REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

No.4

COMMERCIAL

FOR THE YEAR ENDED 31 MARCH 2011

GOVERNMENT OF MAHARASHTRA

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Preface

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

- 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 State Government 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)–State Government.

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

4. In respect of the Maharashtra State Road Transport Corporation, which is a Statutory corporation, the CAG is the sole auditor. As per the State Financial Corporations (Amendment) Act, 2000, the CAG has the right to conduct the audit of accounts of Maharashtra 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 Maharashtra State Warehousing Corporation, the 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 the CAG. The sole audit of accounts of Maharashtra Industrial Development Corporation is entrusted to the CAG under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. In respect of Maharashtra Electricity Regulatory Commission, the CAG is the sole auditor. The Audit Reports on the annual accounts of the Corporations/Commission are forwarded separately to the State Government.

5. The cases mentioned in this Report are those which came to notice in the course of audit during the year 2010-11 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 2010-11 have also been included, wherever deemed necessary.

6. The audit in relation to material included in the Audit Report has been conducted in accordance with the Auditing Standards.

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 Comptroller and Auditor General of India (CAG). These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory corporations is governed by their respective Legislation. As on 31 March 2011, the State of Maharashtra had 64 working Public Sector Undertakings (PSUs) (60 Companies and four Statutory corporations) and 22 non-working PSUs (all Companies), which employed 2.08 lakh employees. The working PSUs registered a turnover of ₹ 49,058.92 crore in 2010-11 as per their latest finalised accounts. This turnover was equal to 4.76 per cent of the State GDP indicating an important role played by the State PSUs in the economy. The working PSUs earned an overall profit of ₹ 213.64 crore in 2010-11 and had accumulated losses of ₹8,401.88 crore as on 31 March 2011.

Investments in PSUs

As on 31 March 2011, the investment (Capital and long term loans) in 86 PSUs was ₹58,389.55 crore. It grew by 54.48 per cent from ₹ 37,796.91 crore in 2006-07 mainly because of increase in investment in power sector. Power Sector accounted for 81 per cent of the total investment in 2010-11. The Government contributed ₹2,313.58 crore towards equity, loans and grants/subsidies during 2010-11.

Performance of PSUs

During the year 2010-11, out of 64 working PSUs, 37 PSUs earned profit of ₹1,722.87 crore and 18 PSUs incurred loss of ₹1,509.23 crore. Four PSUs prepared their accounts on no profit no loss basis and five PSUs were under construction and had not prepared profit and loss account. The major contributors to profit were Maharashtra State Power Generation Company Limited (₹ 800.02 crore) and Maharashtra State Electricity Transmission Company Limited (₹520.19 crore). Heavy losses were incurred by Maharashtra State Electricity Distribution Company Limited (₹782.77 crore), Maharashtra State Road Development Corporation Limited (₹ 422.55 crore) and MSEB Holding Company Limited (₹248.23 crore).

The losses are attributable to various deficiencies in the functioning of PSUs. A audit of three years Audit Reports of CAG shows that the State PSUs losses of ₹2,160.19 crore and infructuous investments of ₹53.36 crore were controllable with better management. Thus, there is tremendous scope to improve the functioning and minimise/ eliminate losses. The PSUs can discharge their role efficiently only if they are financially self-reliant. There is a need for professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of accounts of PSUs needs improvement. Of the 82 accounts of working companies finalised during October 2010 to September 2011, 67 accounts received qualified certificates and nine accounts received unqualified certificates, adverse certificate for four accounts and disclaimer for two accounts from Statutory auditors. Of the four accounts finalised during October 2010 to September 2011 by the Statutory corporations, all four accounts received qualified certificates. The Reports of the Statutory auditors on internal control of the companies indicated several weak areas.

Arrears in accounts and winding up

Fifty three working PSUs had arrears of 162 accounts as of September 2011. The arrears need to be cleared by setting targets for PSUs and outsourcing the work relating to preparation of accounts. There were 22 non-working companies. As no purpose may be served by keeping these PSUs in existence, Government needs to expedite closing down of the non working PSUs.

2. Performance Audit relating to Government Companies

Performance Audit relating to 'Operational performance' of the **Forest Development Corporation of Maharashtra Limited** and 'Power distribution utilities in **Maharashtra State Electricity Distribution Company Limited'** were conducted. Executive Summary of the main Audit findings is given below**:**

Performance Audit on working of Forest Development Corporation of Maharashtra Limited

Forest Development Corporation of Maharashtra Limited (Company) was incorporated in February 1974 as wholly owned Government Company to raise plantations of important species like teak, bamboo etc., protection of forest crop and wildlife, processing and grading of forest produce etc. Company was also engaged in production and distribution of seeds, seedlings and turnkey plantations. The main activity of the Company was forestry in 3.93 lakh Hectare (Ha) of forest land allotted to it by the Government of Maharashtra (GoM). The performance audit of the Company for the period 2006-07 to 2010-11 was conducted to assess whether proper planning for the activities existed, afforestation had been carried out as per the approved management plan, protection measures for forest land, plantation and wildlife were in place, manpower utilisation was efficient and proper internal controls were in existence.

Financial performance

The sales of the Company increased from ₹101.77 crore in 2006-07 to ₹128.94 crore in 2010-11. The profit before tax correspondingly increased from ₹ 54.32 crore to ₹ 76.30 crore during the period. The proposal for conversion of World Bank Loan, along with interest thereon, into share capital was pending with the GoM.

Planning

The Company did not formulate a comprehensive corporate plan encompassing plantation activities, utilisation of infrastructure, human resource development etc. The targets for plantation and harvesting fixed in Annual Plan were not realistic and resulted in major downward revision in area. Wildlife protection measures were not planned and taken up till 2009-10. No Research and development activity was planned and carried out during the audit period. The Company had not re-looked into its activities to match the requirements of National Forest Policy 1988/Maharashtra State Forest Policy 2008.

Utilisation of land

The Company had not maintained land register indicating allotment, possession, surrender and the balance land available. The Company had not taken possession of the entire land allotted to it. The Company surrendered 78,335 Ha of land due to large scale encroachment, non-viability and security related issues. On specific rejection of claims for expenditure incurred on surrendered land the Company had written off ₹ 56.54 crore during the five years ended 31 March 2011. However, similar claims of ₹83.95 crore had been accounted for as receivable as at the end of March 2011. The GoM had not formulated policy for reimbursement of expenditure incurred by the Company on surrendered land. An area of 13,700 Ha of land was under encroachment as at the end of March 2011.

Plantation and harvesting

During the five years ended 31 March 2011, the Company carried out plantations in an area of 13,538 Ha consisting of teak, bamboo and miscellaneous species. The survival rate of the plantation was satisfactory during this period. The Company lost 1.95 lakh trees due to illicit cutting during five years ended 31 December 2010 and the incidence was on a higher scale in Nashik region. The

turnkey plantation activity of the Company was in loss during this period. The Company could not harvest the entire area fit for harvesting and there was a shortfall of harvesting in 28,559 Ha during the audit period. The productivity of the Company as a whole during a particular year had not been estimated and therefore variance could not be analysed with actual production. The capacity utilisation of nurseries was low and the Company could not meet the demand for seeds in all the five years ending 31 December 2010. There was lack of coordination with Forest Department for placement of orders for seedlings to increase the capacity utilisation of nursery.

The Company had redeployed its manpower not based on the workload in each division after re-organisation/ surrender of land. The Company had not worked out the entitlement of land to the eligible forest dwellers under the Scheduled Tribe and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 and its impact in terms of area to be regularised. The Company did not pursue the implementation of Joint Forest Management project with the GoM and the project became defunct. The Company did not carry out wildlife protection measures till 2009-10 and the initiatives were made only in 2010-11.

Internal control and monitoring

The land records were not maintained and reconciled with records of Forest Department. The division wise revenue and expenditure statement is not prepared to ascertain the commercial viability of operations of the divisions. 3,708 Internal audit paras were pending and this includes 1,795 paras pending for a period for more than five years and 804 paras pertaining to divisions closed for operations.

Conclusion and Recommendations

To assist the Company in rectifying the deficiencies noticed, audit has made six recommendations. These includes preparation of comprehensive corporate plan, maintenance of land register, strengthen efforts to reduce encroachment and illicit cutting, increase the turnover of seeds/nurseries and action plan to turn-around loss making divisions.

Performance Audit on Maharashtra State Electricity Distribution Company Limited

Introduction

In order to assess the progress achieved in the State in respect of various parameters stipulated in National Electricity Policy/ Plan with regard to distribution of power, it was considered desirable to conduct performance audit of Maharashtra State Electricity Distribution Company Limited. The performance audit covered network planning, rural electrification, billing and collection efficiency, tariff fixation and subsidy support by the State Government during 2006-07 to 2010-11.

Financial Position and Working Results

The revenue of the Company from sale of power increased from ₹ 18,864 crore in 2006-07 to ₹ 33,238 crore in 2010-11. However, the Company incurred losses during performance audit period and accumulated losses increased from ₹ 487 crore in 2006-07 to ₹ 3,793 crore in 2010-11. The loss per unit was between ₹ 0.13 and ₹ 0.46 during 2006-07 to 2010-11. The losses were attributed to disallowance of certain controllable expenses by Maharashtra Electricity Regulatory Commission (MERC) while fixing the tariff. The borrowing increased from ₹ 3,795 crore in 2006-07 to ₹ 10,074 crore in 2010-11 due to taking infrastructural projects linked with loan.

Distribution Network Planning

The Company had not assessed the total requirement of distribution network to provide reliable and quality power and did not prepare well documented long term plan for replacement/additions of existing network. The Company added 466 substations during 2006-07 to 2010-11 as against 525 targeted. The Company had total 2,236 substations as at the end of 31 March 2011. The shortfall between connected load and transformer capacity was of 4,967 MVA as on 31 March 2011.

Rural electrification

Four projects undertaken under Rajiv Gandhi Grameen Vidyudhikaran Yojna during X five year plan (2002-07) were completed by September 2010 and actual cost was ₹ 108.64 crore as against ₹ 86.24 crore approved by Ministry of Power. The increase in cost was mainly due to non inclusion of certain expenditure in Detailed Project Report. Further, the Company had taken 30 projects at a cost of ₹748 crore during XI plan to be completed by December 2011. As compared to completion period, the progress was poor. There were instances of non levy of penalty for delay in execution and irregularities in payment to contractors.

Operational efficiency

The Company sold 49,148 MUs in 2006-07 which increased to 71,280 MUs in 2010-11. The distribution losses reduced from 29.60 per cent in 2006-07 to 17.28 per cent in 2010-11. The losses were above the norm of MERC during 2009-11 and amount of excess loss was ₹ 214 crore. Replacement of Distribution Transformers failed within Guarantee Period was not monitored effectively and penalties for delays were not recovered in time from suppliers. Besides 6.67 lakh faulty meters were awaiting replacement while 15.36 lakh Agricultural (Ag) consumers were to be metered by 31 March 2011. The Company had not assigned priority for replacement of faulty meters by including requirement in the annual plan for procurement of meters.

Billing and collection efficiency

The energy billed included an element of assessed sale to the extent of 14 per cent. The unmetered agricultural and faulty meter consumers had a impact on assessed sales. There were instances of incorrect/ delay in application of revised tariff resulting in loss of revenue of ₹ 20.82 crore. The arrears recoverable from consumers as at the end of March 2011 were ₹13,396 crore. The major portion was recoverable from Ag consumers (₹ 6,033 crore) and Public Water Works (PWW) consumers (₹ 1,490 crore). The Company did not take action for disconnection of PWW connections.

Subsidy support and cross subsidisation

The State Government provided subsidy of ₹10,552 crore in tariff for Agricultural and Power loom consumers during 2006-07 to 2010-11. Besides, these consumers were also heavily cross subsidised at the cost of commercial and industrial consumers while fixing tariff by MERC. National Tariff policy envisaged that the tariff of all categories of consumers should range within plus or minus 20 per cent of the cost of supply. However, the gap in tariff fixation was more than ± 20 per cent during 2010-11.

Conclusion and recommendations

The Company had not prepared well documented long term plan for replacement of overaged network and additions required to meet the increasing demand for power. Distribution losses were more than MERC norms during 2009-11. Non replacement of faulty meters and unmetered Ag consumers had an impact on billing efficiency. Major portion of arrears was due from Ag and PWW consumers. While fixing the tariff, MERC had not allowed certain controllable expenses in full. The impact of disallowance during 2009-10 and 2010-11 was ₹ 504 crore approximately. The audit made seven recommendations which include preparation of well documented long term plan for development of distribution network, timely replacement of faulty meters, metering of all Ag consumers, fixing targets for reduction in controllable expenditure and pursuing recovery of outstanding dues from consumers and improve Management Information System on faulty meters/energy audit reports.

3. Transaction Audit Observations

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

Loss of ₹ 498.31 crore in 10 cases due to non-compliance with rules, directives, procedures, terms and conditions of contract.

(Paragraphs 3.2,3.4,3.5,3.6,3.7,3.8,3.9,3.11,3.14 and 3.16)

Loss of ₹ 14.17 crore in four cases due to non-safeguarding of the financial interests of the organisations.

(Paragraphs 3.10,3.12,3.17 and 3.18)

Loss of ₹4.06 crore in one case due to defective/deficient planning.

(Paragraph 3.13)

Loss of ₹27.12 crore in four cases due to lack of fairness, transparency in the organisation and competitiveness in operations.

(Paragraphs 3.1,3.3,3.15 and 3.19)

Gist of some of the important audit observations is given below:

City and Industrial Development Corporation of Maharashtra Limited
Larsen and Toubro Limited was extended undue benefits of ₹ 464.27 crore during 2009 on incomplete projects of the Development of Integrated Complex at Seawood Railway Station. The Company suffered loss of revenue of ₹ 22.63 crore due to allotment of a plot below the market price in September 2009 on the single tender basis. It also transferred another plot to 15 Societies of employees of Mazagon Dock Limited instead of re-allotting the same at new rates and suffered revenue loss of ₹ 21.46 crore.

(Paragraphs 3.2, 3.3 and 3.4)

Splitting of the orders during September 2008 to February 2009 to avoid approval of higher authorities lacked transparency in **Maharashtra State Power Generation Company Limited.**

(Paragraph 3.8)

Non-finalisation of tenders before expiry of existing contract resulted in loss of ₹ 10.76 crore to the **Maharashtra State Road Development Corporation Limited** during April 2008 to March 2011.

(Paragraph 3.10)

The **Maharashtra Industrial Development Corporation** granted extension of time for a period of 16 years for development of land and revised its decision on several occasions at the unreasonable request of the allottee (Compact Disc India Limited). Consequently, it suffered a loss ₹ 3.12 crore in August 2009. In another case, the Corporation failed to ensure the utilisation of a piece of plot allotted at concessional rate for the purpose for which the land was allotted resulting in undue favour to the allottee (Shivchatrapati Shikshan Sanstha) besides revenue loss of ₹ 1.55 crore during 2007-08.

(Paragraphs 3.15 and 3.16)

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 activities of commercial nature while keeping in view the welfare of people. In Maharashtra, the State PSUs occupy an important place in the State economy. The State working PSUs registered a turnover of ₹ 49,058.92 crore in 2010-11 as per their latest finalised accounts as of September 2011. This turnover was equal to 4.76 *per cent* of State Gross Domestic Product (GDP) for 2010-11. Major activities of Maharashtra State PSUs are concentrated in power and infrastructure sectors. The State working PSUs earned an overall profit of ₹ 213.64 crore in the aggregate for 2010-11 as per their latest finalised accounts. They had employed 2.08 lakh employees as of 31 March 2011. The State PSUs do not include 49 prominent Departmental Undertakings (DUs), which carry out commercial operations but are a part of Government departments. Audit findings on these DUs are incorporated in the Civil Audit Report for the State.

1.2 As on 31 March 2011, there were 86 PSUs as *per* the details given below. Of these, none of the companies were listed on the stock exchange.

Type of PSUs	Working PSUs	Non-working PSUs[Ψ]	Total
Government Companies[♦]	60	22	82
Statutory Corporations	4	--	4
Total	**64**	**22**	**86**

During the year 2010-11, eight[➢] companies were added. On the other hand seven companies were wound up during 2010-11, of which one company was non-working.

Audit Mandate

1.3 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

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[Ψ] Non-working PSUs are those which have ceased to carry on their operations.

[♦] Includes 619-B companies at Sl.No. A-5,17,25 and 48 of **Annexure-1**.

[➢] A-26,31,40 to 42 and 54 to 56 of **Annexure-1** were a Government company (deemed Government company) as per Section 619-B of the Companies Act.

1.4 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 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.

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

Investment in State PSUs

1.6 As on 31 March 2011, the investment (capital and long-term loans) in 86 PSUs (including four 619-B companies) was ₹ 58,389.55 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	21,871.97	33,524.42	55,396.39♣	1,849.88	417.64	2,267.52	57,663.91
Non-working PSUs	321.75	403.89	725.64	--≠	--≠	--≠	725.64
Total	**22,193.72**	**33,928.31**	**56,122.03**	**1,849.88**	**417.64**	**2,267.52**	**58,389.55**

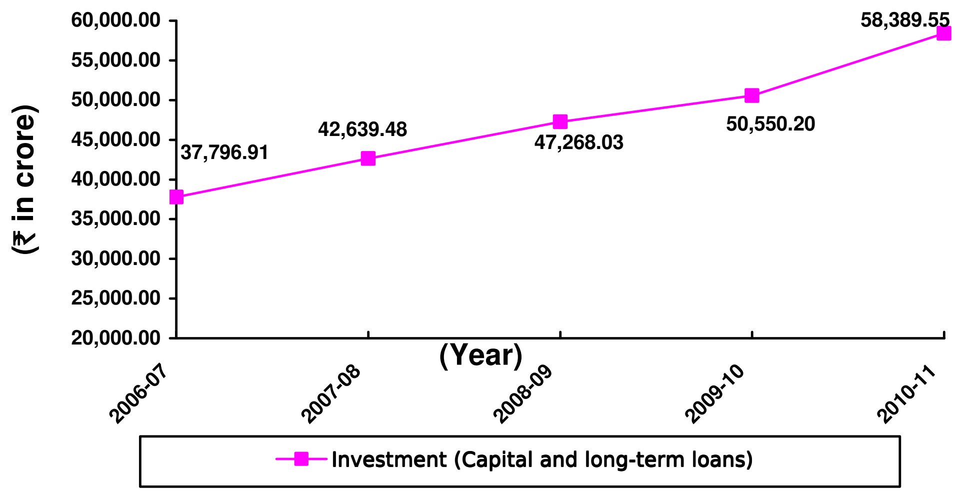
A summarised position of Government investment in State PSUs is detailed in **Annexure-1**.

1.7 As on 31 March 2011, of the total investment in State PSUs, 98.76 *per cent* was in working PSUs and the remaining 1.24 *per cent* in non-working PSUs. This total investment consisted of 41.18 *per cent* towards capital and 58.82 *per cent* in long-term loans. The investment has grown by 54.48 *per cent* from ₹ 37,796.91 crore in 2006-07 to ₹ 58,389.55 crore in 2010-11 as shown in the graph below. The total investment in PSUs has

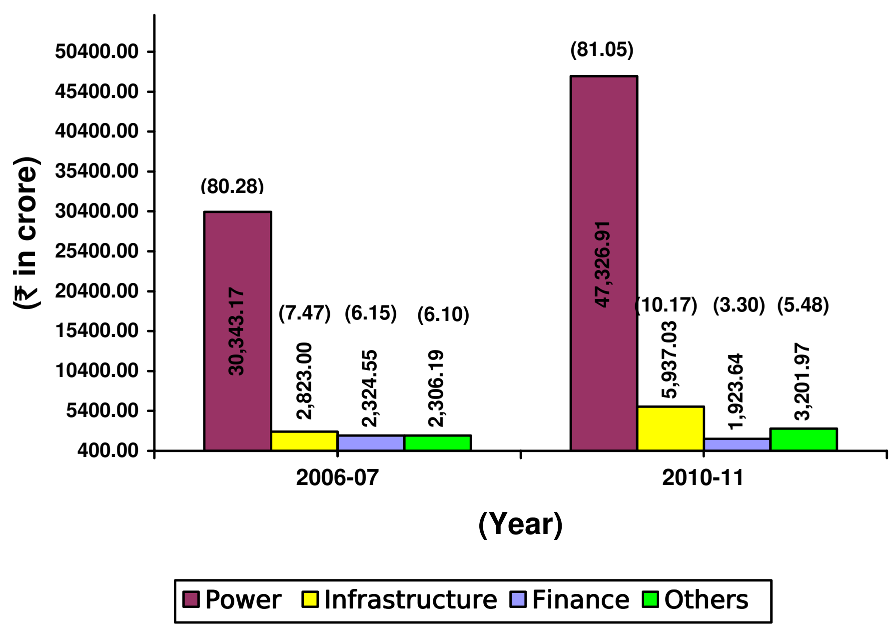
♣Information in respect of thirteen working PSUs *viz.* Sl. No.A-5,8,10,12,17,30,34, 47,48,49,50,51 and 57 of **Annexure-1** is as per previous Audit Report.

≠ No Non-working Statutory Corporation.

increased by ₹ 7,839.35 crore during 2010-11 as compared to 2009-10 which was mainly due to increase in long term loans to the Power Sector PSUs.



1.8 The investment in various important sectors and percentage thereof at the end of 31 March 2006 and 31 March 2011 are indicated below in the bar chart. The thrust of PSU investment was mainly in the Power sector during the five year period which has seen its percentage share rising from 80.28 to 81.05 *per cent*.



(Figures in brackets show the percentage of sector to total investment)

Budgetary outgo, grants/subsidies, guarantees and loans

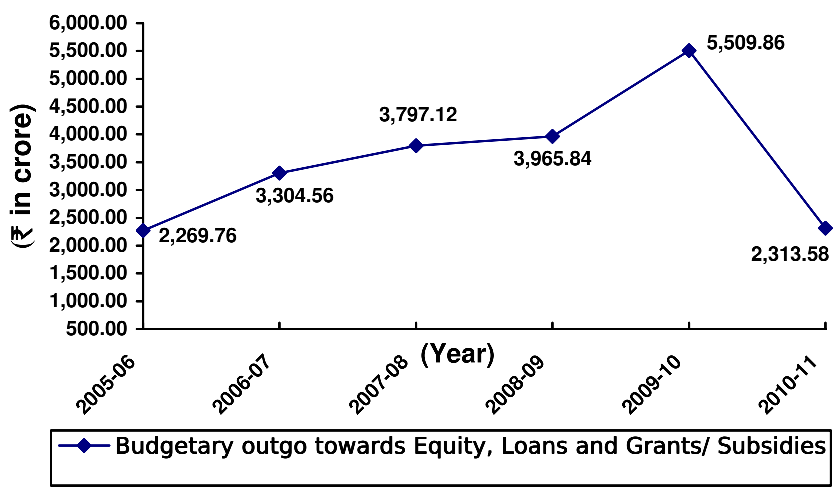
1.9 The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in **Annexure-3.**

The summarised details are given below for three years ended 2010-11.

(Amount ₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	9	862.42	11	1,415.52	13	1,202.27
2.	Loans given from budget	4	113.78	4	65.40	7	313.34
3.	Grants/Subsidy by State Government	17	2,989.64	17	4,028.94	15	797.97
4.	Total Outgo (1+2+3)	22∇	3,965.84	25∇	5,509.86	22∇	2,313.58
5.	Loans written off	--≈	--≈	1	7.72	2	24.50
6.	Interest/Penal interest waived	--≈	--≈	1	1.95	1	2.76
7.	Total waiver (5+6)	--≈	--≈	1	9.67	2Ψ	27.26
8.	Guarantees issued	3	557.50	3	870.00	2	287.54
9.	Guarantee Commitment	14	4,042.99	16	5,798.56	12	1,994.91

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



The budgetary outgo in the form of equity, loans, grants/subsidies, *etc.* during 2009-10 was at an all time high of ₹ 5,509.86 crore which has decreased to ₹ 2,313.58 crore in 2010-11. During the year 2010-11, grant/subsidy from the State Government reduced from ₹ 4,028.94 crore in 2009-10 to ₹ 797.97 crore in 2010-11.

∇ Actual number of PSUs which received budgetary support in the form of equity, loans, Grants/subsidy from State Government.

≈ Indicates nil amount.

Ψ Actual number of PSUs in which loans were written off and penal interest waived by the State Government.

1.11 The amount of Guarantee commitment as on 31 March 2010 was at ₹ 5,798.56 crore (16 PSUs) which decreased significantly to ₹ 1,994.91 crore (12 PSUs) during 2010-11. During the year 2010-11, the State Government had guaranteed loans aggregating ₹ 287.54 crore obtained by two[ℜ] working Government companies. The Government charges fees for guarantees given at varying rates. Out of ₹ 225.78 crore payable towards guarantee fee during the year 2010-11, eight PSUs paid guarantee fees of ₹ 173.02 crore leaving an unpaid balance of ₹ 52.76 crore from eleven[Ξ] PSUs as on 31 March 2011.

Reconciliation with Finance Accounts

1.12 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 2011 is stated below.

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	7,773.27	15,391.51	7,618.24
Loans	6,105.59	4,560.98	1,544.61
Guarantees	4,872.77	1,994.91	2,877.86

1.13 Audit observed that the differences occurred in respect of 46 PSUs and some of the differences were pending reconciliation for more than three years. The matter was brought to the notice of the Chief Secretary/Principal Secretary (Finance) in November 2010 and again in September 2011. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

1.14 The financial results of PSUs, financial position and working results of Statutory corporations are detailed in **Annexures-2, 5 and 6** respectively. A *ratio* of PSU turnover to State GDP shows the extent of PSU activities in

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[ℜ] Maharashtra Agro Industries Development Corporation Limited and Lokshahir Annabhau Sathe Development Corporation Limited.

[Ξ] Sl.No.A-2,4,9,15,16,19,20,30,58,59 and B-2 of **Annexure-2.**

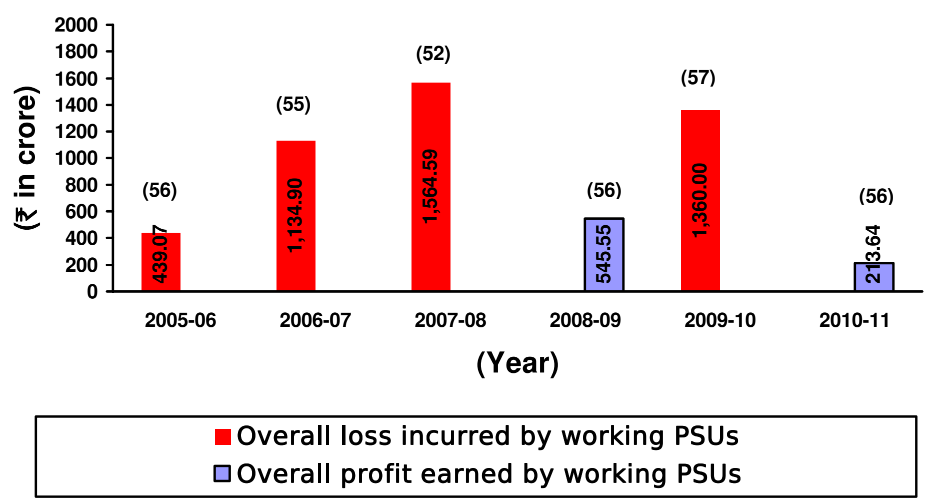
the State economy. Table below provides the details of working PSUs' turnover and State GDP for the period 2005-06 to 2010-11.

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Turnover[∝]	19,468.21	26,397.23	34,684.97	35,495.23	40,872.98	49,058.92
State GDP	4,32,413.00	5,09,356.00	5,90,995.00	6,97,683.00	8,31,971.24	10,29,621.00[♦]
Percentage of Turnover to State GDP	4.50	5.18	5.87	5.09	4.91	4.76

The percentage of turnover to State GDP increased from 4.50 in 2005-06 to 5.87 in 2007-08 and again declined to 4.76 in 2010-11 as the turnover of PSUs did not increase in proportion to the corresponding increase in the State GDP during 2008-09 to 2010-11.

1.15 Profits/(losses) earned/(incurred) by the State working PSUs during 2005-06 to 2010-11 are given below in a bar chart.



(Figures in brackets show the number of working PSUs excluding PSUs working on no profit no loss basis and/or that have not started commercial activities in respective years)

As against loss of ₹ 439.07 crore incurred during 2005-06, the working PSUs made an overall profit of ₹ 213.64 crore in 2010-11. During the year 2010-11, out of 64 working PSUs, 37 PSUs earned profit of ₹ 1,722.87 crore and 18 PSUs incurred loss of ₹ 1,509.23 crore. Four working PSUs[∇] prepared their accounts on 'no profit no loss basis'. The other five[**] PSUs were under construction and had not prepared profit and loss account. The major contributors to profit were Maharashtra State Power Generation Company Limited (₹ 800.02 crore) and Maharashtra State Electricity Transmission

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[∝] Turnover as per the latest finalised accounts as of 30 September 2011.

[♦] Advance estimates as furnished by Directorate of Economics and Statistics, Government of Maharashtra.

[∇] Sl.No.A 12,17,27 and 57 of **Annexure-2.**

[**] Sl. No.A- 26,31,41 42 and 44 of **Annexure-2.**

Company Limited (₹ 520.19 crore). Heavy losses were incurred by Maharashtra State Electricity Distribution Company Limited (₹ 782.77 crore), Maharashtra State Road Development Corporation Limited (₹ 422.55 crore) and MSEB Holding Company Limited (₹ 248.23 crore).

1.16 The losses of working PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. The latest Audit Reports of CAG show that the State working PSUs incurred losses to the tune of ₹ 2,160.19 crore and infructuous investment of ₹ 53.36 crore, which were controllable with better management. Year wise details from Audit Reports are stated below.

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	Total
Net Profit (loss)	545.55	(1,360.00)	213.64	**(600.81)**
Controllable losses as per CAG's Audit Report	1,479.75	79.51	600.93	**2,160.19**
Infructuous Investment	16.30	37.06	0.00	**53.36**

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

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

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Return on Capital Employed (*Per cent*)	1.93	--•	0.89	7.52	2.61	4.83♣
Debt	20,812.25	18,827.73	27,035.20	25,834.25	27,704.79	34,345.95
Turnover ϒ	19,468.21	26,397.23	34,684.91	35,495.23	40,872.98	49,058.92
Debt/ Turnover *Ratio*	1.07:1	0.71:1	0.78:1	0.73:1	0.68:1	0.70:1
Interest Payments	626.74	1,182.61	2,355.14	2,197.56	2,509.77	2,580.15
Accumulated Profits (losses)	(3,907.81)	(4,739.23)	(6,639.08)	(7,006.90)	(8,539.13)	(9,614.61)

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

• Return on capital employed was negative during the year.

♣ Return on capital for the year has been computed by considering profit before tax after prior period adjustment.

ϒ Turnover of working PSUs as per the latest finalised accounts as of 30 September 2011.

1.19 The percentage of consolidated return on capital employed of PSUs increased from 1.93 in 2005-06 to 4.83 in 2010-11. The accumulated losses of the PSUs have increased by 146.04 *per cent* from ₹ 3,907.81 crore in 2005-06 to ₹ 9,614.61 crore in 2010-11 thus indicating deteriorating financial position of the PSUs. The debt turnover *ratio* improved from 1.07:1 during 2005-06 to 0.70:1 during 2010-11.

1.20 The State Government formulated (June 2010) dividend policy under which all profit earning State PSUs are required to declare dividend after complying with necessary provisions of the applicable Acts. However, dividend rate was not fixed by the State Government. As per their latest finalised accounts, 37 working PSUs earned an aggregate profit of ₹ 1,722.87 crore of which only five[➔] PSUs which earned profit of ₹ 153.77 crore declared a dividend of ₹ 4.84 crore (at an average rate of 3.15 *per cent*).

Arrears in finalisation of accounts

1.21 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

The table below provides the details of progress made by working PSUs in finalisation of accounts as of 30 September 2011.

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Number of working PSUs	59	57	61	62	64
2.	Number of accounts finalised during the year	51	42	57	71	82
3.	Number of accounts in arrears	177	175	185	178	162[π]
4.	Average arrears per PSU (3/1)	3.00	3.07	3.03	2.87	2.53
5.	Number of Working PSUs with arrears in accounts	50	52	55	56	53
6.	Extent of arrears	1 to 15 years	1 to 13 years	1 to 13 years.	1 to 13 years.	1 to 14 years.
7.	Number of PSUs having arrears above five years	9	8	9	8	6

1.22 The average arrears per PSU had decreased from 3.00 in 2006-07 to 2.53 in 2010-11. The performance of finalisation of accounts during the year 2010-11 has improved compared to the previous year. During

[➔] Sl.No.A-1,2,5,14 and B-1 of **Annexure-2,**

[π] Includes 10 accounts in arrears in respect of newly added companies but excludes eight accounts of the companies which have been wound up during the year.

2010-11, however, seven[♣] working PSUs did not finalise even a single account which contributed to the accumulation of arrears in accounts. The Companies whose accounts were in arrears for more than five years decreased from eight to six as compared to previous year (2009-10). This indicated that no effective action had been taken to liquidate the arrears of accounts of the Companies whose accounts were in arrears for more than five years. The PSUs should ensure that at least one year's account are finalised each year so as to restrict further accumulation of arrears. The PSUs having arrears of accounts need to take effective measures for early clearance of backlog and ensure that the accounts are up to date.

1.23 In addition to above, there were also arrears in finalisation of accounts by non-working PSUs. Out of 22 non-working PSUs, two[♦] had gone into liquidation process. Of the remaining 20 non-working PSUs, six PSUs had finalised their annual accounts up to 2010-11. Thirteen PSUs though had finalised 23 annual accounts during 2010-11 (up to 30 September 2011) still had arrears for one to six years. One PSU (Kolhapur Chitranagri Mahamandal Limited) though had arrears in annual accounts for 13 years did not finalise any account after 2005-06.

1.24 The State Government had invested ₹ 1,531.33 crore (Equity: ₹ 1,114.66 crore, Loans: ₹ 66.46 crore and Grants: ₹ 350.21 crore) in 14 working PSUs during the years for which accounts have not been finalised as detailed in **Annexure-4**. In the absence of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

1.25 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed every quarter by Audit, of the arrears in finalisation of accounts, no remedial steps were taken. As a result of this, the net worth of these PSUs could not be assessed in audit. The matter of arrears in accounts was repeatedly taken up at the level of Chief Secretary and Principal Secretary (Finance), the latest requests being in May and August 2011.

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

- **The State 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.**

[♣] Sl. No.A-10,12,13,20,43,47 and 49 of **Annexure-2.**

[♦] Sahyadri Glass Works Limited and Irrigation Development Corporation of Maharashtra Limited.

- **The State Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.**

- **Responsibility of Managing Directors/Chief Executives and Chief Finance Officers of the companies in default should be fixed.**

- **The State Government should take up the matter with the Registrar of Companies for invoking penal provisions of the Act in appropriate cases to act as a deterrent.**

- **The State Government should pursue for suitable modification/relaxation in the simplified exit scheme for closed/defunct companies as well as extension of benefits of the scheme to non-working PSUs.**

Winding up of non-working PSUs

1.27 There were 22 non-working PSUs (all Companies) as on 31 March 2011. Of these, two 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	2006-07	2007-08	2008-09	2009-10	2010-11
No. of non-working Companies	22	27	24	23	22

The non-working PSUs are required to be closed down as their existence is not going to serve any purpose. Six[♣] non-working PSUs whose accounts were finalised for the year 2010-11, incurred expenditure of ₹ 0.44 crore towards salary and establishment. This expenditure was financed through disposal of investments, interest from fixed deposit and miscellaneous income of these PSUs.

