REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

FOR THE YEAR ENDED 31 MARCH 2012

No. 2
(PUBLIC SECTOR UNDERTAKINGS)

GOVERNMENT OF RAJASTHAN

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Preface

This Report deals with the results of audit of Government Companies and Statutory Corporations and has been prepared for submission to the Government of Rajasthan under Section 19A of the Comptroller and Auditor General's (CAG) (Duties, Powers and Conditions of Services) Act, 1971, as amended from time to time.

2. Audit of the accounts of Government Companies is conducted by the Comptroller and Auditor General of India under the provisions of Section 619 of the Companies Act, 1956.

3. In respect of Rajasthan State Road Transport Corporation which is a Statutory Corporation, the Comptroller and Auditor General of India is the sole auditor. In respect of Rajasthan State Warehousing Corporation, he has the right to conduct the audit of their accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with CAG. As per the State Financial Corporation's (Amendment) Act 2000, CAG has the right to conduct the audit of the accounts of Rajasthan 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. The Audit Reports on annual accounts of all these Corporations are forwarded separately to the State Government.

4. The cases mentioned in this Report are those which came to notice in the course of audit during the year 2011-2012 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 after 31 March 2012 have also been included, wherever necessary.

5. The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department issued by the Comptroller and Auditor General of India.

Overview

1. Overview of Government companies and Statutory corporations

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by CAG. These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory Corporations is governed by their respective legislations. As on 31 March 2012, the State of Rajasthan had 44 working PSUs (41 companies and three Statutory Corporations) and three non-working PSUs (all companies), which employed 0.87 lakh employees. The working PSUs registered a turnover of ₹ 32440.58 crore for 2011-12 as per their latest finalised accounts. This turnover was equal to 8.81 *per cent* of State GDP indicating an important role played by State PSUs in the economy.

Stake of Government of Rajasthan and Budgetary support

As on 31 March 2012, the investment (Capital and long term loans) in 47 PSUs was ₹ 59724.03 crore. It grew by over 262.28 *per cent* from ₹ 16485.41 crore in 2006-07. Power Sector accounted for nearly 93 *per cent* of total investment in 2011-12. The Government contributed ₹ 10327.42 crore towards equity, loans and grants/subsidies during 2011-12.

Performance of PSUs

During the year 2011-12, out of 44 working PSUs, 14 PSUs earned profit of ₹ 1026.90 crore and 21 PSUs incurred loss of ₹ 258.35 crore while three power sector PSUs incorporated in 2000-01 prepared accounts on No profit no loss basis by showing revenue gap as recoverable from the State Government. The major contributors to profit were Rajasthan State Industrial Development and Investment Corporation Limited (₹ 463.48 crore) and Rajasthan State Mines and Minerals Limited (₹ 403.97 crore). The heavy losses were incurred by Rajasthan State Road Transport Corporation (₹ 130.89 crore).

The losses are attributable to various deficiencies in the functioning of PSUs. A review of latest Audit Report of CAG shows that the State PSUs incurred losses to the tune of ₹ 138.11 crore which were controllable with better management.

Thus, there is tremendous scope to improve the functioning and enhance profits. 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. Out of 33 accounts finalised during October 2011 to 30 September 2012, 19 accounts received qualified certificates and one account received disclaimer (auditors were unable to form an opinion on accounts) from Statutory Auditors. There were 36 instances of non-compliance with Accounting Standards. Reports of Statutory Auditors on internal control of the companies indicated several weak areas.

Arrears in accounts and winding up

Twenty working PSUs had arrears of 33 accounts as on 30 September 2012. Out of three non-working PSUs, one PSU had arrear in account for two years. The Government may take a decision regarding winding up of these non-working PSUs.

(Chapter 1)

2. Performance Audits relating to Government companies

Performance Audits relating to '**Power Transmission Utility *i.e.* Rajasthan Rajya Vidyut Prasaran Nigam Limited** and **Rajasthan State Road Development and Construction Corporation Limited'** were conducted. Executive summary of audit findings is given below.

Power Transmission Utility i.e. Rajasthan Rajya Vidyut Prasaran Nigam Limited

Transmission of electricity and grid operations in Rajasthan are managed and controlled by Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPNL). As on 31 March 2012, RRVPNL has 418 GSSs with capacity of 42972.50 MVA and transmission lines of 28363.28 CKM capable of transmitting 17425 MVA at 220 KV annually. During the period 2007-12, RRVPNL constructed 115 GSSs (7250 MVA) and 233 lines (7308.33 CKM), besides augmenting the existing capacity by 10533 MVA. Transmission of electricity increased from 34519.12 Million Units (MUs) in 2007-08 to 47977.61 MUs in 2011-12, registering an increase of 38.99 *per cent* during five years ending March 2012. The turnover of RRVPNL in 2010-11 was ₹ 1652.55 crore, which was equal to 5.48 *per cent* of the State PSUs and 0.51 *per cent* of the State Gross Domestic Product respectively. RRVPNL employed 9157 employees as on 31 March 2012.

Planning and Development

RRVPNL achieved the targeted addition for EHT GSS and EHT lines during 2007-08 to 2011-12. In case of EHT lines the actual addition was 7308.33 CKM (105.38 *per cent*) against the targets of 6935 CKM. Voltage-wise capacity additions planned and actual performance there against revealed that actual addition was 27 GSSs including up-gradation of 13 GSSs of 132 KV to 220 KV category against planned addition of 31 GSSs of 220 KV during 2007-12.

Project Management of Transmission System

RRVPNL did not follow the recommendations of the Task Force Committee and projects were awarded to the contractors without undertaking preparatory activities. Consequently the problems viz. ROW, requirement of forest clearance, hassle free availability of land etc. were identified at a later stage and the projects were completed with a delay ranging between 2 and 64 months. Consequently funds of ₹ 56.40 crore remained blocked without yielding any benefit and RRVPNL was deprived of envisaged energy savings in terms of reduction in system and transmission losses of 2055.79 LUs valuing ₹ 66.25 crore besides avoidable interest burden of ₹ 2.16 crore on the amount deposited with JDA for unsuitable land. The planning of RRVPNL was not commensurate with the generation plans and it could not complete the power evacuation systems even with the leverage available due to delay in commissioning of projects by RRVUNL and RWPL.

Performance of transmission system

Though the annual peak demand (4995.96 MVA) at the end of March 2007 was already on lower side in comparison to the installed transmission capacity of 7283.50 MVA, yet RRVPNL continued to add the transmission capacity through augmentation of GSSs and lines. RRVPNL could not adhere to the Standards of Performance Regulations 2004 issued by RERC. The transmission losses during 2007-08 to 2011-12 were ranging between 5.57 and 6.20 *per cent* against CEA norms of four *per cent*. Value of transmission loss suffered by DISCOMs in excess of the target limits fixed by RERC was 3594.598 MUs valued at ₹ 1105.82 crore.

Grid Management

RRVPNL failed to maintain Grid discipline and drew power below 49.2 Hz and NRLDC issued 65 'C' type messages to RRVPNL during July 2009 to March 2012.

Disaster Management

RRVPNL did not implement the DMP broadly. Vulnerable centres having highest risk were also not identified and comprehensive state-wide drills were never carried out to test the capabilities.

Energy Accounting and Audit

Against 0.2s accuracy class of meter prescribed under RERC (Metering) Regulations 2007 as minimum acceptable specification for interface and energy accounting and audit, only 71 GT points were provided 0.2s class meters while 57 and 14 GT points were provided with 0.5 and 1.0 class meters respectively. Further, of 494 TD points only 176 points were provided with 0.2s class meters while 266 and 39 TD points were provided with 0.5 and 1.0 class meters respectively.

Financial Management

The financials of RRVPNL deteriorated during 2008-10 as the total cost per unit was more than the realization. The interest cost which increased by 107.17 *per cent* during 2007-11 also affected the profitability of RRVPNL. RRVPNL filed ARR with RERC with the delay ranging between 29 days and 116 days during 2007-12 which consequently delayed the approval from RERC. Delay in implementation of RERC tariff order resulted in recovery of transmission charges by RRVPNL either at the rate of previous year or provisional rate. This caused loss of interest of ₹ 4.22 crore on delayed recovery of transmission charges during 2009-10 and 2010-11 for delay in filing of ARR. Further, there was no proper system of accounting of deposit works and the final account of deposit work was also not finalised within the stipulated period. RRVPNL incurred excess expenditure of ₹ 948.61 crore than the capital investment approved by the State Government during 2007-08 to 2011-12 except 2010-11. As a result RRVPNL was deprived of the 20 *per cent* equity portion of the excess expenditure amounting to ₹ 195.72 crore. Further, RRVPNL did not claim incentive of ₹ 30.20 crore for availability of transmission system beyond 98 *per cent* during truing up of ARR of 2008-09 and 2009-10.

Material Management

The stores though maintained higher closing stock in terms of month's consumption during 2007-08, 2009-10 and 2010-11 it neither conducted any ABC analysis nor fixed any level for material requirement. Further, poor co-ordination between the executing department and procurement led to non-utilisation of transformers and advance procurement of conductor.

Conclusions and Recommendations

Plans for capacity additions/augmentation were not prepared keeping in view the peak demand and existing transmission capacity and hence, extra/idle transmission capacity increased over the years. RRVPNL could not adhere to the norms/criteria stipulated by RERC/CEA regarding operation and maintenance of transmission system. RRVPNL could not complete transmission projects within scheduled completion period due to deficient planning and non-adherence to recommendations of Task Force Committee on Project Management. Transmission losses were in excess than fixed by CEA/RERC. The capital investments did not contribute to effective reduction in transmission losses during the review period and the losses stood at 6.20 *per cent* against the norms of 4 and 4.2 *per cent* of CEA & RERC respectively. There was mismatch in commissioning of transmission projects with generation projects. RRVPNL did not implement the Disaster Management Plan at Grid Sub-Stations and vulnerable centres having highest risk were also not identified and comprehensive state-wide drills were never carried out to test the capabilities. RRVPNL could not file ARR in scheduled time and did not claim incentive for enhanced availability of transmission system than targeted. The capital expenditure was incurred in excess to the amount approved by RERC/Government. There were instances of improper material management as higher level of inventory was kept, material was procured in advance of requirement and bays remained idle for considerable period of time. The review contains seven recommendations which include preparation of plans for capacity additions/augmentation keeping in view the peak demand and existing transmission capacity; adherence to the recommendations of Task Force Committee on Project Management and take effective steps to ensure completion of transmission projects in scheduled time; adherence to norms/criteria stipulated by RERC/CEA regarding Operation and Maintenance of transmission system; completion of transmission system with commissioning of generation projects; implementation of Disaster Management Plan broadly; mechanism for timely submission of ARR to RERC; to keep the Capital expenditure as per plan approved by RERC/Government; and to analyse and monitor inventory level.

(Chapter 2.1)

Rajasthan State Road Development and Construction Corporation Limited

Rajasthan State Road Development and Construction Corporation Limited' (Company) mainly executes three types of works (i) Tender works, (ii) Centage/Deposit works (iii) BOT projects.

Work performance

The pace of completion of works was very slow as against 208 works pending for execution at the beginning 2006-07 and 286 works (₹ 3814.66 crore) obtained during 2006-12, only 267 works (₹ 891.06 crore) could be completed and transferred to client department. Almost 82 *per cent* (186 works) works were completed with a delay upto 18 months while in 18 *per cent* cases (42 works) the delay was beyond 18 months. The maximum execution of works was 66 months. Delay in completion was attributable to awarding and commencement of work by the contractor, late approval of drawings by client department, completion by contractor, supply of cement and steel by the Company, poor monitoring and supervision of works and release of funds by the client department. It deprived the Company of timely recovery of centage besides loss of credibility where the client department withdrew the work and loss of socio-economic benefits to the State.

Deposit/Centage works

The rates of centage were fixed by the GOR way back in 1996 but the Company never reviewed the adequacy of centage towards recoupment of actual administrative overheads incurred. Against the directions of GOR to recover nine *per cent* centage on actual cost, the effective recovery turned out between 7.24 and 8.15 *per cent* against actual overheads ranging between 8.06 and 11.48 *per cent*, thereby leaving a gap of ₹ 21.10 crore during 2006-08 and 2009-11. Besides, the Company while arriving out total cost did not include the interest and finance charges which also resulted in short recovery of centage of ₹ 2.65 crore on the projects executed during 2010-12. Further, instead of charging 15 *per cent* profit on the investment as allowed under Rajasthan Road Development Rules, 2002, the Company charged centage at the rate of seven *per cent* which resulted in under recovery of profit by ₹ 17.96 crore on 13 roads entrusted by the State Government during 2009-10.

Tender works

The Business Procurement Cell of the Company largely failed to increase tender business by 10 *per cent* as per the directions of the State Government. Out of participation in 195 tenders during 2006-12, the Company could secure only three tenders valuing ₹ 65.08 crore. Of eight tender works completed during 2006-12, the Company earned profit of ₹ 2.26 crore on six works and incurred loss of ₹ 0.80 crore on two works. The profit on these works was without apportioning administrative cost which after consideration would turn the tender works into loss of ₹ 4.63 crore. There was substantial delay in raising final bills of the completed projects ranging between three and 31 months with the client and as on March 2012 payments of ₹ 2.94 crore were pending for realisation.

BOT Projects

The Company overbooked the profits by ₹ 17.70 crore during 2006-12 due to incorrect accounting of BOT projects entrusted by the State Government. The Company contrary to the provisions of the Rajasthan Road Development Act, 2002 and MOU with State Government collected toll of ₹ 16.82 crore in addition to actual recovery of investment including interest.

Contract Management

The Company invited tenders without including risk and cost clause in the standard bidding document. This caused additional financial burden of ₹ 15.47 crore transpired due to re-invitation of bids on un-executed works by defaulter contractors. There was lack of co-ordination and uniformity in execution of the work among units as similar nature of works were got executed by different units by clubbing with main contract or through separate contract and by using different rates of BSR for same items causing extra expenditure of ₹ 48.84 lakh.

Mechanical Unit

The overall performance of the mechanical unit was not satisfactory and it negatively contributed to the profits of the Company. The hire charges in all the years except 2009-10 were not even able to cover the direct cost. The Company while fixing cost to be charged on deposit works did not include the element of labour cost employed on the machinery in the hire charges and consequently labour charges of ₹ 7.35 crore were under recovered. The overall utilization of machinery as on March 2012 against the standard annual hours recommended by MOST was only 41.41 *per cent* and the individual utilization ranged between 22.24 and 79.38 *per cent*.

Conclusions and recommendations

The Company did not prepare long term action plan to ensure achievement of organisational objectives and was wholly dependent on the works entrusted by the State Government/Departments/PSUs. The procurement of works on its own was almost negligible. The provisions of the manual were not adhered to and variations in budgets were not analysed. Improper planning and in-adequate contract management led to delay in completion of the projects. Excess toll collection was made in contravention to the provisions of Rajasthan Road Development Act, 2002 and MOU with GOR. Project formulation was not as per Rules which caused short recovery of profit and further centage charges were also not adequate to meet administrative cost. The Company executed un-viable road projects and improper evaluation of tenders, absence of risk and cost clause and lack of co-ordination among units caused extra expenditure. There was under utilization of plant and machinery against the standard hours recommended by Ministry of Surface Transport. The review contains five recommendations which include preparation of long-term action plan and annual plan to minimize dependence on entrusted works; adherence to the Manual, Rules and Procedures; proper planning, effective monitoring and co-ordination with contractors as well as clients to avoid delay in execution of works; ensure viability of the projects and adequacy of centage charges to maintain profitability; and optimum utilization of plant and machinery.

(Chapter 2.2)

3. Transaction audit observations

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

Loss of ₹ 6.77 crore and non-recovery of ₹ 24.20 crore in seven cases due to non-safeguarding of financial interests of the organisation.

(Paragraphs 3.1, 3.2, 3.3, 3.4, 3.5, 3.8, 3.9 and 3.10)

Loss of ₹ 8.59 crore in four cases due to non-compliance with rules, directives, procedures, terms and conditions of contract *etc*.

(Paragraphs 3.3, 3.4, 3.6, 3.7, 3.11, 3.12, 3.13 and 3.14)

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

The action of **Giral Lignite Power Limited** to award Annual Maintenance Contract to Instrumentation Limited, Kota at exorbitantly higher prices and extend the same for another two years despite their poor performance and appraising incorrect performance to the Board resulted in avoidable extra expenditure of ₹ 3.17 crore.

(Paragraph 3.1)

Jaipur Vidyut Vitran Nigam Limited suffered loss of ₹ 1.47 crore on prepayment of HUDCO loan due to incorrect inclusion of interest as savings for the whole quarter, while preparing cost-benefit analysis.

(Paragraph 3.2)

Jaipur Vidyut Vitran Nigam Limited belatedly disconnected the power supply of a habitual defaulter consumer by violating its rules which resulted in non-recovery of dues of ₹ 24.02 crore.

(Paragraph 3.3)

The Infrastructure Development Committee of **Rajasthan State Industrial Development and Investment Corporation Limited** caused loss of revenue of ₹ 2.78 crore to the Company by allotting land to Finproject India Private Limited in violation of Rule 3(W) and 3(C) of the RIICO Disposal of Land Rules, 1979.

(Paragraph 3.6)

Rajasthan Small Industries Corporation Limited sustained loss of ₹ 1.19 crore due to non-adherence to the guidelines of new coal distribution policy and failure to formulate a proper mechanism to safeguard its financial interests.

(Paragraph 3.7)

Rajasthan Financial Corporation without approval of the State Government contributed excess subscription of two *per cent* amounting to ₹ 4.36 crore towards employees' provident fund in violation of section 48 of State Financial Corporations Act, 1951.

(Paragraph 3.12)

Rajasthan State Road Transport Corporation appointed consultants for preparation of tender documents and draft agreement without assessing its specific requirements which led to scrapping of documents and wasteful expenditure of ₹ 26.06 lakh.

(Paragraph 3.13)

CHAPTER I

Overview of State Public Sector Undertakings

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Overview of State Public Sector Undertakings

Introduction

1.1 In Rajasthan, the Public Sector Undertakings (PSUs) occupy an important place in the State economy. Government of Rajasthan (GoR) undertakes commercial activities through its business undertakings referred to as Public Sector Undertakings (PSUs) which are owned, managed and controlled by the State on behalf of public at large. They are basically categorised into Statutory Corporations and Government Companies. Statutory Corporations are public enterprises that came into existence by a special Act of the Legislature. The Act defines the powers and functions, rules and regulations governing the employees and the relationship of the Corporation with the Government. Government Companies refer to companies in which not less than 51 *per cent* of the paid up capital is held by Government(s). It includes a subsidiary of a Government company. Further, as per the provisions of Section 619-B of the Companies Act 1956, 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 is treated as if it is a Government Company (deemed Government Company).

1.2 The PSUs operate in five major sectors of the economy *viz.*, Power, Finance, Service, Infrastructure and others (including Manufacturing, Agriculture & allied). The State PSUs had provided employment to about 0.87 lakh[1] persons as on 31 March 2012. A sector-wise summary of the PSUs is given below:

Name of sector	Government Companies[2]		Statutory Corporations		Total	Investment[3] (₹ in crore)
	Working	Non-working[4]	Working	Non-working		
Power	17	-	-	-	17	55429.60
Finance	2	-	1	-	3	818.06
Service	12	-	2	-	14	1484.58
Infrastructure	3	-	-	-	3	720.25
Others[5]	7	3	-	-	10	1271.54
Total	**41**	**3**	**3**	**-**	**47**	**59724.03**

As on 31 March 2012, there were 47 PSUs, of which 44 were working and three non-working. Of these, no company was listed on the stock exchange(s). During the year 2011-12, two[6] new PSUs were established.

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1 As per the latest information provided by the PSUs.

2 There are four 619-B Companies at Sl. No A- 29, 30, 32 and 40 and one company registered under section 25 at Sl. No. A-36 of Annexure-1.

3 Investments includes capital and long term loans.

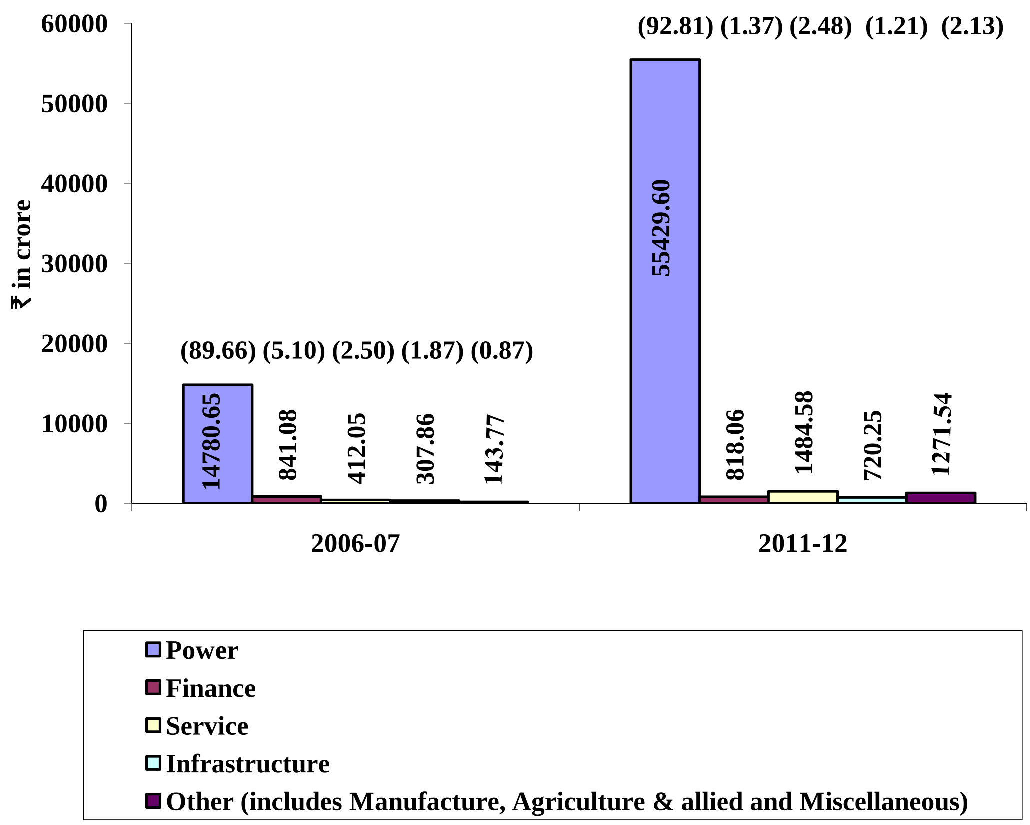
4 Non-working PSUs are those which have ceased to carry on their operations.

5 Others include Manufacture, Agriculture & allied and Miscellaneous sectors.

6 Rajasthan Medical Services Corporation Limited in May 2011 and Rajasthan Solarpark Development Company Limited in November 2011.

1.3 The investment in various important sectors and percentage thereof at the end of 31 March 2007 and 31 March 2012 are indicated below in the bar chart. The thrust of PSU investment was mainly on power sector during the five years which has seen its share rising to 92.81 *per cent* in 2011-12 from 89.66 in 2006-07.

(Figures in brackets show the percentage of total investment)



Accountability framework

1.4 The accounts of the Government companies/Statutory corporations for every financial year are required to be finalised within six months from the end of the relevant financial year *i.e.* by 30 September.

Statutory audit

1.5 The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by the Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 619(2) of the Companies Act, 1956. The Statutory Auditors submit their Audit Report to the various stakeholders.

1.6 The audit of Statutory corporations follows different pattern as provided by their respective legislations. Thus,

- The CAG is the sole auditor for Rajasthan State Road Transport Corporation.

- Statutory Auditor appointed by the Government in consultation with CAG is the auditor for Rajasthan State Warehousing Corporation and
- Statutory Auditor appointed by the Corporation out of the panel approved by Reserve Bank of India is the auditor in the case of Rajasthan Financial Corporation.

Supplementary audit of CAG

1.7 The accounts of State Government companies are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956. CAG also conducts supplementary audit in respect of the two Statutory corporations *viz*., Rajasthan State Warehousing Corporation and Rajasthan Financial Corporation.

Role of Legislature and Government

1.8 The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government. The accounts of these PSUs are also subjected to scrutiny by the Finance department of the State Government.

1.9 The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Report together with the Statutory Auditors' Report and Comments of the CAG, in respect of State Government companies and Separate Audit Report in case of Statutory corporations are to be placed before the Legislature as stipulated in the respective Acts. The audit reports of the CAG are submitted to the Government under Section 19 A of the CAG's (DPC) Act, 1971.

Stake of Government of Rajasthan

1.10 The financial stake of GoR in these PSUs is of mainly three types:

- Share capital and loans – In addition to the share capital contribution, GoR also provides financial assistance by way of loans to the PSUs from time to time.
- Special financial support – GoR provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- Guarantees – GoR also guarantees the repayment of loans with interest availed by the PSUs from financial institutions.

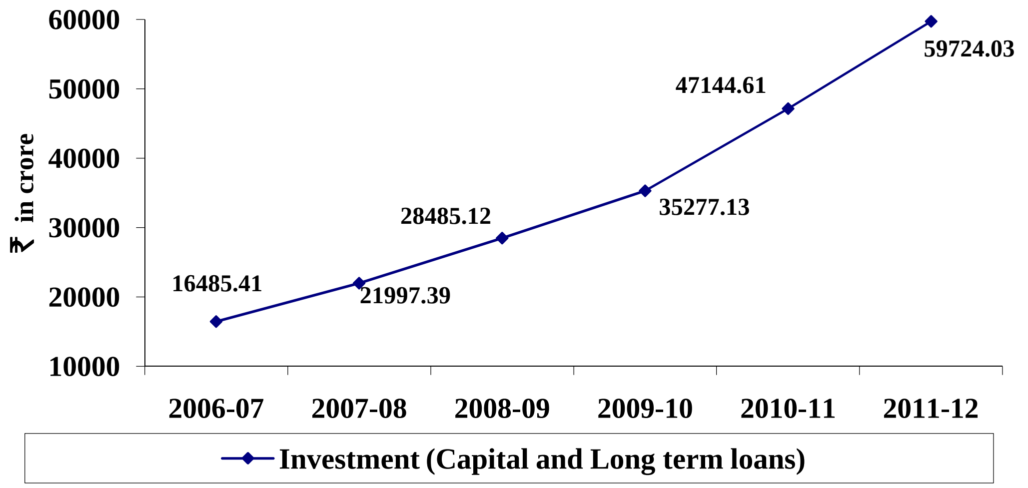
1.11 As on 31 March 2012, the total investment (capital and long term loans) in 47 PSUs (including 619-B companies) was ₹ 59724.03 crore as shown below.

(₹ in crore)

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working	13400.92	44760.58	58161.50	337.99	1212.35	1550.34	59711.84
Non-working	8.97	3.22	12.19	-	-	-	12.19
Total	**13409.89**	**44763.80**	**58173.69**	**337.99**	**1212.35**	**1550.34**	**59724.03**

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

1.12 As on 31 March 2012, of the total investment in State PSUs, 99.98 *per cent* was in working PSUs and the remaining 0.02 *per cent* in non-working PSUs. This consisted of 23.02 *per cent* towards capital and 76.98 *per cent* in long-term loans. The investment has grown by 262.28 *per cent* from ₹ 16485.41 crore in 2006-07 to ₹ 59724.03 crore in 2011-12 as shown in the graph below:



1.13 The capital investment as well as long-term loans increased by ₹ 8639.89 crore and ₹ 34598.73 crore respectively during 2007-2012. There was overall net increase in investment by ₹ 43238.62 crore during the period.

Erosion of capital due to losses

1.14 As per the latest finalised accounts of the State PSUs, the capital investment was of ₹ 10133.59 crore and the accumulated losses there against were ₹ 1590.48 crore. This had eroded the capital of the State PSUs to a large extent. The present net worth[7] of the State PSUs was only ₹ 8543.11 crore.

Budgetary support to PSUs

1.15 The GoR provides additional investment and support to PSUs in various forms through annual budget. During the year 2011-12, the GoR

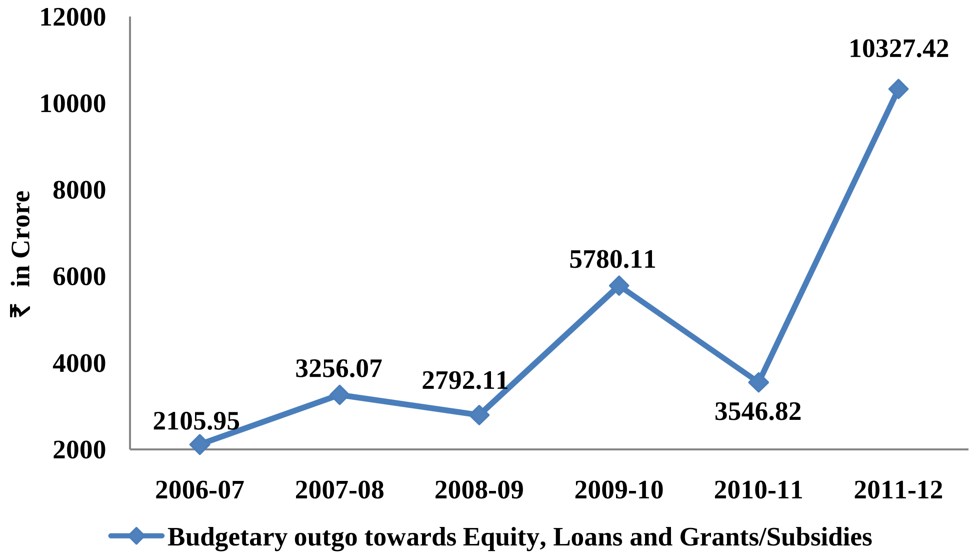
7 Net worth represents paid up capital plus free reserves less accumulated losses.

extended budgetary support of ₹ 10327.42 crore to 18 PSUs. The details of budgetary outgo towards equity, loans and grants/ subsidies as well as support by way of loans written off, loans converted into equity and interest waived in respect of PSUs are given in **Annexure-3**. The summarised details for the three years ended 2011-12 are given below:

(₹in crore)

Sl. No.	Particulars[8]	2009-10		2010-11		2011-12	
		No. of PSUs	Amount	No. of PSUs	Amounts	No. of PSUs	Amount
1.	Equity Capital outgo	10	1470.25	12	1599.89	11	1725.09
2.	Loans given	7	3341.53	2	0.39	8	5552.21
3.	Grants/Subsidy received	14	968.33	14	1946.54	14	3050.12
4.	Total Outgo (1+2+3)	18[9]	5780.11	20[9]	3546.82	18[9]	10327.42
5.	Loan repayment written off	-	-	-	-	1	0.10
6.	Loans converted into equity	1	23.55	-	-	4	1086.25
7.	Guarantees issued	5	20767.42	6	24781.66	6	17349.50
8.	Guarantee Commitment	5	32099.14	8	48088.19	7	57559.34

1.16 The details regarding budgetary outgo towards equity, loans and grants/ subsidies for the six years ending 2011-12 are given in a graph below:



1.17 The above indicates that the budgetary assistance in the form of equity, loan and grant/subsidy by the GoR to PSUs had increased from ₹ 2105.95 crore in 2006-07 to ₹ 10327.42 crore in 2011-12. During 2011-12, the GoR had waived loans and interest/penal interest of ₹ 0.10 crore in respect of Rajasthan State Hotels Corporation Limited and converted loan of ₹ 1086.25 crore into equity in respect of four PSUs[10]. The main beneficiary of budgetary

8 Amount represents outgo from State Budget only.

9 The figure represents number of companies which have received outgo from budget under one or more heads *i.e.* equity, loans, grants/subsidies.

10 Rajasthan State Handloom Development Corporation Limited, Ajmer Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited and Jodhpur Vidyut Vitran Nigam Limited.

outgo was power sector which received 81.43 *per cent* (₹ 1404.71 crore) of equity capital outgo (₹ 1725.09 crore) and 92.67 *per cent* (₹ 9570.90 crore) of total budgetary outgo (₹ 10327.42 crore).

Guarantees for loans and outstanding guarantee commission

1.18 The Government charges guarantee commission at the following rates:

- one *per cent* per annum in case of loan availed by PSUs,
- 0.1 *per cent* per annum for term loans granted by the financial institutions and Banks to the Power Sector PSUs,
- 0.01 *per cent* per annum on issue of bonds by the Power Sector PSUs.

Rajasthan Rajya Vidyut Prasaran Nigam Limited issued bonds of ₹ 399.95 crore during 2011-12. The guarantee commission was payable quarterly, failing which would carry penal interest at the rate of 15 *per cent* per annum. There was increasing trend of outstanding guarantee commitments which increased from ₹ 13139.82 crore in 2006-07 to ₹ 57559.34 crore in 2011-12 showing rise of 338.05 *per cent*. During the year 2011-12 guarantee commission of ₹ 150.57 crore was paid/payable by the PSUs.

Failure to ensure proper accountability of the Government stake in PSUs

1.19 As stated above GoR has huge financial stake in the PSUs. We, however, found that the PSUs/ Government did not ensure proper accountability of this investment. The lapses were mainly in two areas:

- To provide an accurate figure for investment;
- To prepare annual account and get them audited;

These lapses have wide ranging implications including adverse impact on legislative financial control.

Absence of accurate figure for the investment in PSUs

1.20 The Finance Accounts of GoR prepared by the PAG (A&E) and certified by the CAG depicts the Government stake in PSUs in respect of equity, loan and guarantees. These figures as per records of the State PSUs should agree with that appearing in the Finance Accounts. In case of difference, it should be reconciled immediately by the PSU concerned and the Finance department. The position in this regard as on 31 March 2012 is stated below.

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	13365.92	13384.34	18.42
Loans	2261.06	1798.33	462.73
Guarantees	57638.71	57559.34	79.37

1.21 These differences occurred in respect of 17 PSUs. The matter was taken up from time to time with Finance Department, Government of

Rajasthan regarding difference in figures relating to equity, loans and guarantee as per finance accounts and as per PSU's records. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Arrears in finalisation of accounts

1.22 The accounts of the Companies/Statutory corporations for every financial year are required[11] to be finalised within six months from the end of the relevant financial year. Thus accounts for 2011-12 were to be finalised by 30 September 2012. Only 24 PSUs had finalised their accounts by this date. The progress made by these PSUs in finalisation of accounts by 30 September is shown below:

Sl. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
1.	Number of Working PSUs	28	29	37	42	44
2.	Number of accounts finalised during current year	26	25	27	46	33[12]
3.	Number of working PSUs which finalised accounts for the current year	19	16	16	25	24
4.	Number of Working PSUs with arrears in accounts	9	13	21	17	20
5.	Number of accounts in arrears	10	14	28	24	33
6.	Number of previous year's accounts finalised during current year	7	9	11	21	9
7.	Average arrears per PSU (5/1)	0.36	0.55	0.76	0.57	0.75
8.	Extent of arrears	One to two years	One to two years	One to three years	One to four years	One to five years

1.23 Of above, the remaining 20 working PSUs had 33 accounts in arrear since 2007-2008, of which 15[13] working PSUs did not finalise even a single account during 2011-12. Further, only nine accounts of previous years were finalised during 2011-12 as compared to 21 arrear accounts finalised during 2010-11. This indicates the progress in finalisation of the accounts was very poor. The arrears per PSU had increased from 0.57 (during 2010-11) to 0.75 during 2011-12.

1.24 Of the 20 working PSUs with arrears of accounts, the GoR had extended support to 11 PSUs which was ₹ 13586.41 crore (Equity: ₹ 2324.44 crore, Loan: ₹ 5551.91 crore, Subsidy: ₹ 4623.71 crore and Other: ₹ 1086.35 crore) during the years as detailed in **Annexure-4**.

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11 Sections 166, 210, 230, 619 and 619-B of the Companies Act in case of Companies and provisions of respective Act in case of the Statutory corporations.

12 Pink City Transmission Service Company Limited and Lake City Transmission Service Company Limited were incorporated in January 2011 and their annual accounts for the period 6 January 2011 to 31 March 2011 were shown in arrear in previous year. These companies submitted annual accounts for the period from 6 January 2011 to 31 March 2012.

13 Sl. No. A- 3, 12, 19, 20, 25, 26, 27, 29, 30, 32, 35, 36, 37, 40 and 41 of Annexure-2.

Finalisation of accounts by Statutory Corporations

1.25 Three working Statutory Corporations had forwarded their latest accounts of 2011-12 by 30 September 2012. The audit of the accounts of all these Statutory Corporations was in progress (September 2012).

1.26 Separate Audit Reports (SARs) are audit reports of CAG on the accounts of Statutory corporations. These reports are to be laid before the Legislature as per the provisions of the respective Acts. The SARs in respect of these Statutory Corporations for the period 2010-11 had been placed[14] in State Legislature during February to April 2012.

Failure of the administrative departments

1.27 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.

1.28 As the position of arrears in finalisation of accounts was alarming, CAG took up the matter (September 2011) with the Ministry of Corporate Affairs (MCA) and suggested to devise special arrangements along with actionable issues to ensure enforcement of accountability. The MCA in turn devised (November 2011) a scheme which allowed the PSUs with arrears in accounts for the past several years to finalise the latest two years accounts and clear the backlog within five years.

1.29 The Accountant General/Principal Accountant General also addressed (January/October 2012) the Chief Secretary/Administrative Departments/ Managements of the PSUs whose accounts were in arrears. The progress in liquidation of arrears of accounts has been discussed in paragraph 1.22 and 1.23.

Impact of non-finalisation of accounts

1.30 Non-finalisation of accounts by 30 September is a violation of the provisions of the Companies Act, 1956.

1.31 In the absence of accounts and their subsequent audit, there is no assurance that the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature.

1.32 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. In view of the above state of arrears, the actual contribution of PSUs to the State Gross Domestic Product (GDP) for the year 2011-12 could not be ascertained. However, as per the latest finalised accounts the contribution of PSUs to State GDP was 8.81 *per cent*. Further,

14 Rajasthan Financial Corporation (27 March 2012), Rajasthan State Warehousing Corporation (28 February 2012) and Rajasthan State Road Transport Corporation (20 April 2012).

the result of operation of these PSUs for the year 2011-12 and their contribution to State exchequer was also not reported to the State legislature.

1.33 The Government should monitor and ensure timely finalisation of accounts with special focus on liquidation of arrears and comply with the provisions of the Companies Act, 1956.

Performance of PSUs

Problems in assessing performance

1.34 The actual performance of the PSUs, in view of the backlog in finalisation of accounts, could not be ascertained. Thus, the performance of PSUs was assessed on the basis of their latest finalised accounts. The performance of major PSUs like Ajmer Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited, Jodhpur Vidyut Vitran Nigam Limited and Rajasthan Rajya Vidyut Utpadan Nigam Limited could not be commented in the absence of finalisation of even a single account during the year.

Performance based on finalised accounts

1.35 The financial results of PSUs, financial position and working results of Statutory corporations are detailed in **Annexures-2, 5** and **6** respectively. The ratio of PSUs' turnover to State GDP shows the extent of PSU activities in the State economy. The table below provides the details of working PSUs' turnover and State GDP for the period 2006-07 to 2011-12.

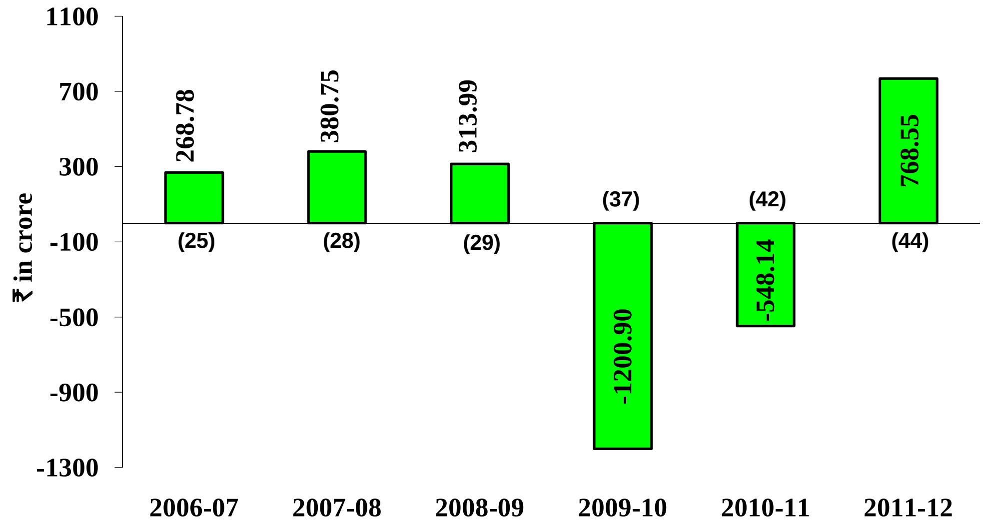
(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Turnover[15]	14445.07	16644.45	17510.67	25275.63	30152.24	32440.58
State GDP[16]	171042.73	194822.14	230949.32	263258.01	323682.21	368319.52
Percentage of Turnover to State GDP	8.45	8.54	7.58	9.60	9.32	8.81

The turnover of PSUs has recorded continuous increase over previous years. Percentage of increase in turnover ranged between 5.20 and 44.34 during the period 2007-12, whereas percentage of increase in GDP ranged between 13.79 and 22.95 during the period 2007-12. The turnover of PSUs recorded compounded annual growth of 17.56 *per cent* during last five years which was higher than the compounded annual growth of 16.58 *per cent* of State GDP. This had resulted in increase of PSUs share of turnover to State GDP from 8.45 *per cent* in 2006-07 to 8.81 *per cent* in 2011-12.

1.36 Profit[17] (losses) earned (incurred) by State working PSUs during 2006-07 to 2011-12 are given below in a bar chart.

15 Turnover as per the latest finalised accounts.
16 State GDP as per Economic Review 2011-12 of Government of Rajasthan.
17 Figures are as per the latest finalised accounts during the respective years.



Overall Profit earned/Loss incurred during the year by working PSUs. Figures in brackets show the number of working PSUs in respective years.

The working PSUs earned a profit of ₹ 768.55 crore in 2011-12 against a loss of ₹ 548.14 crore in 2010-11. According to latest finalised accounts of 44 PSUs, 14[18] PSUs earned profit of ₹ 1026.90 crore, 21[18] PSUs incurred loss of ₹ 258.35 crore, while three DISCOMs had been preparing their annual accounts on no profit and no loss basis. Out of remaining six PSUs, two[19] PSUs did not prepare Profit and Loss Account, three[20] PSUs are yet to submit their first accounts since inception and one[21] PSU did not show any profit/loss. Further, out of 44 PSUs, 16[22] PSUs incorporated in the years 2006-07 to 2011-12 did not commence their commercial activities till 2011-12.

1.37 As per their latest finalised accounts, Rajasthan State Industrial Development and Investment Corporation Limited (₹ 463.48 crore) and Rajasthan State Mines and Minerals Limited (₹ 403.97 crore) were the major contributor to the profit. Heavy loss was incurred by Rajasthan State Road Transport Corporation (₹ 130.89 crore).

1.38 Three power sector PSUs *i.e.* Ajmer Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited and Jodhpur Vidyut Vitran Nigam Limited incorporated in 2000-01 had prepared their latest accounts on 'No Profit No Loss basis' upto the year 2009-10 by showing revenue gap as recoverable from the State Government.

Reasons for the losses

1.39 The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations

18 Including those PSUs which had not started their business activities but were showing marginal profit/loss.
19 Chhabra Power Limited and Dholpur Gas Power Limited.
20 Kota City Transport Services Limited, Rajasthan Medical Services Corporation Limited and Rajasthan Solarpark Development Company Limited.
21 Rajasthan Mission on Skill and Livelihoods.
22 PSUs at Sl. No. A-11, 13, 14, 15, 16, 18, 21, 22, 23, 27, 28, 29, 31, 32, 35 and 37 of Annexure 2.

and monitoring. A review of latest Audit Report of CAG shows that the State PSUs incurred losses to the tune of ₹ 138.11 crore which were controllable with better management. Year-wise details from Audit Reports are stated below.

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	Total
Net Profit (loss)	(1200.90)	(548.14)	768.55	(980.49)
Controllable losses as per CAG's Audit Report	459.16	111.34	138.11	708.61
Infructuous Investment	Nil	120.55	Nil	120.55

1.40 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 table above indicates that with better management, 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.

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

(₹ in crore)

Particulars[23]	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Return on Capital Employed (*per cent*)	6.24	6.00	5.82	2.89	5.64	8.09
Debt	11377.42	15808.26	20955.24	26437.80	36260.08	45976.15
Turnover[24]	14445.07	16644.45	17510.67	25275.63	30152.24	32440.58
Debt/Turnover Ratio	0.79 : 1	0.95 : 1	1.20:1	1.05:1	1.20:1	1.42:1
Interest Payments[24]	1375.40	1338.95	1599.84	2374.73	3551.29	3681.11
Accumulated Profits (losses)[24]	(63.89)	117.98	364.89	(1343.22)	(2066.69)	(1590.48)

1.42 During last five years, the turnover of PSUs recorded compound annual growth of 17.56 *per cent*. However, the compound annual growth of debts was 32.22 *per cent* indicating rising at much faster rate than turnover. The rising debts to turnover ratio from 0.79:1 in 2006-07 to 1.42:1 in 2011-12 indicated increased reliance on debts by PSUs.

1.43 The State Government had formulated (September 2004) a dividend policy under which all profit making PSUs are required to pay a minimum return of ten *per cent* on the paid up share capital contributed by the State Government or 20 *per cent* of the profit after tax, whichever is lower. As per their latest finalised accounts, 14 PSUs earned an aggregate profit of ₹ 1026.90 crore and seven[25] PSUs declared a dividend of ₹ 90.69 crore which worked out to 0.68 *per cent* of equity capital contributed by the State Government in all the PSUs. Out of seven PSUs declaring dividend, four[26] PSUs declared dividend more than prescribed while Rajasthan State Ganganagar Sugar Mills Limited declared dividend less than prescribed in the

23 Position for the year 2011-12 was as per the latest information made available up to 30 September 2012.

24 As per latest finalised accounts.

25 PSUs at Sl. No.-A-1, 4, 5, 8, 9, 10 and B-3 of Annexure-2.

26 Rajasthan State Industrial Development and Investment Corporation Limited, Rajasthan State Road Development and Construction Corporation Limited, Rajasthan State Mines and Minerals Limited and Rajasthan State Warehousing Corporation.

Government dividend policy. Seven[27] PSUs which earned profit, did not declare dividend due to accumulated losses or marginal profit.

Non-working PSUs

1.44 There were three non-working PSUs (all companies) as on 31 March 2012 having a total investment of ₹ 12.19 crore towards capital (₹ 8.97 crore) and long term loans (₹ 3.22 crore). Rajasthan State Agro Industries Corporation Limited had arrear in accounts for two years.

1.45 The numbers of non-working companies at the end of each year during past five years are given below.

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
No. of non-working companies	4	4	4	3	3

1.46 None of these non-working companies was under liquidation. The Government may take a decision regarding winding up of three non-working PSUs.

Accounts Comments and Internal Audit of PSUs

1.47 Twenty six working Companies forwarded their 30[28] audited accounts to the Accountant General during the year 2011-12 (up to 30 September 2012). Of these, 16 accounts of 15[29] Companies were selected for supplementary audit. The audit reports of statutory auditors appointed by the 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 the CAG are given below.

(₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12[30]	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	0.91	5	27.97	4	496.05
2.	Increase in profit	-	-	2	0.99	1	62.24
3.	Increase in loss	4	3811.29	10	11669.26	4	8.01
4.	Decrease in loss	-	-	3	37.21	1	0.68
5.	Non-disclosure of material facts	-	-	1	0.30	10	29.25
6.	Errors of classification	1	-	-	-	4	1293.47

27 PSUs at Sl. No. A-6, 24, 26, 29, 33, 40 and B-1 of Annexure-2

28 Rajasthan State Petroleum Corporation Limited, Rajasthan State Mines and Minerals Limited and Rajasthan Civil Aviation Limited had submitted its two accounts for the year 2010-11 and 2011-12. Lake City Transmission Service Company Limited and Pink City Transmission Service Company Limited had submitted accounts for the period from January 2011 to March 2012.

29 Two accounts of Rajasthan State Mines and Minerals Limited for the year 2010-11 and 2011-12 were selected for supplementary audit.

30 Position as on 30 September 2012.

1.48 During the year 2011-12, the statutory auditors had given qualified certificates on 17 accounts and disclaimer (meaning the auditors are unable to form an opinion on accounts) in one account. The compliance of the Accounting Standards (AS) by PSUs remained poor as there were 34 instances of non-compliance in 10 accounts as pointed out by the Statutory Auditors.

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

Rajasthan State Mines and Minerals Limited (2010-11)

- 'Mining & Other Operating Expenses' was understated by ₹ 11.62 crore due to non-provision of liability for cost of abandonment of lignite mines of the Company. Consequently, 'Current Liabilities and Provisions' was understated and profit for the year was overstated by ₹ 11.62 crore.

