Preface

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

- Government companies,
- Statutory corporations, and
- Departmentally managed commercial undertakings.

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

3 Audit of the accounts of Government companies is conducted by the CAG under the provisions of Section 619 of the Companies Act, 1956.

4 In respect of Gujarat State Road Transport Corporation, which is a Statutory Corporation, the CAG is the sole auditor. As per the State Financial Corporations (Amendment) Act, 2000, CAG has the right to conduct the audit of accounts of Gujarat State Financial Corporation in addition to the audit conducted by the Chartered Accountants, appointed by the Corporation out of the panel of auditors approved by the Reserve Bank of India. In respect of Gujarat 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. The audit of accounts of Gujarat Industrial Development Corporation was entrusted to the CAG under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 for a period of five years from 1977-78 and has been extended from time to time up to the accounts for the year 2011-12. In respect of Gujarat 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 Audits have been conducted in conformity with the Auditing Standards issued by the CAG.

6 The cases mentioned in this Report are those which came to notice in the course of 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.

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 Gujarat had 58 working PSUs (54 companies and four Statutory corporations) and 13 non-working PSUs (all companies). The working PSUs which employed 1.13 lakh employees, had registered a turnover of ₹ 58,451.76 crore for 2009-10 as per their latest finalised accounts as on 30 September 2010. This turnover was equal to 15.34 per cent of State GDP indicating an important role played by State PSUs in the State economy. The working PSUs earned an overall aggregate profit of ₹ 2,404.22 crore for 2009-10 and had aggregate accumulated loss of ₹ 262.16 crore.

Investments in PSUs

As on 31 March 2010, the investment (capital and long term loans) in 71 PSUs was ₹ 60,396.37 crore. It grew by 46.42 per cent from ₹ 41,248.53 crore in 2004-05. The thrust of PSU investment was mainly in power sector, in which percentage share of investment increased from 26.87 in 2004-05 to 30.31 in 2009-10. The Government contributed ₹ 8,078.91 crore towards equity, loans and grants/ subsidies to State PSUs during 2009-10.

Performance of PSUs

During the year 2009-10, out of 58 working PSUs, 40 PSUs earned profit of ₹ 2,672.93 crore and nine PSUs incurred loss of ₹ 268.71 crore. Major contributors to the profit were Gujarat State Petronet Limited (₹ 626.89 crore), Gujarat Mineral Development Corporation Limited (₹ 406.08 crore), Gujarat State Petroleum Corporation Limited (₹ 403.02 crore) and Gujarat State Fertilizers and Chemicals Limited (₹ 389.12 crore). The heavy losses were incurred by Gujarat State Financial Corporation (₹ 129.38 crore) and Gujarat State Road Transport Corporation (₹ 94.57 crore).

Though the PSUs were earning profits, there were instances of various deficiencies in the functioning of PSUs. A review of three years' Audit Reports of CAG shows that the State PSUs' losses of ₹ 2,266.59 crore and infructuous investment of ₹ 317.90 crore were controllable with better management. Thus, there is tremendous scope to improve the functioning and enhance profits/ minimise losses. The PSUs can discharge their role efficiently only if they are financially self reliant. There is a need for greater professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of accounts of PSUs needs improvement. Thirty three out of 70 accounts finalised during October 2009 to September 2010 received qualified certificates. There were 35 instances of non-compliance with Accounting Standards in 13 accounts. Reports of Statutory Auditors on internal control of the companies indicated several weak areas.

Arrears in accounts and winding up

Twenty five working PSUs had arrears of 36 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 13 non-working companies. As no purpose is served by keeping these PSUs in existence, they need to be wound up quickly.

(Chapter 1)

2. Performance review relating to Government company

Performance review relating to **Power Generating Activities of Gujarat State Electricity Corporation Limited** was conducted. Executive summary of the audit findings are given below:

Power Generating Activities of Gujarat State Electricity Corporation Limited

Power is an essential requirement for all facets of life and has been recognised as a basic human need.

To meet the energy generation requirement of 70,369 MUs in the State, a capacity addition of about 1,352 MW was required during 2005-10. Against this, the State had made the capacity addition of 3,329 MW. Despite this the State was unable to meet the peak demand to the extent of 8,277 MUs to 14,857 MUs during the period. In view of this, performance review on generating activities was undertaken.

Project management

During 2005-10, the Company had installed and commissioned three power projects with a total installed capacity of 562 MW. Of the three projects, time overrun of 37 months and cost overrun of ₹ 370.28 crore were observed in execution of Kutchh Lignite Thermal Power Station Unit IV.

Operational performance

The operational performance of Gujarat State Electricity Corporation Limited (Company) for the period 2005-10 was assessed in audit based on various efficiency parameters as discussed below:

Input efficiency

In the absence of fuel supply agreement with the coal companies/ supplier of lignite, the Company could not procure allotted quantity of coal/ lignite and this was one of the factors for non achievement of generation targets.

During 2005-10, consumption of coal was in excess of norms by 37.49 lakh MT valued at ₹751.67 crore.

During 2005-10, the technical manpower actually deployed was above Central Electricity Authority (CEA) norms in thermal and oil/ gas based power stations and actual deployment of non technical manpower was above CEA norms in Oil/ Gas based power stations. Despite this, the Company had paid overtime allowance for ₹187.03 crore.

Output efficiency

During 2005-2010, against a target of 1,48,517 MUs fixed, the generation of power by the Company was 1,40,606 MUs, which led to short fall in achievement of target by 7,911 MUs.

As against the national average Plant Load Factor (PLF) of 76.74 per cent, the PLF of the Company remained between 68.01 to 76.2 per cent. Due to non maintenance of PLF at par with national average, there was a short fall in generation of 9,599 MUs resulting in loss of contribution amounting to ₹ 348.72 crore during 2005-10.

The planned and forced outages in excess of CEA norms led to generation loss of 13,810 MUs and 6,807 MUs respectively and consequential loss of contribution amounting to ₹740.72 crore during 2005-10. Further, auxiliary consumption of power was also in excess of norms of Gujarat Electricity Regulatory Commission which led to excess consumption of 254.62 MUs valuing ₹57 crore.

Renovation & Modernisation (R&M) and refurbishment activities (RA)

The delay in execution of R&M and RA at Ukai Unit I and II resulted in generation loss of 345.16 MUs. Further, the Company's failure to stop accepting the material for the RA of Gandhinagar Thermal Power Station (GTPS) I and II even after its decision to hold the implementation of work resulted in

blocking of fund of ₹ 145.16 crore and consequential avoidable loss of interest of ₹ 30.60 crore during June 2008 to March 2010.

Financial Management

The Company allowed an irregular rebate of ₹ 174.55 crore to Gujarat Urja Vikas Nigam Limited even for the belated receipt of payments of energy bills during 2008-09.

The Company's delay in filing of accounting statements with aggregate revenue requirement with GERC for its approval under Multi Year Tariff for the control period from 1 April 2008 to 31 March 2011 led to loss of revenue of ₹172.65 crore.

Conclusion and recommendations

The management of contracts relating to execution of R&M and RA were not carried out efficiently and economically.

The operational efficiency of power stations was lower as compared to norms relating to consumption of fuel, PLF, planned/ forced outages and auxiliary consumption.

The review contains seven recommendations which include undertaking R&M and RA of GTPS on priority, maintaining coal consumption within norms and achieving target of generation.

(Chapter 2)

3. Performance review relating to Statutory corporation

Performance review relating to **Functioning of Gujarat Industrial Development Corporation** was conducted. Executive summary of the audit findings are given below:

Functioning of Gujarat Industrial Development Corporation

Introduction

The Corporation was incorporated in August 1962 for assisting in the rapid and orderly establishment of industries in Gujarat.

Industrial Policy

As per the Industrial Policy 2003, Government intended to convert the existing allotted leasehold land to freehold by charging appropriate premium and create the Industrial Estate Development Fund. The fund so created was to be utilised on upgradation of facilities in the existing estates. The policy was pending for implementation in absence of reasonable response from the allottees.

Land acquisition

The development of land was not commensurate with the land acquired though funds were available with the Corporation. During 2005-10, the percentage of land developed to land acquired at the end of each year ranged between 0.21 and 13.01.

Development of infrastructure, Special Economic Zones (SEZs) and Critical Infrastructure Project (CIP)

The Corporation did not prepare any detailed plan indicating the time schedule within which the developmental works in the estates were to be taken up and completed which had adverse effects on monitoring of execution of works.

The Corporation developed Ceramic and Glass SEZ, at Jhagadia without conducting any feasibility study, which led to its failure and blockage of funds spent on it. Further, out of the total plots allotted, 53 per cent of plots in Surat SEZ and 80 per cent of plots in Ahmedabad SEZ were lying unutilised by the allottees in absence of proper feasibility study.

The Corporation and Government of Gujarat had to bear extra financial burden of ₹ 118.47 crore and ₹ 142.41 crore due to splitting up of same kind of

works into smaller segments with the intention of passing on maximum financial assistance to Industrial Associations under CIP.

Fixation of Premium Price (PP)

The Corporation sustained loss of ₹ 14.94 crore in two cases in absence of the enabling clause in land allotment agreement for recovery of compensation awarded by the court under Land Reference Cases. There were instances of huge revenue loss to the Corporation on account of erroneous fixation and abnormal delays in revision of PP.

Allotment and transfer of plots

The Corporation suffered a huge revenue loss of ₹ 44.85 crore due to various kinds of irregularities in allotment and transfer of plots viz., incorrect or non charging of applicable PP (₹ 31.61 crore), allotment of plots at concessional PP to ineligible allottee (₹ 8.46 crore), non recovery of transfer fee (₹ 1.11 crore) and allotment of plots at lesser PP (₹ 3.67 crore).

Maintenance of estates

Fixation of water charges in violation of the Corporation's policy led to short recovery of water charges of ₹ 6.43 crore at Dahej and Vilayat estates. Further, in 171 out of 183 functional estates, none of the three systems for disposal of waste was provided.

Unutilised plots and unauthorised use of plots

The Corporation failed to take effective action against the allottees who did not utilise the plot beyond the stipulated period (1,868 plots with a total area of 50.85 lakh square metre) and also against the allottees who had unauthorisedly used the plots (153 plots with a total area of 3.69 lakh square metres) for commercial activities in the plots allotted to them for industrial use

Utilisation of funds

During 2005-09, there was a short fall in achievement of targeted expenditure on land acquisition and on infrastructure development activities by 73 and 62 per cent respectively due to inadequate efforts of the Corporation.

Conclusion and Recommendations

The Corporation had no detailed plan fixing time frame for taking up and completing the work of setting up of estates and it did not focus more on the activities of land acquisition and infrastructure development. No proper adherence to policy/rules/methods was followed in fixation/revision of PP, allotment of plots, etc. Adequate systems for proper disposal of waste were not provided in the estates. Internal control and monitoring mechanism were not adequate considering the volume of activities related to development and maintenance of estates.

The review contained five recommendations which inter alia included formulating time frame for setting up of estates, devising suitable mechanism for ensuring compliance with policy, rules and methods relating to fixation/revision of PP, allotment of plots etc., and strengthening the internal control system looking at the volume of activities.

(Chapter 3)

4. Transaction Audit Observations

Transaction audit observations included in this Report highlight deficiencies in the management of PSUs which resulted in serious financial implications. The irregularities pointed out are broadly of the following nature:

Loss of ₹9.41 crore in five cases due to non-compliance with rules, directives, procedures and terms and conditions of contracts.

(Paragraphs 4.3, 4.5, 4.9, 4.14 and 4.16)

Loss of ₹ 23.83 crore in five cases due to non-safeguarding the financial interests of organization.

(Paragraphs 4.1, 4.2, 4.6, 4.12 and 4.13)

Loss of ₹ 5.26 crore in two cases due to defective/deficient planning.

(Paragraphs 4.7 and 4.11)

Loss of ₹ 63.92 crore in three cases due to undue favour.

(Paragraphs 4.4, 4.8 and 4.10)

Gist of the major observations is given below.

Gujarat State Fertilizers and Chemicals Limited failed to recover claim for short receipt of imported sulphur valuing ₹ 1.08 crore due to unfavourable terms of payment.

(Paragraph 4.2)

Gujarat State Petroleum Corporation Limited had shown undue favour to Essar Power Limited and Gujarat Paguthan Energy Corporation Limited by not recovering take or pay quantity charges of ₹ 47.97 crore and penalty of ₹ 3.59 crore for failure to lift minimum quantity of gas.

(Paragraph 4.4)

Gujarat State Petronet Limited passed undue favour of ₹ 11.18 crore to Torrent Power Generation Limited by not adhering to the terms of gas transmission agreement.

(Paragraph 4.8)

Chapter I

1. Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. The State PSUs are established to carry out the activities of commercial nature while keeping in view the welfare of people. In Gujarat, the State PSUs occupy an important place in the State economy. The working State PSUs registered a turnover of ₹ 58,451.76 crore for 2009-10 as *per* their latest finalised accounts as of September 2010. This turnover was equal to 15.34 *per cent* of State Gross Domestic Product (GDP) for 2009-10. Major activities of Gujarat State PSUs are concentrated in power sector. The working State PSUs earned an overall profit of ₹ 2,404.22 crore in the aggregate for 2009-10 as per their latest finalised accounts as of September 2010. They had employed 1.13 lakh[♣] employees as of 31 March 2010.

1.2 As on 31 March 2010, there were 71 PSUs as *per* the details given below. Of these, four companies[§] were listed on the stock exchange(s).

Type of PSUs	Working PSUs	Non-working PSUs[Ψ]	Total
Government companies[♦]	54	13	67
Statutory corporations	4	-	4
Total	**58**	**13**	**71**

1.3 During the year 2009-10, one PSU (Naini Coal Company Limited) was established on 9 October 2009 as a subsidiary of Gujarat Mineral Development Corporation Limited.

Audit Mandate

1.4 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.

♣ As per the details provided by 57 working PSUs.
§ Sl. No.A-23, A-24, A-44 and B-2 of Annexure-1.
Ψ Non-working PSUs are those which have ceased to carry on their operations.
♦ Includes 619-B companies.

1.5 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 the Comptroller and Auditor General of India (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.

1.6 Audit of Statutory corporations is governed by their respective legislations. Out of four Statutory corporations, CAG is the sole auditor for Gujarat Industrial Development Corporation and Gujarat State Road Transport Corporation. In respect of Gujarat State Warehousing Corporation and Gujarat State Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit by CAG.

Investment in State PSUs

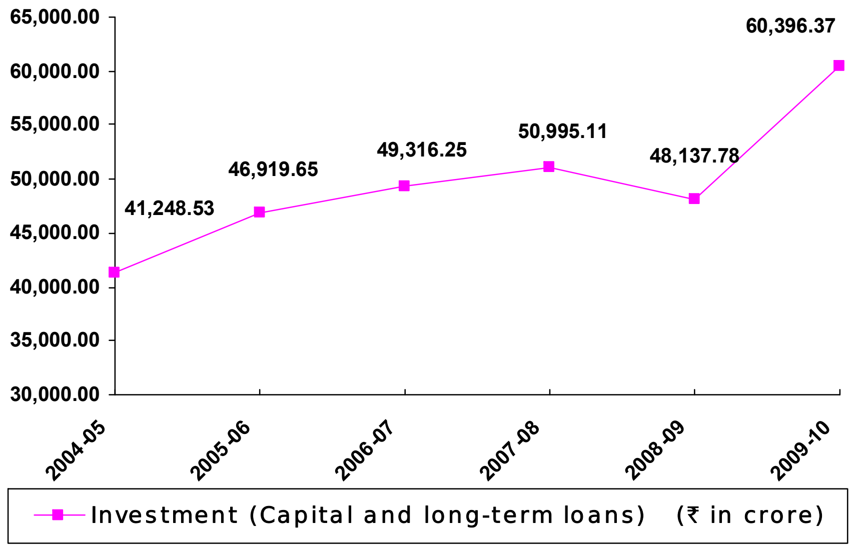
1.7 As on 31 March 2010, the investment (capital and long-term loans) in 71 PSUs (including 619-B companies) was ₹ 60,396.37 crore as *per* details given below.

(₹ in crore)

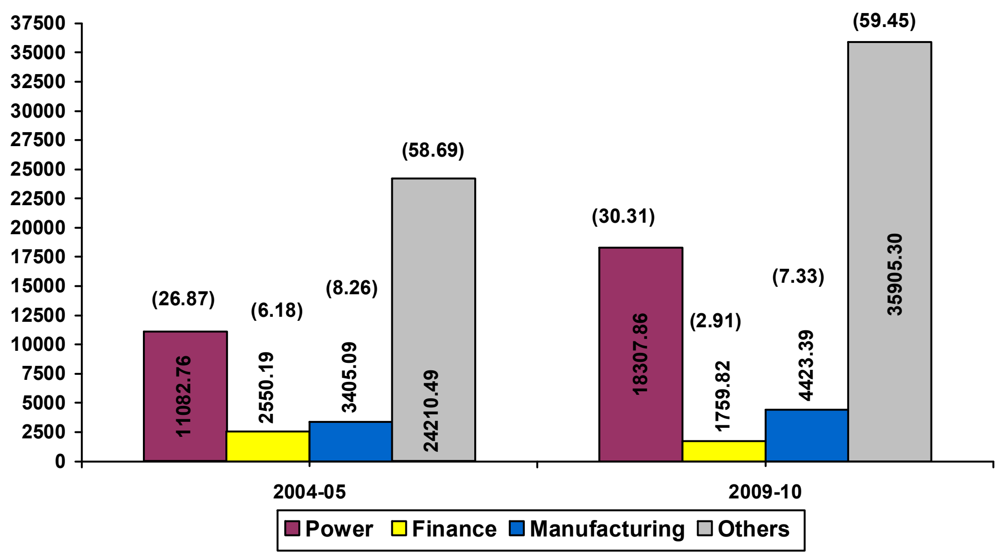
Type of PSUs	Government companies			Statutory corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	35,765.92	21,238.61	57,004.53	797.45	1,784.20	2,581.65	59,586.18
Non-working PSUs	98.63	711.56	810.19	-	-	-	810.19
Total	**35,864.55**	**21,950.17**	**57,814.72**	**797.45**	**1,784.20**	**2,581.65**	**60,396.37**

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

1.8 As on 31 March 2010, of the total investment in State PSUs, 98.66 *per cent* was in working PSUs and the remaining 1.34 *per cent* in non-working PSUs. This total investment consisted of 60.70 *per cent* towards capital and 39.30 *per cent* in long-term loans. The investment has grown by 46.42 *per cent* from ₹ 41,248.53 crore in 2004-05 to ₹ 60,396.37 crore in 2009-10 as shown in the graph below:



1.9 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.



(Figures in brackets show the percentage of total investment)

It can be observed from the above chart that the thrust of PSUs investment during the six years was mainly in power sector and others sector, percentage share of which increased from 26.87 and 58.69 *per cent* in 2004-05 to 30.31 and 59.45 *per cent* in 2009-10 respectively. The investment in power sector had grown mainly due to increase of ₹ 6,343.39 crore in the equity/loans investments in Gujarat Urja Vikas Nigam Limited and its six subsidiaries during preceding six years from 2004-05. While in case of 'Others' sector, the appreciation in investment was mainly on account of fresh investment of ₹ 3,061.28 crore in Gujarat State Petroleum Corporation Limited and ₹ 9,827.97 crore in Sardar Sarovar Narmada Nigam Limited during the said period of six years in the form of equity/loans. However, the investment in finance sector had declined from ₹ 2,550.19 crore to ₹ 1,759.82 crore due to repayment of loans by Finance sector PSUs.

Budgetary outgo, grants/subsidies, guarantees and loans

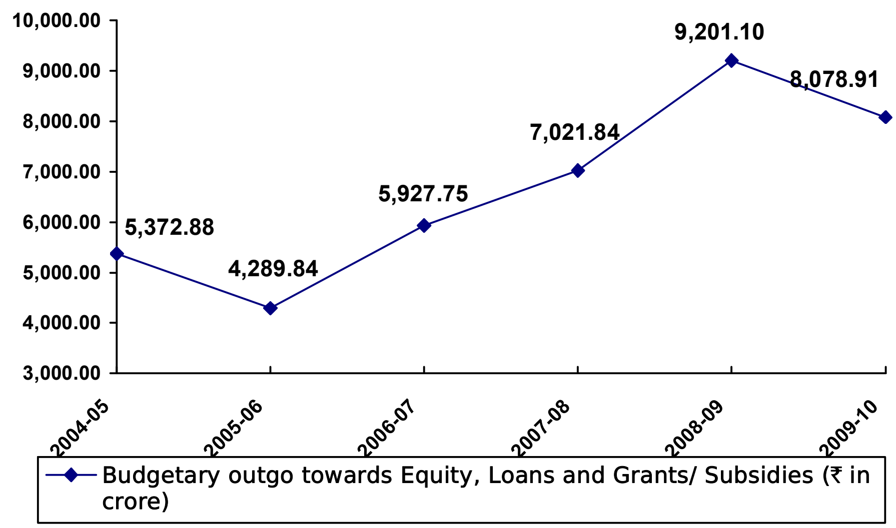
1.10 The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in ***Annexure 3***. The summarised details are given below for three years ended 2009-10.

(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	12	3,249.73	11	3,378.02	12	2,352.61
2.	Loans given from budget	9	369.51	9	867.72	7	288.78
3.	Grants/Subsidy received	26	3,402.60	28	4,955.36	27	5,437.52
4.	**Total Outgo (1+2+3)**		**7,021.84**		**9,201.10**		**8,078.91**
5.	Loans converted into equity	-	-	-	-	-	-
6.	Loans written off	-	-	-	-	-	-
7.	Interest/Penal interest written off	-	-	1	13.70	-	-
8.	**Total Waiver (6+7)**	**-**	**-**		**13.70**	-	-
9.	Guarantees issued	5	80.71	1	150.00	1	0.30
10.	Guarantee Commitment	14	8,487.96	9	6,694.00	17	5,427.81

Out of ₹ 2,352.61 crore of equity capital outgo during the year 2009-10, the major portion i.e. ₹ 2,193 crore was given to Sardar Sarovar Narmada Nigam Limited. Likewise, out of ₹ 5,437.52 crore of grants and subsidy given during the year 2009-10, ₹ 3,357.65 crore was given to seven power sector PSUs.

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



It can be observed that after recording an all time low of ₹ 4,289.84 crore (2005-06) during the preceding six years period, the budgetary outgo to State PSUs gradually increased each year and registered the highest outgo of ₹ 9,201.10 crore in 2008-09. During 2009-10, it marginally declined to ₹ 8,078.91 crore.

1.12 In order to enable PSUs to obtain financial assistance from Banks and Financial Institutions, State Government gives guarantee under Gujarat State Guarantee Act, 1963 subject to the limits prescribed by the Constitution of India, for which the guarantee fee is being charged. This fee may vary between 0.5 *per cent* and 2 *per cent* as decided by the State Government depending upon the loanees. The guarantee commitment decreased to ₹ 5,427.81 crore during 2009-10 from ₹ 8,487.96 crore during 2007-08. The State Government issued guarantee to one[*] PSU amounting to ₹ 0.30 crore during 2009-10. Further, four[†] PSUs paid guarantee fee to the tune of ₹ 56.02 crore and the guarantee fee of ₹ 35.36 crore was yet to be paid by one[‡] PSU, for the year 2009-10 to the State Government.

Reconciliation with Finance Accounts

1.13 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.

[*] Sl.No. A-5 of Annexure-1.
[†] Sl.No. A-5, A-53, B-3 and B-4 of of Annexure-1.
[‡] Sl.No. B-2 of Annexure-1

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	30,809.67	31,688.80	879.13
Loans	2,351.57	3,378.36	1,026.79
Guarantees	8,397.04	5,427.81	2,969.23

1.14 We observed that the differences occurred in respect of 52 PSUs and some of the differences were pending reconciliation since November 1994. We had brought (March 2010) the matter to the notice of the Finance Department, concerned administrative Department and the respective PSUs about the differences appeared in the Audit Report (Commercial) and Finance Accounts for the year 2008-09. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

1.15 The financial results of PSUs, financial position and working results of working Statutory corporations are detailed in ***Annexure 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[∝]	16,756.24	8,557.28	37,238.90	40,632.57	50,289.48	58,451.76
State GDP	1,89,118	2,19,780	2,54,533	2,80,086	3,61,846	3,81,028[*]
Percentage of Turnover to State GDP	8.86	3.89	14.63	14.51	13.90	15.34

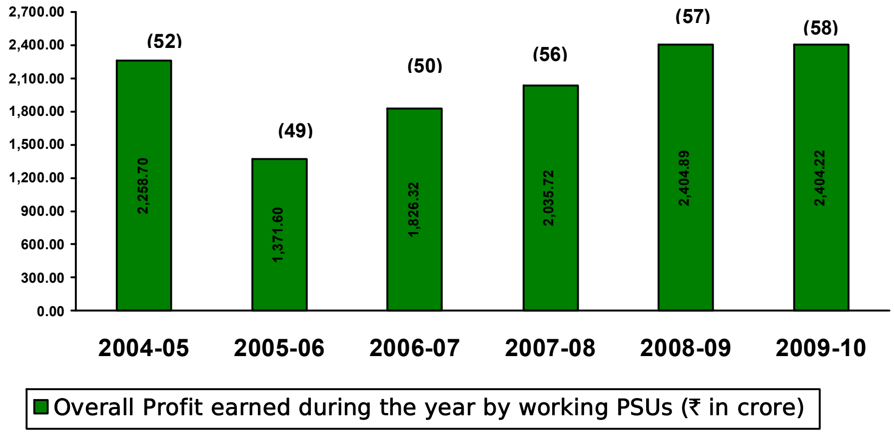
It can be seen from the above that the percentage of turnover of state GDP increased from 8.86 in 2004-05 to 15.34 in 2009-10. Further, the turnover had gradually increased during preceding six years (except during 2005-06) and increased from ₹ 16,756.24 crore in 2004-05 to ₹ 58,451.76 crore in 2009-10. The turnover of State working PSUs during 2005-06 was abnormally low because of non-inclusion of turnover figures of seven power sector companies formed after unbundling of erstwhile Gujarat Electricity Board, which had not finalised their first accounts within the cut-off date (*i.e.* 30 September 2006).

1.16 Profit[∅] earned by State working PSUs during 2004-05 to 2009-10 are given below in a bar chart.

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

[*] As per Statements prepared under the Gujarat Fiscal Responsibility Act, 2005, Budget Publication No.30.

[∅] Represents net profit before tax.



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

It can be observed from the above chart that the working of PSUs improved over the period. During the year 2009-10, out of 58 working PSUs, 40 PSUs earned profit of ₹ 2,672.93 crore and nine PSUs incurred loss of ₹ 268.71 crore. One[§] working PSU had capitalised excess of expenditure over income, one[**] PSU had not prepared its first accounts, six[††] are under construction and one[‡‡] had transferred excess of expenditure to non-plan grant. The major contributors to the profit were Gujarat State Petronet Limited (₹ 626.89 crore), Gujarat Mineral Development Corporation Limited (₹ 406.08 crore), Gujarat State Petroleum Corporation Limited (₹ 403.02 crore) and Gujarat State Fertilizers and Chemicals Limited (₹ 389.12 crore). The heavy losses were incurred by Gujarat State Financial Corporation (₹ 129.38 crore) and Gujarat State Road Transport Corporation (₹ 94.57 crore).

1.17 Though the PSUs were earning profits, there were instances of deficiencies in financial management, planning, implementation of projects, running their operations and monitoring. A review of latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of ₹ 2,266.59 crore and infructuous investment of ₹ 317.90 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 Profit	2,035.72	2,404.89	2,404.22	6,844.83
Controllable losses as per CAG's Audit Report	394.62	1,058.86	813.11	2,266.59
Infructuous Investment	19.78	145.26	152.86	317.90

1.18 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 controllable losses can be minimised and the profits can be enhanced substantially. The

[§] Sl.No. A-18 of Annexure-1.
[**] Sl.No. A-29 of Annexure 1.
[††] Sl.No. A-27, A-28, A-39, A-40, A-48 and A-53 of Annexure-2.
[‡‡] Sl.No. A-8 of Annexure-2.

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.

1.19 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*)	0.91	4.4	6.34	5.43	3.95	5.24
Debt	25,609.32	23,239.60	22,376.93	20,564.74	13,048.33	23,734.37
Turnover[ϒ]	16,756.24	8,557.28	37,238.90	40,632.57	50,289.48	58,451.76
Debt/ Turnover Ratio	1.53:1	2.72:1	0.60:1	0.51:1	0.26:1	0.41:1
Interest Payments	1,839.08	491.42	1,552.64	1,702.33	2,021.74	2,255.99
Accumulated Profits (losses)	(8,670.18)	(1,860.01)	(1,164.22)	(524.66)	(814.56)	(595.03)

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

1.20 The turnover figures of PSUs had increased gradually after 2005-06 from ₹ 37,238.90 crore (2006-07) to ₹ 58,451.76 crore (2009-10).The debt-turnover ratio also improved correspondingly up to 2008-09 when it reached to 0.26:1. Debt-turnover ratio for 2009-10 deteriorated to 0.41:1 because of significant increase in the debts which was mainly due to increase in borrowing by ₹ 10,420.41 crore in power sector during 2009-10. As mentioned under paragraph 1.15, the turnover figures for 2005-06 were abnormally low at ₹ 8,557.28 crore due to delayed finalisation of first accounts by newly formed power sector companies. Accumulated losses were significantly decreased from ₹ 8,670.18 crore to ₹ 1,164.22 crore in 2006-07 mainly due to write back of depreciation of ₹ 5,294.00 crore at the time of unbundling of erstwhile Gujarat Electricity Board into seven companies on 1 April 2005. Accumulated losses further decreased to ₹ 595.03 crore in the year 2009-10.

1.21 The State Government had not formulated any dividend policy regarding payment of minimum return by PSUs on paid-up share capital contribution by State Government by way of dividend. As per their latest finalised accounts as on 30 September 2010, 40 PSUs earned an aggregate profit of ₹ 2,672.93 crore and 10 PSUs[∇] declared dividend of ₹ 226.30 crore.

Arrears in finalisation of accounts

1.22 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

ϒ Turnover of working PSUs as *per* the latest finalised accounts as of 30 September.

∇ A-2, A-9, A-10, A-23, A-24, A-25, A-44, A-46, A-52 and B-1 of Annexure 1.

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	49	50	56	57	58
2.	Number of accounts finalised during the year	40	48	45	58	73[⊗]
3.	Number of accounts in arrears	39	41	52	51	36
4.	Average arrears *per* PSU (3/1)	0.80	0.82	0.93	0.89	0.62
5.	Number of Working PSUs with arrears in accounts	31	25	38	34	25
6.	Extent of arrears	1 to 2 years	1 to 3 years	1 to 5 years	1 to 6 years	1 to 4 years

1.23 It can be observed that the number of PSUs increased from 49 in 2005-06 to 58 in 2009-10 with consequential decrease in the average arrear per PSU from 0.80 in 2005-06 to 0.62 in 2009-10. The accumulation of arrears was mainly due to inadequacy of manpower in the PSUs.

1.24 In addition to above, there were also arrears in finalisation of accounts by non-working PSUs. Out of 13 non-working PSUs, seven had gone into liquidation process. Of the remaining six non-working PSUs, four PSUs had arrears of accounts for one to 11 years.

1.25 The State Government had invested ₹ 2,565.34 crore (17 PSUs) (Equity: ₹ 37.62 crore (five PSUs), loans: ₹ 383.80 crore (four PSUs) and grants: ₹ 2,143.92 crore (16 PSUs) in PSUs during the years for which accounts have not been finalised as detailed in ***Annexure 4***. 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.

1.26 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 we had informed the concerned administrative departments and officials of the Government of the arrears in finalisation of accounts on quarterly basis, no remedial measures were taken. As a result of this, the net worth of these PSUs could not be assessed in audit. We had also taken up the matter of arrears in accounts with the Chief Secretary/ Finance Secretary to expedite the backlog of arrears in accounts in a time bound manner.

[⊗] Including first three accounts (2003-04 to 2005-06) of one Company at Sl. No. A-48 of Annexure 2 which were certified by the auditors appointed by the Company and accounts so certified were adopted in the Annual General Meetings of the Company in violation of the provisions of Section 619 of the Companies Act, 1956. None of the said three accounts of the Company were forwarded to PAG, for supplementary audit.

1.27 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

1.28 There were 13 non-working companies as on 31 March 2010. Of these, seven PSUs have commenced 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	15	14	14	13	13

The non-working PSUs are required to be closed down as their existence is not going to serve any purpose. During 2009-10, three non-working PSUs incurred an expenditure of ₹ 0.42 crore towards establishment expenditure. This expenditure was financed by the Holding Company (₹ 0.07 crore), out of the own fund (₹ 0.25 crore) and through sale of assets (₹ 0.10 crore).

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

Sl. No.	Particulars	No. of Companies
1.	Total No. of non-working PSUs	13
2.	Of (1) above, the No. under	
(a)	liquidation by Court (liquidator appointed)	6
(b)	Voluntary winding up (liquidator appointed)	1
(c)	Winding up after clearance of arrear in accounts.	1
(d)	Closure, *i.e.* closing orders/ instructions not issued.	5

1.30 The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/ pursued vigorously. The Government may consider setting up a cell to expedite closing down its non-working companies. The Government may make a decision regarding winding up of five non-working PSUs where no decision about their continuation or otherwise has been taken after they became non-working.

Accounts Comments and Internal Audit

1.31 Forty- four working companies forwarded 65 accounts to PAG during the year 2009-10 which were selected for supplementary audit. The audit reports of Statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory auditors and CAG are given 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	75.12	6	72.85	11	107.32
2.	Increase in loss	1	16.17	-	-	1	0.02
3.	Non-disclosure of material facts	5	286.21	12	457.52	4	7.98
4.	Errors of classification	13	3,451.79	16	4,567.03	17	5179.16

1.32 It can be observed from the above that money value objections for decrease in profit and errors of classification increased from ₹ 75.12 crore and ₹ 3,451.79 crore in 2007-08 to ₹ 107.32 crore and ₹ 5179.16 crore in 2009-10 respectively. However, increase in loss and non-disclosure of material facts had reduced from ₹ 16.17 crore and ₹ 286.21 crore in 2007-08 to ₹ 0.02 crore and ₹ 7.98 crore in 2009-10.

1.33 During the year, the statutory auditors had given unqualified certificates for 34 accounts, qualified certificates for 31 accounts, the compliance of companies with the Accounting Standards (AS) remained poor as there were 35 instances of non-compliance in 13 accounts during the year.

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

1.34 Gujarat Water Resources Development Corporation Limited (2008-09)

- The Company had accounted net amount of Grant/ Subsidy receivable from State Government of ₹ 42.45 crore by adjusting 'Payable to State Government' of ₹ 79.47 crore with Grant/ Subsidy receivable from State Government amounting to ₹ 121.92 crore for which final approval is pending from State Government. Thus, inappropriate recognition of Grants in violation of AS-12 by the Company had resulted in overstatement of Grants Receivable by ₹ 42.45 crore, understatement of payables to State government by ₹ 79.47 crore and accumulated loss by ₹ 121.92 crore.

1.35 Gujarat State Electricity Corporation Limited (2008-09)

- The Company incorrectly net off the receivables from Gujarat Urja Vikas Nigam Limited (GUVNL) relating to sale of power during 2008-09 for prompt payment of power purchase bills which was irregular and was not in line with the terms of Power Purchase Agreement. This had resulted in understatement of profit and debtors by ₹ 174.55 crore.

1.36 Gujarat State Land Development Corporation Limited (2008-09)

- The Company continued to depict ₹ 2.14 crore towards losses of Boring and Blasting Scheme as a grant receivable since 1983 without any firm commitment from the Government for its reimbursement. This had resulted in overstatement of grant receivable and profit by ₹ 2.14 crore.

1.37 Paschim Gujarat Vij Company Limited (2008-09)

- The Company had not accounted power purchased from wind farm generators to the tune of ₹ 6.16 crore pending receipt of certificate from Gujarat Energy Development Authority and Gujarat Energy Transmission Corporation Limited. This resulted in overstatement of profit and understatement of current liabilities to the extent of ₹ 6.16 crore.

1.38 Sardar Sarovar Narmada Nigam Limited (2008-09)

- The Company had commissioned five units of Canal Head Power House and six units of River Bed Power House during August 2004 to June 2006. Instead of capitalising the expenditure of ₹ 4,670 crore incurred on power houses, they continued to show the same under works-in-progress. This had resulted in understatement of "completed assets" and overstatement of "capital works in progress" by ₹ 4,670 crore.

- Accounting of income of ₹ 74.40 crore earned on sale of power on behalf of State Government as a deduction from Incidental Expenditure had resulted in understatement of Incidental Expenditure and as well as sundry creditors by the same amount.

1.39 Similarly, three working Statutory corporations forwarded their five accounts for the year 2007-08 to 2009-10 to PAG during the year 2009-10. Of these, two accounts of two Statutory corporations pertained to sole audit by CAG which was completed. All the remaining three accounts pertaining to other two Statutory corporations were selected for supplementary audit. The audit reports of statutory auditors and the sole/supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given 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	--	--	1	11.11	2	14.13
2.	Increase in loss	1	14.06	3	21.76	2	257.56
3.	Non-disclosure of material facts	2	378.71	1	15.53	2	232.17
4.	Errors of classification	1	73.18	3	276.23	3	153.80

It can be observed from the above that the money value objection in all the categories except errors of classification had increased in 2009-10 compared to 2008-09.

During the year, out of five accounts, three accounts received unqualified certificates whereas two accounts received qualified certificates.

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

1.40 Gujarat Industrial Development Corporation (2007-08)

The Corporation had not made any provision against revenue charges amounting to ₹ 11.42 crore which were pending to be recovered since 1973 from Indian Petro Chemicals Limited. This had resulted in overstatement of excess of income over expenditure as well as current assets to the tune of ₹ 11.42 crore.

Gujarat Industrial Development Corporation (2008-09)

Non provision of ₹ 41.72 crore towards cess and penalty thereon payable on the executed capital works of ₹ 2,086.28 crore resulted in overstatement of excess of income over expenditure with consequent understatement of outstanding liabilities by ₹ 41.72 crore.

1.41 Gujarat State Financial Corporation (2008-09)

The Corporation had not provided liability of Sales tax on Hire Purchase transactions even after rejection (April 2001) of PSU's appeal before Sales Tax Commissioner (Litigation II). This had resulted in understatement of loss for the year as well as current liabilities and provisions by ₹ 55.98 crore.

1.42 Gujarat State Road Transport Corporation (2007-08)

The Corporation had revised estimated life of vehicle without obtaining approval of State Government, which resulted in undercharging of depreciation by ₹ 13.22 crore. This also resulted in understatement of loss and overstatement of fixed assets by ₹ 13.22 crore.

The Corporation had not provided liability of claims under Motor Accident Claims Tribunal awarded by court to the tune of ₹ 85.14 crore, which resulted in understatement of loss as well as liabilities to the same extent.

1.43 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 11 companies[£] for the year 2008-09 and 12 companies[#] for the year 2009-10 are given below.

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.	Non-fixation of minimum/ maximum limits of store and spares	9	A-2, A-6, A-26, A-34, A-35,A-37, A-41, A-46, A-53
2.	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	8	A-6, A-20, A-36, A-37, A-41, A-42, A-53, C-13,
3.	Internal control needs to be strengthened	5	A-2, A-6, A-20, A-22, A-32
4.	Internal Audit required to be strengthened	9	A-2, A-3, A-6, A-20, A-25, A-26, A-41, A-42, A-54,
5.	Non maintenance of cost records	1	A-17

Recoveries at the instance of audit

1.44 During the course of propriety audit in 2009-10, recoveries of ₹ 780.11 crore were pointed out to the Management of various PSUs, of which, recoveries of ₹ 43.23 crore were admitted by PSUs. An amount of ₹ 5.60 crore was recovered during the year 2009-10.

Status of placement of Separate Audit Reports

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

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Gujarat State Financial Corporation	2008-09	2009-10	SAR under finalisation	--
2.	Gujarat State Road Transport Corporation	2006-07	2007-08	23 July 2010	Likely to be placed in the next session of the Assembly.

[£] Sl. No. A-2, A-17, A-20, A-25, A-26, A-34, A-35, A-36, A-41, A-46 and A-53 - of Annexure 2.
[#] Sl.No.A-2, A-3, A-6, A-22, A-25, A-26, A-32, A-37, A-42, A-53, A-54 and C-13 of Annexure 2.

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

Disinvestment, Privatisation and Restructuring of PSUs

1.46 During the year 2009-10, the State Government had neither disinvested nor privatised any of its PSUs.

Reforms in Power Sector

1.47 The State has Gujarat Electricity Regulatory Commission (GERC) formed in November 1998 under the Section 17 of the Electricity Regulatory Commission Act 1998 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licences. During 2009-10, (GERC) issued 59 orders (eight on annual revenue requirements, 25 oral orders and 26 on other matters).

1.48 Memorandum of Understanding (MoU) was signed in (January 2001) between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in power sector with identified milestones. The progress achieved so far in respect of important milestones is stated below.

Sl. No.	Milestone	Achievement as at March 2010
1.	Reduction in T&D losses (No target fixed)	Instead of reduction, T&D losses increased from 20.13 *per cent* (2001-02) to 24.22 *per cent* (2009-10).
2.	100 *per cent* electrification of all villages.	100 *per cent* villages electrified.
3.	100 *per cent* metering of all distribution feeders.	100 *per cent* metering of distribution feeders achieved.
4.	100 *per cent* metering of agriculture consumers	Only 41.91 *per cent* metering of agriculture consumers was completed.
5.	Securitised outstanding dues of Central Public Sector Undertakings (CPSUs).	The dues of CPSUs were reconciled and bonds of ₹ 1,628.71 crore were issued by State Government against the dues.

Chapter II

Performance review relating to Government company

Gujarat State Electricity Corporation Limited

2 Performance Audit of Power Generating Activities

Executive summary

Power is an essential requirement for all facets of life and has been recognised as a basic human need.

To meet the energy generation requirement of 70,369 MUs in the State, a capacity addition of about 1,352 MW was required during 2005-10. Against this, the State had made the capacity addition of 3,329 MW. Despite this the State was unable to meet the peak demand to the extent of 8,277 MUs to 14,857 MUs during the period. In view of this, performance review on generating activities was undertaken.

Project management

During 2005-10, the Company had installed and commissioned three power projects with a total installed capacity of 562 MW. Of the three projects, time overrun of 37 months and cost overrun of ₹ 370.28 crore were observed in execution of Kutvhh Lignite Thermal Power Station Unit IV.

Operational performance

The operational performance of Gujarat State Electricity Corporation Limited (Company) for the period 2005-10 was assessed in audit based on various efficiency parameters as discussed below:

Input efficiency

In the absence of fuel supply agreement with the coal companies/ supplier of lignite, the Company could not procure allotted quantity of coal/ lignite and this was one of the factors for non achievement of generation targets.

During 2005-10, consumption of coal was in excess of norms by 37.49 lakh MT valued at ₹751.67 crore.

During 2005-10, the technical manpower actually deployed was above Central Electricity Authority (CEA) norms in thermal and oil/ gas based power stations and actual deployment of non technical manpower was above CEA norms in Oil/ Gas based power stations. Despite this, the Company had paid overtime allowance for ₹187.03 crore.

Output efficiency

During 2005-2010, against a target of 1,48,517 MUs fixed, the generation of power by the Company was 1,40,606 MUs, which led to short fall in achievement of target by 7,911 MUs.

As against the national average Plant Load Factor (PLF) of 76.74 per cent, the PLF of the Company remained between 68.01 to 76.2 per cent. Due to non maintenance of PLF at par with national average, there was a short fall in generation of 9,599 MUs resulting in loss of contribution amounting to ₹ 348.72 crore during 2005-10.

The planned and forced outages in excess of CEA norms led to generation loss of 13,810 MUs and 6,807 MUs respectively and consequential loss of contribution amounting to ₹740.72 crore during 2005-10. Further, auxiliary consumption of power was also in excess of norms of Gujarat Electricity Regulatory Commission which led to excess consumption of 254.62 MUs valuing ₹57 crore.

Renovation & Modernisation (R&M) and refurbishment activities (RA)

The delay in execution of R&M and RA at Ukai Unit I and II resulted in generation loss of 345.16 MUs. Further,

the Company's failure to stop accepting the material for the refurbishment activities of Gandhinagar Thermal Power Station (GTPS) I and II even after its decision to hold the implementation of work resulted in blocking of fund of ₹ 145.16 crore and consequential avoidable loss of interest of ₹ 30.60 crore during June 2008 to March 2010.

Financial Management

The Company allowed an irregular rebate of ₹ 174.55 crore to Gujarat Urja Vikas Nigam Limited even for the belated receipt of payments of energy bills during 2008-09.

The Company's delay in filing of accounting statements with aggregate revenue requirement with GERC for its approval under Multi Year Tariff for the control period from 1 April 2008 to 31 March 2011 led to loss of revenue of ₹ 172.65 crore.

Conclusion and recommendations

The management of contracts relating to execution of R&M and refurbishment activities were not carried out efficiently and economically.

The operational efficiency of power stations was lower as compared to norms relating to consumption of fuel, PLF, planned/ forced outages and auxiliary consumption.

The review contains seven recommendations which include undertaking R&M and refurbishment activities of GTPS on priority, maintaining coal consumption within norms and achieving target of generation.

Introduction

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 have a short term framework of five years and give a 15 years' perspective.

2.2 During 2005-06, electricity requirement in Gujarat was assessed as 57,137 Million Units (MUs) of which only 48,860 MUs were available leaving a shortfall of 8,277 MUs, which works out to 14.49 *per cent* of the requirement. The total installed power generation capacity (1 April 2005) in the State of Gujarat was 8,689 Mega Watt (MW) and effective available capacity was 6,951 MW[⊗] against the peak demand of 9,783 MW leaving a deficit of 2,832 MW. During 2009-10, the comparative figures of electricity requirement and its availability were 70,369 MUs and 59,757 MUs respectively leaving a short fall of 10,612 MUs which works out to 15.08 *per cent* of the requirement. The total installed power generation capacity

[⊗] Worked out on the basis of 80 *per* cent PLF as per CEA norm.

(31 March 2010) in Gujarat was 12,018 MW and effective available capacity was 9,614 MW[⊗] against the peak demand of 10,406 MW leaving a deficit of 792 MW (2009-10) which works out to 7.6 *per cent* of the peak demand. In addition, capacity of 1,655.91 MW was created by Ministry of Renewable Energy Sources (MRES) as at the end of March 2010. There was a growth in demand of 13,232 MUs during 2005-10. Of the installed capacity addition of 3,329 MW, the share of state sector was 713 MW after considering derating of capacity and balance 2,616 MW was attributable to private and central sector.

2.3 In Gujarat, the generation of power under state sector is carried out by the Gujarat State Electricity Corporation Limited (the Company), Gujarat Mineral Development Corporation Limited and Gujarat State Energy Generation Limited. However, the share of the Company in generation of power was 93 *per cent*. The Company was incorporated (August 1993) with the main objective to generate and supply power to transmission Company. Pursuant to the Gujarat Electricity Industry (Re-organisation and Regulation) Act, 2003, the erstwhile Gujarat Electricity Board (the Board) was unbundled in a phased manner by 31 March 2005. The generation, transmission and distribution activities of the erstwhile Board were transferred to six Companies (including the Company) working under the strategic control of Gujarat Urja Vikas Nigam Limited (the holding Company), which had taken over the residual activities of the erstwhile Board. The Company had taken over (August 2002 to March 2005) nine[∇] power stations (PS) of the Board under power sector reforms programme of the State. The Company had commissioned two PS *i.e.* Dhuvaran Combined Cycle Power Plant II (DCCPP II) and a renewable energy (wind) station at Byath during April 2005 to March 2010.

The management of the Company is vested with a Board of Directors comprising of Chairman, Managing Director (MD) and six Directors appointed by the State Government. The MD is mainly assisted by an Executive Director (Generation), General Manager (Finance and Accounts) in day-to-day working of the Company and Chief Engineers at field level. The Company has five[∅] thermal generation stations, two[≠] gas based generating stations, two[∩] hydro generation stations, one[⌂] oil based generating station and a renewable energy (wind) station with the installed capacity of 3,720 MW, 729 MW, 547 MW, 220 MW and 10 MW respectively. The turnover of the Company was ₹ 7,299.48 crore, which was equal to 12.49 and 1.92 *per cent* of the State PSUs turnover and State Gross Domestic Product, respectively during 2009-10. It employed 8,689 employees as on 31 March 2010.