1.28 The stages of closure in respect of non-working PSUs (all Companies) are given below.

Sl.No.	Particulars	Companies
1.	Total No. of non-working PSUs	22
2.	Of (1) above, the No. under liquidation	2[●]
3.	Closure, *i.e.* closing orders/instructions issued but liquidation process not yet started	10
4.	Decision not yet taken	10

[♣] Sl. No.C – 6,12,16,19,20 and 22 of **Annexure-2**.

[●] The nature of winding up not known. Information has been sought from Finance and Administrative Departments (Sl.No. C-3 and 18 of **Annexure-1**).

1.29 The Government may take a decision regarding winding up of 10 non-working PSUs where no decision about their continuation or otherwise has been taken after they became non-working. The Government may consider setting up a cell to expedite closing down its non-working companies.

Accounts Comments and Internal Audit

1.30 Forty three working companies forwarded their audited 82 accounts to Accountant General during the year 2010-11. Of these, 62 accounts were selected for supplementary audit and 20 accounts were issued 'Non Review Certificates'. 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	2008-09		2009-10		2010-11	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	6	87.32	20	98.98	15	103.77
2.	Increase in loss	8	52.49	10	59.59	9	129.44
3.	Non-disclosure of material facts	8	683.55	17	454.59	5	46.41
4.	Errors of classification	3	44.00	4	7.08	14	101.75
	Total		**867.36**		**620.24**		**381.37**

As seen from the above table the comments of Statutory Auditors and CAG on decrease in profit and increase in loss showed an increasing trend.

1.31 During the year, the statutory auditors had given unqualified certificates for nine accounts and qualified certificates for 67 accounts, adverse certificates (which means that accounts do not reflect a true and fair position) for four accounts and disclaimers (meaning the auditors are unable to form an opinion on accounts) for two accounts.

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

Maharashtra State Electricity Distribution Company Limited (2009-10)

- The Company's share of deficit in MSE Board Trust (Employee CPF Trust) was not provided for. This resulted in understatement of Employees Cost, Loss and Provision to the extent of ₹ 39.14 crore.

- Energy charges payable to parties for power were not provided for resulting in understatement of loss and Current Liabilities by ₹ 35.18 crore.

- Incorrect accounting of revenue resulted in overstatement of sundry debtors and understatement of loss by ₹ 7.25 crore.

- Loss and Provisions were understated by ₹ 3.79 crore due to incorrect accounting of interest on consumers' Security Deposits.

Maharashtra State Power Generation Company Limited (2009-10)

- Profit was overstated and provision understated by ₹ 15.32 crore due to non-provision for various expenses.

- Excess provision for CPF subscription overstated employee cost and understated profit by ₹ 11.24 crore.

- Provision for water charges amounting to ₹ 9.92 crore was not made. This resulted in overstatement of profit and understatement of provision to the same extent.

Maharashtra State Electricity Transmission Company Limited (2009-10)

- 'Other Miscellaneous Receipts' were overstated and Current Liabilities understated by ₹ 3.09 crore due to accounting of deposit received from parties as revenue receipt.

- Profit for the year was understated and secured loan overstated by ₹ 2.30 crore as repayment of loans was treated as interest on loan.

- Profit and Fixed Assets were understated by ₹ 1.46 crore due to charging of capital expenditure to Profit and Loss account.

Maharashtra State Mining Corporation Limited (2009-10)

- Profit was overstated and Liability understated by ₹ 2.91 crore due to accounting of interest income which did not pertain to the Company.

Maharashtra Power Development Corporation Limited (2009-10)

- 'Other Income' and Advance were understated by ₹ 1.30 crore due to incorrect accounting of re-imbursement of Legal and Administration expenses of earlier year received from Dabhol Power Company Limited.

Maharashtra State Farming Corporation Limited (2007-08)

- Provision of Reserve for doubtful debts were not made resulting in overstatement of Sundry Debtors and understatement of Loss by ₹ 3.42 crore.

Shivshahi Punarvasan Prakalp Limited (2007-08)

- Profit was overstated and Current Liabilities understated by ₹ 2.15 crore as cost of land and interest thereon was not included in the cost of sale of flats.

1.33 Similarly, four working Statutory corporations forwarded their accounts to the Accountant General during the year 2010-11. Of these, two accounts of two Statutory Corporations were audited solely by CAG. The remaining two accounts 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	2008-09		2009-10		2010-11	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	3	22.35	4	264.54	4	378.00
2.	Increase in loss	1	217.35	--≈	--≈	--≈	--≈
3.	Non-disclosure of material facts	3	1,141.89	3	158.48	--≈	57.37
4.	Errors of classification	--≈	--≈	1	0.13	--≈	--≈
	Total		**1,381.59**		**423.15**		**435.37**

1.34 During the year, out of four accounts of four Statutory corporations, all the four accounts had qualified certificates. The compliance of the Accounting Standards by Maharashtra State Warehousing Corporation remained poor as there were seven instances of non-compliance in one year.

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

Maharashtra Industrial Development Corporation (2009-10)

- Surplus was overstated by ₹ 25.40 crore due to not providing for doubtful advances and not accounting for shortages in stock found on physical verification.

Maharashtra State Road Transport Corporation (2009-10)

- Profit was overstated by ₹ 8.58 crore due to non provision for differential leave encashment payable to ex-employees consequent to revision of pay scales from September 2009, on the other hand profit for the year was understated by ₹ 1.98 crore and accumulated loss overstated by ₹ 17.00 crore due to making of provision for a contingent liability.

≈ This indicates 'Nil' accounts and money value.

Maharashtra State Warehousing Corporation (2009-10)

- Profit for the year was overstated by ₹ 1.18 crore due to short provision for bad and doubtful debts.

1.36 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 to them by the CAG 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 27 Companies[£] for the year 2009-10 and 32 Companies[µ] for the year 2010-11 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	14	A : 2,3,5,6,11,14,16,24,35,39,50, 51,52 and 58
2.	Absence of internal audit system commensurate with the nature and size of business of the Company	26	A : 3,4,5,6,7,8,11,12,14, 16,21,24, 27,28,30,33,36,37,39, 50,51,52,58 and 59 C- 12 and 20
3.	Non maintenance of cost record	4	A : 5,6,14 and 16
4.	Non maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	18	A :6,7,9,14,16,18,22,24,27,28,33, 35,37,44, 46,50 and 52 C-12
5.	Non-formation of Audit committee	15	A : 7,11,14,15,18,20,21,24,35,37, 51,59 and 60 C-12 and 15
6.	Delegation of powers and duties and responsibilities not adequately defined	9	A : 3,11,21,22,24,35,48 and 59 C-20
7.	System of accounts and financial control	13	A : 3,6,8,11,14,16,18,21,24, 28,52 and 58 C-12
8.	System of monitoring timely recovery of outstanding dues.	22	A : 6,7,9,11,14,18,21,22,24,27,28, 33,35,39, 58 and 59 C-6,11,12,13,15 and 23
9.	Existence of investment policy	24	A : 2,3,4,5,6,9,11,14,15,16,20,21, 22,28,33, 48,50,51,52,58 and 59 C-11,12 and 13

[£] Sl. No.A-3,4,5,6,7,8,9,11,12,16,18,20,21,22,27,28,33,35,37,39,46,48,50,51,52,58 and 59 in **Annexure-2**.

[µ] Sl.No.A-2,4,6,7,9,14,15,16,18,20,21,22,24,27,28,30,33,36,44,48,51,52,58,59 and 60 and C-6,11,12,13,15,20 and 23 in **Annexure-2**.

Recoveries at the instance of audit

1.37 During the course of propriety audit in 2010-11, recoveries of ₹ 307.73 crore were pointed out to the Management of various PSUs. An amount of ₹ 16.25 crore was recovered during the year 2011-12.

Status of placement of Separate Audit Reports

1.38 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.	Maharashtra Industrial Development Corporation	2008-09	2009-10	5 July 2011	Likely to be placed in winter session
2.	Maharashtra State Warehousing Corporation	2008-09	2009-10	1 February 2011	Likely to be placed in winter session
3.	Maharashtra State Financial Corporation	2008-09	2009-10	6 May 2011	Likely to be placed in winter session
4.	Maharashtra State Road Transport Corporation	2008-09	2009-10	13 March 2011	Likely to be placed in winter session

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.

Reforms in Power Sector

1.39 The State had formed Maharashtra Electricity Regulatory Commission (MERC) in August 1999 under 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 licenses. During 2010-11, MERC issued eight orders on annual revenue requirements and 138 on others.

• Replaced by Electricity Act, 2003.

1.40 Memorandum of Understanding (MoU) was signed in March 2001 between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in the 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 2011
Generation		
1.	Government of Maharashtra will take action to improve availability of Thermal Generating plants from 80 to 85 *per cent* by 2005	In the years 2008-09 and 2009-10 the milestone was achieved, however in the year 2010-11 availability of Thermal Generating plants was 81.64 *per cent*
Transmission and Distribution		
1.	Reduction in transmission and distribution losses to 18 *per cent*.	Distribution loss was 17.28 *per cent* and Transmission loss was 4.31 *per cent.*
2.	100 *per cent* electrification of all villages	100 *per cent* villages electrified.
3.	100 *per cent* metering of all distribution feeders	96 *per cent* metering of all distribution feeders completed.
4.	100 *per cent* metering of all consumers	All consumers are metered except 15.36 lakh Agricultural Consumers.
5.	Securitise outstanding dues of Central Public Sector Undertakings	Since done
6.	Implementation of tariff orders issued by SERC during the year.	Implemented the latest tariff orders issued by MERC in September 2010.

Chapter II

2. Performance Audit relating to Government Companies

2.1 Forest Development Corporation of Maharashtra Limited

Executive Summary

Forest Development Corporation of Maharashtra Limited (Company) was incorporated in February 1974 as wholly owned Government Company to raise plantations of important species like teak, bamboo etc., protection of forest crop and wildlife, processing and grading of forest produce etc. Company was also engaged in production and distribution of seeds, seedlings and turnkey plantations. The main activity of the Company was forestry in 3.93 lakh Hectare (Ha) of forest land allotted to it by the Government of Maharashtra (GoM). The performance audit of the Company for the period 2006-07 to 2010-11 was conducted to assess whether proper planning for the activities existed, afforestation had been carried out as per the approved management plan, protection measures for forest land, plantation and wildlife were in place, manpower utilisation was efficient and proper internal controls were in existence.

Financial performance

The sales of the Company increased from ₹101.77 crore in 2006-07 to ₹128.94 crore in 2010-11. The profit before tax correspondingly increased from ₹ 54.32 crore to ₹ 76.30 crore during the period. The proposal for conversion of World Bank Loan, along with interest thereon, into share capital was pending with the GoM.

Planning

The Company did not formulate a comprehensive corporate plan encompassing plantation activities, utilisation of infrastructure, human resource development etc. The targets for plantation and harvesting fixed in Annual Plan were not realistic and resulted in major downward revision in area. Wildlife protection measures were not planned and taken up till 2009-10. No Research and development activity was planned and carried out during the audit period. The Company had not re-looked into its activities to match the requirements of National Forest Policy 1988/Maharashtra State Forest Policy 2008.

Utilisation of land

The Company had not maintained land register indicating allotment, possession, surrender and the balance land available. The Company had not taken possession of the entire land allotted to it. The Company surrendered 78,335 Ha of land due to large scale encroachment, non-viability and security related issues. On specific rejection of claims for expenditure incurred on surrendered land the Company had written off ₹ 56.54 crore during the five years ended 31 March 2011. However, similar claims of ₹83.95 crore had been accounted for as receivable as at the end of March 2011. The GoM had not formulated policy for reimbursement of expenditure incurred by the Company on surrendered land. An area of 13,700 Ha of land was under encroachment as at the end of March 2011.

Plantation and harvesting

During the five years ended 31 March 2011, the Company carried out plantations in an area of 13,538 Ha consisting of teak, bamboo and miscellaneous species. The survival rate of the plantation was satisfactory during this period. The Company lost 1.95 lakh trees due to illicit cutting during five years ended 31 December 2010 and the incidence was on a higher scale in Nashik region. The turnkey plantation activity of the Company was in loss during this period. The Company could not harvest the entire area fit for harvesting and there was a shortfall of harvesting in 28,559 Ha during the audit period. The productivity of the Company as

a whole during a particular year had not been estimated and therefore variance could not be analysed with actual production. The capacity utilisation of nurseries was low and the Company could not meet the demand for seeds in all the five years ending 31 December 2010. There was lack of coordination with Forest Department for placement of orders for seedlings to increase the capacity utilisation of nursery.

The Company had redeployed its manpower not based on the workload in each division after re-organisation/ surrender of land. The Company had not worked out the entitlement of land to the eligible forest dwellers under the Scheduled Tribe and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 and its impact in terms of area to be regularised. The Company did not pursue the implementation of Joint Forest Management project with the GoM and the project became defunct. The Company did not carry out wildlife protection measures till 2009-10 and the initiatives were made only in 2010-11.

Internal control and monitoring

The land records were not maintained and reconciled with records of Forest Department. The division wise revenue and expenditure statement is not prepared to ascertain the commercial viability of operations of the divisions. 3,708 Internal audit paras were pending and this includes 1,795 paras pending for a period for more than five years and 804 paras pertaining to divisions closed for operations.

Conclusion and Recommendations

To assist the Company in rectifying the deficiencies noticed, audit has made six recommendations. These includes preparation of comprehensive corporate plan, maintenance of land register, strengthen efforts to reduce encroachment and illicit cutting, increase the turnover of seeds/nurseries and action plan to turn-around loss making divisions.

Introduction

2.1.1 The Forest Development Corporation of Maharashtra Limited (Company) was incorporated in February 1974 to raise plantations of economically important species like teak, bamboo *etc.* on Government forest land, conservation and protection of forest crops and wildlife, processing and grading of forest produce, conducting business of lumbering and saw mill and manufacturing of wood based products *etc*. The National Forest Policy 1988 (NFP) aims at maintaining 33 *per cent* of the land mass under forest coverage and ensuring environment stability and maintenance of ecological balance including atmosphere equilibrium which is vital for sustenance of all life forms; *i.e.* human, animals and plants. In conformity with the NFP, the State Government formulated the Maharashtra State Forest Policy (MSFP) 2008 under which the Company is assigned with the responsibility of production and distribution of quality seeds and seedlings, turnkey plantations, eco-tourism and production and distribution of compost. While the overall area under forest cover in the country stood at 21.02 *per cent*, the percentage of forest cover in the State was 16.46 *per cent* as of 2009. The total forest area under control of the Company as at the end of March 2011 was 3.93 lakh Hectare (Ha) which represents 7.76 *per cent* of the total forest area in the State.

2.1.2 Presently, activities of the Company are confined to plantation, harvesting and afforestation in the forest land allotted to it by the State Government on lease for a period of 30 years. Besides, the Company is also engaged in production and distribution of seeds and seedlings, cultivation of medicinal plants and turnkey plantation in small scale.

2.1.3 The Management of the Company is vested in a Board of Directors (BoD) consisting of eight Directors including Chairman and a Managing Director (MD), all appointed by the State Government. The MD is the Chief Executive of the Company and is assisted by five Regional Managers, 17 Divisional Managers (DM), a Controller of Accounts and Financial Advisor and Company Secretary. The Company has fifteen working Divisions headed by DMs.

2.1.4 The Company had a paid-up capital of ₹ 27.76 crore and accumulated profit of the Company stood at ₹ 414.76 crore as at the end of March 2011 of which ₹ 307.12 crore was earned during 2006-07 to 2010-11.

Scope of Audit

2.1.5 The performance audit was conducted (February-April 2011) on the operations of the Company for five years from 2006-07 to 2010-11. The audit findings were arrived at after test check of records of the Company's Head office, three Regional offices and six Divisional offices (including one sales Depot). The sample selected for audit was based on the forest land area as well as revenue generation of the selected Regional offices which represents 87.64 *per cent* of the land area and 46.96 *per cent* of revenue of the Company.

Audit objectives

2.1.6 This performance audit was undertaken to assess whether:

- proper plan existed to utilise the forest land effectively;
- proper measures were in place for protection and conservation of forest land, plantation and wildlife;
- disposal of forest produce and collection of revenue was systematic;
- manpower was managed efficiently; and
- internal controls and internal audit arrangements were adequate.

Audit criteria

2.1.7 The criteria adopted for achievement of audit objectives were:

- Forest Conservation Act, 1980, NFP 1988 and MSFP 2008;

- budgets, targets and other parameters contained in Management Plan (MP)/ working plan (WP)/Annual Plan (AP) for extraction of forest produce and regeneration/re-plantation;

- yield norms fixed in MP; and

- directives/guidelines issued by the Government of India (GoI), Government of Maharashtra (GoM) and BoD.

Audit methodology

2.1.8 Audit adopted a mix of the following methodologies for achieving the audit objectives keeping in view the audit criteria:

- examination of the agenda notes and minutes of the meetings of the BoD;

- examination of plantation records and monitoring reports on plantation at Divisions/Regional offices of the Company;

- examination of harvesting records, fixation of upset price, bids, sales records, sundry debtors; and

- interaction with auditee, analysis of data with reference to audit criteria, raising of audit queries, discussion of audit findings with the Management and issue of draft performance audit report to the Management for comments.

Audit findings

2.1.9 The audit objectives and scope of audit were explained to the Company during an ‘Entry Conference’ held on 7 February 2011. The audit findings were issued to the State Government/Management on 27 July 2011 and discussed in an ‘Exit Conference’ held on 11 October 2011. The reply of the Company to the audit findings were received on 4 October 2011. The views of the Management have been considered while finalising the Report. The audit findings are discussed in subsequent paragraphs.

Financial position and working results

2.1.10 The financial position of the Company for the five years ended 31 March 2011 was as given below:

(₹in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Sources of funds					
1) Share capital[♦]	27.66	371.71	371.71	371.71	371.76
2) Unsecured loans	314.83	0.00	0.00	0.00	0.00
3) Committed reserves	223.42	189.98	197.70	220.88	243.24
4) Profit and loss account	257.94	292.04	336.45	372.07	414.76
Total	**823.85**	**853.73**	**905.86**	**964.66**	**1,029.76**
Application of funds					
1) Net fixed assets	8.10	7.77	8.13	8.12	7.57
2) Current assets loans and advances	891.75	865.91	918.05	987.01	1,065.19
3) *Less*: Current liabilities	76.00	19.95	20.32	30.47	43.00
4) Net current assets	815.75	845.96	897.73	956.54	1,022.19
Total	**823.85**	**853.73**	**905.86**	**964.66**	**1,029.76**
Debt equity *ratio*	11:1	NA	NA	NA	NA

Analysis of financial position has revealed the following:

- The Company had accounted for ₹ 344 crore as share application money since 2007-08 as per the decision of the Government (August 2008) to convert the World Bank Loan (WBL) and accumulated interest thereon as at the end of March 2007 into share capital. Subsequently, in September 2010, the Government revoked its earlier decision. However, the Company continued to exhibit the amount as share application money and therefore no loan liability was shown in its balance sheet. The interest liability of ₹ 54.08 crore on the loan for the period 2007-08 to 2010-11 was also not provided. In reply the Company stated that they had again approached (January 2011) Government of Maharashtra (GoM) for conversion of loan and interest thereon into share capital and the decision of the GoM was awaited (October 2011).

- During 2006-07 to 2010-11, the Company raised compensation claims of ₹ 114.02 crore on GoM for expenses incurred on raising plantations on surrendered land. Out of this, claims of ₹ 30.07 crore were rejected by the GoM and were written off by the Company from its books of accounts. The claims of ₹ 83.95 crore were still under consideration of GoM and being shown as receivable by the Company. The claims of ₹ 26.47 crore pertaining to the periods prior to 2006-07 were also written off on being rejected by the GoM. These issues have been discussed subsequently in **paragraph 2.1.14**.

- The Company's claim of ₹ 16.59 crore for expenses incurred on forest land acquired subsequently for different projects by Government/other agencies during 1994 to 2003 had remained un-realised. Further, in the absence of

[♦] Including share application money of ₹ 344 crore from 2007-08 onwards.

specific terms and conditions for reimbursement of expenditure, the Company could not ensure timely recovery of dues of ₹ 96 lakh being the expenditure incurred for plantations under Employment Guarantee Schemes (EGS) which were pending for the period 2006-07 to 2010-11. Another claim of ₹ 51.41 lakh towards the expenditure incurred on the Tiger Safari at National Park, Borivali at the instance of GoM had not been effectively pursued for realisation and remained pending till date (October 2011).

The working results of the Company for the five years ended 31 March 2011 were as given below:

(₹in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Income					
Sale of material	101.77	89.77	96.46	107.82	128.94
Other income	9.14	12.78	17.58	14.02	13.87
Total income	**110.91**	**102.55**	**114.04**	**121.84**	**142.81**
Expenditure					
Cost of sales	44.22	43.98	48.99	51.24	62.69
Other expenses	12.37	10.41	3.95	3.36	3.82
Total expenditure	**56.59**	**54.39**	**52.94**	**54.60**	**66.51**
Profit before tax	54.32	48.16	61.10	67.24	76.30

Analysis of working results has revealed the following:

- Modern Fire control project was under implementation with the financial assistance of GoM in the operational area of the Company/Forest Department (FD). During the five years ending 31 March 2011 the Company received ₹ 6.93 crore while the total expenditure was ₹ 7.69 crore. The cumulative excess expenditure as on 31 March 2011 on the project was ₹ 1.14 crore which had been accounted for as receivable without confirmation from the GoM. The Company had not effectively pursued the recovery with the GoM

Three divisions incurred loss of ₹ 7.55 crore during audit period.

- Out of 15 divisions, three divisions (Kinwat, Nandurbar and Thane) were incurring losses and the total loss incurred was ₹ 7.55 crore during the five years ended 31 March 2011. Lower productivity, lesser area of harvesting as well as excess manpower were the major reasons for loss in these divisions.

Operational performance

Planning

The Company did not formulate corporate plan encompassing all its activities.

2.1.11 The Company prepares the Management Plan (MP) for each division covering the plantations and harvesting activities. However, it did not formulate any long/short term corporate plan encompassing evaluation of present activities, problems encountered and future prospects. We observed that the entire area included in MP was not in the possession of the Company which reflects that the data based on which the MP was prepared was inaccurate. The Company did not have any plan to deal with the encroachment of forest land. It did not fix plantation targets considering the availability of the land except for mandatory plantations. As such plantations except mandatory plantations were taken up on *ad hoc* basis. The targets for plantation and harvesting fixed in the annual plan were not realistic and resulted in major downward revision of the area. Physical and financial targets for forest produce for each of the divisions were not fixed and monitored to ensure proper control on this activity. Wildlife protection measures were not planned and taken up till 2009-10 though the activity was of utmost importance for ecological balance. The utilisation of nurseries and seed units were not planned in coordination with GoM/FD to keep a balance on demand and supply. The Company had not taken initiative to implement the Joint Forest Management/Community Forest Management to protect the forest and thereby increase the forest coverage as envisaged in the NFP 1988. Eco-tourism projects which required long gestation period were not planned and executed during the audit period. No target for turnkey plantations was fixed and the revenue from this activity was not significant during the audit period. Human resources development was not planned considering the dwindling number of employees and their advanced age group. The Company also did not create an integrated data bank and proposal for Research & Development work was not made during the audit period. The Company had not re-looked into activities to match the requirements of changing times as reflected in the NFP 1988/MSFP 2008. All these aspects have been discussed in the subsequent paragraphs.

Preparation and submission of Management plan

2.1.12 The NFP 1988 marked a departure by stipulating a shift from simple production forestry to preservation of environment, eco-system and bio-diversity, besides promoting increase in forest productivity. As per the Forest (Conservation) Act, 1980 as amended in 1988, prior approval of the GoI is mandatory for MP covering all proposals for harvesting forest areas and re-forestation. The MP contains the year wise program of work to be done *viz.* identification of areas for harvesting, plantations, silviculture operations to be carried out *etc.* The Company prepares the MP for 10 years at division level. Subsequently, based on the MP, the Company prepares AP incorporating the changes due to conditions prevailing at the time of preparation of AP. The Action Taken Report on the AP is also sent to the GoI for information. At present, the Company is operating the MPs for the period 2005-2017. We observed that the MPs of the divisions were not uniform and there were marginal delays in submission and obtaining the approval of MP.

Acquisition and utilisation of land

2.1.13 The GoM transferred forest land to the Company in phases till 2006-07 on lease for a period of 30 years and at the beginning of current MPs (2005-06/2006-07) the Company had 4.72 lakh Ha of land. During the performance audit period ending 31 March 2011, the Company surrendered 78,335 Ha of land and another 244 Ha of land was taken over for different projects by Government/other agencies and the land available with the Company was 3.93 lakh Ha as on 31 March 2011. The Company had not maintained the Land Register containing the transfer of forest land by Government, actual possession by the Company, surrender/acquisition of forest land by the Company/Government/other agencies for projects and the balance land available with the Company.

The Company had not maintained land register and reconciled the same with records of Forest Department.

We observed that, as per the records of Department of Forest/GoM, the land available with the Company was 3.56 lakh Ha and the difference had not been reconciled. The lease deed incorporating terms and conditions, including lease rent to be paid to the Government, had not been finalised and executed for any of the forest land transferred to it by Government though the initial lease period of 30 years was over by 2008. In two divisions *viz.*, Thane and Dahanu, the Company did not take possession till date of 4,820 Ha and 1,844 Ha of land respectively allotted to it in the year 1997 by GoM. However, the fact that the Company had not taken possession of the entire area allotted to it was not communicated to the Government. Though the area of these two divisions was included in the MPs of the divisions, no activity could be carried out by Company in the allotted land in the absence of possession of the said land.

The Management stated that the corrective measures, as suggested by audit with regard to lease agreement and surrender of land, would be taken up.

Surrender of land

The State Government had not framed any policy regarding reimbursement of expenditure incurred by the Company on surrendered land.

2.1.14 The Company surrendered during 2006-07 to 2010-11 the forest land admeasuring 78,335 Ha to FD allotted to it between 1978 and 1997 due to difficulties in managing these lands on the ground of large scale encroachment, non-viability of plantations and security related issues. We observed that the Company took more than 10 years to identify the suitability of the land for plantation and incurred expenditure of ₹ 114.02 crore on plantation on the land (78,335 Ha) later surrendered. The Company raised compensation claims for the same which were not accepted by the GoM. In addition, the Forest land admeasuring 244 Ha was also transferred as per directives of State Government for various irrigation and power projects, wildlife sanctuary *etc.*

The Management stated that they were entitled for expenditure incurred for raising the plantations in the surrendered land. We observed that the GoM had not framed any policy regarding reimbursement of such expenditure. The

Company should take up the matter with GoM and pursue it effectively so that the GoM take a policy decision in the matter.

In Yawal division, the Company had surrendered (March 2007) the entire land admeasuring 14,864 Ha after incurring ₹ 22.47 crore on raising plantation on account of large scale encroachment, illicit cutting, resistance from the local people in conducting protection activities and difficulties in obtaining police protection. The operation of the division was closed in April 2007 with surrender of land. The Company should have dealt with the problems in management of forest land by obtaining the assistance from local administration of the Government instead of surrendering the same.

The Management stated that lack of authority for eviction of encroachment was a serious impediment to protection of leased forest land and these areas were difficult to be protected and maintained as productive assets. We feel that the Company should have taken all possible measures to prevent encroachment of land belonging to the Company.

Encroachment of forest land

Land admeasuring 13,700 Ha was remained encroached as on 31 March 2011.

2.1.15 The forest land transferred to the Company was encroached upon due to its failure to protect it. We observed that out of 2.97 lakh Ha land, the land admeasuring 13,700 Ha was encroached upon in following 10 divisions, as on 31 March 2011 as detailed below:

(Area in Ha)

Sl. No.	Name of divisions	Total land with divisions	Area encroached	Period of encroachment
1.	Nagpur	41,808	467	Since 1978
2.	Gondia	32,835	14	Since 1979-80
3.	C' Chanda	31,061	11	1978 to 2010-11
4.	W' Chanda	36,481	5	2004-06 to 2010-11
5.	Pranhita	24,988	1,203	1972-73 to 2010-11
6.	West Nashik	42,075	8,209	1972-78 to 2010-11
7.	Nandurbar	18,182	26	Since 1983-85 and 1990-91
8.	Thane	20,016	771	NA
9.	Dahanu	24,451	2,945	NA
10.	Yeotmal	24,905	49	2004-05 to 2010-11
	Total	**2,96,802**♣	**13,700**	

It would be seen from above that the area under encroachment in West Nashik and Dahanu was as high as 19.51 and 12.04 *per cent* respectively of the land managed by the divisions.

The Management stated that the eviction of encroachment was stayed by the GoM in 2002. It was also stated that enactment of Scheduled Tribe and Other Traditional Forest Dwellers (Recognition of forest rights) Act, 2006 (STOTFD) has conferred, the right for cultivation of forest land to forest dwellers and their rights were being determined by the designated authorities. However, the Company had not segregated the data regarding the area

♣ Does not include land of divisions where encroachment was not noticed.

encroached by forest dwellers and others to ascertain the details of area encroached by persons other than forest dwellers for appropriate action.

Plantation activities

2.1.16 The plantation activities of the Company during the audit period were confined to mandatory◆ plantations and plantations under EGS/National Bamboo Mission (NBM). The details of plantations carried out by the Company for the five years ended 31 March 2011 were as follows:

(Area in Ha)

Mandatory Plantation					**Other plantation**	**Total plantation**
Year	**Target as per AP**	**Revised target based on area available**	**Actual**	**Excess/ (Shortfall) (3-4)**		
1	**2**	**3**	**4**	**5**	**6**	**7**
2006-07	1,437	1,136	1,903	767	640	2,543
2007-08	2,800	2,331	2,545	214	105	2,650
2008-09	2,180	2,321	2,332	11	--	2,332
2009-10	2,414	1,951	1,958	7	950	2,908
2010-11	2,690	2,376	2,345	(31)	760	3,105
Total	**11,521**	**10,115**	**11,083**		**2,455**	**13,538**

The Company achieved the targets fixed for area of mandatory plantations based on the area available for plantations in all the years under audit except in 2010-11 which fell short by 31 Ha due to intermittent interference by the naxalites and non-availability of registered labourers under EGS. Non-mandatory plantations consist of plantations under EGS and NBM for which funds were given by the Government and Company had not fixed any targets for the same.

The survival count of the plantations is carried out by the Company in May and October every year up to three years of plantation. The survival count of the plantations raised during 2006-07 to 2010-11 was carried out by the Company and the survival percentage was as per the accepted norms *i.e.* 60 *per cent*. In respect of plantations of teak, the actual survival ranged from 77 to 92 *per cent* during 2006-07 to 2010-11. We observed that the Company revised its plantation targets downwards due to variations in the harvesting area as compared to the area included in the AP. Similarly, the Company undertook additional plantations under EGS/NBM on *ad hoc* basis without considering the land available with it. The Company should have planned the plantation activity considering the total land availability.

Illicit felling of trees

2.1.17 The illicit felling of trees is another concern and constraint for protection of forest. During the five years ended December 2010, the

◆Plantations as per the approved MP/AP.

Due to illicit felling of trees, the Company incurred loss of ₹ 4.74 crore.

Company reported loss of 1.95 lakh trees valuing ₹ 4.74 crore[†]. The loss on account of illicit felling of tree was on increasing trend and ranged between ₹ 0.47 crore to ₹ 1.56 crore during 2006 to 2010. We observed that illicit felling was on a much higher scale in Nashik region which accounted for 1,17,050 numbers of trees valued at ₹ 1.68 crore during 2006-10. The illicit cutting of the trees adversely affects the future revenue of the Company and the afforestation of the land.

The Management stated that the prospects of regularisation of the encroached area under STOTFD Act, 2006 led people to indulge in illicit felling and the increased efforts of the Company were yielding dividends except in Nashik region. The reply is not tenable as the Company had not put in place any specific plan to control illicit felling despite the increase in its incidence.

Harvesting activities

2.1.18 Harvesting activities include obtaining yield through thinning, over wood removal and final felling of dead and dying trees in the plantations. The forest land with the Company produce teak and other timber which have rotation period up to 80 years. The MP of the Company prescribes harvesting operations in the plantations in different working circles as approved by GoI. The changes required on the basis of surveys carried out are incorporated while preparing AP. Further, variations in area in the planned activity were noticed during actual working. The details of harvesting carried out by the Company during the five years ended 31 March 2011 were as under:

(Area in Ha)

Year	Area proposed for felling as per AP	Area fit for harvesting	Actual felling/ working	Shortfall (3-4)	Shortfall in percentage
1	2	3	4	5	6
2006-07	61,111	34,285	34,285	0.00	0
2007-08	51,803	47,164	35,204	11,960	25.36
2008-09	50,226	42,816	34,781	8,035	18.77
2009-10	46,359	44,722	41,250	3,472	7.76
2010-11	46,109	44,713	39,621	5,092	11.39
Total	**2,55,608**	**2,13,700**	**1,85,141**	**28,559**	**13.36**

As against the total area of 2.56 lakh Ha proposed in AP, the area found fit for harvesting was 2.14 lakh Ha during the five years ended 31 March 2011 and the actual harvesting was carried out in an area of 1.85 lakh Ha which represents 72 *per cent* of the proposed area and 87 *per cent* of the area fit for harvesting. This adversely affected the operation/cash flow of the Company. We observed that there were wide variations in the area proposed in AP and area fit for harvesting.

[†] Valuation done based on form factor as prescribed by Forest Department.

The Management stated that the bulk of the area which could not be harvested was due to naxalite interference and the balance area due to lower than critical crop girth *etc*. We observed that the APs were prepared immediately before the activity and therefore, the variations indicate the defective data on which the APs were based. The management had not analysed the reason for such variations in area proposed in AP and area fit for harvesting so as to take corrective measures to avoid its recurrence in future.

Productivity analysis

2.1.19 The profitability of the Company is directly related to the productivity of the plantations in the working area of the Company. Productivity denotes volume of outturn of timber/poles *etc.* per hectare achieved in harvesting.

We observed that out of 14[♦] divisions, nine divisions did not estimate the yield and in the remaining five[¥] divisions the productivity was much lower than the estimates as detailed below:

Year	Name of produce	Expected yield	Actual yield	Shortfall	Percentage of shortfall
2006-07	Teak timber (Cum)	2,563	1,271	1,292	50
	Teak poles (No.)	1,83,935	91,897	92,038	50
2007-08	Teak timber (Cum)	1,447	273	1,174	81
	Teak poles (No.)	82,286	29,184	53,102	65
2008-09	Teak timber (Cum)	3,695	1,644	2,051	56
	Teak poles (No.)	74,794	59,001	15,793	21
2009-10	Teak timber (Cum)	3,680	1,287	2,393	65
	Teak poles (No.)	1,11,170	77,778	33,392	30
2010-11	Teak timber (Cum)	3,952	1,489	2,463	62
	Teak poles (No.)	66,738	39,017	27,721	42

Productivity of five divisions remained lower as compared to estimates resulting in short realisation of ₹ 24.87 crore.

The actual outturn was much lower as compared to the estimated output of timber as well as poles in respect of the five divisions. The short realisation of revenue due to lower productivity compared to estimated yield worked out to ₹ 24.87 crore for timber and poles for the five years ended 31 March 2011. The reasons for shortfall in productivity were failure of plantation, low stock growth, illicit cutting *etc.* The productivity of the Company as a whole, during a particular year had not been estimated. As a result, the actual production could not be compared in the absence of any benchmark.

