tenders be invited for respective works. NTPC was engaged (December 2006) for providing consultancy on BOP works and coordination among different agencies at the fee of ` 21.75 crore. The entire BOP work was divided in 23 packages and awarded to different agencies at a total cost of ` 787.12 crore (including mandatory spares of ` 27.63 crore) between March 2008 and April 2009 which resulted in excess expenditure of ` 92.12 crore♦. Further, due to delay in splitting and awarding BOP contracts, the units 8 & 9 that were expected to be commissioned by October 2009 and February 2010 respectively are now likely to be commissioned by December 2010 and January 2011. This has also resulted in loss of generation of 3768 MU♣.

The Management stated that the BOP work was splited in 23 packages for which approval of the Government had been obtained. The Management further stated that the cost of BOP work increased due to inclusion of mandatory spares. However, even after excluding cost of mandatory spares, the Company incurred excess expenditure of ` 64.49 crore.

Poor planning in Obra 'C' project (2X500 MW)

2.2.19 The Government approved the project for installation of 2x500 MW new units at Obra 'C' TPS in February 2009. The Company requested (June 2009) NTPC to prepare the DPR and Technical Feasibility Report (TFR) for 2x660 MW super critical units in place of 2x500 MW sub-critical units which was submitted in November 2009 with estimated cost of the project as ` 7830 crore. Accordingly, the 1st unit was to be commissioned in 51 months from the award of contract of main plant and the second unit after an interval of 6 months.

The approval of State Government regarding installation of 2X660 MW had not been received so far (September 2010). However the Company had incurred an expenditure of ` 5.05 crore on the project up to 31 March 2010.

We noticed that the Company switched over to installation of 2x 660 MW units rather than the Government approved 2x500 MW units. This has already resulted in a delay of more than nine months and is also indicative of poor planning of the Management at the initial stage.

The Management stated that the Company switched over for installation of 2x660 MW units because the Company was planning to get BTG of 2x500 MW units from BHEL but the Government approval received was to install the units through open tenders which required 50-55 months. However, the installation of 2x660 MW units would also require almost similar time.

Delay in clearance of site for Anpara 'D' Project (2 x 500 MW)

2.2.20 The State Government accorded approval (September 2006) for setting up of 2x500 MW units at Anpara. The offer of BHEL for ` 3390 crore was approved by the Government in September 2007. The Company subsequently

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♥ Reliance Energy Limited (REL) and Alstom Project India Limited (APIL).

♦ (` 787.12 crore *minus* ` 695.00 crore).

♣ Sale rate yet to be decided by UPERC.

issued (October 2007) letter of Intent (LOI) to BHEL for ` 3390 crore for installation of BTG and civil works and paid an advance (January 2008) of ` 456 crore to BHEL which was considered as date of start of work. The 1st unit and 2nd units were to be commissioned in 39 months (April 2011) and 42 months (July 2011) respectively.

We noticed that six transmission lines were passing through the proposed site of the project. The Company executed agreements for removal of transmission lines in February 2008 with Power Grid Corporation of India Limited (PGCIL) with completion period of six months from date of agreement and in July 2007 with U.P. Power Transmission Corporation Limited without specifying the period of completion of the work, which were ultimately removed in September 2009. The piling/civil work was to be commenced by BHEL from June 2008 but it could be started in December 2009 due to delay in shifting of transmission lines resulting in delay of 18 months from the scheduled date. Resultantly, the project commissioning dates have been revised/extended by eight months depriving capacity addition of electricity in a power deficit State.

The Management stated that the delay in shifting of transmission lines was due to submergence of various foundations of towers due to heavy rains. The delay of more than 18 months in shifting of transmission lines was not justified as rain water receded within two to three months.

Inordinate delay in commissioning of Sheetla Hydro Power Project

2.2.21 The Sheetla Hydro Project (3X1.2 MW) was envisaged in Moth District of Bundelkhand on Betwa Main Canal at an estimated cost of ` 13.93 crore, approved by Public Investment Board (PIB) in November 1998. In February 2000, Bhola Singh Jai Prakash Construction Limited and Jyoti Limited were engaged for carrying out Civil Construction Works for ` 5.82 crore and Electrical Works for ` 8.03 crore respectively on turn-key basis. The electrical work was to be completed in 24 months and civil work was to be completed in 30 months by March 2003.

Poor planning caused delay of 30 months in commissioning of Sheetla Hydra Project and cost overrun of ` 7.88 crore.

The work of commissioning of all the machines was completed by December 2005 after a delay of more than 30 months. The machines were synchronised with grid by March 2006 and unit could be taken on commercial load in November 2006.

We noticed that the Company incurred an expenditure of ` 21.73 crore registering an increase of 56 *per cent* over the initial estimate. The reasons for time and cost over-run were lack of detailed drawings at the time of original project estimate, lack of detailed study of soil and its bearing capacity, cost/type of turbine/generator, estimation on the basis of estimated drawings which was much less than the execution drawing prepared by Irrigation Design Organisation, Roorkee, delay in acquisition of land from private owners and improper selection of the site which was frequently flooded due to proximity to the Betwa Canal.

Thus, due to poor planning the Sheetla hydro project was delayed by more than 30 months and also suffered cost over-run of ` 7.88 crore.

Contract Management

2.2.22 Contract management is the process of efficiently managing contract (including inviting bids and award of work) and execution of work in an effective and economic manner. The works are generally awarded on turn key (Composite) basis to a single party involving civil construction, supplies of machines and ancillary works.

During review period contracts valuing ` 7263 crore were executed with BHEL on single quotation basis which defeated the purpose of getting work done at competitive rates. The instances of award of work at higher rate and undue favour to contractors are discussed in succeeding paragraphs:

Undue favour to a contractor

2.2.23 The Company invited tenders (August 2006) for construction of 400 KV/ 220KV switchyard which included installation of 400 KV/6.9 KV station supply transformer in respect of Parichha 2X250 MW extension project. Based on the offers received, the Company decided (April 2007) to award the work of construction of switchyard on turnkey basis to BHEL for ` 123.65 crore. Subsequently, the Board of Directors changed the specification of tender and decided (June 2007) to install a 220 KV/6.9 KV station supply transformer instead of 400 KV/6.9 KV station supply transformer. Accordingly, the tender was cancelled and a fresh tender based on modified specifications was issued in which L&T, Areva and ABB Ltd. were qualified bidders. Areva was found to be lowest and LOI was issued to the firm in March 2008 for construction of Switchyard on turnkey basis with completion schedule of 22 months from date of LOI (i.e. by January 2010).

The Company ignored the earlier lower offer of BHEL for switchyard work and accepted higher tender of Areva which was even not for the desired specifications.

We noticed that in the price bid submitted by Areva, rates were quoted for 400KV/6.9KV station transformer instead of the 220KV/6.9KV station transformer as required in the fresh tender specifications. The Company adjusted the prices of the two transformers at its own level and finally awarded the work for ` 124.65 crore. However, the earlier offer of BHEL for 400 KV/6.9 KV station transformers, which was for ` 123.65 crore was neither considered by adjusting the prices (as done for Areva) nor BHEL was approached to submit bid with revised specification. This resulted in avoidable expenditure of ` One crore atleast.

The Management stated that BHEL did not participate in fresh tender as per revised specification. However, the Company did not ensure specification of station transformer before inviting tenders in August 2006 and also awarded the tender to a firm which had not quoted for the technically specified transformer.

Non-recovery of expenditure incurred on Coal linkage

2.2.24 The Government decided (February 2004) to implement Anpara ‘C’ TPS through private sector participation. Earlier the project was to be implemented by UPRVUNL with the help of Japan Bank for International Cooperation (JBIC). The required clearance from Uttar Pradesh Pollution Control Board, MOEF and CEA had already been obtained by the Company in its own name for setting up the project. Letter of comfort from National Coalfields Limited (NCL) for long term supply of coal had been obtained (28 March 2002) on the basis of which Ministry of Coal, Government of India allowed (1 August 2002) Coal linkage for Anpara ‘C’ project to the Company. The UPERC vide order dated 6 February 2006 directed that the projects clearance viz. MOEF etc. and making Fuel Supply Agreement (FSA) with NCL was the responsibility of the seller (Lanco).

We noticed that despite the order of UPERC (February 2006), the Company decided and paid (September 2006) ` 2 crore to NCL for retaining the coal linkage. Since, the Anpara ‘C’ project was being installed by a private firm viz Lanco, the decision of the Company to pay ` 2 crore to NCL to retain Coal linkage was not justified. The same is yet to be recovered from NCL by the Company (September 2010). Thus, non-recovery of the amount paid for retaining the Coal linkage resulted in locking up of the Company’s fund to the extent of ` 2 crore.

The Management stated that since the private sector investor was not finalised at the time of deposit of ` 2 crore, therefore, the Company decided to deposit the amount with NCL to save coal linkage allotment. The reply is not based on facts since Lanco had already been identified by the time amount was deposited by the Company.

Award of work without ensuring financial interest

2.2.25 The proposed site of Obra C project was in Sector 5, 6 and 7 of Obra Colony and for installation of BTG, approx. 2,70,000 cum of Dakkaya Hillock falling under Sector 6 was to be dismantled. The Company anticipated that since the stone of hillock was of good quality, the agency involved would carry out work at its own cost, pay royalty to the Government and also pay to the Company for stone collected by the agency. Ignoring the above facts, the work of Dakkaya Hillock was awarded (November 2008) to B. L. Agarwal Stone Products Limited for 1,70,000 cum for which the Company was to pay the contractor at the rate of ` 18 per cum. The contractor was to pay royalty at the rate of ` 94 per cum to the State Government. The work was to be completed within 6 months i.e. May 2009. As the contractor did not complete the work, the contractor was directed in August 2009 to stop the work. Till then, the contractor had completed the work of 109000 cum valued at ` 19.62 lakh. The Company cancelled (January 2010) the agreement with the contractor who claimed damages of ` 2.28 crore. The matter was pending with arbitrator (March 2010).

We noticed that the State Government revised the rate of royalty on stone from ` 94 per cum to ` 143 per cum with effect from June 2009. A fresh tender was floated by the Company for work of levelling Dakkaya Hillock in which ` 22.05 per cum was to be received by the Company and increased royalty at the rate of ` 143 per cum.

Thus, the work to B.L. Agarwal Stone Product Limited was awarded without ensuring interest of the Company and it became liable to pay ` 19.62 lakh instead of earning ` 97.06 lakh.

Operational Performance

2.2.26 Operations of UPRVUNL is dependent on input efficiency consisting of material and manpower and output efficiency in connection with Plant Load Factor, plant availability, capacity utilisation, outages and auxiliary consumption. These aspects have been discussed below.

Input Efficiency

Procedure for procurement of coal

2.2.27 CEA fixes power generation targets for thermal power stations (TPS) considering capacity of plant, average plant load factor and past performance. The UPRVUNL works out coal requirement on the basis of targets so fixed and past coal consumption trends. The coal requirement so assessed is conveyed to the Standing Linkage Committee (SLC) of the Ministry of Power (MOP), Government of India, which decides the source and quantity of coal supply to TPSs on quarterly basis. However, from 2009-10, the above concept of SLC was discontinued by notification of New Coal Distribution Policy (October 2007). The UPRVUNL now directly enters into a fuel supply agreement with the coal companies.

The position of coal linkages fixed, coal received, generation targets as reported to SLC for procurement of coal and actual generation achieved during the period from 2005-06 to 2009-10 covering all the TPSs of UPRVUNL was as under:

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	Total
1	Coal linkage fixed (In lakh MT)	174.15	198.15	185.25	204.90	185.00	947.45
2	Quantity of coal received (In lakh MT)	153.46	160.80	164.05	181.93	184.03	844.27
3	Quantity of coal short received (In lakh MT)	20.69	37.35	21.20	22.97	0.97	103.18
4	Percentage of short coal received	11.88	18.85	11.44	11.21	0.52	10.89
5	Generation targets as reported to SLC (MUs)	21810	21770	22887	23437	22963	112867
6	Actual generation achieved (MUs)	19370	20741	21041	22383	22912	106447
7	Shortfall in generation targets (MUs)	2440	1029	1846	1054	51	6420
8	Percentage of shortfall in generation	11.19	4.73	8.07	4.50	0.22	5.69

It is seen from the above that the total linkage of coal during the five years fixed by the SLC was 947.45 lakh MT. Against this, only 844.27 lakh MT of coal was received, resulting in short receipt of 103.18 lakh MT (10.89 *per cent*) of coal. Loss of generation of 97.923 MUs was noticed in Parichha due to shortage of coal as commented in paragraph 2.2.32. In the absence of any agreement with the coal companies during 2005-10, the management failed to procure allotted quantity of coal. However, after execution of CSA with Coal Companies during 2009-10, the supply of coal has improved significantly.

Fuel supply arrangement

2.2.28 Coal is classified into different grades. The price of the coal depends on the grade of coal. The UPRVUNL entered (July to November 2009) into coal supply agreements (CSA) with Bharat Coking Coal Limited (BCCL), Northern Coalfield Limited (NCL), Central Coalfield Limited (CCL) and Western Coalfield Limited (WCL) for supply of coal to its power stations at different places.

A review of coal supply arrangements revealed the following:

Purchase of Imported coal

2.2.29 The Board of the Company decided (March 2009) to import 3.36 lakh MT coal from MMTC and directed to mix the imported coal with domestic coal and analyse effect on the basis of analysis. Accordingly, an LOI was issued (March 2009) in favour of MMTC for supply of 3.36 lakh MT coal having guaranteed quality parameters.

The Company incurred additional expenditure of ` 83.40 crore on procurement of imported coal as the blending of the same was not done in specified ratio.

We noticed that MMTC supplied 2.40 lakh MT of imported coal during April 2009 to November 2009 to Parichha TPS unit No. 3 and 4. However, the Company did not instruct the TPS to mix the imported coal with domestic coal in a specified ratio due to which the TPS mixed the imported coal with domestic coal in an arbitrary manner. The coal consumption during 2008-09 was 0.86 Kg/kwh which was marginally reduced to 0.82 Kg/kwh during 2009-10 after use of imported coal. The purchase of imported coal could not be justified as in spite of mixing imported coal no significant reduction in coal consumption was noticed. Further, the cost of imported coal was 142 *per cent* higher than the cost of domestic coal. Thus, the Company had incurred an additional expenditure of ` 83.40 crore[♥] on procurement of 2.40 lakh MT coal.

Transit loss of coal

2.2.30 Coal at thermal power stations was received through railway wagons and the payment is being made on the basis of weight of coal mentioned in Railway Receipt (RR). Transit loss of coal is difference between weight of

[♥] Being difference in landed cost of `5925 per MT of imported coal and cost of `2450 per MT of domestic coal.

coal rake at electronic weigh bridge of collieries and weight as per weigh bridge of TPS. As per clause 1.2.2(d) of Fuel Accounting Manual (FAM) of the Company transit loss of coal up to 5 *per cent* was permissible. The Company fixed the norm of 5 *per cent* arbitrarily on higher side as Maharashtra Electricity Regulatory Corporation (MERC) and Haryana Electricity Regulatory Commission (HERC) allowed only 0.8 *per cent* transit loss for State Power Generation Companies.

Compared to the norm fixed by the MERC/HERC, the Company incurred excess transit loss of 2.98 lakh MT coal valued at ` 53.85 crore at Parichha, Harduaganj and Obra TPSs during 2005-10.

Taking the norm as allowed by HERC and MERC, we noticed that in Parichha, Harduaganj and Obra TPS transit loss of coal ranged between 0.16 to 2.95 *per cent* during 2005-06 to 2009-10. This was well above the norm of 0.8 *per cent* fixed by MERC/HERC and resulted in excess transit loss of coal of 2.98 lakh MT valued at ` 53.85 crore. The main reason of transit loss of coal as analysed by us, was theft of coal from loaded coal wagons during transit.

The Management stated that transit loss of coal of Parichha, Obra and Harduaganj has reduced considerably and efforts are being made to reduce it further. However, reply was contrary to the facts as percentage of transit loss increased in these TPSs in 2009-10 as compared to 2008-09.

Avoidable payment of Demurrage charges

2.2.31 Coal is transported to thermal power stations from collieries through rail wagons. The railway has fixed time limit of seven hours for unloading of one coal rake (58 wagons) and demurrage charges at the rate of ` 100 per wagon per hour were payable for delay in unloading of wagons.

The Company paid demurrage charges of ` 16.57 crore due to delay in unloading of coal wagons.

We noticed that Parichha TPS appointed private contractors for unloading of coal wagons manually as well as through coal hoppers. During the period 2006-07 to 2009-10, 2797 coal rakes were received, of which 2381 coal rakes (85.13 *per cent*) were unloaded after delay of 1 to 118 hours[•] and the Company paid demurrage charges of ` 17.84 crore to railways. Thus due to delay in unloading of coal wagons by the private contractors, the Company made an avoidable payment of ` 16.57 crore towards demurrage charges.

The Management stated that the demurrage charges could not be avoided as Parichha TPS is receiving coal from BCCL, CCL, WCL and NCL by four different routes which resulted in bunching of coal rakes. The reply indicates that TPS management could not assess and plan properly unloading activity of coal which ultimately resulted in payment of demurrage charges to Railways. In view of heavy payment on account of demurrage charges, the company should have evolved a system for timely unloading of coal wagons which was not in place over a period of time.

Loss of generation due to inadequate fuel stock

2.2.32 The UPRVUNL did not maintain minimum fuel stock at Parichha TPS and faced problem of shortage of coal from time to time. Test check of records of outages of plants revealed that Parichha TPS fell under forced shut down during 2006-07 due to shortage of coal, resulting in loss of generation aggregating to 97.923 MU valued at ` 12.85 crore.

The Management stated that coal stock during 2006-07 was not exhausted and loss of generation was due to problem in coal feeding system. The reply is contrary to the fact since Parichha TPS remained closed for 21 days during 2006-07 for want of availability of coal.

[•] After allowing norm of seven hours fixed by railways.

Non-receipt of compensation for oversized stone

2.2.33 The coal supply agreement executed with NCL envisaged that all oversized stone of more than 250 mm received along with coal from seller's supplies by Rail at the power station end would be segregated and stacked separately. Further, as per clause 9.1 of the agreement, the NCL should pay compensation for oversized coal on the basis of weighted average base price through regular credit notes to the UPRVUNL.

We noticed that Anpara and Obra TPSs lodged claim of ` 1.15 crore with NCL for 9009.17 MT oversized stone received during April 2009 to March 2010. NCL neither accepted the claim nor issued credit notes of ` 1.15 crore so far.

The Management stated that credit note of ` 1.06 crore had been received from NCL against Obra and Anpara TPSs during the year 2009-10. However, the management could furnish the copies of only one credit note of ` 0.50 lakh for Obra TPS only.

Consumption of fuel

Excess consumption of coal

2.2.34 The consumption of coal depends upon its calorific value. The maximum and minimum consumption of coal during the period of five years ending 2009-2010 vis-à-vis norms fixed by UPERC for various power generation stations for production of one unit of power in the State are given in the table below:

(In KGs per unit)

Name of the Station	Norms fixed by UPERC	Average minimum consumption during the year	Average maximum consumption during the year
Obra'A'	0.86 (2006-07) 0.89(2009-10)	0.93 (2009-10)	0.99 (2005-06)
Obra'B'	0.70 (2007-08) 0.82 (2008-09)	0.86 (2005-06)	0.96 (2008-09)
Parichha 'A'	0.56 (2007-08) 0.87 (2009-10)	0.89 (2009-10)	0.96 (2008-09)
Parichha 'B'	0.45 (2007-08) 0.71 (2009-10)	0.73 (2006-07)	0.86 (2008-09)
Anpara 'A'	0.91(2005-06 to 2009-10)	0.77 (2007-08)	0.79 (2005-06)
Anpara 'B'	0.75 (2008-09) 0.83 (2005-06)	0.67(2006-07)	0.71 (2008-09)

Consumption of coal in Obra and Parichha TPSs was higher than the norms fixed by the UPERC and resulted in extra expenditure of ` 1082.51 crore.

From the above it may be seen that in Obra and Parichha TPSs, the consumption of coal remained higher than the norms fixed by UPERC in all the years under review. However, in Anpara'A' and 'B' TPS coal consumption was within norms fixed by UPERC during review period. Apart from the low calorific value, the following reasons also contributed to excess consumption, which could *prima facie* be controlled by the Management:

- excessive forced outages,
- non-adherence to maintenance schedule and
- delayed execution of R &M works, etc.

This resulted in excess consumption of coal to the tune of 63.06 lakh MT valued at ` 1082.51 crore during the review period in the above TPSs as given below:

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1	2	3	4	5	6	7
1.	Unit generated (MUs)	6336.081	7467.016	7907.437	8420.216	8881.307
2.	Coal required as per norms (in lakh MT)	47.53	50.64	50.85	67.96	71.21

1	2	3	4	5	6	7
3.	Coal consumed (in lakh MT)	55.99	66.28	70.59	78.73	79.66
4.	Excess consumption (in lakh MT) (3-2)	8.46	15.64	19.74	10.77	8.45
5.	Average Rate per MT (`)	1552.89	1679.30	1705.79	1753.94	1924.79
6.	Coal consumed per Unit (Kg.) [(3 / 1]	0.88	0.89	0.89	0.94	0.90
7.	Value of excess coal (` in crore) (4 x 5)	131.39	262.68	336.80	188.92	162.72

The Management stated that excess consumption of coal was due to poor quality of coal and non-completion of R&M activities.

Manpower Management

Actual manpower in the UPRVUNL was more than the norms of CEA which resulted in extra expenditure of ` 694.11 crore during 2005-10.

2.2.35 Consequent upon the unbundling (January 2000) of erstwhile Uttar Pradesh State Electricity Board, all the TPSs and HPSs were transferred to UPRVUNL and UPJVNL respectively. In National Electricity Plan, the CEA has fixed norms of manpower per MW of the installed capacity. The position of actual manpower, sanctioned strength and manpower as per CEA recommendation in UPRVUNL and UPJVNL is given in the **Annexure-12.**

It is seen from the Annexure that actual manpower in UPRVUNL was more than the norms of CEA and resulted in extra expenditure of ` 694.11 crore. Despite having excessive manpower in the UPRVUNL in 2009-10, the Obra 'A' TPS engaged Instrumentation Limited, Kota and United Conveyer Corporation, Kolkata for operation of DCS-5-MAR system and Fly Ash handling Plant, respectively of Unit 1 & 2 and incurred expenditure of ` 2.68 crore. Besides, overtime aggregating to ` 46.13 crore was also paid to the regular staff of generating stations during the period of review. No action was taken by the management to rationalise its staff strength for optimum utilisation. However, actual manpower in UPJVNL was within the norms fixed by CEA.

The Management of UPRVUNL stated that after completion of proposed R&M activities and increase in capacity, man power to MW ratio is expected to come down in the coming years.

Output Efficiency

Shortfall in generation

2.2.36 The targets for generation of power for each year are fixed by the UPERC and approved by the Central Electricity Authority. We observed that UPRVUNL and UPJVNL could not achieve the target in any year under review period as shown in the following table:

Year	Target (MU)		Actual (MU)		Shortfall (MU)	
	UPRVUNL	UPJVNL	UPRVUNL	UPJVNL	UPRVUNL	UPJVNL
2005-06	21810	1307	19370	1282	2440	25
2006-07	21770	1551	20741	1431	1029	120
2007-08	22887	1470	21041	925	1846	545
2008-09	23437	1470	22383	1097	1054	373
2009-10	22963	1470	22912	945	51	525
Total	**112867**	**7268**	**106447**	**5680**	**6420**	**1588**

The year-wise details of energy to be generated as per design, actual generation, plant load factor (PLF) in respect of Obra, Parichha and Anpara TPSs are given in **Annexure -13.**

The details in the Annexure indicate that:

- the actual generation of energy and PLF achieved were far below vis-à-vis those designed;
- as against the total designed generation of 156265.84 MU of energy during the five years audited, the actual generation was 97681.65 MU

leading to shortfall of 58584.19 MU, which could have been technically produced; and

- as the PLF had been designed considering the availability of inputs, the loss of generation (58584.19 MU) during the audit period indicated that resources and capacity were not being utilised to the optimum level due to delayed R&M, frequent breakdown of units and delay in timely rectification of defects as discussed subsequently.

The Management stated that shortfall in generation of 6420 MU was mainly attributed to inability in carrying out timely overhauling and R&M activities.

As regards hydro generation, main reason for shortfall of 1588 MU in generation of energy/power during review period was non-availability of water. The hydro power stations of UPJVNL are designed to meet out the peak demand and therefore, PLF and capacity utilisation of these projects are not fixed by the UPERC.

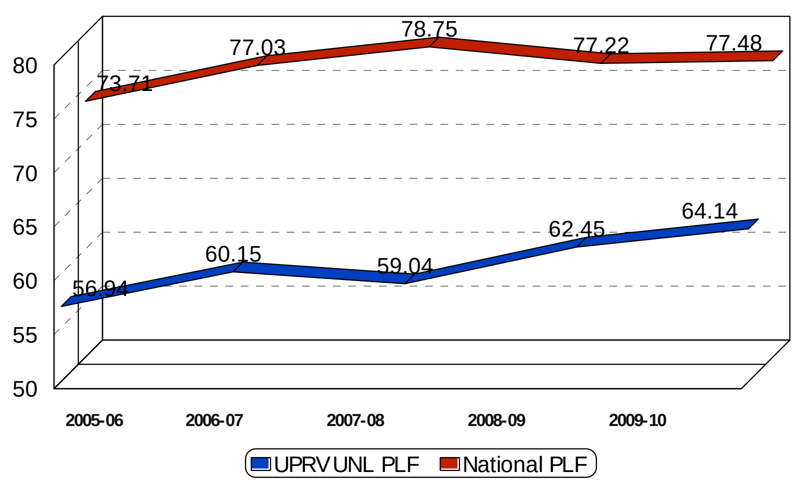
Low Plant Load Factor (PLF)

Unit No. 6 of Kota TPS of UPRVUNL achieved PLF of 101.10 *per cent* which was highest among all the State sector units.

(Source: Performance Review of Thermal Power Stations 2008-09 by CEA).

The plant load factor achieved by UPRVUNL ranged from 56.94 to 64.14 *per cent* during 2005-10 which was below national PLF.

2.2.37 Plant load factor (PLF) refers to the ratio between the actual generation and the maximum possible generation at installed capacity. According to norms fixed by Central Electricity Regulatory Commission (CERC), the PLF for thermal power generating stations should be 80 *per cent* against which the national average was 73.71 *per cent*, 77.03 *per cent*, 78.75 *per cent*, 77.22 *per cent* and 77.48 *per cent* during 2005-06 to 2009-10 respectively. The PLF of Anpara 'B' TPS was maximum at 92.34 *per cent* among all the State sector power stations during the year 2006-07. The actual PLF achieved by UPRVUNL vis-à-vis national average during 2005-06 to 2009-10 is given below in the line graph:



The details of average realisation, average cost per unit, PLF achieved, national PLF, PLF at which average cost would be recovered and shortfall in PLF in *per cent* are given in the following table:

Sl. No.	Description	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Average Realisation (Paise per Unit)	168	179	204	210	224
2.	Average Cost (Paise per Unit)	167	179	209	231	241
3.	Actual PLF (*per cent*)	56.94	60.15	59.04	62.45	64.14
4.	National PLF (*per cent*)	73.71	77.03	78.75	77.22	77.48
5.	PLF at which average cost stands recovered (*per cent*) (2/1 X 3)	56.60	60.15	60.49	68.70	69.01
6.	Shortfall in PLF (*per cent*) than national PLF (4 – 3)	16.77	16.88	19.71	14.77	13.34
7.	Shortfall in MU	5704.86	5820.58	7024.36	5293.78	4765.29

It could be seen from the above table that shortfall in generation as compared to national average PLF worked out to 28608.87 MU during 2005-06 to 2009-10 resulting in loss of contribution amounting to ` 1271.17 crore. The main reasons for the low PLF, as observed by us were:

- Low plant availability due to excessive forced outages,
- Low capacity utilisation, and
- Major shut downs and delays in repairs and maintenance.

The Management accepted that PLF of TPSs was lower than the national average due to non-carrying out timely overhauling and R&M activities.

Low plant availability-Thermal

The Actual plant availability in UPRVUNL ranged from 56.35 to 75.85 *per cent* during 2005-10 against the CERC norm of 80 *per cent* (85 *per cent* from 2010).

2.2.38 Plant availability means the ratio of actual hours operated to maximum possible hours available during certain period. As against the Central Electricity Regulatory Commission (CERC) norm of 80 *per cent* plant availability during 2004 – 2009 and 85 *per cent* during 2010 – 2014, the average plant availability of power stations was 64.74 *per cent* during the five years up to 2009-10.

The details of total hours available, total hours operated, planned outages, forced outages and overall plant availability in respect of the UPRVUNL as a whole are shown below:

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Total hours available	219000	222048	231312	201480	209520
2.	Operated hours	127262	128277	130334	152328	158917
3.	Planned outages (in hours)	38880	60672	54950	18744	25273
4.	Forced outages[⊕] (in hours)	52858	33099	46032	30408	25230
5.	Plant availability (*per cent*)	58.11	57.77	56.35	75.60	75.85

The low availability of Power plants was due to longer duration of forced outages caused by inordinate delays in repair and maintenance and non-availability of required quantity of fuel and other critical inputs. However, plant availability during 2008-09 and 2009-10 increased due to decrease in planned and forced outages.

The Management stated that low plant availability during 2005-06 to 2007-08 was mainly due to non-functioning of units of Obra'A' and Harduaganj TPSs which were considered in installed capacity. These units were deleted from installed capacity in 2007/2008.

Low plant availability-Hydro

2.2.39 All HPSs of UPJVNL are irrigation based hydro systems except Rihand and Obra (H). The details of plant availability in respect of three major hydro projects are given below:

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1	2	3	4	5	6	7
Rihand Hydro power project						
1.	Total hours available	52560	52560	52704	52560	52560
2.	Operated hours	14915	17258	11911	12688	12441

[⊕] Forced outages is closure of plant in excess of prescribed limit due to breakdown in the system.

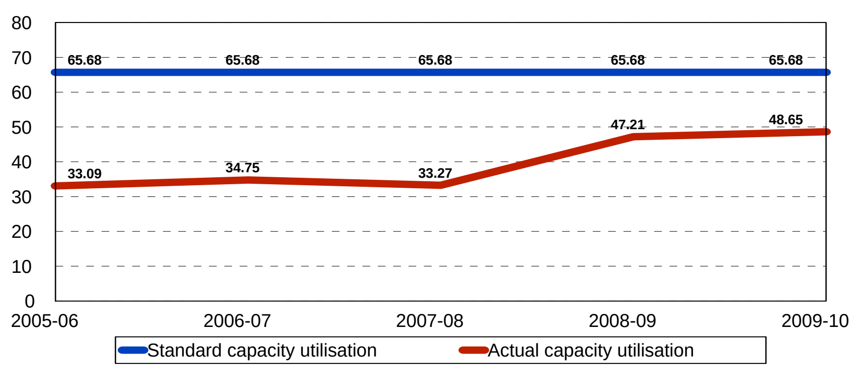
1	2	3	4	5	6	7
3.	Reserve hours[⊗]	27588	24126	20147	19621	15457
4.	Plant availability (*per cent*)	80.87	78.74	60.83	61.47	53.08
Khara Hydro power project						
1.	Total hours available	26280	26280	26352	26280	26280
2.	Operated hours	14787	13165	11313	17230	13723
3.	Reserve hours	1455	3391	1044	5229	9232
4.	Plant availability (*per cent*)	61.80	63.00	46.89	85.46	87.35
Matatila Hydro power project						
1.	Total hours available	26280	26280	26352	26280	26280
2.	Operated hours	13390	11387	7727	16175	11670
3.	Reserve hours	10515	12609	18193	9561	13937
4.	Plant availability (*per cent*)	90.96	91.31	98.36	97.67	97.44

It could be seen that the Plant availability of Rihand and Khara HPP was lower as compared to Matatila HPP during review period.

Low Capacity Utilisation

The average capacity utilisation in UPRVUNL varied from 33.09 to 48.65 *per cent* against the standard capacity utilisation factor of 65.68 *per cent* for the period 2005-10.

2.2.40 Capacity utilisation means the ratio of actual generation to possible generation during actual hours of operation. Based on national average PLF of 77.22 *per cent*, and plant availability at 85.05 *per cent*, the standard capacity utilisation factor works out to be 65.68 *per cent* for power plants. We observed that UPRVUNL average capacity utilisation increased from 33.09 to 48.65 *per cent* during review period and was far below the national average. The line graph depicting the capacity utilisation is given below:



The main reasons for the low utilisation of available capacity during 2005-10, as analysed by us were:

- Reduced capacity of old generating unit;
- Frequent shutdown due to excessive forced outages; and
- Delayed R&M.

The Management accepted our viewpoint.

Outages

2.2.41 Outages refer to the period for which the plant remained closed for attending planned/ forced maintenance. We observed that in UPRVUNL the forced outages remained more than the norm of 10 *per cent* fixed by CEA in all the five years ending 31 March 2010. Compliance of the CEA norms would have entailed availability of plant for additional 79291 operational hours with

[⊗] Reserve hours means plant is ready for operation but due to non-availability of water, it could not be operated.

consequent generation of 12296 MU valuing ` 2308.42 crore during the period covered under review.

The Management stated that the hours of forced outages decreased during 2008-09 and 2009-10 as compared to 2007-08.

Auxiliary consumption of power

2.2.42 Energy consumed by power stations themselves for running their equipments and common services is called Auxiliary Consumption. UPERC allowed seven to 12 *per cent* for Anpara, Obra and Parichha TPSs of the power generated to be used as auxiliary consumption. We observed that the actual auxiliary consumption of power stations ranged between 7.61 to 19.15 *per cent* during the period under review resulting in excess consumption of 1673.01 MU of electricity valuing ` 269.32 crore which could not be dispatched to the grid.

Wanakbari Thermal Power Station of GSECL achieved the lowest auxiliary power consumption at 7.05 *per cent* during 2008-09.

(Source: Performance Review of Thermal Power Stations 2008-09 by CEA).

The auxiliary consumption in UPRVUNL ranged between 7.61 and 19.15 *per cent* during 2005-10 against the UPERC norm of seven to 12 *per cent*.

The Management stated that the main reason of excessive auxiliary consumption was old age of TPSs. However, we feel that excess auxiliary consumption could be reduced by timely overhauling and implementing R&M and life extension activities of old TPSs.

Repairs & Maintenance

2.2.43 To ensure long term sustainable levels of performance, it is important to adhere to periodic maintenance schedules. The efficiency and availability of equipment is dependent on the strict adherence to annual maintenance and equipment overhauling schedules. Non adherence to schedule carry a risk of the equipment consuming more coal, fuel oil and a higher risk of forced outages which necessitate undertaking R&M works. These factors lead to increase in the cost of power generation due to reduced availability of equipments which affect the total power generated.

We observed that annual maintenance of units of majority of TPS was not done on due dates. Against scheduled annual maintenance of 88 units, maintenance of only 43 units was carried out in time. We observed inordinate delays in Obra ‘A’ & ‘B’: 21 to 58 months, Parichha: 24 to 34 months, Panki: 19 to 22 months, Harduaganj: 17 to 20 months and Anpara ‘A’ & ‘B’: 13 to 20 months in various units. The delayed maintenance caused continuous deterioration in the condition of machines causing forced outages besides increased consumption of oil, coal and loss of generation of power as discussed in the input performance. A case of non adherence to capital overhauling schedule in Anpara ‘B’ is discussed below:

Delay in capital overhauling caused tripping of the unit of Anpara ‘B’ project and resulted in extra expenditure of ` 33.94 crore on temporary restoration/capital overhauling besides loss of generation of 1194 MU.

Delay in capital overhauling

2.2.44 In the unit No. 4 (500 MW) of Anpara ‘B’, installed in July 1993, the capital overhauling was to be carried out every 6 years. First capital overhauling of the unit was carried out in February/March 1999 and second capital overhauling was due in March 2005 which was not done on due date.

The unit No. 4 tripped on 28 September 2007 due to thrust bearing wear trip and turbine bearing vibration. The unit was restored/ synchronised on 28 November 2007 after removal of faults. Original equipment manufacturer in its inspection report (January 2008) stated that 1st stage Nozzle diaphragm had been deformed during the long operation without maintenance and deformed nozzle diaphragm was in contact to the IP and damaged 1st stage blades. During temporary restoration, damaged blades were removed and spare nozzle diaphragm was modified and installed. It was also stated that the steam turbine would be on limited operation at maximum load of 85 *per cent* of rating load (425 MW) and recommended that in order to get original output of 500 MW, HIP rotor should be replaced with new one.

The unit operated at 425 MW for about two years (28 November 2007 to 20 October 2009). The unit was put under capital overhauling from 21 October 2009 which was completed on 11 December 2009. During this, the old HIP rotor was replaced with new HIP rotor costing ` 28.78 crore.

We noticed that the Company incurred expenditure of ` 5.16 crore for temporary restoration of unit from October 2007 to November 2007 and ` 28.78 crore on replacement of old rotor. This expenditure of ` 33.94 crore could have been avoided had the capital overhauling of unit been carried out on due date in March 2005 itself. The Company also suffered potential generation loss of 1194 MU in two years valued at ` 208.16 crore for 75 MW (500 – 425 MW).

The Management stated that shut down of the unit for 45 days for capital overhaul was denied by the State Government which led to delay in the overhauling of the unit.

Renovation & Modernisation

2.2.45 Renovation & Modernisation (R&M) and refurbishment activities involve identification of the problems of unit of TPS, preparation of techno economic viability reports, preparation of detailed project reports (DPR) to lay down benefits to be achieved from these works.

R&M activities are aimed at overcoming problems in operating units caused due to generic defects, design deficiency and ageing by re-equipping, modifying, augmenting them with latest technology/systems. R&M activities are undertaken in TPS operating at Plant Load Factor (PLF) of 40 *per cent* and above after assessing the performance and requirement of the units.

Refurbishment activities are aimed at extending economic life of the units by 15 to 20 years which have served for more than 20 years or operating at PLF below 40 *per cent*. Residual Life Assessment (RLA) studies are also conducted for all Refurbishment activities and in major R&M works. Power Finance Corporation (PFC) sanctions loan equal to 70 *per cent* of the estimated cost of the activity against guarantee furnished by the State Government for Refurbishment and R&M activities, rest of the fund requirement is met through internal sources or loan from State Government.

The major irregularities noticed in execution of R&M works are discussed below:

Refurbishment of 5X50 MW units of Obra 'A' TPS

2.2.46 An agreement was executed (February 2003) with Techno Prom Export (TPE), Russia for refurbishment of 5 units of 50 MW capacity each of Obra 'A' TPS for ` 479.50 crore. As per refurbishment work schedule unit No. 1 and 2 were to be completed by January 2005 and refurbishment of units 3, 4 and 5 was to be taken up after completion of work for unit 1 & 2.

TPE started the refurbishment of Unit no. 1 and 2 in July 2003. The Company handed over unit no. 3, 4 and 5 to TPE in September 2005 while the refurbishment work of unit No. 1 and 2 was still incomplete. We noticed that due to non completion of work of unit 1 and 2, the agreement was terminated (March 2008) and remaining work was got completed from other agencies at an expenditure of ` 12.83 crore. As per schedule, refurbishment of unit no. 1 and 2 was to be completed in January 2005 whereas it was completed in May

2009 and February 2009 respectively. Thus, units remained closed for four additional years and the Company suffered loss of potential generation. Unit No. 1 and 2 could not achieve targeted PLF of 80 *per cent* during 2009-10 and the actual average PLF was 71.51 *per cent* (unit No.1) and 69.18 *per cent* (unit No. 2). This has resulted in loss of generation of 81.52 MU valued at ` 13.53 crore.

Advance of ` 19.64 crore was given to the contractor before the requirement which remained blocked.

In the meantime, the Company paid an advance of ` 19.64 crore for unit No. 3, 4 and 5 to TPE, against which TPE supplied material worth ` 5.33 crore which is lying unused since January 2006. No work was even started by TPE on unit No. 3, 4 and 5. Subsequently, unit No. 3, 4 and 5 were deleted (September 2008) by CEA. Thus, the advance payment of ` 19.64 crore (` 14.31 crore as advance and ` 5.33 crore in material) made in contravention of the terms of agreement before completion of work of units No. 1 and 2, remained blocked.

The Management stated that unit 3,4 and 5 were handed over to TPE to speed up the work of refurbishment of these units before completion of unit 1 and 2 and also stated that material supplied against unit 3, 4 and 5 would be used as insurance spares for unit 1&2. However, the Company should not have purchased material for the units 3,4 & 5 as the work was to be undertaken after completion of work of units 1 & 2.

Poor planning of R&M works

2.2.47 The Management decided (December 2004) to carry out capital overhauling work for ` 29.72 crore for unit no. 6 (100 MW) of Obra 'A' TPS. Before the overhauling could be taken up, the unit went in forced shutdown in February 2005. The Company decided (April 2005) to carry out capital overhauling through R&M works for ` 52.47 crore with expected PLF of 60 *per cent*.

We noticed that R&M work was started in December 2005, however, orders for supply of equipments for ` 6.49 crore were placed after October 2006 and civil/erection work of ` 8.85 crore was also incomplete. This indicates that R&M work was carried out in an un-planned manner as no DPR was prepared to club different activities as a package and to specify time schedule of completion of work. The unit was put on commercial load in March 2008 after completion of the R&M work.

We further observed that after completion of R&M work, the unit was being run on old equipment, which led to non achievement of expected PLF, as the Company could not obtain necessary equipment/materials valuing ` 2.50 crore from BHEL. In 2009-10, the unit achieved PLF of 49.37 *per cent* against expected PLF of 60 *per cent*.

Thus, due to poor planning, the unit remained closed for 30 months (after allowing six months time for capital overhauling) resulting in generation loss of 714.13 MU valued at ` 101.83 crore.

The Management stated that after finalizing the scope, the scheme for R&M of the unit was proposed and the work was carried out in a planned manner. However, the desired results of R&M could not be achieved.

Delay in refurbishment of 5x200 MW units of Obra 'B' TPS

2.2.48 The Company awarded (May 2006) the refurbishment work of 5X200 MW (units 9 to 13) to BHEL at a cost of ` 1175 crore with completion period of 30 months and released ` 117.5 crore as advance on 20 June 2006 to BHEL which was considered as the date of start of refurbishment work. The Company paid a sum of ` 752.89 crore (including advance of ` 117.5 crore)

Payment to BHEL against supply of material for refurbishment work was made before the requirement resulting in blockade of funds of ` 580.82 crore.

during June 2006 to January 2010 on account of supply of material for all the 5 units but till October 2008 no unit was taken up for refurbishment work. The unit no.9 was shut down on 2 November 2008 and handed over to BHEL. Accordingly, the refurbishment work of unit no. 9 was to be completed by June 2009. It has not been completed till April 2010.

We noticed that the supply of material was not linked with shut down schedule of units which resulted in blockade of funds of ` 580.82 crore as the unit no.9 (being the first taken up for R&M) required material of ` 172.07 crore only. Further, warranty period of material (24 months) has also expired while work had not commenced on remaining units. This indicated lack of planning as supply of material was not linked with shut down of each unit. Further, the Company suffered loss of generation of 381.456 MU valued at ` 80.11 crore due to delay of 10 months in completion of refurbishment work of unit no. 9.

The Management stated that as per the contract agreement, work was to be completed in 30 months i.e. December 2008 and therefore, supply was made by BHEL. However, refurbishment work of only unit 9 was started in November 2008 and work of refurbishment of other units had not been taken up so far, whereas BHEL supplied material for all the units. This indicated that due care was not taken to safeguard the financial interest of the Company to link supply of material with shut down schedule of each unit in the contract agreement.

Delayed execution of R&M of 3X210 MW units (Anpara 'A' TPS)

2.2.49 CEA approved (April 2004) the R&M scheme for 3X210 MW units of Anpara 'A' TPS for ` 55.39 crore. As per scheme, 47 activities were to be completed by June 2005. After R&M it was expected that the PLF would improve from present annual average of 73.17 *per cent* to 79 *per cent*, outage of the plant would be minimised and stability improved.