Rajasthan Rajya Vidyut Prasaran Nigam Limited (2010-11)

- 'Revenue from Transmission and SLDC Charges and Generation Cost Recovered' was overstated by ₹ 20.76 crore due to calculation of actual transmission capacity handled for power purchased by Discoms from captive power plants, through bilateral arrangements and energy exchanges factoring in a load factor for which the Company had no approval of Rajasthan Electricity Regulatory Commission. This resulted in overstatement of 'Sundry Debtors' as well as profit by ₹ 20.76 crore.

- 'Net Interest, Finance Charges and Lease Rental' was understated by ₹ 47.34 crore due to capitalisation of interest on the total amount of loan received in Rural Electrification Schemes, containing a number of works, until all the work envisaged in the Scheme were completed. This resulted in overstatement of Net profit by ₹ 47.34 crore.

Rajasthan State Mines and Minerals Limited (2011-12)

- 'Other Expenses' did not include ₹ 1.18 crore being the various demands raised by the Department of Mines & Geology on account of interest on late payment of premium charges/lease rent and dead rent. Though the Company has not contested the same and had shown the demand as Contingent Liability instead of making provision for the same. This resulted in overstatement of profit by ₹ 1.18 crore.

1.50 Similarly, three working Statutory Corporations forwarded their accounts of 2011-12 to Accountant General (up to 30 September 2012). Of these, one account of Statutory Corporation pertained to sole audit by the CAG. Remaining two accounts were selected for supplementary audit. As pointed out by Statutory Auditors, there were two instances of non-compliance of the Accounting Standards. The details of aggregate money value of comments of statutory auditors and supplementary audit by the CAG are given below:

(₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	-	-	1	45.86
2.	Increase in profit	-	-	1	0.59	-	-
3.	Increase in loss	2	152.81	2	116.04	-	-
4.	Non-disclosure of material facts	-	-	1	78.25	-	-

1.51 Out of two accounts received during the year 2011-12, the statutory auditors had given qualified certificates for both accounts.

1.52 Though, audit of annual accounts for the year 2011-12 by the CAG was in progress as on 30 September 2012, some of the important comments in respect of accounts of Statutory Corporation for the year 2010-11 finalised during 2011-12 are stated below:

Rajasthan State Road Transport Corporation (2010-11)

- 'Provision for Gratuity & Pension Contribution for Corporation Employees Fund' were understated by ₹ 823.68 crore due to non-provision for liability towards Gratuity & Pension Contribution as per actuarial valuation obtained upto 31.03.2009. Consequently, 'Welfare and Superannuation expenses' as well as net losses for the year had been understated to the same extent.

- Further, due to our comments (including above) the net loss for the year worked out to ₹ 1166.83 crore instead of ₹ 185.00 crore shown by the Corporation.

Rajasthan Financial Corporation (2010-11)

- 'Personnel Expenses' was understated by ₹ 6.06 crore being non-provision of ex-gratia payments due to employees for the year 2010-11 as per service conditions. This resulted in overstatement of profit to the same extent.

- Due to our comments and those of statutory auditors, the net profit for the year had been worked out to ₹ 10.92 crore instead of ₹ 24.47 crore shown by the Corporation.

1.53 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on 30 annual accounts of working companies which were forwarded to the Accountant General during the year

2011-12 (upto 30 September 2012) is given below:

Sl. No.	Nature of comments made by Statutory Auditors	Number of working companies where recommendations were made[31]	Reference to serial number of the working companies as per Annexure 2
1.	Absence of internal audit system commensurate with the nature and size of business of the company	9	A-2[32],4,5,9,17,24, 34 & 39
2.	Non maintenance of proper records showing full particulars including quantitative details and situations of fixed assets.	7	A-2[32],4,9,17,24 & 38
3	Inadequate internal control procedure commensurate with the size of the company and the nature of its business for purchase of inventory, fixed assets and for sale of goods.	8	A-2[32], 4,5,24, 34 ,38 & 39
4	Company which has been registered for a period not less than five years, accumulated losses at the end of the financial year are not less than 50% of its net worth.	7	A-2[32],7,24,34,38 &39
5	Company which has been registered for a period not less than five years, has incurred cash losses in the financial year.	5	A-2[32],7,34 & 38

Recoveries at the instance of audit

1.54 During the course of propriety audit in 2011-12, recoveries of ₹ 70.05 crore were pointed out to the Management of various PSUs, of which, recoveries of ₹ 69.25 crore were admitted by PSUs. An amount of ₹ 67.13 crore had been recovered during the year 2011-12.

Disinvestment, Privatisation and Restructuring of PSUs

1.55 No disinvestment or privatisation of Public Sector Undertakings has taken place during 2011-12.

Reforms in Power Sector

1.56 Rajasthan has Rajasthan Electricity Regulatory Commission (RERC) formed in January 2000 under section 17 of the Electricity Regulatory Commissions 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 2011-12, RERC issued 22 orders (eight on annual revenue requirements and 14 on others).

31 On Annual accounts of PSUs submitted from October 2011 to September 2012.
32 On Two accounts for the year 2010-11 and 2011-12

1.57 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 power sector with identified milestones. The progress achieved so far in respect of important milestones is stated below.

<table>
<tr><th>Sl. No.</th><th colspan="2">Milestone</th><th colspan="4">Achievement as at March 2012</th></tr>
<tr><td rowspan="4">1.</td><td rowspan="4">Reduction in transmission and distribution losses</td><td rowspan="4">20 per cent by 2008-09</td><td colspan="2">Name of the Company</td><td colspan="2">Transmission and Distribution losses (In per cent)</td></tr>
<tr><td colspan="2">JVVNL</td><td colspan="2">23.59</td></tr>
<tr><td colspan="2">AVVNL</td><td colspan="2">26.14</td></tr>
<tr><td colspan="2">JdVVNL</td><td colspan="2">23.70</td></tr>
<tr><td rowspan="4">2.</td><td rowspan="4">100 per cent metering of all 11 KV distribution feeders</td><td rowspan="4">September 2001</td><td>Name of the Company</td><td>11KV feeders to be metered</td><td>11KV feeders metered upto March 2012</td><td>Percentage</td></tr>
<tr><td>JVVNL</td><td>4807</td><td>4235</td><td>88.10</td></tr>
<tr><td>AVVNL</td><td>5529</td><td>4741</td><td>85.74</td></tr>
<tr><td>JdVVNL</td><td>6244</td><td>5353</td><td>85.73</td></tr>
<tr><td>3.</td><td>100 per cent electrification of all villages</td><td>41353 villages by 2005</td><td colspan="4">39846 villages (as per Census 2001) electrified i.e. 96.36 per cent.</td></tr>
<tr><td>4.</td><td>100 per cent metering of all consumers</td><td>30 June 2002</td><td colspan="4">No connection of any category was being released without meter. All flat rate agricultural connections were being converted to metered category. 235456 consumers were converted from agricultural flat rate to metered category in urban/rural areas.</td></tr>
<tr><td>5.</td><td colspan="6">State Electricity Regulatory Commission (SERC)</td></tr>
<tr><td></td><td>(1) Establishment of the SERC
(2) Implementation of tariff orders issued by SERC during the year</td><td>-
Tariff order of January 2005 was in implementation up to September 2011 and thereafter new order with increased tariff was issued on 8 September 2011.</td><td colspan="4">The SERC was formed in January 2000.
The tariff order of January 2005 was implemented from May 2005 as the State Government provided subsidy for the period January 2005 to April 2005. This order was in implementation up to September 2011. Thereafter, the tariff order issued on 8 September 2011 was implemented from October 2011 onwards.</td></tr>
<tr><td></td><td colspan="6">General</td></tr>
<tr><td>6.</td><td>Monitoring of MOU</td><td>Monitoring was required on quarterly basis</td><td colspan="4">Monitoring was being done regularly by SE (Plan) of Jaipur Vidyut Vitran Nigam Limited and latest report was sent in March 2012.</td></tr>
</table>

CHAPTER II

Performance Audit relating
to Government Companies

Performance Audit relating to Government Companies

2.1 Power Transmission Utility- Rajasthan Rajya Vidyut Prasaran Nigam Limited

Executive Summary

Transmission of electricity and grid operations in Rajasthan are managed and controlled by Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPNL). As on 31 March 2012, RRVPNL has 418 GSSs with capacity of 42972.50 MVA and transmission lines of 28363.28 CKM capable of transmitting 17425 MVA at 220 KV annually. During the period 2007-12, RRVPNL constructed 115 GSSs (7250 MVA) and 233 lines (7308.33 CKM), besides augmenting the existing capacity by 10533 MVA. Transmission of electricity increased from 34519.12 Million Units (MUs) in 2007-08 to 47977.61 MUs in 2011-12, registering an increase of 38.99 per cent during five years ending March 2012. The turnover of RRVPNL in 2010-11 was ₹1652.55 crore, which was equal to 5.48 per cent of the State PSUs and 0.51 per cent of the State Gross Domestic Product respectively. RRVPNL employed 9157 employees as on 31 March 2012.

Planning and Development

RRVPNL achieved the targeted addition for EHT GSS and EHT lines during 2007-08 to 2011-12. In case of EHT lines the actual addition was 7308.33 CKM (105.38 per cent) against the targets of 6935 CKM. Voltage-wise capacity additions planned and actual performance there against revealed that actual addition was 27 GSSs including up-gradation of 13 GSSs of 132 KV to 220 KV category against planned addition of 31 GSSs of 220 KV during 2007-12.

Project Management of Transmission System

RRVPNL did not follow the recommendations of the Task Force Committee and projects were awarded to the contractors without undertaking preparatory activities. Consequently the problems viz. ROW, requirement of forest clearance, hassle free availability of land etc. were identified at a later stage and the projects were completed with a delay ranging between 2 and 64 months. Consequently funds of ₹56.40 crore remained blocked without yielding any benefit and RRVPNL was deprived of envisaged energy savings in terms of reduction in system and transmission losses of 2055.79 LUs valuing ₹66.25 crore besides avoidable interest burden of ₹2.16 crore on the amount deposited with JDA for unsuitable land. The planning of RRVPNL was not commensurate with the generation plans and it could not complete the power evacuation systems even with the leverage available due to delay in commissioning of projects by RRVUNL and RWPL.

Performance of transmission system

Though the annual peak demand (4995.96 MVA) at the end of March 2007 was already on lower side in comparison to the installed transmission capacity of 7283.50 MVA, yet RRVPNL continued to add the transmission capacity through augmentation of GSSs and lines. RRVPNL could not adhere to the Standards of Performance Regulations 2004 issued by RERC. The transmission losses during 2007-08 to 2011-12 were ranging between 5.57 and 6.20 per cent against CEA norms of four per cent. Value of transmission loss suffered by DISCOMs in excess of the target limits fixed by RERC was 3594.598 MUs valued at ₹1105.82 crore.

Grid Management

RRVPNL failed to maintain Grid discipline and drew power below 49.2 Hz and NRLDC issued 65 'C' type messages to RRVPNL during July 2009 to March 2012.

Disaster Management

RRVPNL did not implement the DMP broadly. Vulnerable centres having highest risk were also not identified and comprehensive state-wide drills were never carried out to test the capabilities.

Energy Accounting and Audit

Against 0.2s accuracy class of meter prescribed under RERC (Metering) Regulations 2007 as minimum acceptable specification for interface and energy accounting and audit, only 71 GT points were provided 0.2s class meters while 57 and 14 GT points were provided with 0.5 and

1.0 class meters respectively. Further, of 494 TD points only 176 points were provided with 0.2s class meters while 266 and 39 TD points were provided with 0.5 and 1.0 class meters respectively.

Financial Management

The financials of RRVPNL deteriorated during 2008-10 as the total cost per unit was more than the realization. The interest cost which increased by 107.17 per cent during 2007-11 also affected the profitability of RRVPNL. RRVPNL filed ARR with RERC with the delay ranging between 29 days and 116 days during 2007-12 which consequently delayed the approval from RERC. Delay in implementation of RERC tariff order resulted in recovery of transmission charges by RRVPNL either at the rate of previous year or provisional rate. This caused loss of interest of ₹ 4.22 crore on delayed recovery of transmission charges during 2009-10 and 2010-11 for delay in filing of ARR. Further, there was no proper system of accounting of deposit works and the final account of deposit work was also not finalised within the stipulated period. RRVPNL incurred excess expenditure of ₹ 948.61 crore than the capital investment approved by the State Government during 2007-08 to 2011-12 except 2010-11. As a result RRVPNL was deprived of the 20 per cent equity portion of the excess expenditure amounting to ₹ 195.72 crore. Further, RRVPNL did not claim incentive of ₹ 30.20 crore for availability of transmission system beyond 98 per cent during truing up of ARR of 2008-09 and 2009-10.

Material Management

The stores though maintained higher closing stock in terms of month's consumption during 2007-08, 2009-10 and 2010-11 it neither conducted any ABC analysis nor fixed any level for material requirement. Further, poor co-ordination between the executing department and procurement led to non-utilisation of transformers and advance procurement of conductor.

Conclusions and Recommendations

Plans for capacity additions/augmentation were not prepared keeping in view the peak demand and existing transmission capacity and hence, extra/idle transmission capacity increased over the years. RRVPNL could not adhere to the norms/criteria stipulated by RERC/CEA regarding operation and maintenance of transmission system. RRVPNL could not complete transmission projects within scheduled completion period due to deficient planning and non-adherence to recommendations of Task Force Committee on Project Management. Transmission losses were in excess than fixed by CEA/RERC. The capital investments did not contribute to effective reduction in transmission losses during the review period and the losses stood at 6.20 per cent against the norms of 4 and 4.2 per cent of CEA & RERC respectively. There was mismatch in commissioning of transmission projects with generation projects. RRVPNL did not implement the Disaster Management Plan at Grid Sub-Stations and vulnerable centres having highest risk were also not identified and comprehensive state-wide drills were never carried out to test the capabilities. RRVPNL could not file ARR in scheduled time and did not claim incentive for enhanced availability of transmission system than targeted. The capital expenditure was incurred in excess to the amount approved by RERC/Government. There were instances of improper material management as higher level of inventory was kept, material was procured in advance of requirement and bays remained idle for considerable period of time. The review contains seven recommendations which include preparation of plans for capacity additions/augmentation keeping in view the peak demand and existing transmission capacity; adherence to the recommendations of Task Force Committee on Project Management and take effective steps to ensure completion of transmission projects in scheduled time; adherence to norms/criteria stipulated by RERC/CEA regarding Operation and Maintenance of transmission system; completion of transmission system with commissioning of generation projects; implementation of Disaster Management Plan broadly; mechanism for timely submission of ARR to RERC; to keep the Capital expenditure as per plan approved by RERC/Government; and to analyse and monitor inventory level.

Introduction

2.1.1 With a view to supply reliable and quality power to all by 2012, the Government of India (GOI) prepared the National Electricity Policy (NEP) in February 2005. The NEP lays emphasis on the requirement of adequate and timely investment in transmission sector besides efficient and coordinated action to develop a robust and integrated power system for the country. It also recognized the need for development of National and State Grid with the co-ordination of Central/State Transmission Utilities. Transmission of electricity and grid operations in Rajasthan are managed and controlled by Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPNL) which is mandated to provide an efficient, adequate and properly coordinated Grid management and transmission of energy. RRVPNL came into existence as a part of power sector reforms in Rajasthan under which the erstwhile Rajasthan State Electricity Board was unbundled into five[1] companies. It was incorporated on 19 June 2000 under the Companies Act 1956, and acts under administrative control of the Energy Department, Government of Rajasthan (GOR).

The Management of the RRVPNL is vested in a Board of Directors comprising seven members appointed by the State Government. The day-to-day operations are carried out by the Chairman and Managing Director who is Chief Executive of the RRVPNL, with the assistance of Director (Operations), Director (Technical), Director (Finance), Secretary (Administration) and Company Secretary.

Area of operation and Transmission network

2.1.2 For smooth functioning and to carry out the operations efficiently, RRVPNL has divided its area of operation into three[2] zones headed by Zonal Chief Engineers and nine[3] transmission and construction circles (TCC) headed by Superintending Engineers under them. During 2007-08, 34519.12 Million Units (MUs) of energy was transmitted by RRVPNL which increased to 47977.61 MUs in 2011-12, registering an increase of 38.99 *per cent* during 2007-12. As on 31 March 2012, RRVPNL had a transmission network of 28363.28 Circuit Kilometer (CKM) and 418 Grid Sub-Stations (GSSs) with an installed capacity of 42972.50 Mega Volt Ampere (MVA), capable of transmitting 17425 MVA at 220 KV annually. During the period 2007-12, RRVPNL constructed 115 GSSs[4] (7250 MVA) and 233 lines (7308.33 CKM), besides augmenting the existing capacity by 10533 MVA.

The turnover of RRVPNL in 2010-11[5] was ₹ 1652.55crore, which was equal to 5.48 *per cent* of the State PSUs and 0.51 *per cent* of the State Gross

1 Rajasthan Rajya Vidyut Utpadan Nigam Limited, Rajasthan Rajya Vidyut Prasaran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited, Jodhpur Vidyut Vitran Nigam Limited and Ajmer Vidyut Vitran Nigam Limited.

2 Jaipur, Jodhpur and Ajmer.

3 TCC-I, II,V and VI under Jaipur Zone, TCC-IV, VIII and IX under Jodhpur Zone and TCC-III and VII under Ajmer Zone.

4 It includes 14 upgraded GSS *i.e.* one 220 KV GSS to 400 KV GSS at Barmer and thirteen 132 KV GSS to 220 KV GSS.

5 The accounts of RRVPNL for the year 2011-12 have not been finalised (October 2012).

Domestic Product respectively. It employed 9157 employees as on 31 March 2012.

Scope of Audit

2.1.3 The present Performance Audit conducted during January 2012 to May 2012 covers performance of RRVPNL during 2007-08 to 2011-12. Audit examination involved scrutiny of records of different wings at the Head Office, Store at Jaipur, State Load Dispatch Centre (SLDC). In addition, out of three Zones, Jaipur Zone and out of four TCCs under it, three TCCs (I, II and V) were selected for detailed study and analysis based on the performance and execution of maximum capital expenditure and maximum number of completion of GSSs and Transmission lines during the review period in comparison to other two Zones. Out of 49 GSSs (3100 MVA) and 94 lines (1996.33 CKM) completed during 2007-12 in Jaipur Zone, 13 GSSs of 1452.50 MVA (46.85 *per cent*) and 31 lines admeasuring 1485.58 CKM (74.42 *per cent*) were selected for detailed examination. Besides, 16 GSSs (10295 MVA) and 13 lines (995.76 CKM) which were in progress as on 31 March 2012 were also examined.

Audit Objectives

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

- Perspective Plan was prepared in accordance with the guidelines of the NEP/Plan and Rajasthan Electricity Regulatory Commission (RERC) and assessment of impact of failure to plan, if any;
- Operation and maintenance of transmission system was carried out in an economical, efficient and effective manner;
- The transmission system was developed and commissioned in an economical, efficient and effective manner;
- Disaster Management System was set up to safeguard operations against unforeseen disruptions;
- Effective failure analysis system was set up;
- Effective and efficient Financial Management system with emphasis on timely raising and collection of bills and filing of Aggregate Revenue Requirement (ARR) for tariff revision in time was setup;
- Efficient and effective system of procurement of material and inventory control mechanism was set up;
- Efficient and effective energy conservation measures were undertaken in line with the National Electricity Plan (NEP) and established Energy Audit System; and
- There was a monitoring system in place to review existing/ongoing projects, take corrective measures to overcome deficiencies identified and respond promptly and adequately to Audit/Internal audit observations.

Audit Criteria

2.1.5 The source of audit criteria was the following:

- Provisions of National Electricity Policy/Plan and National Tariff Policy;
- Perspective Plan and Project Reports of RRVPNL;
- Standard procedures for award of contracts with reference to principles of economy, efficiency, effectiveness, equity and ethics;
- ARR filed with RERC for tariff fixation, Circulars, Manuals and MIS reports;
- Manual of Transmission Planning Criteria (MTPC);
- Code of Technical Interface (CTI)/Grid Code consisting of planning, operation, connection codes;
- Directions from GOR/Ministry of Power (MoP);
- Norms/Guidelines issued by RERC/Central Electricity Authority (CEA);
- Report of the Committee constituted by the MoP recommending the "Best Practices in Transmission";
- Report of the Task force constituted by the MoP to analyse critical elements in transmission project implementation; and
- Reports of Regional Power Committee (RPC)/State Load Dispatch Centre (SLDC).

Audit Methodology

2.1.6 Audit followed the following mix of methodologies:

- Review of Agenda notes and minutes of RRVPNL/Board/RPC/SLDC, annual reports, accounts and regional energy accounts (REA);
- Scrutiny of loan files, physical and financial progress reports;
- Analysis of data from annual budgets and physical as well as financial progress with completion reports;
- Review of tariff fixed by RERC;
- Scrutiny of records relating to project execution, procurement, receipt of funds and expenditure; and
- Interaction with the Management during entry and exit conference.

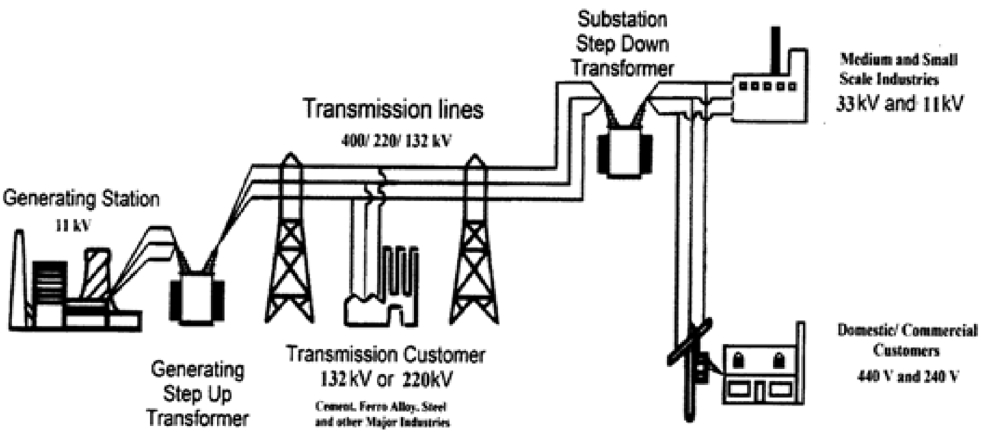
The methodology adopted for attaining audit objectives with reference to audit criteria consisted of explaining audit objectives to top management, scrutiny of records at Head Office and selected units, interaction with auditee entity personnel, analysis of data with reference to audit criteria, raising of audit queries, discussion on audit findings with Management and issue of draft Performance Report to Management/Government for comments.

Brief description of transmission process

2.1.7 Transmission of electricity is defined as bulk transfer of power over long distances at high voltages, generally at 132 KV and above. Electric power generated at relatively low voltages in power plants is stepped up to high voltage power before it is transmitted to reduce the loss in transmission and to increase efficiency in the Grid. GSSs are facilities within the high voltage electric system used for stepping-up/ stepping down voltages from one level to another, connecting electric systems and switching equipment in and out of the system. The step up transmission GSSs at the generating stations use transformers to increase the voltages for transmission over long distances.

Transmission lines carry high voltage electric power. The step down transmission GSSs thereafter decreases voltages to sub transmission voltage levels for distribution to consumers. The distribution system includes lines, poles, transformers and other equipment needed to deliver electricity at specific voltages.

Every transmission system requires a sophisticated system of control called Grid management to ensure balancing of power generation closely with demand. A pictorial representation of the transmission process is given below:



Audit Findings

2.1.8 We explained the audit objectives to the RRVPNL during an 'Entry Conference' held on 09 April 2012. Subsequently, audit findings were reported to the RRVPNL and the State Government in July 2012 and discussed in an 'Exit Conference' held on 31 October 2012. The Exit Conference was attended by Secretary to the Government (Department of Energy) and Chairman and Managing Director of RRVPNL. RRVPNL/State Government replied (November 2012) to audit findings. The replies have been considered while finalising this Performance Audit Report. The audit findings are discussed in subsequent paragraphs.

Planning and Development

National Electricity Policy/Plan

2.1.9 The Central Transmission Utilities (CTUs) and State Transmission Utilities (STUs) have the key responsibility of network planning and development based on the National Electricity Plan in coordination with all concerned agencies. At the end (March 2007) of 10th Plan, the transmission system in the country at 765/HVDC/400/230/220/KV stood at 1.98 lakh CKM of transmission lines which was planned to increased to 2.93 lakh CKM by end (March 2012) of 11th Plan. The National Electricity Plan assessed the total inter-regional transmission capacity at the end of 2006-07 as 14100 MW and further planned to add 23600 MW in 11th plan bringing the total inter-regional capacity to 37700 MW.

In Rajasthan, RRVPNL is responsible for planning and development of the intra-state transmission system. Assessment of demand is an important pre-requisite for planning capacity addition. Five year plans followed by annual plans in terms of capacity addition and financials are prepared in accordance with the budgetary capital outlay decided by the State Government. The five year plans and annual plans are submitted to the State Government and RERC.

RRVPNL's transmission network at the beginning of 2007-08 consisted of 317 Extra High Tension (EHT) GSSs with a transmission capacity of 25189.50 MVA and 21054.95 CKM of EHT transmission lines which increased to 418 EHT GSSs with a transformation capacity of 42972.50 MVA and 28363.28 CKM of EHT transmission lines at the end of March 2012.

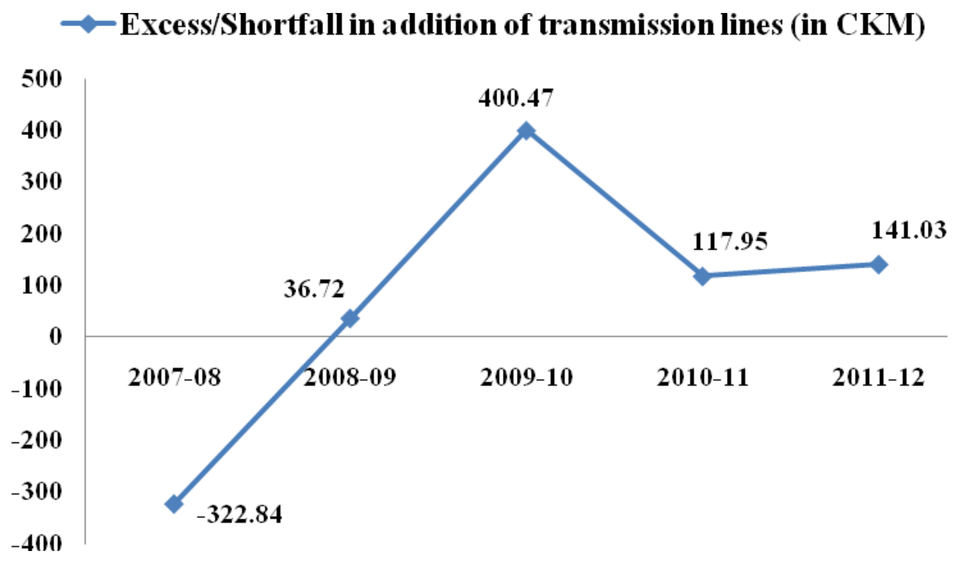
Transmission network and its growth

2.1.10 The transmission capacity of RRVPNL at EHT level during 2007-08 to 2011-12 is given below. The particulars of voltage-wise capacity additions planned, actual additions and shortfall in capacity addition during the review period are given in **Annexure-7.**

Sl. No.	Description	2007-08	2008-09	2009-10	2010-11	2011-12	Total
A.	**Number of GSSs**						
1	At the beginning of the year	317	331	346	365	393	
2	Additions planned during the year	15	17	23	30	30	115
3	Added during the year	15	17	23	32	28	115
4	GSSs upgraded during the year	1	2	4	4	3	14
5	Total GSSs at the end of the year (1+3-4)	331	346	365	393	418	-
6	Excess/(Shortfall) in additions (3-2)	-	-	-	2	(2)	-
B.	**Transformers Capacity (MVA)**						
1	Capacity at the beginning of the year	25189.50	26102.50	28802.50	32589.00	38293.50	
2	Additions/augmentation planned for the year	1200.00	1600.00	2620.00	3180.00	3000.00	11600.00
3	Capacity added during the year	913.00	2700.00	3786.50	5704.50	4679.00	17783.00
4	Capacity at the end of the year (1+3)	26102.50	28802.50	32589.00	38293.50	42972.50	
5	Excess/(Shortfall) in additions/augmentation (3-2)	(287.00)	1100.00	1166.50	2524.50	1679.00	6183.00
C.	**Transmission lines (CKM)**						
1	At the beginning of the	21054.95	22017.11	23453.83	25204.30	27172.25	

	year						
2	Additions planned during the year	1285.00	1400.00	1350.00	1850.00	1050.00	6935.00
3	Added during the year	962.16	1436.72	1750.47	1967.95	1191.03	7308.33
4	Total lines at the end of the year (1+3)	22017.11	23453.83	25204.30	27172.25	28363.28	
5	Excess/(Shortfall) in additions (3-2)	(322.84)	36.72	400.47	117.95	141.03	-

It may be seen from above that RRVPNL achieved the targeted addition for EHT GSS and EHT lines. In case of EHT lines the addition against the targets of 6935 CKM during 2007-12, the actual addition was 7308.33 CKM (105.38 *per cent*). The achievement in the targets of EHT GSS increased the transformer capacity by 153.30 *per cent* against planned additions during the same period. Scrutiny of Voltage-wise capacity additions planned and actual performance there against, however, revealed that against planned addition of 31 GSSs of 220 KV during 2007-12, actual addition was 27 GSSs including up-gradation of 13 GSSs of 132 KV to 220 KV categories. RRVPNL, however, could not achieve the targets of capacity addition in 400 KV lines and there was shortfall of 50.39 CKM during 2007-12.



We observed that achievement of targets was mainly due to construction and achievement in excess of the targets of augmentation of 132 KV GSS and lines which were constructed/ augmented as per the plans submitted by DISCOMs.

The Government accepted the fact of shortfall in achievement of targets for 220 KV GSS and 400 KV line and also stated that the shortfall of four number of GSSs was due to deferment of 220 KV GSS keeping in view the over achievement of target for 132 KV GSS.

The under-utilisation/idle capacity is discussed in subsequent paragraphs.

Project Management of Transmission System

2.1.11 A transmission project involves various activities from concept to commissioning. Major activities in a transmission project are (i) Project formulation, appraisal and approval phase and (ii) Project Execution Phase. For reduction in project implementation period, the Ministry of Power, Government of India constituted (February 2005) a Task Force on transmission projects with a view to:

- analyze the critical elements in transmission project implementation;
- implementation from the best practices of CTU and STUs, and
- suggest a model transmission project schedule for 24 months' duration.

The Task Force suggested and recommended (July 2005) the following remedial actions to accelerate the completion of transmission systems.

- Undertake various preparatory activities such as surveys, design & testing, processing for forest & other statutory clearances, tendering activities etc. in advance/parallel to project appraisal and approval phase and go ahead with construction activities once Transmission Line Project sanction/approval is received;
- Break-down the transmission projects into clearly defined packages such that the packages can be procured & implemented requiring least coordination & interfacing and at same time it attracts competition facilitating cost effective procurement; and
- Standardise designs of tower fabrication so that 6-12 months can be saved in project execution.

We noticed that RRVPNL did not follow the recommendations of the Task Force Committee. Various preparatory activities such as surveys, design and testing, processing for forest & other statutory clearances which were essential for timely completion of the project were not undertaken. The activities pertaining to survey, design etc. were included in the scope of the work of contractors and consequently the problems *viz*. Right of Way (ROW), requirement of forest clearance, hassle free availability of land *etc*. were identified at a later stage and the projects were substantially delayed. In some cases there was mis-match in construction of GSSs and lines which resulted in non-utilisation of created infrastructure due to non-completion of the other supplementary activities. Notwithstanding the elaborated guidelines given by the Task Force Committee for timely completion of the projects, RRVPNL did not timely execute several GSSs and Lines during 2007-12 as detailed below:

Capacity in KV	**Total No. Constructed**		**Total No. constructed in Jaipur Zone**		**No. test checked by Audit**		**Delay in construction (Numbers)**		**Time overrun[6] (range in months)**	
	GSS	**Line**	**GSS**	**Line**	**GSS**	**Line**	**GSS**	**Line**	**GSS**	**Lines**
400	5	16	1	6	1	6	1	6	9	4 to 23
220	27	76	14	28	6	13	4	9	2 to 16	5 to 64
132	83	141	34	60	6	12	5	9	1 to 27	2 to 36
Total	**115**	**233**	**49**	**94**	**13**	**31**	**10**	**24**	**1 to 27**	**2 to 64**

The GSS and lines constructed in Jaipur Zone during review period and delay observed in completion is given in **Annexure-8**.

6 Test checked in audit

Government stated that recommendations of Task Force Committee were not mandatory; however, RRVPNL generally followed the recommendations of Task Force Committee. It further stated that separate contract for survey work would not be feasible in view of time consuming and ROW problem during execution. The fact remained that RRVPNL did not comply with the recommendations of Task Force Committee which were to be followed for efficient project management.

Some of the cases highlighting delay in projects due to improper project management planning and non-follow up of the recommendations of the task force committee observed during test check of records are as below:

Name of project/ scheme/ work	**Scheduled / (actual completion date)**	**Delay and reasons for delay**	**Loss due to delay**
Rajwest – Jodhpur 400 KV DC line and 400 KV bay at Jodhpur	March 2009 (March 2010) November 2009 (June 2012) (Line charged at 220 KV till completion of 400 KV bay)	12 months due to delay in approval of L2 network by RRVPNL and survey work, profiling, route alignment, tower supporting work by firm. Placement of order for 400 KV bay (May 2009) after scheduled completion date of line work and lack of co-ordination between contractor of bay work and RRVPNL.	RRVPNL constrained to evacuate power from lower voltage which would increase transmission losses.
The Government stated that delay was due to ROW problem, theft of tower and line material. It further stated that available system was sufficient to evacuate the power. The reply was not convincing as delay occurred due to improper planning and lack of various preparatory project activities.			
Evacuation system for wind farm generation at Barmer/ Jaisalmer	March 2009 and October 2009 (October 2010 and November 2011)	Delay ranging between 12 and 32 months due to delay in preparatory activities, borlong of foundation work, stub-setting etc.	936.54 LU (₹ 27.91 crore)
The Government stated that delay was due to ROW problem, theft of tower and line material and extremely difficult terrain which were beyond control. The reply was not convincing as delay occurred due to improper planning and lack of various preparatory project activities.			
220 KV Bassi - Heerapura line	November 2003 (September 2005) (Line could not be interconnected with existing line till June 2008)	There was delay of 22 months in scheduled completion due to delayed/ non-providing of line material by RRVPNL to contractor and PLCC equipment at 400 KV GSS Bassi.	207.90 LU (₹ 6.20 crore)
The Government did not furnish specific reply on this issue.			
132 KV GSS PWD Bungalow Jaipur	July 2009 (January 2012)	There was delay of 30 months. The reasons were delay in handing over of site (10 months), initiation of work by contractor (4 months) and non-availability of testing equipment at contractor’s end.	91.78 LU (₹ 2.74 crore)
220 KV GSS	October 2009	There was delay of 16 months	

Indira Gandhi Nagar, Jaipur	(February 2011)	from scheduled completion. The delay was mainly in approval of layout and drawings, delay in nominating inspecting officers by RRVPNL (9 months) and non follow up of testing schedule due to non-availability of testing facilities at contractor's end (7 months).	354.21 LU (₹ 10.56 crore)
Government stated that both the GSS were based on GIS technology which was new. Comparison of actual saving in losses with envisaged saving in scheme was impossible. The reply is not convincing as the technical and financial viability of any scheme is based on savings in losses and improvement in technical parameters which needs to be adhered to.			
132 KV GIS GSS New Jhotwara along with LILO of existing 132 KV VKIA-Vaishali Nagar to new Jhotwara	132 KV GSS July 2009 (November 2010) LILO line June 2010 (yet to be completed)	The delay was of 16 months in completion of GSS. GSS subsequently could not be commissioned (September 2012) even after lapse of 22 months in the absence of completion of line work attributable to failure of RRVPNL in resolving ROW problem and change of contractor	98.32 LU (₹ 3.80 crore)
The Government stated that delay was mainly attributed to severe ROW problems at site. Facts remained that the RRVPNL failed to take necessary action to avoid ROW problem as per Task Force recommendations to undertake various preparatory activities in advance/parallel to project appraisal/approval.			
132 KV GSS Mayla (Ramganj Mandi) including construction of 33 KV bays.	October 2008 (March 2009) 33 KV bay completed in December 2009	Power from the GSS could not be drawn till December 2009 due to non-completion of bay and other related work.	35.83 LU (₹ 1.39 crore)
The Government stated that bays were completed in May 2009 but were not utilized by Discoms. The reply is incorrect as bay work for drawal of power was completed in December 2009.			
220 KV GSS Bundi	March 2012 (Not completed upto September 2012)	Feasibility Report prepared in January 2010 but GSS could not be commissioned till September 2012 due to delay in identification of proper land, non-completion of foundation for transformer and incorrect soil resistivity data.	System losses of 10.97 LUs per annum till completion of GSS.
Government stated there was no relation between foundation work of transformer and soil resistivity data. The balance work was withdrawn from the contractor due to delay in construction work of GSS. The reply of Government was not correct as defective/delayed planning in identification of land/placement of order and incorrect data of soil resistivity which needed to decide the strength of foundation for transformer, led to delay in completion of GSS at Bundi.			
132 KV GSS Khandar and 132 KV LILO from Sawai Madhopur-Sheopur line	September 2007 (February 2008) April 2007 (July 2008)	Delay of 15 months due to delayed approval of route alignment, lack of co-ordination with contractor and slackness of the contractor in construction and supply of material.	The Project did not mention envisaged savings of energy.
The Government stated that the construction work and supply of material was awarded on			

<table>
<tr><td colspan="4">turnkey basis to the same firm. The route alignment for GSS was approved without any delay after submission of the same by contractor. The reply was not correct as the contract was awarded in August 2006 with scheduled completion in April 2007. However, the route alignment was approved in February 2007 which indicated slackness on the part of RRVPNL.</td></tr>
<tr><td>220 KV GSS Gangapur city and associated four lines</td><td>June 2012
(Not completed up to September 2012)
March to October 2011
(Two lines were completed in June/ July 2012 and two are yet to be completed – September 2012)</td><td>There was delay of 11 months up to September 2012. The delay was mainly in finalisation of lay out by RRVPNL.</td><td>129.03 LU
(₹ 5.78 crore) up to September 2012</td></tr>
<tr><td colspan="4">The Government stated that delay was procedural and the work order for GSS against Central labour rate contract (CLRC) could hardly be placed which took time as no contractor was ready to take work on CLRC. The work of associated lines was awarded to separate contractors which executed the work as per their available resources. The fact was that improper co-ordination led to delay in completion of GSS and associated lines thereby depriving RRVPNL of envisaged benefits.</td></tr>
<tr><td>132 KV GSS Baroli</td><td>March 2009
(January 2012)</td><td>Delay of 33 months due to inability of RRVPNL to complete civil and electrical work despite purchase of transformer in April 2010.</td><td>46.42 LU
(₹ 1.79 crore)</td></tr>
<tr><td colspan="4">The Government stated that GSS was commissioned in February 2011 and charged on low voltage level at 33 KV due to non-completion of associated lines. The fact of commissioning of GSS was not in consonance with the monthly progress report of RRVPNL which stipulated commissioning date as January 2012. Further, charging of GSS at low voltage would have added to transmission losses.</td></tr>
<tr><td>132 KV GSS Bapawar</td><td>March 2011
(Not completed up to September 2012)</td><td>The land was allotted during the year 2000, but GSS could not be completed due to delay in finalisation of lay out plan and non-availability of approach road in rainy season.</td><td>55.08 LU
(₹ 2.48 crore) up to September 2012</td></tr>
<tr><td colspan="4">The Government stated that the Board approved the scheme in 2010 but encroachments delayed the finalisation of electrical layout and construction activities. The reply was not convincing as despite award of land in the year 2000, RRVPNL could not ensure removal of encroachments which delayed construction activities.</td></tr>
<tr><td>132 KV GSS Atru and 132 KV Kawai-Atru line</td><td>March 2009
(December 2010)</td><td>Due to belated award of contract for construction of line in May 2009, delay in applying for clearance from forest and Power Telecom Coordination Committee (PTCC) and non-coordination with contractor. This attributed the project was delayed by 21 months.</td><td>65.91 LU
(₹ 2.56 crore)</td></tr>
<tr><td colspan="4">The Government stated that the approval of forest clearance and PTCC case was delayed as the contractor started the work very late. The Management did not indicate the delay attributed on its part for awarding the contract and belated applying for forest clearance and PTCC after awarding the contract for line.</td></tr>
</table>

132 KV SC line from 220 KV GSS Jhalawar to 132 KV GSS Bhawani Mandi	December 2007 (January 2008 and August 2009)	Delay of 19 months due to non-availability of railway clearance, tower material and resistance from cultivators and awarding of contract initially to a contractor which had submitted the incorrect profile of location and made incorrect survey.	34.75 LU (₹ 1.04 crore)
The Government accepted the facts.			
220 KV GSS Lakhesra	-	Improper land was identified initially by RRVPNL which was under nallah, existing temple, cremation ground and encroached by public which resulted in belated refund (October 2012) of ₹ 14.40 crore deposited (March 2011) with Jaipur Development Authority (JDA). Thus the project was delayed by more than three years.	Loss of interest of ₹ 2.16 crore for 18 months on refund amount of ₹ 14.40 crore
The Government stated that the amount had been received from JDA and alternate land was taken into possession by RRVPNL at Goner. However, the laxity on the part of RRVPNL in identification of land at Lakhesara resulted in blocking of funds for 18 months causing interest burden on RRVPNL.			
400 KV GSS Chomp	Not yet started	Possession of land could not be taken due to indecision on the part of RRVPNL for the ownership of land proposed. ₹ 15.40 crore deposited (February 2011) with JDA for allotment of land against the demand of ₹ 16.17 crore even though Whole Time Directors (WTD) accorded approval for deposit of full amount. The land was not acquired in the absence of decision to acquire the same in the name of subsidiary company. This resulted in blocking of ₹ 15.40 crore for 19 months upto September 2012.	-
The Government stated that the possession of the land could not be taken due to non-receipt of clearance for allotment of land by JDA in favour of Pinkcity Transmission Service Company Limited (Subsidiary of RRVPNL). The fact remained that indecision by RRVPNL about the ownership of allottee, at initial stage, not only resulted in blocking of funds but also delayed the project			
400 KV SC line from Dholpur Gas Thermal Power Station to Heerapura and 400 KV bay at Heerapura	November 2006 (February 2008) 400 KV bay was completed in May 2010	Due to delay by contractor in submission of drawings, design data and other documents, clearance from Ministry of Environmental and Forests, Railway and Aviation, the line was completed (February 2008) but could be utilized on full load, after delay of 27 months, in May 2010 after completion of 400 KV bay.	Penalty of ₹ 6.51 crore imposed on contractor for delay of 435 days in completion of line was waived by the RRVPNL.

The Government stated that there was delay for want of mandatory clearances from various departments and part of the line was commissioned on 220 KV voltage on 12 December 2007. The reply was not convincing as RRVPNL applied for clearances after delay of about 12 months from awarding of the contract which ultimately delayed the line work.			
400 KV Chhabra-Bhilwara line and Chhabra-Hindaun line	December 2008 (September 2010) December 2008 (April 2010)	Due to lack of preparatory activities, non-adherence of stringing schedule, non-availability of forest clearance, the lines could be completed with delay of 21 and 16 months respectively.	-
Government stated that forest clearance was involved in one section of lines which was received in December 2009. Both lines were completed before commercial operation of Unit-II of Chhabra TPS. The fact was that the lines were belatedly completed which deprived the envisaged benefits of commercial operation of unit-I.			
132 KV SC VKIA- Pratap Steel line	Work was awarded in January 2008 but not yet completed (September 2012)	Awarding of work without conducting proper line route survey, change in design of towers and refusal by contractor to work on revised design delayed the project.	-
The Government replied that the delays were due to non-availability of ROW, change in tower specification and due to space constraints. The reply was not convincing as the RRVPNL did not adhere to the recommendations of Task Force Committee for carrying out preparatory activities before execution of project.			
400 KV GSS Merta and 400 KV bay	Commissioned in June 2012	Due to lack of coordination between RRVPNL and contractor, delay in supplies by RRVPNL and short deployment of manpower by contractor, the GSS could be commissioned in June 2012. However, the RRPVPL procured power transformer in December 2008 prior to commissioning of transmission line (August 2010) and GSS (June 2012).	Transformer valuing ₹ 12.13 crore and 400 KV SC Jodhpur-Merta line valuing ₹ 44.27 crore could not be utilized for 41 months and 22 months respectively.
Government attributed the reasons for delay due to writ petition filed and Gurjar agitation. The reply was not correct since the delivery of transformer was received by RRVPNL prior to commissioning of line and GSS, as stated above. This had no relation with Gurjar agitation.			

Thus, improper planning and non-follow up of the recommendations of the Task Force Committee led to substantial delay in execution of above mentioned projects and consequently funds amounting to ₹ 56.40 crore remained blocked without yielding any benefit. RRVPNL was also deprived of envisaged energy savings in terms of reduction in system and transmission losses of 2055.79 LUs valuing ₹ 66.25 crore besides avoidable interest burden of ₹ 2.16 crore on the amount deposited with JDA for unsuitable land.

Mismatch between Generation Capacity and Transmission facilities

2.1.12 National Electricity Policy 2005 envisaged augmentation of transmission capacity keeping in view the planning of new generation capacities by generation companies to avoid mismatch between generation capacity and transmission facilities. The transmission facilities to be provided by RRVPNL to match the generation plans of Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL) and Rajwest Power Limited (RWPL) could not be provided in time due to delay in execution of transmission evacuation works. This resulted in mismatch between generation capacities and transmission facilities and consequent evacuation of power with the existing and already overloaded transmission lines.

We observed that in the following five out of the seven projects test checked during audit, RRVPNL could not complete the transmission network to match the generation plans of RRVUNL and RWPL.

Sl. No.	Project	RRVUNL/RWPL Generation Plans		RRVPNL's plan	Result of mismatch
		Schedule date of commissioning	Actual date of commissioning		
1	250 MW, Unit-6, SSTPS, Suratgarh	14 October 2008	29 August 2009	400/220 KV GSS at Bikaner and associated lines were completed between March 2010 and February 2011 against the scheduled completion date of October 2009.	RRVPNL was constrained to evacuate power from existing 220 KV systems for 18 months.
2	250 MW, Unit-1, CTPP, Chhabra	2 September 2008	30 October2009	The works for power evacuation system were completed during February 2009 to July 2011 against scheduled completion during December 2008 to October 2009.	RRVPNL was constrained to evacuate power from existing 220/132 KV systems.
3	250 MW, Unit-2, CTPP, Chhabra	2 December 2008	4 May 2010		
4	125 MW, Unit-2, GLTPP, Giral	15 June 2008	28 December 2008	220 KV two S/C Giral-LTPS-Barmer line completed in October 2009. 220 KV S/C Giral-LTPS-Baltoo and 220 KV Baltoo-Balotra lines were completed in October/November 2009 respectively.	RRVPNL was constrained to evacuate power from existing 220/132 KV systems for 18 months.
5	Unit 1 to 4 of 125 MW each of Rajwest LTPS at Barmer	April 2009 to October 2009	November 2009 to December 2011	400 KV D/c line from Rajwest LTPS-Jodhpur completed in February 2010 instead of schedule commissioning of March 2009.	The 400 KV line was charged on low voltage of 220 KV.

RRVPNL could not provide the power evacuation system in time to RRVUNL and RWPL despite the fact that RRVUNL and RWPL commissioned the generation projects beyond scheduled date. This indicated lack of planning of RRVPNL to commensurate with the generation plans and even it could not complete the power evacuation systems during the leverage available beyond scheduled commissioning of projects by RRVUNL and RWPL.

We further observed that:

- The works for power evacuation system[7] planned for two projects of 250 MW each at Chhabra Thermal Power Station were completed with delay ranging between 9 and 34 months against scheduled completion dates envisaged in work orders. Delay was attributable to delay in initiation of tender process, completion of civil works, delay in awarding erection works, right of way problems, delay in applying for forest clearance and non-receipt of forest clearance in time.

The Government stated that 220 KV S/C Chhabra TPS- Kawai-Baran-Dahra line with 220 KV Kawai GSS & 220 KV Baran GSS and one circuit of 400 KV D/C Chhabra TPS-Dahra line (Charged on 220 KV) were constructed before the synchronization date of unit #1 at Chhabra TPS. The fact remained that the transmission facilities were not ready for synchronization and RRVPNL was constrained to evacuate power from existing 220 KV systems. The Government also stated that the unit-1 of Chhabra TPS was commissioned on 11 June 2010 which was not correct as it was commissioned on 30 October 2009.