2.4 A review on 'Material Management and Inventory Control' in Thermal Power Station (TPS) of erstwhile Gujarat Electricity Board, the 'Implementation of Renovation and Modernisation Activities' in power

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[∇] Dhuvaran oil based Power Station; Kutchh Lignite Thermal Power Station; Gandhinagar, Sikka, Ukai, Wanakbori coal based Power Stations; Kadana and Ukai hydro based PS; and Utran Gas based Power Station.

[∅] Wanakbori, Gandhinagar, Ukai, Sikka and Kutchh Lignite based Power Station.

[≠] Utran and Dhuvaran Gas based Power Stations.

[∩] Kadana and Ukai hydro Power Stations.

[⌂] Dhuvaran oil based Power Station.

stations of the Company and the 'Performance of Dhuvaran oil and gas based thermal power station including commissioning of two new gas based Units' of the Company were included in the Audit Reports 2003-04, 2006-07 and 2007-08 (Commercial), Government of Gujarat, respectively. The reviews included in Audit Report 2003-04 and 2006-07 were discussed by Committee on Public Undertakings (COPU) in May 2008 and in July 2010 respectively. For the review included in the Audit Report 2003-04, the COPU recommended (19 February 2009) that the Company should have a proper system for assessing the requirement of machinery components in the initial stage of project so as to avoid generation loss in future. Similar cases of delayed procurement were not noticed during the present review of the Company. Further, discussion on other Audit Reports was pending (November 2010).

Scope and Methodology of Audit

2.5 The present review conducted during January to June 2010 covers the performance of the Company 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.

Audit selected GSECL for conducting performance audit considering its total contribution of 93 *per cent* (5,226 MW) towards the total installed capacity of State PSUs. Five[≠] Units of GSECL having total installed capacity of 3,094 MW, being 59.20 *per cent,* were selected for detailed audit. 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/Government for comments.

Audit Objectives

The objectives of the performance audit were to assess:

2.6.1 Planning and Project Management

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

[≠] 374 MW Utran CCPP II, 75 MW Kutchh Lignite based TPS Unit IV, 305 MW Ukai Hydro based PS, 1,470 MW Wanakbori TPS and 870 MW Gandhinagar TPS.

- To ascertain whether the execution of projects were managed economically, effectively and efficiently;
- 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; and
- To ascertain whether the Company had taken up the projects under non conventional sources and tap generation from captive power sources.

2.6.2 Financial Management

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

2.6.3 Operational Performance

- To assess whether the power plants were operated efficiently and preventive maintenance as prescribed was carried out to minimise the 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 and modernisation and refurbishment activity on the operational performance of the Unit.

2.6.4 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.

2.6.5 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; and

- To ascertain whether a documented and proper disaster management system was in place in all generating units.

Audit Criteria

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

- National Electricity Plan, norms/guidelines of 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 units in the regions/all India averages;
- prescribed norms for planned outages; and
- Acts relating to Environmental laws.

Financial Position and Working Results

2.8.1 The financial position of the Company for the five years ending 2009-10 is given below:

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
A. Liabilities					
Paid up Capital	573.30	573.30	573.30	912.97	912.97
Equity pending allotment	1,331.69	1,331.69	1,431.69	369.57	517.84
Reserve & Surplus (including Capital Grants)	275.17	381.92	479.34	1,536.61	1,910.68
Borrowings (Loan Funds)					
Secured	199.34	419.80	1,344.89	2,354.32	3,819.95
Unsecured	2,757.32	2,797.83	2,231.05	2,546.61	1,373.11
Current Liabilities & Provisions	1,348.75	1,884.47	2,240.54	2,656.74	3,276.33
Total	**6,485.57**	**7,389.01**	**8,300.81**	**10,376.82**	**11,810.88**
B. Assets					
Gross Block	6,653.13	6,824.71	7,436.12	7,895.46	10,345.68
Less: Depreciation	1,857.54	2,078.69	2,314.68	2,674.26	3,202.67
Net Fixed Assets	4,795.59	4,746.02	5,121.44	5,221.20	7,143.01
Capital works-in-progress	586.97	1,051.05	1,452.11	3,137.46	2,358.77
Investments	20.50	20.52	20.52	20.52	20.52
Current Assets, Loans and Advances	1,082.51	1,571.42	1,706.74	1,997.64	2,288.58
Total	**6,485.57**	**7,389.01**	**8,300.81**	**10,376.82**	**11,810.88**
Debt-equity ratio	**1.29:1**	**1.53:1**	**1.70:1**	**3.49:1**	**3.51:1**

(Source: Annual Reports of the Company)

The main reason for increase in the reserves and surplus during 2008-10 was due to receipt of share premium of ₹ 992.02 crore on issue of equity shares towards the consideration for transfer of generating undertakings of the erstwhile Board and receipt of ₹ 250 crore towards Capital grant under Financial Restructuring Plan by the Company. Further, the amount of capital works-in-progress and secured loans were high during 2008-10 due to the execution of works related to setting up of 374 MW of Utran Combined Cycle Power Plant II (UCCPP II) and also in setting up the new units at the existing power stations Ukai and Sikka. The debt-equity ratio increased from 1.29:1 in 2005-06 to 3.51:1 in 2009-10, which shows the Company's heavy dependence on debt for financing its new projects.

2.8.2 The details of working results 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
1.	**Income**						
	Generation Revenue		4,964.03	5,311.47	6,204.74	7,101.23	7,299.48
	Other income including interest		24.79	62.60	129.13	222.29	137.89
	Total Income		4,988.82	5,374.07	6,333.87	7,323.52	7437.37
2.	**Generation**						
	Total generation (In MUs)		27,130	27,533	29,241	28,388	28,314
	Less: Auxiliary consumption (In MUs)		2,437	2,490	2,609	2,523	2,469
	Total generation available for Transmission and Distribution (In MUs)		24,693	25,043	26,632	25,865	25,845
3.	**Expenditure**						
(a)	**Fixed cost**						
(i)	Employees cost		179.16	260.81	367.90	283.43	382.51
(ii)	Administrative and General expenses		24.26	29.59	74.22	215.82	63.91
(iii)	Depreciation		229.35	239.53	277.64	333.72	514.41
(iv)	Interest and finance charges		307.07	267.95	280.44	278.59	360.17
	Total fixed cost		739.84	797.88	1,000.20	1,111.56	1321.00
(b)	**Variable cost**						
(i)	Fuel consumption						
	(a)	Coal	3,242.20	3,528.82	3,869.33	4,272.92	4.543.60
	(b)	Oil	382.71	503.12	539.02	721.37	346.86
	(c)	Gas	300.39	189.96	525.38	753.10	745.47
	(d)	Other fuel related cost including shortages/surplus	129.95	57.53	100.18	84.98	8.39
(ii)	Cost of water (hydel/ thermal/ gas/ others)		39.47	53.43	64.09	96.90	97.24
(iii)	Lubricants and consumables		8.79	7.43	6.77	12.72	6.90
(iv)	Repairs and maintenance		84.89	145.79	135.48	188.55	200.77
	Total variable cost		4,188.40	4,486.08	5,240.25	6,130.54	5,949.23
(c)	Total cost 3(a) + (b)		4,928.24	5,283.96	6,240.45	7,242.10	7,270.23
4	Realisation (per unit)		2.01	2.12	2.33	2.75	2.81
5	Fixed cost (per unit)		0.30	0.32	0.37	0.43	0.51
6	Variable cost (per unit)		1.70	1.79	1.97	2.38	2.30
7	Total cost per unit (5+6))		2.00	2.11	2.34	2.81	2.81
8	Contribution (4-6) (per unit)		0.31	0.33	0.36	0.37	0.51
9	Profit (+)/Loss(-) (4-7)		0.01	0.01	-0.01	-0.06	0.00

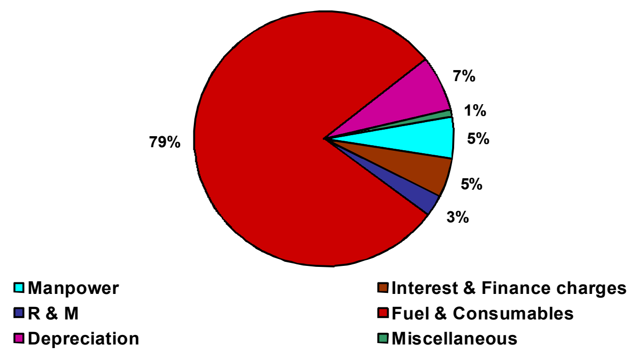
(**Source:** Annual Reports of the Company)

The variable and fixed cost per unit had increased by 35 and 70 *per cent* respectively with the corresponding increase in realisation per unit by 39.80 *per cent* during 2005-06 to 2009-10. The Administrative and general expenses during 2008-09 had increased due to payment on account of revision of salary and wages. The Company earned profit of one paise per unit of power generated during 2005-06 and 2006-07 and incurred a loss of one paise and six paise for the years 2007-08 and 2008-09 respectively and did not earn any profit during 2009-10 due to increased cost of generation.

Elements of Cost

2.8.3 Fuel & Consumables and Depreciation constitute the major elements of costs. The percentage break-up of costs for 2009-10 is given below in the pie-chart.

Components of various elements of cost

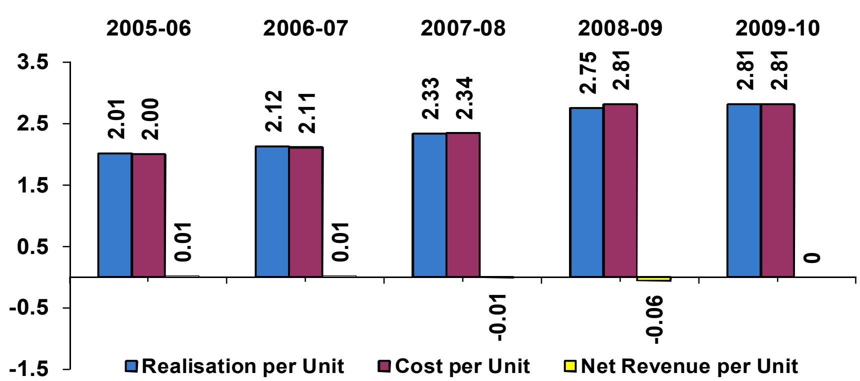


Elements of revenue

2.8.4 Sale of Power constitutes the major element of revenue. The percentage of other income constituted two *per cent* only.

Recovery of cost of operations

2.8.5 The Company's profit of one paise per unit in 2005-06 declined to zero paise per unit sold in 2009-10 after recovering its cost of operations as given in the graph below:



The Management stated that despite the stringent norms prescribed for variable cost under two part tariff for its old aged plant the Company achieved generation targets with corresponding increase in revenue.

Audit Findings

2.9 Audit explained the audit objectives to the Company during the 'entry conference' held on 9 February 2010. Subsequently, audit findings were reported to the Company and the State Government in July 2010 and discussed in an 'exit conference' held on 7 August 2010, which was attended by MD, ED and heads of the departments of the Company. The Management replied to audit findings in September 2010 and were endorsed (October 2010) by the State Government. The views expressed by them have been considered while finalising this review. The audit findings are discussed below.

Operational Performance

2.10 The operational performance of the Company for the five years ending 2009-10 is given in the ***Annexure*-7**. The operational performance of the Company was evaluated on various operational parameters as described below. It was also seen whether the Company was 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 losses were controllable and there was scope for improvement in performance.

Planning

2.11.1 National Electricity Policy aims to provide availability of over 1,000 Units of per Capita electricity by 2012, for which it was estimated that need based capacity addition of more than 1,00,000 MW would be required during 2002-2012 in the country. The Government has laid emphasis on the full development of hydro potential being cheaper source of energy as compared to thermal. Besides, environmental concerns would have to be suitably addressed through appropriate advance actions. The power availability scenario in the State indicating own generation, peak demand and net deficit was as under:

2.11.2 During the period 2005-10, the actual generation was substantially less than the peak demand but exceeded the average demand 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	7,610	9,783	7,141	77.8	106.6
2006-07	8,110	11,619	7,564	69.8	107.2
2007-08	8,885	12,119	8,351	73.3	106.4
2008-09	8,960	11,841	8,396	75.7	106.7
2009-10	9,515	10,406	8,664	91.4	109.8

(**Source:** Power scenario at a glance for April-2010 by CEA/ data furnished by the Company)

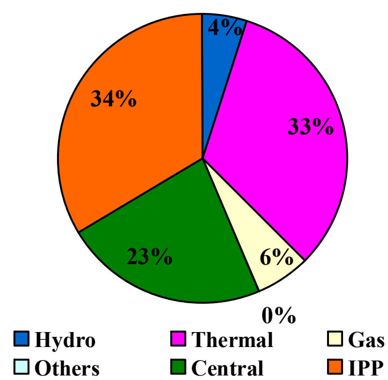
Percentage of actual generation to peak demand ranged between 69.8 and 91.4 during 2005-10

As may be seen from the above, the actual generation was 106.4 to 109.8 *per cent* of the average demand and 69.8 to 91.4 *per cent* of the peak demand during review period.

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

Capacity additions

2.11.3 The State had total installed capacity of 8,689 MW at the beginning of 2005-06 which increased to 12,018 MW at the end of 2009-10. The break-up of generating capacities, as on 31 March 2010, under thermal, hydro, Gas, Central, IPP and others is shown in the pie chart below.



To meet the energy generation requirement of 70,369 MUs in the State at the end of 2009-10, a capacity addition of about 1,352 MW was required during 2005-06 to 2009-10. However, the capacity addition programme as envisaged in NEP and shown as 'Projects under Construction' (PUC) and 'Committed Projects∞' (CP) during period from 2005-06 to 2009-10 indicated that the total capacity addition planned was 9,763 MW which would have been more than the capacity addition to be made as per the assessment of demand for power. The details on capacity addition programme as per NEP are given below:

(In MW)

Status of the project	Thermal	Gas	Non-conventional Energy	Total
PUC	1,325	1,518	--	2,843
CP⊕	5,500	1,420	--	6,920
Total	**6,825**	**2,938**	--	**9,763**

2.11.4 The particulars of installed generation capacity, capacity additions, decrease/ retirement and capacity for the State as a whole as on 31 March 2010 are given in ***Annexure*-8**. The capacity additions envisaged, actual additions and peak demand *vis-à-vis* energy supplied during the period from 2005-06 to 2009-10 are given below:

∞ National Electricity Plan defines Committed Projects as Projects for which the formal approval to take up the same has been granted by the CEA.

⊕ GPPC-Pipavav (700 MW), Company- Hazira (360 MW), GSECL- Dhuvaran St-III (360 MW), Adani-Mundra (2,000 MW), Torrent-Pipavav (900 MW), IPP-CBR-Prayag (200 MW), GPCL-Ghogha (500 MW), NLC GPCL JV- South Gujarat (900 MW) and ESSAR-Vadinar (1,000 MW).

Sl. No.	Description	2005-06	2006-07	2007-08	2008-09	2009-10	Total
1.	Capacity at the beginning of the year (MW)	8,689	8,977	9,561	9,497	9,874	--
2.	Additions Planned by NEP (MW)	413	737	913	667	2,584	5,314
3.	Additions planned by the State (MW)	96[◊]	107[∇]	112	0	1,420	1,735
4.a)	Actual Additions (MW)	315	584	250	377	2,144	3,670
b)	Retirement of plant	27	-	314	-	-	314
c)	Net addition (4a-4b)	288	584	-64	377	2,144	3,329
5.	Capacity at the end of the year (MW) (1 + 4c)	8,977	9,561	9,497	9,874	12,018	--
6.	Shortfall/ (Excess) in capacity addition (MW) (4c – 3)	(192)	(477)	176	(377)	(724)	--
7.	Peak demand (MUs)	57,137	62,503	68,747	67,482	70,369	--
8.	Energy supplied (MUs)						
a	Energy produced by State PSUs	29,292	28,842	31,472	30,519	31,077	--
b	Energy Purchased from others	19,568	20,447	22,418	25,252	28,680	--
c	Total Power Availability (Mus)	48,860	49,289	53,890	55,771	59,757	--
9.	Shortfall in demand (MUs) (7–8a+8b)	8,277	13,214	14,857	11,711	10,612	--

Against the planned capacity addition of 5,314 MW in accordance with NEP, the actual net capacity addition was 3,329 MW during the review period. We observed that State planned capacity addition of 1,735 MW during the review period but could actually make addition of only 713 MW to the power generating capacity during corresponding period.

However, 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 8,277 MUs to 14,857 MUs during the period from 2005-06 to 2009-10.

Optimum Utilisation of existing facilities

2.11.5 In order to cope up with the growing demand for power, not only additional capacity needs to be created as discussed above, the plan needs to be in place for optimal utilisation of existing facilities and also undertaking life extension programme/replacement of the existing facilities which are near completion of their age besides timely repair/maintenance. The details of the power generating units, which fell due for Renovation and Modernisation (R&M) and Refurbishment activities (RA) (as per CEA norms) and also taken up during the period from 2005-06 to 2009-10 are indicated in the table given below:

Sl. No.	Name of the plant	Unit No.	Installed Capacity	Due date (as per CEA norms)	Date when actually taken up
1	Ukai TPS	I	120 MW	April 2000	September 2006
2	Ukai TPS	II	120 MW	July 2000	August 2008
3	Gandhinagar TPS	I	120 MW	April 2001	Not taken up
4	Gandhinagar TPS	II	120 MW	May 2001	Not taken up

The detailed audit observations relating to R&M and refurbishment works of the above mentioned TPS are discussed in the succeeding paragraphs 2.18.1 to 2.18.4.

◊ This represents 16 *per cent* share of the State in Sardar Sarovar Hydro Power project.

∇ This includes 32 MW which is 16 *per cent* share of the State in Sardar Sarovar Hydro Power project.

Project management

2.12.1 Preparation of an accurate and realistic Detailed Project Reports (DPR) after considering feasibility study, considering factors like creation of infrastructure facility, addressing bottlenecks likely to be encountered in various stages of project planning, are critical activities in planning stage of the project.

Project management includes timely acquisition of land, effective actions to resolve bottlenecks, obtain necessary clearances from Ministry of Forest and Environment and other authorities, rehabilitation of displaced families, proper scheduling of various activities using PERT/ CPM technique, adequate budget provisions, 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.

2.12.2 The following table indicates the scheduled and actual dates of completion of power stations with total capacity of 562 MW, date of commissioning of power stations and time overrun.

Time overrun

Sl. No.	Name of the Unit	Details	As per DPR	Actual completion	Time overrun (in months)
1.	113 MW DCCPP II	Date of completion of unit	February 2005	March 2006	14
		Date of commercial operation/ commissioning of unit	January 2006	November 2007	22
2	75 MW KLTPS IV	Date of completion of unit	July 2006	October 2008	28
		Date of commercial operation/ commissioning of unit	November 2006	December 2009	37
3.	374 MW UCCPP II	Date of completion of unit	June 2009	June 2009	-
		Date of commercial operation/ commissioning of unit	August 2009	November 2009	3

It would be seen from the above that only one project at Sl. No. 3 was completed in time and commissioned with a delay of three months. Other projects were abnormally delayed. The reasons for the delay and its impact related to Dhuvaran CCPP II were commented *vide* paragraph 2.3 in the Audit Report 2007-08 (Commercial) - Government of Gujarat. As far as the reasons for the delays in respect of Kutchh Lignite Thermal Power Station Unit IV (KLTPS IV) are concerned, the same are discussed in the succeeding paragraphs:

2.12.3 The estimated cost of the various power stations executed under different phases, actual expenditure, cost escalation and the percentage of increase in the cost are tabulated below:

Cost overrun

(₹ in crore)

Sl. No.	Name of the Unit	Estimated cost as per DPR	Awarded Cost	Actual expenditure as on 31 March 2010	Expenditure over and above estimate	Percentage increase as compared to DPR
1	KLTPS IV	304.69	540.00	674.97	370.28	21.53
2	Utran CCPP II	1,336.47	1,334.22	1,318.61	-	-
3.	Dhuvaran CCPP II.	368.17	380.00	359.45	-	-

Under estimation of steel requirement and delay in taking up commissioning work of KLTPS IV led to time overrun of 37 months and cost overrun of ₹ 370.28 crore

The main reasons for the increase in the cost were delay in taking up the work and also under estimation of steel (by 89 *per cent*) requirement for the work relating to installation of the CFBC boiler and bay made in the original project estimate, as discussed in the subsequent paragraph 2.13.2. As the KLTPS IV project suffered a cost overrun of ₹ 370.28 crore, it led to increase in the cost per MW from ₹ 4.06 crore to ₹ 8.99 crore (March 2010). The project was belatedly commissioned mainly due to delay (12 months) in award of contracts for supply and commissioning of main plant and equipment (MPE) and 13 to 34 months delay in awarding contracts for balance of plant (BOP) as discussed below:

CEA had given (March 2003) techno economic clearance (TEC) for setting up of 75 MW KLTPS IV at an estimated cost of ₹ 304.69 crore. The project was to be taken up in January 2004 and was to be commissioned in November 2006. We observed that the project was taken up in May 2005 with an award of work to BHEL at a cost of ₹ 197.50 crore for supply and commissioning of MPE. Besides, various contracts for supply and commissioning of BOP were also awarded belatedly (July 2005 to March 2007) at a total cost of ₹ 170.19 crore without considering the targeted date of commissioning of the project by 28 November 2006. The project was finally commissioned on 20 December 2009 with a delay of 37 months. Consequentially, there was a potential generation loss of 1,242 MUs of power worth ₹ 317.97 crore[⇓] during the period 2006-10.

The Management stated that the belated commissioning of KLTPS IV was attributable to the delay of five to 12 months in supply of equipments/ components of MPE by BHEL and also due to the inclusion of CFBC[©] technology based boiler. This technology being new to BHEL, it took considerable time in stabilising the operation of the new plant.

The fact remains that the delay on the part of the Company in award of contracts for both MPE and BOP on single tender basis led to overall delay in commissioning of KLTPS IV and the Company had decided for introducing the technology in 2000 itself.

Contract Management

2.13.1 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 turnkey (Composite) basis to a single party involving civil construction, supplies of machines and ancillary works.

During the period under review, contracts valuing ₹ 2,254.22 crore were awarded of which contracts of value of ₹ 1,874.20 crore were examined by us. The agreements related to civil works, supply of equipments and other

[⇓] Generation at PLF 68.5 *per cent* =1,388 MUs – auxiliary consumption (10.5 *per cent*) – 146 MUs = 1,242 MUs × average realisation per unit ranging from ₹ 2.12 to ₹ 2.81 prevailed during 2006-2010.

[©] Circulating Fluidised Bed Combustion.

miscellaneous works pertaining to Utran CCPP II and KLTPS IV were examined in audit and the results of examination are discussed below:

Award of work

Improper estimation of steel

2.13.2 The Company placed order (02 June 2005) on General Mechanical Works, Vadodara (GMW) for supply, fabrication and erection of steel structures required for the KLTPS IV at a total cost of ₹ 12.78 crore with stipulation to complete the work by 1 February 2006.

We observed that against the Company's consultant's estimated (October 2004) steel requirement of 2,370 MT the total steel consumption was 4,486.34 MT, which was 89.3 *per cent* higher. Consequently, the quantum of erection work was increased and the work was completed in September 2008 at a cost of ₹ 25.17 crore. The site of the KLTPS IV i.e., Panandhro falls under Zone V as per seismic code; accordingly, the structure for the tripper floor of boiler should have the height of 50 metre instead of 27 metre as erroneously adopted while preparing the estimate for the work. Further, the Company was aware (August 2004) that the lignite handling plant which was being commissioned for KLTPS IV was also to feed lignite to KLTPS Unit III, for which the height of bay structure should be properly estimated and fixed. Thus, the above flaws led to incorrect estimation of quantity of steel due to lack of diligence in preparation and vetting of estimate for the work done by both the Consultant and by the Company respectively. Had the estimate for the work been prepared properly the Company could have availed the opportunity of getting competitive price for the work considering the economies of scale as huge quantity of steel was actually required for the work compared to the quantity originally estimated.

The Management stated that due to introduction of new technology, the consultant failed to assess the requirement of steel correctly for which it deducted ₹ 13.02 lakh being 50 *per cent* of the balance consultancy fee.

It is worth mentioning that the Consultant was aware of the applicable seismic data and other facts at the time of estimation.

Operational Performance

2.14 Operations of the Company are 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

2.14.1 The Central Electricity Authority (CEA) fixes power generation targets for thermal power stations (TPS) considering capacity of plant, average plant load factor, and past performance. The Company 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 Energy (MOE), Government of India, which decides the source and quantity of coal supply to TPSs on quarterly basis. On the basis of linkage source approved by SLC, the Generating Company enters into Coal Supply Agreements with collieries. However, for the supply of coal, the Company had entered into Fuel Supply Agreement (FSA) with collieries only during 2008-09 as discussed in the succeeding paragraph 2.14.3.

2.14.2 The position of coal linkages fixed, coal received, generation targets prescribed and actual generation achieved during the period from 2005-06 to 2009-10 covering all coal based four↨ TPSs of the Company was as under:

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	Total
Coal Linkage fixed (Lakh MT)	142.35	143.63	161.77	149.47	148.61	745.83
Quantity of coal received at TPS (Lakh MT)	137.87	139.11	150.78	153.41	144.99	726.16
Generation targets (MUs)	24,193	23,007	23,708	22,524	22,279	1,15,711
Actual generation achieved (MUs)	22,396	22,205	23,165	23,324	23,040	1,14,130
Shortfall in generation targets (MUs)	1,797	802	543	-	-	3,142*

(Source: Data as furnished by the Company**)**

It would be seen from the above that the total linkage of coal during the five years fixed by the SLC was 745.83 lakh MT for the thermal power stations against which 726.16 lakh MT of coal was received, resulting in short receipt of 19.67 lakh MT (2.64 *per cent*) of coal which was one of the factors for shortfall in achievement of the prescribed generation targets. In the absence of any agreement during 2005-08 with the coal companies, the Management could not procure allotted quantity of coal during review period excepting 2008-09.

The Management stated that even after allocation of coal linkages by SLC, the coal companies, based on their production performance, supply coal to the power generation companies. Hence, the Company had a very little role in preventing the occurrence of such coal shortages.

Fuel supply arrangement

2.14.3 Coal is classified into different grades. The price of the coal depends on the grade of coal. The coal requirement was assessed up to 2008-09 by the Standing Linkage Committee appointed by Ministry of Energy, Government of India and thereafter through separate agreements by generating Company with Coal Companies.

The Ministry of Coal, GoI, issued (October 2007) the New Coal Distribution Policy which required power generation companies to enter into fuel supply agreement (FSA). Accordingly, the Company entered into FSA for supply of 164.40 lakh tonne per annum of coal with South Eastern Coalfields Limited, Bilaspur (SECL) and Western Coalfields Limited, Nagpur (WCL) in August

↨ Ukai, Gandhinagar, Wanakbori and Sikka TPS.

* Total of shortfall in generation (MUs) for three years only *i.e.* 2005-06 to 2007-08.

2008 and December 2008 respectively. The modified FSA was made effective from 1 April 2009.

Avoidable payment of loading supervision charges

2.14.4 A reference is invited to paragraph 3.7 of the Audit Report 2007-08 (Commercial)-Government of Gujarat, wherein it was highlighted that the Company overpaid loading supervision charges of ₹ 37.27 crore[∀] during the period October 2005 to March 2008.

Over payment of loading supervision charges of ₹ 34.79 crore incurred during 2008-10 due to inadequate corrective action

Further, analysis of this case in audit revealed that the Company continued to make the payments without revising the monthly average quantity (MAQ) even after the overpayment was pointed out in audit. During the period April 2008 to January 2010, all the four TPS[↨] received 4,21,676 wagons of coal with an average quantity of 62.04 to 65.37 MT per wagon and the Company had overpaid loading supervision charges of ₹ 34.79 crore during the period. This led to further increase in the input cost of coal to that extent during the period.

The Management stated that the Company invited fresh tenders for awarding LS contract on "₹ per MT" instead of "incremental loading" basis as followed in the present contract. However, due to receipt of higher prices in the tender, the Company continued the present LS contract by increasing MAQ by 0.4 MT per wagon and decreasing the service charges payable by ₹ 18 per MT for the quantity received extra with effect from 1 February 2010.

However, the Company should have invited tender on incremental loading basis with stipulation of 59.5 MT per wagon as MAQ and decided accordingly for competitiveness. Moreover, increase in MAQ and reduction in supervision charges was marginal and not sufficient to offset the extra expenditure involved.

Consumption of fuel

Excess consumption of coal

2.14.5 The consumption of coal depends upon its calorific value. The norms fixed in the project report for various power generation stations for production of one unit of power in the State *vis-à-vis* maximum and minimum consumption of coal during the period of five years ending 2009-10 is depicted in the table below:

∀ A. Remuneration payable as per terms = MAQ × No. of wagons × ₹ 330
B. Remuneration payable as per 58 MT/59.50 MT basis = (58 MT/ 59.50 MT – MAQ actually fixed) × no. of wagons × ₹330.
Over paid = A – B.

↨ Wanakbori, Ukai, Gandhinagar and Sikka.

(In KGs)

Name of the Station	Norms per Unit fixed in the project report	Average min consumption during the year	Average max consumption during the year
Ukai TPS	0.66	0.66 (2006)	0.70 (2008 and 2009)
Gandhinagar TPS	0.60	0.58 (2006)	0.69 (2008)
Wanakbori TPS	0.67	0.58 (2006 and 2007)	0.69 (2009 and 2010)
Sikka TPS	0.63	0.63 (2007)	0.80 (2009 and 2010)
Kutchh Lignite TPS	1.10	1.08 (2007)	1.38 (2010)

(In KLTPS, the norms as fixed by GERC was adopted)

Receipt of inferior quality of coal and high station heat rate led to consumption of 37.49 lakh MT coal valued at ₹ 751.67 crore in excess of norm

From the above it may be seen that in Sikka and Ukai TPS, the consumption remained higher than the norms in 2008, 2009 and 2010.We observed that the excess consumption of coal was mainly due to high station heat rate (SHR) on account of improper maintenance of power plant in Sikka and Ukai TPS and also due to receipt of inferior quality of coal by all TPS. As a result, 37.49 lakh MT of coal was consumed in excess of the norms during the review period. The value of this excess consumption of coal worked out in audit amounted to ₹ 751.67 crore as per ***Annexure*-9**.

The Management accepted the audit contention about receipt of inferior quality of coal. It was also stated that excess consumption of coal in Ukai and Sikka TPS, was on account of partial operation of Unit I due to gradual stabilisation of the unit after completion of major R&M work and on account of low condenser vacuum due to silt in the intake channel of cooling water system respectively. However, excess consumption of coal could have been reduced had the Company taken effective action for early stabilisation of Unit I of Ukai TPS and also ensured proper maintenance of the plant at Sikka TPS.

Excess transit loss

2.14.6 As per GERC tariff order (January 2009), the transit loss for pit head station should not be more than 0.3 *per cent*. However, it was noticed that during the period 2008-09, Gujarat Mineral Development Corporation Limited (GMDC) being supplier of lignite, had dispatched 17.96 lakh MT of lignite against which 17.25 lakh MT was shown as consumption of lignite as per the records of Efficiency Department of the KLTPS. Thus, there was a difference of 0.71 lakh MT of which transit loss above norms was 0.66 lakh MT valued at ₹ 4.84 crore℘. However, abnormal transit losses were not investigated by the Company and the meter for recording the actual receipt of lignite at the KLTPS remained defective during this period. Thus, instances of pilferage could not be ruled out.

Receipt of low quality lignite

2.14.7 As per norms of Gujarat Electricity Regulatory Commission (GERC), the gross calorific value (GCV) of lignite required for the efficient operation of plant of KLTPS was 2,946 Kcal./Kg. Even the erstwhile Board decided (October 2000) for procuring 'A' grade lignite (GCV-3,300 Kcal./ Kg.) from GMDC. We observed that the Company was not able to get supply of lignite

℘ Calculated at the purchase rate of ₹ 733 per MT.

Receipt of low quality lignite led to excess consumption of 5.42 lakh MT of lignite costing ₹ 39.62 crore

with requisite GCV throughout the period during 2005-06 to 2009-10. Out of 73.51 lakh MT, 55.98 lakh MT of lignite (75 *per cent* of the supply) was received with lesser GCV during review period. However, GMDC supplied lignite GCV ranging from 3,235 to 3,317 Kcal./ Kg. to its own Akrimota Thermal Power Station. Failure of the Company to insist for supply of 2,946 Kcal./ Kg. of lignite resulted in excess consumption of 5.42 lakh MT of lignite costing ₹ 39.62 crore.

The Management stated that it was regularly taking up the matter with GMDC regarding supply of inferior quality of lignite.

Loss of generation due to inadequate fuel stock

Shortage of gas and lignite led to loss of generation of 165.67 MUs

2.14.8 The Company faced problems of shortage of fuel from time to time. Test check of records relating to outages of plants revealed that the different units of Utran Gas, Dhuvaran Gas and Kutch Lignite TPS fell under forced shutdown during the years 2005-09 due to shortage of gas and lignite resulting in loss of generation aggregating to 165.67 MUs valued at ₹ 37.32 crore.

It was observed in audit that in case of Utran Gas and Dhuvaran Gas, shortage of gas occurred mainly due to lesser allocation of gas by GAIL as demand management measure, low flow of pressure of gas due to defects in gas pipelines of GAIL and non availability of gas due to flood. As a result, power plant was kept under forced shutdown leading to loss of generation of 130.69 MUs. The Company could have avoided this generation loss by resorting to spot purchase of gas as the shortage in supply of gas was beyond its control.

Manpower Management

2.15 Consequent upon the unbundling of erstwhile Gujarat Electricity Board (March 2005), the Company came into existence (April 2005). However, based on the State Government decision of December 2004, the staff strength available in the power stations on the date would be taken as their respective sanctioned strengths. CEA in its National Electricity Plan for 10th five year plan stipulated the norms for manpower per mega watt as 1.76 persons. The consolidated position of sanctioned strength of manpower as per CEA norm *vis-à-vis* actual strength in respect of thermal power stations is given below:

Sl. No.	Particulars.	2005-06	2006-07	2007-08	2008-09	2009-10
1	Sanctioned strength (Nos.)	8,884	8,916	8,903	8,936	8,969
2	Manpower as per the CEA recommendations (Nos.)	8,745	8,745	8,086	8,086	8,416
3	Actual manpower (Nos.)	8,232	8,229	8,274	8,050	8,284
4	Expenditure on salaries (₹ in lakh)	18,910.69	21,594.2	24,368.9	23,867.09	29,235.27

(**Source:** Data as provided by the Company)

However, the sanctioned strength in individual power stations except for Wanakbori, Ukai Hydro and Kadana, was more than the CEA norms during the period of review. Despite this, we observed that the generating stations were regularly employing temporary/contract staff for jobs such as housekeeping, cleaning of coal handling plant, cleaning of condenser etc.

During 2005-10 generating stations deployed on an average 524 Nos. and 1,852 Nos. skilled and unskilled temporary employees for such jobs by incurring an expenditure of ₹ 38.69 crore. Besides, overtime allowance had regularly been paid to the regular staff. We observed that overtime allowance paid by generating stations during the review period works out to ₹ 187.03 crore. No action was taken to rationalise its staff strength or explore ways to utilise them optimally. We observed that technical manpower deployed in thermal and oil/ gas based PSs were above norms and it was below norms in hydro PSs. As far as non technical manpower was concerned, it was above norms in oil/ gas based PSs but below norms in thermal and hydro PSs. The Company should reassess the manpower requirements at its PSs and deploy manpower keeping in view the norms stipulated by CEA.

The Management stated that though the technical manpower deployed was excess but due to lesser deployment of non technical manpower in thermal units, the overall position of manpower deployed in thermal was less than CEA norms. Regarding oil/gas based TPS, the manpower required to be maintained as per CEA norms was reduced during the years 2007-09 as there was a reduction in the installed capacity of Dhuvaran TPS by 314 MW due to retirement of Unit I to IV and also due to derating of capacity of Unit V and VI of DTPS. The Company, however, had further reduced the manpower in DTPS in the subsequent period.

The fact remains that the manpower deployed in thermal plants under both categories should not be combined and may be maintained separately for technical and non technical cadres to ensure optimum utilisation. Regarding oil/gas based TPS, while the capacity reduction of DTPS took place in April 2007, the Company could reduce the manpower from 891 in 2006-07 to 703 by end of March 2010, and was still higher than CEA norm for manpower of 342.

Output Efficiency

Shortfall in generation

2.16.1 The targets for generation of power for each year are fixed by the GERC and approved by the Central Electricity Authority. We observed that the Company was able to generate 1,40,606 MUs during 2005-10 against target of 1,48,517 MUs. This resulted in a shortfall of 7,911 MUs as shown in the following table:

(In MUs)

Year	Target	Actual	Shortfall
2005-06	30,193	27,130	3,063
2006-07	30,013	27,533	2,480
2007-08	30,208	29,241	967
2008-09	28,967	28,388	579
2009-10	29,136	28,314	822
Total	**1,48,517**	**1,40,606**	**7,911**

(**Source:** Data as provided by the Company in the Management Information System)

The year-wise details of energy to be generated as per design, actual generation, plant load factor (PLF) as per design and actual plant load factor in respect of the power projects commissioned up to March 2010 are given in ***Annexure*-10**. An analysis of the annexure revealed the following:

- The actual generation and actual PLF achieved almost in all the years at all the PSs remained below the energy to be generated and PLF as per design during the five years up to 2009-2010.
- Considering 80 *per cent* PLF as norm, the total designed generation was of 1,70,669 MUs during period 2005-10, against which the actual generation was 1,40,606 MUs leading to shortfall of 30,063 MUs during the period which could have been technically produced.
- As the PLF had been designed considering the availability of inputs, the loss of generation (total 30,063 MUs) during the review period indicated that resources and capacity were not being utilised to the optimum level due to design deficiencies, frequent breakdown of units and delay in timely rectification of defects in the plant and equipments.

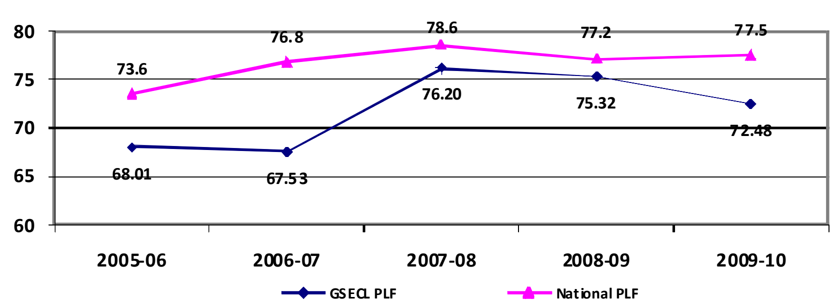
The Management stated that regarding short fall of 7,911 MUs against targeted generation, the backing down of operation of plant was the main reason for non achievement of the targets.

The fact remains that during 2005-10, the loss of generation on account of backing down was hardly five *per cent* of total units generated. Moreover, target itself was fixed below the possible generation of 1,70,669 MUs. Hence, the non achievement of targeted generation lacked justification.

Plant Load Factor (PLF)

2.16.2 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 CERC, the PLF for thermal power generating stations should be 80 *per cent*, against which the national average was 76.74 *per cent*. The PLF of the Company during 2005-10 is depicted in the graph below:

PLF of Unit VI of Kota TPS of Rajasthan Rajya Vidyut Utpadan Nigam Limited at 101.10 *per cent* was the highest among all State Sector units



As seen from the above graph, the PLF of the Company remained below CERC norms and national average. We observed that PLF increased from 67.53 *per cent* in 2006-07 to 76.20 *per cent* in 2007-08 mainly due to commissioning of 113 MW Dhuvaran gas based PS and simultaneous reduction in the installed capacity of Dhuvaran TPS by 314 MW due to retirement of Units I to IV besides derating of capacity of Units V and VI. Thereafter, PLF started decreasing again mainly due to prolonged period taken for execution of major R&M work and stabilisation of Unit I and II of Ukai TPS during 2008-10.

2.16.3 The details of average realisation *vis-à-vis* average cost per unit, PLF achieved, average realisation at national PLF, PLF at which average cost would be recovered and the difference of 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)	201	212	233	275	281
2.	Average Cost (Paise per Unit)	200	211	234	281	281
3.	Actual PLF (*per cent*)	68.01	67.53	76.20	75.32	72.48
4	National PLF	73.6	76.8	78.6	77.2	77.5
5.	Average Realisation at National PLF (Paise per Unit)	217	241	240	282	300
6.	PLF at which average cost stands recovered (*per cent*) (2/1 × 3)	67.67	67.21	76.52	76.94	72.48

(**Source:** Data as provided by the Company in the final accounts of respective years, Management Information System and from CEA)

If the PLF was maintained at par with the national average, the Company could have avoided estimated shortfall in generation of 9,599 MUs and consequential loss of contribution of ₹ 348.72 crore during the period.

The Management while accepting the facts stated that though the Company's PLF remained below the norms of CERC it was higher than the national average PLF of state sector power generation entities.

The details of maximum possible generation at installed capacity, actual generation and corresponding Plant Load Factor achieved in respect of each generating unit for the five years up to 2009-2010 are given in ***Annexure*-10**. The main reasons for the low PLF, as observed in audit were:

- Low plant availability
- Low capacity utilisation
- Major shut downs and delays in repairs and maintenance

These are discussed in the following paragraphs.

Plant availability

The overall plant availability in the State Sector was 82.67 *per cent* during 2008-09

2.16.4 Plant availability means the ratio of actual hours operated to maximum possible hours available during certain period. As against the CERC norm of 80 *per cent* plant availability during 2004–09, the plant availability was 76.4 *per cent* during 2006-07. Likewise, against the norms of 85 *per cent* during 2010–2014, the plant availability of the Company was 81.6 *per cent* during 2009-10.

The details of total hours available, total hours operated, planned outages[¥], forced outages and overall plant availability in respect of the power plants operated by the Company are shown below:

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Total hours available	2,89,081	2,89,079	2,58,361	2,62,800	2,68,776
2.	Operated hours	2,35,338	2,20,768	2,25,687	2,20,037	2,22,732
3.	Planned outages (in hours)	30,805	26,811	18,449	19,987	26,098
4.	Forced outages (in hours)	22,938	41,500	14,225	22,776	19,946
5.	Plant availability (*per cent*)[◊]	81.4	76.4	87.4	83.7	81.6
6	Backing down (in hours)	11,038	6,604	9,192	7,366	10,924
7	Forced outages (*per cent)*	7.9	14.4	5.5	8.7	7.4
8	Backing down (*per cent)*	3.8	2.3	3.6	2.8	4.1

(**Source:** Data as provided by the Company in the Management Information System.)

The low availability of power plant was due to longer duration of outages caused by inordinate delays in repair and maintenance and non-availability of required quantity of fuel and other critical inputs. Besides, the power stations were forced to back down its generation for 45,124 Hrs. (7,157.25 MUs) during 2005-10 due to various reasons. The main reasons for such backing down of plant was high operational costs (in case of DTPS oil based unit) and lack of demand for power due to monsoon or inability to cater to the demand due to failure of transmission system because of occurrence of natural calamities etc.

The Management stated that though the Company's PAF had remained below the norms of CERC in the year 2006-07 and 2009-10, PAF still remained higher than the national average PAF of state sector power generation entities which was 80.39 *per cent.*

Capacity utilisation

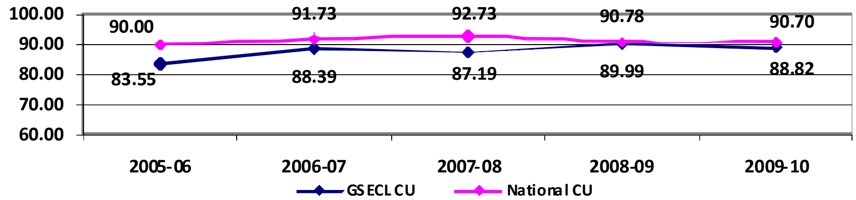
Capacity utilisation of power plants of the Company was 86.5 *per cent* against the national average of 91.2 *per cent*

2.16.5 Capacity utilisation (CU) means the ratio of actual generation to possible generation during actual hours of operation. Based on national average PLF of 76.74 *per cent* and plant availability at 84.1 *per cent*, the standard capacity utilisation factor works out to be 91.2 *per cent* for power plants. As far as the average PLF of the Company is concerned, it was 71.9 *per cent* and average PAF was 83.1 *per cent* during the period 2005-06 to 2009-10. As such, the standard capacity utilisation factor works out to be 86.5 *per cent* for power plant of the Company. This indicated under utilisation of installed capacity by 4.7 *per cent* (91.2-86.5 *per cent*) in comparison to the national standard capacity utilisation factor.

We observed that capacity utilisation at the end of year 2009-10 had improved from the levels achieved in 2005-06, as given in the line graph.

[¥] Outages refer to period for which the plant remained closed for attending planned/forced maintenance.

[◊] Plant availability is computed without reckoning backing down caused due to backing down of high operational cost.



Outages

2.16.6 Outages refer to the period for which the plant remained closed for attending to planned/ forced maintenance. Audit observed following deficiencies in planned and forced outages:

Planned outages

2.16.7 The total number of hours lost due to planned outages decreased from 30,805 in 2005-06 to 18,449 in 2007-08 but again increased to 26,098 in 2009-10. We observed that in four power stations[ƒ] the percentage of planned outages hours to the total available hours was ranging between 14.24 and 56.48 *per cent* (i.e. between 743 hours in STPS in and 12,216 hours in KLTPS) during 2005-10 which was higher than the CEA norm of 10 *per cent*. Compliance of the CEA norms would have entailed availability of plant for additional 37,681[≈] operational hours with consequent generation of 13,810 MUs and contribution of ₹ 546.11 crore during the period from 2005-06 to 2009-10.

Forced outages

Total outages in excess of CEA norms led to generation loss of 20,617 MUs and consequential loss of contribution of ₹ 740.72 crore

2.16.8 The total number of hours lost due to the forced outages increased from 22,938 hours in 2005-06 to and 41,500 hours in 2006-07 and thereafter reduced to 14,225, 22,776 and 19,946 during 2007-08, 2008-09 and 2009-10 respectively. We observed in four power stations[∇] referred to in earlier paragraph that the percentage of forced outages hours to the total available hours ranged between 10.17 and 47.80 *per cent* which was higher than the CEA norm of 10 *per cent*. Compliance of the CEA norms would have entailed availability of plant for additional 28,438 operational hours with consequent generation of 6,807 MUs and contribution of ₹ 194.61 crore[∞] during the review period.

The Management stated that the overall percentage of planned and forced outages of 10 *per cent* each as a whole remained well within the norms during the period 2005-10. Regarding excessive forced outages over the norms, the Management attributed the unforeseen problems as main reasons for it.

ƒ STPS (2005-06), KLTPS (2005-07), UTPS (2006-10), DTPS-gas and oil based (2006-07 and 2009-10).

≈ Calculated based on the cases of planned outages of each power station which exceeded the CEA norms.

∇ STPS (2006-07), KLTPS (2006-10), UTPS (2008-10), DTPS-gas and oil based (2005-07 and 2008-09).

∞ Calculated based on the cases of forced outages of each power station which exceeded the CEA norms.

The excess forced outages were mainly due to high vibration of turbine, boiler tube leakages, bad conditions of condenser tubes due to deteriorated water chemistry etc which could have been minimised by the Management by carrying out timely preventive maintenance of these power stations.

Auxiliary consumption of power

2.16.9 Energy consumed by power stations themselves for running their equipments and common services is called Auxiliary Consumption. GERC allowed (May 2006) auxiliary consumption of power ranging between 8.5 and 11.12 *per cent*, 11.5 to 12.5 *per cent* and 2.9 to 4.9 *per cent* of the power generated through thermal, lignite and gas based plants to be used as auxiliary consumption respectively.

