The Report has been laid on the table of the State Legislature Assembly on 20-06-2014

Report of the
Comptroller and Auditor General of India
(Public Sector Undertakings)

for the year ended 31 March 2013

Government of Uttar Pradesh
Report No. 2 of 2014

Table of contents

Preface

1. This report deals with the results of audit of Government companies and Statutory corporations which has been conducted under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time. The results of audit relating to departmentally managed commercial undertakings are presented separately.

2. Audit of the accounts of Government companies is conducted by the CAG under the provisions of Section 619 of the Companies Act, 1956. Audit of Statutory Corporations of the State is governed by their respective legislation.

3. The cases mentioned in this Report are those, which came to notice in the course of test audit during the year 2012-13 as well as those, which came to notice in earlier years, but could not be dealt with in the previous Reports; matters relating to the period subsequent to 2012-13 have also been included, wherever necessary.

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

OVERVIEW

1. Overview of State Public Sector Undertakings

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The Accounts of Government companies are audited by Statutory Auditors appointed by Comptroller and Auditor General of India. These Accounts are also subject to supplementary audit conducted by Comptroller and Auditor General of India. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2013, the State of Uttar Pradesh had 87 working PSUs (80 companies and seven Statutory corporations) and 39 non-working PSUs (all companies). The working PSUs registered a turnover of ` 62,432.56 crore and incurred overall aggregate loss of ` 10,842.45 crore as per their latest finalised accounts.

(Paragraphs 1.1, 1.5 and 1.6)

Investments in PSUs

As on 31 March 2013, the Investment (Capital and Long Term Loans) in 126 PSUs was ` 1,14,776.13 crore. It grew by 290.85 *per cent* from ` 29,365.93 crore in 2007-08 to ` 1,14,776.13 crore in 2012-13 mainly because of increase in Investment in Power Sector which accounted for 94.43 *per cent* of the total Investment in 2012-13. The Government contributed ` 7,117.53 crore towards Equity, Loans and Grants/Subsidies during 2012-13.

(Paragraphs 1.7, 1.8, 1.9 and 1.10)

Performance of PSUs

As per the latest finalised accounts, out of 87 working PSUs, 34 PSUs earned Profit of ` 1,255.42 crore and 22 PSUs incurred Loss of ` 12,097.87 crore. Six working PSUs had not submitted their first Accounts whereas 25 PSUs are treated as no profit/loss as their data of financial results was less than ` one lakh. The major contributors to Profit were Uttar Pradesh Avas Evam Vikas Parishad (` 431.05 crore), Uttar Pradesh Rajkiya Nirman Nigam Limited (` 232.49 crore), Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (` 126.38 crore) and Uttar Pradesh Forest Corporation (` 126.08 crore). The heavy losses were incurred by five Power Sector companies (total ` 11,562.21 crore).

A review of three years Audit Reports of Comptroller and Auditor General of India shows that the state PSUs losses of ` 35,838.70 crore and infructuous Investments of ` 315.46 crore were controllable with better management. Thus, there is tremendous scope to improve the functioning and minimise/eliminate losses.

(Paragraphs 1.14 and 1.15)

Arrears in Accounts and winding up of Non-working PSUs

Out of 87 working PSUs, only five PSUs finalised the accounts for the year 2012-13 while 82 PSUs had arrear of 228 Accounts as of September 2013 with the extent of arrears ranging from one year to 17 years. The arrears need to be cleared in a time bound manner by setting targets for PSUs. Out of 39 non-working PSUs (all companies), 13 have gone into liquidation process and the remaining 26 had arrear of accounts for one year to 30 years. Government needs to expedite closing down of the non-working PSUs.

(Paragraphs 1.18, 1.19, 1.20 and 1.24)

Quality of Accounts

The quality of Accounts of PSUs needs improvement. Of the 78 Accounts finalised by 61 working companies during October 2012 to September 2013, the Statutory Auditors have given qualified certificates for 75 Accounts, adverse certificates for two Accounts and disclaimer for one account. There were 105 instances of non-compliance with Accounting Standards. Of the six Accounts finalised by the six Statutory corporations during October 2012 to September 2013, we completed audit of five Accounts and issued qualified certificate for three Accounts and adverse certificate was issued in two Accounts. The audit of remaining one corporation was under finalisation (September 2013).

(Paragraphs 1.27, 1.28 and 1.30)

2. Performance review relating to Government company

Review of the performance of U.P. Projects Corporation Limited was conducted. Executive summary of our audit findings is given below:

Introduction

U.P. Projects Corporation Limited (Company) is a wholly owned Government Company under the administrative control of the Irrigation Department of Government of Uttar Pradesh (GoUP). The main objective of the Company was to carry on the business as general and Government contractors, to submit tenders and undertake to do construction work of every nature. During last six years ending March 2013, the Company did not participate in tenders and was primarily engaged in execution of deposit works entrusted by various Government Departments/Organisations on the basis of cost plus centage.

(Paragraphs 2.1 and 2.6)

Execution of works

During the last six years (2007-08 to 2012-13), the Company executed the works of the value of ` 3,581.21 crore (69.63 *per cent*) out of the total available works of ` 5,143.40 crore. Ninety-two *per cent* of the completed works were executed by placing work orders with sub-contractors at composite rates whereas only eight *per cent* works were executed departmentally. During the five years up to 2011-12, the Company did not appoint architects through competitive bidding in most of the cases. The Company made excess payment of ` 93.20 lakh to architects by allowing service tax and architect fee over and above the limit prescribed by GoUP/ Government of India and also by allowing more than 0.25 *per cent* fee on repetitive nature of works.

(Paragraphs 2.7 to 2.12 and 2.16)

The Company made excess payment of ` 6.13 crore to the sub-contractors in 18 works test checked by us, due to finalisation of rates higher than the rates provided in Uttar Pradesh Public Works Department Schedule Of Rates of the respective district for concerned period. Further, excess payment of ` 1.74 crore to the sub-contractors was allowed due to incorrect preparation of estimates. In these 18 works, the Company also claimed excess centage of ` 0.99 crore from the clients.

(Paragraphs 2.17 and 2.18)

Multiple interest free advances of ` 22.60 crore were released to 17 sub-contractors executing works under Integrated Housing and Slum Development Programme test checked by us, without adjustment of previous advances and without measurement of works. Moreover, no Bank guarantee was obtained against advances.

(Paragraph 2.19)

Deficient Manpower Planning

The actual available manpower of Superintending, Executive and Assistant engineers was much in excess of the sanctioned strength. No assessment was made for manpower requirement considering the increase in Units/Zones and also the sub-contracting of majority of the works.

(Paragraph 2.25)

Financial Management

The Company has not devised any system to identify the surplus investible funds and to ensure optimum returns on investments. Due to non-availing flexi facility offered by the Banks, the Company suffered a loss of interest of ` 67.17 lakh during the period from 2009-10 to 2011-12. The details of interest earned on Government funds were not maintained department/work wise.

(Paragraphs 2.29, 2.30 and 2.31)

In case of 180 works completed during the period 2007-08 to 2011-12, the Company received funds of ` 112.12 crore for direct expenditure on works whereas the expenditure incurred on these works was ` 114.93 crore leading to excess expenditure of ` 2.81 crore which was not even claimed from client Departments and was met from its centage, adversely affecting its own financial position.

(Paragraph 2.32)

The Company did not maintain basic records viz. work register, material consumption statements after completion of works and index of measurement books. Internal control mechanisms were found to be ineffective and inadequate.

(Paragraphs 2.39 and 2.40)

3. Transaction Audit Observations

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

- There were 15 cases of avoidable Loss/Expenditure amounting to ` 17,095.15 crore[1].

(Paragraphs 3.1, 3.3 to 3.8 and 3.11 to 3.18)

- There were two cases of undue benefit amounting to ` 52.37 crore.

(Paragraphs 3.9 and 3.10)

- There was one case of violation of Statutory obligations amounting to ` 29.52 crore.

(Paragraph 3.19)

[1] ` 9,704.12 crore will be incurred as per pre-existing rates during the next 22 years, 23 years and nine months, 24 years and 25 years as referred in detail in paragraph 3.13.

Gist of some important paragraphs is given below:

- **Uttar Pradesh Rajkiya Nirman Nigam Limited** extended undue advantage to sub-contractors by releasing interest-free mobilisation advance of ` 138.01 crore, without ensuring availability of land/requisite approvals, which were pre-requisites to start the work.

  (Paragraph 3.2)

- **Purvanchal Vidyut Vitran Nigam Limited** suffered loss of interest of ` 11.30 crore due to delay in raising bill for energy supplied during peak hours to Hindalco as per provisions specified in CNCE Regulations, 2009.

  (Paragraph 3.6)

- **Purvanchal Vidyut Vitran Nigam Limited** suffered a loss of interest of ` 9.05 crore due to incorrect billing of demand charges.

  (Paragraph 3.7)

- **Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited** incurred avoidable expenditure of ` 2.05 crore due to purchase of Hi-Chrome Liners at higher rates.

  (Paragraph 3.8)

- Examination of Power Purchase Agreements with Independent Power Producers (IPPs) revealed that the **Uttar Pradesh Power Corporation Limited** (Company) failed in its duty to file logical comments based on cost benefit analysis, Details Project Report norms etc. against petitions filed by IPPs to Uttar Pradesh Electricity Regulatory Commission. The Company failed to file appeal with Appellate Tribunal of Electricity to protect its financial interest. The Company did not evolve any mechanism to verify data given in the petition by the IPPs and to verify amount of power purchase bills submitted by IPPs. Besides, the Energy Department, Government of Uttar Pradesh also failed to monitor the action taken by the Company in this regard.

  (Paragraph 3.13)

- **Uttar Pradesh Jal Nigam** suffered a loss of ` 18.99 crore due to short retrieval of GI pipes in rebore of hand pumps.

  (Paragraph 3.14)

- **Uttar Pradesh Avas Evam Vikas Parishad** was deprived of revenue of ` 4.43 crore due to incorrect fixation of reserve price of plot sold to a builder.

  (Paragraph 3.17)

CHAPTER-I

1. Overview of Government companies and Statutory corporations

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Uttar Pradesh, the State PSUs occupy a moderate place in the State economy. Major activities of State PSUs are concentrated in Power Sector. The State working PSUs registered a turnover of ` 62,432.56 crore as per their latest finalised Accounts. The State working PSUs incurred a loss of ` 10,842.45 crore in the aggregate as per their latest finalised Accounts. The State PSUs had 0.82 lakh[1] employees as of 31 March 2013. The State PSUs do not include six Departmental Undertakings[2] (DUs), which carry out commercial operations but are a part of Government departments. Audit findings of these DUs are incorporated in the Audit Report (General and Social Sector Audit) of the State.

1.2 As on 31 March 2013, there were 126 PSUs as per details given below. Of these, no company was listed on the stock exchange(s).

Table No. 1.1

Type of PSUs	Working PSUs	Non-working PSUs[3]	Total
Government companies[4]	80	39	119
Statutory corporations	7	--	7
Total	**87**	**39**	**126**

1.3 During the year 2012-13, three companies named Yamuna Power Generation Corporation Limited, Kanpur City Transport Services Limited and Varanasi City Transport Services Limited were incorporated under the Companies Act, 1956 and five[5]companies were finally wound-up.

Audit mandate

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

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

[1] As per the details provided by 57 PSUs. Remaining 69 PSUs did not furnish the details.

[2] Commissioner, Food and Civil Supplies; Government Press; State Pharmacy of Ayurvedic and Unani Medicines; Dy. Director, Animal Husbandry; Irrigation Workshops and Criminal Tribes Settlement Tailoring Factory, Kanpur.

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

[4] Includes 619-B companies.

[5] UPSIC Potteries Limited, Uptron Sempack Limited, Bundelkhand Concrete Structurals Limited, Gandak Samadesh Khestriya Vikas Nigam Limited and Steel and Fastners Limited.

General of India as per the provisions of Section 619 of the Companies Act, 1956.

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

The audit of Uttar Pradesh Electricity Regulatory Commission is entrusted to the Comptroller and Auditor General of India under Section 104 (2) of the Electricity Act, 2003.

Investment in State PSUs

1.7 As on 31 March 2013, the Investment in 126 PSUs (including 619-B companies) was ` 1,14,776.13 crore as per details given below:

Table No. 1.2

(` in crore)

Type of PSUs	Government companies			Statutory corporations			Grand total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	63215.43	48859.05	112074.48	607.30	1010.05	1617.35	113691.83
Non-working PSUs	694.16	390.14	1084.30	-	-	-	1084.30
Total	**63909.59**	**49249.19**	**113158.78**	**607.30**	**1010.05**	**1617.35**	**114776.13**

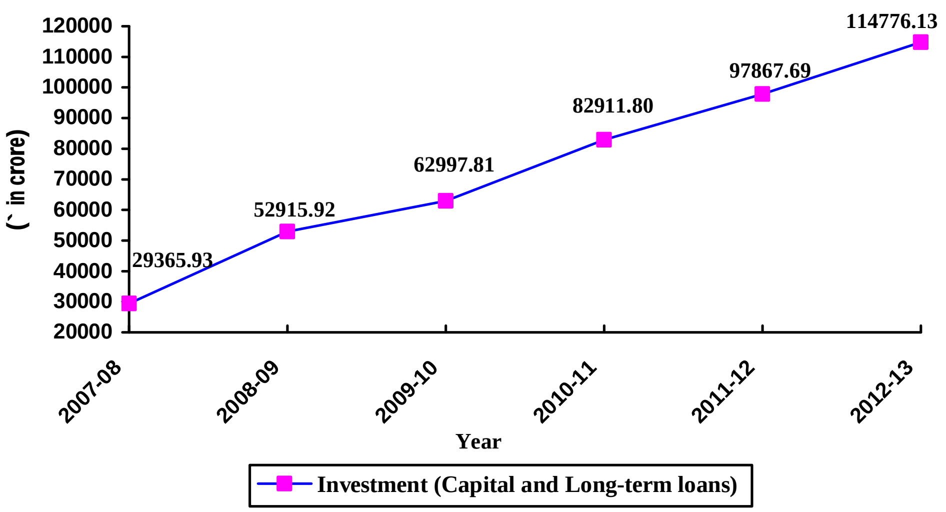
Source: Information furnished by PSUs

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

1.8 As on 31 March 2013, of the total Investment in State PSUs, 99.06 *per cent* was in working PSUs and the remaining 0.94 *per cent* in non-working PSUs. This total Investment consisted of 56.21 *per cent* towards Capital and 43.79 *per cent* in Long-Term Loans. The Investment has grown by 290.85 *per cent* from ` 29,365.93 crore in 2007-08 to ` 1,14,776.13 crore in 2012-13 as shown in the following graph.

Chart No. 1.1

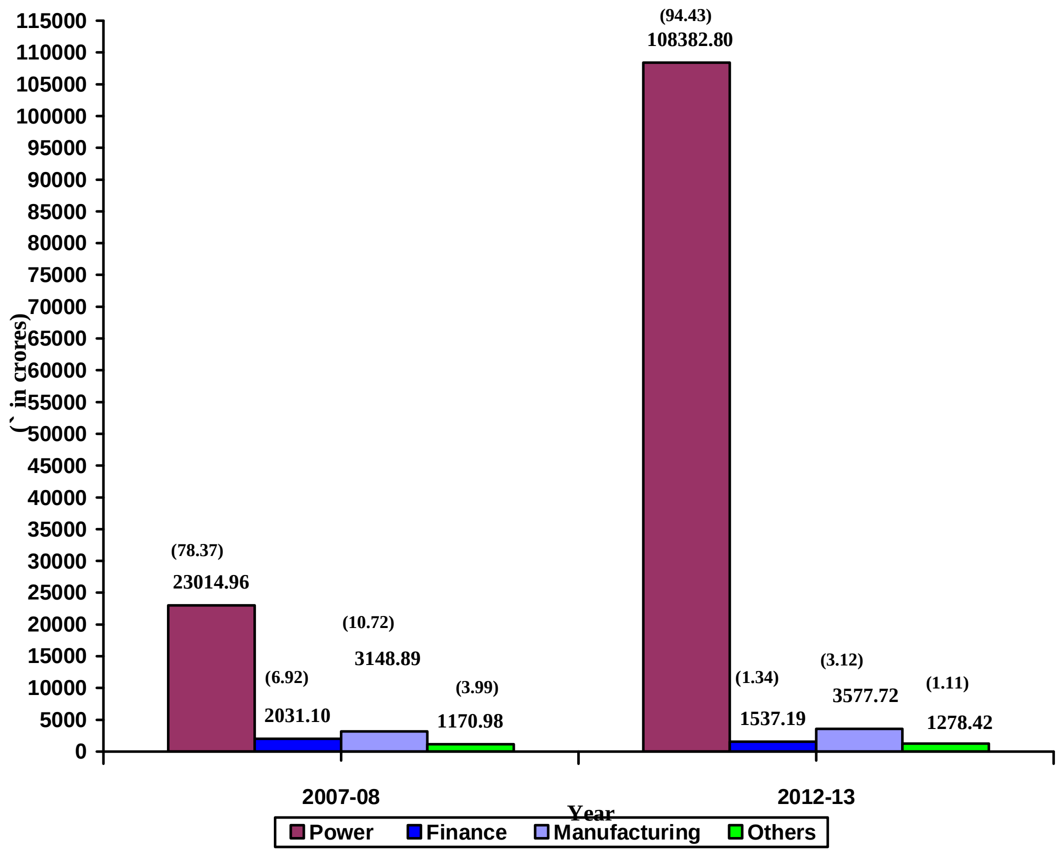
(` in crore)



1.9 The Investment in various important sectors and percentage thereof at the end of 31 March 2008 and 31 March 2013 are indicated below in the bar chart. The thrust of PSU Investment was mainly in Power Sector during the five years which has seen its percentage share rising from 78.37 *per cent* in 2007-08 to 94.43 *per cent* in 2012-13 while the share of manufacturing sector decreased from 10.72 *per cent* in 2007-08 to 3.12 *per cent* in 2012-13.

Chart No. 1.2

(` in crore)



(Figures in brackets indicate the Sector percentage to total Investment)

Budgetary outgo, Grants/Subsidies, Guarantees and Loans

1.10 The details regarding budgetary outgo towards Equity, Loans, Grants/ Subsidies, Interest waived and Guarantees issued in respect of State PSUs are given in **Annexure-2**. The summarised details for the three years ended 2012-13 are given below.

Table No. 1.3

(` in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity capital outgo from budget	6	3502.49	5	4325.50	5	2987.40
2.	Loans given from budget	8	113.20	1	11.85	3	25.18
3.	Grants/subsidy received	11	3617.53	10	3108.81	11	4104.95
4.	**Total Outgo (1+2+3)**	**23**[6]	**7233.22**	**15***	**7446.16**	**18***	**7117.53**
5.	Loans converted into Equity	1	100.00	-	-	1	64.38
6.	Interest waived	-	-	-	-	1	425.44
7.	Guarantees issued	3	10549.50	4	1194.65	4	848.35
8.	Guarantee commitment	8	17718.22	6	9578.49	9	9734.56

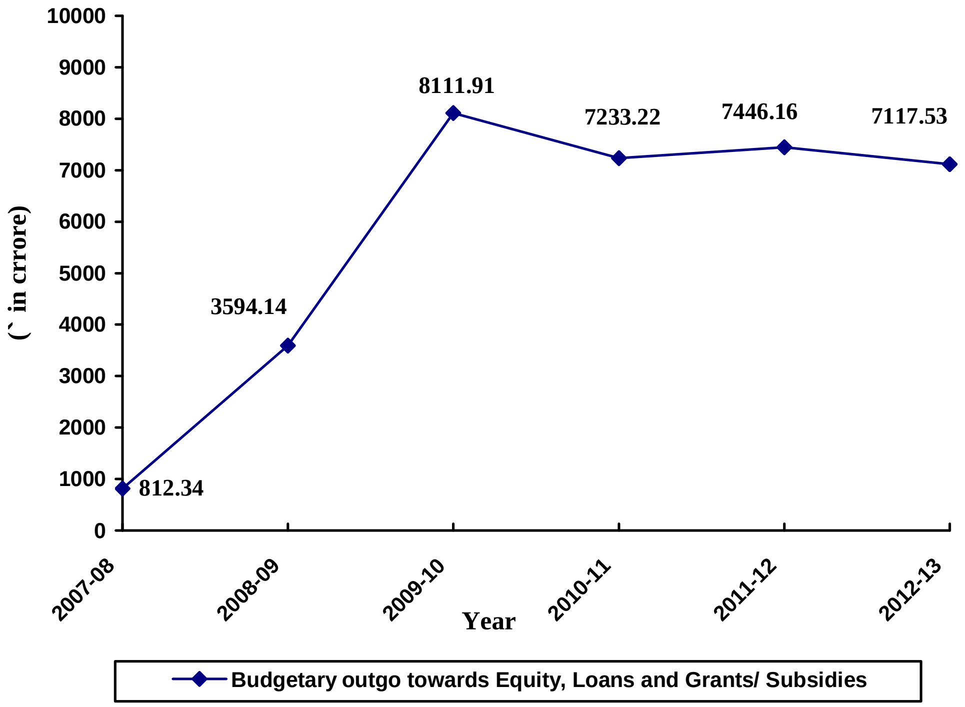
Source: Information furnished by PSUs

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

1.11 The details regarding budgetary outgo towards Equity, Loans and Grants/Subsidies for past six years are given in the graph.

Chart No. 1.3

(` in crore)



It can be seen that the budgetary outgo in the form of Equity, Loans and Grants/Subsidies to State PSUs was all time low in 2007-08 during the period from 2007-08 to 2012-13. The budgetary outgo was ` 7,117.53 crore in 2012-13 mainly due to extension of financial support of ` 6,439.34 crore by the State Government to seven Power Sector companies in the form of Equity (` 2,986.15 crore) and Grants/Subsidies (` 3,453.19 crore). The amount of guarantee outstanding decreased from ` 17,718.22 crore in 2010-11 to ` 9,578.49 crore in 2011-12 but increased to ` 9,734.56 crore in 2012-13. The amount of guarantee commission payable by four PSUs[7] as on 31 March 2013 was ` 5.25 crore. During the year, seven PSUs[8] had paid guarantee commission of ` 6.81 crore.

Reconciliation with Finance Accounts

1.12 The figures in respect of Equity, Loans and Guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. We observed that differences occurred in respect of 52 PSUs as indicated in the table below:

---

[7] The Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited, Uttar Pradesh Power Corporation Limited, Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited and Uttar Pradesh Power Transmission Corporation Limited.

[8] Uttar Pradesh Power Corporation Limited, Madhyanchal Vidyut Vitran Nigam Limited, Paschimanchal Vidyut Vitran Nigam Limited, Purvanchal Vidyut Vitran Nigam Limited, Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited, Uttar Pradesh Power Transmission Corporation Limited and Dakshinanchal Vidyut Vitran Nigam Limited.