Till 31 March 2010, the R&M work of 29 activities were completed and work on 18 activities were partially executed and the Company incurred expenditure of ` 46.27 crore on these activities. The Company also incurred expenditure of ` 16 crore on an activity (Repair, rewinding of 3X210 MW generator stator with insulation) which was not included in the R&M scheme approved by CEA.

Due to non-completion of R&M work of Anpara "A" TPS, units operated at PLF lower than the norm resulting in loss of 681.57 MU valued at ` 88.57 crore.

We observed that due to non-completion of R&M work within scheduled time frame of June 2005, the units operated at average PLF of 74.51 *per cent* (2005-06), 76.97 *per cent* (2006-07) and 73.17 *per cent* (2007-08) against expected PLF of 79 *per cent* resulting in loss of generation of 681.57 MU valued at ` 88.57 crore.

The Management stated that expenditure on additional activity was technically essential and as total cost of scheme did not exceed the sanctioned amount, the approval of CEA was not necessary.

Operation & Maintenance

2.2.50 The operation and maintenance (O&M) cost includes expenditure on the employees, repair & maintenance including stores and consumables, consumption of capital spares not part of capital cost, security expenses, administrative expenses etc. of the generating stations besides corporate expenses apportioned to each generating stations but excludes expenditure on fuel.

The O&M norms fixed by UPERC and actual expenditure incurred thereagainst during 2005-10 is given below:

(` per MW)

Year	Thermal power stations (up to 250 MW)		Thermal power stations (500 MW & above)		Hydro power stations	
	As per norm	Actual	As per norm	Actual	As per norms	Actual
2005-06	10.82	14.84	9.73	5.04	5.05	5.46
2006-07	11.25	16.40	10.12	8.03	6.57	6.36
2007-08	11.70	23.22	10.52	7.36	6.84	7.22
2008-09	12.29	23.95	11.05	8.96	7.43	8.91
2009-10	18.20	22.72	13.00	9.84	8.17	10.55

The O&M expenditure in respect of power stations were higher by ` 1129.46 crore in UPRVUNL and ` 23.30 crore in UPJVNL than the norms fixed by the UPERC.

It is observed from the above table that O&M expenses were higher than the norms fixed by UPERC in respect of TPSs having capacity up to 250 MW whereas actual expenditure was well within norm in respect of TPSs of 500 MW and above during 2005-10. In respect of hydro power stations, O&M expenses were also higher than the norms except during 2006-07. Consequently, expenses amounting to ` 1152.76 crore♣ (UPRVUNL: ` 1129.46 crore, UPJVNL: ` 23.30 crore) incurred over and above the norm during the review period, added to the loss of the two companies, as this amount was not considered by UPERC in tariff fixation.

The Management of UPRVUNL stated that they are making efforts for improving the performance of its plants and reduction of O&M cost per MW. It was further stated that true-up petition would be filed with UPERC.

Financial Management

2.2.51 Efficient fund management is the need of the hour in any organisation. This also serves as a tool for decision making, for optimum utilisation of available resources and borrowings at favourable terms at appropriate time.

The power sector companies should, therefore, streamline their systems and procedures to ensure that:

- Funds are not invested in idle inventory,
- Outstanding advances are adjusted/recovered promptly,
- Funds are not borrowed in advance of actual need, and
- Swapping high cost debt with low cost debt is availed expeditiously.

The main sources of funds were realisations from sale of power, loans from State Government/Financial Institutions (FI), etc. These funds were mainly utilised to meet payment of Fuel purchase bills, debt servicing, employee and administrative costs, and system improvement works of capital and revenue nature.

In absence of availability of audited financial statements for 2009-10, the details of cash inflow and outflow of UPRVUNL and UPJVNL for the four years 2005-06 to 2008-09 are given below:

(` in crore)

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09
1	2	3	4	5	6
	UPRVUNL				
	Cash Inflows				
1.	Net Profit/(loss)	21.11	7.47	(88.26)	(407.22)
2.	Add: adjustments	423.48	511.61	553.42	630.93
3.	Operating Activities	98.80	194.73	488.66	334.58
4.	Investing Activities	1.18	81.82	23.58	11.64
5.	Financing Activities	500.55	926.42	2266.84	2385.79
	Total	**1045.12**	**1722.05**	**3244.24**	**2955.72**
	Cash Outflows				
6.	Operating Activities	424.69	528.07	971.17	962.18
7.	Investing Activities	436.04	855.59	1480.97	1330.09
8.	Financing Activities	145.88	267.81	748.25	580.70
	Total	**1006.61**	**1651.47**	**3200.39**	**2872.97**

♣ Worked out on the basis of actual expenditure incurred by the Company on O & M with reference to the norms.

1	2	3	4	5	6
	Net increase / (decrease) in cash and cash equivalents	**38.51**	**70.58**	**43.85**	**82.75**
	UPJVNL				
	Cash Inflows				
1.	Net Profit/(loss)	(44.96)	(72.79)	1.93	(4.39)
2.	Add: adjustments	76.04	34.10	34.17	32.47
3.	Operating Activities	30.71	71.56	-	0.53
4.	Investing Activities	-	21.99	-	-
5.	Financing Activities	182.11	31.93	23.77	24.77
	Total	**243.90**	**86.79**	**59.87**	**53.38**
	Cash Outflows				
6.	Operating Activities	129.46	11.59	62.22	52.58
7.	Investing Activities	9.24	23.67	2.85	0.99
8.	Financing Activities	63.87	22.63	22.77	22.77
	Total	**202.57**	**57.89**	**87.84**	**76.34**
	Net increase / (decrease) in cash and cash equivalents	**41.33**	**28.90**	**(27.97)**	**(22.96)**

It could be observed from the above table that in UPRVUNL cash and cash equivalents increased during 2005-06 to 2008-09 and in UPJVNL it decreased in 2007-08 and 2008-09. In UPRVUNL, the cash crunch was overcome mainly by increased borrowings in the form of loans from financial institutions. Main reasons for cash crunch identified by us were poor/ delays in recovery of power supply bills, heavy interest on loans, locking up of funds in inventory not required immediately and heavy capital expenditure without adequate returns. We observed that dependence of UPRVUNL on borrowed funds increased during review period as borrowings increased from ` 3115.29 crore in 2005-06 to ` 5516.15 crore as at the end of 2009-10. This entailed interest burden of ` 1750 crore during review period ultimately increasing the operating cost of UPRVUNL. Therefore, there is an urgent need to optimise internal resource generation by enhancing the PLF to national level, reducing O&M cost, forced outages, auxiliary consumption and vigorous pursuance of outstanding dues from UPPCL relating to recovery of energy bills. This would have enabled increased availability of funds to the extent of ` 3362.29 crore.

Dependence of UPRVUNL on borrowed funds increased from ` 3115.29 crore in 2005-06 to ` 5516.15 crore in 2009-10.

On the other hand, the Company could not utilise the available funds for the intended purposes and kept the funds in current account/ short term deposits from time to time. Some instances, as noticed by us, are given below by way of illustration.

- UPPCL issued Promissory note of ` 909.57 crore on 31 March 2003 to securitise the outstandings dues of UPRVUNL which was redeemable, after end of six years, in 10 equal annual installment. The payment of annual installment of ` 90.96 crore each due on 31 March 2009 and 31 March 2010, respectively has not been received so far (June 2010).
- The UPRVUNL could not draw loan from PFC, sanctioned for new project/R&M activities, as per quarterly schedule and paid ` 91.16 lakh during 2005-06 to 2009-10 as commitment charges on account of non-drawal of committed loan from PFC. However, the Company did not reschedule the drawal of loan as stipulated in the agreement with PFC.

The Management stated that due to slow progress by BHEL the drawl commitments could not be fulfilled and the matter is being taken up with BHEL to make good the loss on account of commitment charges paid to PFC.

Claims and Dues

2.2.52 The UPRVUNL and UPJVNL sell energy to U.P. Power Corporation Ltd. (UPPCL) at the rates specified by UPERC from time to time. UPERC fixed the tariff rates after considering various economic and other factors. Generally, sale price does not cover the total input costs. While on one hand differential amount is absorbed by the UPRVUNL and UPJVNL, on the other hand dues from UPPCL were also not regularly realised.

The table below gives the details of energy bills on UPPCL and recoveries there against made by UPRVUNL and UPJVNL for the review period.

(` in crore)

Sl. No.	Details	2005-06	2006-07	2007-08	2008-09	2009-10 (Provisional)
1	2	3	4	5	6	7
	UPRVUNL					
1.	Opening balance	2028.62	2340.23	2817.92	3454.29	3869.36
2.	Energy sold to UPPCL	2893.37	3403.82	3836.15	4130.36	4447.04
3.	Amount received	2581.76	2926.13	3199.78	3715.29	4226.46
4.	Closing balance[@]	2340.23	2817.92	3454.29	3869.36	4089.94
	UPJVNL					
1.	Opening balance	184.55	201.37	152.52	178.86	209.75
2.	Energy sold to UPPCL	46.82	80.92	66.83	74.99	49.07
3.	Amount received	30.00	30.00	30.00	30.00	38.50
4.	Debts written off	-	99.77	10.49	14.10	8.08
5	Closing balance	201.37	152.52	178.86	209.75	212.24

[@] *It includes Promissory Note of ` 909.57 crore issued by UPPCL.*

Irregularities noticed in realisation of energy bills and lack of pursuance of energy bills are discussed below:

Due to deletion of clause of imposition of late payment surcharge in supplementary power purchase agreement, UPRVUNL could not claim late payment surcharge of ` 2928.80 crore from UPPCL.

We noticed that the UPRVUNL sells the electricity generated to UPPCL as per provisions of Power Purchase Agreement (PPA) approved by UPERC in its Tariff Order of July 2002. As per clause 10(ii) of PPA, any payment beyond the due date shall render UPPCL liable for payment of a default interest of 1.5 *per cent* per month. In August 2003, the Companies executed a supplementary PPA deleting the clause-10 without approval of UPERC which is the competent authority to make amendment in the PPA or Tariff Order, as per provisions of Section 64 of the Electricity Act, 2003. Thus, due to deletion of penalty clause, the Company was unable to claim Late Payment Surcharge and suffered loss of ` 2928.80 crore during 2005-10. Further, UPPCL had not made payment on due dates, which resulted in increase of dues from ` 2028.62 crore (March 2005) to ` 4089.94 crore (March 2010). This has also forced the Company to take interest bearing loans for financing its expansion activities.

The Management stated that the State Government had issued instruction (January 2005) for deletion of LPS clause from the PPA. However, any change in approved PPA could be made by UPERC only.

UPJVNL wrote off dues of ` 132.44 crore outstanding for more than five years against UPPCL to avoid tax liability.

The UPJVNL sells electricity generated to UPPCL as per provisions of PPA approved by UPERC in its Tariff Order of December 2000. As per provisions of clause 11 (ii) of PPA, any payment beyond due date shall render UPPCL liable for payment of default interest at the rate of 2 *per cent* per month. We noticed that BOD of the Company adopted (February 2009) a policy of write off of debtors outstanding beyond five years as bad debts in Accounts to avoid tax liability. Accordingly, 50 *per cent* of dues outstanding against UPPCL for more than five years amounting to ` 132.44 crore were written off as bad debts in Accounts during 2006-07 to 2009-10. Though, UPPCL was paying a fixed amount against energy bills raised by the Company, the writing off of dues without taking any action for recovery of dues was irregular and unjustified and Board's decision was only to evade Income Tax liability.

The Management stated that receivable from UPPCL had been written off on the basis of an estimate that at best how much amount was recoverable. Since, UPPCL was regularly paying the amount against energy bills and had never showed its inability to pay the dues, writing off of dues was not justified.

Tariff Fixation

2.2.53 The UPRVUNL and UPJVNL are required to file the application for approval of Generation Tariff for each year 120 days before the commencement of the respective year or such other date as may be directed by the UPERC. The Commission accepts the application filed with such modifications/conditions as may be deemed just and appropriate and after considering all suggestions and objections from public and other stakeholders, issue an order containing targets for controllable items and the generation tariffs for the year within 120 days of the receipt of the application.

We noticed that UPRVUNL filed Annual Revenue Requirement (ARR) application with UPERC for 2005-06 to 2009-10 after delay of 6 to 9 months and the UPERC approved generation tariff for 2005-06 to 2008-09 after delay of 5 to 17 months.

It was also noticed that UPJVNL filed Annual Revenue Requirement (ARR) application with UPERC for 2005-06 to 2009-10 after delay of 7 to 22 months and the UPERC approved generation tariff for 2005-06 to 2008-09 after delay of 6 to 22 months.

The Commission sets performance targets for each year of the Control Period for the items or parameters that are deemed to be "controllable" and which include:

(a) Excess coal consumption;

(b) Outages;

(c) Auxiliary Energy Consumption;

(d) Operation and Maintenance Expenses;

Any financial loss on account of underperformance on targets for parameters specified in Clause (a) to (d) is not recoverable through tariffs.

We noticed that the commission did not allow expenditure amounting to ` 4789.71 crore during review period on account of above mentioned items, as discussed in paragraphs 2.2.34, 2.2.41, 2.2.42 and 2.2.50 adding to the loss of UPRVUNL which was avoidable.

The Management stated that the Company could not achieve norms of UPERC as all TPSs are more than 25 years old except 2x250 MW, Parichha and 2x500 MW, Anpara 'B' TPSs. However, UPERC fixed the norms after considering all the factors of TPSs.

Environment Issues

2.2.54 In order to minimise the adverse impact on the environment, the GOI had enacted various Acts and Statutes. At the State level, Uttar Pradesh Pollution Control Board (UPPCB) is the regulating agency to ensure compliance with the provisions of these Acts and Statutes. Ministry of Environment and Forests (MoE&F), GOI and Central Pollution Control Board (CPCB) are also vested with powers under various Statutes. The UPRVUNL has an environmental wing at the corporate office.

Our scrutiny relating to compliance with the provisions of various Acts in this regard revealed the following:

Air Pollution

2.2.55 Coal ash, being a fine particulate matter, is a pollutant under certain conditions when it is airborne and its concentration in a given volume of atmosphere is high. Control of dust levels (Suspended Particulate Matters – SPM) in flue gas is an important responsibility of thermal power stations. Electrostatic Precipitator (ESP) is used to reduce dust concentration in flue gases. Control of dust level is dependant on effective and efficient functioning of ESPs.

Non-achievement of specified SPM levels even after up-gradation

2.2.56 ESPs installed at Anpara, Obra, Parichha, Harduaganj and Panki were designed to achieve SPM level ranging from 100 mg/NM^3 to 300 mg/NM^3. In order to reduce the SPM level, the UPRVUNL placed order (August to Ocotber 2006) on BHEL for upgradation of existing ESPs/installing new ESPs in Parichha, Obra and Harduaganj TPSs. The work of installation of ESPs was to be completed within eight months from the date of handing over of civil foundations.

The objective of reduction of SPM level could not be achieved due to non-completion of work of upgradation/ installation of ESPs.

We noticed that the UPRVUNL incurred an expenditure of ` 233.98 crore on procurement of material for ESPs so far (March 2010) in respect of nine units. However, up-gradation/installation of ESPs could not be started (September 2010) in eight units except in unit No. 9 of Obra TPS due to non shut down of units. Thus, the desired level of reduction in SPM levels in these eight units could not be achieved and expenditure of ` 209.68 crore remained unproductive so far.

The Management stated that efforts are being made to install ESPs in remaining units.

Installation of on-line monitoring equipment

2.2.57 As per the provisions of the Environment (Protection) Act, 1986, TPSs should provide on-line monitoring systems to record SPM levels. We noticed that on line monitoring system was not installed/ operative in any TPSs of UPRVUNL.

The Management stated that online monitoring system has been installed in Parichha Extension and Anpara'B'. In remaining TPSs, online monitoring systems are proposed to be installed. However, online monitoring system of Parichha Extension was not working.

Ash disposal

2.2.58 Annual generation of fly ash from five TPSs of UPRVUNL was around 54.91 lakh MT to 60.88 lakh MT. MoE&F issued a notification (September 1999) which provided that every thermal plant should supply fly ash to building material manufacturing units free of cost at least for 10 years. Our audit scrutiny of generation and disposal of fly ash for the years under review revealed that against the total fly ash of 290.49 lakh MT generated in the UPRVUNL, only 51.90 lakh MT was disposed of/ utilised. This suggests that concerted efforts were not made to improve the utilisation of ash.

The Management stated that efforts are being made to increase the utilisation of fly ash.

Noise Pollution

2.2.59 Noise Pollution (Regulation and Control) Rules, 2000 aim to regulate and control noise. For noise emission from equipment be controlled at source, adequate silencing equipment should be provided at various noise sources and a green belt should be developed around the plant area to diffuse noise dispersion. The TPSs are required to record sound levels in all the areas stipulated in the rules referred to above.

Our scrutiny revealed that Parichha and Obra TPSs did not record noise levels at all. Further, noise levels recorded by Panki, Anpara and Harduaganj TPSs during day time in industrial areas for a period of five years up to 2009-10 ranged from 83.4 db to 114.6 db against the prescribed level of 75 db.

The Management stated that measures are being taken to limit the noise level to specified norm.

Water pollution

2.2.60 The waste water of the power plant is the source of water pollution. As per the provisions of the Water (Prevention & Control of Pollution) Act, 1974, the TPSs is required to obtain the consent of UPPCB which *inter-alia* contains the conditions and stipulations for water pollution to be complied with by the TPSs.

During 2005-06, 2007-08 and 2008-09 the total suspended solids in effluents from Parichha TPS exceeded the standard fixed by UPPCB.

As per the norms prescribed by UPPCB, total suspended solids (TSS) in effluents from the TPSs should not exceed 100 mg/l. We noticed that TSS in effluent discharges from the following TPSs exceeded the standards for the years mentioned against it:

Sl. No.	Year	Name of TPS	Norms (mg/l)	Actual (mg/l)
1.	2005-06	Parichha	100	276.0
2.	2007-08	Parichha	100	212.7
3.	2007-08	Panki	100	145.0
4.	2008-09	Parichha	100	236.2

The main reasons for exceeding TSS standards were absence of sedimentation tanks and ineffective functioning of effluent treatment plants. As both the reasons are controllable, effective and time bound steps could have avoided the non-repairable damage caused to the water bodies.

The Management stated that installation of ash water re-circulation system was under process for Panki TPS and effluent treatment plant is proposed for construction at Parichha TPS.

Monitoring by top management

MIS data and monitoring of service parameters

2.2.61 UPRVUNL plays an important role in the State economy. For such a giant organisation to succeed in operating economically, efficiently and effectively, there should be documented management systems of operations, service standards and targets. Further, there has to be a Management Information System (MIS) to report on achievement of targets and norms. The achievements need to be reviewed to address deficiencies and also to set targets for subsequent years. The targets should generally be such that the achievement of which would make an organisation self-reliant. Audit review of the system existing in this regard revealed the following.

The status of generation, auxiliary consumption, fuel consumption etc. was being reported daily (shift wise) by each TPS to the headquarters of the Company and this daily information was being compiled for monthly reports. The Company submitted these reports to MOP/BPE/State Government regularly. Further, the Company also placed before BOD a quarterly report on key parameters viz. generation, coal/oil/auxiliary consumption etc. We noticed that though MIS system exists in the company but it is not free from errors and omissions as on line system has not been installed so far and all the information received from the TPSs is being collected manually and through Fax which involve a lot of time and manpower in compilation of information/ data and therefore chances for errors and omissions can not be ruled out.

The Management stated that online system would be installed under the project “PRAGATI”.

Conclusion

- **Construction activities taken up by UPRVUNL and UPJVNL for new thermal and hydro power projects were far behind the scheduled timeframe due to poor planning and monitoring.**
- **The performance of UPRVUNL and UPJVNL was not up to the desired level due to lower operational efficiency and short fall in generation with reference to targets fixed by CEA/ UPERC. This led to increase in cost of generation.**
- **Low Plant Availability and Low Plant Load Factor also contributed towards loss of generation.**
- **UPRVUNL failed to control outages and excess auxiliary consumption in both old and new units.**
- **Failure to follow the prescribed preventive maintenance schedule and inefficient fuel management marred the performance of UPRVUNL, resulting in non-achievement of desired level of generation.**
- **Objective to increase power generation to meet the growing demand of electricity has not been fulfilled.**

Recommendations

UPRVUNL/UPJVNL may:

- **adequately plan for new projects and obtain necessary clearances before taking up construction so as to avoid time and cost overrun;**
- **take up renovation and modernisations/ life extension programs on schedule to ensure optimum generation from existing units;**
- **take up measures to check loss of coal in transit, delay in unloading rakes and reduce consumption of coal;**
- **endeavour to increase plant load factor by minimising forced outages, increasing capacity utilisation and reducing time in repair and maintenance;**
- **take measures to control auxiliary consumption; and**
- **make efforts for timely realisation of dues from UPPCL to improve liquidity.**

2.3 IT Support system of Revenue Billing of Lucknow Electricity Supply Administration in Madhyanchal Vidyut Vitran Nigam Limited

Executive summary

The Government of Uttar Pradesh (GoUP) trifurcated (January 2000) the activities of the erstwhile Uttar Pradesh State Electricity Board into three Government Companies. While it assigned the function of power generation to two Government Companies viz., thermal power generation to Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited and hydro-electric power generation to Uttar Pradesh Jal Vidyut Nigam Limited, it assigned transmission and distribution functions to Uttar Pradesh Power Corporation Limited (UPPCL). The GoUP reallocated the functions of UPPCL and assigned (12 August 2003) the distribution function to four newly formed subsidiary distribution Companies (Discoms) of UPPCL viz. Purvanchal Vidyut Vitaran Nigam Limited, Varanasi, Pashchimanchal Vidyut Vitaran Nigam Limited, Meerut, Madhyanchal Vidyut Vitaran Nigam Limited, Lucknow and Dakhinanchal Vidyut Vitaran Nigam Limited, Agra. The present review covers the Lucknow Electricity Supply Administration (LESA) which is one of the four zones of the Mandhyanchal Vidyut Vitran Nigam Limited (Company) and is responsible for supply and maintenance of electrical energy to its 6.30 lakh consumers in the urban area of the Lucknow. The Company signed a MOU on 8 August 2006 with e-Suvidha handing over the complete billing system of LESA including 27 Billing Centres (front end) for maintenance of front end and back end.

Lack of documented IT Policy

Though the Company has adopted the online billing system since 2000, it did not formulate and document a formal IT policy and a long/medium term IT strategy, incorporating the time frame, key performance indicators, cost benefit analysis for developing its own software, integration of various systems and safety measures for data. The hand held billing agencies transfer billed data through CD, pen drive or through e-mail for uploading in the central server. The system of uploading of billed data is not safe as data is exposed.

System design deficiency

System was not designed in the billing software to take care of provisions of billings in case meter ceases to records consumption and was deficient in case of billing on the basis of units consumed where meter is operative resulting in short assessment of ` 3.47 crore. The software designed and used did not automatically provide alert in the cases where the power factor was below the specified factor of 0.75.

The software designed by the outsourced agencies include an irregular application control wherein the billing of 800 units only is done even in case the consumption of any consumer exceeds 800 units per kW in a month which led to short billing of energy charges of ` 4.16 crore and electricity duty of ` 10.83 lakh.

Mapping of business rules

There were discrepancies in mapping of various provisions of tariff. Interest on security deposit was not credited/ allowed in 354754 bills resulting in accumulated liability of ` 1.03 crore. The special tariff for air conditioning loads was not applied in 65676 bills resulting in short assessment of ` 3.98 crore. The divisions did not issue notice to the consumers to get access to their meter and also did not levy penalty of ` 41.09 lakh.

Input controls

Input controls were deficient as various types of billing were not done as per the provisions of tariff orders resulting in short assessment of energy charges of ` 6.40 crore and electricity duty of ` 0.59 crore in case of life line consumers, short assessment/recovery of energy charges of ` 6.58 crore and electricity duty of ` 0.33 crore in respect of other than life line consumers and short assessment of energy charges of ` 5.16 lakh in case of non-domestic consumers. The consumers were classified as connected through rural feeder instead of categorizing under urban schedule which resulted in

short assessment of energy charges and electricity duty of ` 24.39 lakh.

Validation checks

Validation checks were either not there or were deficient as 2.56 per cent of operative consumers had duplicate connection numbers and 4.60 per cent of operative consumers had same meter number. The databank of On-line Billing (OLB) contained unrealistic data and/or incomplete details in 21.53 per cent of the cases.

Compliance of terms and conditions of agreements

In term of the agreement with the e-Suvidha, the latter was responsible for maintaining the OLB system and up-gradation/migration to the billing application with new hardware. The upgradation work was delayed by e-suvidha and could not be executed up to February 2010. The system faced problems due to utilisation of 99 per cent of storage up to November 2007. The OLB system was deleting the logs created by the system to make space in the server.

There was no system to obtain the rates of the sister units which resulted in award of work at higher rate and excess payment of ` 49.96 lakh to outsourced billing agencies. Payment of ` 69.55 lakh to the billing agencies on account of meter reading of defective meter was made despite the fact that the bills of these consumers were generated by the OLB system at the provisional/ assessed units. The Company paid to billing agency for 4764394 bills of healthy category consumers against 4498385 actual bills and 1037288 bills of defective category consumers against 913204 actual bills resulting in excess payment of ` 23.11 lakh to the billing agencies.

Monitoring Mechanism

Monitoring of OLB system was inadequate and ineffective because the Company has not recruited any IT expert nor has it formed a committee for monitoring the online billing system. It did not develop a system for periodical inspection of infrastructure of the outsourced agencies. The prescribed MIS reports could not be generated due to inadequacy of the OLB system and the OLB division or the billing divisions did not have access to the databank as the level of authority for access to the databank has not been prescribed by the competent authority. The GIS mapping work, intended to ensure efficient and effective monitoring, was done by the agencies and a payment of ` 75.01 lakh was made on this account but the mapping could not be used as there was no integration between billing databank and GIS mapping data bank.

Lack of disaster recovery and business continuity plan

The Company did not have a disaster recovery and business continuity plan outlining the action to be taken immediately after a disaster and to ensure that the data processing operation could be acquired immediately.

Conclusion and Recommendations

The Company did not formulate and document a formal IT Policy and a long/medium term IT strategy and the system of uploading of billed data is not safe as transfer of data was being made through CD, pen drive or through e-mail. On-line billing software was not designed to take care of various provisions of billings and contained irregular application control. Input control was deficient as various types of billing were not done as per the provisions of tariff. Validation checks were either not there or were deficient. Monitoring of OLB system was inadequate and ineffective. It did not have a disaster recovery and business continuity plan. The GIS mapping work, intended for effective monitoring could not be used due to lack of integration of data.

The Company should formulate and document an IT policy, formulate IT security policy and business continuity plan to prevent changes/ modifications in database without authorisation, ensure compliance of tariff provisions issued by UPERC and its application in the billing software/database used by outsource billing agencies, ensure linkage of GIS software with the billing data bank to have finer details of the network and connected consumers, formulate disaster recovery plan for immediate operation of data processing at the time of disaster and GIS mapping should be periodically updated.

Introduction

2.3.1 The Government of Uttar Pradesh (GoUP) trifurcated (January 2000) the activities of the erstwhile Uttar Pradesh State Electricity Board into three Government Companies. While it assigned the function of power generation to two Government Companies *viz.*, thermal power generation to Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited and hydro-electric power generation to Uttar Pradesh Jal Vidyut Nigam Limited, it assigned transmission and distribution functions to Uttar Pradesh Power Corporation Limited (UPPCL). The GoUP reallocated the functions of UPPCL and assigned (12 August 2003) the distribution function to four newly formed subsidiary distribution Companies of UPPCL *viz.* Purvanchal Vidyut Vitaran Nigam Limited, Varanasi, Pashchimanchal Vidyut Vitaran Nigam Limited Meerut, Madhyanchal Vidyut Vitaran Nigam Limited, Lucknow and Dakhinanchal Vidyut Vitaran Nigam Limited, Agra. The Lucknow Electricity Supply Administration (LESA) is one of the four zones of the Mandhyanchal Vidyut Vitran Nigam Limited (Company) and is responsible for supply and maintenance of electrical energy in the urban area of the Lucknow. The distribution of electricity to 6.30 lakh consumers is done by LESA through 18 divisional offices. On the basis of supply type the consumers are divided in two categories *i.e.* High tension (HT) supply consumers and Low tension (LT) supply consumers. The billing of high tension consumers is done through the Energy Billing System (EBS) developed by the Price Waterhouse Coopers (PWC). The billing of the LT consumers has been outsourced to three agencies i.e. KLG Systel Pvt. Ltd, Gurgaon, Sai Computers, Meerut and Computronics India, Lucknow which prepare energy bills by taking meter reading manually and feeding the energy consumption in hand held billing machines. The data of the hand held billing machine is uploaded to the main server maintained by e-Suvidha, registered as a society of IT Department of the State Government under Societies Act. CMS Limited is a technical partner of e-Suvidha. The realisation of energy bills is primarily done by the e-Suvidha at its 35 e-Suvidha Centres.

Out of 18 divisions, the billing of 16 divisions with 5.20 lakh consumers is done through online billing (OLB) system and in two divisions billing of 1.10 lakh consumers is done under the International Business Machine (IBM) pattern through cash stubs sent to the Computer Billing Service Centers (CBSC). In Bakshi Ka Talab division a part of the consumer is billed in OLB system and remaining consumers are billed under IBM pattern.

The LESA started the online billing system in the year 2000 at a cost of ` 3.20 crore with a view to bring the consumers of Lucknow urban area under ambit of uniform billing. The system was outsourced to CMC Limited for maintenance of back-end and the front-end was outsourced to the Computronics India Ltd. The system had two sun servers running in cluster environment with central router, switches and modem. The database was set-up on oracle 8i platform and the billing application setup developed on Versata Veritas. The Company signed a MOU on 8 August 2006 with e-Suvidha handing over the complete billing system of LESA including 27 Billing Centres (front end) for maintenance of front end and backend at a payment of ` 5.35 per transaction (on realisation of bill). The e-Suvidha took online billing system from CMC Limited on as is where is basis and started billing by appointing CMS Limited and Ram Informatics Limited as technical partners. The OLB Division is functioning for monitoring purposes.

Three divisions (CESS-I, CESS-II and Bakshi Ka Talab) of LESA were being billed through IBM pattern where inputs were sent manually to the agency for bill generation and posting of cash stubs through Computer Billing Service Centre, Lucknow (CBSC).

Organisational Set-up

2.3.2 The LESA Zone is headed by the General Manager (GM) who is chief Executive of the Zone. The GM is assisted by five Distribution Circles headed by the Superintending Engineers (SEs) and an Online billing division (OLB) under charge of an Executive Engineer (EE). The 18 distribution divisions are headed by the EEs. The GM of the LESA Zone is directly reported to Managing Director, MVVNL. The overall Management of the LESA zone is vested in a Board of Directors and Managing Director of the Company.

Scope of the Audit

2.3.3 For examination of the online billing system of revenue of LESA, databank of online billing system for the period May 2008 to March 2010 of all the 16 divisions was examined by us in audit. We examined billing of IBM pattern consumers for the period April 2009 to March 2010. We also examined the manual records of five OLB divisions and one IBM pattern consumers division to confirm audit findings on the analysis of the databank.

Audit objectives

2.3.4 The audit objectives were to assess whether:

- the Company had adequate IT infrastructure, documented strategy and IT plan and adequate key controls and monitoring mechanism to derive benefits of IT support system to achieve intended objectives;
- the IT controls in the billing application were capable in accuracy, efficiency and effectiveness of the process of billing;
- the Company has adequate monitoring mechanism to ensure compliance of applicable tariff orders, codal provisions, laid down procedures and regulations issued by UPERC;
- the billing done by the outsourced agencies is economical and effective; and
- business continuity and disaster recovery plan was in place to save the activity of billing from the risk of disruption.

Audit Criteria

2.3.5 The various provisions/conditions were examined:

- The rate schedule approved by the Uttar Pradesh Electricity Regulatory Commission for billing;
- Uttar Pradesh Electricity Supply code, 2005;
- Indian Electricity Act, 2003;
- Agreements executed between outsourced billing agencies and e-Suvidha;
- Circulars and orders issued by the Company with regard to billing system.

Audit methodology

2.3.6 The methodology adopted by us was as under:

- The Management was made aware of the audit objectives, scope and methodology of the audit in the entry conference held in May 2010;
- The division-wise analysis of the IT billing was done from the databank made available by the OLB division through Interactive Data Extraction and Analysis (IDEA) 2001;

- Audit findings of the six divisions[1] were cross checked with the manual records made available to audit to confirm audit findings;
- The audit findings were issued to all the 18 divisions for their comments/replies. The comments/replies submitted by the divisions/ Management were duly considered in finalisation of the review.
- An exit conference with the Management was held on 28 September 2010.

Audit Constraints

2.3.7 The databank of the HT consumers was not made available to us. The GM, LESA stated (24 June 2010) that since the MRI report of the meters installed at the consumer's premises do not support the billing software designed by the online billing system the databank of HT consumers is not available. The Computronics India Limited, outsourced for the billing work of the consumers under IBM Pattern, was not maintaining the backup data and therefore, could not provide the data for the period from May 2008 to March 2009. Records relating to revenue arrears of ` 1.10 crore dropped out from the databank of online billing system pertaining to 668 consumers during 2004 to 2008, were not made available to us. In absence of these records, we could not evaluate the system lapse that led to drop out of arrears. The uploaded data for the period May 2008 to March 2010 was also not made available.

Similarly, the key documents like software user manual, technical manual and data dictionary, though called for, were not made available to audit. In the absence of these documents, we were not in a position to assess the intended benefits to the users and inter relationship among various data tables.

Audit Findings

2.3.8 Our audit findings as a result of performance review are discussed in the succeeding paragraphs:

General Controls

Lack of documented IT Policy

The Company did not formulate and document an IT Policy and a long/medium term IT Strategy.

2.3.9 A well formulated and documented IT policy is essential to assess the time frame, key performance indicators and cost benefit analysis for developing and integrating various functions. Though the Company has adopted the online billing system since 2000, it did not formulate and document a formal IT policy and a long term/medium term IT strategy, incorporating the time frame, key performance indicators and cost benefit analysis for developing its own software and integration of various systems (GIS data, hand held machine data and any separate data prepared due to change of tariff etc.) and safety measures for data.

We observed in this regard that:

- No plans/steering committee with clear role and responsibilities existed to monitor the development/operation of software by outsourced agencies for each functional areas in a systematic manner as well as for ensuring correct billing against the consumers.
- The billing agencies were required to maintain adequate infrastructure viz. handheld machines, computers, servers, printers and qualified staff for efficient billing. During physical verification (July 2010) of inventory of the agencies conducted jointly by us and the Management, it was noticed that the outsourced billing agencies did not maintain a control record showing the details of hardware and manpower.

[1] Indira Nagar, Gomti Nagar, Aishbagh, Alambagh, Rahim Nagar and CESS-1.

- The hand held billing agencies transfer billed data through CD, pen drive or through e-mail for uploading in the central server. The system of uploading of billed data is not safe as data is exposed.
- The meter readers note down meter reading at the premises of consumers and feed it manually in the handheld billing machine as the system of connecting the handheld machine with the meter does not exist.
- HH machines were not sealed by OLB division and the meter reading was done between 8 PM and 11.57 PM despite the fact that the billed data was to be uploaded up to 8 PM in the central Server of the OLB. Further, the control register of hardware and manpower was not kept at their office for inspection of the MVVNL authorities.

The Management agreed with our observations and stated (September/ November 2010) that initially steering committee was formed for implementation of IT support system and after commissioning, Online Billing Division was created for monitoring the outsourced agencies. It further stated that the security problems in providing data in CD, pen-drive and e-mail had not been visualised earlier, system was being designed to provide data in more secure manner to billing agencies, there was defect in CMOS clock of the machine, the agencies had been directed to maintain control register of hardware and software for inspection by MVVNL authorities and meter readings were fed in HHC machines manually as facility of connecting meters with the machines was not made.

System Design deficiency

2.3.10 The system design and its operation by the service providers should be adequate and sound to capture the data from the inputs provided by the Company. In case of deficiencies in the system, there are possibilities of generation of incorrect bills and information. We noticed system design deficiencies as discussed below:

Assessment of consumption recorded by defective meter

2.3.11 The Supply Code 2005 provides that billing of consumption in case the meter ceases to record the accurate consumption should be done on the average consumption of the three billing cycles preceding the billing cycle in which meter became defective. In case the average consumption of meter for three billing cycle is not available; billing was to be done for 104 units per kW per month as prescribed by the Deputy General Manager, Computer Cell (UPPCL) in November 2004.

The system was not designed for the billing software to take care of provisions regarding billing in case meter ceases to record accurate consumption resulting in short assessment of energy charges of ` 1.88 crore.

We noticed that system was not designed for the billing software to take care of aforesaid provisions. This resulted in short assessment of energy charges of ` 1.88 crore in 53634 cases relating to the period from May 2008 to March 2010 due to preparation of bills for less than 104 units in all the 16 divisions as detailed in **Annexure-14**.

The Management replied (November 2010) that some of these bills were prepared on actual three months’ average which was lesser than the units specified and rest had been prepared on 80 units which was specified ruling for domestic consumers. The reply is not relevant as we pointed out cases in respect of commercial consumers only.

Short billing in case of healthy category of consumers

2.3.12 As per laid down billing procedure, the consumers under ‘Metered Unit Bill’ category are required to be billed on the basis of units consumed. We noticed deviations in respect of following billings relating to the period from May 2008 to March 2010:

- In 1026 cases of billings in respect of consumers of domestic light and fan category (LMV-1) assessment was made for lesser units than actual consumption appearing in the data bank resulting in short assessment of ` 61.81 lakh as detailed in **Annexure-15**.
- In 145 cases of billings in respect of consumers of LMV-2 category assessment was made for lesser units than actual consumption appearing in the data bank resulting in short assessment of ` 96.93 lakh as detailed in **Annexure-16**.

The Management replied (September/November 2010) that audit considered the closing readings for judging the billed units but the software provided that revised bill shall be generated on total units as advised through revision. In respect of 145 cases of LMV-2, the Management stated that these cases were either bill revisions or cases where tariff for 2007 and 2008 has been jointly applied on *pro rata* basis. The reply is not based on facts as the databank in respect of said billings do not indicate these were the cases of revisions and during May 2008 to March 2010, the Tariff Order (2008) was not revised.

Dissipation of energy due to absence of system alerts

The software designed and used did not provide alert where power factor was below the prescribed factor of 0.75; consequently no action was taken to install shunt capacitor or disconnect supply.

2.3.13 As per para 8 of the tariff order of April 2008 it is obligatory for all consumers to maintain power factor[2] more than 0.85 and no new connections of motive power loads/industrial loads above 3 kW other than LMV-1 and LMV-2 category and/or of welding transformers above 1 kVA shall be given, unless shunt capacitors having ISI specifications of appropriate ratings are installed. The tariff order further provides that if on inspection, it is found that capacitor of appropriate ratings is missing or inoperative and licensee can prove that the absence of capacitor is bringing down the power factor of the consumer below the obligatory norm of 0.85 then a surcharge of 15 *per cent* of the amount of bill shall be levied. Licensee may also take action under Section 139 and 140 of the Electricity Act, 2003 and disconnect the power supply if the power factor is below 0.75.

We noticed in analysis of the databank during the period from May 2008 to March 2010 for billing the small and medium power consumers that:

- The software designed and used did not automatically provide alert in the cases where the power factor was below 0.75 and generate exception reports in each month.
- In 4809 cases where power factor were below 0.75, no action was taken either to install shunt capacitors to improve power factor or to disconnect supplies to such consumers.

The extent of energy loss due to low power factor in such cases worked out to 68.29 lakh units.

The Management agreed with the observations and stated (September/ November 2010) that e-Suvidha had been directed to generate alerts in case of low power factor.

Deficiency in system regarding allowing due date

2.3.14 Clause 6.1 (g) of the Supply Code prescribes that the licensee shall give time of seven days for payment of the bill where the bills are served through hand held billing machine. Thus, it was required that the due date for payment of bill should be given 7 days after the bill date.

We noticed in analysis of databank that due to deficiency in design, the OLB system did not apply the provisions uniformly in all cases of the consumers.

[2] Power factor is ratio of kWh and kVAh.

Out of 1,13,05,175 billings during the period from May 2008 to March 2010, in 8,57,547 bills date and due date was common, in 8,15,414 bills time was allowed in excess of seven days and in 27,74,649 bills due date mentioned was prior to bill date as detailed in **Annexure-17**.

The Management replied (September/November 2010) that the present discrepancy appeared in database due to due date having been previously allotted to each consumer book wise whereas open billing cycle was being followed in LESA in which seven days time from date of bill generation was being designed from February 2010 by e-Suvidha as the due date.

Irregular ceiling on the billing of the consumption

The software designed included an irregular ceiling on billing which resulted in short billing of energy charges and electricity duty of ` 4.28 crore.

2.3.15 The software designed by the outsourced agencies include an application control wherein the billing of 800 units only is done even in case the consumption of any consumer exceeds 800 units per kW in a month. The units in excess of 800 units per kW per month are not billed although no provisions for this exist either in the tariff orders approved by the UPERC or in the Supply Code. In such cases, billing should have been done for actual energy consumption indicated in the meters installed at the premises of consumers and reasons for such inordinate consumption should also have been investigated by the divisions to check that consumer has not installed load in excess of the sanctioned load.

This particular control in the billing software led to short billing of energy charges of ` 4.16 crore and electricity duty of ` 10.83 lakh in 1096 bills prepared and issued to consumers between May 2008 and March 2010 as detailed in **Annexure-18.**

The Management replied (September/November 2010) that as per UPPCL norms the billing software imposed a ceiling on consumptions beyond 800 units/kW/Month. It further stated that bills on 800 units were provisional and after site inspection meter reading was obtained and bill made as per actual reading. We are of the view that UPPCL is not required to impose ceiling on billings and alert signal could be obtained without any ceiling on billing.

Mapping of Business rules

The Company is required to adhere the tariff provisions approved by Uttar Pradesh Electricity Regulatory Commission. These provisions, therefore, should be incorporated in billing system so as to generate correct bills. The discrepancies we noticed in mapping of various provisions of tariff are discussed in succeeding paragraphs:

Non-credit of interest on the security deposit to the consumers

2.3.16 According to the clause 4.20 (i) of the Supply Code the licensee shall pay interest on security deposit to the consumers at the bank rate as on 1 April every year by crediting interest on security in bills issued in the month of April. With a view to ensure the compliance of the aforesaid provision the billing software should have been designed so that system should credit interest on security amount in the month of April every year.

Scrutiny of databank made available to audit revealed following:

- OLB prepared 486146 bills in the month of April 2009 but interest on security deposit was not credited/ allowed in 354754 bills against which security amount was available with LESA. This deprived the consumers from getting benefit of interest and on the other hand the Company accumulated liability of ` 102.57 lakh as detailed below:

Name of the division	Number of bills in April 2009	Security amount deposited (`)	Security interest credited (`)	Security interest to be credited at the rate of 6 *per cent* (`)
Alambagh	18166	4,066,081.00	0	243,964.86
Aliganj	46488	25,205,896.00	0	1,512,353.76
Aminabad	6097	2,463,447.00	0	147,806.82
Aishbagh	31133	7,163,216.00	0	429,792.96
Chowk	26873	7,186,982.00	0	431,218.92
Gomtinagar	41368	27,288,233.00	0	1,637,293.98
Hussainganj	16229	14,031,595.23	0	841,895.71
Indira nagar	45548	24,654,308.00	0	1,479,258.48
Kanpur road	34801	17,613,575.00	0	1,056,814.50
Khurramnagar	33179	15,325,535.00	0	919,532.10
Raj bhawan	8114	9,000,533.00	0	540,031.98
Rajajipuram	17286	5,422,057.00	0	325,323.42
Residency	17947	9,651,338.00	0	579,080.28
Thakur ganj	11525	1,882,814.00	0	112,968.84
Total	**354754**	**170,955,610.23**	**0**	**10,257,336.61**

This indicates that the software did not have effective application control for interest calculation and its credit to consumers' account.

- In 130953 cases security amount was not available in the databank,
- In 102191 cases security amount available was less than the minimum chargeable amount of ` 300,
- In 591 cases security amount was indicated as ` (-) one, and
- In 153 cases field of security amount indicated nothing.