Wanakbori Thermal Power Station of GSECL was the best performer and achieved the lowest auxiliary power consumption at 7.05 *per cent* during 2008-09

We observed that the average actual auxiliary consumption of power stations of the Company varied between 8 *per cent* and 12.58 *per cent* in respect of thermal based stations, between 12.65 and 21.05 *per cent* in respect of lignite based station and between 2.32 and 6.01 *per cent* in case of gas based stations between 2005-06 and 2009-10, resulting in excess consumption of 254.62 MUs valuing ₹ 57 crore which could not be dispatched to the grid.

The Management stated that the reasons for excess auxiliary consumption over the norms in case of lignite based TPS were due to poor quality of lignite and partial operation of KLPTS Unit III due to high vibration of turbine. However, in case of gas based DTPS I and UCCPP I, the auxiliary consumption as per design of the plant was 3.38 *per cent* which was higher than the norms fixed by GERC. Besides, partial operation of gas based DTPS I&II and UCCPP I&II due to backing down of the units was also one of the reasons for the excess auxiliary consumption over the norms.

The fact remained that actual auxiliary consumption of gas based DTPS I and UCCPP I remained higher than the consumption norms as per the plant design during 2005-10.

Lack of supervision in generation

2.16.10 The Company awarded (November 2006) a contract for testing and analysing the samples of condenser water, feed water, steam water, boiler drum at regular intervals to maintain the water chemistry as per BHEL recommendations for Reverse Osmosis Mixed Bed Plant (ROMB Plant)[↕] at Dhuvaran CCPP. The contractor was required to report the abnormalities, if any, noticed while testing to the in charge of the plant.

↕ The Mixed bed plants are used for fine polishing of demineralised water and production of moderate amount of demineralised water from water works or a reverse osmosis plant for high tech water installations like power stations.

Failure to monitor the work of contractor led to generation loss of 45.04 MUs valued at ₹ 12.38 crore

We observed that during 10 to 29 January 2009 the officials of the Company did not supervise the water chemistry recorded by the contractor resulting in formation of extensive deposits of chemically decomposed material in boiler drum and steam turbine leading to shutdown of plant from 30 January 2009 to 22 March 2009. The Company repaired the plant at the cost of ₹ 2.33 crore and restarted the operation from 23 March 2009. During the period of shutdown the Company suffered generation loss of 45.04 MUs valued at ₹ 12.38 crore at the rate of ₹ 2.75 per unit.

The Management stated that the monthly bills of the contractor were withheld and legal actions were initiated for forfeiture of security deposit, *etc*. However, the fact remains the loss was avoidable by effective supervision of contractors working besides, the responsibility for the lapse of Company's officials was not fixed.

Repairs and Maintenance

2.17.1 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 carries 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.

Audit observed that annual maintenance/overhauling (AOH) of Units of majority of TPS was carried out with a delay up to 11 months from the date on which AOH was due to be taken up.

The Management cited that based on system demand/grid conditions, demand for power etc., the Company had to postpone the schedule of AOH. However, AOH is an annual exercise and is basically a preventive measure to avoid/minimise the possibility of forced outages; the Company should have ensured the timely taking up of AOH through proper planning.

Inadequate replacement of defective condenser tubes

2.17.2 A reference is invited to paragraph 2.4.21 of Audit Report (Commercial) for the year ended 31 March 2007-Government of Gujarat, in which it was mentioned that imprudent acceptance of supply of 13,978 condenser tubes costing ₹ 4.89 crore up to April 2007 resulted in blocking up of fund of ₹ 4.89 crore with consequential loss of interest of ₹ 19.56 lakh.

Further analysis by us revealed that the Company in order to overcome the vacuum problem in the plant, decided (October 2007) to improve the condenser tubes performance by replacing the defective tubes. The Company during July-August 2008 replaced 1,475 numbers of tubes which were highly chocked up instead of replacing all the 13,262 defective tubes. Consequently, the Unit could function normally for brief spell of five months (September 2008 to January 2009) and there after the vacuum problem again increased

Inadequate replacement of defective condenser tubes led to generation loss of 152.15 MUs

during February to July 2009. As a result, the Company again undertook the replacement of remaining 11,787 numbers of tubes during August 2009 and September 2009 at the time of Capital overhaul. Subsequently, performance of the Unit had improved. Had the Unit carried out the replacement of condenser tubes at one go during July-August 2008, the performance would have improved enabling generation of additional 152.15 MUs (₹ 42.66 crore).

The Management stated that as AOH carried out during July-August 2008 had a smaller spell of 15 days, it could replace only bare minimum of required condenser tubes during that AOH and thereafter, the remaining tubes were replaced during capital overhauling (COH) when it was undertaken during August and September 2009.

Renovation and Modernisation

2.18.1 Renovation & Modernisation and Refurbishment activities involve (R&M and RA) 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 below 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*. Necessary permission and clearance for R&M and refurbishment activities from State Electricity Regulatory Commission (SERC)/ CEA/ State Government are obtained. Residual Life Assessment (RLA) studies are also conducted for all Refurbishment activities and in major R&M works. For Refurbishment and R&M activities 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 and rest of the fund is met through internal sources or loan from State Government.

Renovation and Modernisation and Refurbishment activities

2.18.2 The Ministry of Power, Government of India (MOP) identified (11 September 2001) Ukai I&II and Gandhinagar I&II as the Units that had completed their useful life and were operating at poor efficiency levels for want of (R&M and RA) in the tenth Five Year Plan.

For taking up the R&M and RA of Unit I&II of Gandhinagar TPS, the Company had awarded the contract (October 2006), with a stipulation to complete the work by June 2009. However, the R&M and RA have not been carried out so far (March 2010) as discussed in the succeeding paragraphs. In Ukai TPS, R&M and RA were carried out in September 2006 to May 2008 for Unit I and in August 2008 to February 2010 for Unit II. Instances of delay in implementation of R&M and RA are discussed below:

Implementation of R&M/ Refurbishment activities

Avoidable delays in execution works at Ukai Unit I and II resulted in generation loss of 345.16 MUs

2.18.3 The Company awarded (January 2005) contracts to BHEL for supply, erection, commissioning and civil work at a total cost of ₹ 260 crore related to R&M and RA for Unit I and II UTPS. The zero date for start of the work was 29 March 2005 and the R&M activities of UTPS I and UTPS II were to be completed in 20 and 27 months respectively and the duration of shutdown allowed for carrying out erection, and commissioning of each Unit was seven months. We observed that the entire R&M and RA of Unit I and II were completed in May 2008 and February 2010 with a delay of 13 and 11 months respectively. This led to generation loss of 2,230.16 MUs[◊] out of which generation loss of 345.16 MUs, was due to avoidable delay of eight months as is discussed below:

- The Consultant who was to approve the design before start of the commencement work by BHEL from the zero date *i.e.,* 29 March 2005, was appointed (August 2005) by the Company with a delay of four months.

- As far as supply of material was concerned, against the stipulated completion by April 2006, BHEL supplied only 53 *per cent* of the material till 6 September 2006. The Company, however, shutdown the Unit I of UTPS on (6 September 2006) with an insufficient receipt of material that was improperly synchronised and mismatched for taking up the work of erection and commissioning of the plant. This led to further delay of four months.

The Management stated that in view of the grid requirement for supply of power, the R&M and RA of Unit I could not be taken up till September 2006. Since the outage of Unit I was not planned immediately after placement of order on BHEL (January 2005) for taking up the R&M and RA, the appointment of Consultant was not considered as urgent at that point of time. Since BHEL's delay in supply of material also contributed to the delay in carrying out the activities, BHEL had been penalised for such delay.

Since MOP had identified in September 2001 itself for the R&M and RA of Ukai Unit I & II the Company should have taken up the activities in March 2005 as per its original schedule. Moreover, the Company had backed down power for 13,666 hours during April 2005 to August 2006, there did not appear any grid constraints.

Post R&M evaluation

R&M and RA scheme envisaged norms for the consumption of auxiliary, heat rate, oil, coal, PLF and generation cost to be achieved post R&M in the TPSs. The norms related to input/output efficiencies as given in DPR for post R&M period of these thermal power stations are detailed below:

◊ For Unit I during October 2006 to May 2008 and for Unit II September 2008 to February 2010.

Name of TPS	Norms as per DPR			Actual Post R&M		
	Auxiliary consumption (in *per cent*)	Heat Rate (in Kcl/ Kwh)	PLF (in *per cent*)	Auxiliary consumption (in *per cent*)	Heat Rate (in Kcl/ Kwh)	PLF (in *per cent*)
Ukai I	9.20[⊗]	2,482	80	10.85	2,848	50.68

(**Source:** Data as provided by the Company and disclosed in the detailed project report)

In respect of Unit I, prior to R&M and RA, i.e., during 2005-06, the auxiliary consumption was 10.70 *per cent*, the heat rate was 2,899 Kcal/ Kwh and PLF was 54.53 *per cent*. Whereas, after carrying out R&M and RA, during 2009-10, the auxiliary consumption was 10.85 *per cent*, the heat rate was 2,848 Kcal/Kwh and PLF was 50.68 *per cent*. We observed that under performance was mainly due to high vibration of turbine and excessive boiler tube leakages which led to delay in stabilisation of operation of Unit I of Ukai TPS. Consequently, the Unit I suffered a loss of 1,004.03 MUs[‡] against the envisaged benefit of 1,790.06 MUs in DPR. As the R&M and RA of Unit II of Ukai TPS were completed only in February 2010, the performance of the Unit II with reference to norms could not be assessed in audit. Besides, the performance guarantee test for these Units after R&M and RA were not conducted so far (November 2010).

Idle investment on material

Imprudent acceptance of material worth ₹ 145.16 crore led to blocking up of fund and loss of interest of ₹ 30.60 crore

2.18.4 As discussed in paragraph 2.16.2, for taking up the R&M and RA of Unit I and II of GTPS, the Company initiated action by award of contract (October 2006) to BHEL at a total cost of ₹ 295 crore. This work was to be completed by June 2009. The Company, however, citing the reason of delay caused by BHEL in execution of R&M and RA of Unit I of Ukai TPS, decided (June 2008) to put on hold the R&M and RA of Unit I and II of GTPS. The Company has not taken any decision to restart the work till date (August 2010) as BHEL did not conduct the Performance Guarantee (PG) test of the Unit I and II of Ukai TPS to evaluate their performance. Even though the Company received the supply of material worth ₹ 173.03 crore against the total order for ₹ 250.05 crore, the supply of material for ₹ 145.16 crore could have been avoided as it was received after deciding to hold the work in June 2008. Consequently, the investment of ₹ 145.16 crore remained idle resulting in avoidable loss of interest[Σ] of ₹ 30.60 crore and ₹ 0.72 crore commitment charges paid during the period from June 2008 to March 2010.

The Management stated that the material received was being used and, therefore, the expenditure incurred in this regard should not be considered wasteful.

However, the possibility for using the material is remote in view of the fact that GoG had given in principle approval for converting GTPS from coal to gas based power station.

⊗ As per GERC.

‡ Actual generation of Unit I during June 2008 to March 2010=786.93 MUs *less* the envisaged benefit of 1790.96 MUs (after reckoning increase in generation) during the above period.

Σ Calculated at the rate of 11.5 *per cent* of PFC loan which was availed for the work.

Operation & Maintenance

2.18.5 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, etc. but excludes the expenditure on fuel.

CERC in its regulation in 2009 allowed O&M norm for 2009-10 as ₹ 18.20 lakh per MW in respect of thermal power units having 200-250 MW capacity. In respect of hydro power station, O&M cost per MW for 2009-10 was fixed at ₹ 38.45 lakh. The manpower management and repair & maintenance activities have been dealt with separately in paragraph nos. 2.15 and 2.17.1. Against the above mentioned norm, the total O&M cost per MW incurred in thermal power station by the Company was in the range of ₹ 6.39 lakh to ₹ 13.45 lakh during 2005-10. In case of hydro power station, O&M cost per MW was in the range ₹ 2.42 lakh to ₹ 7.07 lakh during that period. Thus, in both thermal and hydro power stations, O&M cost per MW actually incurred was lower than the norms which is indicative of the fact that adequate O&M activities had not been carried out in time.

Financial Management

2.19.1 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, subsidy from State/Central Governments, loans from State Government/ Banks/ Financial Institutions (FI), etc. These funds were mainly utilised to meet payment of power purchase bills, debt servicing, employee and administrative costs, and system improvement works of capital and revenue nature.

2.19.2 Details of sources and utilisation of resources on actual basis for all the power sector companies for the years 2005-06 to 2009-10 are given below:

(₹ in crore)

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Cash Inflow						
1.	Net Profit/(loss)	52.60	86.48	68.34	82.01	149.26
2.	Add: Adjustments	533.81	508.29	576.16	604.61	892.65
3.	Operating Activities	1,018.92	621.73	433.11	712.96	609.35
4	Investing Activities	2.60	2.64	6.07	20.90	1.01
5	Financing Activities	3,800.10	206.32	582.50	1594.57	690.39
6.	**Total**	**5,408.03**	**1,425.46**	**1,666.18**	**3,015.05**	**2,342.66**
Cash Outflow						
7.	Operating Activities	782.56	403.18	376.67	609.79	310.06
8.	Investing Activities	4,312.51	714.91	1,040.24	2,137.17	1,676.60
9.	Financing Activities	308.29	267.95	289.45	272.58	356.53
10.	**Total**	**5,403.36**	**1,386.04**	**1,706.36**	**3,019.54**	**2,343.19**
Net increase/ (decrease) in cash and cash equivalent		**4.67**	**39.44**	**(40.16)**	**(4.48)**	**(0.52)**

(**Source:** Data as provided by the Company and disclosed in the final accounts of respective years.)

We observed that during 2007-08, cash crunch was due to ongoing capacity additions coupled with poor cash inflow from operating activities.

However, the situation could have been improved by gearing up the recoveries of its dues and also by expediting the disposal of unserviceable stores.

Claims and dues

Irregular allowance of rebate on payment of monthly electricity bills

2.20 As per the provisions of Power Purchase Agreement (PPA) entered by the Company with GUVNL, the Company allows rebate if GUVNL makes prompt payment on monthly electricity bills issued to them for sale of power. The rate of rebate is two and half *per cent* if the payment is received within seven days and is one *per cent* if the payment is received within one month from date of issue of monthly bill.

A rebate of ₹ 174.55 crore was allowed in violation of PPA terms

A test check of records related to issue of monthly electricity bills and payments received there against during the year 2008-09 revealed that as against sale of electricity of ₹ 7,101.23 crore, the Company received an amount of ₹ 6,572.59 crore against which the Company allowed rebate of ₹ 174.55 crore at the rate of two and half *per cent*. However, in none of the cases, the payments were received within seven days from the date of issue of bills; on the contrary, the payments were received over with a period ranging from one to eight months. Thus, the rebate of ₹ 174.55 crore allowed was not only against the provisions of PPA, but also remained unjustified especially in view of the fact that outstanding dues recoverable from GUVNL for sale of energy kept on increasing from ₹ 261.35 crore to ₹ 528.63 crore during 2006-07 to 2008-09 as mentioned in the previous paragraph.

The Management stated that GUVNL being the holding Company made several payments on behalf of the Company for which the Company was liable to pay to GUVNL. Therefore, the Company allowed the incentive. However, the Company did not address the issue involved in proper perspective.

Tariff fixation

2.21.1 The Generating Company is 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 Gujarat Electricity Regulatory Commission (GERC). GERC accepts the application filed by the Generating Company with such modifications/ conditions as may be deemed just and appropriate and after considering all suggestions and objections from public and other stakeholders, issues an order containing targets for controllable items and the generation tariffs for the year within 120 days of the receipt of the application.

The Commission sets performance targets for each year for the items or parameters that are deemed to be "controllable" and any financial loss on account of underperformance is not recoverable through tariffs.

GERC disallowed controllable expenditure of ₹ 133.25 crore due to underperformance of the Company

We observed that for the period 2008-09 GERC did not allow (December 2009) controllable expenditure amounting to ₹ 133.25 crore consisting of ₹ 39.81 crore on O&M expense, ₹ 85.33 crore on fuel cost and ₹ 8.11 crore on interest on working capital. The Company could not file its tariff petition for 2009-10 as it could not finalise its annual accounts for 2009-10.

The Management stated that variable cost was determined on the basis of technical parameters, however, as the majority power stations were old, the actual variable cost incurred was not matching the ceiling fixed by GERC in this regard.

However, technical parameters were fixed by GERC considering the life of the power plant, therefore, the excess expenditure was avoidable through efficient management of PS.

Belated submission of tariff petition

2.21.2 As per GERC Multi Year Tariff regulations issued (December 2007), the generating company was required to file separate accounting statements with aggregate revenue requirement (ARR) under Multi Year Tariff for the control period from 1 April 2008 to 31 March 2011, latest by 31 January 2008.

Delayed submission of tariff petition led to non recovery of fixed cost of ₹ 172.65 crore

We observed that the Company had failed to file separate accounting statements with ARR within the stipulated period of 31 January 2008, and belatedly filed it on 31 July 2008. As a result of the delay, the upward revision in fixed cost proposed for recovery, could not be made effective from 1 April 2008. GERC issued tariff order on 17 January 2009, which came into force from 1 February 2009. Consequently the Company could recover fixed cost aggregating to ₹ 917.57 crore for the period April 2008 to January 2009 by adopting the rate approved in the previous tariff order applicable for the year 2007-08. Had the Company filed accounting statements along with ARR in time, it could have got the tariff order applicable from 1 April 2008, and thereby could have recovered the enhanced fixed cost of ₹ 1,090.22 crore during the period from April 2008 to January 2009. Thus, an amount of ₹ 172.65 crore was not recovered.

Dispatch of power in excess of SLDC's instructions

2.21.3 Every Power Station (PS) is required to declare the plant availability factor (PAF) for the day to the State Load Dispatch Centre (SLDC) which in turn communicates to the PS, the requirement of power (at an interval of every 15 minutes). As per the provisions of PPA entered with GUVNL, the Company was not eligible to get variable cost (*i.e.*, fuel cost, cost of water, cost of lubricants and consumables and repairs and maintenance cost) incurred in the power generated over and above the quantum of power dispatched as per the instructions of SLDC.

We observed that during 2008-09, the UGBPS had generated power in excess of SLDC dispatch instructions resulting in excess generation of 8,227 MUs and incurred ₹ 1.63 crore which could not be recovered through tariff.

The Management stated that to ensure the safety of the turbine, the plant had maintained the operation at 76 *per cent* as per OEM specifications against the 65 *per cent* as stipulated by SLDC and consequentially it had to dispatch excess power to SLDC.

However, the Company could have taken up the matter with SLDC and explained the operational constraints immediately. In fact the Company as late in May 2009, in a routine way got this stipulation of SLDC amended for maintaining the generation at 76 *per cent* of the capacity. Thus, the laxity of the Company in this regard led to avoidable loss.

Environment Issues

2.22.1 In order to minimise the adverse impact on the environment, the GOI had enacted various Acts and statutes. At the State level, Gujarat Pollution Control Board (GPCB) 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.

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

Disposal of fly ash

2.22.2 Annual generation of fly ash from five TPSs[Σ] in the State was around 49.20 lakh to 62.70 lakh MTs. 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. We observed that against the total fly ash of 285.70 lakh MTs generated, only 97.83 lakh MTs were disposed/ utilised. Thus, percentage of fly ash disposed to its total generation was around 34 *per cent* only.

[Σ] WTPS, GTPS, Ukai TPS, KLTPS and Sikka TPS.

The Management while accepting the audit contention stated that the year wise percentage of fly ash disposed to its total generation increased from 22 to 41; further, the infrastructure facility for extraction, collection and evacuation of fly ash was being created at WTPS and STPS which would enhance the disposal of fly ash in due course.

Non compliance to MoE&F directions

2.22.3 MoE&F, while giving clearance (31 May 2005) to the project of the Company for setting up and commissioning of Unit IV of KLTPS, had stipulated that one single flue chimney of 190 M height with exit velocity of 18/m/sec should be provided exclusively for Unit IV for dispersing the flue gases with high sulphur oxide. However, the Company sought (29 November 2006) permission from MoE&F for the use of an existing chimney of 110 M height which was a redundant chimney of Units I and II instead of constructing the new chimney. But MoE&F (17 July 2009) reiterated the requirement for providing 190 M height chimney for the project. The Company, however, did not construct the new chimney of 190 M height (estimated to cost ₹ 4 crore) but continued to use the existing chimney of 110 M height after commissioning the Unit IV of KLTPS (December 2009) entailing environmental problems.

The Management stated that the use of this chimney of 110 M height would not pose any environmental problem and it was still continuing its efforts for convincing MoE&F for granting the approval to use this chimney.

Water pollution

2.22.4 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 are required to obtain the consent of GPCB which *inter alia* contains the conditions and stipulations for water pollution to be complied with by the TPSs.

Audit scrutiny revealed that as per the norms prescribed by GPCB, total suspended solids (TSS), in effluents from the TPSs should not exceed 100 mg/L for WTPS and 30 mg/L for GTPS. We noticed that TSS in effluent discharges from the following TPSs exceeded the standards for the years mentioned there against:

Sl. No.	Name of the TPS	2006	2007	2008	2009
1	Wanakbori TPS (norms-100 mg/L)	499.9	108.9	-	-
2	Gandhinagar TPS (norms-30 mg/L)	43.0	42.7	51.7	45.8

Thus, TPS had failed to maintain the prescribed level of TSS in effluent discharges which may cause non repairable damage to the water bodies.

The Management stated that WTPS constructed new ash dyke in 2008 and in case of GTPS, the Company had now constructed ETP in 2009. Thereafter, TSS level had remained within the permissible limit.

Carbon Credit for CDM projects

2.22.5 To save the Earth from green house gases (GHG) a number of countries including India signed the 'Kyoto Protocol' (Protocol), which was adopted (December 1997) in the Third Conference of Parties to the United Nations Framework Convention on Climate Change (UNFCCC). Article 3 of the Protocol targeted reduction of emission of GHG by five *per cent* in the developed countries. UNFCCC had set the 'standard' level of carbon emission allowed for a particular industry or activity. The extent to which an entity is emitting less carbon (as per standard fixed by UNFCCC), it gets credited for the same. Only those power plants that meet the UNFCCC norms and take up new technologies will be entitled to sell these credits, commonly called Carbon Credits. If the developed countries were unable to reduce their own carbon emissions, they could book the savings of GHG in developing countries in their account by paying some money to the concerned country. This whole system is named Clean Development Mechanism (CDM). The power plants that commenced operations on or after 1 January 2000 are eligible for registration.

We observed that out of the four power project commissioned after January 2000, the Company had registered (February 2008) only two projects viz., Dhuvaran CCCP 1 (107 MW) and II (112 MW) with UNFCCC as CDM project. The remaining two power projects viz., UCCPP II (374 MW) and KLTPS IV (75 MW) commissioned in November 2009 and December 2009 respectively were not registered. However, KLTPS IV did not qualify for CDM as the plant was not using requisite fuel.

For assessing the Carbon Credit entitlement in case of two CDM projects, the verification of 'Certified Emission Reduction' was carried out by TUV Nord India Private Limited (the designated operational entity) in 2008. Resultantly, the Company received (December 2008/April 2010) the Carbon Credits amounting to ₹ 6.69 crore.

The Management stated that UCCPP II was now being taken under CDM project and was under validation process.

Monitoring by top management

MIS data and monitoring of service parameters

2.23 The Generating Company 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.

The Chief Engineers of the power stations are reporting the performance of the respective power stations through a demi-official letter addressed to the Managing Director of the Company reporting about the targets and achievements of their power station during the month and stating the reasons for shortfall, if any. The information include fund requirement, staff position, status of R&M activities, indents pending approval, etc. The generation targets are monitored periodically by the top management for follow-up action. Operational targets were fixed and compared with actuals. Top management discussed the performance of PS during their regular meetings. We observed that MIS did not cover the shortfall in generation on account of operation of the plant at partial load consequent to short receipt of coal.

The Management stated that it had started incorporating details on shortfall in generation due to short receipt of coal from April 2010.

Acknowledgement

We acknowledge the cooperation and assistance extended by different levels of the Management at various stages of conducting the performance audit.

Conclusion

- **As on 31 March 2010, the total installed power generation capacity in Gujarat State was 12,018 MW and effective available capacity was 9,614 MW against the peak demand of 10,406 MW leaving a deficit of 792 MW.**

- **During review period, the Company installed and commissioned three power projects at a cost of ₹ 2,353.03 crore. Of the three projects, there was time overrun of 37 months and cost overrun of ₹ 370.28 crore in execution of KLTPS IV power project.**

- **The thermal plants consumed 37.49 lakh MT coal valued at ₹ 751.67 crore in excess of norms indicated in the DPRs of the power stations.**

- **The manpower deployed in thermal power stations was more than CEA norm during review period. Further, overtime allowance of ₹ 187.03 crore was paid during the above period.**

- **The Company never achieved the targeted generation of power and the shortfall was 7,911 MUs during 2005-10. The PLF remained lower as compared to CEA norm and national average. Further, the auxiliary consumption of power by lignite and gas based plants remained in excess of norms.**

- **Avoidable delays of 11-13 months and blocking up of funds were noticed in carrying out the Renovation & Modernisation and refurbishment activities at Ukai and Gandhinagar TPS respectively.**

- **An amount of ₹ 174.55 crore was allowed as rebate on early payment of energy bills in contravention of the PPA.**

- **The GERC did not allow controllable expenditure of ₹ 133.25 crore on O&M, fuel and working capital during 2008-09.**

Recommendations

The Company may consider:

- **meeting out peak demand by increasing its own generation and reduce the dependence on power purchase from Central Public Sector Undertakings/ Other states;**

- **undertaking R&M and RA programme in time so as to ensure efficient operation of Power Plants;**

- **emphasising on coal companies to supply allotted quantities of coal as per FSA;**

- **ensuring availability of adequate quantity of coal to avoid loss of generation and maintaining consumption of coal within CEA norm;**

- **improving PLF, Plant Availability and Capacity utilisation to augment power generation;**

- **containing auxiliary consumption within norms; and**

- **ensuring submission of ARR in time for tariff fixation to avoid non recovery of cost during intervening period.**

Chapter III

Performance review relating to Statutory Corporation

Gujarat Industrial Development Corporation

Functioning of the Gujarat Industrial Development Corporation

Executive Summary

Introduction

The Corporation was incorporated in August 1962 for assisting in the rapid and orderly establishment of industries in Gujarat.

Industrial Policy

As per the Industrial Policy 2003, Government intended to convert the existing allotted leasehold land to freehold by charging appropriate premium and create the Industrial Estate Development Fund. The fund so created was to be utilised on upgradation of facilities in the existing estates. The policy was pending for implementation in absence of reasonable response from the allottees.

Land acquisition

The development of land was not commensurate with the land acquired though funds were available with the Corporation. During 2005-10, the percentage of land developed to land acquired at the end of each year ranged between 0.21 and 13.01.

Development of infrastructure, Special Economic Zones (SEZs) and Critical Infrastructure Project (CIP)

The Corporation did not prepare any detailed plan indicating the time schedule within which the developmental works in the estates were to be taken up and completed which had adverse effects on monitoring of execution of works.

The Corporation developed Ceramic and Glass SEZ, at Jhagadia without conducting any feasibility study, which led to its failure and blockage of funds spent on it. Further, out of the total plots allotted, 53 per cent of plots in Surat SEZ and 80 per cent of plots in Ahmedabad SEZ were lying unutilised by the allottees in absence of proper feasibility study.

The Corporation and Government of Gujarat had to bear extra financial burden of ₹ 118.47 crore and ₹ 142.41 crore due to splitting up of same kind of works into smaller segments with the intention of passing on maximum financial assistance to Industrial Associations under CIP.

Fixation of Premium Price (PP)

The Corporation sustained loss of ₹ 14.94 crore in two cases in absence of the enabling clause in land allotment agreement for recovery of compensation awarded by the court under Land Reference Cases. There were instances of huge revenue loss to the Corporation on account of erroneous fixation and abnormal delays in revision of PP.

Allotment and transfer of plots

The Corporation suffered a huge revenue loss of ₹ 44.85 crore due to various kinds of irregularities in allotment and transfer of plots viz., incorrect or non charging of applicable PP (₹ 31.61 crore), allotment of plots at concessional PP to ineligible allottee (₹ 8.46 crore), non recovery of transfer fee (₹ 1.11

crore) and allotment of plots at lesser PP (₹ 3.67 crore).

Maintenance of estates

Fixation of water charges in violation of the Corporation's policy led to short recovery of water charges of ₹ 6.43 crore at Dahej and Vilayat estates. Further, in 171 out of 183 functional estates, none of the three systems for disposal of waste was provided.

Unutilised plots and unauthorised use of plots

The Corporation failed to take effective action against the allottees who did not utilise the plot beyond the stipulated period (1,868 plots with a total area of 50.85 lakh square metre) and also against the allottees who had unauthorisedly used the plots (153 plots with a total area of 3.69 lakh square metres) for commercial activities in the plots allotted to them for industrial use

Utilisation of funds

During 2005-09, there was a short fall in achievement of targeted expenditure on land acquisition and on infrastructure development activities by 73 and 62 per cent respectively due to inadequate efforts of the Corporation.

Conclusion and Recommendations

The Corporation had no detailed plan fixing time frame for taking up and completing the work of setting up of estates and it did not focus more on the activities of land acquisition and infrastructure development. No proper adherence to policy/rules/methods was followed in fixation/revision of PP, allotment of plots, etc. Adequate systems for proper disposal of waste were not provided in the estates. Internal control and monitoring mechanism were not adequate considering the volume of activities related to development and maintenance of estates.

The review contained five recommendations which inter alia included formulating time frame for setting up of estates, devising suitable mechanism for ensuring compliance with policy, rules and methods relating to fixation/revision of PP, allotment of plots etc., and strengthening the internal control system looking at the volume of activities.

Introduction

3.1 Gujarat Industrial Development Corporation (Corporation) was incorporated on 4 August 1962, under section 3 of the Gujarat Industrial Development Act, 1962 for assisting in the rapid and orderly establishment of industries in the State. The main functions of the Corporation included acquisition of land, setting up and management of industrial estates, allotment of plots/sheds for industrial/commercial/residential purpose, recovery of Premium Price (PP) of plots/sheds and recovery of service charges from the allottees.

The Board of Directors (BoD) consisted of 12 directors and the Vice Chairman *cum* Managing Director (VCMD) who was the chief executive of the Corporation. As on 31st March 2010, the Corporation had 183[┘] functional industrial estates (67 saturated and 116 non saturated). It had 6[ϒ] Divisional Manager (DM) and 14[∂] Regional Manager (RM) Offices for dealing with

[┘] Including three estates exclusively earmarked for Housing Estate (Atali-Bharuch, Umbergaon-Valsad and Hanspura-Ahmedabad).

[ϒ] Ahmedabad, Mehsana, Vapi, Rajkot, Ankleshwar, Bhuj.

[∂] Ahmedabad, Vadodara, Rajkot, Ankleshwar, Surat, Junagadh, Bhuj, Mehsana, Surendranagar, Bhavnagar, V. U. Nagar, Gandhinagar, Jamnagar and Vapi.

administrative matters of the estates *i.e.* allotment of plots, recovery of dues from allottees, etc. It had four[¥] Circle and nine[€] Division offices for dealing with technical matters *i.e.* monitoring the development work of estates and also maintenance of the estates.

Scope of Audit

3.2 The performance audit conducted during January to May 2010 covers the activities of the Corporation in the development of infrastructure for industries in the State including Special Economic Zones (SEZs) during five years ended 31 March 2010. For the purpose, records of the Head Office (HO), seven[*] out of 14 Regional Managers offices, three[Σ] out of four circle offices and five[∅] out of nine Division Offices of the Corporation were examined.

Audit objectives

3.3 The performance review relating to activities of the Corporation was conducted with a view to ascertain whether:

- there was a clearly laid down plan for acquisition and development of land;
- land procured was developed by establishing infrastructure facilities like roads, power, water supply, sewerage, communications, etc;
- proper allotment policy was in place and the allotment was made as per the laid down rules and rates;
- the funds received from Central/State Government (s) by way of grants and loans were utilised in an economic, effective and efficient manner;
- proper system was in place to effect timely recovery of dues (viz. capital and revenue receipts);
- the stated objective of industrial development in the State was achieved; and
- effective monitoring and internal control mechanism was in place.

Audit criteria

3.4 The following audit criteria were adopted for assessing the performance of the Corporation:

- Industrial policy of the State Government and directives issued thereto;

[¥] Ahmedabad, Rajkot, Bharuch and Surat.
[€] Ahmedabad, Mehsana, Rajkot, Vadodara, Ankleshwar, Vapi, Surat, Bhavnagar and Bharuch.
[*] Gandhinagar, Ahmedabad, Vadodara, Ankleshwar, Surat, Vapi and Jamnagar.
[Σ] Ahmedabad, Bharuch and Rajkot.
[∅] Ahmedabad, Vadodara, Bharuch, Ankleshwar and Rajkot.

- Targets fixed for selection of areas for development of infrastructure;
- Laid down eligibility criteria and guidelines of the Corporation for allotment and transfer of land;
- Procedures prescribed for acquisition of land and payment of compensation to land owners;
- Agenda notes and resolutions of Board of Directors and approved budgets of the Corporation;
- Rules framed for fixation of allotment price, levy of penalty, recovery of dues, etc.

Audit Methodology

3.5 The audit methodology involved review, scrutiny and analysis of:

- Relevant provisions in the Acts, policy, government instructions/approval/stipulated procedures applicable to the Corporation in performing its functions;
- The Plans, resolutions of BoD, approved budgets, instructions issued to field offices, internal rules and procedures framed for attending the works relating to allotment of plots/sheds, maintenance of estates, recovery of dues etc;
- Files, registers, financial records of HO and field offices;
- Tender files, works contracts, correspondence with contractors, measurement books, and Running Account (RA) bills, etc;`

Financial position and working results

3.6 The financial position and working results of the Corporation for the last five years up to 31 March 2010 have been given in ***Annexure-11***. From the annexure, it can be seen that revenue receipts increased from ₹ 191.39 crore in 2005-06 to ₹ 537.43 crore in 2009-10. There was consistent growth in surplus annually till 2008-09 on account of corresponding increase in the revenue receipts each year. During 2009-10, the surplus declined to ₹ 147.48 crore as compared to ₹ 165.06 crore earned during 2008-09 mainly because of disproportionate increase in the expenditure by ₹ 161.86 crore which included maintenance expenditure of ₹ 124.40 crore on power and street lights. The constant increase in the surplus of the Corporation over the years had contributed to corresponding growth in 'Reserves and Surplus' which reached ₹ 1,021.66 crore in 2009-10 from ₹ 508.79 crore in 2005-06. Further, 'capital expenditure on development of industrial estates' also increased substantially during last three years from ₹ 1,131.57 crore (2007-08) to ₹ 2,402.24 crore (2009-10) mainly on account of development works executed in Savli and Dahej estates during these years.

Audit findings

3.7 Audit findings were discussed with VCMD along with other officials of the Corporation in the 'Exit Conference' held on 14 July 2010 and the views expressed by them have been duly considered while finalising the performance review. Audit findings are discussed in the succeeding paragraphs.

State Industrial Policy

3.8 As per the Industrial Policy 2003, the Government had planned to convert the existing land allotted on leasehold basis to freehold basis to the allottees of industrial estates by charging appropriate premium. The premium so collected was to be credited into a fund 'Industrial Estate Development Fund (IEDF)' with a view to utilise the same for upgradation of facilities in the existing estates of the Corporation. Further, in case of allotment of plots within the Corporation's estate, the industrial policy stipulated for switching over from the present method of fixing the cost of land at 'Cost plus price' by the Corporation to 'Average Pricing' principle so as to maintain uniformity in land price and generate demand for the development of estate at a price less than the actual cost.

We noticed that the policy was pending for implementation due to lack of reasonable response from the allottees.

Government did not set any targets for the Corporation for industrialisation in the State

We, however, observed that neither GoG had given any targets to the Corporation for the industrialisation nor the State had identified any 'thrust sectors/industries' to be focused by the Corporation. Further, the Corporation did not switch over to the 'Average Pricing' principle for allotment of plots (March 2010).

Acquisition of land

3.9 The Corporation did not have any policy for selection of land for purchase/acquisition with reference to nature of industries and suitability for creation of infrastructure facilities. The Corporation acquires both Private and Government lands for development of estates. During 2005-06 to 2009-10 the Corporation acquired 7,642.63 Ha. and developed 2,392.20 Ha. The land acquired and the development made at the end of each year for the period from 2005-06 to 2009-10 is tabulated below:

(in Ha.)

Year	Opening balance	Addition during the year	Total	Land developed during the year	Closing balance	Percentage of land developed against the land acquired
2005-06	8,686.51	36.72	8,723.23	64.80	8,658.43	0.74
2006-07	8,658.43	386.87	9,045.30	56.30	8,989.00	0.62
2007-08	8,989.00	601.37	9,590.37	19.90	9,570.47	0.21
2008-09	9,570.47	4,554.89	14,125.36	166.90	13,958.46	1.18
2009-10	13,958.46	2,062.78	16,021.24	2,084.30	13,936.94	13.01
Total		**7,642.63**		**2,392.20**		

(Source: the annual reports and the information furnished by the Corporation)

Percentage of land developed to total land available remained between 0.21 and 1.18 *per cent* during 2005-09

From the table above, it can be seen that the development of land did not commensurate with the acquired land even though funds were available with the Corporation (as discussed in paragraph 3.19 *infra*). During last four years up to 2008-09 (*viz*. 2005-09), the percentage of land developed to the total land available was extremely poor and remained between 0.21 and 1.18 *per cent.* However, during year 2009-10 the percentage of land developed to total land available increased to 13.01 *per cent* mainly because of development works executed by the Corporation in Savli and Dahej (SEZs) areas.

The Government/Management stated (August 2010) that the Corporation had issued a policy circular in January 1980 mentioning all the parameters for selection of land for setting up an estate. But due to some typical situations (*i.e.* delay in possession of land, pending disposal of land reference cases (LRC)), pending fixation of price for Government land, low demand in tribal areas and global industrial scenario discouraging the industries, the development works were delayed giving an illusion that there was lack of planning in selection and acquisition of land for the estates.

The contentions regarding typical situations cited in the reply are exceptional cases which should not be generalised. As seen from the above table, the abnormally low percentage of developed land to the total land available during 2005 to 2010 was indicative of deficiency in planning for selection and acquisition of land. Further, the Corporation did not provide copy of the policy circular for verification in support of the reply.

Development of Infrastructure

For creation of infrastructure facilities, the Corporation undertakes development works like roads, power, water supply, sewerage, communications, etc in its estates, setting up of SEZ and development and upgradation of infrastructure in the industrial estates under Critical Infrastructure Project (CIP) of GoG. The deficiencies in the execution of works are discussed as under:

Absence of definite time schedule for development works

No detailed plan for development of infrastructure in the estates

3.10 Before floating any industrial estate, Corporation was required to provide four basic facilities viz. roads, water supply, sewerage and electrification. During the period 2005-06 to 2008-2009, the Corporation incurred an expenditure of ₹ 340.89 crore towards development works. We observed that the Corporation did not prepare any detailed plan prescribing the time schedule within which the works were to be executed. In the absence of such schedule, the delay in taking up the works and reasons therefore could not be ascertained.

Deficiencies in tendering for development works

3.11 The civil works for development of various estates were being awarded to different contractors selected through tendering process. We observed deficiencies in the tendering process adopted for award of development works as enumerated in succeeding paragraphs:

Non recovery of third party inspection charges

Deficiency in the tender provision led to non recovery of inspection charges of ₹ 1.79 crore

3.11.1 The Corporation followed tender Form B-1 prescribed by the State Roads & Building (R&B) Department (Tender Form) for awarding the works based on percentage rate quoted by the bidder either above or below the estimated cost put to tender for work. The clause 77 of tender form stipulated that an amount equal to one *per cent* of estimated cost put to tender after deducting the cost of materials as per schedule-A (valued at the basic rate in the sanctioned estimate) shall be deducted from the running bill of the contractor towards quality testing charges of the material brought by contractor. Test check of the records of four division offices[®], revealed that no such clause was inserted in tender form while inviting tenders for 66 works awarded and executed during the period 2005-06 to 2009-2010. As a result, an amount of ₹ 1.79 crore (***Annexure* 12**) actually incurred towards inspection charges for quality testing of material through third party could not be recovered from the contractors.

The Government/Management stated (August 2010) that the Corporation had taken up the works fully funded under GoG scheme viz., Critical Infrastructure Project (CIP). As per guidelines of the scheme, Third Party Inspection Agency (TPA) was appointed for ensuring the quality of work during execution of the works. Whereas, testing charges as per clause 77 of tender Form B-1, was meant for the cost towards sampling and testing to be carried out during the course of execution as per the frequency mentioned in the tender documents. As such, the cost incurred for the work of TPA was mandatory and also different from the testing charges.

The reply is not tenable. Of the 66 works listed, 20 works were falling under the scheme of CIP. The scheme of CIP has been discussed in the paragraph 3.17 *infra.* As per CIP scheme, the total project cost was to be shared among GoG, the Corporation and the concerned Industrial Association of the estate in the ratio as stipulated by GoG while the Corporation was the nodal agency for implementation of the project. As such, the contention of the management that the works were fully funded under GoG scheme was not correct. Further, the objective of availing the services of TPA under scheme of CIP or conducting the testing as per clause 77 of tender Form B-1 was the same *i.e.* to ensure the quality of material and the work executed. Thus, by not inserting the provision for recovery of testing charges/cost of TPA as per clause 77, the Corporation was unable to recover the cost of ₹ 1.79 crore incurred including inspection costs to be passed on to GoG (₹ 0.28 crore) and Industrial Associations (₹ 0.08 crore) towards their share relating to 20 CIP works.

Loss due to non-availing of Excise Duty Exemption

3.11.2 As per the Ministry of Finance, Government of India, notification dated 8 January 2004, payment of excise duty (ED) was exempted on "all items of machinery and their components/parts and pipes required for setting up the water supply plants and also on the pipes needed for delivery of water from its source to the end users for agricultural as well as industrial purposes.

[®] Ahmedabad, Vadodara, Vapi, Mehsana.

To avail this exemption, the user had to obtain a certificate from the concerned District Collector/ Deputy Commissioner / District Magistrate and produce the same to the Central Excise authority.

Not availed excise duty exemption of ₹ 1.53 crore due to lack of efforts

We observed that in respect of three[℘] works costing ₹ 107.55 crore awarded (August 2007 to February 2009) to two agencies at housing and chemical zones of the Dahej estate and also for the Lodhika estate, the Corporation did not take any steps to obtain exemption certificates from the competent authorities. This caused incurring of avoidable expenditure of ₹ 1.53 crore towards the component of ED on galvanised pipes costing ₹ 11.16 crore, utilised in three works eligible for exemption upto March 2010.

The Government/Management stated (August 2010) that as per amendment to the provisions *vide* notification no.06/2006 dated 1st March 2006, the ED exemption was restricted to the plant that intended to make the water for human or animal consumption and not for industrial purpose. Hence, in the contracts viz., Development of infrastructure at Chemical zone, Dahej and Up-gradation of water supply facilities at Lodhika estate, the contracts were awarded inclusive of ED as the water supply systems being installed were meant for industrial use. It was further stated that the Corporation had issued ED exemption certificate for ₹ 2.47 crore to the contractor on extra items of works (related to component of water supply) under the main contract of development of infrastructure at Chemical zone, Dahej. It was also assured that the benefits already availed by the contractor against said ED exemption certificate would be recovered by the Corporation. As regards the work at Atali Housing zone, Dahej it was stated that the estimates for supply of pipes were correctly prepared without ED component, reckoning that these pipes would be used for supply of water for human consumption.

The reply is not correct. As per the notification of 1st March 2006, the exemption was denied for the plant and not for the pipes which were used for supply of water for industrial use. Further, issuing of ED exemption certificate by the Corporation to the contractor for ₹ 2.47 crore on extra items of works relating to Chemical zone, Dahej itself contradicts the contention of the Corporation regarding inadmissibility of ED exemption. As far as Atali housing zone, Dahej is concerned, the documents made available to us indicated that the award of work was inclusive of ED, which is contrary to the reply.

Development of Special Economic Zones (SEZs)

3.12 GoI introduced Special Economic Zone Act, 2005, to attract investments in export production and to boost exports. During the period 2005-10, the Corporation performed the role of developer in setting up the SEZs. Under the role, the Corporation was to identify the place and the kind of industries for SEZs, obtain approval from GoG and Ministry of Commerce

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[℘] Infrastructure facilities for Atali Housing at Dahej Estate costing ₹ 63.59 crore awarded (February 2009) and Development of infrastructure of Chemical zone Dahej Estate costing ₹ 31.51crore awarded (September 2007) to M/s. Backbone Enterprise Limited, Work for upgradation of water supply facilities costing ₹ 12.45 crore in Lodhika Estate-awarded (August 2007) to M/s. Phoenix Projects Pvt. Limited.

and Industry (MoCI)/GoI, acquire land, develop infrastructure and allot plots. During April to August 2006, the Corporation planned for setting up of seven SEZs. Out of seven SEZs planned, two Apparel Parks set up at Ahmedabad and at Surat were functioning, one Glass and Ceramic SEZ at Jhagadia was defunct (since October 2006) and remaining four (*i.e.* Handicraft SEZ at Bhuj, Biotech SEZ at Savli, Electronics and Information Technology SEZ at Gandhinagar) were under planning/development stage. Our observations relating to three SEZs (*viz.,* Glass and Ceramic SEZ at Jhagadia and two Apparel Parks at Ahmedabad and Surat) are discussed below:

Unviable Project at Jhagadia SEZ

3.12.1 The Corporation proposed (December 2005) to establish SEZ for Ceramic and Glass industry at Jhagadia (Bharuch) covering 170 Ha at an estimated cost of ₹ 80.35 crore. MoCI approved (August 2006) the proposal with validity of three years from the date of approval. Besides earmarking the land costing ₹ 3.94 crore already available for the SEZ, the Corporation had incurred an expenditure of ₹ 1.13 crore (up to September 2006) on development works. While setting up the SEZ, the Corporation found that it received lukewarm response from potential investors for the SEZ. Hence, the Corporation intimated (October 2007) the MoCI that it was examining the possibilities for converting the SEZ proposed for Ceramic and Glass industry to Dyes and Intermediates industries. However, the Corporation had not taken any further action in this regard (March 2010).

Setting up of SEZ at Jhagadia without conducting feasibility study led to incurring of unfruitful expenditure of ₹ 1.13 crore

We observed that the Corporation went ahead with the proposal for setting up of Ceramic and Glass industry, based on the interest shown by few potential investors instead of conducting detailed feasibility study in this regard. The Corporation also ignored the deceasing trend started from 2003-04 in the overall growth rate of country's share of export in this sector. Resultantly, the expenditure of ₹ 1.13 crore incurred in the SEZ remained unfruitful and the land earmarked for the SEZ was also lying unutilised since May 2006.

The Government/Management stated (August 2010) that after SEZ Act came into force in 2005, generally there were some enthusiasm for setting up of SEZ. So, during this period the Corporation had prepared the rough and ready project report by using some details available from the internet. Further, two to three potential investors were also pursuing the Corporation vigorously for setting up of such SEZ and hence, the Corporation had set up the SEZ. Regarding expenditure of ₹ 1.13 crore, it was stated that the expenditure was incurred for creation of common infrastructure which was intended to be used in future.

The reply was indicative of the fact that the SEZ was set up without conducting proper feasibility study. Further, the infrastructure created in the SEZ area remained unutilised since September 2006.