Table No. 1.4

(` in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	43020.47	51508.84	8488.37
Loans	801.10	1311.51	510.41
Guarantees	38635.57	9734.56	28901.01

Source: State Finance Accounts for the year 2012-13 and information furnished by PSUs.

We noticed that the differences were pending for reconciliation since 2000-01. The Accountant General had regularly taken up the matter of non-reconciliation of figures between Finance Accounts and records of State PSUs, with the PSUs, requesting them to expedite the reconciliation. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

1.13 The financial results of all the PSUs are given in **Annexure-3**. The financial position and working results of working Statutory corporations are indicated in **Annexures-4** and **5** respectively.

1.14 As per the latest finalised accounts, out of 87[9] working PSUs, 34 PSUs earned profit of ` 1,255.42 crore and 22 PSUs incurred loss of ` 12,097.87 crore. Six working PSUs[10] had not submitted their first Accounts whereas 25 PSUs are treated as "no profit/loss" as their data of financial results was less than ` one lakh. The major contributors to profit were Uttar Pradesh Avas Evam Vikas Parishad (` 431.05 crore), Uttar Pradesh Rajkiya Nirman Nigam Limited (` 232.49 crore), Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (` 126.38 crore) and Uttar Pradesh Forest Corporation (` 126.08 crore). The remaining 30 PSUs earned profit of ` 339.42 crore. The heavy losses were incurred by Dakshinanchal Vidyut Vitran Nigam Limited (` 2,839.88 crore), Uttar Pradesh Power Corporation (` 2,721.85 crore), Purvanchal Vidyut Vitran Nigam Limited (` 2,244.04 crore), Paschimanchal Vidyut Vitran Nigam Limited (` 1,991.60 crore) and Madhyanchal Vidyut Vitran Nigam Limited (` 1,764.84 crore). The remaining 17 PSUs incurred loss of ` 535.66 crore.

1.15 A review of the latest three years' Audit Reports of Comptroller and Auditor General of India shows that the State's working PSUs incurred losses to the tune of ` 35,838.70 crore and infructuous Investment of ` 315.46 crore which were controllable with better management. Year wise details from the Audit Reports are given below.

Table No. 1.5

(` in crore)

Particulars	2010-11	2011-12	2012-13	Total
Controllable losses as per Audit Reports of the Comptroller and Auditor General of India	1789.57	16879.05[11]	17170.08[12]	35838.70
Infructuous Investment	9.22	132.80	173.44	315.46

Source: Latest finalised Accounts of PSUs and Audit Reports of the Comptroller and Auditor General of India.

1.16 The above losses pointed out in the Audit Reports of Comptroller and Auditor General of India are based on test check of records of working PSUs. The actual controllable losses would be much more. The above table shows that with better management, the losses can be minimised substantially.

---

[9] 25 PSUs reported net profit/loss less than ` one lakh, hence profit/loss of such PSUs could not be indicated in **Annexure-3** wherein the indicated figures are ` in crore.

[10] Serial number A-45, A-75, A-77, A-78, A-79 and A-80 in **Annexure-3**.

[11] ` 1,446.11 crore was incurred up to March 2012 and ` 15,432.94 crore will be incurred as per pre-existing rates during the next 25 and 18 years as referred in detail in paragraphs 3.4 and 3.6 of Audit Report (PSUs) for the year ended 31 March 2012.

[12] ` 9,704.12 crore will be incurred as per pre-existing rates during the next 22 years, 23 years and nine months, 24 years and 25 years as referred in detail in paragraph 3.13 of this Report.

1.17 The State Government had formulated (October 2002) a Dividend policy under which all profit earning PSUs are required to pay a minimum return of five *per cent* on the paid up Share Capital contributed by the State Government. As per their latest finalised Accounts, 34 PSUs earned an aggregate profit of ` 1,255.42 crore and ten PSUs[13] declared a dividend of ` 6.81 crore. The remaining profit earning PSUs did not comply with the State Government policy regarding payment of minimum dividend.

Arrears in finalisation of Accounts

1.18 The Accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory corporations, their Accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of Accounts by 30 September 2013.

Table No. 1.6

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Number of Working PSUs	60	83	83	85	87
2.	Number of Accounts finalised during the year	46	98	59	66	84
3.	Number of Accounts in arrears	197	182	206	234	228
4.	Average arrears per PSUs (Row 3 / Row 1)	3.28	2.19	2.48	2.75	2.62
5.	Number of Working PSUs with arrears in Accounts	54	52	69	81	82
6.	Extent of arrears	1 to 14 years	1 to 15 years	1 to 15 years	1 to 16 years	1 to 17 Years

(Source: Latest finalised Accounts of PSUs)

1.19 The average number of Accounts in arrears per working PSUs ranged between 2.19 to 3.28 during 2008-09 to 2012-13. Out of the 87 working PSUs, only five PSUs[14] finalised their Accounts for the year 2012-13 while 82 PSUs had arrear of 228 Accounts as of September 2013 with extent of arrear ranging from one to 17 years. The PSUs having arrears of Accounts need to take effective measures for early clearance of back log and make the Accounts up-to-date. The PSUs should also ensure that at least one year's Accounts are finalised each year so as to restrict the accumulation of arrears.

1.20 In addition to above, there were also arrears in finalisation of Accounts by non-working PSUs. Out of 39 non-working PSUs, 13[15] had gone into liquidation process. The remaining 26 non-working PSUs had arrears of Accounts for one to 30 years.

1.21 The State Government had invested ` 7,116.99 crore (Equity: ` 2,987.40 crore, Loans: ` 24.75 crore, Grants: ` 587.31 crore and Subsidies: ` 3,517.53 crore) during the year 2012-13 in 16 working PSUs which had

[13] U.P. Projects Corporation Limited, Uttar Pradesh Development Systems Corporation Limited, Uttar Pradesh Purva Sainik Kalyan Nigam Limited, Uttar Pradesh Samaj Kalyan Nirman Nigam Limited, Uttar Pradesh State Bridge Corporation Limited, Uttar Pradesh Electronics Corporation Limited, Uttar Pradesh State Industrial Development Corporation Limited, Uttar Pradesh Rajkiya Nirman Nigam Limited, Uttar Pradesh Food and Essential Commodities Limited and Uttar Pradesh State Warehousing Corporation.

[14] Serial No. A-1, 2, 17, 18 and 20 of **Annexure-3**.

[15] Serial no. C-2, 3, 9, 11, 12, 13, 15, 16, 18, 21, 22, 24, and 27 of **Annexure-3**.

arrears in finalisation of accounts as detailed in **Annexure-6**. In the absence of Accounts and their subsequent audit, it can not be ensured whether the Investments and expenditure incurred have been properly accounted for and the purposes for which the amount was invested have been achieved. Thus outcome of the Investment of the Government in such PSUs remained outside the scrutiny of the State Legislature. This delay in finalisation of Accounts apart from being a violation of the provisions of the Companies Act, 1956, may also result in risk of fraud and leakage of public money.

1.22 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. The Accountant General brought the position of arrears of Accounts to the notice of the Administrative Departments concerned at the end of every quarter. No remedial measures were, however, taken. The matter of arrears in Accounts was also brought (latest being 20 November 2013 for the quarter ending September 2013) to the attention of the Chief Secretary/Finance Secretary from time to time highlighting the need to finalise the Accounts with special emphasis or to expedite clearance of the backlog of arrears in Accounts in a time bound manner.

Status of placement of Annual Report

1.23 As per Section 619 A(3) of the Companies Act, 1956 where State Government is a member of a company, the State Government shall cause an Annual Report on the working and affairs of the Company alongwith the Audit Report and comments or supplement of the Comptroller and Auditor General of India to be placed before the State Legislature within three months from the date of Annual General Meeting (AGM) of the Company in which the Accounts have been adopted. The placing of the Annual Report before the State Legislature gives the Legislature an opportunity to have important information regarding the performance of a Government company, in which the State Government is the major shareholder.

We observed that in case of 40[16] Companies the Annual Report alongwith Statutory Auditors' Report and Comments of Comptroller and Auditor General have not been placed in the State Legislature (September 2013).

Winding up of non-working PSUs

1.24 There were 39 non-working PSUs (37 Government companies and two 619-B Government companies) as on 31 March 2013. Of these, 13 PSUs had gone into liquidation process. The number of non-working PSUs at the end of each year during the past five years are given below:

Table No. 1.7

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
No. of non-working PSUs	43	43	40	43	39

The non-working PSUs should be closed down as their existence is not in the financial interest of the State. During 2012-13, three[17] non-working PSUs incurred an expenditure of ` 0.26 crore towards establishment expenditure.

[16] Serial no. A-1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 18, 20, 21, 22, 23, 27, 28, 29, 31, 32, 33, 34, 36, 37, 38, 39, 40, 68, 70, 72, 73; C-5, 26, 34, 36 and 37 of **Annexure-3**.

[17] Out of 39 non-working PSUs only three PSUs (Uttar Pradesh Chalchitra Nigam Limited - ` 9.20 lakh, Uttar Pradesh Bundelkhand Vikas Nigam Limited- ` 11.40 lakh and Uttar Pradesh Poultry and Livestock Specialities Limited -` 5.67 lakh) furnished the information.

1.25 The stages of closure as on 31 March 2013 in respect of non-working PSUs are given below:

Table No. 1.8

Sl. No.	Particulars	Companies
1.	Total no. of non-working PSUs	39
2.	Of (1) above, the no. of PSUs under:	
(a)	Liquidation by Court (Liquidator appointed)	13
(b)	Voluntary winding up (Liquidator appointed)	-
(c)	Closure, i.e. closing orders/ instructions issued by the State Government but liquidation process not yet started.	26

Source: Information furnished by Registrar of Companies

1.26 During the year 2012-13, five[18] companies were finally wound up. The companies which have taken the route of winding up by Court order are under liquidation for a period ranging from nine years to 32 years. The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/pursued vigorously. The Government may take a decision regarding winding up of 26 non-working PSUs where no decision about their continuation or otherwise has been taken after they became non-working. The Government may consider setting up a cell to expedite closing down the non-working companies.

Accounts Comments and Internal Audit

1.27 Sixty one[19] working companies forwarded their 78 Accounts to the Accountant General during the year 2012-13[20]. Of these, 48 Accounts[21] of 34 companies were selected for supplementary audit. The Audit Reports of Statutory Auditors appointed by Comptroller and Auditor General of India and the supplementary audit by us indicate that the quality of maintenance of Accounts needs to be improved substantially. The details of aggregate money value of our comments and those of Statutory Auditors are given below:

Table No. 1.9

(` in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in Profit	14	160.90	15	107.12	14	163.88
2.	Increase in Loss	11	543.59	5	2165.60	21	1248.38
3.	Non-disclosure of material facts	-	-	3	12.92	8	587.68
4.	Errors of classification	4	40.28	5	7.42	1	0.07

The above position indicates the deterioration in the quality of accounts of PSUs. During the current year, as a result of supplementary audit, statutory

[18] UPSIC Potteries Limited, Uptron Sempack Limited, Bundelkhand Concrete Structurals Limited, Gandak Samadesh Khestriya Vikas Nigam Limited and Steel and Fastners Limited.

[19] Serial no. A-1, 2, 3, 5, 6, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, 23, 27, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 42, 43, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 70, 71, 73 and 76 of **Annexure-3.**

[20] October 2012 to September 2013.

[21] Thirty accounts of 29 companies were not selected for supplementary audit.

auditor of one company[22] revised their report to incorporate significant observations omitted from their report.

1.28 During the year, the Statutory Auditors had given qualified certificates for 75 Accounts, adverse certificates (which means that Accounts do not reflect a true and fair position) for two Accounts of two Companies[23] and disclaimers (meaning the Auditors are unable to form an opinion on Accounts) for one Accounts[24] in respect of latest Accounts finalised by 61 companies. The compliance to the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) remained poor as there were 105 instances of non-compliance with the AS in 33 Accounts during the year.

1.29 Some of the important comments of the Comptroller and Auditor General of India in respect of Accounts of the companies finalised during the year 2012-13 are stated below:

Madhyanchal Vidyut Vitran Nigam Limited (2011-12)

- The Capital work-in-progress included expenditure of ` 337.95 crore incurred on construction of sub-stations and augmentation of sub-stations and associated lines on three projects (details of other projects were not furnished) under Rajeev Gandhi Gramin Vidyutikaran Yojana which were completed and commissioned during 2007-08 to 2010-11 but the same were not capitalised. As a result, Capital work-in-progress was overstated by ` 337.95 crore and Fixed Assets were understated by ` 286.77 crore. Besides, the depreciation as well as loss was understated each by ` 51.18 crore (including ` 16.05 crore for the year).
- As per Accounting Standard 16 – 'Borrowing Cost', issued by the ICAI, borrowing costs on works should be capitalised for the period during which asset is under construction. Accounting policy 2(f) of the Company also provides that Borrowing cost on loan for capital works are capitalized during the year.

  The Company had drawn loan of ` 200.23 crore from Power Finance Corporation (as on 31 March 2012) under Restructured Accelerated Power Development Reforms Program on which interest at the rate of 11.5 *per cent* per annum was payable. In contravention to above mentioned provisions, Company charged the interest to Profit and Loss Account instead of transferring the same to Capital work-in-progress account.

  This has resulted in understatement of Capital work-in-progress and over statement of loss of the year to the tune of ` 18.61 crore.

Purvanchal Vidyut Vitran Nigam Limited (2010-11)

The Significant Accounting Policy states that depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis. Further, Note No. 6 of Schedule 22-B 'Notes on Accounts' provided that depreciation had been provided on straight line method basis on the opening balance of fixed assets as on the beginning of the year on the rate prescribed in the Schedule XIV of the Companies Act, 1956. Thus, both the above disclosures were contradictory to each other.

---

[22] Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited.
[23] Uttar Pradesh Pichhra Varg Vitta Evam Vikas Nigam Limited and Uttar Pradesh State Spinning Company Limited.
[24] Uttar Pradesh Food and Essential Commodities Corporation Limited.

The depreciation was provided by the Company on the opening balance of the fixed assets which was in contradiction to the provisions of the Schedule XIV of the Companies Act, 1956 as well as Accounting policy. This consequently resulted in understatement of the Depreciation and loss by ` 32.22 crore and overstatement of fixed assets by ` 32.22 crore.

Uttar Pradesh Jal Vidyut Nigam Limited (2010-11)

Para 4 V of 'Statutory Auditors Report' and Note No. 4 of 'Notes on Accounts' stated that sale of power to Uttar Pradesh Power Corporation Limited (UPPCL) was accounted for on the basis of tariff order issued by Uttar Pradesh Electricity Regulatory Commission (UPERC) after reducing the interest component on LIC loan in tariff, as the same, as per policy followed in previous years is to be claimed on "payment basis". This reversal of sale by the amount of interest component was not as per the terms of tariff order passed by UPERC. The financial impact thereof works out to ` 8.01 crore which was not disclosed. This resulted in understatement of Sales and consequently profit and Sundry Debtors each by ` 8.01 crore.

Kanpur Electricity Supply Company Limited (2009-10)

Significant Accounting Policy No. 14 stated that 'The provision for doubtful debts from the consumers is provided for at the rate of 15 *per cent* of the incremental value of Sundry Debtors'. Accordingly, provision for doubtful debts of ` 21.94 crore was made during the year and total provision for doubtful debts as on 31 March 2010 was ` 424.49 crore.

Audit noticed that there were Sundry debtors of ` 1,049.75 crore as on 31 March 2010 (LMV-1: ` 599.09 crore, LMV-2: ` 388.02 crore and LMV-6: ` 62.64 crore) outstanding for more than six months in which online billing was stopped and therefore, in these cases chances of recovery were very remote.

Thus, against total debtors of ` 1,470.31 crore including doubtful debts of ` 1,049.75 crore, there was provision of ` 424.49 crore only resulting into short provision for doubtful debts by ` 625.26 crore. This consequently resulted in overstatement of Sundry Debtors and understatement of loss by ` 625.26 crore. Hence, policy regarding provision for doubtful debts was deficient as it did not cover total risk.

Uttar Pradesh Power Corporation Limited (2010-11)

The reactive energy charges included an amount of ` 371.26 crore (` 160.40 crore for 2008-09, ` 150.88 crore for 2009-10 and ` 59.98 crore for 2010-11) pertaining to provision for differential ceiling rate of additional Unscheduled Interchange (U.I.) charges payable. The matter in regard with payment of additional U.I. charges was sub-judice and these charges, however, were not required to be paid by the Company in pursuance of Hon'ble High Court, Allahabad (Lucknow bench) order dated 12 November 2009 and Central Electricity Regulatory Commission's order dated 3 December 2010. Hence, in the light of above orders, provision for additional U.I. charges was not required to be made as the liability was not finally established. Alternatively, such a liability should have been disclosed as contingent liability in the Accounts. Thus, unnecessary provision for additional U.I. charges resulted into overstatement of Purchase Cost of Power and Current Liabilities and

Provisions by ` 371.26 crore with further overstatement of loss for the year by the same amount.

Uttar Pradesh State Industrial Development Corporation Limited (2009-10)

The compensation and additional compensation paid to land owners was booked under 'Industrial Land under development at cost'. The above did not include ` 9.08 crore being the additional compensation for land finally paid after 31 March 2010 but before the approval of the balance sheet (28 February 2012). As the expenses were known to the Management, this should have been accounted for in the Accounts. Non-accounting of the above resulted in understatement of 'Industrial Land under development at cost' as well as current liabilities both by ` 9.08 crore.

1.30 Similarly, six working Statutory corporations forwarded their six Accounts to the Accountant General during the year 2012-13[25]. Of these, four Accounts of four Statutory corporations were subject to sole audit by Comptroller and Auditor General of India of which audit of three Accounts was completed and the audit of other one Accounts was in progress (September 2013). The supplementary audit of the remaining two Accounts of two Statutory corporations was completed (September 2013). The Audit Reports of Statutory Auditors and our sole/supplementary audit indicate that the quality of maintenance of Accounts needs to be improved substantially. The details of aggregate money value of our comments and those of Statutory Auditors are given below.

Table No. 1.10

(` in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in Profit	1	3.90	2	13.98	4	38.05
2.	Increase in Loss	2	59.37	1	87.84	1	79.60

During the year, out of six Accounts received, audit of five Accounts was completed and qualified certificates were issued in three Accounts and adverse certificate was issued in two Accounts[26]. The remaining Account[27] was under finalisation (September 2013). During the year, Statutory Auditors had given qualified certificates for two Accounts.

1.31 Important comments of the Comptroller and Auditor General of India in respect of Accounts of the Statutory corporations finalised during the year 2012-13 are stated below:

Uttar Pradesh State Road Transport Corporation (2011-12)

As per Para 14.2 of Accounting Standard-10, items of Fixed Assets that have been retired from active use and are held for disposal are stated at the lower of their Net Block value and Net Realisable value and are shown separately in the financial statements. Any expected loss is recognized immediately in the Profit and Loss Statement.

---

[25] October 2012 to September 2013.

[26] Uttar Pradesh Avas Evam Vikas Parishad (2011-12) and Uttar Pradesh Financial Corporation (2011-12).

[27] Uttar Pradesh Jal Nigam (2010-11).

Fixed assets are overstated (Gross Block: ` 109.83 crore and Net Block: ` 11.42 crore) on account of inclusion of 988 number of buses which had outlived their useful lives and had been discarded and set apart from regular operations.

Uttar Pradesh Avas Evam Vikas Parishad (2011-12)

The interest received on saving bank accounts/flexi accounts was understated by ` 7.12 crore due to non accountal of interest credited by the bank during the year but not accounted for by the four Construction Divisions.

This resulted in understatement of excess of income over expenditure by ` 7.12 crore.

Uttar Pradesh Forest Corporation (2011-12)

The current liability did not include ` 4.70 crore on account of non-accountal of Trade Tax payable in respect of Tendu Patta for the period up to 1994-95 paid in July 2012. The same should have been provided in the books of accounts in terms of requirement of Accounting Standard-4 issued by the ICAI.

This resulted in understatement of current liabilities and overstatement of Profits each by ` 4.70 crore. In view of above, disclosure made in the Notes on Accounts was redundant.

1.32 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 Comptroller and Auditor General of India 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 are given below:

Table No. 1.11

Sl. No.	Nature of comments made by Statutory Auditors	Number of Companies where recommendations were made	Reference to serial number of the Companies as per Annexure- 3
1.	Non-fixation of minimum/ maximum limits of store and spares	15	A-3, 6, 14, 17, 31, 32, 33, 34, 38, 41, 68, 70, 71, C- 8 and 17.
2.	Absence of internal audit system commensurate with the nature and size of business of the company	16	A-3, 6, 10, 14, 15, 17, 31, 33, 34, 36, 38, 39, 41, 68, 71 and C-8.
3.	Non-maintenance of cost record	33	A- 6, 10, 14, 17, 33, 34, 38, 40, 42, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 70 and 71.
4.	Non-maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations.	10	A-22, 32, 33, 34, 38, 39, 41, C-8, 10 and 17.

Source: Detailed Reports furnished by Statutory Auditors in accordance with the directions issued by the Comptroller and Auditor General of India

Recoveries at the instance of audit

1.33 During the course of propriety audit, recoveries of ` 157.74 crore were pointed out to the Management of various PSUs, of which, recoveries of ` 101 crore were admitted and ` 1.48 crore[28] was recovered by PSUs during the year 2012-13.

[28] Purvanchal Vidyut Vitran Nigam Limited ` 1.35 crore and Uttar Pradesh Rajkiya Nirman Nigam Limited ` 0.13 crore.

Status of placement of Separate Audit Reports

1.34 The following table shows the status of placement of various Separate Audit Reports (SARs) issued by the Comptroller and Auditor General of India on the Accounts of Statutory corporations in the Legislature.

Table No. 1.12

Sl No.	Name of Statutory corporation	Year up to which SAR placed in Legislature	Years for which SAR not placed in Legislature		Reasons for non-placement of SAR
			Year of SAR	Date of issue to the Government	
1.	Uttar Pradesh State Road Transport Corporation	2010-11	2011-12	25 July 2013	Reasons not furnished by the Government.
2.	Uttar Pradesh Financial Corporation	2007-08	2008-09 2009-10 2010-11 2011-12	20 May 2011 13 April 2012 27 August 2012 16 September 2013	
3.	Uttar Pradesh Forest Corporation[29]	--	2008-09 2009-10 2010-11 2011-12	9 March 2011 16 November 2011 21 September 2012 11 July 2013	
4.	Uttar Pradesh Avas Evam Vikas Parishad	2002-03	2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12	8 February 2008 13 July 2010 8 February 2011 25 April 2011 1 August 2011 28 December 2011 18 July 2012 15 October 2012 16 September 2013	
5.	Uttar Pradesh Jal Nigam	2006-07	2007-08 2008-09 2009-10	11 October 2010 3 August 2011 20 May 2013	
6.	Uttar Pradesh State Warehousing Corporation	2009-10	2010-11	16 September 2013	

Delay in placement of SAR weakens the legislative control over Statutory corporations and dilutes the latter's financial accountability. Despite the fact that the matter of delay in placement of SARs was taken up (February 2009) by the Comptroller and Auditor General of India with the Chief Minister of the State and is also being pursued regularly by the Accountant General, the status of placement of SARs has deteriorated and 22 SARs were pending placement in the Legislature as on 30 September 2013 as compared to 16 SARs as on 30 September 2012. The Government should ensure prompt placement of SAR in the Legislature.