The Management replied (September/November 2010) that interest of previous financial year was given under separate account head code due to technical constraints and mostly in May and June. It further stated that database with no security amount was because of incompleteness of data during migration to new system and security of less than ` 300 was an old rates. The reply is indicative of fact that the OLB system did not have effective application control, database of security deposits was incomplete and credit of interest on security deposits on separate account head code could not be shown to us.

Non-assessment for Air Conditioning charges

The special tariff for air conditioning load was not applied which resulted in short assessment of ` 3.98 crore.

2.3.17 Clause 11 of the general provision of Tariff Order 2008-09 applicable from 27 April 2008, prescribes special tariff for Air Conditioning charges at the rate of ` 150 per ton for every 5 kW load.

We noticed in scrutiny of databank for the billing month from May to September 2008 and April to September 2009 that the special tariff for air conditioning loads was not applied in 65676 bills prepared and issued to the consumers having load of more than 5 kW under rate schedules LMV-2, LMV-4 and HV-1 in the 14 distribution divisions. This resulted in short assessment of ` 398.70 lakh as detailed below:

Name of the division	No. of cases of consumers having load more than 5 kW		AC charges to be levied (`)		Total (`)
	May to September 2008	April to September 2009	May to September 2008	April to September 2009	
Alambagh	1702	2257	1031625.00	1346850.00	2382434
Aliganj	4084	5275	3325275.00	2999925.00	6334559
Aminabad	402	1398	220500.00	746325.00	968625
Aishbagh	1429	1447	666900.00	663300.00	1333076
Chowk	1629	1588	827775.00	714600.00	1545592
Gomtinagar	2533	3668	1638225.00	2382075.00	4026501
Hussainganj	4319	5517	2781000.00	3307950.00	6098786
Indira nagar	2459	2908	1569150.00	1471275.00	3045792
Kanpur road	1287	1770	551250.00	759150.00	1313457
Khurramnagar	1447	2013	872325.00	1064025.00	1939810
Raj bhawan	3167	4022	2402325.00	3051450.00	5460964
Rajajipuram	202	718	96750.00	354825.00	452495
Residency	3808	3937	2276325.00	2372175.00	4656245
Thakur ganj	128	562	57825.00	253350.00	311865
Total	**28596**	**37080**	**18317250**	**21487275**	**39870201**

The Management replied (September/November 2010) that due to technical constraint of the old server and limitation of the software, special tariff could not be implemented in billing system of LESA in 2008 and a list of consumers falling under the purview of special tariff was formulated in 2008 and 2009 and was sent to divisions where AC charges were fed into each consumers account through Journal Debit entries. We, however, observed that the data bank did not indicate the nature of debits and fact remains that the software could not be modified to take care of the provision for Air Conditioning Charges.

Non levy of penalty to the consumers not accessible for meter reading

2.3.18 The para 3 of Tariff Order of April 2008 provides penalty of ` 300 per KW per month if the meter is not read due to meter not being accessible in the premises of consumer for two consecutive billing cycles.

We noticed in analysis of the databank made available to us of two divisions using IBM pattern that meter reading could not be taken due to non-access of the meter of the consumers for more than three cycles. The divisions did not issue notice to the consumers to get access to their meter and also did not levy penalty of ` 41.09 lakh during the period from April 2009 to March 2010 as detailed below:

Sl. No.	Divisions	Consumers not accessible above two billing cycle	Range of billing cycles	Rate of penalty in `/kW/month	Penalty not levied (` in lakh)
1.	Cess-I	117	1-40	300	9.32
2.	Cess-II	373	1-73	300	31.77
	Total				**41.09**

The scrutiny of databank of OLB system revealed that the data relating to consumers where the meter reading could not be taken due to non-access of the meters, was not maintained. In absence of this information in the data bank, further analysis could not be done by us.

The Management replied (September/November 2010) that there was no clear cut listing of NR cases and notices had not been issued to the consumers; hence, penalty was not due. It further stated that instructions had been issued to billing agencies to paste notice on premises of consumers and to divisional officers to charge penalty and in the mean time a system would be designed to incorporate NA/NR comment. The reply is self explanatory of the fact that the OLB system is not capable in billing NA cases due to inadequacy of databank.

Application Control

Input controls and validation checks

2.3.19 To ensure correctness, completeness, and reliability of the database, it is necessary to ensure appropriate input control and data validation during the data entry. This would help in reduction in duplication of efforts and redundancy. We noticed following deficiencies in this regards:

Input Controls

Light and Fan Domestic category consumers

Life line Consumers

2.3.20 The consumers having load of one kW with restriction of consumption of energy up to 150 units has been categorised as lifeline consumers. Rate schedule LMV- 1 para 3 (C) envisaged that the lifeline consumers shall be billed at the rate of ` 1.90 per unit up to 100 units and at ` 2.50 exceeding 100 units up to 150 units and fix charges at the rate of ` 50 per kW.

Input controls were deficient as various types of billings were not done as per the provisions of tariff orders resulting in short assessment of energy charges and electricity duty of ` 13.76 crore.

If consumption exceeds 150 units in any month billing in that case was to be done at the rate of ` 3 per unit up to 200 units and at the rate of ` 3.30 per unit for the consumption exceeding 200 units.

The tariff provisions also prescribed that the fixed charge of ` 60 per kW per month was to be billed in case the consumption of the lifeline consumers exceeds 150 units per month or their connected load exceeded 1 kW.

We noticed from scrutiny of databank relating to the period May 2008 to March 2010 that application control was not there in the following types of billing:

- In 550337 cases where current meter readings were zero provisional billings were done for 80 units for which ` 120 only was charged whereas ` 152 should have been charged at the prevailing rate of ` 1.90 per unit. This resulted in short assessment of energy charges of ` 1.76 crore. Further, the electricity duty at the rate of ` 0.09 per unit was also not levied resulting in short assessment of electricity duty of ` 39.61 lakh as detailed in **Annexure-19.**
- In 396858 cases of life line consumers with defective meters, billing was done at the rate of ` 120 for every 80 units instead of at applicable rate of ` 1.90 per unit. This resulted in short assessment of energy charges of ` 1.14 crore. Further, the electricity duty was not billed at applicable rate of ` 0.09 per unit which resulted in short assessment of electricity duty of ` 18.72 lakh as detailed in **Annexure-20**.

Similarly, short assessment of energy charges in 173689 cases in two off-line divisions under IBM pattern was ` 1.23 crore as detailed below:

Name of division	No. of cases	EC levied (`)	ED levied (`)	EC to be levied (`)	ED to be levied (`)	Difference of EC (`)	Total difference (`)
CESS-I	99503	25713720.00	1491361.20	32938592.00	1491361.20	7224872.00	7224872.00
CESS-II	99503	19958511.60	1491361.20	329385920.00	1149591.78	5060429.00	5060429.00
Total	**199006**	**45672231.60**	**2982722.40**	**3623245120.00**	**2640952.98**	**12285301.00**	**12285301.00**

- In 43455 cases of billings the assessed[3] consumption was above 64 units but energy charges were billed uniformly at ` 120 in each case of billing. The application control was not applied for tariff rate in these cases. In these cases energy charges of ` 1.23 crore were short assessed as detailed in **Annexure-21**.

The Management replied (September/November 2010) that these bills were prepared by the server provisionally after closure of each month for accounting unbilled cases and were correct as per rules and full assessment for total bill period was taken care of when consumer was billed next month on actual reading. The reply does not give reasons for provisional billing at the rate of ` 120 for 80 units instead of ` 152 at applicable rate of ` 1.90 per unit.

- In 88188 cases of billing, the OLB system did not apply the rate of ` 2.50 per unit when the consumption exceeded 100 units but remains up to 150 units. This resulted in short recovery of ` 3.11 lakh as detailed in **Annexure-22**.
- In 14331 cases where the consumption exceeded 150 units and remained up to 200 units, the rate of ` 3.00 per unit was not applied resulting in short assessment of ` 19.36 lakh. Similarly, in 307289 cases where the consumption exceeded 200 units, the rate of ` 3.30 per unit was not applied. This further resulted in short assessment of ` 66.57 lakh as detailed in **Annexure-23**.

[3] Where meter is defective and consumption of energy is assessed.

The Management replied (September 2010) that the tariff slabs of life line consumer require watching consumption per kW per month (30 calendar days), the examined cases had bill period more than 30 days and therefore the month's consumption fell within limits of lower rate slabs. It further stated (November 2010) that consumption based rate slabs for domestic life line consumers had been implemented and application control was designed to take care of applicability of the rates. The reasons given by the Management do not hold good as such proportion of units were not applied where days in a month were 30 or less than 30 and rates were not applied correctly in the cases reported by us.

- In 1459 cases the OLB system applied fixed charge of ` 50 instead of ` 60 where the load exceeded 1 kW. This resulted in short assessment of ` 0.80 lakh. In 45687 cases the OLB system applied fixed charge of ` 50 instead of ` 60 where consumption exceeded 150 units. This further resulted in short assessment of ` 4.57 lakh as detailed below:

Name of the division	No. of cases	Fixed charges levied (`)	Total units	Fixed charges to be levied (`)	Difference of fixed charges (`)
Alambagh	4632	231600	1097078	277920	46320
Aliganj	3841	192000	986479	230460	38460
Aminabad	561	28050	95741	33660	5610
Aishbagh	6451	322550	1630632	387060	64510
Bakshi ka Talab	41	2050	9981	2460	410
Chowk	5082	254100	1358499	304920	50820
Daliganj	41	2050	10127	2460	410
Gomtinagar	3660	182900	826863	219600	36700
Hussainganj	4355	217750	1186753	261300	43550
Indira nagar	3282	164100	878747	196920	32820
Kanpur road	3445	172250	719048	206700	34450
Khurramnagar	3697	184850	1050185	221820	36970
Raj bhawan	347	17350	103846	20820	3470
Rajajipuram	1824	91200	366003	109440	18240
Residency	3498	174900	788288	209880	34980
Thakur ganj	930	46500	232596	55800	9300
Total	**45687**	**2284200**	**11340866**	**2741220**	**457020**

- In 5048 cases of billing the connected load was above 1 kW in the data bank. Therefore, billing in these cases was to be done as consumers other than life line. We noticed that in 628 cases a sum of ` 0.29 lakh was excess charged, in 1832 cases a sum of ` 2.18 lakh was short charged and in 2588 cases bills were prepared correctly as detailed below:

Name of the division	No. of cases	EC levied (`)	Total units	EC to be levied (`)	Difference of EC (`)
Alambagh	197	255007	83693	264,972.60	9,965.60
Aliganj	40	24086	9861	30,650.70	6,565.10
Aminabad	17	26185	8284	26,317.20	131.80
Aishbagh	133	130114	44761	140,418.00	10,303.80
Chowk	194	212889	78031	246,354.90	33,465.50
Gomtinagar	293	319552	113088	356,727.60	37,176.00
Hussainganj	37	55034	18528	58,948.50	3,914.80
Indira nagar	358	85894	44095	133,857.30	47,963.30
Kanpur road	294	285559	98120	307,230.30	21,671.30
Khurramnagar	185	54579	29964	91,076.40	36,497.90
Raj bhawan	12	5622	2408	7,413.90	1,791.60
Rajajipuram	3	2307	756	2,314.80	8.00
Residency	65	74544	26247	82,740.30	8,196.10
Thakur ganj	4	4876	1574	4,954.20	78.30
Total	**1832**	**1536248**	**559410**	**1,753,976.70**	**217,729.10**

The Management stated (September/November 2010) that errors had occurred due to technical constraints of old server and corrected in the new billing software since February 2010. We, however, did not notice corrections in the data bank of March 2010.

- The maximum consumption against one kW load can be 720 units[4] only. Analysis of OLB database revealed that consumption of energy recorded in meters ranged from 721 to 80693 units in 4865 cases of domestic light and fan consumers as detailed below:

Division	No. of cases	Range (unit)
Alambagh	423	721-29162
Aliganj	345	721-6399
Aminabad	79	726-36555
Aishbagh	423	722-17537
Bakshi KaTalab	5	750-1150
Chowk	328	722-7139
Dalliganj	15	725-5254
Gomtinagar	593	721-80693
Hussainganj	176	723-10596
Indiranagar	385	721-51027
Kanpur Road	404	721-14424
Khurramnagar	391	722-4880
Raj Bhawan	72	721-25810
Rajajipuram	470	721-12949
Residency	354	721-24054
Thakurganj	402	722-23433
Total	**4865**	

It indicates that the application control has not been designed to alert and mark higher consumption cases for checking actual load connected in premises of consumers to ensure that sanctioned load is not less than actual connected load to avoid loss of fixed charges per KW of the load and risk of damage in distribution network.

The Management replied (November 2010) that an application control was already present in the software for watching the higher consumption by imposing a ceiling on consumption beyond 800 units/kW/month, an alert was raised in form of flagging the consumer as ceiling defective status and on-line MIS report of such cases was generated on monthly basis. The reply is not based on facts as no alert was noticed in the 4865 cases pointed out by us.

- The Supply Code 2005 prescribed that in case meter of consumers ceases to record accurate consumption, billing should be done on average consumption of the three billing cycles preceding the billing cycle in which meter became defective. We noticed that the application control was not designed in the billing software incorporating the aforesaid provisions. As a result, assessment in case of defective meters was done for 80 units and average consumption of three preceding billing cycles (September, October, and November 2009) was not applied for billing for the month of December 2009. This resulted in short assessment of ` 8.09 lakh in the billing for the month of December 2009.

The Management replied (November 2010) that the billing of consumers with defective meters was done on the basis of average consumption of previous

[4] 1 KW X 24 hour X 30 days X 1 factor = 720 units.

three cycles or on the basis of prescribed 80 or 120 units/kW for domestic or commercial. It further stated that those bills were provisional and difference of assessment was taken care of when meter was replaced. The reply is not based on facts as in the cases pointed out by us, assessment was done on the basis of 80 units although average consumption of previous three billing cycles were available in data bank.

Other than lifeline consumers

2.3.21 Consumers other than the lifeline consumers were required to be billed at the rate of ` 3.00 per unit up to 200 units and at the rate of ` 3.30 per units for units exceeding 200 for all loads. Fixed charge was to be levied at the rate of ` 60 per kW per month as envisaged in the rate schedule LMV-1.

Scrutiny of databank relating to the period May 2008 to March 2010 revealed absence of application control in this category also as we noticed in following billings:

- In 169757 cases of provisional billing relating to the period from May 2008 to March 2010 energy consumption was assumed at the rate of 80 units per kW and energy charges was applied at the rate of ` 120 per 80 units instead of at the rate of ` 3 per unit as per the rate schedule. This resulted in short recovery of energy charge of ` 561.39 lakh and electricity duty of ` 32.46 lakh as detailed in **Annexure-24**.

The Management replied (September/November 2010) that the bills were prepared provisionally by the server after each month's closure only for accounting the left over un-billed consumer in that month and the full assessment for total bill period was taken care of when consumer was billed next month on actual reading. It further stated that after 1 February 2010, the unit rate prescribed in tariff for fixed 80 units had been implemented in new software. We, however, did not notice implementation of prescribed rate of charge in billings for the month of March 2010.

- In 13110 cases of billing[5] where consumption remained 160 units in each case**,** the outsourced agency billed at the rate of ` 240 in each case uniformly instead of ` 480 at the applicable rate of ` 3.00 per unit as prescribed under Para 3 of the rate schedule LMV -1. Incorrect application of rates resulted in short assessment of revenue of ` 51.16 lakh as detailed in **Annexure-25**.

The Management replied (November 2010) that those cases had provisional assessment which were made firm (final) on the basis of actual readings when next bills were generated. We view that even for provisional billing there is no reason to apply rate of charge other than that applicable.

- In 200558 cases of billing the OLB system did not correctly apply the rate of ` 3.30 per unit where consumption exceeded 200 units. This resulted in short assessment of energy charges of ` 32.87 lakh and electricity duty of ` 0.07 lakh as detailed in **Annexure-26**.

The Management replied (November 2010) that application control was designed to take care of applicability of rates based on consumption. The reply is not based on facts as in the cases pointed out by us, correct rate based on consumption was not applied.

- In 1065 cases of the two divisions following IBM pattern billing, short assessment of energy charges worked out to ` 12.68 lakh as detailed below:

[5] Indicated under supply type-10 B in data bank.

Name of the division	No. of cases	Total units	EC levied (`)	EC to be levied (`)	Difference of EC (`)
CESS –II	321	635973	1,642,767.70	2,047,030.10	404,262.40
CESS-I	744	1301888	3326681.80	4189920.80	863239.00
Total	**1065**	**1937861**	**4,969,449.50**	**6,236,950.90**	**1,267,501.40**

The Management stated (September 2010) that NA/NR period preceding to the bill had not been included for consideration of period of consumption. The reply is not based on facts as the database did not indicate the fact of NA/NR in the billings pointed out by us and date of previous meter reading before NA/NR occurred.

Billing of non-domestic light and fan consumers

Billing at less than minimum charges

2.3.22 Para 3 (C) of the rate schedule applicable for light and fan commercial consumers (LMV-2) provides that the consumers getting supply from urban feeder or rural feeder exempted from the scheduled rostering shall be billed at minimum of ` 300 per kW per month.

We noticed that in 17734 cases of 15 divisions bills relating to the period from May 2008 to March 2010 were prepared by the system for the amount less than the minimum amount**.** This resulted in short assessment of energy charges of ` 5.16 lakh as detailed below:

Name of the division	No. of cases	Minimum amount levied without ED (`)	Actual minimum charges (`)	Minimum charges short charged (`)
Alambagh	546	245621.06	279126	33504.94
Aliganj	711	375725.90	460800	85074.10
Aminabad	3570	2018560.88	2026500	7939.12
Ashbagh	418	171566.75	199500	27933.25
Chowk	717	293331.16	335100	41768.84
Daliganj	5	2567.25	3300	732.75
Gomtinagar	1569	1020119.40	1060800	40680.60
Hussainganj	3965	2800523.14	2838582	38058.86
Indira nagar	524	261807.27	327000	65192.73
Kanpur road	371	186125.55	220500	34374.45
Khurramnagar	363	209656.46	240600	30943.54
Raj bhawan	256	307446.13	340200	32753.87
Rajajipuram	133	47395.20	54000	6604.80
Residency	4477	2572990.97	2633400	60409.03
Thakur ganj	109	35063.06	44700	9636.94
Total	**17734**	**10548500.18**	**11064108**	**515607.82**

The Management replied (November 2010) that due to errors in old billing software minimum guarantee charges were not watched and promised to take corrective action.

Incorrect categorisation of consumers

Incorrect categorisation of consumers resulted in short assessment of energy charges and electricity duty of ` 24.39 lakh.

2.3.23 The LESA is responsible for supply of energy in the urban area of Lucknow city which is exempted from scheduled rostering. Thus, the billing of the consumer of LESA was to be done as per urban schedule of the tariff approved by the UPERC.

We noticed in analysis of the databank during the period from May 2008 to March 2010 that following categories of the consumers were classified as connected through rural feeder instead of categorizing under urban schedule because of exemption from rostering. This resulted in short assessment of revenue as summarised below:

- Out of 546 bills prepared under rural tariff[6] relating to domestic light and fan consumers, 303 bills i.e. 55 *per cent* were prepared on metered unit consumption basis. Remaining bills were prepared on fixed amount basis due to non availability of meter reading. A sum of ` 5.83 lakh was short assessed in 303 cases due to treating these consumers connected to rural feeder instead of urban feeder.
- 109 bills were prepared relating to non-domestic light and fan consumers under rural tariff[7] instead of urban tariff.[8] This resulted in short assessment of ` 0.61 lakh.
- Rate schedule for public institutions (LMV-4A) issued (27 April 2008) by UPERC is applicable to offices of the Government organisations, Government hospitals/ Government research institutions excluding companies registered under the Companies Act, 1956. Companies registered under the Companies Act are required to be billed under non-domestic light, fan and power category (LMV-2) if load is below 75 KW and under non-industrial bulk loads category (HV-1) if load is above 75 KW and getting supply at 11 KV. Bharat Sanchar Nigam Limited (BSNL) is a Government Company and registered under the Companies Act, 1956. Accordingly, connections to units of BSNL were required to be billed under LMV-2 rate schedule. In 697 bills in respect of BSNL having loads ranging between 15 and 35 kW, rate schedule LMV-4A was applied instead of rate schedule LMV-2. This resulted in short assessment of ` 11.81 lakh[9] during the period from May 2008 to March 2010. Details are given below:

(Amount in `)

Name of the division	No. of cases	Fix charges levied	Fix charges to be levied	Difference of FC	Energy charges levied	Energy Charges to be levied	Diff of EC
Alambagh	151	327771.50	355800.00	28028.50	2795496.21	2983856.00	188359.79
Aliganj	48	104205.00	108500.00	4295.00	1697427.00	1832019.30	134592.30
Aishbagh	61	140075.00	145150.00	5075.00	1643210.94	1688960.88	45749.94
Bakshi ka talab	4	5400.00	6000.00	600.00	55472.00	59632.40	4160.40
Chowk	77	118855.92	128850.00	9994.08	1676787.67	1783612.91	106825.24
Daliganj	3	5400.00	6000.00	600.00	85092.00	91473.90	6381.90
Gomtinagar	50	116265.00	123000.00	6735.00	2196654.38	2365223.60	168569.22
Indira Nagar	97	202056.00	214100.00	12044.00	2187733.94	2308434.79	120700.85
Kanpur Road	37	110405.69	90750.00	-19655.69	761461.78	810041.74	48579.96
Rahim Nagar	91	158174.00	172000.00	13826.00	1765189.51	1915099.60	149910.09
Rajbhawan	23	41313.33	46000.00	4686.67	750430.14	807755.00	57324.86
Rajajipuram	8	68040.00	50400.00	-17640.00	704448.00	757281.60	52833.60
Thakurganj	47	56430.00	62700.00	6270.00	564996.00	607370.70	42374.70
Total	**697**	**1454391.44**	**1509250**	**54858.56**	**16884399.57**	**18010762.42**	**1126362.85**

- 553 out of 80748 consumers of domestic light and fan category and 59 out of 70134 consumers of non-domestic light and fan category under IBM pattern billing were categorised under rural billing though they were getting supply from urban feeder. Therefore, billing should have been done under urban schedule. This resulted in short assessment of electricity charges of ` 6.14 lakh during the period from April 2009 to March 2010 as detailed below:

(` in lakh)

Division/category	Bill cases	Supply Type categorised	Chargeable amount	Charged amount	Amount short charged
CESS-I					
Domestic light and fan	424	13 and 17	1.16	0.40	0.76
Non domestic light and fan	24	22 and 24	6.58	1.81	4.77
CESS-II					
Domestic light and fan	129	17	0.42	0.25	0.17
Non- domestic light and fan	35	24	0.78	0.34	0.44
Total short charge					**6.14**

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6 Supply type -17.
7 Supply type-23.
8 Supply type-20.
9 EC ` 11.26 lakh and Fixed Charges: ` 0.55 lakh.

The Management replied (September/November 2010) that the consumers wrongly categorised in LMV-1, LMV-2 and BSNL consumers had been referred to the divisions for correcting their tariff and recovering short assessments.

Short assessment of energy in PTWs

2.3.24 Deputy General Manager, Computer Cell vide order of November 2004 directed that in case of defective meter category of Private Tubewells (PTW) consumers, assessment should be done on the basis of average consumption of three billing cycles preceding the cycle in which the meter became defective. In case the meter reading was not available assessment should be done at 100 units per BHP per month.

We noticed in analysis of the databank of CESS-I and CESS-II divisions that in case of 3053 consumers where the total load was 17528 BHP, the meters installed were defective but the assessment was made for 50 units per BHP as the application control was not designed in the billing software for billing at the rate of 100 units per BHP. This resulted in short assessment of ` 13.79 lakh during the period from April 2009 to March 2010 as indicated below:

Name of the division	No. of cases	Load (BHP)	Units	Units as per UPPCL order	ED levied (`)	Minimum charges (`)	EC to be levied (`)	ED to be levied (`)	Difference of EC (`)	Difference of ED (`)	Total difference(`)
C.E.S.S-I	1783	9,719.00	107441	971,900.00	2,595.69	1,262,820.00	1943800	87471	680,980.00	84,875.31	765,855.31
CESS - II	1270	7,809.00	108740	780,900.00	6,029.10	1,013,220.00	1561800	70281	548,580.00	64,251.90	612,831.90
Total	**3053**	**17,528**	**216181**	**1,752,800**	**8,624.79**	**2,276,040**	**3505600**	**157752**	**1,229,560.00**	**149,127.21**	**1,378,687.21**

The Management stated in exit conference (September 2010) that instructions had been issued for correct billing. The Management further replied (November 2010) that in cases observed by audit meters had not been installed and hence assessment had been done at ` 130/BHP/month as per the provision of tariff. The reply is not based on facts as data bank revealed that meters had been installed in cases pointed out by us; hence assessment should have been done on the basis of 100 units/BHP/month.

Validation checks

Duplication of records in the databank

2.3.25 The databank of online billing should be free from duplication in records so as to make the database reliable and generate correct bills. The OLB system has allotted unique number (known as KNO number) to consumers for identification.

In the analysis of the database (March 2010) we noticed that 2.56 *per cent* of operative consumers had duplicate KNOs. Similarly, 4.60 *per cent* of operative consumers had same meter number (shown at 2 to 4 consumers) as detailed below:

Name of the division	Total Number of operative consumers	Duplicate KNOs	Fictitious meter[10]	Meters		
				Repetition of meter numbers	No. of premises	Range
Rajajipuram	24175	668	175	431	1212	2-3
Residency	32894	1179	3	430	881	2-3
Kanpur Road	42716	922	162	967	2117	2-3
Chowk	39442	659	13	458	924	2-4
Aishbagh	35019	386	122	621	1249	2-4
Alambagh	28290	491	0	524	1064	2-4
Aliganj	27907	1065	241	1158	2345	2-4
Gomti Nagar	40050	1469	77	1093	2219	2-3
Hussainganj	21622	634	24	369	742	2-4
Indira Nagar	44858	682	236	1158	2589	2-4
Rahimnagar	28027	911	21	572	1156	2-3
Rajbhawan	10818	497	0	237	484	2-4
Aminabad	14934	461	137	384	780	2-3
Thakurganj	17137	437	3	489	990	2-4
Total	**407889**	**10461**		**8891**	**18752**	

[10] This denotes imaginary number allotted on release of connection to start billing without meter.

The Management replied (November 2010) that the data bank had no duplicate KNOs and duplicate KNO appeared in places where two bills existed in a month. It further stated that meter numbers were allotted by LESA test labs division-wise and might be repeated in another division. The reply is indicative of fact that software designed is deficient as it is not able to generate single row details for a month leading to exhibition of incorrect number of consumers in a month, it is not based on facts as fictitious meter number existed in databank against same consumers and same meter number existed against 2 to 4 consumers in the same divisions. Thus, the software lacked checks to validate the input data.

Unreliable data in databank

The data bank of on-line billing contained unreliable data and/or incomplete details in 21.53 *per cent* of the cases.

2.3.26 Presence of unrealistic records makes the data bank unreliable and non-acceptable. Similarly, non-availability of required information in data bank makes processing unauthentic, transaction impossible and generation of incomplete/inaccurate report/energy bills.

We noticed from the analysis (March 2010) of data of 5.20 lakh consumers that the data bank of OLB contained unrealistic data and/or incomplete details in 21.53 *per cent* of the cases. The deficiencies are summarised below:

- Connection date against 80017 cases was mentioned as 11 November 11.
- Connected load in 18 cases and meter number in four cases were recorded as zero.
- Address of 135 consumers and service connection numbers of 111951 consumers were missing.
- Maximum demand was not recorded in respect of 477 connections of load exceeding 25 KVA where tri-vector meters were installed.

The division wise details are given below:

Sl. No.	Division	Address missing	Connection Date recorded as 11.11.2011	Missing SC no.	MDI not recorded Above 25 KVA load	Connected load recorded as zero
1	Alambagh	1	6472	4750	11	-
2	Aliganj	7	16659	15164	44	1
3	Aminabad	-	4270	-	2	1
4	Aishbagh	1	5309	13023	12	-
5	BakshiKaTalab	-	1224	-	14	1
6	Chowk	-	11092	13580	12	6
7	Daliganj	-	7358	-	1	3
8	Gomti Nagar	81	681	9873	10	1
9	Hussainganj	1	2071	8256	143	-
10	Indira Nagar	29	1156	11195	18	-
11	Kanpur Road	10	803	7786	4	-
12	Khurram Nagar	4	9694	18202	5	2
13	Raj Bhawan	-	2128	473	165	-
14	Residency	1	8256	9647	30	2
15	Thakurganj	-	2624	2	1	1
16	Rajajipuram	-	220	-	5	-
	Total	**135**	**80017**	**111951**	**477**	**18**

The Management replied (September/November 2010) that when it was not possible to obtain complete information from decade old papers, data was migrated in on-line database in 2001 with common connection migration date

11.11.11 and efforts were being made to complete the data. It further stated that incompleteness of addresses and connection date did not disqualify from regular and reliable billing, it had been made mandatory to record maximum demand in all cases of loads exceeding 25 kW/KVA and cases of zero load had been referred to division for corrections. We view that incomplete details of connected load and other information in data bank could affect generation of correct reports and affect billings.

Compliance of Terms and conditions of agreements

2.3.27 MVVNL entered into an agreement with e-Suvidha for online billings on 27 July 2006. In term of clause 1.2.8 of the agreement e-Suvidha was responsible for maintaining the OLB system and up-gradation/migration to the billing application with new hardware covering new requirement at LESA data centre. The upgradation work was delayed by e-suvidha and could not be executed up to February 2010. In this connection we observed that:

- The system faced problems due to utilisation of 99 *per cent* of storage up to November 2007 as the incremental data addition of 2 GB was continued on monthly basis. The operation of online billing was done on a system which did not commensurate to the requirement of the billing and created problems that could not be solved by e-suvidha. To resolve the problem LESA had to invite (February 2009) CMC Limited for backend activities of OLB and system administration and maintenance for period of one year. LESA paid a sum of ` 68.12 lakh to CMC Limited which was deducted from the bills of e-Suvidha.
- The Company delayed the up gradation of the OLB system for the period more than two years despite the fact the system was overloaded and was not running accurately. The delays were apparently caused by the Company due to not firming up the environment requirement. The requirement changed from MS.dot.net environment (in February 2007) to oracle 10g platform (June 2007) and the vendor was also not decided till December 2007.
- The OLB system was deleting the logs created by the system to make space in the server.

The Management stated (September/November 2010) that appropriate action for delay in up gradation work by e-Suvidha shall be taken in accordance with penal clause of order and purging of old logs archives was done for creation of space.

2.3.28 Clause 5.4.1 of the agreements envisaged that the billing agencies would carry out one time activities and monthly activities. One time activities included door to door survey of the consumers to update the billing database. In monthly activities the agencies were required to download the billing data from the central server installed at OLB division, take readings at consumers' premises, generate bills through their hand held machines, deliver bills to consumers, receive payment through cheque, if opted so by consumers and upload the billed data at the day end. The agencies were also required to report the divisions on monthly basis the cases where reading could not be taken due to non-access to the meter or for any other reason. The ADF[11], RDF[12] and IDF[13] cases were also to be submitted on monthly basis at the divisional level. The billing software provided by the e-Suvidha has security feature wherein previous meter reading is not visible to the meter reader.

[11] Appears defective.
[12] Reading defective.
[13] Indicated defective.

Scrutiny of the payments made to the handheld billing agencies by the divisions revealed following:

Avoidable payments for hand held billing

2.3.29 The agreements for on-line hand held billing work executed (April 2007) with the three firms[14] provided for meter reading, generation of bills, collection of cheques, their deposit in bank and reconciliation of the bank account all billed at the rate of ` 6.65 per consumer. In this connection we noticed (July 2010) that the Kanpur Electricity Supply Company had awarded (September 2008) the same work to the Sai Computer, Vaxcel Computers (P) Ltd, Ranchi and Computronics India, Lucknow at the rate of ` 6.45 per consumer on which discount[15] of ` one per consumer was given by the parties for switching over to on-line billing. Thus, the Kanpur Electricity Supply Company was getting hand held billing work at the net rate of ` 5.45 per consumer which was lower than that of LESA with same parties during same period. Since the LESA and KESCO are subsidiary companies of Uttar Pradesh Power Corporation Ltd. (UPPCL) and are under common administration system should have been in place to obtain the rates of the sister units but no such system existed. This resulted in excess payment of ` 49.96 lakh during the period from October 2008 to March 2010 at the rate of ` one per consumer as detailed in **Annexure-27.**

The Management replied (September/November 2010) that all distribution companies under UPCCL were independent and free to float and decide their tenders as per requirements, the scope of work differ in quality and quantity according to geographical area and constraints and there was no binding requirement or necessity for comparing rates from Discom to Discom or from one State to another. We view that the scope of work of KESCO and LESA were same in similar geographical area and the work was executed by same parties at similar time, hence rate of payment for billing agencies engaged by LESA should have been comparable to other distribution companies coming under same holding company (UPPCL).

Avoidable payment for bills in respect of defective meters

2.3.30 The agreement with handheld billing agencies provided that payment per consumer shall be made based on complete monthly activities undertaken by the agency. No payment shall be made for meters not read on account of non-access or for any other reason. Further, clause (ii) of the monthly activity provided that for billing of consumers on the basis of defective meters reported, payment at 50 *per cent* of the agreed rate shall be made. In case of no reading cases, provisional assessment of 80 units per kW per month is done centrally by the system. In case of defective meter the billing is required to be done on the basis of average consumption of three billing cycles preceding the cycle in which meter became defective till the defective meter is replaced by the concerned division and advised to the OLB as per the Supply Code 2005. Thus, the payment for bill preparation of defective meter should not have been made as the bills were prepared centrally by the system.

The payment of ` 69.55 lakh to hand held billing agencies was not justified as energy bills were prepared centrally by the OLB system.

We noticed that the payment of ` 69.55 lakh at the rate of ` 3.325 per bill (being 50 *per cent*) for 20,91,875 bills on the basis of meter reading of defective meter was made despite the fact that the bill of these consumers were generated by the OLB system at the provisional/ assessed units as

[14] Computronics Ltd, KLG Systel Ltd and Sai Computers Ltd, Meerut.

[15] The discount was given as the work of printing of ledgers of all category of consumers, various types of MIS reports and designing of software and its maintenance etc. were excluded while switching over to on-line billing where only meter reading through HH machines were involved.

detailed below. Therefore, the payment of ` 69.55 lakh to HH billing agencies was not justified.

Name of the division	Number of bills			
	IDF	ADF	RDF	Total
Alambagh	69854	3991	3139	76984
Aliganj	276656	4492	19901	301049
Aminabad	77305	5607	1577	84489
Aishbagh	155063	8658	10184	173905
Bakshi KaTalab	7045	190	442	7677
Chowk	271485	40633	18181	330299
Daliganj	12125	235	1340	13700
Gomtinagar	105724	1496	2360	109580
HussainGanj	162963	7334	5269	175566
Indira Nagar	143738	4560	10943	159241
Kanpur Road	33543	12123	6082	51748
Khurramnagar	193288	3895	11240	208423
Raj Bhawan	24541	2598	3905	31044
Rajajipuram	20409	731	1759	22899
Residency	226570	21981	8277	256828
Thakur Ganj	74961	8958	4524	88443
Total	**1855270**	**127482**	**109123**	**2091875**

It was further noticed in audit that the database of OLB did not have field indicating the month since when the meter became defective. In absence of such information the audit could not ascertain the period when the meter remained defective.

The Management stated (September/November 2010) that all the IDF bills were not prepared centrally by the server. It further stated that LESA had two mechanisms for delivery of bills, by HHC agencies after meter readings and generations of bills at site and (by e-suvidha) at billing counters on self reading. In LESA, HH billing agencies had been allotted the job to generate bills including bills of IDF consumers also, deliver it on the spots at consumer's premises and receive payment against these provisional bills; therefore, payment to billing agencies at 50 *per cent* rate was justified. We are of the view that provisions in the agreement for payment in case of IDF/ADF/RDF is not justified as in such cases provisional bills can be generated centrally till a meter is rectified. It was also noticeable that no payment is made to HH billing agencies in case of NA/NR (no access/no reading) cases although HH billing agencies visit premises of consumers each month.

Payment in excess of work done

2.3.31 According to the terms of payment of the agreement executed with the outsourced agencies, the payment was to be made in case of actual bills generated and issued to the consumers. Scrutiny of records revealed that the division made payment to the outsourced billing agencies on the basis of details of consumers furnished by them without verifying the actual number of consumers from the database.

We noticed from the data bank that the Company paid to billing agency for:

- 4764394 bills of healthy category consumers against 4498385 actual bills and
- 1037288 bills of defective category consumers against 913204 actual bills.

As a result, ` 23.11 lakh was paid in excess to the billing agencies during the period from May 2008 to March 2010 as detailed in **Annexure-28**.

The Management replied (September/November 2010) that in order to increase the consumer turn up and ensure billing of each consumer, LESA had provided a parallel facility to consumers to get their bills generated on billing counters on self reading, Hand-Held agencies were fulfilling their part of contract by physically sending their meter readers to consumers premises for generating and delivering bills to them and consumers in some cases might visit counters and get a second bill generated as against the Hand Held bill which was scheduled to be uploaded only at day end by a batch process. It further stated that Hand held generated bill was liable to be rejected by server as one bill for the same consumer had already been inserted and therefore the monthly hand held scrolls contained total count of bills both uploaded and rejected. The Management, however, did not explain the mechanism of verification of claims of billing agencies where databank showed lesser number of bills generated by the billing agencies than that claimed by and paid to them as there is no system to identify that rejected bills were only because of generation of bills at billing centres.

Monitoring Mechanism

Monitoring of OLB system was inadequate and ineffective as the Company has not recruited any IT expert, not has it formed a committee for monitoring.

2.3.32 The Company has created OLB division for monitoring and smooth functioning of the online billing system and performance of the outsourced billing agencies. Apart from above a node has been provided to all the billing divisions for monitoring of the billing of their consumers, correction of the bills and generation of MIS reports. We noticed that the monitoring of OLB system was inadequate and ineffective because of the following reasons:

- The Company has not recruited any IT expert nor has it formed a committee for monitoring of the online billing system. The Company also did not develop a system for periodical inspection of infrastructure of the outsourced agencies.
- The prescribed MIS reports could not be generated due to inadequacy of the OLB system up to February 2010 when data was migrated in new upgraded system.
- The OLB division or the billing divisions did not have access to the databank as the level of authority for the access to the databank has not been prescribed by the competent authority. The audit trail system has also not been created in the OLB system for monitoring the billing work.
- The Company did not have a documented policy prescribing the detailed procedures and working of the OLB system.

The Management replied (November 2010) that MVVNL was addressing the need to form an in-house team of IT experts in the new servers, e-suvidha had been directed to implement a fully functional audit trail.

Lack of disaster recovery and business continuity plan

The Company did not have a disaster recovery and business continuity plan.

2.3.33 The Company did not have a disaster recovery and business continuity plan outlining the action to be taken immediately after a disaster and to ensure that the data processing operation could be acquired immediately.

We noticed that the backup of the database is maintained in the premises of the OLB Division on incremental[16] basis. The backup of the whole database is not maintained at different premises as per standard practices of the IT

[16] Under the incremental system, current data replaces previous data.

environment. The key configuration items viz. hardware, software, personnel and other assets which would be required for continuity of the IT activity in case of a disaster have not been identified and documented. Also in case of default on the part of outsourced billing agency, the Company did not have a recovery plan for continuity of its billing activity.

The Management agreed and stated (September/November 2010) that for safety of backup data, e-Suvidha had been directed to shift the backup server from Dalibagh data centre to e-Suvidha premises and to formulate a functional plan for recovery of system from this backup in case of any eventuality and maintain alternate means of reviving the billing in case of failure/break down.

Non utilisation of Geographical Information System (GIS)

2.3.34 To ensure efficient and effective monitoring, the Company, executed (September 2003) agreements with three billing agencies for GIS mapping at a cost of ` 105.28 lakh. The scope of work of agreement provided that the agencies were to undertake door-to-door survey and update master database including GIS mapping showing roads, streets, lanes and houses or polygon, marking of distribution transformers (DTs), poles, current transformers (CTs) meter installation on low tension side of the DTs, identifying status of meter correctness/legibility of meter number, consumer number, address etc. This also included identifying of power lines leading to the premises of the consumers, allotment of sequence numbers as per actual physical sequence at site by visual inspection.

We observed that though the GIS mapping work was done by the agencies and a payment of ` 75.01 lakh was made by 10 divisions on this account, the system could not be used as there was no integration between billing databank and GIS mapping data bank due to which the whole expenditure became wasteful.

The Management replied (September/ November 2010) that by indexing and electrically addressing all consumers in the data base, hand held billing was started and DT/feeder wise monitoring of consumers could be done. It, however, admitted that integration of developed map could not be successfully done as the technology and required software had not been envisaged at the conception of the project and added that presently the work of survey updations, development and integration of latest GIS maps had been taken up in R-APDRP scheme.

The matter was reported to the Government (October 2010); their replies were awaited (November 2010).

Conclusion

The Company did not formulate and document a formal IT Policy and a long/medium term IT strategy. The system of uploading of billed data is not safe as transfer of data was being made through CD, pen drive or through e-mail. On-line billing software was not designed to take care of various provisions of billings and contained irregular application control. There were discrepancies in mapping of various provisions of tariff. Input control was deficient as various types of billing were not done as per the provisions of tariff. Validation checks were either not there or were deficient. Monitoring of OLB system was inadequate and ineffective. It did not develop a system of periodical inspection of infrastructure of the outsourced agencies. The Company did not have a disaster recovery and business continuity plan. The GIS mapping work, intended for effective monitoring could not be used due to lack of integration of data.

Recommendations

We recommend that:

- **the Company should formulate and document an IT policy;**
- **IT security policy and business continuity plan should be formulated to prevent changes/modifications in database without authorisation;**
- **the compliance of tariff provisions issued by UPERC and its application in the billing software/database used by outsource billing agencies should be ensured and properly monitored;**
- **the Company should formulate disaster recovery plan for immediate operation of data processing at the time of disaster; and**
- **the Company should ensure linkage of GIS software with the billing data bank to have finer details of the network and connected consumers. GIS mapping should be periodically updated.**

CHAPTER-III

3. Transaction Audit Observations

Important audit findings noticed as a result of test check of transactions made by the State Government companies/Statutory corporations are included in this Chapter.

Government Companies

Uttar Pradesh State Industrial Development Corporation Limited

3.1 Short levy of restoration fee and effect charges

The Company incurred loss of ` 4.37 crore due to short levy of restoration fee and effect charges at old rates instead of charging at prevailing rates from an allotee.

The Company develops and allots plots on lease to applicants on premium fixed by it, and has the right to cancel allotment of plot on the grounds of default in payment, non-utilisation of plot within specified period or violation of terms and conditions of allotment letter. As per the Company's order of June 2001, a restoration fee based on the current premium prevailing on the date of restoration is levied on allotee on restoration of cancelled plot. In case allotee has made change in use of land from industrial to commercial, commercial fee shall be also levied. This commercial levy was replaced by effect charge with effect from January 2008.

The Company approved (July 2000) transfer of a plot[1] to Global Enterprises (GE) for industrial use. The Company cancelled (March 2002) allotment of the plot on finding that the industrial plot was being used as farmhouse (commercial use). Against the cancellation order, GE moved (March 2002) the Court where the matter remained pending. On the request (September 2002) of GE, the Company approved (October 2002) restoration of the plot for construction of hotel (commercial use) at restoration fee of ` 5.95 lakh and commercial levy of ` 30 lakh. GE, however, did not accept the offer. On further request (August 2008) of GE, the Company approved (October 2008) restoration of the plot at fee prevailing in October 2002 along with interest thereon assuming restoration in October 2002 and demanded ` 68.65 lakh[2]. On the request of GE, the amount was reduced (January 2009) to ` 53.54 lakh due to reduction in rate of interest which was paid by GE during November 2008 to December 2009. GE, on the request of the Company, decided to withdraw the court case.