[♦] Except the Ballarshah sale depot division.

[¥] Gondia,Kinwat,Nashik,Nandurbar and Dahanu.

Sale of forest produce

2.1.20 The Company obtained revenue from disposal of forest produce for the five year period ending 31 March 2011, as follows:

(₹ in crore)

Year	Harvesting	Other activities	Total
2006-07	101.64	0.13	101.77
2007-08	89.67	0.10	89.77
2008-09	96.09	0.37	96.46
2009-10	107.18	0.64	107.82
2010-11	127.26	1.68	128.94
Total	**521.84**	**2.92**	**524.76**

The Company did not fix physical/financial targets for sale of forest produce and monitored the same to ensure proper control on this most important activity.

2.1.21 The sale includes sale of forest produce on *nistar*[‡] basis to the local people. The Company during the five years period ending 31 March 2011 effected sale of ₹ 29 lakh under *nistar,* the market value of which was ₹ 69 lakh thereby extending the benefits of ₹ 40 lakh to the beneficiaries. We observed that the volume of this activity was very negligible as compared to the total revenue earned by the Company during the same period.

The Management replied that there was no unmet demand under the scheme for forest produce. We observed that there was no initiative to create awareness regarding the availability of the benefit under *nistar* among the beneficiaries and therefore the fulfillment of demand could not be ascertained.

Incorrect fixation of upset price

2.1.22 Every six months, the Company fixes the upset price of the forest produce to be sold. The upset price is fixed based on the average sale price realised during the corresponding six months of the previous year. During auction, an offer below the upset price is not accepted. We observed that in Ballarshah Sale Depot, during April 2007 to March 2008, April 2009 to March 2010 and October 2010 to March 2011, the upset price was proposed by adding two/five *per cent* on the upset price fixed for the corresponding six months of the previous year which was lower than the average of sale price realised in auction conducted during corresponding six months of the previous year. The lower fixation of upset price resulted in disposal of produce below reasonable price and loss of revenue. The estimated loss on account of incorrect fixation of upset price worked out to ₹ 1.47 crore in respect of the above period calculated on the basis of the difference between upset price which should have been fixed as per the guidelines and the actual price realised by the Company.

Incorrect fixation of upset price resulted in short realisation of ₹ 1.47 crore.

[‡] *Nistar*-concession granted for removal from forest coupes on payment at stipulated rates, specified forest produce for bonafide domestic use but not for barter or sale, as per the directives of State Government.

The Management stated that the fixation of upset price was based on the harmonised average sale price of the previous six months. However, the instructions contained in circular dated 24 April 1991 stipulated the fixation of price based on the average sale price of the corresponding six months of the previous year.

Inadequacy of earnest money deposit

2.1.23 The recovery of Earnest Money Deposit (EMD) at the rate of 15 *per cent* of bid value was fixed as early as in 1986. The initial amount of 15 *per cent* recovered by the Company is lower than the statutory levies payable on such sale at 16 *per cent* which is remitted to appropriate authorities within the prescribed time limit. In case, the bidder fails to make the final payment and defaults taking delivery of the material, no cushion is available to the Company to make good the loss, if any, in resale of the same material. On being pointed out in audit, the Company revised the rate of EMD to 16 *per cent* effective from 1 September 2011.

Seed collection units and nurseries

2.1.24 As per the MSFP 2008, the Company is entrusted with the responsibility of producing and supplying high quality seedlings/stumps for plantation. The Company collects seeds from the plantations for its own requirement as well as for sale. The Company's seed centre at Nagpur and nursery at Chulban in Gondia has been certified ISO 9001:2008 in 2010 for production and supply of seeds and production and supply of planting stock respectively.

Audit scrutiny of demand and supply of seeds for the period of five years ended 31 December 2010 revealed that the Company could not meet the demand for supply of seeds as detailed below:

(Quantity in MTs)

Calendar Year	2006	2007	2008	2009	2010
Demand	27,786	23,916	32,673	39,200	65,625
Supply	24,982	23,660	31,533	29,810	62,494
Shortage	2,804	256	1,140	9,390	3,131
Percentage of shortage to demand	10.09	1.07	3.49	23.95	4.77

The Company could not meet the demand for seeds in all the five years ending 31 December 2010. We observed that during 2009 the shortage was much higher. The main reason of shortage of seeds was its non availability and therefore the Company should have explored the possibility of procuring seeds from FD particularly in view of the responsibilities assigned to it under MSFP 2008 in this regard. However, no such efforts had been made to work in co-ordination with FD and meet the demand for seeds.

Capacity utilisation of nurseries

2.1.25 The Company had 12 nurseries[§] with facilities to produce high quality Teak stumps and root trainer/clonal/poly pot seedlings for transplantation in forest land and also for sale to Forest Department (FD)/Social Forestry Department (SFD) *etc.* The details of production of seedlings in the nurseries of the Company during the five years ended 31 March 2011 was as under:

(Unit in lakh)

Year	2006-07	2007-08	2008-09	2009-10	2010-11
Teak stump nurseries					
Capacity	83.00	83.00	83.00	83.00	83.00
Production	42.91	75.20	41.26	55.43	63.21
Capacity utilisation (percentage)	52	91	50	67	76
Teak/non teak Root trainer nurseries					
Capacity	80.00	80.00	80.00	80.00	80.00
Production	34.64	17.56	18.38	23.82	29.95
Capacity utilisation (percentage)	43	22	23	30	37
Clonal nurseries					
Capacity	8.00	8.00	8.00	8.00	8.00
Production	1.29	1.61	0.17	0.10	0.06
Capacity utilisation (percentage)	16	20	2	1	0.75

The clonal nurseries remained largely unutilised.

The capacity utilisation of teak stump nurseries was 50 *per cent* and above in all the five years whereas the capacity utilisation of root trainer nurseries were substantially lower which ranged from 22 to 43 *per cent* during 2006-07 to 2010-11. The production of clonal seedlings was also substantially low and ranged from 20 *per cent* in 2007-08 to 0.75 *per cent* in 2010-11. We observed that clonal seedlings facility was created to meet demand of clonal eucalyptus seedlings for Maharashtra Forestry Project. This facility remained largely unutilised in absence of demand for eucalyptus seedlings during audit period. In view of the limited usage, the Company may consider closing the clonal nurseries.

The State Government instructed (March 2009) the FD/SFD to procure seeds/ seedlings from the Company to the extent possible in conformity with the State Forest Policy 2008 to utilise the infrastructure created by the Company. However, the Company had not secured any order either from FD or from SFD for sale of plantation stock. Thus, there was lack of co-ordination

[§]Located at Ramdongri, Chulband, Lohara, Zaran, Pathri, Elgor, Malampalli, Pathrotdevi, Makhamalabad, Jamli, Wada and Kasa.

between FD and Company for placement of orders and thereby increasing the capacity utilisation of nursery.

The Management stated that various efforts for improving the capacity utilisation were being taken and the Company was hopeful of a breakthrough in getting the orders from FD/SFD.

Turnkey plantation

2.1.26 The Company had been undertaking turnkey• plantations since 1990 and had completed 247 such projects covering an area of 1,903.81 Ha at a contract value of ₹ 28.26 crore up to 31 March 2011. The Company had not planned and fixed any financial/physical targets for this activity. Though, the Company had undertaken this activity since 1990, the revenue generated from this activity was insignificant.

Presently, the major turnkey projects were under implementation in Western Coal Fields Limited (₹ 5.04 crore), Karnataka EMP Coal Mines Limited (₹ 1.65 crore) NHAI and JNPY (₹ 1.36 crore) and Raj Bhavan, Nagpur (₹ 1.39 crore). The total expenditure incurred on the projects during the last five years was ₹ 5.66 crore and the income generated was ₹ 5.57 crore and the net revenue generated from the turnkey projects was negative and the loss suffered was ₹ 9.07 lakh during the last five years under audit. We observed that an amount of ₹ 1.66 crore towards turn key plantations was outstanding for over three years against five Government Companies/agencies as they had levied penalties on poor survival rate and unsatisfactory growth of plantations. Thus, this amount is doubtful of recovery.

The Management stated that it would vigorously pursue the recovery. It was also stated that the terms and conditions of the turnkey contract had been revised by incorporating provisions for advance payment and adequate security deposit to ensure recovery of its dues and avoiding recurrence of such instances.

Manpower planning

2.1.27 The men in position as on 31 March 2011 was 1,393 employees including 15 officers in the Rank of Divisional Managers and above on deputation from Forest Department. Besides, five officers in the Internal Audit Department were also on deputation from Finance Department. As per the instructions of the State Government (August 2007), the Company constituted a committee in February 2010 for reviewing the requirement of its staff. Accordingly, the Company assessed the requirements of 1,953 posts as against the then existing sanctioned strength of 2,216 posts. However, the State Government approved (January 2011) 1,688 posts.

We observed that as on 31 March 2011, there was excess manpower in the cadre of Account Assistant in 12 units and clerk cum typist in five units

•Plantations raised on land of Government Companies/Corporations and other Government agencies on mutually agreed terms and conditions.

including the loss making Divisions of the Company. It was also observed that the Company had redeployed the staff without assessing the work load in each divisions/regions after re-organisation/surrender of land. The average age of the employees of the Company was above 50 years which indicates the necessity of inducting young people to the organisation for smooth transition in the working of the Company. Further, the Company had not carried out training need analysis for its employees and conducted any training.

The Management stated that necessary decision for redeployment of staff based on the requirement had been taken and was being implemented.

Environmental and social impact

2.1.28 The principal aim of NFP 1988 is to ensure environment stability and maintenance of ecological balance including atmosphere equilibrium which is vital for sustenance of all life forms; human, animals and plant. The policy considers the derivation of direct economic benefit as subordinate to this principal aim. Some of the incidental activities of the Company which had impact on environment and society are discussed in the following paragraphs:

Compliance under Scheduled Tribe and Other Traditional Forest Dwellers Act, 2006

2.1.29 Under the Scheduled Tribe and Other Traditional Forest Dwellers (ST&OTFD) (Recognition of Forest Rights) Act 2006, certain rights including right to hold and live in the forest land were given to the Scheduled Tribes and other forests dwellers. The Company had not worked out the entitlement of land to the eligible forest dwellers under the Act in any of the divisions and its impact on the Company in terms of area to be regularised to the forest dwellers as well as estimated loss of revenue on regularisation of Rights. Thus, the preparedness of the Company in meeting the requirements of (ST&OTFD) (Recognition of Forest Rights) Act, 2006 was found inadequate.

The Management stated that the settlement of the claims was pending with different committees constituted by the Government for the purpose.

Medicinal Plant Conservation and Development

2.1.30 The cultivation of medicinal plants is considered to be of great importance for safeguarding of bio-diversity and contribution to rural livelihood. It also plays a very important role in primary health care of neighbouring communities who do not have access to hospitals or cannot afford to buy costly medicines. In order to conduct a study regarding plantation, collection, processing, value addition and marketing of medicinal plants, the GoM appointed a committee in July 2007. On the basis of the recommendation of the committee, the State Government accorded (February 2010) approval to establish an independent Medicinal Plants Conservation and Development Branch (MPCDB) in the Company for execution of medicinal plant related activities. The Company submitted (October 2010 to January 2011) proposal to National Medicinal Plant Board (NMPB), GoI for sanction of ₹ 25.29 crore for implementation of various activities proposed for MPCDB. The NMPB has sanctioned ₹ 34.54 lakh till 31 March 2011 for establishment of Herbal Garden Demonstration Centre at Nagpur and Nashik and Herbal Garden of Medicinal Plant at Dahanu. Of this ₹ 20 lakh was released in July 2011. We observed that though the committee appointed by GoM in July 2007 submitted its report in 2008, the decision to implement the recommendations was taken belatedly in February 2010. Further, effective steps for establishment of Herbal demonstration centre/ herbal garden as per the approved proposal had not been initiated and no expenditure was incurred on these activities (October 2011).

The Management stated that the level of financial input from various sources was expected to rise manifold during 2011-12.

Protection of Forest

2.1.31 The forest area is subjected to loss due to biotic pressure like encroachment, illicit cutting, illegal grassing, loping and toppling, fire, *etc.* Soil erosion and degradation also contribute to the failure of plantations and deforestation. The protection measures include soil conservation, fire protection and action against illicit grazing/felling of trees *etc*. In order to protect the forest, the area under control of the Company has been divided into 75 Ranges, 205 Rounds and 432 Beats. Eleven mobile squads are also working for forest protection and the protection staff has been provided with wireless set in some of the regions. Forest guards are deployed for protection of forest at the range level and the area allotted to each guard depends on the sensitivity of the area. The forest guards make regular rounds in the area allotted to them. The mobile squads conduct the patrolling in a routine manner and also assist the regular protection staff on demand. The protection measures are discussed in the monthly meeting of officers and necessary instructions are issued and monitored at Head office level of the Company.

The Management stated that it had taken due care to protect forest areas including plantation created on the same under its control.

Joint Forest Management Scheme

2.1.32 The GoI introduced (June 1990) Joint Forest Management (JFM) scheme setting out involvement of village communities in the regeneration of degraded forest lands to strengthen socio ecological system. Accordingly, the Company initiated a pilot project and entered into 'Memorandum of Understanding' (MoU) with villagers of Bafanvihir (Nashik) in March 1998 providing for payment of 25 *per cent* of net revenue from the forest produce of the area among the members of the group who are engaged in protection mechanism. The project functioned successfully till 2000 in anticipation of revenue from the Company. Since, the Company did not pursue the issue with the State Government effectively it was not getting required support from the local village communities for protection of forest. Consequently, the loss on account of illicit cutting showed continuous increase since 2000.

The Management stated that it was considering launching of eco-tourism program in which participation of local people would be ensured.

Wildlife management

2.1.33 The Indian WildLife (Protection) Act, 1972 provides for protection of wild animals, birds and for matters connected therewith with a view to ensure the ecological and environment security of the country. The Company did not prepare any action plan for wildlife habitat augmentation work, wildlife census, data base preparation, vaccination of cattle *etc*. for protection of wildlife in the operational area of the Company up to 2009-10. The maiden proposal for such activities was made only in 2010-11 and the Company received ₹ 35.50 lakh as grant from GoI in March 2011. As such, the Company had not conducted any activity as required under WildLife Protection Act till 31 March 2011.

The Management stated that various initiatives were being taken to improve the wildlife habitat and other related works. However, the fact remains that the Company did not take any initiative up to 2009-10 as envisaged in NFP 1988 for the wildlife management.

Eco-Tourism

2.1.34 Eco-tourism involves responsible traveling to tranquil and non polluted natural areas that conserve the environment and improve the well being of the local people. The Company prepared a project report for development of eco-tourism facilities at six different locations[**] and submitted the proposal to the GoM in August 2003. We observed that neither the GoM approved the plan nor the Company pursued the proposal. Similarly, the Company proposed at the same time a eco-tourism project at Usgaon Dam. The project has also not taken off as necessary approval from the local authority has not been obtained by the Company, since it did not approach the Government for intervention and issue of directives.

The Management stated that they had signed an MoU with Maharashtra Tourism Development Corporation Limited for undertaking eco-tourism projects and funds to the tune of ₹ 1.58 crore had been received.

Internal control and monitoring

2.1.35 Presence/adherence to a strong internal control system minimises risk of errors and irregularities in operational and financial matters and provides assurance in matters relating to accounting, financial reporting and overall efficiency of the Company's operations. Review of the Company's operations revealed the following control deficiencies:

- The Company had not maintained 'Management Information System' regarding allotment, possession, transfer/surrender and balance of land. The records maintained at divisions were not reconciled with corporate office records relating to area of land under operation, land surrendered and land under encroachment. The land details were not reconciled with FD/GoM.

[**] Borivali, Karnala, Kasa, Tungareshwar, Wada and Alibaug.

- The Company did not prepare physical/financial targets for production and sale of forest produce for monitoring the activity.

- The Company did not prepare division wise statement of revenue generation and expenditure to ascertain the commercial viability of operations of different divisions.

- Deployment of staff was done without considering the volume of work consequent to surrender of land.

- As on 31 March 2011, 3,708 internal audit paras were pending for want of proper response from Management. There were 1,795 paras pending for a period for more than five years and include paras from Reports pertaining to as back as 1978. The outstanding internal audit paras include 804 paras pertaining to divisions closed for operations. Thus, the compliance to the internal audit observations was poor.

The Management stated that the corrective measures were being taken to maintain the land records and minimising the outstanding paras.

Acknowledgement

2.1.36 Audit acknowledges the co-operation and assistance extended by different levels of the management at various stages of conducting of the performance audit.

The matter was reported to the Government (July 2011); the reply had not been received (November 2011).

Conclusion

- **The Company did not formulate any long term/short term corporate plan encompassing plantation, harvesting, utilisation of infrastructure facilities like nurseries, human resource development, computerisation, fund management *etc*.**

- **The Company had not maintained land register indicating the allotment, possession, surrender and balance land in possession of the Company.**

- **The Company surrendered forest land due to non-viability, encroachment, illicit cutting *etc*. after incurring expenditure of ₹ 114.02 crore on plantations on such land. GoM has not framed any policy for reimbursement of expenditure incurred for plantations on the surrendered land.**

- **Encroachment in Nashik and Dahanu was as high as 19.51 and 12.04 *per cent* respectively of the land under management of the divisions.**

- **The Company could not carry out harvesting operations in 28,559 Ha out of 2,13,700 Ha of plantations fit for harvesting.**

- **Shortfall in productivity of five divisions resulted in short realisation of revenue by ₹ 24.87 crore.**

- **Three divisions of the Company were incurring losses due to low productivity, lesser area of harvesting and excess manpower.**

Recommendations

The Company should consider:

- **preparing comprehensive corporate plan encompassing plantation activities and utilisation of infrastructure facilities like nurseries *etc*;**

- **maintain Land register indicating the allotment, possession, surrender and balance land available and reconcile the same with the records of Forest Department (FD);**

- **pursuing with the GoM for framing policy regarding reimbursement of expenditure incurred on forest land surrendered on the grounds of unviability;**

- **strengthen efforts to reduce the encroachment and illicit cutting;**

- **taking action in co-ordination with FD to increase the sale of seedlings to improve utilisation of the infrastructure of nurseries and meet the demand for seeds; and**

- **drawing comprehensive action plan to turn-around the loss making divisions.**

2.2 Maharashtra State Electricity Distribution Company Limited

Executive Summary

Introduction

In order to assess the progress achieved in the State in respect of various parameters stipulated in National Electricity Policy/ Plan with regard to distribution of power, it was considered desirable to conduct performance audit of Maharashtra State Electricity Distribution Company Limited. The performance audit covered network planning, rural electrification, billing and collection efficiency, tariff fixation and subsidy support by the State Government during 2006-07 to 2010-11.

Financial Position and Working Results

The revenue of the Company from sale of power increased from ₹ 18,864 crore in 2006-07 to ₹ 33,238 crore in 2010-11. However, the Company incurred losses during performance audit period and accumulated losses increased from ₹ 487 crore in 2006-07 to ₹ 3,793 crore in 2010-11. The loss per unit was between ₹ 0.13 and ₹ 0.46 during 2006-07 to 2010-11. The losses were attributed to disallowance of certain controllable expenses by Maharashtra Electricity Regulatory Commission (MERC) while fixing the tariff. The borrowing increased from ₹ 3,795 crore in 2006-07 to ₹ 10,074 crore in 2010-11 due to taking infrastructural projects linked with loan.

Distribution Network Planning

The Company had not assessed the total requirement of distribution network to provide reliable and quality power and did not prepare well documented long term plan for replacement/additions of existing network. The Company added 466 substations during 2006-07 to 2010-11 as against 525 targeted. The Company had total 2,236 substations as at the end of 31 March 2011. The shortfall between connected load and transformer capacity was of 4,967 MVA as on 31 March 2011.

Rural electrification

Four projects undertaken under Rajiv Gandhi Grameen Vidyudhikaran Yojna during X five year plan (2002-07) were completed by September 2010 and actual cost was ₹ 108.64 crore as against ₹ 86.24 crore approved by Ministry of Power. The increase in cost was mainly due to non inclusion of certain expenditure in Detailed Project Report. Further, the Company had taken 30 projects at a cost of ₹ 748 crore during XI plan to be completed by December 2011. As compared to completion period, the progress was poor. There were instances of non levy of penalty for delay in execution and irregularities in payment to contractors.

Operational efficiency

The Company sold 49,148 MUs in 2006-07 which increased to 71,280 MUs in 2010-11. The distribution losses reduced from 29.60 per cent in 2006-07 to 17.28 per cent in 2010-11. The losses were above the norm of MERC during 2009-11 and amount of excess loss was ₹ 214 crore. Replacement of Distribution Transformers failed within Guarantee Period was not monitored effectively and penalties for delays were not recovered in time from suppliers. Besides 6.67 lakh faulty meters were awaiting replacement while 15.36 lakh Agricultural (Ag) consumers were to be metered by 31 March 2011. The Company had not assigned priority for replacement of faulty meters by including requirement in the annual plan for procurement of meters.

Billing and collection efficiency

The energy billed included an element of assessed sale to the extent of 14 per cent. The unmetered agricultural and faulty meter consumers had a impact on assessed sales. There were instances of incorrect/ delay in application of revised tariff resulting in loss of revenue of ₹ 20.82 crore. The arrears recoverable from consumers as at the end of March 2011 were ₹ 13,396 crore. The major portion was recoverable from Ag consumers (₹ 6,033 crore) and Public Water Works (PWW) consumers (₹ 1,490 crore). The Company did not take action for disconnection of PWW connections.

Subsidy support and cross subsidisation

The State Government provided subsidy of ₹10,552 crore in tariff for Agricultural and Power loom consumers during 2006-07 to 2010-11. Besides, these consumers were also heavily cross subsidised at the cost of commercial and industrial consumers while fixing tariff by MERC. National Tariff policy envisaged that the tariff of all categories of consumers should range within plus or minus 20 per cent of the cost of supply. However, the gap in tariff fixation was more than ± 20 per cent during 2010-11.

Conclusion and recommendations

The Company had not prepared well documented long term plan for replacement of overaged network and additions required to meet the increasing demand for power. Distribution losses were more than MERC norms during 2009-11. Non replacement of faulty meters and unmetered Ag consumers had an impact on billing efficiency. Major portion of arrears was due from Ag and PWW consumers. While fixing the tariff, MERC had not allowed certain controllable expenses in full. The impact of disallowance during 2009-10 and 2010-11 was ₹ 504 crore approximately. The audit made seven recommendations which include preparation of well documented long term plan for development of distribution network, timely replacement of faulty meters, metering of all Ag consumers, fixing targets for reduction in controllable expenditure and pursuing recovery of outstanding dues from consumers and improve Management Information System on faulty meters/energy audit reports.

Introduction

2.2.1 The distribution system of the power sector constitutes the final link between the power sector and the consumer. The efficiency of the power sector is judged by the consumers on the basis of performance of this segment. However, it constitutes the weakest part of the sector, which is incurring huge losses. In view of the above, the real challenge of reforms in the power sector lies in efficient management of the distribution system. The National Electricity Policy (NEP) in this regard *inter-alia* emphasises on the adequate transition from financing support to aid restructuring of distribution utilities, efficiency improvements and recovery of cost of services provided to consumers to make power sector sustainable at reasonable and affordable prices.

As part of power sector reforms, the erstwhile Maharashtra State Electricity Board (MSEB) was unbundled and four Companies were formed. There are separate Companies for generation, transmission and distribution of power. Besides, there is a Holding Company to look after the management and distribution of assets of MSEB. Consequently, the business of distribution of power in Maharashtra is carried out by Maharashtra State Electricity Distribution Company Limited (Company), which was incorporated on 31 May 2005 under the Companies Act, 1956 under the administrative control of Department of Energy, Government of Maharashtra (GoM). The Company purchases power from State Electricity Generation Company, Central sector and others. The Company serves consumers in the State excluding Mumbai and certain Sub-Urban area served by other private distribution licensees. The Company also handed over its distribution activities in Bhiwandi from January 2007 and Aurangabad (Urban) and Nagpur (Urban) circles from May 2011 to Distribution Franchisees in order to minimise distribution losses.

The Management of the Company is vested with a Board of Directors (BoD) comprising seven Directors appointed by the Holding Company (MSEB Holding Company Limited). The day-to-day operations are carried out by the Chairman and Managing Director, who is the Chief Executive of the Company. He is assisted by four Directors and seven Executive Directors. The Company is operating its power distribution activity through 44 'operation and maintenance' (O&M) circles. During 2006-07, 49,148 Million Units (MUs) of energy were sold by the Company which increased to 71,280 MUs during 2010-11 *i.e.* an increase of 45.03 *per cent* during 2006-07 to 2010-11. As on 31 March 2011, the Company had distribution network of 8.19 lakh Circuit Kilometers (CKM) of High Tension (HT) and Low Tension (LT) lines, 2,236 sub-stations and 3.13 lakh transformers of various capacities. The number of consumers was 1.94 crore as on 31 March 2011. The turnover of the Company was ₹ 33,237.50 crore in 2010-11 which was equal to 67.75 and 3.23 *per cent* of the turnover of the State PSUs and State GDP respectively**.** It employed 57,675 employees as on 31 March 2011.

NEP aims to bring out reforms in the Power Distribution Sector with focus on system upgradation, controlling and reduction of Transmission and Distribution (T&D) losses and power thefts and making the sector commercially viable besides financing strategy to generate adequate resources. It further aims to bring out conservation strategy to optimum utilisation of electricity with focus on demand side management and load management. In view of the above, it was proposed to conduct a performance audit on the working of the Power Distribution Utility in the State Sector to ascertain whether it was able to adhere to the aims and objectives stated in the NEP and Plan and how far the distribution reforms have been achieved.

A performance audit on Power Purchase Management was included in the Report of the Comptroller and Auditor General of India (Commercial), Government of Maharashtra for the year ended 31 March 2008 which was yet to be discussed in Committee on Public Undertakings (September 2011).

Scope and Methodology of Audit

2.2.2 The present performance audit conducted during February to May 2011 covers the performance of the Company during the period from 2006-07 to 2010-11. The review mainly deals with Network Planning and execution, Implementation of Central Schemes, Operational Efficiency, Billing and Collection efficiency, Consumer Satisfaction, Energy Conservation and Monitoring. The audit examination involved scrutiny of records at the Head Office (HO) and 15[#] O&M circles, selected on the basis of annual revenue generated giving due consideration to geographical coverage.

The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of explaining audit objectives, audit criteria,

[#] Ahmednagar, Aurangabad (Urban), Dhule, Gadchiroli, Jalna, Kalyan (Urban-I), Kolhapur, Nagpur (Urban), Nashik (Urban), Pen, Pune Urban (Rastapeth), Ratnagiri, Vasai, Vashi and Yavatmal.

methodology *etc*. to top management, scrutiny of records at HO 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 performance audit report to the Management for comments.

Audit objectives

2.2.3 The objectives of the performance audit were to assess:

- whether aims and objectives of NEP/Plans were adhered to and distribution reforms achieved;
- adequacy and effectiveness of network planning and its execution;
- efficiency and effectiveness in implementation of the central schemes such as Restructured Accelerated Power Development & Reform Programme (RAPDRP) and Rajiv Gandhi Grameen Vidyudhikaran Yojna (RGGVY);
- operational efficiency in meeting the power demand of the consumers in the State;
- billing and collection efficiency of revenue from consumers;
- whether a system was in place to assess consumer satisfaction and redressal of grievances;
- that adequate energy conservation measures were undertaken; and
- that a monitoring system is in place and the same is utilised during audit of overall working of the Company.

Audit criteria

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

- Provisions of Electricity Act, 2003;
- National Electricity Plan, Plans and norms concerning distribution network of the Company and Planning criteria fixed by the Maharashtra Electricity Regulatory Commission (MERC);
- Terms and conditions contained in the Central Scheme Documents;
- Standard procedures for award of contract with reference to principles of economy, efficiency and effectiveness;
- Norms prescribed by various agencies with regard to operational activities;
- Norms of technical and non-technical losses; and

❖ Guidelines/instructions/directions of State Government/MERC.

Financial position and Working results

2.2.5 The financial position of the Company for the five years ending 2010-11 is given below:

(₹in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
A. Liabilities					
Paid up Capital	0.05	0.05	0.05	0.05	3,000.05
Contribution from MSEB Holding Company	3,083.93	3,211.36	3,232.71	3,263.01	1,620.02
Equity from GoM	Nil	Nil	207.80	484.23	-
Reserve and Surplus (Capital reserve and contingency reserve as per MERC)	1,458.44	2,271.86	3,119.74	3,972.22	4,566.74
Borrowings (Loan Funds)					
Secured	3,794.90	3,665.51	3,834.41	5,989.76	9,587.27
Unsecured	Nil	622.64	611.33	629.51	486.46
Deferred Tax Liability	Nil	Nil	Nil	Nil	105.69
Current Liabilities and Provisions	6,643.62	9,229.63	12,149.94	13,091.01	16,522.87
Total	**14,980.94**	**19,001.05**	**23,155.98**	**27,429.79**	**35,889.10**
B. Assets					
Gross Block	10,589.40	11,865.35	13,499.38	15,749.99	20,568.69
Less: Depreciation	6,304.20	6,846.71	7,478.07	8,264.98	9,375.44
Net Fixed Assets	4,285.20	5,018.64	6,021.31	7,485.01	11,193.25
Capital works-in-progress	1,446.74	1,684.93	1,975.56	2,343.74	4,116.40
Investments	531.12	68.38	68.45	136.74	165.40
Current Assets, Loans and Advances	8,230.58	11,806.96	13,285.49	14,847.36	16,620.83
Deferred Tax Assets	Nil	Nil	659.39	357.39	Nil
Accumulated losses	487.30	422.14	1,145.78	2,259.55	3,793.22
Total	**14,980.94**	**19,001.05**	**23,155.98**	**27,429.79**	**35,889.10**
Debt equity *ratio*	**0.94:1**	**0.85:1**	**0.82:1**	**1.21:1**	**1.87:1**
Net Worth	**4,055.12**	**5,061.13**	**5,414.52**	**5,459.96**	**5,393.59**

(Source: Information furnished by the Company)

The accumulated losses increased from ₹ 487.30 crore to ₹ 3,793.22 crore during audit period.

It may be seen from the above that the accumulated losses of the Company increased by 678.42 *per cent* from ₹ 487.30 crore in 2006-07 to ₹ 3,793.22 crore in 2010-11. Further, the debt-equity *ratio* of the Company increased from 0.94:1 to 1.87:1 during 2006-07 to 2010-11. We observed that the dependence on borrowings increased from ₹ 3,794.90 crore in 2006-07 to ₹ 10,073.73 crore in 2010-11. Consequently, the interest burden increased from ₹ 572.15 crore in 2006-07 to ₹ 1,081.30 crore in 2010-11. Further, net fixed assets increased from ₹ 4,285.20 crore in 2006-07 to ₹ 11,193.25 crore in 2010-11 and work-in-progress rose from ₹ 1,446.74 crore in 2006-07 to ₹ 4,116.40 crore in 2010-11. Thus, loan funds had been utilised towards assets creation.

The Management stated that the losses were mainly due to disallowance of controllable expenditure on depreciation, interest on working capital/loan, repairs and maintenance expenses, administrative and general expenses, *etc.* by MERC.

The particulars of total income and expenditure *vis-a-vis* cost of electricity and revenue realisation per unit are indicated below.

(₹ in crore)

Sl. No.	Description	2006-07	2007-08	2008-09	2009-10	2010-11
1.	**Income**					
(i)	Revenue from Sale of Power (including subsidy in tariff)	18,863.78	20,158.61	23,483.06	27,642.31	33,237.50
(ii)	Revenue subsidy *	Nil	Nil	Nil	400.00	28.05
(ii)	Other income	887.14	840.55	1,315.38	1,146.28	1,251.69
	Total Income	**19,750.92**	**20,999.16**	**24,798.44**	**29,188.59**	**34,517.24**
2.	**Distribution (in MUs)**					
(i)	Total power purchased	75,436	78,597	79,871	85,474	90,341
(ii)	Less: Transmission losses	5,623	5,197	5,312	4,948	4,171
(iii)	Net Power available for Sale	69,813	73,400	74,559	80,526	86,170
(iv)	Less: Sub-transmission and distribution losses	20,665	17,684	16,388	16,585	14,890
	Net power sold	**49,148**	**55,716**	**58,171**	**63,941**	**71,280**
3.	**Expenditure on Distribution of Electricity**					
(a)	**Fixed cost**					
(i)	Employees cost	1,922.03	1,689.82	2,398.39	1,838.07	2,046.87
(ii)	Administrative and General expenses	147.85	219.38	317.49	302.79	231.94
(iii)	Depreciation	502.25	539.83	646.75	812.28	1,067.47
(iv)	Interest and finance charges	572.15	603.66	787.90	900.12	1,081.30
(v)	Other Expenses	516.94	319.33	819.41	1,520.17	1,239.30
	Total fixed cost	**3,661.22**	**3,372.02**	**4,969.94**	**5,373.43**	**5,666.88**
(b)	**Variable cost**					
(i)	Purchase of Power	14,908.75	15,260.63	18,515.15	21,995.58	26,524.39
(ii)	Transmission/Wheeling Charges	1,367.89	1,745.76	2,091.14	1,846.37	2,425.05
(iii)	Repairs and Maintenance	416.26	525.80	598.78	596.19	514.19
	Total variable cost	**16,692.90**	**17,532.19**	**21,205.07**	**24,438.14**	**29,463.63**
(c)	**Total cost 3(a) + (b)**	**20,354.12**	**20,904.21**	**26,175.01**	**29,811.57**	**35,130.51**
4.	Realisation (₹ per unit) (including revenue subsidy)	3.84	3.62	4.04	4.39	4.67
5.	Fixed cost (₹ per unit)	0.74	0.60	0.85	0.84	0.79
6.	Variable cost (₹ per unit)	3.40	3.15	3.65	3.82	4.13
7.	Total cost per unit (in ₹) (5+6)	4.14	3.75	4.50	4.66	4.92
8.	Contribution (4-6) (₹ per unit)	0.44	0.47	0.39	0.57	0.54
9	**Profit (+)/Loss (-) per unit (in ₹) (4-7)**	**(-) 0.30**	**(-) 0.13**	**(-) 0.46**	**(-) 0.27**	**(-) 0.25**

(Source: Information furnished by the Company)

It may be seen from the above that though the realisation per unit increased from ₹ 3.84 to ₹ 4.67 during the audit period (21.61 *per cent*), the cost per unit increased from ₹ 4.14 to ₹ 4.92 (18.84 *per cent*) during the corresponding period.

It was also evident from the above table that the purchase of power, wheeling charges and employees cost constituted the major elements of cost which represented 76, seven and six *per cent* of the total cost respectively during 2010-11. On the other hand, sale of power constituted the major element of

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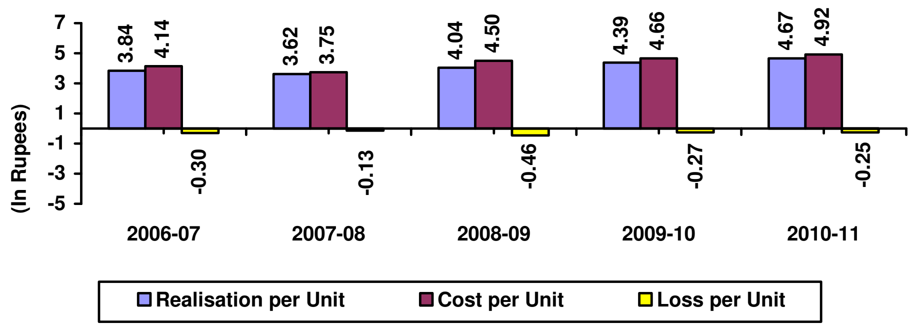
*Represents subsidy provided by the State Government to buy power available in the market at higher rates.

revenue which represented 96 *per cent* of the total revenue income during the same period. The increase in employees cost during 2008-09 was as a result of pay revision. The subsidy in tariff provided by the State Government to Agricultural and Power Loom consumers has been discussed subsequently.