- There was gross mismatch in planning of construction of 400 KV D/C transmission line from Rajwest LTPS to Jodhpur and 400 KV Bay at Jodhpur end envisaged for power evacuation from Rajwest LTPS (unit I to IV) at Barmer as work order for construction of Bay was placed in May 2009 after two months of scheduled completion date (March 2009) of line. Further, the line could be completed (February 2010) with delay of 11 months against scheduled completion in March 2009 and the construction of bay was completed in June 2012. This was due to lack of co-ordination between RRVPNL and the contractor, delay in supplies by RRVPNL and shortage in manpower deployed by the contractor. Resultantly, line was connected through 220 KV Dhorimana bay.

The Government replied that due to delay on part of contractor 220 KV Rajwest LTPS- Dhorimanna line could not be commissioned on time and 400 KV DC Rajwest LTPS-Jodhpur line was charged on 220 KV voltage level. The reply was not convincing in view of the fact that power was evacuated through the existing 220 KV system as the transmission facilities were not ready for synchronization.

7 400 KV Chhabra TPS-Bhilwara line, 400 KV S/C Chhabra TPS-Hindaun line,400/220 KV GSS Hindaun, 220 KV Chhabra TPS-Jhalawar line, 400/220 KV 315 MVA GSS Bhilwara, LILO of 400 KV Dholpur-Heerapura line at Hindaun end, 220 KV D/C Hindaun (400 KV)-Hindaun Line (220 KV), 220 KV S/C Hindaun (400 KV)-Mandawar line, LILO of 220 KV S/C Bhilwara-Pali line at GSS Bhilwara, LILO of 220 KV S/C Bhilwara-Bali line at GSS Bhilwara and 220 KV GSS Kawai.

- RRVPNL despite aware of the fact that 250 MW unit-VI at Suratgarh was scheduled to be commissioned in October 2008, belatedly awarded (April 2008) contract for construction of 400/220 KV GSS at Bikaner with scheduled completion in October 2009. Further, the other works[8] relating to power evacuation system from this unit were completed with a delay ranging between five and 18 months from the schedule date of commissioning of the unit.

The Government stated that the existing evacuation system was adequate to evacuate the total available generation from Suratgarh TPS. The reply put a question on need of extra evacuation system for STPS Unit-6 since the entire evacuation could be managed through existing system.

As regards GLTPP, the Government stated that the unit #1 of GLTPP was not generating to its full capacity therefore the existing system was sufficient to evacuate the generation for both units. The reply was not convincing as the power was evacuated through the existing 220 KV system for 18 months. The fact, however, remained that the transmission facilities were not ready for synchronization.

Construction of GSSs and lines without assessing load requirements

2.1.13 For construction of a GSS and line, the load growth and anticipated increase in future demand along with permissible limits of voltage regulations are required to be considered mandatory, prior to taking up of the project, so that unnecessary expenditure can be avoided. The load forecasts for the proposed new schemes should also consider the anticipated physical and financial benefit to be derived.

RRVPNL constructs transmission system on the basis of the proposals of Distribution Companies (DISCOMs) *i.e.* Jodhpur Vidyut Vitran Nigam Limited (JdVVNL), Ajmer Vidyut Vitran Nigam Limited (AVVNL) and Jaipur Vidyut Vitran Nigam Limited (JVVNL). The proposals of DISCOMs are analysed keeping in view the techno-economic considerations which are based on RERC (Investment Approval) Regulations 2006.

We observed that in following two cases RRVPNL constructed GSS and lines without carrying out load flow study:

(I) Based on the revised (July 2005) proposal of JdVVNL for construction of 132 KV GSS at Khajuwala and 132 KV Khajuwala-Gharsana line with envisaged load of 17.45 MVA and annual energy savings of 26.806 LUs (₹ 1.04 crore), RRVPNL completed the project by October 2008 and September 2008 respectively at the cost of ₹ 14.60 crore.

We, however, noticed that RRVPNL before construction of the project did not estimate the probable load. RRVPNL also did not consider the financial viability of the project in terms of net present value of all the benefits accruing during the estimated life span (25 years) of the project which as per RERC guidelines indicated loss of ₹ 2.41 crore. Further, against the envisaged load of 17.45 MVA, the actual load during 2009-10, 2010-11 and 2011-12 was 9.50 MVA, 5.63 MVA and 7.31 MVA respectively.

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8 400 KV S/C Suratgarh TPS-Bikaner line, LILO of 220 KV S/C Bikaner-Nagaur line and LILO of 220 KV S/C Bikaner-Sri Dungargarh line.

We observed that the RRVPNL besides violation of RERC guidelines of financial prudence in construction of transmission system had put additional burden of ₹ 10.02 lakh[9] towards operation and maintenance (O&M) charges on the consumers of DISCOMs during 2009-10 and 2010-11 and will continue till the GSS assumes envisaged load as the O&M charges of the GSS are debited to DISCOMs in the ARR.

The Government replied that the projection of load at the proposed 132 KV GSS was done as per the forecast by the DISCOMs and even the actual load recorded at the GSS was regulated by the DISCOMs. Therefore, RRVPNL had no control on the actual load recorded at the GSS. It further stated that it was technically feasible to construct GSS being the remote and border area and for feeding uninterrupted power supply to Indira Gandhi Nahar Project (IGNP) and Public Health and Engineering Department (PHED). The reply was not convincing as the GSS was not a deposit work and solely dedicated for PHED and IGNP. Further, financial prudence was overlooked in construction of GSS as it indicated a negative net present value and the GSS remained underutilized during 2009-12.

(II) RRVPNL constructed (January 2008) 132 KV GSS Kanwari at a cost of ₹ 3.49 crore on the proposal (February 2006) of JVVNL which envisaged 31.50 MVA load and annual energy savings of 28.82 LUs valuing ₹ 1.11 crore. We noticed that after construction of the GSS, it never achieved the envisaged load and the peak load was 5.09 MVA, 6.2 MVA, 7.43 MVA and 10.69 MVA during 2008-09, 2009-10, 2010-11 and 2011-12 respectively, which was much below than the envisaged load.

We also observed that the decision of construction of GSS Kanwari was in violation of clause 1.3 (1) (i) of RERC (Investment Approval) Regulations 2006) which provided that 'in rural area, distance between new 132 KV GSS from existing GSS should normally be not less than 30 Kms, unless load concentration so warrants'. In the instant case, 220 KV GSS (200 MVA) Jhalawar and 132 KV GSS (37.50 MVA) Bhawani Mandi were 20 Kms away from Kanwari and the transformers installed there had not achieved installed capacity. Further, both the GSSs were capable of further augmentation upto 400 MVA and 150 MVA respectively as prescribed under clause 3.6.1 of the said regulations, in case of concentration of load.

Thus, construction of new GSS at Kanwari without any requirement was contrary to the guidelines of RERC which led to blocking of funds of ₹ 3.49 crore along with additional burden of ₹ 24.04 lakh[10] on the consumers of DISCOMs towards O&M charges of GSS during 2008-12. This burden would continue till actual requirement of new GSS at Kanwari arose as the O&M charges of the GSS were debited to DISCOMs in the ARR.

The Government stated that the technical parameters for the proposal were as per guidelines of RERC. The reply was not convincing as the criteria of distance from nearby GSS set by RERC was not followed and the option to augment nearby GSSs *i.e.* Bhawani Mandi and Jhalawar up to permissible

9 (Envisaged load - Actual maximum load during three years) X 3 years X ₹ 42000.
10 (Envisaged load - Actual maximum load during four years) X 4 years X ₹ 42000.

limit was not exercised. Besides, the actual load was far below the envisaged load.

Performance of transmission system

2.1.14 Supply of quality power with minimum interruptions depends on efficient maintenance of its EHT transmission network. In the course of operation of GSSs and lines, the supply-demand profile within the constituent sub-systems is identified and system improvement schemes are undertaken to reduce line losses and ensure reliability of power by improving voltage profile. These schemes are for augmentation of existing transformer capacity, installation of additional transformers, laying of additional lines and installation of capacitor banks. The performance of RRVPNL as regards O&M of the system is discussed in the subsequent paragraphs.

Transmission capacity

2.1.15 RRVPNL constructs lines and GSSs at different EHT voltages to evacuate power from Generating Stations and to meet the load growth in different areas of the State. A transformer converts alternate current (AC) voltage and current to a different voltage and current at a very high efficiency. The voltage levels can be stepped up or down to obtain an increase or decrease of AC voltage with minimum loss in the process. The evacuation is normally done at 220 KV GSSs. The transmission capacity (*i.e.* total transmission capacity at 220 KV transformers) created vis-à-vis the transmitted capacity (peak demand met) at the end of each year by RRVPNL during five years ending March 2012 are as follows:

Transmission capacity (in MVA)				
Year	**Installed**	**After 30 *per cent* margin**	**Peak demand including non-coincident demand**	**Excess/shortage (3-4)**
(1)	**(2)**	**(3)**	**(4)**	**(5)**
2007-08	10605	7423.50	5620.20	1803.30
2008-09	11705	8193.50	6162.62	2030.88
2009-10	12805	8963.50	6928.28	2035.22
2010-11	15255	10678.50	7517.17	3161.33
2011-12	17425	12197.50	7681.81	4515.69

The table above indicates that the overall transmission capacity of RRVPNL was always in excess of the peak demand in every year. In comparison to peak demand, the excess capacity was 32.09 *per cent* in 2007-08 and increased to 58.78 *per cent* in 2011-12. The existing transmission capacity excluding 30 *per cent* towards redundancy worked out to an excess of 4515.69 MVA at the end of March 2012 which worked out to ₹ 158.05 crore (₹ 3.50 crore per 100 MVA PTR based on latest purchase order of January 2010) which was passed on to the consumer. We noticed that even though the annual peak demand (4995.96 MVA) at the end of March 2007 was already on lower side related to the installed transmission capacity of 7283.50 MVA[11] but RRVPNL continued to add through augmentation of GSSs and lines as discussed in preceding paragraphs. Existence of extra/idle capacity in the transmission network and

11 70 *per cent* of total transmission capacity (10405 MVA) in March 2007.

prevalence of overloads, high voltages on certain places reflects unscientific planning in creation of transmission network.

The Government accepted the fact of higher capacity and stated that GSSs were augmented on recording of 75 *per cent* of transformer capacity on the GSS and the allowed redundancy and spare constraints were essential to maintain system reliability/stability. However the reply was in deviation to the recommendation of working group on power for 11th plan stipulating 30 *per cent* margin of transmission capacity.

Sub-stations

Adequacy of Sub-stations

2.1.16 Manual on Transmission Planning Criteria (MTPC) issued by CEA prescribes maximum permissible capacity of 1000 MVA for 400 KV GSS, 320 MVA for 220 KV GSS and 150 MVA for 132 KV GSS. Maximum capacity for different GSSs in Rajasthan prescribed under clause 3.6.1 of RERC (Investment Approval) Regulations 2006 is 1000 MVA for 400 KV GSS, 400 MVA for 220 KV GSS and 150 MVA for 132 KV GSSs. Further, clause 1.3 (Annexure-I) of the said regulations also provides that the dedicated transmission system shall conform the requirement of design criteria.

Our scrutiny however revealed that RRVPNL did not adhere either to guidelines of MTPC or RERC and maximum capacity levels as on March 2012 at 400 KV GSS Heerapura, 220 KV GSS at Khetrinagar, Bhilwara and Heerapura were 1065 MVA, 455 MVA, 420 MVA and 520 MVA respectively which were in excess of the prescribed limits. Further four numbers[12] of 132 KV GSSs also exceeded the permitted level of 150 MVA.

Clause 5.3 (b) of RERC (Rajasthan Electricity Grid Code) Regulations 2008 provides that in all GSSs of 132 KV and above, at least two transformers shall be provided. It further provides that on 132 KV GSS where it is possible to arrange alternative supply at 33 KV within five minutes of outage of 132 KV transformers, then the provision of one transformer may be considered acceptable in first phase. In existing GSSs where only one transformer exists, second transformer shall be installed as per investment plan in phased manner. A provision of two transformers shall be kept while designing a new 132 KV GSS.

We observed that RRVPNL, in contravention to the said guidelines did not provide two transformers at 64 GSS of 132 KV as on March 2012. Further, the investment plans of RRVPNL also did not include provision of additional transformer at five 400 KV GSSs and 12 GSSs of 220 KV.

The Government stated that MTPC issued by CEA were not mandatory in nature and marginal deviations were on account of prevailing field conditions. It was also stated that existing transformers were being replaced by higher capacity transformers. In case of installation of second transformer, it was stated that based on the load growth/recorded (about 75 *per cent)* on first transformer, second transformer would be commissioned. Simultaneous

12 132 KV GSS Chambal (180 MVA), 132 KV GSS Jawahar Nagar (175 MVA), 132 KV GSS VKIA at Jaipur (175 MVA) and 132 KV GSS Kota Industrial Area, Kota (158 MVA).

installation of two transformers may result in un-utilised capacity especially in remote/rural/desert areas of the State. However, the fact was that RRVPNL did not follow the MTPC issued by CEA.

Voltage management

2.1.17 Clause 5 of the MTPC stipulates maintenance of steady state voltage limits to provide quality power and to reduce the transmission losses. Further, Clause 5.2 (s) of Indian Electricity Grid Code Regulations 2010 (Grid Code) also stipulates that all users *viz.* RLDC, SLDC STUs, CTU and NLDC shall take all possible measures to ensure that the grid voltage always remain within the permissible operating range. The maximum and minimum voltage level prescribed by MTPC and Grid code for different category GSSs and actual voltage level maintained by RRVPNL in Jaipur Zone during 2007-12 is as below:

Category of GSS	Minimum/Maximum level prescribed by MTPC and Grid Code	No. of GSSs of rated capacity	No. of GSSs where voltage level not maintained	Minimum/maximum voltage recorded on the transformer
400 KV	380/420	2	2	365/440
220 KV	198/245	29	23	117/250
132 KV	122/145	125	110	93/148

It could be seen that to maintain the prescribed level of voltage as in case of 400 KV GSS none of the transformers were within prescribed range while in case of 220 KV and 132 KV GSS, 79 *per cent and* 88 *per cent* respectively of the transformers did not maintain the prescribed level. The variation in minimum and maximum level at 400 KV was ranging between 3.95 and 4.76 *per cent* while in case of 220 KV and 132 KV GSS the same was ranging between 40.91 and 2.04 *per cent* and 23.77 and 2.07 *per cent* respectively.

The Government replied that due to deviation in the State generation and allocation from Central Generators against the presumed condition, the voltage profile of a region was affected and when the reactive power balance was not maintained, the voltage of STS would be high or low. The maximum and minimum voltages recorded at the GSSs were at a particular instant of time which were normally temporary in nature and could not be adjusted instantaneously. Since the system had the capabilities to withstand marginal deviation for short period of time the reactive compensation was carried to normalize the voltage. However, as stated above, there had been significant deviation in actual voltage recorded at various GSSs of RRVPNL from the limits prescribed by MTPC/Grid Code. Besides, there should not be any fluctuation in the voltage, if there had been system of capabilities of reactive compensation as stated by Government.

EHT lines

2.1.18 Permissible line loading limit depend on many factors such as voltage regulation, stability and current carrying capacity (thermal capacity) etc. As per MTPC permissible line loading cannot normally be more than the Thermal Loading Limit (TLL). The TLL limits the temperature attained by the energized conductors and restricts sag and loss of tensile strength of the lines. The TLL limits the maximum power flow of the lines. As per MTPC the maximum TLL of ACSR[13] MOOSE 520 sq. mm, ZEBRA 420 sq. mm and PANTHER 210 sq. mm conductor used at 400 KV, 220 KV and 132 KV line respectively at 45°C ambient temperature is 595 ampacity (amps), 546 amps and 366 amps respectively.

The following table depicts load on various categories of lines of Jaipur Zone during 2007-12.

Type of conductor	TLL (in Amps)	Total no. of feeders	No. of feeders where Amps recorded more than TLL	Maximum Amps recorded
Zebra	546	82	45	787
Panther	366	303	104	600

It could be seen that out of 385 feeders having various types of conductor, 149 (38.70 *per cent*) feeders were having load more than the prescribed limit. The maximum recorded Amps on ZEBRA and PANTHER conductor at various feeders was 144 and 164 *per cent* respectively against the prescribed limit. Excess loading of the lines beyond capacity would cause voltage fluctuations, higher transmission losses and frequent interruptions/breakdowns.

The Government stated that MTPC guidelines must be kept in mind while planning/operation of the transmission system but not mandatory. It further stated that the peak load was not continuous and for a short duration. The TLL depended on various factors and accordingly the transmission line could also be loaded to TLL for a specific period without observing any contingency/outage in the system. The fact remained that feeders/lines were considerably overloaded in contravention to the prescribed TLL limits.

Bus Bar Protection Panel (BBPP)

2.1.19 Bus bar is used as an application for interconnection of the incoming and outgoing transmission lines and transformers at an electrical GSS. BBPP limits the impact of the bus bar faults on the entire power network which prevents unnecessary tripping and selective to trip only those breakers necessary to clear the bus bar fault. As per Grid norms and Best Practices in Transmission System, BBPP is to be kept in service for all 400 KV and 220 KV SSs to maintain system stability during Grid disturbances and to provide faster clearance of faults on 400 KV and 220 KV buses. Our scrutiny revealed that as on 31 March 2012 though BBPPs were installed at all the nine 400 KV GSSs but BBPP at 400 KV GSS Bikaner and Surpura were out of service since October 2011 and December 2011 respectively. Further, out of 89 feeders of 220 KV at 400 KV GSS and 220 KV GSS, BBPPs were installed only at 24 feeders out of which nine BBPPs were not in use since October 2006/February 2012 due to non-operational/defective bays, defects in communication scheme and extension of 220 KV switchyards.

The Government while accepting the fact of non-installation of BBPPs replied that the tenders for purchase of BBPPs had been opened and were under evaluation. The defective BBPPs at 400 KV GSSs had been rectified and were working satisfactorily. The fact remained that BBPPs were not installed at all the feeders.

13 Aluminum Conductor Steel Reinforced.

Maintenance

Working of hot lines division/sub divisions

2.1.20 Regular and periodic maintenance of transmission system is of utmost importance for its un-interrupted operation. Apart from scheduled patrolling of lines following seven techniques are prescribed in the Report of the Committee for updating the Best practices of Transmission in the country for maintenance of lines:

- Hot Line Maintenance
- Hot Line Washing.
- Hot line Puncture Detection of Insulators.
- Preventive Maintenance by using portable earthing hot line tools.
- Vibration Measurement of the line.
- Thermo-scanning.
- Pollution Measurement of the equipment.

The hot line technique (HLT) envisages attending to maintenance works like hot spots, tightening of nut and bolts, damages to the conductor, replacement of insulators etc. of GSSs and lines without switching off. This includes thermo scanning of all the lines and GSSs towards preventive maintenance. HLT was introduced in India in 1958. We observed that RRVPNL did not establish any hot line division/sub-division till March 2012 to maintain the above stated maintenance of transmission system.

The Government accepted the fact and stated that RRVPNL was also intending to establish hot line division/sub-division.

Transmission losses

2.1.21 While energy is carried from the generating station to the consumers through the Transmission & Distribution (T&D) network, some energy is lost in this process which is termed as T&D loss. Transmission loss is the difference between energy received from the generating station/Grid and energy sent to DISCOMs. While CEA has prescribed a maximum of four *per cent* norms for transmission losses, RERC has also approved target limits for maintaining the transmission loss for each financial year. The details of transmission losses from 2007-08 to 2011-12 in comparison of CEA and RERC norms is given below:

Particulars	Unit	Year				
		2007-08	2008-09	2009-10	2010-11	2011-12
Power received for transmission	MUs	36716.712	38870.717	44204.831	47210.456	51125.858
Net power transmitted	MUs	34519.118	36460.397	41500.721	44580.726	47977.608
Actual Transmission loss	MUs	2197.594	2410.320	2704.110	2629.730	3148.250
	Percentage	5.99	6.20	6.12	5.57	6.16
Target Transmission losses per the CEA norm	Percentage	4.00	4.00	4.00	4.00	4.00
Target Transmission loss as per RERC norms	Percentage	4.40	4.40	4.40	4.40	4.20
Transmission loss in	MUs	582.059	700.008	759.097	552.470	1000.964

Particulars	Unit	Year				
		2007-08	2008-09	2009-10	2010-11	2011-12
excess of RERC norms (Valued at average cost of power purchase by DISCOMs)	Rate per unit (in ₹)	3.28	3.16	3.04	2.98	2.98[14]
	₹ in crore	190.92	221.20	230.77	164.64	298.29

The transmission losses in RRVPNL during 2007-08 to 2011-12 were always more than the prescribed norms of CEA and targets fixed by RERC. Against CEA norms of four *per cent* the transmission losses were ranging between 5.57 *per cent* (2010-11) and 6.20 *per cent* (2008-09). During the period 2007-08 to 2011-12 value of transmission loss in excess (3594.598 MUs) of the RERC target limits was ₹ 1105.82 crore which was suffered by DISCOMs due to in-efficiency of RRVPNL.

We observed that RRVPNL incurred capital expenditure of ₹ 7286.25 crore during 2007-12 on system improvement with the objective to supply quality and reliable power and to reduce transmission losses. However, the investments/investment plans did not effectively contribute reduction of losses as there was no major reduction in transmission losses during 2008-09 to 2011-12. In-efficiency of RRVPNL to maintain transmission losses within prescribed limits of RERC put an additional burden on DISCOMs and consequently on consumers.

We further observed that RERC while issuing (August 2009) Multi Year Tariff (MYT) order directed RRVPNL to undertake detailed system study to identify and priortise transmission schemes that could reduce congestion/improve system parameters/reduce transmission losses and submit the same to RERC during annual performance review for 2009-10. RRVPNL, however, did not adhere to the directions and no such study was undertaken and submitted to RERC to ensure commitment for reduction in transmission losses.

The Government stated that there could not be uniform norms of T&D losses for whole country as losses depends on transmission system corresponding to geographically area, load center/load pattern and location of generating station. In Rajasthan transmission system was relatively larger and the losses included in the above table were inclusive of losses outside the state whereas RERC gave yearly targets only for losses within state. It further stated that the transmission losses within state were slightly higher than the target set by RERC but were on reducing trend. The fact, however, remained that the transmission losses were higher than the norms fixed by CEA/RERC. The Government also stated that RRVPNL had already undertaken detailed system study as per RERC directions but the same was not found submitted to RERC on record.

Transmission standards of performance

2.1.22 RERC issued (July 2004) 'Transmission Licensee's Standards of Performance Regulations 2004' (Performance Standards) for providing an efficient, reliable, coordinated and economical system of electricity supply and transmission by RRVPNL. The objectives of the performance standards were:

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14 In absence of average cost of power purchase for the year 2011-12, transmission losses have been valued at the cost of 2010-11.

- To ensure that the Grid Performance meets a minimum standard which is essential for the user's system demand and the equipment function properly;
- To enable the users to design their systems and equipment to suit the electrical environment that they operate in;
- To enhance the quality standards of the State Transmission System in order to move towards standards stipulated in or established under the authority of National and State Acts and Rules in the short term and gradually moving towards international standards in the long term;
- To provide quality of power at the interface point of 33 KV and 11 KV lines emanating from wind farm or other generating stations and terminating at RRVPNL EHV GSS.

The performance standards were to be implemented in three stages *i.e*. (i) Preliminary Stage- one year immediately following approval of these standards, (ii) Transition Stage-Time period spreading upto two years after preliminary stage (iii) Final Stage- Period after expiry of Transition Stage.

Analysis of the records, however, revealed that the performance of RRVPNL towards achieving/adhering the standards prescribed was not as per RERC guidelines. Our scrutiny revealed that:

- Voltage unbalance in various categories of transformers was always more than the prescribed level[15] of RERC during 2007-08 to 2011-12. Against prescribed level of two *per cent* for 400 KV, the voltage unbalance during 2007-12 was ranging between 2.70 and 21.69 *per cent.* In case of 220 KV and 132 KV the voltage unbalance was ranging between 4.54 and 7.28 *per* cent and 4.02 and 15.80 *per* cent respectively. Further, in case of 33 KV and 11 KV, the same was ranging between 5.17 *per cent* and 35 *per cent* and 3.37 and 12 *per cent* respectively against the prescribed limit.
- The performance standards prescribed that the current unbalance should not be more than three *per cent* and would apply on all the feeders of voltage class emanating from sub-station taken as group. We noticed that RRVPNL did not measure the current unbalance on the feeders till 2010-11 in absence of which the performance could not be measured. The current unbalance on various feeders during 2011-12 was as below:

Feeder	**400 KV**	**220 KV**	**132 KV**	**33 KV**	**11 KV**
Current Unbalance (Percentage)	13.09	12.24	17.44	16.94	14.94

- Harmonics affect system operation and life of the equipments. The performance standards prescribed that Total Harmonic Distortion (THD) should not exceed one *per cent* at the inter-connection point of EHV system in final phase. The measurement was to be taken at 10 minutes interval and should last for one week per site. It was also prescribed that wherever THD exceeds the limit or individual

15 220 KV and above- two *per cent* and below 220 KV- three *per cent.*

harmonics exceeds 0.5 *per cent*, RRVPNL should measure harmonics with and without load/generating stations to ascertain the origin. We however, noticed that the instrument having provision for reading harmonics was not installed by RRVPNL till March 2011 and in absence of this the effects of harmonics on the life of instruments could not be commented. During 2011-12, THD was 4.70 *per cent.*

The Government stated that the voltage imbalance was due to imbalance of load at interconnection point with DISCOM. RRVPNL was not able to comply with this requirement of Regulation. It further stated that it had tried to identify equipment which could carry out the measurement as required by the Commission. However, Multi Function Meters were being installed to collect THD data.

Voltage Variation Index (VVI)

2.1.23 VVI represents the degree of voltage variation from nominal value over a specified period of time. RERC prescribed that VVI on annual basis shall not exceed the limit of one *per cent* for voltage levels of 220 KV, 132 KV and 66 KV and in respect of 400 KV nominal voltage the VVI shall not exceed 1.125 *per cent.* The performance of RRVPNL there against is as under.

(Figures in percentage)

Nominal Voltage (KV)	Target	2007-08		2008-09		2009-10		2010-11		2011-12	
		higher voltage	lower voltage	higher voltage	lower voltage	higher voltage	lower voltage	higher voltage	lower voltage	higher voltage	lower voltage
400	±1.125	3.06	1.42	2.29	0.94	1.71	1.24	2.36	1.74	3.35	0.65
220	±1	3.20	1.83	3.75	1.76	1.83	1.08	3.55	2.79	3.27	1.92
132	±1	1.52	3.21	3.29	3.48	1.16	1.41	1.91	2.51	1.59	2.26
33	±1	2.6	2.37	3.49	2.85	1.38	1.30	1.93	2.09	1.72	1.92
11	±1	2.12	2.20	3.27	2.23	1.22	1.08	1.91	1.56	1.50	1.48

It could be seen that the performance of RRVPNL towards adhering the VVI norms of RERC was inferior.

As per clause 11 of the Standard Performance Regulations, an Annual Review Committee was to be formed by RRVPNL and its recommendations were to be submitted to RERC for approval. We noticed that RRVPNL did not form the committee to review the annual performance towards implementation of the performance standards prescribed by RERC.

The Government replied that voltage variation in 400/220/132/33/11 KV system could not be controlled as these were interrelated and connected to regional grid. It further stated that the performance was reviewed every month by protection wing/protection committee constituted under REGC. However, nothing was found on record about formation of committee as well as annual review as per SOP prescribed by RERC.

Grid Management

Maintenance of Grid and performance of SLDC

2.1.24 Transmission and Grid Management are essential functions for smooth evacuation of power from generating stations to the DISCOMs/consumers. Grid Management ensures moment-to-moment power balance in the interconnected power system to take care of reliability, security, economy and efficiency of the power system. Grid management in India is carried out in accordance with the standards/directions given in the Grid Code issued by CEA. The Rajasthan State Load Despatch Centre (RSLDC), Heerapura, Jaipur, a constituent of Northern Region Load Despatch Centre (NRLDC), New Delhi came into existence (December 2004) to ensure integrated operation of power in the State. The operations of RSLDC are controlled and managed by RRVPNL. RSLDC is assisted by four [16] Sub/Area Load Despatch Centres (Sub-LDCs/ALDCs) for data acquisition/transfer and supervisory control of 400/132 KV GSSs equipments. The RSLDC levies and collect such fees and charges from the generating companies and licensees engaged in intra-state transmission of electricity as specified by the RERC.

Infrastructure for load monitoring

2.1.25 Remote Terminal Units/Sub-station Management Systems (RTUs/SMSs) are essential for monitoring the efficiency of the transmission system and loads during emergency in load despatch centres as per the Grid norms for all GSSs. We observed that out of 418 GSSs of 400/220/132 KV and 11 generators as on March 2012, only 71 GSSs (17 *per cent*) and eight (73 *per cent*) of generators were provided with RTUs for recording real time data for Efficient Energy Management System. Further, though the Sub-LDCs and RSLDC were integrated among themselves but none of the four Sub-LDCs had any data storing or back up facilities.

The Government replied that RRVPNL had ordered for procurement, installation and commissioning of 70 RTUs and the work was in progress. It further stated four Sub-LDCs were interconnected to SLDC, Heerapura and the data of four Sub-LDCs was being stored at Sub-LDC level as well as SLDC, Heerapura. The fact remains that all the GSSs and generators will still remain without RTUs even after new order of 70 RTUs. As regards data storing facility at Sub-LDC level is not in consonance with the reply (May 2012) given by Superintending Engineer (SCADA) which stated that the provision of data storing/back up facilities had been included in ULDC phase-II, scheduled to be completed by the end of year 2013.

Grid discipline by frequency management

2.1.26 Indian Electricity Grid Code provides that SLDCs shall take all possible measures to ensure that the grid frequency always remains within the 49.5 –50.2 Hz band to ensure efficient functioning and to prevent sudden collapse of the Grid. Keeping in view the safety of Grid, RERC also issued (May 2008) Grid Code, clause 11.3 of which provides that all the constituent members of the Grid are expected to maintain a system frequency between 49 and 50.5 Hertz (Hz). However, due to various reasons such as shortages in generating capacities, high demand, Grid indiscipline in maintaining load generation balance, inadequate load monitoring and management, Grid frequency goes below or above the permitted frequency levels. To enforce the Grid discipline NRLDC issues three (A, B, C) types of violation messages. 'A' type message is issued when the frequency is less than 49.2 Hz and over-drawal is more than 50 MW or 10 *per cent* of schedule whichever is less while 'B' type message is issued when frequency is less than 49.2 Hz and over-drawal is between 50 and 200 MWs for more than ten minutes or 200 MW for

16 Heerapura, Ratangarh, Bhilwara and Kota.

more than five minutes and 'C' type messages are of serious nature and are issued 15 minutes after the issue of 'B' type message when frequency continues to be less than 49.2 Hz and over drawal is more than 100 MW or ten *per cent* of the schedule, whichever is less.

We noticed that NRLDC issued 65 'C' type messages to RRVPNL during July 2009 to March 2012. Prior to July 2009 there was no system in force to record the violation messages. Failure of RRVPNL to maintain Grid discipline led to penalty of ₹ 6 lakh by CERC in May 2009.

The Government stated that the management of load as per schedule was primarily the responsibility of distribution licensee and as soon as a message was received from NRLDC, SLDC took immediate action and directed the distribution licensee to restrict drawal as per schedule. It further stated that an appeal was filed in APTEL wherein the order of CERC imposing penalty of ₹ 5 lakh, against penalty of ₹ 6 lakh, was set aside.

Planning for power procurement

2.1.27 RRVPNL draws long term supply plan taking into account the contracted generation capacity, allocation from central sector and future committed projects and evolve net additional requirement of power in consultation with the DISCOMs. It also draws day-ahead plan for assessing its day to day power requirement. The details of total requirement of the State, total power supplied and shortage of power for the five years 2007-08 to 2011-12 are given below:

(Figures in MUs)

Sl. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
1	Total power requirement	37386	38453	44542	46592	51900
2	Total power supplied[17]	34519	36460	41501	44581	47978
3	Power short supplied	2867	1993	3041	2011	3922
4	Percentage of shortage	7.67	5.18	6.83	4.32	7.56

Against total power requirements of State the actual supply was ranging between 92.33 *per cent* and 95.68 *per cent*. The shortfall in supply though reduced to 5.18 *per cent* and 4.32 *per cent* in 2008-09 and 2010-11 respectively but again increased to 7.56 *per cent* in 2011-12, almost equal to the level of 2007-08.

The gap in demand and supply position leads to variation between actual generation/ or actual drawal and scheduled generation or scheduled drawal which is accounted through Unscheduled Interchange (UI) charges, worked out by RSLDC for each 15 minutes time block. UI charges are levied for the supply and consumption of energy in variation from the pre-committed daily schedule. This charge varies inversely with the system frequency prevailing at the time of supply/consumption. Hence it reflects the marginal value of energy at the time of supply. The levying of UI charges acts as a commercial deterrent to curb over drawals from Central Generating Stations (CGS) during low frequency conditions.

17 Including generation, short and long term purchases and drawal from Central Generating Stations.

During 2007-08 to February 2012, RRVPNL paid UI charges valuing ₹ 3624.02 crore[18]. The UI drawals during this period were as high as ₹ 9.20 per unit.

The Government while accepting the facts and figures stated that the financial liability of UI charges lies on distribution licensees.

Disaster Management plan

2.1.28 Disaster Management Plan (DMP) aims at mitigating the impact of major break down in the transmission system and restoring it in the shortest possible time. As per the Report (2002) of the Committee on 'Best Practices in Transmission System in the Country's, DMP should be set up by all power utilities for immediate restoration of the transmission system in the event of a major failure. DMP is to be carried out by deploying Emergency Restoration System, DG sets, vehicles, fire-fighting equipments, skilled and specialised manpower. It aims at carrying of mock drills for starting up generating stations operations during black start[19]. Disaster Management Centre, NLDC, New Delhi acts as Central Control Room in case of disasters. As a part of disaster management programme, RRVPNL carried out mock drills quarterly at GSSs to meet crisis/disaster situations.

We noticed that the co-ordination committee of power sector companies of Rajasthan approved (May 2009) DMP, which *inter alia* considered necessary various actions and facilities as preventive/mitigation measures to minimize the impact of disaster and crisis.

2.1.29 We observed that RRVPNL did not implement the DMP broadly as mobile DG sets, synchronoscopes and vehicles in good condition were not available at centralized location for immediate mobilisation of manpower and material to provide relief and to meet the need of dewatering pumps. Further, vulnerable centres having highest risk were also not identified. Besides these, neither fire alarms and extinguishing systems were installed at all places nor periodically comprehensive state-wide drills were carried to test the capabilities.

The Government stated that the Disaster Management Plan was being implemented. RRVPNL had made necessary arrangements at some important sub-stations. The fact remained that the Disaster management Plan approved (May 2009) by the RRVPNL was yet to be implemented fully (September 2012).

Energy Accounting and Audit

2.1.30 Energy accounting and audit is a necessary and crucial step towards assessment and reduction of transmission losses. The transmission losses are calculated from the Meter Reading Instrument (MRI) readings obtained from Generation to Transmission (GT) and Transmission to Distribution (TD) Boundary metering points. As on March 2012 there were 649 interface boundary metering points between GT (155) and TD (494). It was noticed that against 0.2s accuracy class of meter prescribed under RERC (Metering)

18 2007-08 - ₹ 725.53 crore, 2008-09 – ₹ 720.24 crore, 2009-10 – ₹ 468.73 crore, 2010-11 – ₹ 898.01 crore and 2011-12, upto February – ₹ 811.51 crore.

19 The procedure necessary to recover from partial or a total black out.

Regulations 2007 as minimum acceptable specification for interface and energy accounting and audit meters only 71 GT points were provided 0.2s class meters while 57 and 14 GT points were provided with 0.5 and 1.0 class meters respectively. Further, of 494 TD points only 176 points were provided with 0.2s class meters while 266 and 39 TD points were provided with 0.5 and 1.0 class meters respectively. The remaining 13 GT and 13 TD points were not provided with meters of any type.

A further analysis of annual statistical statements of TCC-I revealed that out of 25 GSS as on March 2012, no meters were provided on three, two and 11 GSSs during 2009-10, 2010-11 and 2011-12 respectively. Besides this, meters on eight GSSs were defective in 2009-10 and 2010-11 and were showing 100 *per cent* losses. The transmission losses recorded on the metered GSSs ranged between 0.07 and 3.47 *per cent*, 0.04 and 7*.51 per cent* & 0.17 and 3.30 during 2009-10, 2010-11 and 2011-12 respectively.

Thus, progress of RRVPNL towards measurement of transmission losses was not satisfactory as all the GT and TD points were not provided with meters/prescribed accuracy class of meters. Further, non-replacement of defective meters and usage of different accuracy class meters at input and output points led to un-realistic recording of transmission losses at GSSs. Besides this, RRVPNL was not having system of recording feeder wise losses on monthly basis and appraising the same to the higher authorities.

The Government accepted that at few points either meters were not installed or meters of other than 0.2s class were installed. In such cases energy readings were obtained from meters installed on transformers operating in parallel. It further stated that purchase of meters/obtaining energy data from meters on BOT basis was in progress. However the fact remained that due to non-installation of 0.2s class meters on all metering points and non-replacement of defective meters, energy recorded by RRVPNL could not be termed as accurate.

Financial Management

2.1.31 One of the major objectives of the National Electricity Policy 2005 was to ensure financial turnaround and commercial viability of Power Sector. Since reconstruction of the erstwhile Rajasthan State Electricity Board in 2000, RRVPNL was preparing accounts on ‘No Profit and No Loss’ basis till 2007-08 as per the financial reconstructing plan approved by the State Government. The ‘No Profit and No Loss’ basis system did not depict the true financial position of RRVPNL and as a result the Comptroller and Auditor General of India gave ‘not true and fair’ certificate on the accounts of RRVPNL for the year 2007-08. RRVPNL subsequently started to maintain accounts on ‘Generally Accepted Accounting Principles’ (GAAP) from 2008-09 onwards.

The financial position of RRVPNL during four[20] years ending March 2011 is as under.

20 Final accounts for the year 2011-12 were not finalised during the course of performance audit.

(₹ in crore)

Particulars	2007-08	2008-09	2009-10	2010-11
A. Liabilities				
Paid up Capital	939.00	1104.00	1344.00	1744.00
Reserves & Surplus (including Capital Grants)	132.71	208.10	197.45	210.14
Borrowings (Loan Funds)	3502.68	4569.76	5228.64	6037.84
Current Liabilities & Provisions **(CL)**	994.79	1969.55	2766.14	3293.43
Total Liabilities	**5569.18**	**7851.41**	**9536.23**	**11285.41**
B. Assets				
Gross Block	4482.22	5326.75	6396.32	8285.71
Less: Depreciation	1677.69	1786.01	1923.88	2150.73
Net Fixed Assets**(NFA)**	**2804.53**	**3540.74**	**4472.44**	**6134.98**
Capital Works-in-Progress **(CWIP)**	656.46	1317.72	1552.07	1314.90
Investments	0.66	0.34	0.25	0.35
Current Assets, Loans and Advances **(CA)**	2089.56	2121.21	1828.36	2196.43
Miscellaneous Expenditure	17.97	10.63	6.40	4.18
Accumulated Losses	-	860.77	1676.71	1634.57
Total Assets	**5569.18**	**7851.41**	**9536.23**	**11285.41**
Debt Equity Ratio[21]	**3.73:1**	**4.14:1**	**3.89:1**	**3.46:1**
Profit before Tax	**0.80**	**(859.91)**	**(815.94)**	**42.15**
Interest (net of IDC[22] **capitalised)**	**203.13**	**307.68**	**344.57**	**421.02**
Profit before interest and tax	**203.93**	**(552.23)**	**(471.37)**	**463.17**
Capital Employed[23]	**4556.00**	**5065.81**	**5193.87**	**6511.21**
Return on Capital Employed (Percentage)[24]	**4.48**	**(10.90)**	**(9.08)**	**7.11**

It could be seen that after framing financial statements on the basis of GAAP from 2008-09 onwards RRVPNL incurred losses during 2008-09 and 2009-10 which accumulated to ₹ 1634.57 crore by the end of March 2011. Further, the profits of ₹ 42.15 crore reflected in 2010-11 was also consequent to an adjustment of prior period item (Employee cost of ₹ 208.26 crore). The analysis of financial position of RRVPNL revealed the following:

- Debt-Equity ratio though decreased from 3.73:1 in 2007-08 to 3.46:1 in 2010-11 but the same was higher in 2008-09 (4.14:1) and 2009-10 (3.89:1) indicating increased dependence of RRVPNL on borrowed funds which increased (172.38 *per cent*) from ₹ 3502.68 crore to ₹ 6037.84 crore during 2007-11.
- Capital employed increased by 42.92 *per cent* during 2007-11 but return on capital employed was negative during 2008-09 and 2009-10. This was mainly due to recognition of employees' liability in 2008-09 and implementation of sixth pay commission recommendations.
- Addition in fixed assets and capital works in progress during the review period was more than the equity contributed by State Government and long term borrowings. This showed short-term borrowings were utilised for creating capital assets which indicated

21 Borrowings (Loan funds) / Paid up Capital.
22 Interest during construction.
23 Net Fixed Assets + Capital Works in Progress + Current Assets, Loans and Advances – Current Liabilities and Provisions + Provision for Gratuity.
24 Profit before interest / Capital employed X 100.

imprudent financial management and RERC had also disallowed capitalisation of interest on short term borrowings used for capital assets in ARR/truing up.

The details of working results like revenue realization, net surplus/loss and earnings and cost *per* unit of transmission are given below:

(₹ in crore)

Sl.No	Description	2007-08	2008-09	2009-10	2010-11
1	**Income**				
1.1	Revenue from sale of power	153.38	179.94	229.56	248.59
1.2	Revenue (transmission and SLDC charges)	723.26	840.68	1107.34	1387.46
1.3	Other income including Interest/Subsidy, Turnkey Contracts and Prior Period Income	44.61	349.30	88.89	298.69
Total Income		**921.25**	**1369.92**	**1425.79**	**1934.74**
2	**Expenditure**				
(a)	**Fixed cost**				
(a.1)	Employees cost	323.44	1458.45	1358.20	911.29
(a.2)	Administrative and General Expenses	87.04	69.75	92.01	71.93
(a.3)	Depreciation	120.00	133.59	166.21	222.35
(a.4)	Interest and Finance charges (net after capitalisation)	206.72	311.22	349.18	428.26
Total fixed cost (A)		**737.20**	**1973.01**	**1965.60**	**1633.83**
(b)	**Variable cost**				
(b.1)	SLDC Charges	12.85	17.91	14.42	13.55
(b.2)	Generation of Power (Including Prior Period Exp.)	104.79	165.31	181.54	150.07
(b.3)	Repairs & Maintenance	66.41	74.47	80.17	95.14
Total variable cost (B)		**184.05**	**257.69**	**276.13**	**258.76**
Total cost (A) + (B)		**921.25**	**2230.70**	**2241.73**	**1892.59**
3	**Transmission**				
(3.1)	Installed capacity (MW)	6420.68	7019.48	8076.51	9188.22
(3.2)	Power received from generation units (MUs)[25]	3509.889	2879.005	2090.093	2607.469
(3.3)	Power purchased (MUs)	33206.823	35991.712	42114.738	44602.987
Total (C)		**36716.712**	**38870.717**	**44204.831**	**47210.456**
Loss in transmission (MUs) (D)		**2197.594**	**2410.320**	**2704.110**	**2629.730**
Net power transmitted in MUs (C) – (D)		**34519.118**	**36460.397**	**41500.721**	**44580.726**
4	Realisation (₹ per unit)[26]	0.267	0.376	0.344	0.434
5	Fixed cost (₹ per unit)[26]	0.214	0.541	0.474	0.366
6	Variable cost (₹ per unit)[26]	0.053	0.071	0.066	0.058
7	Total cost (₹ per unit) (5+6)[26]	0.267	0.612	0.540	0.424
8	Contribution (₹ per unit) (4-6)[26]	0.214	0.305	0.278	0.376
9	**Profit (+)/Loss(-) (4-7)[26] (₹ per unit)**	0.000	-0.236	-0.196	0.010

It was observed that the realization per unit and total cost per unit were same for the year 2007-08. This was due to framing of financial statements on 'No Profit No Loss basis' as mentioned in previous paragraph. The financials

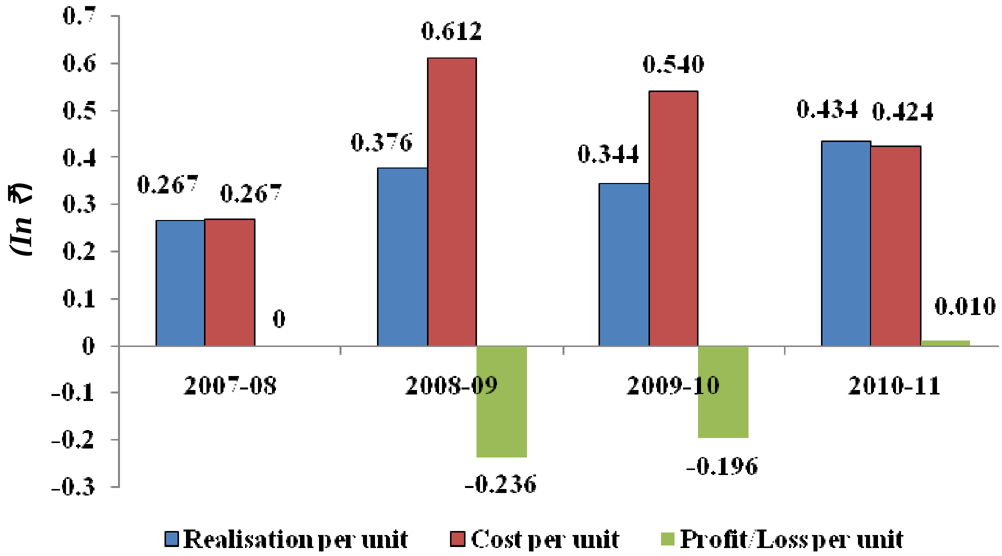
25 Including private generation.

26 Other income is also considered for calculation of per unit cost under rows 4-9.

of RRVPNL deteriorated during 2008-09 and 2009-10 as the total cost per unit was more than the realisation per unit. RRVPNL though registered increase in contribution per unit from ₹ 0.305 to ₹ 0.376 during 2008-11 but an excess fixed cost per unit during 2008-10 wiped of the savings as the fixed cost on account of employee cost significantly increased from ₹ 323.44 crore in 2007-08 to ₹ 1458.45 crore (350.92 *per cent*) in 2008-09. The consequential effect of increased employee cost affected the financials till 2010-11 when the fixed cost per unit decreased by ₹ 0.108 and contribution per unit increased by ₹ 0.098 in comparison to 2009-10 thereby reducing the total cost per unit leading to marginal profit in 2010-11. Further, the interest cost which increased by 107.17 *per cent* during 2007-08 to 2010-11 also affected the profitability of RRVPNL.

Recovery of cost of operations

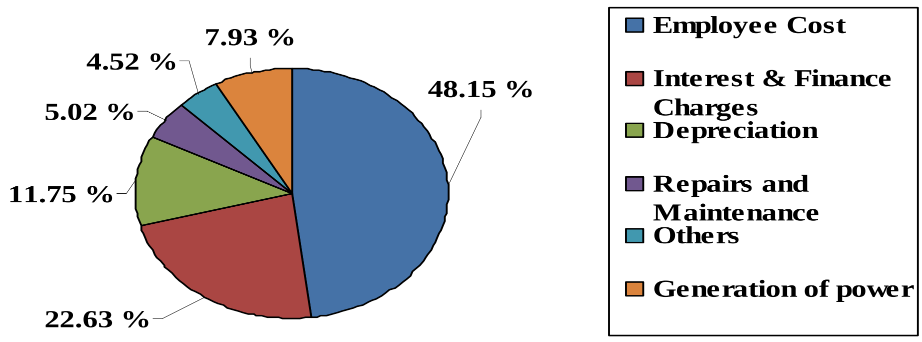
2.1.32 The realisation per unit, cost per unit and profit/loss per unit during 2007-08 to 2010-11 is given in the bar graph below:



The graph above indicated that RRVPNL could not recover cost of operations during 2008-09 and 2009-10. The reasons of non-recovery of cost of operation have been discussed in previous paragraph.