Surat and Ahmedabad Apparel Park

3.12.2 The SEZ for apparel parks in Surat and Ahmedabad came into existence in June 2005 and April 2007 respectively. As of March 2010, the

Corporation incurred a total expenditure of ₹ 31.34 crore[⋕] on these SEZs. The status of these apparel parks is tabulated below:

Sl. No.	Particulars	Surat Apparel Park (56.64 Ha)	Ahmedabad Apparel Park (38.04 Ha)
1.	No. of plots developed	79	45
2.	No. of plots allotted	78	25
3.	No. of plots un allotted	01	20
4.	No. of plots units started working	30	02
5.	No. of plots factory set up but not working	07	03
6.	No. of unutilised plots	41	20
Percentage of working units to total number of plots allotted		38	08
Percentage of unutilised to total number of plots allotted		53	80

Percentage of unutilised plots to total plots allotted was 53 in Surat and 80 in Ahmedabad apparel parks

From the table above, it can be seen that in respect of Surat and Ahmedabad apparel parks, the percentages of working units to total no. of plots allotted were 38 and 8, whereas the percentages of unutilised plots to the total no of plots allotted were 53 and 80 respectively. In this regard, we observed the following:

- No feasibility study was conducted before setting up these SEZs with an aim to identify the investors genuinely interested in taking up the production of apparels, duly considering the objective and availing the benefit envisaged in the SEZ Act, 2005.

- In absence of any special provision with reference to assessing the professional and financial competency of the allottee, the allotment of plots were made in the SEZ merely based on the applications submitted by the applicants/investors in this regard. As a result, the plots allotted largely remained unutilised.

The Government/Management stated (August 2010) that as few potential investors and South Gujarat Chamber of Commerce were pursuing the Corporation for setting up of SEZ, it had prepared a rough project report and went ahead with setting up of SEZ. However, these SEZ did not succeed mainly because incentives offered to units of SEZ were not attractive in comparison to the apparel units setup in Domestic Tariff Area[∇] (DTA). The units set up in SEZ area were not entitled for the duty drawback, excise duty/ VAT on fabric items etc., as were available to similar type of units set up in DTA.

The reply is not tenable. As proper feasibility study was not conducted, the Corporation was unable to assess the potential of the incentives offered under SEZ to accelerate demand for setting up of SEZ particularly when several incentives were already available to apparel units under DTA.

[⋕] Surat Apparel Park- ₹ 18.31 crore and Ahmedabad Apparel Park- ₹ 13.03 crore.

[∇] It is an area within India but outside the Special Economic Zone.

The concession of ₹ 1.90 crore allowed was not withdrawn from the allottees who did not utilise the plots

- In Surat Apparel Park, the Corporation made the allotment of plots at the concessional Premium Price (PP) rate of ₹ 650/Sq. Mtrs. against the normally applicable rate of ₹ 800/Sq. Mtrs. This concession of ₹ 150/Sq. Mtrs. was allowed with condition that the same would be withdrawn if the allottee did not utilise the plot within one and a half year of its allotment. Of the total 78 plots admeasuring 2.15 lakh Sq. Mtrs. allotted during 2005-06 to 2009-10, 41 plots admeasuring 1.27 lakh Sq. Mtrs. of land remained un-utilised for more than one and a half year of allotment. The Corporation, however, had not withdrawn the concession of ₹ 1.90 crore from the allottees.

The Government/Management stated (August 2010) that the Corporation had recovered ₹ 0.82 crore from the allottees and would initiate action under the Gujarat Public Premises (GPP) Act for recovery of balance amount of ₹ 1.08 crore.

Non availment of Excise Duty Exemption benefits available for SEZ

Excise duty exemption of ₹ 0.79 crore was not availed by the Corporation being developer of SEZ

3.12.3 Under Section 26 (1) (c) the Special Economic Zone Act, 2005, every developer and entrepreneur shall be entitled for exemption of excise duty (ED) under the Central Excise Act 1944, Central Excise Tariff Act, 1985 or any other law for the time being in force. The Corporation, being the developer of the SEZs, was entitled to avail the ED exemption for the works carried out for the development of SEZs. The Corporation awarded (October 2005 to January 2007) four[∇] works amounting to ₹ 17.42 crore related to development of SEZs at Surat & Ahmedabad (Apparel Park) and Gandhinagar (Electronics SEZ). Though the Corporation got the approval (Surat-June 2005, Ahmedabad-April 2007 and Gandhinagar-December 2006) from MoCI for setting up of SEZs, the tenders for work were invited inclusive of ED on the materials to be used for the work. Further the Corporation had not obtained necessary exemption certificates from the concerned authorities of Excise Department. As a result, the Corporation incurred expenditure of ₹ 0.79 crore towards payment of ED (at the rate of 16 *per cent*) on excisable materials costing ₹ 5.47 crore utilised in the four works executed up to March 2010. No justification was forthcoming from the records for non-availing the ED exemptions.

The Government/Management stated (August 2010) that of the four works commented in audit, in case of CFC building work at Surat, the tender was invited in September 2004 *i.e* before the enactment of SEZ Act in May 2005 and in case of CFC building work at Ahmedabad, the major work was completed before the issue of the notification recognizing the SEZ set up at Ahmadabad. Hence, in these cases the benefit of excise duty exemptions was not availed. For the remaining two works, the Corporation was in the process of availing post construction benefits with the help of appointed consultant.

[∇] Developing of Common Facility Centre (CFC) Building at Surat (M/s.Vinay Construction Co. ₹ 3.78 Crore- October 20 05) and Gandhinagar SEZ (M/s. J Mavani & Co. ₹ 1.83 crore- January 2007), Development of infrastructure facilities at Gandhinagar SEZ (M/s.KECL JV Aashish Construction, ₹ 8.23 crore-June 2006) and CFC building at Ahmedabad Apparel Park (M/s. N.P.Patel & Co, ₹ 3.58 crore- January 2006).

The reply is not correct. In case of CFC building work at Surat and at Ahmedabad, MoCI issued the notification approving the setting up of SEZ at Surat and at Ahmedabad in June 2005 and in September 2005 respectively. However, the work orders in these cases were issued only in October 2005 and January 2006. Hence, the Corporation could have promptly obtained the exemption certificates from the Excise Department. Thus, the fact remains that in none of the cases the exemption from payment of excise duty was availed.

Implementation of Critical Infrastructure Project Scheme

3.13 Government of Gujarat (GoG) announced (June 2004) a Scheme namely Critical Infrastructure Projects (CIP) for development and upgradation of infrastructure in the industrial estates. The scheme was to remain in force for five years and was to be implemented through Industrial Associations (IA) of the respective estates. Under the scheme, GoG was to contribute 50 *per cent* of the cost of infrastructure project subject to a maximum of rupees five crore and 20 to 25 *per cent* of the project cost was to be contributed by the respective IA and remaining 25 to 35 *per cent* subject to a maximum of ₹ 3.50 crore per project was to be contributed by the Corporation. The contribution of the Corporation was later (June 2009) increased from 35 to 45 *per cent* of the project cost subject to a maximum of ₹ 4.50 crore per project. The grant of approval, sanction of assistance for the project and monitoring the progress of implementation of the project was being done by an Implementation Committee[∇] formed (June 2004) by the GoG. The Committee entrusted (October 2008) the responsibility for implementation of the projects to the Corporation citing slow progress in the implementation of the 36 approved projects (approved-up to June 2004) related to 32 estates (under phase I) by IA. Accordingly, for implementing the projects, the Corporation was to get the contribution of both GoG and IA.

Under the scheme, 168 CIP projects (having approved cost of ₹ 1,210.10 crore) were sanctioned up to February 2009 for implementation in 87 estates of the Corporation in six phases. Out of 168 projects 46 number of projects (estimated cost ₹ 310.06 crore and actual cost ₹ 262.73 crore) were completed, 71 projects (estimated cost ₹ 544.66 crore and actual cost ₹ 134.07 crore incurred so far) were under progress, 44 projects were in tendering/planning stage (estimated cost ₹ 340.41 crore) and seven projects (estimated cost ₹ 14.97 crore) were to be dropped. The contribution of the respective agencies for CIP projects as on March 2010 is as under:

(₹ in crore)

Particulars	Share of GoG	Share of Corporation	Share of Association	Total
Sanctioned	548.41	423.86	237.83	1,210.10
Expenditure incurred	170.39	137.81	92.39	400.59
Balance Fund	**378.02**	**286.05**	**145.44**	**809.51**

[∇] Minister for State for Industries –Chairman, Principal Secretaries of Industries, Finance , Ports, Road and Buildings, Water Resources Departments of GoG, Industries Commissioner, VC&MD of GIDC, Principal Chief Industries Adviser –Member , Joint/Dy. Industries commissioner –Member Secretary.

Extra expenditure of ₹ 260.88 crore was incurred due to splitting up of CIP works

Each project consisted of execution of various works mainly relating to road, sewerage water and drainage (SWD) lines, etc. A test check of records relating to the projects revealed that the works relating to widening of roads and SWD lines, though were awarded at a stretch to one contractor, the Corporation prepared the proposal for financial approval by splitting one work into smaller segments and grouped under various projects so as to keep the cost of each project well within the ceiling fixed for getting maximum amount of contribution from GoG for the projects. In one of the estates *i.e.* at Vapi, the work of widening of the road for a stretch of 10.79 kms, though was awarded at an estimated cost of ₹ 15.69 crore, the road work was split into 5.91 kms and 4.88 kms at an estimated cost of ₹ 8.60 crore and ₹ 7.09 crore respectively and shown under two projects *viz.,* Project 3 (Part 2) and Project 3 (Part 3). Similar cases noticed in respect of 41 projects executed in six estates* are given in ***Annexure* 13**. As a result, both GoG and the Corporation had incurred extra financial burden of ₹ 142.41 crore and ₹ 118.47 crore respectively which ultimately benefited the IAs.

The Government/Management stated (August 2010) that by awarding the high value contracts after grouping the smaller value works, quality of works and timely implementation of the projects were ensured since it would attract well established agencies to participate in the implementation of the project.

The reply did not address our observation, which did not question awarding the works in one stretch but suggested for obtaining financial sanction for the high value projects without splitting the same in smaller segments so as to avoid passing of extra financial burden on GoG and the Corporation.

Fixation of Premium Price (PP)

3.14 The Corporation worked out the cost of the industrial plots on 'no profit no loss' basis. The Corporation fixed the allotment price, also called Premium Price (PP) for each estate. As per the established procedure, the PP per Square metre (Sq. Mtrs.) was fixed by taking into account the land cost, contingency, development cost of land, cost of developing infrastructure in the estate, provision for overhead and interest element and divided it by allotable areas in square metre, in the estate. No uniform system was followed as far as percentage to be adopted for calculation of element of contingency, overhead expenses and interest while fixing the PP for various estates was concerned. Following points relating to fixation of PP were noticed in audit.

Non provision for recovery of extra cost of land incurred as per court award

3.14.1 While fixing the PP for any estate, the Corporation was not taking into consideration the probable liabilities towards enhanced compensation which could become payable to the land owners in respect of the cases referred to court (Land reference Cases-LRC) depending upon court's decision. Further, the Corporation did not insert any enabling clause in the allotment letter for recovery of such extra cost from the allottee for the plots allotted from the land subjected to LRC. As a result, the Corporation was unable to recover from the

* Panoli, Ankleshwar, Halol, Lodhika, Wadhwan and Vapi.

allottees the extra cost on account of payment of compensation made at the enhanced rate upon the receipt of judgment on the land which was already allotted. In some cases, while fixing the PP, the Corporation even ignored the enhanced compensation already paid before fixation of PP. Few cases, of this nature, noticed by us during test check are discussed below:

- The Corporation fixed (April 2007) the PP for Jhagadia Industrial Estate (Phase-I) at ₹ 500/Sq. Mtr. without considering the LRC liability of ₹ 12.06 crore (award dated 10 April 2006), ₹ 2.12 crore (award dated 29 June 2006) and ₹ 2.98 crore (award dated 31 July 2006) against which the payments had already been made. Thus, due to non-considering the payments made for LRCs, the Corporation fixed PP at lower rate of ₹ 500/Sq. Mtrs. instead of ₹ 536/Sq. Mtrs. resulting in loss of ₹ 36/Sq. Mtr. in fixation of PP. The Corporation suffered a loss of revenue to the tune of ₹ 1.92 crore on this account on allotment of 11 No[℘] of plots admeasuring 5.33 lakh Sq. Mtrs during the period from May 2007 to March 2008.

The Government/Management stated (August 2010) that the payment of ₹ 12.06 crore (award dated 10 April 2006) was made towards the LRC liability related to Jhagadia industrial estate phase-II for which the PP was yet to be finalised and while fixing PP the payment would be considered.

The reply is not correct. The survey numbers mentioned in the LRC award and the survey numbers of detailed development plan (DDP) of the estate from where the 11 plots were allotted were the same. This clearly indicates that the LRC award of ₹ 12.06 crore related to those plots which were already allotted under Jhagadia Industrial Estate (Phase-I).

Non provision of suitable clause in the allotment letters led to non recovery of enhanced land cost of ₹ 14.94 crore from the allottees

- The allotment of all plots in the Lodhika Estate was completed prior to March 2007. As such, this was a saturated estate in which no fresh allotments of plots were taking place and only transfer of plots were made by the allottee due to sale. The land of the estate was subjected to LRC on which the award were received in March 2007 and in November 2008 the Corporation made the payments (till January 2009) of compensation at the enhanced rate to the land owners for ₹ 6.06 crore and ₹ 6.96 crore respectively. As the Corporation did not insert any enabling clause in the allotment letter for recovery of extra cost, it was unable to recover the amount of ₹ 13.02 crore paid towards the enhanced cost of land from 1,319 allottees.

The Government/Management stated (August 2010) that the full allotment of plots in Lodhika Estate was made in the year 2005 itself, where as the awards for the LRC liability were received only in March 2007 and October 2008. Hence, Corporation was not able to include the said liability in the PP. Reply confirms Corporation's inability to recover the extra cost from allottees in the absence of enabling clause in allotment letter.

[℘] Plot No. 11, 26, 39, 41/1, 678, 679, 680, 748/2-A, 763/2, 769/3-B and 769/8 at Jhagadia Industrial estate.

Adoption of incorrect figure of land cost in fixing PP

3.14.2 The Corporation fixed (February 2009) PP for Chharodi estate at ₹ 2,980/Sq. Mtrs. While fixing the PP the Corporation erroneously adopted the land cost of ₹ 2,150.28/Sq. Mtr. instead of the correct figure of ₹ 2,676.82/ Sq. Mtr. In April 2009, based on the increase in development cost of the estate (*i.e*. ₹ 828.46/Sq. Mtr. to ₹ 1,425.89/Sq. Mtr.) the Corporation had re-worked the PP at ₹ 3,580/Sq. Mtr. In working out this new PP also, it had continued to adopt the erroneous land cost of ₹ 2,150.28/Sq. Mtr. Even while working out the new revised PP at ₹ 3,580/Sq. Mtr., the Corporation failed to rectify the mistake and again adopted incorrect land cost of ₹ 2,150.28/Sq. Mtr. instead of ₹ 2,676.82/Sq. Mtr.

Adoption of incorrect figure of land cost led to erroneous fixation of premium price and loss of ₹ 10.35 crore.

Even though six BoD meetings were held during the period from April 2009 to March 2010, the Corporation did not take the approval of BoD for fixation of new PP of ₹ 3,580/Sq. Mtr. Hence, the Corporation allotted (April 2010) land admeasuring 92,441 Sq. Mtrs to M/s. Alexandria Gujarat Tech Park Pvt. Ltd (AGTPL) at PP of ₹ 2,980/Sq. Mtr. instead of ₹ 4,100/ Sq. Mtr. (i.e. land cost ₹ 2,676.82/Sq. Mtr. *plus* development cost of ₹1.425.89/Sq. Mtr.). Due to this, the Corporation incurred a loss of revenue of ₹ 10.35 crore[▽]

The Government/Management stated (August 2010) that as per the development plan of the Chharodi estate, 43 *per cent* of land in the estate was to be utilised for development work *i.e* providing road and other common facilities at the cost of ₹ 828.46/Sq. Mtr. and the remaining 57 *per cent* of it was to be allotted. Accordingly, the PP rate was fixed at ₹ 2,980/Sq. Mtr. for the estate, but the allotment to M/s. AGTPL was made on "as is where is" basis (*i.e* without spending on the development work) whereby the Corporation had saved ₹ 828/Sq. Mtrs towards development cost.

The reply is not correct as the allotment letter issued to M/s. AGTPL did not contain any mention of sale of land on "*as is where is basis"* nor the Corporation had BoDs approval for the same. Further, the reply did not address the reasons for erroneously adopting lower land cost while allotting the land to M/s. AGTPL.

Incorrect fixation of allotment price for Vilayat estate

3.14.3 The BoD of the Corporation prescribed (June 2006) a formula for fixing the PP on land to be allotted on 'as is where is basis'[↨] to private developers for setting up of private SEZs. As per the formula, the PP per Sq. Mtr. was to be fixed based on the cost of Land per Sq. Mtr. *plus* 35 *per cent* of land cost towards overheads *plus* 25 *per cent* of prevailing PP of the estate *plus* another five *per cent* of prevailing PP of the estate as transfer fee.

[▽] (₹ 4,100 - ₹ 2,980) X 92,441 Sq. Mtrs.

[↨] As per the allotment on 'as is where is basis', the land acquired would be simply allotted to the allottee who in turn would develop the plot suitably with necessary infrastructure work for setting up his business.

Incorrect fixation of PP led to revenue loss of ₹ 6.85 crore at Vilayat estate

During the period from January to July-2007, the Corporation allotted 42.15 lakh Sq. Mtrs. of land to two[±] developers for developing private SEZs at Vilayat estate. While allotting plots to these two developers PP at the rates of ₹ 160/Sq. Mtrs and 165/Sq. Mtrs. was charged instead of ₹ 180/Sq. Mtrs[λ] as per the formula. No reason was on record for not charging the PP as per the formula prescribed by the BoD. As a result, the Corporation suffered a revenue loss of ₹ 6.85 crore[⇑]).

The Government/Management stated (August 2010) that while working out 35 *per cent* (towards overhead) on land cost Audit reckoned the basic cost of land, interest on land cost, non-agriculture (NA) charges and interest on NA charges, whereas, the Corporation adopted the basic cost of land and NA charges only. The reply is not correct. We had considered all the four elements of cost including the interest element while working out the 35 *per cent* on land cost as per the practice of the Corporation. Even for the PP approved (16 September 2006) by the BoD for Savli Bio tech. park, the 35 *per cent* on land cost was worked out by reckoning all the four elements of cost. Thus, in the instant cases, undue benefit was passed on to the allottees by incorrectly fixing the PP.

Non revision of PP for Savli Industrial estate

3.14.4 The Corporation developed Industrial Estate at Savli during 1993-94 with an allotable area of 38.50 lakh Sq. Mtrs. and fixed PP of ₹ 195/Sq. Mtr. which was subsequently revised to ₹ 250/ Sq. Mtr. in 1995-96.

Our scrutiny revealed that the development cost of the estate was increased from ₹ 25.05 crore in 1996-97 to ₹ 46.78 crore in 2005-06. The Corporation did not revise the PP despite increase in the expenditure on development cost over a period of 10 years. Reckoning the development cost incurred over the period of 10 years, the Corporation should have fixed PP of ₹ 360/Sq. Mtrs.[Σ] in 2006-07 itself. The Corporation, however, fixed PP of ₹ 800/Sq. Mtr. in April 2008 (*i.e.* after 12 years).

Non revision of PP at Savli estate for 12 years led to revenue loss of ₹ 25.36 crore

The Corporation allotted land admeasuring 23.05 lakh Sq. Mtrs. in Savli Estate at PP of ₹ 250/Sq.Mtrs. during 2006-08. Had the Corporation revised the PP to ₹ 360/Sq. Mtrs in 2006-07, it would have avoided a loss of revenue of ₹ 25.36 crore in this allotment. Due to non revision of PP over a long period, the Corporation was unable to recover the extra cost in an equitable and phased manner from all the allottees keeping pace with increased development cost and market demand prevailing from time to time.

± M/s. Jubilant Infrastructure Ltd, Noida- 10.65 Lakh Sq. Mtrs (allotted in April-2007 @ ₹ 160/Sq. Mtrs) and Assam Co. Ltd, New Delhi, 31.50 Lakh Sq. Mtrs (allotted in July-2007 @ 165/Sq. Mtrs).

λ ₹ 21.84 (land cost) + ₹ 49.14 (interest @15 *per cent* of land cost for 15 yrs) + ₹ 3.15 (NA Charges) + ₹ 2.41 (interest on NA charges) = ₹ 76.54 + ₹ 26.79 (overheads @35 *per cent* on ₹ 76.54) + ₹ 62.50 (25 *per cent* of prevailing PP of ₹ 250) + ₹ 12.50 (5 *per cent* of prevailing PP of ₹ 250) = ₹ 178.33 i.e. ₹ 180/Sq. Mtrs.

⇑ M/s Jubilant Infrastructure - ₹ 2.13 crore and M/s Assam Company Ltd – ₹ 4.72 crore.

Σ As per the fixation procedure PP= land cost +5 *per cent* contingency on it, development expense + 12 *per cent* overhead+ 15 *per cent* interest on the cost of land and development expenses.

The Government/Management stated (August 2010) that at the end of the financial year the Corporation used to review the PP of the estates for revision. Though during the year 2000-01 to 2007-08 agenda was put to BoD for revision, the PP was not revised due to occurrence of earthquake, tsunami, drought, and recession in the market.

The reply lacked justification. During the year 2000-01 to 2007-08, the Corporation had revised PP of various estates four times (*i.e.* in 2003, 2004, 2006 and 2008) even though the reasons cited for non revision of PP were common affecting all the estates.

Allotment of plots/sheds

3.15 The Corporation allots plots to various Industrial units after scrutinizing their respective applications on 'first come first serve basis' depending upon the availability of plot/shed. The allotment of plots/sheds was made on lease basis for 99 years. On receipt of offer *cum* allotment letter, the allottee executes with the Corporation the agreement prescribed in this regard. The price for this allotment was fixed in the name of premium price (PP) consisting of cost of land and other development expenditure for setting up the estate. The Corporation recovers 30 *per cent* of PP as down payment and the remaining 70 *per cent* in 40 quarterly installments including interest.

As per the delegation of powers, the approval for allotment of the plots with sizes up to 20,000 Sq. Mtrs, 20,001 to 50,000 Sq. Mtrs. and above 50,001 Sq. Mtrs. could be granted by Regional Manager, Divisional Manager and Head Office respectively in the estates other than saturated one. In saturated estates[▽] the plots were allotted only with the approval of Head Office. Besides, the BoD also granted approval for allotment of bigger size of plots to be made on 'as is where is basis'. Further, for each estate, there were different rates of premium price (PP) fixed for the plots to be allotted for various purposes, such as, industrial, commercial and residential use. As per the practice in vogue, the PP of the plots for commercial purpose would be two times of industrial rate or one and half time of residential rate, whichever was higher. If the plots earmarked for industrial purpose were to be converted into use for commercial purpose, then the rate of PP would be three times of industrial rate. We observed that the Corporation did not have any comprehensive and consistent long term policy covering various aspects relating to allotment of plots.

During the period 2005-10, the Corporation had allotted 6,164 numbers of plots (Residential-1,055, Commercial-89 and Industrial plots/Sheds-5,020) in respect of 112 estates[⇓]. The instances of various irregularities in respect of allotments and transfer of plots made during the period as noticed by us are discussed in succeeding paragraphs.

▽ Saturated estate means the estate in which infrastructures are fully developed and allotment of plots are also fully made.

⇓ Information from RM office Surendranagar and Junagadh was awaited.

Loss due to application of incorrect PP in allotment and transfer of plots

Incorrect application of rates in allotment and transfer of plots led to loss of ₹ 32.28 crore

3.15.1 Our scrutiny of records of 10 RM offices revealed that in 50 cases (***Annexure*** **14**) either the industrial plots were allotted for commercial use or approval was granted for transfer of such plots for taking up commercial activities without charging three times of the applicable PP for the industrial plots. Out of 50 cases, in 18 cases, plots were allotted/transferred to Automobile Showrooms and Service Stations (₹ 17.11 crore); in 16 cases to Steel/Wooden furniture dealers/establishments (₹ 7.80 crore) and in remaining 16[⊗] cases to Petrol Pump, Scarp Traders, Poultry Farm and Bakery etc. (₹ 7.37 crore). As a result of not recovering the prescribed charges for change of usage of plots in these cases, the Corporation suffered a total loss of ₹ 32.28 crore. A few of these cases are discussed below:

- M/s. J Hasmukhray & Co (firm A), who was holding an industrial plot no 364 (6,410.25 Sq. Mtrs.) since March 1982 at Aji Industrial Estate (Rajkot) requested (November 2003), RM, Rajkot of the Corporation for change of usage of his plot for commercial activity *i.e.* for setting up of an Automobile Showroom. However, no action was taken by the RM Rajkot for granting approval by charging the commercial rate of ₹ 9,000/Sq.Mtr. (three times of then prevailing industrial rate of ₹ 3,000/Sq. Mtrs) for the plot as per rules. At the instance of audit, the Corporation verified and confirmed (June 2010) the fact that firm A had been running an automobile showroom on the said plot without the Corporation's approval. Thus, due to not taking up the prompt action in granting approval for change in usage by charging appropriate fee, the Corporation suffered a loss of ₹ 5.77 crore[ℑ] as per the details given at Sl.no.28 of ***Annexure*** **14**.

- The RM, Jamnagar had approved the transfer (February 2010) of industrial plot No.39 admeasuring 4,201.60 Sq. Mtrs. to firm B at Arambhada-II Industrial Estate for setting up of Poultry Farm which was a commercial activity, at industrial rate of ₹ 300/ Sq. Mts. instead of the commercial rates (*i.e.* three times of Industrial rate) of ₹ 900/ Sq. Mtrs. Hence, Corporation suffered a loss of ₹ 0.38 crore[℘] as per the details given at Sl.no.18 of ***Annexure*** **14**.

- The RM Bhavnagar allotted[ℑ] two plots and approved transfer of four plots (February 2008 to January 2009) earmarked for industrial purposes at Vartej and Babra-I estates for setting up of Bakery and Scrap Trading which were identified as commercial activities. However, in these cases industrial rates were charged instead of commercial rates resulting in loss of revenue to the tune of ₹ 0.97 crore as per the details given at Sl.nos. 19 to 22, 44 and 45 of ***Annexure*** **14.**

[⊗] 1-Petrol Pump, 5-Scrap Traders, 6-Storage, 1-Poultry Farm, 1-Grid centre and 2-Bakery.

[ℑ] 6,410.25 Sq. Mtrs x ₹ 9,000 (3 times x ₹ 3,000, Industrial rate) = ₹ 5,76,92,250.

[℘] 4,201.6 Sq. Mtrs. x ₹ 900 PP = ₹ 37,81,440.

[ℑ] Vartej- Plot No-163, 132, 129, 137 and 304 admeasuring 1,978.11, 2,377.79, 2,383.50, 931.19 and 1,332.99 Sq. Mtrs. respectively and Babra-I plot no 103 admeasuring 2,506 Sq. Mtrs.

The Government/Management stated (August 2010) that in five out of 50 cases (as referred at Sl. No.1, 4, 7, 10 and 12 of ***Annexure* 14)**, notices were issued (July 2010) to the concerned allottees to stop the activity. In remaining 45 cases, activities for which the allotments had been made were for industrial purpose only. So, there was no incorrect application of PP and consequential revenue loss.

The reply is not tenable. Though the Corporation issued notices in five cases, it was not able to recover the prescribed charges for change in plot usage nor cancelled the allotment. The contention of reply regarding 45 cases[⊗] is also not acceptable as the activities involved in these cases though, were not appearing in the declared list of commercial activities, the very nature of these activities clearly indicated that these are commercial activities.

Allotment of plot to an ineligible unit at concessional rate

3.15.2 The Corporation with the approval of BoD allotted (October 2007) land admeasuring 1.21 lakh Sq. Mtrs on 'as is where is basis' to M/s.ABG Shipyard Limited (ABG) for setting up of "Institute for Shipbuilding and Marine Technology" at Ichchapore Industrial Estate, Surat. The plot was allotted at a concessional rate of ₹ 700/Sq. Mtr which was 50 *per cent* of prevailing industrial PP of ₹ 1,400/ Sq. Mtr. on the plea that the plot was to be used for setting up of educational institution.

Allotment of plot at concessional rate in violation of government guidelines led to loss of ₹ 8.46 crore

We noticed that as per GoG guidelines (August 1991) Public Institutions, Trusts and Hospitals which were engaged in public service were only eligible to get the land at concessional rate. However, in instant case, ABG was not a public institution and as such, was not eligible to get the land at concessional rate. Hence, the allotment of the plot at concessional rate to ABG was irregular, which resulted in loss of revenue to the tune of ₹ 8.46 crore[€].

The Government/Management stated (August 2010) that ABG had signed (2007) an MOU with Gujarat Maritime Board (GMB) for setting up of maritime training institute. So, at the request of ABG, the Corporation invited the views of GMB and allotted the land at concessional rate with the approval (August 2007) of its BoD. The reply is not tenable. The BoD was not empowered to take any decision in favour of a private institution which could override the provisions given in the GoG guidelines.

Sale of lease hold plots by an allottee

3.15.3 The Corporation approved the transfer (August 2007) of industrial plot No. 155/C (7,650 Sq. Mtrs) at Ankleshwar Estate to M/s. Omkar Organisers Pvt. Limited (firm O), for the purpose of Engineering and Fabrication Jobs. Subsequently, on the request of the allottee (August 2008), the plot was converted (February 2009) for commercial use by recovering ₹ 2.30 crore

[⊗] Activities of bakery, warehousing, fabrication/gas welding, wooden furniture work, engineering automobile repowering job, cold storage and food activity, cleaning and packing of seeds/grains, poultry farm, scrap trading, tractor repairing and service station, timber/scrap trading and finishing job and activities related to wooden works.

[€] ₹ 700 PP x 1,20,927 Sq. Mtrs = ₹ 8,46,48,900.

(August 2008) as conversion fees. As per the terms and conditions of the conversion order, firm 'O' was required to form a co-operative society before construction of shops/showrooms on the plot. The shops/showrooms so constructed were then to be transferred to the members after paying the requisite transfer fees to the Corporation.

We observed that firm 'O' without formation of co-operative society started construction (May 2009) and selling shops/showrooms directly to individuals instead of giving it through transfer deed with the approval and after payment of transfer fee to the Corporation, in violation of the terms of conversion order. Further, clause 9 of the license agreement, executed between the Corporation and allottee, stipulated that the plot allotted was on lease basis for 99 years and as such, could not be sold by the allottee. The loss of transfer fee to the Corporation on this account worked out at ₹ 1.11 crore[∇], besides violation of terms of the conversion order and license agreement by firm 'O'. No action was initiated by the Corporation against firm 'O'.

The Government/Management stated (August 2010) that no record was available on the file regarding firm O's activity of selling shops/showrooms. Therefore, whenever firm "O" would approach the Corporation for the said matter, the required procedures would be followed after charging transfer fee. The reply is not correct. From office of Sub-Registrar, Ankleshwar, we had obtained a copy of sale deed registered confirming the sale of shop by the firm 'O'. Though we had brought the matter to the notice of the Corporation, the Management had not initiated any investigation in this regard (September 2010).

Loss due to hasty approval given to an allotee's proposal

3.15.4 On the request of (December 2004) L&T Limited (L&T) the BoD of the Corporation approved (May 2005) allotment of plots nos. 6, 7, 8, 9 and 10 (8.60 lakh Sq. Mtrs.) on 'as is where is' basis to L&T at Hazira Industrial Estate, Surat. Accordingly, the offer of the above plots with a PP fixed at ₹ 550/Sq. Mtrs. was (July 2005) made to L&T. L&T requested (July 2005) for reducing the PP fixed which was not accepted (August 2005) by the Corporation. L&T accepted and took possession (February 2006) of only one plot no. 9 (4.60 lakh Sq. Mtrs.) at fixed PP of ₹ 550/Sq. Mtr. L&T again requested (August 2006) for allotment of another plot (plot No. 10) measuring 1.10 lakh Sq. Mtrs. The Corporation responded to it by offering (August 2006) at prevailing PP of ₹ 1,000 per Sq. Mtr. But L&T insisted the Corporation for allotment of plot No. 10 at PP of ₹ 550/Sq. Mtrs. which was not accepted by GoG in October 2006.

L&T filed a special civil application (December 2006) in the court requesting for issue of direction to allot the plot at the previous PP of ₹ 550/Sq. Mtr. Pending final disposal of the case, L&T expressed (September 2008) its

[∇] As per the building plan approved by the GIDC, there are 75 shops/showrooms measuring around 5,740.12 Sq. Mtrs were to be constructed and transferred to the members of society. So based on the sale deed of one shop of 31.50 Sq. Mtr., the sale price was ₹ 6.12 lakh. Therefore, price of carpet area comes to ₹ 19373/Sq. Mtr. x 5740.12 Sq. Mtr. (available carpet area) = ₹ 11.12 crore and transfer fees @ 10 *per cent* comes to ₹ 1.11 crore.

willingness to settle the case mutually, provided the Corporation agreed to reduce the PP from ₹ 1,000 to ₹ 700/Sq. Mtrs. In response, the Corporation allotted (November 2008) the plot No. 10 to L&T at the PP ₹ 700/Sq. Mtr. and the case was withdrawn by L&T (November 2008).

Hasty approval on a proposal of L&T led to revenue loss of ₹ 3.30 crore

We observed that against the original offer (July 2005) of the Corporation for allotment of five plots at a PP of ₹ 550/Sq. Mtr., L&T had accepted only one plot *i.e.* plot no. 9 and allotment was made. Thus, the validity of original offer of August 2005 had come to an end. Despite this**,** the Corporation neither took any legal opinion nor recorded any convincing reasons before agreeing to the proposal (September 2008) of L&T for out of court settlement, which was not in the interests of the Corporation. Thus, the allotment of plot no 10 at lesser PP of ₹ 700/Sq. Mtr. resulted in loss of revenue of ₹ 3.30 crore[∂].

The Government/Management stated (August 2010) that Collector, Surat requested (October 2008) the Corporation to allot the Government land at Suvali at PP of ₹ 700//Sq. Mtr. as other Government land in that region was allotted at the same rate. Accordingly, the Corporation's BoD considered (December 2008) this rate and allotted the land at the same rate to L&T.

The reply is not tenable as the land allotted to L&T by the Collector was at Suvali village but the plot under observation was situated at Mora village. The reply did not address the reasons for adopting the lower rate of ₹ 700/Sq. Mtrs pertaining to different location (Suvali Village) instead of the applicable rate of ₹ 1,000/Sq. Mtrs. prevailing in Mora Village falling under Hazira Industrial estate of the Corporation. Reply was also silent about not obtaining the legal opinion and not recording any convincing reasons before agreeing to the proposal (September 2008) of L&T.

Loss due to undue benefit passed on to Torrent Power Limited

Allotment of plot in violation of BoD decision led to passing of undue benefit of ₹ 0.37 crore to Torrent Power Limited

3.15.5 As per the BoD decision (April 2001) plots were allotted to erstwhile Gujarat Electricity Board for the purpose of setting up of sub-stations for transmission of electricity at a concessional rate of 50 *per cent* of the prevailing PP. However, the Corporation allotted (June 2008) plot no. 23 (3,054.53 Sq. Mtrs.) in Gandhinagar SEZ to M/s. Torrent Power Limited (TPL), Ahmedabad on rental basis for the purpose of setting up of sub-station at a token rent of Rupee one per Sq. Mtr per year. The document made available to us neither indicated the approval, if any, obtained from BoD for allotting the plot to TPL, nor had any justification on record for allotting the plot at a token rent. As a result the Corporation suffered a loss of revenue towards unrecovered cost of plot to the tune of ₹ 0.37 crore[ℜ] after netting off the rental income received.

The Government/Management stated (August 2010) that originally the Corporation was to construct the building estimated to cost ₹ 0.45 crore as per

[∂] Prevailing Rate *less* Rate Charged = ₹ 1,000 *less* ₹ 700 = ₹ 300 x 1,10,000 Sq. Mtrs. = ₹ 3,30,00,000.

[ℜ] ₹ 2,400/ Sq. Mtr. prevailing Industrial rate at Gandhinagar SEZ x 3,054.53 Sq. Mtrs x 50 *percent* = ₹ 36,65,436 *less* token rate Re. 1/ Sq. Mtr per x 3,054.53 Sq. Mtrs = ₹ 5,345 (proportional for 21 months during July 2008 to March 2010) = ₹ 36,60,091.

the design to be supplied by TPL on the plots for setting up the sub-station. But the Corporation handed over the land and the TPL had constructed the building on its own. As such, there was no loss due to allotment of plot at a token rent to TPL.

The reply is not tenable. As per practice, the Corporation was allotting plots at the concession rate of 50 *per cent* of PP to erstwhile GEB without constructing any building on it. Further, no documentary evidence was provided by the Corporation which could establish that the work of construction was Corporation's responsibility and it had actually saved the said costs by allotting land at token rent.

Allotment of plots without getting the approval of BoD

Fresh allotment of plots was made without fixation of PP and also without obtaining the approval of BoD at Halol estate Phase-III.

3.15.6 Before going for fresh allotment of plots in the new estates, the Premium Price (PP) was to be fixed and BoD was to approve the PP. However, we noticed that in newly launched Halol estate Phase-III, the fresh allotment of plots was made without fixation of PP and also without obtaining the approval of BoD. In all, during 2008-09 and 2009-10, 75 industrial plots (56,464.44 Sq. Mtrs.) were allotted at a PP of ₹ 400/Sq. Mtr. (PP prevailed in phase I and II of the estate) with the approval of the Corporation's Divisional Manager concerned.

The details of expenditure other than the cost of land relating to Phase-III as made available to us clearly indicated that even without reckoning the land cost, the cost per square meter of plot worked out to ₹ 403.65/Sq. Mtrs[℘]. In view of this, the fixation of PP at ₹ 400 /Sq. Mtr. was incorrect and irregular.

The irregularity in allotment of plots came to the notice of the Corporation's HO as late in April 2010 which was indicative of ineffective monitoring of the activities of its field offices. HO had not taken any action in the matter.

The Government/Management stated (August 2010) that the PP of ₹ 400/ Sq. Mtr. was fixed by the BoD for Halol estate in April 2008 and accordingly the allotment of plots were made and hence there was not any irregular allotment.

The reply is not correct. The approval of PP of ₹ 400/ Sq. Mtr. did not indicate that it was for Halol estate Phase III. On the contrary, the HO, Accounts Section note dated 6 April 2010 and the letter dated 17 April 2010 addressed to GM (Land and Allotment) clearly indicated that the above cited plots were allotted in Phase III of the estate without proper fixation of PP.

Passing of undue benefit to the allottees of Savli Bio-Tech Park

3.15.7 The BoD of Corporation while fixing (September 2006) PP for plots at Savli Biotech Park decided that the PP of ₹ 165/Sq. Mtrs. would be charged on allotment of plots to be made against the applications received up to 15 May 2006 and and PP of ₹ 250/Sq. Mtrs. would be charged thereafter.

[℘] ₹ 227.92 lakh (Development Cost) divided by 56,464.44 Sq. Mtrs = ₹ 403.65/Sq. Mtr. (PP).

We observed that the Corporation allotted two plots to M/s. Gujarat State Biotech Mission, Gandhinagar admeasuring 55,440 and 20,880 Sq. Mtrs on 26 December 2006 and 27 April 2007 against the applications received on 24 August 2006 and 12 March 2007. As the application seeking allotment was received from the allottee after the cut of date of 15 May 2006, the applicable PP of ₹ 250/Sq.Mtrs.was chargeable. But the Corporation had allotted plot at PP of ₹ 165/Sq. Mtr. instead of the applicable PP of ₹ 250/Sq. Mtr. No reason was available on record for charging the lower PP resulting in loss of revenue of ₹ 0.65 crore[ℵ].

Maintenance of estates

3.16 The maintenance work of estates mainly included repairing roads, ensuring the proper functioning of water supply, underground drainage systems and street lights and also upkeep of all the places in the estate. The maintenance work of estates had been either managed by the Corporation or through Notified Area Authority[∅] or Industrial Associations of the concerned estate, Municipal Corporation /Gram Panchayat under whose jurisdiction the estates were situated. The concerned authority as mentioned above, levied and recovered the service charges from the allottees towards cost of maintenance of the estates. The details related to management of maintenance works of all the estates carried out by various authorities as on 31 March 2010 are given below:

Sl. No.	Authority responsible for maintaining	Maintenance of			
		Road	Water Supply	U/G Drainage	Street Light
1	Gujarat Industrial Development Corporation	124	93	168	111
2.	Notified Area Authority, Municipal corporation, Gram Panchayat & others	36	41	12	39
3.	Industrial Associations	23	49	03	33
	Total	**183**	**183**	**183**	**183**

It can be seen from the table that in maximum number of estates, the Corporation had been looking after the maintenance activities through nine division offices headed by Executive Engineer and supervised by its four Circle offices headed by Superintending Engineer. The expenditure on the maintenance of the estates during 2005-06 to 2008-09[⊗] ranged from ₹ 60.08 crore to ₹ 93.45 crore per year.

Our observations in respect of maintenance of estate are discussed in succeeding paragraphs:

ℵ 55,440 Sq. Mtrs + 20,880 Sq. Mtrs × ₹ 85 (₹ 250 less ₹ 165) = ₹ 64,87,200.

∅ Under Section 16 of the Gujarat Industrial Development Act,1962, GoG is empowered to notify certain areas through its official gazette, whereby the provisions of any other law relating to local authorities which is in force in that area will cease to apply in that area. GoG appoints either the Gujarat Industrial Development Corporation or the employee of the Corporation or any Committee for the purpose of assessment and recovery of taxes in that area.

⊗ The figures for the year 2009-10 were not available in absence of the budget for 2011-12, which would be prepared and submitted by the Corporation to State Government after necessary regrouping of various figures from the accounts for the year 2009-10 under different heads of accounts.

Incorrect fixation of water charges at Dahej and Vilayat Industrial Estates

Incorrect fixation of water charges led to passing of undue benefit of ₹ 6.43 crore to the allottees of Dahej and Vilayat estates

3.16.1 A scrutiny of cost sheets (2005 to 2010) related to levy and recovery of water charges from the allottees of Dahej and Vilayat revealed that the division office while working out the water charges for the year 2009-10, did not consider the element of depreciation (on the plant and equipment/assets of water supply system) and the penalty levied by the irrigation department (for over drawal of water) amounting to ₹ 2.16 crore and ₹ 4.29 crore respectively. Taking into account the above elements, the water charges leviable worked out to ₹ 23 per kilolitre (KL). The concerned division office with approval of circle office decided (June 2009) to ignore these elements and to charge only ₹ 19[⇓] per KL towards water charges based on the representation (June 2009) made by the industrial association of the estate. As a result, the water charges during 2009-10 were short recovered to the extent of ₹ 6.43 crore on 160.65 lakh KL water supplied to the allottee units of these estates. The decision to short recover the water charges was not in order as it was not in consonance with the water charges policy of 1991 of the Corporation which stipulated that the water charges should be fixed on 'no profit no loss' basis after considering all the costs involved in supplying water to the allottee units.

The Government/Management stated (August 2010) that in view of the recession in the year 2009-10, the Corporation considered the request of the industrial association and deferred the recovery of depreciation element by not considering the element in fixation of the water charges fixed for the year 2009-10. But this deferred depreciation amount was being considered for inclusion in the water charges to be fixed for the year 2010-11. As far as non consideration of amount of the penalty levied was concerned, it was stated that the request was being made to Irrigation Department for waiver of the penalty. If the Irrigation Department would not consider its request, then amount of penalty would be recovered from the allottee in due course.

Inadequate facilities for management of waste in the estates

3.16.2 For proper disposal of liquid and solid wastes[⊤] generated by the industrial units of the estates, the facilities such as Effluent Treatment Plants, Solid waste Management Plants and Sewerage Treatment Plant were required to be provided in the estates. As on 31 March 2010, of the 183 functional estates, 67 estates were saturated[∇] and remaining 116 were non- saturated[$]. The details of waste disposal system provided in saturated and non- saturated estates are given below:

[⇓] Operating exp. ₹ 35.23 crore, Fixed exp. ₹ 34.81 lakh, Others, ₹ 1.39 crore, Total ₹ 36.97 crore *less* Depreciation ₹ 2.16 crore, Penalty ₹ 4.29 crore, Net exp. ₹ 30.52 crore divided by 160.65 lakh kilo litres.

[⊤] "Industrial Wastes" (Effluent) means the liquid wastes for industrial manufacturing process, trade, business or from any development, recovery or processing operation, as distinct from sanitary sewage. This shall not include solid wastes whatsoever.
"Garbage" means solid wastes from the domestic and commercial preparation, cooking & dispensing of food and from the handling storage and sale of produce.

[∇] Saturated estate is the estate in which infrastructures are fully developed and allotments of plots are also fully made.

[$] Non saturated estate is the estate in which infrastructures are not fully developed and plots are available for allotment.

Name of waste disposal system	No. of saturated estates	No. of non saturated estates
Common Effluent Treatment Plant	10[×]	2[↨]
Solid waste management plant	6[*]	-
Sewerage Treatment Plant	1[Σ]	-

We noticed that except in one saturated estate *i.e.* at Ankleshwar industrial estate, no other estate was provided with all the three disposal systems. In 57 out of 67 saturated estates and in 114 out of 116 non- saturated estates, none of the above three disposal systems was provided which indicated the inadequate facilities for management of waste in the estates. Though the Corporation had provided funds amounting to ₹ 898.64 crore towards developing the infrastructure at various estates during 2005-06 to 2008-09, no expenditure was incurred as discussed in paragraph 3.19 *infra* for providing the facilities for management of waste in the estate which lacked justification.

The Government/Management stated (August 2010) that it was the responsibility of the pollutants to provide the facilities for effluent treatment, collection and conveyance and also treatment of solid waste. However, the Corporation had provided the effluent treatment plant and secured land fill sites for solid waste disposal in the estates having only chemical/polluting industries. Regarding sewerage treatment, it was stated that the necessary care was being taken by septic tank and sock pits and the local authority's conveyance net work provided in the estates.

The reply is not tenable. As per Section 13 (ii) (a) of The Gujarat Industrial Development Act, 1962, it was the responsibility of the Corporation to provide such structures and the facilities that were required for the orderly establishment, and the development of the industries. Thus, the fact remains that the Corporation had provided inadequate facilities for management of waste in the estates.

Non utilisation of plots

3.17 As per the terms and conditions of allotment of plots, the units should start the commercial production by utilising the plot within a period ranging from six months to three years depending upon the size of plots from the date of handing over the possession. The officials of division office visit the estate on *adhoc* basis and report to RM on the number of plots that remained unutilised beyond the period allowed. In turn, the RM office issued notices to the concerned allottees intimating the non utilization of plots (NU) and penalty being chargeable at the rate of two to three *percent* of the prevailing PP of the estate concerned.

Our scrutiny of the records revealed that in eight[⊕] regions (53 estates) there were 1,868 number of plots with a total area of 50.85 lakh Sq. Mtrs. that

[×] Ankleshwar, Ranoli, Sachin, Sarigam, Vapi, Nandesari, Odhav, Vatwa, Naroda and Pandesara.
[↨] Dahej (General), Vilayat (General).
[*] Naroda, Vatwa, Nandesari, Ankleshwar, Surat and Vapi.
[Σ] Ankleshwar.
[⊕] Ahmedabad, Vapi, Bhavnagar, Bhuj, Jamnagar, Baroda, Rajkot and Ankleshwar.

remained unutilised beyond the stipulated period, in this regards following observations are made:

- As per the terms and conditions of allotment, the Corporation was empowered to cancel the allotment made if the allottee did not use the plots within the stipulated time. However, in most of the instances, the Corporation did not cancel allotment even though re-allotment of such unutilised plots at prevailing PP could fetch more revenue to the Corporation.

- In case of unutilised sheds/plots though the notices were issued to allottees intimating the NU penalty chargeable, the charges were being recovered only at the time of transfer or conversion of plots instead of recovering it as and when it was levied.

Actions were not taken against the allottees who did not utilise the plots beyond the stipulated period.

- The Corporation had not adopted any consistent policy with regard to approving of the transfer of unutilised plots. During 2005-06 to 2009-10, the transfer of such plots were allowed by charging transfer fee at the higher rate ranging from 10 to 50 *per cent* of prevailing PP compared to transfer of utilised plots. During May to September 2008, the Corporation completely prohibited transfer of unutilised plots and later on, it again allowed transfer of unutilised plots by charging transfer fee at the rate of 25 *per cent* of prevailing PP. This inconsistency in the policy did not allow the Corporation to allot such unutilised plots to fresh allottees at prevailing PP by cancelling the original allotment of unutilised plots.