Recovery of cost of operations

2.2.6 The Company was not able to recover its cost of operations. During the last five years ending 2010-11, the loss per unit decreased from ₹ 0.30 in 2006-07 to ₹ 0.13 in 2007-08. It again increased to ₹ 0.46 in 2008-09 which decreased to ₹ 0.25 in 2010-11 as given in the graph below:



It would be seen from above that Company improved upon its operations in recovery of cost during 2009-10 and 2010-11.

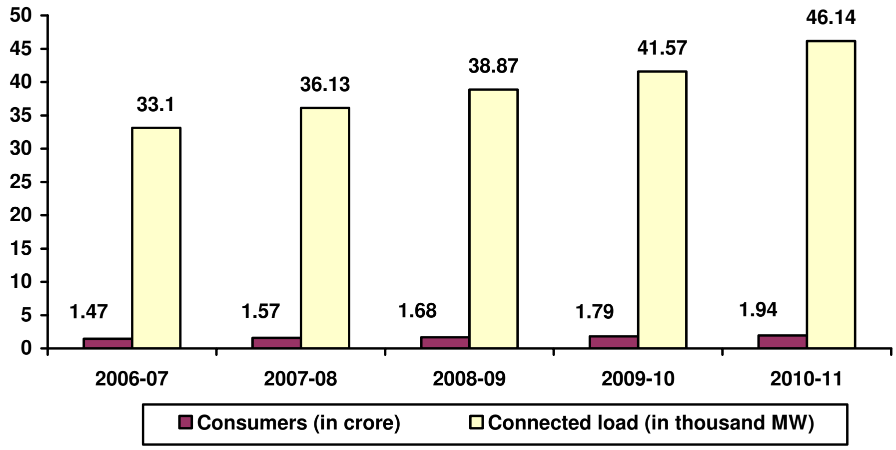
Audit findings

2.2.7 We explained the audit objectives to the Company during an 'Entry Conference' held on 4 February 2011. The audit findings were reported to the Company and the State Government in August 2011 and discussed in an 'Exit Conference' held on 7 October 2011 which was attended by the Chairman and Managing Director and there was no representative from State Government. The views expressed by the Management in the meeting and their replies received on 14 October 2011 have been considered while finalising the performance audit report. The audit findings are discussed below.

Distribution Network Planning

2.2.8 The Power Distribution Company in the State is required to prepare long term/annual plan for creation of infrastructural facilities for efficient distribution of electricity so as to cover maximum population in the State. Besides, the upkeep of the existing network, additions in distribution network are planned keeping in view the demand/connected load, anticipated new connections and growth in demand based on 17th Electric Power Survey. Considering physical parameters, Capital Investment Plans are submitted to the State Government/MERC.

The number of consumers and their connected load during audit period are given below in bar chart:



(*Source: Information furnished by the Company)*

The particulars of distribution network planned *vis-a-vis* actual achievement in the State are depicted in **Annexure-7**. It may be seen from the annexure that against the planned additions of 525 sub-stations over the performance audit period, only 466 sub-stations were actually added increasing the total number to 2,236 sub-stations. HT and LT lines increased from 2.21 lakh CKM and 4.75 lakh CKM at the beginning of 2006-07 to 2.84 lakh CKM and 5.35 lakh CKM at the end of 2010-11 respectively totalling to 8.19 lakh CKM. Further, as compared to the growth of connected load from 33.10 thousand Mega Watt (MW) in 2006-07 to 46.14 thousand MW (equivalent to 57,675 Million Volt Ampere (MVA)) in 2010-11 *i.e.* increase of 39.40 *per cent* as depicted in the graph, the increase in transformer capacity was from 37,752 MVA as on 1 April 2006 to 52,708 MVA as on 31 March 2011 (increase of 39.62 *per cent*). Thus, considering the connected load there was still a shortfall in transformer capacity by 4,967 MVA.

The Company had not prepared well documented long term plan for its distribution network.

In order to have good quality supply of power there was a need to have adequate number of substations, distribution transformers, good quality net work of HT/LT lines, accurate energy measuring equipments, good quality IT system *etc*. However, we observed that the State Government/Company had not assessed the total requirement of such distribution network in the State and also did not prepare long term plan so far (October 2011) to meet shortfall if any in the existing network. Thus, in the absence of such assessment, the adequacy of the existing network could not be ascertained.

The Management stated that the Company prepared long term/annual plan for creation of infrastructure. The infrastructure plan for ₹ 10,000 crore approved by MERC was under execution. For electrification of Agricultural pumps and rural development also, the Company planned infrastructure scheme. However, the fact remains that the Company had not prepared well documented action plan for replacement of overaged network and additions required to meet the increasing demand in future.

Implementation of Centrally Sponsored Schemes

Rural Electrification

2.2.9 The NEP States that the key objective of development of the power sector is to supply electricity to all areas including rural areas for which the Government of India (GoI) and the State Governments would jointly endeavour to achieve this objective. Accordingly, the RGGVY was launched in April 2005, which aimed at providing access to electricity for all households in five years for which the Government provides 90 *per cent* capital subsidy and 10 *per cent* loan from the REC.

Besides, the GoI notified the Rural Electrification Policy (REP) in August 2006. The REP *inter-alia* aims at providing access to electricity for all households by 2009 and minimum lifeline consumption of one unit per household per day by the year 2012. The other Rural Electrification schemes *viz*., Accelerated Electrification of one lakh villages and one crore households, Minimum Needs Programme were merged into RGGVY.

As on 31 March 2006, there were 41,095 villages in the State of Maharashtra (as per 2001 Census), out of which 36,010 villages were electrified (88 *per cent*). The Company had electrified all the remaining villages by June 2011.

As per Census 2001, there were total 113.42 lakh households (including 31.11 lakh Below Poverty Line (BPL) families. The RGGVY was sanctioned by GoI for implementation during X Five Year Plan (2002-07) and XI Five Year Plan (2007-2012) period.

Projects taken under the scheme involves constructing of HT/LT lines, installation of DTRs and release of connections to BPL households. The Company had undertaken four projects under the scheme in four districts (Dhule, Gondia, Nanded and Solapur) during X FYP (2002-07) and the cost approved by Ministry of Power (MoP) was ₹ 86.24 crore. The completion period was extended by REC up to September 2010 and all four projects were completed. We observed that actual cost of these projects increased to ₹ 108.64 crore for which revised proposal was sent to MoP and REC. The sanction for revised proposal was awaited (September 2011). On test check of one project at Gondia it was noticed that the approved cost of ₹ 21.71 crore increased to ₹ 39.41 crore mainly due to preparation of defective Detailed Project Report (DPR) as the same did not include certain infrastructural requirement, meter cost, internal wiring and AB Switches.

The financial and physical progress in the scheme taken during XI five year plan were as under.

Sl. No.	Particulars	XI Plan (2007-12)
1	No. of schemes taken	30
2	Financial Progress (31 July 2011)	***(₹ in crore)***
a	Total cost approved by Ministry of Power	729.66
b	Total cost as per award of contracts	747.53
c	Funds received	509.01
d	Expenditure incurred up to 31 July 2011	485.92
3	Physical progress	
a	Construction of HT line (KMs) As per Target Actual Shortfall	 5,578.62 2,591.66 2,986.96
b	Construction of LT Lines (KMs) As per Target Actual	 6,323.48 6,325.82
c	Installation of DTRs (Nos) As per Target Actual Shortfall	 7,719 6,426 1,293
d	Release of BPL connections (In lakh) As per Target Actual Shortfall	 16.14 9.05 7.09

It could be seen from above that the Company targetted 16.14 lakh BPL families under the scheme of which BPL connections to 9.05 lakh families were given. It was also seen that actual progress in construction of HT line was 2,592 KMs (46 *per cent*) against the target of 5,579 KMs fixed under XI five year plan. As compared to completion period by December 2011, the progress was poor.

The Management stated that while carrying out the work it was found that actual BPL families were only 11.84 lakh out of which 11.28 lakh families were provided connection by September 2011 during X and XI plan and remaining families will be covered by December 2011. With a view to cover all BPL families, the Company should reconcile its records.

Irregularities in implementation of RGGVY

2.2.10 The following irregularities were noticed in implementation of RGGVY:

- The turnkey contract for implementation of the scheme in Gadchiroli circle was awarded (October 2008) to Chadalwada Construction Private Limited (CCPL), Hyderabad for ₹ 14.61 crore excluding taxes. The stipulated period of completion of work was 18 months from the date of letter of award *i.e.* by April 2010. The scope of work included construction of 104 Km. of HT lines, 190 KM. of LT lines, installation of 164 Distribution Transformers (DTRs) and metering for the purpose of releasing connections to 39,237 BPL families. There was considerable delay in completion of work by CCPL. As on 31 January 2011, the work of HT line, LT lines and DTRs installation was completed to the extent of 45, 49 and 32 *per cent* respectively. Though, no extension of time limit was approved by the Management, liquidated damages/penalty to the extent of ₹ 63.60 lakh (10 *per cent* of total gross bills of ₹ 6.36 crore released to contractor by the Circle Office) was not recovered as per clause 13(2) of the contract. The contractor, however, had released the targeted number of BPL connections through the existing distribution network without laying the required infrastructure causing heavy burden on the existing infrastructure of the Company.

The Management stated that the liquidated damages will be recovered as per terms of contract and stated that existing network was not overloaded. However, the reply is not tenable as the Company should not have included infrastructure works in this scheme if the existing network was sufficient.

- The Chief Engineer (Kalyan Zone) placed (March 2009) work order on Herodex Power Systems Private Limited for supply, erection, commissioning of HT/LT line, DTRs and other allied works under RGGVY for ₹ 15.54 crore for Vasai circle. The contractor had submitted the bills for ₹ 16.03 crore which were passed by circle office without verifying correctness of the same. This resulted in avoidable payment of ₹ 0.49 crore.

There was no proper mechanism in place for verifying works executed and that benefits were passed on to eligible consumers.

- The Chief Engineer (Aurangabad Zone) placed (November 2008) work order on PEC Electricals Private Limited, Hyderabad for supply, erection, testing, commissioning of BPL household electrification work and other allied works in Jalna circle under RGGVY scheme for ₹ 15.34 crore. In this regard we observed that: (a) the circle office paid ₹ 1.69 crore to contractor towards internal wiring at the rate of ₹ 392.13 per BPL connection (total 43,020 BPL connections). However, we noticed that the contractor had provided single bulb connection on the meter board itself outside the house without providing the internal wiring to BPL consumers at Soyagaon Devi village of Bhokardan Sub-division and Hivarkheda, Limbona and Jatkheda villages of Mantha Sub-division. Hence the payment to contractor was avoidable. Possibility of similar practice in other villages covered under the above work order could not be ruled out and (b) the contractor had released 358 BPL connections to the existing consumers for which Company paid connection charges of ₹ 7.56 lakh (₹ 2,112 per connection x 358 BPL connections) to the contractor. As the electrical installation in above cases was not necessary, the payment should not have been effected. Moreover, the scheme did not envisage the connections to existing consumers. This indicated that monitoring mechanism was not in place to ensure that work was actually executed and benefits were passed on to eligible beneficiaries.

- It was mandatory for the implementing agency to obtain the certificate from the Gram Panchayats as soon as the works under RGGVY villages were completed. However, no such certificates were obtained from the concerned Gram Panchayats. The Company should have taken the matter with the appropriate authorities and complied with the scheme guidelines.

Restructured Accelerated Power Development Reforms Programme

2.2.11 The GoI launched the Restructured APDRP (R-APDRP) in July 2008 as a Central Sector Scheme for XI Plan comprising of Part A and B. Part A pertains to establishment of Information Technology (IT) enabled system for achieving reliable and verifiable baseline data system in all towns besides installation of SCADA[5]/Distribution Management System (DMS). The Part B relates to strengthening of regular sub-transmission and distribution system and up-gradation projects. The focus in this part was on reduction of Aggregate Technical & Commercial (AT&C) losses on sustainable basis.

The Ministry of Power (MoP) and Power Finance Corporation Limited (PFC-Nodal Agency) had selected 130 towns in the State of Maharashtra having population of more than 30,000 (Census 2001) for implementation of R-APDRP scheme. Funds received under the scheme and its utilisation was as under.

Under Part A for establishment of IT enabled system, loan of ₹ 324.42 crore was sanctioned by PFC in March 2010 for 130 towns and the Company received advance of ₹ 97.32 crore during 2009-10. The Company has awarded the work to Larsen & Toubro Limited (L&T) in respect of 95 towns for ₹ 212.05 crore and SPANCO Limited in respect of remaining 35 towns for ₹ 94.95 crore in March and October 2010 respectively. Both the contracts were to be completed within 56 weeks from the date of award of contract. The work was at initial stage and GIS survey was completed in 58 towns by September 2011.

Under Part B Strengthening of sub-transmission and distribution system PFC had sanctioned 122 towns for implementation of RAPDRP. The MoP, GoI had sanctioned (June/August 2010) 66 projects (one project per town) for ₹ 1,314 crore and balance 56 projects were sanctioned during 2011-12. The Company also received an advance of ₹ 198.26 crore in February 2011. The scheme was sanctioned for implementation during XI FYP (2007-12). Considering the period of implementation, the progress made by the Company was poor.

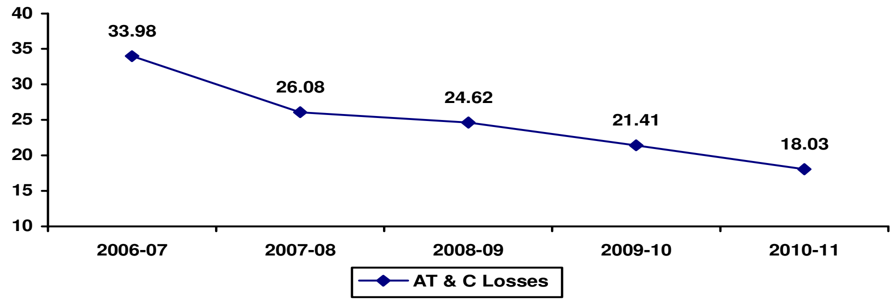
The Management stated that the work will be completed within time. However, the fact as stated above do not corroborate the reply.

Aggregate Technical & Commercial Losses

2.2.12 One of the prime objectives of R-APDRP scheme was to strengthen the distribution system with the focus on reduction of AT&C losses on sustainable basis. The graph below depicts the percentage of AT&C losses over the audit

[5]**Supervisory Control And Data Acquisition (SCADA)–**It generally refers to industrial control systems: computer systems that monitor and control industrial, infrastructure, or facility- based processes.

period (2006-07 to 2010-11) in the Company.



It is evident from above that AT&C losses declined from 33.98 *per cent* in 2006-07 to 18.03 *per cent* in 2010-11 indicating marked improvement during the audit period.

Consumer metering

Replacement of 6.67 lakh faulty meters and metering of 15.36 lakh Agricultural consumers remained pending at the end of 2010-11.

2.2.13 Attaining of 100 *per cent* metering was one of the objectives of the R-APDRP scheme. The Company had a total 11.13 lakh faulty meter consumers and 16.41 lakh unmetered Agricultural (Ag) consumers as on 1 April 2006. There was an addition of 3.36 lakh faulty meter consumers and 1.55 lakh unmetered consumers during 2006-07 to 2010-11. The Company targeted replacement of all faulty meters during 2006-07 to 2010-11. However, the actual replacement was only 7.82 lakh of faulty meters and remaining 6.67 lakh faulty meters were yet to be replaced (April 2011). Similarly, the Company metered only 2.60 lakh Ag consumers during 2006-07 to 2010-11 and 15.36 lakh Ag consumers were yet to be metered (April 2011). We observed that the Management Information System (MIS) on faulty meters was deficient to the extent that it did not provide information with regard to age-wise analysis of faulty meters requiring replacement. Such improvement in MIS system would help the Company in exercising effective control on replacement of faulty meters and improve billing efficiency. It is recommended to consider the quantum of faulty meters in the annual procurement plan so that replacement could not be held up for want of meters.

Test check of records at nine♣ circles revealed that 39,118 consumer meters were faulty for the period ranging from three months to four years (three-12 months: 13,021, one-two years: 16,756 and two-four years: 9,341) and were yet to be replaced (April 2011).

The Management stated that the faulty meters will be replaced and instructions have been issued to all field officers to provide meters to all Ag consumers.

Operational efficiency

2.2.14 The operational performance of the Company is judged on the basis of availability of adequate power for distribution, adequacy and reliability of

♣Dhule, Jalna, Kalyan Urban I, Nashik Urban, Pen, Pune Urban, Ratnagiri, Vasai and Ahmednagar.

distribution network, minimising line losses, detection of theft of electricity, *etc*. These aspects have been discussed below.

Purchase of Power

2.2.15 As already brought out in **paragraph 2.2.1**, a performance audit on Power Purchase Management was included in the Report of the Comptroller and Auditor General of India (C&AG) (Commercial), Government of Maharashtra for the year ended 31 March 2008. Further, this matter has again been discussed in **paragraphs 2.2.17** to **2.2.18** of the Report (No.4) of C&AG of India (Commercial) for the year ended 31 March 2010 (Government of Maharashtra). Therefore, it is not being discussed here again.

Sub-transmission and distribution losses

2.2.16 The losses at 33KV stage are termed as sub-transmission losses while those at 11 KV and below are termed as distribution losses. The losses occur mainly on two counts, *i.e.*, technical and commercial. Technical losses occur due to inherent character of equipment used for transmitting and distributing power and resistance in conductors through which the energy is carried from one place to another. On the other hand, commercial losses occur due to theft of energy, defective meters and drawal of unmetered supply, *etc*.

The table below indicates the energy losses for the Company in the State as a whole (excluding Mumbai and certain sub-urban areas served by other licensees) for last five years up to 2010-11.

(In Million Units)

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Energy purchased	75,436	78,597	79,871	85,474	90,341
2.	Energy sold	49,148	55,716	58,171	63,941	71,280
3.	Energy losses (1–2)	26,288	22,881	21,700	21,533	19,061
4.	Percentage of T&D losses {(3/1) x 100}	34.85	29.11	27.17	25.19	21.10
5	Percentage of distribution losses	29.60	24.09	21.98	20.60	17.28
6.	Percentage of distribution losses allowed by MERC	34.97	24.15	22.24	20.12	17.20
7.	Excess losses (in MUs)	Nil	Nil	Nil	410.28	72.27
8.	Average realisation rate per unit (in ₹)	3.84	3.62	4.04	4.39	4.67
9.	Amount of excess losses (₹ in crore) (7 x 8)	Nil	Nil	Nil	180.11	33.75

(Source: Information furnished by the Company)

It would be seen from the above table that distribution losses decreased from 29.60 *per cent* in 2006-07 to 17.28 *per cent* in 2010-11. The distribution losses remained within the norm allowed by MERC during 2006-07 to 2008-09 and exceeded the norm during 2009-10 and 2010-11. The amount of

Distribution losses remained more than norms during 2009-10 and 2010-11 resulting in loss of ₹ 213.86 crore.

excess loss was ₹ 213.86 crore. We observed that 10[♦] circles had incurred distribution losses ranging from 30 to 45 *per cent* during 2009-10 as against overall norm of 20.12 *per cent* prescribed by MERC. Thus, there was a scope for further reduction in distribution losses in those circles.

The Management stated that due to various constraints in the field *viz.* geographical, techno commercial, *etc*. it would not be feasible to arrest the distribution loss in every circle on an identical platform. However, the Company could have put concerted efforts to reduce these losses.

Performance of Distribution Transformers

2.2.17 MERC had not fixed any norms or permissible rate for failure of DTRs. The Company on its own had fixed (September 2010) failure rate of 12 *per cent* during 2010-11. The details of norms fixed, actual DTRs failed and the expenditure incurred on their repairs is depicted in the table below.

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Existing DTRs at the close of the year (in Number)	2,39,333	2,56,793	2,71,251	2,84,633	3,13,284
2.	DTRs failed (in Number)	36,626	34,426	35,041	36,589	38,306
3.	Percentage of failure	15.30	13.41	12.92	12.85	12.23

(Source: Information furnished by the Company)

It may be seen from the above table that the overall percentage of failure reduced from 15.30 in 2006-07 to 12.23 in 2010-11. The cause wise analysis of failed DTRs revealed that the percentage of failure due to overloading increased from 32.41 (2007-08) to 35.74 *per cent* (2010-11). The percentage of failure due to overloading was on increase during the audit period. This indicated that the remedial action taken on monthly reports of failure of DTRs was not effective.

The Management stated that additional transformers would be installed to reduce the over loading. However, fact remains that no concrete action was taken to curtail failure of DTRs on this account.

Failure of DTRs within Guarantee Period

2.2.18 As per the terms of contract, the performance guarantee of DTRs was 60 months from the date of commissioning or 66 months from the date of delivery whichever was earlier. If the DTR failed within Guarantee Period (GP), the supplier was liable to replace/repair the same within one month from the date of intimation of failure and within 48 hours for the supplies made against order issued from January 2009 onwards. If the supplier failed to replace/repair failed DTRs within the stipulated time the equivalent amount with supervision charges at the rate of 15 *per cent* was to be recovered from the supplier. During audit period, 1.05 lakh DTRs were procured and 8,291 DTRs failed during the same period. Monthly MIS indicating division/circle

[♦]Akola, Aurangabad, Beed, Gondia, Gadchiroli, Hingoli, Latur, Nanded, Nandurbar and Osmanabad.

wise number of DTRs failed, lying at site, sent to suppliers and received back from suppliers was not being generated by circles test checked. Further, there was no coordination among the field offices, Central Purchase Agency (CPA) and the Billing Section to ensure that the recovery was made as per the terms of contract. Records at Billing Section indicated that recovery was not made immediately on receipt of intimation from CPA. An amount of ₹ 4.07 crore intimated by CPA during May 2009 to June 2010 was yet to be recovered from EMCO Limited (May 2011).

Lack of co-ordination among field offices resulted in non recovery of dues from suppliers.

On test check of DTRs supplied (2006-10) by two suppliers (EMCO Limited and Vijay Electricals Limited), we observed that 3094 DTRs had failed within GP. However, majority of them were neither replaced nor repaired within the stipulated period. On test check of 161 DTRs, delay in the replacement/repair up to 60 months was noticed. The Company failed to recover the cost of failed DTRs immediately after due date for replacement/repair. There were delays up to 35 months in intimation by CPA to billing section. Further, scrutiny revealed that in Vasai, Jalna and Gadchiroli O&M circles 132 new DTRs (Vasai: 68, Jalna: 50 and Gadchiroli: 14), failed within GP during 2005-06 to 2010-11, had not been replaced by the suppliers so far (August 2011).

Thus, there is a need to strengthen the reporting and recovery mechanism and fix responsibility of all Officers involved in this process so that there would be no delay in replacement of DTRs and recovery, if any, from suppliers.

The Management, while accepting the facts, stated that the recovery of ₹ 1.96 crore was made and balance recovery would be made in due course.

Delay in repair of Distribution Transformers

2.2.19 The time limit for return of repaired transformers was prescribed as 30 days from the date of handing over of failed DTRs to repairer. In Vasai and Jalna circles the time limit for return of repaired transformers was prescribed as 15 days. Penalty at the rate of 0.5 *per cent* per week of delay or part thereof subject to maximum of 10 *per cent* of the repair cost was to be levied.

On test check of records it was noticed that there was delay in receipt of repaired DTRs as under in three circles:

(No. of DTRs)

Name of the circle	Delay in repair		
	Up to six months	Six months to one year	one year to two years
Gadchiroli	47	9	---
Vasai	93	3	5
Jalna	132	1	---

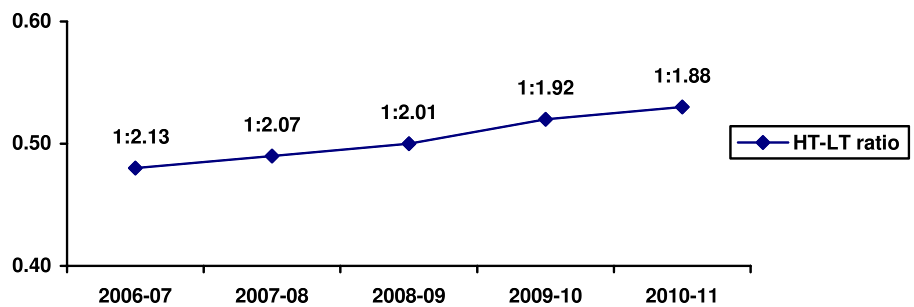
We observed that no proper records were maintained for monitoring delays and there was no proper system to recover the penalty for delays as per terms of contract.

Commercial losses

2.2.20 The majority of commercial losses relate to consumer metering and billing besides pilferage of energy. While the metering and billing aspects have been covered under implementation of R-APDRP scheme and billing efficiency respectively, the other observations relating to commercial losses are discussed below.

Implementation of LT less system

2.2.21 High voltage distribution system is an effective method for reduction of technical losses, prevention of theft, improved voltage profile and better consumer service. The GoI had also stressed (February 2001) the need to adopt LT less system of distribution through replacement of existing LT lines by HT lines to reduce the distribution losses. The HT-LT *ratio* over the audit period is depicted in the graph below:



It may be seen from the above graph that use of LT distribution system was on decreasing trend and ratio of HT to LT lines decreased from 1:2.13 in 2006-07 to 1:1.88 in 2010-11. However, the Company had not prepared any action plan for conversion of LT lines into HT lines. The Company had also not maintained records to document conversion of LT lines, if any, during 2006-07 to 2010-11.

The Management stated that it is quite difficult to maintain HT: LT *ratio* in rural areas for which more LT lines are required. However, in future plans improvement in HT: LT *ratio* will be done for better voltage profile.

High incidence of theft

2.2.22 Substantial commercial losses are caused due to theft of energy by tampering of meters and unauthorised tapping/hooking from the existing net work. Theft of energy is an offence punishable under Section 135 of Electricity Act, 2003. The Company had deployed flying squads at circle level under the control of vigilance and security department besides regular checks by O&M staff for detection of theft/unauthorised use of electricity.

The details of the raids conducted, number of theft cases detected, First Information Report (FIR) lodged and compounding charges recovered by O&M offices during the audit period are as given in **Annexure-8**. Scrutiny of theft cases revealed that no targets were fixed for the number of raids to be conducted. In case of theft of energy, FIR was to be lodged in each case with Police Station. However, Section 152 of Electricity Act, 2003 permits compounding of offence on payment of compounding charges fixed by the State Government from time to time. If compounding charges are paid FIR need not be filed. As such, total FIR cases and compounding cases should match with total theft cases detected. It may be seen from the annexure that there were 2,74,709 theft cases detected during audit period against which action of filing FIRs was taken in 39,176 cases and compounding of offences was done in 1,70,675 cases leaving 64,858 cases where neither FIRs were filed nor compounding charges recovered. This needs reconciliation.

The Management stated that the reconciliation was being carried out.

Performance of Flying Squad

2.2.23 The Vigilance Department of the Company headed by the Officer of the rank of Inspector General of Police was entrusted with the work of conducting raids. Each O&M circle had one Flying Squad (FS) directly under the control of vigilance department. FSs had checked total 1.13 lakh consumers during 2006-07 to 2010-11 covering annually 0.13 *per cent* of total consumers. There was detection of 13,213 theft cases during the audit period involving recovery of ₹ 31.37 crore from the consumers of which an amount of ₹ 2.53 crore was yet to be recovered (September 2011).

The Management stated that the recovery of unrealised amount was in process.

Billing Efficiency

2.2.24 As per procedure prescribed in the Commercial and Revenue Manual, the Company is required to take the reading of energy consumption of each consumer at the end of the notified billing cycle. After obtaining the meter readings, the Company issues bill to the consumers for consumption of energy. Sale of energy to metered categories consists of two parts *viz*., metered and assessed units. The assessed units refer to the units billed to consumers in case meter reading is not available due to meter defects, door lock *etc*. There were also un-metered Ag consumers who were billed as per HP tariff. Their consumption in terms of units was assessed on the basis of consumption of metered Ag consumers. The efficiency in billing of energy lies in distribution/sale of maximum energy by the Company to its consumers and realisation of the revenue therefrom in time.

The details of power available for sale, power actually sold and quantum of assessed sale during audit period were as under:

(Figures in MUs)

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1	Power available for sale (total purchases less transmission losses)	69,813	73,400	74,559	80,526	86,170
2	Metered sale	41,515	47,286	50,085	55,098	61,664
3	Assessed sale	7,633	8,430	8,086	8,843	9,616
4	Total sale	49,148	55,716	58,171	63,941	71,280
5	Percentage of assessed sale to metered sale	15.53	15.13	13.90	13.83	13.49
6	Percentage of distribution losses	29.60	24.09	21.98	20.60	17.28

(Source: Information furnished by the Company)

It was observed that energy billed includes assessed sale (13.49 to 15.53 *per cent*) in respect of unmetered Ag consumers and faulty meter consumers. Though distribution losses had a decreasing trend and reduced from 29.60 *per cent* in 2006-07 to 17.28 *per cent* in 2010-11, the reduction in assessed sale to metered sale decreased marginally over the period of five years.

The Company had assessed the consumption of unmetered Ag consumers on the basis of recorded consumption of metered Ag consumers subject to maximum consumption of 224 units per HP/month. The Company introduced (2006-07) Gaothan feeder separation scheme so that consumption of Ag consumers both metered and unmetered could be correctly assessed and theft of energy also be controlled. The Company had installed 4,266 such feeders covering 26,341 villages in the State at a cost of ₹ 2,226 crore by 31 March 2011. In this regard, we observed that due to incorrect mapping of consumers and faulty meters, the energy losses of any particular feeder or DTR could not be ascertained by the Company. Thus, purpose of feeder separation scheme could not be achieved.

The Management stated that the work of remapping of consumers was in progress.

Incorrect/delay in application of tariff

2.2.25 MERC fixes the tariff for different categories like residential, industrial, railways, agriculture, commercial *etc*. depending upon the purpose for which electricity is supplied. Therefore, correct classification of consumers is vital as incorrect classification may adversely affect the revenue of the Company. On test check of billing of HT consumers, we noticed incorrect application/delay in application of tariff as detailed below:

- Prior to October 2006 all HT Public Water Works (PWW) consumers in Grampanchayat or C class Municipal Council area were provided concessional tariff. However, MERC had withdrawn the concession from October 2006 and all such consumers were to be billed at the uniform rate applicable for HT III PWW category. However, revised tariff was applied to 75 PWW consumers in four circles (Dhule, Osmanabad, Satara and Solapur) from June/October 2008 instead of October 2006. This resulted in short recovery of ₹ 3.19 crore.

- MERC had introduced a new category *viz.* HT II commercial in the tariff order applicable from June 2008 for Education Institutions; Charitable Trusts, Religious Institutions and Institutions run by Government/ Municipal Corporations *etc*. However, the decision to apply HT II commercial tariff to six consumers (Vasai circle: two and Pune Ganeshkhind circle: four) was still under consideration (September 2011). As a result, as compiled by Audit, revenue of ₹ 14.35 crore from June 2008 to June 2010 remained un-recovered (September 2011).

- There were certain HT industrial consumers having electricity consumption for industrial as well as residential and commercial purposes. As per MERC tariff applicable from June 2008, consumption for commercial and residential purposes recorded by separate meter was to be billed as per new tariff. Thus, consumption by HT consumers for commercial use was to be charged and levied at the rate of ₹ 7 per unit instead of ₹ 5.25 per unit. However, in respect of 323 consumers from six circles (Ahmednagar: 33, Aurangabad rural: 14, Gadchiroli: two, Nashik rural: 30, Nashik urban: 211 and Satara: 33) the revised tariff was applied from April/May 2009 instead of June 2008. This has resulted in under billing of ₹ 0.68 crore.

The Management stated that supplementary bills in few cases had been issued and application of revised tariff to other consumers was under process. It is recommended that field offices should prepare Action Plan for application of revised tariff and ensure that all consumers are correctly categorised to suit the requirement of tariff.

Failure to implement the revised tariff in time resulted in loss of revenue of ₹ 20.82 crore.

- Pune Urban circle entered into agreement in September 2004 for supply of power to Marigold Premises Private Limited as a commercial establishment. The Company billed the consumer at industrial tariff instead of commercial tariff. As a result, the Company had suffered loss of revenue of ₹ 2.60 crore being differential amount between commercial and industrial tariff during the period from September 2004 to January 2011.

The Management stated that the matter was under investigation.

Non/under levy of ED

2.2.26 The State Government is empowered to recover Electricity Duty (ED) under Bombay Electricity Duty Act, 1958 on the consumption of energy. Rate of ED was fixed by State Government from time to time. ED Tariff prescribed different rates of ED on consumption of energy for industrial, commercial and residential purpose. ED on energy used for commercial and residential purpose by industrial consumers was to be recovered separately from June 2008 onwards.

We observed that in billing of 30 HT consumers from four circles (Kolhapur: five, Pune Ganeshkhind: three, Thane urban: 14 and Vashi: eight) ED was recovered at uniform industrial rate though part consumption was for residential and commercial purposes. Data compiled by Audit in respect of Kolhapur, Pune and Vashi for the period February 2010 to August 2011 and Thane (urban) for 2009-10 detected under recovery of ₹ 2.27 crore. As all bills were generated through IT programme it is recommended to improve the quality of IT programme to avoid such non-recovery of ED. The Kolhapur circle stated (October 2011) that supplementary bills were raised. However, bills were raised by the circle from February 2010 instead of June 2008.

Revenue collection efficiency

2.2.27 As revenue from sale of energy is the main source of income of the Company, prompt collection of revenue assumes great significance. The table below indicates the balance outstanding at the beginning of the year, revenue assessed during the year, revenue collected and the balance outstanding at the end of five years ending 2010-11.

(₹in crore)

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1	Balance outstanding at the beginning of the year	5,454	6,595	8,486	11,525	13,126
2	Revenue assessed/billed during the year	18,864	20,159	23,483	27,642	30,306
3	Total amount due for realisation (1+2)	24,318	26,754	31,969	39,167	43,432
4	Amount realised during the year	17,707	18,076	20,252	25,936	29,858
5	Amount written of during the year	16	192	192	105	178
6	Balance outstanding at the end of the year	6,595	8,486	11,525	13,126	13,396
7	Percentage of amount realised to total dues (4/3)	72.82	67.56	63.35	66.22	68.75
8	Arrears in terms of No. of months assessment	4	5	6	6	5

(Source: Information furnished by the Company)

Major recoverable amounts pertained to Agricultural and Public Water Works consumers.

It was seen from above that dues outstanding at the end of 2010-11 doubled from ₹ 6,595 crore in 2006-07 to ₹ 13,396 crore. Of this, ₹ 6,033 crore were recoverable from Ag consumers, ₹ 1,490 crore from PWW consumers and ₹ 5,761 crore from Permanently Disconnected (PD) consumers.