We noticed (June 2009) that the Company was required to levy ` 4.90 crore towards restoration fee (` 2.16 crore) on the basis of current premium (` 6,000 per sq. mtr.) prevailing on the date of restoration (October 2008) and effect charge (` 2.74 crore) for change of use of the plot from industrial to commercial (as hotel). Thus, the Company incurred loss of ` 4.37 crore[3] due to short levy of restoration fee and effect charges from the allotee.

[1] B-32, Industrial Area, Buland Shahar Road, Site I, Ghaziabad.
[2] Restoration fee: ` 5.95 lakh, commercial levy: ` 30 lakh, interest (at the rate of 15 *per cent* per annum on restoration fee and commercial levy): ` 32.59 lakh and lease rent: ` 0.11 lakh.
[3] ` 4.90 crore *minus* ` 0.53 crore.

The Management replied (May 2010) that the matter was decided by the Board as special case to settle the dispute and was not decided as per general rule. The financial interest of the Company was not overlooked. Reply is not convincing as the case was not special in nature and the Management should have adhered to its approved policies regarding imposition of various charges and fees in the best interest of the Company.

We recommend that the Management should abide by its own approved policies in allotment of plots. The Board of Directors of the Company should act in the interest of the Company.

The matter was reported to the Government in March 2010; the reply was awaited (November 2010).

3.2 Avoidable payment of interest

The Company had to pay avoidable interest of ` 30.50 lakh due to delay in deposit of the amount of decree in respect of compensation of the acquired land

The Company acquires land for development under Land Acquisition Act, 1894 (Act). State Government Authorities, on receipt of proposal of land acquisition and the Company depositing 10 *per cent* of estimated compensation towards cost of acquisition and 10 *per cent* as advance compensation, issue a notice under Sections 4/17 of the Act. After due process of objections from land owners, a notification under Section 6/17 of the Act is published in the official gazette and after notification, award is given by the Special Land Acquisition Officer (SLAO). As per Section 34 of the Act, if the compensation is not paid to land owners, interest is levied at the rate of 9 *per cent* per annum on the balance unpaid amount of award for the first year from the date of possession of land and at the rate of 15 *per cent* per annum for remaining period up to the date of payment.

The Company, for developing an industrial area, acquired 245.91 acre land in Dehradun during 1986 on payment of compensation at the rate of ` 96,000 per acre as awarded by the SLAO. The owners of land being unsatisfied with the compensation of land, moved (1988-95) the District Court, Dehradun for enhancement of compensation. The Court in its order (13 May 1997) enhanced the rate of compensation to ` 1,50,000 per acre. The Company paid (November 1998 to April 2001) only part of the amount of additional compensation and filed (2001) appeals in the Honourable High Court of Uttaranchal at Nainital. The High Court in its order (September 2004) dismissed the appeal of the Company and upheld the decision of the District Court.

We noticed (December 2008) that the Company did not challenge the decision (of September 2004) of the High Court nor did it pay the balance of additional compensation and interest to the landowners till March 2009. In March 2009, the Company paid ` 2.21 crore on account of balance of additional compensation and interest at the rate of 9 and 15 *per cent* for the period March 1986 (the month of the possession of land) to March 2009 despite several notices issued by the Court from time to time. Thus, due to inaction on the part of Management from October 2004 to March 2009, the Company had to pay avoidable interest of ` 30.50 lakh for that period.

The Management replied (August 2010) that due to the creation of new State (Uttaranchal) by carving out from Uttar Pradesh, the process of transfer of assets and liabilities pertaining to land was underway from the period October

2004 to March 2009. It further stated that despite various requests of the Company, the revenue authorities of Uttaranchal could not reach any conclusion regarding challenging the decision of the High Court. The final payment of the enhanced compensation was made due to the rising pressure of the executing court to avoid unpleasant situation of contempt of High Court. The justification put forth by the Management for taking such abnormal time in making payment of enhanced compensation as per the decision of the High Court is not acceptable as the matter did not require any involvement of revenue authorities of Uttaranchal.

We recommend that the Management should ensure prompt deposit of undisputed compensation to land owners so as to avoid payment of penal interest and loss to the Company.

The matter was reported to the Government in March 2010; the reply was awaited (November 2010).

Uttar Pradesh Projects Corporation Limited

3.3 Avoidable payment of corporate tax

The Company denied credit of interest earned on unutilised/ idle funds received from the Government to works/Government and paid avoidable corporate tax of ` 8.01 crore due to treating such interest as its own income.

The Company is engaged in construction works of various Government Departments on deposit work basis where funds are provided in advance. Government order (December 1993) states that withdrawals from the Personal Ledger Account (PLA) should be need based and funds drawn from PLA should not be placed in interest bearing bank deposits. If the funds are placed in interest bearing bank deposits, the interest earned on the deposit would be the income of the Government and it shall be credited to the specific work/ Government.

We noticed (December 2009) that the Company invested unutilised/idle funds received as deposits for works in banks and earned interest of ` 23.68[4] crore during 2005-06 to 2007-08. It did not give credit of the interest income to the works/ Government as required in the Government order of December 1993. Instead, it treated the interest income as its own income and accounted for in Profit and Loss account. Consequently, the incidence of corporate tax on the Company increased by ` 8.01[5] crore during that period.

Thus, the Company not only violated the Government order and denied credit of interest earned on unutilised/idle funds to the Government but also attracted extra burden of Corporate tax of ` 8.01 crore.

The Management replied (September 2010) that the paid-up capital and free reserves of the Company at the end of 31 March 2008 were ` 6.40 crore and ` 18.41 crore respectively and income from it was bound to be earned. It further stated that funds were withdrawn from PLA in accordance with the requirement of works and not with the objective to earn interest. We, however, noticed that its net own funds[6] were negative[7] for the period 2004-05 to 2007-08 and surplus was worked out after taking credit for interest on deposit made

[4] 2005-06: ` 2.52 crore, 2006-07: ` 8.03 crore and 2007-08: ` 13.13 crore.

[5] 2005-06: ` 0.85 crore, 2006-07: ` 2.70 crore and 2007-08: ` 4.46 crore.

[6] Paid up capital plus free reserves and surplus less liability of the Company towards interest earned on Government funds for deposit works.

[7] 2004-05: ` (-) 16.46 crore; 2005-06: ` (-) 11.27 crore; 2006-07: ` (-) 5.33 crore, 2007-08: ` (-) 2.63 crore.

in violation of Government's directive in its Profit and Loss account. Therefore, interest earned during these years should have been credited to the Government/specific works in terms of Government's order of December 1993.

We recommend that the Company should adhere to the Government order and credit the interest earned on Government funds provided for deposit works to the concerned works/ Government.

The matter was reported to the Government in April 2010; the reply was awaited (November 2010).

Uttar Pradesh State Textile Corporation Limited

3.4 Inadequate arrangements for safeguarding movable and immovable assets

The Company suffered loss of assets due to inadequate arrangements for safeguarding movable and immovable assets.

Uttar Pradesh State Textile Corporation Limited (Company) was incorporated on 2 December 1969 with the main objectives of carrying on the business of textile mills, establishing cotton mills, manufacturing and dealing in all kinds of yarn and other incidental activities. The Company had five units at Jhansi, Meerut, Sandila, Kashipur and Jaspur. Kashipur and Jaspur units were transferred to Uttaranchal Government in August 2004. The remaining three units at Jhansi, Meerut and Sandila had become non-functional since November 1997, October 1998 and November 1998 respectively due to reasons like continuous losses, shortage of funds, low capacity utilisation, lower productivity, strike, higher power cost and higher interest burden. These units were officially closed on 14 March 2001**.**

The Company filed (December 1994) a reference to Board of Industrial and Financial Restructuring (BIFR) which declared (February 1995) the Company as sick. BIFR ordered (July 2005) winding up of the Company. There was a stay in force against the order of BIFR (as of October 2010).

All the employees of the Company were retired under Voluntary Retirement Scheme (VRS) during October 2000 to October 2001. The Secretary, Industrial Development Department directed (September 2000) the District Magistrates (DMs) of Jhansi, Meerut and Hardoi (for Sandila unit) to ensure safety and security of the assets of the units located at those places. As on 31 March 2001, the Company had gross book value of assets of ` 63.71 crore (Immovable assets: ` 16.50 crore and movable assets: ` 47.21 crore) which remained same as per the latest certified accounts for the year ended 31 March 2009.

We noticed (December 2009) discrepancies in maintenance of proper records and also casual approach in taking adequate measures in safeguarding the movable and immovable assets of the Company as summarised below:

Inadequate maintenance of asset records

The Company did not maintain adequate and up-to-date records depicting important information in respect of assets held by it as the asset records maintained by the Company were not updated after 1997-98.

The Management replied (June 2010) that there was no employee on the roll of the company since 2000 and all the operations were being carried out by

Uttar Pradesh State Spinning Company Limited (UPSSC). The fact, however, remains that the records in respect of assets were to be updated by the UPSSC.

Physical Verification of Assets

The Company carried out physical verification of the assets of the three units in March 1999 when a number of items were found non-functional or obsolete. Physical verification was again carried out by the Company during January to February 2005 when shortages were noticed in all the three units. No action could be taken by the Management as all the three units were placed under the supervision of DMs.

As the physical verification of the assets of the three units was not conducted by the Company after 2004-05, the latest position of damage/ theft/ encroachment in assets, if any, could not be known.

The Management replied (June 2010) that the security of the mill was assigned to the respective DMs vide Chief Secretary's order (July 2000). Subsequently, the Government appointed (July 2005) the respective DMs as Joint Managing Directors. The physical verification should have been conducted at regular intervals by the DMs (ex-officio Joint Managing Directors of the Company) with the help of employees of UPSSC to protect its assets.

Damage/ theft/ encroachments due to inadequate security arrangements

As the three units of the Company were placed (September 2000) under supervision of the DMs, management of the UPSSC requested them to make necessary arrangement for safety and security of the assets of the units of the Company. From the records/ correspondence of the Company, we noticed that:

- no adequate arrangements for security of the movable and immovable assets of the three units were made;
- the assets of these units were lying abandoned;
- boundary walls of Meerut and Sandila units were found broken; and
- there were thefts in all the three units of the Company, 70 *per cent* of the main parts of the machineries and 80 *per cent* of the furniture were either stolen or missing from the Sandila Unit. The loss due to theft of assets occurred during 1999-2005 in Jhansi unit was assessed at ` 50 lakh and in Meerut unit at ` two crore.

Thus, inadequate security arrangements of the three units resulted in damage/ theft/ shortages in assets of the Company.

Disuse of Assets

The attempt to sell the Company's six storey building 'Vastra Bhavan' constructed (1993) at Kanpur at the cost of ` 8.66 crore, to Income Tax Department in 2002 failed. Since then except for the first floor occupied by UPSSC, the building was lying vacant (September 2010).

The Management replied (June 2010) that due to instability of the existence of organisation arisen after issue of notices by BIFR from time to time for winding up of the Company, the Management could not take decision for letting out the Building.

Insurance Cover

Insurance cover for the assets of the Jhansi unit was taken upto December 1998 and for Sandila and Meerut units insurance covers were taken upto June 1999. Thereafter, no insurance cover was provided to the assets of the three units, reportedly due to financial constraints. Because of not getting insurance cover for the assets of the three units, the Company could not mitigate loss occurred due to damage, shortages, theft etc. of the assets as brought out in preceding paragraphs.

Summing up:

The Company failed to ensure adequate arrangement for safeguard of their assests. The Company is also exposed to risk of encroachments of its land/building and further theft/damage of assets in the absence of adequate watch and ward. There is also risk of assets becoming obsolete due to disuse/lack of maintenance. In view of this, we recommended that the Company may take appropriate action for the sale/disposal of the assets as soon as possible. Until the assets are sold/disposed off the Company should:

- maintain complete and up-to-date records giving complete information of all movable and immovable assets;
- arrange for physical verification of assets at regular intervals;
- arrange for adequate security arrangements for immovable properties so as to prevent encroachments;
- arrange for upkeep/ maintenance of assets and periodically review the condition for their future utility;
- consider taking adequate insurance cover for all the assets after evaluating cost and benefits of insurance cover; and
- utilise the vacant floors of the Vastra Bhawan by letting it out to others.

The matter was reported to the Government in April 2010; the reply was awaited (November 2010).

Uttar Pradesh Rajkiya Nirman Nigam Limited

3.5 Extra expenditure on architects' fee

The Company incurred extra expenditure of ` 19.78 lakh due to payment of architects' fee beyond the limit of 1.5 *per cent* of the approved cost of project.

The Company executes works of State Government on deposit basis i.e. actual cost *plus* centage at prescribed rate thereon. The orders of the State Government issued in February 1997 prescribed the rate of centage at 12.5 *per cent* which includes 1.5 *per cent* towards architect's fee. The Company, at times, appointed external architects for preparation of drawing/design and estimates in respect of some of works being executed by it due to special nature of works or as per demand of clients.

The Company appointed Sikha Associates (agreement of March 1995 as amended in November 2004) as architects for the work of Indira Gandhi Pratisthan, Lucknow and Civil Consultants (February 2006) as architects for the work of Dr. Ram Manohar Lohia National Law Institute, Lucknow.

We noticed (February 2009) that as per the Government order of February 1997, the admissible portion of architect's fee in centage (12.5 *per cent*) was only 1.5 *per cent* of the cost of project. But the Company agreed for payment of service tax in addition to the architect fee at the rate of 1.5 *per cent*. The Company paid ` 1.95 crore (` 175.66 lakh as architect fee plus ` 19.78 lakh as service tax) to the architects up to March 2009, which was more than the limit of 1.5 *per cent* as approved by the Government. As the element of service tax was not included and sanctioned in the estimates, the Company could not get its reimbursement from the clients. As a result, the Company incurred avoidable expenditure of ` 19.78 lakh on architects' fee.

The Management replied (September 2010) that excess fees on account of service tax paid earlier to the consultants was adjusted and payment restricted to 1.5 *per cent*. The Management's action of adjusting service tax paid earlier to the consultants, from their subsequent bills is, however, unilateral. The legally binding contract the Company had entered into with the consultants provided for making payment of service tax on architects' fee.

We recommend that the Company should either amend the provision of the agreement with architects restricting expenditure on architects' fee including service tax up to 1.5 *per cent* of the cost of project or obtain sanction of revised estimates of the project including element of service tax from the Government.

The matter was reported to the Government in March 2010; the reply was awaited (November 2010).

3.6 Construction work of 'Revitalisation and Renovation of Dr. Bhim Rao Ambedkar Samajik Parivartan Sthal' and 'Manyawar Kanshi Ram Smarak Sthal'

The Government of Uttar Pradesh (Government) approved construction works for the existing Dr. Bhim Rao Ambedkar Samajik Parivartan Sthal (DASPS), Lucknow to provide it longevity and grandeur and develop Dr. Bhim Rao Ambedkar Maidan, Lucknow as Manyavar Kanshi Ram Smarak Sthal (MKRSS) in May and August 2007 respectively. The Government nominated (June 2007/ October 2007) Uttar Pradesh Rajkiya Nirman Nigam Limited (Company) as executing agency for executing the projects as deposit work.

The initial outlay for the two works was ` 881.22 crore (DASPS: ` 366.82 crore and MKRSS: ` 514.40 crore). Due to frequent changes in drawings/ estimates from time to time and addition of new works, total sanctioned cost of the projects as revised up to 31 December 2009 stood at ` 2451.93 crore (DASPS: ` 1411.58 crore and MKRSS: ` 1040.35 crore) against which funds of ` 2261.19 crore (DASPS: ` 1230.79 crore and MKRSS: ` 1030.40 crore) were released between November 2007 and December 2009 by the Government. The works were suspended from September 2009 due to stay order of the Hon'ble Supreme Court of India. The progressive expenditure against the two works amounted to ` 1776.57 crore ((DASPS: ` 939.42 crore, MKRSS: ` 837.15 crore) up to December 2009

The projects included installation of idols and other artistic works at the estimated cost of ` 287.56 crore. Against this, the Company incurred expenditure of ` 217.35 crore up to December 2009. Since there were no standard rates available for comparison, the reasonableness of the rates at which the works were awarded for installation of idols and other artistic works, could not be vouchsafed in audit.

Our audit of the two works conducted during December 2009 to February 2010 revealed instances of financial irregularities as discussed in succeeding paragraphs. These resulted in extra expenditure of ` 66.48 crore on the works besides locking of funds on premature procurement of material, ultimately increasing cost of the works.

Failure to explore cost effective alternative

3.6.1 The two works involved construction of boundary wall and flooring of Mirzapur/Chunar sand stone. For this purpose, sand stones/blocks were transported from quarries at Mirzapur/Chunar to Bayana**,** Rajasthan (670 kilometers) for sawing and carving and finished stone were transported from Bayana, Rajasthan to Lucknow (450 kilometers) for use in the work. Accordingly, rate analysis of the work of construction of boundary wall/flooring were done taking into account the cost of transportation of sand stone/finished stone, as aforesaid. Orders for the said works were awarded to private parties on the analysed rates. We are of the view that if sawing and carving of sand stone were done at Mirzapur/Chunar itself by engaging cutters there and transporting finished sand stone from Mirzapur/Chunar to Lucknow (315 kilometers), expenditure on transportation of sand stone could have been reduced to the extent of ` 15.60 crore[8] due to reduction in distance of transportation (from 1120 kilometers to 315 kilometers). Such possibility for reduction in cost of the work was not explored by the Management.

The Management replied (December 2010) that the quarries of stone were situated in naxalite prone areas in the outskirts of Mirzapur due to which stone processing could not get developed and carting material to Bayana, Rajasthan being the nearest place for sawing and carving was the only possible way to conduct the work. Justification put forth by the Management is not convincing as at later stage local vendors established machineries and infrastructure at Mirzapur indicating lack of efforts to explore vendors before start of the work.

Execution of works at higher rates

3.6.2 The Company follows the provisions of UP PWD, Schedule of Rates (SOR) or Delhi Schedule of Rates (DSR) in respect of various items of work. Paras 98 and 101 of the Working Manual of the Company stipulate that the rates of material/work will be decided on the basis of detailed comparative statement prepared by the Purchase Committee. For preparation of detailed comparative statement, the members of Purchase Committee shall visit the market, shops, and quarries etc. so that proper rates of materials may be obtained.

3.6.3 Joint Purchase Committee (JPC) of the Company finalised (November 2007) labour rates of Mirzapur/ Chunar sand stone works for DASPS and MKRSS as below:

- ` 1890 per cft for making boundary wall with Mirzapur/ Chunar stone which included freight for transportation of stone from Mizrapur to Bayana (Rajasthan), sawing charges, carving charges, transportation of finished stone from Bayana to Lucknow and its installation,
- ` 1750 per cft for installation of Mirzapur/ Chunar sand blocks for kerb stone including freight for transportation of stone from Mirzapur to Bayana (Rajasthan), sawing charges, carving charges, transportation of finished stone from Bayana to Lucknow, and
- ` 2400 per sq. mtr. for fixing Mirzapur/ Chunar sand stone blocks flooring 50 mm thick including freight from Mirzapur to Bayana (Rajasthan), sawing charges, transportation from Bayana to Lucknow and its installation.

The Company placed work orders on various contractors at the finalised rates. In December 2008, the J.P.C. reduced the rates of aforesaid works from ` 1890 per cft to ` 1300 per cft, from ` 1750 per cft to ` 1250 per cft and from ` 2400 per sq. mtr. to ` 1750 per sq. mtr. respectively on its own. Thereafter, work orders were placed by the Company at the revised rates.

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[8] Amount calculated on the basis of rate applied by the Management for transportation of finished sand stone from Bayana (Rajasthan) to Lucknow.

We observed that reduction in rates in spite of inflationary tendency in the economy during the intervening period was indicative of the fact that the Management failed to obtain competitive rates earlier and incurred avoidable expenditure of ` 22.16 crore on the quantity executed up to the date of revision of rates in December 2008.

The Management replied (December 2010) that due to establishment of machineries and infrastructure by local vendors at Mirzapur at later stage and increase in competition due to establishment of more vendors at Rajasthan, there was reduction in rates. We view that benefit of competition could have been obtained from the beginning by adequate publicity of the work.

3.6.4 Our analysis further reveals that there was scope of reduction in the rates finalised by the JPC in November 2007 by ` 170 per cft, ` 150 per cft and ` 400 per sq. mtr. and that revised in December 2008 by ` 140 per cft, ` 240 per cft and ` 350 per sqm respectively for the above three works due to errors in analysis of rates as described below:

- ` 20 per cft included on account of cost of establishment at Mirzapur for sorting of material from quarry and making of blocks as per required size was not to be included as this was in the scope of work of stone suppliers who were required to load the truck with required size of stone.

The Management replied (September 2010) that to ensure the quality of stone and reduce the time and cost, services of Geologist/Marker Specialists were taken as per normal practice and ` 20 per cft was included in analysis as establishment cost for sorting of material. The fact, however, was that the suppliers were responsible to supply stone as per required sizes mentioned in supply order. Further, Mine Officer, Mirzapur on behalf of Directorate of Geology and Mining, Government of Uttar Pradesh was responsible to ensure the quality of material and a joint team consisting of Geologist of Director General, Mines Uttar Pradesh and officers of the Company were also responsible for ensuring quality control and classification of stone.

- The weight of stone was taken 0.12 MT per cft for the calculation of freight charges from Mirzapur to Bayana (Rajasthan) whereas it should be 0.10 MT per cft as taken for Bayana to Lucknow.

The Management replied (September 2010) that the weight of stone was taken 0.12 MT per cft because the extracted stone was received in very irregular shape. We do not agree with the reply as the weight of sand stone per cft of irregular shape will be lesser than the weight of sand stone of regular shape; hence, rate of transportation per cft of sand stone of irregular shape should not be more than that of sand stone of regular shape.

- For the purpose of analysis of rates in respect of the three items of the work, wastage of stone was taken as 50 *per cent.* The Management took wastage of 28.57 *per cent* in the rate analysis of other work of Mirzapur/ Chunar sand stone. Against this, actual wastage of 33.99 *per cent* in stone work was noticed. Therefore, in the rate analysis, provision for wastage of 50 *per cent* was on higher side. The Company should have taken maximum allowance of wastage up to 40 *per cent* only.

The Management replied (September 2010) that the actual wastage in different type of stones would be different. So, the wastage was taken on the basis of average wastage of all kinds of stone. Management's reply is not based on facts as actual average wastage noticed in respect of Mirzapur/Chunar sand stone was only 33.99 *per cent*. Further, the wastage at the rate of 40 *per cent* was allowed in the work of Sharda Canal under the same project.

- In the rate analysis, ` 25 per cft was added on account of cost of thermocol which was not required/ used.

The Management replied (September 2010) that the cost of thermocol at the rate of ` 25 per cft was taken to avoid any breakage of edges of carved stone. The reply is not based on facts as the Management could not show records in support of use of thermocol by the contractors and later on use of thermocol was deleted and not included in the revised rate analysis.

- Local cartage, charges for loading and unloading to carving/ key making[9] workshop at Bayana (Rajasthan) were included in the rate analysis for work of fixing Mirzapur/Chunar sand stone blocks flooring 50 mm thick whereas carving and key making were not in scope of the work. The estimate should not have factored in such expenses in working out rate.

The Management replied (September 2010) that carving and key making were included in the scope of work. The reply is not based on facts as carving and key making were not included in the rate analysis of the said work, hence, local cartage, loading and unloading was not required to be included in the analysis.

Thus, because of finalisation of rates on higher side as described above, the Company incurred extra expenditure of ` 8.58 crore (**Annexure-29**) on the quantity executed till the date of revision of rates in December 2008 and ` 84.77 lakh (**Annexure-30**) on the quantity executed from the date of revision of the rates to September 2009.

3.6.5 The Company paid ` 57.68 crore for procurement of 1,85,354.56 cum ready mix concrete (RMC) of various grades for work of DASPS. An analysis of rate of RMC by us on the basis of the quantities of the components recommended by IIT, Kanpur and labour rates given in DSR 2007 revealed that rates varying between ` 2,715.82 per cum and ` 3,308.06 per cum (excluding cost of cement which was to be supplied by the Company) allowed by the JPC were on higher side as against the rate of ` 2,500 per cum analysed by us in audit. This resulted in extra expenditure of ` 11.34 crore[10] on procurement of RMC.

The Management replied (September 2010) that M-35 grade design mix was carried out by IIT, Kanpur, the design mix might vary from place to place because of its constituents as coarse sand, aggregate available in that area and the rate of material and other constituents of DSR were cheaper than Lucknow. The reply is not based on facts as the quantities of coarse sand and grit taken in the rate analysis by the Management were higher than that recommended by IIT, Kanpur after preparation of trial mixes which were prepared by it using constituent materials supplied by the Company and we took the same rate of material as applied for by the Management in their rate analysis.

Extra payment to suppliers

3.6.6 Cases of extra payment to suppliers of earthwork and fine sand were noticed as discussed below:

[9] Key making: Locking/ interlocking of adjacent stones.

[10] ` 57.68 crore paid for RMC *minus* ` 46.34 crore (1,85,354.56 cum RMC procured x ` 2,500.00 per cum) = ` 11.34 crore.

3.6.7 As per clause 4 of Chapter-I of UP PWD, SOR, bulkage at the rate of 12 *per cent* is required to be deducted for earth work done manually/ not compacted. The Company purchased 61,772.28 cum earth for Sharda Canal work of MKRSS at the rates ranging from ` 155 to ` 350 per cum during the period from December 2008 to June 2009. The measurements were recorded for uncompacted earth and without making deductions of 12 *per cent* bulkage of 7,412.67 cum earth valued at ` 14.11 lakh[11] resulting in extra expenditure on the work to that extent.

The Management replied (September 2010) that the payment was made for compacted earth, therefore, no deduction for bulkage was made. The reply is not based on facts as the measurements were made for loose earth and measurement books did not indicate deduction of bulkage at 12 *per cent*.

3.6.8 As per clause 3 of Chapter-I of UP PWD, SOR, bulkage in case of supply of fine sand is required to be deducted at the rate of 20 *per cent* or actual, whichever is more. The Company purchased 1,23,078.72 cum fine sand for the work of MKRSS during the period from October 2007 to November 2009 against various supply orders and made deductions of bulkage at the rate of 12.5 *per cent* only instead of 20 *per cent*. Thus, due to short deduction of bulkage, the Company paid ` 46.15 lakh[12] extra to the suppliers/contractors.

The Management replied (September 2010) that the JPC of all the units decided to deduct bulkage at the rate of 12.50 *per cent* in case of fine sand/ coarse sand and for the future JPC decided to deduct bulkage in fine sand at the rate of 20 *per cent*. The reply of the Management is indicative of the fact that deduction on account of bulkage was initially not done at appropriate rate.

Irregular payment of service tax

3.6.9 Commercial or industrial construction services were covered under service tax with effect from September 2004. Service tax was applicable on the construction of building/civil structure used or to be used for commercial activities. Services on construction of building/civil structure for educational, religious, charitable, health, sanitation or philanthropic purposes were, however, not taxable. Thus, the construction activities not intended for commerce or industry would not attract service tax.

We have observed that the works of DASPS and MKRSS were monuments in nature and not intended for commerce or industry. Hence, such construction did not attract service tax. The analysed rates for item of works such as flooring, wall cladding, elephant features, steps and kerbs involving use of Bansi Paharpur sand stone, Ivory fantasy granite stone, multi red granite stone and Makrana etc. in the two works, included the element of service tax. The Company made payments to contractors for the said item of works at the rates so analysed for the quantities executed during November 2007 to December 2009. Thus, the Company made irregular payment of service tax of ` 4.51 crore to the contractors on execution of works of DASPS and MKRSS.

The Management replied (December 2010) that it had not paid service tax on the labour rate items where it was payable separately. We have, however, made observation on payment of service tax only on such labour rate items as were inclusive of service tax.

[11] 6,032.79 cum at the rate of ` 155 per cum and 1,379.88 cum at the rate of ` 345 per cum.
[12] (quantity 1,23,078.72 cum x ` 500) x (20.00-12.50)/100.

Premature procurement of luminary fittings

3.6.10 The Company did not assess correctly the requirement of luminary fittings required for the work of DASPS and failed to link procurement programme with civil construction activities in the said work. It procured (February 2008 to April 2009) the luminary fittings when only 62 *per cent* of the civil work was completed. As a result, luminary fittings valued at ` 21 crore remained unutilised up to February 2010. Subsequently, all the luminary fittings except the fittings valued at ` 62.17 lakh were adjusted at other places in same project or transferred to other projects of similar nature on the advice of the architects.

Extra expenditure on dismantling of existing structures

3.6.11 The rates for dismantling of RCC wall/ beam were ` 435 per cum as per UP PWD, SOR and ` 537.55 per cum as per Delhi Schedule of Rates 2007. As against this, the Company, for clearing site for execution of the work of DASPS and MKRSS, finalised (November 2007) rates for dismantling of RCC on floor slab and for wall/ beam of various structures including stacking of material at the rates ranging from ` 1500 to ` 5000 per cum. Thus, due to finalisation of higher rates, the Company incurred extra expenditure of ` 2.84 crore on dismantling compared with the rates prescribed in DSR-2007.

The Management replied (September 2010) that as the dismantling was done by engaging hydraulic equipment, it depended on grade of concrete being dismantled and its age and the rates were decided by JPC on the basis of observation of expenditure involved therein. In SOR, there was only one rate for dismantling of RCC and rate was for normal type of work of dismantling. It further stated that target date for completion of the project was very short, dismantled material was to be removed from site immediately and the rate of dismantling sanctioned by the Government in preliminary estimate was ` 3000 per cum. The fact remains that the rate of dismantling analysed by the Company was much higher (6.82 to 11.50 times) than the rate given in UPPWD-SOR and DSR.

The above matters were reported to the Government in August 2010; the reply was awaited (November 2010).

We recommend that the Company should:

- **take utmost care in analysing rates of items of work where works are awarded on analysed rates;**
- **endeavour to explore cost effective alternative of execution of work;**
- **finalise rates of different items of works and follow provisions of standard deductions as given in the SOR of UP PWD and DSR; and**
- **procure material keeping in view the time of its requirement.**

Power Distribution Companies

Dakshinanchal Vidyut Vitran Nigam Limited

3.7 Inadmissible voltage rebate allowed to consumer

The Company suffered loss of ` 31.62 lakh by allowing voltage rebate to a consumer after withdrawal of the scheme.

As per Rate Schedule effective from 1 December 2004 as notified by the Uttar Pradesh Power Corporation Limited (UPPCL) on 25 November 2004, a consumer of LMV-1 category was eligible for voltage rebate of 5 *per cent* of rate of charge if supply voltage was at 11 KV and of 7.5 *per cent* of rate of charge if the supply voltage was above 11 KV. The said provision of voltage rebate was withdrawn from 13 August 2007 as per Rate Schedule notified by UPPCL on 11 August 2007.

The Garrison Engineer, MES, Fatehgarh (GE), having contracted load of 1800 KW, was getting supply of electricity through 33 KV independent feeder and being billed under LMV-1 category. We noticed (September 2009) that Electricity Distribution Division, Farrukhabad continued to allow voltage rebate of 7.5 *per cent* on supply of electricity through 33 KV independent feeder to G.E. till December 2009. As a result, G.E. was short billed for ` 31.62 lakh for the period 13 August 2007 to December 2009. Thus, the Company suffered loss of ` 31.62 lakh due to allowing inadmissible rebate.

On this being pointed out by us, the Management and the Government replied (June/ September 2010) that a supplementary bill for ` 31.60 lakh for the period August 2007 to December 2009 was issued (January 2010) to the consumer. The amount has, however, not been received by the Company so far (November 2010).

We recommend that the Company should introduce a system of independent checking of initial bills of energy charges prepared after revision of Rate Schedule so as to avoid incorrect application of tariff.

Kanpur Electricity Supply Company Limited

3.8 Unfruitful expenditure on GIS mapping and software

The expenditure of ` 1.05 crore incurred by the Company on GIS survey, mapping and GIS software remained unfruitful due to errors in individual consumer indexing by a supplier company.

The Company entered into (August 2005) an agreement with Infinite India Computer Solutions Private Limited, New Delhi (IICSPL) for a pilot project of computerisation under Accelerated Power Development Reform and Programme (APDRP) with supply and commissioning of related materials at a cost of ` 5.14 crore. The scope of work *inter alia* included development of Geographical Information System (GIS) survey, mapping, indexing of consumers common for GIS, billing, audit and accounts of the Company and GIS software at a cost of ` 1.03 crore and ` 44.08 lakh respectively. The terms and conditions of the agreement stipulated that no payment would be made against any supply and work till successful completion of the work.

We noticed (July 2009) that IICSPL completed (June 2006) the work of GIS survey, mapping, GIS software and its installation at the premises of the Company's Headquarters at Kanpur, but there were errors in indexing of individual consumers. As a result, GIS mapping and software could not be utilised for metering, billing of the consumers and identification of unregistered consumers. Despite the failure of IICSPL to successfully complete the work, the Company released (September 2006) payment of ` 1.05 crore (being 80 *per cent* payment) to it. Thus, the expenditure of ` 1.05 crore on GIS survey, mapping and software remained unfruitful.

The Management and the Government replied (May/September 2010) that the survey data was integrated with billing data but the consumer indexing was not fully matching with the consumer, the online billing agency (IICSPL) had sorted out the mismatch and GIS mapping would be utilised in a phased manner. It further stated that balance 20 *per cent* payment of the work was detained and the firm has been asked to extend 10 *per cent* performance guarantee of ` 51.40 lakh up to 31 January 2011. The reply is self explanatory that the work of GIS mapping were not completed successfully by IICSPL as yet and release of payment was in contravention to the terms and conditions of the agreement.

The Company should adhere to the terms and conditions of payments to secure its interest and avoid payments till successful completion of work or obtain bank guarantee to cover the whole amount of payment.

UPPCL and Electricity Distribution Companies

3.9 Short realisation of electric connection charges

The distribution companies suffered loss of ` 8.07 crore due to application of rate of charge of electric connection fixed by the Government instead of applying the rate of charge approved by the UPERC.

Section 46 of the Electricity Act, 2003 provides that State Commission may by regulations, authorise a distribution licensee to charge from a person requiring supply of electricity, any expenses reasonably incurred in providing any electric line. Accordingly, the Uttar Pradesh Electricity Regulatory Commission (UPERC) has issued a cost data book which *inter alia* provides for fixed total charge[13] of ` 2,750 (excluding security deposit) for domestic and non domestic connection in villages for load upto 1 KW. Since the UPERC is the competent authority to approve the rate of charge for electric connection, the cost data book approved by it is binding upon all concerned.

The Government of Uttar Pradesh issued (June 2008) order for electrification of 56,516 primary/higher primary schools with 1 KW load at the rate of ` 2,200 per connection including ` 1,600 refundable security payable to distribution companies[14] and provided funds to Uttar Pradesh Power Corporation Limited. Of those, 18,770 schools were to be electrified by providing transformers and poles and remaining schools were to be electrified through cable connection.

We noticed that 37,534 schools were electrified through cable connection up to 31 March 2010 for which distribution companies adjusted at the rate of ` 600 (excluding security deposit of ` 1600 per connection) per connection against the funds provided by the Government instead of ` 2750 per connection as per the cost data approved by the UPERC. Thus, the distribution companies adjusted only ` 2.25 crore against the due amount of ` 10.32 crore as per the cost data for the said work. As such, the distribution companies suffered loss of ` 8.07 crore due to not enforcing approved rate of charge for providing electric connection.

The Management and the Government replied (September 2010) that the amount of refundable security of ` 1600 was for 2 KW load and on an average 16 meters cable per school had been used instead of 50 meter provided in the cost data book. Thus, considering refundable amount of security to be ` 800

[13] This includes fixed line charge of ` 2550 (including cable charges of ` 2000), system loading charges of ` 150 and processing fee of ` 50.

[14] Purvanchal Vidyut Vitran Nigam Limited, Paschimanchal Vidyut Vitran Nigam Limited, Dakshinchal Vidyut Vitran Nigam Limited and Madhyanchal Vidyut Vitran Nigam Limited.

and savings from the cost of cable, there had been no short-charging of cost of providing electric connections to the schools.

The Management's contention does not hold good as the amount of ` 1600 per connection was given to the Company as security deposit which can not be treated as reimbursement of cost of connection and the cost data book approved by UPERC provides for recovery of cost of connection at fixed rate and not as per the actual cost incurred by the Company.

We recommend that the distribution companies should adhere to and recover the rate of charge approved by the Commission for providing electric connection as it is a competent authority for that purpose under the Electricity Act, 2003.

Purvanchal Vidyut Vitran Nigam Limited

3.10 Material Management in Purvanchal Vidyut Vitran Nigam Limited

3.10.1 Purvanchal Vidyut Vitran Nigam Limited (Company) was incorporated in May 2003 with the objective of distribution of electricity in 21 districts[15] of Uttar Pradesh.

The Company divides its requirement into centralised[16] and decentralised materials. Procurement of centralised material is looked after by the Chief Engineer, Material Management (MM). The Electricity Store Circles (ESC) and Electricity Works Circle assess requirements for execution of works. After administrative approval of the Board of Directors (prior to January 2008 by Managing Director) tenders for the purchase of required material are invited by Superintending Engineer (MM). According to the value of purchases, approval of the shortlisted tenders is accorded either by Corporate Stores Purchase Committee (CSPC) of UPPCL or CSPC of the Company or the Managing Director Purchase Committee (MDPC) of the Company or the Director (T) of the Committee on the recommendation of CE (MM). Despatch instructions in respect of centralised items are issued after the inspection of material by the nominated officers of the Company. Four Electricity Stores Divisions (ESDs) of the Company receive material, ensure quality and are also responsible for its storage and handling.

Our audit findings as a result of examination of records for the period 2006-07 to 2009-10 relating to material management of centralised items are given in the succeeding paragraphs.

System Issues

Lack of control mechanism in inventory holdings

3.10.2 The Company had not fixed any minimum, maximum and ordering/reordering levels even for major items such as transformers, conductors and cables to ensure uniform flow of material of required quantity at appropriate time with minimum storage cost. ABC analysis of materials into fast moving, slow moving and non moving was also not done. As a result, the value of inventory increased from ` 49.35 crore in March 2006 to ` 61.37 crore at the end of March 2009. The inventory holdings in the Company in terms of monthly requirement ranged between 13 and 21 months during the same period against the laid down norms of three months. Further, Uttar

[15] Varanasi, Chandauli, Ghazipur, Jaunpur, Bhadohi, Mirzapur, Sonbhadra, Azamgarh, Mau, Ballia, Gorakhpur, Maharajganj, Deoria, Kushinagar, Basti, Sant Kabir Nagar, Siddharthnagar, Kaushambi, Fatehpur, Allahabad and Pratapgarh.

[16] Excluding material procured by field units based on urgent requirement.

Pradesh Electricity Regulatory Commission (UPERC) allows interest of only one month inventory holding for the purpose of determination of tariff rates. Therefore, interest on inventory holding beyond one month is not recovered through tariff and is absorbed by the Company itself.

The Management and the Government replied (August/September 2010) that inventory was well within three months of requirement. The reply is not based on the facts as the inventory holding was much more than three months' requirement.

Assessment of requirement

3.10.3 The Company has not prepared any manual for material management and not prescribed any procedure to assess reasonable requirement of material to be procured. SE, ESC assesses the requirement tentatively on the basis of targets of works and past consumption.

We noticed that assessment of requirement of material was not done keeping in view available stock and magnitude of utilisation, assessments were done in piece meal causing frequent tendering and there were delays in assessment of components and their procurement. This resulted in extra expenditure[17] of ` 91.35 lakh on procurement of material besides blocking of funds[18] of ` 2.29 crore in respect of purchases as detailed in **Annexure-31.**

Absence of system of comparing rates of material

3.10.4 With a view to ensure reasonableness of prices quoted by bidders, comparison of rates should be done with rates of similar items finalised by CSPC in respect of other Discoms as well as its own executed orders. For this, a databank of finalised rates in respect of each item should be maintained for reference at the time of finalisation of tender.

The Company did not evolve a system of obtaining rates finalised for procurement of material in other DISCOMs and considering purchase price of its own past successfully executed orders and preparing databank. The absence of such systems resulted in finalisation of rates of material on higher side.

The terms and conditions of the contract for procurement provided for variation in quantity by ± 50 *per cent* of the offered quantity. The Company could not gainfully utilise this provision as it failed to restrict despatch instructions against previous purchase order after finalising subsequent purchase order at lower rate because of absence of co-ordination within the Companies.

The absence of system of building databank of rates of material and non-availing the option of variation in ordered quantity resulted in extra expenditure of ` 56.90 lakh[19].

Short recovery of liquidated damages

3.10.5 In test check of records, we noticed that in 177 cases of delayed supplies, ESDs[20] deducted liquidated damages only on ex-works price instead of the same on contract value as provided in general conditions of the Contract (clause 27 of Form-B). This resulted in under recovery of liquidated damages amounting to ` 12.55 lakh in respect of the four ESDs.

The reply of the Management and the Government (August/September 2010) that penalty was to be deducted on the ex-works price is not based on facts as

[17] Poles: ` 86.19 lakh, Stay sets: ` 5.16 lakh.
[18] Panther conductor: ` 1.36 crore, Capacitor banks: ` 93.49 lakh.
[19] 10 MVA transformers:` 12.52 lakh, 25 KVA transformers: ` 8.46 lakh, Stay sets: ` 27.52 lakh, AAAC: ` 8.40 lakh.
[20] Allahabad, Azamgarh, Gorakhpur and Varanasi.

according to general condition of the contract, liquidated damages were to be deducted on the contract value and not on ex-works price.

Frequent transfers of material

3.10.6 Large quantities of material were frequently transferred from one store centre to another and also from one store division to another. Transfer of material in such large quantities indicated that either the despatch instructions were not being issued as per actual requirement or requirements were incorrectly assessed by the store centres. As a result, materials received in one store centre had to be re-transported to another to meet the requirement of that store centre. This resulted in avoidable expenditure of ₹ 61.15 lakh on re-transportation.

The Management and the Government replied (August/September 2010) that re-transportation of material was done due to urgencies. The reply is general in nature and does not justify the issue of incorrect despatch instructions not based on actual requirement of the stores centres.

Unplanned procurement

3.10.7 The Company should plan and ensure utilisation of material in a reasonable period and ensure its quality before procurement in bulk so that blockade of Company’s fund is avoided. Failure of the Company in planning for procurement and ensuring utilisation as well as quality of material resulted in non-utilisation of material valuing ₹ 44.71 crore as discussed in succeeding paragraphs:

- With a view to minimise theft of electricity and control the loss of energy in 11 districts, the Company procured 2,052 km of different sizes of aerial bunched cable (ABC) during August 2008 to March 2009 against loan of ₹ 112.16 crore from Rural Electrification Corporation (REC). Out of procured cable, only 650 km of ABC could be issued to the executing divisions up to February 2010 and 1,402 km of ABCs valued at ₹ 29.60 crore were still lying in four ESDs. Thus, procurement was made out of borrowed funds without ensuring utilisation of material. As a result, the Company had to pay interest of ₹ 2.42 crore to REC up to December 2009 on the loan without obtaining the benefit of control in loss of energy besides, blocking of funds to the extent of ₹ 29.60 crore.

The Management and the Government replied (August/September 2010) that the work of laying ABC was difficult one, mainly done in narrow lanes and theft prone areas where public resistance made it difficult to execute. The reply is not convincing as these facts were well known to the Company at the time of planning and procurement of ABC.

- The Company procured 2,500 km AAAC Racoon and 3,650 km AAAC Dog conductors during November 2008 to March 2009 assigning reasons that use of AAAC conductor in place of ACSR conductor would reduce theft of the conductor. User divisions of the Company observed that AAAC conductor were failing frequently as these were melting at a specific heating point. Therefore, the Company again started purchase of ACSR conductor. Consequently, 37.77 and 49.44 *per cent* of the conductor could only be issued to user divisions (actual utilisation is not known) and 1,555.85 km AAAC Racoon valuing ₹ 6.08 crore and 1,845.35 km AAAC dog conductor valued at ₹ 9.03 core was lying in three ESDs at the end of February 2010. This indicates that quality of the

AAAC conductor was not test checked before purchasing it in bulk. As a result, material valued at ` 15.11 crore remained unutilised.