Disinvestment, Privatisation and Restructuring of PSUs

1.35 The policy of privatisation/disinvestment of PSUs formulated (June 1994) by the State Government provided for review of all enterprises (excluding those engaged in social and welfare activities and public utilities) whose annual loss was more than ` 10 crore and which had eroded their net worth by 50 *per cent* or more.

An Empowered Committee (EC) was constituted (December 1995) to review and decide cases of privatisation/disinvestment/reference to Board for Industrial and Financial Reconstruction (BIFR) and to recommend other alternatives such as partial privatisation, management by private entrepreneurs, lease to private entrepreneurs, etc. The recommendations of the

[29] Uttar Pradesh Forest Corporation submitted its Account for the year 2008-09 after doing necessary amendment in Uttar Pradesh Forest Corporation Act, 1974.

EC were not made available to Audit. On the recommendation of EC, the State Disinvestment Commission (DC) and a Central Committee (CC) were constituted (January 2000). The CC was entrusted to make reference to the DC on the matters relating to reform in working, merger, reorganisation, privatisation or closure of the PSUs. It was envisaged that DC would forward its recommendations to the CC.

In April 2003, a High Power Disinvestment Committee (HPDC) was also constituted for disinvestment of State PSUs.

The Government of Uttar Pradesh issued (June 2007) Guidelines for selection of consultants/advisors, developers for Public Private Partnership (PPP) projects and private partners for disinvestment in Uttar Pradesh. The Guidelines provide for formation of various committees, process to be followed for disinvestment, appointment and functions of Lead Advisor, Legal Advisor, Accounting Advisors, Asset Valuers, procedure to be followed for bidding and methodologies of valuation of enterprise.

The State Government finalised sale of 10 mills of Uttar Pradesh State Sugar Corporation Limited and 11 mills of Uttar Pradesh Rajya Chinni Evam Ganna Vikas Nigam Limited in July 2010 to March 2011. The audit findings on the sale of these sugar Mills featured in the stand-alone Report of the Comptroller and Auditor General of India for the year ended 31 March, 2011. After 2010-11, no further disinvestment was done by the Government.

CHAPTER–II

2. Performance review relating to Government company

2.1 Review of the performance of U.P. Projects Corporation Limited

Executive summary

Introduction

U.P. Projects Corporation Limited (Company) is a wholly owned Government Company under the administrative control of the Irrigation Department of Government of Uttar Pradesh (GoUP). The main objective of the Company was to carry on the business as general and Government contractors, to submit tenders and undertake to do construction work of every nature. During last six years ending March 2013, the Company did not participate in tenders and was primarily engaged in execution of deposit works entrusted by various Government Departments/Organisations on the basis of cost plus centage.

(Paragraphs 2.1 and 2.6)

Execution of works

During the last six years (2007-08 to 2012-13), the Company executed the works of the value of ` 3,581.21 crore (69.63 *per cent*) out of the total available works of ` 5,143.40 crore. Ninety-two *per cent* of the completed works were executed by placing work orders with sub-contractors at composite rates whereas only eight *per cent* works were executed departmentally. During the five years up to 2011-12, the Company did not appoint architects through competitive bidding in most of the cases. The Company made excess payment of ` 93.20 lakh to architects by allowing service tax and architect fee over and above the limit prescribed by GoUP/ Government of India and also by allowing more than 0.25 *per cent* fee on repetitive nature of works.

(Paragraphs 2.7 to 2.12 and 2.16)

The Company made excess payment of ` 6.13 crore to the sub-contractors in 18 works test checked by us, due to finalisation of rates higher than the rates provided in Uttar Pradesh Public Works Department Schedule of Rates of the respective district for concerned period. Further, excess payment of ` 1.74 crore to the sub-contractors was allowed due to incorrect preparation of estimates. In these 18 works, the Company also claimed excess centage of ` 0.99 crore from the clients.

(Paragraphs 2.17 and 2.18)

Multiple interest free advances of ` 22.60 crore were released to 17 sub-contractors executing works under Integrated Housing and Slum Development Programme test checked by us, without adjustment of previous advances and without measurement of works. Moreover, no Bank guarantee was obtained against advances.

(Paragraph 2.19)

Deficient Manpower Planning

The actual available manpower of Superintending, Executive and Assistant engineers was much in excess of the sanctioned strength. No assessment was made for manpower requirement considering the increase in Units/Zones and also the sub-contracting of majority of the works.

(Paragraph 2.25)

Financial Management

The Company has not devised any system to identify the surplus investible funds and to ensure optimum returns on investments. Due to non-availing flexi facility offered by the Banks, the Company suffered a loss of interest of ` 67.17 lakh during the period from 2009-10 to 2011-12. The details of interest earned on Government funds were not maintained department/work wise.

(Paragraphs 2.29, 2.30 and 2.31)

In case of 180 works completed during the period 2007-08 to 2011-12, the Company received funds of ` 112.12 crore for direct expenditure on works whereas the expenditure incurred on these works was ` 114.93 crore leading to excess expenditure of ` 2.81 crore which was not even claimed from client Departments and was met from its centage, adversely affecting its own financial position.

(Paragraph 2.32)

The Company did not maintain basic records viz. work register, material consumption statements after completion of works and index of measurement books. Internal control mechanisms were found to be ineffective and inadequate.

(Paragraphs 2.39 and 2.40)

Introduction

2.1 U.P. Projects Corporation Limited[1] (Company) is a wholly owned Government Company incorporated under the Companies Act, 1956. The administrative control of the Company is with the Irrigation Department (ID), Government of Uttar Pradesh (GoUP). The Company was declared (July 1999 and June 2006) by GoUP as a Government executing agency/ construction agency for construction and reconstruction of shallow and deep tube wells, construction of hydrological structures and works related to irrigation and drainage and for construction of buildings.

The main objects of the Company as per its Memorandum of Association are as follows:

- To investigate, promote, improve, establish, execute, install, manage and administer tube wells and other minor irrigation projects or enterprises and to promote or advance the development of minor irrigation in the State of Uttar Pradesh.
- To install new tube wells and construct their water distribution system and approach roads for direct irrigation and augmentation of water supplies in the existing or future canal systems.
- To carry on the business of general and Government contractors, execute and conduct general contracting business, to submit tenders and undertake to do all sorts of building, manufacturing, producing, surveying, supplying,

[1] The Company was originally incorporated as Uttar Pradesh Nalkoop Nigam Limited in May 1976 and subsequently rechristened as U.P. Projects Corporation Limited in April 2001.

designing, enlarging, repairing, remodeling, managing, administering, controlling and supervising construction work of every nature.

During the six years up to 2012-13, the Company was primarily engaged in execution of deposit works entrusted by the Departments and Organisations of GoUP on cost plus centage basis.

2.1.1 The Management of the Company is vested in a Board of Directors comprising seven Directors including a Chairman and a Managing Director appointed by the GoUP. The Managing Director is the Chief Executive of the Company who looks after the day to day activities with the assistance of three General Managers, a Financial Advisor cum Chief Accounts Officer and a Company Secretary at the Head Office. There are 31 Units[2] each headed by a Project Manager and distributed among seven Zones[3], each Zone being supervised by a General Manager. The organisational set up and zone wise distribution of Units are depicted in **Annexure-7 and 8** respectively**.**

The activities of the Company were last reviewed and featured in the Audit Report (Commercial) of the Comptroller and Auditor General of India, Government of Uttar Pradesh for the year 2001-02 which has been partially discussed by the Committee on Public Undertakings (December 2013).

Scope and Methodology of audit

2.2 The present Performance Review was conducted during November 2012 to March 2013 covering the activities of the Company for six years' period from 2007-08 to 2012-13. We examined the records of the Head Office and 11 units[4] out of 31 Units in seven Zones which were selected considering the value of work done by the Units.

In these 11 units, 2,725 works of ` 743.60 crore were completed during the five years[5] up to 2011-12 and 1,362 works of ` 1,133.10 crore were in progress as on 31 March 2012. Audit selected 1,319 completed works of ` 278.83 crore and 63 works-in-progress of ` 156.02 crore for test check.

The methodology adopted consisted of explaining the audit objectives to the top management in the Entry Conference, scrutiny of records at Head Office and selected Units, inter-action with the personnel of audited Units, analysis of data with reference to audit criteria, raising of audit queries, discussion of audit findings with the Management and issue of draft Performance Review to the Management/Government for comments.

We explained the audit objectives to the Management during an 'Entry Conference' held on 17 November 2012. An 'Exit Conference' was held on 13 August 2013 with the Government[6] and Management. The replies of the Management to our audit findings were received in September 2013 and have been duly considered while finalising the Performance Review. The Government endorsed (January 2014) the reply of the Management.

---

[2] 29 Units within the State, one Unit at Roorkee (Uttarakhand) and one Unit at Bhubaneswar (Odisha).

[3] Zone 1- Allahabad, Zone 2- Bareilly, Zone 3- Faizabad, Zone 4- Agra, Zone 5- Lucknow, Zone 6- Okhla and Zone 7- Lucknow.

[4] Unit-1 Sitapur, Unit-2 Allahabad, Unit-3 Varanasi, Unit-4 Agra, Unit-5 Ghaziabad, Unit-8 Lucknow, Unit-11, Faizabad, Unit-14 Lucknow, Unit-29 Gorakhpur, Unit-36 Noida and Unit-37 Roorkee.

[5] Cost Sheet of the works for the year 2012-13 was not prepared (September 2013), hence, value of works completed during the year 2012-13 and value of works-in-progress as on 31 March 2013 could not be ascertained. However, figures, wherever available up to March 2013 have been taken into account. Cost sheet is a statement which depicts head-wise cost incurred by the Company on various works being executed by it.

[6] Government was represented by Special Secretary, Irrigation Department, GoUP and the Company's Management was represented by the Managing Director and General Managers.

Audit objectives

2.3 The objectives of the Performance Review were to assess whether:

- works were executed economically, efficiently and effectively;
- procurement of material was made in effective and economical manner;
- there was effective deployment of manpower and was in compliance to the Rules/Orders of manual/Government order;
- financial management of the Company was effective and flow of funds was timely and optimally utilised; and
- efficient monitoring mechanism and internal control system existed.

Audit criteria

2.4 The criteria adopted for achieving the aforesaid audit objectives were:

- Specifications laid down in Schedule of Rates of Irrigation Department and Uttar Pradesh Public Works Department;
- Provisions of the Working Manual of Uttar Pradesh Rajkiya Nirman Nigam Limited and Financial Hand Book (FHB) Volume VI of GoUP;
- Directives of GoUP and Management in regard to execution of works;
- Terms and conditions of purchase orders for procurement of materials; and
- Terms and conditions of Memorandum of Understanding (MOU) executed with the clients viz. Departments/Organisations of GoUP.

Audit findings

2.5 The Performance Review revealed deficiencies in execution of works, appointment of architects, procurement of material, manpower planning, financial management and internal control mechanism. The audit findings are discussed in the succeeding paragraphs:

Execution of works

2.6 The Company has not prepared its own Working Manual even after 37 years of its incorporation and has adopted the Manual of Uttar Pradesh Rajkiya Nirman Nigam Limited (a State Public Sector Undertaking). The Manual referred to in this Performance Review refers to the Manual of Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN). During the six years' period up to 2012-13, the Company did not participate in tenders although participation in tenders is one of the main objectives of the Company.

All the works were directly awarded to the Company as deposit works by various Government Departments/Organisations (**Annexure-9**), which were executed by the Company through Piece Rate Workers[7] (PRWs)/sub-contractors[8]. Execution of work includes preparation and sanction of drawings/designs and estimates of works.

Status of works executed

2.7 The position of works executed during the period from 2007-08 to 2012-13 is as follows:

---

7 Para 4 of the Manual defines a PRW as an individual who arranges for necessary labour and manages to take work on output basis while materials and equipment are provided to him by the Company. In case works are sub-let, both labour and material are arranged by the sub-contractor.

8 Except the work of Face Lifting/ Interior and New Staff Quarters at ESI Hospital, Sector-24, Noida which was awarded by the Company on back to back basis to sub-contractor after inviting tenders.

Table No. 2.1

(` in crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Pending works at the beginning of the year[9]	603.08	624.93	497.82	1225.84	1290.62	1269.65	-
Works received during the year	392.57	419.17	1581.77	1064.38	581.77	500.66	4540.32
Total available works	995.65	1044.10	2079.59	2290.22	1872.39	1770.31	-
Works executed during the year[10]	354.13	528.43	733.99	912.70	586.61	465.35	3581.21
Available works at the close of the year	641.52	515.67	1345.60	1377.52	1285.78	1304.96	-
Percentage of completion of works to total available works	35.57	50.61	35.29	39.85	31.33	26.29	-

Source: Progress Report and Financial Statements of the Company for the respective year.

We observed that:

- The progress reports of the Company depicted only the financial progress of works and did not depict the physical achievement. In the absence of number of works in the progress report, there was no monitoring of the physical achievement of works.
- During the six years up to 2012-13, the Company received works of ` 128.07 crore[11] from Irrigation Department (ID) and of ` 4,412.25 crore from other departments[12]. The percentage of works received from ID to the total works received by the Company during the last six years was only 2.82 *per cent.*
- The value of works received by the Company in 2007-08 was ` 392.57 crore which increased to ` 1,581.77 crore in 2009-10 but declined to ` 500.66 crore in 2012-13. We noticed that during the performance review period, the Company received deposit works directly from Government departments and did not participate in competitive bidding to obtain works[13]. Thus, the viability of the Company could become uncertain if it does not receive sufficient deposit works in future. The Management did not furnish any reason for not participating in the tendering process.

We noticed irregularities in execution of entrusted works which are discussed in the succeeding paragraphs:

Appointment of Architects

2.8 The Company does not have its own Architectural, Design and Estimate Wing. The work of preparation of architectural and structural drawings/ designs and estimates of the works[14] was done through external architects. The deficiencies noticed in appointment of architects and payment of fee to them are discussed below:

Appointment of architects without competitive bidding

2.9 The Government of Uttar Pradesh (GoUP) order (February 1997) prescribes centage on deposit works of GoUP at the rate of 12.5 *per cent* of cost of

9 Closing balance of previous year and opening balance of current year may differ due to inclusion of revised cost of some works.

10 As per the Financial Statements of the Company for the respective year except for the year 2012-13 where the value of works executed is as per the Progress Report of the Company for the year 2012-13 as Financial Statements for the year 2012-13 have not yet been prepared by the Company.

11 The Company received works of ` 12.24 crore, ` 96.93 crore, ` 17.05 crore and ` 1.85 crore from ID in 2008-09, 2010-11, 2011-12 and 2012-13 respectively. No work was received from ID in 2007-08 and 2009-10.

12 Health, Family Welfare, Revenue, Basic and Secondary Education, Higher Education, Animal Husbandry, Home, Sports and Youth Welfare, Transportation, State Urban Development Authority, Panchayati Raj, Agriculture, Labour, Minority Welfare and Technical Education.

13 Works which are allotted after inviting bids to the lowest bidder.

14 Except works obtained from Irrigation Department.

construction including 1.5 *per cent* for preparation of drawings and designs. As per Central Vigilance Commission's guidelines (November 2002), the selection of architects should be made in a transparent manner through competitive bidding. The Company invited (June 2009) Expression of Interest (EOI) for empanelment of prequalified architects. The notice inviting the EOI provided that the Company shall pay fee to the architects as agreed upon for the specific job.

The Company did not appoint architects through competitive bidding and allowed maximum permissible fee to them.

We noticed that the Company appointed 19 architects without resorting to competitive bidding/market survey, of which 14 architects were not even on the selected panel of the Company and architect fee was allowed at the highest permissible limit of 1.5 *per cent* of project cost.

The Management stated (September 2013) that appointment of architects through bidding was difficult for small works in rural areas.

We, however, noticed that no bidding was done even in case of large works with sanctioned cost ranging from ` 50 lakh to ` five crore. Further, in four works executed by Unit-14 Lucknow, architects were appointed through market survey in which architect fee obtained ranged between 1.09 *per cent* and 1.35 *per cent* of the project cost.

Undue favour to architects

2.10 The Managing Director of the Company directed (January 2008) to fix fee of architects according to the procedure adopted by Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN).

The Company paid full fee at the rate of 1.5 *per cent* of project cost to architects for repetitive drawings and designs resulting in excess payment of ` 34.39 lakh to the architects.

In UPRNN, architects are engaged at the fee of 1.5 *per cent* of the cost of work for architectural work (detailed architectural drawings, detailed structural drawings, detailed sanitary/electrical drawings and detailed estimates) and at the rate of 0.25 *per cent* of cost of work for its repetitive use.

We noticed that the Company paid fee to eight architects[15] at the rate of 1.5 *per cent* of the project cost in 43 cases where the architects had prepared uniform drawings and designs instead of 0.25 *per cent* as applicable[16] for repetitive drawings and designs. This resulted in excess payment and undue favour of ` 34.39 lakh to the architects.

The Management stated (September 2013) that drawings and designs of all works of Primary Health Centres, Beej Godowns, Model Schools and Tehsil buildings etc. were not similar as variations existed in nature of soil and its load bearing capacity on different sites. The Management's contention is not acceptable as the drawings and designs of all these works were similar and also the sanctioned cost of civil work of each unit was the same.

Excess payment to architect

2.11 The Company was appointed (December 2009) as executing agency for construction of dwelling units under Integrated Housing and Slum Development Programme (IHSDP) and Basic Services for Urban Poor (BSUP) Schemes under Jawahar Lal Nehru National Urban Renewal Mission (JNNURM) project of the Government of India (GoI). The GoI fixed (November 2008) the maximum fee payable to architects for preparation of Detailed Project Reports (DPRs) at one *per cent* of cost of project for IHSDP and two *per cent* of cost of project for BSUP.

---

[15] Design Centre (` 11.52 lakh), Akriti Consultants (` 0.99 lakh), Rajeev Kumar & Associates (` 5.03 lakh), Sanjay Kumar Mishra (` 0.25 lakh), Vansh Design & Consultants (` 11.02 lakh), Global Creations (` 0.83 lakh), ANB Consultants (` 4.44 lakh) and Vastu Shilp Architects (` 0.31 lakh).

[16] As per UPRNN norms and order of the Managing Director of the Company dated January 2008.

Excess payment of ` 29.51 lakh was made to the architects in two central projects.

We noticed that Unit-2, Allahabad of the Company made payments to the architect[17] at the rate of 1.5 *per cent* of cost of project for IHSDP and 2.5 *per cent* of cost of project for BSUP in six cases resulting in excess payment of ` 29.51 lakh to architect.

The Management stated (September 2013) that excess payment to architects was made for additional work of survey of slum areas for preparation of DPR which included work of preparing feasibility report for roads, drainage, pipe lines and water supply. The reply is not acceptable as the work of preparing feasibility report for roads, drainage, pipe lines and water supply was included in the scope of work of architect for preparation of DPRs.

Payment of service tax to architects

2.12 As the order of Government of Uttar Pradesh (February 1997) prescribes centage on deposit works of GoUP at the rate of 12.5 *per cent* of cost of construction including 1.5 *per cent* for preparation of drawings and designs, the fee to be paid to external architects should be kept within the prescribed limit of 1.5 *per cent* of the project cost. In cases, where the client/Company fixes the fee to be paid to architects, the fee should be restricted to the limit so fixed.

The Company paid service tax over and above the fee paid resulting in excess payment of ` 29.30 lakh to architects.

We noticed that in 85 cases, the Company paid service tax at applicable rates over and above the fee paid within the prescribed limit of 1.5 *per cent* of project cost resulting in excess payment of ` 29.30 lakh to architects.

The Management, while accepting the audit observation, stated (September 2013) that efforts were being done to recover the excess payment made to architects.

Payment for work not done

2.13 The Company executed the works of construction of Gram Panchayat Sachivalayas (449 units), Health Sub-Centres (238 units), Anganwadis (588 units) and Dr. Ambedkar Community Centres (69 units) which involved construction of a number of similar units at different sites. The sanctioned cost of each unit of these works was ` 14.72 lakh, ` 8.19 lakh, ` 2.95 lakh and ` 16.39 lakh respectively. The Company appointed architects for these works and paid fee at the rate of 1.5 *per cent* of project cost for first unit of each work and at 0.25 *per cent* for remaining units.

The scope of work[18] for architects *inter-alia* includes the following:

- Visiting the proposed site and to prepare detailed designs;
- Preparing necessary drawings of the sketch designs;
- Preparing working drawings and details sufficient for proper execution of work;
- Preparing detailed cost estimates on the basis of current Schedule of Rates (SOR) of Uttar Pradesh Public Works Department (UPPWD)/Central Public Works Department (CPWD);
- Inspect periodically the building/work-site to ensure that the works are completed according to approved drawings.

We noticed the following irregularities in this regard:

- The architects had prepared only one model drawing/ design for each work without considering all essential factors like site conditions, soil conditions,

17 Snow Fountain Consultants.
18 As defined in Expression of Interest invited (26 June 2009) from architects for empanelment.

The Company paid ` 30.97 lakh to architects for work not done as the architects prepared only one estimate for each work and circulated the same estimate for all units of the work.

layout plan etc. which vary from site to site and the same model drawing/design was circulated to all units of that work.

- The architects, instead of preparing detailed estimates, for each unit of work, on the basis of UPPWD SOR of the concerned district, prepared only one estimate for each work based on the SOR of Lucknow district and circulated the same estimate to all units of the work.
- The architects prepared drawings/designs and estimates in respect of only one unit of each work but were paid fee for all units rather than for one unit only. This resulted in payment of ` 30.97 lakh **(Annexure-10)** for work not done by them.

The Management stated (September 2013) that in works of Gram Panchayat Sachivalayas, Health Sub-Centres, Anganwadis and Dr. Ambedkar Community Centres, 1.5 *per cent* of project cost was paid as architect fee while for repeated drawings in the same district, 0.25 *per cent* of the project cost was paid as architect fee.

The Management's reply is not based on facts as no separate drawings and designs were made by the architects, hence, no payment should have been made to them for other units.