After being pointed out by us, the Corporation has completely banned the transfer of unutilised plots as well as allowing extension of time limit prescribed for utilising the plots w.e.f. 1st April 2010.

Unauthorised use of industrial plots for commercial use

3.18 Our scrutiny of the records and field visits carried out by us during March to May 2010 to the Ankleshwar and Vapi regions revealed that in Ankleshwar region eight allottees having total plot area of 0.17 lakh Sq. Mtrs. and in Vapi region 145 allottees[∇] having total plot area of 3.52 lakh Sq. Mtrs. were unauthorisedly carrying out commercial activities in the plots allotted for industrial use. As per the license agreement, the Corporation had right to cancel the allotment in case of unauthorised use of plot by the allottee for the purpose other than for which it was allotted. However, as per the policy of the Corporation (July 2002), such unauthorised use of plots could be regularized after recovering four times of the prevailing industrial PP from the allottees. Non regularisation of such cases by the Corporation led to delay in recovery of

[∇] Vapi-120, Umbergaon-21 and Sarigam-4 cases.

revenue amounting to ₹ 255.63 crore[ℑ]. In addition to above, unauthorised use of industrial plot for commercial use, one case each at Gandhinagar Electronics Estate[◊] and at Lodhika Industrial Estate (Rajkot)[⇓] covering total areas of 0.11 lakh Sq. Mtrs., were also noticed. Non regularisation of these two cases also led to non recovery of revenue of ₹ 5.21 crore.

The Government/Management stated (August 2010) that the amount chargeable for regularising the unauthorised use of industrial plots for the commercial purpose was equal to four times of prevailing PP which was very high. Hence, the Corporation did not get adequate response from the allottees for regularising their cases. However, the Corporation had regularised those cases for which applications were received from the allottees.

The reply is not tenable. Despite the fact that the Corporation had adequate statutory powers, it had not taken effective actions against the allottees either for cancellation of allotment or for regularising the uses of plot by recovering the prescribed penalty.

Utilisation of funds

3.19 The sources of funds of the Corporation mainly consist of reserves and surplus, loans/subsidy from State Government and sale proceeds from sale of plots/sheds. The Corporations received total funds of ₹ 1,917.53 crore to ₹ 3,669.47 crore during 2005-06 to 2008-09[£] from the above sources. The Corporation prepares budget mainly indicating the estimated income *viz.*, recovery installments (capital receipt) from the allottee towards the cost of plots allotted, revenue receipts etc., and the estimated expenditure *viz.,* for land acquisition, infrastructure development, revenue expenditure.

There was huge shortfall in physical achievement of targets set for land acquisition and development expenditure

As can be seen from the details provided in the ***Annexure* 15,** against the total estimated expenditure for land acquisition of ₹ 2,196.11 crore and for infrastructure development of ₹ 898.64 crore provided in the budget, the Corporation had spent only ₹ 591.83 crore and ₹ 340.89 crore respectively. Thus, there was a short fall in achievement of targeted expenditure on land acquisition and on infrastructure development by 73 and 62 *per cent* respectively compared with the projections made in the budget during the period. Though there was necessity for creating infrastructure in the estates for the management of waste (system for proper disposal of waste in the estates) as discussed in the preceding paragraph 3.16.2, the Corporation had not made adequate efforts in this regard despite provisions made in the budget. The

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[ℑ] Ankleshwar = 16,890 Sq. Mtrs x 4000 (₹ 1000 - prevailing PP x 4 times) = ₹ 6,75,60,000 ; Vapi-3,42,503.44 Sq. Mtrs x ₹ 7200 (₹ 1800-prevailing PP x 4 times) = ₹ 246,60,24,768 ; Umbergaon (Vapi Region)-7972.40 Sq. Mtrs x ₹ 2400 (₹ 600 -prevailing PP x 4 times) = ₹ 1,91,33,760 ; Sarigam (Vapi region) -1501.29 Sq. Mtrs x ₹ 2400 (₹ 600 -prevailing PP x 4 times) = ₹ 36,03,096. Total = ₹ 2,55,63,21,624.

[◊] Industrial plot admeasuring 2450 Sq. Mtrs being used for institute therefore ₹ 2400 (prevailing PP) x 4 (4 times in case of illegal use) x 2450 Sq. Mtrs = ₹ 2,35,20,000.

[⇓] Industrial Plot No G-509/1 admeasuring 8961 Sq. Mtrs has been used for shopping complex on the plot therefore ₹ 800x 4 = ₹ 3200 x 8961 sq. Mtrs = ₹ 2,86,75,200.

[£] The figures for the year 2009-10 were not available in absence of the budget for 2011-12, which would be prepared and submitted by the Corporation to State Government after necessary regrouping of various figures from the accounts for the year 2009-10 under different heads of accounts.

Corporation should have minimised the shortfall (₹ 2,162.03 crore) in achievement of targeted expenditure on land acquisition and infrastructure development at least to the extent of the surplus funds of ₹ 1,123.66 crore available at the end of 2008-09. The reason for non achievement of target as far as land acquisition concerned was not made available to audit.

The Government/Management stated (August 2010) that suitable provision was being made in the budget as soon as the Corporation decided to set up the estate. However, due to adherence of the lengthy procedures involved in acquisition of land and also due to court cases filed by the land owners against the award of acquisition of land, the funds provided in the budget could not be used in the same year leaving the impression that the Corporation did not make any efforts to use the funds provided in the budget.

The reply is not tenable. Reasons such as adherence to the lengthy procedures and delay due to court cases cited in the reply were incidental in the process of acquisition of land. As such, these factors were supposed to have been reckoned while making the provision in the budget. Further, the reply did not give specific cases in which abnormal time was taken resulting in under utilisation of the funds provided for it.

Avoidable payment of interest on enhanced compensation

3.19.1 As per Court awards, the Corporation was required to pay interest to the land owners under section 28 of the Land Acquisition Act, 1894 on the enhanced compensation awarded at nine *per cent* per annum for the first year, and thereafter at 15 *per cent* per annum, from the date on which the Corporation took possession of the land till the date of final payment.

Our scrutiny of 32 test checked cases where the court awards were received (April 2005 to March 2010) for payment of enhanced compensation revealed that in 10 cases the compensation payments amounting to ₹ 12.55 crore were made with a delay of one month to 26 months (after giving one month time for procedural formalities) to the land owners. Resultantly, the Corporation had incurred an avoidable payment of interest amounting to ₹ 0.53 crore during the period of delay, after reckoning the average return at nine *per cent* per annum earned by the Corporation on the surplus funds kept in deposits with Gujarat State Financial Services Limited.

The Government/Management stated (August 2010) that in the instant cases, the delay in payment of enhanced compensation occurred mainly due to late receipt of certified copy of court order and also in complying with other formalities such as, checking of arithmetical accuracy in the order, submission of demand note by the concerned officer to HO of the Corporation, passing of payment order by HO and depositing the amount with concerned court.

The reply is not tenable. Examination of the records revealed that the Corporation had taken a period of one to six months in getting the copy of the court order and further period of one month to one year in submission of demand note by the concerned field office to the HO of the Corporation which was abnormally excessive and clearly indicated the existence of weak internal control system in the Corporation. Thus, these delays and consequential payment of interest were avoidable.

Internal Control and Monitoring Mechanism

3.20 The internal control and monitoring mechanism that existed in the Corporation was inadequate in view of the following:

- There were no comprehensive and consistent policy/guidelines covering various aspects *viz*., procedure for fixation of PP for allotment of plots in different estates, allotment of plots in saturated estates, non saturated estates, SEZ and allotment made on 'as is where is basis' etc.

- No mechanism in place to ensure proper application of PP in the cases of allotment and transfer of plots.

- No periodicity was prescribed for physically verifying the utilisation of plots by the allottees for the purposes for which it was allotted.

- No effective mechanism in place for ensuring the timely payment of compensations to the land owners so as to avoid penal interest liability.

- No monitoring system was adhered to by HO in compiling various data on the functioning of estates from its field offices. As a result, the Management Information System that existed with HO was not adequate. Important data showing year wise outstanding dues recoverable from allottees had not been maintained.

- No proper mechanism existed to ensure that the benefits available to the Corporation in the capacity of developer for SEZ were availed or not.

Acknowledgement

We acknowledge the cooperation and assistance extended by different levels of the Management at various stages of conducting the performance audit.

Conclusion

- **The performance of the Corporation with regard to setting up of industrial estates was deficient as it had no detailed plan fixing the time frame for taking up and completing the work of setting up of estates. There was huge shortfall in utilising the funds on land acquisition activities and infrastructure development works during 2005-06 to 2008-09 despite budget provisions and availability of funds.**

- **Only two SEZs completed by the Corporation failed due to absence of proper feasibility study before their setting up.**

Instances of failure in availing the excise duty exemptions relating to SEZs were also noticed.

- **No proper mechanism was devised to ensure the correct compliance with policy/rules/methods framed while performing the activities related to fixation/revision of PP, allotment of plots, charging of PP for the plots allotted for various purposes and recovery of conversion charges. Effective actions were not taken against the allottees for not utilising the plots or utilising the plots for the purpose other than for which these were allotted.**

- **In most of the estates, adequate systems for proper disposal of waste were not provided.**

- **Internal control and monitoring system were not commensurate with the volume of development and maintenance activities.**

Recommendations

The Corporation should consider:

- **Formulating time frame for setting up of estates.**

- **Effective and efficient utilisation of funds for land acquisition and infrastructure development activities.**

- **Conducting proper feasibility study before setting up of SEZ and devising effective mechanism to ensure that all the benefits available to the Corporation in payment of statutory levies are availed promptly.**

- **Devising proper mechanism to ensure compliance with policy/rules/ methods relating to fixation/revision of PP, allotment of plots, charging of applicable PP, recovery of conversion charges and ensuring effective actions against the allottees not utilising or utilising plots for the purposes other than for which these were allotted; and**

- **Strengthening of internal control and monitoring mechanism to ensure development and maintenance of estates at minimal costs.**

Chapter IV

Transaction Audit Observations

Important audit findings emerging from test check of transactions made by the State Government companies and Statutory corporations are included in this Chapter.

Government companies

Gujarat State Fertilizers and Chemicals Limited

4.1 Avoidable extra expenditure in purchase of Rock Phosphate

Failure to evaluate and accept the competitive offer from supplier of Rock Phosphate resulted in avoidable extra expenditure of ₹ 5.91 crore.

The Company procured Rock Phosphate (RP) from Rajasthan State Mines & Minerals Limited, Rajasthan (RSMML) and Jordan Phosphate Mines Co. Limited, Jordan (JPMC) for production of Phosphoric Acid (PA). In July 2008, the Company entered into a Memorandum of Understanding (MoU) with JPMC for supply of 38,500 MT high grade RP at US dollar (USD) 435 PMT CFR[∇] Dahej. JPMC was to arrange for the combined shipments of RP along with the requirements of RP by other entities *viz.*, Gujarat Alkalies and Chemicals Limited (GACL) and Gujarat Narmada Valley Fertilizers Limited (GNFC). The entire supplies were to be completed before December 2008 against which JPMC supplied 13,700 MT of RP upto December 2008. Balance supply of RP was not accepted by the Company considering high cost of RP *vis-a-vis* market price of PA making manufacturing of PA operation not viable.

In March 2009, JPMC offered to supply the balance 24,800 MT of RP at USD 175 PMT CFR Dahej. The Company did not accept the offer on the plea that the landed cost of RP (at the Company's factory) at USD 175 PMT, worked out to ₹ 10,258 PMT which was higher than the landed cost of ₹ 10,137 PMT charged by RSMML. JPMC again offered (May 2009) to supply the balance quantity at USD 140 PMT CFR Dahej during the month of May and June 2009 itself. The Company, this time, did not evaluate and consider this revised offer with reference to the rate at which it was getting supply from RSMML. However, the other entities *viz.*, GACL and GNFC who had got similar offers from JPMC, accepted (May 2009) the same and accordingly entered into MoU with JPMC.

[∇] This means the cost and freight for the delivery of goods to the named port of destination (discharge) would be at the seller's expense.

We observed that considering the offer price of USD 140 PMT CFR Dahej, landed price of RP supply from JPMC worked out to ₹ 7,755.25 PMT[Σ] which was economical than the price (₹ 10,137 PMT) charged by RSMML. The Company, however, continued to purchase 24,864.32 MT during May to July 2009 from RSMML at the landed cost of ₹ 10,137 PMT. Had the Company evaluated the JPMC offer of May 2009 in comparison to the cost of supplies from RSMML, it could have purchased the balance quantity of 24,800 MT of RP from JPMC at ₹ 7,755.25 PMT. Thus, the Company's failure to evaluate and accept the competitive offer of JPMC resulted in avoidable extra expenditure of ₹ 5.91[⊗] crore in purchase of 24,800 MT of RP.

The Management stated (June 2010) that the offer made by JPMC in May 2009 was unsolicited. Further no quantity was specified and even the price indicated was also for the supply to be made in May/ June 2009. Moreover, JPMC would supply only 5,000 MT of RP on sharable basis with GACL and GNFC in one shipment which would not be sufficient to meet the Company's requirement for RP till June 2009. RSMML was a Government company and was also regular supplier of the Company.

The justification of the Company is not tenable for the following reasons:

- The offer of JPMC (March/May2009) was not unsolicited as it was originating from the MoU of July 2008, under which 24,800 MT was left out for purchase by the Company;

- JPMC offered (May 2009) to supply 25,000 MT of RP during May and June 2009 itself and was ready to supply the required quantity while fixing vessel for shipment for RP to the Company along with GACL and GNFC;

- The Company had a stock of 29,282 MT (April 2009) as against the stock requirement of 50,000 MT and the offer of JPMC for supply of 25,000 MT of RP was sufficient to meet its requirement till June 2009;

- As per the Company's records, it had been sourcing the RP both from JPMC and RSMML and adopting conservative approach, it was beneficial for the Company to have another sources of supply viz., JPMC in addition to RSMML.

The Company should fix responsibility for the failure in timely evaluating JPMC's supply offer of May 2009 with reference to the cost of supplies by RSMML.

The matter was reported to Government (May 2010); their replies had not been received (November 2010).

[Σ] Considering the offered price (after reckoning franchise and quantity discount) at the exchange rate of ₹ 47.6045 per USD prevailed in May 2009 and adding other elements such as, landing charges, duties, service /handling charges, transportations cost etc.

[⊗] (₹ 10,137- ₹ 7,755.25) x 24,800 MT.

4.2 Loss due to unfavourable payment terms

The Company failed to recover claim for short receipt of imported sulphur valuing ₹ 1.08 crore due to unfavourable terms of payment.

The Company placed (February 2008) a purchase order (PO for import of 15,000 MT of Sulphur on M/s Sun International, New Delhi (firm S). Firm S was to supply the sulphur of Iran origin through their principals M/s.Havi Ocean Co., Dubai (firm H) at the rate of EURO 397 PMT C&F[∇] at Bhavnagar port (port B). Firm H nominated (February 2008) the vessel *viz.*, MV "Power" Panama, and loaded (4 March 2008) only 10,900 MT out of the ordered quantity (15,000 MT) of sulphur into the vessel after carrying out draught survey[f] through his agent (M/s Caleb Brett). For 10,900 MT executed, the Company made (11 March 2008) the full payment of ₹ 27.09 crore[⊗] to firm H through letter of credit (L/C) at sight on receipt of documents.

The discharge of cargo from the vessel at port B was carried out between 17 and 24 March 2008 by the Company's clearing agent M/s.Shree Sagar Stevedores. The clearing agent informed (24 March 2008) the Company that before complete discharge of cargo, the Master of vessel instructed him to stop the work as the total cargo of 10,900 MTs had already been discharged. The draught survey agents of both firm H (i.e M/s Caleb Brett) and that of the Company (*i.e.* M/s H Mahendra & Company, Jamnagar) certified (on 24-25 March 2008) that the entire cargo of 10,900 MTs was discharged from the vessel at port B. But, the Company's records indicated that there was a shortage of 427 MTs[*] of cargo as measured at port B. As the shortage was in excess of 0.5 per cent of Bill of Lading (B/L) quantity, the Company asked (March, August and October 2008) firm S to either deliver the short supplied quantity of cargo or refund the price paid for it. Firm S did not accept (August 2008) this demand on the plea that the quantity discharged at port B as certified in the draught survey report of M/s Caleb Brett matched with the quantity given in B/L.

In this regard, we observed that as per terms of previous PO placed (September 2006) with firm S, the Company was to make payment of only 95 *per cent* of value of PO against the documents and balance five *per cent* was payable only after settlement of claims, if any, with the supplier. The Company, however, in present P.O agreed to make full payment against the documents, without any justification. Further, even after lapse of more than two years, the Company did not investigate and correctly identify the cause for shortage of 427 MTs of cargo worth ₹ 1.08 crore[×] and agency responsible for it.

[∇] The rate inclusive cost and freight for the consignment upto Bhavnagar port.

[f] It is a method of cargo weight determination by ship's displacement calculations, empty and loaded.

[⊗] ₹ 10,900 MT x ₹ 24,853.19/MT(the exchange rate at which payment made was ₹ 62.6025 per EURO).

[*] 10,900 MTs (-) moisture loss 6.322 MTs (-) actual receipt of cargo 10,467.070 MTs at port.

[×] Landed cost of sulphur ₹ 25347.90 (₹ 24,853.19 + customs duty ₹ 494.71) per MT x 427 MTs.

The Management stated (July 2010) that the payment terms under present PO were changed as firm S wanted full payment against delivery of documents. As regards the shortages, it was stated that the same occurred due to some error in the Company's draught surveyor report and also due to the losses which occurred during transit of cargo from vessel to open plot at port B. The surveyor was stated to have been blacklisted with no action against the clearing agent as he was not at fault for the shortage. Further, the shortage of cargo was only 381 MTs instead of 427 MTs as pointed out by Audit.

The reply is not convincing as while agreeing to the request of firm S for changing the payment terms, the Company failed to safeguard its financial interests. As regards the shortages, the reply was not supported with any analysis for reasons of shortages in excess of the allowable limits at each stage i.e., during shipping/handling of material from ship to port and the agencies responsible for it. Further, the quantum of shortages of 427 MTs was taken by us based on the Company's records showing the measurement of cargo recorded at port B.

The Company should investigate the reasons for the shortage and also fix the responsibility for the loss.

The matter was reported to Government (June 2010); their replies had not been received (November 2010).

Gujarat Industrial Investment Corporation Limited

4.3 Grant of One Time Settlement to an ineligible firm

Grant of One Time Settlement to an ineligible firm led to loss of ₹ 1.53 crore.

The Company sanctioned (March 1999) a term loan of ₹ 3.07 crore to Ganadhyaksha Hospitalities Limited, Ahmedabad, (Unit) for setting up a hotel (project) estimated to cost ₹ 6.49 crore. The promoters of the Unit were to arrange for the remaining fund. The Company disbursed (March 2000 to May 2002) loan of ₹ 2.90[*] crore based on the progress of execution of the project. The loan carried interest of 18.50 *per cent* and was to be repaid from April 2003 to April 2009. Till November 2003, only 85 *per cent* of the project was completed and further progress was held up due to non availability of small proportion of fund. As the Unit was in default in repayment of loan, the Company took over (August 2004/May 2005) the Unit's assets under section 29 of the State Financial Corporations Act 1951. However, the Company did not make any attempt to sell the assets taken over. Meanwhile, promoters of the Unit had attempted to arrange finance from other sources for repaying the Company's loan and also to complete project.

[*] March 2000- ₹ 2.23 crore, May 2001- ₹ 0.16 crore, April 2002- ₹ 0.37 crore, May 2002- ₹ 0.14 crore.

The Company valued (May 2007) assets of the Unit offered as primary/collateral securities at ₹ 5.53[∇] crore. However, the Unit's outstanding dues (30 June 2007) stood at ₹ 9.56 crore (principal ₹ 2.96 crore and interest ₹ 6.60 crore).

The Company decided (June 2007) to allow the Unit to settle its dues under One Time Settlement (OTS) Scheme IV. As per eligibility criteria for availing OTS scheme, the net worth of the Unit should be negative, recovery of its dues should have been considered to be doubtful and the unit should not have opted for relief[√] from State Government being a sick unit. In addition, the Unit should fulfill any of the following criteria to avail benefits of the OTS Scheme:

i. The unit should have been ordered for winding up by BIFR/AAIFR/High Court or such competent authority; or

ii. The disposal of the unit's assets in possession of the Company should not have materialised despite repetitive attempts of auctions (at least three times) for its sale; or

iii. The project of the unit should have been abandoned during implementation stage due to unfavourable conditions, such as, natural calamities, change in Government policies, major change in technology, etc.

In this case, we observed that the Unit did not satisfy any of the above conditions (i) to (iii). The Unit was never ordered for winding up nor the Company ever made any attempt to sell the Unit's assets taken over by it. Further, the project was never abandoned during implementation stage due to any of the above factors given at sl. no. (iii). In fact, the Managing Director of the Company decided (December 2006) that this Unit was ineligible for settlement of dues under OTS on the ground that the Unit was attempting to get the NRI investor to complete the project. Subsequently, the Company without any justification sanctioned (June 2007) OTS to the Unit for settling its dues against the payment of ₹ 4.00 crore under the scheme which was paid[∞] (August 2007 to March 2008) by the Unit.

Thus, the grant of OTS had not only benefited an ineligible unit under the scheme but also the Company lost an opportunity of recovering ₹ 5.53 crore, through disposal of the Unit's assets already under the possession of the Company. Consequently, the Company suffered a loss of ₹ 1.53 crore[€].

[∇] **Prime security** of the Unit (land- ₹ 308.40 lakh, buildings- ₹ 69.97 lakh, equipments- ₹ 57.80 lakh and furniture & fixtures ₹ 26.55 lakh)- ₹ 4.63 crore: **Collateral security** (five residential plots ₹ 64.04 lakh and three office premises ₹ 26.04 lakh)- ₹ 0.90 crore.

[√] The State Government *vide* its GR dated 12.5.2004 approved granting of relief to the sick units for its revival.

[∞] August 2007- ₹ 200.05 lakh, February 2008- ₹ 100.00 lakh and March 2008- ₹ 107.99 lakh (including penal interest for the delay- ₹ 7.99 lakh).

[€] ₹ 5.53 crore (-) ₹ 4.00 crore.

The Management stated (June 2010) that before introduction of OTS scheme IV in May 2005, as per the direction of State Government, the Company inspected the units of its loanees affected by earthquake and this Unit was identified as a Unit abandoned at implementation stage due to earthquake. Thus, after the introduction of OTS scheme IV the benefit was extended to the Unit.

The reply is not tenable. The Company inspected the Unit during February 2001 and identified the Unit as the 'Unit abandoned at implementation stage'. However, the Company went ahead with disbursement of loan amount of ₹ 66.63 lakh during May 2001 to May 2002 and thereafter, 85 *per cent* of project work of the Unit was also completed till November 2003. Moreover, in November 2006 when the Unit opted to settle dues under OTS scheme IV, the Company declared (December 2006) that the Unit was not eligible for OTS under this scheme. Thus, the contention of the Management lacked justification.

The Company should ensure that in future, the benefits of OTS schemes are extended to eligible units only and also fix the responsibility for not initiating timely action for disposal of Unit's assets.

The matter was reported to Government (May 2010); their replies had not been received (November 2010).

Gujarat State Petroleum Corporation Limited

4.4 Non recovery of take or pay quantity charges and penalty

Undue favour was shown to buyers of gas due to non recovery of take or pay quantity charges of ₹ 47.97 crore and penalty of ₹ 3.59 crore.

The Company entered into (December 2008) Gas Sale Agreement (GSA) separately with Essar Power Limited (EPL), Mumbai and Gujarat Paguthan Energy Corporation Limited (GPECL), Ahmedabad for supply of gas at average daily volume of 13,00,000 SCM[∇] and 4,00,000 SCM respectively. The period of GSA was upto 31 December 2013. EPL and GPECL were Independent Power producers and were supplying power to Gujarat Urja Vikas Nigam Limited (GUVNL). As per the provisions of GSA, if the total quantity of gas taken in any of the quarters by EPL/GPECL was less than the minimum off take quantity i.e equivalent to 80 *per cent* of the Daily Contracted Quantity[∂] (DCQ) of gas multiplied by the number of days in the quarter, EPL/GPECL were liable to pay 'Take or Pay quantity (ToP) charges' on this differential quantity. ToP charges were to be paid by EPL/GPECL in addition to the amount payable for the actual gas taken during the quarter. In the event of default in paying the dues by EPL/GPECL, the Company was

[∇] Standard cubic metre.
[∂] For EPL - 50,960 million metric British thermal units (MMBTU) and GPECL-15,863 MMBTU.

entitled to levy the penalty[Σ] on the outstanding dues or suspend the supply of gas to EPL/GPECL. Further, EPL/GPECL were also required to open and maintain letter of credit (L/C)[↕] in favour of the Company with bank as security against any payments as may be due and payable to the Company under GSA.

Our scrutiny revealed that during July to September 2009, the quantity of gas taken by EPL and GPECL was 562.74 lakh SCM and 285.51 lakh SCM against the minimum off take quantity of 919.43 lakh SCM and 295.14 lakh SCM respectively. Accordingly, for the differential quantity of 356.69 lakh SCM[◊] and 9.63 lakh SCM[⇑], the Company raised (6/8 October 2009) demand on EPL and GPECL for payment of 'ToP charges' of ₹ 46.71 crore and ₹ 1.26 crore respectively by 12 October 2009. EPL and GPECL, however, had not paid the charges (April 2010). Against the dues of EPL, the Company had no security as EPL did not open (December 2008) the required L/C for ₹ 95.08 crore in favour of the Company as per terms of GSA. Even in case of dues of GPECL, the Company did not take action to encash the L/C of ₹ 26.56 crore available with it for recovery of ToP charges. The Company also failed to suspend the gas supply and levy the penalty of ₹ 3.50 crore and ₹ 0.09 crore[⇓] on outstanding ToP charges from EPL and GPECL respectively for the period from 12 October 2009 to 30 April 2010.

The Management stated (April/June 2010) that if it would recover ToP charges from EPL/GPECL, they would in turn pass on the expenditure to GUVNL being fuel related cost under PPA and GUVNL would further pass this cost to the end consumers of electricity. Further, it was stated that though EPL/GPECL had not taken the minimum off take quantity of gas, the Company did not pay any ToP charges under GSA with its suppliers[∇]. As the Company sold the short drawn quantity of gas by EPL/GPECL to alternate customers, there was no loss to the Company.

The reply is not convincing. EPL was utilising 42 *per cent* of the total quantity of gas purchased from the Company for EPL's captive consumption and there was nothing on record to prove that the gas procured from the Company was exclusively utilised for generation and supply of power to GUVNL. Further, ToP charges are in the nature of penalty levied on account of inefficiency in procurement and not directly related to cost of inventories. Hence, the plea that these were necessarily to be passed on to the cost of fuel is not acceptable as no contention in terms of authoritative pronouncement was enclosed. Furthermore, the question of payment of ToP charges to the suppliers of the Company did not arise as admittingly, the short lifted quantity of gas by EPL and GPECL were said to have been sold to other consumers. The rationale of ToP charges to ensure commitment of long term supply based on which the infrastructure was developed including production/sourcing was drawn, stood

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[Σ] Penalty rate was equal to SBI Prime lending rate plus two *per cent*.
[↕] L/C equivalent to an amount which was the sum of 45 days x DCQ x contract per MMBTU.
[◊] 13,95,219 MMBTU.
[⇑] 37,672 MMBTU.
[⇓] At 13.75 *per cent* (SBI Prime lending rate 11.75 *per cent* w.e.f. 29 June 2009 *plus* two *per cent*).
[∇] Indian Oil Corporation, Bharat Petroleum Corporation Limited/Gas Authority of India Limited.

defeated in the instant case as the provisions of written agreements were not followed.

Non obtaining of required L/C from EPL and non recovery of ToP charges as per term of GSA from the defaulting buyers of gas were indicative of the poor internal control mechanism of the Company.

The matter was reported to Government (May 2010); their replies had not been received (November 2010).

Gujarat State Investments Limited

4.5 Non adherence to government instructions on deployment of surplus funds

Placement of surplus funds in non interest bearing PLA in violation of Government instructions led to loss of interest of ₹ 3.26 crore.

Finance Department (FD) of Government of Gujarat (GoG) issued instructions (26 July 1995) to all State Public Undertakings (PSUs) to deposit funds given by the Government as grant, equity contribution, loan, subsidy or in any other forms in non interest bearing Personal Ledger Account[∇] (PLA) with Government Treasury. Further, if any PSU had surplus fund[€] other than those received from GoG, it was not required to deposit such surplus funds in PLA but should deposit it as an Inter Corporate Deposit (ICD) in Gujarat State Financial Services Limited (GSFS)[Σ]. For these ICDs, GSFS would pay interest which would be at least one *per cent* higher than the maximum rate approved by Reserve Bank of India[◊] for term deposits. It was also mentioned in the instructions that in order to meet the ways and means requirement, if GoG draw the funds from GSFS it would pay interest to GSFS which would not be less than the rate at which GSFS was paying interest to PSUs on the deposits.

A series of such instructions directing all state PSUs to deposit their surplus fund with GSFS was also issued during March 1998 to November 2000. Instances of non adherence to these instructions by not deploying the surplus funds by various state PSUs was also pointed *vide* Para 3.10 of Audit Report

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[∇] Funds under PLA are deposited with the RBI and against the balances kept in the PLA by the PSUs of various states, interest at the rate of five *per cent* per annum was allowable to the Government of the respective states.

[€] As defined by GoG *vide* its instructions dated 13 December 1999, any operating surplus with enterprise in form of cash in current account with bank or otherwise that is required in a future date even after one day for the enterprises' expenses and till then could be invested in any instrument available with GSFS.

[Σ] a State PSU (registered with RBI as non banking finance company) got mandate to manage the surplus funds of various GoG entities. The surplus funds accepted as ICD or very short deposit even for one day under 'Liquid deposit scheme' from state PSUs are being used by GSFS to lend money to needy PSUs or to GoG or invest the funds in inter-bank call money through Discount and Finance House of India, a primary dealer in call money market.

[◊] *Vide* GoG instructions of 23 March 1998, the interest to be payable on this ICD should be one *per cent* higher than the rate at which State Bank of India was paying interest on the term deposits of relevant nature.

1999-2000, Para 4.6 of Audit Report 2002-03 and Para 4.5 of Audit Report 2003-04 (Commercial) – Government of Gujarat.

A test of check of records of the Gujarat State Investments Limited, a state PSU engaged in the business of investing its funds mainly in the equity shares of public limited companies and holding such investments on long term basis, revealed that it had a huge surplus of funds ranging from ₹ 0.36 crore to ₹ 131.86 crore during April 2006 to March 2010. These funds were accumulated mainly due to receipt of dividend from the investments made by the Company. The Company was aware that these funds were not received from the Government in the form of grant etc., but earned as dividend out of investments. Hence, the Company should have deposited these surplus funds in ICD with GSFS which carried interest varying between five and eight *per cent* per annum. The funds, however, were kept in non interest bearing PLA for a period ranging from 15 days to 184 days on which interest at the rate of five *per cent* per annum allowable by RBI to GoG with no return to the Company. Even after taking into account the interest at the rate of five *per cent* per annum allowed by RBI to GoG on PLA deposits, the Company had lost an interest income of ₹ 3.26 crore for the differential interest rate ranging from 0.25 to 3 *per cent* allowable in ICD of GSFS for a term of 15 to 90 days/181 days to one year.

In the reply (September 2010) of the Management which was endorsed (September 2010) by the Government, it was stated that the Company had been functioning under the direct supervision and control of FD of GoG and its policies and decisions were in conformity with those of GoG. The dividend income from the equity shares held on behalf of GoG was the primary source of income for the Company. Hence, it had been a conscious decision of Management to transfer the earnings of the Company to PLA with an intention to pass the revenue surplus in the control of GoG. However, the audit observation was noted and the Management was in the process of formulating an investment strategy to leverage its earnings.

The reply is not tenable. The surplus funds were not deployed in conformity with the policies and decisions of GoG. Further, during 2006-07 to 2009-10, GoG did not draw any ways and means advances from RBI. In view of this, the transfer of such surplus funds to the control of GoG could not have served any purpose. Rather by adhering to FD instructions on deployment of surplus funds, the Company could have got interest income of ₹ 3.26 crore.

Sardar Sarovar Narmada Nigam Limited

4.6 Avoidable payment of price adjustment

Avoidable payment of price adjustment of ₹ 13.92 crore due to avoidable delay in making payment of dues and submission of model test data to the contractor.

The Company awarded (September 2001) two contracts for (i) supply of plant and equipment (₹ 273.93 crore) and (ii) installation and commissioning of five pumping stations (PS) (₹ 167.99 crore) on Saurashtra Branch Canal (SBC) at a total cost of ₹ 441.92 crore to Kirloskar Brothers Limited (firm KBL), Pune on turnkey basis*. The entire works awarded under the above contracts were to be carried out in two phases, *viz*. Phase I∇ within 36 months and Phase II# within 60 months, from the date of award of contract. Thus, all five PSs were to be fully commissioned by September 2006. The contracts stipulated for the payment of price adjustment (PA) to KBL for neutralising the increase in the cost of material and labour during performance of the contract.

None of the PSs could be completed as per the schedule stipulated under each Phase. The Company granted (December 2003 to September 2009) six extensions of time for completion of the work up to December 2009. All the PSs were fully commissioned in November 2009 with a delay of 39 months. The Company paid ₹ 165.72 crore towards PA to KBL during the period of the contract up to November 2009, of which ₹ 41.76 crore was paid for the work executed during the extended period of contract i.e. September 2006 to November 2009. Of the 39 months, the delay of 13 months was attributable to the Company on account of its failure in making payments to KBL within the period of 45 days from the date of receipt of Running Account (RA) bills as stipulated in the contract (delay of 10 months) and also due to the delay in supply of model test data of Concrete Volute (CV) type pumps to KBL (delay of three months). Remaining delay of 26 months was beyond the control of both the Company and KBL.

We observed that the delays attributable to the Company were avoidable on account of the following:

- During the period from April 2002 to May 2007, there were delays ranging from 3 to 209 days (beyond the stipulated period of 45 days) in making payments against the RA bills claims of ₹ 0.41 crore to ₹ 21.25 crore lodged by KBL. During this period, the Company had a huge balance of ₹ 920.11 crore to ₹ 1,862.82 crore both in Current Accounts with banks and in Personal Ledger Account with treasury whereas the Company's liabilities for payment of total dues for the various works being executed

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* It refers to the type of project that is constructed by contractor and handed over it to the Company in ready to use condition.

∇ Phase I comprised of supply and installation of 11 nos. of concrete volute pumps and 22 nos. of vertical volute pumps at PS-1 PS-2, PS-3 PS-4 and PS-5.

Phase II comprised of supply and installation of 15 nos. of concrete volute pumps at PS-1, PS-2, PS-3, PS-4 and PS-5.

through other contracts ranged from ₹ 9.45 crore to ₹ 118.41 crore. Hence, the funds available with it could have been used for the payment to KBL within 45 days as per terms of contract.

- Under the contract one of the items of work was supply and installation of CV pumps in PSs. KBL was to carry out model test/study of the performance of CV pumps in Italy i.e. at the place of manufacturer viz., Termo Meccanica who was the collaborator of the KBL for the work. As per schedule the model test of CV pumps was to be conducted in December 2001 and the Company's officials were to witness such test for finalising the design and engineering of pumps. The Company, however, belatedly sought approval of State Government in April 2002 for deputing its officials to Italy. Accordingly, the model test was conducted only in June 2002. No reason was on record for the delay in seeking the approval of the State Government.

Thus, the Company's failure to avoid the above delays resulted in avoidable payment of PA of ₹ 13.92 crore (reckoning the delay of 13 months out of 39 months attributable to the Company against the total PA of ₹ 41.76 crore).

It is recommended that the Company should revamp its internal control system for the management of funds so as to ensure payment of dues in time.

The matter was reported to Government/Management (August 2010); their replies had not been received (November 2010).

4.7 Premature investment

Blocking up of expenditure of ₹ 4.23 crore incurred on construction of control cabins not required for immediate use.

The Sardar Sarovar Project (SSP) canal system comprises of Narmada Main Canal (NMC) and a delivery network consisting of branch canals, distributaries, minor channels and control structures *viz.,* cross regulators[^], escapes[∀], etc. The Company planned (August 1994) to adopt computer aided Remote Monitoring and Control System (RMCS) for operation of the canal conveyance system. It was envisaged that through RMCS, the volume of water between any two cross regulators would be altered as desired by proper positioning of flow regulating structures. Mention was made in paragraph 3.6 of Audit Report 2007-08 (Commercial) – Government of Gujarat, regarding the Company's failure to review the feasibility of installation of RMCS for 10 years (1995-2005) and also how the Company incurred an expenditure of ₹ 9.92 crore on consultancy services which proved unfruitful due to deferment (November 2005) of implementation of RMCS project till 2011 when the canal system was expected to serve water in the entire command area[⊕].

[^] It is provided in the main canal after every 12 to 15 kms distance.

[∀] Escape is a passage provided with the gate in the canal to allow the excess water of the canal to flow in the nala/river/other places.

[⊕] Area that can be reliably irrigated from a project and is fit for cultivation.

We further analysed (April to June 2010) various aspects related to installation of RMCS by the Company. One of the items planned for RMCS was construction of control cabins alongside the control structures (having design discharge of 8.5 Cumecs and above) on the branch canals and distributaries. The control cabin was to house the remote terminal unit (RTU), a microprocessor based remote station in the field which was to collect, process and communicate the data with its master station and other stations and was also to perform some control action through proper positioning of flow regulating structures (across the canal) having radial and vertical gates to be operated electrically.

The Company awarded (1997 to 2005) contracts for construction of 242 control cabins (CCs) costing ₹ 18.37 crore through its four offices of Chief Engineer at Vadodara, Mehsana, Rajkot and Gandhinagar. Against this, till November 2005, the Company incurred expenditure of ₹ 16.31 crore and completed the construction of 188 CCs at a cost of ₹ 15.63 crore and also incurred ₹ 0.68 crore on 54 CCs, the construction of which was under progress. Clause 56 of the contract allowed the Company to order the contractor to stop the construction of CC for any reasons. In view of the Company's decision of November 2005 to defer the installation of RMCS till 2011, the Company should have stopped the construction work of 54 CCs by invoking clause 56 of the contract in November 2005 itself. However, it did not stop but continued the work and incurred an expenditure of ₹ 2.06 crore during December 2005 to November 2007 to complete these 54 CCs. Further, the Company had also awarded new contracts for construction of 41 CCs through its CE Offices at Mehsana and Gandhinagar during July to October 2009 and incurred an expenditure of ₹ 2.17 crore till March 2010. Thus, the imprudent spending of ₹ 4.23 crore (₹ 2.06 crore + ₹ 2.17 crore) due to non stopping of the works already awarded and also due to award of new contracts for construction of CCs resulted in blocking of funds on the work which was not immediately required.

As against the entire Command Area of 18.45 lakh hectare to be developed prior to installation of RMCS in 2011, the Company had developed Command Area of 3.48 lakh hectare (June 2010). In view of this, the possibility for taking up the work of installation of RMCS may also get further delayed beyond 2011 and the possibility of using the CCs in near future, for the purpose for which it was constructed was not certain.

The Management stated (September 2010) that CCs were required in both systems i.e. either for automation or for manual operation of the canal. As such, the CCs constructed were being used as storage for keeping necessary gate items and as a shelter for staff engaged in canal operation. Further, the Company now decided to implement the work of RMCS, for which required actions were initiated. Thus, expenditure incurred for construction of CCs was not premature.

The reply is not tenable. The very purpose of construction of CC was to house RTU envisaged under RMCS project. As such, the contracts for construction of CCs were awarded with an aim to meet the requirement related to canal automation only. Thus, the Company's contention that CCs were also required for storing gate items and giving shelter to staff engaged in manual operation of canal gates is mere hindsight.

It is recommended that the Company should fix the responsibility for the unnecessary expenditure of ₹ 4.23 crore incurred on the construction of CCs.

The matter was reported to Government (August 2010); their replies had not been received (November 2010).

Gujarat State Petronet Limited

4.8 Undue benefit to a firm

Non adherence to the terms of gas transmission agreement and also to the decision of Company's Board of Directors resulted in passing of undue favour of ₹ 11.18 crore to a firm.

The Company undertakes the work of transmission of gas, through pipeline, from the place of supplier of gas to the place of consumer after entering into gas transmission agreement (GTA) with the consumer. In February 2006, Torrent Power Generation Limited (TPGL), Ahmedabad, a private sector company, which was setting up its 1100 MW gas based combined cycle power plant at Akhakhol near Surat had entered into GTA with the Company. As per the provisions of GTA, the Company would reserve capacity (capacity tranche-CT) in its pipeline for transmission of 58 Billion BTUs[*] of gas from ONGC Hazira premises to TPGL's power plant at Akhakhol. Further, the Company would lay spur line to TPGL's plant for starting transmission of gas to enable TPGL to commission its first block of power plant by November 2007. Accordingly, under GTA, CT start date was fixed as 30 November 2007, and the Company was entitled to levy and recover spur charges, transportation charges during the period from start of transmission of gas up to the CT start date. In addition to the above, Company was also entitled to levy and recover various penal charges, such as, overrun charges, variance charges and imbalance charges in the event of not maintaining the grid discipline by TPGL while drawing gas through Company's pipeline.

We observed that the Company after laying (15 May 2007) spur line started to raise invoices levying spur charges as per provisions of GTA from July 2007. However, anticipating delay in commissioning of power plant beyond 30 November 2007 and with a view to avoid payment of penal charges due to difficulty in adhering to the grid discipline during the delay period beyond CT start date i.e. 30 November 2007, TPGL requested (October 2007) for shifting the CT start date to 31 May 2008 and later requested (September 2008) for shifting it to 15 November 2008. Since the physical transportation of gas started from 1 November 2008 to TPGL plant, the Company raised invoices for recovery of transportation charges and penal chargers also. Pending the Company's decision on its request, TPGL made the payments against invoices

[*] British Thermal Unit.

on adhoc basis. The Company's Board of Directors (BoD) discussed (February 2009) the issue of shifting the CT start date of TPGL and decided not to postpone the CT start date and to follow the terms of GTA entered with TPGL. Despite this, the Company instead of effecting the recoveries, had continued to accept adhoc payments from TPGL. In September 2009, TPGL informed the Company that it had commissioned and started commercial operation of plant from 15 August 2009 and requested for shifting the CT start date to 15 August 2009. Disregarding the Board of Directors decision of February 2009, the Company acceded to the request of TPGL to shift the start date to 15 August 2009 and amended (October 2009) the GTA accordingly. Consequently, of the invoices amounting to ₹ 40.49 crore raised from time to time as per terms of GTA during the period July 2007 to 14 August 2009, the Company gave up its legitimate right for recovery of ₹ 11.18 crore levied towards penal charges[∇] during the period from November 2008 to 14 August 2009 for non maintaining grid discipline by TPGL.

In the reply (September 2010) of the Management which was endorsed (September 2010) by Government, it was stated that the Company accepted the request of TPGL for waiver of the penal charges from the date of commencement of transportation of gas (1 November 2008) up to the date of commissioning of their power plant (14 August 2009) in view of the fact that the GTA allowed for non levy of penal charges during the commissioning period as there would be some variation in offtake which would be beyond the control of the customer. Further, as per the Access Code notified (July 2008) by PNGRB[#] the Company, being the transporter, should deposit the penal charges collected into an escrow account and hence, the penal charges would not form part of their income. Thus, the Company was not the beneficiary from the receipt of such charges. So far as the waiver of dues against the decision of BoD was concerned, it was stated that the matter was brought to the notice of BoD in July 2010 and a Committee of Directors was constituted to resolve such issues in future.

The reply is not tenable. GTA was formulated after reckoning the time required both by the Company and TPGL for laying the pipelines and commissioning of the power plant respectively. Thus, on the expiry of proposed commissioning period (30 November 2007) fixed in GTA all the charges would be applicable. Further, GTA did not provide for changing the commissioning period/CT Start Date. Regarding the penal charges to be deposited into the escrow account, the Company would be the beneficiary since the deposit made in the account would be available to the Company to meet the expenditure relating to compressing of gas/improving the management of pipelines system due to the imbalances created by the customers while off taking the supply. The fact, therefore, remained that the Company passed undue benefit of ₹ 11.18 crore to TPGL which was neither allowable under GTA nor authorised by the Company's BoD.

[∇] Overrun charges ₹ 19.06 lakh, Variance charges ₹ 36.29 lakh and Imbalance charges ₹ 1,062.15 lakh related to the period from 1 November 2008 after starting of physical transportation of gas.

[#] Petroleum and Natural Gas Regulatory Board.

It is recommended that the responsibility should be fixed for allowing shifting of CT start date by overriding the Board's decision.

4.9 Unfruitful expenditure

Lack of Company's involvement and control over execution of contract for development of software for gas grid led to unfruitful expenditure of ₹ 2.34 crore.

The Company awarded (26 February 2004) a lump-sum contract for development of application software for its gas grid at a cost of ₹ 3.35 crore to Energy Solution International India Private Limited (ESI), Hyderabad. As per contract, ESI was to design, install, commission and test the application software systems viz., i) Pipeline Manager (PLM) System to give complete picture of pipeline operation including pressure, flow, temperature, leak detection etc., by retrieving data from the Company's existing SCADA[∇] system for gas grid, ii) Pipeline Transporter (PLT) system to allow for management of gas transportation contracts including capturing of data from SCADA system on the actual flow of gas and its quality and preparation of invoices for customers. The work was to be completed within a period of 32 weeks *i.e.* by 31 October 2004. The payments to be made to ESI were linked with achievement of certain milestones i.e, payments of 20, 10, 35, 25 and 10 *per cent* of the value of contract were to be released (a) on signing of contract, (b) on completion of Functional Design Specifications (FDS), (c) Factory Acceptance Test (FAT)[↔] and integration with SCADA system, (d) Site Acceptance Test (SAT)[f] at the Company's office, and (e) fault free operation for continuous 45 days respectively. While releasing the payments, the Company was to deduct ten *per cent* of the amount towards security deposit (SD).

The Company made (March 2004) the payment of ₹ 60.30 lakh to ESI after signing the contract. Against, the schedule of completion of FDS by 31 March 2004, ESI was ready with FDS on 20 May 2004. But, the Company further delayed the finalisation of FDS by ten months (till March 2005) due to belated vetting of FDS, reviewing and approving the modifications carried out by ESI on FDS. For this milestone, payment of ₹ 30.15 lakh was released in March 2005. Consequent to the delay in approval of FDS, the FAT was completed by 21 May 2005 against the schedule of 31 July 2004. During FAT, the Company noticed (May 2006) problems, such as, PLM system becoming inoperative, disconnecting from SCADA server, SCADA data not getting updated on PLM, etc. The Company, however, without rectification of the problems for ensuring the proper integration of PLM/PLT software with SCADA through ESI, released (May 2005) the payment of ₹ 1.06 crore against the work of FAT. Further, the work of SAT was taken up during January/February 2006 against the schedule of 15 September 2004. Even though, ESI did not complete the SAT, the Company released (February 2006) the payment of

[∇] Supervisory control and data acquisition system refers to a computer system monitoring and controlling any process of work.
[↔] to be conducted at ESI office.
[f] to be conducted at the Company's office at Gandhinagar.

₹ 37.69 lakh being 50 *per cent* of 25 *per cent* of contract value. SAT was never completed and the problem especially in integration of PLM/PLT software with SCADA which was vital for the success of this project remained unresolved. No progress was made since October 2006. The above payments amounting to ₹ 2.34 crore were made after deduction of applicable SD of ₹ 25.96 lakh (May 2010).

We observed that the contract for the work was awarded without invitation of tender for which no justification was on record. Further, delay on part of the Company in finalising FDS, releasing the payments before satisfactory completion of work of FAT/SAT and non initiation of legal actions[Σ] against ESI indicated lack of involvement and control over the execution of contract for development of software. Consequently, the expenditure of ₹ 2.34 crore incurred for the work remained unfruitful as it did not achieve the purpose for which the contract was awarded.