The Management and the Government replied (August/September 2010) that as breaking strength of ACSR conductor was better than AAAC conductor the Company subsequently procured/utilised ACSR conductor and, consequently, AAAC conductors remained in balance. The reply is self explanatory of the fact pointed out by us that quality of the conductor was not established before the purchase.

Issue of material without estimates

3.10.8 We noticed that material valued at ` 69.42 lakh and ` 79.72 lakh respectively were issued (68 issues) by ESDs at Allahabad and Gorakhpur during September 2005 to December 2009 without any estimates. The material was neither returned nor the sanctioned estimates were submitted till March 2010. We could not ascertain the actual utilisation of material valued at ` 1.49 crore on sanctioned schemes/packages.

The Management and the Government replied (August/September 2010) that due to natural disasters, theft of conductors and damage of transformers/ other equipments material were issued on emergent basis and efforts would be made to regularise the issues as early as possible. The fact remains that issues could not be regularised even after lapse of considerable time.

Improper maintenance of stock records

3.10.9 As per existing accounting procedure in respect of receipts and issues of material, stock records in form 3-S is required to be maintained by Sub-Divisional Officer and Section holders and are closed half yearly *i.e.* in March and September every year. Similarly, Division is required to maintain stock record in Form 4-S which is closed annually after comparison of physical balances with book balances.

We noticed that stock records in 3-S and 4-S were not closed and reconciled at ESDs. The figures shown in stock records for different months did not tally with the figures of stock shown in MIS indicating that there was no system of checking of figures shown in stock records and MIS.

The Management and the Government replied (August/September 2010) that due to acute shortage of staff, the stock records were incomplete and efforts were being made to update the stock records.

Recommendations

We recommend that the Company:

- **should fix minimum, maximum and re-order level and determine economic order quantity for procurement of material;**
- **needs to evolve a proper system for assessment of requirement;**
- **should evolve system of comparison of rates with other DISCOMs as well as its own executed orders for economic purchases; and**
- **should strengthen its MIS with regard to inventory.**

Madhyanchal Vidyut Vitran Nigam Limited

3.11 Fund Management in Madhyanchal Vidyut Vitran Nigam Limited

3.11.1 Madhyanchal Vidyut Vitran Nigam Limited (Company), a subsidiary of Uttar Pradesh Power Corporation Limited (UPPCL), was incorporated in

May 2003 under the Companies Act, 1956. The Company has four zones[21] covering 18[22] districts of the State. A total of 109 Divisions (four Store Divisions, five Construction Divisions and 100 Distribution Divisions & others) in the four zones carry out work of distribution of energy, construction, operation & maintenance of distribution network, billing and collection of energy charges.

The fund management encompasses management of fund inflows and fund outflows. Main source of fund inflow of the company is revenue from sale of power, service connection charges, subsidy, grants, share capital and borrowings. Fund outflow comprises expenditure incurred on capital works, establishment expenditure, operation and maintenance, purchase of power, stores and stock, repayment of loan and interest. Borrowed funds and revenue income of the Company are kept by UPPCL for control purposes. Revenue income collected by the Divisions is sent directly to UPPCL. During the period 2005-10, the Company received ` 4078.40 crore from UPPCL and remitted ` 9295 crore to UPPCL (including revenue income of ` 6884.62 crore remitted directly to UPPCL).

During the period 2005-10, the Company raised/earned a total fund of ` 3774.56[23] crore (` 2777.57 crore as share capital including application money, ` 673.26 crore as borrowings and ` 323.73 crore as reserve & surplus) from different long term sources. Against this, the Company utilised ` 1153.40 crore towards creation of fixed assets and ` 4168.80 crore towards financing revenue deficits. The Company met day to day need of cash out of funds raised through equity and loan as the total revenue generated was less than the energy purchase bills. The Company has been incurring losses continuously and the accumulated losses have reached ` 4603.15 crore against the paid up capital of ` 3242.14 crore as on 31 March 2010 and the net worth of the Company has, thus, become negative.

Audit of fund management of the company for the period 2005-10 was conducted at nine units[24] apart from the Headquarters of the Company and the findings have been discussed in the succeeding paragraphs:

Banking issues relating to fund management

3.11.2 The Management did not prepare fund inflow/outflow budget. Due to this, control over fund management was weak. Funds of the Company were blocked at various levels and at the same time Company borrowed funds and paid interest on the same.

Few cases showing weak fund management are discussed below:

Delay in remittances of fund by banks

3.11.3 In two Divisions[25], the banks did not remit the amount in revenue account to UPPCL on daily basis as per the instructions to bank and retained amount up to ` 2.25 crore and ` 1.36 crore respectively during January to

[21] LESA, Lucknow, Faizabad and Bareilly.

[22] **LESA Zone**- 1. Lucknow city,
Lucknow Zone- 1. Unnao 2. Raibareilly 3. Hardoi 4. Sitapur 5. Lakhimpur khiri,
Faizabad Zone- 1. Faizabad 2. Bahraich 3. Gonda 4. Shrawasti 5. Ambedkar Nagar 6. Balrampur 7. Sultanpur 8. Barabanki,
Bareilly Zone- 1. Bareilly 2. Pilibhit 3. Badaun 4. Shahjahanpur.

[23] Based on certified accounts up to 2006-07 and provisional accounts for the years 2007-08, 2008-09 and 2009-10.

[24] ESD, Lucknow, ESWD, Bareilly, EDD-I, Bareilly, EDD-I, Barabanki, EUDD, Rajajipuram,, EDD-II, Unnao, CESS-II, Lucknow, EDD-II, Bareilly and EDD-I, Unnao.

[25] EDD-I Barabanki and EDD-II, Bareilly.

March 2010. The magnitude of retained amount would be much more in the Company as a whole.

3.11.4 E-suvidha, a revenue collecting agency, engaged by the Company was required to deposit revenue collected by them in revenue bank account on next working day as per agreement. In EUDD Rajajipuram and EUDD Aishbagh, it deposited in the account with delay up to 10 days during 2008-2010 which deprived the Company an opportunity to reduce liability of interest by ` 2.90 lakh and ` 2.39 lakh respectively.

Delay in remittance of funds by bank and e-Suvidha resulted in blockade of funds at banks and consequential loss of interest.

Keeping funds in current accounts

3.11.5 System loading charges, service connection charges, security etc. remitted by Divisions to Headquarters of the Company was kept in a current bank account on which interest is not given by bank. The Company did not avail the facility of flexi account available with current account. This resulted in loss of interest of ` 3.41 crore[26] during 2005-10.

Funds transferred from the Company's headquarters to three Electricity Store Divisions (ESD)[27] for purchase of stores and three Electricity Distribution Divisions (EDD)[28] for repair and maintenance works also remained in current accounts during 2005-10. The minimum balances in the current accounts ranged up to ` 75.79 crore, ` 1.19 crore and ` 0.51 crore respectively at the three ESDs and ` 51.60 lakh, ` 63.37 lakh and ` 62.96 lakh respectively at the three EDDs. The Company could have earned interest of ` 1.58 crore by opening current accounts with flexi account facility.

The Management and the Government replied (August/September 2010) that they would have suffered loss of interest had the total amount including FDRs been kept in flexi account. It further stated that current accounts had been converted (21 July 2010) into flexi fix. The Management's reply regarding loss of interest is not based on the facts as we have worked out the loss of interest on balances in the current accounts only.

Non-remittance of funds to Headquarters of the Company

3.11.6 Five Divisions[29] did not transfer entire funds collected on account of system loading charges,[30] service connection charges, security etc. to the Headquarters on due dates of 5th and 20th of each month and kept it in current account. Interest payment of ` 86.57 lakh on loans from Rural Electrification Corporation (REC) could have been avoided by timely transfer of funds from the Divisions to the Headquarters of the Company.

Operational issues relating to fund inflow

3.11.7 Management of fund inflow was deficient as bills for energy charges were either not raised or raised incorrectly and without meter readings, monitoring of outstanding dues was weak, appropriate action was not taken timely for recovering outstanding dues, recovery through issuance of recovery certificates was not effective. These adversely affected fund inflow of the Company to the extent of ` 129.41 crore.

The specific cases are discussed in the succeeding paragraphs:

Failure to recover various charges as per tariff/cost data book

[26] Calculated at the interest rate of 2.75 *per cent* per annum leaving ` 2 lakh in current account.
[27] Lucknow, Faizabad and Bareilly.
[28] EDD-II Bareilly, CESS-II. and EDD-I Unnao.
[29] EDD-I Bareilly, EDD-II Unnao, EDD-II Bareilly, CESS-II and EDD-I Unnao.
[30] A charge levied on consumer on initial connection or increase of load for improvement in distribution system of electricity.

3.11.8 The bills generated manually were not verified with reference to reports of meter reading instrument (MRI) in two Divisions[31]. Due to this, demand charges were short assessed to the extent of ` 20.91 lakh. The MRI reports were not made available to us in other five Distribution Divisions.

3.11.9 System of timely updating of master data of computerised billing by revised tariff rates was not in place in any Division. As a result, energy bills were generated at old rates leading to short billing by ` 23.72 lakh in respect of LMV-3 consumers in EDD-I, Barabanki.

3.11.10 The Company did not have effective control mechanism to ensure prompt application of revised tariff approved by UPERC and realisation of revenue accordingly. Consequently, the Company incurred loss/short realised revenue as illustrated below:

- Four Distribution Divisions[32] did not apply the enhanced rate of demand and energy charges effective from 27 April 2008 in respect of HV-2/HV-1 categories of consumers and capacitor surcharge effective from 13 August 2007 in respect of LMV-3, 5 and LMV-8 consumers. This resulted in short realisation of ` 3.20 crore[33].
- Voltage rebate was withdrawn from August 2007 but EDD-II Bareilly continued allowing voltage rebate at the rate of 7.5 *per cent* to Garrison Engineer, Bareilly during the period from September 2007 to November 2008. This resulted in loss of ` 17.34 lakh to the Company.
- EDD-I Barabanki did not apply the revised formula effective from 18 July 2008 for determining energy charges in case of direct theft of energy in respect of 117 consumers during 2009-10 resulting in short assessment of ` 24.78 lakh.

3.11.11 Three Divisions[34] did not recover balance of service connection charges from the consumers after adjusting Government subsidy of ` 68,000 and incurred excess expenditure of ` 42.13 lakh, ` 227.44 lakh and ` 119.70 lakh respectively on providing electricity connection to private tube well consumers.

The Management and the Government while accepting the audit observations stated (August/September 2010) that they have issued (July 2010) guidelines to the concerned officers in this regard.

Short/ non-levy of Electricity Duty

3.11.12 The Company did not levy or short levied Electricity Duty amounting to ` 57.51 crore on State tube well consumers during the period 2005-10.

The Management and the Government while accepting the audit observation, stated (August/September 2010) that they have issued (July 2010) instructions to the concerned officers to raise bills for Electricity Duty.

Short recovery of amount of Security Deposit

3.11.13 As per the Uttar Preadesh Electricity Supply Code, 2005, the Company is required to realise security deposit from the consumers equivalent to two months' estimated power consumption bill. We noticed that the Company did not recover the amount that fell short of the required security and amount already deposited by the consumers[35]. The Company could have raised additional funds ranging from ` 97.61 crore to ` 125.82 crore during the

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[31] EDD-I Bareilly: ` 14.34 lakh and EDD-II Bareilly: ` 6.57 lakh.
[32] EDD-I & II, Unnao, EDD-II, Bareilly and CESS-II, Lucknow.
[33] ` 0.75 crore and ` 2.45 crore for HV-2/HV-1 and LMV-3, 5 & 8 consumers respectively.
[34] EDD-I Barabanki, EDD-I and EDD-II, Unnao.
[35] Metered Consumers: 1019142 and un-metered consumers:1672426 as on 31 March 2010.

last five years up to 2009-10 and avoided interest burden of ` 38.03 crore by timely repayment of loans had the security deposits been recovered as per the Code.

The Management and the Government replied (August 2010) that instructions had been issued to the concerned officers to recover and deposit security amount as per the rules.

Poor monitoring of outstanding dues

3.11.14 Arrears of recovery of monthly energy charges against issuance of bills during 2005-10 were equivalent to average revenue billing of 3.57 to 14.89 months (` 744.24 crore to ` 3449 crore[36]) indicating poor monitoring, pursuance and recovery of arrears in respect of non- government consumers.

The Management and the Government replied (August/September 2010) that action for one time settlement and restoration of electricity supply after disconnection, were being taken to recover the outstanding amount.

Inaction in respect of consumers defaulting in payment

3.11.15 As per the Uttar Pradesh Electricity Supply Code 2005, a consumer may make payment of energy bills by cash (up to ` 20000), cheque or demand draft. In case of two instances of dishonour of cheques, consumer shall be required to make all payments in cash. Besides, the Company may also disconnect supply of electricity in case of defaults in payments.

EDD-I Bareilly continued supply of electricity to two commercial undertakings[37] despite repeated dishonour of cheques and defaults in cash payments. Supply of electricity to Uttar Pradesh Sahkari Katai Mill was initially disconnected but restored violating the order of CMD, UPPCL to restore supply only on payment of specified amount. This resulted in accumulation of outstanding dues up to ` 5.53 crore and ` 2.31 crore respectively as on March 2010.

Delay /Non-execution of Recovery Certificates

3.11.16 In Five[38] Divisions, 2,857 Recovery Certificates (RCs) of ` 7.67 crore were pending with the district authorities for recovery as on 31 March 2010. Further, 1,000 RCs of ` 10.39 crore issued during 2009-10 were returned by the district authorities recording reasons such as, non-availability of consumers on given address, death, not traceable, etc. Despite the weak financial position, the Company did not have any effective mechanism to ensure prompt recovery and tracing of the present address of the defaulting consumers.

Non-billing/billing without meter reading

3.11.17 In seven Divisions[39] 3.81 to 23.22 *per cent* consumers were not billed. 11.58 to 58.79 *per cent* consumers were billed on NA/NR, IDF or ADF[40] basis indicating that defective meters were not replaced promptly. This adversely affected cash realisation from consumers and fund inflow of the Company.

The Management and the Government accepted these audit observations and the Management had issued (July 2010) guidelines to the concerned officer in this regard.

Absence of pre-payment clause in loan agreement

[36] The arrears was enhanced by ` 2991.10 crore due to correction in accounts during the year 2009-10.
[37] Uttar Pradesh Sahkari Katai Mills Limited, Baheri and Synthetics & Chemicals Limited, Bareilly.
[38] EDD-I & II Bareilly, EDD-I, Barabanki and EDD-I & II, Unnao .
[39] EDD-I & II, Bareilly, EDD-I, Barabanki, EUDD-I, Rajajipuram, EDD-I & II, Unnao and CESS-II, Lucknow.
[40] NA= No access, NR= No reading, IDF= Informed defective, ADF= Appears defective.

3.11.18 The Company raised nine Short Term Loans (STL) from REC totaling ` 720 crore during January 2009 to December 2009 at the interest rates varying from 15.25 *per cent* to 8.75 *per cent* repayable in three years. The Management did not take the logical step as per provision of REC loan policy 2007 for prepayment of the loan carrying higher interest rate or converting it to a fresh loan at lower interest rate to reduce interest burden.

The Management and the Government replied (August/September 2010) that prepayment of loan was not an open option available to borrower and no financial institution would sanction fresh loan for prepayment of earlier loans and promised that efforts would be made to include prepayment clause in future.

Other issues relating to fund management

Non-recovery/adjustment of advances from employees

3.11.19 Miscellaneous advances of ` 1.29 crore[41] in six Divisions[42] were outstanding up to March 2010 for two to 34 years indicating that the Divisions did not take effective steps for recovery/adjustment of these advances. This further weakened the fund position of the Company.

Lack of control through accounting

3.11.20 Up date accounting provides an opportunity to management to accurately plan for funds for future. The Company did not finalise annual accounts from 2007-08 and preparation and submission of monthly accounts showing utilisation of materials, were delayed by four to 12 months in seven[43] EDDs.

Non-reconciliation of Bank Accounts

3.11.21 Bank balance should be reconciled with cash book at the close of each month for finding out reasons for differences, if any, in two sets of accounts and for control purposes but it remained un-reconciled up to 55 months in three Divisions[44]. In two Divisions[45] bank accounts were not reconciled since inception to date.

We further noticed that:

- in EDD-II, Unnao, there was a difference of ` 1.16 crore in Capital receipts bank account and ` 1.50 crore in Revenue receipts bank account with balances as per cash books which remained unreconciled as per the last reconciliation done in July 2009. The Division deposited cheques of ` 6.88 lakh received from consumers but the bank did not give credit in the accounts. The amount could not be realised from the consumers for want of their details (May 2010), and
- in EDD-I, Barabanki, difference of ` 20.49 lakh pertaining to the period up to May 2001 between the balances as per bank statement and cash book of the Company was still un-reconciled.

Recommendations

We recommend that the Company should:

- **ensure remittances of funds to Headquarters without delays;**
- **strengthen system of raising bills;**
- **strengthen the system to ensure correct application of tariff;**

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41 ` 8.19 lakh against 16 retired/deceased/terminated employees and ` 120.85 lakh against 42 working employees.

42 ESD Lucknow, EDD-I Barabanki, ESD Bareilly, EDD-I Unnao, EDD-II, Bareilly and CESS-II, Lucknow.

43 12 months in EDD-I Barabanki, EDD-I and EDD-II, Unnao, 10 months in EDD-I Bareilly, seven months in CESS-II, Lucknow, six months in EDD-II, Bareilly and four months in EUDD Rajajipuram.

44 Expenditure account in EDD-II Unnao- 8 months and Receipt account in EDD-I Barabanki and EDD-I Unnao: 42 months and 55 months respectively.

45 Receipt account in EDD-I, Barabanki since October 2006 and Capital Receipt and RCDC Account in EDD-I, Unnao since May 1996.

- **strengthen the mechanism of recovery of dues from defaulting consumers;**
- **prepare cash budget to assess the actual cash requirement; and**
- **strengthen accounting system and control.**

Statutory Corporation

Uttar Pradesh Jal Nigam

3.12 Irregular investment in Kisan Vikas Patra

Investment in Kisan Vikas Patra without ensuring the eligibility to invest resulted in non-receipt of interest of ` 62.55 lakh on their maturity and further loss of interest of ` 22.09 lakh due to delay in encashment.

The directives for small saving schemes issued by National Small Savings Directorate, Ministry of Finance provided that investment in Kisan Vikas Patra (KVP) could be made by (i) an individual in his own name or on behalf of a minor (ii) a trust or (iii) two adults jointly. The Government of India issued (8 March 1995) notification vide which sale of KVP to institution was stopped. As such, any corporate body was not eligible to invest in KVP.

We noticed (December 2009) that Uttar Pradesh Jal Nigam (Nigam) invested ` 71.70 lakh out of General Provident Funds of employees of the Nigam in KVP in its name during the period from November 1999 to October 2000. The demand for payment of interest in respect of these KVP on maturity (November 2005 to April 2007) was denied by the Post Office. On request of the Nigam, the matter was referred to Department of Post (FS Division), Ministry of Communication and I.T, Government of India, which clarified (May 2007) that payment of interest on these KVP would not be admissible.

Thus, failure of the Management in ensuring eligibility criteria before investment of funds in KVP resulted in loss of interest of ` 62.55 lakh upto the maturity dates, worked out at the prevailing rate[46] of fixed deposits in banks at the time of investment. Even though Department of Post had clarified in May 2007 that interest was not admissible on the investment, the Nigam got the KVP encashed only in January/April 2010 i.e. after nearly three years, leading to further loss of interest of ` 22.09 lakh for the period after clarification of May 2007. The Management has not fixed any responsibility for the lapses causing loss to the Nigam.

We recommend that the Management should take necessary precaution before investing in a particular instrument. Further, the Management should fix the responsibility for the lapses.

The matter was reported to the Management and the Government in March 2010; their replies were awaited (November 2010).

Uttar Pradesh Jal Nigam

Uttar Pradesh State Bridge Corporation Limited

Uttar Pradesh Police Avas Nigam Limited

3.13 Imprudent management of funds for deposit works

The Companies/ Nigam withdrew funds from PLA in excess of immediate requirement for works and kept such unutilised funds in current/ saving bank accounts instead of availing facility of auto sweep causing loss of interest amounting to ` 5.11 crore.

[46] 9.5 *per cent* or 10 *per cent*, as the case may be.

Uttar Pradesh State Bridge Corporation Limited (UPSBC), Uttar Pradesh Police Avas Nigam Limited (UPPAN) and Uttar Pradesh Jal Nigam (UPJN) undertake construction works entrusted by the Government Departments on deposit work basis where funds are provided in advance. Government order (December 1993) for release of funds provides for withdrawal of funds from Personal Ledger Account (PLA) only on requirement of expenditure. The Government order further stipulates that interest earned on funds withdrawn from PLA shall be credited to the works/Government. Thus, the Managements of the Companies/Nigams are required to ensure that funds are not withdrawn in excess of requirement and surplus funds, if any, are invested in a way to yield maximum return.

A flexi bank account or auto sweep facility, in which amounts in excess of predetermined amount is automatically transferred from current/saving bank account to fixed deposit, provides an opportunity to maximise interest yield because of higher rate of interest on fixed deposits as well as liquidity of funds.

We noticed that in UPSBC, UPPAN and UPJN, assessment of requirement of funds for immediate use in deposit works and withdrawal of funds from PLA were not accurate and, therefore, the system was weak in these Companies/ Nigam. The Companies/ Nigam consequently withdrew funds from PLA in excess of immediate requirement for works and kept surplus/ idle funds in current/ saving bank accounts without availing themselves of the facility of auto sweep. This caused loss of ` 5.11 crore to the Government as per details indicated in the following table:

Name of the Company/ Nigam	No. of current/ saving accounts	Nature of account	Period	Range of minimum balance after deduction of ` 50,000 per account (` in crore)	Rate/ differential rate of interest (in *per cent* per annum)	Loss of interest (` in crore)
UPSBC	8	Current	December 2005 to November 2008	5.10 to 44.33	3	1.96
UPPAN	12	Current	April 2005 to January 2010	1.47 to 13.54	3	0.89
UPJN (Hqrs.)	17	Saving	April 2008 to March 2010	64.43 to 201.30	1	2.23
UPJN, C&DS, Moradabad	7	Saving	May 2008 to March 2009	1.11 to 4.76	1	0.03
Total						**5.11**

In reply, the Management of UPSBC stated (July 2010) that funds were withdrawn from PLA according to requirement and kept in current account for smooth flow of funds. Management of UPPAN replied (June 2010) that if sufficient funds would not be available with units, targets of turnover would not be achieved and some times it took 2-3 months in withdrawing funds from PLA. The Government in respect of UPPAN further supplemented (September 2010) that the funds were drawn from PLA by the Headquarters of the Company on the basis of demands of its construction units for three months after their scrutiny by Technical Cell and Finance Wing and approval by the Chairman and Managing Director. The Management of UPJN stated (November 2009) that the suggestion of the Audit would be complied with in future.

We, however, made comparison of funds withdrawn from bank accounts maintained by units of auditee and average funds available in those accounts which revealed holding of funds generally exceeding two or more months' requirement of funds against directive of drawal of funds for immediate requirement. We further observed that Management did not keep/invest surplus funds in such a way as to yield maximum return with required liquidity as the facility of autosweep is available in savings as well as current account.

We recommend that the Managements of the UPSBC, UPPAN and UPJN should ensure that funds are drawn from PLA to meet immediate requirement of expenditure on deposit works and avail facility of flexi bank accounts/ auto sweep in their current/ saving bank accounts so as to minimise loss to the Government.

The matter was reported to the Government in May 2010; their replies in respect of UPSBC and UPJN had not been received (November 2010).

General

3.14 Follow up action on Audit Reports

3.14.1 Audit Reports of the Comptroller and Auditor General of India represent the culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in various offices and departments of the Government. It is, therefore, necessary that they elicit appropriate and timely response from the Executive.

Audit Reports for the years 2004-05 to 2008-09 were placed in the State Legislature in March 2006, May 2007, February 2008, February 2009 and February 2010 respectively. 168 paras/reviews involving PSUs under 27 Departments featured in the Audit Reports (Commercial) for the years from 2004-05 to 2008-09. No replies in respect of 101 paras/reviews have been received from the Government by 30 September 2010 as indicated below:

Year of Audit Report	Total Paragraphs/reviews in Audit Report	No. of departments involved	No. of paragraphs/reviews for which replies were not received
2004-05	31	11	9
2005-06	40	17	28
2006-07	37	13	26
2007-08	33	9	16
2008-09	27	22	22
Total	**168**		**101**

Department wise analysis is given in **Annexure-32.** The Power Department was largely responsible for non-submission of replies.

Compliance with the Reports of Committee on Public Undertakings (COPU)

3.14.2 In the Audit Reports (Commercial) for the years 1999-2000 to 2008-09, 319 paragraphs and 43 reviews were included; out of these, 115 paragraphs and 20 reviews had been discussed by COPU up to 30 September 2010. COPU had made recommendations in respect of 95 paragraphs and 20 reviews in the Audit Reports for the years 1978-79 to 2005-06**.**

As per the working rules of the COPU, the concerned departments are required to submit Action Taken Notes (ATNs) to COPU on their recommendations within three months. The ATNs are, however, furnished by the departments to us, only at the time of discussion of ATNs by COPU.

Action taken on the cases of persistent irregularities featured in the Audit Reports

3.14.3 With a view to assist and facilitate discussions of the irregularities of persistent nature by the COPU, an exercise has been carried out to verify the extent of corrective action taken by the concerned auditee organisation. The results thereof in respect of Government Companies are given in **Annexure-33** and in respect of statutory corporations the same are given in **Annexure-34.**

Response to inspection reports, draft paragraphs and reviews

3.14.4 Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned administrative departments of the State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through the respective heads of departments within a period of six weeks. Inspection reports issued up to March 2010 pertaining to 53 PSUs disclosed that 10302 paragraphs relating to 2601 inspection reports remained outstanding at the end of September 2010. Department-wise break-up of inspection reports and audit observations outstanding at the end of 30 September 2010 are given in **Annexure-35**.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Principal Secretary, Finance and the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. Out of 13 draft paragraphs and three draft reviews forwarded to the various departments between March and October 2010, the Government had not replied to eight draft paragraphs and two draft reviews so far (November 2010), as detailed in **Annexure-36**.

We recommend that the Government should ensure that (a) procedure exists for action against the officials who failed to send replies to inspection reports/draft paragraphs/reviews and Action Taken Notes on recommendation of COPU as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayment in a time bound schedule, and (c) the system of responding to audit observations is revamped.

Lucknow **(SMITA S. CHAUDHRI)**
The **Accountant General (Commercial and Receipt Audit),**
Uttar Pradesh

Countersigned

New Delhi **(VINOD RAI)**

The Comptroller and Auditor General of India

Annexure-1

Statement showing particulars of up to date paid up capital, loans outstanding and Manpower as on 31 March 2010 in respect of Government companies and Statutory corporations

(Referred to in paragraph 1.3)

(Figures in column 5 (a) to 6(d) are ` in crore)

Sl No	Sector and name of the company	Name of the Department	Month and year of incorporation	Paid up capital$				Loans* outstanding at the close of 2009-10				Debt Equity ratio for 2009-10 (previous year)	Manpower (No of employees as on 31-03-2010)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
A	Working Government companies												
	AGRICULTURE AND ALLIED												
1	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	Sugar Industry & Cane Development	27-08-1975	0.15	-	0.10	0.25	-	-	-	-	-	23
2	Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Limited	Sugar Industry & Cane Development	27-08-1975	0.51	-	0.14	0.65			-	-	-	10
3	Uttar Pradesh Beej Vikas Nigam Limited	Agriculture	15-02-2002	1.25	-	0.67	1.92	-	-	-	-	-	380
4	Uttar Pradesh Bhumi Sudhar Nigam	Agriculture	30.03.1978	1.50	-	-	1.50	-	-	-	-	-	272
5	Uttar Pradesh Matsya Vikas Nigam Limited	Matysa & Pashudhan	27.10.1979	1.07	-	-	1.07	-	-	-	-	-	-
6	Uttar Pradesh Projects Corporation Limited	Irrigation	26.05.1976	5.40	1.00	-	6.40	-	-	-	-	-	787
7	Uttar Pradesh State Agro Industrial Corporation Limited	Agriculture	29.03.1967	46.78	-	-	46.78	5.00	-	-	5.00	0.11:1 (0.13:1)	948
	Sector wise total			**56.66**	**1.00**	**0.91**	**58.57**	**5.00**	**-**	**-**	**5.00**	**0.09:1 (0.13:1)**	**2420**
	FINANCING												
8	The Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited	Industrial Development	29.03.1972	110.58	-	25.00	135.58	146.03	-	1.27	147.30	1.09:1 (2.43:1)	243
9	Uttar Pradesh Alpsankhyak Vittya Avam Vikas Nigam Limited	Alpsankhyak kalyan & Waqf	17.11.1984	30.00	-	-	30.00	7.52	-	82.68	90.20	3.01:1 (3.01:1)	--
10	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited	Pichhara Varg Kalyan	26.04.1991	12.91	-	-	12.91	-	-	51.17	51.17	3.96:1 (3.57:1)	17
11	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	Samaj Kalyan	25.03.1975	112.00	-	90.12	202.12	-	-	74.54	74.54	0.37:1 (0.39:1)	405
12	Uttar Pradesh State Industrial Development Corporation Limited	Industrial Development	29.03.1961	24.08	-	-	24.08	1.98	-	-	1.98	0.08:1 (0.08:1)	654
	Sector wise total			**289.57**	**-**	**115.12**	**404.69**	**155.53**	**-**	**209.66**	**365.19**	**0.90:1 (1.36:1)**	**1319**

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
	INFRASTRUCTURE												
13	Uttar Pradesh Police Avas Nigam Limited	Home	27.03.1987	3.00	-	-	3.00	-	-	-	-	-	157
14	Uttar Pradesh Rajkiya Nirman Nigam Limited	Public Works Department	01.05.1975	1.00	-	-	1.00	-	-	-	-	-	3618
15	Uttar Pradesh Samaj Kalyan Nirman Nigam Limited	Samaj Kalyan	25.06.1976	0.15	-	-	0.15	-	-	-	-	-	602
16	Uttar Pradesh State Bridge Corporation Limited	Public works Department	09.01.1973	15.00	-	-	15.00	3.75	-	0.68	4.43	0.30:1 (1.19:1)	6274
	Sector wise total			**19.15**	**-**	**-**	**19.15**	**3.75**	**-**	**0.68**	**4.43**	**0.23:1 (0.95:1)**	**10651**
	MANUFACTURE												
17	Almora Magnesite Limited(619-B Company)		27.08.1971	-	-	2.00	2.00	-	-	0.09	0.09	0.05:1 (-)	441
18	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry and Cane Develoment	18.04.1975	-	-	81.38	81.38	-	4.00	0.23	4.23	0.05:1 (0.05:1)	525
19	Ghatampur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry and Cane Develoment	30.05.1986	-	-	147.72	147.72	-	-	10.21	10.21	0.07:1 (15.51:1)	60
20	Nandganj-Sihori Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry and Cane Develoment	18.04.1975	-	-	34.04	34.04	-	-	3.76	3.76	0.11:1 (1.09:1)	120
21	Shreetron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics & information Technology	10.02.1979	-	-	7.22	7.22	-	-	2.63	2.63	0.36:1 (0.36:1)	14
22	UPSIC Potteries Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Laghu Udyog	27.04.1976	-	-	0.76	0.76	0.28	-	1.40	1.68	2.21:1 (2.67:1)	95
23	Uptron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics & information Technology	18.10.1974	-	-	57.93	57.93			9.70	9.70	0.17:1 (0.17:1)	-
24	Uptron Powertronics Ltd. (subsidiary of Uttar Pradesh Electronics Corporation)	Electronics and information technology	10.04.1977	-	-	4.07	4.07			5.92	5.92	1.45:1 (0.70:1)	39
25	Uttar Pradesh Drugs and Pharmaceuticals Limited	Health	-	1.10	-	-	1.10	-	-	-	-	-	321
26	Uttar Pradesh Electronics Corporation Limited.	Electronics and information technology	20.03.1974	91.54	-	-	91.54	80.46	-	-	80.46	0.88:1 (0.94:1)	42
27	Uttar Pradesh Rajya Chini Avam Ganna Vikas Nigam Limited	Sugar Industry and cane Development	16.05.2002	553.03	-	327.00	880.03	-	-	-	-	-	61
28	Uttar Pradesh Small Industries Corporation Limited	Laghu Udhyog	01.06.1958	5.96	-	-	5.96	6.32	-	3.92	10.24	1.72:1 (1.72:1)	-
29	Uttar Pradesh State Handloom Corporation Limited	Hathkargha evam vastra Udhyog	09.01.1973	36.44	10.63	-	47.07	103.96	-	5.00	108.96	2.31:1 (2.29:1)	376

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
30	Uttar Pradesh State Leather Development and Marketing Corporation Limited	Niryat Protshahan	12.02.1974	5.74	-		5.74	1.91	-	-	1.91	0.33:1 (0.33:1)	2
31	Uttar Pradesh State Spinning Company Limited	Hathkargha evam vastra Udhyog	20.08.1976	93.24	-	-	93.24	45.64	-	-	45.64	0.49:1 (0.49:1)	2389
32	Uttar Pradesh State Sugar Corporation Limited	Sugar Industry & Cane Devlopment	26.03.1971	1103.72	-	-	1103.72	231.21	-	-	231.21	0.21:1 (0.05:1)	5674
33	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Hathkargha evam vastra Udhyog	20.08.1974	53.67	-	-	53.67	29.66	-	22.02	51.68	0.96:1 (0.89:1)	1240
	Sector wise total			**1944.44**	**10.63**	**662.12**	**2617.19**	**499.44**	**4.00**	**64.88**	**568.32**	0.22:1 (0.22:1)	**11399**
	POWER												
34	Dakshinanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	1.05.2003	-	-	2755.87	2755.87	77.98	-	574.78	652.76	0.24:1 (0.27:1)	-
35	Kanpur Electricity Supply Company Limited	Energy	21.07.1999	-	-	177.99	177.99	4.04	-	284.37	288.41	1.62:1 (1.73:1)	2158
36	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	01.05.2003	-	-	2100.72	2100.72	-	-	617.57	617.57	0.29:1 (0.32:1)	9193
37	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	01.05.2003	-	-	1978.70	1978.70	-	-	968.27	968.27	0.49:1 (0.49:1)	8233
38	Prayag Raj Power Generation Company Limited	Energy	12.02.2007	-	-	0.05	0.05	-	-	79.95	79.95	1599:1 (1599:1)	
39	Purvanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	01.052003	-	-	3511.54	3511.54	-	-	174.65	174.65	0.05:1 (0.15:1)	10408
40	Sangam Power Generation Company Limited	Energy	13.02.2007	-	-	0.05	0.05	-	-	69.85	69.85	1397:1 (1397:1)	-
41	Sonebhadra Power Generation Company Limited	Energy	14.02.2007	-	-	0.07	0.07	-	-	-	-	--	-
42	UCM Coal Company Limited	Energy	16.02.2008	-	-	0.16	0.16	4.54	-	9.44	13.98	117.69:1	-
43	UPSIDC Power Company Limited (subsidiary of Uttar Pradesh State Industrial Corporation Limited)	Energy	11.04.2000	-	-	0.05	0.05	-	-	-	-	-	-
44	Uttar Pradesh Jal Vidyut Nigam Limited	Energy	15.04.1985	430.74	-	-	430.74	64.65	-	85.21	149.86	0.35:1 (0.15:1)	648
45	Uttar Pradesh Power Corporation Limited	Energy	30.11.1999	27986.30	-	-	27986.30	521.96	-	3266.20	3788.16	0.14:1 (0.07:1)	-
46	Uttar Pradesh Power Transmission Corporation Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	13.07.2006	-	-	-	-	-	-	-	-	-	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
47	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Energy	22.08.1980	5527.01	-	-	5527.01	219.09	-	5233.83	5452.92	0.99:1 (0.90:1)	9327
	Sector wise total			**33944.05**	**-**	**10525.20**	**44469.25**	**892.26**	**-**	**11364.12**	**12256.38**	**0.28:1 (0.24:1)**	**39967**
	SERVICE												
48	Abhyaranya Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
49	Adyhavasai Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
50	Awadh Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
51	Bithpur Paripath Paryatan Ltd.	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
52	Braj Darshan Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
53	Braj Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
54	Bundelkhand Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
55	Ganga Saryu Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
56	Garhmukteshwar Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
57	Gyanodaya Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
58	Hastinapur Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
59	Hindon Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
60	Madhyanchal Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
61	Paanchal Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
62	Pachimanchal Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
63	Sangam Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
64	Satyadarshan Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
65	Shajhanpur Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
66	Siddartha Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
67	Taj Shilp Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
68	Taj Virasat Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
69	Triveni Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
70	Uttar Pradesh Development Systems Corporation Limited	Electronics & information Technology	15.03.1977	1.00	-	-	1.00	--	-	-	-	-	98
71	Uttar Pradesh Export Corporation Limited	Niryat Protsahan	20.01.1996	6.34	0.90	-	7.24	7.44	-	-	7.44	1.03:1 (1.03:1)	142
72	Uttar Pradesh Food and Essential Commodities Corporation Limited	Food & Civil Supplies	22.10.1974	5.50	-	-	5.50	13.47	-	-	13.47	2.45:1 (2.45:1)	847

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
73	Uttar Pradesh State Tourism Development Corporation Limited	Tourism	05.08.1974	18.75	-	-	18.75	2.41	-	-	2.41	0.13:1 (0.02:1)	586
	Sector wise total			**31.59**	**0.90**	**1.10**	**33.59**	**23.32**	**-**	**-**	**23.32**	**0.69:1 (0.64:1)**	**1673**
	MISCELLANEOUS												
74	Uttar Pradesh Mahila Kalyan Nigam Limited	Mahila Kalyan	17.03.1988	4.71	0.48	-	5.19	-	-	-	-	-	23
75	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	Samaj Kalyan	23.05.1989	0.43	-	-	0.43	-	-	-	-	-	122
76	Uttar Pradesh Waqf Vikas Nigam Limited	Waqf & Alpsankhyak	27.04.1987	7.00	-	-	7.00	--	--	-	-	-	24
	Sector wise total			**12.14**	**0.48**	**-**	**12.62**	**-**	**-**	**-**	**-**	**--**	**169**
	Total A (All sector wise working Government companies)			**36297.60**	**13.01**	**11304.45**	**47615.06**	**1579.30**	**4.00**	**11639.34**	**13222.64**	**0.28:1 (0.25:1)**	**67598**
B	**Working Statutory Corporations**												
	AGRICULTURE & ALLIED												
1	Uttar Pradesh State Warehousing Corporation	Cooperative	19.03.1958	7.79	5.58	-	13.37	-	-	-	-	- (1.51:1)	1491
	Sector wise total			**7.79**	**5.58**	**-**	**13.37**	**-**	**-**	**-**	**-**	**- (1.51:1)**	**1491**
	FINANCING												
2	Uttar Pradesh Financial Corporation	Industry Development	01.11.1954	114.51	-	64.78	179.29	230.45	-	376.59	607.04	3.39:1 (4.64:1)	699
	Sector wise total			**114.51**	**-**	**64.78**	**179.29**	**230.45**	**-**	**376.59**	**607.04**	**3.39:1 (4.64:1)**	**699**
	INFRASTRUCTURE												
3	Uttar Pradesh Avas Evam Vikas Parishad	Avas	03.04.1966	-	-	-	-	-	-	-	-	-	4147
4	Uttar Pradesh Jal Nigam	Urban Development	06.06.1975	-	-	-	-	98.68	-	-	98.68	-	-
	Sector wise total			**-**	**-**	**-**	**-**	**98.68**	**-**	**-**	**98.68**		**4147**
	SERVICE												
5	Uttar Pradesh State Road Transport Corporation	Transport	01.06.1972	309.11	60.01	-	369.12	-	-	-	-	- (0.67:1)	-
6	Uttar Pradesh Government Employees Welfare Corporation	Food & Civil Suplies	05.05.1965	-	-	-	-	9.51	-	-	9.51	-	904
	Sector Wise total			**309.11**	**60.01**	**-**	**369.12**	**9.51**	**-**	**-**	**9.51**	**0.03:1 (0.69:1)**	**904**
	Miscellaneous												
7	Uttar Pradesh Forest Corporation**	Forest	25.11.1974	-	-	-	-	-	-	-	-	-	2641
	Sector Wise total			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2641**
	Total B (All Sector wise working statutory corporations)			**431.41**	**65.59**	**64.78**	**561.78**	**338.64**	**-**	**376.59**	**715.23**	**1.27:1 (2.18:1)**	**9882**
	Total (A+B)			**36729.01**	**78.60**	**11369.23**	**48176.84**	**1917.94**	**4.00**	**12015.93**	**13937.87**	**0.29:1 (0.27:1)**	**77480**

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
C	**Non working Companies**												
	AGRICULTURE & ALLIED												
1	Command Area Poultry Development Corporation Limited (619-B company)	Matsya & Pashudhan		-	-	0.24	0.24						
2	Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Limited	Sugar Industry & Cane development	27.08.1975	0.23	-	0.08	0.31	1.69	-		1.69	5.45:1 (5.45:1)	19
3	Uttar Pradesh (Rohilkhand Tarai) Ganna Beej Evam Vikash Nigam Limited	Sugar Industry & Cane development	27.08.1975	0.38	-	0.33	0.71	6.55	-	-	6.55	9.23:1 (9.23:1)	-
4	Uttar Pradesh Pashudhan Udyog Nigam Limited	Matsya & Pashudhan	05.03.1975	2.10	0.63	-	2.73	0.71	-	-	0.71	0.26:1 (0.26:1)	-
5	Uttar Pradesh Poultry and Livestock Specialties Limited	Matsya & Pashudhan	07.12.1974	1.66	1.28	-	2.94	1.10	-	-	1.10	0.37:1 (0.37:1)	-
6	Uttar Pradesh State Horticultural Produce Marketing & Processing Corporation Limited	Food Processing	06.04.1977	6.41	-	0.64	7.05	1.22	-	-	1.22	0.17:1 (0.17:1)	330
	Sector wise Total			**10.78**	**1.91**	**1.29**	**13.98**	**11.27**	**-**	**-**	**11.27**	**0.81:1 (0.81:1)**	**349**
	FINANCING												
7	Uplease Financial Services Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics & Information Technolgogy	05.01.1988	-	-	1.06	1.06	--	-	4.15	4.15	3.92:1 (3.92:1)	--
8	Uttar Pradesh Panchayati Raj Vitta Evam Vikas Nigam Limited	Panchyati Raj	24.04.1973	0.78	-	0.66	1.44	--	-	-	-	-	52
	Sector Wise Total			**0.78**	**-**	**1.72**	**2.50**	**-**	**-**	**4.15**	**4.15**	**1.66:1 (1.66:1)**	**52**
	INFRASTRUCTURE												
9	Uttar Pradesh Cement Corporation Limited	Industry Development	19.03.1972	66.28	-	-	66.28	124.77	-	-	124.77	1.88:1 (1.88:1)	
10	Uttar Pradesh State Mineral Development Corporation Limited	Industry Development	23.03.1974	59.43	-	-	59.43	18.24	-	1.50	19.74	0.33:1 (0.33:1)	
11	Vindhyachal Abrasives Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	Industry Development	05.12.1985	-	-	0.08	0.08	-	-	0.84	0.84	10.50:1 (10.50:1)	-
	Sector wise Total			**125.71**	**-**	**0.08**	**125.79**	**143.01**	**-**	**2.34**	**145.35**	**1.16:1 (1.16:1)**	**-**
	MANUFACTURE												
12	Auto Tractors Limited	Industry Development	28.12.1972	5.63	-	1.87	7.50	0.38	-	-	0.38	0.05:1 (0.05:1)	-
13	Bhadohi Woollens Limited (Subsidiary of Uttar Pradesh State Textile Corporation Ltd.)	HatKargha & Vastra Udyog	14.06.1976	-	-	3.76	3.76	-	-	-	-	-	-
14	Continental Float Glass Limited	Industry Development	12.04.1985	-	-	46.24	46.24	-	-	138.85	138.85	3.00:1 (3.00:1)	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
15	Electronics and Computers (India) Limited (619-B Company)				-			-	-	-	-	-	-
16	Handloom Intensive Development Corporation (Gorakhpur and Basti) Limited (Subsidiary of Uttar Pradesh State Handloom Corporation Limited)	HatKargha & Vastra Udyog	26.05.1976	-	-	0.03	0.03	-	-	-	-	-	-
17	Handloom Intensive Development Project (Bijnore) Limited (Subsidiary of Uttar Pradesh State Handloom Corporation Limited)	HatKargha & Vastra Udyog	13.09.1976	-	-	0.02	0.02	2.09	-	-	2.09	104.50:1 (104.50:1)	
18	Kanpur Components Limited (Subsidiary of Uttar Pradesh Electronics Corporation Ltd.)	Electronic & Information Technology	31.03.1978	-	-	0.05	0.05	-	-	-	-	-	-
19	Steel and Fasteners Limited (619-B Company)		-	-	-	1.90	1.90	-	-	-	-	-	-
20	The Indian Turpentine and Rosin Company Limited	Industry Development	22.02.1974	0.19	-	0.03	0.22	5.33	-	1.88	7.21	32.77:1 (24.23:1)	-
21	Uptron Sempack Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronic & Information Technology	23.05.1977	-	-	0.03	0.03	-	-	0.03	0.03	1:1 (1:1)	
22	Uttar Pradesh Abscott Private Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Laghu Udyog	18.6.1972	-	-	0.05	0.05	-	-	-		-	-
23	Uttar Pradesh Carbide and Chemicals Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Ltd.)	Industry Development	23.04.1979	-	-	6.59	6.59	11.02	-	-	11.02	1.67:1 (1.67:1)	
24	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industry Development	1.01.1975	0.09	-	1.93	2.02	5.55	-	11.49	17.04	8.44:1 (8.44:1)	259
25	Uttar Pradesh Plant Protection Appliances (Private) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Laghu Udyog	28.6.1972	-	-	0.02	0.02	-	-	0.03	0.03	1.50:1 (1.50:1)	
26	Uttar Pradesh State Brassware Corporation Limited	Niryat Protsahan	12.02.1974	5.28	0.10	-	5.38	1.94	-	-	1.94	0.36:1 (0.36:1)	
27	Uttar Pradesh State Textile Corporation Limited	HatKargha & Vastra Udyog	02.12.1969	204.11	-	-	204.11	95.31	-	-	95.31	0.47:1 (0.47:1)	-
28	Uttar Pradesh Textile Printing Corporation Limited (Subsidiary of Uttar Pradesh State Handloom Corporation Limited)	HatKargha & Vastra Udyog	05.12.1975	0.16	-	0.26	0.42	-	-	-	-	-	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
29	Uttar Pradesh Tyre and Tubes Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industry Develoment	14.01.1976	-	-	1.83	1.83	-	-	-	-	-	-
	Sector Wise Total			**215.46**	**0.10**	**64.61**	**280.17**	**121.62**	**-**	**152.28**	**273.90**	**0.98:1 (0.98:1)**	**259**
	SERVICE SECTOR												
30	Agra Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	1.00	-	-	1.00	0.05	-	-	0.05	0.05:1 (0.05:1)	
31	Allahabad Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	0.67	-	-	0.67	0.66	-	-	0.66	0.99:1 (0.99:1)	-
32	Bareilly Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	1.25	-	-	1.25	-	-	-	--	-	-
33	Bundelkhand Concrete Structurals Limited (Subsidiary of Uttar Pradesh Bundelkhand Vikas Nigam Ltd.)	Bhumi Vikas & Jal Sansadhan	1986-87	-	-	0.01	0.01	-	-	-	-	-	-
34	Gandak Smadesh Kshetriya Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	1976-77	0.46	-	-	0.46	-	-	--	-	-	-
35	Gorakhpur Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	0.94	-	0.32	1.26	0.88	-	-	0.88	0.70:1 (0.70:1)	-
36	Lucknow Mandaliya Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	0.70	-	-	0.70	0.86	-	-	0.86	1.23:1 (1.23:1)	-
37	Meerut Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	1.00	-	-	1.00	-	-	-	-	-	-
38	Moradabad Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	30.03.1978	0.25	-	-	0.25	0.65	-	-	0.65	2.60:1 (2.60:1)	
39	Tarai Anusuchit Janjati Vikas Nigam Limited	Samaj Kalyan	2.08.1975	0.45	-	-	0.45	1.25	-	-	1.25	2.78:1 (2.78:1)	
40	Uttar Pradesh Bundelkhand Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	30.03.1971	1.23	-	-	1.23	0.05	-	0.01	0.06	0.05:1 (0.05:1)	-
41	Uttar Pradesh Chalchitra Nigam Limited	Tax and Institutional Finance	10.09.1975	8.18	-	-	8.18	2.47	-	-	2.47	0.30:1	-
42	Uttar Pradesh Poorvanchal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	30.03.1971	1.30	-	-	1.30	0.35	-	-	0.35	0.27:1 (0.27:1)	-
43	Varanasi Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	0.70	-	-	0.70	0.30	-	-	0.30	0.43:1 (0.43:1)	-
	Sector wise Total			**18.13**	**-**	**0.33**	**18.46**	**7.52**	**-**	**0.01**	**7.53**	**0.41:1 (0.45:1)**	**-**
	Total C (All sector wise non working companies)			**370.86**	**2.01**	**68.03**	**440.90**	**283.42**	**-**	**158.78**	**442.20**	**1.00:1 (0.99:1)**	**660**
	Grand Total (A+B+C)			**37099.87**	**80.61**	**11437.26**	**48617.74**	**2201.36**	**4.00**	**12174.71**	**14380.07**	**0.30:1 (0.28:1)**	**78140**

Note 1: Above includes Section 619-B companies at Sr. no- A-17,C-1, 15 and 19.
Note 2: Companies at Sl No. A-48 to A-69 are subsidiaries of Uttar Pradesh State Tourism Development Corporation Limited.