Deficiencies in execution of work

2.14 After approval of drawings/designs and estimates, the Company is required to execute the works as per the procedures laid down in the Manual. The violation of the procedures prescribed in the Manual regarding execution of works and other deficiencies are discussed below:

Irregular grant of Technical Sanction

2.15 The Government of Uttar Pradesh (GoUP) order of March 2006 states that the authority to grant Technical Sanction[19] (TS) rests with the officers of Engineering Departments of GoUP, Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN), Uttar Pradesh Samaj Kalyan Nirman Nigam Limited (UPSKNN), Uttar Pradesh Avas Evam Vikas Parishad (UPAVP) and Construction and Design Services wing of Uttar Pradesh Jal Nigam (UPJN). It further provides that construction agencies which do not have the authority shall obtain TS from Uttar Pradesh Public Works Department (UPPWD) for works to be executed by them. Since the Company does not have the authority to grant TS, it has to obtain TS from UPPWD for all the works to be executed by it.

We noticed the following deficiencies in this regard:

Technical sanction from UPPWD was not obtained by the Company in violation of GoUP order.

- TS was obtained from officials of the Company itself (except in works of Irrigation Department) violating GoUP order.

  The Management stated (September 2013) that the Board of Directors (BOD) of the Company authorised (December 2009) the officers[20] of the Company to grant TS as per the limits prescribed by it. The reply of the Management is not acceptable as granting of TS by the Company itself, is a violation of GoUP order which clearly defines the authorities empowered to grant TS.

---

[19] The Manual (Para 34 and 41) and Financial Hand Book of GoUP (Para 318) stipulate that no work shall be started without obtaining the administrative approval from the clients on the basis of preliminary estimate. After getting the administrative approval from the clients, detailed estimates are to be prepared and got sanctioned by the competent authority, which is known as Technical Sanction (TS). The TS amounts to a guarantee that the proposal is structurally sound, estimates accurately worked out and are based on adequate data.

[20] Managing Director, General Managers and Project Managers.

The detailed estimates of 18 works were not prepared as per UPPWD Schedule of Rates of the concerned district for the concurrent period.

- The detailed estimates of 18 works executed in nine districts[21] were not prepared as per Schedule of Rates (SOR) of UPPWD of the concerned district for the concurrent period. In one such case this resulted in excess payment of ` 1.74 crore as discussed in paragraph 2.18.

  The Management stated (September 2013) that since the UPPWD SOR of concerned districts were not updated and execution of work on old rates was not possible, the estimates were prepared on the basis of UPPWD SOR of Lucknow district. The reply of the Management is not acceptable as detailed estimates should have been prepared on the basis of UPPWD SORs of the concerned districts after allowing requisite engineering appreciation for any increase in market rates.

By-passing prescribed procedure

2.16 The Manual contains the following provisions regarding the procedure to be adopted for execution of works:

- The works are to be executed directly through the technical and other staff of the Company by procuring necessary materials and arranging for necessary tools and equipments while labour is to be engaged through Piece Rate Workers (PRWs)[22] (Para 2 of Manual).
- One of the fundamental aims of the Company is to eliminate big private contractors as much as possible and that being so it should not normally sub-let its works to sub-contractors or contractors (Para 20 of Manual).
- In case it is considered unavoidable to sub-let a part of the work to a sub-contractor due to certain special reasons, it can be done under special written order of the Managing Director (MD) only, who will record full reasons for doing the same and place a list of all such cases in its next Board of Directors (BOD) meeting (Para 21 of Manual).

We noticed the following deficiencies in the procedure adopted by the Company for execution of works:

- During the five years[23] up to 2011-12, 2,725 works of value ` 743.60 crore were completed while 1,362 works of value ` 1,133.10 crore were in progress as on 31 March 2012. Out of the total completed works, only eight *per cent* completed works (222) of value ` 194.35 crore were executed directly through the technical and other staff of the Company. The remaining 92 *per cent* completed works (2,503 works) of value ` 549.25 crore were executed by placing work orders with sub-contractors at composite rates i.e. the material was procured and labour engaged by the same sub-contractor.

  Similarly, in case of works-in-progress as on 31 March 2012, only six *per cent* works (82 works) of value ` 284.04 crore were being executed directly through the technical and other staff of the Company. The remaining 94 *per cent* works-in-progress (1280 works) of value ` 849.06 crore were being executed by placing work orders with sub-contractors at composite rates i.e. the material was procured and labour engaged by the same sub-contractor.

---

21 Agra, Allahabad, Faizabad, Gorakhpur, Ghaziabad, Lucknow, Noida, Sitapur and Varanasi.

22 Para 4 of the Manual defines a PRW as an individual who arranges for necessary labour and manages to take work on output basis while materials and equipment are provided to him by the Company. In case works are sub-let, both labour and material are arranged by the sub-contractor.

23 Cost Sheet of the works for the year 2012-13 was not prepared (September 2013), hence, value of works completed during the year 2012-13 and value of works-in-progress as on 31 March 2013 could not be ascertained.

In 2,503 completed works and 1,280 works-in-progress (as on 31 March 2012), each work was split into several work orders to reduce the mandatory sanctioned limit of the Project Manager of each Unit.

- In 2,503 completed works and 1,280 works-in-progress (as on 31 March 2012), each work was split into several work orders to reduce the mandatory limit of ` 10 lakh which was the sanctioned limit of the Project Manager of each Unit.
- While the Company executed a major portion of the works by sub-letting them to sub-contractors, no written orders of the MD were obtained in this regard and the matter was also not put up to BOD.

The Management stated (September 2013) that as the works were of small nature located in rural areas, these have been executed through PRWs at composite rates. The next work order was issued to a PRW only after satisfactory completion of work. It further stated that the works were not sub-let and therefore, permission of MD/BOD was not required.

The reply is not acceptable since as per Manual, the works were to be executed by the Company departmentally i.e. by procuring material itself and engaging labour through PRWs. However, the works were executed at composite rates i.e. both material and labour were arranged by PRWs. Since the Manual does not provide for execution of works at composite rates, execution of works by this method without approval of MD/BOD was in violation of the provisions of the Manual. Further, multiple work orders were issued on the same day to the same PRW (some instances are given in Para 2.19) which corroborates that next work order was issued without completion of previous work order.

Excess payment to sub-contractors

2.17 The Manual (Para 96 and 97) provides that works will be awarded to PRWs on labour rates by Purchase Committees (PCs) headed by Project Manager of the Unit after conducting detailed market survey. The Manual (Para 40) further provides that while preparing estimates, five *per cent* is to be deducted from the cost arrived at on the basis of Uttar Pradesh Public Works Department/Central Public Works Department Schedule of Rates (UPPWD/ CPWD SOR) as it is expected that construction by the Company shall be five *per cent* cheaper than UPPWD/CPWD SOR. The Government of Uttar Pradesh (GoUP) order[24] (February 1997) stipulates that the Public Sector Undertakings executing deposit works shall be allowed centage at the rate of 12.5 *per cent* after deducting five *per cent* from the cost of work. Thus, the rates to be allowed to sub-contractors should be restricted to 95 *per cent* of the rates provided in UPPWD/CPWD SOR.

The rates allowed to sub-contractors were 0.22 *per cent* to 15.95 *per cent* higher than 95 *per cent* of rates provided in UPPWD SOR of the respective districts resulting in excess expenditure of ` 6.13 crore.

We test checked 17 works and noticed that the rates finalised by the PCs were 0.22 *per cent* to 15.95 *per cent* higher than 95 *per cent* of rates provided in UPPWD SOR of the respective district for concerned/subsequent period. This resulted in excess expenditure of ` 6.13 crore **(Annexure-11)**. The cases mentioned here are deposit works in which centage allowed to the Company is 12.5 *per cent* of expenditure made. Thus, due to inflated cost of ` 6.13 crore the Company was allowed extra centage of ` 0.77 crore[25] resulting in loss to the client Departments/organisations. Excess centage due to inflated estimates were irregularly used to meet excess expenditure out of centage as discussed in paragraph 2.32.

The Management stated (September 2013) that the works were executed within the sanctioned cost at rates approved on the basis of market survey. As rates are

[24] No. A-2-87/10-97/17(4)-75 dated 27 February 1997.
[25] ` 6.13 crore x 12.5 *per cent* = ` 0.77 crore.

approved on the basis of market survey, rates of various items may vary from the rates provided in the estimates.

The reply is not acceptable as the rates approved by the Company were higher than the rates of current/subsequent UPPWD SOR of the concerned district. Further, no analysis of rates was made and reasons for award of work at higher rates than the rates of UPPWD SOR were not recorded.

Incorrect preparation of estimates

The Company made excess payment of ` 1.74 crore to the sub-contractors as the rates allowed were based on SOR of Lucknow district instead of UPPWD SOR of Allahabad district.

2.18 During 2009-10 to 2011-12, the Company awarded the work of 106 Gram Sachivalaya Buildings (sanctioned cost: ` 14.72 lakh each) in Allahabad district to sub-contractors at 95 *per cent* of the rates provided in estimates instead of finalising the rates on the basis of market surveys. These estimates were based on UPPWD SOR of Lucknow. As the work was to be executed in Allahabad, UPPWD SOR of Allahabad should have been the basis for preparation of estimates. We observed that the rates of UPPWD SOR of Allahabad were 11.25 *per cent* less than that of UPPWD SOR of Lucknow. Hence, due to taking a wrong SOR, the Company made excess payment of ` 1.74 crore[26] to the sub-contractors. Further, extra centage of ` 0.22 crore[27] was charged on these works by the Company which led to loss to the client Department to that extent.

The Management stated (September 2013) that since the current UPPWD SOR of Allahabad district was not available, the estimates were prepared on the basis of UPPWD SOR of Lucknow district and the work was executed at lowest rates obtained from market survey.

Management's contention is not acceptable as no market survey was done to finalise the rates and the work was executed at the rates provided in the estimate prepared on the basis of UPPWD SOR of Lucknow district. Further, the work was executed during 2009-10 to 2011-12 when the UPPWD SOR for Allahabad district effective from 1 November 2009 and 1 November 2011 were available.

Irregular grant of advances

2.19 The Company was awarded (June 2010 to August 2010), the work of construction of 4,435 Dwelling Units (DU) under Integrated Housing and Slum Development Programme (IHSDP) in the State of Uttarakhand at a sanctioned cost of ` 131.38 crore, which was being executed by Unit-37, Roorkee at composite rates.

The Manual[28] provides that the unit incharge may make advance up to 75 *per cent* of the current value of material brought to site by the sub-contractor after entering into a formal agreement to secure a lien on the materials. It further provides that in urgent cases, where the sub-contractor needs money but measured bill could not be prepared, the unit incharge may release advance to the sub-contractor after an assessment and evaluation of the quantum of the total work done is made and a certificate is signed by him for such assessment. The frequency of such unmeasured advance payments should not be more than two advance payments against one payment on the basis of due measurements.

---

26 As per audit analysis, cost of work based on UPPWD SOR of Allahabad district was ` 12.87 lakh for one unit. Hence, excess expenditure in one unit was ` 1.85 lakh (` 14.72 lakh - ` 12.87 lakh) including centage of ` 0.21 lakh. Total excess payment to sub-contractor in 106 units was ` 1.74 crore [(` 1.85 lakh - ` 0.21 lakh) x 106].

27 ` 0.22 crore = ` 0.21 lakh x 106.

28 Para 553, 557, 558 and 559.

We noticed the following discrepancies:

- During the year 2010-11, the Unit awarded the work of construction of 4,435 DUs to 18 sub-contractors ranging from 22 work orders (Sanya Construction) to 70 work orders (Sunil Enterprises) per sub-contractor. The measurement of work was done on percentage basis i.e. in the ratio of work completed *vis-à-vis* total work, instead of recording detailed measurements of actual work done.
- The Company prescribed (February 2009) the financial limit of Project Manager to issue work orders (for labour component only) up to ` 10 lakh. However, multiple work orders (for composite work) were issued to an individual sub-contractor in a single day. Thus, splitting of work was done to keep the work orders within the prescribed limit. Some cases are given below:

Table No.2.2

Name of District	Name of sub-contractor	Date of issue of work orders	No. of work orders issued	No. of DU for which work orders issued	Range of value of work orders (` in lakh)	Total value of work orders (` in crore)
Almora	Sanya Construction	24.10.2010	13	35	3.30 to 9.90	1.16
		16.01.2011	9	25	3.30 to 9.90	0.83
Haldwani	Sunil Enterprises	22.02.2011	38	75	3.30 to 6.60	2.48
		05.03.2011	22	44	3.30 to 6.60	1.45
		18.03.2011	10	20	3.30 to 6.60	0.66
Total			**92**	**199**		**6.58**

Multiple advances were released to an individual sub-contractor without evaluating the actual quantum of work done.

- During the year 2011-12, the Unit released interest free advances of ` 22.60 crore to 17 sub-contractors merely on the basis of application made by the sub-contractors without assessing/evaluating the actual quantum of work done or value of material brought to site by the sub-contractor. Further, the advances were not recorded in Measurement Books and their adjustment was pending (December 2013). Although the work of IHSDP was also being executed by other units, no such irregularity was found in other Units.
- No bank guarantee of equivalent amount was obtained to safeguard Company's interests.
- The Unit released multiple advances ranging from ` 58.35 lakh to ` 15.55 crore to sub-contractors without adjustment of previous advances which was irregular.

The Management, while accepting the audit observation, stated (September 2013) that an enquiry has been initiated against the Project Manager and Assistant Accountant of the Unit. It further stated that a Committee had been formed (July 2013) by the Government of Uttarakhand for valuation of work done by the Unit to adjust the advances.

Irregular release of payment

2.20 The Government of Uttar Pradesh (GoUP) awarded (September 2009) to the Company, the work of 'construction, renovation and other development works' in various District Hospitals of Uttar Pradesh, which included installation of Modular Operation Theatre (MOT) under National Rural Health Mission (NRHM) scheme.

The Company entered into an agreement (April 2010) with Surgicoin Medequip Private Limited (Supplier) for supply, installation and commissioning of the MOT in 36 District Hospitals in Uttar Pradesh. The work was to be completed within one year from the date of agreement. As per the agreement, advance payment to the extent of 75 *per cent* of the cost of material supplied was to be made to the Supplier. An advance payment of ` 17.55 crore was made by the Company to the Supplier against materials supplied by him for 36 District Hospitals.

The Company paid ` 96.77 lakh to the supplier in excess of 75 *per cent* of the cost of material supplied in violation of the agreement.

We noticed that in case of 23 District Hospitals, the Supplier was paid in excess of 75 *per cent* of cost of material by ` 96.77 lakh whereas in remaining 13 District Hospitals, the advance payment was within 75 *per cent* of the value of material supplied. The excess payment of ` 96.77 lakh made to the Supplier could not be adjusted till date due to initiation of enquiry (November 2011) by Central Bureau of Investigation (CBI)[29].

The Management stated (September 2013) that 75 *per cent* of the cost of materials and 100 *per cent* of applicable taxes were paid to the Supplier therefore, no excess payment was made.

The reply is not acceptable since, as per agreement, advance payment to the Supplier was to be restricted to 75 *per cent* of the billed amount or Bill of Quantity (BOQ) rate, whichever was lower and the billed amount/BOQ rates were inclusive of all taxes. Further, there was no clause in the agreement which provided for 100 *per cent* payment of taxes. Hence, payment of taxes over and above the limit of 75 *per cent* was irregular.

Imprudent release of mobilisation advance

2.21 Employees State Insurance Corporation (ESIC) awarded (May 2009) the Company, the work of face lifting/ renovation of ESIC Hospital at Chaudwar, Cuttack, Odisha at a sanctioned cost of ` 64.19 crore on cost *plus* centage basis which was sub-contracted (June 2009) by the Company to Omaxe Infrastructure and Construction Private Limited (Omaxe) on back-to-back basis at a cost of ` 59.35 crore. The terms and conditions of agreement entered into by the Company with ESIC provided that 10 *per cent* of the contract price shall be paid as interest free mobilisation advance by ESIC to the Company after production of bank guarantee. Similar provision was also incorporated in the agreement entered into by the Company with the Omaxe for providing interest free mobilisation advance by the Company to Omaxe.

The Company obtained (July 2009) ` 6.41 crore as interest free mobilisation advance against bank guarantee from ESIC and released (July 2009) ` 5.91 crore as interest free mobilisation advance against bank guarantee to Omaxe.

As per the terms and conditions of the agreement executed with ESIC, the ESIC was liable to obtain necessary permissions required for renovation of Hospitals. Since the site of work was within the prohibited area of Archeological Survey of India (ASI), a 'No Objection Certificate' (NOC) was to be obtained from ASI to start the work. As the NOC was not granted by ASI, the work could not be started. Consequently, the agreement with Omaxe was terminated (April 2011) and mobilisation advance given to them was taken back (April 2011). The Company also returned (April 2011) the mobilisation advance of ` 6.41 crore obtained from ESIC.

Undue benefit of ` 98.50 lakh was extended to the sub-contractor by releasing mobilisation advance without obtaining NOC from ASI.

We noticed that the Company, despite being aware of the fact that immediate start of work was not possible, obtained complete mobilisation advance from ESIC and released the same to Omaxe. This defeated the very purpose of mobilisation advance as the work could not be started. Further, it also resulted

[29] Our observation on NRHM work is limited to the extent of irregular release of advance payment to the supplier by the Company. Further examination could not be done since an enquiry on NRHM work by CBI is underway and original records relating to NRHM work were in the custody of CBI.

in undue benefit of ` 98.50[30] lakh to Omaxe in the shape of interest on the interest free mobilisation advance to Omaxe.

The Management stated (September 2013) that it was the responsibility of the ESIC to obtain NOC from ASI and the Company in anticipation of time bound execution of work released the mobilisation advance to Omaxe as per the terms and conditions of the agreement. The fact however remains that the release of the mobilisation advance prior to obtaining the approvals/ clearances which were a prerequisite[31] to start the work, was irregular and tantamount to extension of favour to the sub-contractor.

Procurement of material

2.22 In order to bring economy in execution of works, procurement of quality inputs at most economic prices is of vital importance.

As per the Manual, the Company should directly procure materials from quarries and manufacturers and execute the works through Piece Rate Workers (PRWs). The rates for supply of materials as well as for awarding the works to PRWs are finalised by a Purchase Committee[32] (PC) as per the requirements of the Company. A Joint Purchase Committee (JPC) headed by General Manager should be formed at Zone level to ensure uniformity in rates of materials to be procured by units located in the same district.

The Company procured materials only in works which were executed departmentally[33]. We found that the Company did not form any JPC at the General Manager level for finalisation of rates and the same were finalised by PCs at unit level even in case of units located in the same district.

Purchase of material at higher rates

2.23 In order to effect economy and to ensure quality in execution of the projects, procurement of vital inputs such as cement is of utmost importance. The Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN) and Uttar Pradesh State Bridge Corporation Limited (UPSBCL) have been entering into Rate Contracts with the manufacturers for procurement of cement.

We observed that there was no system in the Company to procure cement on the basis of Rate Contracts. As a result, the rates of procurement of cement were on higher side when compared with the procurement rates of cement of UPRNN during the same period.

Cement was purchased from local suppliers at higher rates instead of entering into rate contracts leading to extra expenditure of ` 54.04 lakh.

Mention was made vide Para no. 3.3 of Audit Report on Public Sector Undertakings for the year ended 31 March 2012 wherein it was pointed out that three Units[34] of the Company purchased cement from local suppliers instead of entering into Rate Contracts and made extra expenditure of ` 0.57 crore. We further noticed that two units (Unit-11, Faizabad and Unit-8, Lucknow) of the Company during the period from 2009-10 to 2010-11 procured 1,18,236 bags of cement at rates ranging between ` 235 and ` 318 per bag on the basis of Purchase Committee Report (PCR) from local suppliers; whereas during the same period UPRNN procured cement at the contracted rate ranging between ` 195 per bag and ` 275 per bag. The Company could have avoided the extra

30 Calculated at the rate of 10 *per cent* per annum (being interest rate on short term deposits) on ` 5.91 crore for 20 months (from July 2009 to April 2011).

31 Para 486 of the Manual.

32 Purchase Committee at unit level consists of (1) Unit Head (2) senior most accounts man of the Unit and (3) concerned Resident Engineer or Assistant Resident Engineer.

33 Departmental execution of works refers to system in which necessary material is procured by the Company and labour is engaged through Piece Rate Worker (PRW).

34 Unit-13, Lucknow; Unit-14, Lucknow and Unit-17, Lucknow.

expenditure of ` 54.04 lakh incurred on procurement of cement by entering into similar Rate Contracts.

The Management stated (September 2013) that UPSBCL and UPRNN execute big works in which large quantities of materials are required at one place, therefore, Rate Contracts could be entered for these works. The Company, on the other hand, executes relatively small works located mostly in rural areas, therefore, entering into Rate Contracts was not practical as taking supply at one place and sending it to different sites would entail extra expenditure on transportation, watch and ward and storage.

As the Company executes both small and big works, the rate contract should have been entered into for big works. During test checks, it was noticed in audit that in case of execution of 12 big works[35], the Company did not make any efforts to enter into rate contracts.

Non-realisation of royalty on procurement of material from supplier

2.24 As per order[36] of Government of Uttar Pradesh (GoUP), the Company was required to obtain receipt in form MM-11 from suppliers in support of payment of royalty on earth, coarse sand and stone grit. If the receipt was not submitted by the suppliers, royalty should have been deducted from their bills. We noticed that six Units[37] of the Company neither obtained receipts from the suppliers nor deducted royalty amounting to ` 14.69 lakh resulting in undue benefit to suppliers besides loss of revenue to the State Exchequer.

The Management stated (September 2013) that in case of small works, purchase of materials directly from mines was not practical hence, these were purchased from local market where MM-11 was not provided.

We have, however, noticed in audit that the Company did not obtain form MM-11 even in case of big works[38]also.

Deficient Manpower Planning

2.25 Manpower planning includes adequate and efficient utilisation of human resource in an organisation and appointment of capable persons as per requirement of specific job.

The sanctioned strength and men-in-position of the Company is detailed in table below:

Table No. 2.3

Cadre	Sanctioned strength (as on 31 March 2013)	Men-in-position			Excess Staff	
		On Deputation	Company's staff	Total	On Deputation	Company's staff
Superintending Engineer (GM)	03	02	08	10	02	05
Executive Engineer (PM)	10	12	20	32	12	10
Assistant Engineer (APM/RE)	32	24	49	73	24	17
Junior Engineers (ARE)	78	35	30	65	-	-

The Company took officials on deputation even though its own staff was more than the sanctioned strength.

- As would be seen from the above table, the men-in-position was much in excess of the sanctioned strength. The Company did not reassess the manpower requirement even though 92 *per cent* of completed works and 94 *per cent* works-in-progress were executed by placing work orders with sub-contractors at composite rates.

---

35 Value of works ranging from ` 0.95 crore (Home guard hostel, Lucknow) to ` 49.23 crore (Four lane road, Sharda Nagar, Lucknow).

36 Order No. 4020/77-5-2003-1(216)/93 dated 12 August 2003.

37 Unit-1, Sitapur; Unit-8, Lucknow; Unit-11, Faizabad; Unit-14, Lucknow; Unit-29, Gorakhpur and Unit-37, Roorkee.

38 Value of works ranging from ` 0.83 crore (Primary Health Centre, Orwara, Basti) to ` 3.25 crore (Community Health Centre, Munderwa, Basti).