As per Section 56 (1) of Electricity Act, 2003, if the consumer neglects to pay electricity charges, the licensee may after giving 15 days notice in writing, disconnect the supply till such charges are paid. However, no action for disconnection was being resorted to against PWW consumers though arrears of ₹ 1,490 crore were recoverable from them. The Company may take up the matter with the GoM for pursuing the respective departments to pay the long outstanding dues or pay the balance through budget allocations.

Dishonoured Cheques

2.2.28 The consumer may pay energy bills by cheque. If the cheque is dishonoured the Consumer Personnel Ledger was to be debited to that extent immediately along with interest. Scrutiny of records of Vasai (East) sub-division (Vasai circle) revealed that 444 cheques amounting to ₹ 89.15 lakh received during January 2010 to August 2011 had been dishonoured but not debited to consumers account. Similarly, 26 cheques amounting to ₹ 6.92 lakh received during May 2007 to April 2011 in Jalna circle had also dishonoured but not debited to consumers account so far (August 2011).

Lack of MIS on Disciplinary Cases

2.2.29 The annual average assessment of revenue from sale of power (2006-07 to 2010-11) was ₹ 24,677 crore and there was addition of ₹ 9,578 crore in the net asset of the Company during 2006-07 to 2010-11. In the process of providing services to the consumers and assessing the revenue and its recovery, there are chances of frauds being committed, misappropriations of cash/property, accepting of bribes and other acts causing loss of revenue to the Company. There is a need to have a comprehensive MIS which would be useful for remedial action in case of deficiencies noticed by competent authorities. On scrutiny of records maintained by General Administration Department, we observed that no such comprehensive MIS at State level has been developed so far (May 2011). Monthly reports submitted by Zonal offices are not being compiled and reviewed at Central office level for corrective action.

On test check of monthly report on above cases submitted by Amravati zone for March 2011, we observed that there were 19 cases for which orders were issued for appointment of enquiry officers during May 2009 to February 2010 but there was no progress in those cases thereafter.

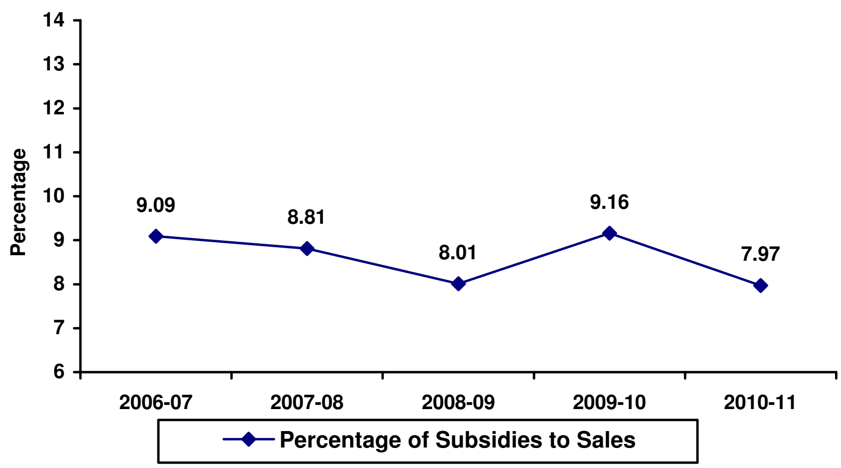
The Management stated that corporate office has formed the disciplinary action cell and action against the employees is taken by the competent authority. However, development of MIS for effective monitoring control would help in the matter.

Subsidy Support and Cross Subsidisation

2.2.30 There is an urgent need for ensuring recovery of cost of service from consumers to make the power sector sustainable. The State Government is providing subsidy with a view to ensure supply of power to specific category of consumers at concessional rates of tariff.

Subsidy support

2.2.31 MERC fixes the tariff for sale of electricity to various categories of consumers. The State Government fixes further lower tariff for agricultural and Power looms consumers. The difference between MERC rate and recovery rate was treated as subsidy to the Company. The graph below indicates revenue subsidy support from State Government (against concessional tariff) as a percentage of sales[6] for five years ending 31 March 2011.



The State Government provided subsidy amounting to ₹ 10,552.25 crore to Agricultural and Power loom consumers.

It is evident from the above that subsidy support from the Government was about eight to nine *per cent* of total sale which is a matter of concern since the subsidy needs to be withdrawn over a period of time in a phased manner so that tariff may cover average cost of supply to consumers. Against the subsidy of ₹ 10,552.25 crore due from State Government over the audit period ₹ 10,172.91 crore was received from State Government and ₹ 379.34 crore remained outstanding at the end of March 2011.

Cross subsidisation

2.2.32 Section 61 of Electricity Act, 2003 stipulates that the tariff should progressively reflect the Average Cost of Supply (ACoS) of electricity and also reduce cross subsidy in a phased manner as specified by the Commission. National Tariff Policy envisaged that the tariff of all categories of consumer should range within *plus/minus* 20 *per cent* of the ACoS by 2010-11. The

[6]The figures here is including revenue subsidy from State Government for concessional tariff.

position of cross-subsidies in various major sectors during 2010-11 is depicted in the table below.

Categories	ACoS (₹/unit)	Average billing rate (₹/unit)	Percentage of average billing rate to ACoS
HT category			
HT–I Industry (Express feeder)		5.62	128
HT-I Seasonal industrial		6.92	158
HT-II Commercial		8.14	186
HT-III Railways		5.80	132
HT-V Agricultural	**4.38**	2.39	55
HT-VI Bulk Supply-Commercial		6.80	155
LT category			
LT-II Non-domestic		6.61	151
LT-III Public Water Works		2.18	50
LT-IV Agricultural		1.98	45

It would be seen from above that Ag and PWW consumers were heavily cross subsidised at the cost of commercial and industrial consumers. The gap in tariff fixation under various categories of consumers was more than *plus/minus* 20 *per cent* of ACoS. Therefore, efforts may be made to reduce the gap and bring the same in the range of *plus/minus* 20 *per cent* of ACoS.

Tariff Fixation

2.2.33 The Company is required to file the ARR for each year 120 days before the date from which tariff is intended to be made effective. The MERC accepts the application filed by the Company with such modifications/conditions as may be deemed just and appropriate and after considering all suggestions and objections from public and other stakeholders.

We observed that there was a delay ranging from 69 to 227 days in submission of ARR for five years (2006-07 to 2010-11). As a result of delay, benefits of revised tariff to the Company got delayed. The delay in submission of ARR was mainly attributed to pendency of review petitions before MERC challenging some of the decisions on earlier ARR. This resulted in postponement of revenue realisation significantly.

Detailed analysis revealed that the extent of tariff was lower than breakeven levels (3.70 to 11.46 *per cent*) of revenue from sale of power at the present level of operations and efficiency, the details of which for the last five years ending 31 March 2011 were as shown in the table below:

(₹in crore)

Year	Sales (including subsidy)	Variable cost	Fixed cost	Contribution (2 – 3)	Deficit in recovery of fixed cost (4 – 5)	Deficit as percentage of sales {6/2} x 100
1	2	3	4	5	6	7
2006-07	18,863.78	16,692.90	3,661.22	2,170.88	1,490.34	07.90
2007-08	20,158.61	17,532.19	3,372.02	2,626.42	745.60	03.70
2008-09	23,483.06	21,205.07	4,969.94	2,277.99	2,691.95	11.46
2009-10	27,642.31	24,438.14	5,373.43	3,204.17	2,169.26	07.85
2010-11	33,237.50	29,463.63	5,666.88	3,773.87	1,893.01	05.70

It could be seen that the Company was not able to recover total fixed cost and annual deficit ranged between ₹ 745.60 crore and ₹ 2,691.95 crore during 2006-07 to 2010-11.

MERC disallowed controllable expenditure of ₹ 504 crore during 2007-08 to 2008-09.

MERC (Terms and Conditions of Tariff) Regulations prescribed that one third of loss on account of controllable factors may be passed on to the consumers through tariff and balance two-thirds shall be absorbed by the licensee. Scrutiny of MERC Tariff order dated 17 August 2009 and 12 September 2010 revealed that while approving the truing up (approval of expenditure as per audited accounts) of the ARR for 2007-08 and 2008-09, MERC disallowed ₹ 195 crore and ₹ 309 crore, respectively towards efficiency. As per MERC Regulations, two-thirds of the efficiency losses (₹ 336 crore) was borne by the Company and one-third (₹ 168 crore) was allowed to be passed on to the consumers through the tariff. MERC also rejected the petition stating that the expenses were higher than approved by it. Thus, there is need to minimise such expenditure.

Though the tariff is on lower side and needs to be revised for recovery of the cost, it may be highlighted here that revenue gap may be reduced significantly by improving operational efficiency, *viz.*, reduction in AT&C losses, conversion of LT lines into HT lines, metering of unmetered connections/ defective meters, improving billing and collection efficiency.

The Management stated that steps for reduction in expenditure will be taken during financial year 2011-12.

Consumer Satisfaction

2.2.34 One of the key elements of the Power Sector Reforms was to protect the interest of the consumers and to ensure better quality of service to them. The consumers often face problems relating to supply of power such as non-availability of the distribution system for the release of new connections or extension of connected load, frequent tripping of lines/transformers and improper metering/billing. The redressal of grievances is discussed below.

Redressal of Grievances

2.2.35 The MERC specify the mode and timeframe for redressal of grievances in Standards of Performance (SoP) Regulations, 2005 in pursuance of Electricity Act, 2003. The MERC had prescribed the time limit for rendering services to the consumers and compensation payable for not adhering to the schedule. The nature of services contained in the Standards *inter-alia* include line breakdowns, replacement of failed DTRs, period of load shedding/scheduled outages, voltage variations, meter complaints, installation of new meter/connections or shifting thereof, *etc*.

Each circle office has internal unit for redressal of consumer complaints. The consumers may also appeal before Zonal Grievance Redressal Forum. For consumer satisfaction, the Company opened 15 call centres (24*7) in major cities for redressing complaints of consumers.

On test check of records of eleven O&M circles,[•] we observed that the Company had no mechanism in place for implementation of SoP. MIS was not being generated indicating service wise time prescribed in SoP, actual time taken, delay if any in providing services to consumers (September 2011). In the absence of such mechanism the efficiency of the Company in providing service to the consumers could not be ensured. It was further observed from the information on SoP reported by these circles for 2009-10 that all services have been provided within the time as per SoP excluding 'compensation paid' cases. As the data reported by field offices were not supported by subsidiary records, the information on SoP reported to MERC was, thus, not reliable.

The Management stated that MIS would be developed and subsidiary records maintained.

Energy Conservation

2.2.36 The Company had taken up Compact Fluorescent Lamp (CFL) Programme under Clean Development Mechanism. The Company completed pilot project for supply of 3.80 lakh CFL in Nashik. The Company had thereafter executed (November 2008) agreement with private party for supply of 20 lakh CFL free of cost in Ahmednagar circle and the agency was to get carbon credit to cover the cost of CFL. However, the scheme was not implemented by the party and agreement was cancelled. Similarly, the scheme implemented (September 2008) in Pune through private agency was also not successful. However, the Company had not made any efforts thereafter to search another agency.

[•] Aurangabad, Ahmednagar, Dhule, Gadchiroli, Kalyan, Kolhapur, Nashik, Pen, Ratnagiri Vasai and Vashi.

Energy Audit

2.2.37 Scrutiny of the energy audit reports revealed the following:

- Out of 3.13 lakh DTRs, 3,05,651 DTRs were in operation as at the end of March 2011 of which meters were installed on 1,87,448 DTRs at a cost of ₹ 246.23 crore (₹ 13,136 per meter) leaving 1,18,203 DTRs un-metered (38.67 *per cent*). The Company had also not fixed any target for metering of DTRs.

- Energy audit reports were generated in March 2011 in respect of 1,54,866 DTRs indicating that there were 41,624 DTRs, which had losses of more than 35 *per cent* and 42,610 DTRs had abnormal results *i.e*. negative losses. We observed that the main reasons for abnormal results were attributed to incorrect mapping of consumers, and faulty meters.

Remedial action had not been taken on Energy Audit Reports.

- The MIS on Energy Audit Reports was deficient to the extent that it did not provide information with regard to age-wise analysis of DTRs incurring heavy losses/abnormal result so that priorities could be assigned to those Energy Audit Reports. On test check of field units selected for audit it was noticed that the energy audit reports of top 70 DTRs (10 DTRs each from Dhule, Jalna, Kalyan urban-I, Pen, Pune urban, Ratnagiri and Vasai circles) indicated continuous losses per DTRs during August 2003 to March 2011 and the average energy loss per DTRs was as high as 80.98 *per cent*. Even though a period of eight years had elapsed no action was undertaken by these circles to investigate abnormal losses.

The Management, while accepting the fact, stated that such poor performance was on account of DTRs that were located in Ag dominated areas and efforts are being made to bring down the losses of each DTR within permissible range.

Monitoring by top Management

MIS Data and monitoring of service parameters

2.2.38 The Company plays an important role in the State economy. For an organisation to succeed in operating economically, efficiently and effectively, there should be well documented Management systems of operations, service standards and targets. Further, there has to be a 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.

In this regard, we observed the following:

- The Company had not prepared well documented plan of network and additions/replacement of over aged network in a phased manner. In the absence of such assessment/plan, adequacy of existing network to provide quality power could not be ensured**.**

- Technical and financial performance were reviewed by the Managing Director through Monthly Review Meetings. However, operational performance of the Company was not reported to the Board of Directors for evaluation.

- Reports on MIS generated on faulty meters and 'DTR wise' energy audit Reports had not been updated to show age-wise details so that management could assign priority for over-aged cases.

- No mechanism was in place for implementation of SoP and data on SoP reported to MERC was not supported by subsidiary records to be maintained by field offices.

- Replacement/repair of DTRs failed within GP was not monitored.

- A reliable and comprehensive MIS was not in existence.

Acknowledgement

2.2.39 Audit acknowledges the co-operation and assistance extended by different levels of the Management at various stages of conducting the performance audit.

The matter was reported to the Government (August 2011); the reply had not been received (November 2011).

Conclusion

- **The Company had not prepared well documented action plan for replacement of overaged network and additions required to meet the increasing demand for power in future.**

- **The physical progress in the projects taken under RGGVY during XI five year plan was poor as compared to required completion by December 2011. There was no proper mechanism in place to ensure that BPL works were actually executed and benefits were passed on to eligible beneficiaries.**

- **Replacement of 6.67 lakh faulty meters and metering of 15.36 lakh agricultural consumers were pending at the end of 2010-11.**

- **The distribution losses decreased from 29.60 *per cent* in 2006-07 to 17.28 *per cent* in 2010-11. However, they were above MERC norms during 2009-10 and 2010-11.**

- **Failure of DTRs increased from 36,626 in 2006-07 to 38,306 in 2010-11. The failure on account of overloading remained on increasing trend. The failure of DTRs within guarantee period was also not effectively monitored resulting in delay in repairs/replacement by suppliers.**

- **There was no proper mechanism in place in field offices to ensure that new tariff was applied in time to all consumers. Delay/non-application of revised tariff was noticed in 405 HT consumers involving revenue loss of ₹ 20.82 crore.**

- **Outstanding dues recoverable from consumers increased from ₹ 5,454 crore to ₹ 13,396 crore during 2005-06 to 2010-11. Major portion of dues was recoverable from Agricultural and PWW consumers.**

- **The MIS on Energy Audit Reports and faulty meters was deficient to the extent that it did not provide information with regard to age-wise analysis of DTRs incurring huge losses and faulty meters requiring replacement.**

Recommendations

The Company may consider:

- **preparing well documented long term plan for development of distribution network;**

- **strengthening mechanism for verification of works executed under RGGVY and ensuring that intended benefits are passed on to eligible beneficiaries;**

- **concentrating on area with huge distribution losses and brining down the same within the permissible norms of MERC;**

- **improving billing efficiency by replacement of faulty meters, metering of agricultural consumers in a time bound manner and application of new tariff in time;**

- **generating MIS regarding age-wise details of faulty meters and DTRs showing abnormal results for longer duration;**

- **establishing co-ordination among various field offices for timely repair/replacement of DTRs failed during guarantee period; and**

- **pursuing vigorously the recovery of outstanding energy bills from the consumers.**

Chapter III

3. 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

Maharashtra Airport Development Company Limited

3.1. *Avoidable extra expenditure*

The Company incurred avoidable extra expenditure of ₹ 94.13 lakh in March 2009 due to award of consultancy works contract at higher rates without undertaking a transparent tendering process.

Maharashtra Airport Development Company Limited (Company) invited (September 2008), 'Request for Proposal' (RFP) from three short listed bidders[*] for providing consultancy services for project preparation, designing and implementation of the proposed development of three Airports at Jalgaon, Shirdi and Solapur. The quotations of Intercontinental Consultants and Technocrats Private Limited (ICT) for all the three Airports were the lowest at ₹ 94.18 lakh for Jalgaon (A1), ₹ 79.48 lakh for Shirdi (A2) and ₹ 89.28 lakh for Solapur (A3). The Company rejected (October 2008) the bids of ICT who was on approved list of Airport Authority of India (AAI) on the ground that the rates quoted by the L1 bidder were unreasonably low as compared to the rates quoted by other two bidders[∇].

The Company re-invited (November 2008) the financial bids from the existing three bidders as well as additional agencies who were on the approved AAI list. Frishman Prabhu was the L1 bidder for all the three Airports quoting ₹ 75.40 lakh for A1, ₹ 65.80 lakh for A2 and ₹ 75.40 lakh for A3. Further, they offered discount of five *per cent* of the consultancy charges if any two Airports were awarded to them.

However, on receipt of offers in second call, the Company for the first time worked out the estimated cost of the consultancy contract and finalised the price of ₹ 1.38 crore per Airport as the reasonable price and felt the price below 15 *per cent* of the estimated cost would not be workable. Accordingly, the Company rejected the price bids of Frishman Prabhu and awarded

[*] Mott Mac Donald, Scott Wilson India Private Limited and Intercontinental Consultants and Technocrats Private Limited.

[∇] Mott Mac Donald quoted ₹ 390 lakh for all three Airports while Scott Wilson India Private Limited quoted ₹ 169.33 lakh, ₹ 175.10 lakh and ₹ 167.79 lakh for A1, A2 and A3 respectively.

(March 2009) the consultancy work contract at much higher rates to ICT at ₹ 1.25 crore for A1 and Mott MacDonald Private Limited at ₹ 1.19 crore for A2 and ₹ 90.25 lakh for A3 Airport at the price quoted by the respective bidders.

We observed that the Company had invited the price bids in the first call from only three parties without estimating the cost of consultancy work. However, the Company should have invited bids from all players short listed by AAI. In second occasion also, the Company did not estimate cost of the consultancy works. The cost was estimated only after evaluating the price bids received on second occasion.

Thus, rejection of the L1 bids of ICT and Frishman Prabhu on the ground of un-workability was without any basis in first and second occasion respectively and lacked transparency. Moreover, both ICT and Frishman Prabhu were short listed by the AAI as Global Technical Advisor. This led to avoidable extra expenditure of ₹ 94.13 lakh[Ψ].

It is recommended that the tendering process should be based on transparent and systematic method.

The matter was reported to the Government/Management (May 2011); their replies had not been received (November 2011).

City and Industrial Development Corporation of Maharashtra Limited

3.2 *Undue benefit to a private firm*

Larsen and Toubro Limited was extended undue benefits of ₹ 464.27 crore during 2009 on incomplete projects of the 'Development of Integrated Complex at Seawood Railway Station'.

City and Industrial Development Corporation of Maharashtra Limited (Company) as an agent of Government of Maharashtra (GoM) awarded (February 2008) the work for Development of Integrated Complex at Seawoods Railway Station which involved commercial development of about 16.50 hectares to the highest offerer Larsen and Toubro Limited (L&T) for ₹ 1,809 crore.

The L&T paid (March 2008) ₹ 724 crore out of the total lease premium of ₹ 1,809 crore. The Development Agreement (DA) was signed on 21 April 2008. According to the provisions of the DA, the balance lease premium was to be paid in three installments due on April 2009, 2010 and 2011. The Company, after considering the delay in handing over of the site to the developer, extended the due date of payment from 21 April to 24 June every year. In case of delay in payment of installments, interest at the

[Ψ] Difference between second call offer of Frishman Prabhu and actual award to ICT and Mott Mac Donald.

rate of 14.25 *per cent* per annum was payable by the developer. The completion period of the project was three years (April 2011) for the Railway Station and five years (April 2013) for 50 *per cent* of the permissible built-up area of Commercial Facilities (CF) from the date of the DA.

We observed that as per the Request for Proposal (RFP) document the bidder was to submit a Bank Guarantee (BG) of ₹ 1,085 crore before signing the DA. The L&T did not furnish the BG and requested (April 2008) for a performance guarantee in lieu of BG. The Managing Director of the Company accepted the same in deviation of the RFP terms which was contrary to the principle of transparency and was not in the best financial interest of the Company. There was no security available with the Company in case of a default by the developer.

Further, as per the provision of the DA, it was the responsibility of the developer to obtain the necessary approvals for General Arrangement Drawings (GAD) from Railways. However, developer obtained the required GAD approvals from Railways only in August 2011 *i.e.* after a delay of over three years from the date of DA and the work had not commenced so far (September 2011).

We further observed that despite no progress of work, L&T requested (June 2009) the Company for extension of time of three years in payment of installments without levy of 'Delayed Payment Charges' (DPC), reduction of DPC percentage from 14.25 to nine *per cent*, extension of one year in completion of the railway project and two years extension for development of 50 *per cent* CF. The Board of Director of the Company accepted the request of L&T and granted (August 2009) relaxations without approval of the State Government. The financial repercussion of extension of time of three years in payment of installments without levy of 'DPC' alone resulted in an undue favour of ₹ 464.27 crore[*] to the developer on an incomplete project and loss to the Company.

On being pointed out by Audit, the Management stated (August 2011) that they had approached GoM in July 2011 to either ratify or suitably modify the decision taken by the Board. The response of GoM was awaited. The reply is not convincing as it did not mention the reasons as to why the Government approval was not obtained before agreeing to such significant concessions to the L&T.

The matter was reported to the Government (April 2011); their reply had not been received (November 2011).

[*] Due to extension of time of three years in payment of installments towards balance lease premium of ₹ 1,085 crore at 14.25 *per cent*.

3.3 *Allotment of plot below market rate*

The Company suffered loss of revenue of ₹ 22.63 crore due to allotment of plot below the market price in September 2009 on the single tender basis.

The Company invited (June 2009) tenders for allotment of Plot No.1 in Sector-20 of Kalamboli node admeasuring 15,999.91 m^2. The tender was not given wide publicity in prominent news papers and was published in only one newspaper of English, Hindi and Marathi. The NIT did not clearly mention that the plot was strategically located and touching the main link road from the Sion-Panvel Express Highway. The base price mentioned in the tender document was not realistically computed and fixed at only ₹ 10,000 per m^2 whereas average market rate in Kalamboli node was ₹ 26,662 per m^2 at that time. Due to poor publicity only two tenders were received (June 2009). Out of the two tenders received KLE Society (KLE), Karnataka had not submitted the requisite Earnest Money Deposit and the offer was treated as invalid resulting in a single tender situation as only one offer of Aermid Health Care (India) Private Limited, Kolkata (AHCIPL) was valid. The Economic Department of the Company recommended (July 2009) re-tendering of the plot stating that the rate received was low. The Managing Director (MD) over-ruling the above advice allotted (September 2009) the plot to the single tenderer AHCIPL at the rate of ₹ 12,521 per m^2 on the justification that the rate received was 25.21 *per cent* above the base price. The Board of Directors (BoD) approval to the decision of the MD was also not obtained.

We observed that the reasons for mention of the base price as ₹ 10,000 per m^2 in the NIT when the average market price received in Kalamboli node during 2008-09 was ₹ 26,662 per m^2 were also not on record. Thus, the allotment of plot on single tender basis at far below the prevailing average market rate resulted in a loss of revenue of ₹ 22.63[♦] crore.

The Management stated (July 2011) that the decision to allot plot to AHCIPL at ₹ 12,521 per m^2 was taken as the rate was 25.21 *per cent* above the base price. The reply is not tenable as a single tender situation was created and was despite Economics Section's advice of re-tendering.

The matter was reported to the Government (March 2011); however their reply is awaited (November 2011).

3.4 *Revenue loss due to irregular transfer of land*

Instead of re-allotment at new rates, the Company transferred a plot to 15 Societies of employees of Mazagon Dock Limited and suffered revenue loss of ₹ 21.46 crore in 2010.

As per the policy of Company if the allottee did not require the allotted land, the same should be surrendered to the Company which could allot the plots to the Co-operative Housing Societies (CHS) formed by the employees on

[♦] (₹ 26,662 per m^2 – ₹ 12,521 per m^2) x 15,999.91 m^2 = ₹ 22.63 crore.

payment of lease premium at the rate of 250 *per cent* of the prevailing reserve price.

The Company allotted (January 1982) a plot admeasuring 53,800 m^2 in Sector-21, New Panvel at a cost of ₹ 43.04 lakh to Mazagon Dock Limited (MDL) a Central Government Undertaking on preferential basis at concessional rate of lease premium of ₹ 80 per m^2 for residential use. MDL did not utilise the land. However, the Estate Officer of the Company without the approval of the Board of Directors (BoD) permitted (July 2003) the transfer of land to 15 CHS formed by its employees by collecting ₹ six lakh towards transfer charges instead of taking back possession as per its policy and re-allotting to these CHS at 250 *per cent* of prevalent rates.

We observed that the proposal for regularisation of transfer of plots to 15 CHS was submitted (January 2010) to the BoD. The BoD disapproved the proposal and directed the Manager (Town Services) to take necessary action for taking back the possession of plot. However, the possession has not been taken back by the Company so far (October 2011) nor any penal action was initiated against the then Estate Officer (now retired) who was responsible for these irregularities.

Thus, by not following its own policy of allotting the plots to CHS at 250 *per cent* of the then prevailing reserve price of ₹ 1,600 per m^2, it incurred a loss of ₹ 21.46[#] crore.

The Management stated (August 2011) that it would recover lease premium at the rate of ₹ 9,625 per m^2. The Government has also endorsed the reply (May 2011). However, the fact remains that amount is yet to be recovered (October 2011) from the CHS.

3.5 *Loss of revenue in irregular allotment*

The Company suffered revenue loss of ₹ 2.84 crore due to allotment of land in violation of norms.

As per Land Pricing and Land Disposal Policy, the Company can allot maximum 2,000 m^2 land each under religious category and cultural complex activity. As per pricing policy of the Company, the Plot for religious purpose can be allotted at 50 *per cent* of reserve price (RP) for first 500 m^2 of land, at 100 *per cent* of RP for next 500 m^2 and at 150 *per cent* of RP for above 1,000 m^2 of land. On the other hand, allotment of plot for cultural complex purpose is to be allotted at 50 *per cent* of RP up to 1,000 m^2 and another 1,000 m^2 at 100 *per cent* of RP. Thus, plot up to 2,000 m^2 only can be allotted for cultural purposes according to the policy of the Company.

We observed that in violation of its own policy, the Company forwarded (April 2004) the proposal to the State Government for prior permission to allot 9,000 m^2 plot to International Society for Krishna Consciousness (ISKCON) for religious activities. The State Government approved (November 2005) the

[#] 53,800 m^2 x ₹ 4,000 per m^2 = ₹ 21.52 crore minus ₹ six lakh = ₹ 21.46 crore.

allotment of 1,500 m^2 plot to ISKCON for religious activities. However, the Company in contravention of the Government approval allotted (January 2008) 9,000 m^2 of land (Plot No.2) to ISKCON for establishing a religious and cultural complex in Sector 23, Kharghar, Navi Mumbai.

The land admeasuring 1,500 m^2 was allotted for religious purpose as per pricing policy and rest of land admeasuring 7,500 m^2 was allotted for cultural complex activity by violating the norms of maximum 2,000 m^2 as laid down in the pricing policy. Since the policy allowed only up to 2,000 m^2 land for cultural complex activity the remaining land of 5,500 m^2 (7,500 m^2 - 2,000 m^2) should have been allotted at commercial rate for ₹ 4.55 crore[Ψ] instead of ₹ 1.71 crore[*]. This has resulted in loss of ₹ 2.84 crore[Ω] and undue favour to the party. In addition, subsequently the Company also allotted (May and December 2008) two adjacent plots (No.2A and 2B) admeasuring 4,000.45 m^2 and 19,999.72 m^2 respectively to ISKCON for the development of common parking and a public garden on leave and license basis for 10 years (up to July 2018) at a rent of ₹ 1,000 per acre per year.

The Management stated (April 2011) that the plot area of 9,000 m^2 allotted to ISKCON was for multiple uses. The Company further stated that Government approved to allot land of 1,500 m^2 for temple purpose and remaining 7,500 m^2 land was allotted for other than religious purpose and there was no need to obtain the approval of Government. The reply was endorsed (July 2011) by the Government. The reply is not tenable as the Government had approved allotment of 1,500 m^2 for religious purpose and allotment of 5,500 m^2 over and above 2,000 m^2 for cultural purposes was irregular and in violation of its own policy as well as Government order.

3.6 *Loss of interest*

The Company suffered a loss of ₹ 1.97 crore due to waiver of 50 *per cent* of interest amount.

The Company entered into an agreement (16 March 2006) with Navi Mumbai Special Economic Zone Development Company Private Limited (Party) for Development of Special Economic Zone wherein land admeasuring 450 hectare was handed over to them. Party was to pay lease premium of ₹ 285.87 crore of which ₹ 50 crore was payable upfront and the balance ₹ 235.87 crore was payable in two equal annual installments of ₹ 117.94 crore each and the amount payable was to be compounded at the rate of the weighted average Prime Lending Rate (PLR) of the State Bank of India (SBI) or 10 *per cent* per annum whichever was higher.

We noticed that the amount of interest receivable worked out to ₹ 33.23 crore by adopting the weighted average PLR of SBI. However, the Party paid (March 2007 and September 2007) the balance lease premium alongwith 10 *per cent* interest of ₹ 29.30 crore. The Company referred (May 2007) the

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[Ψ] 5,500 m^2 x ₹ 8,267 per m^2 = ₹ 4.55 crore.
[*] 5,500 m^2 x ₹ 3,100 per m^2 = ₹ 1.71 crore.
[Ω] ₹ 4.55 crore - ₹ 1.71 crore = ₹ 2.84 crore.

matter to SBI which informed that they had abolished the SBI PLR and the same was substituted by the State Bank Advance Rate (SBAR). CRISIL the financial consultant, also opined that SBAR without any term premium can be used as benchmark rate in lieu of abolished lending rate. However, the Company agreed to accept 50 *per cent* of the differential amount of ₹ 3.93 crore offered by the Party and waived the balance interest ₹ 1.97 crore resulting in loss to that extent.

The Management accepted (June 2011) the audit contention and stated that due care would be taken in future to protect the interest of the Company. It was further stated that it negotiated for additional amount and succeeded in getting 50 *per cent* of the balance interest amount of ₹ 1.97 crore. The Government also endorsed the reply (July 2011).

3.7 *Non-recovery of risk and cost amount from the contractor*

The Company could not recover ₹ 1.04 crore being the risk and cost expenditure from the defaulting contractor since December 2008.

The Company based on tenders had awarded (October 2004) a contract to Associated Cement Companies Limited (Contractor) for the design/ construction/up-gradation of the road of Kalamboli Warehousing Complex (WC) at a cost of ₹ 9.49 crore. As per the terms and conditions of the contract, the maintenance liability of the Contractor for the completed work was for five years. The work was completed by the Contractor in May 2006.

We observed that the Contractor did not carry out any repairs/maintenance of the road after its construction during the maintenance guarantee period as per the contract which resulted in heavy damages to the road. The Company received several complaints from the Steel Market Committee, transport owners and plot owners of Kalamboli WC 2007 onwards. The repair works were subsequently carried out by the Company through three* Contractors at a cost of ₹ 1.87 crore (during 2007-08 and 2010-11) at the risk and cost of the main contractor.

The Company had withheld ₹ 83.34 lakh from running account bills of the Contractor up to August 2006. However, the Contractor has not paid any amount so far and even after considering the withheld amount ₹ 1.04 crore is still recoverable.

On being pointed out by audit the Management stated (April 2011) that the Company had filed a civil suit to recover the additional expenditure. The Government also endorsed the reply (May 2011). However, the fact remains that the Company failed to recover the repair cost from the defaulting Contractor.

* Shivam Construction Company: ₹ 0.29 crore, J.M. Mhatre: ₹ 1.11 crore and Thakur Infra Projects Private Limited: ₹ 0.47 crore.

In view of the above irregularities the Company should:

- **strengthen its internal control mechanism on land allotments and recover lease premium as per its own policy and in accordance with the orders of BoD/Government. Officers responsible for wrongful decision-making at all levels should be made accountable.**

- **follow the pricing policy strictly and comply with the Government orders.**

- **obtain prior approval of BoD in exceptional circumstances of single tender situation and fix base price at prevailing market rate.**

- **assess the financial implications before deviating from the terms and conditions of the agreement.**

Maharashtra State Power Generation Company Limited

3.8 *Splitting of orders*

Splitting of the orders during September 2008 to February 2009 in order to avoid approval of higher authorities lacked transparency.

As per delegation of powers, specified by the Maharashtra State Power Generation Company Limited (Company) the Chief General Manager (CGM) of a power station, in consultation with Deputy Chief Accounts Officer, is empowered to carry out routine works up to ₹ three lakh and special repairs up to ₹ 15 lakh . During the year 2008-09, the CGM issued total 238 work orders valuing ₹ 9.15 crore for civil works.

We observed that these works were awarded on quotation basis without undertaking a formal tendering process. Work orders ranging between two to five were issued to one contractor on the same date for similar type of work, which was unjustifiable and indicated that composite works were being split to avoid obtaining approval of the higher authority which was in violation of the canons of financial propriety. A detailed examination revealed that 62 work orders valuing ₹ 2.46 crore were issued (September 2008 to February 2009) to eight[•] contractors for routine work as per details given in the **Annexure-9.**

The Management accepted (October 2011) the audit contention and stated that necessary instructions have been issued to field officers to avoid such incidents in future. It was also stated that an enquiry was initiated to investigate the matter.

The matter was reported to the Government (March 2011); their reply had not been received (November 2011).

[•]Chetan R. Patil three works ₹ 7.17 lakh, C.B. Patil five works ₹ 14.95 lakh, M.J. Patil five works ₹ 14.62 lakh, R.S. Mumbaikar nine works ₹ 24.90 lakh, S.S.Engineering Works eight works ₹ 23.92 lakh, Sadanand Engineering Works 12 works ₹ 35.88 lakh, Roshan Trading Company four works ₹ 55.90 lakh and S.G.Rathod & Company 16 works ₹ 68.67 lakh.

Mahatma Phule Backward Class Development Corporation Limited

3.9 *Avoidable payment of additional fee*

Non-filing of notice with RoC for increase in authorised share capital of the Company resulted in avoidable payment of additional fee of ₹ 75.01 lakh in July/August 2010.

Mahatma Phule Backward Class Development Corporation Limited (Company) was established by the Government of Maharashtra (GoM) in July 1978 with an Authorised Share Capital (ASC) of ₹ 2.50 crore. The Company received Share Capital (SC) from the GoM and the Central Government. The ASC of the Company was increased from time to time to ₹ 100 crore up to March 1996 and ₹ 200 crore up to March 2004. According to Section 97 of the Companies Act, 1956, the Company shall file notice (Form 5) of increase of SC with Registrar of Companies (RoC) within 30 days of increase in ASC along with requisite fees (0.05 *per cent* of increased amount of SC). Further, additional fee for delay in filing Form 5 is charged at the rate of two *per cent* per month for first year and at the rate of 2.5 *per cent* per month on the fee amount, thereafter, till the date of filing of Form 5.