$ Paid up capital includes share application money.
* Loans outstanding at the close of 2009-10 represents long term loans only.
****** The audit of Accounts for the periods 1999-2000 to 2007-08 was conducted by Local Audit and Audit for the year 2008-09 has been entrusted to this Office as per order of the corporation dated 31 July 2010 after doing necessary amendment in the UP Forest Corporation Act, 1974.

Annexure-2

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

(Referred to in paragraph 1.6)

(Figures in column 5 (a) to 11 are ` in crore)

Sl No	Sector and name of the company	Period of accounts	Year in which finalised	Net Profit/Loss				Turnover	Impact of Account comments#	Paid up Capital	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit / loss before interest and depreciation	Interest	Depreciation	Net profit / loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A	**Working Government companies**													
	AGRICULTURE AND ALLIED													
1	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	2009-10	2010-11	-	-	-	-	0.27	DP 0.10	0.25	0.64	2.09	-	-
2	Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Limited	2009-10	2010-11	0.22	-	-	0.22	0.46	DP-0.02	0.65	0.54	1.23	0.22	17.89
3	Uttar Pradesh Beej Vikas Nigam Limited	2006-07	2010-11	6.90	1.09	0.44	5.37	119.54	-	6.92	24.13	48.42	6.46	13.34
4	Uttar Pradesh Bhumi Sudhar Nigam	2007-08	2010-11	0.09	-	-	0.09	9.19	-	1.50	0.21	22.61	0.09	0.40
5	Uttar Pradesh Matsya Vikas Nigam Limited	2002-03	2010-11	0.36	-	0.13	0.23	3.63	DP 2.60	1.07	(-)0.71	54.79	0.23	0.42
6	Uttar Pradesh Projects Corporation Limited	2008-09	2010-11	25.37	-	0.15	25.22	528.43	DP 26.22	6.40	49.43	55.56	25.22	45.39
7	Uttar Pradesh State Agro Industrial Corporation Limited	2007-08	2010-11	14.13	8.79	0.10	5.24	383.90	-	40.00	(-)51.68	73.68	14.03	19.04
	Sector wise total			**47.07**	**9.88**	**0.82**	**36.37**	**1045.42**	**-**	**56.79**	**22.56**	**258.38**	**46.25**	**17.90**
	FINANCING													
8	The Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited	2009-10	2010-11	33.88	19.60	0.31	13.97	44.01	DP 0.56	135.58	(-) 366.40	297.32	33.57	11.29
9	Uttar Pradesh Alpsankhyak Vittya Avam Vikas Nigam Limited	1995-96	2010-11	0.70	0.45	0.01	0.24	1.14	DP 5.29	14.23	0.12	20.94	0.69	3.30
10	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited	2004-05	2010-11	2.41	2.16	0.14	0.11	2.68	-	12.68	5.41	65.69	2.27	3.46
11	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	2006-07	2010-11	7.64	2.48	0.08	5.08	16.95	-	90.08	32.67	277.30	7.56	2.73
12	Uttar Pradesh State Industrial Development Corporation Limited	2007-08	2010-11	102.73	0.01	5.71	97.01	140.31	-	24.08	0.01	179.58	97.02	54.03
	Sector wise total			**147.36**	**24.70**	**6.25**	**116.41**	**205.09**	**-**	**276.65**	**(-) 328.19**	**840.83**	**141.11**	**16.78**

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	INFRASTRUCTURE													
13	Uttar Pradesh Police Avas Nigam Limited	2008-09	2010-11	1.34	-	0.22	1.12	48.85	-	3.00	11.97	14.99	1.12	7.47
14	Uttar Pradesh Rajkiya Nirman Nigam Limited	2008-09	2010-11	200.60	0.02	4.94	195.64	2947.52	-	1.00	264.85	282.02	195.66	69.38
15	Uttar Pradesh Samaj Kalyan Nirman Nigam Limited	2008-09	2010-11	8.69	-	0.45	8.24	369.54	DP 1.00	0.15	24.45	24.61	8.24	33.48
16	Uttar Pradesh State Bridge Corporation Limited	2008-09	2010-11	30.57	1.64	4.36	24.57	608.84	IP 0.29	15.00	37.80	71.56	26.21	36.63
	Sector wise total			**241.20**	**1.66**	**9.97**	**229.57**	**3974.75**	**-**	**19.15**	**339.07**	**393.18**	**231.23**	**58.81**
	MANUFACTURE													
17	Almora Magnesite Limited (619-B Company)	2009-10	2010-11	0.55	0.70	0.31	(-)0.46	23.81	--	2.00	-	2.61	0.24	9.20
18	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2008-09	2009-10	8.21	0.87	0.23	7.11	48.95	DP 23.66	81.38	(-)80.77	15.60	7.98	51.15
19	Ghatampur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2007-08	2010-11	(-)7.84	9.80	1.01	(-)18.65	12.26	-	8.95	(-) 113.08	4.08	(-)8.85	-
20	Nandganj-Sihori Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2007-08	2009-10	(-)4.96	13.22	0.14	(-)18.32	18.22	-	34.04	(-) 224.39	(-)107.66	(-)5.10	-
21	Shreetron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	2009-10	2010-11	1.61	-	0.55	1.06	30.92	DP 4.52	7.22	-	10.47	1.06	10.12
22	UPSIC Potteries Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	1994-95	2008-09	(-)0.17	0.40	0.03	(-)0.60	0.05	-	0.76	(-)5.12	(-)0.45	(-)0.20	-
23	Uptron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	1995-96	1997-98	(-)1.99	28.06	2.07	(-)32.12	97.15	-	53.16	(-) 196.73	52.06	(-)4.06	-
24	Uptron Powertronics Ltd. (Subsidiary of U. P. Electronics Corporation Ltd	2009-10	2010-11	0.26	-	0.06	0.20	5.96	DP 0.81	4.07	(-)5.60	9.26	0.20	2.16
25	Uttar Pradesh Drugs and Pharmaceuticals Limited	2007-08	2008-09	(-)8.20	0.13	0.22	(-)8.55	3.71	-	1.10	(-)15.20	(-)6.10	(-)8.42	-
26	Uttar Pradesh Electronics Corporation Limited.	2008-09	2010-11	0.65	-	0.07	0.58	27.88	IP 3.07	87.66	(-)0.44	89.50	0.58	0.65
27	Uttar Pradesh Rajya Chini Avam Ganna Vikas Nigam Limited	2008-09	2010-11	38.75	1.36	0.29	37.10	89.78	DP 0.32	8.44	(-) 886.13	56.79	38.46	67.72

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
28	Uttar Pradesh Small Industries Corporation Limited)	2002-03	2010-11	(-)2.02	0.93	0.06	(-)3.01	15.50	IL 0.80	5.96	(-)16.70	7.17	(-)2.08	-
29	Uttar Pradesh State Handloom Corporation Limited	1995-96	2009-10	(-)7.30	1.38	0.48	(-)9.16	42.44	-	22.84	(-)38.14	75.30	(-)7.78	-
30	Uttar Pradesh State Leather Development and Marketing Corporation Limited	2000-01	2002-03	0.42	0.05	0.11	0.26	3.60	-	573.94	(-)6.85	4.81	0.31	6.44
31	Uttar Pradesh State Spinning Company Limited	2008-09	2010-11	2.28	0.50	1.48	0.30	77.15	-	93.45	(-) 146.21	46.30	0.80	1.73
32	Uttar Pradesh State Sugar Corporation Limited	2008-09	2010-11	(-)12.47	26.27	5.13	(-)43.87	668.80	DP 281.77	1103.71	(-) 249.04	341.59	(-)17.60	-
33	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	2008-09	2010-11	4.90	2.22	0.34	2.34	33.05	DP 3.01	31.91	(-)44.26	(-)37.14	4.56	-
	Sector Wise total			**12.68**	**85.89**	**12.58**	**(-)85.79**	**1199.23**	**-**	**2120.59**	**(-) 2028.66**	**564.19**	**0.10**	**0.02**
	POWER													
34	Dakshinanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2006-07	2010-11	(-)938.96	10.87	120.17	(-) 1070.00	1896.75	-	346.24	(-) 2664.92	(-)202.66	(-) 1059.13	-
35	Kanpur Electricity Supply Company Limited	2006-07	2010-11	(-)113.14	17.23	10.20	(-) 140.57	592.17	-	60.00	(-) 1043.91	(-)584.08	(-)123.34	-
36	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2006-07	2010-11	(-)534.11	86.01	118.39	(-) 738.51	1761.98	DP 28.34	155.48	(-) 1717.54	1003.20	(-)652.50	-
37	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2006-07	2010-11	(-)435.02	105.03	189.91	(-) 729.96	3398.15	DP 76.35	540.05	(-) 1905.40	581.15	(-)624.93	-
38	Prayag Raj Power Generation Company Limited	2008-09	2010-11	-	-	-	-	-	-	0.05	-	73.36	-	-
39	Purvanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2006-07	2010-11	(-)939.35	69.96	87.01	(-) 1096.32	2004.03	DP 9.33	165.41	(-) 2188.55	734.09	(-) 1026.36	-
40	Sangam Power Generation Company Limited	2008-09	2010-11	-	-	-	-	-	-	0.05	-	66.10	-	-
41	Sonebhadra Power Generation Company Limited	Account not finalised												
42	UCM Coal Company Limited	2008-09	2010-11	-	-	-	-	-	-	0.16	-	14.40	-	-
43	UPSIDC Power Company Limited (subsidiary of Uttar Pradesh State Industrial Corporation Limited)	2009-10	2010-11	(-)0.02	-	-	(-)0.02	0.02	-	0.05	(-)0.16	(-)0.06	(-)0.02	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
44	Uttar Pradesh Jal Vidyut Nigam Limited	2008-09	2010-11	28.12	22.77	9.99	(-)4.64	103.99	-	424.25	(-) 264.50	446.12	18.13	4.06
45	Uttar Pradesh Power Corporation Limited	2006-07	2008-09	81.32	380.24	206.50	(-) 505.42	11587.25	IL 810.89	470.74	(-) 7169.89	(-)710.43	(-)125.18	-
46	Uttar Pradesh Power Transmission Corporation Limited (Subsidiary Uttar Pradesh Power Corporation Limited)	Account not finalised	-	-	-	-	-	-	-	-	-	-	-	-
47	Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd	2008-09	2010-11	236.87	274.67	419.95	(-) 457.75	4170.30	IL 0.98	4581.31	(-) 619.44	9826.04	(-)183.08	-
	Sector wise total			**(-)2614.29**	**966.78**	**1162.12**	**(-) 4743.19**	**25514.64**	**-**	**6743.79**	**(-) 17574.31**	**11247.23**	**(-) 3776.41**	**-**
	SERVICE													
48	Abhyaranya Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
49	Adyhavasai Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
50	Awadh Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
51	Bithpur Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
52	Braj Darshan Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
53	Braj Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
54	Bundelkhand Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
55	Ganga Saryu Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
56	Garhmukteshwar Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
57	Gyanodaya Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
58	Hastinapur Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
59	Hindon Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
60	Madhyanchal Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
61	Paanchal Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
62	Pachimanchal Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
63	Sangam Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
64	Satyadarshan Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
65	Shajhanpur Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
66	Siddartha Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
67	Taj Shilp Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
68	Taj Virasat Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
69	Triveni Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
70	Uttar Pradesh Development Systems Corporation Limited	2007-08	2010-11	0.33	-	0.06	0.27	3.85	DP 1.99	1.00	2.70	3.70	0.27	7.30
71	Uttar Pradesh Export Corporation Limited	2004-05	2010-11	0.21	0.07	0.02	0.12	6.97	-	7.24	21.74	1.75	0.19	10.86
72	Uttar Pradesh Food and Essential Commodities Corporation Limited	2000-01	2010-11	(-)1.33	2.39	0.21	(-)3.93	579.36	-	5.00	(-)14.94	89.62	(-)1.54	-
73	Uttar Pradesh State Tourism Development Corporation Limited	2009-10	2010-11	1.76	0.01	1.01	0.74	25.46	-	18.75	(-)14.31	9.87	0.75	7.60
	Sector wise total			**0.97**	**2.47**	**1.30**	**(-)2.80**	**615.64**	**-**	**33.09**	**(-)4.81**	**106.04**	**(-)0.33**	**-**
	MISCELLANEOUS													
74	Uttar Pradesh Mahila Kalyan Nigam Limited	2009-10	2010-11	0.44	-	0.12	0.32	0.95	DP 0.62	5.19	(-)0.38	7.17	0.32	4.46
75	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2006-07	2008-09	6.16	-	0.06	6.10	66.48	DP 1.06	0.43	25.15	25.70	6.10	23.74
76	Uttar Pradesh Waqf Vikas Nigam Limited	1998-99	2007-08	0.01	-	0.01	-	0.28	IL 0.002	3.50	0.02	2.11	-	-
	Sector wise total			**6.61**	**-**	**0.19**	**6.42**	**67.71**	**-**	**9.12**	**24.79**	**34.98**	**6.42**	**18.35**
	Total A (All sector wise working Government companies)			**(-)2158.40**	**1091.38**	**1193.23**	**(-)4443.01**	**32622.48**	**-**	**9259.18**	**(-) 19549.55**	**13444.83**	**(-) 3351.63**	**-**
B	**Working Statutory Corporations**													
	AGRICULTURE & ALLIED													
1	Uttar Pradesh State Warehousing Corporation	2008-09	2010-11	47.21	1.90	5.49	39.82	181.41	IP 7.35	11.17	-	286.73	41.72	14.55
	Sector wise total			**47.21**	**1.90**	**5.49**	**39.82**	**181.41**	**IP 7.35**	**11.17**	**-**	**286.73**	**41.72**	**14.55**
	FINANCING													
2	Uttar Pradesh Financial Corporation	2007-08	2008-09	(-)112.26	2.41	0.34	(-) 115.01	21.51	IL 0.68	179.28	(-) 962.70	1115.64	(-)112.60	-
	Sector wise total			**(-)112.26**	**2.41**	**0.34**	**(-) 115.01**	**21.51**	**IL 0.68**	**179.28**	**(-) 962.70**	**1115.64**	**(-)112.60**	**-**
	INFRASTRUCTURE													
3	Uttar Pradesh Avas Evam Vikas Parishad	2008-09	2009-10	426.50	-	2.37	424.13	649.19	-	-	2577.66	958.10	424.13	44.27
4	Uttar Pradesh jal Nigam	2008-09	2010-11	88.14	21.29	0.31	66.54	481.06	-	-	(-)84.44	6321.53	87.83	1.39
	Sector wise total			**514.64**	**21.29**	**2.68**	**490.67**	**1130.25**	**-**	**-**	**2493.22**	**7279.63**	**511.96**	**7.03**
	SERVICE													
5	Uttar Pradesh State Road Transport Corporation	2008-09	2010-11	149.86	22.17	117.02	10.67	1251.62	DP 0.68	369.13	(-) 804.29	(-)146.39	32.84	-
6	Uttar Pradesh Government Employees Welfare Corporation	2007-08	2010-11	(-)3.77	0.68	0.05	(-)4.50	63.33	-	-	(-)2.67	35.87	(-)3.82	-
	Sector Wise total			**146.09**	**22.85**	**117.07**	**6.17**	**1314.95**	**-**	**369.13**	**(-) 806.96**	**(-)110.52**	**29.02**	**26.26**

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Miscellaneous													
7	Uttar Pradesh Forest Corporation	2008-09*	2010-11	102.38	-	0.79	101.59	271.01	-	-	936.56	893.25	101.59	11.37
	Sector Wise total			**102.38**	**-**	**0.79**	**101.59**	**271.01**	**-**	**-**	**936.56**	**893.25**	**101.59**	**11.37**
	Total B (All sector wise statutory corporations)			**698.06**	**48.45**	**126.37**	**523.24**	**2919.13**	**-**	**559.58**	**1660.12**	**9464.73**	**571.69**	**6.04**
	Total (A+B)			**(-)1460.34**	**1139.83**	**1319.60**	**(-) 3919.77**	**35541.61**	**-**	**9818.76**	**(-) 17889.43**	**22909.56**	**(-) 2779.94**	**-**
C	**Non working Companies**													
	AGRICULTURE & ALLIED													
1	Command Area Poultry Development Corporation Limited (619-B company)	1994-95	-	0.02	-	0.01	0.01	0.96	-	0.24	-	-	0.01	-
2	Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Limited	2002-03 (UL from 01-07-03)	2004-05	(-)0.14	0.04	-	(-)0.18	0.04	-	0.31	(-)0.55	1.53	(-)0.14	-
3	Uttar Pradesh (Rohilkhand Tarai) Ganna Beej Evam Vikash Nigam Limited	2006-07 (UL from 01-07-03)	2008-09	0.06	1.10	0.01	(-)1.05	0.11	-	0.71	(-)8.01	3.31	0.05	1.51
4	Uttar Pradesh Pashudhan Udyog Nigam Limited	2005-06	2009-10	0.19	0.11	0.09	(-)0.01	0.23	-	2.79	(-)8.29	1.19	0.10	8.40
5	Uttar Pradesh Poultry and Livestock Specialties Limited	2005-06	2010-11	(-)0.21	0.16	-	(-)0.37	0.15	IL 0.31	0.50	(-)3.33	(-)1.08	(-)0.21	-
6	Uttar Pradesh State Horticultural Produce Marketing & Processing Corporation Limited	1984-85	1994-95	(-)0.51	0.15	0.01	(-)0.67	0.27	-	1.90	(-)2.55	80.72	(-)0.52	-
	Sector wise Total			**(-)0.59**	**1.56**	**0.12**	**(-)2.27**	**1.76**	**-**	**6.45**	**(-)22.73**	**85.67**	**(-)0.71**	**-**
	FINANCING													
7	Uplease Financial Services Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	1997-98	1998-99	0.37	0.54	0.23	(-)0.40	1.29	-	1.05	(-)0.40	5.34	0.14	2.62
8	Uttar Pradesh Panchayati Raj Vitta Evam Vikas Nigam Limited	1992-93	2007-08	0.08	-	-	0.08	0.28	-	1.37	(-)0.14	138.65	0.08	0.06
	Sector Wise Total			**0.45**	**0.54**	**0.23**	**(-)0.32**	**1.57**	**-**	**2.42**	**(-)0.54**	**143.99**	**0.22**	**0.15**
	INFRASTRUCTURE													
9	Uttar Pradesh Cement Corporation Limited	1995-96	1996-97	(-)20.07	24.84	2.84	(-)47.75	113.01	-	68.28	(-) 425.99	(-)239.80	(-)22.91	-
10	Uttar Pradesh State Mineral Development Corporation Limited	2007-08	2008-09	(-)1.87	-	0.06	(-)1.93	0.60	IL 0.06	59.43	(-)79.02	0.03	(-)1.93	-
11	Vindhyachal Abrasives Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	1987-88 (UL from 28.11.02	1995-96	(-)0.11	0.01		(-)0.12	-	-	-	(-)0.11	0.01	(-)0.11	-
	Sector wise Total			**(-)22.05**	**24.85**	**2.90**	**(-)49.80**	**113.61**	**-**	**127.71**	**(-) 505.12**	**(-)239.76**	**(-)24.95**	**-**
	MANUFACTURE													
12	Auto Tractors Limited	1991-92	1995-96	0.37	0.26	-	0.11	6.31	-	7.50	-	11.14	0.37	3.32

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
13	Bhadohi Woollens Limited (Subsidiary of Uttar Pradesh State Textile Corporation Ltd.)	1994-95 (Ul from 20.02.96)		0.85	2.51	-	(-)1.66	0.27	-	3.76	(-)11.95	(-)0.49	0.85	-
14	Continental Float Glass Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	1997-98 (UL from 01-04-02)	2002-03	-	-	-	-	-	-	46.24	-	83.87	Company went into liquidation (since inception)	-
15	Electronics and Computers (India) Limited (619-B Company)	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Handloom Intensive Development Corporation (Gorakhpur and Basti) Limited (Subsidiary of Uttar Pradesh State Handloom Corporation Limited)	1994-95	2008-09	0.01	0.08	0.01	(-)0.08	-	-	0.03	(-)1.24	(-)0.11	--	-
17	Handloom Intensive Development Project (Bijnore) Limited (Subsidiary of Uttar Pradesh State Handloom Corporation Limited)	1997-98	2010-11	0.08	0.26	0.01	(-)0.19	0.09	-	0.02	1.46	0.65	0.07	10.77
18	Kanpur Components Limited (Subsidiary of Uttar Pradesh Electronics Corporation Ltd.)	Under liquidation from 10-06-96	-	-	-	-	-	0.05	-	--	-	-	-	-
19	Steel and Fasteners Limited (619-B Company)	1978-79	-	-	-	-	-	0.90	-	-	-	-	-	-
20	The Indian Turpentine and Rosin Company Limited	2008-09	2010-11	(-)0.32	0.10	0.01	(-)0.43	0.04	-	0.22	(-)31.85	(-)26.16	(-)0.33	-
21	Uptron Sempack Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	1979-80 (UL from 10.06.96)	1983-84	(-)0.01	-	-	(-)0.01	-	-	0.03	(-)0.03	0.02	(-)0.01	-
22	Uttar Pradesh Abscott Private Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	1975-76 (UL from 19-04-96)		(-)0.01	0.01	-	(-)0.02	-	-	0.05	-	0.12	(-)0.01	-
23	Uttar Pradesh Carbide and Chemicals Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Ltd.)	1992-93 (UL from 19.02.94)	-	(-)0.15	5.67	0.36	(-)6.18	2.26	-	6.58	(-)35.32	(-)18.45	(-)0.51	-
24	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	2001-02	2005-06	(-)0.26	0.02	0.01	(-)0.29	0.16	-	1.93	(-)38.75	0.35	(-)0.27	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
25	Uttar Pradesh Plant Protection Appliances (Private) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	1974-75 (UL from 11/2003)	1984-85	(-)0.01	-	-	(-)0.01	0.04	-	0.01	0.01	(-)0.34	(-)0.01	-
26	Uttar Pradesh State Brassware Corporation Limited	1997-98	2007-08	2.52	0.12	0.01	2.39	0.53	-	5.38	(-)6.04	3.59	2.51	69.92
27	Uttar Pradesh State Textile Corporation Limited	2008-09	2009-10	(-)0.02	6.68	0.47	(-)7.17	0.05	-	160.79	(-) 450.91	(-)118.68	(-)0.49	-
28	Uttar Pradesh Textile Printing Corporation Limited (Subsidiary of Uttar Pradesh State Handloom Corporation Limited)	1991-92	2008-09	(-)0.04	0.01	0.01	(-)0.06	1.28	DL 0.73	0.26	(-)0.39	0.29	(-)0.05	-
29	Uttar Pradesh Tyre and Tubes Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	1992-93 (UL from 09.01.96)	-	2.10	4.27	-	(-)2.17	1.38	-	1.83	(-)9.96	(-)4.06	2.10	-
	Sector Wise Total			**5.11**	**19.99**	**0.89**	**(-)15.77**	**13.36**	**-**	**234.63**	**(-) 584.97**	**(-)68.26**	**4.22**	**-**
	SERVICE SECTOR													
30	Agra Mandal Vikas Nigam Limited	1988-89	2007-08	(-)0.08	-	0.01	(-)0.09	3.91	-	1.00	(-)0.35	0.92	(-)0.09	-
31	Allahabad Mandal Vikas Nigam Limited	1983-84	1992-93	(-)0.03	0.01	0.07	(-)0.11	2.74	-	0.55	(-)0.11	0.99	(-)0.10	-
32	Bareilly Mandal Vikas Nigam Limited	1.7.87 to 31.3.89	2006-07	(-)0.36	0.20	0.11	(-)0.67	5.82	-	1.00	(-)1.52	3.85	(-)0.47	-
33	Bundelkhand Concrete Structurals Limited (Subsidiary of Uttar Pradesh Bundelkhand Vikas Nigam Ltd.)	1986-87	1993-94	-	-	-	-	-	-	0.02	(-)0.01	0.04	-	-
34	Gandak Smadesh Kshetriya Vikas Nigam Limited	1976-77 (UL from 1976-77)	-	-	-	-	-	-	-	0.46	-	0.46	-	-
35	Gorakhpur Mandal Vikas Nigam Limited	1986-87	2007-08	(-)0.08	0.04	0.03	(-)0.15	1.60	-	1.26	(-)1.33	0.83	(-)0.11	-
36	Lucknow Mandaliya Vikas Nigam Limited	1981-82	1992-93	0.54	-	0.53	0.01	1.70	-	0.50	1.49	0.61	0.01	1.64
37	Meerut Mandal Vikas Nigam Limited	2008-09	2010-11	(-)0.03	-	-	(-)0.03	-	-	1.00	(-)1.50	(-)0.01	(-)0.03	-
38	Moradabad Mandal Vikas Nigam Limited	1990-91	2007-08	(-)0.19	-	0.01	(-)0.20	1.07	-	0.25	(-)0.59	0.31	(-)0.20	-
39	Tarai Anusuchit Janjati Vikas Nigam Limited	1982-83	1990-91	(-)0.04	-	-	(-)0.04	0.01	-	0.25	-	0.70	(-)0.04	-
40	Uttar Pradesh Bundelkhand Vikas Nigam Limited	2008-09	2010-11	0.25	-	-	0.25	0.20	-	1.23	(-)1.57	(-)0.29	0.25	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
41	Uttar Pradesh Chalchitra Nigam Limited	2008-09	2010-11	0.12	0.40	0.01	(-)0.29	0.09	-	8.18	(-)14.42	1.35	0.11	8.15
42	Uttar Pradesh Poorvanchal Vikas Nigam Limited	1987-88	1994-95	(-)0.11	-	0.03	(-)0.14	1.30	-	1.15	(-)1.08	0.19	(-)0.14	-
43	Varanasi Mandal Vikas Nigam Limited	1987-88	1993-94	(-)0.02	-	0.01	(-)0.03	1.47	-	0.70	(-)0.26	0.88	(-)0.03	-
	Sector wise Total			**(-)0.03**	**0.65**	**0.81**	**(-)1.49**	**19.91**	**-**	**17.55**	**(-)21.25**	**10.83**	**(-)0.84**	**-**
	Total C (All sector wise non working companies)			**(-)17.11**	**47.59**	**4.95**	**(-)69.65**	**150.21**	**-**	**388.76**	**(-) 1134.61**	**(-)67.53**	**(-)22.06**	**-**
	Grand Total (A+B+C)			**(-)1477.45**	**1187.42**	**1324.55**	**(-) 3989.42**	**35691.82**	**-**	**10207.52**	**(-) 19024.04**	**22842.03**	**(-) 2802.00**	**-**

Note: ***IL indicates increase in loss, DL indicates decrease in loss, IP indicates increase in profit and DP indicates decrease in profit.***

Impact of accounts comments include the net impact of comments of Statutory Auditor and CAG.

@ Capital employed represents net fixed assets (including capital work in progress) plus working capital except in case of finance companies/corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits, and borrowings including refinance.

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

***** The audit of Accounts for the periods 1999-2000 to 2007-08 was conducted by Local Audit and Audit for the year 2008-09 has been entrusted to this Office as per order of the Corporation dated 31 July 2010 after making necessary amendment in the UP Forest Corporation Act, 1974.

Annexure-3

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted in to equity during the year and guarantee commitment at the end of March 2010

(Referred to in paragraph 1.4)

(Figures in column 3(a) to 6 (d) are ` in crore)

Sl No	Sector and name of the company	Equity / loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central government	State Government	Others	Total	Received	Commitment @	Loan repayment written off	Loans converted into equity	Interest / penal interest waived	Total
1	2	(3a)	(3b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
A	**Working Government companies**												
	AGRICULTURE AND ALLIED												
1.	Uttar Pradesh Beej Vikas Nigam Limited				5.77		5.77	-	-	-	-	-	-
2.	Uttar Pradesh Bhumi Sudhar Nigam	-	-	-	0.08	-	0.08	-	-	-	-	-	-
3.	Uttar Pradesh State Agro Industrial Corporation Limited	6.78#	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total	**6.78**	**-**	**-**	**5.85**	**-**	**5.85**	**-**	**-**	**-**	**-**	**-**	**-**
	FINANCING												
4.	The Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited	-	128.53	-	-	-	-	---	-	-	-	-	-
5.	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	5.00			150.05		150.05	---	-	-	-	-	-
	Sector wise total	**5.00**	**128.53**	**-**	**150.05**	**-**	**150.05**	**---**	**-**	**-**	**-**	**-**	**-**
	INFRASTRUCTURE												
	Sector wise total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	MANUFACTURE												
6.	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	-	-	0.37*	-	-	0.37	-	-	-	-	-	-
7.	Ghatampur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	-	-	-	-	-	-	-	-	-	138.77	-	138.77
8.	Uttar Pradesh Electronics Corporation Limited.	3.07	-	-	6.94	-	6.94	-	-	-	-	-	-
9.	Uttar Pradesh State Handloom Corporation Limited	-	2.76	-	-	-	-	-	6.40	-	-	-	-
10.	Uttar Pradesh State Sugar Corporation Limited	-	171.21	-	-	-	-		299.84	-	-	-	

1	2	(3a)	(3b)	4(a)	5(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6©	6(d)
11.	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile corporation Limited)		2.50	-	-	-	-	-	-	-		-	-
	Sector Wise total	**3.07**	**176.47**	**0.37**	**6.94**	**-**	**7.31**	**-**	**306.24**	**-**	**138.77**	**-**	**138.77**
	POWER												
12.	Dakshinanchal Vidyut Vitaran Nigam Limited(Subsidiary of U.P. Power Corporation Limited)	-	77.98		299.82*		299.82	-	-	-	-	-	-
13.	Kanpur Electricity Supply Co. Limited	-	4.04	-	0.40*	-	0.40	-	-	-	-	-	-
14.	Madhyanchal Vidyut Vitaran Nigam Limited(Subsidiary of U.P. Power Corporation Limited)	-	-	-	358.68*	-	358.68	-	-	-	-	-	-
15.	Purvanchal Vidyut Vitaran Nigam Limited(Subsidiary of U.P. Power Corporation Limited)	-	-	-	574.30	-	574.30	-	-	-	-	-	-
16	UCM Coal Company Limited	-	4.54	-	-	-	-	-	-	-	-	-	-
17	Uttar Pradesh Jal Vidyut Nigam Limited	3.50	-	-	-	-	-	-	-	-	-	-	-
18	Uttar Pradesh Power Corporation Limited	4316.27	521.96	-	-	-	-	5495.25	1702.28	-	-	-	-
19	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	812.20	-	-	-	-	-	750.00	5150.62	-	-	-	--
	Sector wise total	**5131.97**	**608.52**	**-**	**1233.20**	**-**	**1233.20**	**6245.25**	**6852.90**	**-**	**-**	**-**	**-**
	SERVICE												
20.	Uttar Pradesh Development Systems Corporation Limited	-	-	-	1.45		1.45	-	-	-	-	-	-
21.	Uttar Pradesh State Tourism Development Corporation Limited	-	1.97	-	-	-	-	-	-	-	-	-	-
	Sector wise total	**-**	**1.97**	**-**	**1.45**	**-**	**1.45**	**-**	**-**	**-**	**-**	**-**	**-**
	MISCELLANEOUS												
22.	Uttar Pradesh Mahila Kalyan Nigam limited				5.04		5.04	-	-	-	-	-	-
	Sector wise total	**-**	**-**	**-**	**5.04**	**-**	**5.04**	**-**	**-**	**-**	**-**	**-**	**-**
	Total A (All sector wise working Government companies)	**5146.82**	**915.49**	**0.37**	**1402.53**	**-**	**1402.90**	**6245.25**	**7159.14**	**-**	**138.77**	**-**	**138.77**
B	**Working Statutory Corporations**												
	FINANCING												
1.	Uttar Pradesh Financial Corporation	-	105.05	-	-	-	-	-	216.09	-	-	-	-
	Sector wise total	**-**	**105.05**	**-**	**-**	**-**	**-**	**-**	**216.09**	**-**	**-**	**-**	**-**
	INFRASTRUCTURE												
2.	Uttar Pradesh jal Nigam	-	-	-	447.41	-	447.41	-	-	-	-	-	-
	Sector wise total	**-**	**-**	**-**	**447.41**	**-**	**447.41**	**-**	**-**	**-**	**-**	**-**	**-**

1	2	(3a)	(3b)	4(a)	5(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6©	6(d)
	SERVICE												
3.	Uttar Pradesh Government Employees Welfare Corporation	-	1.42	-	0.25	-	0.25	-	3.00	-	-	-	-
4.	Uttar Pradesh Road Transport Corporation	-	-	-	92.37	-	92.37	-	-	-	-	-	-
	Sector Wise total	**-**	**1.42**	**-**	**92.62**	**-**	**92.62**	**-**	**3.00**	**-**	**-**	**-**	**-**
	Miscellaneous												
	Sector Wise total	-	-	-	-	-	-	-	-	-	-	-	-
	Total B (all sector wise statutory corporations)	**-**	**106.47**	**-**	**540.03**	**-**	**540.03**	**-**	**219.09**	**-**	**-**	**-**	**-**
	Total (A+B)	**5146.82**	**1021.96**	**0.37**	**1942.56**	**-**	**1942.93**	**6245.25**	**7378.23**	**-**	**138.77**	**-**	**138.77**
C	**Non working Companies**												
	MANUFACTURE												
1.	The Indian Turpentine and Rosin Company Limited	-	-	-	-	-	-	-	1.88	-	-	-	-
	Sector Wise Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.88**	**-**	**-**	**-**	**-**
	SERVICE SECTOR												
2.	Uttar Pradesh Bundelkhand Vikas Nigam Limited	-	-	-	0.20	-	0.20	-	-	-	-	-	-
	Sector wise Total	**-**	**-**	**-**	**0.20**	**-**	**0.20**	**-**	**-**	**-**	**-**	**-**	**-**
	Total C (All sector wise non working companies)	**-**	**-**	**-**	**0.20**	**-**	**0.20**	**-**	**1.88**	**-**	**-**	**-**	**-**
	Grand Total (A+B+C)	**5146.82**	**1021.96**	**0.37**	**1942.76**	**-**	**1943.13**	**6245.25**	**7380.11**	**-**	**138.77**	**-**	**138.77**

@ Figures indicate total guarantee outstanding at the end of the year.

Including Share Application money ` 0.48 crore pending for allotment.

* It includes subsidy.

Annexure-4

Statement showing investment made by the Government in form of equity, loans, grants/subsidies to the working Government companies / Statutory corporations during the years for which accounts have not been finalised

(Referred to in paragraph 1.7)

(` in crore)

Sl. No.	Name of company/corporation	Year up to which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by state Government during the years for which accounts were not finalised			
				Equity	Loans	Grants	Subsidies
A. Working Government Companies							
1	Uttar Pradesh Beej Vikas Nigam Limited	2006-07	6.92	-	-	5.77	-
2	Uttar Pradesh Bhumi Sudhar Nigam	2007-08	1.50	-	-	3.18	-
3	Uttar Pradesh State Agro Industrial Corporation Limited	2007-08	40.00	6.78#	-	-	-
4	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited	2004-05	12.68	0.23	-	-	-
5	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	2006-07	90.08	21.91	-	344.58	-
6	UPSIC Potteries Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	1994-95	0.76	-	0.58	-	-
7	Uptron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	1995-96	53.16	4.77	-	-	-
8	Uttar Pradesh Electronics Corporation Limited	2008-09	87.66	3.88	-	6.94	-
9	Uttar Pradesh State Handloom Corporation Limited	1995-96	22.84	-	103.26	16.00	12.19
10	Uttar Pradesh State Sugar Corporation Limited	2008-09	1103.71	-	171.21	-	-
11	Uttar Pradesh State Yarn Company Limited	2008-09	31.91	-	2.50	-	-
12	Dakshinanchal Vidyut Vitaran Nigam Limited(Subsidiary of U.P. Power Corporation Limited)	2006-07	346.24	-	77.98	-	299.82
13	Kanpur Electricity Supply Co. Limited	2006-07	60.00	-	4.04	-	0.40
14	Madhyanchal Vidyut Vitaran Nigam Limited(Subsidiary of U.P. Power Corporation Limited)	2006-07	155.48	-	-	-	358.68
15	Purvanchal Vidyut Vitaran Nigam Limited(Subsidiary of U.P. Power Corporation Limited)	2006-07	165.41	-	-	574.30	-
16	UCM Coal Company Limited	2008-09	0.16	-	4.54	-	-
17	Uttar Pradesh Jal Vidyut Nigam Limited	2008-09	424.25	3.50	-	-	-
18	Uttar Pradesh Power Corporation Limited	2006-07	470.74	27515.56	521.96	187.00	-
19	Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd.	2008-09	4581.31	812.20	-	-	-
20	Uttar Pradesh Development Systems Corporation Limited	2007-08	1.00	-	-	2.10	-
21	Uttar Pradesh Waqf Vikas Nigam Limited	1998-99	3.50	3.50			
	Total A		**7659.31**	**28372.33**	**886.07**	**1139.87**	**671.09**
B. Working Statutory Corporations							
1.	Uttar Pradesh Financial Corporation	2007-08	179.28	-	105.05	-	-
2.	Uttar Pradesh Jal Nigam	2008-09	-	-	-	447.41	-
3.	Uttar Pradesh State Road Transport Corporation	2008-09	369.13	-	-	92.37	-
4.	U.P. Government Employees Welfare Corporation	2007-08	-	-	1.42	0.25	-
	Total B		**548.41**	**-**	**106.47**	**540.03**	**-**
	Grand Total (A+B)		**8207.72**	**28372.33**	**992.54**	**1679.90**	**671.09**

\# Including Share Application Money ` 0.48 crore pending for allotment.