The Management stated (September 2013) that the sanctioned strength was old and based on seven units and two zones while at present there are 32 units and nine zones.

The fact remains that sanctioned strength was last assessed in 2006-07 and no revision was made despite increase in number of Units/Zones and also considering the sub-contracting of majority of the works. Moreover, officials have been taken on deputation even though the Company's own staff was more than the sanctioned strength.

Unsystematic distribution of work among units was made as works located 71 kms to 454 kms away were allocated to Units.

- The Manual (Para 17B) provides that the Managing Director of the Company shall organise and adopt yardsticks for distribution of works to various units to the best advantage of the Company keeping in view the cost considerations. We noticed that despite existence of a unit in the same district, works relating to that district were allocated to other units located 71 kms to 454 kms away from the place of work as given below:

Table No. 2.4

Name of work	Nearest available unit which was not given the work	Name of the unit to which far away work was given	Distance in kms between site of work and unit executing the work
College of Forestry, Kanpur	Kanpur	Noida	454
CSA University, Kanpur	Kanpur	Noida	454
ITI building, Raibareli	Raibareli	Lucknow-8	77
CHC, Jatuajapra, Raibareli	Raibareli	Lucknow-8	77
Mahamaya IT Polytechnic, Ramabai Nagar	Ramabai Nagar	Lucknow-14	130
Rudauli Non-residential building, Basti	Basti	Faizabad	71
IHSDP, Basti	Basti	Faizabad	71
Renovation in ITI Basti	Basti	Faizabad	71

The deployment of excess staff and unsystematic allocation of works among units was an indication of lack of proper manpower planning and absence of adequate internal control. Management, while accepting the audit observation, stated (September 2013) that territorial jurisdiction of units has now been defined.

Financial Management

2.26 Efficient fund management serves as a tool for decision making for optimum utilisation of available resources and borrowings at favourable term at appropriate time. The main source of finances of the Company are the funds received from clients for execution of deposit works. We scrutinised the management of funds by the Company with regard to above objectives and instructions/orders of Government/Board of Directors and the following deficiencies were noticed:

Arrears in finalisation of accounts

2.27 The accounts of the Companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. The accounts of the Company were in arrears for the years 2011-12 and 2012-13 (September 2013). The main reason for arrears in accounts was delay in completion of basic records at unit level such as cost sheet[39].

[39] Cost sheet is a statement which depicts head-wise cost incurred by the Company on various works being executed by it.

Financial position and working results

2.28 Financial position and working results of the Company for the five[40] years up to 2011-12 have been depicted in **Annexure-12** and are summarised below:

Table No. 2.5

(` in crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12 (Provisional)
Net worth	24.55	55.57	74.49	42.50	51.92
Value of total available works[41]	995.65	1044.10	2079.59	2290.22	1872.39
Value of target fixed for execution of work	450.00	450.00	750.00	1000.00	1100.00
Value of work done (VOWD)	354.13	528.43	733.99	912.70	586.61
Percentage of VOWD to total available works	35.57	50.61	35.3	39.85	31.33
Percentage of VOWD to target fixed for execution of works	78.7	117.43	97.87	91.27	53.33
Net Profit transferred to Balance Sheet	15.11	31.01	18.59	17.93	9.73
Interest received from banks	13.13	26.22	3.72	3.94	3.73
Interest earned on Government funds treated as liability	-	-	29.31	39.88	35.50
Percentage of net profit to VOWD	4.27	5.87	2.53	1.96	1.66

Source: Progress Report and Annual Accounts of the Company for the respective financial year.

Our analysis of the financial position and working results of the Company revealed the following:

- Up to 2008-09, the Company was showing interest earned on unutilised Government funds as its own income in violation of GoUP order (December 1993). However, at the instance of CAG's observation, the Company changed its accounting policy from 2009-10 and started treating this interest income as liability[42]. This was the main reason for decline in net profit of the Company from ` 31.01 crore in 2008-09 to ` 18.59 crore in 2009-10.
- In 2010-11, the Company also reversed the interest earned on unutilised Government funds which was treated as income of the Company during the period 2005-06 to 2008-09 amounting to ` 49.90 crore[43]. As a result, the net worth of the Company decreased from ` 74.49 crore in 2009-10 to ` 42.50 crore in 2010-11.
- The percentage of net profit to value of work done increased from 4.27 *per cent* in 2007-08 to 5.87 *per cent* in 2008-09 but has steadily declined thereafter. After the Company started treating interest income as liability from 2009-10 onwards, the percentage of net profit to Value of work done declined. This indicates that actual profit from operation was on a declining trend.
- The sundry debtors of the Company were ` 11.67 crore in 2007-08 which reduced to ` 7.47 crore in 2011-12. The reason for reduction in sundry debtors was writing off of debtors of ` 6.51 crore in 2008-09 (discussed in Para 2.33).

Non-assessment of periodical requirement of funds

2.29 The Company executes deposit works after obtaining the funds from clients against the sanctioned cost of works. The funds are provided by the clients either at Head Office of the Company or to the executing Units. The funds provided by the clients are either kept in bank accounts or in the form of

---

40 The figures for the year 2011-12 are based on Provisional Accounts.

41 Sanctioned cost of work-in-progress at the start of the year *plus* sanctioned cost of work received during the year.

42 As per GoUP Order (December 1993), interest earned on unutilised funds is to be credited to the Government, hence, such interest income was treated as liability by the Company.

43 2005-06- ` 2.52 crore, 2006-07- ` 8.03 crore, 2007-08- ` 13.13 crore and 2008-09- ` 26.22 crore.

term deposits based on assessment of requirement of funds. Financial prudence requires that surplus funds are invested in such a manner that maximum interest is earned without compromising liquidity of funds. The Board of Directors directed (June 2007) that management of the available finances of the Company should be done after ascertaining periodic requirement of funds in order to maximise interest earnings without affecting the progress of works. The status of available funds as on 31 March of the five years ending 2011-12 was as follows:

Table No. 2.6

(` in crore)

Particulars	Funds position as on 31 March of each year				
	2007-08	2008-09	2009-10	2010-11	2011-12 (Provisional)
Savings Accounts	64.84	127.41	266.54	221.70	245.70
Current Accounts	4.40	5.45	18.02	15.75	0.43
Fixed Deposits (FDs)	252.71	326.90	501.24	439.54	335.54
Total Funds	**321.95**	**459.76**	**785.80**	**676.99**	**581.67**
Per cent of funds in FDs to total funds	78.49	71.10	63.79	64.92	57.69
Per cent of funds in Savings Accounts to total funds	20.14	27.71	33.92	32.75	42.24
Per cent of funds in Current Accounts to total funds	1.37	1.19	2.29	2.33	0.07

Source: Balance Sheet of the Company for the respective financial year

The Company did not devise a system to identify surplus investible funds and parked huge funds in savings/current bank accounts.

We noticed that the Company has not devised any system to identify the surplus investible fund after ascertaining periodic requirement of funds. As a result, the Company failed to invest its funds in an optimum manner. It would be seen from the above table that the Company parked huge funds in saving bank accounts which increased from ` 64.84 crore in 2007-08 to ` 266.54 crore in 2009-10 and marginally decreased to ` 245.70 crore in 2011-12. The loss of interest due to parking huge funds in saving bank/current accounts has been discussed in Para 2.31.

The Management replied (September 2013) that the funds received by the Company were invested in fixed deposits/saving accounts in such a manner that maximum interest could be earned without affecting the progress of work. Further, large amount of funds are received in the month of March every year. Therefore, the percentage of funds invested in fixed deposits in comparison to total funds was not depicted correctly.

We, however, noticed in audit that the funds remained parked in savings bank accounts for period from four to six months after receipt in March every year.

Interest on Government funds

The Company could not contest arbitrary deduction of ` 1.62 crore by Health Department due to non-maintenance of department-wise/work-wise details of interest earned.

2.30 The Government of Uttar Pradesh (GoUP) order[44] (December 1993) *inter alia* stipulates that interest earned on deposit of funds withdrawn but not utilised due to unforeseen circumstances shall be credited to the Government.

It was observed that an amount of ` 119.09[45] crore being interest earned on unutilised Government funds was shown as liability in the Annual Accounts of the Company for the years 2005-06 to 2010-11[46]. However, details of interest earned have not been maintained by the Company either department-wise or work-wise. In the absence of department or work-wise details of interest and non-maintenance of separate bank accounts, the Company has no details of interest income to be credited to various client departments. In a case study, we noticed that the Health Department released (May 2011) ` 4.17 crore only out

[44] No.138411/44-2/93-98/93 dated 4 December 1993.

[45] ` 49.90 crore (2005-06 to 2008-09), ` 29.31 crore 2009-10, ` 39.88 crore (2010-11) calculated on the basis of following formula- Interest on Government funds = Total interest earned-[(Share Capital + Free Reserves – Fixed Assets) x Average interest rates received on fixed deposits during the year/100].

[46] Accounts for the year 2011-12 are not yet finalised.

of sanctioned amount of ` 5.79 crore after deducting ` 1.62 crore for interest earned by the Company on funds of the Department received earlier. In the absence of department-wise/ work-wise details of interest, the Company could not contest the arbitrary deduction and accepted this deduction *in toto.*

The Management accepted (September 2013) that it did not have details of actual interest earned on the funds of Health Department and did not maintain department-wise/work-wise bank accounts during the period of audit. The Management further stated that the details of ` 1.62 crore deducted for interest earned by the Company were being sought from Health Department and department-wise bank accounts have now been opened. The fact remains that work-wise bank accounts have still not been opened.

Non- availing of flexi facility

2.31 The Banks provide minimal[47] interest on savings accounts but extend flexi facility to its savings/ current accounts customers on their demand wherein they provide interest rates applicable for term deposits on balances exceeding certain limits that may vary from bank to bank.

Additional interest of ` 67.17 lakh could not be earned due to not availing flexi facility in bank accounts.

We noticed that balances ranging from ` 25 lakh to ` 11.51 crore were lying in bank accounts between 2009-10 and 2011-12. Despite these huge balances, the Company did not avail flexi facility offered by banks on its accounts and as a result, the Company could not earn additional interest[48] of ` 67.17 lakh[49] during the period from 2009-10 to 2011-12 in case of 12 bank accounts test checked in audit.

The Management stated (September 2013) that flexi facility was not available in all the banks earlier. It further stated that all the banks are offering this facility now and as such instructions have been issued (February 2012) to avail this facility.

The reply is not acceptable as flexi facility in all these banks[50] was available during the period pointed out in audit.

Excess expenditure over fund received

2.32 As per the provisions of the Manual, expenditure on deposit works should be restricted to the extent of funds received from the clients. In order to ensure compliance of the above provision, the Company was required to maintain appropriate control records[51] to show work-wise availability of funds.

The Company did not maintain such control records in the absence of which it had no mechanism to restrict the expenditure on works to the extent of funds received resulting in excess expenditure as mentioned below:

- In case of 45 running works as on March 2012 in six Units[52], the Company incurred an expenditure of ` 104.11 crore against funds received of ` 73.97 crore resulting in blockade of its own funds of ` 30.14 crore.

47 At the rate of 3.5 *per cent* per annum up to April 2011 and 4 *per cent* per annum thereafter.

48 Additional interest = (Amount in excess of minimum balance remaining in bank accounts for more than lock-in period x Rate of interest applicable x period for which amount remained in bank account/100) – Actual interest earned.

49 ` 24.43 (2009-10), ` 29.10 (2010-11) and ` 13.64 (2011-12).

50 Allahabad Bank, Punjab National Bank, Oriental Bank of Commerce, Canara Bank and Union Bank of India.

51 As per para 511 and 512 of the Financial Handbook Volume-VI, Register of works containing details of sanctioned cost, funds received and expenditure incurred is to be maintained.

52 Unit-1, Sitapur; Unit-2, Allahabad; Unit-8, Lucknow; Unit-11, Faizabad; Unit-14, Lucknow and Unit-29, Gorakhpur.

Expenditure was not restricted to the extent of funds received from clients resulting in excess expenditure of ` 2.81 crore.

- In case of 180 works completed during the period 2007-08 to 2011-12, the Company received total funds of ` 126.13 crore. Out of this, ` 112.12 crore was meant for direct expenditure on works and balance ` 14.01 crore was the centage portion of the Company. The Company, however, incurred direct expenditure of ` 114.93 crore on these works resulting in excess expenditure of ` 2.81 crore. The excess expenditure was not even claimed from client Departments and was met by the Company from its centage, adversely affecting its own financial position.

The Management stated (September 2013) that majority of works were executed within the sanctioned cost. In some cases, it had to incur expenditure out of centage in view of the image of the Company since it is a commercial organisation.

The reply is not acceptable as incurring expenditure out of centage not only resulted in direct loss to the Company but was also against the provisions of the Manual which require that expenditure on any work should be restricted to the extent of amount deposited by the client. This also reflects absence of control over the expenditure due to non-maintenance of proper records and total lack of financial management of Government funds.

Write off of excess expenditure

The Company had to write-off ` 6.51 crore as bad debts during 2008-09 as it failed to recover excess expenditure from clients.

2.33 The Company had incurred excess expenditure of ` 6.88 crore[53] over funds received/sanctioned cost on 51 works[54] without prior approval of the clients. As the Company failed to recover the amount of excess expenditure, it had to write off ` 6.51 crore out of the total ` 6.88 crore during the year 2008-09 on account of bad debts.

This expenditure in excess of funds received/sanctioned cost was a clear violation of the provision of the Manual[55]. Further, failure to restrict the expenditure incurred on a work to the extent of funds received without prior approval also indicates ineffective internal control mechanism.

The Management stated (September 2013) that necessary instructions have been issued in this regard.

Non-refund of unspent fund to clients

2.34 The Manual (Para 39) stipulates that after completion of each work, the clients should be intimated about the total expenditure incurred on the works and if any amount remains unspent, the same should be refunded to them.

Unspent balance of ` 2.64 crore was not refunded to respective clients.

We noticed that 129 works sanctioned for ` 73.75 crore were completed at a cost of ` 71.11 crore but the unspent balance of ` 2.64 crore ranging between 1.5 *per cent* and 10.71 *per cent* of funds received **(Annexure-13)** had not been refunded to the clients.

The Management stated (September 2013) that most of the works were incomplete and expenditure on these works had been made in later years also. After completion of works, bill shall be finalised and any surplus fund shall be returned to client departments after taking decision at the competent level.

The reply of the Management is not acceptable as the cases pointed out in audit relate to completed works only where unspent fund had been accounted for and included in profit of the Company.

---

53 Irrigation Department- ` 6.28 crore; Other Departments – ` 0.60 crore.

54 Nature of works: Construction of tubewells, bunds, passage, drain work, canal work etc.

55 Para 39 of the Manual provides that the expenditure on a work should be restricted to the extent of funds received from the client.

Some individual interesting cases

Violation of Insecticides Act, 1968

2.35 As per the provisions of Section 13 of the Insecticides Act, 1968 and Rule 10(3A)(i) of the Insecticides Rules, 1971, a person who desires to undertake commercial pest control operation with the use of any insecticide has to obtain a license from the licensing officer. Thus, anti-termite treatment being a work of specialised nature, should be got done through specialised firms having valid license and requisite expertise and experience.

The work of anti-termite treatment was got done through persons not having valid license violating the provisions of the Insecticides Act, 1968.

We noticed that seven units[56] of the Company, in case of 41 works, awarded the work of anti-termite treatment to sub-contractors executing civil works during 2007-08 to 2012-13 and paid ` 22.35 lakh to them, instead of getting the same done from specialised firms having valid license. Since the sub-contractors did not hold valid licenses for commercial pest control operations, they were not authorised to execute the said work. We, however, observed that Agra Unit of the Company got the work of anti-termite treatment done through specialised firms.

The Management stated (September 2013) that necessary instructions have been issued (September 2013) to Units to carry out the work through licensed firms.

Avoidable payment on appointment of third party consultants

2.36 As per best practices adopted by Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN), material testing charges are deducted from the bills of sub-contractors for which a suitable clause is incorporated in the agreements itself.

The construction agencies also arrange third party inspection at the request of the client departments. Since the Manual does not provide for appointment of third party consultants (TPCs) and their appointment entails extra expenditure on payment of their fee, it should be ensured that appointment of such consultants is strictly in accordance with the terms and conditions of agreement/MOU executed with the client departments and their fee is paid by the client departments.

Third Party Consultants were appointed without request from clients and avoidable expenditure of ` 1.15 crore was incurred on their fee.

We noticed that the Company appointed TPCs on a fee ranging from 0.3 *per cent* to one *per cent* of cost of work done, to undertake quality control of 80 works of various departments[57] and incurred an expenditure of ` 1.15 crore thereon.

The payment of fee to TPCs amounting to ` 1.15 crore could not be recovered from the client departments in absence of a suitable clause in the agreement.

The Management stated (September 2013) that appointment of third party consultants has now been stopped.

Non-deposit of Building and Other Construction Workers' Welfare Cess

2.37 Under Section 3 of the 'Building and Other Construction Workers' Welfare Cess Act, 1996' (Act), Cess is to be levied and collected from the employer at the rate of not less than one *per cent*, of the cost of construction incurred by an employer. The Building and Other Construction Workers' Welfare Cess Rules, 1998 (Rules) provide that where the levy of Cess pertains to building and other construction work of a Government or of a PSU, such

---

56 Unit-1, Sitapur; Unit-5, Ghaziabad; Unit-8 Lucknow; Unit-11, Faizabad; Unit-14, Lucknow; Unit-29, Gorakhpur and Unit-36, Noida.

57 Deposit works of following departments: Health, Family welfare, Revenue, Basic and Secondary Education, Higher Education, Home, Sports and Youth Welfare, Panchayati Raj, Minority Welfare and Technical Education.

Government or the PSU shall deduct or cause to be deducted the Cess payable at the notified rates from the bills paid for such works. Section 8 of the Act specifies that if the employer fails to pay the Cess, he will be liable to pay interest on the amount to be paid at the rate of two *per cent* for every month or part of the month from the date on which such amount is due till such amount is actually paid.

The aforesaid Act and Rules were made applicable (February 2009[58]) in the State of Uttar Pradesh by notifying (February 2009) the Uttar Pradesh Building and Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2009 by the State Government. The State Government also constituted (November 2009[59]) the Uttar Pradesh Building and Other Construction Workers' Welfare Board (Welfare Board). The State Government also clarified (February 2010[60]) that the amount of Cess shall be deducted from the bills and deposited with the Welfare Board in the same manner and spirit as is done in case of income tax deducted at source.

There are two methods by which the Company executes construction works:

- By engaging sub-contractors.
- Without engaging contractors i.e. by procuring necessary material and engaging necessary labour itself.

In both conditions it was the responsibility of the Company to deposit the cess with the Welfare Board and deduct the same from the bills of contractors wherever applicable.

The Company did not deposit labour cess of ` 9.34 crore with the Welfare Board in violation of the 'Building and Other Construction Workers' Welfare Cess Act, 1996'.

We noticed that the Company incurred an expenditure of ` 934.13 crore (` 425.83 crore departmentally and ` 508.30 crore through sub-contractors) on construction work during the period April 2009 to December 2012 but did not deposit Cess of ` 9.34 crore (` 4.26 crore on departmentally executed works and ` 5.08 crore on works executed through sub-contractors). The failure of the Company to deposit the amount of Cess resulted in non-compliance with the provisions of the Act and consequently non-augmentation of the resources of the Welfare Board. Besides, the Company also became liable for paying interest and penalty on the defaulted amount.

The Management stated (September 2013) that in case of old works, provision for labour cess was not made in the estimates hence, Cess could not be deposited. It further stated that at present, provision for Cess is being made and Cess is being deposited in all works.

The reply of the Management is not acceptable as the Company was required to ensure compliance of the Act since February 2009.

Internal Control and Internal Audit

2.38 Internal control is a process designed to provide reasonable assurance for efficiency of operations, reliability of financial reporting and compliance of applicable rules and regulations for achieving the objectives in an efficient and effective manner.

Improper maintenance of basic records

2.39 Financial Hand Book (Para 434) and the Manual (Para 492) provide that payments for all works done which are susceptible of measurement and for all

[58] Notification No. 143/36-2-2009-251 (, l ,e)/95 dated 4 February 2009.
[59] Notification No. 1411/36-2-2009-251(, l ,e)/95 dated 20 November 2009.
[60] Order No. – 392/36-2/2010 dated 26 February 2010.

supplies, should be made on the basis of measurements recorded in Measurement Books (MBs).

Further, the Manual (Para 161) stipulates that Material Consumption Statement (MCS) for all works in a unit shall be prepared by the unit in-charge at the completion of work and at the end of every financial year.

The Company did not maintain index of MBs and did not prepare Material Consumption Statement after completion of work.

We noticed that the Company recorded measurements of one work in several MBs without maintaining index of MBs[61]. Further, Work Registers[62] (containing details of receipts and expenditure of funds of individual works) were not maintained. Thus, due to recording of measurements of a single work in MBs ranging from nine to 21 and in the absence of any summary made by the Units mentioning MB numbers and page numbers of MBs where measurement relating to a particular work was recorded, exhaustive examination of works executed *vis-à-vis* their estimates could not be done in Audit. Moreover, due to above, the following essential components of internal control mechanism were not effectively enforced by the Company:

- Total quantity of actual work executed could not be compared with the bill of quantity provided in the estimates.
- Material Consumption Statement after the completion of work and at the end of the year as required in the Manual[63] could not be prepared by the Company. Therefore, the total consumption of material in a work could not be compared with theoretical consumption worked out in the estimates.
- Instances of double payment cannot be easily detected.
- Manipulation in MBs may be possible in view of deficiency in maintaining MBs.

We noticed that only Unit-4, Agra in works of Community Health Centre, Ankola, Community Health Centre, Bichpuri, Office of Additional Director Health, Agra and District Female Hospital had maintained separate MBs[64] for recording of measurement of works.

The Management stated (September 2013) that instructions have now been issued to Units to maintain separate MBs for big works and mention therein the details of materials consumed after completion of work.

2.40 We noticed that the internal control mechanism prevalent in the Company was inadequate and ineffective which resulted in the following losses to the Company:

- Excess payment to sub-contractors due to allowing higher rates than the rates of UPPWD SOR of the concerned districts.

(Para 2.17)

- Irregular release of advances to sub-contractors and non-recovery thereof.

(Para 2.19)

- Non-payment of royalty on materials used in construction leading to loss to State exchequer.

(Para 2.24)

- Expenditure out of centage on execution of works.

(Para 2.32)

- Excess expenditure over funds received from the clients resulting in creation of bad-debts and their write-off.

(Para 2.33)

[61] As required in Para 435 (g) of Financial Hand Book Volume-VI.
[62] As required in Para 511 and 512 of Financial Hand Book Volume VI.
[63] Para 160, 166, 169.
[64] MB No. - 6634 for measurements and MB No. - 6628 for payment of work.