It is recommended that the Company should fix the responsibility for lapses and also should take appropriate decision on revival of software, if feasible, considering the huge costs incurred on its implementation.

The matter was reported to Government/Management (June 2010); their replies had not been received (November 2010).

GSPC Gas Company Limited

4.10 Undue benefit to a firm

The Company passed an undue benefit of ₹ 1.18 crore to a firm due to non levy of Take or Pay charges as per terms of gas supply agreement.

The Company was engaged in the business of procurement and distribution of natural gas through pipelines to the customers belonging to industrial, commercial and residential segments in certain locations/cities of the State. The Company entered into a gas supply agreement (GSA) with Krishana Knitwear Technology Limited, Sarigam (firm K), on 3 March 2008 for supply of daily contracted quantity (DCQ) of 24,000 SCM of gas to firm K. The price of gas was fixed at ₹ 11.81 per SCM and was to remain valid for the period upto December 2008[⇓]. As per the provision of GSA, if in any month, the total quantity of gas taken by firm K was less than the Take or Pay (ToP) Quantity i.e. 80 *per cent* of DCQ multiplied by number of days in a month, firm K should, in addition to payment of gas actually taken, be also required to pay ToP charge for the quantity of gas which was equal to the difference between the quantity of gas taken by him and the ToP quantity for month. However, ToP charges were not leviable for a period of 90 days from the commencement date of supply of gas (grace period). On the expiry of grace period even if firm K had not completed the construction, testing and

Σ by invoking provisions of Arbitration and Conciliation Act, 1996 as per terms of contract.

⇓ From January 2009, the Company had increased the basic price of supply of gas to ₹ 15.50 per SCM and also excluded the provisions related to levy of ToP charges.

commissioning of plant and equipment at his premises, the ToP charges would be recovered.

We observed that the supply of gas to firm K started from 12 March 2008 and grace period allowable was up to 9 June 2008 as per GSA. Firm K, however, requested (6 May 2008) for extension of grace period on the plea that due to some technical problem in their DG set (bi-fuel system), they were unable to conduct trial run and commission their project. The Company granted (21 May 2008) extension of grace period up to 31 July 2008 considering it as a case of 'unplanned interruption and emergency'. Hence, the Company did not levy the applicable ToP charges of ₹ 1.18 crore for the period from 10 June 2008 to 31 July 2008 for non lifting of ToP quantity of 9,98,400 SCM[∇] by firm K. We observed that the action of the Company was not regular as, in terms of GSA, there was no provision for extension in grace period beyond the stipulated period of 90 days under any circumstances. Thus, the grant of irregular extension of grace period resulted in non levy of ToP charges of ₹ 1.18 crore and passing of undue benefits to firm K. Though firm K had continued to take supply even after December 2008, the Company did not recover the ToP charges of ₹ 1.18 crore.

The Management stated (November 2010) that in May 2010 during trial run of plant and equipment of firm K's industrial unit, the unit's gas engine failed due to some technical problem. So, on the request of firm K, the Company relived firm K from ToP obligation till 31 July 2008 considering the interruption in the operation of the unit as a case of 'unplanned interruption and emergency'. So, this was not a case of extension of grace period. As per GSA, the customer could be relieved from ToP obligation during 'unplanned interruption and emergency' period.

The reply is not tenable. In terms of GSA, relief from ToP obligation on account of 'unplanned interruption and emergency' was allowable to a customer in case the unit's operations get interrupted due to some technical problem only after completion of the trial run and commissioning of industrial unit. However, in this case, the unit of firm K was not at all commissioned till 31 July 2008. Hence, relieving the firm K from ToP obligation on account of 'unplanned interruption and emergency' was not a valid ground. Thus, the non levy of ToP charges of ₹ 1.18 crore resulted in passing of undue benefit to firm K.

The Company should fix the responsibility for passing the undue benefit to firm K.

The matter was reported to Government (August/October 2010); their replies had not been received (November 2010).

[∇] ToP quantity for June 2008 (80 *per cent* of 24,000 DCQ X 21 days)= 4,03,200 SCM + for July 2008 (80 *per cent* of 24,000 DCQ X 31 days) = 5,95,200 SCM.

Gujarat Energy Transmission Corporation Limited

4.11 Deficiencies in preparation of estimates and award of O&M contracts

Improper assessment of the related costs before awarding the contracts for operation and maintenance of substations led to over estimation of cost of the work by ₹ 1.03 crore.

As on March 2010, the Company had 39,518.73 Circuit Kilometres (CKMs) transmission lines and 1,050 sub-stations (S/s) of various voltage classes *viz.,* 33/11 KV, 66 KV, 132 KV, 220 KV and 400 KV. The Company with an aim to bring in expertise through private participation in transmission business especially in the area of operation and maintenance (O&M) of substations (S/s) decided (January 2006) to go in for outsourcing of O&M in new sub-stations. Accordingly, the Company invited tenders in phases in July 2006 (Phase I), February 2008 (Phase II) and November 2008[∀] (Phase III) for awarding the O&M contracts on fixed price basis for 61 S/s, 32 S/s and 75 S/s of 66 KV respectively. The Company prepared estimates and the bidders were asked to quote on percentage basis with firm price. The contracts were also awarded during the period from December 2006 to August 2009. The duration of each contract was for a period of two years. The scope of O&M work *inter alia* included round the clock monitoring the system, data logging, and maintenance of switchyard, control and relay panels, power transformers, circuit breakers etc., of S/s by the contractor as per the Company's norms. The Company had constructed (2006-10) 202 new S/s of 66 KV, of which 168 S/s were handed over as and when they were ready during December 2006 to March 2010[*].

Our analysis of records related to preparation of estimates and award of O&M contracts revealed the following deficiencies:

Excess provision in the estimate for escalation of O&M expenses

1 The estimated cost of O&M contract awarded under Phase I (for tender of July 2006) was ₹ 10.14 lakh per S/s per year {excluding Service tax (ST) ₹ 1.24 lakh}. The cost broadly consisted of two major items *viz.,* O&M expenditure ₹ 8.82 lakh[∇] and Supervision charges ₹ 1.32 lakh. The contracts for 61 new S/s were awarded (December 2006 to October 2008) at the negotiated rate of ₹ 10.95 lakh per S/s per year (excluding ST ₹ 1.34 lakh) which was 8 *per cent* above the estimated rates to three firms[#]. The Company revised (July 2007) the estimated cost of O&M contract to ₹ 13.13 lakh per S/s per year (excluding ST ₹ 1.61 lakh) and invited (February 2008) tenders for

[∀] Re-invited tenders in March 2009.

[*] Phase I - December 2006 to September 2008, Phase II – June 2008 to July 2009 and Phase III – January 2009 to March 2010.

[∇] O&M expenses viz., O&M staff salary ₹ 5.10 lakh, other expenses ₹ 1.50 lakh, Maintenance expenses ₹ 0.12 lakh, Engineer charges ₹ 0.60 lakh, Incidental expenditure and insurance charge of staff ₹ 0.30 lakh and Transportation charges of ₹ 1.20 lakh.

[#] JBS Enterprises Private Limited, Thane, (25 S/s) Kintech System Private Limited (17 S/s) and Simms Engineering, Porbandar(19 S/s).

Phase II. This revised estimated cost, applicable for Phase II was arrived at by giving 10 *per cent* escalation on the existing rate of ₹ 10.95 lakh per S/s per year for the contracts awarded under Phase I i.e. ₹ 1.09 lakh and also by adding a new item of work i.e. cost of testing of equipments of ₹ 1.09 lakh. The 10 *per cent* escalation allowed on the existing rate (which was already 8 *per cent* above the original estimate) was not based on any justification. Even GERC, in their tariff order for the year 2007-08 approved (March 2007) a price escalation of 5 *per cent* towards employees' cost and 8 *per cent* towards other O&M cost of transmission lines and S/s i.e. the percentage of escalation in weighted average worked out to 6 *per cent*[^] only. Considering this 6 *per cent* escalation in cost allowed by GERC, the revised estimated cost of tender in Phase II was inflated by ₹ 43,800 per S/s per year (i.e. 4 *per cent* on ₹ 10.95 lakh) which led to incorrect estimation of cost of O&M work of 32 S/s for two years by ₹ 28.03 lakh (₹ 43,800 x 32 S/s x 2 years).

In the reply (September 2010) of the Management which was endorsed (September 2010) by the Government, it was stated that while revising the estimated cost for invitation of tender for Phase II, the escalation of 10 *per cent* was given considering the increase in minimum wages and the consumer price index during the period 2006-07.

The reply is not tenable. At the time of revising the estimate for Phase II, the Company was aware that the cost escalation (i.e. at 6 *per cent* on a weighted average) approved by GERC for the year 2007-08 had factored in all the costs related to O&M of transmission lines and S/s. Hence, it should not have increased the estimate by 10 *per cent* simply based on the general increase in minimum wages and consumer price index.

Unrealistic estimation of cost of insurance

2 As per the terms of O&M contract, the contractor should cover all his employees under the workmen's compensation fund and under liability insurance as per the provisions of Workmen's Compensation Act 1923. The Company would not be responsible for the payments of compensation to the workers of contractor for any fatal/non fatal accidents during the period of contract. For the O&M activity of each S/s, the contractors had deployed 10 persons (Switch board operators – 4, Helpers - 4 and Security Guard – 2). The Company included ₹ 30,000 in its estimate towards insurance premium and incidental expenditure. Against the estimated insurance premium, the actual insurance premiums paid by the contractors for 10 persons ranged from ₹ 4,900 to ₹ 7,700 per year. Considering the cost of insurance of ₹ 7,700 per year, the estimate made in this regard by the Company was higher by ₹ 22,300[*] per S/s per year. Thus, there was an overall incorrect estimation of cost of this item by ₹ 74.93 lakh[⊗] for 168 S/s for two years of contract period.

[^] Based on the projected expenditure for O&M (for 2007-08) consisting of employee cost (66%) , R&M expenses (18%), admn. and general expenses (11%) and load dispatch centre charges (5%) the rate of 5 *per cent* allowed on employees cost and 8 *per cent* on the rest of the items were applied to arrive at the percentage of weighted average.

[*] ₹ 30,000 – ₹ 7,700.

[⊗] ₹ 22,300 per S/s x 168 S/s x 2 years.

Further, after starting the award of contracts in Phase I since December 2006, the Company was aware of the insurance cost actually incurred by their O&M contractors. So while preparing the estimate for the next tenders to be invited for Phase II and III, it should have revised those estimates on this item on realistic basis.

In the reply (September 2010) of the Management which was endorsed (September 2010) by the Government, it was stated that the estimated cost was prepared considering the prevailing market rate for all items including cost of workmen compensation insurance. Further, the data on the actual cost of insurance cited by Audit were not part of the Company's records as it did not reimburse this expenditure to O&M contractors. Moreover, O&M contract was awarded on lump sum basis and not on individual item wise. So, it did not have to adopt actual expenses incurred by the O&M contractors for revising the estimate for the tender to be invited for the next phases.

The reply is not tenable. The wide variation between the actual cost and the estimated cost towards the insurance premium was indicative of the unrealistic estimate prepared by the Company. Further, we had cited the insurance expenditure incurred by the O&M contractors from the details available on the records of Ranasan transmission division of the Company. Hence, based on the details available, the Company while preparing the tender estimate for the Phase II and III, could have revised those estimates on this item on realistic basis.

Thus, the Company before going for outsourcing the O&M activity of S/s failed to conduct detailed survey for properly assessing each cost component of various items of work for the O&M activity of S/s. Consequently, over provision of ₹ 1.03 crore was made towards cost of escalation in O&M expenses and also for the cost of insurance in the tender estimates leaving scope for the bidders to take undue benefit/ margin in the O&M contracts.

It is recommended that the Company should devise a proper internal control system so as to ensure preparation of estimate for the works on realistic basis.

Dakshin Gujarat Vij Company Limited

4.12 Extra expenditure due to erroneous technical specification

Erroneous specification of size of MS Channel in the tender coupled with delay in issue of necessary amendment to purchase order led to extra expenditure of ₹ 1.98 crore.

The Company invited (February 2008) tenders for supply of 600 MT of Mild Steel (MS) Angles and 400 MT each of MS Channel and MS Round Bar against the annual requirement of 2007-08. Of the two technically acceptable bids received, the Company placed (April 2008) purchase order (PO) on L1 bidder i.e M/s. Agrawal Structures Mills Pvt. Ltd., Raipur (firm A) at a total cost of ₹ 5.43 crore for the items. As per the PO, firm A should commence the supply by May 2008 and complete it by September 2008. In the tender, technical specifications for the size of MS Channel was specified as 100 x 50 x 6 mm with sectional weight of 9.56 kg/meter as per IS-2062. Further, as per the terms of PO, the Company reserved the right to place repeat order on Firm A during the contractual delivery period for the quantity up to 25 *per cent* of total quantity ordered *vide* original PO at the same price.

In May 2008, before issuing despatch instructions, the Company carried out the inspection of material at the work site of firm A. During inspection, firm A offered 400 MT of MS Channel with size of 100 x 50 x 5 mm on the plea that as per IS-2062, MS channel with sectional weight of 9.56 kg/meter would have the size of 100 x 50 x 5 mm and not 100 x 50 x 6 mm as erroneously mentioned in the tender. Further, firm A requested (June 2008) the Company to issue necessary amendment to the original PO as regards to size of the channel before starting the supplies under the PO.

We observed that the specification of size of MS Channel made in the tender/ PO was not in accordance with IS-2062 and was erroneous. The Company, however, did not agree to the request of firm A stating that no amendment to PO could be issued at this stage. Hence, firm A did not supply any of the items of the order. The Company issued (June/July 2008) legal notices to firm A insisting for the supply of material as per the original PO placed. Moreover, it had placed (September 2008) repeat order on firm A for additional quantity of 150 MT MS Angle and 100 MT each of MS Channel and MS Round Bar (being 25 *per cent* of originally ordered quantity) at a cost of ₹ 1.36 crore as per the terms of the original PO. In the meantime, to meet the urgent requirements, the Company purchased (July/September 2008) 750 MT of MS Angles, 500 MT of MS channel and 225 MT of MS Round Bar from the suppliers of other DISCOM[∇] and also through its subsequent tenders at a higher price of ₹ 49,930 to 55,519 per MT against the price ₹ 38,087 to 39,090 per MT of firm A. Though similar error was committed by the Company in mentioning the specification of MS Channel while placing the subsequent order (July/September 2008), but this time, the Company accepted the delivery compromising with the width of the channel. This led to purchase of the above items at an extra cost of ₹ 1.98[↓] crore. Finally, in November 2008, the Company rectified the erroneous specification of size of MS Channel by issuing necessary amendment to the original PO of firm A. Thereafter, firm A also completed the supply of material against both the original and repeat order within three months after the receipt of the amendment as allowed by the Company in November 2008.

Thus, the Company's failure to ensure the correctness of technical specifications of material before mentioning it in the tender/ PO and also delays in issuing necessary amendment to the original purchase order led to procurement of the same material at higher cost and consequential extra expenditure of ₹ 1.98 crore.

∇ Paschim Gujarat Vij Company Limited.

↓ **MS Angle - 65 x 65 x 6mm :** 300 MT x ₹ 39,090 (Rate in the original order-OR) (-) ₹ 49,946 (Rate at which finally procured-PR); 300 MT x ₹ 39,090 (OR) (-) ₹ 49,930 (PR); 150 MT x ₹ 39,090 (OR) (-) ₹ 50,440 (PR); MS Channel – 100 x 50 x 5mm : 500 MT x ₹ 39,090 (OR) (-) ₹ 55,519 (PR) and; **MS Round** Bar - **16mm** : 225 MT x ₹ 38,087 (OR) (-) ₹ 53,101 (PR).

In the reply (October 2010) of the Management which was endorsed (November 2010) by the Government, it was stated that as firm A had submitted the bid considering the tender specification, the Company insisted that the firm should supply material as per the tender specification which led to the stalemate on this issue for some time. Regarding purchase of material from other suppliers, it was stated that during the period of stalemate, to meet the requirement of the above items, the Company had to purchase the material at a higher price as the price of steel had increased abnormally during the period.

The reply is not tenable. As the Company was aware (July 2008) that its tender specification was not as per IS specification, and was also knowing that the price of steel was increasing, it should have prudently acceded to the request of firm A and should have issued necessary amendment to the original PO in June itself by rectifying the mistake. This could have enabled the Company to avoid the subsequent purchase made at the extra cost. Further, the revival of original PO of firm A at the same rate did not give any benefit, since the rate of steel had started decreasing from October 2008 and had fallen by 33 *per cent* till November 2008 compared to the rate of steel in April 2008 when original PO was placed.

It is recommended that the Company should strengthen their internal control system as far as vetting of draft tender papers are concerned and should fix the responsibility for the delay in issuing necessary amendment to the original purchase order placed on firm A.

Paschim Gujarat Vij Company Limited

4.13 Avoidable extra expenditure in procurement of conductors

Failure to place the repeat order on the regular supplier led to purchase of 2,500 KMs of “Rabbit” Conductors at an extra cost of ₹ 93.97 lakh.

The Company assessed (August 2007) the requirement of 55 MM^2 AAA “Rabbit” Conductors for the year 2007-08 at 23,000 KMs. After considering the available stock of 5,351 KMs of conductors, the Company invited (August 2007) tenders for the balance length of 17,650 KMs of conductors on firm price basis. The L1 bidder i.e, Diamond Cables Limited, Vadodara (firm D) had offered (4 October 2007) to supply 10,000 KMs of conductors at the negotiated end cost of ₹ 20,949.92 per KM and accordingly, purchase order (PO) for 10,000 KMs was placed (6 October 2007) on firm D. As per the terms and conditions of PO, the delivery schedule for commencement and completion of the supply was fixed as 6 November 2007 to 6 August 2008. It was also stipulated that during the contractual delivery period, the Company had the right to place repeat order at the same price on firm D for the quantity up to 25 *per cent* of total quantity ordered *vide* this PO.

In February 2008, the Company while inviting tender for purchase of same type of conductors to meet the requirement for the 2008-09 had also reckoned the short purchased quantity for the year 2007-08. Accordingly, it had placed

(24 April 2008) PO for 22,590 KMs on firm price basis with four firms[Σ] at the uniform end cost of ₹ 24,708.85 per KM. with stipulation to commence and complete the supply from June 2008 to February 2009.

We observed that the validity period for placing repeat order on firm D as per the terms of original PO was to expire only by 6 August 2008. As such, at the time of placing PO in April 2008 at ₹ 24,708.85 per KM, the Company was entitled to place repeat order on firm D to the extent of 25 per cent of the original order (viz. 2,500 KM of conductor) at lower agreed rate of ₹ 20,949.92 per KM. The Company, however, failed to place the repeat order on firm D for no reason. By placing repeat order on firm D, the Company could have restricted the procurement to 20,090 KMs against 22,590 KMs made at a higher cost and could have avoided extra expenditure of ₹ 93.97 lakh[∇] towards cost of 2,500 KMs of conductors.

In the reply (July 2010) of the Management which was endorsed (August 2010) by the Government, it was stated that at the time of placing (6 October 2007) the original PO, firm D had agreed to supply only 10,000 KMs of conductors against the quantity of 17,650 KMs it had initially offered to supply. Hence, the repeat order was not placed on firm D.

The reply is not tenable. The Company's right to place the repeat order during the contractual delivery period as stipulated in the original PO was known to firm D. Moreover, firm D was a regular supplier of the Company and it had even completed (25 July 2007) the supply of 10,000 KMs of conductors before the stipulated time (6 August 2008) under the original PO placed. Despite this, the Company did not attempt to place the repeat order on firm D.

It is recommended that the Company should fix the responsibility for the failure to place the repeat order on the firm D which led to incurring of avoidable extra expenditure of ₹ 93.97 lakh in purchase of conductors.

Dakshin Gujarat Vij Company Limited
Paschim Gujarat Vij Company Limited

4.14 Loss of revenue due to non-amalgamation of HT connections

Two distribution companies suffered revenue loss of ₹ 1.77 crore by not amalgamating more than one HT connection in single premises.

The two companies were among the four power distribution companies established (April 2005) after unbundling of erstwhile Gujarat Electricity Board (GEB). As per the internal instructions of erstwhile GEB issued from time to time (October 1967, April 1993 and January 2005), more than one connection should not be sanctioned in single premises unless it was 'helpful to the Board'. Gujarat Electricity Regulatory Commission (GERC) *vide* Electricity Supply Code and Related Matters Regulations dated 31 March

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[Σ] Hiren Aluminium Ltd. (11,295 KMs.), Suyog Electricals Ltd. (5,000 KMs), Gujarat Wire Products (4,005 KMs) and Deora Wire Pvt. Ltd. (2,290 KMs).

[∇] ₹ 24,708.85 (-) ₹ 20,949.92 = ₹ 3,758.93 per KM X 2,500 KM = ₹ 93,97,325.

2005 also stated that more than one connection/meter for one premises cannot be provided unless separate legal entity of the consumer was established through acceptable documentary evidence. Before release of High Tension (HT) power connection, the Executive Engineer of the concerned division of the distribution companies was required to personally visit the consumer premises so as to confirm that the premises was a separate legal entity for the purpose of allowing separate connection.

As per the tariff applicable to HT supply, the rate of demand charges, energy charges and time of use charges increase* progressively for the supply having contract demand (CD) above 500 KVA and above 1,000 KVA when compared to the supply for the CD less than 500 KVA. In the event of non-amalgamation of multiple connections into one connection, the distribution Companies would lose revenue due to application of lower tariff on account of split of total higher CD into smaller CD under multiple connections.

In the two distribution companies viz. Dakshin Gujarat Vij Company Limited (DGVCL) and Paschim Gujarat Vij Company Limited (PGVCL), we observed that the concerned divisions of DGVCL and PGVCL had released more than one HT connection in the name of single legal entity at same premises as discussed in the following paragraphs:

Dakshin Gujarat Vij Company Limited

4.14.1 O & M - Surat Industrial division released two HT connections in the same premises having CD of 425 KVA (No. 39594) in July 1998 and 200 KVA (No. 11174) in June 2003 respectively to M/s. Lakhani Filament Pvt. Ltd. Surat (Firm L). The division, while considering (January 2005) the request of firm L for increasing the CD of connection no. 11174 from 200 to 400 KVA, noticed that firm L had already been availing power through above two HT connections in the same premises so as to get undue benefit of lesser tariff by keeping the CD less than 500 KVA under each connection. The division instructed (January 2005) firm L to procure required circuit breaker and lightening arrestor for amalgamating the two connections otherwise it would start issuing one bill by reckoning the consumption recorded under the two connections as one. The division, however, neither amalgamated the two connections nor started issuing single bill as contemplated. On the contrary, the division had not only allowed (February 2005) the enhancement of CD to 400 KVA in connection no. 11174 but also released (March 2006) a third connection (no. 11308) with CD 250 KVA$^{\Sigma}$ to firm L in the same premises. The division should have amalgamated the existing connections in January 2005 itself. The CD of firm L would have been more than 500 KVA in February 2005 and 1000 KVA in March 2006. Thus, the non amalgamation of

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* Demand charges(₹ /KVA) :

Upto 500 KVA	Next 500 KVA	Next 1500 KVA
98	139	208

Energy charges (₹ /unit) :

Upto 1000 KVA	For 1001 KVA to 2500 KVA
3.75	3.95

Time of use charges(₹ /unit) :

500 KVA and above
0.75

Σ This was increased to 475 KVA in June 2006.

multiple connections led to revenue loss of ₹ 1.06 crore[Δ] for the period from January 2005 to March 2010.

In the reply of the Management (November 2010) which was endorsed (November 2010) by the Government, it was stated that notice was issued to the consumer for merging of all the three HT connections and the same would be amalgamated into one HT connection after expiry of the notice period. Further, the supplementary bill would be issued to the consumer after clearance by the competent authority.

The reply is not tenable. Despite extant instructions of erstwhile GEB and GERC, the Company failed to follow the instructions at the time of enhancing (February 2005) the CD of second connection (No.11174) as well as at the time of release (March 2006) of third connection (No. 11308).

Paschim Gujarat Vij Company Limited

4.14.2 The following instances of irregular release of HT connections were noticed during audit of PGVCL.

- Rajkot (Rural) division, PGVCL released (April 1997) HT connection having CD of 300 KVA (No.25910) to M/s. Atul Auto Limited (firm A). Firm A applied (November 2004) for second connection with CD of 300 KVA. The division after inspection (January 2005) of the premises of firm A rejected the request for second connection as the new connection was sought for the same premises in which firm A already had one HT connection (No.25910). The division, however, later released (December 2005) the second connection (No.26209) with CD of 300 KVA to firm A, for which no justification was on record. The CD of second connection was enhanced from 300 to 800 KVA in November 2008 and the CD of first connection was enhanced from 300 to 450 KVA in March 2009. We observed that the division, instead of releasing new connection should have increased the CD of first connection. Thereby, total CD of firm A would have been made more than 500 KVA in December 2005 and 1,000 KVA in November 2008, accordingly the applicable electricity charges at higher rate would have been recovered. Release of second connection in the same premises led to revenue loss of ₹ 27.46 lakh[⇓] for the period from January 2006 to September 2010.

- Bhavnagar (City) division, PGVCL released (January 2008) one HT connection (No.23064) with CD of 1,200 KVA to Steelcast Limited (firm S) who was already having a HT connection (No.23027) with CD of 3,600 KVA in the same premises since 1975. Further, the CD of second connection (No.23064) was also increased (July 2008) to 1,600 KVA. If firm S was not allowed to have two connections, its total CD would have been 4,800 KVA and 5,200 KVA during January 2008 to September 2010 for which applicable electricity charges at higher rate would have been recovered. Thus, the release of second connection in

[Δ] ₹ 0.55 crore (demand and energy charges) + ₹ 0.51 crore (Time of use charges).
[⇓] ₹ 6.83 lakh (Demand and Energy charges) + ₹ 20.63 lakh (Time of use charges).

the same premises led to revenue loss of ₹ 43.81 lakh[√] for the above period.

Thus, the two distribution companies suffered revenue loss of ₹ 1.77 crore by allowing more than one HT connection in same premises in violation of the directions of erstwhile GEB and GERC.

It is recommended that the distribution companies should fix the responsibility for the lapse and streamline the internal control mechanism to promptly detect the cases of multiple connections given in a single premises and also take corrective actions for avoiding recurrence of such loss of revenue in future.

The matter was reported to Government/PGVCL (June/July 2010); their replies had not been received (November 2010).

GSPC Pipavav Power Company Limited

4.15 Award of consultancy works on nomination basis

The Company awarded consultancy works consecutively without invitation of tender to a single firm in violation of CVC guidelines.

GSPC Pipavav Power Company Limited (GPPCL), a joint venture company of Gujarat State Petroleum Corporation Limited (GSPC) and Gujarat Power Corporation Limited (GPCL) was incorporated in February 2006 as a special purpose vehicle (SPV) for setting up a 700 MW Gas based combined cycle power plant at village Kovaya near Pipavav.

As part of project activity, consultancy service was required to be availed at three stages *viz.,* for preparation of detailed project report (DPR), for selection of Engineering, Procurement and Construction (EPC) contractor and for working as Owner's Engineer[∇]. Accordingly, GSPC awarded (September 2005) the work of preparation of DPR to TCE Consulting Engineers Limited (TCE), Mumbai, on nomination basis at a lump sum fee of ₹ 7.04 lakh on the plea of urgency for taking up the power project. The DPR was submitted in January 2006. The second order for consultancy services for selection of EPC contractor was initially placed (February 2006) by GSPC on Desein Pvt. Limited, New Delhi (firm D), through limited tender enquiry at a cost of ₹ 35.50 lakh. However, in one of the meetings (10 March 2006) of High Power Committee (HPC)[∂] of State Government, it was opined that the technical capability of firm D was not up to the mark and their approach was also not professional as was noticed in many projects for which their services

[√] As per tariff, demand charges = 85 *per cent* of CD or actual whichever is higher. Considering CD of 5200 KVA (3600 + 1600), the Demand charges (₹ 35.71 lakh) and Energy charges (₹ 8.10 lakh) was recoverable.

[∇] Review the design and engineering documents, vendors' selection, inspection and expediting at EPC contractor's works, project management and site supervision, witnessing, evaluation and review of performance guarantee test, O&M contract finalization, identification, preparation of RFP documents for non-EPC contracts etc.

[∂] The Committee is empowered to monitor and review power situation, Power projects under execution and performance of the existing Power projects as well as various allied issues of power projects.

were availed by some state PSUs. Based on this opinion, GSPC cancelled (April 2006) the work order placed on firm D and TCE was invited to submit its offer for the said work. TCE offered to execute the work at a cost of ₹ 37 lakh and the order was placed on TCE by GPPCL (April 2006). TCE completed the work of selection of EPC contractor by February 2008. In the meantime, for the last portion of the consultancy services of 'Owner's Engineer', GPPCL invited offer only from TCE who in turn quoted ₹ 9.04 crore (November 2007). GPPCL issued (February 2008) the work order to TCE at a negotiated price of ₹ 8.59 crore. TCE completed 72 *per cent* of the work under 'Owner's Engineer' consultancy service and was paid ₹ 4.15 crore (March 2010).

We observed that in all the three stages of award (September 2005, April 2006 and November 2007) of work, TCE alone was invited to submit offer on selection basis without inviting global bids for which no justification was on record. Central Vigilance Commission's (CVC) guidelines of 5 July 2007 clearly stated that tendering process was a basic requirement for award of contract by any Government agency as any other method, especially award of contract on nomination basis, would amount to breach of Article 14 of the Constitution guaranteeing right to equality to all interested parties. Considering these guidelines, GPPCL should have invited the global tenders for awarding the works under 'Owner's Engineer' consultancy service.

Further, GPPCL while approving the award of work to TCE as Owner's Engineer (December 2007) also considered the offers received by its sister concern, Gujarat State Energy Generation Limited (GSEG) for similar services[Σ]. GSEG had invited offers from five consultants including TCE who was L-5 with the evaluated bid amount of ₹ 8.71 crore and M/S Fichtner consultants was the L-1 bidder at ₹ 3.58 crore. GSEG awarded (March 2008) the work to L-1 bidder. Drawing the analogy from the bids received by GSEG for similar nature of work, GPPCL was aware that amount of ₹ 9.04 crore quoted by TCE was high; despite this it had awarded the work to TCE at a negotiated price of ₹ 8.59 crore in absence of global tendering for the work.

The Management stated (September 2010) that GSPC re-awarded (April 2006) the work to TCE, based on the opinion of HPC for cancelling the work order of firm D and appointing a good consultant like TCE for the work. Further, the services availed from TCE for more than two years for this project was very good; hence, the work of consultancy service as 'Owner's Engineer' was also awarded to TCE.

Reply is not tenable considering the fact that award of contract through public tender aimed to ensure transparency in public procurement, maximise economy and efficiency in procurement, promote healthy competition among the tenderers, provide fair and equitable treatment of all tenderers and eliminate irregularities, interference and corrupt practices by the authorities concerned.

[Σ] As owner's engineer consultancy services in setting up of 350 MW combined cycle power plant at Hazira.

It is recommended that the Company should streamline its tendering process for ensuring the timely invitation of tender and selection of competent contractor for the work.

The matter was reported to Government (July 2010); their replies had not been received (November 2010).

Statutory corporations

Gujarat State Financial Corporation

4.16 Short recovery of dues under OTS Scheme

Erroneous calculation of OTS amount led to short recovery of ₹ 51.46 lakh from the loanee units.

The Corporation introduced (February 2009) One Time Settlement (OTS) Scheme to settle the accounts of the loanee units which had availed various kinds of financial assistance[∇] from it but had defaulted in repayment of their dues. As per terms of the Scheme, the units which had been declared as sick by the Board for Industrial and Financial Reconstruction (BIFR) were considered eligible to avail the Scheme. As stipulated in the scheme, the Corporation was to re-work out the outstanding dues of the units afresh after reckoning the loans disbursed and repayments made by the units by applying a concessional rate of six *per cent* of interest[ϒ] against the interest rate of 17 to 27 *per cent* originally charged in the accounts of the units as per terms of sanction of the loan.

As per the scheme, the amount to be adopted for settlement under OTS should be lower of the following two, i.e. (i) the dues as re-worked out by the Corporation as per the method stated above, or (ii) the principal[¥] outstanding of the Unit on the last date preceding the quarter during which the application for OTS was received. Further, it was stipulated that if the unit had more than one defaulting loan account, all the defaulting accounts were required to be settled simultaneously by the units without merging the defaulting loan accounts.

We observed that in case of two sick units *viz.,* Sandeep Cements Private Limited, Bhavnagar (SCPL) and Jatta Polyester Limited, Vapi (JPL) which had four and seven defaulting accounts respectively, applied (March/February 2009) for settlements of all the accounts simultaneously under the OTS scheme. However, we observed that while considering these cases for OTS, though the Corporation had separately re-worked out the dues for each account of two loanees as per the Scheme, the OTS amount for each loanee

[∇] Under the scheme for hire purchase, lease finance, bill discounting and working capital term loan.

[ϒ] Six *per cent* of interest from the date of disbursement, compounded quarterly till the last date was to be applied for the period upto last date as per the schedule of repayment of loan and, thereafter, for the period up to last date preceding the quarter during which the application for OTS was received from the loanee, simple interest at six *per cent* was to be applied.

[¥] Sixty five *per cent* of the said principal outstanding w.e.f. September 2009 as per the modifications to the OTS approved by the Board of Directors.

was wrongly determined based on the aggregate value of reworked out dues and principal outstanding against different loan accounts taken together as given in ***Annexure* 16**. As a result of this erroneous calculation, the Corporation sanctioned (September 2009/ December 2009) and recovered (up to March 2010[⊗]) OTS amount of ₹ 64.45 lakh and ₹ 211.25 lakh (exclusive of sales tax and legal charges) instead of the correct amount of ₹ 78.35 lakh and ₹ 248.81 lakh from SCPL and JPL respectively. This led to total short recovery of ₹ 51.46 lakh from these Units.

The Management stated (November 2009) that the clubbing of accounts of each loanee was made with the approval of the Managing Director. The reply is not tenable because the methodology adopted in calculation of the amount of OTS in the above cases was not in conformity with terms of OTS approved by the BOD.

It is recommended that the Corporation should fix the responsibility for the lapse that led to the short recovery of dues.

The matter was reported to Government/Management (June 2010); their replies had not been received (November 2010).

General

4.17 Follow-up action on Audit Reports

Outstanding action taken notes

4.17.1 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 by various public sector undertakings (PSUs). It is, therefore, necessary that they elicit appropriate and timely response from the Executive. As per rule 7 of the Rules of Procedure (Internal Working) of Committee on Public Undertakings (COPU), Gujarat Legislative Assembly, all the administrative departments of PSUs should submit, within three months of their presentation to the Legislature, explanatory notes indicating the corrective/ remedial action taken or proposed to be taken on paragraphs and reviews included in the Audit Reports.

Though, the Audit Reports for the year 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 were presented to the State Legislature on 24 March 2006, 30 March 2007, 26 March 2008, 28 July 2009 and 30 March 2010 respectively, 15 departments, which were commented upon, did not submit explanatory notes on 32 out of 113 paragraphs/ reviews as on 30 September 2010 as indicated below.

[⊗] JPL:-Down payment ₹ 68.19.lakh (06.08.2009) and ₹ 35.80 lakh each in four instalments (19.01.2010, 19.02.2010, 19.03.2010 and 26.03.2010) : Total ₹ 211.39 lakh inclusive of sales tax and legal charges. SCPL:- Down payment ₹ 17.22 lakh (16.05.2009), ₹ 48.03 lakh (11.07.2009) and ₹ 2.03 lakh (26.08.2009) : Total ₹ 67.28 lakh inclusive of sales tax and legal charges.

Year of the Audit Report (Commercial)	Total Paragraphs/ Reviews in the Audit Report	Number of Paragraphs/Reviews for which explanatory notes were not received
2004-05	22	2
2005-06	24	4
2006-07	21	1
2007-08	21	3
2008-09	25	22
Total	**113**	**32**

Department-wise analysis is given in ***Annexure* 17.**

Compliance to Reports of Committee on Public Undertakings outstanding

4.17.2 The First Report of COPU of 12th Assembly was presented to the State Legislature on 19 February 2009. The Report contained 44 recommendations on 36 paragraphs and six reviews related to nine PSUs falling under five administrative departments included in the Audit Report for the years 1993-94 to 2003-04 (Commercial), Government of Gujarat. As per rule 32 of the Rules of Procedure (Internal Working) of COPU, Gujarat Legislative Assembly, the administrative departments of PSUs should submit the Action Taken Notes (ATNs) on the recommendations within a period of three months from the date of its presentation.

ATNs on 14 recommendations of four PSUs falling under one administrative department had not been received as on 30 September 2010.

Response to Inspection Reports, Draft Paragraphs and Reviews

4.17.3 Our observations noticed during audit and not settled on the spot are communicated to the heads of the respective PSUs and the concerned 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. Review of Inspection Reports issued up to March 2010 pertaining to 51 PSUs revealed that 1,296 paragraphs relating to 374 Inspection Reports remained outstanding as on 30 September 2010. Department-wise break-up of Inspection Reports and audit observations outstanding as on 30 September 2010 is given in ***Annexure* 18.**

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to 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. We noticed that 12 draft paragraphs forwarded to the various departments during May to August 2010 as detailed in ***Annexure* 19** had not been replied to so far (November 2010).

It is recommended that the Government should ensure that (a) procedure exists for action against the officials who fail to send replies to inspection reports/draft paragraphs/ reviews and ATNs to the recommendations of COPU as per the prescribed time schedule; (b) action to recover loss/ outstanding advances/ overpayment is taken within the prescribed time; and (c) the system of responding to audit observations is strengthened.

AHMEDABAD **(Dr. P. MUKHERJEE)**
The Principal Accountant General
(Commercial and Receipt Audit), Gujarat

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 1.7)

(Figures in columns 5(a) to 6(d) are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees)
				State Gover-nment	Central Gover-nment	Others	Total	State Gover-nment	Central Gover-nment	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 & Allied													
1	Gujarat Agro Industries Corporation Limited	Agriculture and Co-operation	5 September 1969	8.08	0.00	0.00	**8.08**	7.00	0.00	20.00	**27.00**	3.34:1 (3.34:1)	206
2	Gujarat State Seeds Corporation Limited	Agriculture and Co-operation	16 April 1975	3.45	0.18	0.00	**3.63**	0.00	0.00	0.00	**0.00**	0.00	197
3	Gujarat State Land Development Corporation Limited	Agriculture and Co-operation	28 March 1978	5.88	0.00	0.00	**5.88**	17.16	0.00	0.00	**17.16**	2.92:1 (2.92:1)	1021
4	Gujarat Sheep and Wool Development Corporation Limited	Agriculture and Co-operation	10 September 1979	2.28	1.89	0.14	**4.31**	0.00	0.00	0.00	**0.00**	0.00	247
Sector wise Total				**19.69**	**2.07**	**0.14**	**21.90**	**24.16**	**0.00**	**20.00**	**44.16**	2.02:1 (2.03:1)	**1671**
Finance													
5	Gujarat Industrial Investment Corporation Limited	Industries and Mines	12 August 1968	256.98	0.00	0.00	**256.98**	0.00	0.00	0.30	**0.30**	0.00 (0.01:1)	106
6	Gujarat State Handloom and Handicrafts Development Corporation Limited	Industries and Mines	10 August 1973	10.23	1.81	0.02	**12.06**	15.88	2.70	0.00	**18.58**	1.54:1 (1.54:1)	190
7	Gujarat State Investments Limited	Finance	29 January 1988	442.77	0.00	0.00	**442.77**	30.18	0.00	0.00	**30.18**	0.07:1 (0.00:1)	3
8	Gujarat Women Economic Development Corporation Limited	Women and Child Development	16 August 1988	5.32	1.70	0.00	**7.02**	0.00	0.18	0.00	**0.18**	0.03:1 (0.03:1)	22

(Figures in columns 5(a) to 6(d) are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees)
				State Gover-nment	Central Gover-nment	Others	Total	State Gover-nment	Central Gover-nment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
9	Gujarat State Financial Services Limited	Finance	20 November 1992	36.28	0.00	0.00	**36.28**	0.00	0.00	0.00	**0.00**	0.00	15
10	GSFS Capital and Securities Limited	Finance	03 March 1998	0.00	0.00	5.00	**5.00**	0.00	0.00	0.00	**0.00**	0.00	1
11	Gujarat Minorities Finance and Development Corporation Limited	Social Justice and Empowerment	24 September 1999	10.00	0.00	0.00	**10.00**	8.03	0.00	64.95	**72.98**	7.3:1 (4.29:1)	21
12	Infrastructure Finance Company Gujarat limited	Finance	3 February 2000	0.00	0.00	2.50	**2.50**	0.00	0.00	0.00	**0.00**	0.00	0
13	Gujarat Gopalak Development Corporation Limited	Social Justice and Empowerment	18 May 2001	3.35	0.00	0.00	**3.35**	0.00	0.00	7.59	**7.59**	2.27:1 (2.24:1)	10
14	Gujarat Safai Kamdar Vikas Nigam Limited	Social Justice and Empowerment	24 October 2001	3.50	0.00	0.00	**3.50**	6.10	0.00	35.38	**41.48**	11.85:1 (10.13:1)	16
15	Gujarat Thakor and Koli Vikas Nigam	Social Justice and Empowerment	19 September 2003	2.10	0.00	Rs.700 only	**2.10**	1.40	0.00	8.98	**10.38**	4.94:1 (4.06:1)	3
Sector wise Total				**770.53**	**3.51**	**7.52**	**781.56**	**61.59**	**2.88**	**117.20**	**181.67**	0.23:1 (0.14:1)	**387**
Infrastructure													
16	Gujarat State Rural Development Corporation Limited	Panchayat Rural Housing and Rural Development	7 July 1977	0.58	0.00	0.00	**0.58**	0.00	0.00	0.00	**0.00**	0.00	160
17	Gujarat Ports Infrastructure and Development Company Limited	Ports and Transport	27 August 1982	0.00	0.00	18.00	**18.00**	0.00	0.00	0.00	**0.00**	0.00	6
18	Gujarat State Police Housing Corporation Limited	Home	1 November 1988	50.00	0.00	0.00	**50.00**	0.00	0.00	0.00	**0.00**	0.00	240
19	Gujarat Growth Centres Development Corporation Limited	Industries and Mines	11 December 1992	15.00	21.35	0.00	**36.35**	0.00	0.00	0.00	**0.00**	0.00	#

(Figures in columns 5(a) to 6(d) are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees)
				State Gover-nment	Central Gover-nment	Others	Total	State Gover-nment	Central Gover-nment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
20	Gujarat State Road Development Corporation Limited	Roads and Building	12 May 1999	6.00	0.00	0.00	**6.00**	0.02	0.00	3.14	**3.16**	0.53:1 (0.63:1)	29
21	Gujarat Urban Development Company Limited	Urban Development and Urban Housing	27 May 1999	26.00	0.00	0.00	**26.00**	0.00	0.00	0.00	**0.00**	0.00	49
22	Gujarat Industrial Corridor Corporation Limited	Industries and Mines	30 March 2009	10.00	0.00	0.00	**10.00**	0.00	0.00	0.00	**0.00**	0.00	0
Sector wise Total				**107.58**	**21.35**	**18.00**	**146.93**	**0.02**	**0.00**	**3.14**	**3.16**	0.02:1 (0.02:1)	**484**
Manufacture													
23	Gujarat State Fertilizers and Chemicals Limited	Energy and Petrochemicals	15 February 1962	30.66	0.00	49.04	**79.70**	0.00	0.00	0.00	**0.00**	0.00	3,936
24	Gujarat Mineral Development Corporation Limited	Industries and Mines	15 May 1963	47.06	0.00	16.54	**63.60**	0.00	0.00	216.07	**216.07**	3.4:1 (7.52:1)	2,450
25	Gujarat State Petroleum Corporation Limited	Energy and Petrochemicals	29 January 1978	200.72	0.00	19.01	**219.73**	0.00	0.00	2955.66	**2,955.66**	13.45:1 (13.46:1)	277
26	Alcock Ashdown (Gujarat) Limited	Industries and Mines	5 September 1994	15.50	0.00	35.50	**51.00**	50.00	0.00	0.00	**50.00**	0.98:1 (0.98:1)	196
27	GSPC (JPDA) Limited	Energy and Petrochemicals	13 October 2006	0.00	0.00	85.61	**85.61**	0.00	0.00	0.00	**0.00**	0.00	0
28	GSPC LNG Limited	Energy and Petrochemicals	27 February 2007	0.00	0.00	33.43	**33.43**	0.00	0.00	0.00	**0.00**	0.00	8
29	Naini Coal Company Limited	Industries and Mines	9 October 2009	0.00	0.00	7.75	**7.75**	0.00	0.00	0.00	**0.00**	0.00	0
Sector wise Total				**293.94**	**0.00**	**246.88**	**540.82**	**50.00**	**0.00**	**3,171.73**	**3,221.73**	5.96:1 (7.61:1)	**6,867**
Power													
30	Gujarat Power Corporation Limited	Energy and Petrochemicals	28 June 1990	200.27	0.00	19.30	**219.57**	0.00	0.00	0.00	**0.00**	0.00	24
31	Gujarat State Electricity Corporation Limited	Energy and Petrochemicals	12 August 1993	0.00	0.00	1430.81	**1,430.81**	0.00	0.00	5022.28	**5,022.28**	3.51:1 (3.69:1)	8,689

(Figures in columns 5(a) to 6(d) are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees)
				State Gover-nment	Central Gover-nment	Others	Total	State Gover-nment	Central Gover-nment	Others	Total		
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**	**7**	**8**
32	Gujarat State Energy Generation Limited	Energy and Petrochemicals	13 December 1998	0.00	0.00	283.05	**283.05**	0.00	0.00	545.43	**545.43**	1.93:1 (1.18:1)	15
33	Gujarat Energy Transmission Corporation Limited	Energy and Petrochemicals	19 May 1999	0.00	0.00	560.12	**560.12**	84.20	0.00	2981.23	**3,065.43**	5.47:1 (5.68:1)	12,165
34	Dakshin Gujarat Vij Company Limited	Energy and Petrochemicals	15 September 2003	0.00	0.00	267.73	**267.73**	0.00	11.67	214.72	**226.39**	0.85:1 (0.55:1)	4,539
35	Madhya Gujarat Vij Company Limited	Energy and Petrochemicals	15 September 2003	0.00	0.00	242.64	**242.64**	0.00	0.00	252.12	**252.12**	1.04:1 (0.59:1)	5,766
36	Paschim Gujarat Vij Company Limited	Energy and Petrochemicals	15 September 2003	0.00	0.00	462.90	**462.90**	310.50	174.96	117.96	**603.42**	1.3:1 (1.43:1)	11,544
37	Uttar Gujarat Vij Company Limited	Energy and Petrochemicals	15 September 2003	0.00	0.00	237.15	**237.15**	84.69	9.89	291.79	**386.37**	1.63:1 (1.95:1)	7,075
38	Gujarat Urja Vikas Nigam Limited	Energy and Petrochemicals	22 December 2004	3415.34	0.00	0.00	**3,415.34**	346.59	0.00	165.57	**512.16**	0.15:1 (0.18:1)	305
39	GSPC Pipavav Power Company Limited	Energy and Petrochemicals	22 February 2006	0.00	0.00	168.65	**168.65**	0.00	0.00	257.55	**257.55**	1.53:1 (5:1)	12
40	Bhavnagar Energy Company Limited	Energy and Petrochemicals	26 July 2007	0.00	0.00	148.75	**148.75**	0.00	0.00	0.00	**0.00**	0.00	6
Sector wise Total				**3,615.61**	**0.00**	**3,821.10**	**7,436.71**	**825.98**	**196.52**	**9,848.65**	**10,871.15**	1.46:1 (0.33:1)	**50,140**
Service													
41	Tourism Corporation of Gujarat Limited	Industries and Mines	10 June 1975	20.00	0.00	0.00	**20.00**	0.00	0.00	0.00	**0.00**	0.00	356
42	Gujarat Industrial and Technical Consultancy Limited	Industries and Mines	8 December 1978	0.00	0.00	0.20	**0.20**	0.00	0.00	0.00	**0.00**	0.00	37
43	Gujarat State Civil Supplies Corporation Limited	Food and Civil Supplies	26 September 1980	10.00	0.00	0.00	**10.00**	0.00	0.00	0.00	**0.00**	0.00	1,727
44	Gujarat State Petronet Limited	Energy and Petrochemicals	23 December 1998	0.00	0.00	562.45	**562.45**	0.00	0.00	1,256.54	**1,256.54**	2.23:1 (1.97:1)	141
45	Gujarat Informatics Limited	Science and Technology	19 February 1999	17.06	0.00	1.45	**18.51**	10.80	0.00	0.00	**10.80**	0.58:1 (0.58:1)	48
46	GSPC Gas Company Limited	Energy and Petrochemicals	11 March 1999	28.42	0.00	129.21	**157.63**	0.00	0.00	328.97	**328.97**	2.09:1 (4.75:1)	207