Annexure-5
Statement showing financial position of Statutory corporations
(Referred to in paragraph 1.6)

Working Statutory corporations
1. Uttar Pradesh State Road Transport Corporation

(` in crore)

Particulars	2006-07	2007-08	2008-09
A. Liabilities			
Capital (including capital loan and equity capital)	359.13	359.13	369.13
Borrowings:			
Government:			
Central	-	-	-
State	3.47	3.47	-
Others	183.60	165.47	239.17
Funds	18.69	33.17	23.19
Trade dues and other current liabilities (including provisions)	854.13	811.02	808.81
Uttar Pradesh and Uttaranchal State Road Transport Corporation reorganisation settlement account	26.41	26.41	26.41
Total A	**1445.43**	**1039.54**	**1466.71**
B. Assets			
Gross Block	918.81	974.42	1096.27
Less: Depreciation	503.41	596.84	649.49
Net fixed assets	415.40	377.58	446.78
Capital work in progress (including cost of chassis)	7.76	8.06	11.56
Investments	2.53	0.52	-
Current Assets, Loans and Advances	167.89	200.75	204.08
Accumulated Losses	851.85	811.76	804.29
Total B	**1445..43**	**1398.67**	**1466.71**
C. Capital employed[1]	**(-) 263.08**	**(-)224.63**	**(-)146.39**

2. Uttar Pradesh Financial Corporation

(` in crore)

Particulars	2005-06	2006-07	2007-08
A. Liabilities			
Paid-up capital	179.28	179.28	179.28
Share application money	-	-	-
Reserve fund and other reserves and surplus	19.88	19.75	19.62
Borrowings:	-	-	
(i) Bonds and debentures	558.73	479.42	382.07
(ii) Fixed deposits	3.96	2.11	1.38
(iii) Industrial Development Bank of India and Small Industries Development Bank of India	408.06	387.56	387.56
(iv) Reserve Bank of India	-	-	
(v) Loans in lieu of share capital:			
(a) State Government	30.00	58.56	124.51
(b) National Handicapped Finance and Development Corporation	-	0.48	0.60
(vi) Others (including State Govt.)	7.56	16.49	11.69
Other Liabilities and Provisions	403.06	314.95	426.45
Total A	**1610.53**	**1458.60**	**1533.16**
B. Assets			
Cash and Bank balances	49.95	20.63	46.50
Investments	30.20	15.19	15.19
Loans and Advances	595.16	535.78	483.24
Net Fixed Assets	13.23	13.10	13.14
Other Assets	14.20	26.21	12.39
Misc. Expenditure	-	-	-
Profit and Loss Account	907.79	847.69	962.70
Total B	**1610.53**	**1458.60**	**1533.16**
C. Capital Employed[2]	**1207.59**	**1155.52**	**1115.64**

[1] Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

[2] Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, seed money, debentures, reserves (other than those which have been funded specifically and backed by Investment outside), bonds, deposits and borrowings (including refinance).

3. Uttar Pradesh State Warehousing Corporation

(` in crore)

Particulars	2006-07	2007-08	2008-09
A. Liabilities			
Paid up capital[3]	13.37	13.37	13.37
Reserves and surplus	197.33	217.24	252.31
Subsidy	-	-	-
Borrowings:			
Government	-	-	-
Others	39.87	30.03	21.05
Trade Dues and Current Liabilities (including provisions)	64.62	56.54	56.72
Total A	**315.19**	**317.18**	**343.45**
B. Assets			
Gross Block	287.85	289.23	295.37
Less Deprecation	68.25	72.54	77.81
Net Fixed Assets	219.60	216.69	217.56
Capital work-in-progress	(-)1.81	(-)2.02	(-)2.02
Current Assets, Loans and Advances	97.40	102.51	127.91
Profit and Loss Account	-	-	-
Total B	**315.19**	**317.18**	**343.45**
Capital Employed[4]	**250.57**	**260.64**	**286.73**

4. Uttar Pradesh Forest Corporation

(` in crore)

Particulars	1997-98	1998-99	2008-09
A. Liabilities			
Reserve and Surplus	323.15	352.45	936.56
Borrowings	0.16	0.16	10.71
Current Liabilities (including provisions)	103.87	147.54	129.76
Other Liabilities	7.00	7.00	-
Total A	**434.18**	**507.15**	**1077.03**
B. Assets			
Net Fixed Assets	10.31	11.16	11.24
Current Assets, Loans and Advances	421.45	493.94	1011.77
Accumulated loss	-	-	-
Uttaranchal Forest Development Corporation, Dehradun. (Net assets under its possession)	-	-	53.77
Miscellaneous Expenditure	2.42	2.05	0.25
Total B	**434.18**	**507.15**	**1077.03**
C. Capital employed[3]	**327.89**	**357.56**	**893.25**

5. Uttar Pradesh Avas Evam Vikas Parishad

(` in crore)

Particulars	2006-07	2007-08	2008-09
A. Liabilities			
Parishad Fund	2054.23	2155.38	2577.66
Surplus	-	-	-
Borrowings	-	-	-
Deposits	143.49	139.14	215.83
Reserve for maintenance of unsold property	-	-	-
Current Liabilities (including Registration Fee)	1675.83	2338.57	2719.92
Excess of assets over liabilities	-	-	-
Total A	**3873.55**	**4633.09**	**5513.41**
B. Assets			
(i) Net Fixed Assets	19.59	34.90	33.50
(ii) Investments	1389.82	1639.61	1835.39
(iii) Current Assets, Loans and Advances	2464.14	2958.58	3644.52
Total B	**3873.55**	**4633.09**	**5513.41**
C. Capital employed[3]	**807.90**	**654.91**	**958.10**

3 Including share capital pending allotment ` 2.20 crore.

4 Capital employed represents the net fixed assets (including capital work-in-progress) *plus* working capital.

6. Uttar Pradesh Jal Nigam

(` in crore)

Particulars	2006-07	2007-08	2008-09
A. Liabilities			
Borrowings			
Loans fund			
(i) From LIC	-	-	
(ii) From UP Government	392.90	393.14	393.14
(iii) From Banks	-	-	-
Grants from Government	5001.47	5416.22	6150.13
Deposits	-		-
Current Liabilities:			
Centage on material unconsumed	51.11	57.86	73.67
Other liabilities	3473.87	3724.37	4952.03
(i) Deposits (deposit received for project)	2004.50	2403.86	3088.47
(ii) Provision for gratuity	7.74	6.50	6.50
Project transferred from LSGED to Jal Nigam	9.45	9.50	9.47
Total A	**10941.04**	**12011.45**	**14673.41**
B. Assets			
Gross Block	25.55	25.65	23.49
Less: Depreciation	9.79	9.77	9.20
Net Fixed Assets	15.76	15.88	14.29
Investments	--	--	-
PF Invested	162.43	144.48	144.19
Project:			
(i) Material	390.54	469.92	725.74
(ii) Work in progress	4574.52	5098.39	6329.45
(iii) Completed rural water project maintained by UP Jal Nigam	756.77	774.46	735.04
(iv) Rural water work project cost of LSGED transferred to UP Jal Nigam	9.08	9.08	9.08
Current Assets	4080.03	4613.00	5824.90
Loans and advances	810.24	750.67	806.28
Deficit	141.67	135.57	84.44
Total B	**10941.04**	**12011.45**	**14673.41**
C. Capital employed[5]	**5098.38**	**5536.22**	**6321.53**

[5] Capital employed represents the net fixed assets (including capital work-in-progress) *plus* working capital.

Annexure-6
Statement showing working results of Statutory corporations
(Referred to in paragraph 1.6)

A. Working Statutory corporations

1. Uttar Pradesh State Road Transport Corporation

(` in crore)

Particulars	2006-07	2007-08	2008-09
Operating			
(a) Revenue	1104.16	1198.66	1260.56
(b) Expenditure	1082.03	1182.24	1381.02
(c) Surplus (+)/Deficit (-)	22.13	16.42	(-)120.46
Non operating			
(a) Revenue	37.01	42.08	153.30
(b) Expenditure	19.11	17.79	22.17
(c) Surplus (+)/Deficit (-)	17.90	24.29	131.13
Total			
(a) Revenue	1141.17	1240.74	1413.86
(b) Expenditure	1101.14	1200.03	1403.19
(c) Net Profit (+)/Loss (-)	40.03	40.71	10.67
Interest on Capital and Loans	19.11	17.79	22.17
Total return on Capital employed	59.14	58.5	32.84

2. Uttar Pradesh Financial Corporation

(` in crore)

Particulars	2005-06	2006-07	2007-08
1 Income			
(a) Interest on loans	58.63	37.19	21.51
(b) Other Income	4.36	3.71	1.68
(c)Interest Provision written back	-	54.26	-
(d) NPA Provision written back	30.40	30.33	-
(e) Depreciation investment written back	-	-	-
Total 1	**93.39**	**125.49**	**23.19**
2. Expenses			
(a) Interest on long term loan	63.33	42.13	2.41
(b) Provision for non performing assets	-	-	114.53
(c) Other expenses	28.21	23.26	21.25
Total 2	**91.54**	**65.39**	**138.19**
3. Profit (+)/Loss (-) before tax (1-2)	1.85	60.10	(-)115.01
4. Other appropriations	-	-	-
5. Amount available for dividend*	-	-	-
6. Dividend paid/payable	-	-	-
7. Total return on capital employed	65.18	102.23	(-) 112.60
8. Percentage of return on capital employed	5.40	8.85	-

3. Uttar Pradesh State Warehousing Corporation

(` in crore)

Particulars	2006-07	2007-08	2008-09
1. Income:			
(a) Warehousing charges	122.94	125.91	177.50
(b) Other Income	2.38	3.45	4.16
Total 1	**125.32**	**129.36**	**181.66**
2. Expenses:			
(a) Establishment charges	46.42	37.79	44.14
(b) Interest	2.91	2.61	1.90
(c) Other expenses	51.37	48.81	95.80
Total 2	**100.70**	**89.21**	**141.84**
3.Profit (+)/Loss (-) before tax	24.62	40.15	39.82
4 Appropriations:			
(i) Payment of income tax	7.15	12.42	10.12
(ii) Provision for tax:			
(a) Income tax	2.80		

* Represents profit of current year available for dividend after considering the specific reserves and provision for taxation.

Particulars	2006-07	2007-08	2008-09
(b) Dividend tax	0.26	0.28	0.28
(iii) Profit after tax (Amount available for dividend)	24.62	27.45	29.42
(iv) Dividend proposed for the year	1.51	1.67	1.67
(v) Other appropriations	23.11	25.78	27.75
5 Profit transferred to Balance Sheet[1]			
Total return on capital employed	37.74	42.76	41.72
Percentage of return on capital employed	15.06	16.41	14.55

4. Uttar Pradesh Forest Corporation

(` in crore)

Particulars	1997-98	1998-99	2008-09
1. Income:			
Sales	128.12	162.84	215.80
Other Income	27.84	35.43	55.22
Closing Stock	106.77	147.67	105.55
Total 1	**262.73**	**345.94**	**376.57**
2. Expenditure:			
Purchases	74.06	124.25	95.16
Other Expenses	84.95	85.62	94.99
Opening Stock	67.92	106.77	84.83
Total 2	**226.93**	**316.64**	**274.98**
Net Profit	35.80	29.30	101.59
Total return on capital employed	35.80	29.30	101.59
Percentage of return on capital employed	10.92	8.19	11.37

5. Uttar Pradesh Avas Evam Vikas Parishad

(` in crore)

Particulars	2006-07	2007-08	2008-09
1 Income:			
(a) Income from property	273.39	276.79	426.06
(b) Other Income	299.54	252.55	379.34
Total 1	**572.93**	**529.34**	**805.40**
2. Expenditure:			
(a) Cost of property sold	208.03	239.41	260.08
(b) Establishment	65.61	76.74	75.09
(c) Interest	-	-	-
(d) Other expenses	28.35	34.61	46.10
Total 2	**301.99**	**350.76**	**381.27**
3. Excess of income over expenditure	270.94	178.58	424.13
4. Total return on capital employed	270.94	178.58	424.13
5. Percentage of total return on capital employed	33.54	27.27	44.27

6. Uttar Pradesh Jal Nigam

(` in crore)

Particulars	2006-07	2007-08	2008-09
1.Income:			
Centage	97.24	97.97	164.34
Survey and project fee	0.56	0.28	4.20
Receipt from consumers for scheme maintained by Jal Nigam	23.78	23.09	23.60
Other income	8.95	6.41	19.18
Income from financing activities	30.24	34.42	43.64
Revenue grant:			
(i) From UP Government for maintenance	72.98	102.27	153.28
(ii) From Government for HRD	-		
Income of C&DS	33.81	41.49	69.90
Income of Nalkoop wing	1.44	1.47	2.91
Interest	---	-	-
Grant	-	-	-

[1] Profit transferred to balance sheet is only ` 295, 714 and 734 in 2006-07, 2007-08 and 2008-09 respectively.

Particulars	**2006-07**	**2007-08**	**2008-09**
Others	-	-	-
Total 1	**269.00**	**307.41**	**481.05**
2. Expenditure			
Establishment charges/operating expenses	169.12	187.50	237.59
Expenditure on maintenance	62.20	78.82	122.34
Interest	15.64	16.32	21.29
Other expenses	-	-	-
Depreciation	0.33	0.30	0.31
Expenditure of C&DS	20.72	22.72	31.38
Expenditure of Nalkoop Nigam	0.95	1.14	1.60
Grant to Jal Sansthan	-	-	-
Grant to Irrigation	-	-	-
Total 2	**268.96**	**306.80**	**414.51**
Deficit (-)/Surplus (+)	**0.04**	**0.61**	**66.54**
Total return on capital employed	**15.68**	**16.92**	**87.83**

Source: Latest finalised accounts of the PSUs

Annexure-7

Statement showing financial position of the Company

(Referred to in paragraph 2.1.20)

(` in crore)

Particulars	2005-06	2006-07	2007-08	2008-09 (Prov.)	2009-10 (Prov.)
SOURCES OF FUNDS					
Share holder's fund:					
Share Capital	40.00	40.00	40.00	42.39	46.78
Reserve & Surplus	00.01	00.01	00.01	00.01	00.01
	40.01	**40.01**	**40.01**	**42.40**	**46.79**
Loan funds:					
Secured loans	49.90	69.65	57.23	43.58	44.00
Un-secured loans	18.90	43.50	36.41	47.48	42.61
	68.80	**113.15**	**93.64**	**91.06**	**86.61**
Total	**108.81**	**153.16**	**133.65**	**133.46**	**133.40**
APPLICATION OF FUNDS					
Fixed assets					
Gross block	3.62	3.96	4.08	3.57	3.60
Less: Depreciation	2.88	2.96	3.08	3.22	3.25
Net fixed assets	**0.74**	**1.00**	**1.00**	**0.35**	**0.35**
Capital work in progress	-	-	0.12	-	-
INVESTMENTS					
Unquoted (as cost 64255 State Hartico & 8000 share in U P Beej Vikas Nigam, Lucknow of ` 100.00 each fully paid + value of assets transferred to Uttranchal Mandi Parishad.	0.72	0.72	0.72	0.72	0.72
Total	**1.46**	**1.72**	**1.84**	**1.07**	**1.07**
Current assets, loans & advances					
Inventories					
Sundry Debtors	16.51	17.49	22.13	10.05	10.20
Cash & bank balance	14.90	17.55	23.22	13.03	13.00
	149.56	176.26	187.73	138.16	158.37
Other current assets					
Accrued interest on fixed deposit receipts	--	--	--	0.34	0.40
Loans & advances	28.45	35.54	33.83	2.21	2.30
Total	**209.42**	**246.84**	**266.91**	**163.79**	**184.27**
Less: **Current liabilities and Provisions**	**160.29**	**151.99**	**186.44**	**74.49**	**75.00**
Net current Assets	49.13	94.85	80.47	89.30	109.27
Accumulated loss	58.22	56.59	51.34	43.09	23.06
Total	**108.81**	**153.16**	**133.65**	**133.46**	**133.40**

Annexure-8

Statement showing working results of the Company

(Referred to in paragraph 2.1.20)

(` in crore)

Particulars	2005-06	2006-07	2007-08	2008-09 (Prov.)	2009-10 (Prov.)
Income:					
Sales & services	364.71	358.92	375.36	651.36	875.83
Other income	3.34	5.48	8.53	6.58	7.00
Increase/decrease in stores	3.18	(-) 1.13	3.99	--	--
Total	**371.23**	**363.27**	**387.88**	**657.94**	**882.83**
Expenditure:					
Raw material cost	26.96	30.65	33.91	35.50	40.10
Manufacturing expenses	17.34	21.12	22.01	26.50	30.25
Material & store	302.58	284.29	298.39	558.27	765.56
Payment & provision for employees	13.93	15.29	15.32	17.80	18.90
Administrative expenses	3.52	3.95	3.60	3.96	4.28
Total	**364.33**	**355.30**	**373.23**	**642.03**	**859.09**
Profit before depreciation/ interest	**6.90**	**7.97**	**14.65**	**15.91**	**23.74**
Interest paid to bank & others	1.68	3.48	5.34	3.40	2.75
Interest paid to Government	2.00	2.67	3.44	0.90	0.90
Depreciation	0.09	0.06	0.10	0.06	0.06
Profit before prior period adjustments	**3.13**	**1.76**	**5.77**	**11.55**	**20.03**
Adjustment relating to earlier years:					
Income	1.18	0.20	0.15	--	--
Expenses	1.38	0.33	0.67	--	--
Net prior period adjustments	**(-) 0.20**	**(-) 0.13**	**(-) 0.52**	**0.00**	**0.00**
Loss brought forward from previous years	61.15	58.22	56.59	54.64	43.09
Loss carried over to balance sheet	**58.22**	**56.59**	**51.34**	**43.09**	**23.06**

Annexure-9

Statement showing Financial Position and Working Results of UPJVNL

(Referred to in paragraph 2.2.6)

Financial Position

(` in crore)

Particulars	2005-06	2006-07	2007-08	2008-09[♣]	2009-10 (Provisional)
A. Liabilities					
Paid up Capital	415.09	424.25	425.25	427.25	430.75
Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	24.82	24.82	24.82	24.82	24.82
Borrowings (Loan Funds):					
Secured	--	--	--	--	--
Unsecured	302.55	325.33	348.10	370.87	393.64
Current Liabilities & Provisions	107.79	130.56	109.87	106.57	118.23
Total	850.25	904.96	908.04	929.51	967.44
B. Assets					
Gross Block	408.11	431.75	432.28	432.68	433.45
Less: Depreciation	331.05	342.66	354.16	364.16	372.90
Net Fixed Assets	77.06	89.09	78.12	68.52	60.55
Capital works-in-progress	34.25	12.26	14.58	15.17	18.17
Investments	--	--	--	--	--
Current Assets, Loans and Advances	550.14	541.85	555.41	581.19	609.78
Miscellaneous expenditure	011	0.14	0.14	0.14	0.14
Accumulated losses	188.69	261.62	259.79	264.49	278.80
Total	**850.25**	**904.96**	**908.04**	**929.51**	**967.44**

Working results

(` in crore)

Sl. No.	Description	2005-06	2006-07	2007-08	2008-09	2009-10 (Provisional)
1	2	3	4	5	6	7
1.	Income					
	Generation Revenue	46.81	80.92	66.83	74.99	49.07
	Other income	12.45	14.43	17.82	29.00	31.74
	Total Income	59.26	95.35	84.65	103.99	80.81
2.	Generation					
	Total generation (In MUs)	1282	1431	925	1097	945
	Less: Auxiliary consumption (In MUs)	5.29	5.08	4.36	5.48	4.63
	Energy available for sale (In MUs)	1276.71	1425.92	920.64	1091.52	940.37
3.	Expenditure					
(a)	Fixed cost					
(i)	Employees cost	15.51	16.00	18.16	21.77	25.31
(ii)	Administrative and General expenses	4.26	5.26	7.16	13.87[*]	12.72
(iii)	Depreciation	11.82	11.61	11.50	10.00	8.73
(iv)	Interest and finance charges	63.86	22.63	22.77	33.52[Ψ]	22.77
	Total fixed cost	95.45	55.50	59.49	79.16	69.53
(b)	Variable cost					
(i)	Fuel consumption					
	(a) Coal	-	-	-	-	-
	(b) Oil	-	-	-	-	-
	(c) Gas					
	(d) Naptha					
	(e) Other fuel related cost including shortages/ surplus	-	-	-	-	-
(ii)	Cost of water (thermal)	-	-	-	-	-
(iii)	Lubricants and consumables	-	-	-	-	-
(iv)	Repair and maintenance	8.77	12.87	12.64	15.12	17.46
	Total variable cost	8.77	12.87	12.64	15.12	17.46
C.	Total cost 3(a) + (b)	104.22	68.37	72.23	94.28	86.99
4.	Realisation (` per unit)	0.46	0.67	0.92	0.95	0.86
5.	Fixed cost (` per unit)	0.75	0.39	0.65	0.72	0.74
6.	Variable cost (` per unit)	0.07	0.09	0.14	0.14	0.19
7.	Total cost (5+6) (` per unit)	0.82	0.48	0.79	0.86	0.93
8.	Contribution (4-6) (` per unit)	0.39	0.58	0.78	0.81	0.67
9.	**Profit (+)/Loss(-) (4-7) (` Per unit)**	**(-) 0.36**	**0.19**	**0.13**	**0.09**	**(-) 0.07**

♣ Accounts audited, but under revision.

* It includes ` 3.89 crore paid to Irrigation Deptt. against an award.

Ψ It includes ` 10.75 crore paid to Irrigation Deptt. on account of interest against an award.

Annexure–10

Statement showing operational performance of UPRVUNL and UPJVNL

(Referred to in paragraph 2.2.11)

Sl.No	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Installed capacity			**(MW)**		
(a)	Thermal	3877	3987	4197	4032	4082
(b)	Hydel	522.50	526.10	526.10	526.10	526.10
(c)	Gas	-	-	-	-	-
(d)	Other	-	-	-	-	-
	TOTAL	**4399.50**	**4513.10**	**4723.10**	**4558.10**	**4608.10**
2.	Normal maximum demand (MUs)	58158	58872	65679	70138	76088
	Percentage increase/decrease (-) over previous year	6.24	1.23	11.56	6.79	8.48
3.	Power generated			**(MUs)**		
(a)	Thermal	19370	20741	21041	22383	22912
(b)	Hydel	1282	1431	925	1097	945
(c)	Gas	-	-	-	-	-
(d)	Other					
	TOTAL	**20652**	**22172**	**21966**	**23480**	**23857**
	Percentage increase/decrease (-) over previous year	(-)0.99	7.36	(-)0.93	6.89	1.60
4.	LESS: Auxiliary consumption					
(a)	Thermal	2051	2124	2240	2427	2433
	(Percentage)	10.59	10.24	10.65	10.84	10.62
(b)	Hydel	5.29	5.08	4.36	5.48	4.63
	(Percentage)	0.41	0.35	0.47	0.50	0.49
(c)	Gas	-	-	-	-	-
	(Percentage)	-	-	-	-	-
	TOTAL	**2056.29**	**2129.08**	**2244.36**	**2432.48**	**2437.63**
	(Percentage)	9.96	9.60	10.22	10.36	10.22
5.	Net power generated	**18595.71**	**20042.92**	**19721.64**	**21047.52**	**21419.37**
6.	Total demand (in MUs)	**58158**	**58872**	**65679**	**70138**	**76088**
7.	Deficit (-) power (In MU)*	**39562**	**38829**	**45957**	**49090**	**54669**
8.	**Power purchased (MU)**					
(a)	Within the State					
	(i) Government	25860	28460	31471	29998	41531
	(ii) Private	1865	2498	4280	5420	5228
(b)	Other States	105	--	--	--	--
	Total power purchased	**27830**	**30958**	**35751**	**35418**	**46759**
9.	Net deficit	11732	7871	10206	13672	7910

* Round off figures.

Annexure-11

Statement showing capacity addition and deletion in Thermal Power Generating stations of UPRVUNL and Hydro Power Generating stations of UPJVNL during 2005-06 to 2009-10
(Referred to in paragraph 2.2.13)

Sl.No.	Name of projects	Capacity (in MW)			
		As on 01.04.2005	Addition	Deletion	As on 31.03.2010
Thermal					
1.	Anpara-A	630	-	-	630
2.	Anpara-B	1000	-	-	1000
3.	Obra-A	442	60	120	382
4.	Obra-B	1000	-	-	1000
5.	Harduaganj	375	-	155	220
6.	Panki	242	-	32	210
7.	Parichha-A	220	-	-	220
8.	Parichha-B	-	420	-	420
	Total	**3909**	**480**	**307**	**4082**
Hydro					
1.	Rihand	300	-	-	300
2.	Obra-H	99	-	-	99
3.	Matatila	30	-	-	30
4.	Khara	72	-	-	72
5.	Nirgajini	5	-	-	5
6.	Chitora	3	-	-	3
7.	Salawa	3	-	-	3
8.	Bhola	2.7	-	-	2.7
9.	Belka	3	-	-	3
10.	Babail	3	-	-	3
11.	Purla Sumera	1.8	-	-	1.8
12.	Sheetla	-	3.6	-	3.6
	Total	**522.50**	**3.6**	**-**	**526.10**

Annexure-12

Statement showing manpower position in UPRVUNL and UPJVNL

(Referred to in paragraph 2.2.35)

Sl. No.	Particulars.	2005-06	2006-07	2007-08	2008-09	2009-10
UPRVUNL						
1	Sanctioned strength (number)	9712	9712	9712	9712	9712
2	Manpower as per the CEA recommendations (number)	6184	5762	6091	5832	5910
3	Actual manpower (number)	10113	9560	9335	9211	9327
4	Excess man power with reference to CEA norms (3-2)	3929	3798	3244	3379	3417
5	Expenditure on salaries (` in crore)	262.87	265.71	431.85	468.19	449.78
6	Extra expenditure with reference to sanctioned strength (` in crore) [(5/3) x (3 – 1)]	10.42	NA	NA	NA	NA
7	Extra expenditure with reference to CEA norms (` in crore) [(5/3) x (3–2)]	102.13	105.56	150.07	171.65	164.70
UPJVNL						
1	Sanctioned strength (number)	1659	1659	1659	1659	1078
2	Manpower as per the CEA recommendations (number)	935	942	847	847	847
3	Actual manpower (number)	737	720	720	702	648
4	Excess man power with reference to CEA norms (3-2)	NA	NA	NA	NA	NA
5	Expenditure on salaries (` in crore)	15.51	16.00	18.16	21.77	25.31
6	Extra expenditure with reference to sanctioned strength (` in crore) [(5/3) x (3 – 1)]	NA	NA	NA	NA	NA
7	Extra expenditure with reference to CEA norms (` in crore) [(5/3) x (3–2)]	NA	NA	NA	NA	NA

Annexure-13

Statement showing station-wise year-wise details of energy to be generated as per design, actual generation and plant load factor as per design vis-à-vis actual in UPRVUNL

(Referred to in paragraph 2.2.36)

Year	Energy Generation (MU)		Plant Load Factor (*per cent*)	
	As per design	Actual	As per design	Actual
Obra 'A'				
2005-06	3872	679.005	100	23.12
2006-07	3872	692.529	100	19.85
2007-08	3883	769.590	100	23.12
2008-09	3346	1167.535	100	35.40
2009-10	3346	1110.941	100	64.60
Total	18319	4419.6		
Obra 'B'				
2005-06	8760	4893.896	100	55.86
2006-07	8760	4558.888	100	52.04
2007-08	8784	4585.08	100	52.20
2008-09	8760	4060.067	100	46.34
2009-10	8760	3517.419	100	43.88
Total	43824	21615.35		
Parichha 'A'				
2005-06	1927.20	763.1808	100	39.60
2006-07	1927.20	1135.9712	100	58.94
2007-08	1932.48	667.6672	100	34.64
1927.20	1927.20	1005.2860	100	52.16
1927.20	1927.20	958.3668	100	49.73
Total	9641.28	4530.4720		
Parichha 'B'				
2005-06	-	-	-	-
2006-07	2000.88	1080.078	100	26.99
2007-08	3689.28	1885.120	100	51.10
2008-09	3679.20	2187.330	100	59.45
2009-10	3679.20	2770.330	100	75.30
Total	13048.56	7922.858		
Anpara 'A'				
2005-06	5519	4112.12	100	74.51
2006-07	5519	4247.82	100	76.97
2007-08	5534	4048.91	100	73.17
2008-09	5519	4582.55	100	83.04
2009-10	5519	4657.92	100	84.4
Total	27609	21649.31		
Anpara 'B'				
2005-06	8760	7447.97	100	85.02
2006-07	8760	8088.88	100	92.34
2007-08	8784	7442.21	100	84.72
2008-09	8760	7227.69	100	82.51
2009-10	8760	7337.31	100	83.76
Total	43824	37544.06		

Annexure-14

Statement showing short assessment of energy charges and electricity duty

(Referred to in paragraph 2.3.11)

Name of the Division	No. of cases	EC levied (`)	EC to be levied (`)	Difference of EC (`)	ED levied (`)	ED to be levied (`)	Difference of ED (`)	Total difference (`)
Alambagh	2911	557,847.95	1,617,075.20	1,059,227.25	6,663.06	33,845.76	27,182.70	1,086,409.95
Aliganj	9273	1,959,807.82	4,867,772.00	2,907,964.18	23,071.77	101,883.60	78,811.83	2,986,776.01
Aminabad	3251	633,404.70	1,719,484.00	1,086,079.30	13,257.81	35,989.20	22,731.39	1,108,810.69
Aishbagh	2932	617,469.67	1,523,610.40	906,140.73	5,379.75	31,889.52	26,509.77	932,650.50
Baksi ka talab	83	17,019.40	42,484.00	25,464.60	356.22	889.20	532.98	25,997.58
Chowk	8290	1,581,577.53	4,005,570.40	2,423,992.87	23,087.43	83,837.52	60,750.09	2,484,742.96
Daliganj	326	67,776.60	185,588.00	117,811.40	1,418.58	3,884.40	2,465.82	120,277.22
Gomti nagar	1194	236,628.10	759,345.60	522,717.50	3,116.61	15,893.28	12,776.67	535,494.17
Hussainganj	5484	1,117,554.98	3,785,995.20	2,668,440.22	10,986.39	79,241.76	68,255.37	2,736,695.59
Indira nagar	3999	743,432.96	2,140,299.20	1,396,866.24	13,102.20	44,796.96	31,694.76	1,428,561.00
Kanpur road	1718	311,528.05	935,095.20	623,567.15	4,944.33	19,571.76	14,627.43	638,194.58
Khurramnagar	2288	465,551.43	1,304,929.60	839,378.17	8,192.70	27,312.48	19,119.78	858,497.95
Raj Bhawan	649	131,745.90	599,695.20	467,949.30	2,749.53	12,551.76	9,802.23	477,751.53
Rajajipuram	632	135,566.10	309,909.60	174,343.50	2,837.43	6,486.48	3,649.05	177,992.55
Residency	9289	2,032,575.16	4,704,544.00	2,671,968.84	14,563.53	98,467.20	83,903.67	2,755,872.51
Thakurganj	1315	270,300.90	714,178.40	443,877.50	5,658.75	14,947.92	9,289.17	453,166.67
Total	**53634**	**10,879,787.25**	**29,215,576.00**	**18,335,788.75**	**139,386.09**	**611,488.80**	**472,102.71**	**18,807,891.46**

Annexure-15

Statement showing short assessment of units and energy charges/electricity duty

(Referred to in paragraph 2.3.12)

Name of the Divisions	No. of cases	Unit Charged	Units to be Charged	Energy charges levied (`)	Energy charges to be levied (`)	Difference of EC (`)	ED Charged (`)	Ed to be Charged (`)	Difference of ED (`)
Alambagh	107	28837	101903	87220.30	329240.20	242019.90	2587.41	9171.27	6583.86
Aliganj	69	19934	134979	57000.80	440790.20	383789.40	1794.06	12148.11	10354.05
Aminabad	9	664	7539	1478.30	23984.70	22506.40	59.76	678.51	618.75
Ashbagh	51	13588	31565	33781.90	100361.40	66579.50	1222.92	2840.85	1617.93
Bakshikatalab	1	1006	5891	1911.40	19380.30	17468.90	90.54	530.19	439.65
Chowk	104	39950	169088	102996.10	550737.90	447741.80	3595.50	15217.92	11622.42
Gomtinagar	146	42015	310307	120502.10	1014021.20	893519.10	3781.35	27927.63	24146.28
Hussainganj	21	2224	29788	5019.70	96907.20	91887.50	200.16	2680.92	2480.76
Indira nagar	135	34224	746628	104865.30	2455236.40	2350371.10	3080.16	67196.52	64116.36
Kanpur road	58	16328	50096	49349.80	161233.60	111883.80	1469.52	4508.64	3039.12
Khurramnagar	78	29278	130570	81150.20	425584.30	344434.10	2635.02	11751.30	9116.28
Raj bhawan	22	6673	44600	16746.80	145987.60	129240.90	600.57	4014.00	3413.43
Rajajipuram	100	19022	63832	52405.90	203806.00	151400.10	1711.98	5744.88	4032.90
Residency	41	8279	150700	23605.30	494499.90	470894.60	745.11	13563.00	12817.89
Thakur ganj	84	11900	100416	30366.90	325198.80	294831.90	1071.00	9037.44	7966.44
Total	**1026**	**273922**	**2077902**	**768400.8**	**6786969.7**	**6018569**	**24645.06**	**187011.18**	**162366.12**

Annexure-16

Statement showing short assessment of energy charges and electricity duty

(Referred to in paragraph 2.3.12)

Name of Division	No. of cases	Units Billed	Units to be billed	EC charged	ED charged	EC to be charged	Difference of EC	ED to be charged	Difference of ED
Alambagh	17	63445	217095	2,45,766.93	5,710.10	8,42,190.69	5,96,423.76	19,538.55	13,828.50
Aliganj	12	14310	44301	61,533.00	1,287.90	1,90,494.30	1,28,961.30	3,987.09	2,699.19
Aminabad	12	45519	777763	1,80,362.16	4,096.70	30,89,322.10	29,08,959.94	69,998.67	65,901.96
Aishbagh	3	7839	31527	30,420.35	705.5	1,35,566.10	1,05,145.75	2,837.43	2,131.92
Chowk	18	40574	287316	1,59,927.29	3,651.70	11,19,634.00	9,59,706.71	25,858.44	22,206.78
Gomtinagar	5	7437	9858	31,979.10	669.30	42,389.40	10,410.30	887.22	217.89
Hussain ganj	8	10761	81717	42,866.70	968.50	3,31,861.10	2,88,994.40	7,354.53	6,386.04
Indira nagar	21	69666	534668	2,79,583.10	6,269.90	20,80,418.26	18,00,835.16	48,120.12	41,850.18
Kanpur Road	2	10026	13386	39,345.00	902.30	52,692.20	13,347.20	1,204.74	302.4
Khurramnagar	15	30423	304714	1,22,106.53	2,738.10	13,10,270.20	11,88,163.67	27,424.26	24,686.19
Raj bhawan	2	1075	1493	4,548.10	96.80	6,419.90	1,871.80	134.37	37.62
Rajajipuram	3	681	4500	2,928.30	61.30	19,350.00	16,421.70	405	343.71
Residency	15	38449	217023	1,51,279.65	3,460.40	8,78,429.80	7,27,150.15	19,532.07	16,071.66
Thakur ganj	12	13208	183833	55,642.00	1,188.70	7,90,481.90	7,34,839.90	16,544.97	15,356.25
Total	**145**						**94,81,231.74**		**2,12,020.29**

Annexure-17

Statement showing details of cases where due date of payment of bills were not as per the Supply Code

(Referred to in paragraph 2.3.14)

Name of the Division	Cases where7 days allowed from bill date	Cases where bill date and due date are common	Cases where 1 to 6 days allowed from bill date	Cases where more than 7 days allowed from bill date		Cases where due dates are earlier to bill dates		Total
				No of cases	Range of days	No of cases	Range of days	
Alambagh	440884	57126	31387	55318	8 to 31	135650	(1 to 68)	720365
Aliganj	828581	127205	47555	88085	8 to 344	324740	(1 to 3621)	1416166
Aminabad	234130	2953	10619	16531	8 to 28	10553	(1 to26)	274786
Aishbagh	440352	60808	45757	57110	8 to 28	435133	(1 to 3342)	1039160
Bakhsi ka talab	21966	1261	4239	7872	8 to 28	4178	(1 to19)	39516
Chowk	478150	142620	23829	37975	8 to 35	323129	(1 to25)	1005703
Daliganj	62959	1162	4072	8041	8 to 28	4287	(1 to 28)	80521
Gomtinagar	490903	104419	58217	90442	8 to 31	240314	(1 to 31)	984295
Hussainganj	384292	59798	21596	23329	8 to 54	185823	(1 to 23)	674838
Indira nagar	730443	79174	44181	71099	8 to 726	266265	(1 to 3397)	1191162
Kanpur road	479003	47253	55599	85893	8 to 382	253757	(1 to 55)	921505
Khurramnagar	560898	75588	61436	131019	8 to 371	276065	(1 to 116)	1105006
Rajbhawan	207818	2784	12282	26219	8 to 28	12220	(1 to 22)	261323
Rajajipuram	303313	9237	29687	44367	8 to 28	36996	(1 to 27)	423600
Residency	428690	79878	21856	39689	8 to 28	231051	(1 to 26)	801164
Thakurganj	270717	6281	22154	32425	8 to 28	34488	(1 to 20)	366065
	6363099	**857547**	**494466**	**815414**		**2774649**		**11305175**

Annexure-18

Statement showing short billing of energy charges and electricity duty

(Referred to in paragraph 2.3.15)

Name of the Division	No. of cases	Total units billed	EC levied (`)	ED levied (`)	ED to be levied (`)	Units actually consumed	EC to be levied (`)	Difference of EC (`)	Difference of ED (`)
Alambagh	86	159,200.00	567,800.93	11,352.00	61793.37	686,593.00	2,374,697.40	1,806,896.47	2,976.00
Aliganj	89	260,000.00	990,510.89	23,400.00	98167.41	1,090,749.00	4,141,993.70	3,151,482.81	0.00
Aminabad	27	34,400.00	128,380.00	3,096.00	21174.48	235,272.00	821,142.60	692,762.60	0.00
Aishbagh	111	118,400.00	411,305.52	10,656.00	78227.46	869,194.00	2,926,412.20	2,515,106.68	0.00
BakshiKaTalab	2	1,600.00	5,160.00	144.00	186.21	2,069.00	6,707.70	1,547.70	0.00
Chowk	93	117,600.00	438,029.27	10,584.00	69750.54	775,006.00	2,868,008.65	2,429,979.38	0.00
Daliganj	7	8,800.00	32,680.00	792.00	12946.05	143,845.00	574,633.50	541,953.50	0.00
Gomtinagar	163	260,000.00	876,178.60	23,400.00	234218.1	2,602,423.00	8,761,749.10	7,885,570.50	0.00
HussainGanj	28	40,800.00	141,569.70	3,672.00	19293.93	214,377.00	786,808.10	645,238.40	0.00
Indira Nagar	95	260,000.00	928,911.50	21,384.00	142309.4	1,581,216.00	5,486,368.20	4,557,456.70	2,016.00
Kanpur Road	68	116,000.00	411,453.11	10,440.00	108659.5	1,207,328.00	4,134,976.40	3,723,523.29	0.00
Khurramnagar	85	119,200.00	402,864.04	10,728.00	184628	2,051,422.00	6,813,117.60	6,410,253.56	0.00
Raj Bhawan	46	105,600.00	380,257.09	9,168.00	46614.42	517,938.00	1,966,298.60	1,586,041.51	336.00
Rajajipuram	49	68,000.00	240,160.00	6,120.00	35512.74	394,586.00	1,333,710.80	1,093,550.80	0.00
Residency	75	168,000.00	610,554.38	14,592.00	91241.28	1,013,792.00	3,812,552.60	3,201,998.22	528.00
Thakur Ganj	72	72,800.00	240,840.00	6,552.00	44632.89	495,921.00	1,637,367.30	1,396,527.30	0.00
Total	**1096**	**1,910,400**	**6,806,655.03**	**166,080**	**1249356**	**13,881,731**	**48,446,544.45**	**41,639,889.42**	**5,856.00**

Annexure-19

Statement showing short assessment of energy charges and electricity duty

(Referred to in paragraph 2.3.20)

Name of the Division	No. of cases	Units consumed	EC levied (`)	ED levied (`)	Payment received	EC to be levied (`)	ED to be levied (`)	Difference of EC (`)	Difference of ED (`)	Total Difference (`)
Alambagh	15558	1,242,824	1,866,960.00	0	0	2361365.6	111,854.16	494,405.60	111,854.16	606,259.76
Aliganj	63365	5,067,471	7,603,800.00	0	0	9628194.9	456,072.39	2,024,394.90	456,072.39	2,480,467.29
Aishbagh	102292	8,181,286	12,275,040.00	0	0	15544443.4	736,315.74	3,269,403.40	736,315.74	4,005,719.14
Chowk	81518	6,517,987	9,781,440.00	0	0	12384175.3	586,618.83	2,602,735.30	586,618.83	3,189,354.13
Gomtinagar	67698	5,415,640	8,123,760.00	0	0	10289716	487,407.60	2,165,956.00	487,407.60	2,653,363.60
HussainGanj	20035	1,602,236	2,404,200.00	0	0	3044248.4	144,201.24	640,048.40	144,201.24	784,249.64
Indira Nagar	72599	5,807,920	8,711,880.00	0	0	11035048	522,712.80	2,323,168.00	522,712.80	2,845,880.80
Kanpur Road	39434	3,154,720	4,732,080.00	0	0	5993968	283,924.80	1,261,888.00	283,924.80	1,545,812.80
Khurramnagar	64889	5,191,000	7,786,680.00	0	0	9862900	467,190.00	2,076,220.00	467,190.00	2,543,410.00
Rajajipuram	460	36,800	55,200.00	0	0	69920	3,312.00	14,720.00	3,312.00	18,032.00
Residency	22486	1,797,800	2,698,320.00	0	0	3415820	161,802.00	717,500.00	161,802.00	879,302.00
Thakur Ganj	3	240	360.00	0	0	456	21.6	96.00	21.60	117.60
Total	**550337**	**44,015,924**	**66,039,720**	**0**	**0**	**83630255.6**	**3,961,433.16**	**17,590,535.6**	**3,961,433.16**	**21,551,968.76**

Annexure-20

Statement showing short billing of energy charges and electricity duty

(Referred to in paragraph 2.3.20)

Name of the Division	No. of cases	Units consumed	EC levied (`)	ED levied (`)	Payment received (`)	EC to be levied (`)	ED to be levied (`)	Difference of EC (`)	Difference of ED (`)	Total Difference (`)
Alambagh	11958	955,897.00	1,452,774.40	12,466.89	353,458.00	1816204.3	86,030.73	363,429.90	73,563.84	436,993.74
Aliganj	47560	3,802,009.00	5,733,904.00	129,446.01	1,436,307.00	7223817.1	342,180.81	1,489,913.10	212,734.80	1,702,647.90
Aminabad	1115	89,160.00	169,404.00	8,024.40	209,711.00	169404	8,024.40	0.00	0.00	0.00
Aishbagh	42017	3,360,160.00	5,106,460.00	69,786.00	480,026.00	6384304	302,414.40	1,277,844.00	232,628.40	1,510,472.40
BakshiKaTalab	1121	89,680.00	139,512.00	8,071.20	153,902.00	170392	8,071.20	30,880.00	0.00	30,880.00
Chowk	46797	3,741,292.00	5,781,911.40	131,999.04	745,267.00	7108454.8	336,716.28	1,326,543.40	204,717.24	1,531,260.64
Daliganj	1471	117,299.00	177,800.00	10,556.91	573,724.00	222868.1	10,556.91	45,068.10	0.00	45,068.10
Gomtinagar	40484	3,240,240.00	5,157,132.00	68,378.40	1,203,306.00	6156456	291,621.60	999,324.00	223,243.20	1,222,567.20
HussainGanj	10804	864,680.00	1,410,476.00	26,647.20	259,429.00	1642892	77,821.20	232,416.00	51,174.00	283,590.00
Indira Nagar	58366	4,670,400.00	7,035,232.00	130,730.40	1,600,785.00	8873760	420,336.00	1,838,528.00	289,605.60	2,128,133.60
Kanpur Road	8519	681,920.00	1,078,944.00	29,836.80	446,356.00	1295648	61,372.80	216,704.00	31,536.00	248,240.00
Khurramnagar	87989	7,039,200.00	10,647,472.00	192,175.20	2,775,928.00	13374480	633,528.00	2,727,008.00	441,352.80	3,168,360.80
Raj Bhawan	1625	129,360.00	199,168.00	11,611.20	202,356.00	245784	11,642.40	46,616.00	31.20	46,647.20
Rajajipuram	3445	275,600.00	441,176.00	23,234.40	292,577.00	523640	24,804.00	82,464.00	1,569.60	84,033.60
Residency	18331	1,466,480.00	2,288,880.00	22,327.20	387,291.00	2786312	131,983.20	497,432.00	109,656.00	607,088.00
Thakur Ganj	15256	1,219,740.00	2,072,990.00	109,776.60	680,622.00	2317506	109,776.60	244,516.00	0.00	244,516.00
Total	**396858**	**31,743,117**	**48,893,235.8**	**985,067.85**	**11,801,045**	**60311922.3**	**2,856,880.53**	**11,418,686.5**	**1,871,812.68**	**13,290,499.18**