Internal audit

2.41 The Company does not have its own internal audit wing and has outsourced the work of internal audit to firms of Chartered Accountants. We noticed that the internal audit was conducted only up to 2010-11 and was in arrear since then. The internal audit reports were of routine nature and no major irregularity was reported by the internal auditors.

Conclusion

Though, the Company was set-up with the main objective to carry on the business as general and Government contractors, to submit tenders for works and undertake construction work of every nature, our review of the performance of the Company revealed that the Company was entirely dependent on deposit works directly awarded by various Government Departments and did not participate in tenders to obtain works. During the period reviewed by us, only eight *per cent* of the completed works were executed directly through its own staff, whereas remaining 92 *per cent* were got executed through sub-contractors.

Deficiencies in the execution of works were noticed relating to irregular grant of technical sanction, by-passing prescribed procedure, incorrect preparation of estimates and excess payment to sub-contractors. The Company released interest free advances to sub-contractors without adjustment of previous advances or obtaining bank guarantees. The actual manpower was much in excess of the sanctioned strength. Cement was procured from local suppliers on higher rates instead of entering into Rate Contract. The financial management was also found to be deficient as expenditure on works incurred was in excess of the fund received in number of cases. The surplus available funds were not judiciously invested. Work registers containing details of receipt/expenditure of funds of individual works were not maintained. The Company failed to deposit labour cess regularly and made itself liable for payment of penalty. Internal controls relating to financial management, execution of works and procurement of materials were also found to be deficient.

Recommendations

- **The Company should strictly adhere to the prescribed procedures for execution of works, engagement of architects and payment of architect fee;**
- **Advances to sub-contractors should be made as per laid down procedure;**
- **The financial management needs to be streamlined to ensure that expenditure incurred on works does not exceed the funds received/sanctioned cost and also to invest its surplus funds judiciously in order to maximise the yield; and**
- **The Company should strengthen its internal control mechanisms relating to financial management, execution of works, procurement of materials and maintenance of necessary control records.**

CHAPTER–III

3. Transaction Audit Observations

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

Government companies

Uttar Pradesh Rajkiya Nirman Nigam Limited

3.1 Injudicious management of surplus funds

Due to not availing auto sweep facility with current accounts, not investing unutilised funds in Fixed Deposits at higher interest rates and obtaining Performance Bank Guarantee against pledge of current account, the Company suffered a loss of interest of ` 31.27 crore.

Uttar Pradesh Rajkiya Nirman Nigam Limited (Company) executes construction works of various Government Departments on deposit work basis. For execution of deposit works, the Government provides funds to the Company in advance. The Company generally has huge unutilised funds received for execution of deposit works. These unutilised funds are kept in bank accounts either at Headquarters or at the Units.

An efficient and effective fund management system ensures adequate liquidity to meet expenses and enables investment of surplus funds in appropriate instruments to optimise interest income.

We examined the management of unutilised/ surplus funds by the Company during the period April 2009 to March 2013 and noticed various deficiencies as discussed in the succeeding paragraphs:

3.1.1 Non availing of auto sweep facility in current accounts

Banks do not provide interest on current accounts. Banks, however, provide auto sweep facility to their customers, on their request, to enable automatic investment of surplus funds lying in current accounts into term deposits. It also allows automatic encashment of term deposits when funds are required to meet an impending expenditure. Interest at the rate of 2.75 *per cent* per annum is provided on the amount transferred to term deposits from current account. The threshold limit for transfer to term deposits from current account is ` two lakh and an average quarterly balance of ` two lakh is to be maintained in the current account.

We noticed that the Company did not avail auto sweep facility being provided by banks on 29 current bank accounts which resulted in loss of interest to the extent of ` 26.71 crore.

3.1.2 Investment of funds in Fixed Deposits at lower rates

As per common financial prudence, the Company should formulate a policy and establish a system regarding investment of surplus funds to ensure maximum returns on short term deposits with banks.

We noticed that the Company has not formulated any policy for investment of surplus funds. The Company invested its surplus funds arbitrarily without ensuring maximum returns which resulted in loss amounting to ` 1.16 crore as discussed below:

- The Company invested an amount of ` 231.46 crore in 23 fixed deposits, in various banks, at its Headquarters at Lucknow during the period March 2010 to June 2012 at interest rates which were lower than the interest rates being earned by it on other Fixed Deposits made on the same/ previous day. Investment in Fixed Deposits at lower interest rates resulted in loss of interest of ` 62.94 lakh.
- The Company invested an amount of ` 68.96 crore for one year in five Fixed Deposits in two[1] banks on 16 March 2011 and 17 March 2011 at an interest rate of 9.25 *per cent* per annum and 9.5 *per cent* per annum respectively. We observed that the Company had received (11 March 2011) an offer of interest rate of 10.15 *per cent* per annum from Allahabad Bank, Hussainganj branch for Fixed Deposits of ` 10 crore and above. The Company despite having knowledge of higher interest rates during the period, did not invite offers of interest rates on Fixed Deposits from other banks including Allahabad Bank. Thus, due to investment at lower interest rate, the Company suffered loss of interest of ` 52.56 lakh**.**

3.1.3. Bank Guarantee on imprudent terms

In respect of tender works being executed by the Company, the terms and conditions of contract agreements require it to furnish Performance Bank Guarantee to its clients for fulfillment of its obligation under the contract. The Company generally obtains these Bank Guarantees from banks against pledge of Fixed Deposit Receipts (FDRs) so as to earn interest on the amount locked during the period of guarantee.

The Company, in respect of Hospital works of Employees State Insurance Corporation (ESIC), provided three Bank Guarantees (13 August 2009) of total value of ` 21.96 crore for the period effective up to 12 January 2011, which was later extended up to 12 January 2012, from Bank of India, Nirala Nagar Branch, Lucknow, against pledge of equivalent amount in current account of the Company. Instead of first investing the required funds from current account as Fixed Deposits and then pledging the same Fixed Deposit Receipts against the Bank Guarantees, the pledge of ` 21.96 crore in the current account led to the Company’s funds of that amount being locked for the period 13 August 2009 to 12 January 2012 without earning interest. As a result, the Company did not earn interest of ` 3.40 crore[2] on the blocked amount.

The matter was reported to the Management and Government (October 2013); their replies have not been received (December 2013).

3.2 Imprudent release of mobilisation advance to sub-contractors

The Company extended undue advantage to sub-contractors by releasing interest-free mobilisation advance of ` 138.01 crore, without ensuring availability of land/requisite approvals, which were pre-requisites to start the work.

Uttar Pradesh Rajkiya Nirman Nigam Limited (Company) was awarded five works[3] by the Employees State Insurance Corporation (ESIC) on cost *plus* centage basis which were sub-contracted by the Company on back-to-back basis to various sub-contractors by inviting tenders.

[1] Oriental Bank of Commerce - ` 30.96 crore and Punjab National Bank - ` 38.00 crore.
[2] Calculated at a quarterly compounding interest rate of 6 *per cent* per annum being the prevalent interest rate on short term deposits.
[3] Examined in Audit.

The terms and conditions of agreements entered into by the Company with ESIC provided that 10 *per cent* of the contract price shall be paid as interest free mobilisation advance by ESIC to the Company after signing of the contract agreement and production of bank guarantee. Similar provision was also incorporated in the agreements entered into by the Company with the sub-contractors for providing interest free mobilisation of advance to the sub-contractors by the Company.

The Letter of Intent (LoI) issued by the ESIC to the Company provided that necessary permission from the concerned Government authorities[4] were to be obtained[5] before undertaking the work. However, no corresponding clause, restricting the release of mobilisation advance till the necessary clearance/approval from local bodies was made in the agreement either by the ESIC or by the Company.

Since the start of the various works was dependent upon other factors viz. availability of land and obtaining necessary approvals/clearances from the concerned Government Authorities, the Company should have, as per normal financial prudence, released the mobilisation advance only after ensuring that the concerned issues have been addressed and it was possible to start the work immediately after release of mobilisation advance or in the foreseeable future.

The details of mobilisation advances released to the sub-contractors, dates of clearances of site/approvals of local bodies and actual start of works are given below:

Table No. 3.1

(` in crore)

Sl. No.	Name of the work	Name of the sub-contractor	Date of agreement with sub-contractor	Date on which MA[6] released to sub-contractor	Amount of MA[6] released to sub-contractor	Date of clearance of site/approval of Local Bodies (Delay in months)	Date of start of work	Duration between MA[6] released and start of work
1.	300 bedded hospital at Kandivali, Mumbai	KCP Projects Limited, Hyderabad	March 2009	March 2009	13.00	February 2010 (11 months)	February 2010	11 months
2.	Staff quarters at Andheri, Mumbai	KCP Projects Limited, Hyderabad	March 2010	April 2010	11.20	Not yet obtained (45 months up to December 2013)	Not yet started	Not yet started
3.	ESI Medical College as well as staff housing at Basaidarapur, New Delhi	NKG Infrastructure Limited, Ghaziabad	January 2010	February 2010 to January 2011	58.87	December 2011 (23 months)	March 2012	14 to 25 months
4.	ESI Medical College at Sanath Nagar, Hyderabad	Vijay Nirman Company Private Limited, Hyderabad	December 2009	February 2010 to September 2010	38.94	December 2010 (12 months)	December 2010	3 to 10 months
5.	ESI Dental College at Nacharam, Hyderabad	Kanakdhara Ventures Private Limited	October 2009	February 2010 to June 2010	16.00	December 2010 (14 months)	December 2010	6 to 10 months
Total					**138.01**			

It is evident from the above that there were considerable delays ranging between 11 and 23 months in demolition of existing building/obtaining the

4 Municipal Corporation of Greater Mumbai/Maharastra Housing and Area Development Authority, Municipal Corporation of Delhi and Greater Hyderabad Municipal Corporation.

5 By the ESIC.

6 MA-Mobilisation Advance.

requisite approvals/clearances from the authorities. In one case[7], it could not be obtained so far (December 2013) despite lapse of about 45 months from the date of agreement with sub-contractor.

The Company, despite being aware of the fact that immediate start of these works was not possible, obtained complete mobilisation advance (` 150.85 crore) from ESIC and released (` 138.01 crore) the same to the sub-contractors after execution of agreements with them. The release of mobilisation advance in the beginning, without obtaining necessary approvals/ clearances, was unwarranted because as per the LoI, the works were to be started only after obtaining the necessary approvals/clearances. Moreover, as there was a long delay between release of mobilisation advance and start of work, the very purpose of mobilisation advance was not fulfilled. This also resulted in undue advantage to the sub-contractors in the shape of readily available funds to that extent.

The Management stated (June 2013 and November 2013) that:

- The work of 300 Bedded Hospital at Mumbai was started in February 2009 on the open spaces available in the campus of the existing building. An undertaking has been obtained from the sub-contractor that the mobilisation advance was not kept in bank and was utilised towards mobilisation of plant and machinery, labour and material within one month of possession of the site.
- Against mobilisation advance of ` 11.20 crore released to the sub-contractor for construction of Staff Quarters at Mumbai, it had incurred expenditure of ` 16.84 crore on deployment of plant and machinery, men and material at the site but in the meantime the work was stopped by the local authorities as the plan, drawing and design of the building submitted by the architect of ESIC was not approved due to introduction of new rules and laws.
- The construction plan of building in case of ESI Medical College as well as staff housing at New Delhi had been submitted by the architects/consultants of ESIC with the Municipal Corporation of Delhi (MCD) for approval and in anticipation of the approvals, the sub-contractor was directed, to start the work. Accordingly the sub-contractor started the work in February 2010 by deploying their plant and machinery, men and material at the site. MCD got the work stopped in March 2010 which could be restarted after the approval of MCD in December 2011.
- The drawings of ESI Medical College and ESI Dental College at Hyderabad were submitted to the Greater Hyderabad Municipal Corporation (GHMC) by the consultants of ESIC and the sub-contractors deployed their plant and machinery, men and material at site and started the construction work in February 2010 in anticipation of approval of drawings.

The response of the Management confirms that release of mobilisation advance to the sub-contractors without obtaining necessary approvals/clearances, was unwarranted because as per the LoI, the works were to be started only after obtaining the necessary approvals/clearances. Moreover, as there was a long delay of three to 25 months between release of mobilisation advance and start of work, the very purpose of mobilisation advance was not fulfilled. In the case of the work of Staff Quarters at

[7] Staff Quarters at Andheri, Mumbai.

Mumbai, the entire amount of advance of ` 11.20 crore still remains blocked. Moreover, as the Management did not furnish documents in support of utilisation of mobilisation advance despite being called for by Audit, the claim of Management that the mobilisation advance was actually utilised by the sub-contractors could not be substantiated.

The matter was reported to the Government in May 2013, August 2013 and November 2013; the reply has not been received (December 2013).

3.3 Systemic deficiencies in disposal of surplus earth

The Company incurred an avoidable expenditure of ` 91.70 lakh on disposal of surplus earth instead of making arrangement for sale/lifting of earth prior to starting the excavation work.

Uttar Pradesh Rajkiya Nirman Nigam Limited (Company) was assigned (March 2008 and May 2009) by the State Government (Medical Education Department) the work of construction of Teaching block and Shatabdi Hospital (Phase – II) at Chatrapati Shahuji Maharaj Medical University (CSJMMU) at a sanctioned cost of ` 33.27 crore and ` 139.35 crore respectively. The Company awarded (August 2008 and June 2009) the aforesaid works to M/s Sewa Developers Private Limited, Lucknow and M/s IVRCL Infrastructures and Projects Limited, Hyderabad respectively for back to back execution[8]. In execution of the aforesaid construction works, earth was to be excavated for making trenches for foundation and for laying pipes, cables etc. After completion of construction of foundation and laying of pipes, cables etc., some quantity of earth was required to be back-filled and the remaining surplus earth was to be disposed off.

The earth is a saleable commodity as it is often purchased by the executing agencies for filling at sites. Moreover, the rate of earth is fixed in Collector's circle rate list also. Though the Company was aware, since the beginning, of the fact that disposal of earth shall be required in due course of execution of the works, it failed to make efforts to realise the sale of surplus earth on the spot. The Company disposed off 62,942.62 cu.m.[9] surplus earth against estimated quantity of 62,368.35 cu.m.[10] earth, in execution of the aforesaid works after incurring an expenditure of ` 91.70 lakh[11]. The surplus earth, being a saleable commodity should have been sold on the spot after deposit of due royalty. The sale of this surplus earth on spot would have served a two-fold purpose i.e. it would have eliminated the need for incurring disposal costs and would have fetched revenue[12]. Thus, due to this systemic deficiency, the Company incurred an avoidable expenditure of ` 91.70 lakh on disposal of surplus earth.

The Management stated (August 2013) that the excavated earth could not be stored at the site as it would have hindered the free passage of the patients and local traffic within the campus. Besides, other building materials also required space and non-disposal of earth immediately would have caused obstruction

---

[8] Back to Back execution refers to sub-letting of the whole work to a sub-contractor.

[9] Teaching Block – 15,541.97 cu.m. and Shatabdi Hospital (Phase-II) – 47,400.65 cu.m.

[10] Teaching Block – 14,963.76 cu.m. and Shatabdi Hospital (Phase-II) – 47,404.59 cu.m.

[11] Teaching Block – ` 17.94 lakh (15,541.97 cu.m. x ` 115.42) and Shatabdi Hospital (Phase-II)- ` 73.76 lakh (47,400.65 cu.m. x ` 155.61).

[12] Revenue of ` 28.32 lakh for 62,942.62 cu.m of disposed earth at the rate of ` 45.00 per cu.m being the rate of sale/purchase of earth prescribed in the circle rate list issued by the District Magistrate for the year 2010-11.

in the construction work. Considering these practical problems, the surplus earth was disposed off.

The reply appears to be afterthought in view of the fact that, the Company knew in advance that disposal of surplus earth shall be required in due course but did not make timely arrangement for sale/free lifting of earth prior to starting the excavation work. Moreover, the Company paid royalty of ` 5.66 lakh on excavation of earth only after it was pointed out by Audit.

The matter was reported to the Government in June 2013; the reply has not been received (December 2013).

3.4 Avoidable extra expenditure

The Company incurred extra expenditure of ` 54.42 lakh on purchase of transformers and ` 35.00 lakh on construction of 33/11 kV sub-station building due to non-adherence to the canons of financial propriety.

The Government of Uttar Pradesh (Medical Education Department) awarded (September 2009) the work of construction of 33/11 kV sub-station at Dr. Ram Manohar Lohia Institute of Medical Sciences, Lucknow to Uttar Pradesh Rajkiya Nirman Nigam Limited (Company). The Company, in turn, sub-contracted (March 2010) the work to two contractors as detailed below:

Table No. 3.2

(` in lakh)

Sl. No.	Name of the contractor	Name of the work	Amount
1.	Anupam Power Products, Lucknow **(Supplier)**	Supply of transformers and other equipments	318.72[13]
2.	Eagle Enterprises, Lucknow **(Contractor)**	Erection of sub-station	194.30
	Total		**513.02**

We noticed (November 2012) the following lapses in the award of rates in these contracts:

A. Supply of Equipments:

The supply order placed with the Supplier included supply of two sets of 33/11 kV, 10 MVA transformers[14], which formed 53 *per cent* of the total value of the supplies, at FOR cost of ` 95.45 lakh[15] each (inclusive of VAT). We compared the rates awarded to the Supplier with the rates at which the Supplier purchased the same from the manufacturer i.e. Areva T&D India Limited and also with the cost[16] of transformers of the same specifications purchased by Uttar Pradesh Power Corporation Limited (UPPCL) which has domain expertise in the field. We observed from copy of the invoice of Areva T&D India Limited and issue rates of UPPCL that:

- The landed cost of each transformer to the Supplier was ` 59.34 lakh[17] (including VAT).
- The cost of each transformer purchased by UPPCL was ` 56.68 lakh.

Comparing the cost to the Company i.e. ` 95.45 lakh with the purchase cost of the same set of transformers to the Supplier i.e. ` 59.34 lakh, we noticed that

13 Excluding VAT.
14 As per IS:2026.
15 ` 84.10 lakh excluding VAT.
16 Issue rate of 10 MVA transformer fixed by the UPPCL.
17 Invoice price of Areva T&D India Limited - ` 58.84 lakh *plus* ` 0.50 lakh being freight.

the Supplier had quoted and received profit of ` 36.11 lakh for each transformer which was 61 *per cent*.

It is clear that the Company did not conduct any due diligence like market survey or consultation with the UPPCL, which is a regular buyer of the transformers, with the domain expertise on this subject, for the main components of the total supply order, in order to examine the reasonability of the rates quoted by the Supplier before award of supply order to them. This resulted in avoidable extra expenditure of ` 54.42 lakh[18].

The Management stated (July 2013) that:

- works were awarded to the Supplier on the basis of lowest rates obtained after inviting tenders from reputed firms.
- rates of transformers were obtained as a constituent of the whole lot and not as an individual item which resulted in lower rates for some items and higher rates for others.

We do not accept the reply as the Company did not ensure the reasonableness of the rates quoted by the Supplier by obtaining the procurement rates of similar transformers from UPPCL which is a regular buyer.

B. Civil work of sub-station

UPPCL in its cost schedule[19] has prescribed a standard cost of ` 33.06 lakh for construction of 33/11 kV sub-station building. It was, however, observed that the work order placed by the Company with the Contractor included construction of 33/11 kV sub-station building for housing of 33 kV, 11kV/LT panels etc., as per standard designs of UPPCL at a cost of ` 70.00 lakh. The amount sanctioned by the Expenditure Finance Committee (EFC) for the aforesaid work was ` 35.00 lakh. Thus, the work of construction of sub-station building was awarded at twice the sanctioned as well as standard cost. Although the construction was to be as per standard designs of UPPCL, the Company did not obtain the prevalent cost for the same from UPPCL in order to know the genuineness of the rates quoted by the Contractor before award of the work order to them. This resulted in avoidable expenditure of ` 35.00 lakh.

The Management stated (July 2013) that the:

- works were awarded to the Contractor on the basis of lowest rates obtained after inviting tenders from reputed firms.
- rate of ` 70.00 lakh for construction of sub-station building was finalised as earth filling in large quantities was required at the site. Besides, an approach road was also to be constructed.
- rate for sub-station building was approved by the EFC in the year 2008 while the tenders were invited in the year 2010 which warranted adequate price variation as well.

We do not accept the reply as:

- the Company has not recorded the fact of requirement of extra work i.e. earth filling and construction of approach road in the work order and not calculated the extra cost involved for the same.

---

18 2 x [` 95.45 lakh – (` 59.34 lakh + 15 *per cent* contractors' profit as per Delhi Schedule of Rates)] = ` 54.42 lakh.

19 Cost Schedule (effective from 1 April 2010) is a Schedule of Rates prepared by the Rural Electrification and Second System Planning Organisation (RESSPO) on the basis of current rates to be used for formulation of schemes/projects.

- The Company did not obtain the approval of the EFC for the enhanced cost (` 70.00 lakh) of sub-station building.
- The point of cost escalation is not valid as the rate of ` 35.00 lakh approved by the EFC in January 2009 was already higher than the rate of ` 33.06 lakh of UPPCL of April 2010.

Thus, the Company did not adhere to the canons of financial propriety and allowed excessive rates in procurement of transformers and construction of sub-station building which resulted in avoidable expenditure of ` 89.42 lakh.

The matter was reported to the Government in June 2013; the reply has not been received (December 2013).

3.5 Extra expenditure on architects' fee

The Company paid architects' fee at higher rates for the repetitive work of drawings and designs of Government Polytechnics, resulting in extra expenditure of ` 50.20 lakh.

Uttar Pradesh Rajkiya Nirman Nigam Limited (Company) executes works of various departments of the Government of Uttar Pradesh (GoUP) on deposit basis i.e. actual cost *plus* centage at the prescribed rate thereon. The GoUP issued (February 1997) orders which provides for centage at the rate of 12.5 *per cent* which includes 1.5 *per cent* towards architect's fee. Although the Company has its own architectural wing, it also appoints external architects in some cases.

We noticed that the Company had not formulated any policy for appointment of external architects and therefore external architects were appointed on case to case basis by the Company's internal High Level Committee (HLC) after approval of the Managing Director (MD). In one such case[20] the HLC and the MD directed (February 2005) that in case of repetitive work, fee to the architect should be paid at the rate of 0.25 *per cent* of project cost. Further, the Central Vigilance Commission's (CVC) guideline[21] regarding appointment of consultants also *inter-alia* provides that the consultants should not be paid same standard fee for repetitive type of work. Besides, in a meeting held in June 2010 under the chairmanship of the Principal Secretary, Public Works Department to formulate a policy to obtain the services of private architects, it was proposed that if standardised drawings are to be used at various places, fee shall be paid at the rate of 20 *per cent* of total fee[22].