(Figures in columns 5(a) to 6(d) are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees)
				State Gover-nment	Central Gover-nment	Others	Total	State Gover-nment	Central Gover-nment	Others	Total		
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**	**7**	**8**
47	Gujarat Info Petro Limited	Science and Technology	15 January 2001	0.00	0.00	0.05	**0.05**	0.00	0.00	0.00	**0.00**	0.00	61
48	Gujarat Foundation for Mental health and Allied Sciences	Health and family welfare	29 April 2003	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	**0.00**	0.00	0
49	Dahej SEZ Limited	Industries and Mines	21 September 2004	0.00	0.00	0.05	**0.05**	0.00	0.00	0.00	**0.00**	0.00	17
50	Gujarat Water Resources Development Corporation Limited	Narmada, Water Resources, Water Supply and Kalpsar	3 May 1971	31.49	0.00	0.00	**31.49**	0.00	0.00	0.00	**0.00**	0.00	3,447
51	Gujarat State Forest Development Corporation Limited	Forest and Environment	20 August 1976	3.93	2.39	0.00	**6.32**	0.00	0.00	0.00	**0.00**	0.00	238
Sector wise Total				**110.90**	**2.39**	**693.41**	**806.70**	**10.80**	**0.00**	**1,585.51**	**1,596.31**	1.98:1 (2.05:1)	**6,279**
Miscellaneous													
52	Gujarat Rural Industries Marketing Corporation Limited	Industries and Mines	16 May 1979	9.17	0.00	0.00	**9.17**	0.00	0.00	0.00	**0.00**	0.00	66
53	Sardar Sarovar Narmada Nigam Limited	Narmada, Water Resources, Water Supply and Kalpsar	24 March 1988	25912.21	0.00	0.00	**25,912.21**	0.00	0.00	5320.43	**5320.43**	0.21:1 (0.13:1)	5,100
54	Gujarat Water Infrastructure Limited	Narmada, Water Resources, Water Supply and Kalpsar	25 October 1999	109.92	0.00	0.00	**109.92**	0.00	0.00	0.00	**0.00**	0:1 (0.82:1)	56
Sector wise Total				**26,031.30**	**0.00**	**0.00**	**26,031.30**	**0.00**	**0.00**	**5,320.43**	**5,320.43**	0.2:1 (0.13:1)	**5,222**
Total A (All sector wise working Government companies)				**30,949.55**	**29.32**	**4,787.05**	**35,765.92**	**972.55**	**199.40**	**20,066.66**	**21,238.61**	0.59:1 (0.32:1)	**71,050**

(Figures in columns 5(a) to 6(d) are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees)
				State Gover-nment	Central Gover-nment	Others	Total	State Gover-nment	Central Gover-nment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
B	**Working Statutory corporations**												
Agriculture & Allied Sector													
1	Gujarat State Warehousing Corporation	Agriculture and Co-operation	05 December 1960	2.00	0.00	2.00	**4.00**	0.00	0.00	0.00	**0.00**	0.00	161
	Sector wise Total			**2.00**	**0.00**	**2.00**	**4.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**161**
	Finance												
2	Gujarat State Financial Corporation	Industries and Mines	01 May 1960	49.09	0.00	40.02	**89.11**	652.48	0.00	24.37	**676.85**	7.6:1 (7.88:1)	185
	Sector wise Total			**49.09**	**0.00**	**40.02**	**89.11**	**652.48**	**0.00**	**24.37**	**676.85**	7.6:1 (7.88:1)	**185**
Infrastructure													
3	Gujarat Industrial Development Corporation	Industries and Mines	04 August 1962	0.00	0.00	0.00	**0.00**	2.54	0.00	0.96	**3.50**		1645
	Sector wise Total			**0.00**	**0.00**	**0.00**	**0.00**	**2.54**	**0.00**	**0.96**	**3.50**		**1,645**
Service													
4	Gujarat State Road Transport Corporation	Ports and Transport	01 May 1960	598.06	106.28	0.00	**704.34**	1085.98	17.87	0.00	**1,103.85**	1.57:1 (1.23:1)	40,073
	Sector wise Total			**598.06**	**106.28**	**0.00**	**704.34**	**1085.98**	**17.87**	**0.00**	**1,103.85**	1.57:1 (1.23:1)	**40,073**
Total B (All sector wise working Statutory corporations)				**649.15**	**106.28**	**42.02**	**797.45**	**1741.00**	**17.87**	**25.33**	**1,784.20**	2.24:1 (1.99:1)	**42,064**
Grand Total (A + B)				**31,598.70**	**135.60**	**4,829.07**	**36,563.37**	**2,713.55**	**217.27**	**20,091.99**	**23,022.81**	0.63:1 (0.35:1)	**1,13,114**
C	**Non working Government companies**												
Agriculture & Allied													
1	Gujarat Fisheries Development Corporation Limited (b)	Agriculture and Co-operation	17 December 1971	1.94	0.00	0.00	**1.94**	2.29	0.00	0.00	**2.29**	1.18:1 (1.18:1)	0
2	Gujarat Dairy Development Corporation Limited	Agriculture and Co-operation	29 March 1973	10.46	0.00	0.00	**10.46**	53.77	0.00	20.00	**73.77**	7.05:1 (7.05:1)	6
Sector wise Total				**12.40**	**0.00**	**0.00**	**12.40**	**56.06**	**0.00**	**20.00**	**76.06**	6.13:1 (6.13:1)	**6**

(Figures in columns 5(a) to 6(d) are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees)
				State Gover-nment	Central Gover-nment	Others	Total	State Gover-nment	Central Gover-nment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
Finance													
3	Gujarat Small Industries Corporation Limited (under liquidation) (b)	Industries and Mines	26 March 1962	3.79	0.00	0.21	**4.00**	8.65	0.00	14.42	**23.07**	5.77:1 (5.77:1)	0
4	Gujarat Leather Industries Limited (under liquidation) (b)	Industries and Mines	18 Aprlil 1978	0.00	0.00	1.50	**1.50**	2.06	0.00	0.00	**2.06**	1.37:1 (1.37:1)	0
Sector wise Total				**3.79**	**0.00**	**1.71**	**5.50**	**10.71**	**0.00**	**14.42**	**25.13**	4.57:1 (4.57:1)	**0**
Infrastructure													
5	Gujarat State Construction Corporation Limited	Roads and Buildings	16 December 1974	5.00	0.00	0.00	**5.00**	9.26	0.00	0.00	**9.26**	1.85:1 (1.85:1)	2
6	Gujarat National Highways Limited	Roads and Buildings	08 July 1977	10.00	6.00	0.00	**16.00**	0.00	0.00	0.00	**0.00**	0.00	0
Sector wise Total				**15.00**	**6.00**	**0.00**	**21.00**	**9.26**	**0.00**	**0.00**	**9.26**	**0.44:1 (0.44:1)**	**2**
Manufacture													
7	Gujarat State Textile Corporation Limited (under liquidation) (b)	Industries and Mines	13 November 1968	46.46	0.00	0.00	**46.46**	587.88	0.00	0.67	**588.55**	12.67:1 (12.67:1)	0
8	Gujarat State Machine Tools Limited	Industries and Mines	15 February 1974	0.00	0.00	0.53	**0.53**	0.00	0.00	2.39	**2.39**	4.51:1 (4.51:1)	0
9	Gujarat Communications and Electronics Limited (b)	Industries and Mines	30 May 1975	12.45	0.00	0.00	**12.45**	0.90	0.00	8.69	**9.59**	0.77:1 (0.77:1)	0
10	Gujarat Trans-Receivers Limited (GTRL)	Industries and Mines	26 March 1981	0.00	0.00	0.29	**0.29**	0.00	0.00	0.55	**0.55**	1.9:1 (1.90:1)	0
11	Gujarat Fintex Limited (under liquidation, subsidiary of GSTC) (b)	Industries and Mines	20 September 1992	0.00	0.00	Rs.200 Only	**Rs.200 Only**	0.00	0.00	0.01	**0.01**	0.00	0
12	Gujarat Siltex Limited (under liquidation, subsidiary of GSTC) (b)	Industries and Mines	20 September 1992	0.00	0.00	Rs.200 Only	**Rs.200 Only**	0.00	0.00	0.01	**0.01**	0.00	0

(Figures in columns 5(a) to 6(d) are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees)
				State Gover-nment	Central Gover-nment	Others	Total	State Gover-nment	Central Gover-nment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
13	Gujarat Texfeb Limited (under liquidation, subsidiary of GSTC) (b)	Industries and Mines	20 September 1992	0.00	0.00	Rs.200 Only	**Rs.200 Only**	0.00	0.00	0.01	**0.01**	0.00	0
Sector wise Total				**58.91**	**0.00**	**0.82**	**59.73**	**588.78**	**0.00**	**12.33**	**601.11**	10.06:1 (10.06:1)	**0**
Total C (All sector wise non working Government companies)				**90.10**	**6.00**	**2.53**	**98.63**	**664.81**	**0.00**	**46.75**	**711.56**	7.21:1 (7.21:1)	**8**
Grand Total (A + B + C)				**31,688.80**	**141.60**	**4,831.60**	**36,662.00**	**3,378.36**	**217.27**	**20,138.74**	**23,734.37**	0.65:1 (0.37:1)	**1,13,122**

Except in respect of PSUs which finalised their accounts for 2009-10 (Sl. No.A-1, A-2, A-5, A-7, A-9, A-10, A-12, A-14, A-17, A-22, A-23, A-24, A-25, A-27, A-28, A-31, A-33, A-34, A-35, A-36, A-37, A-38, A-39, A-40, A-42, A-44, A-46, A-47, A-51, A-53, A-54, B-2, C-2 and C-8) figures are provisional and as given by the PSUs.

Above includes 11 section 619-B Companies at Sl. No. A-17, A-23, A-26, A-32, A-40, A--42, A-44, A-47, A-49, C-4 and C-8.

$ Paid-up Capital includes Share Application Money.

** Loan outstanding at the close of 2009-10 represents long term loans only.

Employees transferred to GIDC Date 01/01/2009.

(b) Information as furnished by Company in earlier years.

Annexure 2

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

(*Referred to in paragraph 1.15*)

(Figures in columns 5(a) to 11 are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comme-nts (A)	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed (B)	Return on capital employed (C)	Percentage return on capital employed
				Net Profit/ Loss before Interest & 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														
Agricultrue & Allied														
1	Gujarat Agro Industries Corporation Limited	2009-10	2010-11	8.34	0.27	0.15	7.92	294.67	0.07	8.08	7.98	55.76	8.19	14.69
2	Gujarat State Seeds Corporation Limited	2009-10	2010-11	11.98	0.00	0.24	11.74	85.06	--	3.63	56.02	70.31	11.74	16.70
3	Gujarat State Land Development Corporation Limited	2008-09	2010-11	3.07	2.01	0.28	0.78	582.56	2.14	5.88	-0.89	-74.49	2.79	--
4	Gujarat Sheep and Wool Development Corporation Limited	2007-08	2009-10	-0.11	0.00	0.04	-0.15	1.38	0.02	4.31	-1.54	3.67	-0.15	--
Sector wise Total				**23.28**	**2.28**	**0.71**	**20.29**	**963.67**	**2.23**	**21.90**	**61.57**	**55.25**	**22.57**	**40.85**
Finance														
5	Gujarat Industrial Investment Corporation Limited	2009-10	2010-11	21.97	0.00	0.34	21.63	40.45	--	256.98	-184.07	171.75	21.63	12.59
6	Gujarat State Handloom and Handicrafts Development Corporation Limited	2007-08	2009-10	0.79	1.27	0.09	-0.57	12.85	--	12.06	-47.49	-16.71	0.70	--
7	Gujarat State Investments Limited	2009-10	2010-11	38.35	0.00	0.01	38.34	0.00	--	442.77	220.93	711.89	38.34	5.39
8	Gujarat Women Economic Development Corporation Limited	2007-08	2009-10	$	$	$	0.00	0.00	--	7.02	-	7.42	-	-
9	Gujarat State Financial Services Limited	2009-10	2010-11	690.44	622.80	0.15	67.49	692.41	--	36.28	189.11	7377.15	690.29	9.36

(Figures in columns 5(a) to 11 are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comme-nts (A)	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed (B)	Return on capital employed (C)	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciat-ion	Interest	Depreci ation	Net Profit/ (+)/ Loss (-)							
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
10	GSFS Capital and Securities Limited	2009-10	2010-11	1.24	0.00	0.01	1.23	1.42	--	5.00	6.29	11.90	1.23	10.34
11	Gujarat Minorities Finance and Development Corporation Limited	2008-09	2009-10	-0.49	1.26	0.05	-1.80	3.32	--	8.40	-8.93	36.29	-0.54	--
12	Infrastructure Finance Company Gujarat limited	2009-10	2010-11	0.19	0.00	0.00	0.19	-	--	2.50	-0.75	1.76	0.19	10.80
13	Gujarat Gopalak Development Corporation Limited	2008-09	2009-10	0.22	0.17	0.01	0.04	0.00	--	2.60	0.58	9.88	0.21	2.13
14	Gujarat Safai Kamdar Vikas Nigam Limited	2009-10	2010-11	2.81	0.71	0.04	2.06	-	--	3.50	7.75	52.91	2.77	5.24
15	Gujarat Thakor and Koli Vikas Nigam	2008-09	2009-10	3.05	0.01	0.00	3.04	0.00	--	1.60	0.83	134.19	3.05	2.27
Sector wise Total				**758.57**	**626.22**	**0.70**	**131.65**	**750.45**	**--**	**778.71**	**184.25**	**8,498.43**	**757.87**	8.92
Infrastructure														
16	Gujarat State Rural Development Corporation Limited	2008-09	2009-10	-1.23	0.00	0.00	-1.23	1.22	--	0.58	-2.98	-1.74	-1.23	--
17	Gujarat Ports Infrastructure and Development Company Limited	2009-10	2010-11	1.48	0.00	0.02	1.46	0.00	--	18.00	2.66	20.64	1.46	7.07
18	Gujarat State Police Housing Corporation Limited	2008-09	2009-10	##	##	##	##	0.00	--	50.00	-	127.68	-	-
19	Gujarat Growth Centres Development Corporation Limited	2005-06	2006-07	0.87	0.00	0.60	0.27	1.17	--	36.35	-0.13	36.33	0.27	0.74
20	Gujarat State Road Development Corporation Limited	2008-09	2009-10	1.34	0.00	0.00	1.34	3.96	--	6.00	3.51	-62.74	1.34	--

(Figures in columns 5(a) to 11 are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comme-nts (A)	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed (B)	Return on capital employed (C)	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciat-ion	Interest	Depreciation	Net Profit/ (+)/ Loss (-)							
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
21	Gujarat Urban Development Company Limited	2008-09	2009-10	1.71	0.00	0.00	1.71	1.54	--	21.23	5.24	23.60	1.71	7.25
22	Gujarat Industrial Corridor Corporation Limited	2009-10	2010-11	-0.01	0.00	0.00	-0.01	0.00	--	10.00	-0.01	9.52	-0.01	--
Sector wise Total				**4.16**	**0.00**	**0.62**	**3.54**	**7.89**	**0.00**	**142.16**	**8.29**	**153.29**	**3.54**	**2.31**
Manufacture														
23	Gujarat State Fertilizers and Chemicals Limited	2009-10	2010-11	560.67	30.62	140.93	389.12	4019.19	--	79.70	90.41	2556.41	419.74	16.42
24	Gujarat Mineral Development Corporation Limited	2009-10	2010-11	518.34	26.11	86.15	406.08	1065.22	--	63.60	116.27	1710.92	432.19	25.26
25	Gujarat State Petroleum Corporation Limited	2009-10	2010-11	572.62	15.53	154.07	403.02	3868.55	--	219.73	323.45	9176.80	418.55	4.56
26	Alcock Ashdown (Gujarat) Limited	2008-09	2009-10	-10.04	24.46	1.23	-35.73	66.43	--	51.00	-10.30	244.83	-11.27	--
27	GSPC (JPDA) Limited	2009-10	2010-11	***	***	***	0.00	0.00	--	85.61	***	88.38	--	--
28	GSPC LNG Limited	2009-10	2010-11	***	***	***	0.00	0.00	--	33.43	-0.02	33.40	--	--
29	Naini Coal Company Limited	@@	@@	@@	@@	@@	**0.00**	**0.00**	--	--	--	--		--
Sector wise Total				**1,641.59**	**96.72**	**382.38**	**1,162.49**	**9,019.39**	**0.00**	**533.07**	**519.81**	**13,810.74**	**1,259.21**	**9.12**
Power														
30	Gujarat Power Corporation Limited	2008-09	2009-10	27.48	0.00	0.12	27.36	30.76	--	219.58	326.85	355.77	27.36	7.69
31	Gujarat State Electricity Corporation Limited	2009-10	2010-11	1011.59	347.92	514.41	149.26	7299.48	--	1430.81	604.38	8514.01	497.18	5.84
32	Gujarat State Energy Generation Limited	2008-09	2009-10	56.48	20.20	26.92	9.36	264.24	2.26	219.65	35.30	1.36	29.56	2173.53
33	Gujarat Energy Transmission Corporation Limited	2009-10	2010-11	701.55	290.77	321.96	88.82	1049.96	--	560.12	202.79	5565.99	379.59	6.82
34	Dakshin Gujarat Vij Company Limited	2009-10	2010-11	214.58	88.47	85.20	40.91	4384.36	--	267.73	56.44	1596.09	129.38	8.11

(Figures in columns 5(a) to 11 are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comme-nts (A)	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed (B)	Return on capital employed (C)	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciat-ion	Interest	Depreciation	Net Profit/ (+)/ Loss (-)							
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
35	Madhya Gujarat Vij Company Limited	2009-10	2010-11	180.82	74.27	83.66	22.89	2597.37	--	242.64	58.36	1483.41	97.16	6.55
36	Paschim Gujarat Vij Company Limited	2009-10	2010-11	350.13	142.09	188.58	19.46	5192.74	--	462.90	50.38	2837.22	161.55	5.69
37	Uttar Gujarat Vij Company Limited	2009-10	2010-11	232.88	113.38	112.56	6.94	3879.59	--	237.15	31.20	1738.85	120.32	6.92
38	Gujarat Urja Vikas Nigam Limited	2009-10	2010-11	222.85	129.92	29.63	63.30	17286.90	--	3415.34	-599.36	-662.66	193.22	--
39	GSPC Pipavav Power Company Limited	2009-10	2010-11	***	***	***	0.00	0.00	--	168.65	***	710.09	-	--
40	Bhavnagar Energy Company Limited	2009-10	2010-11	***	***	***	0.00	0.00	--	148.75	***	165.43	-	--
Sector wise Total				**2,998.36**	**1,207.02**	**1,363.04**	**428.30**	**41,985.40**	**2.26**	**7,373.32**	**766.34**	**22,305.56**	**1,635.32**	**7.33**
Service														
41	Tourism Corporation of Gujarat Limited	2008-09	2009-10	5.99	0.00	0.77	5.22	5.84	--	20.00	-2.20	72.31	5.22	7.22
42	Gujarat Industrial and Technical Consultancy Limited	2009-10	2010-11	0.13	0.00	0.02	0.11	2.21	--	0.20	0.22	0.21	0.11	52.38
43	Gujarat State Civil Supplies Corporation Limited	2008-09	2009-10	4.20	1.71	1.09	1.40	1098.35	--	10.00	1.92	46.36	3.11	6.71
44	Gujarat State Petronet Limited	2009-10	2010-11	957.01	93.63	236.49	626.89	991.95	4.34	562.45	596.58	2896.99	720.52	24.87
45	Gujarat Informatics Limited	2008-09	2009-10	8.93	2.44	0.07	6.42	10.71	--	18.51	14.94	32.38	8.86	27.36
46	GSPC Gas Company Limited	2009-10	2010-11	115.19	26.21	25.13	63.85	1209.48	--	157.63	125.39	769.43	90.06	11.70
47	Gujarat Info petro Limited	2009-10	2010-11	3.09	0.05	0.47	2.57	11.71	--	0.05	8.69	8.68	2.62	30.18
48	Gujarat Foundation for Mental health and Allied Sciences (b)	2005-06 $$	--	***	***	***	0.00	0.00	--		***	0.00	0.00	--
49	Dahej SEZ Limited	2007-08	2010-11	-4.11	1.16	0.00	-5.27	2.03	--	0.05	-5.26	-5.44	-4.11	75.55

(Figures in columns 5(a) to 11 are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comme-nts (A)	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed (B)	Return on capital employed (C)	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciat-ion	Interest	Depreciation	Net Profit/ (+)/ Loss (-)							
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
50	Gujarat Water Resources Development Corporation Limited	2008-09	2009-10	3.47	0.00	0.57	2.90	44.50	--	31.49	-22.07	214.46	2.90	1.35
51	Gujarat State Forest Development Corporation Limited	2009-10	2010-11	1.77	0.00	0.25	1.52	31.13	--	6.32	19.61	32.21	1.52	4.72
Sector wise Total				**1,095.67**	**125.20**	**264.86**	**705.61**	**3,407.91**	**4.34**	**806.70**	**737.82**	**4,067.59**	**830.81**	**20.43**
Miscellaneous														
52	Gujarat Rural Industries Marketing Corporation Limited	2008-09	2010-11	2.90	0.39	0.14	2.37	31.71	--	9.17	0.51	12.79	2.76	21.58
53	Sardar Sarovar Narmada Nigam Limited	2009-10	2010-11	***	***	***	--	0.00	--	25912.21	0.00	34351.39	--	--
54	Gujarat Water Infrastructure Limited	2009-10	2010-11	65.70	5.85	51.76	8.09	146.49	--	109.92	-3.00	581.10	13.94	2.40
Sector wise Total				**68.60**	**6.24**	**51.90**	**10.46**	**178.20**	**0.00**	**26,03130**	**-2.49**	**34945.28**	**16.70**	**0.05**
Total A (All sector wise working Government companies)				**6,590.23**	**2,063.68**	**2,064.21**	**2,462.34**	**56,312.91**	8.83	**35,687.16**	**2,275.59**	**83,836.14**	**4,526.02**	**5.40**
B	**Working Statutory corporations**													
Agriculture & Allied														
1	Gujarat State Warehousing Corporation	2008-09	2009-10	0.96	0.00	0.19	0.77	3.92	0.46	4.00	0.73	8.56	0.77	9.00
Sector wise Total				**0.96**	**0.00**	**0.19**	**0.77**	**3.92**	**0.46**	**4.00**	**0.73**	**8.56**	**0.77**	**9.00**
Finance														
2	Gujarat State Financial Corporation	2009-10	2010-11	32.34	161.44	0.28	-129.38	27.54	--	89.11	-1,548.58	787.97	32.06	4.07
Sector wise Total				**32.34**	**161.44**	**0.28**	**-129.38**	**27.54**	**0.00**	**89.11**	**-1,548.58**	**787.97**	**32.06**	**4.07**
Infrastructure														
3	Gujarat Industrial Development Corporation	2008-09	2009-10	198.37	0.39	32.92	165.06	393.15	--	0.00 *	554.18	3560.95	165.45	4.65
Sector wise Total				**198.37**	**0.39**	**32.92**	**165.06**	**393.15**	**0.00**	**0.00**	**554.18**	**3560.95**	**165.45**	**4.65**

(Figures in columns 5(a) to 11 are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comme-nts (A)	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed (B)	Return on capital employed (C)	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciat-ion	Interest	Depreciation	Net Profit/ (+)/ Loss (-)							
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
Service														
4	Gujarat State Road Transport Corporation	2007-08	2010-11	15.46	26.04	83.99	-94.57	1,714.24	201.58	692.21	-1,544.08	3.89	-68.53	--
Sector wise Total				**15.46**	**26.04**	**83.99**	**-94.57**	**1,714.24**	**201.58**	**692.21**	**-1,544.08**	**3.89**	**-68.53**	**--**
Total B (All sector wise working Statutory corporations)				**247.13**	**187.87**	**117.38**	**-58.12**	**2,138.85**	**202.04**	**785.32**	**-2,537.75**	**4,361.37**	**129.75**	**2.97**
Grand Total (A + B)				**6,837.36**	**2,251.55**	**2,181.59**	**2,404.22**	**58,451.76**	**210.87**	**36,472.48**	**-262.16**	**88,197.50**	**4,655.77**	**5.28**
C	**Non working Government companies**													
Agriculture & Allied														
1	Gujarat Fisheries Development Corporation Limited (b)	1998-99	2002-03	-0.87	0.15	0.03	-1.05	28.13	--	1.94	4.01	0.87	-0.90	--
2	Gujarat Dairy Development Corporation Limited	2009-10	2010-11	-0.14	0.00	0.00	-0.14	-	--	10.46	-120.18	0.25	-0.14	--
Sector wise Total				-1.01	0.15	0.03	-1.19	28.13	0.00	12.40	-116.17	1.12	-1.04	**--**
Finance														
3	Gujarat Small Industries Corporation Limited (under liquidation) (b)	2006-07	2007-08	-0.31	3.31	0.00	-3.62	0.00	--	4.00	-74.93	3.21	-0.31	--
4	Gujarat Leather Industries Limited (under liquidation) (b)	2001-02	2002-03	0.00	0.00	0.00	0.00	0.00	--	1.50	-6.67	0.00	0.00	--
Sector wise Total				-0.31	3.31	0.00	-3.62	0.00	0.00	5.50	-81.60	3.21	-0.31	**--**
Infrastructure														
5	Gujarat State Construction Corporation Limited	2008-09	2010-11	-0.14	0.98	0.00	-1.12	36.20	--	5.00	-36.05	0.53	-0.14	--
6	Gujarat National Highways Limited	2008-09	2010-11	2.22	0.00	0.00	2.22	0.00	--	16.00	8.36	24.43	2.22	9.09
Sector wise Total				2.08	0.98	0.00	1.10	36.20	0.00	21.00	-27.69	24.96	2.08	**8.33**
Manufacture														
7	Gujarat State Textile Corporation Limited (under liquidation) (b)	1994-95	1995-96	0.00	0.00	0.00	0.00	0.00	--	46.46	0.00	0.00	0.00	--

(Figures in columns 5(a) to 11 are ₹ in Crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comme-nts (A)	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed (B)	Return on capital employed (C)	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciat-ion	Interest	Depreci ation	Net Profit/ (+)/ Loss (-)							
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
8	Gujarat State Machine Tools Limited	2009-10	2010-11	-0.12	0.00	0.00	-0.12	0.00	--	0.53	-2.67	0.26	-0.12	--
9	Gujarat Communications and Electronics Limited (b)	2001-02	2002-03	-34.13	0.00	0.00	-34.13	5.57	--	12.45	-104.74	0.00	-34.13	--
10	Gujarat Trans-Receivers Limited	2008-09	2010-11	0.00	0.00	0.00	0.00	0.00	--	0.29	-6.04	-4.03	0.00	--
11	Gujarat Fintex Limited (under liquidation, subsidiary of GSTC) (b)	1994-95	1995-96	0.00	0.00	0.00	0.00	0.00	--	Rs.200 only	0.00	0.00	0.00	--
12	Gujarat Siltex Limited (under liquidation, subsidiary of GSTC) (b)	1994-95	1995-96	0.00	0.00	0.00	0.00	0.00	--	Rs.200 only	0.00	0.00	0.00	--
13	Gujarat Texfeb Limited (under liquidation, subsidiary of GSTC) (b)	1994-95	1995-96	0.00	0.00	0.00	0.00	0.00	--	Rs.200 only	6.04	0.00	0.00	--
Sector wise Total				**-34.25**	**0.00**	**0.00**	**-34.25**	**5.57**	**0.00**	**59.73**	**-107.41**	**-3.77**	**-34.25**	--
Total C (All sector wise non working Government companies)				**-33.49**	**4.44**	**0.03**	**-37.96**	**69.90**	**0.00**	**98.63**	**-332.87**	**25.52**	**-33.52**	--
Grand Total (A + B + C)				**6,803.87**	**2,255.99**	**2,181.62**	**2,366.26**	**58,521.66**	**201.87**	**36,571.11**	**-595.03**	**88,223.02**	**4,622.25**	**5.24**

(A) Impact of accounts comments include the comments of Statutory Auditors and are denoted by (+) increase in profit/ decrease in losses or (-) decrease in profit/ increase in losses.

(B) Capital employed represents the net fixed assets (including capital works-in-progress) *plus* working capital except in case of financial companies/ Corporations where the Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, loans in lieu of capital, seed money, debentures, reserves (other than those which have been funded specifically and backed by investments outside), bonds, deposits and borrowings (including refinance).

(C) Return on Capital Employed has been worked out by adding profit/loss and interest charged to profit and loss account.

$ Excess of income transferred to Non-plan grant by Company (Sl. No. A-8).

Excess of income over expenditure were capitalized by the Company (Sl. No.A-18).

@@ The Company (Sl. No. A-29) formed on October 9, 2009 is going to prepare its first accounts for the period up to 31.03.2011, hence its accounts are not considered under arrears.

*** indicates PSU under construction

$$ The first three accounts (2003-04 to 2005-06) of the Company (Sl. No.A-48)were certified by the auditors appointed by the Company and accounts so certified were adopted in the Annual General Meetings of the Company in violation of the provisions of Section 619 of the Companies Act, 1956. None of the said three accounts of the Company were forwarded to PAG, for supplementary audit

* State Government made capital contribution in the form of loan, hence, paid-up capital is Nil.

(b) Information as furnished by the Company in earlier years.

Annexure 3

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2010

(Referred to in paragraph 1.10)

(Figures in columns 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	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	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 & Allied													
1	Gujarat Agro Industries Corporation Limited	0.00	0.00	4.71	129.94	0.00	134.65	0.00	0.00	0.00	0.00	0.00	0.00
2	Gujarat State Seeds Corporation Limited	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Gujarat State Land Development Corporation Limited	0.002 $	0.00	0.00	525.67	0.00	525.67	0.00	0.00	0.00	0.00	0.00	0.00
4	Gujarat Sheep and Wool Development Corporation Limited	0.00	0.00	0.00	7.71	0.00	7.71	0.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**0.10**	**0.00**	**4.71**	**663.32**	**0.00**	**668.03**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Finance													
5	Gujarat Industrial Investment Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.30	0.00	0.00	0.00	0.00
6	Gujarat State Handloom and Handicrafts Development Corporation Limited	0.00	1.40	0.00	7.22	0.00	7.22	0.00	0.00	0.00	0.00	0.00	0.00
7	Gujarat State Investments Limited	0.00	29.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	Gujarat Women Economic Development Corporation Limited	0.00	0.00	0.00	9.58	0.00	9.58	0.00	0.00	0.00	0.00	0.00	0.00
9	Gujarat Minorities Finance and Development Corporation Limited	1.60	0.70	0.00	0.40	0.00	0.40	0.00	36.22	0.00	0.00	0.00	0.00

(Figures in columns 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	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
10	Gujarat Gopalak Development Corporation Limited	0.75	0.00	0.00	0.46	0.00	0.46	0.00	7.59	0.00	0.00	0.00	0.00
11	Gujarat Safai Kamdar Vikas Nigam Limited	0.50	0.73	2.71	28.76	0.00	31.47	0.00	25.00	0.00	0.00	0.00	0.00
12	Gujarat Thakor and Koli Vikas Nigam	0.50	0.50	0.00	0.35	0.00	0.35	0.00	12.00	0.00	0.00	0.00	0.00
Sector wise Total		**3.35**	**33.08**	**2.71**	**46.77**	**0.00**	**49.48**	**0.30**	**81.11**	**0.00**	**0.00**	**0.00**	**0.00**
Infrastructure													
13	Gujarat State Rural Development Corporation Limited	0.00	0.00	0.00	0.50	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.00
14	Gujarat State Police Housing Corporation Limited	0.00	0.00	0.00	231.93	0.00	231.93	0.00	0.00	0.00	0.00	0.00	0.00
15	Gujarat Urban Development Company Limited	4.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**4.77**	**0.00**	**0.00**	**232.43**	**0.00**	**232.43**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Manufacture													
16	Gujarat State Fertilizers and Chemicals Limited	0.00	0.00	0.00	7.34	0.00	7.34	0.00	0.00	0.00	0.00	0.00	0.00
17	Alcock Ashdown (Gujarat) Limited	0.00	0.00	5.25	0.00	0.00	5.25	0.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**0.00**	**0.00**	**5.25**	**7.34**	**0.00**	**12.59**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Power													
18	Gujarat State Electricity Corporation Limited	0.00	0.00	0.00	250.04	0.00	250.04	0.00	724.03	0.00	0.00	0.00	0.00
19	Gujarat Energy Transmission Corporation Limited	0.00	0.00	0.00	158.09	0.00	158.09	0.00	301.85	0.00	0.00	0.00	0.00
20	Dakshin Gujarat Vij Company Limited	0.00	0.00	4.73	189.37	0.00	194.10	0.00	91.24	0.00	0.00	0.00	0.00
21	Madhya Gujarat Vij Company Limited	0.00	0.00	28.33	277.19	0.00	305.52	0.00	95.14	0.00	0.00	0.00	0.00
22	Paschim Gujarat Vij Company Limited	0.00	0.00	6.30	1,022.08	0.00	1,028.38	0.00	178.79	0.00	0.00	0.00	0.00
23	Uttar Gujarat Vij Company Limited	0.00	0.00	3.15	1,448.07	0.00	1,451.22	0.00	178.12	0.00	0.00	0.00	0.00

(Figures in columns 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	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
24	Gujarat Urja Vikas Nigam Limited	97.97	0.00	0.00	12.81	0.00	12.81	0.00	318.76	0.00	0.00	0.00	0.00
Sector wise Total		**97.97**	**0.00**	**42.51**	**3,357.65**	**0.00**	**3,400.16**	**0.00**	**1,887.93**	**0.00**	**0.00**	**0.00**	**0.00**
Service													
25	Tourism Corporation of Gujarat Limited	0.00	0.00	0.00	119.32	0.00	119.32	0.00	0.00	0.00	0.00	0.00	0.00
26	Gujarat State Civil Supplies Corporation Limited	0.00	0.00	0.00	15.79	0.00	15.79	0.00	0.00	0.00	0.00	0.00	0.00
27	Gujarat Informatics Limited	0.00	0.00	11.92	31.93	0.00	43.85	0.00	0.00	0.00	0.00	0.00	0.00
28	GSPC Gas Company Limited	28.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Gujarat Water Resources Development Corporation Limited	0.00	0.00	0.00	37.50	0.00	37.50	0.00	0.00	0.00	0.00	0.00	0.00
30	Gujarat State Forest Development Corporation Limited	0.00	0.00	1.30	0.00	0.00	1.30	0.00	8.98	0.00	0.00	0.00	0.00
Sector wise Total		**28.42**	**0.00**	**13.22**	**204.54**	**0.00**	**217.76**	**0.00**	**8.98**	**0.00**	**0.00**	**0.00**	**0.00**
Miscellaneous													
31	Gujarat Rural Industries Marketing Corporation Limited	0.00	0.00	0.00	0.86	0.00	0.86	0.00	0.00	0.00	0.00	0.00	0.00
32	Sardar Sarovar Narmada Nigam Limited	2,193.00	0.00	0.00	0.00	0.00	0.00	0.00	3,389.85	0.00	0.00	0.00	0.00
33	Gujarat Water Infrastructure Limited	10.00	0.00	0.00	153.97	0.00	153.97	0.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**2,203.00**	**0.00**	**0.00**	**154.83**	**0.00**	**154.83**	**0.00**	**3,389.85**	**0.00**	**0.00**	**0.00**	**0.00**
Total A (All sector wise working Government companies)		**2,337.61**	**33.08**	**68.40**	**4,666.88**	**0.00**	**4,735.28**	**0.30**	**5,367.87**	**0.00**	**0.00**	**0.00**	**0.00**
B	**Working Statutory corporations**												
Finance													
1	Gujarat State Financial Corporation	0.00	20.00	0.00	0.00	0.00	0.00	0.00	18.98	0.00	0.00	0.00	0.00
Sector wise Total		**0.00**	**20.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**18.98**	**0.00**	**0.00**	**0.00**	**0.00**

(Figures in columns 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	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
Infrastructure													
2	Gujarat Industrial Development Corporation	0.00	0.00	18.95	269.02	0.00	287.97	0.00	0.96	0.00	0.00	0.00	0.00
Sector wise Total		**0.00**	**0.00**	**18.95**	**269.02**	**0.00**	**287.97**	**0.00**	**0.96**	**0.00**	**0.00**	**0.00**	**0.00**
Service													
3	Gujarat State Road Transport Corporation	15.00	235.70	0.00	501.62	0.00	501.62	0.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**15.00**	**235.70**	**0.00**	**501.62**	**0.00**	**501.62**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Total B (All sector wise working Statutory corporations)		**15.00**	**255.70**	**18.95**	**770.64**	**0.00**	**789.59**	**0.00**	**19.94**	**0.00**	**0.00**	**0.00**	**0.00**
Grand Total (A + B)		**2,352.61**	**288.78**	**87.35**	**5,437.52**	**0.00**	**5,524.87**	**0.30**	**5,387.81**	**0.00**	**0.00**	**0.00**	**0.00**
C	**Non working Government companies**												
Manufacturing													
1	Gujarat Communications and Electronics Limited (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40.00	0.00	0.00	0.00	0.00
Sector wise Total		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**40.00**	**0.00**	**0.00**	**0.00**	**0.00**
Total C (All sector wise non working Government companies)		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**40.00**	**0.00**	**0.00**	**0.00**	**0.00**
Grand Total (A + B + C)		**2,352.61**	**288.78**	**87.35**	**5,437.52**	**0.00**	**5,524.87**	**0.30**	**5,427.81**	**0.00**	**0.00**	**0.00**	**0.00**

Expect in respect of PSUs which finalised their accounts for 2009-10 (Sl. No.A-1, A-2, A-5, A-7, A-11, A-16, A-18, A-19, A-20, A-21, A-22, A-23, A-24, A-28, A-30, A-32, A-33 and B-1) Figures are provisional and as given by the PSUs.

@ Figures indicate total guarantees outstanding at the end of the year.

(b) Information as furnished by Company in earlier years.

$ Represents investment of Rupees 20,000 in equity.

Annexure 4

Statement showing investments made by State Government in PSUs whose accounts are not finalised up to 30 September 2010.

(Referred to in paragraph 1.25)

(Figures in columns 6 to 8 are ₹ in crore)

Sl. No.	Name of the Public Sector Undertaking#	Year up to which accounts finalised	Paid up capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrear		
					Equity	Loans	Grants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A	**Working Government Companies**						
1	Gujarat State Land Development Corporation Limited	2008-09	5.88	2009-10	0.00	0.00	525.67
2	Gujarat Sheep and Wool Development Corporation Limited	2007-08	4.31	2009-10	0.00	0.00	7.71
				2008-09	0.00	0.00	6.07
3	Gujarat State Handloom and Handicrafts Development Corporation Limited	2007-08	12.06	2009-10	0.00	1.40	7.22
				2008-09	0.00	0.00	6.74
4	Gujarat Women Economic Development Corporation Limited	2007-08	7.02	2009-10	0.00	0.00	9.58
				2008-09	0.00	0.00	9.63
5	Gujarat Minorities Finance and Development Corporation Limited	2008-09	8.40	2009-10	1.60	0.70	0.40
6	Gujarat Gopalak Development Corporation Limited	2008-09	2.60	2009-10	0.75	0.00	0.46
7	Gujarat Thakor and Koli Vikas Nigam	2008-09	1.60	2009-10	0.50	0.50	0.35
8	Gujarat State Rural Development Corporation Limited	2008-09	0.58	2009-10	0.00	0.00	0.50
9	Gujarat State Police Housing Corporation Limited	2008-09	50.00	2009-10	0.00	0.00	231.93
10	Gujarat Urban Development Company Limited	2008-09	21.23	2009-10	4.77	0.00	0.00
11	Tourism Corporation of Gujarat Limited	2008-09	20.00	2009-10	0.00	0.00	119.32
12	Gujarat State Civil Supplies Corporation Limited	2008-09	10.00	2009-10	0.00	0.00	15.79
13	Gujarat Informatics Limited	2008-09	18.51	2009-10	0.00	0.00	31.93
14	Gujarat Water Resources Development Corporation Limited	2008-09	31.49	2009-10	0.00	0.00	37.50
15	Gujarat Rural Industries Marketing Corporation Limited	2008-09	9.17	2009-10	0.00	0.00	0.86
	Total A (Working Government Companies)		**742.06**		**7.62**	**2.60**	**1,011.66**
B	**Working Statutory corporations**						
1	Gujarat Industrial Development Corporation	2008-09	0.00	2009-10	0.00	0.00	269.02
2	Gujarat State Road Transport Corporation	2007-08	692.21	2009-10	15.00	145.50	361.62
				2008-09	15.00	235.70	501.62
	Total B (Working Statutory corporations)		**696.21**		**30.00**	**381.20**	**1,132.26**
	Grand Total (A + B)		**1,438.27**		**37.62**	**383.80**	**2,143.92**

** Information was not furnished by one working Company (Gujarat Foundation for Mental Health and Allied Sciences), which had arrears of accounts from 2006-07 to 2009-10.

Annexure 5

Statement showing financial position of Statutory Corporations

(Referred to in paragraph 1.15)

(₹ in crore)

1. Gujarat State Road Transport Corporation

Particulars	2005-06	2006-07	2007-08
A. Liabilities			
Capital (including capital loan & equity capital)	644.21	677.21	692.21
Borrowings (Government :-)	474.12	469.78	704.78
(Others :-)	241.86	239.65	147.65
Funds*	3.05	3.20	3.33
Trade dues and other current liabilities (including provisions)	645.52	777.92	912.78
Total - A	**2,008.76**	**2,167.76**	**2,460.75**
B. Assets			
Gross Block	718.57	785.58	924.14
Less: Depreciation	557.00	527.28	481.64
Net fixed assets	161.57	258.30	442.50
Capital works-in-progress (including cost of chassis)	--	--	--
Investments	--	--	--
Current assets, loans and advances	492.61	488.74	474.17
Accumulated losses	1,354.58	1,420.72	1,544.08
Total - B	**2,008.76**	**2,167.76**	**2,460.75**
C. Capital employed ##	**8.66**	**-30.88**	**3.89**

2. Gujarat State Financial Corporation

Particulars	2007-08	2008-09	2009-10
A. Liabilities			
Paid-up capital	89.11	89.11	89.11
Forfeited Shares	4.61	4.61	4.61
Reserve fund and other reserves and surplus	269.26	277.33	277.33
Borrowings:			
(i) Bonds and debentures	143.98	69.09	24.00
(ii) Industrial Development Bank of India & Small Industries Development Bank of India	59.87	--	--
(iii)Loan in lieu of share capital:			
(a) State Government	6.03	6.03	6.03
(iv) Other (including State Government)	566.82	626.83	646.83
Other liabilities and provisions	286.52	379.58	534.40
Total - A	**1,426.20**	**1,452.58**	**1,582.31**
B. Assets			
Cash and Bank balances	30.21	5.31	12.26
Investments	8.85	8.85	8.85
Loans and Advances	49.88	2.95	0.81
Net fixed assets	7.77	7.48	5.69
Other assets (including accumulated losses)	1313.03	1,427.99	1,554.70
Miscellaneous expenditure	16.46	--	--
Total - B	**1,426.20**	**1,452.58**	**1,582.31**
C. Capital employed**	**908.31**	**837.89**	**787.97**

3. Gujarat State Warehousing Corporation

Particulars	2006-07	2007-08	2008-09
A. Liabilities			
Paid-up-capital	4.00	4.00	4.00
Reserves and surplus	4.44	4.05	4.56
Trade dues and current liabilities (including provisions)	2.68	2.77	2.22
Total - A	**11.12**	**10.82**	**10.78**
B. Assets			
Gross Block	8.38	8.40	8.45
Less: Depreciation	3.74	3.92	4.09
Net fixed assets	4.64	4.48	4.36
Capital works-in-progress	0.01	0.03	--
Current assets, loans and advances	6.47	6.31	6.42
Total - B	**11.12**	**10.82**	**10.78**
C. Capital employed ##	**8.44**	**8.02**	**8.56**

4 Gujarat Industrial Development Corporation

Particulars	2006-07	2007-08	2008-09
A. Liabilities			
Loans	4.86	5.62	4.30
Subsidy from Government	141.80	127.31	251.46
Reserves and surplus	588.17	709.12	874.18
Receipts on capital account	1,624.23	2,104.11	2,538.76
Current liabilities and provisions (including deposits)	421.64	346.78	661.96
Total - A	**2,780.70**	**3,292.94**	**4,330.66**
B. Assets			
Gross block	22.72	27.43	29.47
Less: Depreciation	12.34	13.35	14.96
Net fixed assets	10.38	14.08	14.51
Works-in-progress	56.35	47.44	179.45
Capital expenditure on development of industrial estates etc.	1,060.98	1,131.57	1,752.73
Investments	135.79	123.60	107.75
Other assets	1,517.20	1,976.25	2,276.22
Total - B	**2,780.70**	**3,292.94**	**4,330.66**
C. Capital employed##	**2,223.27**	**2,822.56**	**3,560.95**

* Excluding depreciation funds

\## Capital employed represents the net fixed assets (including capital works-in-progress) *plus working capital*

** Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, loans in lieu of capital, seed money, debentures, reserves (other than those which have been funded specifically and backed by investments outside), bonds, deposits and borrowings (including refinance).