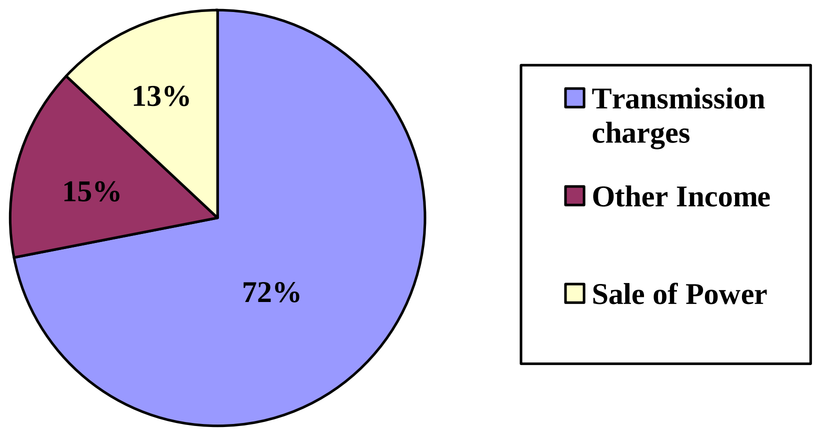
Elements of Cost

2.1.33 The percentage break-up of major elements of costs for 2010-11 is given below:



Elements of revenue

2.1.34 Transmission charges constitute the major element of revenue. The percentage break-up of revenue for 2010-11 is given below in the pie chart**.**



Tariff Fixation

2.1.35 The financial viability of RRVPNL depends upon generation of surplus (including fair returns) from the operations to finance its operating needs and future capital expansion programmes by adopting prudent financial practices. Revenue collection is the main source of generation of funds. The issues relating to tariff are discussed here under.

The tariff structure of RRVPNL is subject to revision approved by the RERC after objections, if any, received against ARR petition filed by it within stipulated period. As per clause 13 and 8 of RERC (Terms & Condition for Determination of Tariff) Regulation 2004 and 2009 respectively, RRVPNL is required to submit ARR by 30 November every year along with annual statements of performance and accounts including latest report of audited accounts. The tariff worked out in accordance with the regulations is chargeable from April 1, next year.

The table below shows the due date of filling ARR, actual date of filing, date of approval of tariff petition and the effective date of the revised tariff for the period 2007-08 to 2011-12.

Year	Due date of filing	Actual date of filing	Delay in days	Date of approval of ARR/tariff order by RERC	Effective date of tariff order	Time gap between effective date and date of approval
2007-08	30 November 2006	30 December 2006	30	7 March 2007	1 April 2007	-
2008-09	30 November 2007	29 December 2007	29	31 March 2008	1 April 2008	-
2009-10	30 November 2008	26 March 2009	116	1 August 2009	1 April 2009	4 months
2010-11	30 November 2009	27 January 2010	58	16 September 2010	1 April 2010	5 months and 16 days
2011-12	30 November 2010	14 March 2011	104	23 December 2011	1 April 2011	8 months and 23 days

We observed that RRVPNL never filed ARR with RERC within dues date of filing during 2007-08 to 2011-12 and the delay was ranging between 29 days and 116 days which consequently delayed the approval from RERC. It is pertinent to mention that RRVPNL appointed consultants during 2009-10 to 2011-12 for timely filing of ARR but even then the target date of filing could not be adhered and delay increased in comparison to 2007-08 and 2008-09. Further, delay in approval by RERC was ranging between four months and eight months 23 days also led to delay in implementation of tariff order. Scrutiny of reasons for delayed approval from RERC besides delay in filling of ARR were delay in responding to the queries of RERC, delay in submission to the objections raised by parties during hearings *etc*.

Delay in implementation of RERC tariff order resulted in recovery of transmission charges by RRVPNL either at the rate of previous year or provisional rate ordered by RERC for the respective year. This caused loss of interest of ₹ 4.22 crore on delayed recovery of transmission charges of ₹ 85.57 crore and ₹ 94.20 crore during 2009-10 and 2010-11 for delay in filing of ARR.

The Government attributed that ARR for the year 2009-10 was filed with delay due to introduction of new formats by RERC and in case of 2010-11, it was delayed due to non-finalisation of plan ceiling by the Planning Commission. The reply was not convincing as RRVPNL appointed a consultant keeping in view the new formats for the year 2009-10 and 2010-11. Even then ARRs were filed with delay and consequent loss of interest borne by RRVPNL.

Other issues in Financial Management

Deposit works

2.1.36 RRVPNL executes deposit works on the demand of private parties/ government departments/institutions after collecting the estimated expenditure in advance in accordance with the policy/circulars issued from time to time. As per the policy/circulars the amount of advance is to be deposited in one installment by the party after issuance of technical sanction. Further, the final account of deposit work shall be prepared within 60 days of the completion of the deposit work to ensure recovery/refund as per the final account.

We noticed that there was no proper system of accounting of deposit works due to which RRVPNL was not aware of the actual expenditure incurred/incurring on the deposit work during execution stage. Further, the final account of deposit work was also not finalised within the stipulated period as a result a sum of ₹ 5.52 crore was pending for recovery from the parties as on March 2011. Our scrutiny of records of deposit works revealed the following:

(I) According to deposit works policy (April 2004) RRVPNL was to recover block charges from the party for shut down of 132 KV or higher voltage, Single/Double Circuit line. We noticed that RRVPNL could not recover block charges of ₹ 22.60 lakh from Krishi Upaj Mandi Samiti, Jaipur (KUMS) for shifting 220 KV double circuit line passing through the terminal market, Muhana, which was executed in December 2007. We noticed that the initial (March 2005) estimate was revised (August 2006 and April 2007) twice and the same were deposited by KUMS. RRVPNL, however, after finalisation (December 2007) of bill of quantity raised additional demand of ₹ 22.60 lakh towards block charges but KUMS did not deposit the same claiming the delay was on the part of RRVPNL and requested to waive the block charges. The management refused (May 2010) to waive the block charges but on subsequent request (October 2010) of KUMS, the Whole Time Directors (WTD) approved (January 2011) the waiver on the grounds that RRVPNL suffered no revenue loss due to shut-down of line as the supply system was worked on alternate means during the entire period of shut down.

We observed that RRVPNL could not recover the block charges due to incorrect estimation of shut down time during all the three times and further the decision of WTD was in violation of the laid down policy. This led to loss of revenue of ₹ 22.60 lakh which could have been recovered had the estimates were made after considering the appropriate shut down time.

The Government replied that the contractor did not complete the work and the balance work was got completed through departmental labour which could not complete the work within due course of time. It further stated that there was no disturbance of power therefore no revenue loss occurred to RRVPNL and there was no violation of laid down policy and hence, the WTDs waived the block charges considering KUMS a Government Organisation. The reply was not convincing as shut down actually occurred and the charges were to be recovered as per deposit works policy (April 2004) which were not included in all the three estimates and finally had to be waived off on the representation of KUMS after inclusion in final bill.

(II) Deposit works of modification of 'EHT track crossing between Madar-Pushkar new line' and 'gauge conversion of Rewari-Ringus-Phulera-Ajmer section' were undertaken by RRVPNL on the request of North Western Railway (NWR) and Rail Vikas Nigam Limited (RVNL). The block charges amounting to ₹ 2.26 crore and ₹ 1.76 crore respectively to be recovered as per the modified (March 2006) policy were not included at the time of preparation (June 2006) of technical estimates. The block charges were later included in the final bill (NWR- May 2009 and RVNL) but could not be recovered (May

2012) since NWR and RVNL were of the view that block charges levied were not reasonable and did not commensurate with actual working hours.

We observed that negligence in preparation of estimates led to non-recovery of block charges of ₹ 4.02 crore. Had the charges been included in estimates, the actual work would have been undertaken only after full deposit of the estimated amount.

The Government replied that recovery from concerned agency was being pursued.

Expenditure in excess of RERC approval and loss of equity

2.1.37 RERC (Investment Approval) Regulations 2006 provided that no investment would be considered for ARR/tariff determination unless it had been approved by the commission under annual investment plan. It further provides that investment should not exceed the approved limits specified by the RERC from time to time and in case capital expenditure during a year was not incurred as per investment plan approved by RERC, there should be prorata deduction of depreciation, interest and finance charges and O&M charges in the tariff at the time of truing up. The investment plan/revised plan for the years 2007-08 to 2011-12 submitted by RRVPNL, approved by RERC, outlay by State Government and actual expenditure is as below:

(₹ in crore)

Year	Investment plan submitted to RERC	Plan approved by RERC	Revised investment plan submitted to RERC	Outlay by State Government (Revised)	Actual expenditure
2007-08	622.00	639.18	-	622.00	712.92
2008-09	825.00	825.00	1048.52	825.00	1518.04
2009-10	1233.00	1233.00	1550.00	1233.00	1382.70
2010-11	2550.00	2280.00	2000.00	2000.00	1657.64
2011-12	2820.00	2470.00	2000.00	2000.00	2014.95
Total	**8050.00**	**7447.18**		**6680.00**	**7286.25**

Analysis of the above revealed that:

- RRVPNL incurred excess capital expenditure of ₹ 916.48 crore during 2007-10 than the approval of RERC. Consequently, RERC disallowed expenditure of ₹ 53.20 crore towards interest charges at the time of truing up of ARR 2008-09. Truing up order of ARR 2009-10 was not yet issued (October 2012) by RERC.
- RRVPNL incurred excess expenditure of ₹ 948.61 crore than the capital investment approved by the State Government during 2007-08 to 2011-12 except 2010-11. As a result RRVPNL was deprived of the 20 *per cent* equity portion of the excess expenditure amounting to ₹ 195.72 crore and had to manage the equity portion through borrowings which created minimum additional burden of interest of ₹ 55.92 crore.

The Government stated that RRVPNL made efforts so that there is no excess capital expenditure from the approved plan but to get transmission system ready matching with commissioning of generation projects and requirement of field, excess expenditure was done from outside plan fund which could not be avoided. It further stated that incase, work of transmission schemes was stopped in between to avoid excess expenditure, the schemes might be delayed and later on the payment of price variation would be more than the equity portion expected from the Government. The reply was not convincing as the excess expenditure beyond approved plan could have been avoided by proper planning and fund estimation of schemes. This resulted in payment of interest on borrowed funds which otherwise would be financed through equity coupled with disallowance of interest by the RERC.

Incentive for achieving higher availability of transmission system

2.1.38 Clause 82 and 105 of RERC (Terms and Conditions for Determination of Tariff) Regulations 2004 and 2009 respectively provides for annual incentive to the transmission licensee on achieving availability of transmission system beyond 98 *per cent* in accordance with the prescribed formula[27]. The regulations further provides that no incentive shall be payable above the availability of 99.75 *per cent.*

We noticed that the actual availability of transmission system at 132 KV during 2007-08 to 2009-10 was more than 98 *per cent* but RRVPNL did not claim incentive during truing up of ARR of these years. It was further noticed that RERC *suo-motu* allowed incentive (August 2009) of ₹ 6.63 crore for the year 2007-08 stating that better performance of an utility could be recognised more-so when projected ARR was getting reduced by a considerable amount without any return on equity.

Truing up of 2008-09 ARR and 2009-10 ARR were filed in March 2011 and November 2011 respectively without claiming incentive. RERC order against 2008-09 ARR was issued in December 2011 without allowing any incentive and order for 2009-10 was pending (October 2012). As per prescribed formula incentive for 2008-09 and 2009-10 worked out to ₹ 13.22 crore and ₹ 16.98 crore respectively.

The Government stated that as per Financial Restructuring Plan (FRP) 2005, RRVPNL was not to claim return on equity during transition period. It further stated that RRVPNL did not claim incentive on enhanced system availability above targeted availability being additional return in view of the provisions of FRP. The reply was not convincing in view of the fact that interpretation of incentive as an additional return was incorrect and in contravention of orders/directives of RERC to submit claim for incentive which was not claimed by RRPVNL.

Availment of higher interest loans

2.1.39 Power Finance Corporation (PFC) increased (August 2004) the threshold limit of short-term loans (STL) for RRVPNL from ₹ 120 crore[28] to ₹ 300 crore which was further enhanced (February 2010) to ₹ 500 crore. As per policy of PFC, STL could be availed initially for a period of 180 days on the basis of Government guarantee/hypothecation of assets and thereafter could be rolled over for a period of another 180 days. The policy was changed

27 Incentive= Annual Transmission Charges X (Annual availability achieved- Target availability)/ Target Availability.

28 Prior to August 2004, the aggregate sanctioned limit of RVUNL, RRVPNL, JVVNL, AVVNL and JdVVNL was ₹ 600 crore.

in February 2010 and could be availed in multiples of 30 days with option to roll over for a maximum of 360 days or for complete one year in one outgo.

We noticed that RRVPNL availed short term loans of ₹ 150 crore between May 2009 and August 2009 from various banks on government guarantee at interest rate ranging between 10 and 10.50 *per cent* though STL from PFC was available at a rate ranging between 8 and 8.75 *per cent*. Further, RRVPNL also did not roll over the higher interest loans of ₹ 200 crore availed prior to enhancing of the limit by PFC.

This resulted into payment of avoidable higher interest rate and guarantee commission amounting to ₹ 6.57 crore to the banks which would otherwise have been saved had the STL was borrowed from PFC at lower interest rate without guarantee commission and the higher interest loans would have been restructured.

The Government replied that the rates of PFC were reduced at the end of April 2009 and a proposal (May 2009) was sent to PFC to sanction a short-term loan. On receipt of sanction and completion of all other formalities, the loan was availed in installments in July to September 2009. The fact was that availment of higher interest loans from other institutions instead of PFC resulted in additional interest burden which could have been avoided through better time management and financial planning.

Awarding of contract at higher rates

2.1.40 RRVPNL with a view to achieve economy and uniformity in cost of construction of 400 KV and 220 KV bays at existing 400 KV GSSs at different locations under turnkey contract (TN-292 and TN-294) proposed (December 2010) the lowest bidder (L1 bidder) to revise its quotations on the basis of least quoted item wise cost. The proposal was accepted by the L1 bidder and RRVPNL managed to save ₹ 1.40 crore in this contract.

We noticed that RRVPNL did not apply same principle in the construction of 765/400 KV GSS Phagi and 400/765 KV GSS Anta. The price bids for which were opened (February 2011) under turnkey system and the L1 bidder was the same party (Areva). The L1 bidder was given (September 2011) an option to select either of the GSSs for construction as the WTD were of the opinion that it would not be possible for the bidder to complete the work of both the GSSs within scheduled time. The L1 bidder selected 400/765 KV GSS Anta for which the higher rates were quoted by him in comparison to GSS Phagi. The work of GSS Phagi was awarded to L2 bidder at the rates quoted by the L1 bidder after adjustment of capitalisation of transformer losses.

We observed that the item wise rates quoted by L1 bidder for GSS Anta were higher than the rates quoted for GSS Phagi for same items and the decision of the WTD to award contract to the L1 bidder without matching the rates led to awarding of contract at higher prices amounting to ₹ 9.07 crore[29].

The Government stated that the item wise comparison was not feasible in turnkey projects. It further stated that Areva had opted only one project *i.e.* TN-2, therefore comparison of cost of individual item with that of TN-1 which

29 Only unit wise cost of seven major items were considered for calculating the difference amount.

was awarded to other firm could not be insisted upon. The reply was not convincing as RRVPNL had compared item wise cost in turnkey contract where same work was involved and the same firm was L-1, thereby savings were made. Further, RRVPNL had awarded the work of TN-1 to other firm on the overall amount quoted by Areva, hence it was not appropriate to conclude that the amount was not comparable.

Non recovery against risk and cost

2.1.41 RRVPNL placed (May 2009) order for construction of (i) 132 KV S/C line from Saradhana GSS to Pushkar Road, (ii) 132 KV S/C line from MDS University GSS to Kotra GSS and (iii) 132 KV D/C LILO of Chittor-Hamirgarh line to Rashmi. The three lines were scheduled to be completed by November 2009. It was noticed that the contractor could not complete the work within time schedule consequently RRVPNL decided (May 2010) to withdraw the work of first two lines on “as is where is” basis and to complete the balance work at their risk & cost. Subsequently, on the request (June 2010) of the contractor to restore the work order, RRVPNL restored (June 2010) the work of second line while work order for first line was awarded (June 2010) to another contractor. The CMD level committee however decided that payment to the defaulting contractor should be made after effecting recovery of risk and cost amount for the withdrawn line. It was further decided that lifting of un-utilised material should be allowed after ensuring adequate financial hold against risk & cost of the amount of withdrawn work.

Our scrutiny however revealed that the TLPC[30] did not finalise the risk and cost amount but CPC made (July 2010 to March 2011) payment of ₹ 65.77 lakh in violation of the decision of CMD level committee. Further, TLPC calculated (October 2012) tentative recovery of ₹ 73.04 lakh towards risk and cost but the same was pending (November 2012) for approval by the competent authority.

As on November 2012, RRVPNL was having financial hold of ₹ 1.59 crore against the defaulting contractor but the same could not be utilised for recovery as the amount was under attachment by Allahabad High Court.

The Government replied that tentative recovery of ₹ 73.04 lakh had been worked out towards risk and cost clause by TLPC wing. The fact, however, remained that the tentative recovery worked out by TLPC was pending approval by the competent authority and the amount withheld could not be used for recovery due to Court stay.

Material Management

2.1.42 The key functions in material management are laying down inventory control policy, timely placement of orders and economical procurement of materials and disposal of obsolete inventory. A proper inventory control needs application of various techniques *viz.* determination of maximum and minimum stock level, determination of safety stock, ABC analysis based on the value of a particular item and its share in total quantity.

30 Transmission Line Procurement Circle

RRVPNL maintains three stores at Heerapura, Beawer and Jodhpur, one store in each zone. Zonal Chief Engineers in each zone assess the likely works to be executed by various circles during the year and after considering the position of available material in stores net requirement of material to be purchased is determined. The requirement of material pertaining to sub-stations is conveyed to SSPC and that for lines to TLPC. SSPC and TLPC invites tenders and the procured material is either deposited at store or is directly delivered at site as per requirement

The details of annual/monthly stock consumption, net closing stock and closing stock in terms of months consumption for all the three stores during the period 2007-08 to 2011-12 are as below:

(₹ in crore)

Year	Consumption (per annum)	Consumption (per month)	Net Closing Stock	Closing stock in terms of months to consumption
2007-08	73.71	6.14	77.84	12.68
2008-09	140.85	11.74	86.19	7.34
2009-10	116.63	9.72	121.85	12.54
2010-11	165.14	13.76	158.77	11.54
2011-12	148.58	12.38	78.67	6.35

It could be seen from above that the stores of RRVPNL maintained inventory level ranging between 6.35 months consumption and 12.68 months consumption during 2007-12. We observed that the stores though maintained higher closing stock in terms of month's consumption during 2007-08, 2009-10 and 2010-11 it neither conducted any ABC analysis nor fixed any standard minimum level/reorder level for material requirement. Keeping higher stock levels shows improper planning and lack of co-ordination between execution and purchase.

Review of material management system revealed the following:

- As on March 2012, non-moving material valuing ₹ 51.57 lakh was lying at Heerapura store. We noticed that these materials were purchased during 1994 to 2005 but could not be utilized due to change in design/specifications *etc*. This showed that these items were purchased in excess or without requirement. Non-disposal of these items had resulted in diminishing of realizable value with passage of time and incurring of carrying costs.
- Three failed power transformers deposited in the store by the field offices way back during 2000 to 2006 were lying without any decision as regards repair or disposal. Similarly, three transformers were also lying with AEN-I (C&M 400 KV) Heerapura since 2005 to 2009 for disposal. It was also observed that two repaired transformers were also lying with the same office since May 2008/November 2010 but were not installed (May 2012).
- Work order for erection of 132 KV S/C Gangapurcity (220 KV)-Sri Mahaveerji line and 220 KV D/C Hindaun-Gangapurcity line were awarded in November 2010 with scheduled completion during August 2011 and October 2011. We noticed that RRVPNL failed to procure tower material due to inability of the suppliers in both the cases but continued to accept the supply of disc insulators and conductor. The

disc insulators and conductor of ₹ 3.49 crore purchased between January 2011 and March 2011 were lying (March 2012) in stores/material at site.

The Government stated that material requirement was finalised for the works to be executed during current financial year as well as for the works which were to be initiated during current financial year and targeted to be completed in next financial year as per plan. It further stated that essential material has to be kept in ready stock to meet the requirements for maintenance work and any exigency/emergent situation. The reply was not convincing as inventory level more than six months was not justified and could have been reduced through proper material management. Higher inventory level led to blocking of funds and risk of obsolescence due to change in design/change specification besides deterioration in quality. Further, the reply of Government was silent about the other issues regarding non-moving/slow moving items and non-utilisation/disposal of transformers.

As regards purchase of disc insulators and conductors prior to procurement of tower material, Government replied that supply orders for tower material were placed November/December 2010 and again in June/July 2011 but suppliers failed to deliver the material.

Non-utilisation of bays

2.1.43 33 KV bays strengthens the distribution system in a way that either the distribution losses are reduced or load on a particular distribution GSS is reduced/diverted to protect them from overloading. To meet this objective, 33 KV bays are constructed along with all new 220/132 KV GSSs and further additional bays are constructed as per the proposal/requirement of DISCOMs.

A review of records revealed that large numbers of 33 KV bays constructed by RRVPNL were not utilized since their construction. The number of un-utilised bays as on March 2009 were 96 which increased to 214 valuing ₹ 31.84 crore as end of March 2012. This increasing trend of unutilized bays indicated that the project evaluation/DISCOMs proposals were not analysed properly. The non-utilization of bays defeated the very purpose of strengthening of distribution system and also led to blocking of funds.

The Government stated that the DISCOM authorities were being regularly requested for providing timely inter-connection. The position was, however, that the numbers of unutilized bays were increasing year by year.

Un-warranted purchase of transformers

2.1.44 CMD level committee of RRVPNL reviewed (January 2011) the supply position of 20/25 MVA, 132/33 KV category transformers under TN-2859 and analysed that against the scheduled supply of 35 transformers by March 2011, delivery of only 30 transformers was expected. Considering inability of a supplier under the said purchase order to supply five transformers by March 2011, the committee placed (January 2011) repetitive order with another supplier of the same tender at same prices. The delivery of these five transformers was received between 22 March 2011 and 29 March 2011. The installation/utilization of the transformers revealed that 22 transformers could be utilized by June 2011 and thereafter 10 transformers were utilized by October 2011 while three transformers remained unutilized

(May 2012) at sites due to non-completion of GSSs on account of non-completion of civil works/lines/ROW problems.

We found that prices of the transformers were on declining trend and lower prices (between 7.70 *per cent* and 20.60 *per cent* as compared to previous tender) were received in price bids opened during August 2010 to November 2010 for other capacity transformers. It was also noticed that another tender (TN-2920) for 42 transformers of the same capacity as that of TN-2859 was floated during October 2010 and technical bids for which were opened during November 2010 was kept pending for finalisation till July 2011. Purchase orders for TN-2920 were issued in July 2011 at a price below 22.06 *per cent* than the updated price of TN-2859.

We observed that RRVPNL delayed the finalisation of TN-2920 against the purchase manual directions of finalizing the same within 120 days from the date of opening of tender and gave repetitive order for five transformers under TN-2859 at higher prices. Had the TN-2920 been finalised as per purchase manual directions by March 2011, the delivery of the five transformers could have been obtained by June 2011.

Thus, delay in finalizing TN-2920 extended undue benefit to the supplier under TN-2859 by placing repeat order for five transformers at higher prices without any actual requirement at the sites. This resulted into extra expenditure of ₹ 2.29 crore.

The Government replied that repetitive order under TN-2859 was placed in January 2011 to meet the targets of financial year 2010-11. The transformers supplied against repeat order were utilized promptly in April/May 2011 (except one transformer at Sarna Doongar due to ROW problem of line). It further stated that no extra expenditure was incurred as delayed supplies of five transformers under TN-2859 were taken at lower prices of TN-2920. The fact was that only 22 transformers were utilised up to June 2011 indicating there was no need of repeat order for five transformers. Had the TN-2920 been finalised as per purchase manual directions by March 2011, the delivery of the five transformers could have been obtained by June 2011 at reduced prices. Further, getting supplies of five delayed transformers under TN-2859 at the prices of TN-2920 was not recoupment of the extra expenditure incurred due to repeat order.

Advance procurement of conductor

2.1.45 The delay in completion of Chhabra-Hindaun line and Chhabra-Bhilwara line by 16 and 21 months respectively due to lack of preparatory activities has been discussed in paragraph 2.1.11**.** As regards procurement of conductor for these lines the purchase orders were awarded in December 2007 with scheduled delivery in November/December 2008 which was in accordance with scheduled completion of the work orders of lines. The supply of the conductor was to be made in two lots of 2558 Kms (Lot-1 for Chhabra-Bhilwara) and 1953 Kms (Lot-2 Chhabra-Hindaun) in monthly packages of 350 Kms and 250 Kms respectively from February 2008 and to be completed upto September 2008 while the remaining supply was to be made in December 2008 and November 2008 respectively.

We noticed that the CMD instructed (December 2007) to expedite the work of completion of Chhabra-Dahra (portion of Chhabra-Bhilwara) by March 2008 in view of readiness of power evacuation system from Chhabra stage-I. The superintending Engineer (SE 400 KV design) accordingly instructed (February 2008) the supplier to complete the overall delivery schedule of both the lines by June 2008, which was completed in July 2008.

We observed that SE 400 KV design mis-interpreted the directions of CMD and instead of ensuring conductor availability of only 1581 Kms for only Chhabra-Dhara portion pre-poned the overall delivery schedule of lot-1 and lot-2 which was not required as stringing work of Dahra-Bhilwara portion of the line could not start till December 2008. Due to delayed progress of stringing work, only 1879.95 Kms conductor could be utilized till July 2008 out of total 4509.50 Kms conductor procured.

Thus, the decision to procure all the conductor of lot-1 and lot-2 instead of deferring the supply as per clause 8.3[31] of the purchase order in accordance with the actual progress resulted in advance procurement of 2629.55 Kms conductor which was utilized during August 2008 to September 2010. Consequently, funds of ₹ 72.05 crore remained blocked over a substantial period.

The Government stated that supply of conductor was rescheduled in anticipation of commissioning of Chhabra TPS upto September/October 2008. It further stated that in case the supply of conductor was taken as per scheduled delivery then RRVPNL would have to pay ₹ 4.94 crore more towards price variation. The reply of the Government was not correct as the conductor was procured before delivery schedule without requirement even before completion of tower work and commencement of stringing work of Dahra-Bhilwara line. This clearly indicates mis-interpretation of directions and lack of overall planning of RRVPNL in completion of line. As regards savings of ₹ 4.94 crore in the form of price variation, the same was after thought and the inventory carrying cost was much more than the savings.

Monitoring and Control

2.1.46 The performance of the GSSs and lines of 400/220/132 KV on various parameters like Maximum and Minimum voltage levels, breakdowns, voltage profiles should be recorded /maintained as per the Grid code standards. The circle offices of RRVPNL compiled yearly MIS reports indicating the performance of the TCCs as well as installed equipments and forwarded the same to the Corporate Office. However, the information was not compiled by MIS wing. Further, verification of MIS reports of circles revealed that details regarding programmed overhauls of equipments like Circuit Breakers (CBs), due dates of next oil change, On Load Tap Changer operations, dates of maintenance works, performance of GSS batteries, performance of relays, cause-wise analysis of feeder breakdowns *etc.* were not compiled/maintained.

31 Purchaser reserves the right to reschedule (prepone/postpone) of supply of conductor as per requirement assessed based on actual progress of stringing work of conductor at site.

The Government stated that various reports except due dates of next oil change *viz*. maximum/minimum voltage levels, breakdowns, records and maintenance of voltage profile, overhauls/maintenance of equipments were recorded in OMS module at circle level. The reply was not correct as these reports were neither generated by the circles nor sent to MIS wing at corporate level for further compilation and submission to higher authorities for decision making and improvement in the system.

Review of the envisaged benefits of T&D schemes

2.1.47 RRVPNL executed and commissioned 115 EHT GSSs and erected a total length of 7308.33 CKM of EHT lines during review period. While approving T&D schemes RRVPNL envisaged benefits in terms of reduction in line losses, improvement in voltage levels and the load growth to be achieved by the new schemes. It was, however, observed that there was no system to measure the achievement/non-achievement of the envisaged benefits of the schemes. In number of cases GSS and lines were completed/commissioned belatedly against the schedule completion period but the same were neither reviewed/measured to assess the return on capital expenditure.

The Government while accepting the fact stated that there was no methodology to quantify the scheme wise benefits in an integrated system. It was further stated that the overall technical parameters of this system were being monitored.

Internal Controls and Internal Audit

2.1.48 Internal control is a process designed for providing reasonable assurance for efficiency of operations, reliability of financial reporting and compliance with applicable laws and statutes which is designed to ensure proper functioning as well as effectiveness of the internal control system and detection of errors and frauds. The shortcomings in internal control system and internal audit mechanism as pointed out by Statutory Auditors and observed by us during performance audit are discussed below:

Comments of statutory Auditor

2.1.49 The statutory auditors pointed out following major shortcomings in their various reports:

- The internal audit system of RRVPNL was not adequate and needed to be reinforced so as to make it more effective and result oriented to cover vast and vital check points.
- Internal Auditors were unable to detect material observations regarding capitalisation of fixed assets, physical verification of inventory, fixed assets, non-uniform procedure of deposit works, misclassification in various heads, *etc.* The same was due to continuous failure of management to correct major weaknesses in internal controls.

The Government accepted the fact and stated that the work of audit was being carried out without sufficient staff and were trying best efforts to carry out effective internal audit. The Government also appraised that it had awarded a work order to conduct internal audit of commercial accounts for the year 2011-12.

Our findings

2.1.50 We observed following shortcomings in the internal control system and internal audit mechanism during the course of performance audit:

1. No parameters for quantum of work, selection of manpower and deployment of manpower for internal audit had been framed which showed unscientific management of the internal audit system as out of 34 selected units during 2011-12 internal audit wing could cover only 22 units. Further, the internal audit wing pointed out only meager recoveries ranging between ₹ 0.39 lakh and ₹ 0.71 lakh during 2009-10 to 2011-12.
2. Little cognizance was given to internal audit comments as out of 677 outstanding paras as on March 2012, 100 paras pertains to the period 2003-06.

The Government stated that parameters for quantum of work, selection of manpower and deployment for internal audit had been framed and two internal audit parties were working for expenditure of 34 units and one party for commercial accounts. The reply was incorrect as nothing on record was found as regards selection and deployment of manpower as per quantum of work. Further, the fact of inadequate deployment of manpower had been accepted above by the Management. As regards outstanding paras it was stated that vigorous efforts were being made at corporate level to settle the outstanding paras.

Conclusion

- **Plans for capacity additions/augmentation were not prepared keeping in view the peak demand and existing transmission capacity and hence, extra/idle transmission capacity increased over the years;**
- **RRVPNL could not adhere to the norms/criteria stipulated by RERC/CEA regarding operation and maintenance of transmission system;**
- **RRVPNL could not complete transmission projects within scheduled completion period due to deficient planning and non-adherence to recommendations of Task Force Committee on Project Management.**
- **Transmission losses were in excess than fixed by CEA/RERC. The capital investments did not contribute to effective reduction in transmission losses during the review period and the losses stood at 6.20 *per cent* against the norms of 4 and 4.2 *per cent* of CEA & RERC respectively;**
- **There was mismatch in commissioning of transmission projects with generation projects;**
- **RRVPNL did not implement the Disaster Management Plan at Grid Sub-Stations. Vulnerable centres having highest risk were**

also not identified and comprehensive state-wide drills were never carried out to test the capabilities.

- **RRVPNL could not file ARR in scheduled time and did not claim incentive for enhanced availability of transmission system than targeted. The capital expenditure was incurred in excess to the amount approved by RERC/Government; and**
- **There were instances of improper material management as higher level of inventory was kept, material was procured in advance of requirement and bays remained idle for considerable period of time.**

Recommendations

RRVPNL needs to:

- **Prepare plans for capacity additions/augmentation keeping in view the peak demand and existing transmission capacity;**
- **Adhere to the recommendations of Task Force Committee on Project Management and take effective steps to ensure completion of transmission projects in scheduled time,**
- **Ensure adherence to norms/criteria stipulated by RERC/CEA regarding Operation and Maintenance of transmission system;**
- **Ensure completion of transmission system with commissioning of generation projects;**
- **Ensure implementation of Disaster Management Plan broadly;**
- **Evolve mechanism for timely submission of ARR to RERC. The Capital expenditure should be kept as per plan approved by RERC/Government;**
- **Analyse and monitor inventory level.**

2.2 Performance Audit on Rajasthan State Road Development and Construction Corporation Limited

Executive Summary

Rajasthan State Road Development and Construction Corporation Limited (Company) mainly executes three types of works (i) Tender works, (ii) Centage/Deposit works (iii) BOT projects.

Work performance

The pace of completion of works was very slow as against 208 works pending for execution at the beginning 2006-07 and 286 works (₹ 3814.66 crore) obtained during 2006-12, only 267 works (₹891.06 crore) could be completed and transferred to client department. Almost 82 per cent (186 works) works were completed with a delay upto 18 months while in 18 per cent cases (42 works) the delay was beyond 18 months. The maximum execution of works was 66 months. Delay in completion was attributable to awarding and commencement of work by the contractor, late approval of drawings by client department, completion by contractor, supply of cement and steel by the Company, poor monitoring and supervision of works and release of funds by the client department. It deprived the Company of timely recovery of centage besides loss of credibility where the client department withdrew the work and loss of socio-economic benefits to the State.

Deposit/Centage works

The rates of centage were fixed by the GOR way back in 1996 but the Company never reviewed the adequacy of centage towards recoupment of actual administrative overheads incurred. Against the directions of GOR to recover nine per cent centage on actual cost, the effective recovery turned out between 7.24 and 8.15 per cent against actual overheads ranging between 8.06 and 11.48 per cent, thereby leaving a gap of ₹21.10 crore during 2006-08 and 2009-11. Besides, the Company while arriving out total cost did not include the interest and finance charges which also resulted in short recovery of centage of ₹ 2.65 crore on the projects executed during 2010-12. Further, instead of charging 15 per cent profit on the investment as allowed under Rajasthan Road Development Rules, 2002, the Company charged centage at the rate of seven per cent which resulted in under recovery of profit by ₹ 17.96 crore on 13 roads entrusted by the State Government during 2009-10.

Tender works

The Business Procurement Cell of the Company largely failed to increase tender business by 10 per cent as per the directions of the State Government. Out of participation in 195 tenders during 2006-12, the Company could secure only three tenders valuing ₹ 65.08 crore. Of eight tender works completed during 2006-12, the Company earned profit of ₹ 2.26 crore on six works and incurred loss of ₹ 0.80 crore on two works. The profit on these works was without apportioning administrative cost which after consideration would turn the tender works into loss of ₹4.63 crore. There was substantial delay in raising final bills of the completed projects ranging between three and 31 months with the client and as on March 2012 payments of ₹ 2.94 crore were pending for realisation.

BOT Projects

The Company overbooked the profits by ₹ 17.70 crore during 2006-12 due to incorrect accounting of BOT projects entrusted by the State Government. The Company contrary to the provisions of the Rajasthan Road Development Act, 2002 and MOU with State Government collected toll of ₹16.82 crore in addition to actual recovery of investment including interest.

Contract Management

The Company invited tenders without including risk and cost clause in the standard bidding document. This caused additional financial burden of ₹ 15.47 crore transpired due to re-invitation of bids on un-executed works by defaulter contractors. There was lack of co-ordination and uniformity in execution

of the work among units as similar nature of works were got executed by different units by clubbing with main contract or through separate contract and by using different rates of BSR for same items causing extra expenditure of ₹48.84 lakh.

Mechanical Unit

The overall performance of the mechanical unit was not satisfactory and it negatively contributed to the profits of the Company. The hire charges in all the years except 2009-10 were not even able to cover the direct cost. The Company while fixing cost to be charged on deposit works did not include the element of labour cost employed on the machinery in the hire charges and consequently labour charges of ₹ 7.35 crore were under recovered. The overall utilization of machinery as on March 2012 against the standard annual hours recommended by MOST was only 41.41 per cent and the individual utilization ranged between 22.24 and 79.38 per cent.

Conclusions and recommendations

The Company did not prepare long term action plan to ensure achievement of organisational objectives and was wholly dependent on the works entrusted by the State Government/Departments/PSUs. The procurement of works on its own was almost negligible. The provisions of the manual were not adhered to and variations in budgets were not analysed. Improper planning and in-adequate contract management led to delay in completion of the projects. Excess toll collection was made in contravention to the provisions of Rajasthan Road Development Act, 2002 and MOU with GOR. Project formulation was not as per Rules which caused short recovery of profit and further centage charges were also not adequate to meet administrative cost. The Company executed un-viable road projects and improper evaluation of tenders, absence of risk and cost clause and lack of co-ordination among units caused extra expenditure. There was under utilization of plant and machinery against the standard hours recommended by Ministry of Surface Transport. The review contains five recommendations which include preparation of long-term action plan and annual plan to minimize dependence on entrusted works; adherence to the Manual, Rules and Procedures; proper planning, effective monitoring and co-ordination with contractors as well as clients to avoid delay in execution of works; ensure viability of the projects and adequacy of centage charges to maintain profitability; and optimum utilization of plant and machinery.

Introduction

2.2.1 Rajasthan State Bridge and Construction Corporation Limited (RSBCCL) was incorporated in February 1979, as a wholly owned State Government Company to augment the limited number of specialized and quality construction agencies available in the State and Country so as to reduce the cost/time overruns in the construction of Bridges, Roads and Buildings. RSBCCL was renamed (18 January 2001) as ‘Rajasthan State Road Development and Construction Corporation Limited’ (Company) to include the construction of privately financed infrastructure projects, mainly Highways, Bridges and Rail Over Bridge (ROB) *etc.* being constructed on Build-Operate-Transfer (BOT)/Public Private Partnership (PPP) model.

The Minister for Public Works Department (PWD), Government of Rajasthan (GOR) is the Chairman of the Company and is further assisted by the Managing Director, Company Secretary, Financial Advisor and the General Managers. As on March 2011, the Board of Directors (BOD) of the Company comprises of seven directors apart from Chairman and Managing Director.

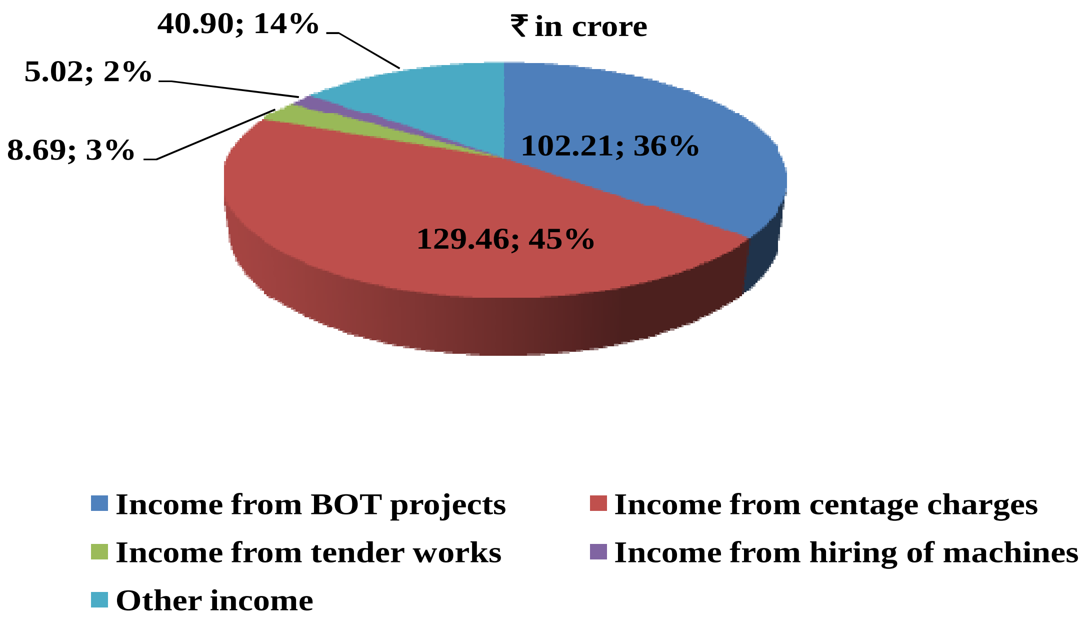
The Company mainly executes three types of works[1] (i) Tender works *i.e.* works/contracts procured through participation in competitive bidding, invited by various Government Bodies/Organisations throughout the country, (ii) Centage/Deposit works *i.e.* works/contracts entrusted by various State Government Departments/Undertakings on cost plus basis and (iii) BOT projects. The Company executes the projects through unit offices, headed by the Project Directors (PDs) who are further assisted by the Project Officers (POs). The unit offices are of temporary nature and are created as per the volume of the work requirement. The units are wound up or are merged with other units after completion of the project/s. The position of units during 2007-08 to 2011-12 excluding service units (Mechanical and Electrical units) was as below:

Year	2007-08	2008-09	2009-10	2010-11	2011-12
Number of units	17	17	17	28	28

Revenue Sources

2.2.2 The various sources of revenue include income from BOT projects, centage/deposit works, tender works, hiring of machines and other income *viz.* interest income, sale of tenders *etc.* The Company earned revenue of ₹ 286.28 crore during last five years ending March 2012 from these sources.

The revenue from various sources is depicted in pie chart below.



Scope of Audit

2.2.3 A comprehensive Performance Audit on “Construction Activities” of the Company appeared in the Audit Report (Commercial) for the year ended 31 March 2005. The review had been discussed (May 2007) by the Committee on Public Undertakings (COPU) and the recommendation report of the

1 The position of the works during the year 2007-08 to 2011-12 is referred in paragraph 2.2.9.

Committee was placed in the State Legislature on 26 August 2011. The main recommendations of the COPU were (i) to execute the projects in time bound manner (ii) to ensure sound contract management (iii) to control cost overrun (iv) to maintain quality and (v) to ensure sound financial management.

The present performance audit covers performance of the Company in execution of deposit works, BOT projects and tender works during the period 2006-07 to 2010-11. The working figures for the year 2011-12 have also been incorporated in the Performance Audit. The audit examination involved scrutiny of records at the Head Office, four service units (one mechanical and three electrical), Gurgaon unit and three other units (Udaipur-I, Jodhpur-I and Jaipur-II) during last five years ending March 2011. The selection of units was based on the total highest turnover[2] and maximum number of execution of tender works. Besides, three units (Udaipur-II, Jodhpur-II and Chittorgarh-I) having turnover 12.34 *per cent* of the total turnover were also reviewed as the same were lying in the vicinity of selected units. Thus, the size of sample was 39.28 *per cent* of the total turnover of the units during 2006-07 to 2010-11. During the course of performance audit 102 centage works having turnover of ₹ 234.33 crore, seven roads having turnover of ₹ 562.46 crore and 11 tender works with turnover of ₹ 129.08 crore were selected on the basis of value of work more than ₹ 20 lakh.

Audit Objectives

2.2.4 The performance audit of the Company was carried out to ascertain whether:

- There was action plan and projects were implemented after adequate planning, survey, investigation and estimates to cater effectively to infrastructure needs of the State; and
- There was a transparent system for contract documentation, bidding and awarding the work as per the terms and agreement of the contract.

Audit criteria

2.2.5 The source of the audit criteria were the following;

- Agenda and minutes of the meetings of BODs and Executive Committees (EC);
- Instructions/guidelines issued by the State Government/Company;
- Road traffic census data and consultancy reports;
- Basic Schedule of Rates (BSRs) issued by the Public Works Department;

2 Total turnover of the Company during 2006-07 to 2010-11 was ₹ 1216.68 crore. Total turnover in the three selected units during 2006-07 to 2010-11 was, Jaipur-II (₹ 75.56 crore), Jodhpur-I (₹ 114.15 crore) and Udaipur-I (₹ 90.08 crore) and selection was 22.96 *per cent* of total turnover. The total of sample was 39.28 *per cent* (including 3.98 *per cent* turnover of Gurgaon unit).

- Detailed Project reports of toll projects;
- Standard bidding document containing general and specific terms and conditions;
- Rajasthan Road Development Act, 2002 and Rules;
- Budget and financial estimates/statements;
- Material at site accounts, Measurement books, Job work bills, monthly running accounts and monthly progress reports; and
- Procurement and operational manuals of the Company.

Audit Methodology and Findings

2.2.6 We explained the audit objectives, audit criteria, audit methodology and scope of the Performance Audit to the Management in Entry Conference (March 2012). The audit findings were reported to the Government/Company (August 2012) and discussed in the Exit conference (November 2012) which was attended by Deputy Secretary to the Government of Rajasthan, Public Works Department and Managing Director of the Company. The views expressed (November 2012) by the Management have been considered/incorporated while finalizing the Performance Audit Report.

Planning

2.2.7 The Company did not prepare long term action plan to ensure achievement of the objectives laid down in Memorandum of Association. The Company was mainly dependent on the works entrusted by the State Government/Departments/PSUs. The procurement of works at its own was almost negligible. The work performance has been discussed in subsequent paragraphs.

Budgetary analysis

Budgetary analysis

2.2.8 The Company prepares annual physical and financial budgets. The budget manual provides that budgets should be prepared and approved by the Board in the month of February of preceding year. It further provides that revised estimates for the current year should also be prepared showing separately the actual expenditure for nine months and estimates for three months along with detailed justification for variances.

We noticed that the budget estimates for the years 2007-08 and 2008-09 were belatedly approved by the BODs in June 2007 and June 2008 respectively. The budget estimates for 2009-10, 2010-11 and 2011-12 were also submitted to the Board on 30 March of the preceding financial year. The Company, however, did not achieve the targets of turnover estimated in the physical budget except during 2007-08. The shortfall in accomplishment of turnover was ranging between 3.92 and 39.06 *per cent.* The percentage of variation in respect of budgeted revenue and actual was ranging between 93 and 202 *per cent* while in respect of budgeted expenditure and actual was 82.76 and 235 *per cent* **(Annexure-9)**.

The Management accepted the facts and stated that all efforts were being made to place the budget estimates before Board as per time schedule. It further stated that budget provisions were mere approximation of quantum of work likely to be executed during the year and could not be strictly adhered to list of work indicated in the budgets. The controllable expenses were closely watched and had been kept within prescribed ceilings during last five years. The fact remained that the reasons of wide variation in the budget were never analysed and appraised to Board as required in the manual of the Company. Further, the administrative expenses also ranging between 93 and 160 *per cent* of budget indicated the lack of control over expenditure.

Position of works in hand

2.2.9 The details of various works (in numbers and value) pending execution at the beginning of the year, works received and executed during the year and pending execution at the end of year during 2006-07 to 2011-12 are as below:

(₹ in crore)

Year	Works pending at the beginning of the year		Works obtained during the year		Works executed during the year		Work completed and transferred to the client during the year		Works pending at the end of the year	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
2006-07	208	255.93	55	265.02	263	141.84	84	119.96	179	277.81
2007-08	179	277.81	55	332.21	234	170.10	29	112.54	205	335.37
2008-09	205	335.37	34	199.48	239	289.73	31	135.75	208	489.35
2009-10	208	489.35	58	2656.99	266	221.50	45	167.13	221	543.72
2010-11	221	543.72	48	249.95	269	394.48	61	185.25	208	752.95
2011-12	208	752.95	36	111.01	244	873.57	17	170.43	227	1456.09

It could be seen from above that the pace of completion of works was very slow. As against 208 works pending execution at the beginning 2006-07 and 286 works valuing ₹ 3814.66 crore obtained during 2006-12, only 267 works (54.05 *per cent*) valuing ₹ 891.06 crore could be completed and transferred to client department. Further, out of 208 works pending execution at beginning of 2006-07, 176 works valuing ₹ 179.43 crore (70.11 *per cent*) were allotted by State Government/Departments/PSUs. Similarly, out of 286 works obtained during 2006-12, 283 works valuing ₹ 3749.58 crore (98.95 *per cent*) were pertained to Government/Departments/PSUs and remaining three works valuing ₹ 65.08 crore (1.05 *per cent*) could only be procured through tenders.

A comparison of the deposit works vis-à-vis tender works executed by the

Company during 2006-07 to 2011-12 is as below:

Year	Deposit works		Tender works		Total	
	Number	Value (₹ in crore)	Number	Value (₹ in crore)	Number	Value (₹ in crore)
2006-07	231	110.98	32	30.86	263	141.84
2007-08	208	148.89	26	21.21	234	170.10
2008-09	218	263.97	21	25.76	239	289.73
2009-10	253	200.08	13	21.42	266	221.50
2010-11	264	388.91	5	5.57	269	394.48
2011-12	240	870.24	4	3.33	244	873.57

During 2006-12, the execution of tender works in comparison to deposit works had decreased substantially due to poor participation in open tenders, lack of professional expertise and unable to compete the bidding coupled with increased allotment of deposit works/BOT projects to the Company by the State Government/Departments/PSUs.

Thus, the dependency of the Company was on deposit works and revenue generated from the works allotted by the State Government/Departments/ PSUs had been the lifeline of the Company over a period of time. The reasons for slow pace in completion of works are discussed in subsequent paragraphs.

The Management stated that pendency of work at the end of any financial year was unavoidable because period of completion of most of the works was either two years or even more. It further stated that decrease in execution of tender works in comparison to deposit works was due to immense rise in turnover during these years and deputation of additional staff was not agreed by PWD. The reply was not convincing as 82 *per cent* of the works were delayed beyond scheduled completion date. The Company, however, could not secure works through participation in open tenders as discussed in paragraph 2.2.14.