Thus, in cases where a standardised set of drawings, designs and estimates are prepared for one work and the same set is used for all the remaining works, the external architect should be paid at the full rate for one work only and for all remaining works, fee should be paid at a reduced rate in view of the reduced scope of services to be rendered by the architect.

The Company was awarded (February/March 2010) the work of construction of eight[23] Government Polytechnics by the Technical Education Department, Government of Uttar Pradesh at a sanctioned cost of ` 6.45 crore each (including centage). The Company engaged (April 2010) an architect[24] for providing consultancy services in respect of architectural works, structural

[20] Construction of residences for employees of Secretariat of Uttarakhand at Kedarpuram, Dehradun.
[21] Office Memorandum No. OFF 1 CTE 1 dated 25 November 2002.
[22] Which works out to 0.3 *per cent* (1.5 x 20 *per cent*).
[23] Varanasi, Chandauli, Bhadohi, Azamgarh, Ghazipur, Ballia, Sonbhadra and Mirzapur.
[24] Rajiva Kumar & Associates.

engineering works and preparation of estimates at a fee of 1.5 *per cent* of the cost of each project (excluding centage from the cost of project for calculating architect fee).

In this regard we noticed the following:

- Selection of the architect was arbitrary and non-transparent as no bidding process was followed contrary to the CVC guidelines which provide that selection of consultants should be made in a transparent manner through competitive bidding.
- Since the architectural works of all Polytechnics were uniform and repetitive in nature, in view of standardised drawings and designs of the Polytechnics, the architect was required to be paid fee at the rate of 1.5 *per cent* for one Polytechnic and at the rate of 0.25 *per cent* for remaining seven Polytechnics.

The Management stated (September 2013) that the Polytechnics were constructed at different geological areas with different sites and soil conditions, hence, the structure of designs of foundation and super structure were different. Besides, the designs of drainage systems, water supply and sanitary systems, site development, external electrification arrangement, street light etc. were also different for each site.

The reply is not acceptable as:

- It was noticed that the drawings and designs of all Polytechnics were similar.
- Another PSU[25] executing the same work viz., construction of Polytechnics at other places of the State, paid fee at full rate for one Polytechnic and at reduced rates for the remaining polytechnics to the same architect. Further, the Company itself had paid fee at reduced rate for repetitive works in other cases[26].

Thus, due to appointment of architect on irregular payment terms, the Company incurred an extra expenditure of ` 50.20 lakh[27].

The matter was reported to the Government in May 2013; the reply has not been received (December 2013).

Purvanchal Vidyut Vitran Nigam Limited

3.6 Loss of interest due to delay in raising of bills

The Company suffered loss of interest of ` 11.30 crore due to delay in raising bill for energy supplied during peak hours to Hindalco as per provisions specified in CNCE Regulations, 2009.

The sale of electricity from Captive Power Generation Plants to Electricity Distribution Licensees in the State of Uttar Pradesh is governed by CNCE[28] Regulations 2005[29] and 2009[30] issued by Uttar Pradesh Electricity Regulatory

[25] Uttar Pradesh Avam Evam Vikas Parishad.

[26] Residences for employees of Secretariat of Uttarakhand at Kedarpuram, Dehradun and 100 beded maternity wing in various districts of Uttar Pradesh.

[27] (` 573.71 lakh being cost of one polytechnic excluding centage x 8 x 1.5 *per cent*) – [(` 573.71 lakh x 1.5 *per cent*) + (` 573.71 lakh x 7 x 0.25 *per cent*)] = ` 68.85 lakh – ` 18.65 lakh = ` 50.20 lakh.

[28] Captive and Non-Conventional Energy Generating Plants.

[29] Uttar Pradesh Electricity Regulatory Commission (UPERC) (Terms and Conditions for Supply of Power and fixation of Tariff for sale of power from Captive Generating Plants, Co-generation, Renewable Sources of Energy and Other Non-Conventional Sources of Energy based Plants to a Distribution Licensee) Regulations, 2005 applicable from 28 July 2005.

[30] UPERC (Captive and Non-Conventional Energy Generating Plants) Regulations, 2009 (CNCE Regulations, 2009) applicable from 1 October 2009.

Commission (UPERC). 'Banking of Power' is the process under which a Generating Plant supplies power to the grid not with the intention of selling it to either a third party or to the Licensee, but with the intention of exercising its eligibility to draw back this power from the grid.

The Uttar Pradesh Power Corporation Limited (UPPCL) on behalf of Purvanchal Vidyut Vitran Nigam Limited (Company) entered into an agreement (effective from 1 April 2009) with Hindalco Industries Limited (Hindalco) for supply of electric energy to Hindalco as well as for purchase of electric energy from the Power System of Hindalco for a period of five years. The rates, terms and conditions of the agreement were governed by the new policy (CNCE Regulations, 2009) for purchase of power from Captive Power Plants (CPP) as approved by UPERC. The other important provisions of the agreement were as follows:

- As per clause 22, Hindalco will supply to UPPCL, electric power up to 60,000 kW, through "Power System of Hindalco". Out of the total energy supplied by Hindalco, 75 *per cent* of energy will be treated as Banked Energy and balance *25 per cent* energy will be treated as energy sold by Hindalco to UPPCL.
- As per clause 10, Hindalco shall pay to UPPCL, for supply of electrical energy from UPPCL to Hindalco under this agreement, after adjustment of Banked Energy.

We noticed[31] (December 2012) the following shortcomings in the billing to Hindalco by the Company:

- Energy drawn by Hindalco during peak hours (17:00 hours to 22:00 hours) was not ascertained by the Company although Time of Day (TOD) meter for recording energy consumption was installed.
- The Company supplied 36,16,41,502 kVAh of energy to Hindalco between April 2009 to March 2013, which was entirely adjusted against Banked Energy.
- Out of above, 7,53,41,980[32] kVAh of energy was supplied to Hindalco during peak hours. As per clause 39 (B) of the CNCE Regulations 2009, energy supplied during peak hours was not to be adjusted from the banked energy and was to be treated as sale of energy by the Company to Hindalco. In contravention of above provision, no bills were raised by the Company and adjustment of energy drawn during peak hours, against the Banked Energy was wrongly permitted. The value of such energy not billed is ` 32.69 crore as detailed in **Annexure-14.**

Due to non-adherence to the provisions of CNCE Regulations, 2009, the Company did not raise the bills to Hindalco for energy supplied during peak hours resulting in non-billing of ` 32.69 crore for the period April 2009 to March 2013 and suffered consequential loss of interest of ` 11.30 crore[33] up to

[31] During audit of Electricity Distribution Division, Pipri.

[32] In absence of reading of peak hours, the supply in peak hours has been worked out on the basis of proportion of peak hours i.e. five hours to total hours i.e. 24 in Column 5 of **Annexure-14**. The year-wise peak hours supply was: 2,39,60,313 kVAh (2009-10); 1,69,61,597 kVAh (2010-11); 1,56,14,306 kVAh (2011-12) and 1,88,05,764 kVAh (2012-13).

[33] Calculated at the rate of 1.25 *per cent* per month being the rate of late payment surcharge levied by the Company on delayed payment of bills by the consumers.

August 2013 **(Annexure-14)**. After we pointed this out (May 2013), the Company raised (September 2013) bills for peak hour charges to Hindalco. The recovery was, however, still to be made (December 2013).

Thus, due to delay in raising of bills for energy supplied during peak hours, the Company has suffered a loss of interest of ` 11.30 crore.

We recommend that the Management review the billing of energy supplied during peak hours between April 2005 to March 2009 as the CNCE Regulations, 2005 also had similar provisions.

The matter was reported to the Government in May 2013; the reply has not been received (December 2013).

3.7 Loss of interest due to incorrect billing of demand charges

The Company suffered a loss of interest of ` 9.05 crore due to incorrect billing of demand charges.

Uttar Pradesh Power Corporation Limited (UPPCL) on behalf of Purvanchal Vidyut Vitran Nigam Limited (Company), entered into an agreement (March 2007) with Divisional Railway Manager, North Central Railway, Allahabad (Consumer) for supply of Power to Railways for Electric Traction between Mugalsarai-Kanpur Section.

As per Para 8 of the Agreement, if the total simultaneous maximum demand[34] created on all the supply points exceeds the contracted load, penalty as provided in the tariff order issued by UPERC and as amended from time to time, shall be levied.

The connection to Railway Traction comes under HV- 3[35] category consumers and demand charges are charged as per Rates[36] applicable from time to time. We examined the bills raised on the consumer for the period from April 2007 to January 2011 (46 months) and found the following shortcomings:

- **Billable Demand**: As per the provisions of the Rate Schedule[37], the billed demand during a month shall be the actual maximum demand as indicated by the TVM/TOD[38] meter or 75 *per cent* of the contracted load, whichever is higher. In contravention to the above provision, the Company, without considering the actual maximum demand as indicated by the TVM/TOD meter, raised monthly bills for the contracted load between the period April 2007 to May 2010 and for 75 *per cent* of contracted load between June 2010 to January 2011 at both types of supply voltage i.e. 25 kV an 132 kV. This incorrect billing for 46 months, resulted in a net short billing of ` 8.36 crore **(Annexure – 15)** at both types of supply.
- **Charges for exceeding Contracted Load**: As per the provisions of the Rate Schedule, if the actual maximum demand in any month of a consumer

[34] As per Para 11 of the Agreement, the measured demand of 25 kV supply points and 132 kV supply points shall be added separately to calculate the simultaneous maximum demand at 25 kV and 132 kV supply points for billing purposes, at any point of time during the month (billing cycle).

[35] HV-3 is category defined in the rate schedule which pertains to Railway Traction only.

[36] The rates of demand charges were:
(i) For supply below 132 kV: ` 170 per kVA from April 2007 to October 2007, ` 180 per kVA from November 2007 to March 2008 and ` 200 per kVA thereafter.
(ii) For supply at and above132 kV: ` 165 per kVA from April 2007 to July 2007, ` 160 per kVA from August 2007 to October 2007, ` 170 per kVA from November 2007 to March 2008 and ` 180 per kVA thereafter.

[37] Issued by Uttar Pradesh Electricity Regulatory Commission in tariff order for 2007-08 and 2008-09.

[38] TVM – Tri-Vector Meter and TOD – Time of Day Meter.

having TVM/TOD meters exceed the contracted load, such excess demand will be charged additionally as follows:

- At normal rates if such excess demand does not exceed 10 *per cent* of the contracted load;
- At twice the normal rates if such excess demand exceeds the contracted load by more than 10 *per cent.*

We further noticed that though the actual demand exceeded the contracted load by 415 kVA to 23,417 kVA in 36 months out of 46 months (April 2007 to January 2011), the Company raised the bills for excess demand charges only in one month i.e. April 2007. The chargeable excess demand was of 3,13,058 kVA, which resulted in short billing of 'excess demand charges' by ` 7.90 crore **(Annexure – 16)**.

Due to non-adherence to the provisions of the Rate Schedule, Company made short billing of demand charges of ` 16.26 crore for the period April 2007 to January 2011 to the Consumer and suffered consequential loss of interest of ` 9.05 crore[39] (up to August 2013). After we pointed this out (May 2013), the Company raised (September 2013 and October 2013) the bills for additional demand charges for the period April 2007 to January 2011. The recovery is, however, still awaited (December 2013).

Thus, due to incorrect billing of demand charges, the Company has suffered a loss of interest of ` 9.05 crore.

The matter was reported to the Government in May 2013, the reply has not been received (December 2013).

Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited

3.8 Avoidable expenditure on purchase of Hi-Chrome Liners

The Company incurred avoidable expenditure of ` 2.05 crore due to purchase of Hi-Chrome Liners at higher rates.

Anpara 'B' Thermal Power station (BTPS) of Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (Company), after due administrative approval, invited (February 2009) a tender for procurement of 15 set of Hi-Chrome Liners[40] for its 16 Ball Mills[41] with the condition that the tenderer must be an Original Equipment Manufacturer (OEM) of Hi-Chrome Liners having experience of supplying the Hi-Chrome Liners to Bharat Heavy Electricals Limited (BHEL)/National Thermal Power Corporation (NTPC)/State Power Sector Utilities.

In response to the aforesaid tender, bids of M/s AIA Engineering Limited, Ahmedabad and M/s Balaji Industrial Products, Jaipur were received (April 2009) and the rates of ` 51.74 lakh per set (including taxes) of M/s Balaji Industrial Products, Jaipur were found lowest. The rates of M/s Balaji Industrial Products were approved by the Chief General Manager, BTPS and sent (June 2009) to Headquarters for approval of the Corporate Tender Committee (CTC). The CTC rejected the proposal (July 2009) on the ground that the proposed procurement of Hi-Chrome Liners was included in the proposed Renovation and Modernisation (R&M) Scheme of BTPS and as per

[39] Calculated at the rate of 1.25 *per cent* per month being the rate of late payment surcharge levied by the Company on delayed payment of bills by the consumers.

[40] Hi-Chrome Liners are components of Ball Mills.

[41] Ball Mills perform task of grinding of coal.

the decision of the Energy Task Force of the State Government, the said renovation was to be done from BHEL on single tender basis.

The Energy Task Force (ETF) decided (June 2009) that R&M of Boiler and its auxiliaries and Balance of Plant may be done from BHEL on single tender basis and R&M of Turbine and Generator and its auxiliaries may be done from others as per financial rules. In view of the aforesaid decision, BTPS invited (July 2009) separate offers from BHEL for various segments of activities and placed separate orders for different segments of activities under the scope of BHEL, instead of placing a single order for the whole activity.

BTPS also invited (July 2009) offer from BHEL for renovation of Ball Mills (Activity No. 2.2.2) which involved the following three activities:

- Renovation of Ball Mill Liners;
- Supply of Hi-Chrome Grinding Media Balls; and
- Installation of Ball Mill Liners

Against the aforesaid enquiry, BHEL instead of giving its offer for whole renovation of Ball Mills, gave its offer (October 2009) for supply of Hi-Chrome Liners only. The other two activities were hence, done from other firms[42].

The initial rate for Hi-Chrome Liners quoted by BHEL was ` 1.25 crore per set, which was finally negotiated (November 2009) to ` 65.37 lakh per set (including taxes). After approval (January 2010) of the Project Tender Committee, a separate supply order was placed (January 2010) on BHEL for supply of 15 sets of Hi-Chrome Liners at the rate of ` 65.37 lakh per set (inclusive of taxes). In this respect we noticed the following:

- Although BHEL did not agree to take the whole renovation of Ball Mills and its rates (` 65.37 lakh per set) for supply of Hi-Chrome Liners were much higher than the rates (` 51.74 lakh per set) offered by M/s Balaji Industrial Products, Jaipur (firm), the Company did not consider to purchase Hi-Chrome Liners directly from the firm despite the fact that in similar cases[43], the Company had decided to get some of the R&M activities initially offered to BHEL, done from Original Equipment Manufacturers, due to high rates of BHEL.
- It is interesting to note that BHEL, in turn, had placed the order (February 2010) for supply of Hi-Chrome Liners to M/s Balaji Industrial Products, Jaipur at the rate of ` 50.07 lakh per set, which sent the consignment directly to BTPS.

Thus, the Company incurred extra expenditure of ` 2.05[44] crore due to the imprudent decision of purchase of Hi-Chrome Liners from BHEL despite knowing that the rates quoted by BHEL were much higher than the rates quoted by the firm.

---

[42] M/s Blue Star Malleables Private Limited, Jamshedpur, M/s Ohm Enterprises, Anpara and M/s Alok Construction, Anpara.

[43] (i) Activity No. 1.1.2 Renovation of Cation of Anion Resin of Mixed bed operator of CPP plant. Offer to BHEL dated 21 July 2009. Final work order placed to M/s Virmani Bros Dealer.
(ii) Activity No. 2.1.2 Renovation of Boiler circulation pump and accessories. Offer to BHEL dated 21 July 2009. Final work order placed to M/s ISS Machinery for Fuji Electric Japan.

[44] 15 x (` 65.37 lakh – ` 51.74 lakh) = ` 2.05 crore.

The Management stated (August 2013) that in compliance of the decision of the ETF, the R&M work of Boiler and its auxiliaries and Balance of Plant was to be executed by BHEL on single tender basis. It further stated that the R&M of Ball Mills was in the scope of BHEL hence, it was beneficial to purchase Hi-Chrome Liners required for R&M of Ball Mills from BHEL itself, as BHEL had to guarantee the trouble free operation of Ball Mills as a whole after completion of R&M work.

We do not agree with the reply in view of the fact that the work of complete R&M of Ball Mills (Activity No. 2.2.2) was not awarded to BHEL. The renovation of Ball Mills involved three activities and only one activity i.e. supply of Hi-Chrome Liners was awarded to BHEL and works relating to other activities were awarded to other firms. Hence, BHEL could not guarantee trouble free operation of Ball Mills.

The matter was reported to the Government in July 2013; the reply has not been received (December 2013).

Madhyanchal Vidyut Vitran Nigam Limited

3.9 Irregular benefit of Load Factor Rebate to a consumer

The Company extended undue benefit of Load Factor Rebate of ` 34.87 lakh in contravention of Rate Schedule and UPERC's clarification.

As per Para 5 of Rate Schedule HV-2 applicable to Large and Heavy Power Consumers having contracted load above 75 kW, a 'Load Factor Rebate' ranging from 7.5 *per cent* to 20 *per cent* is to be provided each month, on the energy charges, for any excess consumption over the defined kVAh per kVA. Consumers with arrears, however, are not eligible for the aforesaid Rebate.

The Uttar Pradesh Electricity Regulatory Commission (UPERC) further clarified (October 2008) that non-deposit of Additional Security[45] by a consumer is within the meaning of the term 'Arrear' and accordingly, such consumers cannot be allowed 'Load Factor Rebate'.

We noticed (March 2013) that Electricity Distribution Division-II, Hardoi (Division) of Madhyanchal Vidyut Vitran Nigam Limited (Company) demanded (June 2011 and May 2012) an initial sum of ` 62.05 lakh and a total sum of ` 70.83 lakh[46] as Additional Security from a Consumer[47] for the year 2010-11 and 2011-12 respectively. However, even though the Consumer did not deposit (up to February 2013) the amount of 'Additional Security' demanded by the Company, the Company instead of taking action[48] against the consumer as per the provisions of the Electricity Supply Code, 2005, extended the benefit of 'Load Factor Rebate' amounting to ` 34.87 lakh to the Consumer in the bills for the period June 2011 to February 2013.

The Management stated (September 2013) that the consumer has deposited (August 2013) the amount of additional security. Hence, the allowance of Load Factor Rebate to the consumer has been regularised.

---

[45] Additional Security for the year represents the amount equal to average of two month's billed amount of previous financial year *less* Security already deposited.

[46] Including the ` 62.05 lakh demanded in June 2011.

[47] M/s Safe Yeast Co. Pvt. Limited, Sandila, Hardoi.

[48] In such cases supply may be disconnected temporarily or permanently as per the procedure laid down in Clause 4.36 to 4.38 of the Electricity Supply Code, 2005.

We do not accept the reply as consumers with arrears were not eligible for Load Factor Rebate. The amount of additional security was deposited in August 2013 hence the consumer was eligible for Load Factor Rebate with effect from September 2013 and not with retrospective effect.

Thus, in contravention of provisions of the Rate Schedule and UPERC's clarification, the Company extended undue benefit of 'Load Factor Rebate' of ` 34.87 lakh to a Consumer during the period June 2011 to February 2013.

The matter was reported to the Government in July 2013; the reply has not been received (December 2013).

Power Distribution Companies (DISCOMs)[49]

3.10 Undue favour to consumers

DISCOMs extended undue benefit to Large and Heavy Power consumers by allowing them the facility of protective load during scheduled power cut though they had not opted for it, resulting in loss of revenue of ` 52.02 crore.

As per Para 10 of Rate Schedule HV-2 approved by Uttar Pradesh Electricity Regulatory Commission (effective from 15 April 2010), consumers getting supply on independent feeder at 11 kV and above voltage, emanating from sub-station, may opt for the facility of protective load and avail supply during the period of scheduled rostering[50] imposed by the Licensee, except under emergency rostering[51]. For this an additional charge, at the rate of 100 *per cent* of base demand charges[52], fixed per month is leviable on the contracted protected load each month. The consumer availing the facility of protective load shall not be subjected to scheduled power cut imposed from time to time by the State Government or the Licensee.

As per para 4.27 of Electricity Supply Code, 2005, a consumer desirous of availing protective load facility has to apply to the Licensee for sanction of the same. The Licensee on receipt of the application may allow the facility of protective load to the consumer. After sanction of the facility by the Licensee, an agreement incorporating suitable terms and conditions for availing protective load facility is executed between the consumer and the Licensee.

We noticed that DISCOMs during the period April 2011 to March 2013, supplied uninterrupted power (without scheduled rostering) to 22 consumers (having contracted load ranging between 1,100 kVA and 40,500 kVA) getting supply through 33 kV/132 kV independent feeders, despite the fact that they had neither applied for nor were sanctioned the facility of protective load. These consumers were billed as per the rates prescribed in the Rate Schedule HV-2[53] and no additional charge for supplying uninterrupted power was levied

[49] Purvanchal Vidyut Vitran Nigam Limited (PuVVNL), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL), Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), Paschimanchal Vidyut Vitran Nigam Limited (PVVNL) and Kanpur Electricity Supply Company (KESCO).

[50] Load shedding carried out as per declared schedule of electricity supply hours imposed from time to time by the State Government or the licensee.

[51] Load shedding carried out by disconnecting at short notice for safety of personnel and equipments.

[52] Demand charges for a billing period means a charge levied on the consumer based on maximum demand recorded or 75 *per cent* of contracted load, whichever is higher. Base Rate (to be read in reference to HV-2 Tariff) defines the basic Demand and Energy Charges based on which Time of Day (TOD) rates are applied.

[53] Rate Schedule HV-2 is applicable to Large and Heavy Power Consumers having contracted load of above 75 kW (100 BHP) for industrial and/or processing purposes as well as to arc/induction furnaces, rolling/ re-rolling mills, mini steel plants, floriculture and farming units and to any other High Tension consumers not covered under any other Rate Schedule.

by DISCOMs which led to loss of revenue of ` 52.02 crore to DISCOMs as detailed in **Annexure-17** and summarised below:

Table No. 3.3

Sl. No.	Name of the DISCOM	No. of Consumers	Range of Contracted Load (in kVA)	Loss of revenue (` in crore)
1.	DVVNL	03	1500 to 7000	5.45
2.	KESCO	04	2500 to 40500	18.18
3.	PuVVNL	03	1100 to 15000	4.86
4.	PVVNL	05	3100 to 30000	13.44
5.	MVVNL	07	2000 to 10000	10.09
Total		**22**		**52.02**

Thus, the consumers were unduly benefited by being extended uninterrupted power supply during scheduled power cut without having opted for the facility of protective load.

The Management of MVVNL and PuVVNL stated (October 2013) as follows:

- MVVNL stated that the consumers were being given power supply as per the instructions of CLDS[54], Lucknow and ALDS[55], Panki and were subject to rostering, so protective load charge was not levied.