During audit of annual accounts for the financial year 2002-03 we observed (March 2011) that the Company allotted shares of ₹ 11.91 crore to the Government of India on 20 September 2002. The paid up capital of the Company stood at ₹ 103.13 crore as against the ASC of ₹ 100 crore. The GoM Resolution regarding the increase of ASC from ₹ 100 crore to ₹ 200 crore was issued in March 2004 *i.e.* after a period of 18 months from the actual allotment of shares which was irregular.

Further, the Company failed to comply with the above provisions and filed the notice (Form 5) to the RoC for increase in ASC to ₹ 200 crore only in July-August 2010 under the Company Law Settlement Scheme. The Company, in addition to normal registration fee of ₹ 95 lakh for increase in ASC, also paid (July-August 2010) an additional penal fee of ₹ 75.01 lakh to RoC for delay in filing. The reason for delay in filing the return was lack of professional guidance on the part of the Company. Thus, violation of provisions of Companies Act, 1956 resulted in avoidable payment of ₹ 75.01 lakh. It is pertinent to note that the Memorandum of Association of the Company has also not yet been altered and the ASC of the Company is ₹ 15 crore till date.

The Management stated (May 2011) that the Company would take every step to comply with the provisions of the Companies Act diligently and file all the necessary compliances within prescribed time limit of the RoC.

The reply is not tenable as the Company should have timely filed Form 5 with RoC to avoid additional penal fee of ₹ 75.01 lakh. Further, the Company has yet to prepare its financial accounts for the year 2005-06 onwards.

The matter was reported to the Government (April 2011); their reply had not been received (November 2011).

Maharashtra State Road Development Corporation Limited

3.10 *Avoidable loss of revenue*

Non-finalisation of tenders before expiry of existing contract resulted in loss of ₹ 10.76 crore to the Company during April 2008 to March 2011.

Maharashtra State Road Development Corporation Limited (Company) executes road construction contracts on 'Build, Operate and Transfer' (BOT) basis. The project cost is recovered by collection of toll from general public at the rates prescribed by Government of Maharashtra (GoM). The Company was to ensure finalisation of the next toll collection contract before conclusion of the earlier contract to maximise revenue generation.

On review of records, we observed that the Company during April 2008 to March 2011 finalised 38 toll contracts of which 18 contracts were finalised belatedly. Analysis of these cases revealed that despite being aware of the expiry dates of the contracts, the Company did not take any advance action to appoint the next toll collection agency to collect the toll in time. The finalisation of the contract was delayed even after opening of the financial bids. The rates received were much higher in the new contracts as compared to the existing contract.

Particularly in respect of toll at Wardha-Pulgaon Road and IRDP Solapur, the Company failed to finalise new contract with the new contractor at higher rates and continued to extend the toll collection contracts at the old rates although the existing contractor had himself offered higher rates during tenders invited for further period. In respect of Kelzar toll station, while the Board note for acceptance of H1 bidder was put up in April 2010, the decision of acceptance was taken in June 2010 and the same was communicated to the bidder in July 2010. However, final work order was issued in September 2010 as the contractor did not furnish Bank Guarantee (BG) and security deposit in time.

Thus, due to failure to complete the tendering process in time, the Company had to extend the existing contract and the period of extension ranged from one to 19 months. This resulted in extension of unintended benefit to the existing contractor and loss of revenue to the Company amounting to ₹ 10.76 crore as detailed in **Annexure-10**.

Thus, there was lack of system in the Company to ensure that the new toll collection contracts were finalised at appropriate levels of decision making before expiry of the existing contract by initiating the tendering procedures well in time so that the new contracts were in place.

The Management stated (August 2011) that there were various administrative hurdles such as delay in submission to Board and delay in approval by the

Board, non-furnishing of BG by parties *etc.* due to which the Company granted extensions to the existing contractors. The reply is not convincing as the Company should have kept sufficient time frame for such administrative hurdles and ensured immediate commencement of new contract on expiry of old one to maximise its revenue.

The matter was reported to the Government (May 2011); their reply is still awaited (November 2011).

3.11 *Loss due to delayed action*

The Company suffered loss of ₹ 75.89 lakh on account of delayed action to invoke the contractual terms for recovery of dues.

The Company awarded (October 2007) the contract for collection of toll at Deole on Sinner-Ghoti Road in Nashik District to Raghunath L. Gawade (Contractor) for ₹ 4.92 crore payable in weekly installments from 1st November 2007 for a period of 104 weeks. The Contractor had deposited ₹ 75.62 lakh towards Security Deposit (SD) and Performance Security (PS). This contract was further extended for a period of 12 weeks. As per terms of contract the Contractor was required to pay the fixed amount of weekly installments of ₹ 4.83 lakh by due dates and in case the Contactor did not pay full amount of weekly installments of toll collection by due date or within three days of due dates then the same would be recovered by adjusting/ encashing the SD/PS. Further, the Company had a right to terminate the contract.

We observed that the Contractor had defaulted in payment of monthly installments since August 2008 and the period of delays in payment ranged from four days to 538 days from the due dates. However, the Company did not invoke the contractual provision in regard to adjustment of SD/PS against the short payment by the Contractor or termination of the contract immediately on default and the short payment was allowed to accumulate to ₹ 1.15 crore when the Company forfeited (21 January 2010) the SD/PS of ₹ 75.62 lakh *i.e.* after a delay of 17 months. Thus, the Company had no recourse to recover the balance short payment of ₹ 38.64 lakh and interest thereon which worked out to ₹ 37.25 lakh till September 2011.

The Management admitted (July 2011) that the Contractor was a defaulter in remitting installments and stated that after taking legal opinion, a proposal had been submitted in February 2010 to District Collector, Thane to recover the dues as arrears of Land Revenue. However, the fact remains that the Company failed to monitor the timely remittance of toll collection by the Contractor.

It is recommended that the responsibility should be fixed on the concerned officials for lack of monitoring.

The matter was reported to the Government (May 2011); their reply had not been received (November 2011).

Maharashtra State Seeds Corporation Limited

3.12 *Inadequate internal controls*

Inadequate and deficient internal controls regarding sale of seeds in the Company resulted in non-recovery of dues amounting to ₹ 1.24 crore.

Maharashtra State Seeds Corporation Limited (Company), Akola is engaged in selling agricultural seeds through its dealers in the State. As per the policy, the Company has to sell seeds on 'cash and carry' basis which implies receipt of entire cost before release of goods to the buyer.

We observed (May 2010) that the seeds were dispatched without full receipt of cost of material. The Company had debtors ranging from ₹ 6.14 crore to ₹ 18.58 crore during 2007-08 to 2010-11. Further, the Company had outstanding debtors for more than six months amounting to ₹ 2.71 crore for the year ended 31 March 2011, of which Company considered debtors amounting to ₹ 1.24 crore as doubtful of recovery. Further, there was no system to collect adequate security by way of bank guarantee or property mortgage, levy of penal interest for delayed payment *etc.* which ultimately resulted in non-recovery of dues.

In one case the Company failed to recover ₹ 17.67 lakh from a dealer (Govind Krishi Vikas Kendra, Yeotmal), in respect of supply of soyabean seeds, as cheques from the dealer were dishonoured. The case filed by the Company was dismissed (June 2007) on the grounds that the cheques were not tendered for any legal debt and failure of the Company to establish that material was actually despatched to dealer as the dealer code, transport receipt number, order reference number did not bear signature of the dealer.

We also observed that in 10 cases **(Annexure-11)** although the Company obtained (October 1990-April 2002) decrees amounting to ₹ 19.33 lakh it could not recover the amounts due to non-traceable/insolvency of the buyers. As such, these amounts should have been written off because chances of recovery are remote. However, these are still being shown as recoverable.

The Management accepted (May 2011) the weakness in internal control mechanism and assured to take remedial action for strengthening the mechanism. It was also stated that disciplinary action had been initiated against the erring officials. The Government also endorsed the reply (October 2011).

Maharashtra Small Scale Industries Development Corporation Limited

3.13 *Avoidable loss of revenue*

Sub-lease of the godown premises without prior approval of the owners and failure to analyse the cost benefits of the decision, led the Company to incur a revenue loss of ₹ 4.06 crore and liability of reimbursement of huge repair cost of ₹ 7.32 crore.

Maharashtra Small Scale Industries Development Corporation Limited (Company) obtained godown premises on lease basis from agencies, namely, MPT*, CIDCO* and MIDC* (owners). As per the Clause 2-W of lease agreement with the owners, the Company cannot sub-lease the godown space without the prior consent of the owners. Further, as per Clause 5 construction work could be commenced only after approval of the plan by the local authority and previous consent from the owner. In view of reduction in the activities of the Company and to generate revenue from the vacant/surplus godown premises available, the Company decided to sub-lease the vacant godown premises to the Agents who on behalf of the Company would provide warehousing services by bringing the needy users to the Company.

Accordingly, the Company, without obtaining permission from owners, invited tenders (June 2009) to sub-lease eight godown premises at six♦ places to the Agents on leave and license basis. As per the tender conditions, the godowns were offered on '*as is where is basis'* and all necessary repairs, fixtures, fittings, electric connections *etc.* required for usage of godowns were to be carried out by the Agents at their own cost. In view of poor response and unacceptable conditions, the Company modified the tender conditions to the effect that all necessary repairs required for usage of godowns should be carried out by the Agents at the Company's cost and the expenses incurred would be adjusted against the monthly license fee payable (adjustment against 50 *per cent* of license fee) and re-invited tenders (August 2009) without obtaining consent from the owners.

The monthly license fees receivable for these eight godowns worked out to ₹ 32.72 lakh per month and the Company entered into an agreement with four Agents and handed over the godowns to them (September-October 2009) without informing the owners of the sub-lease and of the repair work proposed to be done in their godowns. However, the owners of the godown premises objected and stopped (January 2010) the repair works and directed the Company to obtain proper permission before starting the repair work. Thereafter, the Company submitted (February 2010) the repair plans with estimates for obtaining the approval of the owners to commence and complete the repair works.

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*Mumbai Port Trust, City and Industrial Development Corporation of Maharashtra Limited and Maharashtra Industrial Development Corporation.

♦Mumbai, Pune, Thane, Nashik, Ahmednagar and Kalamboli.

We observed that the Company's assumption that the permission from the owners for repairs of the godown premises was not needed was misplaced and the decision to sub-lease the godown premises to the Agents without the approval of the owner was injudicious. Thus, handing over the godown premises to the Agents prior to the approval of the owners resulted in a loss of revenue of ₹ 4.06 crore[♦] to the Company up to January 2011. Further, the total expenditure on repair cost to be adjusted against the license fee in respect of these eight godowns amounted to ₹ 7.32 crore.

The Management stated (April 2011) that there was no need of any communication to the owner for sub-leasing the godowns and no need to obtain permission for repairs as there was no modification/addition/alteration in the existing structures of the godown premises. The Government also endorsed the reply (June 2011). The reply is not based on facts as the terms of the lease clearly provide that any sub-lease and repairs require permission from the owners.

It is recommended that the Company should judiciously assess and plan its activities in sub-leasing godown premises, factoring in all prior clearances/permissions from owners and related agencies.

Statutory Corporation

Maharashtra Industrial Development Corporation

3.14 *Undue favour to private parties*

The Corporation incurred revenue loss of ₹ 3.67 crore due to non-levy of expansion charges during 2008 and 2009.

Maharashtra Industrial Development Corporation (Corporation) decided (March 2008) that expansion charges at the rate of 10 *per cent* on the lease premium amount were to be levied and recovered in all cases of allotment of land for expansion of existing units. The Corporation allotted additional land to KEC International Limited (0.60 lakh m^2), Grace Industries Limited (7.50 lakh m^2) and Vidarbha Industries Power Limited (5.29 lakh m^2) in November 2008, August 2009 and November 2009 respectively for expansion of their existing units at the prevailing rate of lease premium. However, the Corporation failed to levy expansion charges. The reasons for allotting land without charging 10 *per cent* expansion charges towards additional land were not on record. Moreover, the matter was also not brought to the notice of Board of Directors. The amount of expansion charges leviable for the said allotments worked out to ₹ 3.67 crore.[➤]

[♦] License fee recoverable ₹ 4.56 crore less actual revenue received ₹ 0.50 crore.

[➤] KEC International Limited (₹ 0.24 crore), Grace Industries Limited (₹ 1.31 crore) and Vidarbha Industries Power Limited (₹ 2.12 crore).

The Management stated (August 2011) that the Corporation allotted the above plots for speedy industrial development in the State and demanding 10 *per cent* expansion charges in above industrial areas would have led to plots remaining unutilised. The Government also endorsed the reply (December 2011). The reply is not tenable as the Corporation failed to implement its own policy of charging expansion charges on additional land allotted and suffered avoidable loss of revenue and granted undue favour to these three parties.

3.15 *Injudicious decision to grant extension of time*

The Corporation granted extension of time for a period of 16 years for development of land and revised its decision on several occasions at the unreasonable request of the allottee. Consequently, it suffered a loss of ₹ 3.12 crore in August 2009.

The Corporation entered (May 1993) into lease agreement with Compact Disc India Limited (COMPACT) for construction of factory building on a plot admeasuring 2,100 m^2 in Trans Thane Creek Industrial Area. As per the term of agreement the COMPACT was required to complete the construction of factory building and obtain Building Completion Certificate before June 1996. Failing this, the Corporation could terminate the agreement or continue with the allottee’s occupation on said land on payment of fine as may be decided upon by the Corporation. As COMPACT failed to commence the construction, the Corporation issued several Show Cause Notices and demanded additional premium for five extensions granted to them. COMPACT did not respond to notices and requested (September 2001) the Corporation for cancellation of allotment and refund of lease premium. Later, COMPACT again requested (March 2006 and February 2007) to grant extension/reallotment which was rejected (October 2007) by the Corporation.

We observed that this decision was again changed and the Corporation decided (January 2009) to reallot the plot at prevailing rate of ₹ 3.70 crore. Subsequently, COMPACT did not agree to pay the prevailing rate on re-allotment of land and approached Ministry of Industries (MoI), Government of Maharashtra in August 2009 to grant extension of time for completion of construction activity. The Board of Directors of the Corporation as per the directives of MoI, reversed (August 2009) its earlier decision of re-allotment of plot at prevailing rate of ₹ 3.70 crore and granted extension of time limit to COMPACT by collecting additional lease premium of ₹ 57.99 lakh. Later on as per the request of COMPACT, the Corporation transferred (September 2009) the said land in favour of Semikron Electronics Private Limited against payment of transfer fee of ₹ 25.20 lakh.

Incidentally in similar case of Laser Electronic Limited (LASER) the Corporation had reallotted the plot at prevailing rate of ₹ 3.70 crore (April 2009). Thus, the Corporation, by agreeing to the unreasonable and unfair request of COMPACT for extension of time for a period of 16 years instead of reallotting the same at prevailing rates incurred loss of revenue amounting to ₹ 3.12 crore*.

The Management stated (September 2011) that the decision to revise the decision from reallotment to granting extension was taken on the basis of circumstances prevailing then. The Government also endorsed the reply (September 2011). The reply is not tenable as the Corporation reversed its own decision of re-allotment of plot on several occasions at the unreasonable request of the allottee.

3.16 *Undue benefits to allottee*

The Corporation failed to ensure the utilisation of the land allotted at concessional rate for the purpose for which the land was allotted resulting in undue favour to the allottee besides revenue loss of ₹ 1.55 crore.

The Corporation allotted (May 2002) land admeasuring 77,976 m^2 at Plot No.P-31 to Shivchatrapati Shikshan Sanstha, Latur (allottee) in Additional Latur Industrial Area at concessional rate of ₹ one per m^2 as per the request of the allottee for the specific purpose of construction of a Sports Complex.

We observed that the allottee proposed the utilisation of a part (32,553 m^2) of the said land for the construction of school building. The building plan for 17,360 m^2 of land was approved by the Executive Engineer (EE), Latur Division in October 2007. The Corporation stated that the EE, Latur Division accorded sanction for construction of building for school without proper study about the purpose for which the plot was allotted and without sanction of the Board.

On being pointed out in Audit, the Corporation raised (April 2010) a demand for payment of ₹ 1.55 crore♦ for the total land area of 77,976 m^2 for violation of the terms of lease agreement and non-utilisation of land for the purpose for which the land was allotted.

The Management accepted (July 2011) the audit contention and stated that the allottee has agreed to pay ₹ 1.55 crore in three installments. The Government also endorsed the reply (September 2011). However, the Corporation has not taken any action against the official concerned for according sanction for construction of school building.

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*Reallotment land premium of ₹ 3.70 crore less ₹ 0.58 crore towards additional premium paid by allottee.

♦ (₹ 200 - ₹ one per m^2) x 77,976 m^2 = ₹ 1.55 crore.

3.17 *Loss of revenue*

The Corporation suffered revenue loss of ₹ 1.35 crore due to non-charging of premium at revised rates during August 2008 to January 2009.

The Corporation allots industrial and commercial plots in industrial areas based on the prevailing rates. The Board of Directors (BoD) of the Corporation had decided on 9 July 2008 to revise the rates of industrial and commercial plots. However, the effective date of increase in rates was not mentioned in the Board Resolution. The Management of the Corporation after a delay of 30 days issued the Circular for revision of rates on 8 August 2008 with immediate effect. It was mentioned in the Circular that in cases where the offer letter/allotment letter contains the condition of payment of premium as per the revised rate, payment at such revised rates will only be applicable. The rates in Mahad Industrial Area (MIA), Additional Mahad Industrial Area (AMIA) were revised from ₹ 200 to ₹ 250 per m^2 for industrial plots and from ₹ 400 to ₹ 500 per m^2 for commercial plots. Similarly, in Roha Industrial Area (RIA), the rates for industrial plots were revised from ₹ 400 to ₹ 600 per m^2.

The Corporation allotted (August-September 2008) 17 commercial and five industrial plots admeasuring 1.61 lakh m^2 in MIA and AMIA at pre-revised rates. Similarly, in RIA three industrial plots admeasuring 17,495 m^2 were allotted in January 2009 at pre-revised rates.

We observed that though the clause regarding applicability of revised rates had been incorporated in the allotment letter of 25 above mentioned cases, the Corporation failed to recover lease premium at revised rates from all the 25 units and suffered revenue loss of ₹ 1.35 crore.

The Management stated (July 2011) that allotments were made at pre-revised rates as the parties had deposited the necessary earnest money. The Government also endorsed the reply (July 2011). The reply is not tenable as the circular dated 8 August 2008 clearly stated that payment should be charged at revised rates.

3.18 *Avoidable extra expenditure*

Injudicious decision to re-tender and acceptance of the higher offer led to an undue favour being granted to a private agency and an avoidable extra expenditure of ₹ 82 lakh to the Corporation during 2007-08.

The Corporation invited (May 2006) tenders at an estimated cost of ₹ 1.96 crore as per District Scheduled Rates (DSR) 2005-06 for 'providing asphaltic treatment to the main road' in the Baramati Industrial Area. Five bidders* were found technically qualified and their financial bids were opened in August 2006 which ranged between ₹ 2.08 crore and ₹ 2.55 crore

* Nand Kumar Construction, A.S. Desai, A.G. Wable, Swastik Construction and R. R. Kapoor quoted 5.92, 14.17, 19.85, 25.76 and 29.97 *per cent* respectively above the estimated cost.

(*i.e.* 5.92 and 29.97 *per cent* above the estimated cost). The Superintendent Engineer, Pune recommended (September 2006) the L1 bidder (Nand Kumar Construction).

We observed that after lapse of six months the Chief Executive Officer rejected (November 2006) the tender on the ground of un-workability of the lowest rates as the DSR 2006-07 were applicable by that time. Accordingly, the Corporation re-invited the tender and awarded (July 2007) the work to A.S. Desai who was L2 in previous tender at negotiated rate of ₹ 2.90 crore. The work was accordingly completed within eight months *i.e.* in March 2008 at a cost of ₹ 2.92 crore for which revised administrative approval and technical sanction has not been obtained so far.

The Corporation took six months to cancel the first tender and another six months to finalise the second tender. Thus, cancelling the first tender on the basis of DSR 2006-07 and delaying award of the work for one year was injudicious and resulted in an avoidable extra expenditure of ₹ 82 lakh.[#]

The Management justified (May 2011) cancellation of the first tender on the ground of unworkable rates and apprehended that the contractor might not be able to complete the work with quality. It was also stated that increase in rate of material was not anticipated at the time of re-tendering. The Government also endorsed the reply (June 2011).

3.19 *Loss of revenue*

The Corporation suffered revenue loss of ₹ 43.16 lakh due to allotment of commercial plots at industrial rate.

The Corporation allots the commercial plots by auction at commercial rates. The Corporation received applications during January 2003 to November 2006 for allotment of commercial plot No.P-10 at Satpur, Nashik admeasuring 1,897 m^2 at industrial rate from the following five parties.

Sl. No.	Name of the party	Use
1.	Institute of Chartered Accountants of India	Educational institute
2.	Audhyogic Shikshan Prasarak Mandal	School
3.	Maharashtra State Khadi Gramudyog Mandal	State PSU
4.	Dr. Sushil Eye Hospital and Brahma Laser Centre	Hospital
5.	Maharashtra State Khadi Gramudyog Mandal	State PSU

As the aforesaid plot was reserved for commercial use, the Corporation rejected (April 2007) the application of Institute of Chartered Accountants of India and Audhyogic Shikshan Prasarak Mandal stating that the commercial plot can only be disposed off at commercial rate and by inviting tender with an upset price of ₹ 3,850 per m^2. In the review meeting held on 10 May 2007 it

[#] (₹ 2.90 crore – L1 offer of ₹ 2.08 crore).

was decided to invite tender for the above plot and allot any other plot for hospital use. However, this decision was reversed in the plot allotment review meeting on 31 May 2007 with the Industries Minister, wherein it was decided to allot the plot to Sushil Eye Hospital and Brahma Laser Centre (SEHBLC) at industrial rate of ₹ 1,500 per m^2. Thus, the Corporation, ignoring other applicants, allotted (December 2007) the commercial plot No.P-10 at Satpur, Nashik to SEHBLC at industrial rate of ₹ 1,575 per m^2 (including five *per cent* of road frontage charges) for hospital use and collected lease premium of ₹ 29.87 lakh.

We observed that the plot was allotted without inviting tenders, giving wide publicity, lacked transparency and the whole process was in contravention of the general policy of the Corporation. The allotment of commercial plot at industrial rate to SEHBLC, despite rejection of similar request of other parties (including a Corporation under Government of Maharashtra), indicated lack of fairness and transparency in allotment and undue favour to the party which resulted in loss of potential revenue of ₹ 43.16* lakh.

The Management stated (July 2011) that plot was allotted as per their policy for allotment to hospitals at industrial rate and for the welfare of workers working in the industrial area. The Government also endorsed the reply (December 2011). The reply is not tenable as the Corporation had already rejected similar requests for allotment of this commercial plot at industrial rate. Further, the Corporation should have allotted only industrial plot for hospital use instead of commercial plot to avoid loss of potential revenue.

In view of the above, the Corporation should:

- **comply its policies in a transparent and consistent manner.**
- **implement the revision in rates of lease premium immediately after approval of BoD.**

General

Follow-up action on Audit Reports

3.20 *Explanatory Notes outstanding*

3.20.1 Audit Reports of the Comptroller and Auditor General of India represent culmination of the process of scrutiny, starting with initial inspection of accounts and records maintained in the various offices and departments of Government. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. Finance Department of the State Government issues instructions every year to all administrative departments to submit explanatory notes to paragraphs and performance audits included in the Audit Reports within a period of three months of their presentation to the

*Difference of commercial and industrial rate per m^2 (₹ 3,850 - ₹ 1,575) x Area of plot allotted (1,897 m^2) = ₹ 43.16 lakh.

Legislature, in the prescribed format, without waiting for any notice or call from the Committee on Public Undertakings (COPU).

Details of Audit Report (Commercial) wise paragraphs/performance audits for which replies are awaited as on 30 September 2011 were as under:

Audit Report	Date of placement of Audit Report to the State Legislature	Number of			Replies is awaited		
		Performance audits	Paras	Total	Performance audits	Paras	Total
2005-06	17 April 2007	3	19	**22**	1	1	**2**
2006-07	30 December 2008	6	28	**34**	--	1	**1**
2007-08	23 December 2009	3	21	**24**	--	--	**--**
2008-09	23 April 2010	2	21	**23**	1	7	**8**
2009-10	21 April 2011	2	21	**23**	2	21	**23**
Total		**16**	**110**	**126**	**4**	**30**	**34**

From the above it could be seen that out of 126 paragraphs/performance audits, replies to 34 paragraphs/performance audits pertaining to the Audit Report (Commercial) for the year 2005-06 to 2009-10 were awaited (September 2011).

Compliance to Reports of the Committee on Public Undertakings

3.20.2 Action Taken Notes (ATNs) to 127 recommendations contained in 19 Reports of the COPU presented to the State Legislature between April 1996 to September 2011 were still awaited as on September 2011 as indicated below:

Year of COPU Report	Total no. of Reports involved	No. of recommendations where ATNs were not received
1996-97	2	21
2005-06	3	22
2007-08	4	38
2008-09	3	8
2010-11	7	38
Total	**19**	**127**

The matter of pending ATNs has been taken up with the concerned administrative departments and also the Finance Department at various levels so as to expedite the ATNs on pending recommendations of COPU.

Response to inspection reports, draft paragraphs and performance audits

3.20.3 Audit observations not settled on the spot are communicated to the heads of PSUs and the concerned administrative departments of the State Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through the respective heads of departments within a period of six weeks. Inspection Reports issued up to 31 March 2011 pertaining to 60 PSUs disclosed that 2,634 paragraphs relating to 580 Inspection Reports remained outstanding at the end of September 2011. The department-wise break-up of Inspection Reports and Audit observations outstanding as on 30 September 2011 is given in **Annexure-12**.

Similarly, draft paragraphs and performance audits on the working of PSUs are forwarded to the Principal Secretary/Secretary of the administrative department concerned seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that out of 19 draft paragraphs and two draft performance audits forwarded to various departments between March to August 2011 and included in the Audit Report, seven draft paragraphs and two draft performance audits as detailed in **Annexure-13**, were not replied to by the State Government (November 2011).

It is recommended that the Government should ensure that (a) procedure exists for action against officials who fail to send replies to inspection reports/draft paragraphs/performance audits and ATNs to the recommendations of COPU as per the prescribed time schedule; (b) action to recover loss/outstanding advances/overpayment is taken in a time bound schedule; and (c) the system of responding to Audit observations is revamped.

MUMBAI **(P. N. SESHADRI)**
The **Accountant General (Commercial Audit), Maharashtra**

Countersigned

NEW DELHI **(VINOD RAI)**
The **Comptroller and Auditor General of India**

ANNEXURES

Annexure – 1

Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2011 in respect of Government companies and Statutory corporations

***(Referred to in paragraph* 1.1,1.2,1.6,1.7,1.8,1.12 and 1.24)**

(Figures in column 5 (a) to 6 (c) are ₹ in crore)

Sl.No.	Sector & Name of the PSU	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year) 6c/5(d)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Forest Development Corporation of Maharashtra Limited	Revenue and Forest	2/1974	371.76	--≈	--≈	371.76	--≈	--≈	--≈	--≈	-- --	1,393
2.	Maharashtra Agro Industries Development Corporation Limited	Agriculture, Animal Husbandry , Dairy Development and Fisheries	12/1965	3.00	2.50	--≈	5.50	--≈	--≈	192.71	192.71	35.04:1 --	933
3.	Maharashtra Insecticides Limited	Agriculture, Animal Husbandry, Dairy Development and Fisheries	05/1984	--≈	--≈	1.00	1.00	--≈	--≈	--≈	--≈	-- --	63
4.	The Maharashtra State Farming Corporation Limited	Revenue and Forest	03/1963	2.75	--≈	--≈	2.75	105.92	--≈	--≈	105.92	38.52:1 (31.79:1)	518
5.	Maharashtra State Seeds Corporation Limited	Agriculture	04/1976	2.05	1.48	0.65	4.18	5.00	--≈	--≈	5.00	1.20:1 (1.20:1)	638
6.	Punyashloka Ahilyadevi Maharashtra Mendi Va Sheli Vikas Mahamandal Limited	Animal Husbandry and Dairy Development	08/1978	2.71	2.12	--≈	4.83	--≈	--≈	--≈	--≈	-- --	304

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the PSU	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year) 6c/5(d)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
7.	The Maharashtra Fisheries Development Corporation Limited	Fisheries, Animal Husbandry and Dairy Development	02/1973	4.04	--≈	--≈	4.04	1.10	--≈	--≈	1.10	0.27:1 (0.40:1)	41
	Sector-wise total			**386.31**	**6.10**	**1.65**	**394.06**	**112.02**		**192.71**	**304.73**	**0.77:1 (0.24:1)**	**3,890**
	FINANCE												
8.	Annasaheb Patil Arthik Magas Vikas Mahamandal Maryadit♠	Employment and self-employment	11/1998	50.00	--≈	--≈	50.00	--≈	--≈	--≈	--≈	-- --	9
9.	Lokshahir Annabhau Sathe Development Corporation Limited	Social Justice and Special Assistance	07/1985	150.35	0.34	--≈	150.69	12.48	--≈	30.48	42.96	0.29:1 (0.12:1)	156
10.	Maharashtra Co-operative Development Corporation Limited ♠	Co-operation and Textile	08/2001	3.19	--≈	3.28	6.47	--≈	--≈	--≈	--≈	-- --	@
11.	Maharashtra Film, Stage and Cultural Development Corporation Limited	Cultural Affairs	09/1977	12.30	--≈	--≈	12.30	0.56	--≈	3.01	3.57	0.29:1 (0.36:1)	158
12.	Maharashtra Patbandhare Vittiya Company Limited♠	Planning	12/2002	0.06	--≈	--≈	0.06	--≈	--≈	--≈	--≈	-- --	@
13.	Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Limited	Social Justice and Special Assistance	04/1999	63.08	--≈	--≈	63.08	--≈	70.78	--≈	70.78	1.12:1 (1.42:1)	115
14.	Maharashtra Small Scale Industries Development Corporation Limited	Industries, Energy and Labour	10/1962	14.51	--≈	--≈	14.51	--≈	--≈	--≈	--≈	-- (0.18:1)	170
15.	Maharashtra State Handicapped Finance and Development Corporation	Social Justice and Special Assistance	03/2002	14.23	--≈	--≈	14.23	--≈	--≈	35.72	35.72	2.51:1 --	13

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the PSU	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year) 6c/5(d)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
16.	Maharashtra State Handlooms Corporation Limited	Co-operation, Marketing and Textiles	10/1971	79.96	1.90	--≈	81.86	20.08	--≈	--≈	20.08	0.25:1 (0.25:1)	46
17.	Maharashtra Vikrikar Rokhe Pradhikaran Limited ♠	Industries, Energy and Labour	06/2001	--≈	--≈	0.05	0.05	--≈	--≈	--≈	--≈	-- --	@
18.	Mahatma Phule Backward Class Development Corporation Limited	Social Justice, Cultural Affairs, Sports and Special Central	07/1978	273.18	64.07	--≈	337.25	0.40	--≈	74.21	74.61	0.22:1 (0.03:1)	328
19.	Maulana Azad Alpasankyak Arthik Vikas Mahamandal Limited	Minority Development	10/2000	166.31	--≈	--≈	166.31	--≈	--≈	27.68	27.68	0.17:1 --	5
20.	Sant Rohidas Leather Industries & Charmakar Development Corporation Limited	Social Justice, Cultural Affairs	05/1974	93.21	--≈	--≈	93.21	--≈	--≈	--≈	--≈	-- --	@
21.	Shabari Adiwasi Vitta Va Vikas Mahamandal Maryadit	Tribal Development	01/1999	47.23	0.52	--≈	47.75	--≈	--≈	30.39	30.39	0.64:1 (0.61:1)	22
22.	Vasantrao Naik Vimukta Jatis & Nomadic Tribes Development Corporation Limited	Social Justice and Special Assistance	02/1984	113.35	--≈	--≈	113.35	1.02	--≈	--≈	1.02	0.01:1 --	80
	Sector-wise total			**1,080.96**	**66.83**	**3.33**	**1,151.12**	**34.54**	**70.78**	**201.49**	**306.81**	**0.27:1 (0.15:1)**	**1,102**
	INFRASTRUCTURE												
23.	City & Industrial Development Corporation of Maharashtra Limited	Urban Development	03/1970	3.95	--≈	--≈	3.95	4.00	--≈	17.84	21.84	5.53:1 (20.22:1)	1,611

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the PSU	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year) 6c/5(d)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
24.	Development Corporation of Konkan Limited ♠	Industries, Energy and Labour	12/1970	8.81	--≈	--≈	8.81	6.16	--≈	---≈	6.16	0.70:1 (0.70:1)	20
25.	Maharashtra Airport Development Company Limited	General Administration (Civil Aviation)	08/2002	--≈	--≈	17.05	17.05	--≈	--≈	381.50	381.50	22.38:1 (14.98:1)	34
26.	Maharashtra Industrial Gas Transmission Company Limited	Industries, Energy and Labour	01/2007	--≈	--≈	0.05	0.05	--≈	--≈	--≈	--≈	-- --	@
27.	Maharashtra State Police Housing and Welfare Corporation Limited	Home	03/1974	7.96	--≈	--≈	7.96	--≈	--≈	--≈	--≈	--	39
28.	Maharashtra State Road Development Corporation Limited ♠	Public Works Department	08/1996	459.00	--≈	--≈	459.00	--≈	--≈	4,766.98	4,766.98	10.39:1 (834.80:1)	202
29.	Maharashtra Urban Infrastructure Development Company Limited	Urban Development	08/2002	0.25	--≈	0.24	0.49	--≈	--≈	--≈	--≈	-- --	7
30.	Maharashtra Urban Infrastructure Fund Trustee Company Limited	Urban Development	08/2002	0.05	--≈	0.05	0.10	--≈	--≈	--≈	--≈	-- --	Ω
31.	Mihan India Private Limited♠	General Administration (Civil Aviation)	06/2009	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	@
32.	Shivshahi Punarvasan Prakalp Limited	Housing	09/1998	115.00	--≈	--≈	115.00	--≈	--≈	--≈	--≈	-- --	35
33.	Western Maharashtra Development Corporation Limited	Industries, Energy and Labour	12/1970	3.06	--≈	--≈	3.06	26.51	--≈	--≈	26.51	8.66:1 (8.66:1)	75
	Sector-wise total			**598.08**		**17.39**	**615.47**	**36.67**		**5,166.32**	**5,202.99**	**8.45:1 (8.38:1)**	**2,023**