Delay in completion of work

2.2.10 A review of the 267 works completed and transferred to the client department during 2006-07 to 2011-12 revealed that only 39 works were completed within scheduled period. The extent of delay in execution of 228 works is detailed below:

(Numbers)

Year	Delay in months							Total[3]
	1-6	7-12	13-18	19-24	25-30	31-36	above 36	
2006-07	26	21	4	5	3	-	-	59
2007-08	10	15	11	7	3	1	1	48
2008-09	13	7	5	2	1	1	-	29
2009-10	20	13	6	5	1	3	2	50
2010-11	13	12	2	1	-	-	1	29
2011-12	-	2	6	1	2	2	-	13
Total	**82**	**70**	**34**	**21**	**10**	**7**	**4**	**228**

It could be seen that almost 82 *per cent* (186 works) of the works were completed with a delay upto 18 months while in 18 *per cent* cases (42 works), delay was beyond 18 months. The maximum delay observed in execution of

3 The figures mentioned above might not match with the previous table as the unit offices and accounts wing has taken different approaches for deciding the works completed and transferred to the client department.

works was 66 months *i.e.* in case of works started prior to 2006-07. Delay in completion was attributable to delay in awarding and commencement of work by the contractor, late approval of drawings by client department, delay in completion by contractor, delay in supply of cement and steel by the Company, poor monitoring and supervision of works and delay in release of funds by the client department. A few major works showing exorbitant delay in execution along with reasons are given in **Annexure-10.**

We also observed that non-availability/inadequate supply of steel and cement was also significant reason of delay in execution of works. The head office of the Company procured cement and steel on the basis of quarterly requirement from the unit offices. The position of ordered quantity of steel and actual supply during 2006-07 to 2011-12 is given below:

(In MT)

Year	Ordered Quantity	Actual supply	Short supply
2006-07	8509.20	8020.26	488.94
2007-08	5670.00	4672.66	997.34
2008-09	13512.50	10430.10	3082.40
2009-10	4558.50	4473.90	84.60
2010-11	2773.10	2767.57	5.53
2011-12	11827.00	10142.34	1684.66

The short supply of steel was due to placing of orders on a single bidder which could not make timely supply as per the requirement of the units and delayed the projects. The Company, from 2011-12 onwards, started procurement of entire steel from Steel Authority of India Limited instead of inviting bids.

Delay in completion of works deprived the Company of timely recovery of centage charges besides loss of credibility and socio-economic benefits to the State.

The Management accepted the facts and stated that delay was unavoidable in the interest of work and Company. Further, there was no loss of credibility as these departments were still getting the work done by the Company. The reply was silent on the issue of delayed and inadequate supply of cement and steel. As regards, loss of credibility, Kota Super Thermal Power Station mentioned about poor work performance of the Company and was reluctant to get the work done through Company.

Deposit/Centage works

2.2.11 Deposit/Centage works are those which are executed by the Company on actual cost plus certain fixed overheads. The PWD (GOR) authorized (October 1979) the Government Departments/State PSUs to entrust large civil engineering works directly to the Company (erstwhile RSBCCL) at actual cost plus 15 *per cent* or 10 *per cent* overheads[4]. This circular (1979) was extended/amended from time to time by the State Government to maintain continuity of business to the Company. However, the fixed overhead rates to be charged by the Company were amended (January 1996) to 12.50 *per cent* in case designs and drawings were to be prepared by the Company; 10 *per cent*

4 15 *per cent* overheads if the Company executes the work as a departmental work while 10 *per cent* in case works executed by the Company through contractor.

in case the same was supplied by the client department. These rates were further amended (August 1996) to nine *per cent* and seven and half *per cent* respectively. These rates were being continued till now (March 2012).

Adequacy of centage charges

2.2.12 The Board of *erstwhile* RSBCCL constituted (September 1979) a four[5] member committee to propose administrative set up for RSBCCL. The Report of the committee was approved (March 1980) by the Board. As per the recommendations of the committee, it was decided to appropriate four *per cent* centage charges towards staff at site, six *per cent* towards staff at headquarters, three *per cent* for payment of loan and interest and two *per cent* as reserve/profit. Further, the GOR while extending (December 1981) the period of circular (1979) reiterated that the overheads would include charges pertaining to or incidental to a work *i.e.* establishment expenditure of office staff and field supervisory staff of the level of Junior Engineer, office expenses and running and maintenance of vehicles used for supervisory purposes.

We observed that the Company never reviewed the adequacy of centage charges towards recoupment of actual administrative cost incurred on execution of deposit works. Further, the effect of reduction in recovery of centage charges from 15 *per cent (*1979*)* to nine *per cent* in 1996 was also not reviewed considering increase in administrative cost consequent to two wage revisions and inflation in economy.

The position of actual administrative cost incurred on deposit works and centage charges earned during 2006-07 to 2011-12 is given in **Annexure-11.**

It could be seen from the annexure that the centage charges earned were not sufficient to cover the actual administrative expenditure/overheads incurred on execution of deposit works except in the years 2008-09 and 2011-12. Against the directions of GOR to recover nine *per cent* centage charges on actual cost, the effective recovery turned out between the range of 7.24 and 8.15 *per cent* against actual overheads ranging between 8.06 and 11.48 *per cent;* thereby leaving a gap of ₹ 21.10 crore during 2006-08 and 2009-11 without including interest and finance charges and depreciation on machinery *etc*.

We also noticed that the Company either did not charge centage on some projects[6] or the rate charged was lower than fixed by the Government. In some cases[7] the Government itself directed to charge a lower rate than prescribed by it. We further noticed that the Company charged centage on BOT projects ranging between three and nine *per cent* against 15 *per cent* as allowed under Rajasthan Road Development Rules 2002 without any specific directions from the Government.

The rates of centage were fixed by the GOR way back in 1996 and thereafter as commented above the overheads increased manifold. Despite this the Company never approached the Government for revision in centage rates.

5 Chairman and Managing Director (CMD) of RSBCCL, Chief Engineer (PWD), Chief Engineer (Irrigation) and Deputy Secretary to GOR.
6 Govind Devjee Temple (Nil), Satellite Hospital (Nil) and Construction of IIT-R (7 *per cent*).
7 High Court Building Jodhpur (6.5 *per cent*), Construction of Medical College Jhalawar (5.5 *per cent*) and Construction of Rajasthan State Judicial Academy (6.5 *per cent*).

Further, a recovery below than prescribed limits in BOT projects also contributed to short recoupment of the actual overheads incurred.

The Management stated that calculation had been done by attributing overheads to deposit works only, while the same manpower and machinery was also deployed on the execution of tender works. The overall recovery of centage keeping in view the payment made to meet the shortfall towards pension fund of employees was ranging between 5.24 *per cent* and 8.96 *per cent*. The reply was not correct as the calculation was done after apportioning overheads between deposit and tender works in the ratio of respective turnover. Further, the turnover of deposit works was taken net off centage charges. As regards provisions towards the employees' pension fund, the shortfall pertained to respective years was also to be recovered in subsequent years.

Non-recovery of centage on interest and profit

2.2.13 The norms for project formulation mentioned in Annexure A of the 'Rajasthan Road Development Rules 2002' stipulates 15 *per cent* interest rates to be included in the cost of project. The terms 'actual cost' indicated in GOR Circular 1981 mention that any cost directly related to the works to be included in the actual cost of the project. The interest cost during construction, being the direct cost should have been included in actual cost while calculating the centage charges. A review of the system of charging centage revealed that the Company while arriving at total cost did not include the interest and finance charges which resulted in short recovery of centage of ₹ 2.65 crore[8] on the projects executed during 2010-12.

Annexure-A to the 'Rajasthan Road Development Rules, 2002' (Rules) also allowed 15 *per cent* profit to the person/entrepreneur with whom the State Government has entered into an agreement for development of road on his investment. The Company instead of charging 15 *per cent* profit on the investment, charged at the rate of seven *per cent* as centage. This resulted in under recovery of profit by ₹ 17.96 crore on 13 roads entrusted during 2009-10 by the State Government.

The Management replied that MOU with GOR for execution of BOT projects allowed only rate of seven *per cent*. It further stated that recovery of investment with seven *per cent* charges takes a period of about 20 years and it was not prudent to claim 15 *per cent* centage charges. The reply was not correct as the MOUs did not provide for rate of centage recovery and rather allowed 15 *per cent* profit as per norms for project formulation.

Tender works

2.2.14 The State Government extended the validity of circular to award large civil engineering works directly to the Company by Government Departments/State PSUs from July 2005 onwards with the condition that there should be increase of 10 *per cent* in the volume of works procured by the Company by tender process every year. Report to this effect was to be

8 Seven *per cent* of interest capitalised (₹ 37.91 crore) during 2010-12.

conveyed to Finance and Administrative departments (GOR) by 31 March of each financial year. Failure to submit such report would result in automatic withdrawal of extension prematurely. Prior to this, the Company had constituted (April 2002) a Business Procurement Cell (BPC) to secure tenders by participating in the bidding process. The cell was responsible for examination of Notice Inviting Tenders (NITs), preparation of proposals for new tender works and technical bid and submission of its recommendations to the Managing Director (MD) who was the competent authority to take decision for participation on the basis of past experience and capacity of the Company.

We noticed that the BPC largely failed to increase tender business by 10 *per cent* every year as the performance of the Company in tender participation was meager. Besides, the Company never reported the performance of tender business to the State Government despite standing directions to do the same in every financial year.

The status of participation in tenders by the Company and the contracts actually procured there against during six years ending March 2012 is given below:

Year	No. of tender in which the Company participated	No. of tenders acquired by the Company	Total value of works acquired (₹ in crore)	Percentage success in participation
2006-07	15	0	0	0
2007-08	21	2	56.58	9.52
2008-09	17	1	8.50	5.88
2009-10	138	0	0	0
2010-11	4	0	0	0
2011-12	0	0	0	0
Total	**195**	**3**	**65.08**	**1.54**

The Company out of participation in 195 tenders during 2006-12, could secure only three tenders valuing ₹ 65.08 crore. During 2006-07 and 2009-12 the Company even could not secure a tender, out of participation in 157 tenders.

The Management stated that main reason for non participation in tender works was immense rise in turnover during these financial years and scarcity of Engineers and technical staff and lot of works in hand to execute. The reply was not convincing as the Company executes the works on contractual basis, which did not affect the shortage of manpower. The turnover of deposit works was increased October 2010 onwards and prior to it the Company could secure only three tenders out of participation in 195 tenders which indicated that the quoted rates were not competitive. Further, the Company managed with almost same number of staff even after five times increase in turnover.

Determination of non-feasible price bid

2.2.15 The Company participated (October 2007) and accepted (April 2008) a tender work valuing ₹ 13.46 crore for construction of 60 number of residential units of various categories at Kota Super Thermal Power Station (KSTPS), Kota. For execution the contract, the Company, between April 2008 and June 2008, invited tenders two times but could not finalise it as the rates received were on higher side. On the basis of last tender (June 2008), the Company assessed that it would suffer a loss of ₹ 18.94 lakh in case it was executed.

Considering the probable loss in execution of the work, the Company refused (August 2008) KSTPS to execute the work on the plea that the work was awarded after expiry (December 2007) of the validity of the bid. Since the Company did not execute the work, KSTPS issued (July 2009) notice for recovery of ₹ 22.48 lakh towards risk and cost of the work awarded to another contractor. The actual risk and cost of the work has not been assessed by the KSTPS (September 2012).

The Management stated that KSTPS placed work order with the Company even after withdrawal of bid. The Company decided to execute the work and demanded escalation due to delay in issue of work order, which was lawful and justified. The reply was not correct as the Company managed its inability to execute the work on the quoted rates taking plea of the validity period of bid. Had it been the reason for non-execution, the Company would not have invited tenders twice and asked (June 2008) for drawings and designs coupled with assurance (July 2008) to commence the work by the Managing Director. Further, the tender conditions/work order did not stipulate any escalation clause.

Performance in execution of tender works

2.2.16 The position of tender works completed during 2006-07 to 2010-11 and in progress as on March 2012 is given in **Annexure-12.** It could be seen from the annexure that:

- Of eight tender works[9] completed during 2006-07 to 2011-12, the Company earned profit of ₹ 2.26 crore on six works while incurred loss of ₹ 0.80 crore on two works. The profit worked out (certified value of work *less* actual expenditure) on the actual investment/ expenditure on these works was ranging between 4.02 *per cent* and 6.25 *per cent.* We, however, observed that the Company did not apportion the administrative cost incurred on execution of these works which was ranging between 7.30 *per cent* and 11.48 *per cent* during the period 2006-07 to 2010-11. After considering administrative cost[10] the profit of ₹ 1.46 crore earned on these eight completed works would turn out into loss of ₹ 4.63 crore.

- There was substantial delay in completion of these projects ranging between 9 and 41 months from scheduled completion period envisaged in tenders. We observed that the client departments did not made fronts timely available, delay in providing drawings and designs, incorrect assessment of bill order quantity (BOQ), excess and extra work. The Company, however, made delay in providing cement and steel and deficient monitoring *etc.*

- There was substantial delay in raising final bill of the completed projects ranging between 3 and 31 months with the client. The payments were made by the clients with a delay ranged upto 7 months and as on March 2012 payments of ₹ 2.94 crore were pending receipt from clients on four completed projects.

9 Works procured prior to 2006-07.
10 9.51 *per cent* being the average of five years administrative cost and turnover.

The Management stated that after meeting seven *per cent* administrative overheads the Company incurred minor loss of ₹ 7.12 lakh on the 11 works. The reply was not correct, as stated above, the Company incurred loss on eight works executed and completed during last six years ending March 2012 and remaining three works were shown in progress as per its latest accounts. Thus, the position of profit/loss on these remaining three works could not be assessed. The reply was silent on the issue of delay in completion of projects, delay in raising of final bills and non-receipt of payments from the clients.

BOT Projects

2.2.17 The Company executed two types of BOT projects, one which was directly allotted by the State Government with flexible period of concession and the other procured by the Company in competitive bidding with fixed concession period. In case of flexible period of concession, the Company was to recover investment made on the project through levy of user fee (Toll) as per the provisions of Rajasthan Road Development Act, 2002. After full recovery of investment, the project was to be transferred to the State Government free of charge. While in case of fixed period of concession, the Company was to collect toll during specified period mentioned in the tender. In this case the collection of toll in excess or below the investment was to be the profit or loss of the Company, as the case may be.

The Memorandum of Understanding (MOU) between the State Government and Company for execution of BOT projects rendered on flexible concession period basis include the capital cost of construction, interest on capital cost, maintenance cost *etc.* of the project during the period required for recovery of investment and would be recovered through collection of toll. Clause 5 of the MOU provides that the Company shall maintain a separate account for the 'project' detailing all these costs and recovery of total investment through collection of toll. The details of this account shall be submitted to the State Government every year in April. The Company prepares a definitive project report (DPR) and on the basis of all the likely costs to be incurred and expected toll revenue, a concession period for recoupment of investment is determined.

Accounting System of BOT projects

2.2.18 As per system adopted by the Company for accounting of flexible concession period BOT projects, the profit element in the form of centage charges included in the project's capitalized cost during construction period. The excess/short recovery of toll than the capitalized cost of project amortized was treated as profit/loss of that particular year.

We observed that since the element of profit was included in the investment till completion of the project and treating the excess/short recovery of toll than the amount amortised during concession period as income/expenditure was not in accordance with the provision of MOU and generally accepted accounting principles. This led to inflation/deflation of the profit/loss of that particular year. The Company overbooked the profits by ₹ 17.70 crore during 2006-07 to 2011-12.

The Management stated that the Company was following this policy since financial year 2002-03 and was accepted by the Audit and Income Tax Authorities. Further, the profit earned during 2006-11 was only ₹ 9.88 crore. The reply was not convincing as the MOUs for the projects were signed with GOR in 2009 which provided for recovery of investment only. Prior to the MOUs all the projects, whether acquired through tenders or directly entrusted by GOR were treated at par and accordingly accounting for entrusted projects was considered. As regards difference in figure of profit, the Management had not considered three[11] projects surrendered to the Government. After considering these three projects surrendered, the profit was ₹ 17.70 crore.

2.2.19 During 2006-07 to 2011-12, the State Government allotted 20[12] road construction works to the Company for execution under BOT system with flexible period of concession. One road was also procured by the Company through competitive bidding with fixed period of concession. Out of these 21 roads, the Company had executed four[13] roads and started collecting toll between December 2009 and May 2011. Of remaining 17 allotted roads, 11 roads were under execution and DPRs of two roads were under preparation as on March 2012. The other four[14] roads were withdrawn by the State Government for execution under different schemes. The position of the roads under execution and the margin money deposited by the State Government there against is given in **Annexure–13.**

Collection of Toll

2.2.20 During 2006-07 to 2011-12 the Company had been collecting toll on 12[15] roads having fixed and flexible period of concession. Out of these, three roads with fixed period of concession and three roads with flexible period of concession had been surrendered to the State Government. As on March 2012 the Company was collecting toll on six[16] BOT projects. The shortcomings noticed in collection of toll during review period are discussed below:

Excess collection of toll

2.2.21 The State Government awarded (February 2001) the work of construction of Banswara – Dahod road, Massi Bridge and Mangalwar-Nimbaheda road to the Company with right to recover investment by levy of toll. The Company completed the Banswara – Dahod road, Massi Bridge and

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11 Banswara-Dahod Road (surrendered on 4 June 2002), Mangalwar-Nimbahara Road (surrendered on 3 August 2010) and Massi overbridge on Sanganer Malpura Road (surrendered on 31 March 2011).

12 One road was allotted by the State Government in June 2008 while 19 roads were allotted in January 2010 and March 2010.

13 Bikaner Bypass (started toll collection from December 2009), Chala Neem Ka Thana-Kotputli Road (started toll collection from October 2010), Chittorgarh-Kapasan -Mavli-Dabok Road (started toll collection from February 2011) and Suratgarh-Hanumangarh Road (started toll collection from May 2011).

14 (i) Pratapgarh - Mandsaur, (ii) Sanderao - Falna, (iii) Jodhpur – Bhopalgarh – Gotan – Merta and (iv) Bharatpur - Roopwas - Dholpur.

15 Four roads completed during 2006-12 as mentioned in paragraph 2.2.19 and eight road completed prior to 2006-07 and toll was collected during 2006-07 onwards.

16 (i) Sriganganagar-Hanumangarh, (ii) Hanumangarh-Suratgarh, (iii) Chomu-Ajitgarh-Shahpura (iv) Bikaner bypass (v) Chittorgarh -Kapasan –Mavli-Dabok, and (vi) Chala Neem Ka Thana-Kotputli Road.

Mangalwar- Nimbaheda road at a cost (excluding interest) of ₹ 2.20 crore, ₹ 1.62 crore and ₹ 7.84 crore and started toll collection from November 2001, April 2002 and March 2002 respectively. At the time of awarding work to the Company, the State Government did not specify the concession period for recovery of toll. The State Government notified (April 2002) 'Rajasthan Road Development Act, 2002' (Act); Clause 5 of which *inter alia* provided that the State Government might enter into an agreement with any person or any local body in relation to development of any road who should be entitled to collect and retain the whole or such portion of the toll for such period as might be agreed having regard to the expenditure involved in the development of the road and collection of the toll, interest on the capital invested, reasonable return on the investment and volume of traffic. Further, Memorandum of Understanding (MOU) with State Government for these works was entered in March 2009. Clause 7 of the MOU provided that the Government land leased to the Company should be handed over back immediately on the day when the total investment for construction, development and maintenance was fully recovered by the Company. The MOU, however, did not mention the specific concession period.

We noticed that the Company, contrary to the provisions of the Act and MOU, continued toll collection on these projects beyond the actual recovery of investment including interest amounting to ₹ 16.82 crore till these were surrendered[17] to the State Government. The Company was aware of excess toll collection on these projects but the Chairman allowed (October 2009) to continue toll collection in view of substantial collection from the project.

The Management stated that toll was collected upto the actual concession period mentioned in approved DPRs or till extended concession period. The reply was not convincing as the period mentioned in DPRs was an estimate for recovery of investment while the MOU signed with GOR in March 2009 explicitly provided for recovery of toll till recoupment of investment. Further, the provisions of MOU superseded the concession period mentioned in DPRs.

Improper planning

2.2.22 Sensitivity analysis is an important tool in facilitating investment decisions involving huge capital outlay and large payback period. In road projects, it is pre-requisite for assessing the feasibility of the project that various factors *viz*. estimation of toll collection, interest element and overall expenditure on the project should be subjected to sensitivity analysis for proper evaluation and return on investment on the project.

We observed in two completed projects that the Company while evaluating the proposals of Chittorgarh-Kapasan-Mavli-Dabok Road and Suratgarh-Hanumangarh Road did not ensure the financial feasibility of the projects though the same was specifically mentioned by the State Government while conveying (August 2010) administrative and financial (A&F) sanction. The toll collection contract for Chittorgarh-Kapasan-Mavli-Dabok Road was

17 (i) Banswara – Dahod road surrendered on 4 June 2009, excess collection was ₹ 2.38 crore, (ii) Massi Bridge surrendered on 31 March 2011, excess collection was ₹ 4.76 crore and (iii) Mangalwar - Nimbaheda road surrendered on 3 August 2010, excess collection was ₹ 9.68 crore.

awarded (March 2012) for the first year after calling four times bids at ₹ 20.50 crore against the DPR projections of ₹ 38.23 crore. Further, Suratgarh-Hanumangarh Road, the contract was awarded (February 2012) for initial two years after calling four times bids at ₹ 25.09 crore against the DPR projections of ₹ 35.21 crore. The expenditure on these roads till March 2012 was ₹ 274.22 crore and ₹ 183.15 crore respectively which was further likely to increase as some minor works were pending completion on both the roads. Further, as per A&F sanction, the Company was liable to refund margin money with interest to the State Government. The margin money of the State Government on these two projects was ₹ 89.57 crore and the rate of interest to be charged was pending decision with the Government. These projects were financed through borrowing (October 2010 and March 2012) of ₹ 200.28 crore from HUDCO, margin money given by the State Government and remaining from own funds.

While analyzing the actual toll collection with estimated eight *per cent* increase every year (State Government norm for State highways is six *per cent*) was not even sufficient to meet the cost of financing which had been considered at 11.50 *per cent* per annum (rate of interest of HUDCO loan as on 1 April 2012) on both the projects in next 10 and 15 years. However, DPR projections mentioned recovery of cost of financing from the first year itself and recovery of investment in 16 years (Chittorgarh-Kapasan-Mavli-Dabok Road) and 20 years and six months (Suratgarh-Hanumangarh Road). Thus, in the absence of sensitivity analysis by factoring input variables of interest rate and estimated toll collection while determining the financial viability, these un-viable projects would not have been accepted by the Company.

The Management accepted the poor viability of roads and stated that after completion of bridges on these roads, toll would certainly increase as more traffic would be diverted. It further stated that the projects were allotted by the GOR on open ended basis and there was no loss to the Company. The fact remained that the projects were entrusted by the Government with clear instructions to execute the projects after ensuring financial viability, which was, however, not done by the Company. These projects cannot remain open ended.

Tender evaluation

2.2.23 For execution of 15 BOT projects awarded (January and March 2010) by the State Government, the Company split the roads into various stretches and invited individual tender for each stretch. The tenders were invited in two parts, technical bids and financial bids. The financial bids of only technically qualified bidders were opened, which carried two[18] parts *i.e.* G-schedule and H-schedule and the tenders were finalised in favour of the bidder who stood lowest in totality. The shortcomings noticed in tender evaluation process are discussed as below:

18 G-schedule means Basic Schedule of Rate (BSR) of items and H-schedule means non-BSR items.

Improper evaluation of BOQ-a case study

2.2.24 Based on the BOQ of G-schedule and H-schedule envisaged in the tenders of the projects, the Company awarded the work orders in favour of the lowest bidders. Our scrutiny of the records of Chittorgarh – Kapasan – Mavli– Dabok road revealed that there were vast variations in the BOQ envisaged in tender and work actually executed. The variations in BOQ of G-schedule of different stretches of the road ranged between *minus* 8.87 and *minus* 20.81 *per cent* while in case of H-schedule, the same was ranging between 5.02 and *minus* 54.62 *per cent* **(Annexure-14)**. This indicated that the DPRs prepared were not commensurate with the actual work requirements and there was lack of field study.

We noticed that of three stretches[19]out of total 10 stretches, completed during April 2011, two items of H-schedule (i) carrying out confirmatory bores up to depth between 0 m to 10 m and (ii) depth between 10 m to 20 m though envisaged in DPRs and tenders of all three stretches but were not actually executed by the contractor due to non-requirement. Besides these, other two items (i) P & F 100 mm NB GI pipe rail and (ii) S & F road delineator, envisaged in DPRs and tenders of 60-70 Km and 90-99 Km stretches were also not executed. Non-execution of H-schedule items of tenders would have changed overall status of the of the bidders in stretches 60-70 Km and 90-99 Km and the bidder who stood lowest in totality (G-schedule *plus* H-schedule) was not actually the lowest in real terms after exclusion of the non-executed items of H-schedule.

Since G-schedule items constitute more than 90 *per cent* of the value of the total order, the Company instead of evaluating the financial bids in totality, should have separately decided the lowest bidder for G and H-schedule and thereafter the lowest rates for H-schedule items should have been offered to the lowest G-schedule bidder to achieve economy and transparency in awarding tenders. This would minimize the instances of change in the status of bidders after execution of work.

Had the Company adopted above system of evaluation of financial bids, the Company could have saved ₹ 2.13 crore in awarding the tenders for all the three stretches.

The Management stated that G-schedule and H-schedule items were interdependent which could not be awarded to different contractors. There could be variation in quantity taken in BOQ and quantity actually executed, however, lowest should remain lowest was also ensured in final quantities. The reply was not correct as the position of lowest bidder had been changed after execution of two stretches, as stated above. We also observed that the Company awarded items of G-schedule and H-schedule to different contractors in same stretch (60-70 Km) of a road. Thus, the argument put forth that G-schedule and H-schedule items were interdependent and could not be awarded to different contractors did not hold well.

19 (i) 60 to 70 Km stretch, (ii) 80 to 90 Km stretch and (iii) 90 to 99 Km stretch.

Contract Management

2.2.25 Contract management is a process of managing and executing contracts in an efficient and economic manner. The contract agreement includes various clauses *viz*. performance security, bank guarantee, risk and cost, security deposit *etc*. to safeguard the financial interests.

Non-insertion of risk and cost clause

2.2.26 We noticed that the Company while inviting tenders for execution of 13 roads **(Annexure-13)** allotted (January and March 2010) by the State Government made a new standard bidding document which did not include the risk and cost clause. The bidding document, apart from five *per cent* performance security included unbalanced bid[20] clause to safeguard the financial interests of the Company.

Our scrutiny revealed that the bidders quoted rates lower than the Engineer's Cost and procured the work orders but did not complete the works within stipulated time schedule. This led to withdrawal of work by the Company after forfeiting the five *per cent* performance security and additional performance security relating to unbalanced bid. Further, on re-invitation, the bids were received at a very high price ranging between 12.88 and 21 *per cent* above G-schedule than that of earlier awarded ranging between 15 and 28.54 *per cent* below G-schedule.

We observed that performance security and unbalanced bid against the work orders withdrawn by the Company was not sufficient to meet the additional financial burden on re-invitation of tenders. Further, in one[21] case the Company though invoked the bank guarantee of ₹ 8.36 crore against additional performance security but could not materialize it due to litigation. Had the Company incorporated the risk and cost clause in the contract agreements, the additional financial burden on the un-executed works could have been recovered from the defaulter contractors.

The details of works withdrawn by the Company due to non-execution by the contractors and additional financial burden of ₹ 15.47 crore transpired due to re-invitation of bids are given in **Annexure-15**.

The Management accepted the facts and stated that contractors bid on given set of condition and as such earlier bided works could not be changed, however, for further tenders the Management would take a view. It also stated that no financial burden occurred till date on this account. The reply was not correct as the extra cost as worked out based on the quantities and rates mentioned in the new bids would be more than the financial hold due to award at higher rates than the previous bids. We also observed that in the previous tenders documents of Bikaner Bypass Road the Company included the risk and cost clause.

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20 If the bid amount of the successful bidder is lower than the Engineer's Cost of the work to be performed under the contract, then the bid shall be treated as 'unbalanced bid' and the bid amount *minus* Engineer's Cost shall be considered as unbalanced amount.

21 Jodhpur-Osian-Phalodi road.

Sub-standard execution of work

2.2.27 The Company executed (September 2010 to May 2011) the work (four lanes from existing two lanes) of Suratgarh–Hanumangarh road at an expenditure of ₹ 183.15 crore. Toll collection on this road was started from 5 May 2011. However, the toll collection process was aborted (11 September 2011) due to damages occurred in the road and on the pretext of incomplete work at some stretches.

We noticed that the PWD and the State Government constituted (between 25 August 2011 and 8 February 2012) three committees[22] to identify/investigate the reasons for damage/failure of road, fixing of responsibility and to determine the cost of removal of defects. The committee constituted by PWD (17 November 2011) was to submit report within seven days while that constituted by the State Government (8 February 2012) was to submit report by 29 February 2012. The findings of the committees were not provided by the Company treating them as confidential. It was further noticed that the State Government suspended (July 2012) nine engineers of the Company and also issued charge-sheet to the then Managing Director.

The PWD inspection notes, however, revealed that the damages occurred due to heavy rains and seepage of rain water from the median of the road. It was further noticed that Company blamed that the work was not completed by the contractors as per Ministry of Road Transport and Highways (MoRTH) specifications while the contractors blamed the Company that the consultant appointed for DPR preparation lacked technical expertise and DPR prepared was defective. The contractor further blamed that no quality issues were complained by the officers of the Company during execution of road.

The Management accepted the facts and stated that inquiry had already been taken up and all possible measures had been taken to ensure quality work. It was also stated that the agreement consist clause of defect liability/maintenance guarantee and accordingly the firm has to maintain and rectify defects upto six years. The reply, however, did not mention that the abstract bills of the road were certified by the Project Officer stating that the work had been carried out as per the PWD specifications.

Improper co-ordination among units

2.2.28 Co-ordination among different units of the Company becomes *sine qua non* when different stretches of a same road are executed through different units. The Dabok - Mavli - Kapasan- Chittorgarh road was divided into 10 stretches under three units. Three stretches (0-10, 10-20 and 30-40) were under unit Udaipur-I, two stretches (20-30 and 40-50)were under unit Udaipur-II and remaining five stretches (50-60, 60-70, 70-80, 80-90 and 90-99) were under Chittorgarh-I unit. A review of various works executed by these three units under different tenders on the seven completed stretches revealed the following shortcomings.

22 First committee by the PWD in August 2011 under Superintending Engineer (PWD), Second committee by the PWD in November 2011 under chairmanship of Additional Chief Engineer (PWD) Zone-1, Jaipur and third committee by the State Government in February 2012 under Advisor (Infra) RSRDCC.

(a) We noticed that Chittorgarh unit included the work of tree guard in the main work order and got executed the same at G-Schedule rates *less* tender discount at cost of ₹ 513.42 per tree guard. However, the unit-I and II awarded separate contracts for the same work at a cost of ₹ 1550 and ₹ 2000 per tree guard respectively. We observed that all the three units lacked co-ordination and uniformity in execution of the work of tree guard as the Chittorgarh unit put in place tree guards with iron structure while the Udaipur unit-I and II put in place tree guards with RCC.

Thus, use of disparate tree guards by the units led to extra expenditure of ₹ 40.57 lakh[23].

The Management stated that works along different stretches were taken up through different units but DPR was prepared by one consultant. As such there was no variation on the major items and minor variation might be there on account of stretch specific requirements, which could not be considered as extra expenditure. The reply was not convincing as tree guard was not a stretch specific item and similarity was to be maintained as per DPR.

(b) The Udaipur-II got executed the work of filling agricultural earth in central strip at different stretches through item no. 8 of Chapter of BSR (Earth work for road R-3) G-schedule rate *less* tender discount at cost of ₹ 66.50 per Cum and ₹ 66.97 per Cum. However, the Udaipur-I unit did not include the work in G-schedule and invited the tenders by including it in H-schedule which was awarded at ₹ 125 per Cum for all the three stretches. We observed that by going strictly with the nature of work, it could have been executed by clubbing three items[24] (number 3, 8 and 9) of the horticulture chapter (R-10) under applicable BSR whose combined cost was ₹ 109 per Cum. After giving effect of tender discount, the applicable cost to the Company was in the range of ₹ 84.46 to ₹ 85.91 per Cum.

The dissimilarity in execution of same work was due to improper monitoring/supervision at the level of Deputy General Manager and Headquarters' level who were supposed to verify the tender documents submitted by the project directors of each unit.

Thus, non-observance of similarity in execution of same work led to extra expenditure of ₹ 8.27 lakh[25].

The Management stated that the contractor while quoting rates for any work go through the items involved in execution of that work. By changing item, rates received would be different. Further, presuming different set of items on same rate and calculation of extra expenditure or loss was not realistic. The reply was not in consonance with the issue as the Company was supposed to verify and maintain similarity of G-schedule items of different tenders to ensure economy in execution of same works.

23 (₹ 1550 - ₹ 513.42) X 2001 + (₹ 2000-₹ 513.42) X 1334 (number of tree guards).

24 Item no. 3- Supplying sludge duly stacked at site/store (₹ 73 per Cum), Item no. 8- (Spreading of sludge farm-yard manure or/and good earth in required thickness (cost of sludge, farm-yard manure or/and good earth to be paid separately) (₹ 32 per Cum) and item no. 9- Mixing earth and sludge or farm-yard manure in proportion specified or as directed (₹ 4 per Cum).

25 (Rate at which the work was awarded – Rate attributable as per G-schedule) X Quantum of work executed *i.e* [(₹ 125 – ₹ 84.46) X 7000 Cum + (₹ 125- ₹ 85.91) X 7000 Cum + (₹ 125 - ₹ 85.04) X 6740.91 Cum].

Withdrawal of work by client

2.2.29 Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL) allotted (February 2006) infrastructural civil work of 2 X 250 MW Chhabra Thermal Power Project to the Company on actual cost of ₹ 4.33 crore (later on revised to ₹ 8.16 crore) plus centage charges at the rate of 7.5 *per cent* with scheduled completion within nine months from the date of handing over of site. The site was handed over to Company in February 2006 and the Company mobilized its staff in March 2006.

We noticed that the Company though split[26] and awarded (March 2006) the work to six contractors but did not ensure commencement of all the works simultaneously as only three[27] works could be started during March and April 2006. The non-commencement and slow progress of work was brought to the notice of Company by RRVUNL several times between May and July 2006. RRVUNL also complained about non availability of supervising staff at site to monitor the work of contractors. The Company, however, despite several reminders from RRVUNL could not speed up the work to the desired satisfaction level of RRVUNL. Consequently, RRVUNL directed (October 2006) to stop the work *w.e.f.* 30 November 2006, upto to which works of ₹ 2.16 crore were executed by the Company.

Thus, the lack of supervision and co-ordination between the Company and contractors led to withdrawal of work by RRVUNL and caused loss of revenue of ₹ 45 lakh towards centage charges on un-executed works.

The Management stated that change in work specification and drawing by RRVUNL led to stoppage of work. The reply was not correct as three works were not started even after lapse of six months and one work was rescinded due to slow progress of the contractor.

Work of Biological Park at Sajjangarh

2.2.30 The Wildlife Department Udaipur allotted (October 2008) the construction work of various buildings and boundary wall at Sajjangarh Biological Park to the Company on actual cost plus nine *per cent* centage charges. Of the total estimated cost of ₹ 14.75 crore for overall project, work of ₹ 5.30 crore were to be executed in first phase by August 2010.We noticed that the Company could complete the first phase project work of ₹ 4.33 crore till May 2012 due to lack of planning and improper co-ordination among various project activities. The Company awarded (August 2009) the work of construction at ₹ 2.74 crore with scheduled completion by August 2010, excluding cement and steel and without engaging architectural consultant for preparation of designs for the project. The architectural consultant was belatedly engaged in February 2010.

We further noticed that awarding of construction work without finalization of designs/drawings/specifications led to crop up differences between the Contractor and the Company. As a result, the contractor refused to carry out the work with changed specifications than the G-schedule and as such the

26 (i) Boundary wall Part-A, (ii) Boundary wall Part-B, (iii) Field hostel, (iv) Office & store shed, (v) Road and (vi) Fencing work.

27 (i) Boundary wall Part-A, (ii) Office & store shed and (iii) Fencing work.

Company cancelled (September 2010) the contract at the risk and cost of the contractor. The Company re-awarded (January 2011) the work to already defaulted firm with scheduled completion period upto August 2011. The Company further could not get the work completed due to conflict on the issue of delay in providing material/designs/drawings by the Company and slow progress of the work by the contractor. Resultantly, the Company again cancelled (December 2011) the contract and black listed the contractor for participation in future tenders. Both the contractors initiated legal action against the Company and new contract was yet to be finalised (November 2012). This not only caused delay in realisation of centage charges of ₹ 19.44 lakh on un-executed portion of first phase but also attracted litigation with the contractors.

The Management while accepting the fact of delay and litigation stated that work of ₹ 4.33 crore had been completed against the sanction of ₹ 5.30 crore and forest department had assured to issue revised sanction of ₹ 20 crore works. The reply was not convincing as improper contract management led to rescinding the contract twice and next contract was yet (November 2012) to be finalized.

Avoidable expenditure due to not using excavated earth

2.2.31 The BSR and the tenders invited for construction of roads mentioned different rates for 'construction with excavated earth' and 'construction with earth from borrow pits (private land)'. Scrutiny of the final bills submitted by the contractors revealed that whole of the excavated earth was not used by the contractors in construction and instead they claimed construction from borrow pits. The position of earth excavated, excavated earth used in construction and earth unused in construction test checked in stretches of Chittorgarh – Kapasan – Mavli - Dabok and Suratgarh – Hanumangarh roads is given in **Annexure-16.**

As against 9.31 lakh Cum earth excavated from culverts, bridges and drainages, 8.41 lakh Cum earth was used in the construction. Non-utilisation of 0.90 lakh Cum excavated earth caused extra expenditure of ₹ 41.07 lakh as the work was executed through earth from borrow pits.

The Management stated that all possible efforts were done to use available excavated earth, if it was suitable for use in embankment and economical in transportation. Most of the times surplus earth available was in distant section from the section of its use and in such cases transportation, loading, unloading become costlier than taking earth from nearby borrowed area. The reply was not convincing as the Company was to record the available excavated earth on a particular location and also the reasons for not using the same. However, no such record was found maintained and the reasons for not using the excavated earth were also not recorded.

Awarding the work to single bidder despite higher rates

2.2.32 Rule 55 of the General Financial and Accounts Rules (GF & AR) Part-II issued by the State Government provides that retendering would be necessary in case tenders received were less than three and the committee was not satisfied about the reasonability of the rates. Clause 6.8 of the manual of the Company further provides that in case the lowest tenderer does not reduce his rates in negotiations or the reduced rates are still considered to be higher, then the tender sanctioning authority may work out a counter offer and ask the lowest tenderer to accept it. If it is not accepted by the lowest tenderer, then the sanctioning authority may reject the tenders or make the same counter offer as per delegation of powers.

The Company awarded tenders at higher rates without ensuring reasonability of rates. In some cases the tenders were awarded to single tenderer instead of re-inviting the tenders as required under GF & AR and manual of the Company. Cases noticed in selected units are as detailed below:

Name of work	Rates quoted by the lowest tenderer	Internal estimates of the Company	Whether tender re-invited	Rates received on re-tendering	Rates at which tender was awarded
Construction of Hostels at AIIMS Jodhpur	24.50 *per cent* above G-schedule (single bidder)	-	No	NA	24.50 *per cent* above G-schedule
Construction of LSQ & USQ Campus at Udaipur	30 *per cent* above G-schedule	22.95 *per cent* above G-schedule	Yes	23.51 *per cent* above G-schedule	23.51 *per cent* above G-schedule
	29.81 *per cent* above G-schedule	22.93 *per cent* above G-schedule	Yes	23.51 *per cent* above G-schedule	23.51 *per cent* above G-schedule
	34 *per cent* above G-schedule	22.87 *per cent* above G-schedule	Yes	19 *per cent* above G-schedule	19 *per cent* above G-schedule

(a) In case of construction of hostels at AIIMS Jodhpur, the work was divided into three parts and only single tenderer participated (December 2007) in the tender process. The rates quoted by the bidder were considered on higher side but during negotiation the bidder refused to reduce the quoted rates of G-schedule. The Company instead of exercising the option of re-invitation, awarded (January 2008) the tender at the quoted rates.

The Management stated that tender was awarded without exercising the option of re-invitation due to the reasons that (i) tenderer did not reduce the quoted rates during negotiation, (ii) rate analysis of Resident Engineer was higher than quoted rates, (iii) similar work was awarded during the same period @ 24.60 *per cent* above G-schedule rates, and (iv) it was a tendered work and penalty could be imposed for delaying the work. The reply was not correct as the internal estimates of the Company for executing the work were ₹ 4.50 crore while the work was awarded at ₹ 5.43 crore. The fact remained that the provisions of the manual as well as GF&AR were not adhered despite single bidder and higher rates than estimates.

(b) Considering higher rates quoted by the contractor in case of Construction of LSQ & USQ Campus at Udaipur the Company negotiated (2 January 2008) with the contractor who in turn reduced rates to 29.25, 29.31 and 33 *per cent* above BSR for part I, II and III respectively but the same were also considered higher by the management. Further, the unit also submitted (23 January 2008) rates of 22.95, 22.93 and 22.87 *per cent* above BSR respectively but these were also not considered reasonable and the Company scrapped the tender. On re-invitation (February 2008) only single bidder quoted 23.51 *per cent* rate above BSR for part I and II whereas in part-III lowest rate of 19 *per cent* above BSR was received among three bidders.

We noticed that though the rates for part I and II were above the estimates submitted by the unit which were also considered on higher side yet the Company awarded (March 2008) the contract to the single bidder without any negotiation.

The Management stated that as per revised rate analysis (24.05 *per cent* above BSR) done by unit on current market rates, the quoted rates were considered reasonable and accordingly work was awarded. The reply was not convincing as the only same bidder again quoted rates on re-invitation of tender and the Company awarded the works at its quoted rates without justifying the market trend which was reducing being evident from part III and new rates received in part I and part II.

Mechanical Unit

2.2.33 The plant and machinery and equipments including tippers and trucks used in the construction of buildings, roads and bridges remain in the charge of the mechanical unit at the head office of the Company. The primary function of mechanical unit involves purchase, operation and maintenance of the plant and machinery and equipment as well as of office vehicles and maintaining their log books.

The working results of the unit for last six years ending March 2012 were as under:

(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Hire charges charged to civil units	1.33	2.48	0.71	3.82	4.48	8.58
Hire charges received from contractors	0.24	0.23	0.25	0.07	0.06	-
Hire Charges received from PWD	-	0.19	0.40	0.04	-	-
Profit on sale of fixed assets	0.14	-	-	0.01	0.20	0.01
Miscellaneous receipts	0.07	-	0.01	0.05	0.06	0.03
Total revenue	**1.78**	**2.90**	**1.37**	**3.99**	**4.80**	**8.62**
Plant running expenses	1.55	2.90	1.20	2.23	3.76	6.22
Depreciation	0.26	0.19	0.14	0.11	0.16	0.16
Rates & taxes	0.07	0.06	0.05	0.06	0.07	0.08
Establishment Expenses (Labour)	0.75	0.86	1.35	1.56	1.60	1.74
Establishment Expenses (Officers)	0.48	0.32	0.25	0.43	0.59	0.73
Other expenses	0.36	0.42	0.42	0.41	0.46	0.63
Total expenses	**3.47**	**4.75**	**3.41**	**4.80**	**6.64**	**9.56**
Net result	**(1.69)**	**(1.85)**	**(2.04)**	**(0.81)**	**(1.84)**	**(0.94)**

It could be seen that hire charges charged for use of plant and machinery had been the main source of revenue of the mechanical unit. The overall performance of the mechanical unit was not satisfactory as it had negatively contributed to the profits of the Company. Further, the hire charges in all the years except 2009-10 were not even able to cover the direct cost (plant running expenses and labour).

We noticed that the GOR while transferring (December 1981) bridge works from PWD to the Company (*erstwhile* RSBCCL), allowed inclusion of hire charges (including cost of labour) of the machinery excluding element of interest in the actual cost. However, the Company while fixing cost to be charged on deposit works did not include the element of labour cost employed on the machinery in the hire charges and consequently the labour charges of ₹ 7.35 crore were under recovered.

The Management accepted that the machinery and manpower available in mechanical unit could not be fully utilised in previous years due to insufficient work of road construction with the Company. As a result the expenditure was more than income from hire charges. Efforts are being done to control the departmental expenses through departmental execution of more and more road works. It further stated that the Company did not consider direct cost of labour at the time of determination of hiring charges in previous years. However, direct cost of labour is being considered for determination of hiring charges from 2012-13. The major reasons for loss in the unit are discussed below.

Utilisation of plant and machinery

2.2.34 The Ministry of Surface Transport (MOST) recommended in December 1993 and May 1998 'economic life for condemnation purpose' and 'annual utilisation norms' respectively, for various types of plant and machinery used in the construction of roads. Further, the manual of the Company prescribed that the month-wise utilisation of each construction machine/equipment shall be compiled by the Mechanical unit every year and it will be compared with the annual utilisation norms. A report in this regard was to be submitted to the Managing Director with comments to find out the reasons of under utilisation. The details of plant and machinery owned by the Company and there utilisation is given in **Annexure-17**. We observed that:

- The overall utilisation of machinery (excluding crane) as on March 2012 against the standard annual hours recommended by MOST was only 41.41 *per cent* and the individual utilisation ranged between 22.24 *per cent* and 79.38 *per cent.* Further, in case of paver finishers, against the standard annual utilisation norms of 800 hours the average annual utilisation during 2006-07 to 2011-12 was ranging between 32.83 and 787.33 hours. In case of road roller, vibromax roller and soil compactor the same was 423.83, 712 and 476.50 hours respectively against norms of 1000 hours.

The utilisation of the plant machinery was though below the norms yet the unit did not submit month wise and machine wise report to the Managing Director for decision making as regards improvement in the utilisation ratio of machines.

- For condemnation purpose, the MOST recommended two parameters for economic life of the plant and machinery *i.e.* later of year or hours. The paver finisher-3, vibromax roller and crane-5 had completed their economic life both in years and hours. A higher repair and maintenance expenditure on these outlived machinery could not be ruled out but in absence of machine wise details of repair and maintenance expenditure, the same could not be analysed by us.

The Management in addition to reply submitted for paragraph 2.2.33 stated that heavy plant running expenditure was incurred due to ageing of machines and efforts were being done to control it.

Conclusion

The Company did not prepare long term action plan to ensure achievement of organisational objectives and was wholly dependent on the works entrusted by the State Government/Departments/PSUs. The procurement of works on its own was almost negligible. The provisions of the manual were not adhered to and variations in budgets were not analysed. Improper planning and in-adequate contract management led to delay in completion of the projects. Excess toll collection was made in contravention to the provisions of Rajasthan Road Development Act, 2002 and MOU with GOR. Project formulation was not as per Rules which caused short recovery of profit and further centage charges were also not adequate to meet administrative cost. The Company executed un-viable road projects and improper evaluation of tenders, absence of risk and cost clause and lack of co-ordination among units caused extra expenditure. There was under utilization of plant and machinery against the standard hours recommended by Ministry of Surface Transport.

Recommendations

The Company should:

- **Prepare long-term action plan and annual plan to minimise dependence on entrusted works;**
- **Adhere to the Manual, Rules and Procedures;**
- **Ensure proper planning, effective monitoring and co-ordination with contractors as well as clients to avoid delay in execution of works;**
- **Ensure viability of the projects and adequacy of centage charges to maintain profitability; and**
- **Ensure optimum utilization of plant and machinery.**

CHAPTER III

Transaction Audit Observations

Chapter III

3. Transaction Audit Observations

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

Government Companies

Giral Lignite Power Limited

3.1 Avoidable extra expenditure

The Company's action to award AMC to ILK at exorbitantly higher prices and extend the same for another two years despite their poor performance and appraising incorrect performance to the Board resulted in avoidable extra expenditure of ₹ 3.17 crore.

Giral Lignite Power Limited (Company) invited (November 2006) tenders for the work of 'Assistance in Operation & Maintenance of Giral Lignite Thermal Power Station, Stage-I' for a period of two years from the date of commencement of work. The techno-commercial bids were opened (February 2007) and the technical bid evaluation committee[1] recommended (March 2007) for opening the price bids of three[2] firms. The price bids of recommended firms were opened (April 2007). The V.D. Swami & Company Limited (VD Swami) was the lowest bidder and was awarded detailed work order (July 2007) at a cost of ₹ 3.41 crore (exclusive service tax) per year for a period of two years. The work was assumed by VD Swami on 11 July 2007.