Annexure-21

Statement showing short billing of energy charges and electricity duty

(Referred to in paragraph 2.3.20)

Name of the Division	No. of cases	Units consumed	EC levied (`)	ED levied (`)	Payment received (`)	ED to be levied (`)	EC to be levied (`)	Difference of EC (`)	Difference of ED (`)
Alambagh	2248	351184	269,760.00	31,436.04	351,190.00	31,606.56	914,394.70	644,634.70	170.52
Aliganj	13341	2010104	1,600,920.00	180,479.10	2,094,108.00	180,909.36	5,184,396.80	3,583,476.80	430.26
Aishbagh	2055	336821	246,600.00	30,313.89	219,545.00	30,313.89	891,769.00	645,169.00	0.00
Bakshi Ka Talab	186	22787	22,320.00	2,050.83	29,324.00	2,050.83	54,762.60	32,442.60	0.00
Chowk	5462	1001680	655,440.00	90,151.20	438,012.00	90,151.20	2,750,679.20	2,095,239.20	0.00
Daliganj	1010	142686	121,200.00	12,841.74	355,252.00	12,841.74	357,372.30	236,172.30	0.00
Indira Nagar	6375	1047598	765,000.00	94,217.22	990,902.00	94,283.82	2,771,183.00	2,006,183.00	66.60
Kanpur Road	1555	227099	186,600.00	20,438.91	168,757.00	20,438.91	574,623.60	388,023.60	0.00
Khurramnagar	5554	703691	666,480.00	63,332.19	736,295.00	63,332.19	1,703,980.70	1,037,500.70	0.00
Raj Bhawan	2905	445876	348,600.00	39,851.40	517,250.00	40,128.84	1,161,249.90	812,649.90	277.44
Rajajipuram	683	96757	81,960.00	8,708.13	108,608.00	8,708.13	247,862.40	165,902.40	0.00
Residency	3	264	360.00	23.76	358.00	23.76	501.60	141.60	0.00
Thakur Ganj	2078	346902	249,360.00	31,221.18	133,645.00	31,221.18	924,175.00	674,815.00	0.00
Total	**43455**	**6733449**	**5,214,600**	**605,065.59**	**6,143,246**	**606,010.41**	**17,536,950.8**	**12,322,350.8**	**944.82**

Annexure-22

Statement showing short billing of energy charges and electricity duty

(Referred to in paragraph 2.3.20)

Name of the Division	No. of cases	Units	EC levied (`)	ED levied (`)	EC to be levied (`)	ED to be levied (`)	Difference of EC (`)	Difference of ED (`)
Alambagh	10220	1268970	2,523,413.6	114,207.30	2559225	114,207.30	35,811.40	0.00
Aliganj	450	47715	90,658.5	4,294.35	92288	4,294.35	1,629.50	0.00
Aminabad	4860	594174	1,176,691.8	53,475.66	1193835	53,475.66	17,143.20	0.00
Aishbagh	9671	1185050	2,348,158.1	106,654.50	2382365	106,654.50	34,206.90	0.00
Bakshi Ka Talab	2	235	446.5	21.15	468	21.15	21.50	0.00
Chowk	4909	602845	1,194,568.7	54,256.05	1212573	54,256.05	18,004.30	0.00
Daliganj	3	416	790.4	37.44	860	37.44	69.60	0.00
Gomtinagar	11472	1426951	2,840,749.0	128,425.59	2879058	128,425.59	38,309.00	0.00
HussainGanj	12621	1557278	3,091,631.8	140,144.40	3135935	140,155.02	44,303.20	10.62
Indira Nagar	243	25891	49,210.1	2,330.19	50148	2,330.19	937.90	0.00
Kanpur Road	10123	1248108	2,479,240.0	112,329.72	2512890	112,329.72	33,650.00	0.00
Khurramnagar	230	24986	47,568.1	2,248.74	48665	2,248.74	1,096.90	0.00
Raj Bhawan	291	34580	67,968.6	3,105.12	68990	3,112.20	1,021.40	7.08
Rajajipuram	8557	1062989	2,112,429.5	95,669.01	2144053	95,669.01	31,623.50	0.00
Residency	11019	1352620	2,680,505.8	121,735.80	2720410	121,735.80	39,904.20	0.00
Thakur Ganj	3517	436453	866,388.1	39,280.77	880113	39,280.77	13,724.90	0.00
Total	**88188**	**10869261**	**21,570,418.6**	**978,215.79**	**21881876**	**978,233.49**	**311,457.40**	**17.70**

Annexure-23

Statement showing short billing of energy charges and electricity duty

(Referred to in paragraph 2.3.20)

Name of the Division	No. of cases	Units	EC levied (₹)	ED levied (₹)	EC to be levied (₹)	ED to be levied (₹)	Short EC (₹)	Short ED (₹)
Alambagh	34082	14233183	44,395,913.0	1,280,743.44	44,924,583.9	1,280,986.47	528,670.90	243.03
Aliganj	12351	6874155	21,020,471.0	617,375.31	21,943,651.5	618,673.95	923,180.50	1,298.64
Aminabad	5508	2326213	7,260,971.3	209,359.17	7,346,022.9	209,359.17	85,051.60	0.00
Aishbagh	20699	8192242	25,142,184.2	737,222.64	25,792,458.6	737,301.78	650,274.40	79.14
Bakshi Ka Talab	10	8348	21,618.5	751.32	26,948.4	751.32	5,329.90	0.00
Chowk	11344	5327357	16,466,476.1	479,462.13	16,899,638.1	479,462.13	433,162.00	0.00
Daliganj	13	21445	55,103.0	1,930.05	69,988.5	1,930.05	14,885.50	0.00
Gomtinagar	76166	37787880	119,323,809.8	3,400,746.30	120,130,044.0	3,400,909.20	806,234.20	162.90
HussainGanj	23538	10154226	31,726,371.6	912,514.02	32,096,665.8	913,880.34	370,294.20	1,366.32
Indira Nagar	13263	6105402	18,697,312.9	549,426.60	19,352,046.6	549,486.18	654,733.70	59.58
Kanpur Road	42765	17437654	54,449,224.4	1,569,388.86	54,978,358.2	1,569,388.86	529,133.80	0.00
Khurramnagar	8292	3538971	10,686,727.4	318,507.39	11,181,084.3	318,507.39	494,356.90	0.00
Raj Bhawan	3986	3087152	9,511,122.0	274,477.65	9,948,441.6	277,843.68	437,319.60	3,366.03
Rajajipuram	22966	8890180	27,730,260.4	800,116.20	27,959,634.0	800,116.20	229,373.60	0.00
Residency	28592	13120749	41,208,608.1	1,179,822.75	41,582,951.7	1,180,867.41	374,343.60	1,044.66
Thakur Ganj	3714	1671436	5,172,105.9	150,429.24	5,292,898.8	150,429.24	120,792.90	0.00
Total	**307289**	**138776593**	**432,868,279.6**	**12,482,273.07**	**439,525,416.9**	**12,489,893.37**	**6,657,137.30**	**7,620.30**

Annexure-24

Statement showing short billing of energy charges and electricity duty

(Referred to in paragraph 2.3.21)

Name of the Division	No. of cases	Units consumed	EC levied (`)	ED levied (`)	Payment received (`)	EC to be levied (`)	ED to be levied (`)	Difference of EC (`)	Difference of ED (`)	Total Difference (`)
Alambagh	5316	1,035,680.00	1,553,520.00	0.00	0.00	3147612	93,211.20	1,594,092.00	93,211.20	1,687,303.20
Aliganj	18443	4,529,030.00	6,793,560.00	0.00	0.00	13957230	407,612.70	7,163,670.00	407,612.70	7,571,282.70
Aishbagh	11009	2,083,200.00	3,124,800.00	0.00	0.00	6320916	187,488.00	3,196,116.00	187,488.00	3,383,604.00
Chowk	7751	1,654,240.00	2,481,360.00	0.00	0.00	5057352	148,881.60	2,575,992.00	148,881.60	2,724,873.60
Gomtinagar	40405	8,627,680.00	12,941,520.00	0.00	0.00	26380644	776,491.20	13,439,124.00	776,491.20	14,215,615.20
HussainGanj	8952	2,453,440.00	3,680,160.00	0.00	0.00	7602564	220,809.60	3,922,404.00	220,809.60	4,143,213.60
Indira Nagar	25328	4,992,160.00	7,488,240.00	0.00	0.00	15180828	449,294.40	7,692,588.00	449,294.40	8,141,882.40
Kanpur Road	31343	6,238,240.00	9,357,360.00	0.00	0.00	18983928	561,441.60	9,626,568.00	561,441.60	10,188,009.60
Khurramnagar	14150	2,703,200.00	4,054,800.00	0.00	0.00	8206188	243,288.00	4,151,388.00	243,288.00	4,394,676.00
Rajajipuram	128	21,440.00	32,160.00	0.00	0.00	64512	1,929.60	32,352.00	1,929.60	34,281.60
Residency	6932	1,732,320.00	2,598,480.00	0.00	0.00	5342880	155,908.80	2,744,400.00	155,908.80	2,900,308.80
Total	**169757**	**36,070,630**	**54,105,960**	**0.0**	**0.0**	**110244654**	**3,246,356.7**	**56,138,694**	**3,246,356.7**	**59,385,050.7**

Annexure-25

Statement showing short billing of energy charges and electricity duty

(Referred to in paragraph 2.3.21)

Name of the Division	No. of cases	Units consumed	EC levied (`)	ED levied (`)	Payment received (`)	ED to be levied (`)	EC to be levied (`)	Difference of EC (`)	Difference of ED (`)	Total Difference (`)
Alambagh	501	97414	120,240.00	8,557.80	141,597.00	8,767.26	298,856.10	178615	209.46	178,825.56
Aliganj	4067	855676	976,080.00	76,982.40	1,095,183.00	77,010.84	2,642,444.10	1666382	28.44	1,666,392.54
Aishbagh	257	58288	61,680.00	5,238.72	58,575.00	5,245.92	180,448.50	118782	7.20	118,775.70
BakshiKaTalab	91	13258	21,840.00	1,193.22	22,657.00	1,193.22	40,025.70	18188	0.00	18,185.70
Chowk	399	87774	95,760.00	7,899.66	64,517.00	7,899.66	270,452.40	174699	0.00	174,692.40
Daliganj	258	41233	61,920.00	3,710.97	56,681.00	3,710.97	125,397.60	63481	0.00	63,477.60
HussainGanj	4	320	960.00	0.00	0.00	28.80	960.00	0	28.80	28.80
Indira Nagar	3330	655308	799,200.00	58,956.12	1,035,051.00	58,977.72	2,007,267.30	1208131	21.60	1,208,088.90
Kanpur Road	613	112648	147,120.00	10,109.52	259,333.00	10,138.32	344,968.80	197854	28.80	197,877.60
Khurramnagar	2482	490012	595,680.00	44,101.08	776,396.00	44,101.08	1,503,516.60	907849	0.00	907,836.60
Raj Bhawan	935	241401	224,400.00	21,167.79	200,867.00	21,726.09	749,332.50	524946	558.30	525,490.80
Rajajipuram	107	19378	25,680.00	1,744.02	28,526.00	1,744.02	59,188.20	33503	0.00	33,508.20
Thakur Ganj	66	12629	15,840.00	1,136.61	7,677.00	1,136.61	38,692.50	22854	0.00	22,852.50
Total	**13110**	**2685339**	**3,146,400**	**240,797.91**	**3,747,060**	**241,680.51**	**8,261,550.3**	**5115284**	**882.6**	**5,116,032.9**

Annexure-26

Statement showing short billing of energy charges and electricity duty

(Referred to in paragraph 2.3.21)

Name of the Division	No of cases	ED levied (`)	EC levied (`)	Total units	ED to be levied (`)	EC to be levied (`)	Difference of EC (`)	Difference of ED (`)
Alambagh	19247	816,113.40	28556213	9069287	816,235.83	28,773,827.1	218,375.0	122.43
Aliganj	8332	478,276.26	16512958	5326071	479,346.39	17,076,114.3	563,255.2	1,070.13
Aminabad	2393	108,010.26	3804665	1200114	108,010.26	3,816,796.2	12,233.9	0.00
Aishbagh	9481	377,503.26	13079732	4195360	377,582.40	13,275,828.0	196,335.0	79.14
Bakshi ka talab	5	419.94	14097	4666	419.94	15,097.8	1,000.5	0.00
Chowk	5200	269,030.97	9444175	2989233	269,030.97	9,552,468.9	108,491.1	0.00
Daliganj	5	417.42	14352	4638	417.42	15,005.4	653.1	0.00
Gomtinagar	61931	2,986,185.33	105177986	33181647	2,986,348.23	105,783,575.1	608,512.7	162.90
Hussainganj	12946	588,600.60	20740686	6554901	589,941.09	20,854,413.3	114,312.0	1,340.49
Indira nagar	9576	429,924.69	14789546	4777603	429,984.27	15,191,529.9	402,037.2	59.58
Kanpur road	31410	1,241,734.05	43318479	13797045	1,241,734.05	43,645,648.5	328,405.4	0.00
Khurramnagar	5236	218,663.64	7511912	2429596	218,663.64	7,703,506.8	191,635.1	0.00
Raj bhawan	3089	233,075.79	8201656	2626482	236,383.38	8,482,050.6	280,538.5	3,307.59
Rajajipuram	12788	492,587.55	17231317	5473195	492,587.55	17,294,263.5	63,521.2	0.00
Residency	17965	846,776.58	29817460	9420236	847,821.24	30,008,878.8	192,208.7	1,044.66
Thakur ganj	954	42,953.22	1512024	477258	42,953.22	1,517,711.4	5,727.8	0.00
Total	**2,00,558**	**9,130,272.96**	**31,97,27258**	**10,15,27332**	**9,137,459.88**	**323,006,715.6**	**3,287,242.4**	**7,186.92**

Annexure-27

Statement showing details of excess payment to hand held billing agencies

(Referred to in paragraph 2.3.29)

Name of the agencies/ Months	Computronics India (P) Limited, Lucknow					SAI Computers, Meerut					KLG Systel (P) Limited, Gurgaon					Total (calculated at the discount rate of ` one)
	HLT	IDF	ADF	RDF	CDF	HLT	IDF	ADF	RDF	CDF	HLT	IDF	ADF	RDF	CDF	
Oct-08	88618	9437	459	1284	1	48974	12083	774	293	110	76284	15119	1076	917	0	255429
Nov-08	90713	12328	511	1407	0	51192	12466	810	304	116	72065	16214	1071	827	0	260024
Dec-08	91307	12992	605	1463	0	51359	12647	848	338	126	68512	13520	1142	867	0	255726
Jan-09	92500	11935	605	1565	0	52875	12637	960	357	139	74611	14146	1494	973	0	264797
Feb-09	91276	12060	613	1630	0	52990	12829	821	361	127	59059	12514	975	1000	0	246255
Mar-09	90923	12299	579	1640	0	52235	12921	812	348	122	69391	12925	1554	1074	36	256859
Apr-09	85379	12246	539	1565	0	50480	12828	790	335	128	75875	12374	1873	1195	63	255670
May-09	87762	12076	539	1481	0	53885	13130	817	348	151	95544	14809	2228	1266	87	284123
Jun-09	88049	12145	528	1297	0	55511	13482	852	354	156	94218	14666	2185	1197	85	284725
Jul-09	91911	14438	559	1578	0	55367	13486	848	354	152	91130	14864	2166	1149	89	288091
Aug-09	90108	15086	501	1440	0	55321	13486	851	365	166	95271	14604	2125	1176	99	290599
Sep-09	87104	14661	524	1387	0	55698	13532	842	348	177	99714	14948	2148	1170	124	292377
Oct-09	88964	15162	482	1352	0	55456	13518	853	344	186	96241	14892	2088	1169	127	290834
Nov-09	91311	14406	566	1358	0	55394	13413	837	334	184	100361	14964	2168	1187	130	296613
Dec-09	90104	14399	563	1439	0	54503	13335	820	336	175	99732	15174	2155	1163	146	294044
Jan-10	90083	15176	602	1487	1	55337	13301	796	334	170	98719	15582	2097	1170	129	294984
Feb-10	89300	14301	577	1474	0	56906	13267	774	328	169	99375	15198	2023	1094	127	294913
Mar-10	90685	11407	584	1367	0	54436	11698	685	294	138	100718	15128	2003	1049	130	290322
Total	**1616097**	**236554**	**9936**	**26214**	**2**	**967919**	**234059**	**14790**	**6075**	**2692**	**1566820**	**261641**	**32571**	**19643**	**1372**	**4996385**

Annexure-28

Statement showing details of extra payment to hand held billing agencies

(Referred to in paragraph 2.3.31)

Name of the Division	No. of consumers as per data bank					No. of consumers claimed by Agency		Difference		Amount paid in excess (In `)		Total amount excess paid (In `)
	HLT	IDF	ADF	RDF	Total (IDF, ADF and RDF)	HLT	Defective	HLT	Defective	HLT	Defective	
Aishbagh	235702	40064	1588	2632	44284	257124	48696	37914	4412	252128.1	14647.84	266775.94
Alambagh	349596	18988	1809	1669	22466	383325	26631	35971	4165	239207.15	13827.8	253034.95
Aliganj	610780	100515	3035	12136	115686	643545	121923	32765	6237	217887.30	20738.025	238625.30
Residency	308471	89303	7181	2343	98827	299830	130266	-8749	31439	-58180.85	104534.7	46353.85
Thakurganj	168396	62831	8229	3854	74914	189109	82992	21875	8078	145468.8	26818.96	172287.76
Rajbhawan	155122	16476	2268	3375	22119	164319	23706	9197	1587	61160.05	5276.775	66436.83
Hussainganj	278759	78204	4296	2523	85023	268321	113100	-10438	28077	-69412.7	93356.03	23943.33
Chowk	292923	129665	22707	9993	162365	310893	164491	17970	1111007	119500.5	7068.95	126569.50
Bakshi Ka Talab	7012	1963	82	144	2189	7628	2275	616	86	4096.4	285.95	4382.35
Kanpur Road	378920	13863	7342	2519	23724	408570	27707	29425	3983	195676.25	13243.475	208919.73
Gomti Nagar	315343	30295	401	827	31523	347815	40395	32472	8872	203795.9	28273.12	232069.20
Indira Nagar	593329	59421	2745	9612	71778	624674	72801	31345	1023	208444.25	3396.36	211840.66
Rahim Nagar	411970	64910	2128	6680	73718	449416	78507	37446	4789	249015.9	15923.43	264939.3
Rajaipuram	260484	15816	633	1250	17699	283287	21283	24791	3584	164860.15	11898.88	176759.09
Aminabad	131578	60903	4829	1157	66889	126538	82515	-5040	15626	-33516	51956.45	18440.45
Total	**4498385**	**783217**	**69273**	**60714**	**913204**	**4764394**	**1037288**	**287560**	**1232965**	**1900131.20**	**411246.745**	**2311378.24**

Annexure-29

Statement showing avoidable expenditure due to improper finalisation of rates

(Referred to in paragraph 3.6.4)

Sl. No.	Items/Particulars	Unit (cft or sqm))	Quantity executed for			Rate Finalised on 8th November 2007 (`)	Rate as analysed by audit (`)	Difference (`) (7-8)	Avoidable expenditure (` in lakh) (6X9)
			MKRSS	DASPS	Total (4+5)				
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
1	Labour rate for making of boundary wall with Mirzapur/ Chunar stone including freight from Mirzapur-Bayana (Rajasthan) and Bayana-Lucknow	cft	78865.04	110188.50	189053.54	1890	1720	170	321.39
2	Labour rate including installation of Mirzapur/ Chunar sand stone blocks for kerb stone with freight from Mirzapur-Bayana (Rajasthan), sawing, carving, transportation from Bayana- Lucknow	cft	47024.91	42237.97	89262.88	1750	1600	150	133.89
3	Labour rate including fixing of Mirzapur/ Chunar sand stone blocks flooring 50 mm thick with freight from Mirzapur-Bayana (Rajasthan), sawing, carving, transportation from Bayana-Lucknow	sq. mtr.	21749.72	78907.04	100656.76	2400	2000	400	402.63
	Total								**857.91**

Annexure-30

Statement showing avoidable expenditure due to improper finalisation of rates

(Referred to in paragraph 3.6.4)

Sl. No.	Items/Particulars	Unit (cft or sqm)	Executed Quantity for			Rate finalised by JPC on 15.12.2008 (`)	Rates as analysed by audit (`)	Difference (`) (7-8)	Avoidable Expenditure (` in lakh) (6X9)
			MKRSS	DASPS	Total				
1	2	3	4	5	6	7	8	9	10
1	Labour rate for making of boundary wall with Mirzapur/ Chunar stone including freight from Mirzapur-Bayana (Rajasthan) and Bayana-Lucknow	cft	6301.95	--	6301.95	1300	1160	140	8.82
2	Labour rate including installation of Mirzapur/Chunar sand stone blocks for kerb stone with freight from Mirzapur-Bayana (Rajasthan), sawing, carving, transportation from Bayana-Lucknow	cft	11845.57	733.74	12579.31	1250	1010	240	30.19
3	fixing of Mirzapur/Chunar sand stone blocks flooring 50 mm thick with freight from Mirzapur-Bayana (Rajasthan), sawing, carving, transportation from Bayana- Lucknow	sq. mtr.	9269.02	3804.97	13073.99	1750	1400	350	45.76
	Total								**84.77**

Annexure-31

Statement showing extra expenditure due to incorrect assessment

(Referred to paragraph 3.10.3)

<table>
<tr><th>Sl. No.</th><th>Particulars of purchases</th><th>Management's reply and further remarks of audit</th></tr>
<tr><td>1.</td><td>The Company procured 100.775 km. Panther conductor at a cost of ` 1.36 crore during August to October 2006 for Ardh Kumbh Mela at Allahabad without taking into account the availability of Panther conductor at ESD Gorakhpur (12 km) and ESD Varanasi (15 km). This was more significant as of the 100.775 km conductor ordered, only 6.495 km was actually used up to March 2010, well after the conclusion of Ardh Kumbh Mela. This requirement of 6.495 km could have been met from existing stock of Panther conductor at Gorakhpur and Varanasi. This procurement resulted in blocking of ` 1.36 crore.</td><td>The management stated that the works could not be done due to requirement of shutdown for long hours. The reply is not based on the facts as requirement of shutdown was well known at the time of procurement of conductor. Further instruction of the management to divert the conductor to other wings of UPPCL clearly indicates that procurement of Panther conductor was not required.</td></tr>
<tr><td>2.</td><td>Stock of steel tubular (ST) poles (900 no.), ACSR conductor (68 km.), XLPE cables (49.11 km.) and 5 MVA transformers (1 no.) of APDRP turnkey contract was lying unutilised at Varanasi since March 2005. The Company did not consider this while assessing the subsequent requirement and placing orders for procurement of these items.</td><td>The Management stated that ST poles, conductor cables and MVA transformer had already been utilised elsewhere but did not give reasons for continued purchases despite the stock.</td></tr>
<tr><td>3.</td><td>The Company invited in piecemeal three tenders for procurement of poles for the year 2007-08 and finalised rate of ` 1430 (excluding freight and insurance) per pole. The tendered, ordered and received quantity of poles are given in the table below:
<table>
<tr><th>Tender No.</th><th>Tendered Qty.</th><th>Ordered Qty.</th><th>Qty. Received</th></tr>
<tr><td>EAV-09/07-08</td><td>50000 (May 2007)</td><td>76500</td><td>76500</td></tr>
<tr><td>EAV-34/07-08</td><td>53000 (October 2007)</td><td>27000</td><td>27000</td></tr>
<tr><td>EAV-58/07-08</td><td>30000 (November 2007)</td><td>30000</td><td>10000</td></tr>
<tr><td></td><td>133000</td><td>133500</td><td>113500</td></tr>
</table>
The Company further procured 32,500 poles at higher rate of ` 1,695.20 per pole against subsequent tender[1] of March 2008. Had the Company assessed the requirement correctly and placed order for purchase, the extra expenditure of ` 86.19 lakh could have been avoided.</td><td>The Management stated (August 2010) that increase in requirement was circumstantial and tender invited in March 2009 was for the requirement of 2008-09.

The reply is not based on facts as the number of villages to be electrified under Ambedkar Scheme and damaged wooden poles to be replaced were well known at the time of invitation of tender. Further balance requirement of 32500 poles was included in requirement of the year 2008-09 as the work could not be completed in 2007-08.</td></tr>
<tr><td>4.</td><td>The Company procured (April 2007) 20,000 Stay sets[2] at the rate of ` 225.21 per set. To meet the additional requirement of the year 2007-08, the Company further procured 10,000 sets[3] at the rate of ` 228 per set and 22,000 sets[4] at the rate of 236.01 per set in January 2008.
We noticed that the Company failed to correctly assess total requirement of Stay sets for the year. As a result, additional quantities were procured at higher rates resulting in extra expenditure of ` 5.16 lakh on procurement of 32,000 additional Stay sets besides extra cost involved in frequent tendering.</td><td>The Management stated that increase in requirement was circumstantial.
The reply is indicative of the fact that the Company had not evolved any system for assessment of requirement of material.</td></tr>
<tr><td>5.</td><td>The Company procured 15 nos. 2.4 MVAR 11 KV Capacitor Banks[5] at total cost of ` 26.44 lakh in July 2005 against the order of Electricity Stores Procurement Circle-I (ESPC-1), Lucknow. Due to non-supply of 11 KV VCB Control Panel and related equipments along with capacitor banks by the firms, these capacitor banks could not be installed and were lying unutilised in three ESDs[6]. The Chief Engineer (MM) of the holding Company directed (November 2005) the Company for installation of these capacitor banks by procuring control panels and related equipments. The Company purchased 15 nos 11 KV VCB Control Panel and related equipments belatedly in July 2007 at a cost of ` 67.05 lakh.<br>We noticed that the Capacitor Banks and Control Panels were still unutilised after four years of their purchase. This resulted in blocking of funds of ` 93.49 lakh. There was also deterioration in the quality of equipment and the guarantee period of 18 months had also lapsed. In case these capacitor banks had been installed in time, the Company could have saved 4.908747MU energy valued at ` 1.73 crore[7] for the period of 33 months,</td><td>The management stated (August 2010) that the problem of voltage was solved after construction of new substation.
The reply is indicative of the fact that planning for procurement of material was weak.</td></tr>
</table>

1 Tender specification EAV-81/07-08.
2 Against tender specification EAV-04/07-08.
3 Against tender specification EAV-28/07-08.
4 Against tender specification EAV-65/07-08.
5 ESPC-I/3030/2001-02.
6 Allahabad, Gorakhpur and Varanasi.
7 36 MVAR x 0.04958 MU per MVAR per *annum* x 33/12 x ` 3.53 per unit (average revenue realisation rate for the year 2007-08).

Annexure-32

Statement showing paragraphs/reviews for which replies were not received

(Referred to in paragraph 3.14.1)

Sl. No	Name of Department	2004-05		2005-06		2006-07		2007-08		2008-09	
		No. of para in Audit Report	No. of para for which reply not received	No. of para in Audit Report	No. of para for which reply not received	No. of para in Audit Report	No. of para for which reply not received	No. of para in Audit Report	No. of para for which reply not received	No. of para in Audit Report	No. of para for which reply not received
1.	Energy (Power)	14	2	18	16	14	12	17	10	13	12
2.	Transport	4	2	--	--	5	4	2	--	1	1
3.	Co-operative	--	--	1	--	--	--	1	--	--	--
4.	Samaj Kalyan	1[♥]	1[♥]	2	--	--		--	--	2	1
5.	Waqf Avam Alpsankhyak	1[♥]	1[♥]	--	--	--	--	--	--	--	--
6.	Mahila Kalyan	1[♥]	1[♥]	--	--	--	--	--	--	--	--
7.	Agriculture	--	--	2	2	3	1	1	1	--	--
8.	Vastra Udyog	--	--	3	3	--	--	--	--	--	--
9.	Industrial Development	4	1	4	1	2	2	1	--	3	3
10.	Public Works	1	1	1	---	2	2	3	3	1	1
11.	Small Industries	--	--	--	--	2	2	--	--	--	--
12.	Sugar Industry and Cane Development	--	--	3	--	--	--	1	--	--	--
13.	Urban Development	2	0	--	--	1	--	--	--	1	1
14.	Housing	--	--	1	1	3	3	2	2	1	--
15.	Irrigation	--	--	1	1	--	--	--	--	---	--
16.	Matsya Avam Pashudhan	--	--	--	--	--		--	--	1	1
17.	Electronics & IT	1	0	--	--	--	--	--	--	--	--
18	Public Enterprises[♣]	3	2	2	2	1	--	--	--	2[♦]	--
19.	Food and Civil Supplies	--	--	1	1	1	--	--	--	--	--
20.	Health	--	--	1	1	--		--	--	--	--
21.	Minerals and Mining	1	--	--	--	3	--	5	--	2	2
	Total	**31**	**9**	**40**	**28**	**37**	**26**	**33**	**16**	**27**	**22**

Note: *The numbers of paragraphs and the paragraphs for which replies have not been received for the previous years (2004-05 to 2007-08) have been regrouped due to change in the administrative department of the Companies/Statutory Corporations.*

♥ A review on Upliftment of Scheduled Castes, Minorities and Women by Social Welfare Sector Companies covered the observations on three Companies under the administrative control of three different departments (Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited; Samaj Kalyan Department, Uttar Pradesh Alpsankhyak Vitta Avam Vikas Nigam Limited: Waqf Avam Alpsankhyak Department and Uttar Pradesh Mahila Kalyan Nigam Limited: Mahila Kayan Department). Hence it is counted as one para.

♣ In the group of Public Enterprises, there were three, five, three and thirteen departments in respect of which General paras were issued during 2004-05, 2005-06, 2006-07 and 2008-09 respectively.

♦ This relates to 13 Departments including Department of Niryat Protsahan, Tax and Institutional Finance, Forest, Panchayati Raj, Pichara Varg Kalyan and Tourism not appearing in column of Name of Department.

Annexure-33
Statement showing persistent irregularities pertaining to Government Companies appeared in the Reports of the Comptroller & Auditor General of India (Commercial) - Government of Uttar Pradesh
(Referred to in paragraph 3.14.3)

Year of Audit Report	Paragraph No.	Money Value (` in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
1. Power Sector Companies					
1997-98	3C.10.2(a)	2.37	Non-discontinuance of cheque facility after dishonour of cheques and non-disconnection of supply of electricity leading to accumulation of arrears.	Responsibility was required to be fixed on officials for not taking appropriate action.	Total dues against the consumer could not be recovered due to stay order of the court. The UPSEB/Company did not fix responsibility on any official for accumulation of dues.
1998-99	3A.6.2.3	8.99	------------do------------	------------do------------	Management's reply and further action were awaited.
	3A.6.2.6	16.66	------------do------------	------------do------------	------------do------------
1999-2000	4A.14	11.45	------------do------------	------------do------------	------------do------------
	4A.17	0.99	------------do------------	------------do------------	Management intimated the action taken for recovery of dues. Further action for recovery of balance amount of ` 0.99 crore was awaited. UPSEB did not fix responsibility on any official.
2001-02	3A.10	0.55	------------do------------	------------do------------	Management's reply and further action were awaited.
	3A.12	0.18	------------do------------	------------do------------	------------do------------
2002-03	2.2.25	0.79	------------do------------	------------do------------	------------do------------
2003-04	2.3.16	16.10	------------do------------	------------do------------	Management stated that action would be taken.
	3.11	0.51	------------do------------	------------do------------	Management stated that RC is pending in court.
2005-06	4.17	0.46	------------do------------	------------do------------	Management reply and further action is awaited.
1997-98	3C.12.1	61.39	Excessive damage of transformers (damage of transformers in excess of norm of 2 *per cent*) resulting in extra financial burden on repair	Examination for ascertaining reasons of excessive damage and adherence of schedule of preventive maintenance were required.	As a remedial measures, Management issued instructions from time to time to zonal offices to reduce excessive damage of transformers and intimated that UPSEB was increasing the capacity of existing transformers and establishing new sub station. The details of impact of remedial measures leading to reduction in damage of transformers was awaited.
1999-2000	3B.6.2	325.28	------------do------------	------------do------------	------------do------------
2002-03	2.2.21	0.43	------------do------------	------------do------------	Management's reply and further action were awaited.
1998-99	3A.5.17	3.17	Short billing and irregular waiver of minimum consumption guarantee/ late payment surcharge.	Responsibility was required to be fixed in the cases of gross negligence on the part of official and where company sustained loss.	------------do------------
1999-2000	4A.13(a)	0.23	------------do------------	------------do------------	Government had directed to adjust the amount of outstanding dues from the loan of State Government to UPPCL. Intimation regarding adjustment of dues of UPPCL with the Government loan was awaited.
	4A.26	0.10	------------do------------	------------do------------	Management's reply and further action were awaited.
2001-02	3A.19	0.49	------------do------------	------------do------------	No responsibility was fixed by the Management so far.

Year of Audit Report	Paragraph No.	Money Value (` in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
2002-03	2.2.21	0.52	------------do------------	------------do------------	Management's reply and further action were awaited.
2004-05	3.3	171.15	------------do------------	------------do------------	No responsibility was fixed by the Management so far.
2005-06	2.2.15	1.32	------------do------------	------------do------------	Management stated that due to large number of consumers, billing in stipulated time is not possible.
2003-04	3.9	8.22	Irregular waiver of penalty for peak hour violation	Responsibility was required to be fixed in the cases of gross negligence on the part of official and where company sustained loss.	Management's reply and further action were awaited.
	3.13	0.44	------------do------------	------------do------------	------------do------------
	3.18	0.18	------------do------------	------------do------------	No responsibility was fixed by the Management so far.
2004-05	3.10	0.36	------------do------------	------------do------------	Management's reply and further action were awaited.
2003-04	3.14	0.79	Non-levy of penalty for peak hour violation/ non-application of rate for unrestricted supply	Responsibility was required to be fixed on officials for not taking appropriate action.	------------do------------
	3.15	0.47	------------do------------	------------do------------	------------do------------
	3.16	1.24	------------do------------	------------do------------	------------do------------
2004-05	3.13	0.19	------------do------------	------------do------------	------------do------------
1998-99	3A.6.2.1	68.95	Payment of monthly bills in instalments and waiver of late payment surcharge	Responsibility was required to be fixed on official violating the procedures of revenue collection.	Management replied that the instalment payment were allowed to consumers due to bad financial position of the consumers as a result of recession in the industry, after obtaining permission of competent authority/committee. UPPCL was taking action for recovery of balance amount of dues from consumer. Outcome of the action was awaited
2000-01	4A.22	2.80	------------do------------	------------do------------	Management replied that the consumer was an important company of erstwhile KESA, decision taken by KESA had been adopted by the Corporation and recovery was made as per the decision of KESA.
2003-04	3.12	0.27	Short billing due to incorrect application of tariff.	Responsibility was required to be fixed on officials for not ensuring billing on the applicable tariff.	Management's reply and further action were awaited.
2004-05	3.7	1.12	------------do------------	------------do------------	Management's reply and further action were awaited.
2005-06	4.25	0.10	------------do------------	------------do------------	Management stated that bills of differential amount of ` 1.12 crore have been issued to the consumer. However, the recovery was awaited.
2006-07	4.15	1.53	------------do------------	------------do------------	Bills were raised by the division but recovery was awaited.
2007-08	3.12	0.11	------------do------------	------------do------------	The Management stated that the bill for difference amount has been raised. The recovery was however awaited.

Year of Audit Report	Paragraph No.	Money Value (` in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
	3.17	0.81	------------do------------	------------do------------	------------do------------
	3.18	0.25	------------do------------	------------do------------	------------do------------
2008-09	4.17	0.12	------------do------------	------------do------------	Management's reply was awaited.
	4.9	7.43	------------do------------	The management was required to strengthen the Internal control system to avoid such lapses in future.	------------do------------
	Total	**714.63**			
2. U.P. State Sugar Corporation Ltd.					
1999-2000	4A.8	0.51	Improper storage leading to damage of sugar and consequential loss	Remedial action was required to be taken to avoid recurrence of loss due to improper storage.	Management stated that sugar became wet due to unavoidable circumstances and no official was responsible for it.
2000-01	4A.5	0.83	------------do------------	------------do------------	Government/Management explained that Sugar Directorate did not issue release order according to stock and sugar became wet due to excessive carry over of stock for longer period.
2002-03	3.1.6	1.19	------------do------------	------------do------------	Management's reply was awaited
	Total	**2.53**			

Annexure-34

Statement showing persistent irregularities pertaining to Statutory Corporations appeared in the Reports of the Comptroller & Auditor General of India (Commercial)- Government of Uttar Pradesh

(Referred to in paragraph 3.14.3)

Year of Audit Report	Paragraph No.	Money Value (` in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
1. Uttar Pradesh Financial Corporation					
1997-98	3A.7.2.1	2.39	Faulty appraisal of proposal for sanction of loan where units were not viable from beginning leading to loss or non-recovery of the amount of loan.	Responsibility was required to be fixed on officials who appraised the proposal for sanction of loan besides strengthening of appraisal system and procedure.	Corporation could recover ` 36.32 lakh only from the Directors of the assisted unit and issued Personal Recovery Certificate (PRC) for recovery of balance amount. Responsibility was not fixed on any official.
	3A.7.2.3	1.66	------------do------------	------------do------------	Corporation could recover ` 28.53 lakh only from the Promoters. For recovery of balance amount PRC was issued. Responsibility was not fixed on any official.
1999-2000	4B.2	1.30	------------do------------	------------do------------	Corporation recovered `11.54 lakh by sale of assets. Corporation issued Recovery Certificate (RC)/ Personal recovery certificate (PRC) for recovery of dues against Directors and guarantors. Responsibility was not fixed on any official.
	4B.7	1.39	------------do------------	------------do------------	Corporation could recover `25.15 lakh only through sale of assets of assisted unit. PRC have been issued. Responsibility was not fixed on any official
2002-03	3.2.2	11.68	------------do------------	------------do------------	No recovery could be made. RC has been issued.
	3.2.3	7.09	------------do------------	------------do------------	Corporation recovered ` 44.13 lakh. PRC has been issued.
	3.2.4	4.85	------------do------------	------------do------------	Corporation approved OTS of ` 1.95 crore against which ` 1.45 crore had been deposited so far.
2004-05	3.16	5.65	------------do------------	------------do------------	Management's reply and further action were awaited.
1997-98	3A.8.2.1	2.82	Non-observance of pre-disbursement conditions leading to loss due to recovery of loans becoming impossible.	Responsibility was required to be fixed on officials who failed to ensure pre-disbursement conditions besides the strengthening of system and procedure for disbursement of loan.	Corporation could recover ` 75 lakh only under One Time Settlement (OTS) decision.
	3A.8.2.2	1.75	------------do------------	------------do------------	Corporation could recover ` 74.60 lakh (including ` 32.75 lakh against OTS of ` 51.10 lakh). Responsibility was not fixed on any official so far.
	3A.8.2.3	1.36	------------do------------	------------do------------	Corporation recovered ` 12 lakh through sale of assets. Corporation issued PRC and recovered ` 70.50 lakh from one promoter against PRC. Responsibility was not fixed on any official.

Year of Audit Report	Paragraph No.	Money Value (` in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
	3A.8.2.4	2.14	------------do------------	------------do------------	Corporation could not recover the dues. Responsibility was not fixed on any official so far.
2003-04	3.21	2.21	------------do------------	------------do------------	Corporation could not recover the dues and further action was awaited.
2004-05	3.15	13.59	------------do------------	------------do------------	Management's reply and further action were awaited.
1999-2000	4B.6	0.56	Loss due to disbursement of loan on irregular legal documentation/forged documents.	Strengthening of procedure for fool proof verification/ independent checking of documents were required.	Corporation approved OTS of ` 62.74 lakh against which borrower deposited ` 31.30 lakh so far.
2000-01	4B.3	4.44	------------do------------	------------do------------	Corporation could recover only nominal amount from the promoters. PRC has been issued.
	4B.5	0.97	------------do------------	------------do------------	Corporation could recover ` 28.80 lakh only. PRC was issued against promoters and guarantors.
	4B.6	0.62	------------do------------	------------do------------	Corporation could not recover any amount from the promoter. Further action was awaited.
2002-03	3.2.6	4.50	------------do------------	------------do------------	Corporation recovered ` 1.46 crore. RC has been issued. Management did not indicate any remedial action to avoid recurrence of such incidence.
2003-04	3.22	2.06	Loss due to delay in taking over possession of the unit.	Responsibility was required to be fixed on officials for delay in taking over the possession of the unit.	Management's reply and further action were awaited.
2004-05	3.18	10.79	------------do------------	------------do------------	------------do------------
2005-06	4.30	11.64	------------do------------	------------do------------	Possession was not taken to avoid huge security expenses.
	Total	**95.46**			
2. Uttar Pradesh State Road Transport Corporation					
1997-98	4B.2	0.32	Avoidable payment of damages on belated deposit of EPF.	Timely payment of EPF was required to ensure avoiding incidence of damages on delayed deposits	Management's reply was awaited
1998-99	4B.1	0.19	------------do------------	------------do------------	Management intimated that the amount of damages was adjusted in the wake of stay order of the court.
2000-01	4B.2	0.27	------------do------------	------------do------------	Management informed that a work plan had been prepared for deposit of tax. Further action was awaited
	Total	**0.78**			

Annexure-35

Statement showing the department-wise outstanding Inspection Reports (IRs)

(Referred to in paragraph 3.14.4)

Sl. No.	Name of Department	No. of PSUs	No. of outstanding IRs	No. of outstanding Paragraphs	Year from which paragraphs outstanding
1.	Agriculture	3	10	56	2004-05
2.	Matsya and Pashudhan	1	5	18	--do--
3.	Sugar Industry and Cane Development	6	31	113	--do--
4.	Irrigation	1	6	36	--do--
5.	Small Industries	1	5	31	--do--
6.	Industrial Development	2	32	143	--do--
7.	Export Promotion	2	10	55	--do--
8.	Hathkargha & Vastra Udyog	3	13	55	--do--
9.	Electronics & IT	4	10	19	--do--
10.	Public Works	2	255	847	--do--
11.	Samaj Kalyan	3	8	23	2006-07
12.	Mahila Kalyan	1	3	8	2006-07
13.	Pichhara Varg Kalyan	1	3	5	2006-07
14.	Home	1	6	26	2004-05
15.	Food and Civil Supplies	2	9	33	2005-06
16.	Tourism	1	3	7	2007-08
17.	Waqf Avam Alpsankhyak	2	7	36	2004-05
18.	Transport	1	57	266	--do--
19.	Co-operative	1	6	36	--do--
20.	Forest	1	8	32	--do--
21.	Energy	10	1291	5717	--do--
22.	Health	1	4	14	2005-06
23.	Housing and Urban Development	2	800	2556	2004-05
24.	Minerals and Mining	1	19	170	2004-05
	Total	**53**	**2601**	**10302**	

Annexure-36

Statement showing the department-wise draft paragraphs/reviews replies to which were awaited
(Referred to in paragraph 3.14.4)

Sl. No.	Name of Department	No of draft paragraphs	No of reviews	Period of issue
1.	Minerals and Mining	2	--	March 2010
2.	Urban Development	2♥	--	March and May 2010
3.	Energy	--	1	October 2010
4.	Agriculture	--	1	June 2010
5.	PWD	3♥	--	March, May and August 2010
6.	Irrigation	1	--	April 2010
7.	Hathkargha and Vastra Udyog	1	--	April 2010
	Total	**8**	**2**	

♥ One paragraph (3.13) covering two companies and one corporation viz. Uttar Pradesh State Bridge Corporation Limited (Public Works Department), Uttar Pradesh Police Avas Nigam Limited (Home Department) and Uttar Pradesh Jal Nigam (Urban Development Department) respectively was issued to three departments of which reply in respect of two departments (PWD and Urban Development) was awaited. Although this paragraph has been included separately against the respective departments, the para is counted as one paragraph in the total number of paragraphs.