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the PSU	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year) 6c/5(d)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
	MANUFACTURING												
34.	Haffkine Ajintha Pharmaceuticals Limited♠	Medical Education and Drugs	04/1977	--≈	--≈	0.18	0.18	--≈	--≈	--≈	--≈	-- --	50
35.	Haffkine Bio-Pharmaceutical Corporation Limited ♠	Medical Education and Drugs	09/1974	8.71	--≈	--≈	8.71	--≈	--≈	--≈	--≈	-- --	489
36.	Mahaguj Collieries Limited	Industries, Energy and Labour	11/2006	--≈	--≈	0.05	0.05	--≈	--≈	23.81	23.81	476.20:1 (467.60:1)	Ω
37.	Maharashtra Petrochemicals Corporation Limited	Industries, Energy and Labour	04/1981	8.96	--≈	--≈	8.96	--≈	--≈	--≈	--≈	-- --	5
38.	Maharashtra State Mining Corporation Limited	Industries, Energy and Labour	11/1973	2.07	--≈	--≈	2.07	4.57	--≈	--≈	4.57	2.21:1 (2.21:1)	70
39.	Maharashtra State Powerlooms Corporation Limited	Co-operative, Textiles and Marketing	02/1972	12.68	--≈	--≈	12.68	0.20	--≈	--≈	0.20	0.02:1 (0.02:1)	43
40.	Mahatamil Collieries Limited ♠	Industries, Energy and Labour	08/2009										
41.	MSMC Adkoli Natural Resources Limited ♠	Industries, Energy and Labour	02/2010										
42.	MSMC Warora Collieries Limited ♠	Industries, Energy and Labour	07/2010										
	Sector-wise total			**32.42**		**0.23**	**32.65**	**4.77**		**23.81**	**28.58**	**0.88:1 (0.86:1)**	**657**

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the PSU	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year) 6c/5(d)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
	POWER												
43.	Aurangabad Power Company Limited ♠	Industries, Energy and Labour	06/2007	--≈	--≈	0.05	0.05	--≈	--≈	--≈	--≈	-- --	@
44.	Dhopave Coastal Power Limited ♠	Industries, Energy and Labour	03/2007	--≈	--≈	0.05	0.05	--≈	--≈	--≈	--≈	-- --	2
45.	Dhule Thermal Power Company Limited ♠	Industries, Energy and Labour	08/2007	--≈	--≈	0.05	0.05	--≈	--≈	--≈	--≈	-- --	Ω
46.	M.S.E.B. Holding Company Limited	Industries, Energy and Labour	05/2005	8,709.01	--≈	--≈	8,709.01	3,377.98	--≈	--≈	3,377.98	0.39:1 (0.37:1)	10
47.	Mahagenco Power Generation Consultancy Services Limited ♠	Industries, Energy and Labour	09/2007	--≈	--≈	0.05	0.05	--≈	--≈	--≈	--≈	--	Ω
48.	Maharashtra Power Development Corporation Limited	Industries, Energy and Labour	12/1997	--≈	--≈	0.45	0.45	--≈	--≈	1,016.71	1,016.71	2,259.36:1 (2,019.93:1)	Ω
49.	Maharashtra State Electric Power Trading Company (P) Limited ♠	Industries, Energy and Labour	11/2007	--≈	--≈	10.01	10.01	--≈	--≈	--≈	--≈	-- --	@
50.	Maharashtra State Electricity Distribution Company Limited ♠	Industries, Energy and Labour	05/2005	207.85	--≈	3,232.71	3,440.56	498.30	--≈	--≈	498.30	0.14 :1 (1.16:1)	57,675
51.	Maharashtra State Electricity Transmission Company Limited	Industries, Energy and Labour	05/2005	--≈	--≈	2,696.04	2,696.04	--≈	--≈	5,888.66	5,888.66	2.18 :1 (1.42:1)	12,319
52.	Maharashtra State Power Generation Company Limited	Industries, Energy and Labour	05/2005	2,296.55	--≈	2,500.00	4,796.55	158.18	--≈	16,734.26	16,892.44	3.52:1 (3.10:1)	15,489
	Sector-wise total			**11,213.41**		**8,439.41**	**19,652.82**	**4,034.46**		**23,639.63**	**27,674.09**	**1.41:1** **(1.12:1)**	**85,495**

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the PSU	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year) 6c/5(d)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
	SERVICES												
53.	Maharashtra Tourism Development Corporation Limited	Home (Tourism)	01/1975	15.39	--≈	--≈	15.39	4.32	--≈	--≈	4.32	0.28:1 (0.28:1)	347
54.	Mahatourism Corporation Limited ♠	Home (Tourism)	05/2009	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈		@
55.	Mumbai Metro Rail Corporation Limited	Home (Tourism)	04/2008	--≈	--≈	0.05	0.05	--≈	--≈	--≈	--≈		@
56.	Nagpur Mass Transport Company Limited	Transport	06/2008	1.95	--≈	0.05	2.00	--≈	--≈	--≈	--≈		1
	Sector-wise total			**17.34**	**--**	**0.10**	**17.44**	**4.32**	**--**	**--**	**4.32**	**0.25:1 (0.28:1)**	**348**
	MISCELLANEOUS												
57.	Krupanidhi Limited ♠	Trade and Commerce	12/1964	0.01	--≈	--≈	0.01	--≈	--≈	--≈	--≈	-- --	@
58.	Maharashtra Ex-Servicemen Corporation Limited	General Administration	03/2002	4.95	--≈	--≈	4.95	--≈	--≈	2.90	2.90	0.59:1 --	6,294
59.	Mahila Arthik Vikas Mahamandal	Women and Child Development	02/1975	2.12	0.47	0.01	2.60	--≈	--≈	--≈	--≈	-- --	243
60.	Nagpur Flying Club (P) Limited	Civil Aviation	03/2007	0.85	--≈	--≈	0.85	--≈	--≈	--≈	--≈	-- --	7
	Sector-wise total			**7.93**	**0.47**	**0.01**	**8.41**			**2.90**	**2.90**	**0.34:1 (1.28:1)**	**6,544**
	Total A (All sector wise working Government companies)			**13,336.45**	**73.40**	**8,462.12**	**21,871.97**	**4,226.78**	**70.78**	**29,226.86**	**33,524.42**	**1.53:1 (1.28:1)**	**1,00,059**

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the PSU	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year) 6c/5(d)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
	B. Working Statutory corporations												
	AGRICULTURE & ALLIED												
1.	Maharashtra State Warehousing Corporation	Co-operation, Marketing and Textile	08/1957	4.36	--≈	4.35	8.71	--≈	--≈	17.94	17.94	2.06:1 (0.53:1)	975
	Sector-wise total			**4.36**	**--**	**4.35**	**8.71**	--	--	**17.94**	**17.94**	**2.06:1 (0.53:1)**	**975**
	FINANCE												
2.	Maharashtra State Financial Corporation	Industries, Energy and Labour (Industries)	08/1962	34.28	--≈	28.36	62.64	--≈	--≈	399.70	399.70	6.38:1 (6.95:1)	110
	Sector-wise total			**34.28**		**28.36**	**62.64**	**--**	**--**	**399.70**	**399.70**	**6.38:1 (6.95:1)**	**110**
	INFRASTRUCTURE												
3.	Maharashtra Industrial Development Corporation	Industries, Energy and Labour	08/1962	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	-- --	3,256
	Sector-wise total			**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	-- --	**3,256**
	SERVICE												
4.	Maharashtra State Road Transport Corporation	Home (Transport)	7/1961	1,721.76	56.77	--≈	1,778.53	--≈	--≈	--≈	--≈	-- --	1,03,504
	Sector-wise total			**1,721.76**	**56.77**	**--**	**1,778.53**	**--**	**--**	**--**	**--**	**-- --**	**1,03,504**
	Total B (All sector-wise working Statutory corporations)			**1,760.40**	**56.77**	**32.71**	**1,849.88**			**417.64**	**417.64**	**0.23:1 (0.30:1)**	**1,07,845**
	Grand Total (A + B)			**15,096.85**	**130.17**	**8,494.83**	**23,721.85**	**4,226.78**	**70.78**	**29,644.50**	**33,942.06**	**1.43:1 (1.21:1)**	**2,07,904**

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the PSU	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year) 6c/5(d)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
	C. Non working companies												
	AGRICULTURE & ALLIED												
1.	Dairy Development Corporation of Marathwada Limited	Industries, Energy and Labour	03/1974	0.20	--≈	0.18	0.38	--≈	--≈	2.64	2.64	6.95:1 (7.00:1)	Ω
2.	Ellora Milk Products Limited	Industries, Energy and Labour	02/1985	--≈	--≈	0.05	0.05	--≈	--≈	1.35	1.35	27.00:1 (27.00:1)	Ω
3.	Irrigation Development Corporation of Maharashtra Limited	Irrigation	11/1973	19.93	--≈	--≈	19.93	--≈	--≈	--≈	--≈	-- --	Ω
4.	MAFCO Limited♠	Finance	12/1970	5.04	--≈	--≈	5.04	5.27	--≈	--≈	5.27	1.05:1 (1.24:1)	Ω
5.	Parbhani Krishi Go-samvardhan Limited	Industries, Energy and Labour	03/1977	--≈	--≈	0.19	0.19	--≈	--≈	2.00	2.00	10.53:1 (10.58:1)	Ω
6.	Vidarbha Quality Seeds Limited♠	Industries	02/1973	--≈	--≈	0.10	0.10	--≈	--≈	0.28	0.28	2.80:1 (2.80:1)	@
	Sector-wise total			**25.17**		**0.52**	**25.69**	**5.27**		**6.27**	**11.54**	**0.45:1 (0.45:1)**	
	FINANCE												
7.	Kolhapur Chitranagri Mahamandal Limited ♠	Cultural Affairs	03/1985	3.24	--≈	--≈	3.24	0.13	--≈	--≈	0.13	0.04:1 (0.04:1)	@
	Sector-wise total			**3.24**			**3.24**	**0.13**			**0.13**	**0.04:1 (0.04:1)**	

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the PSU	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year) 6c/5(d)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
	INFRASTRUCTURE												
8.	Development Corporation of Vidarbha Limited♠	Industries	12/1970	7.17	--≈	--≈	7.17	--≈	--≈	--≈	--≈	-- --	@
9.	Maharashtra Land Development Corporation Limited	Irrigation (Water Resources)	07/1973	3.00	1.00	--≈	4.00	48.21	--≈	--≈	48.21	12.05:1 (10.80:1)	Ω
10.	Maharashtra Rural Development Corporation Limited ♠	Rural Development and Water Conservation	09/1982	0.05	--≈	--≈	0.05	--≈	--≈	--≈	--≈	-- --	@
11.	Maharashtra State Housing Corporation Limited ♠	Housing	10/1974	0.01	--≈	--≈	0.01	--≈	--≈	--≈	--≈	-- --	@
12.	Marathwada Development Corporation Limited	Industries, Energy and Labour	08/1967	10.17	--≈	--≈	10.17	48.96	--≈	--≈	48.96	4.81:1 (4.81:1)	Ω
	Sector-wise total			**20.40**	**1.00**		**21.40**	**97.17**			**97.17**	**4.54:1** **(4.31:1)**	
	MANUFACTURING												
13.	Godavari Garments Limited	Industries, Energy and Labour	03/1977	--≈	--≈	0.24	0.24	--≈	--≈	7.10	7.10	29.58:1 (29.58:1)	Ω
14.	Kinwat Roofing Tiles Limited	Industries, Energy and Labour	03/1977	--≈	--≈	0.19	0.19	--≈	--≈	0.74	0.74	3.89:1 (3.89:1)	Ω
15.	Maharashtra Electronics Corporation Limited	Industries, Energy and Labour	01/1978	9.69	--≈	--≈	9.69	57.72	--≈	17.78	75.50	7.79:1 (7.79:1)	Ω
16.	Maharashtra State Textile Corporation Limited	Co-operation and Textile	09/1966	236.16	--≈	--≈	236.16	173.91	--≈	--≈	173.91	0.74:1 (0.75:1)	Ω
17.	Marathwada Ceramic Complex Limited	Industries, Energy and Labour	12/1977	--≈	--≈	0.68	0.68	--≈	--≈	6.27	6.27	9.22:1 (9.22:1)	Ω

≈ This indicates 'nil' amount.

Sl.No.	Sector & Name of the PSU	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year) 6c/5(d)	Manpower (No. of employees as on 31.3.2011)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
18.	Sahyadri Glass Works Limited ♠	Industries, Energy and Labour	11/1974	--≈	--≈	0.45	0.45	--≈	--≈	--≈	--≈	-- --	@
19.	The Gondwana Paints and Minerals Limited♠	Industries	07/1946	--≈	--≈	0.10	0.10	--≈	--≈	0.80	0.80	8.00:1 (8.00:1)	@
20.	The Pratap Spinning, Weaving and Manufacturing Company Limited	Co-operation and Textile	08/1906	--≈	--≈	23.17	23.17	--≈	--≈	24.12	24.12	1.04:1 (1.04:1)	Ω
	Sector-wise total			**245.85**		**24.83**	**270.68**	**231.63**		**56.81**	**288.44**	**1.07:1 (1.07:1)**	
	MISCELLANEOUS												
21.	Leather Industries Corporation of Marathwada Limited	Industries, Energy and Labour	03/1974	--≈	--≈	0.64	0.64	--≈	--≈	5.60	5.60	8.75:1 (8.75:1)	Ω
22.	Vidarbha Tanneries Limited♠	Industries	05/1979	--≈	--≈	0.10	0.10	--≈	--≈	1.01	1.01	10.10:1 --	@
	Sector-wise total					**0.74**	**0.74**			**6.61**	**6.61**	**8.93:1 (8.36:1)**	**--**
	Total C (All sector wise non working Government companies)			**294.66**	**1.00**	**26.09**	**321.75**	**334.20**		**69.69**	**403.89**	**1.26:1 (1.24:1)**	**--**
	Grand Total (A + B + C)			**15,391.51**	**131.17**	**8,520.92**	**24,043.60**	**4,560.98**	**70.78**	**29,714.19**	**34,345.95**	**1.43:1 (1.21:1)**	**2,07,904**

Above includes Section 619-B companies at Sl. No. A-5, 17, 25 and 48.
$ Paid-up capital includes share application money.
** Loans outstanding at the close of 2010-11 represent long-term loans only.
♠ Information not furnished for the year 2010-11, hence previous years figures have been considered for debt-equity *ratio*.
@ Information regarding no. of employees not furnished by PSUs.
Ω This indicates 'nil' Manpower.

≈ This indicates 'nil' amount.

Annexure - 2

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

(Referred to in paragraph 1.1,1.14,1.15,1.16,1.18,1.19,1.20,1.21,1.22,1.23,1.28,1.30,1.33 and 1.36)

(Figures in column 5 (a) to11) are ₹in crore)

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	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														
AGRICULTURE & ALLIED														
1.	Forest Development Corporation of Maharashtra Limited	2009-10	2010-11	67.84	--≈	0.60	67.24	108.55	7.76	371.71	372.07	964.69	67.24	6.97
2.	Maharashtra Agro Industries Development Corporation Limited	2009-10	2011-12	12.95	0.95	0.85	11.15	868.38	(-)0.82	5.50	57.14	128.21	12.10	9.44
3.	Maharashtra Insecticides Limited	2009-10	2010-11	0.63	--≈	0.23	0.40	13.89	(-)0.38	1.00	9.01	10.97	0.40	3.65
4.	The Maharashtra State Farming Corporation Limited	2007-08	2011-12	(-)13.51	6.02	0.27	(-)19.80	13.08	6.42	2.75	(-)132.52	(-)44.69	(-)13.78	Σ
5.	Maharashtra State Seeds Corporation Limited	2009-10	2010-11	38.90	0.90	1.19	36.81	378.46	--≈	4.18	68.99	122.86	37.71	30.69
6.	Punyashloka Ahilyadevi Maharashtra Mendi Va Sheli Vikas Mahamandal Limited	2007-08	2011-12	0.15	0.004	0.06	0.09	3.93	(-)0.06	4.73	(-)0.66	13.07	0.09	0.72

≈ This indicates 'nil' amount.

Σ Percentage of Return on Capital Employed was Negative.

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments[#]	Paid up Capital	Accumulated Profit (+) / Loss (-)	Capital employed[@]	Return on capital employed[$]	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)
7.	Maharashtra Fisheries Development Corporation Limited	2003-04	2011-12	(-)0.05	0.14	0.14	(-)0.33	1.20	--≈	1.72	(-)5.29	(-)1.41	(-)0.19	Σ
	Sector-wise total			**106.91**	**8.01**	**3.34**	**95.56**	**1,387.49**	**--**	**391.59**	**368.74**	**1,193.70**	**103.57**	**8.68**
	FINANCE													
8.	Annasaheb Patil Arthik Magas Vikas Mahamandal Maryadit	2008-09	2010-11	0.93	--≈	0.05	0.88	1.72	--≈	48.75	4.27	53.36	0.88	1.65
9.	Lokshahir Annabhau Sathe Development Corporation Limited	2000-01	2010-11	0.49	--≈	0.01	0.48	0.53	--≈	10.49	1.71	20.96	0.48	2.29
10.	Maharashtra Co-operative Development Corporation Limited.	2005-06	2008-09	14.70	14.15	0.05	0.50	17.26	--≈	6.47	(-)1.90	2.10	14.65	697.62
11.	Maharashtra Film, Stage and Cultural Development Corporation Limited	2009-10	2010-11	17.34	0.57	1.82	14.95	27.69	2.02	12.30	18.74	31.71	15.52	48.94
12.	Maharashtra Patbandhare Vittiya Company Limited(•)	2008-09	2009-10	0.007	--≈	0.007	--≈	73.25	--≈	0.06	(-)0.003	749.27	--≈	--Ψ
13.	Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Limited	2005-06	2008-09	10.06	0.99	0.15	8.92	4.66	--≈	33.88	14.14	98.37	9.91	10.07
14.	Maharashtra Small Scale Industries Development Corporation Limited	2008-09	2011-12	3.53	0.06	0.16	3.31	291.73	(-)6.88	14.50	5.98	43.83	3.37	7.69

Σ Percentage of Return on Capital Employed was Negative.

≈ This indicates 'nil' amount.

Ψ Return on capital employed not applicable.

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	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)
15.	Maharashtra State Handicapped Finance and Development Corporation	2006-07	2011-12	1.57	0.58	0.02	0.97	1.13	(-)0.01	4.05	1.84	33.62	1.55	4.61
16.	Maharashtra State Handlooms Corporation Limited	2009-10	2010-11	0.93	2.32	0.03	(-)1.42	12.44	0.06	80.10	(-)101.46	(-)0.35	0.90	Σ
17.	Maharashtra Vikrikar Rokhe Pradhikaran Limited(•)	2009-10	2010-11	10.38	10.37	0.005	--≈	--≈	--≈	0.05	0.40	195.72	10.37	5.30
18.	Mahatma Phule Backward Class Development Corporation Limited	2004-05	2011-12	1.61	0.25	0.18	1.18	4.31	--≈	112.98	21.64	179.25	1.43	0.80
19.	Maulana Azad Alpasankyak Arthik Vikas Mahamandal Limited	2006-07	2010-11	0.96	0.40	0.02	0.54	0.54	1.06	39.60	2.03	56.47	0.94	1.66
20.	Sant Rohidas Leather Industries & Charmakar Development Corporation Limited	1996-97	2009-10	1.13	0.07	0.08	0.98	5.56	--≈	3.96	0.94	6.20	1.05	16.94
21.	Shabari Adiwasi Vitta Va Vikas Mahamandal Maryadit	2006-07	2011-12	3.33	0.58	0.03	2.72	1.52	(-)27.14	23.79	4.83	56.62	3.30	5.83

Σ Percentage of Return on Capital Employed was Negative.

≈ This indicates 'nil' amount.

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	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)
22.	Vasantrao Naik Vimukta Jatis & Nomadic Tribes Development Corporation Limited	2001.02	2011-12	0.71	0.45	0.05	0.21	0.94	(-)29.14	21.75	(-)0.88	33.54	0.66	1.97
	Sector-wise total			**67.68**	**30.79**	**2.66**	**34.22**	**443.28**		**412.73**	**(-)27.72**	**1,560.67**	**65.01**	**4.17**
	INFRASTRUCTURE													
23.	City & Industrial Development Corporation of Maharashtra Limited	2006-07	2010-11	(-)18.81	7.09	0.15	(-)26.05	26.37	0.86	3.95	63.40	288.01	(-)18.96	Σ
24.	Development Corporation of Konkan Limited	1999-00	2011-12	(-)0.20	--≈	0.03	(-)0.23	0.17	6.39	8.81	(-)8.33	6.19	(-)0.23	Σ
25.	Maharashtra Airport Development Company Limited	2010-11	2011-12	7.11	0.07	2.19	4.85	32.20	--≈	17.05	56.87	912.96	4.92	0.54
26.	Maharashtra Industrial Gas Transmission Company Limited ¥	FAA												
27.	Maharashtra State Police Housing and Welfare Corporation Limited ¶	2008-09	2011-12	0.17	--≈	0.17	--≈	--≈	--≈	7.96	--≈	--≈	--≈	--Ψ
28.	Maharashtra State Road Development Corporation Limited	2008-09	2010-11	318.85	500.25	241.15	(-)422.55	387.68	5.53	5.00	(-)2,711.00	4,386.43	77.70	1.77
29.	Maharashtra Urban Infrastructure Development Company Limited	2009-10	2010-11	1.29	--≈	0.05	1.24	0.51	--≈	0.30	0.68	(-)13.14	1.24	Σ

≈ This indicates 'nil' amount.
Ψ Return on capital employed not applicable.
Σ Percentage of Return on Capital Employed was Negative.

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	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)
30.	Maharashtra Urban Infrastructure Fund Trustee Company Limited	2009-10	2010-11	0.003	--≈	--≈	0.003	--≈	--≈	0.10	(-)0.002	0.10	0.003	3.00
31.	Mihan India Private Limited ¥	FAA												
32.	Shivshahi Punarvasan Prakalp Limited	2007-08	2010-11	86.69	--≈	0.16	86.53	136.80	(-)3.86	115.00	25.05	140.81	86.53	61.45
33.	Western Maharashtra Development Corporation Limited	2010-11	2011-12	(-)0.03	0.39	0.08	(-)0.50	5.94	14.50	3.06	(-)18.36	11.09	(-)0.11	Σ
	Sector-wise total			**395.07**	**507.80**	**243.98**	**(-)356.71**	**589.67**		**161.23**	**(-)2,591.69**	**5,732.45**	**151.09**	**2.64**
	MANUFACTURING													
34.	Haffkine Ajintha Pharmaceuticals Limited	2007-08	2010-11	0.52	0.21	0.16	0.15	6.98	--≈	0.18	1.96	2.79	0.36	12.90
35.	Haffkine Bio-Pharmaceutical Corporation Limited	2008-09	2011-12	(-)4.15	--≈	1.52	(-)5.67	26.09	--≈	8.71	15.54	28.60	(-)5.67	Σ
36.	Mahaguj Collieries Limited	2010-11	2011-12	(-)1.06	--≈	0.02	(-)1.08	--≈	--≈	0.05	(-)23.94	(-)0.05	(-)1.08	Σ
37.	Maharashtra Petrochemicals Corporation Limited	2009-10	2010-11	1.02	--≈	0.03	0.99	1.56	--≈	8.96	10.09	19.04	0.99	5.20
38.	Maharashtra State Mining Corporation Limited	2009-10	2010-11	11.35	--≈	0.34	11.01	1.95	(-)2.42	2.07	9.80	35.38	11.01	31.12
39.	Maharashtra State Powerlooms Corporation Limited	2007-08	2011-12	1.08	0.03	0.02	1.03	33.51	(-)1.30	11.93	(-)15.28	(-)2.89	1.06	Σ

≈ This indicates 'nil' amount.

Σ Percentage of Return on Capital Employed was Negative.

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	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)
40	Mahatamil Collieries Limited	2009-10	2010-11	(-)0.15	--≈	--≈	(-)0.15	--≈	0.96	0.05	(-)0.12	0.93	(-)0.15	Σ
41.	MSMC Adkoli Natural Resources Limited ¥	FAA												
42.	MSMC Warora Collieries Limited ¥	FAA												
	Sector-wise total			**8.61**	**0.24**	**2.09**	**6.28**	**70.09**		**31.95**	**(-)1.95**	**83.80**	**6.52**	**7.78**
	POWER													
43.	Aurangabad Power Company Limited ♠	2007-08	2008-09	(-)0.004	--≈	--≈	(-)0.004	--≈	--≈	0.05	(-)0.004	0.05	(-)0.004	Σ
44.	Dhopave Coastal Power Limited	2009-10	2011-12	--≈	--≈	--≈	--≈	--≈	0.06	0.05	--≈	0.06	--≈	Σ
45.	Dhule Thermal Power Company Limited ♠	2009-10	2010-11	0.002	--≈	--≈	0.002	--≈	--≈	0.05	(-)0.002	0.05	0.002	4.00
46.	MSEB Holding Company Limited ⊕	2010-11	2011-12	13.90	260.35	1.78	(-)248.23	--≈	--≈	12,312.78	(-)3,441.06	137.44	12.12	8.82
47.	Mahagenco Power Generation Consultancy Servises Limited ∇	2008-09	2009-10	(-)0.0009	--≈	--≈	(-)0.0009	--≈	--≈	0.05	(-)0.004	0.05	(-)0.0009	Σ
48.	Maharashtra Power Development Corporation Limited Ω	2009-10	2010-11	(-)0.29	--≈	0.0008	(-)0.29	--≈	2.38	0.45	(-)1,012.03	5.12	(-)0.29	Σ
49.	Maharashtra State Electric Power Trading Company (P) Limited ∇	2008-09	2009-10	0.59	--≈	--≈	0.59	--≈	--≈	10.01	0.44	10.32	0.59	5.72
50.	Maharashtra State Electricity Distribution Company Limited	2009-10	2010-11	766.44	736.94	812.27	(-)782.77	27,642.31	51.44	3,747.29	(-)2,259.55	13,413.96	(-)45.83	Σ

≈ This indicates 'nil' amount.

Σ Percentage of Return on Capital Employed was Negative.

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	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)
51.	Maharashtra State Electricity Transmission Company Limited	2010-11	2011-12	1,163.49	274.71	368.59	520.19	2,040.08	--	2,696.04	519.13	10,392.21	794.90	7.65
52.	Maharashtra State Power Generation Company Limited	2010-11	2011-12	1,847.32	649.17	398.13	800.02	12,115.01	--	4,796.55	972.19	23,402.81	1,449.19	6.19
	Sector-wise total			**3,791.45**	**1,921.17**	**1,580.77**	**289.51**	**41,797.40**		**23,563.32**	**(-)5,220.89**	**47,362.07**	**2,210.68**	**4.67**
	SERVICES													
53.	Maharashtra Tourism Development Corporation Limited	2005-06	2010-11	5.02	0.16	0.90	3.96	14.16	(-)20.44	15.39	(-)3.41	19.48	4.12	21.15
54.	Mahatourism Corporation Limited	2010-11	2011-12	(-)0.03	--≈	0.0002	(-)0.03	--≈	--≈	0.05	(-)0.04	0.003	(-)0.03	Σ
55.	Mumbai Metro Rail Corporation Limited	2009-10	2011-12	(-)0.001	--≈	--≈	(-)0.001	--≈	--≈	0.05	(-)0.003	(-)0.55	(-)0.001	Σ
56.	Nagpur Mass Transport Company Private Limited	2009-10	2010-11	(-)0.12	--≈	--≈	(-)0.12	--≈	--≈	2.00	(-)0.21	1.61	(-)0.12	Σ
	Sector-wise total			**4.87**	**0.16**	**0.90**	**3.81**	**14.16**		**17.49**	**(-)3.66**	**20.54**	**3.97**	**19.32**
	MISCELLANEOUS													
57	Krupanidhi Limited◆	2008-09	2010-11	0.001	--≈	0.001	--≈	--≈	--≈	0.01	--≈	--≈	--≈	Ψ
58.	Maharashtra Ex-Servicemen Corporation Limited	2007-08	2011-12	4.90	0.21	0.07	4.62	45.72	--≈	4.95	8.29	14.38	4.83	33.59
59.	Mahila Arthik Vikas Mahamandal	2007-08	2011-12	1.76	--≈	0.08	1.68	--≈	(-)6.40	2.60	1.71	15.88	1.68	10.58

Σ Percentage of Return on Capital Employed was Negative.

≈ This indicates 'nil' amount.

Ψ Return on Capital employed not applicable.

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	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)
60.	Nagpur Flying Club Private Limited	2009-10	2010-11	0.13	--≈	0.07	0.06	0.53	--≈	0.85	0.05	1.39	0.06	4.32
	Sector-wise total			**6.79**	**0.21**	**0.22**	**6.36**	**46.25**		**8.41**	**10.05**	**31.65**	**6.57**	**20.76**
	Total A (All sector wise working Government companies)			**4,381.38**	**2,468.38**	**1,833.96**	**79.03**	**44,348.34**		**24,586.72**	**(-)7,467.13**	**55,984.88**	**2,547.41**	**4.55**
	B. Working Statutory corporations													
	AGRICULTURE & ALLIED													
1.	Maharashtra State Warehousing Corporation	2009-10	2010-11	40.01	--≈	4.75	35.26	121.42	(-)1.18	8.71	0.008	187.10	35.26	18.85
	Sector-wise total			**40.01**	**--≈**	**4.75**	**35.26**	**121.42**		**8.71**	**0.008**	**187.10**	**35.26**	**18.85**
	FINANCE													
2.	Maharashtra State Financial Corporation	2009-10	2010-11	42.26	13.88	0.11	28.27	13.71	(-)341.80	62.64	(-)585.79	(-)29.33	42.15	Σ
	Sector-wise total			**42.26**	**13.88**	**0.11**	**28.27**	**13.71**		**62.64**	**(-)585.79**	**(-)29.33**	**42.15**	**--**
	INFRASTRUCTURE													
3.	Maharashtra Industrial Development Corporation	2009-10	2011-12	16.04	4.82	11.17	0.05	301.29	(-)25.83	--≈	37.13	39.26	4.87	12.40
	Sector-wise total			**16.04**	**4.82**	**11.17**	**0.05**	**301.29**			**37.13**	**39.26**	**4.87**	**12.40**
	SERVICE													
4.	Maharashtra State Road Transport Corporation	2009-10	2010-11	356.67	37.00	248.64	71.03	4,274.16	9.79	1,579.20	(-)386.10	1,237.04	108.03	8.73
	Sector-wise total			**356.67**	**37.00**	**248.64**	**71.03**	**4,274.16**		**1,579.20**	**(-)386.10**	**1,237.04**	**108.03**	**8.73**
	Total B (All sector wise working Statutory corporations)			**454.98**	**55.70**	**264.67**	**134.61**	**4,710.58**		**1,650.55**	**(-)934.75**	**1,434.07**	**190.31**	**13.27**
	Grand Total (A + B)			**4,836.36**	**2,524.08**	**2,098.63**	**213.64**	**49,058.92**		**26,237.27**	**(-)8,401.88**	**57,418.95**	**2,737.72**	**4.77**

Σ Percentage of Return on Capital Employed was Negative.

≈ This indicates 'nil' amount.

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	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)
	C. Non working Government companies													
	AGRICULTURE & ALLIED													
1.	Dairy Development Corporation of Marathwada Limited	2009-10	2010-11	0.01	--≈	0.0008	0.01	--≈	(-)0.16	0.38	(-)3.08	(-)0.06	0.01	Σ
2.	Ellora Milk Products Limited	2009-10	2010-11	(-)0.001	--≈	0.001	(-)0.002	--≈	--≈	0.05	(-)1.52	(-)0.12	(-)0.002	Σ
3.	Irrigation Development Corporation of Maharashtra Limited	2009-10	2010-11	--≈	--≈	--≈	--≈	--≈	--≈	19.93	(-)19.93	--≈	--≈	Σ
4.	MAFCO Limited	2009-10	2010-11	6.29	2.82	0.13	3.34	--≈	(-)0.02	5.04	(-)10.65	(-)0.10	6.16	Σ
5.	Parbhani Krishi Go-samvardhan Limited	2009-10	2010-11	0.008	--≈	0.0009	0.007	--≈	--≈	0.19	(-)2.31	0.11	0.01	6.36
6.	Vidarbha Quality Seeds Limited	2010-11	2011-12	(-)0.0005	--≈	--≈	(-)0.0005	--≈	0.04	0.10	(-)0.39	0.04	(-)0.0005	Σ
	Sector- wise total			**6.31**	**2.82**	**0.13**	**3.35**			**25.69**	**(-)37.88**	**(-)0.13**	**6.17**	
	FINANCE													
7.	Kolhapur Chitranagri Mahamandal Limited	1997-98	2005-06	(-)0.05	--≈	0.12	(-)0.17	--≈	--≈	2.89	(-)1.47	1.63	(-)0.17	Σ
	Sector- wise total			**(-)0.05**		**0.12**	**(-)0.17**			**2.89**	**(-)1.47**	**1.63**	**(-)0.17**	
	INFRASTRUCTURE													
8.	Development Corporation of Vidarbha Limited	2008-09	2010-11	0.02	--≈	0.004	0.02	--≈	(-)4.91	7.17	(-)13.94	(-)0.08	0.02	Σ

≈ This indicates 'nil' amount.

Σ Percentage of Return on Capital Employed was Negative.

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments[#]	Paid up Capital	Accumulated Profit (+) / Loss (-)	Capital employed[@]	Return on capital employed[$]	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)**
9.	Maharashtra Land Development Corporation Limited	2007-08	2010-11	0.07	--≈	0.001	0.07	--≈	--≈	4.00	(-)17.78	34.44	0.07	0.20
10.	Maharashtra Rural Development Corporation Limited	2004-05	2010-11	--≈	--≈	--≈	--≈	--≈	--≈	0.05	--≈	(-)0.05	--≈	Σ
11.	Maharashtra State Housing Corporation Limited	2009-10	2010-11	0.03	--≈	--≈	0.03	--≈	--≈	0.01	0.56	0.57	0.03	5.26
12.	Marathwada Development Corporation Limited	2010-11	2011-12	(-)0.16	--≈	0.01	(-)0.17	--≈	6.67	10.17	(-)12.79	34.64	(-)0.17	Σ
	Sector-wise total			**(-)0.04**		**0.01**	**(-)0.05**			**21.40**	**(-)43.95**	**69.52**	**(-)0.05**	
	MANUFACTURING													
13.	Godavari Garments Limited	2009-10	2010-11	0.04	--≈	0.001	0.04	--≈	(-)0.42	0.24	(-)8.18	(-)0.83	0.04	Σ
14.	Kinwat Roofing Tiles Limited	2009-10	2010-11	--≈	--≈	--≈	--≈	--≈	--≈	0.19	(-)1.22	(-)0.29	--≈	Σ
15.	Maharashtra Electronics Corporation Limited	2009-10	2011-12	7.02	17.07	0.17	(-)10.22	--≈	3.19	9.69	(-)226.61	(-)73.83	6.85	Σ
16.	Maharashtra State Textile Corporation Limited	2010-11	2011-12	0.02	36.14	0.04	(-)36.16	--≈	--≈	236.16	(-)803.60	(-)394.25	(-)0.02	Σ
17.	Marathwada Ceramic Complex Limited	2009-10	2010-11	(-)0.0003	--≈	--≈	(-)0.0003	--≈	0.03	0.68	(-)7.44	(-)0.28	(-)0.0003	Σ
18.	Sahyadri Glass Works Limited	1993-94	1995-96	(-)0.35	0.04	0.02	(-)0.41	--≈	--≈	0.45	(-)9.22	(-)2.48	(-)0.37	Σ

Σ Percentage of Return on Capital Employed was Negative.

≈ This indicates ‘nil’ amount.