We noticed (May 2012) that the Company within 20 days of awarding work order to VD Swami, decided (25 July 2007) to withdraw the work of 'Assistance in Operation and Maintenance of Control and Instrumentation (C&I) equipments and instruments' costing ₹ 13.32 lakh per annum from the scope of the work order and award it to Instrumentation Limited, Kota (ILK). The decision arrived was on the grounds that VD Swami was not capable of doing the C&I work to Company's satisfaction and as per plant requirements. ILK had an expertise knowledge in fault detections/rectifications and was the original supplier of the C&I system. The Company, consequent to the decision, proposed (23 August 2007) ILK for the Annual Maintenance Contract (AMC) of unit-1 which in turn submitted (28 September 2007) its offer at quoted price of ₹ 9.50 lakh per month *plus* service tax. The Company awarded (15 July 2008) the work order at quoted prices for a period of one year. ILK was responsible for maintaining the entire C&I system of unit-1 round the clock as per the scope of work order.

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1 Chief Engineer (GLTPP), Additional Chief Engineer (Fuel) RVUN, Deputy Chief Engineer (GLTPP), and Senior Accounts Officer (GLTPP).

2 Gupta Industrial Maintenance Services Private Limited (Nadiad), V.D. Swami & Company Limited (Kota) and Thermax Limited (Pune).

We observed that ILK did not remove timely the faults/defects occurred in the C&I system. C&I wing had repetitively complained to ILK about the deployment of incapable/inexperienced/inadequate staff to handle the C&I problems/defects. Further, the defect removal reports also mentioned that ILK, did not ensure timely removal of the problems/defects of even urgent nature despite several reminders and the same were resolved after a delay[3] ranging between two and 169 days either with the assistance of Company's/RRVUNL[4] engineers or by hiring expert consultants from outside, for which deductions were made by the Company from the running bills of ILK. The Company, however, despite unsatisfactory performance of ILK even during the first year of work order, extended (November 2009/January 2011) the AMC twice, at a total cost of ₹ 1.11 crore *plus* service tax for each year by appraising satisfactory performance of ILK to the Board.

We further observed that the credentials and technical capability of VD Swami were got examined and evaluated by the technical bid committee before awarding of work. There were no complaints on records regarding incapability of VD Swami to handle the C&I system after taking up the work during 11 July 2007 to 25 July 2007 *i.e.* till decision to opt for the services of ILK. In view of this, the decision to opt ILK was not justified. We further observed that VD Swami continued to maintain the C&I system without any complaints or incapability till the work was handed over (October 2008) to ILK. Thus, the Company by awarding AMC to ILK at exorbitantly higher prices and extending the same for another two years resulted in avoidable extra expenditure of ₹ 3.17 crore[5].

The management stated (July/October 2012) that manpower deployed under the contract of VD Swami was insufficient and not well experienced for C&I system. The C&I problems were intimated to VD Swami from time to time but it could not resolve and attend the defects due to incapability and as such it was decided for separate AMC for complete C&I system. It further stated that after survey and study of AMC for complete C&I system, ILK was found most suitable firm as being the original equipment manufacturer. The reply was factually incorrect as there was no documentary evidence which indicates the unsatisfactory performance of VD Swami during July 2007 to October 2008. Besides, the scope of work of VD Swami was not limited to provide manpower but also included entire works including providing assistance in operation and carrying out all types of maintenance *viz.* routine, preventive, breakdown, annual/capital maintenance of all plants/systems/equipments (mechanical, electrical and C&I). Apart from this, appraising the satisfactory performance of ILK to Board for granting extension despite negative reports raises concern on the decision making.

The Government endorsed (July 2012) the reply of the Management.

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3 Scrutiny of problems/defects during November 2008 to September 2009.

4 Rajasthan Rajya Vidyut Utpadan Nigam Limited. The Company is subsidiary of RRVUNL.

5 Cost of hiring ILK including service tax (₹ 1.28 crore + ₹ 1.22 crore + ₹ 1.22 crore) less recovery against payment made to outside/own engineers (₹ 10.84 lakh) less cost of VD Swami for three years including service tax (₹ 44.37 lakh) = ₹ 3.17 crore

Jaipur Vidyut Vitran Nigam Limited

3.2 Loss on prepayment of loan due to incorrect calculation

The Company suffered loss of ₹ 1.47 crore on prepayment of HUDCO loan due to incorrect inclusion of interest as savings for the whole quarter, while preparing cost-benefit analysis.

Jaipur Vidyut Vitran Nigam Limited (Company) availed (between February 2008 and June 2008) a loan of ₹ 225[6] crore from Housing and Urban Development Corporation Limited (HUDCO) at floating rate[7] of interest for its infrastructure improvement. According to terms and conditions of loan, the principal and interest was to be repaid in 13 quarterly instalments commencing from 30 November 2008. HUDCO at its sole discretion could allow prepayment of loan on payment of prepayment charges. We noticed (March 2012) that the Company considering the higher rate of interest being charged by HUDCO, decided (April 2009) to repay the loan. HUDCO also allowed (4 May 2009) the Company to repay outstanding loan along with prepayment charges of ₹ 199.58[8] crore up to the quarter ending May 2009. Accordingly, the Board approved (May 2009) a proposal to prepay the HUDCO loan by availing term loan of ₹ 200 crore at 11.00 *per cent* from Corporation Bank (CB).

Our scrutiny revealed that the HUDCO reduced and intimated (19 May 2009) the applicable rate of interest from 12.75 *per cent* to 11.75 *per cent* per annum. The Company prepared (29 May 2009) a cost-benefit analysis **(Annexure-18)** considering revised rate of HUDCO and applicable interest rate (10.75 *percent*) of CB. After considering the prepayment charges, the Company concluded that there would be savings of ₹ 4.64 crore on availing loan from CB. The Company prepaid (29/30 May 2009) the HUDCO loan of ₹ 199.37 crore[9] (cut-off date 29 May 2009) by availing a term loan of ₹ 200 crore at 10.75 *per cent* interest rate from CB.

We observed that the Company while preparing cost benefit analysis included the envisaged saving of ₹ 5.88 crore towards interest liability for the whole quarter ending May 2009 which was not correct. The Company should have considered the envisaged saving of interest for two days (*i.e* 30 and 31May) instead of whole quarter since the interest due upto 29 May 2009 was to be paid to HUDCO. This resulted in that the Company suffered a loss of ₹ 1.47 crore **(Annexure-18)** instead of envisaged savings of ₹ 4.64 crore on loan obtained from CB.

The Management stated (June/July 2012) that HUDCO increased the rate of interest from time to time and prevalent interest rate of HUDCO was higher

6 ₹ 50 crore on 6 February 2008, ₹ 25 crore on 29 February 2008, ₹ 50 crore on 10 March 2008, ₹ 50 crore on 1 May 2008 and ₹ 50 crore on 2 June 2008

7 HUDCO increased /decreased the rate of interest from time to time after availing loan of ₹ 225 crore- 7 August 2007 (10.50 *per cent* at the time of sanction), 30 January 2008 (10.25 *per cent*), 25 July 2008 (11.50 *per cent*), 31 July 2008 (12.50 *per cent*), 1 October 2008 (13.75 *per cent*), 7 November 2008 (14.00 *per cent*), 1 January 2009 (13.50 *per cent*) and 10 February 2009 (12.75 *per cent*).

8 Principal (₹1896930855), Interest (₹ 60961641) and Prepayment charges (₹ 37953344).

9 Principal (₹ 1896930855), Interest (₹ 58804856) and Prepayment charges (₹ 37953344).

than other banks. The Company had no sources of revenue except from sale of power which was not adequate even to meet the cost of purchase of power. As such the Company had to borrow funds from other financial institutions to repay the loan of HUDCO. It further stated that loan from the CB was availed with moratorium period of three years during which only interest element had to be paid and by retaining principal the Company had earned indirect interest of ₹ 2.84 crore. The reply was not convincing as it had borrowed loan from Corporation Bank only for the purpose of prepayment of HUDCO loan. As regards the moratorium period, it had deferred payment of principal amount for three years on which interest liability would accrue to be paid to the lender. The fact remains that due to incorrect calculation of cost-benefit analysis, the Company suffered loss of ₹ 1.47 crore.

The Government endorsed (June and August 2012) the reply of the Management.

3.3 Undue benefit to habitual defaulter consumer

The Company belatedly disconnected the power supply of a habitual defaulter consumer by violating its rules which resulted in non-recovery of dues of ₹ 24.02 crore.

Clause 46 of the terms and conditions for supply (TCOS) of electricity framed by the Jaipur Vidyut Vitran Nigam Limited (Company) under the provision of Electricity Act, 2003 provides that the company 'shall be entitled to cut off supply of electricity to any person after giving not less than fifteen days notice in writing to such person if such person neglects to pay charges for electricity supplied or any sum from him to the Company'.

Lord Chloro Alkali Limited (HT Consumer), whose outstanding dues of ₹ 55.71 crore were earlier settled for ₹ 14.48 crore pursuant to a rehabilitation package allowed (March 2005) by the Company and scheme for revival of the Consumer approved (November 2006) by the Board for Industrial and Financial Reconstruction (BIFR). The Consumer also did not adhere to the terms and conditions of the rehabilitation package and the scheme sanctioned by the BIFR. This was commented in paragraph 4.7 of the Audit Report (Commercial) of the Comptroller and Auditor General of India for year ended 31 March 2009, Government of Rajasthan. The paragraph was discussed (October 2011) by Committee on Public Undertakings and its recommendations were awaited (October 2012).

A further scrutiny of the records revealed that after re-connection[10] of power supply in April 2005, the Consumer started (March 2008) default in payment of electricity dues. Considering the financial constraints of the consumer, the Company entered (January 2009) into an agreement on its request wherein the consumer agreed to pay monthly bills within scheduled dates and to clear the old outstanding dues of ₹ 2.32 crore by March 2009. The agreement also provided that in case of default in payment of arrears as well as current bills, the supply would be disconnected without any notice and the outstanding dues

10 The connection of the consumer was re-connected in April 2005 after re-habilitation package approved by the Company in March 2005.

shall be recovered as per rules. However, the total outstanding dues against the Consumer by the end of December 2008 were ₹ 8.73 crore.

We noticed that the Consumer did not honour the terms and conditions of the agreement and made only partial payments with requests to defer the outstanding amount on the grounds of poor financial position. The consumer gave post dated cheques against the dues outstanding but never honoured all the cheques. A peculiar feature adopted by the Consumer to linger on the payments was that it furnished post dated cheques of initial dates with lesser amount and the last one with higher amount which was again requested to be rescheduled into smaller amounts, resulting in ever increasing outstanding dues.

We further noticed that the Company merely issued several notices to deposit the outstanding dues and simultaneously, in contravention of the rules, accepted the requests of the Consumer for extending the due dates of electricity bills and post dated cheques. The Company disconnected (25 July 2011) the electricity supply and belatedly registered (August 2011) the case under Negotiable Instruments Act, 1881. Moreover, by this time the outstanding dues had mounted to ₹ 29.80[11] crore.

We observed that the consumer was a habitual defaulter in payment of electricity dues as it never cleared the outstanding dues as per its commitments. The Company though aware of the deceptive behaviour of the Consumer yet continued to rely on its commitments and did not initiate timely action to disconnect the electricity supply as per rules. We further observed that even after adjusting (October 2011) the available cash security of ₹ 5.78 crore, ₹ 24.02 crore was still outstanding for which no action was found taken under 'The Rajasthan Government Electrical Undertaking (Dues Recovery) Act, 1960' (EUDR Act, 1960), which provides for recovery as an arrear of land revenue and now possibilities of its recovery seems remote as the Consumer had approached (February 2012) BIFR.

The Management stated (October 2012) that this was the biggest consumer in the jurisdiction of the Company yielding monthly revenue of ₹ six crore and as such the decision to abruptly disconnect the supply was very hard in the wider perspective. Various conciliatory meetings were held at the highest level of the management and the consumer in which instalments were granted and post dated cheques agreed with the ultimate objective of seeing such a large industry in the State to really turnaround. But unfortunately the outstanding dues piled up beyond an unacceptable limit and the Company had to disconnect the supply. It further stated that the Consumer had now approached BIFR which had instructed not to take any coercive action under EUDR Act 1960. The reply was not convincing as the Company violated its own rules and accommodated an industry with instalments and post dated cheques which were never honoured. Further, the Company despite knowing the deceptive behaviour of the Consumer in payment of dues did not timely disconnect the supply which resulted in depriving the State exchequer of its dues of ₹ 24.02 crore.

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11 Late payment surcharge ₹ 56884427, Plant cost ₹ 1750000 and dues against electricity consumption ₹ 239330625.

The Government endorsed (November 2012) the reply of the Management.

3.4 Systemic deficiency in issue of first electricity bill to new consumers

Systemic lapses and slackness at various levels causing delay in issue of first electricity bill to consumers and consequent delay in recovery of electricity dues.

Jaipur Vidyut Vitran Nigam Limited (Company) distributes power to various categories of consumers in accordance with the provisions of 'terms and conditions for Supply of Electricity 2004' (TCOS), framed with the approval of 'Rajasthan Electricity Regulatory Commission' (RERC). The power distributed to the consumers is charged as per the tariff order approved by RERC from time to time and collected as per the provisions of Revenue Manual 2004 (Manual). For timely realization of revenue and to develop a foolproof system, the Company revised the existing billing system including computerized billing and issued guidelines to this effect in the Manual. Clause 21 of the Manual provides that the Service Connection Clerk will review the register A-49[12] weekly and fill up the month in which the first bill has actually been issued to new consumer(s) after date of connection. The unit officer/Assistant Revenue Officer(s) is also required to review this register monthly and to put his dated initials so as to watch that in no case, issue of first bill(s) is delayed beyond three months from the date of release of connection.

With a view to assess that first bill(s) is/are being issued to the consumers within stipulated period of 90 days, we collected the electronic billing data of Low Tension (LT) consumers for the year 2010-11 of three (Alwar, Jaipur City and Jaipur District) circles out of eight[13] circles. The data analysis was carried out using 'Interactive Data Extraction and Analysis' (IDEA) software. The IDEA results were cross verified with the manual records maintained at sub-divisions.

The IDEA results (as detailed in table below) revealed that there was considerable delay in issue of first bill to the consumers in all the three selected circles.

Circle/Particulars	Alwar	Jaipur City	Jaipur District
Total new connections released (Number)	27535	25128	34049
Consumers whom first bill was issued with delay (Number)	6103	2796	10211
Range of delay (In days)	91 and 666	91 and 326	91 and 642
Revenue recovered with delay (₹ in lakh)	86.23	76.14	114.30

It could be seen that of the total new connections released, 22.16, 11.13 and 30 *per cent* consumers in Alwar, Jaipur City and Jaipur District respectively were issued first bill with delays ranging between 91 and 666 days beyond the prescribed period of 90 days in the Manual. A further analysis of data revealed that the consumers to whom the first bill was issued with delay constituted of

12 A register to be maintained by the service connection clerk indicating the progress right from the stage of allotment of service number and location number to the stage of receipt of files in service connection section, from various sections/officials.

13 Alwar, Bharatpur, Dausa, Jaipur City, Jaipur District, Jhalawar, Kota and Sawaimadhopur.

72.65 *per cent* from domestic category and 27.35 *per cent* from other categories in Alwar circle while in case of Jaipur City circle and Jaipur District Circle, the same was 82.05 and 17.95 *per cent* and 91.47 and 8.53 *per cent* respectively. This resulted in delayed realization of electricity dues amounting to ₹ 2.77 crore in the three circles.

MF-1[14] is prepared based on the information provided in A-49 register and sent to the computer billing agency for generation of bills. Our scrutiny revealed that monitoring of A-49 register at the sub-division level was poor and the revenue staff also did not prepare MF-1 within the prescribed time schedule which led to delay in sending MF-1 to the billing agency and consequent delay in issue of first bill.

We observed that timely issue of bills by the sub-divisions was of utmost importance, particularly in a phase when the Company was facing financial constraints and held in the vicious circle of debt. The Assistant Revenue Officers have been entrusted with the overall responsibility of administrative and supervisory control of revenue and bill distribution in the sub-divisions and they have to ensure that first bill to the newly connected consumers are issued within the reasonable time and are not delayed. However, systemic lapses and slackness in working at various levels led to delay in issue of first bill to the consumers and consequent delay in recovery of electricity dues.

The Management stated (June 2012) that sometimes due to shortage of staff or human error/mistake, delay occurs in issue of first bill(s). It further stated that the system is being monitored during meetings with officials at circle level. The reply is not convincing as the delay is substantial in terms of number of consumers to whom the first bill was issued with delay. Further, the period of delay was also high which substantiates the audit observation and showed that the system was not monitored properly to minimise cases of delay. Besides, the Superintending Engineers' of Jaipur City circle and Jaipur District circle while accepting the audit observation replied (June 2012) that delay in first bill occurred due to non-adherence of the prescribed procedure by the field machinery and disciplinary action would be taken against the defaulting officers. The Company, however, has not taken any disciplinary action so far (October 2012).

The Government endorsed (June 2012) the reply of the Management.

3.5 Loss due to delay in surrendering excess power

Delay in surrendering the power of SCL led to continuous power purchase at high cost (₹ 4.25 per Kwh) and selling the excess power at cheaper rates thereby caused loss of ₹ 1.14 crore.

Government of Rajasthan (Energy Department) renamed (April 2009) 'Rajasthan Power Procurement Centre' (RPPC) as 'Rajasthan Discoms Power Procurement Centre' (RDPPC) and issued directions to Discoms[15] to strengthen the process of sale/purchase of power and to re-organise the RPPC.

14 Master format designed to feed the master data information relating to newly sanctioned connections.

15 Ajmer Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited and Jodhpur Vidyut Vitran Nigam Limited.

The directions provided that the Chief Engineer (RDPPC) shall be empowered to take all the decisions related to emergent and short term power purchases/sale as also for day-ahead scheduling and dispatching for optimizing the procurement through inter-se trading between Discoms in consultation with the Chairman Discoms (Chairman and Managing Director of Jaipur Vidyut Vitran Nigam Limited).

Our scrutiny of records revealed that Shree Cement Limited (SCL) offered (30 August 2010) sale of 65 MW surplus 'Round the Clock' (RTC) power at unit price of ₹ 4.25 during 1 September 2010 to 30 September 2010. The offer was accepted by the Company and letter of intent was issued (31 August 2010) to SCL for purchase of 65 MW RTC power. The power supply was commenced by SCL from 1 September 2010.

We noticed that Director (Finance) being a member of directional committee for long and medium term power purchases opined (8 September 2010) that the decision of power procurement from SCL needs to be reviewed in view of good frequency and cheaper availability of power through over drawl. The Chief Engineer (RDPPC), however, did not take immediate decision and later, on the letter (15 September 2010) of the Executive Engineers of all the three Discoms to surrender 100 *per cent* power of SCL from 16 September 2010 in view of on-going power scenario in Rajasthan as well as whole northern region with compensation, if any, belatedly put up the matter to Chairman Discoms. The proposal was approved (20 September 2010) by Chairman Discoms on the same day and 100 *per cent* power was surrendered from 22 September 2010.

In this case, we further noticed that during the period 16 September 2010 to 19 September 2010, RDPPC purchased 3530906 Kwh power from SCL on one side and on the other hand sold[16] 22504000 Kwh power through IEX at a much cheaper rate ranging between ₹ 0.9252 and ₹ 1.0814 per Kwh.

We observed that the Chief Engineer (RDPPC) though mandated to take all the decisions related to emergent and short term power purchases/sale did not review the power scenario even after request of the Executive Engineers of all three Discoms to surrender 100 *per cent* power of SCL from 16 September 2010. Further, delay in putting the matter before Chairman Discoms led to purchase of high cost power from SCL at ₹ 4.25 per Kwh and selling of the same at cheaper rates caused loss of ₹ 1.14 crore.

Thus, had the Chief Engineer (RDPPC) taken timely decision to surrender 100 *per cent* power of SCL in view of prevailing power scenario and good frequency, loss of ₹ 1.14 crore on account of selling power at cheaper rates could have been avoided.

The Management stated (October 2012) that power was sold through IEX during 16 to 19 September 2010 due to under drawl in demand of electricity, which depends on so many factors *i.e.* rainfall or decrease in demand in

16 Power sold through IEX- 16 September 2010 (9660000 Kwh), 17 September 2010 (7577000 Kwh), 18 September 2010 (3738000 Kwh) and 19 September 2010 (1529000 Kwh).Power purchased from SCL- 16 September 2010 (909944 Kwh), 17 September 2010 (887435 Kwh), 18 September 2010 (844303 Kwh) and 19 September 2010 (889224 Kwh).

Northern region due to storm or other factors. It further stated that surrender of power takes some time, two or three days for taking decision. The reply was not convincing as the Chief Engineer belatedly put up the matter to Chairman Discoms, which led to continuous purchase of power from SCL without requirement during this period. Had quicker decision been taken, the high cost power purchased during 16 to 19 September would have been avoided.

The Government endorsed (November 2012) the reply of the Management.

Rajasthan State Industrial Development and Investment Corporation Limited

3.6 Loss due to allotment of land in violation of rules

IDC caused loss of revenue of ₹ 2.78 crore to the Company by allotting land to Finproject India Private Limited in violation of Rule 3(W) and 3(C) of the RIICO Disposal of Land Rules, 1979.

Rule 3(W) of RIICO Disposal of Land Rules, 1979 (RIICO Rules) amended in February 2011, provided that preferential allotment of industrial land to the projects involving (i) minimum investment of ₹ 30 crore excluding cost of land along with direct employment to at least 100 persons, (ii) projects being set up by NRIs/PIOs, (iii) projects with 33 *per cent* or more FDI in total investment and (iv) allotment of land for IT industry (manufacturing and software development), in all the industrial areas would be made on 'on going basis' after dispensing with the requirement of inviting expression of interest/applications *etc.* through advertisements in newspapers. The amendment further provided that rate of allotment in saturated industrial areas wherein allotment through auction had already been done, would be the average of prevailing rate of development charges and highest rate at which an industrial plot was auctioned. A sub-committee[17] was empowered to allot land under Rule 3(W).

We noticed that the sub-committee decided (3 March 2011) to allot 20000 sqm land to Finproject India Private Limited (Entrepreneur), a 100 *per cent* FDI unit, at Industrial Area Sitapura Phase-III. The Entrepreneur requested to allot the land at prevailing rate of development charges along with rebate for larger size plot. The committee, however, did not take decision about the rate of allotment and forwarded the matter to the Infrastructure Development Committee (IDC). The IDC allotted (10 March 2011) 21430 sqm land at the prevailing rate (₹ 4500 per sqm) of development charges, after allowing all rebates for large size plot under Rule 3(C)[18] as desired by the Entrepreneur.

We observed that the decision of the IDC was in violation of the RIICO Rules as the plot was lying in saturated area and allotment was to be made at ₹ 5100

17 Sub-committee of the Board comprising of Commissioner (Investment & NRI), Commissioner (Industries), Managing Director (RIICO) and Advisor (Infra).

18 **Rule 3(C) rebate on allotment of larger size industrial plot:** For setting up an industry in non-saturated industrial areas, 10 *per cent* rebate in the rate of development charges on industrial plot allotment measuring minimum of 10000 sqm and an additional rebate of 0.5 *per cent* per 1000 sqm shall be allowed subject to maximum rebate of 25 *per cent.*

per sqm, being the average of prevailing rate of development charges (₹ 4500 per sqm) and highest auction rate (₹ 5700 per sqm auctioned in 2007). Further, rebate for larger size plot was admissible only in case of allotment in non-saturated areas. Thus, injudicious decision of IDC in violation of Rule 3(W) and 3(C) caused loss of revenue of ₹ 2.78 crore to the Company.

The Government stated (August 2012) that the IDC decided (4 May 2011) to form a sub-group to review the eligibility and pricing policy under Rule 3(W) and till the report of the sub-group was accepted, the pre-revised eligibility conditions and pre-revised applicable rates were continued to apply. The allotment was made by the unit office on 10 May 2011 and applicable rate on that day was taken as per rules. Further, larger size rebate was allowed by the IDC looking to the 100 *per cent* FDI and credentials of the project and IDC was competent to take such decision. The reply was not correct as allotment was made prior to 4 May 2011. Further, justifying allotment on prevailing rate of development charges after allowing rebate for larger size plot on the plea of pre-revised rates was also in violation of the prescribed rules as in a saturated industrial area, allotment could be made through auction only without any rebate. Thus, by adopting this criteria the loss would have been to the extent of a minimum of ₹ 4.10 crore [(₹ 5700 *less* ₹ 3802.50) per sqm X 21430 sqm] as per the rate of last auction.

Rajasthan Small Industries Corporation Limited

3.7 Loss due to non-adherence to guidelines

The Company sustained loss of ₹ 1.19 crore due to non-adherence to the guidelines of new coal distribution policy and failure to formulate a proper mechanism to safeguard its financial interests.

The Government of India (Ministry of Coal) introduced (October 2007) New Coal Distribution Policy (NCDP) which was effective from 1 April 2008. The NCDP provided that S&MEs having coal requirement of less than 4200 tonnes per annum were to be allocated coal by the State Government nominated agencies which would enter into Fuel Supply Agreement (FSA) with the coal companies designated by Coal India Limited (CIL). The NCDP and the GOI stressed (February 2008) to evolve an effective mechanism to check on mis-utilisation of coal allocated to S&MEs. It was also reiterated that the nominated agencies should develop proper monitoring system to implement the NCDP and in case of any mis-utilisation/diversion of coal, allocation to the S&MEs was to be cancelled.

Pursuant to this, the Government of Rajasthan notified (December 2007) Rajasthan Small Industries Corporation Limited (Company) as notified agency for Rajasthan State. The Company executed (April 2008) Coal Supply Agreement (CSA) with South Eastern Coalfields Limited (SECL) for a period of two years for Annual Contracted Quantity (ACQ) of 114000 tonnes of coal per annum which was subsequently enhanced (May 2008) to 186000 tonnes. Clause 4.8 of the CSA explicitly provided that in case the Company failed to lift 60 *per cent* of the ACQ in any year, it would be liable to pay compensation of five *per cent* of base price of 'D' grade ROM[19]coal prevailing on the last day of the year for the short lifted quantity. The CSA further provided that in case, the level of lifting fall below 30 *per cent* of the ACQ for the concerned year, SECL could terminate the agreement and forfeit security deposit. The Company deposited (between April 2008 and November 2009) security deposit bank guarantee of ₹ 86.02 lakh[20] to SECL.

We observed that the Company, as per NCDP, did not formulate guidelines for registration and distribution of coal amongst S&MEs. As a result, black marketing *etc.* were reported in supply of coal to S&MEs during the year 2008-09. The Company belatedly formulated (June 2009) guidelines for the implementation of NCDP for the year 2009-10 wherein the S&MEs were required to deposit security money in two instalments, each of ₹ 25 per tonne as per pro-rata quantity allocated against demand for April 2009 to September 2009 and October 2009 to March 2010 respectively. The guidelines also provided that in the event of failure of S&MEs to lift the required quantity, any compensation so imposed and other dues will be recovered from the S&MEs.

The Company could lift only 41295.04 tonnes of coal against the registered demand of 390490 tonnes from 120 S&MEs for the year 2009-10. The Company did not procure coal from SECL in several months[21] due to administrative decision of non-procurement on account of alleged irregularities (black marketing) and absence of monthly concrete demand from S&MEs as per their annual registered demand on due dates, even though the Company indicated availability of coal racks on its website. Besides, the Company did not ensure collection of the security deposits and utilisation certificates of the distributed coal from all the registered S&MEs as per the formulated policy. In some cases, 100 *per cent* advance was also not deposited by the S&MEs against their monthly demand as required under the Company's guidelines. Due to short lifting (22.20 *per cent*) of coal SECL not only levied (July 2010) penalty of ₹ 32.89 lakh (deducted from the deposit against financial coverage) but also forfeited (January 2011) security deposit of ₹ 86.02 lakh by invoking the bank guarantee. This resulted in loss of ₹ 1.19 crore.

Had the Company collected the mandatory security deposit on pro-rata basis from the registered S&MEs against their annual demand, it could have recovered at least financial hold of ₹ 93 lakh[22] from the defaulting S&MEs.

The Government stated (September 2012) that short lifting of coal during 2009-10 was due to non-presentation of coal utilisation certificates by S&MEs, non-deposition of full security/additional security deposits, publication of black marketing news in news papers and various investigations on the directions of Hon'ble Chairman (Rajasthan State Legislative Assembly) and Anti-Corruption Department. It further stated that matter regarding refund

19 Run on mine.

20 Bank guarantee dated 7 April 2008 for ₹ 4797500, dated 6 September 2008 for ₹ 3030000 and dated 4 November 2009 for ₹ 775000.

21 Coal was not procured in the month of December 2009, January 2010, February 2010 and March 2010 due to administrative decision of non-procurement.

22 ₹ 25 per tonne X 2 X 186000.

of forfeited security deposit and levied penalty was pending (September 2012). The fact remains that the Company sustained loss of ₹ 1.19 crore due to non-adherence to the guidelines of NCDP and failure to formulate a proper mechanism to safeguard its financial interest as per the stringent terms and conditions of CSA.

Rajasthan State Road Development and Construction Corporation Limited

3.8 Excess payment of stamp duty

The Company by overlooking the provisions of the Rajasthan Stamp Act, 1998 made an excess payment of ₹ 65 lakh towards stamp duty on increased authorized share capital.

Rajasthan State Road Development and Construction Corporation Limited (Company) increased (September 2010) its authorised share capital from ₹ 20 crore to ₹ 200 crore in accordance with section 97 of the Companies Act, 1956. The increase in authorised share capital was to be registered with Ministry of Corporate Affairs (MCA), Government of India after payment of filing fees and stamp duty on the increased capital at the rate of 0.5 *per cent* subject to maximum of ₹ 25 lakh.

We noticed that the Company paid (October 2010) stamp duty of ₹ 90 lakh at the rate of 0.5 *per cent* on the increased (₹ 180 crore) share capital ignoring the maximum limit of ₹ 25 lakh. This resulted in excess payment of stamp duty of ₹ 65 lakh. It was further noticed that the State Government has powers to waive off the stamp duty as per section 9 of the Rajasthan Stamp Act, 1998 but the Company never made efforts to get exemption from payment of stamp duty as done by other State Government Companies.

The Management accepted (November 2012) the facts and stated that action was being taken for refund of excess payment of stamp duty. Further, a request would be made to the State Government for exemption from payment of stamp duty. However, the refund was still awaited (November 2012).

The matter was reported (October 2012) to the Government and reply was awaited (November 2012).

3.9 Loss due to non-obtaining exemption certificate

The Company incurred an excess payment of ₹ 34 lakh towards VAT due to non-availment of composite payment scheme.

The Government of Rajasthan exempted (August 2006) the registered dealers engaged in works contracts relating to buildings, roads, bridges, dams, canals and sewerage system from payment of Value Added Tax (VAT) on a composite fee payment of 1.50 *per cent* of the total value of the contract. Rajasthan State Road Development and Construction Corporation Limited (Company) decided (November 2007) to execute the work of construction of residential complex for All India Institute of Medical Science, Jodhpur at a total value of ₹ 48.87 crore. We noticed that the Company instead of opting composite payment scheme decided to pay VAT in regular course, considering the same unfruitful.

The decision of the Company was not prudent as total fee payable under composite scheme was only ₹ 73.31 lakh (₹ 48.87 crore X 1.5/100) while in regular course the Company paid VAT of ₹ 1.07 crore upto March 2012 (after considering input credit available on steel and cement procured). Thus, the Company incurred excess payment of ₹ 34 lakh due to non-availment of composite payment scheme.

The matter was reported to the Government (October 2012) and reply was awaited (November 2012).

Rajasthan Tourism Development Corporation Limited

3.10 Non recovery of Building and other Construction Workers' Welfare Cess

Non-recovery of Building and Other Construction Workers welfare cess of ₹ 18.10 lakh.

Government of India (GOI) notified 'Building and other Construction Workers' Welfare Cess Act, 1996' (Act) to augment resources for the welfare of Building and Other Construction Workers. The Government of Rajasthan, for implementation the Act, directed (9 July 2010) all the State Government Departments and Public Sector Undertakings to deduct cess at the rate of one *per cent* from the bills paid for building and other construction works. It was also directed that 27 July 2009[23] shall be the cut-off date for levy and collection of cess and the amount collected shall be transferred to the 'Rajasthan Building and other Construction Workers Welfare Board (Welfare Board) within 30 days of its collection.

As per records, the Rajasthan Tourism Development Corporation Limited (Company) received notification on 14 July 2010. The record of the finance wing of the Company mentioned (26 July 2011) about non-receipt of any such notification. It was further revealed that the Company could know about the notification for cess deduction only through audit observation raised in July 2011 and thereafter issued (August 2011) directives for deduction of one *per cent* cess from the bills of the contractors to whom work orders had been issued after 1 July 2010. The Company paid bills of ₹ 28.40 crore to various contractors during the period 27 July 2009 to 2 March 2012 but collected and deposited cess of ₹ 10.30 lakh only as against ₹ 28.40 lakh and thus short recovered cess of ₹ 18.10 lakh. The Company did not implement the notification, as cess could be collected only from 23 August 2011 onwards. Besides, the decision to levy cess from 1 July 2010 instead of 27 July 2009 as per State Government directives was also not justified. The possibilities of recovery was weak as the final settlement of the bills of contractors had already been made.

23 For levy and collection of cess, the date of 27 July 2009 was taken as cut-off date as the Rajasthan Building and other Construction Workers Welfare Board was notified and came into existence.

The Management while accepting the facts stated (October 2012) that efforts are being made for recovery of remaining amount. The Government endorsed (October 2012) the reply of the Management.

Ajmer Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited, Rajasthan State Industrial Development and Investment Corporation Limited, Rajasthan Small Industries Corporation Limited and Rajasthan State Mines and Minerals Limited

3.11 Corporate Governance in State Government Companies

Introduction

3.11.1 Good Corporate Governance practices ensure accountability of companies to all the stakeholders. Corporate Governance in listed companies is regulated through mandatory compliance of the provisions of clause 49 of the listing agreement issued by Securities Exchange Board of India (SEBI). The Companies Act, 1956 (Act) through various provisions *viz.* Section 210(1) (Annual General Meeting), Section 217(2AA) (Directors' Responsibility Statement), Section 285 (meeting of Board of Directors) and Section 292A (constitution of Audit Committee having paid up share capital not less than ₹ 5 crore) *etc.* prescribes practices that go to building a robust Corporate Governance structure in companies.

Review of Rajasthan Government Companies

3.11.2 As on 31 March 2011, there were 42 government companies including three non-working companies and none of them was listed on Stock Exchange(s). Out of 39 working companies, seven companies were incorporated during 2010-11, two companies were privatized during 2011-12 and 12 companies had paid up share capital less than ₹ 5 crore. Of the remaining 18 companies, five major companies *i.e.* Ajmer Vidyut Vitran Nigam limited (AVVNL), Jaipur Vidyut Vitran Nigam Limited (JVVNL), Rajasthan State Industrial Development and Investment Corporation Limited (RIICO), Rajasthan Small Industries Corporation Limited (RSICL) and Rajasthan State Mines and Minerals Limited (RSMML) were selected to review the compliance of the provisions of Companies Act, 1956 to ensure effective Corporate Governance during last four years ending March 2011.

Department of Public Enterprises, Government of India issued (March 1992) guidelines to institutionalize good Corporate Governance in Central Public Sector Enterprises. However, no such directions/guidelines were issued by the State Government.

Meeting of Board of Directors

3.11.3 Section 285 of the Companies Act, 1956 provides that meeting of Board of Directors of a company shall be held at least once in every three months and at least four such meetings shall be held in every year.

We noticed that Board meeting in RSICL was not held during the quarter ending December 2008 and only three Board meetings were held in RSMML during the calendar year 2009, 2010 and 2011. Thus, only three Board meetings were held in these two companies in the mentioned period against the requirement of at least four meetings in a year.

In case of RSMML, Government stated (August 2012) that the fourth meeting of Board of Directors could not take place in the above mentioned years due to the reasons that there was not sufficient business to be transacted in the meetings.

Attendance of Directors in Board meetings

3.11.4 The Chairman of the Board is to ensure effective participation of all directors. The attendance of Non-Executive Directors in the Board meetings of selected five companies was not regular as is evident from **Annexure-19.** We observed that the Directors who remained absent in the meetings, failed in discharging their fiduciary duty.

In case of AVVNL and JVVNL, Government stated (July and August 2012) that notices of meetings were served to the Directors from time to time but due to pre-occupations/urgent meetings at the level of Government, some directors could not attend the Board meetings. In case of RSMML, it was stated (August 2012) that the Director which did not attend any of the eight meetings during (July 2009 to March 2011) his tenure was having dual charge of Director (Mines) and Commissioner (Excise). The fact remained that the Directors failed to fulfil their fiduciary duty.

Constitution and functioning of Audit Committee

3.11.5 Section 292A of the Companies Act, 1956 requires every public company having paid up capital of not less than ₹ five crore to constitute an Audit Committee at the Board level. The Audit Committee should consist of not less than three directors and such number of other directors as the Board may determine of which two-third of the total number of members shall be directors, other than managing or whole time directors. Every Audit Committee so constituted shall act in accordance with terms of reference to be specified in writing by the Board. The statutory requirement of Audit Committee brings into focus the Corporate Governance and the critical role of financial reporting in meeting the expectations of stakeholders with enhanced quality of decision making. Further, Section 292A (3) prescribes that members of the Audit Committee shall elect a Chairman from amongst themselves. The annual report of the company shall disclose the composition of the Audit Committee.

The number of Audit Committee meetings held in selected companies during 2008-11 is given below:

Name of the Company	2008-09	2009-10	2010-11	Total
RSMML	1	1	1	**3**
RIICO	2	2	2	**6**
RSICL	1	1	2	**4**
JVVNL	2	2	4	**8**
AVVNL	2	5	6	**13**

Review of the minutes of Audit Committee revealed the following:

- The members of the Audit Committee of RSMML did not elect Chairman for its 17th meeting (25 November 2009) and therefore the proceedings of the meeting were conducted in absence of the Chairman.

- The composition of the Audit Committee of RSICL was not disclosed in the annual reports for the period 2008-11.
- The Board of RSMML in 326th meeting (2 June 2001) determined terms of reference of the Audit Committee, which provided that the Committee shall meet periodically, as it deems fit, and in any case, have at least two meetings in a financial year. We, however, noticed that the Committee met only thrice during 2008-11 (once in each financial year) in contravention of the terms of reference determined by the Board.

In case of RSMML, the Government stated (August 2012) that two meetings could not be held in a year mainly because of delay in finalisation of the annual accounts for the financial year 2007-08 and onwards. Further, delay in preparation of annual accounts for one year led to delay in preparation of annual accounts for the succeeding year as the audit for the previous year was continued till September/October of the succeeding year.

Presence of the Statutory Auditors and Internal Auditors

3.11.6 Section 292A (5) makes it mandatory for the Statutory Auditors, Internal Auditors and Director in-Charge (Finance) of a company to attend and participate in the meetings of Audit Committee. We noticed that the attendance of Statutory Auditors in the Audit Committee meetings was insignificant as given below:

Company	Meetings held during 2008-11	Meetings attended by Statutory Auditors
RIICO	6	4
RSICL	4	1
JVVNL	8	2
AVVNL	13	1

In case of AVVNL and JVVNL, the Government stated (July and August 2012) that the Statutory Auditors were served notices for Audit Committee meetings but due to pre-occupations they could not attend the meetings.

Discussion on Financial Statements and Internal control System

3.11.7 Section 292 A (6) provides that the Audit Committee should have discussions with the auditors periodically about internal control systems, scope of audit including observations of the auditors and review the half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.

We noticed that the Audit Committee of RIICO did not hold discussions with the Statutory Auditors on the observations raised by them in their report for the year 2008-09, 2009-10 and 2010-11regarding non maintenance of proper record of fixed assets, subsidiary ledgers of dues and weak internal control procedure and compliance of rules and regulations in respect of recoveries at unit level. Likewise, comments of the Statutory Auditors to overcome deficiencies in Internal Audit system of infrastructure activities were also ignored. The Board also did not issue directions to the Committee to discuss the issues.

Compliance to the recommendations of the Audit Committee

3.11.8 Section 292A (8) provides that the recommendations of the Audit Committee on any matter relating to financial management, including the audit report, shall be binding on the Board. Further, sub-section 9 stated that if the Board does not accept the recommendations of the Audit Committee, it shall record the reasons therefore and communicate such reasons to the shareholders. The shortcomings noticed in compliance of these provisions are discussed below:

RSMML On the issue of Voluntary Retirement Scheme (VRS) appearing as qualification in the annual report, the Audit Committee in its 17^{th} meeting (25 November 2009) recommended to publish an advertisement in the newspapers calling for claims for the difference amount of VRS. However, no action was taken in compliance of the recommendation and the reasons were also not recorded. Further, the Committee's opinion as regards to fixation of targets of diesel consumption (repeated in 18^{th} meeting) was not discussed in subsequent Board's meetings.

The Government stated (August 2012) that an advertisement in the newspaper calling for claims for the difference amount of VRS is being released shortly and a detailed study on diesel consumption norms have been undertaken and will be placed before next meeting of Board and Audit committee.

RIICO In view of Statutory Auditors observations in their report for the year 2008-09 and 2009-10, the Committee of RIICO directed that task of physical verification of land be undertaken and completed prior to finalization of next year accounts. The compliance to the recommendation of the Committee was not made and the observation was again repeated in the Auditor's Report for the year 2010-11.

RSICL The recommendations of the 15^{th} (constitution of Audit Committee and settlement of outstanding paras) and 17^{th} (Independent Director as Chairman) Audit Committee were not submitted to the Board's next meeting.

Presence of Audit Committee Chairman in AGM

3.11.9 Section 292A (10) provides that the Chairman of the Audit Committee shall attend the annual general meetings of the company to provide any clarification on matters relating to audit. We noticed that the Chairman of the Audit Committee of RIICO was not present in the annual general meeting held for adoption of accounts for the year 2009-10.

Annual General Meeting

3.11.10 Section 210 (1) provides that at every Annual General Meeting (AGM) of a company held in pursuance of Section 166, the Board of Directors shall lay before the company, a balance sheet as at the end of the period specified in Sub-section (3) and a profit and loss account for that period. Sub-section3(b) provides that the profit and loss account shall relate, in the case of any subsequent AGM(other than first AGM), to the period beginning with the day immediately after the period for which the account was last submitted and ending with a day which shall not precede the day of the meeting by more than six months, or in cases where an extension of time has been granted for holding the meeting under the second proviso to Sub-section (1) of Section 166, by more than six months and the extension so granted.

We noticed that Ministry of Corporate Affairs (MCA) on the request of RSMML, granted (11 September 2009) extension for a period of three months *i.e.* upto 31 December 2009 with the direction to take suitable steps to ensure timely finalisation of accounts and its audit to hold the AGM within the time limit specified in Section 166 and 210 of the Act. However, RSMML failed to hold the AGM within the statutory period allowed by the MCA and the AGM was called belatedly on 27 January 2010 wherein the Annual Accounts along with the Auditors Report for the year 2008-09 were adopted.

The worst scenario was noticed in AVVNL and JVVNL where extensions for holding of AGMs were being sought year after year despite MCA's repeated directions to make efforts for holding AGM within time period prescribed in the Act itself. Details of the AGMs held and adoption of annual accounts in AVVNL and JVVNL are given below:

Year	AVVNL			JVVNL		
	Date up to which AGM should be held			Date up to which AGM should be held		
	As per proviso of the Act	As per extension granted by MCA	Date on which AGM held	As per proviso of the Act	As per extension granted by MCA	Date on which AGM held
2007-08	30 September 2008	31 December 2008	30 June 2010	30 September 2008	31 December 2008	24 December 2008
2008-09	30 September 2009	31 December 2009	14 February 2011	30 September 2009	31 December 2009	13 December 2010
2009-10	30 September 2010	31 December 2010	1 July 2011	30 September 2010	31 December 2010	15 September 2011
2010-11	30 September 2011	31 December 2011	*	30 September 2011	31 December 2011	*

* *Accounts for the year 2010-11 are not yet (October 2012) finalised.*

It could be seen that both AVVNL and JVVNL failed to hold the AGMs within the stipulated period prescribed in Act. There was significant delay ranging between 181 and 542 days and 257 and 346 days respectively in holding AGMs beyond the extension allowed by the MCA. We noticed that abnormal delay in adoption of accounts was due to not following the accounting Standards, revision of accounts due to wrong depiction of loss for the year 2009-10 as subvention receivable from the State Government. As a result of not following the accounting standards, the Comptroller and Auditor General of India issued not true and fair certificate on the accounts of AVVNL for the year 2007-08, 2008-09 and 2009-10 while and in JVVNL for the year 2007-08. The Statutory Auditors also gave 'disclaimer' on the accounts of JVVNL for the year 2008-09 and 'not true and fair certificate' for the year 2009-10.

Besides this, it was also observed that the attendance of the Directors in the AGM of the selected five companies remained poor. In RSMML it ranged between 22 and 75 *per cent*, RIICO 44 and 55 *per cent*, RSICL 33 and 57 *per cent*, JVVNL 37 and 43 *per cent* and in AVVNL it ranged between 50 and 55 *per cent* only during last three years ending on 2010-11.

In case of RSMML, the Government stated (August 2012) that delay in finalisation of accounts led to delay in holding of AGMs.

Anti-fraud and anti-corruption policies and procedures

3.11.11 Fraud is an intentional act by one or more individuals among management; those charged with governance, employees, or third parties, involving the use of deception or obtain an unjust or illegal advantage. The responsibility for the prevention and detection of fraud rests with those charged with the governance and management of the entity. Management, with the oversight of those charged with governance, needs to discharge this responsibility through the implementation and continued operation of an adequate system of internal control. Audit Committee should frame and review anti-fraud and anti-corruption policies and procedures of the Company to minimize the possibilities of fraud and corruption. However, in case of five selected Companies, Audit Committee did not review the anti-fraud and anti-corruption policies and procedures.

Conclusions and Recommendations

3.11.12 The major weaknesses lie in attendance of directors including independent directors nominated by the State Government in Board meetings, holding of Audit Committee meetings and presence of statutory auditors therein and discussions on the observations of the statutory auditors by the Audit Committee on the financial statements and internal control system. Besides, non-compliance of the recommendations of Audit Committee by the Board and timely preparation of accounts on the basis of Accounting Standards and their adoption in AGM were also major areas to be improved by the companies. The Board of Directors should introduce a system and issue necessary guidelines to ensure effective compliance of the provisions of the Act. An evaluation procedure needs to be put in place to assess the performance of Audit Committee in promoting improved systems of risk management, internal control and better financial reporting.

Statutory Corporations

Rajasthan Financial Corporation

3.12 Excess contribution to provident fund in violation of rules

The Corporation without approval of the State Government contributed excess subscription of two *per cent* amounting to ₹ 4.36 crore towards employees' provident fund in violation of section 48 of State Financial Corporations Act, 1951.

Rajasthan Financial Corporation (Corporation) established under the 'State Financial Corporations Act, 1951' (SFCs Act 1951) framed 'Rajasthan Financial Corporation Employees Provident Fund Regulations, 1958' (PF Regulations) under section 48 of the SFCs Act 1951, to establish and maintain provident fund for the benefit of employees of the Corporation. The Government of India (GOI) also notified (December 1961) the PF Regulations under section 8(2) of the 'Provident Funds Act, 1925' (PF Act, 1925) and directed that its provisions shall apply to any provident fund established for the benefit of employees of the Corporation. In accordance with the provisions of section 48 of the SFCs Act, 1951 the Board was empowered to amend the PF Regulations after consultation with the Small Industries Bank and prior sanction of the State Government.

We noticed that the Board approved (October 1998) amendment in PF Regulations 7 and 9(1) (rate of employer's and employees' subscription respectively) and increased the rate of subscription from 10 *per cent* to 12 *per cent* on the lines of amendment made (22 September 1997) by the GOI in the 'Employees Provident Fund and Miscellaneous Provisions Act, 1952' (EPF Act, 1952). The amendment was approved to be implemented from September 1997. The Corporation, in order to comply the requirements of section 48 of SFCs Act, 1951, requested (November 1998) the Industrial Development Bank of India (IDBI) and the State Government to accord approval to the Board's decision for amendment in PF Regulations and in the meantime implemented (January 1999) the decision in anticipation of the approval from the IDBI and the State Government. The IDBI accorded (February 1999) its approval to the Board's decision subject to approval of State Government. However, the State Government (Bureau of Public Enterprises) refused (October 1999) the proposal and observed that the Corporation had increased the rate of subscription as a result of change in EPF Act, 1952, the provision of which were not applicable on the Corporation. It further observed that the Government had no objection to increase the rate of employees' subscription to the provident fund but increase in the rate of employer's contribution would increase financial burden of the Corporation which was not desirable in those circumstances. We further noticed that after correspondence between October 1999 and February 2004, the State Government finally refused (June 2004) the proposal to increase the rate of Corporation's contribution to Provident Fund. The Corporation, however, did not obey the State Government's decision and continued to make its contribution to the provident fund at enhanced rate. The State Government again questioned (September 2011) the legality about contribution at enhanced rate without its approval.

This decision of the Corporation without approval of the State Government was not only a statutory violation of the SFCs Act, 1951 but continuance of the practice despite State Government's refusal overburdened it with additional financial liability of ₹ 4.36 crore due to excess contribution to the provident fund since September 1997 to March 2012.