Annexure 6

Statement showing working results of Statutory Corporations

(Referred to in paragraph 1.15)
(₹ in crore)

1. Gujarat State Road Transport Corporation

Sl. No.	Particulars	2005-06	2006-07	2007-08
1	**Operating**			
	(a) Revenue	1,367.38	1,505.05	1,626.35
	(b) Expenditure	1,483.62	1,633.35	1,781.81
	(C) Surplus (+)/ Deficit (-)	-116.24	-128.30	-155.46
2	**Non -Operating**			
	(a) Revenue	62.79	107.04	87.89
	(b) Expenditure	58.79	44.84	27.00
	(C) Surplus (+)/ Deficit (-)	4.00	62.20	60.89
3	**Total**			
	(a) Revenue	1,430.17	1,612.09	1,714.24
	(b) Expenditure	1,542.41	1,678.19	1,808.81
	(C) Net Profit (+) / Loss(-)	-112.24	-66.10	-94.57
4	**Interest on capital and loans**	**58.79**	**44.33**	**26.04**
5	**Total return on capital employed**	**-53.45**	**-21.77**	**-68.53**
6	**Percentage of return on Capital employed**	-	-	-

2. Gujarat State Financial Corporation

Sl. No.	Particulars	2007-08	2008-09	2009-10
	Income			
1	(a) Interest on loans	55.62	42.49	27.54
	(b) Interest-sacrifice on restructuring	9.98	12.8	0
	(c) Other income	2.29	33.7	27.91
	Total - 1	67.89	88.99	55.45
	Expenses			
2	(a) Interest on long-term and short-term loans	112.55	135.05	161.44
	(b) Other expenses	64.47	71.87	23.39
	Total-2	177.02	206.92	184.83
3	Profit before tax (1-2)	**-109.13**	**-117.93**	**-129.38**
4	Provision for tax	0	0	0
5	Profit(+)/ Loss (-) after tax	-109.13	-117.93	-129.38
6	Provision for non performing assets	10.36	0	0
7	**Total return on Capital employed**	**3.42**	**17.12**	**32.06**
8	**Percentage of return on Capital employed**	**0.38**	**2.04**	**4.07**

3. Gujarat State Warehousing Corporation

Sl. No.	Particulars	2006-07	2007-08	2008-09
	Income			
1	(a) Warehousing charges	5.02	2.56	**3.92**
	(b) Other income	1.48	1.23	**1.19**
	Total-1	**6.50**	**3.79**	**5.11**
2	**Expenses**			
	(a) Establishment charges	2.93	3.34	**3.02**
	(b) Other expenses	1.85	0.84	**1.32**
	Total-2	**4.78**	4.18	**4.34**
3	Profit(+)/ Loss (-) before tax	1.72	-0.39	**0.77**
4	Provision for tax	0.93	0.00	**0.15**
5	Prior period adjustments	0.01	0.00	**0.00**
6	Other appropriations	0.13	0.00	0.00
7	Amount available for dividend	0.65	-0.39	0.77
8	Dividend for the year	--	-	0.13
9	**Total return on capital employed**	**1.72**	**-0.39**	**0.77**
10	**Percentage of return on capital employed**	**20.42**	**-**	**9.00**

4 Gujarat Industrial Development Corporation

Sl. No.	Particulars	2006-07	2007-08	2008-09
1	Revenue Receipts	229.19	290.77	393.15
2	Net expenditure after capitalisation	149.81	169.81	228.09
3	Excess of income over expenditure	79.38	120.96	165.06
4	Provision for replacement, renewals and for additional liability	--	--	--
5	Net surplus	79.38	120.96	165.06
6	Total interest charged in Profit & Loss account	0.42	0.42	0.39
7	**Total return on capital employed**	**79.80**	**121.38**	**165.45**
8	**Percentage of return on capital employed**	**3.59**	**4.30**	**4.65**

Annexure 7

Statement showing Operational performance of Gujarat State Electricity Corporation Limited

(Referred to in paragraph 2.10)

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1	Installed capacity	(MW)				
(a)	Thermal	3,645	3,645	3,645	3,645	3,720
(b)	Hydro	547	547	547	547	547
(c)	Gas	242	242	355	355	729
(d)	Other (Oil)	534	534	220	230[⊕]	230[⊕]
	TOTAL	**4,968**	**4,968**	**4,767**	**4,777**	**5,226**
2	Normal maximum demand	7,141	7,564	8,351	8,396	8,664
	Percentage increase/decrease (-) over previous year	-	5.92	10.40	0.54	3.19
3	Power generated	(MUs)				
(a)	Thermal[∇]	23,065	23,504	24,543	24,595	24,210
(b)	Hydro	795	1,273	1,241	550	456
(c)	Gas	1,810	1,426	2,109	2,055	3,191
(d)	Other (Oil)	1,460	1,330	1,348	1,188	457
	TOTAL	**27,130**	**27,533**	**29,241**	**28,388**	**28,314**
	Percentage increase/decrease (-) over previous year	-	1.09	6.28	(-) 2.60	(-) 0.26
4	*Less*: Auxiliary consumption					
(a)	Thermal	2,167	2,250	2,367	2,283	2,268
	(Percentage)	(9.39)	(9.57)	(9.64)	(9.28)	(9.37)
(b)	Hydro	5	9	10	6	5
	(Percentage)	(0.63)	(0.71)	(0.81)	(1.09)	(1.10)
(c)	Gas	83	74	101	101	130
	(Percentage)	(4.58)	(5.08)	(4.79)	(4.91)	(4.07)
(d)	Other (Oil)	182	157	131	133	66
	(Percentage)	(12.46)	(11.80)	(9.72)	(11.19)	(14.44)
	TOTAL	2,437	2,490	2,609	2,523	2,469
	(Percentage)	(8.98)	(8.19)	(8.90)	(8.89)	(8.72)
5	Net power generated by GSECL	24,693	25,043	26,632	25,865	25,845
6	Total demand in State (in MUs)	57,137	62,503	68,747	67,482	70,369
7	Deficit (-)/Surplus (+) power (In MUs)	32,444	37,460	42,115	41,617	44,524
8	Power purchased by GUVNL					
a	Within the State (MUs.)					
	(i) by State Govt PSUs (including GSECL)	29,292	28,842	31,472	30,519	31,077
	(ii) Central Govt/ Private/ Others	19,330	19,637	22,042	24,264	28,110
b	Other States	238	810	376	988	570
c	Total power availability (MUs.)	48,860	49,289	53,890	55,771	59,757
9.	Net deficit/loss due to non-evacuation (6-8 c)	8,277	13,214	14,857	11,711	10,612

Power purchased in respective years represents power purchased by GUVNL being sole entity authorised to do the same.

⊕ This includes wind power capacity addition of 10 MW at Bayath.

∇ This includes lignite based generation at KLTPS of 669 MUs, 1,299 MUs, 1,377 MUs, 1,271 MUs and 1,170 MUs respectively during the five years ended 2009-10.

Annexure 8

Statement showing installed capacity of the State of Gujarat

(Referred to in paragraph 2.11.4)

(Figures in Mega watt)

Sl. No.	Particulars of the Power Station	Installed capacity as on 1 April 2005	Addition during 2005-10	Decrease/ derated during 2005-10	Installed capacity as on 31 March 2010
1	**Own Power Station**				
	Dhuvaran Thermal (Oil)	534	--	314	220
	Dhuvaran Gas	134	113	27	220
	Gandhinagar	870	--	--	870
	KLTPS	215	75	--	290
	Sikka	240	--	--	240
	Ukai Thermal	850	--	--	850
	Ukai Hydro	300	--	--	300
	Ukai LBC (Mini Hydro)	5	--	--	5
	Wanakbori	1,470	--	--	1,470
	Utran Gas	135	374	--	509
	Kadana Hydro	240	--	--	240
	Panam Hydro	2	--	--	2
	Non Conventional Source i.e.,Wind farm	0	10	--	10
	Total GSECL	4,995	572	341	5,226
2	**Independent Power Producers**				
	a. State sector	156	482	--	638
	b. Private sector	2,000	1,662	--	3,662
3	Share from CPSUs	1,538	954	--	2,492
4	**Total State sector (1 + 2 a.)**	**5,151**	**1,054**	**341**	**5,864**
5	**Total Others (2 b. + 3)**	**3,538**	**2,616**	**--**	**6,154**
	Grand Total (MW) (4 + 5)	**8,689**	**3,670**	**341**	**12,018**

Annexure 9

Statement showing station-wise value of excess consumption of coal/ lignite in Gujarat State Electricity Corporation Limited

(Referred to in paragraph 2.14.5)

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Ukai TPS						
1	Units Generated (Mus.)	5,363.04	4,812.79	5,062.95	4,835.07	4,828.80
2	Coal consumption as per Norms (In MT)	35,39,603.10	31,76,438.10	33,41,547.00	31,91,148.18	31,87,005.36
3	Coal consumed (In MT)	35,40,118.00	32,28,910.00	35,35,452.00	33,86,561.00	33,36,947.00
4	Excess consumption (In MT)	514.90	52,471.90	1,93,905.00	1,95,412.82	1,49,941.64
5	Rate per MT	1,875.11	1,905.43	1,902.61	2,018.47	2,056.95
6	Coal consumed per unit (Kg)	0.66	0.67	0.70	0.70	0.69
7	Extra Cost (₹ in Lakh)	9.65	999.82	3,689.26	3,944.35	3,084.22
Gandhinagar TPS						
1	Units Generated (Mus.)	5,447.00	4,834.28	5,622.93	5,966.42	5,916.08
2	Coal consumption as per Norms (In MT)	32,68,197.00	29,00,569.80	33,73,759.20	35,79,854.40	35,49,645.60
3	Coal consumed (In MT)	31,68,317.00	31,56,459.00	39,05,276.00	40,38,961.00	38,75,958.29
4	Excess coal consumption (In MT))	-99,880.00	2,55,889.20	5,31,516.80	4,59,106.60	3,26,312.69
5	Rate per MT	2,188.33	2,259.98	2,259.91	2,502.73	2,569.91
6	Coal consumed per unit (Kg)	0.58	0.65	0.69	0.68	0.66
7	Extra Cost (₹ in Lakh)	-2,185.70	5,783.04	12,011.80	11,490.20	8,385.94
Wanakbori TPS						
1	Units Generated (Mus.)	10,181.34	10,989.24	10,983.66	11,112.78	10,928.43
2	Coal consumption as per norms (In MT)	68,21,494.45	73,62,792.14	76,88,559.90	77,78,942.50	75,40,618.08
3	Coal consumed (In MT)	68,58,678.00	73,93,471.00	76,68,334.00	77,75,311.00	75,43,419.00
4	Excess coal consumption (In MT)	37,183.55	30,678.86	-20,225.90	-3,631.50	2,800.92
5	Rate per MT	2,139.79	2,159.42	2,212.37	2,356.54	2,462.48
6	Coal consumed per unit (Kg)	0.67	0.67	0.70	0.70	0.69
7	Extra Cost (₹ in Lakh)	795.65	662.49	-447.47	-85.58	68.97

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Sikka TPS						
1	Units Generated (Mus)	1,404.66	1,568.79	1,495.82	1,409.93	1,366.57
2	Coal consumption as per norms (In MT)	8,84,937.69	9,88,335.18	9,48,615.84	8,82,807.24	8,55,654.27
3	Coal consumed (In MT)	9,41,492.00	9,83,022.00	10,81,853.00	11,32,919.00	10,99,594.00
4	Excess coal consumption (In MT)	56,554.31	-5,313.18	1,33,237.16	2,50,111.76	2,43,939.73
5	Rate per MT	2,599.75	2,736.68	2,940.43	2,982.27	2,992.05
6	Coal consumed per unit (Kg)	0.67	0.63	0.72	0.80	0.80
7	Extra Cost (₹ in Lakh)	1,470.27	-145.40	3,917.75	7,459.01	7,298.80
Kutchh Lignite based TPS						
1	Units Generated (Mus)	669.61	1298.55	1377.80	1270.62	1170.19
2	Lignite consumption as per GERC (In MT)	7,07,702.48	13,72,411.64	15,09,077.32	13,73,250.45	12,64,707.70
3	Lignite consumed (In MT)	7,32,969.00	13,97,371.00	17,19,080.00	17,24,909.00	16,11,667.00
4	Excess Lignite consumption (In MT))	25,266.52	24,959.36	2,10,002.68	3,51,658.55	3,46,959.30
5	Rate per MT	690.00	855.00	688.00	734.00	734.00
6	Lignite consumed per unit (Kg)	1.09	1.08	1.25	1.36	1.38
7	Extra Cost (₹ in Lakh)	174.34	213.40	1444.82	2581.17	2546.68
	TOTAL (₹ in Lakh)	264.21	7,513.34	20,616.15	25,389.15	21,384.62
Grand Total of Excess Consumption of coal/ lignite (MT)						**37,49,373.67**
Grand Total of extra cost (₹ in lakh)						**75,167.47**

Source: Details for UTPS, WTPS, GTPS and STPS as per project report and for KLTPS the same is as per GERC.

Annexure 10

Statement showing station wise details of energy to be generated as per design, actual generation and plant load factor as per design *vis-à-vis* actual in Gujarat State Electricity Corporation Limited

(Referred to in paragraphs 2.16.1 and 2.16.3)

Year	Energy Generation(Mus.)		Plant Load Factor (in %)	
	As per Design	Actual	As per Design	Actual
Ukai Thermal Power Station				
2005-06	5,956.80	5,363.04	80.00	72.03
2006-07	5,956.80	4,812.79	80.00	64.64
2007-08	5,956.80	5,062.95	80.00	67.81
2008-09	5,956.80	4,835.07	80.00	64.94
2009-10	5,956.80	4,828.80	80.00	64.85
Gandhinagar Thermal Power Station				
2005-06	6,096.96	5,447.00	80.00	71.47
2006-07	6,096.96	4,834.28	80.00	63.43
2007-08	6,096.96	5,622.93	80.00	73.58
2008-09	6,096.96	5,966.42	80.00	78.29
2009-10	6,096.96	5,916.08	80.00	77.63
Wanakbori Thermal Power Station				
2005-06	10,301.76	10,181.34	80.00	79.06
2006-07	10,301.76	10,989.24	80.00	85.34
2007-08	10,301.76	10,983.66	80.00	85.06
2008-09	10,301.76	11,112.78	80.00	86.30
2009-10	10,301.76	10,928.43	80.00	84.87
Sikka Thermal Power Station				
2005-06	1,681.92	1,404.66	80.00	66.81
2006-07	1,681.92	1,568.79	80.00	74.62
2007-08	1,681.92	1,495.82	80.00	70.95
2008-09	1,681.92	1,409.93	80.00	67.06
2009-10	1,681.92	1,366.57	80.00	65.00
Kuthchh Lignite Thermal Power Station, Panandhro				
2005-06	1,506.72	669.61	80.00	35.55
2006-07	1,506.72	1,298.55	80.00	68.95
2007-08	1,506.72	1,377.80	80.00	72.96
2008-09	1,506.72	1,270.62	80.00	67.46
2009-10	1,654.00#	1,170.19	80.00	56.61

Year	Energy Generation(Mus.)		Plant Load Factor (in %)	
	As per Design	Actual	As per Design	Actual
Dhuvaran (Oil) based Power Plant				
2005-06	3,742.27	1,459.56	80.00	31.20
2006-07	3,742.27	1,330.26	80.00	28.44
2007-08	1,662.34[$]	1,348.10	80.00	64.95
2008-09	1,541.76	1,187.87	80.00	61.64
2009-10	1,541.76	456.73	80.00	23.70
Dhuvaran Gas based Combined Cycle Power Plant				
2005-06	747.17	732.70	80.00	78.45
2006-07	747.17	370.79	80.00	39.70
2007-08	1,073.19[$]	1,113.54	80.00	83.00
2008-09	1,535.22	1,185.51	80.00	62.29
2009-10	1,535.22	1,357.98	80.00	70.96
Utran Gas Based Combined Cycle Power Plant				
2005-06	946.08	1,077.42	80.00	91.11
2006-07	946.08	1,055.86	80.00	89.28
2007-08	946.08	995.33	80.00	83.93
2008-09	946.08	869.76	80.00	73.55
2009-10	1,981.69[#]	1,833.17	80.00	74.07
Ukai Hydro				
2005-06	2,137.44	580.46	80.00	21.23
2006-07	2,137.44	916.86	80.00	45.55
2007-08	2,137.44	936.73	80.00	34.96
2008-09	2,137.44	466.74	80.00	17.47
2009-10	2,137.44	340.51	80.00	12.74
Kadana Hydro + Panam				
2005-06	1,695.94	214.11	80.00	10.10
2006-07	1,695.94	356.22	80.00	16.80
2007-08	1,695.94	303.84	80.00	14.29
2008-09	1,695.94	83.05	80.00	3.92
2009-10	1,695.94	115.52	80.00	5.45
Grand Total	**1,70,669**	**1,40,606**		

[$] 1 During 2007-08 in Dhuvaran (Oil) TPS I to IV Units retired (20 April 2007) and V&VI were derated (20 April 2007) bringing installed capacity form 534 MW to 220 MW.
2 Dhuvaran Gas CCPP- I Unit was commissioned (1 November 2007) bringing installed capacity from 106.617 MW to 219.067 MW.

[#] 1 KLTPS Unit I was commissioned (20 December 2009) bringing installed capacity from 215 MW to 290 MW.
2 Utran CCPP I Unit was commissioned (8 November 2009) bringing installed capacity from 135 MW to 509.571 MW.

Annexure 11

Statement showing the financial position and working results of the Gujarat Industrial Development Corporation for the last five years up to 31 March 2010

(Referred to in paragraph 3.6)
(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
A. Liabilities					
Loans	4.86	4.86	5.62	5.06	4.57
Subsidy from Government	97.55	141.80	127.31	251.46	426.99
Reserves and surplus	508.79	588.17	709.12	874.18	1,021.66
Receipts on capital account	1,306.34	1,624.23	2,104.11	2,538.76	3,510.87
Current liabilities and provisions (including deposits)	372.30	421.64	346.78	661.20	859.05
Total - A	**2,289.84**	**2,780.70**	**3,292.94**	**4,330.66**	**5,823.14**
B. Assets					
Gross Block	22.05	22.72	27.43	29.47	34.14
Less:Depreciation	11.46	12.34	13.35	14.96	16.67
Net fixed assets	10.59	10.38	14.08	14.51	17.47
Works-in-progress	33.14	56.35	47.44	179.45	64.57
Capital expenditure on development of industrial estates etc.	972.48	1,060.98	1,131.57	1,752.73	2,402.24
Investments	162.35	135.79	123.60	107.75	217.09
Other assets	1,111.28	1,517.20	1,976.25	2,276.22	3,121.77
Total - B	**2,289.84**	**2,780.70**	**3,292.94**	**4,330.66**	**5,823.14**

Working Results

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Revenue Receipts*	191.39	229.19	290.77	393.15	537.43
Net expenditure after capitalisation**	149.58	149.81	169.81	228.09	389.95
Excess of income over expenditure	41.81	79.38	120.96	165.06	147.48

* Revenue receipts includes recovery of water charges and interest income.

** Includes establishment expenditure, water supply and NA charges.

Annexure 12

Statement showing the expenditure incurred towards third party inspection (TPI) charges

(Referred to in paragraph 3.11.1)

Sl. No.	Name of work	Name of contractor	Tendered amount (₹ in lakh)	Third Party Inspection Agency	TPI order Value (₹ in lakh)	Actual inspection charges limited to one *per cent*
	Ahmedabad					
1	Basic infrastructure facilities under CIP scheme at Gandhinagar -II industrial estate	M/s. Yash & Engineering and Construction	118.00	Mukesh A Patel	0.95	95,000
2	Basic infrastructure facilities under CIP scheme at Gandhinagar -III industrial estate	Kalathia Engg & Co.	910.00	Mukesh A Patel	7.34	7,34,000
3	Basic infrastructure facilities under CPI scheme at Dahgam industrial estate	Aakash Infrastructure Projects Pvt Ltd	223.20	Mukesh A Patel	1.80	1,80,000
4	Basic infrastructure facilities under CIP scheme at Mansa industrial estate	M/s. Yash & Engineering and Contractors	339.11	NA	3.46	3,39,110
5	Basic infrastructure facilities under CIP scheme at Modasa industrial estate	Mukesh A patel	182.09	Mukesh A Patel	1.63	1,63,000
6	Basic infrastructure facilities under CIP scheme at Himatnagar industrial estate	Umia Construction Company	502.16	Mukesh A Patel	4.06	4,06,000
	Mehsana					
7	CIP work at Gozaria	Natraj Const. Co.	230.05	Mukesh A. Patel	1.80	1,80,000
8	CIP work at Kadi	Natraj Const. Co.	1,821.47	Mars Planning	4.70	4,70,000
9	CIP work at Chhatral	Natraj Const. Co.		Mars Planning	6.11	6,11,000
10	CIP work at Kalol	Perfect Const. Co.	636.88	Mukesh A. Patel	4.03	4,03,000
11	CIP work at Mehasana-I	Natraj Const. Co.	1,834.84	Krishana consultant	2.89	2,89,000
12	CIP work at Mehasana-II	Natraj Const. Co.		Mars Planning	6.40	6,40,000
13	CIP work at Visnagar	Natraj Const. Co.		Krishana consultant	1.77	1,77,000
14	CIP work at Kheralu	L.G.Chaudhary	135.98	Krishana consultant	1.11	1,11,000
15	CIP work at Patan	Vikas Const. Co.	131.90	Mukesh A. Patel	0.71	71,000

Sl. No.	Name of work	Name of contractor	Tendered Amount (₹ in lakh)	Third Party Inspection Agency	TPI order Value (₹ in lakh)	Actual inspection charges limited to one *per cent*
16	CIP work at Balisana	Vikas Const. Co.		Mukesh A. Patel	0.52	52,000
17	CIP work at Ranansan	Perfect Const. Co.	534.62	Krishana consultant	4.17	4,17,000
18	CIP work at Kukarwada Ranansan	Sarswati Const. Co.	106.37	Krishana consultant	0.84	84,000
19	CIP work at Palanpur	L.G.Chaudhary	104.30	Krishana consultant	0.90	90,000
20	CIP work at Dessa	L.G.Chaudhary	56.62	Krishana consultant	0.41	41,000
	Ahmedabad					
21	Up gradation of basic infrastructure facilities at Kerala industrial estate	Kunal Structures (I) Pvt Ltd	975.81	Mars Planning & engineering	5.85	5,85,000
22	Up gradation of basic infrastructure facilities at Viramgam industrial estate	Natraj Construction Company	968.06	Natraj Construction Co.	5.81	5,81,000
23	Development of infrastructure facility road at apparel park	A.K.patel & Company	434.91	Unique Engineering Testing Services	2.47	2,47,000
24	Construction of CFC Building at apparel park	N.P.Patel	379.35	Mars Consultants & Engineers	2.47	2,47,000
25	Development of infrastructure facility at Gandhinagar engineering estate	Aakash Infrastructure Projects Pvt Ltd	283.98	M. K. Soil Testing	1.85	1,85,000
26	Development of infrastructure facility in special economy zone at Gandhinagar	Kalathia Engg & Co.	863.88	Mars Planning & engineering	4.20	4,20,000
27	Asphalt road at Kathwada	Aakash Infrastructure Projects Pvt Ltd	62.28	Shikhar Consultant	0.39	39,000
28	Development of basic infrastructure facility at Bharat Sur. Mill at apparel park	M/s. Surya Const. Co.	71.05	M/S Germanischer loyed Ind service	0.51	51,000
29	Construction of SUC Building of Kerala	M/s. Dhiraj Patel & Co	48.97	Mukesh A Patel	4.05	4,05,000
30	Construction of SUC Building of Talod	M/s.Ravi Builders	50.30			
31	Construction of SUC Building of Gandhinagar	M/s. H.P.Rajyaguru	48.41			
32	Construction of SUC Building of Modasa	M/s. K.C. Suthar	50.69			

Sl. No.	Name of work	Name of contractor	Tendered Amount (₹ in lakh)	Third Party Inspection Agency	TPI order Value (₹ in lakh)	Actual inspection charges limited to one *per cent*
33	Construction of SUC Building of Himatnagar	M/s.Ravi Builders	50.30			
34	Construction of SUC Building of Kathwada	M/s. R.K.Patel	49.14			
35	Construction of SUC Building of Naroda	M/s. Anand Associates	50.69			
36	Construction of SUC Building of Dhandhuka	M/s. D.R.Dave	57.99			
37	Construction of SUC Building of Vatva	M/s. Anand Associates	50.65			
38	Turnkey project at Sanand Nano project	M/s. Phoneix Project P.Ltd.	872.53	M/s RITES LTD.	11.47	8,72,527.63
39	Development of basic infrastructure at Mega IT park, Gandhinagar	M/s. Kalathia Rngg. & Const. Co.	512.21	M/s Mars PLANNING	4.26	4,26,000
40	Up gradation of basic infrastructure Facility at Gandhinagar	M/s. Kalathia Rngg. & Const. Co.	1,135.28	Mukesh A Patel	7.34	7,34,000
41	Up gradation of basic infrastructure facility at Sanand	M/s. Kalathia Rngg. & Const. Co.	3,446.77	M/s Mars PLANNING	24.23	24,23,000
	Vapi					
42	Work of asphalt road	Jay Bharat Road Lines	1,585.33	Geo Test House	4.36	4,36,000
43	Construction of 1.5 lakh ESR drilling of new bore at Bilimora	Ramesh M patel	50.02	Project Management Consultants	0.57	50,020
44	Skill up-gradation centres at Vapi, Gundlav, etc	V.S.Kotadia	312.02	Project Management Consultants	2.65	2,65,000
45	Entrance gate	D.R.dave	81.59	Project Management Consultants	0.59	59,000
46	Construction of development of Hawker zone at Vapi	Arvindbhai G Anjani	18.58	Project Management Consultants	0.34	18,580
47	Strengthening of asphalt road at Navsari estate	Y.N.Dhanani	477.80	Project Management Consultants	1.37	1,37,000

Sl. No.	Name of work	Name of contractor	Tendered Amount (₹ in lakh)	Third Party Inspection Agency	TPI order Value (₹ in lakh)	Actual inspection charges limited to one *per cent*
48	Chain link, etc at Umargam	M/s.Quardy Const. Co.	49.97	Project Management Consultants	0.50	49,970
49	Strengthening of asphalt road, construction of pipeline at Pardi	R.N.Dobaria	203.19	Project Management Consultants	0.90	90,000
50	Entrance gate, Sarigam	D.R.Dave	39.69	Project Management Consultants	0.20	20,000
51	Construction of existing asphalt road at Gundlav	K.K.B.Projects	921.99	Project Management Consultants	2.95	2,95,000
52	Sewerage water drainage work in housing colony Chanod at Vapi	V.S.Kotadia	721.91	Ashirwad Geo Tech Laboratory	1.49	1,49,000
53	Upgradation of asphalt road at Vapi estate	Kunal Structures (I) Pvt Ltd	2,170.75	Project Management Consultants	4.31	4,31,000
	Vadodara					
54	Development of bio tech park	R.K.Construction & Co	828.11	Unique Engineering & testing	3.73	3,73,000
55	Remodelling of kedva kotar	Amar Construction	212.51	Unique Engineering & testing	0.74	74,000
56	Up-gradation of roads and construction of CD work at Savli	R.K.Construction & Co	1,016.63	Geo Test House	2.85	2,85,000
57	Widening of existing bridge at Kevda Kotar	Amar Construction and Sai Krupa	174.78	Ray Infrastructure P Ltd.	1.14	1,14,000
58	Construction at WMM Road at Alindra at Savli	R.K.Construction & Co	697.36	Vishwakarma Consultants	3.84	3,84,000
59	Construction of WMM road with asphalting at Waghodia	R.K.Construction & Co	242.24	Ray Infrastructure P Ltd.	1.65	1,65,000
60	Upgradation at water supply drainage and internal connection at Waghodia	R.C.Patel	1,095.02	Geo Test House	2.41	2,41,000

Sl. No.	Name of work	Name of contractor	Tendered Amount (₹ in lakh)	Third Party Inspection Agency	TPI order Value (₹ in lakh)	Actual inspection charges limited to one *per cent*
61	Improvement and rehabilitation of existing road at Halol	Backbone Enterprises	1,417.04	Vishwakarma Consultants	4.97	4,97,000
62	Work of asphalting on WBM road at Kharadi	R.K.Construction & Co	8,917.05	R. K. construction	1.92	1,92,000
	Mehsana					
63	WBM Road, Deodar	Sarswati Const. Co.	92.67	M K Soil testing	0.90	90,000
64	WBM Road, Siddhpur	Varun Const. Co.	256.93	Shikhar construction	1.69	1,69,000
65	WBM Road, Radhanpur	Sarswati Const. Co.	267.18	Geormon lellvyod	2.61	2,61,000
66	SUC Building work at Kadi	Satyam Const. Co.	259.34	Mukesh A. Patel	2.59	2,59,000
	Total					**1,78,73,207.63**

CIP – Critical Infrastructure Project.
CFC – Common Facility Centre.
SUC – Skill Upgradation Centre.
ESK – Elevated Storage Reservoir.
WMM – Wet Mix Macadum.
WBM – Wet Bound Macadum.

Annexure 13

Statement showing the extra burden borne by the Gujarat Industrial Development Corporation due to splitting up of works of Critical Infrastructure Project

(Referred to in paragraph 3.13)

(₹ in crore)

Sl. No.	Name of Estate	No of projects	Approved Cost	Share in Total Cost (GIDC allocation)			Actual share in Total Cost (Audit analysis)			Excess Drawal from GoG	Extra Burden on GIDC	Undue benefit passed on to Associations
				Govt.	GIDC	Asso./NA	Govt.	GIDC	Asso./NA			
1	Panoli	6	55.30	22.12	22.52	10.66	5.00	4.50	45.80	17.12	18.02	35.14
2	Ankleshwar	15	140.02	56.01	56.01	28.00	5.00	4.50	130.52	51.01	51.51	102.52
3	Halol	3	15.25	6.10	6.10	3.05	5.00	4.50	5.75	1.10	1.60	2.70
4	Lodhika	5	57.53	28.82	17.63	11.08	5.00	4.50	48.03	23.82	13.13	36.95
5	Wadhwan	2	22.03	13.22	4.41	4.41	5.00	4.50	12.53	8.22	-0.09	8.13
6	Vapi	10	105.64	46.14	38.80	20.69	5.00	4.50	96.14	41.14	34.30	75.44
	Grand Total	**41**	**395.77**	**172.41**	**145.47**	**77.89**	**30.00**	**27.00**	**338.77**	**142.41**	**118.47**	**260.88**

Panoli:- Project-2, 3, 4, 5, 6 and 7.
Ankleshwar:- Project 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, and 18.
Halol :- Project 4, 5 and 6.
Lodhika :- Project 2, 3, 4, 5 and 6.
Wadhwan:- Project 2 and 3.
Vapi:- Project 1 (w/s), 2, 3 (part-2), 3 (part-3), 3 (part-4-A), 3 (part-4-B), 3 (part-4-C), 3 (part-4-D), 3 (part-4-E) and project-10.

Annexure 14

Statement showing irregular allotments and transfer of plots made during the period 2005-10

(Referred to in paragraph 3.15.1)

(Amount in ₹)

Sl.No	Name of Estate - Region	Plot No	Area (in Sq. Mtrs)	Date of allotment /Transfer	Purpose for which allotted/ transferred	Rates Applicable		Rates Charged		Loss	Remarks
						Rate	Amount	Rate	Amount		
1	2	3	4	5	6	7	8 (4 x 7)	9	10 (4 x 9)	11 (8 - 10)	12
	Transfer										
1	Ankleshwar-Ankleshwar	155/C/A-4	1403.00	19/11/2004 & 2 ® permission January 2006	Car Showroom & Service Station	1,080	15,15,240	0	0	15,15,240	While transferring the plot, only transfer fees was recovered and not the applicable conversion fees from 'Industrial' to 'Commercial'.
2	Bharuch-Ankleshwar	101 & 102	3000.00	11-03-2002 & 2® permission granted on 17-03-2006	Car Showroom & Service Station	750	22,50,000	0	0	22,50,000	
3	Gandhinagar Engineering Estate-Gandhinagar	304	1000.00	19-04-2006	Automobile Service Station	4,500	45,00,000	0	0	45,00,000	
4		1003	2400.00	02-02-2006	Automobile Service Station	4,500	1,08,00,000	0	0	1,08,00,000	
5	Lodhika- Rajkot	G-1032	1000.00	11-03-2005	Cold Storage	675	6,75,000	0	0	6,75,000	
6	Lodhika- Rajkot	G-539	1900.00	14-06-2006	Cold Storage & Foods	1,500	28,50,000	0	0	28,50,000	
7	Lodhika- Rajkot	G-413	3000.00	18-10-2005	Fabrication work	675	20,25,000	0	0	20,25,000	
8	Lodhika- Rajkot	G-610	1000.00	27-05-2005	Fabrication	675	6,75,000	0	0	6,75,000	
9	Lodhika- Rajkot	2328	5000.00	04-05-2005	Service station & Automobile workshop	675	33,75,000	0	0	33,75,000	
10	Lodhika- Rajkot	G-415	3000.00	06-02-2010	Fabrication & Wooden work	2,400	72,00,000	0	0	72,00,000	
11	Kuvadva- Rajkot	13	3334.50	07-05-2005	Steel Fabrication	150	5,00,175	0	0	5,00,175	
12	Bamanbore-Rajkot	503	1000.00	12-12-2008	Cleaning & packaging of seeds and grains	450	4,50,000	0	0	4,50,000	
13	Gondal-II -Rajkot	164/3	2475.00	13-08-2007	Cleaning of Wheat	450	11,13,750	0	0	11,13,750	

Sl.No	Name of Estate - Region	Plot No	Area (in Sq. Mtrs)	Date of allotment /Transfer	Purpose for which allotted/ transferred	Rates Applicable		Rates Charged		Loss	Remarks
						Rate	Amount	Rate	Amount		
1	2	3	4	5	6	7	8 (4 x 7)	9	10 (4 x 9)	11 (8 - 10)	12
14	Mithirohar- Bhuj	323	10000.00	23-01-2008	Wooden Furniture & steel engineering	780	78,00,000	0	0	78,00,000	While transferring the plot only transfer fees was recovered and not the applicable conversion fees from Industriial to commercial.
15	Mithirohar- Bhuj	359	10000.00	19-02-2010	Wooden Furniture and timber	1,200	1,20,00,000	0	0	1,20,00,000	
16	Jamnagar-III - Jamnagar	4203	495.00	17-11-2008	Wooden Furniture	3,000	14,85,000	0	0	14,85,000	
17	Jamkhabalia - Jamnagar	A-17	489.60	28-11-2007	Tractor reparing and servicing centre	300	1,46,880	0	0	1,46,880	
18	Arambhada-II - Jamnagar	39	4201.60	05-02-2010	Poultry Farm	900	37,81,440	0	0	37,81,440	
19	Vartej- Bhavnagar	132	2377.79	23-10-2008	Steel Scrap & process	1,200	28,53,348	0	0	28,53,348	
20	Vartej- Bhavnagar	129	2383.5	29-09-2006	Scrap Trading	750	17,87,625	0	0	17,87,625	
21	Vartej- Bhavnagar	137	931.19	17-01-2006	Scrap Trading	750	6,98,393	0	0	6,98,393	
22	Vartej- Bhavnagar	304	1332.99	16-04-2010	Scrap Trading	1,200	15,99,588	0	0	15,99,588	
23	Vapi-Vapi	29/B	3697	12-04-2005	Automobile showroom and service station	1,500	55,45,500	0	0	55,45,500	
24	Makarpura-Vadodara	A-1/3-4	478.47	27-09-2005	do	4,500	21,53,115	0	0	21,53,115	
25	Makarpura-Vadodara	986/33/B	990.9	13-11-2009	do	5,400	53,50,860	0	0	53,50,860	
26	Vapi-Vapi	229	7358	01/09/2002 & Notice of breach was served in November 2008	do	5,400	3,97,33,200	0	0	3,97,33,200	
27	Mehsana-Mehsana	123/P to 131/P	5089.55	11-09-2008	Automobile showroom and service station	3,600	1,83,22,380	0	0	1,83,22,380	
28	Aji- Rajkot	364	6410.25	02-06-2004 & Sub Plotting was done in October 2007	Car Showroom & Service Station	9,000	5,76,92,250	0	0	5,76,92,250	

Sl.No	Name of Estate - Region	Plot No	Area (in Sq. Mtrs)	Date of allotment /Transfer	Purpose for which allotted/ transferred	Rates Applicable		Rates Charged		Loss	Remarks
						Rate	Amount	Rate	Amount		
1	2	3	4	5	6	7	8 (4 x 7)	9	10 (4 x 9)	11 (8 - 10)	12
29	Dhrub-Bhuj	17	3555	16-10-2008	Automobile showroom and service station	900	31,99,500	0	0	31,99,500	
	Total (A)									**20,20,78,244**	
	Allotments										
30	Icchhapore-Bhatpore -Surat	54	1100.00	28-04-2004	Automobile Service Station	1,650	18,15,000	550	6,05,000	12,10,000	The plot No.54&55 were utilised for automobile workshop and plot no A/8 was utilised for automobile workshop while allotting the plot 'Industrial' rates were applied and not 'Commercial' even though the applicants had specifically mentioned in applications that they intend to use the plot for commercial purpose.
31	Icchhapore-Bhatpore -Surat	55	1100.00	28-04-2004	Automobile Service Station	1,650	18,15,000	550	6,05,000	12,10,000	
32	Icchhapore-Bhatpore -Surat	A/8	9100.00	19-01-2002	Automolibe Workshop	975	88,72,500	325	29,57,500	59,15,000	
33	Gandhinagar Engg-Gandhinagar	1002	2400.00	08-01-2005	Automobile Service Station	4,500	1,08,00,000	1,705	40,92,000	67,08,000	While allotment of plot, the Corporation failed to apply 'Commercial' rates and charged 'Industrial' rates.
34	Lodhika- Rajkot	G-1128	1000.00	17/06/1995 & Extension given in May 2006	Service station	1,500	15,00,000	0	0	15,00,000	A diesel service station existing on the plot while allotting and while giving extension-2006 order, the Corporation failed to charge 'Commercial' rates.
35	Bamanbore- Rajkot	504	1895.00	07-03-2007	Furnishing Job Work	180	3,41,100	60	1,13,700	2,27,400	While allotting the plot, 'Industrial' rates were charged and not 'Commercial'.

Sl.No	Name of Estate - Region	Plot No	Area (in Sq. Mtrs)	Date of allotment /Transfer	Purpose for which allotted/ transferred	Rates Applicable		Rates Charged		Loss	Remarks
						Rate	Amount	Rate	Amount		
1	2	3	4	5	6	7	8 (4 x 7)	9	10 (4 x 9)	11 (8 - 10)	12
36	Mithirohar- Bhuj	346	10025.00	15-12-2005	--do--	780	78,19,500	260	26,06,500	52,13,000	
37	Mithirohar- Bhuj	352	14500.00	15-12-2005	--do--	780	1,13,10,000	260	37,70,000	75,40,000	While allotting the plot 'Industrial' rates were charged and not 'Commercial'.
38	Mithirohar- Bhuj	361	12000.00	24-01-2006	--do--	780	93,60,000	260	31,20,000	62,40,000	
39	Mithirohar- Bhuj	325	10000.00	26-09-2005	--do--	780	78,00,000	260	26,00,000	52,00,000	
40	Mithirohar- Bhuj	319	12000.00	11-08-2005	Wooden Furniture & Timber Trading	780	93,60,000	260	31,20,000	62,40,000	
41	Mithirohar- Bhuj	326	10000.00	29-08-2005	Steel Furniture	780	78,00,000	260	26,00,000	52,00,000	
42	Mithirohar- Bhuj	324	10050.00	15-12-2005	Steel Furniture	780	78,39,000	260	26,13,000	52,26,000	
43	Mithirohar- Bhuj	321	10000.00	11-08-2005	Timber Furniture	780	78,00,000	260	26,00,000	52,00,000	
44	Vartej- Bhavnagar	163	2648.75	27-01-2009	Bakery	1,200	31,78,500	400	10,59,500	21,19,000	
45	Babra-I- Amerali	103	2506	05-02-2008	Scrap Trading	375	9,39,750	125	3,13,250	6,26,500	
46	Radhanpur-Mehsana	363 to 365 and 383 to 386	3583.62	23-08-2007	Cold Storage	1,200	43,00,344	400	14,33,448	28,66,896	
47	Radhanpur-Mehsana	23	1000	30-03-2007	Bakery	1,200	12,00,000	400	4,00,000	8,00,000	
48	Chharodi - Ahmedabad	1	3000	December 2008	CNG Pumping Station	5,960	1,78,80,000	2,980	89,40,000	89,40,000	
49	Gandhinagar Electronics Estate-Gandhinagar	8 Sheds	2752	19-12-2008	Skill Upgradation centre Godown & Office	4,800	1,32,09,600	2,400	66,04,800	66,04,800	
50	Gandhinagar Electronics Estate - Gandhinagar	S-1 & E-18 & others	35900.36	February 2007	Gas Grid Control & Training Purpose	3,000	10,77,01,080	2,000	7,18,00,720	3,59,00,360	
	Total (B)									**12,06,86,956**	
	Grand Total (A+B)									**32,27,65,200**	

Annexure 15

Statement showing inflow and outflow of funds for industrial area during the last four years up to 2008-09

(Referred to in paragraph 3.19)

(₹ in crore)

Sl. No.	Particulars	2005-06			2006-07			2007-08			2008-09			Total for last four years		
		Budget	Actual	Deviation (*Per cent*)	Budget	Actual	Deviation (*Per cent*)	Budget	Actual	Deviation (*Per cent*)	Budget	Actual	Deviation (*Per cent*)	Budget	Actual	Deviation (*Per cent*)
	INFLOW															
1	Capital receipts (Downpayments, instalments)	36.73	186.89	408.82	61.62	325.27	427.86	118.05	485.06	310.89	205.49	434.65	111.52	421.89	1431.87	239.39
2	Revenue Receipts	147.57	191.05	29.46	142.25	229.19	61.12	148.36	290.77	95.99	224.80	393.15	74.89	662.98	1104.16	66.54
3	Others (Grants,Capital income,etc)	100.55	0.00	-100.00	84.00	0.00	-100.00	131.25	0.00	-100.00	163.00	0.00	-100.00	478.80	0.00	-100.00
	Total	**284.85**	**377.94**	**32.68**	**287.87**	**554.46**	**92.61**	**397.66**	**775.83**	**95.10**	**593.29**	**827.80**	**39.53**	**1563.67**	**2536.03**	**62.18**
	OUTFLOW															
1	Land Acquisition	198.22	55.60	-71.95	400.96	17.65	-95.60	567.17	41.33	-92.71	1,029.76	477.25	-53.65	2196.11	591.83	-73.05
2	Development Expenditure	160.47	10.29	-93.59	125.86	92.86	-26.22	167.35	56.52	-66.23	444.96	181.22	-59.27	898.64	340.89	-62.07
3	Revenue Expenditure	122.05	96.98	-20.54	114.83	97.52	-15.07	107.18	118.59	10.65	130.14	153.67	18.08	474.20	466.76	-1.57
4	Others expenditure	6.30	1.60	-74.60	7.75	1.58	-79.61	6.71	6.01	-10.43	58.84	3.70	-93.71	79.60	12.89	-83.81
5	Equity participation	50.00	0.00	-100.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00	-100.00	60.00	0.00	-100.00
	Total	**537.04**	**164.47**	**-69.37**	**649.40**	**209.61**	**-67.72**	**848.41**	**222.45**	**-73.78**	**1,673.70**	**815.84**	**-51.26**	**3708.55**	**1412.37**	**-61.92**
	Surplus/(-) Defict	**-252.19**	**213.47**		**-361.53**	**344.85**		**-450.75**	**553.38**		**-1080.41**	**11.96**		**-2144.88**	**1123.66**	

Note: 1. Deviation in percentage was (Budget – Actual)/Budget X 100.

2. The figures for the year 2009-10 were not available in absence of the budget for 2011-12, which would be prepared and submitted by the Corporation to State Government after necessary regrouping of various figures from the accounts for the year 2009-10 under different heads of accounts.

Annexure 16

Statement showing erroneous calculation of amount under One Time Settlement scheme by Gujarat State Financial Corporation

(Referred to in paragraph 4.16)

I. Sandeep Cements Private Limited, Bhavnagar

Account no.	Amount of loan sanctioned (₹ in lakh)	Period of sanction of loan	Amount computed as per OTS (6 *per cent* concessional rate) (₹ in lakh)	Cent per cent of Principal outstanding at the time of OTS (₹ in lakh)	OTS amount worked out by audit as per norms (*i.e.* Col. no. 4 or 5 whichever is higher (₹ in lakh)	Remarks
1	**2**	**3**	**4**	**5**	**6**	**7**
C/S/752/01	37.74	June 1994	-10.37	6.20	6.20	--
WC/04/021/00	35.00	March 1998	48.91	35.01	48.91	--
HP/S/066/00	22.61	July 1996	3.71	12.84	12.84	--
C/S/752/00 & 88	30.05	March 1982	-54.22	10.40	10.40	--
Total			**(-)11.97**	**64.45**	**78.35**	--

Note :- OTS amount determined by the Corporation ₹ **64.45 lakh** (Total of Col. no.5) (-) OTS amount as worked by audit as per norms ₹ **78.35 lakh** (Total of Col. no.6) = Short recovery of dues ₹ **13.90 lakh**.

II. Jatta Polyester Limited, Vapi

Account no.	Amount of loan sanctioned (₹ in lakh)	Period of sanction of loan	Amount computed as per OTS (6 *per cent* concessional rate) (₹ in lakh)	65 per cent of Principal outstanding at the time of OTS (₹ in lakh) under Modified OTS	OTS amount worked out by audit as per norms (*i.e.* Col. no. 4 or 5 whichever is higher (₹ in lakh)	Remarks
1	**2**	**3**	**4**	**5**	**6**	**7**
C/J/722/00	90	December 1990	(-) 33.15	4.41	4.41	In re-schedulement of loan, the account had been splitted into two by treating some of portion of defaulted amount of interest as separate loan.
C/J/722/22			4.07	0.00	4.07	
CG/J/006/00	175	March 1997	92.24	86.72	92.24	--
CG/J/006/01	25	April 1999	27.18	14.68	27.18	--
W/06/028/00	120	April 1998	58.21	42.26	58.21	--
W/06/028/01	30	December 1999	33.76	16.22	33.76	--
W/06/028/02	30	March 2000	28.94	13.01	28.94	--
Total			**211.25**	**177.30**	**248.81**	

Note :- OTS amount determined by the Corporation ₹ **211.25 lakh** (Total of Col. no.5) (-) OTS amount as worked in audit as per norms ₹ **248.81 lakh** (Total of Col. no.6) = Short recovery of dues ₹ **37.56 lakh**.
Total short recovery of dues ₹ **13.90 lakh** + ₹ **37.56 lakh** = ₹ **51.46 lakh.**

Annexure 17

Statement showing paragraph/reviews for which explanatory notes were not received

(Referred to in paragraph 4.17.1)

Sl. No.	Name of the Department	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Narmada, Water Resources, Water Supply and Kalpsar	1*	1$	--	--	4^∇
2.	Energy and Petrochemicals	2*	1$	--	--	11^∇
3.	Home	1*	--	--	--	--
4.	Industries and Mines	1*	3#$	1	1	8^∇
5.	Agriculture and Co-operation	1*	2#$	--	--	--
6.	Forest and Environment	1*-	1$	--	--	--
7.	Food and Civil Supplies	1*	--	--	--	--
8.	Women and Child Development	1*	--	--	--	--
9.	Science and Technology	1*	1$	--	--	--
10.	Urban Development and Urban Housing	1*	1	--	2	--
11.	Roads and Building	1*	1$	--	--	--
12.	Social Justice and Empowerment	1*	2#$	--	--	--
13.	Finance	1*	1$	--	--	1^
14.	Ports and Transport	--	--	--	--	1
15.	Panchayat, Rural Housing and Rural Development	--	2#$	--	--	--
	Total	**2**	**4**	**1**	**3**	**22**

* Includes one paragraph for which replies were awaited from thirteen departments.
# Includes one paragraph for which replies were awaited from four departments.
$ Includes one paragraph for which replies were awaited from ten departments.
^ Includes one paragraph for which replies were awaited from four departments.
∇ Includes one paragraph for which replies were awaited from three departments.

Annexure 18

Statement showing the department-wise outstanding Inspection Reports (IRs)

(Referred to in paragraph 4.17.3)

Sl. No.	Name of Department	Number of PSUs	Number of outstanding IRs	Number of outstanding paragraphs	Years from which paragraphs outstanding
Working PSUs					
1	Industries and Mines	10	37	139	2004-05
2	Agriculture & Co-operation	5	15	44	2005-06
3	Science & Technology	2	6	12	2006-07
4	Roads & Buildings	1	4	9	2006-07
5	Panchayat, Rural Housing and Rural Development	1	1	1	2006-07
6	Women, Youth Development, Cultural Activity, Prohibition and Excise	1	3	9	2006-07
7	Forest and Environment	1	4	10	2004-05
8	Home	1	2	3	2008-09
9	Finance	2	4	9	2006-07
10	Social Justice and Empowerment	4	9	36	2005-06
11	Food & Civil Supplies	1	6	20	2005-06
12	Narmada, Water Resources and Water Supply	3	109	454	2004-05
13	Energy and Petrochemicals	16	121	362	2004-05
14	Urban Development and Urban Housing	1	7	22	2004-05
15	Ports and Transport	2	46	166	2004-05
	Total	**51**	**374**	**1,296**	

Annexure 19

Statement showing the department-wise draft paragraphs/reviews reply to which are awaited as on 30 November 2010

(Referred to in paragraph 4.17.3)

Sl. No.	Name of the Department	Number of draft paragraphs	Number of draft reviews	Period of issue
1.	Energy and Petrochemicals	8[▽]	--	May/June/July/August 2010
2.	Industries and Mines	2	--	May/June 2010
3.	Narmada, Water Resources, Water Supply and Kalpsar	2	--	August 2010

[▽] Portion of the reply pertaining to PGVCL referred at paragraph 4.14.2 was awaited.