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	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)
19.	The Gondwana Paints and Minerals Limited	2010-11	2011-12	(-)0.0006	--≈	--≈	(-)0.0006	--≈	--≈	0.10	(-)1.34	0.04	(-)0.0006	Σ
20.	The Pratap Spinning, Weaving and Manufacturing Company Limited	2010-11	2011-12	0.06	--≈	0.0001	0.06	--≈	--≈	23.17	(-)63.85	(-)16.57	0.06	Σ
	Sector-wise total			**6.79**	**53.25**	**0.23**	**(-)46.69**			**270.68**	**(-)1,121.46**	**(-)488.49**	**6.56**	
	MISCELLANEOUS													
21.	Leather Industries Corporation of Marathwada Limited	2009-10	2010-11	0.98	--≈	0.002	0.98	--≈	--≈	0.64	(-)6.76	0.05	0.98	1,960.00
22.	Vidarbha Tanneries Limited	2010-11	2011-12	(-)0.0006	--≈	--≈	(-)0.0006	--≈	0.06	0.10	(-)1.21	(-)0.06	(-)0.0006	Σ
	Sector-wise total			**0.98**			**0.98**			**0.74**	**(-)7.97**	**(-)0.01**	**0.98**	
	Total C (All sector wise non working Government Companies)			**13.99**	**56.07**	**0.50**	**(-)42.58**			**321.40**	**(-)1,212.73**	**(-)417.48**	**13.49**	
	Grand Total (A + B+C)			**4,850.35**	**2,580.15**	**2,099.13**	**171.06**	**49,058.92**		**26,558.67**	**(-)9,614.61**	**57,001.47**	**2,751.22**	**4.83**

Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/increase in losses.

∇ Companies at Sl.No.A-47 and 49 had not started commercial activities. Hence their turnover figures are 'Nil'. However the figures of net profit/loss shown in column 5(d) are on account of non-operational income and expenditure.

♠ Companies at Sl. No.A-45 had been formed as Special Purpose Vehicles. There is no transaction during the year and hence turnover is 'Nil'.

@ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

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

♦ Deficit is recoverable from share holders hence there is no loss/accumulated loss (Sl. No.A-57).

(•) Expenditure in respect of companies at Sl.No.A-12 and A-17 is recouped from Government hence the figure under profit/loss is 'Nil'.

¶ Excess of expenditure over income capitalised (Sl. No. A-27).

¥ Company at Sl. No.A-26, 31, 41,42 and 44 has not started commercial activity and has not prepared profit/loss account.

⊕ Company at Sl. No. A-46 has been vested with the Assets & Liabilities of all its subsidiaries on unbundling of M.S.E. Board in 2005-06 and does not have any turnover of its own.

Ω Company at Sl. No. A-48 was formed with the objective of investment mainly in Dabhol Power Company Limited and hence the company does not have any turnover of its own.

≈ This indicates 'nil' amount.

Σ Percentage of Return on Capital Employed was Negative.

Annexure - 3

Statement showing equity and loans received out of budget and 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 2011

(Referred to in paragraph 1.9,1.11 and 1.12)

(₹ in crore)

Sl. No.	Sector & Name of the PSU	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.	Forest Development Corporation of Maharashtra Limited	0.05	--≈	2.28	0.37	--≈	2.65	--≈	--≈	--≈	--≈	--≈	--≈
2.	Maharashtra Agro Industries Development Corporation Limited	--≈	--≈	--≈	--≈	--≈	--≈	260.00	260.00	--≈	--≈	--≈	--≈
3.	Maharashtra State Farming Corporation Limited.	--≈	18.50	--≈	--≈	--≈	--≈	--≈	2.13	--≈	--≈	--≈	--≈
4.	Maharashtra State Seeds Corporation Limited	--≈	--≈	0.36	--≈	--≈	0.36	--≈	--≈	--≈	--≈	--≈	--≈
5.	Punyashloka Ahilyadevi Maharashtra Mendi Va Sheli Vikas Mahamandal Limited	--≈	--≈	1.18	12.14	--≈	13.32	--≈	--≈	--≈	--≈	--≈	--≈
6.	The Maharashtra Fisheries Development Corporation Limited	1.29	--≈	11.17	0.50	--≈	11.67	--≈	--≈	--≈	--≈	--≈	--≈
Sector-wise total		**1.34**	**18.50**	**14.99**	**13.01**	**--**	**28.00**	**260.00**	**262.13**	**--**	**--**	**--**	**--**
FINANCE													
7.	Lokshahir Annabhau Sathe Development Corporation Limited	32.34	12.16	9.25	32.00	24.75	66.00	27.54	50.00	11.35	--≈	--≈	11.35
8.	Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Limited	13.20	--≈	--≈	6.65	--≈	6.65	--≈	83.31	--≈	--≈	--≈	--≈
9.	Maharashtra State Handicapped Finance and Development Corporation	7.80	--≈	--≈	0.66	--≈	0.66	--≈	36.85	--≈	--≈	--≈	--≈

Sl. No.	Sector & Name of the PSU	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.	Maharashtra State Handlooms Corporation Limited	1.76	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈
11.	Mahatma Phule Backward Class Development Corporation Limited	53.33	--≈	--≈	17.55	--≈	17.55	--≈	46.56	--≈	--≈	--≈	--≈
12.	Maulana Azad Alpasankyak Arthik Vikas Mahamahdal Limited	73.67	27.68	--≈	--≈	0.18	0.18	--≈	--≈	--≈	--≈	--≈	--≈
13.	Sant Rohidas Leather Industries & Charmakar Development Corporation Limited	5.00	--≈	--≈	7.69	--≈	7.69	--≈	15.00	13.15	--≈	2.76	15.91
14.	Shabari Adiwasi Vitta Va Vikas Mahamandal Maryadit	15.00	--≈	--≈	3.50	--≈	3.50	--≈	50.00	--≈	--≈	--≈	--≈
15.	Vasantrao Naik Vimukta Jatis & Nomadic Tribes Development Corporation Limited	21.80	--≈	--≈	3.98	--≈	3.98	--≈	--≈	--≈	--≈	--≈	--≈
Sector-wise total		**223.90**	**39.84**	**9.25**	**72.03**	**24.93**	**106.21**	**27.54**	**281.72**	**24.50**	**--**	**2.76**	**27.26**
INFRASTRUCTURE													
16.	Maharashtra Airport Development Company Limited	--≈	52.00	--≈	133.98	--≈	133.98	--≈	--≈	--≈	--≈	--≈	--≈
17.	Maharashtra State Police Housing and Welfare Corporation Limited	--≈	--≈	13.61	111.86	--≈	125.47	--≈	0.15	--≈	--≈	--≈	--≈
Sector-wise total		**--**	**52.00**	**13.61**	**245.84**	**--**	**259.45**	**--**	**0.15**	**--**	**--**	**--**	**--**
MANUFACTURING													
18.	Mahaguj Collieries Limited	--≈	0.43	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈
Sector-wise total		**--**	**0.43**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
POWER													
19.	M.S.E.B. Holding Company Limited	--≈	197.57	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈
20.	Maharashtra State Electricity Transmission Company Limited	--≈	--≈	--≈	--≈	--≈	--≈	--≈	447.00	--≈	--≈	--≈	--≈

Sl. No.	Sector & Name of the PSU	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)
21.	Maharashtra State Power Generation Company Limited	601.87	--≈	--≈	--≈	--≈	--≈	--≈	942.25	--≈	--≈	--≈	--≈
Sector-wise total		**601.87**	**197.57**	**--**	**--**	**--**	**--**	**--**	**1,389.25**	**--**	**--**	**--**	**--**
SERVICE													
22.	Maharashtra Tourism Development Corporation Limited	--≈	--≈	16.00	30.58	--≈	46.58	--≈	--≈	--≈	--≈	--≈	--≈
Sector-wise total		**--**	**--**	**16.00**	**30.58**	**--**	**46.58**	**--**	**--**	**--**	**--**	**--**	**--**
MISCELLANEOUS													
23.	Mahila Arthik Vikas Mahamandal	--≈	--≈	--≈	--≈	28.14	28.14	--≈	--≈	--≈	--≈	--≈	--≈
24.	Nagpur Flying Club (P) Limited	--≈	--≈	--≈	0.50	--≈	0.50	--≈	--≈	--≈	--≈	--≈	--≈
Sector-wise total		**--**	**--**	**--**	**0.50**	**28.14**	**28.64**	**--**	**--**	**--**	**--**	**--**	**--**
Total : A (All sector wise working Government companies)		**827.11**	**308.34**	**53.85**	**361.96**	**53.07**	**468.88**	**287.54**	**1,933.25**	**24.50**	**--**	**2.76**	**27.26**
B. Working Statutory corporations													
FINANCE													
1.	Maharashtra State Financial Corporation	--≈	--≈	--≈	--≈	--≈	--≈	--≈	61.66	--≈	--≈	--≈	--≈
Sector-wise total		**--**	**--**	**--**	**--**	**--**	**--**	**--**	**61.66**	**--**	**--**	**--**	**--**
INFRASTRUCTURE													
2.	Maharashtra Industrial Development Corporation	--≈	--≈	81.22	--≈	--≈	81.22	--≈	--≈	--≈	--≈	--≈	--≈
Sector-wise total		**--**	**--**	**81.22**	**--**	**--**	**81.22**	**--**	**--**	**--**	**--**	**--**	**--**

Sl. No.	Sector & Name of the PSU	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)
SERVICE													
3.	Maharashtra State Road Transport Corporation	375.16	--≈		436.01	0.70	436.71	--≈	--≈	--≈	--≈	--≈	--≈
Sector-wise total		**375.16**	**--**	**--**	**436.01**	**0.70**	**436.71**	**--**	**--**	**--**	**--**	**--**	**--**
Total : B (All sector wise working Statutory corporations)		**375.16**	**--**	**81.22**	**436.01**	**0.70**	**517.93**	**--**	**61.66**	**--**	**--**	**--**	**--**
Total (A+B)		**1,202.27**	**308.34**	**135.07**	**797.97**	**53.77**	**986.81**	**287.54**	**1,994.91**	**24.50**		**2.76**	**27.26**
C. Non-working Government Companies													
INFRASTRUCTURE													
1.	Maharashtra Land Development Corporation Limited	--≈	5.00	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈	--≈
Sector-wise total		**--**	**5.00**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Total : C (All sector wise non working companies)		**--**	**5.00**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Grand Total : (A + B+C)		**1,202.27**	**313.34**	**135.07**	**797.97**	**53.77**	**986.81**	**287.54**	**1,994.91**	**24.50**	**--**	**2.76**	**27.26**

[@] Figures indicate total guarantees outstanding at the end of the year
≈ This indicates 'nil' amount.

Annexure-4
Statement showing investment made by State Government in Public Sector Undertakings whose accounts were in arrears
(Referred to in paragraph 1.24)

(₹ in crore)

Sl. No.	Name of the PSU	Year up to which accounts finalised	Paid up capital as per latest finalised accounts	Arrear years in which investment received	Investment made by State Government during the years in which accounts are in arrear		
					Equity	Loan	Grants/ Subsidy
A : Working Companies							
1.	Sant Rohidas Leather Industries and Charmakar Development Corporation Limited	1996-97	3.96	1997-98 to 2010-11	89.25	--≈	56.47
2.	Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Limited	2005-06	33.88	2006-07 to 2010-11	29.20	--≈	12.54
3.	Forest Development Corporation of Maharashtra Limited	2009-10	371.71	2010-11	0.05	--≈	0.37
4.	Maharashtra State Handlooms Corporation Limited	2009-10	80.10	2010-11	1.76	--≈	--≈
5.	The Maharashtra Fisheries Development Corporation Limited	2003-04	1.72	2004-05 to 2010-11	2.32	--≈	0.50
6.	Maharashtra State Farming Corporation Limited.	2007-08	2.75	2008-09 to 2010-11	--≈	25.60	--≈
7.	Lokshahir Annabhau Sathe Development Corporation Limited	2000-01	10.49	2001-02 to 2010-11	140.20	12.16	41.12
8.	Maharashtra State Handicapped Finance and Development Corporation	2006-07	4.05	2007-08 to 2010-11	10.18	--≈	2.06
9.	Mahatma Phule Backward Class Development Corporation Limited	2004-05	112.98	2005-06 to 2010-11	224.27	--≈	17.55
10.	Maulana Azad Alpasankyak Arthik Vikas Mahamandal Limited	2006-07	39.60	2007-08 to 2010-11	126.71	27.68	--≈
11.	Vasantrao Naik Vimukta Jatis & Nomadic Tribes Development Corporation Limited	2001-02	21.75	2002-03 to 2010-11	91.60	1.02	3.98
12.	Maharashtra Tourism Development Corporation Limited	2005-06	15.39	2006-07 to 2010-11	--≈	--≈	199.46
13.	Shabari Adiwasi Vitta Va Vikas Mahamandal Maryadit	2006-07	23.79	2007-08 to 2010-11	23.96	--≈	16.16
Total A : (Working Government Companies)			**722.17**		**739.50**	**66.46**	**350.21**

≈ This indicates 'nil' amount.

Sl. No.	Name of the PSU	Year up to which accounts finalised	Paid up capital as per latest finalised accounts	Arrear years in which investment received	Investment made by State Government during the years in which accounts are in arrear		
					Equity	Loan	Grants/ Subsidy
B : Working Corporations							
1.	Maharashtra State Road Transport Corporation	2009-10	1,579.20	2010-11	375.16	--≈	--≈
Total B : (Working Government Corporations)			**1,579.20**		**375.16**	**--**	**--**
Grand Total : (A+B)			**2,301.37**		**1,114.66**	**66.46**	**350.21**

≈ This indicates 'nil' amount.

Annexure-5

Statement showing financial position of working Statutory corporations

(Referred to in paragraph 1.14)

(₹ in crore)

1. Maharashtra State Warehousing Corporation			
Particulars	**2007-08**	**2008-09**	**2009-10**
A. Liabilities			
Paid-up capital	8.71	8.71	8.71
Reserves and surplus	140.94	153.50	170.66
Borrowings			
- (Government)	--≈	--≈	--≈
- (Others)	12.19	12.69	4.65
Trade dues and current liabilities (including provision)	65.88	64.58	87.90
Total - A	**227.72**	**239.48**	**271.92**
B. Assets			
Gross block	152.93	161.37	186.29
Less: Depreciation	37.46	41.35	46.10
Net fixed assets	115.47	120.02	140.19
Capital works-in-progress	6.05	13.92	13.59
Investments	0.01	0.01	0.01
Current assets, loans and advances	106.19	105.53	118.13
Profit and loss account	--≈	--≈	--≈
Total - B	**227.72**	**239.48**	**271.92**
C. Capital employed♿	**162.33**	**175.70**	**187.10**

≈ This indicates 'nil' amount.

♿ Capital employed represents net fixed assets (including capital works-in-progress) *plus* working capital excluding provision for gratuity.

(₹ in crore)

2. Maharashtra State Financial Corporation			
Particulars	**2007-08**	**2008-09**	**2009-10**
A. Liabilities			
Paid-up capital	62.64	62.64	62.64
Share application money	--≈	--≈	--≈
Reserve fund and other reserves and surplus	46.22	46.22	46.22
Borrowings:			
(i) Bonds and debentures	192.43	129.55	85.36
(ii) Fixed Deposits	--≈	--≈	--≈
(iii) Industrial Development Bank of India and Small Industries Development Bank of India and Mumbai Metropolitan Region Development Authority	350.17	350.17	350.17
(iv) Reserve Bank of India	--≈	--≈	--≈
(v) Loan towards share capital			
(a) State Government	2.06	2.06	2.06
(b) Industrial Development Bank of India	2.05	2.05	2.05
(vi) Others (including State Government)	40.55	73.23	73.23
Other Liabilities and provisions	21.98	17.70	17.79
Total - A	**718.10**	**683.62**	**639.52**
B. Assets			
Cash and bank balances	30.92	30.04	17.53
Investments	1.18	1.01	1.28
Loans and advances	19.44	8.72	6.26
Net fixed assets	1.13	1.01	0.91
Other assets	30.68	28.78	27.75
Profit and loss account	634.75	614.06	585.79
Total - B	**718.10**	**683.62**	**639.52**
C. Capital employed$	**62.41**	**(-)0.27**	**(-)29.33**

≈ This indicates 'nil' amount.

$ Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, reserves (other than those which have been funded specifically and backed by investments outside), loans in lieu of capital, seed money, debentures, bonds, deposits and borrowings (including refinance).

(₹ in crore)

3. Maharashtra Industrial Development Corporation			
Particulars	**2007-08**	**2008-09**	**2009-10**
A. Liabilities			
Loans - Issue of Bonds	7.60	4.30	0.00
Reserves and surplus/funds•	98.52	98.83	98.88
Deposits	8,586.05	10,299.02	12,059.03
Current liabilities and provisions	120.11	119.78	115.63
Total - A	**8,812.28**	**10,521.93**	**12,273.54**
B. Assets			
Gross fixed assets	564.52	601.43	625.81
Less: Depreciation	204.90	231.16	181.05
Net fixed assets	359.62	370.27	444.76
Other assets	3,174.23	3,561.50	3,793.58
Investments	37.62	56.18	168.66
Current assets, loans and advances	5,240.81	6,533.98	7,866.54
Total – B	**8,812.28**	**10,521.93**	**12,273.54**
C. Capital employed[Ω]	**28.74**	**42.88**	**39.26**

• The above includes free reserves and surplus of ₹ 36.77 crore, ₹ 37.08 crore and ₹ 37.13 crore, for the year 2007-08, 2008-09 and 2009-10.

[Ω] Capital employed represents the mean of the aggregate of opening and closing balances of long term loans (including bonds), Development Rebate Reserves and other free reserves and surplus (excluding Sinking and Assets Replacement Fund).

(₹ in crore)

4. Maharashtra State Road Transport Corporation			
Particulars	**2007-08**	**2008-09**	**2009-10**
A. Liabilities			
Capital (including capital loan and equity capital)	1,231.77	1,403.38	1,579.20
Borrowings: Government Others (including deposits)	 --≈ 227.64	 --≈ 88.84	 --≈ 53.90
Funds/Reserves and surplus*	177.25	193.19	198.86
Trade dues and other current liabilities (including provisions)	469.69	701.41	779.94
Total	**2,106.35**	**2,386.82**	**2,611.90**
B. Assets			
Gross block	2,016.49	2,180.78	2,396.97
Less: Depreciation	1,475.98	1,610.06	1,798.43
Net fixed assets	540.51	570.72	598.54
Capital works-in-progress (including cost of chassis)	24.64	32.96	35.74
Investments	53.50	189.30	222.74
Current assets, loans and advances	908.78	1,136.71	1,368.78
Accumulated losses	578.92	457.13	386.10
Total	**2,106.35**	**2,386.82**	**2,611.90**
C. Capital employed⧖	**1,035.24**	**1,074.98**	**1,237.04**

≈ This indicates 'nil' amount.

* Excluding depreciation funds and including reserves and surplus and capital grant.

⧖ Capital employed represents net fixed assets (including works-in-progress) *plus* working capital excluding gratuity provision.

Annexure-6
Statement showing working results of working Statutory corporations
(Referred to in paragraph No.1.14)

(₹ in crore)

1. Maharashtra State Warehousing Corporation				
Sl. No.	**Particulars**	**2007-08**	**2008-09**	**2009-10**
1.	Income			
	(a) Warehousing charges	53.86	98.88	121.42
	(b) Other income	33.32	3.54	4.57
	Total - 1	**87.18**	**102.42**	**125.99**
2.	Expenses			
	(a) Establishment charges	21.44	34.90	28.14
	(b) Other expenses	43.85	43.94	62.94
	Total - 2	**65.29**	**78.84**	**91.08**
3.	**Profit (+)/loss (-) before tax**♦	**(+)21.89**	**(+)23.58**	**(+)34.91**
4.	Provision for tax	9.49	7.49	15.76
5.	Prior period adjustments	(-)0.62	(-)0.92	(+)0.35
6.	Other appropriations	9.44	10.00	17.15
7.	Amount available for dividend	2.34	2.34	2.34
8.	Dividend for the year#	2.34	2.34	2.34
9.	Total return on capital employed	21.99	23.08	35.26
10.	Percentage of return on capital employed	13.54	13.14	18.85

♦This profit is before prior period adjustment.

#Including tax on dividend.

(₹in crore)

2. Maharashtra State Financial Corporation				
Sl. No.	**Particulars**	**2007-08**	**2008-09**	**2009-10**
1.	Income			
	(a) Interest on loans	16.52	12.68	13.71
	(b) Other income	2.63	2.19	3.62
	Total - 1	**19.15**	**14.87**	**17.33**
2.	Expenses			
	(a) Interest on long term and short term loans	30.11	21.58	13.88
	(b) Provision for non performing assets	--≈	--≈	--≈
	(c) Other expenses	9.02	8.17	6.98
	Total - 2	**39.13**	**29.75**	**20.86**
3.	Profit (Loss) before tax (1-2) ♦	**(19.98)**	**(14.88)**	**(3.53)**
4.	Prior Period Adjustment	**7.63**	**35.59**	**31.80**
5.	Provision for tax	(0.03)	(0.02)	--≈
6.	Profit (Loss) after tax	(12.38)	20.69	28.27
7.	Other appropriations	--≈	--≈	--≈
6.	Amount available for dividend	--≈	--≈	--≈
7.	Dividend paid/payable	--≈	--≈	--≈
8.	Total return on capital employed	17.76	42.27	42.15
9.	Percentage of return on capital employed	28.46	--♣	--♣

≈ This indicates 'nil' amount.

♦ This loss is before prior period adjustment.

♣ Negative return.

(₹in crore)

3. Maharashtra Industrial Development Corporation				
Sl. No.	**Particulars**	**2007-08**	**2008-09**	**2009-10**
1.	Income	312.65	270.22	320.32
2.	Expenditure	281.39	269.91	320.27
3.	Surplus	31.26	0.31	0.05
4.	Interest charged to income and expenditure account	3.59	4.04	4.82
5.	Return on capital employed (3 + 4)	34.85	4.35	4.87
6.	Percentage of return on capital employed	121.26	10.14	12.40

(₹ in crore)

4. Maharashtra State Road Transport Corporation				
	Particulars	**2007-08**	**2008-09**	**2009-10**
	Operating :-			
(a)	Revenue	3,740.89	4,091.96	4,274.16
(b)	Expenditure	3,627.11	4,004.28	4261.11
(c)	Surplus (+)/deficit (-)	(+)113.78	(+)87.68	(+)13.05
	Non-operating :-			
(a)	Revenue	128.65	104.23	96.00
(b)	Expenditure	75.10	73.82	38.27
(c)	Surplus (+)/deficit (-)	(+)53.55	(+)30.41	(+)57.73
	Total :-			
(a)	Revenue	**3,869.54**	**4,196.19**	**4,370.16**
(b)	Expenditure[@]	**3,710.31**	**4,078.21**	**4,299.38**
(c)	Net profit (+)/loss (-)	(+)159.23	(+)117.98	71.03
	Interest on capital and loans	74.03	71.43	37.00
	Total return on capital employed[*]	(+)233.26	189.41	108.03
	Percentage of return on capital employed	22.53	17.62	8.73

[@] Including prior period adjustments.

[*] Total return on capital employed represents net surplus/deficit *plus* total interest charged to profit and loss account (less interest capitalised).

Annexure-7
Statement showing particulars of distribution network planned *vis-a-vis* achievement there against in the State as a whole during 2006-07 to 2010-11
(Referred to in paragraph No.2.2.8)

Sl. No.	Description	2006-07	2007-08	2008-09	2009-10	2010-11
(A)	**No. of Substations (of various categories)**					
i	At the beginning of the year	1,770	1,827	1,889	1,947	2,033
ii	Additions planned for the year	75	75	75	100	200
iii	Additions made during the year	57	62	58	86	203
iv	At the end of the year	1,827	1,889	1,947	2,033	2,236
v	Shortage in addition (ii - iii)	18	13	17	14	-3
(B)	**HT Lines (in CKM)**					
i	At the beginning of the year	2,20,954	2,27,927	2,39,420	2,51,805	2,71,271
ii	Additions planned for the year	8,000	12,000	15,000	15,000	20,000
iii	Additions made during the year	6,973	11,493	12,385	19,466	12,608
iv	At the end of the year	2,27,927	2,39,420	2,51,805	2,71,271	2,83,879
v	Shortage in addition (ii - iii)	1,027	507	2,615	(4,466)	7,392
(C)	**LT Lines (in CKM)**					
i	At the beginning of the year	4,75,156	4,84,399	4,94,592	5,06,287	5,21,512
ii	Additions planned for the year	8,000	12,000	12,000	15,000	20,000
iii	Additions made during the year	9,243	10,193	11,695	15,225	13,116
iv	At the end of the year	4,84,399	4,94,592	5,06,287	5,21,512	5,34,628
v	Shortage in addition (ii - iii)	(1,243)	1,807	305	(225)	6,884
(D)	**Transformers Capacity (in MVA)**					
i	At the beginning of the year	37,752	40,316	42,605	45,517	49,087
ii	Additions planned for the year	2,500	2,500	3,000	3,000	3,500
iii	Additions made during the year	2,564	2,289	2,912	3,570	3,621
iv	At the end of the year	40,316	42,605	45,517	49,087	52,708
v	Shortage in addition (ii - iii)	(64)	211	88	(570)	(121)

(Source: Information furnished by the Company)

Annexure-8
Statement showing performance of O&M Offices in checking, detection of theft cases, amount realised *vis-a-vis* number of compounding cases finalised during 2006-11
(Referred to in paragraph No.2.2.22)

Sl. No.	Year	Number of raids conducted	Number of theft cases detected	Number of First Information Report lodged	Amount realised (₹ in crore)	Number of compounding cases	Compounding charges (₹ in crore)
1	2006-07	2,25,262	59,797	10,162	38.77	27,816	19.13
2	2007-08	4,76,983	89,880	9,411	55.41	60,433	33.75
3	2008-09	9,90,092	57,065	4,864	44.48	42,875	23.19
4	2009-10	10,40,041	50,698	9,681	54.28	31,123	19.53
5	2010-11	6,62,452	17,269	5,058	14.24	8,428	7.71
Total		**33,94,830**	**2,74,709**	**39,176**	**207.18**	**1,70,675**	**103.31**

Annexure-9
Statement showing the 62 works of eight contractors in Maharashtra State Power Generation Company Limited
(Referred to paragraph No.3.8)

Sl. No.	Name of the contractor	Particulars of work	Date of contract	Value of orders (₹ in lakh)
1	S.G.Rathod & Company	Arresting leakages	02-12-2008	14.85
			20-01-2009	2.74
			20-01-2009	14.82
			20-01-2009	2.74
		Providing and applying paint on existing wall	17-11-2008	2.99
			17-11-2008	2.99
			17-11-2008	2.99
			17-11-2008	2.99
			17-11-2008	2.99
		Replacement of AC pipes	17-11-2008	1.68
			08-12-2008	2.96
			14-11-2008	2.96
			14-11-2008	2.96
			26-02-2009	2.89
			26-02-2009	2.89
			26-02-2009	2.23
				68.67
2	Roshan Trading Company	Arresting leakages	18-10-2008	14.77
			03-12-2008	14.20
			26-12-2008	12.50
			12-01-2009	14.43
				55.90
3	Sadanand Engineering Works	Making modern decorative car/scooter parking sheds	15-10-2008	2.99
			15-10-2008	2.99
			15-10-2008	2.99
			14-11-2008	2.99
			14-11-2008	2.99
			14-11-2008	2.99
			21-11-2008	2.99
			21-11-2008	2.99
			21-11-2008	2.99
			21-11-2008	2.99
			26-12-2008	2.99
			26-12-2008	2.99
				35.88

Sl. No.	Name of the contractor	Particulars of work	Date of contract	Value of orders (₹ in lakh)
4	R.S.Mumbaikar	Replacement of damaged MS windows	25-09-2008	2.88
			14-11-2008	2.77
			14-11-2008	2.91
			21-02-2009	2.99
			21-02-2009	2.99
			23-01-2009	2.65
			27-01-2009	2.36
			27-01-2009	2.36
			21-02-2009	2.99
				24.90
5	S.S. Engineering Works	Making modern decorative car/scooter parking sheds	15-10-2008	2.99
			15-10-2008	2.99
			14-11-2008	2.99
			21-11-2008	2.99
			21-11-2008	2.99
			21-11-2008	2.99
			26-12-2008	2.99
			26-12-2008	2.99
				23.92
6	C.B.Patil		08-12-2008	2.99
			08-12-2008	2.99
			08-12-2008	2.99
			08-12-2008	2.99
			08-12-2008	2.99
				14.95
7	M.J. Patil	Providing and fixing paver concrete blocks	08-12-2008	2.87
			08-12-2008	2.92
			08-12-2008	2.99
			26-12-2008	2.92
			26-12-2008	2.92
				14.62
8	Chetan R. Patil	Providing and fixing ceramic tiles	29-09-2008	2.39
			29-09-2008	2.39
			29-09-2008	2.39
				7.17
Grand Total			**62**	**246.01**

Annexure-10
Statement showing the details of loss to Maharashtra State Road Development Corporation Limited due to extension of toll contracts at lower rate
(Referred to in paragraph No.3.10)

(Amount: ₹ in lakh)

Sl. No.	Toll Station / Pay and Park Scheme	Name of the existing contractor	Contract period of existing contractor	Period of extension	Extension in months	Amount received in period of extension	Amount should have been received during period of extension as per new rates	Loss to MSRDC
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1	Kelzar	Souvenir Developers	01.02.08 to 29.01.10	30.01.10 to 09.09.10	7	343.08	562.77	219.69
2	Nakshatrawadi	Konark Infrastructure	14.06.07 to 9.06.09	10.06.09 to 16.11.09	5	91.23	139.05	47.82
3	Ambesawangi	Souvenir Developers	19.06.06 to 15.06.09	16.06.09 to 18.11.09	5	83.70	162.75	79.05
4	Wardha Pulgaon Road	Shanker Bade	04.07.07 to 02.07.08	03.07.08 to 01.07.09	13	102.96	334.23	231.27
5	IRDP, Solapur	S.M. Authade	01.03.08 to 31.08.09	01.09.09 to 31.03.11	19	518.70	706.04	187.34
6	Pay and Park Scheme below JVLR & Aarey	Autofab Services (I) Private Limited	21.11.06 to 20.11.09	21.11.09 to 30.09.10	11	13.45	47.77	34.32
7	Pay and Park Scheme below Kalina-Vokala Flyover	Akhtar Enterprises	01.11.05 to 31.10.08	1.11.08 to 31.12.09	14	34.56	39.66	5.10
8	Badnera Yavatmal	Shanker Bade	26.07.07 to 23.07.08	24.07.08 to 11.11.08	4	21.87	22.31	0.44
9	Chalisgaon Railway Flyover	Bharathiya Gining Factory	23.09.06 to 21.09.07	22.09.07 to 15.05.08	8	199.69	297.55	97.86
10	Dhamoda	Ayushjai Construction Private Limited	07-06-05 to 02-06-08	03.06.08 to 06.12.09	18	325.04	380.95	55.91
11	Dusarbeed	Jaylaxmi Construction	21-02-06 to 16-02-09	17.02.09 to 14.06.09	4	54.21	119.46	65.25
12	Khaperkheda	Ajay Enterprises	22.07.07 to 08.12.07	09.12.07 to 16.06.08	6	9.51	14.66	5.15
13	Lasur	Ghai Construction	20.05.09 to 18.05.10	19.05.10 to 19.08.10	3	16.99	27.34	10.35

1	2	3	4	5	6	7	8	9
14	Latur Railway Flyover	K.G. Agro Processor Private Limited	06-09-07 to 03-09-08	04.09.08 to 09.09.09	12	73.38	87.89	14.51
15	Nagzari Kerda Shevthi	Vinod Kumar Agarwal	10-09-08 to 08-09-09	09.09.09 to 25.11.09	2	97.88	113.25	15.37
16	Nakoda	Vishwanath Infrastructure	14.09.06 to 10.09.08	11.09.08 to 21.11.08	2	23.14	27.69	4.55
17	Parbhani Jhari	Santosh Enterprises	01-04-07 to 25-04-09	26.04.09 to 27.07.09	3	42.32	42.85	0.53
18	Yelkeli	Ajay Enterprises	25.02.08 to 21.02.10	22.02.10 to 11.03.10	1	4.38	5.87	1.49
							Total Loss	**1,076**

Annexure-11
Statement showing the cases where Maharashtra State Seeds Corporation Limited had obtained decrees but the same could not be executed
(Referred to in paragraph No.3.12)

(₹ in lakh)

Sl. No.	Name of party	Amount to be recovered in ₹
1	Sant Gadge Baba Sahakari Soot Girni, Daryapur	2.89
2	Ashirvad Agro Input, Kaij	2.70
3	Bhumisevak Bijotpadak S.A., Georai	2.47
4	Amravati Zilla Krishi Audyogik Sahkari Society, Amravati	2.28
5	Miraj Madhabhag Co-op Society, Miraj	2.27
6	V.V. International, Sangli	2.18
7	Chandrakant N. Bangle, Atpadi	1.40
8	Amravati Beej Bhandar, Amravati	1.33
9	Growers Co-op. Association, Amravati Shri N.P.Joshi	1.14
10	Maharashtra K.S.K., Georai	0.67
Total		**19.33**

Annexure-12
Statement showing the department-wise outstanding inspection reports (IRs)
(Referred to paragraph No.3.20.3)

Sl. No.	Name of Department	Number of PSUs	Number of outstanding inspections reports	Number of outstanding paragraphs	Years to which outstanding paragraphs pertain to
A.	**Working Companies and Corporations**				
1.	Industries, Energy and Labour				
	i) Energy	6	307	1,492	2001-11
	ii) Industries	10	72	312	2006-11
2.	Agriculture and Animal Husbandry	5	17	66	2004-11
3.	Co-operation and Textile				
	i) Co-operation	2	6	36	2007-11
	ii) Textile	2	3	10	2007-11
4.	Social Justice, Cultural Affairs and Sports	7	32	133	2004-11
5.	Employment and Self Employment	1	2	4	2007-10
6.	Minority Development	1	3	11	2007-10
7.	Medical Education and Drugs	2	6	15	2008-11
8.	Home				
	i) Transport	1	50	137	2006-11
	ii) Others	2	10	61	2005-11
9.	Public Works	2	34	236	2002-11
10.	Urban Development	3	4	4	2006-11
11.	Housing and Special Assistance	1	2	5	2007-11
12.	Revenue and Forest				
	i) Revenue	1	3	11	2009-11
	ii) Forest	1	5	20	2006-11
13.	Woman and Child Welfare	1	3	9	2006-11
14.	Tribal Development	1	3	14	2007-10
15.	Planning	1	3	7	2006-11
16.	General Administrative	2	6	36	2006-11
	Total : A	**52**	**571**	**2,619**	
B.	**Non-working companies**				
1.	Industries, Energy and Labour	5	5	9	2005-08
2.	Finance	1	2	3	2003-08
3.	Irrigation	2	2	3	2005-08
	Total : B	**8**	**9**	**15**	
	Grand Total : (A + B)	**60**	**580**	**2,634**	

Annexure-13
Statement showing the department-wise draft paragraphs/performance audits to which replies were awaited
(Referred to in paragraph No.3.20.3)

Sl. No.	Name of Department	Number of draft paragraphs	Number of performance audits	Period of issue
1.	Forest and Revenue (Forest)	-	1	July 2011
2.	Industries, Energy and Labour (Energy)	1	1	March and August 2011
3.	Civil Aviation Administrative Reforms, O&M Department	1	-	May 2011
4.	Urban Development	2	-	March and April 2011
5.	Social Welfare (Social Justice, Special Assistance)	1	-	April 2011
6.	Public Works (Road)	2	-	May 2011
	Total	**7**	**2**	