The Government stated (May 2012) that the State Government has not yet approved the increase in rate of contributory provident fund from 10 *per cent* to 12 *per cent* and the matter is under consideration.

Rajasthan State Road Transport Corporation

3.13 Wasteful expenditure on hiring of consultants and advertisement of tender

The Corporation appointed consultants for preparation of tender documents and draft agreement without assessing its specific requirements which led to scrapping of documents and wasteful expenditure of ₹ 26.06 lakh.

Rajasthan State Road Transport Corporation (Corporation) operates super luxury Volvo buses on certain routes by hiring such buses from private owners. The buses are hired after inviting tenders and executing agreements with the owners of the buses. The Corporation decided (6 November 2009) to operate 78[24] more such buses by hiring them from private bus owners as it did not have its own fleet of super luxury buses. The Chairman and Managing Director (CMD) directed (6 November 2009) to appoint consultants to prepare specific tender documents and draft agreement for hiring of buses. The tender documents and draft agreement were submitted by the consultants on 9 November 2009.

We noticed (December 2011) that the CMD justified (9 November 2009) his decision of hiring of consultants on the grounds that this was a large tender for hiring of buses and the Corporation expected participation of very large operators from various parts of India. It was also justified that the tender conditions were very complex necessitating appointment of a professional, having experience in handling large and complex public-private partnership tenders and appointed Chartered Accountant was one of very few such financial professional in Jaipur. The CMD further justified that the Corporation would have to execute a concession agreement with the lowest bidder which was a very complex legal document and there were almost no firms of lawyers except the appointed advocates who could handle such job at Jaipur.

We further noticed that the matter of hiring consultants along with remittance of consultancy fee ₹ 13.13 lakh was put (11 February 2010) to the Board for post facto approval with the justification that the existing tender documents were fraught with legal loopholes and in the event of a dispute may work against the Corporation. It was also justified that the consultants were hired on the basis of unsolicited bids as there was little expertise available in Rajasthan for drafting such documents. The Board approved the hiring of consultants and remittance of consultancy fee ₹ 10.92 lakh which was paid on 12 March 2010.

Our scrutiny of records revealed that the new documents did not serve the purpose and the private bus owners did not show much interest in the tender as out of eight interested parties who participated (20 November 2009) in the pre-bid meeting, only four parties submitted (30 November 2009) tenders for 14 'A' category buses and eight 'B' category buses. Further, only one tender for 10 'A' category buses could be finalised by November 2010, which too was an existing party after much deliberations and major changes in the terms and

24 A category (Volvo B9R-10 buses), B category (Volvo B7R-29 buses) and C category (Tata/Leyland AC-39 buses).

conditions *viz.* service tax liability, reduction in performance security, division of income from advertisement, size of LCD TV, rate per kilometre *etc.* in the documents prepared by the consultants. It was further seen that the documents prepared were so complex and detailed that it did not prove to be standard documents to cater to the needs of the Corporation as the interested parties often asked for changes in the conditions. The Corporation despite knowing the complexity of documents, again invited (April 2010) tenders with same set of documents and could not secure even a single bid. Subsequently, the Management apprised (8 July 2011) the Board that the requirement of super luxury buses could not be fulfilled due to the fact that the documents prepared by the consultants were so detailed and complex that the parties were not interested in participating in the tender process. It was further apprised that new set of documents in easy language has been prepared to attract more bidders. The Board approved (July 2011) new set of documents prepared in simple and easy language for all future tenders so that large number of parties could participate in the tendering process.

We observed that the Corporation appointed the consultants for preparation of tender documents and draft agreement without assessing its specific requirements and market scenario. There was nothing to ascertain on record that the documents prepared by the consultants after identifying and discussing the core tender conditions with Corporation affecting the participation of bidders. Consequently, major changes in terms and conditions of the documents were done at the behest of the parties and finally resulted in scrapping (July 2011) of the documents. Since the documents were scrapped and the Corporation prepared new documents at its own level, the payment of ₹ 10.92 lakh towards consultancy fee and expenditure of ₹ 15.14 lakh incurred on the advertisement of tenders invited (April 2010) on its basis proved to be wasteful.

The Management stated (January/October 2012) that the high level documents were got prepared from the consultants to ensure availability of super luxury buses as per the demand of the Corporation and to maintain continuous operational reliability of the buses in the global environment by attracting experienced firms in this field. It further stated that the documents were got prepared from appointed consultants due to non-availability of subject specific experts. Further, it was difficult to predict at any level before invitation of tenders that no party would come forward and no bid will be received. The justification given by the Management was not sustainable in view of the fact that in absence of any guideline/directions from the Management to the consultants, the documents did not serve the purpose of standard documents for hiring of the buses. This was evident from the fact that buses could be hired in November 2010 only after making changes in major terms and conditions in tender invited(November 2009) since no party submitted bid for the tender invited (April 2010); thereby forcing the Corporation to scrap the documents and go for fresh documents for all future tenders.

The Government endorsed (July 2012) the reply of the Management.

3.14 Systemic lapses in dealing with cases of ticketless travels and departmental inquiry

In-effective implementation of by-laws/provisions to avoid ticketless travelling coupled with improper monitoring caused significant delay in completion of departmental inquiry against delinquent employees.

3.14.1 The Government of Rajasthan enacted 'Rajasthan State Road Transport Service Prevention of Ticketless Travel Act,1975' (Act), subsequently amended in 1987 to prevent ticketless travelling in the buses of 'Rajasthan State Road Transport Corporation' (Corporation). The Act provides obligations and punishment for the passengers travelling without a proper pass or tickets in Corporation's buses and also for Conductor or any person authorised by the Corporation to charge fare and supply ticket. The Act explains that if any person is found travelling in a bus without having a proper ticket or pass, it shall be presumed that the Conductor has negligently or wilfully omitted to charge fare or supply a ticket. With a view to ensure effective compliance of the provisions of the Act, the Corporation issued directives from time to time which, *inter-alia*, include inspection of en-route buses by inspecting squads, serving of charge sheet to delinquent conductor and appointment of inquiry officer if charges are refuted or not responded, suspension of delinquent conductor in case 10 or more passengers or fare amount ₹ 200 or more or both (prior to 18 October 2010 five and more passengers or fare amount ₹ 50 or more) are detected under ticketless travel *etc.*

In order to assess the effective implementation of the Act and the Corporation's ability in dealing with the cases of suspension, the prevailing system was reviewed on the basis of information collected from 21 depots (out of total 48 depots) on random basis. The shortcomings noticed are as below:

As on 31 March 2011, there were 688 cases of suspension in 21 depots of the Corporation out of which 463 cases (67.29 *per cent*) pertained to conductors who were suspended from duty for not charging fares from the passengers or non-supply of tickets.

Delay in completion of inquiry and appointment of inquiry officer

3.14.2 The 'Rajasthan State Road Transport Workers and Workshop Employees Standing Order (1985), empowers the competent authority for suspension of a worker for any act or omission of misconduct as described in the 'Standing order 35' by an order in writing and serve the worker with a charge sheet containing specific charges. It further provides that no employee shall be kept under suspension beyond a period of 90 days in case of departmental inquiry, unless it was expedient in the overall interest of the corporation and good discipline. The inquiry officer will intimate to the suspending authority immediately on completion of 90 days of the suspension period informing him of the reasons for not completing the inquiry. It should be on sufficient reasons to be recorded in writing by the competent authority.

Our scrutiny revealed that out of 688 cases of suspension, the departmental inquiry in only 148 cases (20 *per cent*) was completed within a period of 90 days from the date of suspension whereas in 56 cases, the inquiry was completed after 90 days. Of the remaining 484 cases, 325 delinquent employees were re-instated without completing the inquiry while inquiry against 159 employees was pending (March 2011), reasons for which were not found on records. Re-instatement of delinquent employees without completion of inquiry shows that either the charges framed were not sustainable or the employees were reinstated even without completing the administrative inquiry.

Further analysis of records revealed that there was significant delay in appointment of inquiry officer ranging between two and 576 days from the date of suspension. In 298 cases the inquiry officer was appointed with delay between two and 31 days, in 151 cases with delay between 31 and 90 days and in 33 cases appointment was made after 90 days of suspension order. The details of appointment of inquiry officer in 204[25] cases were not available with 18 depots of the Corporation.

We also noticed that the Corporation paid (November 2008 to March 2012) subsistence allowance of ₹ 24 lakh to its 78 delinquent conductors even after 90 days of their suspension which become unproductive as they did not provide their services to the Corporation during this period which could have been avoided if the proceedings of departmental inquiry were completed within the prescribed time schedule. Further, the Corporation did not evolve any mechanism to monitor the progress of departmental inquiries.

The Government while accepting the facts stated (November 2012) that charge sheet was issued to the delinquent employee and after receiving reply, departmental inquiry was being conducted by appointing inquiry officer in fixed time period though delay was natural process due to unavoidable reasons. Most of the delinquent/suspended employees did not furnish reply of the charge sheet within stipulated period and delayed the process by making demand of additional documents from Corporation for furnishing reply, absenteeism from headquarter by furnishing medical certificates which caused delay in appointment of inquiry officers. It further stated that there was acute shortage of staff in the Corporation and it was difficult for the controlling officers to relieve employees for departmental inquiries as cancellation of trips brings political/public pressure. Delay was a natural process in adherence to the inquiry process and the Corporation issue orders from time to time for completion of pending inquiries.

Deficiency in dealing with the Court cases

3.14.3 The delinquent employees found guilty in departmental inquiry challenged the decision of termination/imposing of major penalty by the disciplinary/appellate authority in the Court of law. During test check of the records related to the Court judgments, it was revealed that the decisions were in favour of the employees terminated from the services on the grounds that due process of law/procedure of termination was not followed by the

25 This excludes one case of the official expired during inquiry and one case pertaining to ACD.

Corporation and charges could not be established by the evidence produced before the Court.

This shows that departmental inquiries were not conducted properly and due process of law/procedure of inquiry as well as imposing penalty was not adhered to which led to decision of the Court in favour of the employees.

Thus, non-observance of by-laws/provisions of the Prevention of Ticketless Travel Act at the time of vehicle inspection, improper monitoring and significant delay in completion of inquiry coupled with deficiency in dealing with the court cases encouraged officials to indulge in malpractices causing loss of revenue to the Corporation which could not be quantified.

The Corporation should effectively implement the provisions of Act to minimise cases of ticketless travelling. The departmental inquiries should be conducted within prescribed time schedule to establish charges against delinquent officials and the higher management should follow the prescribed procedure mentioned in the 'Standing Order 35' before taking action so that the weakness in follow up rules/procedures may not benefit the delinquent officials in Court.

The reply of the Government was silent as regards deficiency in dealing with the court cases.

General Paragraph

3.15 Follow-up action on Audit Reports

Replies outstanding

3.15.1 The Report of the Comptroller and Auditor General of India represents the culmination of the process of audit scrutiny starting with initial inspection of accounts and records maintained in various offices and departments of the Government. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. Finance Department, Government of Rajasthan issued (July 2002) instructions to all Administrative Departments to submit replies, duly vetted by Audit, indicating the corrective/remedial action taken or proposed to be taken on paragraphs and performance audit included in the Audit Reports within three months of their presentation to the Legislature.

Though the Audit Report for the year 2010-11 was presented to State Legislature in April 2012, in respect of one paragraph out of 13 paragraphs, which were commented in the Audit Report, one[26] department had not submitted explanatory notes up to September 2012.

Response to Inspection Reports, Draft Paras and Performance Audit

3.15.2 Audit observations noticed during audit and not settled on the spot are communicated though Inspection Reports (IRs) to the Heads of respective Public Sector Undertakings (PSUs) and concerned departments of the State Government. The Heads of PSUs are required to furnish replies to the IRs through the respective Heads of the departments within a period of six weeks. A half yearly report is sent to Principal Secretary/Secretary of the department in respect of pending IRs to facilitate monitoring of the audit observations contained in those IRs.

Inspection Reports issued up to March 2012 pertaining to 23 PSUs disclosed that 2626 paragraphs relating to 639 IRs involving monetary value of ₹ 1982.98 crore remained outstanding at the end of September 2012. Even initial replies were not received in respect of 136 paragraphs of 11 PSUs. Department-wise break up of IRs and audit observations as on 30 September 2012 is given in **Annexure-20**. In order to expedite settlement of outstanding paragraphs, Audit Committees were constituted in 14 out of 42 PSUs. 35 Audit Committee meetings were held during 2011-12 wherein position of outstanding paragraphs was discussed with executive/administrative departments to ensure accountability and responsiveness.

Similarly, draft paragraphs and report on performance audit on the working of PSUs are forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. We, however, observed that ten draft paragraphs and one performance audit report forwarded to various departments between June 2012 and October 2012, as detailed in **Annexure-21** had not been replied to so far (November 2012).

We recommend that the Government may ensure that: (a) procedure exists for action against the officials who fail to send explanatory notes to paragraphs in

26 Mines and Petroleum Department.

Audit Reports and replies to inspection reports/draft paragraphs/performance audit report, as per the prescribed time schedule; (b) action to recover loss/outstanding advances/overpayments is taken within a prescribed period and (c) the system of responding to the audit observations is revamped.

JAIPUR **(R. CHOUHAN)**
The Principal Accountant General
(Economic and Revenue Sector Audit), Rajasthan

Countersigned

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

Annexure–1

(Referred to in paragraph 1.11)

Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower as on 31 March 2012 in respect of Government companies and Statutory corporations

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2011-12				Debt equity ratio for 2011-12 (Previous year)	Manpower (No. of employees as on 31.3.2012)
				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)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
A. Working Government Companies													
AGRICULTURE & ALLIED SECTOR													
1	Rajasthan State Seeds Corporation Limited	Agriculture	28-Mar-1978	6.33	1.04	0.22	7.59	-	-	-	-	-	240
Sector wise total				**6.33**	**1.04**	**0.22**	**7.59**	**-**	**-**	**-**	**-**	**-**	**240**
FINANCE SECTOR													
2	Rajasthan Small Industries Corporation Limited	Industries	3-Jun-1961	6.64	0.27	0.05	6.96	1.01	-	6.21	7.22	1.04:1 (0.85:1)	230
3	Rajasthan State Handloom Development Corporation Limited	Industries	3-Mar-1984	21.85	-	0.55	22.40	-	-	1.29	1.29	0.06:1 (2.84:1)	31
Sector wise total				**28.49**	**0.27**	**0.60**	**29.36**	**1.01**	**-**	**7.50**	**8.51**	**-**	**261**
INFRASTRUCTURE SECTOR													
4	Rajasthan State Industrial Development and Investment Corporation Limited	Industries	28-Mar-1969	210.19	-	-	210.19	-	-	-	-	- (0.05:1)	1030
5	Rajasthan State Road Development and Construction Corporation Limited	Public Works Department	8-Feb-1979	20.00	-	-	20.00	-	-	457.06	457.06	22.85:1 (12.22:1)	332
6	Rajasthan Urban Infrastructure Finance and Development Corporation Limited	Local Self Government	1-Dec-2004	33.00	-	-	33.00	-	-	-	-	-	19
Sector wise total				**263.19**	**-**	**-**	**263.19**	**-**	**-**	**457.06**	**457.06**	**-**	**1381**
MANUFACTURE SECTOR													

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2011-12				Debt equity ratio for 2011-12 (Previous year)	Manpower (No. of employees as on 31.3.2012)
				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)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
7	Barmer Lignite Mining Company Limited (subsidiary Joint Company of Sl. No. A(10))	Mines	19-Jan-2007	-	-	20.00	20.00	-	-	1124.13	1124.13	56.21:1 (48.06:1)	7
8	Rajasthan State Beverages Corporation Limited	Finance (Excise)	24-Feb-2005	2.00	-	-	2.00	-	-	-	-	-	134
9	Rajasthan State Ganganagar Sugar Mills Limited	Finance (Excise)	1-Jul-1956	25.10	-	0.05	25.15	-	-	-	-	-	1760
10	Rajasthan State Mines and Minerals Limited (Government company since December 1974)	Mining and Petroleum	7-May-1947	77.54	-	0.01	77.55	-	-	0.56	0.56	0.01:1 (0.04:1)	1788
11	Rajasthan State Petroleum Corporation Ltd. (subsidiary of Sl No. A(10))	Mining and Petroleum	10-Jul-2008	-	-	1.10	1.10	-	-	-	-	-	NIL
Sector wise total				**104.64**	**-**	**21.16**	**125.80**	**-**	**-**	**1124.69**	**1124.69**	**-**	**3689**
POWER SECTOR													
12	Ajmer Vidyut Vitran Nigam Limited	Energy	19-Jun-2000	1512.15	-	-	1512.15	315.82	155.24	6707.31	7178.37	4.75:1 (7.13:1)	13065
13	Banswara Thermal Power Company Limited (Subsidiary of Sl. No. A(24))	Energy	7-Aug-2008	-	-	0.05	0.05	-	-	-	-	-	NIL
14	Barmer Thermal Power Company Limited (Subsidiary of Sl. No. A(24))	Energy	5-Jul-2010	-	-	0.05	0.05	-	-	-	-	-	NIL
15	Chhabra Power Limited (Subsidiary of Sl. A (25))	Energy	22-Nov-2006	-	-	0.05	0.05	-	-	-	-	-	NIL
16	Dholpur Gas Power Limited (Subsidiary of Sl. A (25))	Energy	22-Nov-2006	-	-	0.05	0.05	-	-	-	-	-	NIL
17	Giral Lignite Power Limited$^{\Omega}$ (Subsidiary of Sl. A (25))	Energy	23-Nov-2006	-	-	200.00	200.00	-	-	428.25	428.25	2.14:1	201
18	Gurha Thermal Power Company Limited (Subsidiary of Sl. No. A(24))	Energy	16-Apr-2009	-	-	0.05	0.05	-	-	-	-	-	NIL

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2011-12				Debt equity ratio for 2011-12 (Previous year)	Manpower (No. of employees as on 31.3.2012)
				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)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
19	Jaipur Vidyut Vitran Nigam Limited	Energy	19-Jun-2000	1715.67	-	-	1715.67	625.73	-	9231.24	9856.97	5.75:1 (7.50:1)	17174
20	Jodhpur Vidyut Vitran Nigam Limited	Energy	19-Jun-2000	1416.68	-	-	1416.68	489.41	149.76	8068.42	8707.59	6.15:1 (4.27:1)	14430
21	Keshoraipatan Gas Thermal Power Company Limited (Subsidiary of Sl. No. A(24))	Energy	17-Sep-2010	-	-	0.05	0.05	-	-	-	-	-	NIL
22	Lake City Transmission Service Company Limited (Subsidiary of Sl. No. A(24))	Energy	6-Jan-2011	-	-	0.05	0.05	-	-	-	-	-	NIL
23	Pink City Transmission Service Company Limited (Subsidiary of Sl. No. A(24))	Energy	6-Jan-2011	-	-	0.05	0.05	-	-	-	-	-	NIL
24	Rajasthan Rajya Vidyut Prasaran Nigam Limited	Energy	19-Jun-2000	2144.00	-	-	2144.00	204.42	-	5922.75	6127.17	2.86:1 (2.92:1)	9157
25	Rajasthan Rajya Vidyut Utpadan Nigam Limited	Energy	19-Jun-2000	5329.59	-	-	5329.59	138.07	-	10661.15	10799.22	2.03:1 (1.75:1)	3598
26	Rajasthan Renewable Energy Corporation Limited	Energy	6-Apr-1995	12.94	-	-	12.94	-	-	-	-	- (5.47:1)	76
27	Rajasthan Solarpark Development Company Limited (Subsidiary of Sl. No. A(26))	Energy	2-Nov-2011	-	-	0.05	0.05	-	-	0.50	0.50	10.00:1	1
28	Shekhawati Transmission Service Company Limited (Subsidiary of Sl. No. A(24))	Energy	17-Jun-2009	-	-	0.05	0.05	-	-	-	-	-	NIL
Sector wise total				**12131.03**	**-**	**200.50**	**12331.53**	**1773.45**	**305.00**	**41019.62**	**43098.07**	**-**	**57702**
SERVICE SECTOR													
29	Bikaner City Transport Services Limited	Local Self Government	7-May-2008	-	-	0.30	0.30	-	-	-	-	-	NIL
30	Jaipur City Transport Services Limited	Local Self Government	6-Feb-2008	-	-	10.00	10.00	-	-	65.86	65.86	6.59:1 (1.85:1)	234

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2011-12				Debt equity ratio for 2011-12 (Previous year)	Manpower (No. of employees as on 31.3.2012)
				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)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
31	Jaipur Metro Rail Corporation Limited	Urban Development and Housing	1-Jan-2010	486.04	-	63.16	549.20	-	-	-	-	-	26
32	Kota City Transport Services Limited	Local Self Government	22-Dec-2006	-	-	0.10	0.10	-	-	-	-	-	NIL
33	RajCOMP Info Services Limited	Information, Technology & Communication	27-Oct-2010	5.00	-	-	5.00	-	-	-	-	-	27
34	Rajasthan Civil Aviation Corporation Limited	General Administrative and Civil Aviation	20-Dec-2006	1.87	-	-	1.87	-	-	-	-	- (0.01:1)	15
35	Rajasthan Medical Services Corporation Limited	Medical, Health and Family Welfare	4-May-2011	5.00	-	-	5.00	5.00	-	-	5.00	1.00:1 (-)	52
36	Rajasthan Mission on Skill and Livelihoods	Labour and Employment	17-Aug-2010	0.05	-	-	0.05	-	-	-	-	-	NIL
37	Rajasthan State Food & Civil Supplies Corporation Limited	Food, Civil Supplies and Consumer Affairs	8-Dec-2010	50.00	-	-	50.00	-	-	-	-	-	NIL
38	Rajasthan State Hotels Corporation Limited	Tourism	7-Jun-1965	1.91	-	-	1.91	-	-	-	-	- (0.06:1)	73
39	Rajasthan Tourism Development Corporation Limited	Tourism	24-Nov-1978	18.45	-	-	18.45	-	-	1.39	1.39	0.08:1 (0.54:1)	1123
40	Udaipur City Transport Services Limited$^{\Omega}$	Local Self Government	8-Jan-2007	-	-	0.30	0.30	-	-	-	-	- (-)	-
Sector wise total				**568.32**	**-**	**73.86**	**642.18**	**5.00**	**-**	**67.25**	**72.25**	**-**	**1550**

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2011-12				Debt equity ratio for 2011-12 (Previous year)	Manpower (No. of employees as on 31.3.2012)
				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)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**	**7**	**8**
MISC. SECTOR													
41	Rajasthan Jal Vikas Nigam Limited	Ground Water Department	25-Jan-1984	1.27	-	-	1.27	-	-	-	-	-	36
Sector wise total				**1.27**	**-**	**-**	**1.27**	**-**	**-**	**-**	**-**	**-**	**36**
Total A (All sector wise working Government companies)				**13103.27**	**1.31**	**296.34**	**13400.92**	**1779.46**	**305.00**	**42676.12**	**44760.58**	**-**	**64859**
B. Working Statutory corporations													
FINANCE SECTOR													
1	Rajasthan Financial Corporation	Industries	17-Jan-1955	77.66	-	32.42	110.08	15.65	-	654.46	670.11	6.09:1 (6.96:1)	820
Sector wise total				**77.66**	**-**	**32.42**	**110.08**	**15.65**	**-**	**654.46**	**670.11**	**-**	**820**
SERVICE SECTOR													
2	Rajasthan State Road Transport Corporation	Transport	1-Oct-1964	193.23	26.83	-	220.06	-	-	533.54	533.54	2.42:1 (2.06:1)	21053
3	Rajasthan State Warehousing Corporation	Agriculture	30-Dec-1957	3.93	-	3.92	7.85	-	-	8.70	8.70	1.11:1 (-)	444
Sector wise total				**197.16**	**26.83**	**3.92**	**227.91**	**-**	**-**	**542.24**	**542.24**	**-**	**21497**
Total B (All sector wise working Statutory corporations)				**274.82**	**26.83**	**36.34**	**337.99**	**15.65**	**-**	**1196.70**	**1212.35**	**-**	**22317**
Grand Total (A + B)				**13378.09**	**28.14**	**332.68**	**13738.91**	**1795.11**	**305.00**	**43872.82**	**45972.93**	**-**	**87176**
C. Non working Government companies													
AGRICULTURE & ALLIED SECTOR													
1	Rajasthan State Agro Industries Corporation Limited	Agriculture	1-Aug-1969	6.01	-	-	6.01	3.11	-	-	3.11	0.52:1 (2.51:1)	NIL
2	Rajasthan State Dairy Development Corporation Limited	Dairy	31-Mar-1975	0.16	2.72	-	2.88	-	-	-	-	-	NIL
Sector wise total				**6.17**	**2.72**	**-**	**8.89**	**3.11**	**-**	**-**	**3.11**	**-**	**-**

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2011-12				Debt equity ratio for 2011-12 (Previous year)	Manpower (No. of employees as on 31.3.2012)
				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)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
MANUFACTURE SECTOR													
3	Hi-Tech Precision Glass Limited (Subsidiary of Sl. No. A(9))	Finance (Excise)	18-Mar-1963	0.08	-	-	0.08	0.11	-	-	0.11	1.38:1 (1.38:1)	NIL
Sector wise total				**0.08**	**-**	**-**	**0.08**	**0.11**	**-**	**-**	**0.11**	**-**	**-**
Total C (All sector wise non working Government Companies)				**6.25**	**2.72**	**-**	**8.97**	**3.22**	**-**	**-**	**3.22**	**-**	**-**
Grand Total (A + B + C)				**13384.34**	**30.86**	**332.68**	**13747.88**	**1798.33**	**305.00**	**43872.82**	**45976.15**		**87176**

Above includes Section 619-B companies at Sl. No A-29, A-30, A-32 & A-40 and Section 25 Company at Sl. No. A-36

$ Paid-up capital includes share application money.

** Loans outstanding at the close of 2011-12 represent long-term loans only.

Ω Companies at Sl. No A-17 and A-40 did not provide information for the year 2011-12. Figures relating to these Companies as shown above are pertaining to 2010-11.

Annexure – 2

(Referred to in paragraph 1.35)

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

(₹ in crore)

Sl. No.	Sector & Name of the Company	Period of accounts	Year in which finalised	Net profit(+) / Loss(-)				Turn over	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 SECTOR														
1	Rajasthan State Seeds Corporation Limited	2011-12	2012-13	20.32	2.58	1.83	15.91	218.89	Decrease in profit by ₹ 1.68 crore	7.59	62.67	82.12	18.49	22.52
Sector wise total				**20.32**	**2.58**	**1.83**	**15.91**	**218.89**		**7.59**	**62.67**	**82.12**	**18.49**	**22.52**
FINANCE SECTOR														
2	Rajasthan Small Industries Corporation Limited	2011-12	2012-13	-5.60	0.80	0.47	-6.87	107.19	Increase in loss by ₹ 0.01 crore	6.96	-32.82	-1.75	-6.07	-
3	Rajasthan State Handloom Development Corporation Limited	2010-11	2011-12	0.12	2.03	0.02	-1.93	8.67	-	6.15	-53.49	-29.64	0.10	-
Sector wise total				**-5.48**	**2.83**	**0.49**	**-8.80**	**115.86**		**13.11**	**-86.31**	**-31.39**	**-5.97**	**-**
INFRASTRUCTURE SECTOR														
4	Rajasthan State Industrial Development and Investment Corporation Limited	2011-12	2012-13	464.39	0.32	0.59	463.48	1029.74	Increase in profit by ₹ 62.24 crore	210.19	687.96	406.00	463.80	114.24
5	Rajasthan State Road Development and Construction Corporation Limited	2011-12	2012-13	46.74	4.14	10.14	32.46	73.13	-	20.00	55.31	827.57	36.60	4.42
6	Rajasthan Urban Infrastructure Finance and Development Corporation Limited	2010-11	2011-12	0.69	-	0.03	0.66	0.68	-	33.00	0.87	33.87	0.66	1.95
Sector wise total				**511.82**	**4.46**	**10.76**	**496.60**	**1103.55**		**263.19**	**744.14**	**1267.44**	**501.06**	**-**
MANUFACTURE SECTOR														
7	Barmer Lignite Mining Company Limited (Susidiary Joint Company of Sl. No. A(10)	2011-12	2012-13	11.54	17.40	8.48	-14.34	163.43	-	20.00	-14.59	512.75	3.06	0.60
8	Rajasthan State Beverages Corporation Limited	2011-12	2012-13	2.38	-	0.41	1.97	2572.40	-	2.00	5.62	6.02	1.97	32.72

Sl. No.	Sector & Name of the Company	Period of accounts	Year in which finalised	Net profit(+) / Loss(-)				Turn over	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	Rajasthan State Ganganagar Sugar Mills Limited	2011-12	2012-13	8.82	0.01	1.50	7.31	543.14	-	25.15	12.56	42.41	7.32	17.26
10	Rajasthan State Mines and Minerals Limited	2011-12	2012-13	479.16	12.21	62.98	403.97	1273.63	Decrease in profit by ₹ 23.84 crore	77.55	1092.38	1177.71	416.18	35.34
11	Rajasthan State Petroleum Corporation Ltd. (subsidiary of Sl No. A(10))	2011-12	2012-13	-0.10	-	-	-0.10	-	-	1.10	-0.80	0.30	-0.10	-33.33
Sector wise total				**501.80**	**29.62**	**73.37**	**398.81**	**4552.60**		**125.80**	**1095.17**	**1739.19**	**428.43**	**-**
POWER SECTOR														
12	Ajmer Vidyut Vitran Nigam Limited	2009-10	2010-11	1074.98	931.34	143.64	#	3119.43	Increase in loss by ₹ 3702.03 crore	795.50	-	4091.87	931.34	22.76
13	Banswara Thermal Power Company Limited (Subsidiary of Sl. A (24))	2011-12	2012-13	-0.44	-	0.02	-0.46	-	-	0.05	-7.75	-7.70	-0.46	-
14	Barmer Thermal Power Company Limited (Subsidiary of Sl. No. A(24))	2011-12	2012-13	-0.98	0.78	-	-1.76	-	Increase in loss by ₹ 0.86 crore	0.05	-5.61	-5.57	-0.98	-
15	Chhabra Power Limited (Subsidiary of Sl. A (25))	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.02	-	-
16	Dholpur Gas Power Limited (Subsidiary of Sl. A (25))	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.02	-	-
17	Giral Lignite Power Limited (Subsidiary of Sl. A (25))	2008-09	2011-12	-5.62	-	0.06	-5.68	15.06	-	0.05	-5.70	387.84	-5.68	-1.46
18	Gurha Thermal Power Company Limited (Subsidiary of Sl. A (24))	2011-12	2012-13	-0.54	0.90	-	-1.44	-	-	0.05	-4.40	-4.36	-0.54	-
19	Jaipur Vidyut Vitran Nigam Limited	2009-10	2011-12	1035.74	832.70	203.04	#	8344.82	Increase in loss by ₹ 4131.84 crore	984.80	-	13510.57	832.70	6.16
20	Jodhpur Vidyut Vitran Nigam Limited	2009-10	2011-12	938.11	804.47	133.64	#	6034.52	Increase in loss by ₹ 3680.15 crore	732.10	-	12040.07	804.47	6.68

Sl. No.	Sector & Name of the Company	Period of accounts	Year in which finalised	Net profit(+) / Loss(-)				Turn over	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
21	Keshoraipatan Gas Thermal Power Company Limited (Subsidiary of Sl. No. A(24))	2011-12	2012-13	-0.02	-	-	-0.02	-	-	0.05	-1.95	-1.90	-0.02	-
22	Lake City Transmission Service Company Limited (Subsidiary of Sl. No. A(24))	2011-12*	2012-13	-0.09	0.01	-	-0.10	-	-	0.05	-0.10	-0.05	-0.09	-
23	Pink City Transmission Service Company Limited (Subsidiary of Sl. No. A(24))	2011-12*	2012-13	-0.11	-	-	-0.11	-	-	0.05	-0.11	-0.06	-0.11	-
24	Rajasthan Rajya Vidyut Prasaran Nigam Limited	2010-11	2011-12	685.52	421.02	222.35	42.15	1652.55	Decrease in profit by ₹ 410.74 crore	1744.00	-1634.57	6511.21	463.17	7.11
25	Rajasthan Rajya Vidyut Utpadan Nigam Limited	2009-10	2011-12	997.33	513.30	496.21	-12.18	5620.97	Increase in loss by ₹ 124.34 crore	4472.59	-507.72	13944.28	501.12	3.59
26	Rajasthan Renewable Energy Corporation Limited	2010-11	2011-12	48.75	2.69	12.11	33.95	25.48	Increase in profit by ₹ 0.27 crore	12.94	64.45	178.26	36.64	20.55
27	Rajasthan Solarpark Development Company Limited	First account not received since inception.		-	-	-		-	-	-	-	-	-	-
28	Shekhawati Transmission Service Company Limited (Subsidiary of Sl. A (24))	2011-12	2012-13	-0.04	-	-	-0.04	-	-	0.05	-0.08	-0.03	-0.04	-
Sector wise total				**4772.59**	**3507.21**	**1211.07**	**54.31**	**24812.83**		**8742.43**	**-2103.54**	**50644.47**	**3561.52**	**-**
SERVICE SECTOR														
29	Bikaner City Transport Services Limited	2010-11	2011-12	0.01	-	-	0.01	-	-	0.30	0.04	0.02	0.01	50.00
30	Jaipur City Transport Services Limited	2010-11	2011-12	-21.00	0.13	3.30	-24.43	31.58	Increase in loss by ₹ 8.71 crore	6.50	-24.56	37.70	-24.30	-64.46
31	Jaipur Metro Rail Corporation Limited	2011-12	2012-13	-24.43	-	0.18	-24.61	-	-	549.20	-24.61	474.88	-24.61	-5.18

Sl. No.	Sector & Name of the Company	Period of accounts	Year in which finalized	Net profit(+) / Loss(-)				Turn over	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
32	Kota City Transport Services Limited	First account not received since inception.		-	-	-	-	-	-	-	-	-	-	-
33	RajCOMP Info Services Limited	2011-12	2012-13	1.30	-	0.22	1.08	3.26	-	5.00	0.47	6.90	1.08	15.65
34	Rajasthan Civil Aviation Corporation Limited	2011-12	2012-13	-2.82	-	0.01	-2.83	4.60	-	1.87	-5.74	-3.85	-2.83	-
35	Rajasthan Medical Services Corporation Limited	First account not received since inception.		-	-	-	-	-	-	-	-	-	-	-
36	Rajasthan Mission on Skill and Livelihoods	2010-11	2011-12	-	-	-	-	2.12	-	-	-	-	-	-
37	Rajasthan State Food & Civil Supplies Corporation Limited	2010-11	2011-12	-0.84	-	-	-0.84	-	-	50.00	-0.84	49.16	-0.84	-1.71
38	Rajasthan State Hotels Corporation Limited	2010-11	2011-12	-2.04	0.06	0.18	-2.28	2.10	Decrease in loss by ₹ 0.68 crore	1.62	-5.68	-2.12	-2.22	-
39	Rajasthan Tourism Development Corporation Limited	2010-11	2011-12	-21.87	1.42	3.39	-26.68	82.70	Increase in loss by ₹ 7.08 crore	18.45	-60.47	5.67	-25.26	-445.50
40	Udaipur City Transport Services Limited	2007-08	2011-12	0.02	-	-	0.02	0.14	-	0.30	0.01	0.31	0.02	6.45
Sector wise total				**-71.67**	**1.61**	**7.28**	**-80.56**	**126.50**		**633.24**	**-121.38**	**568.67**	**-78.95**	
MISC SECTOR														
41	Rajasthan Jal Vikas Nigam Limited	2010-11	2011-12	-0.76	-	-	-0.76	2.48	Increase in loss by ₹ 0.18 crore	1.27	-0.77	0.65	-0.76	-116.92
Sector wise total				**-0.76**	**-**	**-**	**-0.76**	**2.48**		**1.27**	**-0.77**	**0.65**	**-0.76**	
Total A (All sector wise working Government companies)				**5728.62**	**3548.31**	**1304.80**	**875.51**	**30932.71**		**9786.63**	**-410.02**	**54271.15**	**4423.82**	
B. Working Statutory corporations														
FINANCE SECTOR														
1	Rajasthan Financial Corporation	2011-12	2012-13	77.18	70.73	0.20	6.25	128.03	Decrease in profit by ₹ 45.86 crore	110.08	-130.8	828.06	76.98	9.30
Sector wise total				**77.18**	**70.73**	**0.20**	**6.25**	**128.03**		**110.08**	**-130.80**	**828.06**	**76.98**	**-**

Sl. No.	Sector & Name of the Company	Period of accounts	Year in which finalised	Net profit(+) / Loss(-)				Turn over	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
SERVICE SECTOR														
2	Rajasthan State Road Transport Corporation	2011-12	2012-13	-35.23	60.40	35.26	-130.89	1334.93	-	220.06	-1002.45	-235.49	-70.49	-
3	Rajasthan State Warehousing Corporation	2011-12	2012-13	20.88	0.44	2.76	17.68	44.91	-	7.85	0.66	95.04	18.12	19.07
Sector wise total				**-14.35**	**60.84**	**38.02**	**-113.21**	**1379.84**	**-**	**227.91**	**-1001.79**	**-140.45**	**-52.37**	
Total B (All sector wise working Statutory corporations)				**62.83**	**131.57**	**38.22**	**-106.96**	**1507.87**		**337.99**	**-1132.59**	**687.61**	**24.61**	
Grand Total (A + B)				**5791.45**	**3679.88**	**1343.02**	**768.55**	**32440.58**		**10124.62**	**-1542.61**	**54958.76**	**4448.43**	
C. Non working Government companies														
AGRICULTURE & ALLIED SECTOR														
1	Rajasthan State Agro Industries Corporation Limited	2009-10	2011-12	-0.17	1.22	-	-1.39	-	Increase in loss by ₹ 0.10 crore	6.01	-47.49	-2.23	-0.17	-
2	Rajasthan State Dairy Development Corporation Limited	2011-12	2012-13	-	-	-	-	-	-	2.88	-0.21	-	-	-
Sector wise total				**-0.17**	**1.22**	**-**	**-1.39**	**-**		**8.89**	**-47.70**	**-2.23**	**-0.17**	
MANUFACTURE SECTOR														
3	Hi-Tech Precision Glass Limited	2011-12	2012-13	0.02	0.01	-	0.01	-	-	0.08	-0.17	0.01	0.02	200.00
Sector wise total				**0.02**	**0.01**	**-**	**0.01**	**-**	**-**	**0.08**	**-0.17**	**0.01**	**0.02**	
Total C (All sector wise non working Government Companies)				**-0.15**	**1.23**	**-**	**-1.38**	**-**		**8.97**	**-47.87**	**-2.22**	**-0.15**	
Grand Total (A + B + C)				**5791.30**	**3681.11**	**1343.02**	**767.17**	**32440.58**		**10133.59**	**-1590.48**	**54956.54**	**4448.28**	**8.09**

Companies at Sl. No.- A-15 and 16 did not prepare its Profit and Loss Account as there was no commercial activities.

¥ Includes the net impact of comments of Statutory Auditors and C&AG.

Accounts are prepared on no profit no loss basis.

* Accounts for the period from January 2011 to March 2012.

Annexure-3

(Referred to in paragraph 1.15)

Statement showing equity/loans received out of budget 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 2012

(Figures in column 3 (a) to 6 (d) are ₹ in crore)

Sl.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
AGRICULTURE & ALLIED SECTOR													
1	Rajasthan State Seeds Corporation Limited	-	-	-	81.32	-	81.32	-	-	-	-	-	-
Sector wise total		**-**	**-**	**-**	**81.32**	**-**	**81.32**	**-**	**-**	**-**	**-**	**-**	**-**
FINANCE SECTOR													
2	Rajasthan Small Industries Corporation Limited	1.50	-	1.25	1.55	-	2.80	-	-	-	-	-	-
3	Rajasthan State Handloom Development Corporation Limited	-	0.22	0.08	0.02	-	0.10	-	-	-	16.25	-	16.25
Sector wise total		**1.50**	**0.22**	**1.33**	**1.57**	**-**	**2.90**	**-**	**-**	**-**	**16.25**	**-**	**16.25**
INFRASTRUCTURE SECTOR													
4	Rajasthan State Industrial Development and Investment Corporation Limited	-	-	22.31	5.58	-	27.89	-	-	-	-	-	-
5	Rajasthan State Road Development and Construction Corporation Limited	-	-	-	-	-	-	302.25	447.00	-	-	-	-
Sector wise total		**-**	**-**	**22.31**	**5.58**	**-**	**27.89**	**302.25**	**447.00**	**-**	**-**	**-**	**-**
MANUFACTURE SECTOR													
6	Rajasthan State Ganganagar Sugar Mills Limited	6.50	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**6.50**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Sl.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
POWER SECTOR													
7	Ajmer Vidyut Vitran Nigam Limited	148.71	295.47	87.82	880.06	-	967.88	5762.02	17636.18	-	375.65	-	375.65
8	Jaipur Vidyut Vitran Nigam Limited	170.00	391.34	-	718.53	-	718.53	2822.43	15491.74	-	392.67	-	392.67
9	Jodhpur Vidyut Vitran Nigam Limited	165.00	308.19	-	1012.29	-	1012.29	3227.22	14709.59	-	301.68	-	301.68
10	Rajasthan Rajya Vidyut Prasaran Nigam Limited	400.00	1601.82	-	3.67	-	3.67	3760.58	5964.87	-	-	-	-
11	Rajasthan Rajya Vidyut Utpadan Nigam Limited	521.00	2949.87	0.03	-	-	0.03	1475.00	3278.46	-	-	-	-
12	Rajasthan Renewable Energy Corporation Limited	-	-	31.69	4.95	-	36.64	-	-	-	-	-	-
Sector wise total		**1404.71**	**5546.69**	**119.54**	**2619.50**	**-**	**2739.04**	**17047.25**	**57080.84**	**-**	**1070.00**	**-**	**1070.00**
SERVICE SECTOR													
13	Jaipur City Transport Services Limited	-	-	117.31	58.65	-	175.96	-	-	-	-	-	-
14	Jaipur Metro Rail Corporation Limited	307.04	-	-	-	18.75	18.75	-	-	-	-	-	-
15	Rajasthan Medical Services Corporation Limited	5.00	5.00	-	190.00	-	190.00	-	-	-	-	-	-
16	Rajasthan Mission on Skill and Livelihoods	0.05	-	-	12.45	-	12.45	-	-	-	-	-	-
17	Rajasthan State Hotels Corporation Limited	0.29	-	-	-	-	-	-	-	0.10	-	-	0.10
Sector wise total		**312.38**	**5.00**	**117.31**	**261.10**	**18.75**	**397.16**	**-**	**-**	**0.10**	**-**	**-**	**0.10**
Total A (All sector wise working Government companies)		**1725.09**	**5551.91**	**260.49**	**2969.07**	**18.75**	**3248.31**	**17349.50**	**57527.84**	**0.10**	**1086.25**	**-**	**1086.35**

Sl.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
B. Working Statutory corporations													
FINANCE SECTOR													
1	Rajasthan Financial Corporation	-	-	-	-	-	-	-	31.50	-	-	-	-
Sector wise total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**31.50**	**-**	**-**	**-**	**-**
SERVICE SECTOR													
2	Rajasthan State Road Transport Corporation	-	-	-	80.75	-	80.75	-	-	-	-	-	-
3	Rajasthan State Warehousing Corporation	-	-	-	-	0.58	0.58	-	-	-	-	-	-
Sector wise total		**-**	**-**	**-**	**80.75**	**0.58**	**81.33**	**-**	**-**	**-**	**-**	**-**	**-**
Total B (All sector wise working Statutory corporations)		**-**	**-**	**-**	**80.75**	**0.58**	**81.33**	**-**	**31.50**	**-**	**-**	**-**	**-**
Grand Total (A + B)		**1725.09**	**5551.91**	**260.49**	**3049.82**	**19.33**	**3329.64**	**17349.50**	**57559.34**	**0.10**	**1086.25**	**-**	**1086.35**
C. Non working Government companies													
AGRICULTURE & ALLIED SECTOR													
1	Rajasthan State Agro Industries Corporation Limited	-	0.30	-	0.30	-	0.30	-	-	-	-	-	-
Sector wise total		**-**	**0.30**	**-**	**0.30**	**-**	**0.30**	**-**	**-**	**-**	**-**	**-**	**-**
Total C (All sector wise non working Government Companies)		**-**	**0.30**	**-**	**0.30**	**-**	**0.30**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A + B + C)		**1725.09**	**5552.21**	**260.49**	**3050.12**	**19.33**	**3329.94**	**17349.50**	**57559.34**	**0.10**	**1086.25**	**-**	**1086.35**

Annexure – 4

(Referred to in paragraph 1.24)

Statement showing investments made by State Government in PSUs during the years for which accounts are in arrears

(₹ in crore)

S. No.	Name of PSU	Year upto which accounts finalized	Paid up capital as per latest accounts finalised	Investment made by State Government during the year 2011-12 for which accounts are in arrears						Total
				Year	Equity	Loans	Subsidy	Loan Converted into Equity	Loan repayment written off	
1	Rajasthan State Handloom Development Corporation Limited	2010-11	6.15	2011-12	-	0.22	0.02	16.25	-	16.49
2	Ajmer Vidyut Vitran Nigam Limited	2009-10	795.50	2010-11	192.29	-	622.70	-	-	814.99
				2011-12	148.71	295.47	880.06	375.65	-	1699.89
3	Jaipur Vidyut Vitran Nigam Limited	2009-10	984.80	2010-11	168.20	-	465.33	-	-	633.53
				2011-12	170.00	391.34	718.53	392.67	-	1672.54
4	Jodhpur Vidyut Vitran Nigam Limited	2009-10	732.10	2010-11	217.90	-	655.02	-	-	872.92
				2011-12	165.00	308.19	1012.29	301.68	-	1787.16
5	Rajasthan Rajya Vidyut Prasaran Nigam Limited	2010-11	1744.00	2011-12	400.00	1601.82	3.67	-	-	2005.49
6	Rajasthan Rajya Vidyut Utpadan Nigam Limited	2009-10	4472.59	2010-11	336.00	-	0.04	-	-	336.04
				2011-12	521.00	2949.87	-	-	-	3470.87
7	Rajasthan Renewable Energy Corporation Limited	2010-11	12.94	2011-12	-	-	4.95	-	-	4.95
8	Jaipur City Transport Services Limited	2010-11	6.50	2011-12	-	-	58.65	-	-	58.65
9	Rajasthan Medical Services Corporation Limited	Newly incorporated company		2011-12	5.00	5.00	190.00	-	-	200.00
10	Rajasthan Mission on Skill and Livelihoods	2010-11	-	2011-12	0.05	-	12.45	-	-	12.50
11	Rajasthan State Hotels Corporation Limited	2010-11	1.62	2011-12	0.29	-	-	-	0.10	0.39
12	Giral Lignite Power Limited	2008-09	0.05	2011-12	Information not provided for the year 2011-12					
13	Udaipur City Transport Services Limited	2007-08	0.30	2011-12	Information not provided for the year 2011-12					
	Total		**8756.55**		**2324.44**	**5551.91**	**4623.71**	**1086.25**	**0.10**	**13586.41**

Annexure-5
(Referred to in paragraph 1.35)
Statement showing financial position of Statutory Corporations

Working Statutory corporations				
				(Amount: ₹ in crore)
Sl. No.	**Particulars**	**2009-10**	**2010-11**	**2011-12**
1	**Rajasthan State Road Transport Corporation**			
A.	**Liabilities**			
	Capital (including capital loan and equity capital)	220.06	220.06	220.06
	Borrowings:			
	(Government)	-	-	-
	(Others)	270.50	453.88	533.54
	Fund*	5.21	5.26	5.34
	Trade dues and other current liabilities (including provisions)	511.38	547.44	638.56
	Total A	**1007.15**	**1226.64**	**1397.50**
B.	**Assets**			
	Gross Block	580.19	602.88	625.10
	Less: Depreciation	310.65	317.36	315.72
	Net fixed assets	269.54	285.52	309.38
	Capital works-in-progress (including cost of chassis)	-	-	2.33
	Investment	0.48	2.48	8.48
	Current assets, loans and advances	50.57	65.25	74.86
	Accumulated losses	686.56	873.39	1002.45
	Total B	**1007.15**	**1226.64**	**1397.50**
C.	**Capital employed****	**(-)177.55**	**(-)181.67**	**(-)235.49**

* Excluding Depreciation Fund.

** Capital employed represents net fixed assets (including works-in-progress) plus working capital (Excluding provision for gratuity and pension)

Working Statutory corporations				
				(Amount: ₹ in crore)
Sl. No.	**Particulars**	**2009-10**	**2010-11**	**2011-12**
2	**Rajasthan Financial Corporation**			
A.	**<u>Liabilities</u>**			
	Paid-up-capital	110.08	110.08	110.08
	Share application money	-	-	-
	Reserve fund and other reserves and surplus	60.70	61.70	62.70
	Borrowings:			
	(i) Bonds and debentures	111.88	74.95	31.50
	(ii) Fixed deposits	-	-	-
	(iii) Industrial Development Bank of India and Small Industries Development Bank of India	555.10	570.98	568.81
	(iv) Reserve Bank of India	-	-	-
	(v) Loan towards Share capital:			
	(a) State Government	-	-	-
	(b) Industrial Development Bank of India	-	-	-
	(vi) Others (including State Government)	111.98	119.81	69.79
	Other liabilities and provisions (including Deposits)	289.40	307.41	304.12
	Total A	**1239.14**	**1244.93**	**1147.00**
B.	**<u>Assets</u>**			
	Cash and Bank balances	54.45	72.84	32.40
	Investment	1.10	1.10	1.10
	Loans and advances	917.15	924.27	888.26
	Net fixed assets	3.20	3.16	3.12
	Other assets	105.11	107.89	91.32
	Accumulated Losses	158.13	135.67	130.80
	Total B	**1239.14**	**1244.93**	**1147.00**
C.	**Capital employed@**	**882.68**	**882.48**	**828.06**

@ Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, loans in lieu of capital, seed money, debentures, reserves (other than those which have been funded specifically and backed by investment outside), bonds deposits and borrowings (including refinance). The free reserves and surplus have been reduced to the extent of debit balance of profit and loss account.

Working Statutory corporations				
				(Amount: ₹ in crore)
Sl. No.	**Particulars**	**2009-10**	**2010-11**	**2011-12**
3	**Rajasthan State Warehousing Corporation**			
A.	**Liabilities**			
	Paid-up-capital	7.85	7.85	7.85
	Reserves and Surplus	63.42	64.65	83.64
	Borrowings:			
	(Government)	-	-	-
	(Others)	-	3.65	8.71
	Trade dues and other current liabilities (including provisions)	69.17	80.34	72.14
	Total A	**140.44**	**156.49**	**172.34**
B.	**Assets**			
	Gross Block	80.92	88.44	92.42
	Less: Depreciation	31.94	34.49	37.25
	Net fixed assets	48.98	53.95	55.17
	Capital works-in-progress	1.20	0.83	5.87
	Other non-current assets(Deferred Tax Assets)	-	-	6.80
	Current assets, loans and advances	90.26	101.71	104.50
	Total B	**140.44**	**156.49**	**172.34**
C.	**Capital employed**[@]	**73.07**	**77.46**	**95.04**

[@] Capital employed represents net fixed assets (including works-in-progress) plus working capital (excluding provision for gratuity ₹ 1.64 crore for 2011-12).

Annexure-6
(Referred to in paragraph 1.35)

Statement showing working results of Statutory Corporations

Working Statutory corporations				
				(Amount: ₹ in crore)
Sl. No.	**Particulars**	**2009-10**	**2010-11**	**2011-12**
1	**Rajasthan State Road Transport Corporation**			
1	Operating:			
(a)	Revenue	1121.61	1180.22	1334.93
(b)	Expenditure	1240.98	1412.86	1529.06
(c)	Surplus(+)/deficit(-)	-119.37	-232.64	-194.13
2	Non-operating:			
(a)	Revenue	41.45	46.23	63.19
(b)	Expenditure*	-	-	-
(c)	Surplus(+)/deficit(-)	41.45	46.23	63.19
3	Total:			
(a)	Revenue	1163.06	1226.45	1398.12
(b)	Expenditure	1240.98	1412.86	1529.06
(c)	Profit(+)/loss(-) before Prior Period Adjustment	-77.92	-186.41	-130.94
(d)	Add(+)/Less(-): Prior period adjustment	-1.04	-0.43	0.05
(e)	Net Profit (+)/ Loss (-)	**-78.96**	**-186.84**	**-130.89**
4	Interest on Capital and loans	27.13	39.65	60.40
5	**Total return on capital employed**	**-51.83**	**-147.19**	**-70.49**

* In the accounts of RSRTC operating and non-operating expenditure is not shown separately.

Working Statutory corporations				
				(Amount: ₹ in crore)
Sl. No.	**Particulars**	**2009-10**	**2010-11**	**2011-12**
2	**Rajasthan Financial Corporation**			
1	Income:			
(a)	Interest on loans	128.76	131.86	128.03
(b)	Other Income	5.13	6.60	5.51
	Total Income	**133.89**	**138.46**	**133.54**
2	Expenses:			
(a)	Interest on long term loans	72.80	69.58	70.72
(b)	Other expenses	58.88	55.90	57.92
	Total Expenditure	**131.68**	**125.48**	**128.64**
3	Profit before tax	2.21	12.98	4.90
4	Provision for tax	-0.16	-1.01	-0.37
5	Other appropriations	-106.59	11.48	1.35
6	Amount available for dividend	-	23.45	5.88
7	Dividend	-	-	-
8	Total return on capital employed	-31.76	94.04	76.98
9	Percentage of return on capital employed	-	10.66	9.30

Working Statutory corporations				
				(Amount: ₹ in crore)
Sl. No.	**Particulars**	**2009-10**	**2010-11**	**2011-12**
3	**Rajasthan State Warehousing Corporation**			
1	Income:			
(a)	Warehousing charges	30.72	32.34	43.17
(b)	Other income	5.15	6.27	7.89
	Total Income	**35.87**	**38.61**	**51.06**
2	Expenses:			
(a)	Establishment charges	22.12	22.03	24.79
(b)	Other expenses	7.00	6.56	8.02
	Total Expenditure	**29.12**	**28.59**	**32.81**
3	Profit(+)/loss(-) before tax (1-2)	6.75	10.02	18.25
4	Other appropriations	4.89	7.93	15.31
5	Amount available for dividend	0.79	2.09	2.94
6	Dividend for the year	0.79	1.57	1.96
7	Total return on capital employed	4.17	10.37	18.12
8	Percentage of return on capital employed	5.71	13.39	19.07

Annexure-7
(Referred to in paragraph 2.1.10)

Statement showing voltage-wise capacity additions planned, actual additions and shortfall during five years up to 2011-12

Sl. No.	Description	2007-08	2008-09	2009-10	2010-11	2011-12
(1)	(2)	(3)	(4)	(5)	(6)	(7)
400 KV Sub-Stations (Numbers)						
1	At the beginning of the year	4	4	4	7	9
2	Additions planned for the year	0	0	3	2	0
3	Actual additions during the year	0	0	3	2	0
4	At the end of the year **(1+3)**	4	4	7	9	9
5	Shortfall(+)/Excess (-) in additions **(2-3)**	0	0	0	0	0
400 KV Transformers Capacity (MVA)						
1	At the beginning of the year	2955	2955	2955	3900	4845
2	Additions planned for the year	0	0	945	630	0
3	Actual additions during the year	0	0	945	945	0
4	Capacity at the end of the year **(1+3)**	2955	2955	3900	4845	4845
5	Shortfall(+)/Excess (-) in additions **(2-3)**	0	0	0	-315	0
400 KV Lines (CKM)						
1	At the beginning of the year	620.18	915.38	1357.62	1945.18	2659.98
2	Additions planned for the year	485.00	600.00	500.00	750.00	0.00
3	Actual additions during the year	295.20	442.24	587.56	714.80	244.81
4	At the end of the year **(1+3)**	915.38	1357.62	1945.18	2659.98	2904.79
5	Shortfall(+)/Excess (-) in additions **(2-3)**	189.80	157.76	-87.55	35.20	-244.81
220 KV Sub-Stations (Numbers)						
1	At the beginning of the year	54	57	62	66	74
2	Additions planned for the year	3	5	5	8	10
3	Actual additions during the year	3	5	5	8	6
4	At the end of the year **(1+3)**	57	62	66[1]	74	80
5	Shortfall(+)/Excess (-) in additions **(2-3)**	0	0	0	0	4
220 KV Transformers Capacity (MVA)						
1	At the beginning of the year	10405	10605	11705	12805	15255
2	Additions planned for the year	300	500	500	800	1000
3	Actual additions during the year	250	500	500	900	660
4	Actual augmentation during the year	-50	600	600	1550	1510
5	Capacity at the end of the year **(1+3+4)**	10605	11705	12805	15255	17425
6	Shortfall(+)/Excess (-) in additions **(2-3)**	50	0	0	-100	340
220 KV Lines (CKM)						
1	At the beginning of the year	8418.25	8851.19	9320.89	10066.97	10661.92
2	Additions planned for the year	500.00	450.00	500.00	600.00	600.00
3	Actual additions during the year	432.94	469.70	746.08	594.95	481.16
4	At the end of the year **(1+3)**	8851.19	9320.89	10066.97	10661.92	11143.08
5	Shortfall(+)/Excess (-) in additions	67.06	-19.70	-246.08	5.05	118.84

1 Excludes one 220 KV GSS upgraded to 400 GSS at Barmer.

Sl. No.	Description	2007-08	2008-09	2009-10	2010-11	2011-12
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	(2-3)					
132 KV Sub-Stations (Numbers)						
1	At the beginning of the year	259	270	280	292	310
2	Additions planned for the year	12	12	15	20	20
3	Actual additions during the year	12	12	15	22	22
4	Substation upgraded to 220 KV Substation	1	2	3	4	3
5	At the end of the year **(1+3-4)**	270	280	292	310	329
6	Shortfall(+)/Excess (-) in additions **(2-3)**	0	0	0	-2	-2
132 KV Transformers Capacity (MVA)						
1	At the beginning of the year	11829.50	12542.50	14142.50	15884.00	18193.50
2	Additions planned for the year	300.00	300.00	425.00	550.00	500.00
3	Actual additions during the year	300.00	500.00	375.00	725.00	650.00
4	Actual augmentation during the year	413.00	1100.00	1366.50	1584.50	1859.00
5	Capacity at the end of the year **(1+3+4)**	12542.50	14142.50	15884.00	18193.50	20702.50
6	Shortfall(+)/Excess (-) in additions **(2-3)**	0	-200	50	-175	-150
132 KV Lines (CKM)						
1	At the beginning of the year	12016.52	12250.54	12775.32	13192.15	13850.35
2	Additions planned for the year	300.00	350.00	350.00	500.00	450.00
3	Actual additions during the year	234.02	524.78	416.83	658.20	465.06
4	At the end of the year **(1+3)**	12250.54	12775.32	13192.15	13850.35	14315.41
5	Shortfall(+)/Excess (-) in additions **(2-3)**	65.98	-174.78	-66.83	-158.20	-15.06
Augmentation of Transformer Capacity (MVA)						
1	Augmentation planned for the year	600.00	800.00	750.00	1200.00	1500.00
2	Actual augmentation during the year (220 KV)	-50.00	600.00	600.00	1550.00	1510.00
3	Actual augmentation during the year (132 KV)	413.00	1100.00	1366.50	1584.50	1859.00
4	Actual augmentation during the year**(2+3)**	363.00	1700.00	1966.50	3134.50	3369.00
5	Shortfall(+)/Excess (-) in additions **(3-5)**	237.00	-900.00	-1216.50	-1934.50	-1869.00

Annexure-8
(Referred to in paragraph 2.1.11)

Statement showing Grid Sub-stations and transmission lines constructed in Jaipur Zone during 2007-08 to 2011-12

Grid Sub-stations

S. No.	Year	Name of GSS	Capacity (MVA)	Voltage Ratio	Schedule date of completion as per work order	Date of Completion	Delay in Months
1	2010-11	Hindon	315	400	October 2009	July 2010	9
2	2010-11	Bagroo	125	220	May 2010	May 2010	0
3	2009-10	Baran	100	220	November 2008	May 2009	6
4	2007-08	Duni	50	220	April 2008	January 2008	-
5	2010-11	Indira Gandhi Nagar	300	220	October 2009	February 2011	16
6	2008-09	Kawai	100	220	June 2008	June 2008	0
7	2011-12	Kishangarh Bas	112.5	220	NA	February 2012	NA
8	2011-12	Kunda ki Dhani	160	220	NA	March 2012	NA
9	2008-09	Kushkheda	100	220	October 2008	January 2009	3
10	2007-08	Mandavar	112.5	220	September 2007	November 2007	2
11	2010-11	MIA Alwar	100	220	June 2010	February 2011	7
12	2008-09	Neemrana	125	220	November 2007	September 2008	11
13	2009-10	Renwal	100	220	March 2010	May 2009	-
14	2010-11	SEZ Mahendra	125	220	July 2009	April 2010	8
15	2008-09	VKIA	175	220	NA	August 2008	NA
16	2010-11	Aatru	25	132	October 2010	December 2010	1
17	2007-08	Ajolia ka Kheda	25	132	NA	July 2007	NA
18	2011-12	Andhi	25	132	June 2011	September 2011	3
19	2007-08	Balawala	25	132	March 2007	August 2007	6
20	2011-12	Baroli	25	132	NA	January 2012	NA
21	2009-10	Bhadoti	25	132	September 2007	March 2010	30
22	2011-12	Champapura	25	132	March 2011	May-11	1
23	2010-11	Chopankhi	25	132	February 2010	July 2010	6
24	2008-09	Devli Manji	25	132	November 2008	December 2008	1
25	2011-12	Dhola Kuwa	25	132	July 2011	July 2011	0
26	2010-11	Dudu	25	132	March 2011	March 2011	0
27	2010-11	Fagi	25	132	August 2010	July 2010	-
28	2009-10	Hindoli	25	132	March 2010	March 2010	0
29	2010-11	Jakhrana	25	132	January 2009	December 2010	23
30	2007-08	Kaladera	25	132	March 2008	March 2008	0
31	2007-08	Kanwari	25	132	December 2008	December 2007	-
32	2010-11	Keshwana	25	132	February 2009	November 2010	22
33	2007-08	Khandar	25	132	September 2007	February 2008	5
34	2007-08	Koodan	25	132	NA	September 2007	NA
35	2009-10	Kumher	25	132	July 2009	July 2009	0
36	2011-12	Mahuwa	25	132	NA	January 2012	NA
37	2007-08	Mandan	25	132	September 2007	March 2008	6
38	2011-12	Mandana Town	25	132	June 2011	September 2011	3
39	2008-09	Manohar Thana	25	132	February 2009	February 2009	0
40	2009-10	Poata	25	132	February 2009	March 2010	14
41	2011-12	PWD Banglow	100	132	July 2009	October 2011	27

42	2008-09	Ramganj Mandi (Mayla)	25	132	October 2008	March 2009	5
43	2007-08	Ramgarh	25	132	September 2007	March 2008	7
44	2011-12	Roopwas	25	132	April 2011	April 2011	0
45	2008-09	Sapotra	25	132	October 2008	March 2009	4
46	2011-12	Sikarai	25	132	December 2010	July 2011	7
47	2008-09	SMS stadium	100	132	November 2008	March 2009	5
48	2011-12	Taleda	25	132	May 2011	June 2011	1
49	2007-08	Thadoli	25	132	February 2008	February 2008	0
Total			**3100**				

Transmission lines

S. No.	Year	Name of Line	Capacity	Circuit	CKM	Schedule Date of Completion	Actual date of Completion	Delay in Months
1	2007-08	Dholpur-Heerapura	400	SC	295.201	November 2006	February 2008	14
2	2007-08	Lilo-Sanganer (Deposit Work)	220	DC	1.670	August 2007	December 2007	4
3	2007-08	LILO for duni	220	SC	3.810	December 2007	January 2008	1
4	2007-08	Dausa Baratpur	220	SC	15.684	June 2007	June 2007	0
5	2007-08	LILO Bhilwara-Kankroli	220	SC	9.480	NA	January 2008	NA
6	2007-08	Sanganer-Balawala	132	SC	4.431	May 2007	August 2007	3
7	2007-08	Thadoli-Todaraisingh	132	DC	18.104	September 2007	December 2007	3
8	2007-08	Duni-Thadoli	132	SC	30.992	December 2007	February 2008	2
9	2007-08	Shahjahapur-Mandan	132	SC	14.121	March 2007	October 2007	8
10	2007-08	Rishabdeo-RSWM Rishabdeo	132	SC	0.478	NA	July 2007	NA
11	2007-08	Beawar-Gopalpura Line	132	SC	0.961	NA	April 2007	NA
12	2007-08	Hameergarh-RSWM Hameergarh	132	SC	1.050	NA	November 2007	NA
13	2007-08	Gulabpura-RSWM,Gulabpura	132	SC	1.600	NA	November 2007	NA
14	2007-08	Reengus-RSWM Reengus	132	SC	2.222	NA	August 2007	NA
15	2007-08	LILO for Koodan	132	SC	3.844	NA	August 2007	NA
16	2007-08	Bhawanimandi-Kanwari	132	SC	19.257	January 2008	January 2008	0
17	2007-08	Khushkhera-M/s Shree Cement	132	SC	2.635	July 2007	June 2007	0
18	2007-08	LILO for Ramgarh	132	SC	16.494	January 2008	March 2008	3
19	2007-08	Loda-Mordi Line	132	SC	12.741	NA	July 2007	NA
20	2007-08	LILO for Ajoliya Ka Khera	132	SC	17.876	NA	September 2007	NA
21	2008-09	Heerapura-Kukas	220	DC	1.974	January 2008	August 2008	7
22	2008-09	Heerapura-Bassi line	220	SC	59.398	February 2003	June 2008	64
23	2008-09	Chhabra-Baran-Dahra line	220	DC	2.080	December 2008	June 2008	0
24	2008-09	Alwar-Bhiwadi line	220	DC	4.716	March 2010	September 2008	0
25	2008-09	Bhiwari-Neemrana line	220	DC	7.616	July 2007	September 2008	15

26	2008-09	Bhilwara-Neemrana	220	SC	51.828	July 2007	September 2008	15
27	2008-09	Govindgarh Kaladera	132	SC	10.108	July 2008	July 2008	0
28	2008-09	Duni-Thadoli ckt.I	132	SC	30.357	April 2008	July 2008	3
29	2008-09	Behror-Shahjahanpur	132	DC	2.552	July 2008	October 2008	4
30	2008-09	Kotputli-M/s Grashim Industries	132	SC	5.084	February 2008	April 2008	2
31	2008-09	Karauli-Sapotra	132	SC	35.458	April 2008	March 2009	11
32	2008-09	Kota-Sangod	132	DC	3.568	January 2008	July 2008	6
33	2008-09	Morak-Jhalawar	132	DC	8.990	February 2009	March 2009	1
34	2008-09	Sawaimadopur-Sheopur line	132	DC	25.934	April 2007	July 2008	14
35	2008-09	Aklera-Monaharthana	132	SC	37.890	December 2008	December 2008	0
36	2008-09	Khushkhera-Honda Seil	132	DC	1.612	April 2009	September 2008	0
37	2008-09	Khushkhera-M/s Nahar Ind.	132	SC	5.756	January 2008	June 2008	6
38	2009-10	Hindaun from Dholpur	400	SC	4.430	December 2007	November 2009	23
39	2009-10	LILO Hindaun Heerapura	400	DC	4.080	November 2008	November 2009	12
40	2009-10	Duni-Heerapura	220	DC	15.126	November 2009	November 2009	0
41	2009-10	Heerapura-Reengus	220	DC	49.990	August 2008	May 2009	9
42	2009-10	Hindaun(400KV)	220	DC	16.002	April 2008	September 2009	17
43	2009-10	Chhabra-Kawaii	220	SC	41.750	December 2008	June 2009	6
44	2009-10	Baran-Dahra	220	SC	46.178	December 2008	June 2009	6
45	2009-10	Kawaii-Baran	220	SC	49.670	December 2008	May 2009	5
46	2009-10	Balwal Fhagi	132	SC	21.687	April 2009	March 2010	11
47	2009-10	Interconnecting line from VKI GSS to VKIA	132	SC	0.296	June 2009	November 2009	6
48	2009-10	Interconnecting line from VKI GSS to VKIA kukus line	132	SC	0.682	March 2009	December 2009	8
49	2009-10	LILO of Kotpuli shahapura	132	DC	0.960	March 2009	February 2010	11
50	2009-10	LILO Anta Baran	132	DC	1.756	July 2008	July 2009	12
51	2009-10	Baran GSS to Baran railway station	132	SC	2.868	July 2008	August 2009	13
52	2009-10	LILO of Sangodh Baran	132	DC	7.104	July 2008	December 2009	17
53	2009-10	LILO of Bundi Deoli	132	DC	7.940	April 2010	March 2010	0
54	2009-10	Jhalawr Kavdi	132	SC	20.520	July 2009	July 2009	0
55	2009-10	Sawaimadopur-Bhadoti	132	SC	29.968	March 2007	March 2010	36
56	2009-10	LILO of KG Bas Bhiwadi	132	DC	4.880	March 2009	March 2010	13
57	2009-10	LILO Alwar Bharatpur	132	DC	6.484	July 2009	July 2009	0
58	2010-11	KTPS PGCIL	400	DC	13.096	December 2009	February 2011	14
59	2010-11	Chhabra Hindone Approach Section	400	DC	73.158	December 2009	April 2010	4
60	2010-11	Chhabra Hindone	400	SC	268.288	December 2009	April 2010	4
61	2010-11	LILO Bassi Fulera	220	DC	9.332	May 2010	May 2010	0

62	2010-11	LILO Bassi Heerapura	220	DC	18.218	February 2008	February 2011	36
63	2010-11	Hindone Mandawar	220	SC	47.678	October 2008	July 2010	20
64	2010-11	Neemrana Kotputli	220	DC	87.734	January 2010	March 2011	14
65	2010-11	LILO Kota Bhilwara	220	DC	3.620	January 2010	March 2011	14
66	2010-11	LILO Badarpur Alwar	220	DC	5.380	March 2010	February 2011	11
67	2010-11	LILO Bagru Bankhrotta	132	DC	7.256	May 2010	May 2010	0
68	2010-11	Fulera Dudhu	132	SC	21.948	April 2010	November 2010	7
69	2010-11	Interconnection Purana Gard Sitapura	132	DC	0.404	April 2001	October 2010	116
70	2010-11	Heera pura Hingonia	132	DC	4.598	November 2010	February 2011	3
71	2010-11	Jobner Shri Cement	132	SC	6.314	November 2010	November 2010	0
72	2010-11	Duni Devli	132	SC	33.402	May 2010	December 2010	7
73	2010-11	LILO Mandavar Toda Bheem	132	DC	1.616	November 2010	February 2011	3
74	2010-11	LILO Jamua Ramgarh to Rajgarh	132	DC	3.320	April 2011	February 2011	0
75	2010-11	LILO Kotputli Behror	132	DC	3.746	April 2009	June 2010	14
76	2010-11	Bheror Jakhrana	132	SC	15.486	December 2009	December 2010	12
77	2010-11	LILO Bundi Kota	132	DC	4.470	October 2010	March 2011	5
78	2010-11	LILO Kota Modak	132	DC	9.542	October 2010	March 2011	6
79	2010-11	Kawaii Atru	132	SC	11.530	November 2009	December 2010	13
80	2010-11	Kawaii GSS to Chabbra Railway Station	132	SC	15.951	April 2008	April 2010	24
81	2010-11	LILO Bhiwari Kushkera	132	DC	10.034	May 2005	July 2010	64
82	2010-11	Dholpur Roopvas	132	SC	45.297	March 2011	March 2011	0
83	2011-12	Kotputli Neemrana	220	DC	0.396	January 2010	July 2011	18
84	2011-12	Chabbra Jhalawar	220	SC	101.549	July 2011	July 2011	0
85	2011-12	Remaining Section of Bhiwadi Neemrana	220	SC	6.097	July 2007	December 2011	54
86	2011-12	LILO Alwar Bhiwari	220	DC	4.764	NA	February 2012	NA
87	2011-12	LILO Bassi Kukas	220	DC	7.732	NA	March 2012	NA
88	2011-12	Kalisindh-Jhalawar	220	DC	19.032	NA	March 2012	NA
89	2011-12	NPH to PWD	132	DC	7.301	December 2008	October 2011	34
90	2011-12	LILO Toda Bheem Sikandra	132	DC	4.148	November 2010	April 2011	6
91	2011-12	LILO Hindone Toda Bheem	132	DC	4.286	December 2010	July 2011	7
92	2011-12	Bhiwari M/s M Tech Auto	132	SC	0.806	January 2011	August 2011	7
93	2011-12	LILO of Mandavar Alwar	132	DC	3.542	February 2011	April 2011	2
94	2011-12	LILO Hindaun-Gangapur	132	DC	15.320	NA	January 2012	0
Total					**1996.334**			

Annexure-9

(Referred to in paragraph 2.2.8)

Statement showing physical and financial budget estimates against actual during last five years ending March 2012

(₹ in crore)

Year/Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Budgeted turnover	152.76	301.56	279.37	647.32	1003.86
Actual turnover	170.10	289.73	221.50	394.48	873.57
Percentage shortfall	-	3.92	20.71	39.06	12.96

	2007-08			2008-09			2009-10			2010-11			2011-12		
Particulars	**Budget**	**Actual**	**Per-centage of actual with budgeted**	**Budget**	**Actual**	**Per-centage of actual with budgeted**	**Budget**	**Actual**	**Per-centage of actual with budgeted**	**Budget**	**Actual**	**Per-centage of actual with budgeted**	**Budget**	**Actual**	**Per-centage of actual with budgeted**
INCOME															
Centage charges	9.77	10.81	111	16.82	19.96	119	19.49	20.6	106	45.16	29.92	66	65.67	56.87	86.60
Machine Hire Charges	0.18	0.01	6	0.25	0.16	64	0.12	1.70	1417	3.00	0.79	26	1.00	2.36	236.00
BOT Collection	2.00	10.95	548	2.00	11.36	568	4.00	7.65	191	5.00	10.63	213	4.00	3.50	87.50
Total operating receipts	**11.94**	**21.77**	**182**	**19.07**	**31.48**	**165**	**23.61**	**29.95**	**127**	**53.16**	**41.34**	**78**	**70.67**	**62.73**	**88.76**
Non Operating receipts	0.55	3.42	622	1.10	6.55	595	2.10	5.04	240	3.15	11.08	352	5.25	14.80	281.90
Total Income	**12.50**	**25.19**	**202**	**20.17**	**38.03**	**189**	**25.71**	**34.99**	**136**	**56.31**	**52.42**	**93**	**75.92**	**77.53**	**102.12**
EXPENDITURE															
Payment to & Provision for Employees	10.97	15.26	139	12.32	19.69	160	17.98	23.69	132	30.17	38.74	128	27.23	25.44	93.43
Interest and Finance Charges	-	3.15		-	2.79	-	2.54	2.51	99	1.25	5.14	411	8.00	4.14	51.75
Depreciation for Assets other than BOT	0.40	0.29	73	0.35	0.23	66	0.30	0.21	70	0.38	0.36	95	0.60	0.46	76.67
Provision for Bad & Doubtful Debts	-	-	-	-	9.25	-	-	5.64	-	5.00	0.48	10	4.00	4.83	120.75
Other Adjustments	0.10	-	-	0.10	(1.92)	(2020)	-	-0.01	-	-	(0.74)	-	11.40	7.53	66.05
Total Expenditure	**11.47**	**18.70**	**163**	**12.77**	**30.04**	**235**	**20.82**	**32.04**	**154**	**36.80**	**43.98**	**120**	**51.23**	**42.40**	**82.76**
Profit/Loss for the year	**1.03**	**6.49**	**630**	**7.40**	**7.99**	**108**	**4.89**	**2.95**	**60**	**19.51**	**8.44**	**43**	**24.69**	**35.13**	**142.28**

Source: ***Annual financial statements and annual budgets.***

Annexure-10
(Referred to in paragraph 2.2.10)

Statement showing delay in completion of major works

S. No.	Work	Stipulated Date	Actual Date	Delay in months	Reasons for Delay
1.	35 GAD Quarters, Malviya Nagar , Jaipur	November 2003	May 2009	66	Non-availability of funds from client department.
2.	Pharmacy building Jaipur	June 2004	July 2007	37	Correlated works were not completed in time. Lay out and designs were not provided in time.
3.	Development work at botanical garden MDS University Ajmer	November 2006	November 2009	36	Layout and design of building was not finalized in time by the client. Extra work done on the request of client.
4.	LSQ and USQ Part-I at Pratap Nagar Udaipur	February 2009	August 2010	18	Non availability of Cement and steel, delay in electrical work, extra work than work order.
5.	Construction of police quarters at Sisarma	February 2009	August 2010	18	Non availability of Cement & steels, delay in electrical work, extra work than work order.
6.	LSQ Part-III at Police Station Dabok	March 2009	May 2010	14	Non availability of Cement & steels, work remain closed due to non availability of electrical work, Extra items/excess items due to site conditions.
7.	New Kar Bhawan, Jaipur	December 2006	March 2010	39	Extra works, change in design, delay in completion of co-related works and delay in approval of drawing.
8.	WSGH cum ICDS Centre	June 2006	April 2010	46	Delay in approval of drawing, delay in completion of related work and inadequate supply of cement and steel.
9.	60 Man barracks at District Headquarter Sirohi	October 2006	April 2008	18	Delay in approval of drawing and layout. Delay in completion of related works. Late approval of deviations.
10.	ACB Building Jaipur	March 2008	March 2009	12	Delay in supply of steel and cement
11.	Advanced Kitchen IHM, Jodhpur	November 2008	July 2010	20	Delay in supply of steel and cement, completion of related electrical works coupled with award of two work to same contractor.
12.	Boys Hostel, IHM Jodhpur	July 2009	September 2010	14	Delay in supply of steel and cement, completion of related electrical works coupled with award of two work to same contractor.

Annexure 11
(Referred to in paragraph 2.2.12)

Statement showing actual administrative cost incurred on deposit works and centage charges recovered during 2006-07 to 2011-12

(₹ in crore)

Year	Turnover			Overheads			Percentage of overhead to total turnover	Overheads to be apportioned to deposit works	Actual recovery of centage	Percentage of actual recovery to deposit works	Short recovery
	Deposit works	Tender works	Total	Employee cost	Administrative cost	Total					
1	2	3	4 = (2+3)	5	6	7 = (5+6)	8 = (7/4*100)	9 = (8/2*100)	10	11 = (10/2*100)	12 = (9-10)
2006-07	103.29	30.86	134.15	7.81	3.00	10.81	8.06	8.33	7.69	7.45	0.64
2007-08	138.05	21.21	159.26	12.06	3.20	15.26	9.58	13.23	10.84	7.85	2.39
2008-09	244.09	25.76	269.85	16.65	3.04	19.69	7.30	17.82	19.88	8.14	-
2009-10	185	21.42	206.42	19.95	3.74	23.69	11.48	21.24	15.07	8.15	6.17
2010-11	362.66	5.57	368.23	32.68	6.05	38.73	10.52	38.15	26.25	7.24	11.90
2011-12	812.82	3.33	816.15	20.07	5.37	25.44	3.12	25.36	57.42	7.06	-
Total											**21.10**

Annexure-12
(Referred to in paragraph 2.2.16)

Statement showing tender works completed during 2006-07 to 2010-11 and in progress as on March 2012

(₹ in lakh)

S. No.	Particulars	Scheduled completion period	Actual completion period	Delay in completion	Date of raising of final bill	Delay in raising of final bill	Date of receipt of final payment	Delay in receipt of final payment[1]	Actual Expenditure	Certified Expenditure	Payment outstanding as on March 2012	Profit/ (Loss)
1	MAP-198 Quarters	March 2007	January 2008	9	January 2009	11	March 2009	-	1038.06	1081.79	-	43.73
2	MAP-36 Quarters	March 2007	August 2007	4	December 2008	15	March 2009	2	241.92	257.03	-	15.11
3	MAP-96 Quarters	June 2007	January 2009	18	June 2009	5	August 2009	1	642.00	676.15	-	34.15
4	MAP-126 Quarters	June 2007	October 2008	15	February 2009	3	March 2009	-	763.24	799.75	-	36.51
5	Malaria Research Centre	August 2007	August 2008	11	September 2008	-	September 2008	-	1850.26	1924.61	178.00	74.35
6	Auditorium Building at Panchkula	November 2004	November 2006	23	July 2009	31	January 2010	5	727.94	701.15	24.00	(26.79)
7	Auditorium Building at Gurgaon	March 2005	November 2007	31	NA	-	January 2011	-	735.58	682.10	61.27	(53.48)
8	GLTPP	May 2006	July 2008	25	June 2010	22	February 2011	7	401.61	423.94	31.04	22.33
9	Lecture theatre complex school at Delhi	September 2008	In progress	41 (upto March 2012)	-	-	-	-	1427.28	1485.52	-	58.24
10	Housing complexes for Appex Healthcare Institute at Jodhpur	April 2009	In progress	34 (upto March 2012)	-	-	-	-	4449.28	5078.63	-	629.35
11	Oil House at Jodhpur	January 2010	In progress	25 (upto March 2012)	-	-	-	-	630.50	693.39	-	62.89

Source: ***Annual financial statements***

1 As per the terms of agreement client has to made payments within one month from raising of bills as such margin of one month has been considered in calculation.

Annexure-13

(Referred to in paragraph 2.2.19 and 2.2.26)

Statement showing Roads under execution and the margin money and annuity sanctioned/deposited by the State Government against them

S.No.	Name of Road	Awarded by State Government	Stipulated month start of work as per tender finalized	Stipulated month of completion as per tender finalized	Status as on March 2012	Administrative and Financial Sanction (₹ in crore)	Margin Money (₹ in crore)	Annuity (₹ in crore)	Delay as on March 2012 (Months)
1	Bikaner Bypass	-	August 2008	December 2009	Completed	41.70	-	-	0
2	Chala Neem Ka Thana	-	October 2010	March 2011	Completed	2.92	-	-	0
3	Dabok-Mavli-Kapasan-Chittorgarh	January 2010	September 2010	May 2011	Completed	425.96	42.60	-	10
4	Hanumangarh-Pilibanga-Suratgarh	January 2010	September 2010	May 2011	Completed	255.84	46.97	-	10
5	Merta-Lambiya-Ras-Beawar	January 2010	September 2010	July 2011	Work in progress	294.83	58.96	8.90	8
6	Pali-Nadol-Gomti Chouraha	March 2010	September 2010	November 2011	Work in progress	193.95	38.79	20.00	4
7	Fatehnagar-Dariba	January 2010	May 2010	April 2011	Work in progress	25.00	-	-	11
8	Mahuan-Hindaun Karauli	March 2010	February 2011	November 2011	Work in progress	168.03	28.63	5.50	4
9	Jodhpur-Osian-Phalodi	March 2010	February 2011	February 2012	Work in progress	208.74	41.75	13.58	1
10	Salumber-Keerki Chowki	March 2010	February 2011	November 2011	Work in progress	163.50	-	11.00	4
11	Gotan-Pundlu-Borunda-Ransigaon-Sojat	March 2010	February 2011	February 2012	Work in progress	167.45	33.49	-	1
12	Banswara-Ratlam (upto MP Border)	March 2010	May 2011	March 2012	Work in progress	117.03	23.41	2.25	-
13	Mangalwr-Nimbahera	March 2010	August 2011	May 2012	Work in progress	86.73	17.35	7.75	-
14	Bharatpur-Deeg-Alwar	March 2010	August 2011	May 2012	Work in progress	135.69	27.04	8.50	-
15	Jahajpur-Mandalgarh	March 2010	January 2012	October 2012	Work in progress	197.37	-	13.75	-
16	Risabhdeo-Salumber	March 2010	DPR under preparation						
17	Dungarpur-Sagwara-Banswara	March 2010	DPR under preparation						
18	Bharatpur-Roopawas-Dholpur		Withdrawn by GOR						
19	Pratapgarh-Mandsaur		Withdrawn by GOR						
20	Sanderao-Falna		Withdrawn by GOR						
21	Jodhpur-Bhopalgarh-Gotan-Merta		Withdrawn by GOR						

Annexure-14
(Referred to in paragraph 2.2.24)

Statement showing variations in BOQ of tender and actual BOQ after execution of Chittorgarh - Kapasan - Mavli-Dabok Road work

(₹ in crore)

Name of stretch	G-Schedule value of BOQ as per tender	H-Schedule value of BOQ of as per tender	G Schedule value of BOQ of actually executed	H-Schedule value of BOQ actually executed	Percentage variation in G-Schedule value of BOQ	Percentage variation in H-Schedule value of BOQ
00/0 to 0/10 Km	32.24	2.99	28.62	3.14	(11.23)	5.02
00/10 to 0/20 Km	27.76	1.60	24.25	1.09	(12.64)	(31.88)
00/20 to 0/30 Km	36.29	1.12	29.38	0.67	(19.04)	(40.18)
00/30 to 0/40 Km	32.54	1.86	26.36	1.14	(18.99)	(38.71)
00/40 to 0/50 Km	28.64	1.30	22.68	0.59	(20.81)	(54.62)
00/80 to 0/90 Km	28.18	1.41	25.68	0.80	(8.87)	(43.26)
00/90 to 0/99 Km	22.24	1.28	19.74	0.76	(11.24)	(40.63)

Annexure-15
(Referred to in paragraph 2.2.26)

Statement showing additional financial burden on the works withdrawn due to non-execution by the contractors (As per G-schedule)

(₹ in crore)

Name of work (Road/Stretch)		Estimated cost of the non-executed work as per new tender	Premium at which new finalised tender	Total cost as per new tender	Tender premium/discount of withdrawn tender	Cost of the work had it been executed by the old contractor	Additional financial burden	Financial hold against withdrawn tender	Net additional burden
Pali-Nadol-Gomati Ka Chouraha road	290/0 to 306/0 Km	18.78	17.55 *per cent* above BSR	22.08	17 *per cent* below BSR	15.59	6.49	3.49	3.00
Merta-Lambia-Ras-Beawar road[1]	83/0 to 98/0, Km	16.57	21 *per cent* above BSR	20.05	17 *per cent* below BSR	13.75	6.30	5.56	0.74
	98/0 to 113/0 Km	28.22	21 *per cent* above BSR	34.15	15 *per cent* below BSR	23.99	10.16	5.42	4.74
	113/0 to 129 Km	25.78	21 *per cent* above BSR	31.94	16 *per cent* below BSR	21.66	9.53	7.44	2.09
Jodhpur-Osian-Phalodi road	52/00 to 80/00 Km	35.09	12.88 *per cent* above BSR	39.61	28.54 *per cent* below BSR	25.08	14.53	9.63	4.90
Total									**15.47**

1 Tenders in this case have not been finalised but lowest rates received are 21 *per cent* above BSR

Annexure-16
(Referred to in paragraph 2.2.31)

Statement showing earth excavated, use of excavated earth in construction and earth unused

Name of road	Stretch	Earth excavated from culvert, bridge, drainage etc.	Earth used in construction	Earth unused	Differential cost to the Company as per BSR per unit	Tender discount	Effective rate per unit	Extra cost to the Company
		Cum.	Cum.	Cum.	₹	Percentage	₹	₹
Chittorgarh-Kapasan-Mavli-Dabok Road	0-10	51383.59	45376.39	6007.20	37.00	22.51	28.67	172226.42
	10-20	48415.70	42948.00	5467.70	37.00	21.18	29.16	159438.13
	20-30	44770.52	38519.72	6250.80	37.00	21.21	29.15	182210.82
	30-40	40585.19	36472.60	4112.59	37.00	21.98	28.87	118730.47
	40-50	43277.38	39452.42	3824.96	37.00	21.77	28.95	110732.59
	80-90	45978.90	40277.69	5701.21	37.00	15.55	31.25	178162.81
	90-99	37190.59	31893.19	5297.40	37.00	15.55	31.25	165543.75
Suratgarh-Hanumangarh Road	27-36	40619.80	35638.22	4981.58	105.75	11.21	93.90	467770.36
	36-45	352300.80	338586.00	13714.80	74.25	12.71	64.81	888856.19
	45-50	226787.18	192048	34739.18	59.75	19.88	47.87	1662964.55
Total extra cost to the Company		**931309.65**	**841212.23**	**90097.42**				**4106636.09**

Annexure-17
(Referred to in paragraph 2.2.34)

Statement showing utilization of plant and machinery during last six years ending March 2012

S. No.	Name of Machinery	Year of purchase	Standards as per MOST[1]		Standard utilisation per year as per MOST (Hours)	Utilisation upto March 2006			Utilisation during 2006-07 to 2011-12			Total utilisation as on March 2012			
			Years	Total Hours		Years	Hours	Average hours	Standard Hours[2]	Hours	Average	Years	Standard utilization in hours	Actual utilisation in hours	Percentage utilisation
1	Hot Mix Plant-3	1992	12	9000	800	14	NA	NA	4800	815	135.83	20	16000	NA	NA
2	Hot Mix Plant-4	2002	12	9000	800	4	1125	281.25	4800	1746	291	10	8000	2871	35.89
3	Hot Mix Plant-5	2002	12	9000	800	4	1939	484.75	4800	4411	735.17	10	8000	6350	79.38
4	Hot Mix Plant-6	2002	12	9000	800	4	940	235	4800	1915	319.17	10	8000	2855	35.69
5	Paver Finishers-3	1992	15	9000	800	14	6632	473.71	4800	4724	787.33	20	16000	11356	70.98
6	Paver Finishers-4	1996	15	9000	800	10	NA	NA	4800	540	90	16	12800	NA	NA
7	Paver Finishers-5	1997	15	9000	800	9	NA	NA	4800	NA	NA	15	12000	NA	NA
8	Paver Finishers-6	2002	15	9000	800	4	1957	489.25	4800	197	32.83	10	8000	2154	26.93
9	Paver Finishers-7	2002	15	9000	800	4	778	194.5	4800	1001	166.83	10	8000	1779	22.24
10	Paver Finishers-8	2002	15	9000	800	4	2292	573	4800	818	136.33	10	8000	3110	38.88
11	Paver Finishers-9	2002	15	9000	800	4	745	186.25	4800	2816	469.33	10	8000	3561	44.51
12	Paver Finishers-10	2002	15	9000	800	4	1302	325.5	4800	747	124.5	10	8000	2049	25.61
13	Paver Finishers-11	2002	15	9000	800	4	2058	514.5	4800	2240	373.33	10	8000	4298	53.73
14	Diesel Road Roller-1	1996	15	12000	1000	10	9231	923.1	6000	2543	423.83	16	16000	11774	73.59
15	Vibromax Roller	1992	12	10000	1000	14	10413	743.79	6000	4272	712	20	20000	14685	73.43
16	Soil Compactor	1995	NA	NA	1000	11	6728	611.64	6000	2859	476.5	17	17000	9587	56.39
17	Wet Mix Plant	1997	NA	NA	800	9	1206	134	4800	2611	435.17	15	12000	3817	31.81
18	Crane-3	1983	15	8000	800	23	2994	130.17	4800	3953	658.83	29	23200	6947	29.94
19	Crane-5	1988	15	8000	800	18	17850	991.67	4800	547	91.17	24	19200	18397	95.82
Total									**94800**	**38755**	**-**	**-**	**236200**	**105590**	

1 Economic life for condemnation purpose.
2 Standard utilisation hours per year recommended by MOST X 6 years

Annexure-18
(Referred to in paragraph 3.2)
Statement showing cost of carrying HUDCO loan and Corporation Bank

(A) Cost –benefit analysis prepared by the Company

Particulars of interest for the quarter ending	Amount (₹)
31 May 2009	58804856
31 August 2009	53819527
30 November 2009	48064898
28 February 2010	42423888
31 May 2010	38140199
31 August 2010	32913757
30 November 2010	27386365
28 February 2011	21972592
31 May 2011	17234429
31 August 2011	12007987
30 November 2011	6707832
Total (A)	**359476330**
Interest payable to Corporation Bank @ 10.75 *per cent* (B)	**275082412**
Interest savings on prepayment of HUDCO loan (A-B)	**84393918**
Less Prepayment charges	37953344
Net interest saving on prepayment of HUDCO loan	**46440574**

(B) Cost-benefit analysis prepared by audit

Quarter Ending	Principal Outstanding (₹)	Repayment of Principal (₹)	Interest of HUDCO @ 11.75 p.a (₹)	Interest of Corporation Bank @ 10.75 p.a (₹)
Interest for two days (30 and 31 May 2009)	1896930855	176471000	1221312	1117370
31-Aug-2009	1720459855	176471000	50953893	46617392
30-Nov-2009	1543988855	176471000	45230413	41381016
28-Feb-2010	1367517855	176471000	39620552	36248590
31-May-2010	1191046855	176471000	35274566	32272475
31-Aug-2010	1014575855	176471000	30048123	27490836
30-Nov-2010	838104855	176471000	24551880	22462358
28-Feb-2011	661633855	176471000	19169255	17537829
31-May-2011	485162855	176471000	14368796	13145920
31-Aug-2011	308691855	176471000	9142353	8364281
30-Nov-2011	132220855	132220855	3873347	3543700
Total			**273454489**	**250181767**

Cost of carrying HUDCO loan

Particulars	Amount (₹)
Interest for two days (30 and 31 May 2009)	1221312
Interest for quarters ending 31 August 2009 to 30 November 2011	272233177
Total cost	**273454489**

Cost of carrying Corporation Bank's loan

Particulars	Amount (₹)
Interest for two days (30 and 31 May 2009)	1117370
Interest for quarters ending 31 August 2009 to 30 November 2011	249064397
Prepayment charges paid for HUDCO loan	37953344
Total cost	**288135111**

Cost benefit analysis

Particulars	Amount (₹)
Cost of carrying HUDCO loan (A)	273454489
Cost of obtaining Corporation Bank loan (B)	288135111
Loss to the Company (B) - (A)	**14680622**

Annexure-19

(Referred to in paragraph 3.11.4)

Statement showing position of attendance by Non-Executive Directors in five selected Companies during the year 2008-09 to 2011-12

S. No.	Name of Company	Position of attendance by Non-executive directors
1	JVVNL	One director nominated by the Government was present in only 26 out of 50 meetings of Board held during the November 2008 to March 2012. Another director nominated by the Government was absent in all the ten meetings held between April 2008 to September 2008. Still another director nominated by the State Government was present in 8 meetings only out of 17 held during July 2008 to April 2009.
2	AVVNL	One director nominated by the Government was present in only 11 out of 25 meetings of Board held during the period June 2009 to June 2011. Another director nominated by the Government was absent in all the eight meetings held during April 2008 to September 2008. Still another director nominated by the Government was present in only seven meetings out of fifteen held during June 2008 to February 2009.
3	RIICO	Two Directors nominated by the Government were each present in only 8 out of 12 Board meetings held during April'2008 to March 2011.
4	RSMML	One director nominated by the Government was absent in all the eight meetings held during his tenure from July 2009 to March 2011. Another director nominated by the Government was present in five meetings only out of 11 held during October 2008 to March 2011.
5	RSICL	One director nominated by the Government was absent in all the 19 meetings held during the period June 2007 to March 2011. Another director nominated by the Government was present in merely two meetings out of 16 held during the period September 2008 to December 2011. Still another director nominated by the Government was absent from all the five meetings held after his appointment during the period June'2011 to December 2011.

Annexure-20
(Referred to in Paragraph 3.15.2)

Statement showing lack of responsiveness to Inspection Reports

Sl. No.	Name of Sector	Outstanding Inspection Reports and Paragraphs				1st compliance not received				Compliance not received for more than two years			
		No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Monetary value (₹. in crore)	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Monetary value (₹ in crore)	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Monetary value (₹ in crore)
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
(A)	**Government companies**												
1.	Agriculture and allied sector	1	18	79	39.57	-	-	-	-	-	-	-	-
2.	Finance sector	1	25	76	23.82	2	2	6	0.24	1	1	3	0.01
3.	Infrastructure sector	3	94	311	241.28	-	-	-	-	-	-	-	-
4.	Manufacture sector	4	21	124	150.90	2	5	51	18.38	-	-	-	-
5.	Power sector	6	302	1550	1049.12	2	6	45	16.49	-	-	-	-
6.	Service sector	4	44	112	18.68	4	8	32	5.22	-	-	-	-
7.	Miscellaneous sector	1	1	4	2.50	-	-	-	-	-	-	-	-
	Total (A)	**20**	**505**	**2256**	**1525.87**	**10**	**21**	**134**	**40.33**	**1**	**1**	**3**	**0.01**
(B)	**Statutory corporations**												
1.	Finance sector	1	39	98	363.92	1	1	2	0.30	-	-	-	-
2.	Service sector	2	95	272	93.19	-	-	-	-	-	-	-	-
	Total (B)	**3**	**134**	**370**	**457.11**	**1**	**1**	**2**	**0.30**	**-**	**-**	**-**	**-**
Grand Total (A+B)		**23**	**639**	**2626**	**1982.98**	**11**	**22**	**136**	**40.63**	**1**	**1**	**3**	**0.01**

Annexure-21
(Referred to in Paragraph 3.15.2)

Statement showing the department wise draft paragraphs/performance audit replies to which were awaited

Sl. No.	Name of the Department	No. of Performance reviews	No. of draft paragraphs	Period/date of issue
1.	Energy, Industries, Mines and Petroleum	-	1	August 2012
2.	Energy	-	2	August 2012
3.	Public Works Department	1	2	August and October 2012
4.	Industries	-	2	June 2012 to September 2012
5.	Tourism	-	1	August 2012
6.	Transport		2	August 2012 to September 2012
Total		**1**	**10**	