  We do not agree with the reply of the Management due to the fact that CLDS and ALDS issue instructions only for scheduled rostering. These consumers were not subjected to rostering and were given uninterrupted power supply despite the fact that they had not opted for protective load facility.

- PuVVNL stated that as per the directions of the State Government, Uttar Pradesh Power Corporation Limited (UPPCL) did not roster the supply to Large and Heavy Power Consumers having contracted load of 1,100 KVA to 40,500 KVA and getting supply through 33 KV and 132 KVA independent feeders. No DISCOM has control over rostering of supply to all categories of consumers.

  We do not agree with the reply of the Management as all these consumers were getting supply through independent feeders and hence, PuVVNL had control over their scheduled rostering.

Besides, provisions of the Rate Schedule are approved by the Uttar Pradesh Electricity Regulatory Commission and mandatorily apply to UPPCL and all DISCOMs. Hence, power supply without rostering to these consumers who had not opted for protective load facility was irregular. It was also an unsound management practice in view of the overall shortage[56] of electricity in the State.

We recommend that DISCOMs/UPPCL consider developing an internal control system to ensure that the facility of uninterrupted power supply is

[54] Central Load Dispatch Station.
[55] Area Load Dispatch Station.
[56] 28,075.22 Million Units during 2012-13.

granted only to those consumers who have opted for and have been sanctioned the protective load facility.

The matter was reported to the Management and Government in August 2013; replies of DVVNL, KESCO, PVVNL and Government have not been received (December 2013)**.**

Power Distribution Companies (DISCOMs)[57]

3.11 Loss due to delayed reimbursement by State Government

DISCOMs suffered a loss of ` 3.57 crore due to non-claiming of interest on delayed reimbursement of funds by the State Government.

The Government of India (GoI) approved the 'Rajiv Gandhi Gramin Vidyutikaran Yojna' (Scheme), a scheme for Rural Electricity Infrastructure and Household Electrification for the States. As per the guidelines issued by the GoI, Rural Electrification Corporation (REC) was made the nodal agency for implementation of the Scheme. The Scheme's guidelines also provided that 90 *per cent* of the project cost was to be released as 'Capital Subsidy' to the Government of Uttar Pradesh (GoUP) and 10 *per cent* was to be arranged by the GoUP through its own resources/ loan from financial institutions.

As per Tripartite Agreements executed between the GoUP, REC and DISCOMs (January 2005 to July 2005), the entire funds (both subsidy and loan portion) for implementation of the projects were to be released by REC, directly to DISCOMs. The GoUP undertook to repay the loan component of the funds released along with interest accrued thereon and other charges to REC.

Accordingly, REC released funds to DISCOMs during the period 2004-05 to 2011-12. The repayment of loan component and interest thereon was made by DISCOMs to REC from their own resources and the GoUP reimbursed the same to DISCOMs through Uttar Pradesh Power Corporation Limited (UPPCL).

We noticed that during the period March 2005 to March 2013, DISCOMs repaid loan and interest of ` 200.35[58] crore to REC. Although DISCOMs regularly claimed (through UPPCL) the reimbursement of loan and interest from the GoUP, it reimbursed the same with a delay ranging from two to 406 days[59] between March 2005 and March 2013. Thus, delayed reimbursement of claims resulted in loss of interest of ` 3.57 crore[60] to DISCOMs worked out at the rate of 9.5 *per cent* per annum, being average rate of interest on loans charged by REC to DISCOMs. DISCOMs did not claim the above loss from the State Government.

DISCOMs stated (September 2013) that delay in reimbursement of loan and interest from GoUP were procedural delays and were beyond their control.

---

[57] Purvanchal Vidyut Vitran Nigam Limited (PuVVNL), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL), Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL) and Paschimanchal Vidyut Vitran Nigam Limited (PVVNL).

[58] PuVVNL-` 78.00 crore, MVVNL-` 83.59 crore, DVVNL-` 28.36 crore and PVVNL-` 10.40 crore.

[59] Calculated after excluding an initial period of 30 days.

[60] PuVVNL- ` 1.68 crore, MVVNL - ` 0.95 crore, DVVNL - ` 0.66 crore and PVVNL - ` 0.28 crore.

The loss has, however, been calculated for the period beyond the procedural delay of 30 days. Moreover, DISCOMs did not claim the loss of interest though DISCOMs were in heavy losses and day to day working was managed through borrowed funds.

Thus, DISCOMs suffered a loss of ` 3.57 crore due to non-claiming of interest on delayed reimbursement of funds by the State Government.

The matter was reported to the Government (May 2013); their reply has not been received (December 2013).

3.12 Role of Uttar Pradesh Power Corporation Limited as Fund Manager of Power Distribution Companies and Fund Management in Purvanchal Vidyut Vitran Nigam Limited

Introduction

3.12.1 Under Section 23 of the Uttar Pradesh Electricity Reforms Act, 1999, the State Government directed (20 September 2002) the Uttar Pradesh Power Corporation Limited (UPPCL) to incorporate four Power Distribution Companies[61] (DISCOMs), as fully owned Subsidiary Companies. UPPCL incorporated (1 May 2003) four DISCOMs under Section 617 of the Companies Act, 1956 to take over the function of distribution of electricity from UPPCL. Another DISCOM i.e. KESCO[62] was incorporated and started functioning from 14 January 2000. The distribution function of UPPCL was taken over by DISCOMs from 12 August 2003.

The Government of Uttar Pradesh (GoUP) assigned (September 2002) the following role to UPPCL in functioning of DISCOMs:

- Chairman-cum-Managing Director (CMD), UPPCL would be the Chairman of DISCOMs.
- UPPCL would purchase power from Power Generating Companies for bulk supply to DISCOMs. In order to discharge the commercial liability of power purchase, UPPCL would receive all revenue of DISCOMs under ESCROW arrangement and allot funds to DISCOMs as per their requirement. In case of shortfall in payment of dues to UPPCL, DISCOMs would arrange loan from the market or would make a commercial agreement with UPPCL for deferment of dues.
- UPPCL would provide the services of Corporate Finance, Corporate Planning, Equator[63], Material Management, Human Resource Development, Service Commission and Enquiry Commission.

Director (Finance), UPPCL is the head of the Finance Wing and is assisted by General Manager (Finance and Accounts) and General Manager (Administration and Audit) in the day to day financial functions of the UPPCL. The Director (Finance) controls the financial management functions of UPPCL and directs UPPCL and DISCOMs on various financial issues. He also oversees generation, collection and transfer of revenue by DISCOMs and controls the release of funds to DISCOMs, payments made by UPPCL for power purchases etc.

---

[61] Purvanchal Vidyut Vitran Nigam Limited (PuVVNL), Paschimanchal Vidyut Vitran Nigam Limited (PVVNL), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL) and Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL).

[62] Kanpur Electricity Supply Company Limited.

[63] Equator performs the function of pre-dispatch quality inspection of equipments.

Fund Management involves projection of fund inflow/outflow and financing needs coupled with establishing a sound system of cash and credit control and efficient transfer of revenue collected so as to ascertain the need for additional borrowings including working capital requirement or to invest surplus funds to ensure maximum returns. The main sources of fund inflow of DISCOMs are revenue from sale of power, service connection charges, subsidy from State/Central Government, Share Capital and borrowing from State Government/Banks/Financial Institutions (FIs) etc. Fund outflow mainly comprises expenditure incurred on establishment expenses, capital works, stores and stock, repayment of loan and interest and energy purchase. Revenue from sale of energy by DISCOMs is kept by UPPCL as all revenue income collected by Electricity Distribution Divisions (EDDs) of DISCOMs is directly sent to UPPCL for adjustment against the dues for power purchase by UPPCL.

We conducted audit of Fund Management in Purvanchal Vidyut Vitran Nigam Limited (PuVVNL) for the period 2008-09 to 2012-13. Records were seen at the Corporate office of PuVVNL and its 13 EDDs[64]. As the UPPCL is the fund manager of all DISCOMs, hence audit of fund management function of UPPCL for the period 2008-09 to 2012-13 was also conducted to assess the impact of the decisions of the Fund Manager on DISCOMs including PuVVNL. The role of UPPCL is discussed first as the same limits the fund management functions at PuVVNL level.

UPPCL as Fund Manager

UPPCL is entrusted with the functions of fund manager of DISCOMs by the State Government.

3.12.2 UPPCL, on behalf of DISCOMs, performs the functions of preparation and filing of Annual Revenue Requirement (ARR) with the Uttar Pradesh Electricity Regulatory Commission (UPERC), lodging claims for subsidy with the State Government and receiving payment of electricity dues centrally from State Government Departments[65] and adjusting the same with DISCOMs by issue of Work Memo Credit Receipt[66] (WMCR). On the advice of UPPCL, DISCOMs take loans from Rural Electrification Corporation (REC), Power Finance Corporation (PFC) and other Financial Institutions (FIs) for discharge of power purchase liabilities. Our examination of records revealed that the function of Corporate Finance of UPPCL was deficient as revenue generation was adversely affected due to delay in filing of ARR, non designing of rural tariff to the extent of compensation to be received by DISCOMs and failure in reduction of cost of funds by raising loan at cheaper rates etc. as discussed below:

Delay in filing of Annual Revenue Requirement

3.12.3 The Annual Revenue Requirement (ARR) is filed by UPPCL with UPERC, on behalf of all DISCOMs. The UPERC approves the tariff structure based on the ARR after due process.

We noticed that the UPPCL delayed the filing of ARR of DISCOMs resulting in delayed issue of Tariff Order. The table below shows the due date of filing of ARR, actual date of filing of ARR by UPPCL, effective date of the revised

[64] EDD-I Azamgarh, EDD-II Azamgarh, EDD-I Jaunpur, EDD-II Jaunpur, EDD-I Mau, EDD-II Mau, EDD Chandauli, EDD-I Ghazipur, EDD Saidpur, EDD-I Ballia, EDD-I Gorakhpur, EDD Dumariaganj and EUDD-I Varanasi.

[65] Irrigation Department, Medical and Health Department and Urban Development Department.

[66] Revenue from sale of power to State Government Departments by DISCOMs is received centrally by UPPCL and credit of revenue receipt against each DISCOMs is passed on by UPPCL to them by issue of WMCR.

tariff, average increase in tariff and loss of revenue due to delay in filing of ARR:

Table No. 3.4

(` in crore)

Year	Due date of filing of ARR	Actual date of filing of ARR by UPPCL	Delay in filing of ARR (days)	Date of Tariff Order	Effective date of Tariff Order	Average increase in tariff (in *per cent*)	Revenue from sale of power (As per Audited Accounts)	Revenue lost due to delay[67]
2008-09		*The revenue loss pertaining to these years has already been featured in Audit Report for the year ended 31 March 2011*						
2009-10								
2010-11	30-11-2009	25-03-2011	480	19-10-2012	01-10-2012	17.81	15,784.99[68]	2,811.31
2011-12	30-11-2010	25-03-2011	115	19-10-2012	01-10-2012	17.81	17,343.05[69]	3,088.80
2012-13	30-11-2011	21-02-2012	83	19-10-2012	01-10-2012	17.81	Not Available	
Total								**5,900.11**

Source: Data furnished by Regulatory Affairs Unit, UPPCL.

ARRs were filed with a delay ranging between 83 and 480 days.

From the above table it would be seen that there was a delay of 83 to 480 days during the last three years in filing of ARR by UPPCL, hence, the tariff order was made effective from 1 October 2012. The main reasons for delay in filing of ARR as intimated to UPERC by UPPCL were delay in preparation of Annual Accounts and delayed/non receipt of directions from the State Government regarding tariff and related matters (subsidy).

We observed that there was no provision in the Electricity Act, 2003 under which directions from the State Government were required[70] for filing of ARR. The UPPCL/DISCOMs, however, while seeking extension of time for filing of tariff petitions with UPERC, frequently mentioned that State Government directives were awaited. Thus, due to delay on the part of UPPCL/DISCOMs in filing of ARRs for the years 2010-11 to 2012-13, issue of Tariff Order was delayed which resulted in loss of revenue of ` 5,900.11 crore during 2010-11 and 2011-12. Although the delayed filing of ARR between 2006-07 and 2009-10 was reported in the Audit Report[71] of the Comptroller and Auditor General of India for the year ended 31 March 2011, no corrective action was taken.

We noticed that the reasons for delay in filing of ARR were controllable, but the UPPCL and DISCOMs prepared the Annual Accounts for the years 2010-11 and 2011-12 with a delay of eight to 36 months from the due dates. The delay in preparation of Annual Accounts also indicated the absence of internal control.

The Management of UPPCL accepted (September 2013) that the delay in filing of ARR was mainly due to delay in preparation of Annual Accounts.

We recommend that Annual Accounts of UPPCL and DISCOMs should be prepared in time to ensure timely filing of ARR.

Non receipt of compensation for supply of energy at reduced rates

3.12.4 Section 65 of the Electricity Act, 2003 (Act) stipulates that if the State Government requires to grant any subsidy to any consumer or class of

[67] Calculated on the basis of delay in implementation of Tariff Order, subject to maximum of one year.

[68] PuVVNL (` 3,199.50 crore), MVVNL (` 2,870.29 crore), PVVNL (` 5,729.90 crore), DVVNL (` 3,092 crore) and KESCO (` 893.30 crore).

[69] PuVVNL (` 3,422.01 crore), MVVNL (` 3,062.78 crore), PVVNL (` 6,407.42 crore), DVVNL (` 3,434.08 crore) and KESCO (` 1,016.76 crore).

[70] The State Government is empowered to issue directives only to UPERC under Section 108 of the Electricity Act, 2003 to discharge its function but the Electricity Act, 2003 does not provide for any directives to be issued by the State Government directly to the Licensees.

[71] Para 2.68 "Tariff Fixation".

consumers in the tariff determined by the State Commission[72] under section 62 of the Act, the State Government shall compensate the Licensee, by paying in advance, the amount of subsidy, in the manner, the State Commission may direct. It further provided that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this Section and the tariff fixed by the State Commission shall be applicable from the date of issue of orders by the Commission in this regard.

On behalf of all DISCOMs, the UPPCL lodges the claim for expected loss due to supply of energy to Rural Schedule at reduced rates with the State Government, every year. The details of claim lodged with the State Government for loss due to supply of electricity at reduced rates in rural areas, subsidy received from the State Government and net loss suffered on this account are detailed in table below:

Table No. 3.5

(` in crore)

Year	Claim lodged for loss due to supply of electricity at reduced rate to rural areas	Subsidy provided by the Government	Short receipt of compensation under Section 65 of the Act	Basis of claim
2008-09	3369.94	1,531.80	1838.14	On estimate basis
2009-10	4,974.01	1,831.80	3,142.21	On actual
2010-11	4,741.10	2,040.00	2,701.10	On actual
2011-12	8,242.06	3,640.08	4,601.98	On actual
2012-13	7860.03	4,690.00	3170.03	On actual
Total	**29,187.14**	**13,733.68**	**15,453.46**	

We noticed that:

- The UPPCL lodged a claim of ` 3,369.94 crore for expected loss for the year 2008-09 on estimate basis.
- For the year 2009-10 and onwards, the UPPCL lodged claims for expected loss on actual basis, in view of the directions of the Chief Secretary (14 January 2009), which stated that, if UPPCL, after installation of meters on all rural feeders and on the basis of meter readings thereof, submits the details of electricity supplied, then actual compensation would be provided.

Against the claim of ` 29,187.14 crore for rural subsidy, the Government provided ` 13,733.68 crore only.

- The State Government gave no specific directions to UPPCL to design tariff for Rural Schedule at a reduced rate but provided ` 13,733.68 crore rural subsidy against claims of ` 29,187.14 crore during the five years from 2008-09 to 2012-13. Thus, Section 65 of the Act was not complied with as the State Government neither provided the rural subsidy in advance nor after final claim as required under Section 65 of the Act. There were no reasons on records for providing partial subsidy.

The Management accepted (September 2013) the facts and stated that the State Government has not been able to provide adequate subsidy to cover the losses incurred due to lower tariff. It further stated that UPPCL and DISCOMs are under the control of State Government, therefore the losses due to lower tariff were ultimately borne by the State Government.

The fact remains that the UPPCL/DISCOMs were formed to operate on commercial principle, hence, the contention of the Management that losses were ultimately borne by the State Government, was against sound commercial principles and hence, is not acceptable.

[72] Uttar Pradesh Electricity Regulatory Commission.

Loss due to not availing credit facilities for purchase of power from Indian Energy Exchange (IEX)

3.12.5 Rural Electrification Corporation (REC) introduced (January 2010) a scheme for financing power purchase from IEX for existing borrowers. Under the scheme, a credit facility of ` 50 crore would be extended to each DISCOM, for a period of 90 days, at interest rate of 8.50 *per cent* per annum, for power purchase through IEX.

We noticed that between June 2011 and March 2013, UPPCL purchased power of ` 710.50 crore for the five DISCOMs (PuVVNL, PVVNL, MVVNL, DVVNL and KESCO) from IEX. UPPCL/DISCOMs discharged the liabilities of power purchase bills by taking loans from FIs/Banks at interest rates ranging from 12 *per cent* to 14 *per cent* between June 2011 and March 2013.

We noticed that UPPCL, in the capacity of Fund Manager of DISCOMs, did not avail credit facility of ` 250 crore (` 50 crore to each DISCOM), offered by the REC at lower interest rates, for payment of power purchased through IEX and hence, failed to reduce interest liability to the extent of ` 6.13 crore[73].

The Management stated (September 2013) that REC had never circulated any scheme for purchase of power through IEX.

The reply confirms that UPPCL did not exercise due diligence to identify the sources from which loans at lowest interest rates were available. Besides, details regarding the aforesaid scheme (for existing borrowers like UPPCL) were available on the website of REC.

Thus, UPPCL/DISCOMs paid higher interest of ` 6.13 crore due to not availing the credit facility offered by REC for purchase of power from IEX.

Imprudent management of borrowings increased interest burden by `8.82 crore.

Avoidable cost of funds to discharge power purchase bills

3.12.6 Rural Electrification Corporation (REC) provides loans to Power Sector Companies. It categorises the borrowers in three categories viz., Category A, B and C, and charges interest (lowest for Category A borrowers) as per the categorisation. Between June 2009 and February 2013, the UPPCL was categorised as a Category B borrower whereas PuVVNL, MVVNL and DVVNL were categorised as Category C borrowers during the period June 2009 to August 2011, August 2011 to February 2013 and August 2011 to February 2013 respectively. The rate of interest on short term loans for Category B borrowers was lower by 0.25 *per cent* per annum as compared to Category C borrowers.

We noticed that three DISCOMs[74] took nine short term loans of ` 775 crore from REC during the period September 2009 to February 2013 for payment of power purchase bills so that the UPPCL could discharge its power purchase liability. These DISCOMs paid interest of ` 121.16 crore on these loans at the rate of 11 *per cent* to 13.50 *per cent*. We observed that since UPPCL had not exhausted its borrowing limits[75], the drawl of loan by UPPCL would have entailed interest burden of only ` 118.47 crore at the rate of 10.75 *per cent* to 13.25 *per cent* as compared to interest burden of ` 121.16 crore at the rate of

[73] Calculated at 3.50 *per cent* per annum being differential rate of 12 *per cent* i.e. lowest during the period and 8.50 *per cent* i.e. applicable on credit facility offered by REC.

[74] PuVVNL, MVVNL and DVVNL.

[75] Between September 2009 to February 2013, UPPCL had borrowings ranging from ` 11,666.23 crore to ` 24,508.96 crore against its Borrowing limit of ` 60,000 crore.

11 *per cent* to 13.50 *per cent* incurred by these DISCOMs. Hence, Fund Management of UPPCL was deficient to this extent and resulted in increase in interest burden of these DISCOMs by ` 2.69 crore.

The Management stated (September 2013) that as per Clause 7 of the letter[76] dated 20 September 2002, UPPCL shall make the payment of bulk supply of power given to DISCOMs. In some cases the revenue realised by DISCOMs may be less than the bulk supply given to them by the UPPCL. To compensate this shortfall DISCOMs will arrange loan from the market. Since revenue realised by DISCOMs was much less than the power supplied to them, DISCOMs borrowed funds from market at prevailing rates.

The reply is not acceptable as the aforesaid Clause 7 of the letter[77] does not restrain UPPCL (Fund Manager) from borrowing at cheaper rates to reduce the interest burden of DISCOMs. In fact, Clause 7 states that UPPCL can make commercial arrangements with DISCOMs for dues of power purchase in case of any shortfall and as fund manager it was the duty of the UPPCL to ensure borrowing at lowest cost.

Fund Management of Restructured APDRP

3.12.7 Restructured APDRP[78] (R-APDRP) was launched (July 2008) by the Government of India (GoI) to carry out further reforms in the power sector. The R-APDRP scheme comprises Part A and B. Part A was dedicated to establishment of Information Technology (IT) enabled system for achieving reliable and verifiable baseline data system in all towns besides installation of SCADA[79]/Distribution Management System whereas Part B of the scheme deals with strengthening of regular sub-transmission and distribution system and up-gradation projects.

Drawl of loan without requirement

3.12.8 The details of loans sanctioned (at interest rate of 11.50 *per cent)*, funds drawn, funds utilised, funds unutilised, *per cent* of unutilised funds and interest liability on unutilised funds under R-APDRP Part A (including SCADA towns) in respect of three DISCOMs[80] are given below:

Table No. 3.6

(` in crore)

DISCOM	Year	Loans sanctioned (Date)	Funds drawn (Date)	Funds utilised	Funds unutilised	*Per cent* of unutilised funds	Interest on unutilised funds[81]
1	2	3	4	5	6	7	8
PuVVNL	2009-10	108.97 (June 2009)	32.69 (September 2009)	0.05	32.64	100	2.12
	2010-11	--	--	13.45	19.19	59	3.00
	2011-12	74.11 (November 2011)	--	7.02	12.17	37	1.13
	2012-13	--	22.23 (September 2012)	12.49	21.91	99	1.48
	Sub-Total	**183.08**	**54.92**	**33.01**	**21.91**		**7.73**

---

[76] Government of Uttar Pradesh letter No. 1777P-2/2002-61(M)E800 dated 20 September 2002 mentioning guidelines for the functioning of DISCOMs.

[77] In order to discharge the commercial liability of power purchase, UPPCL would receive all revenue of DISCOMs under ESCROW arrangement and allot fund to DISCOMs as per their requirement. In case of shortfall in payment of dues to UPPCL, DISCOMs would arrange loan from market and otherwise would make a commercial agreement for deferment of dues with UPPCL.

[78] Accelerated Power Development and Reform Programme.

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

[80] Fund Management of R-APDRP Part A of PVVNL has already featured in Para 2.31 of Audit Report (Commercial) for the year ended 31 March 2011. R-APDRP was not implemented in KESCO.

[81] Calculated at the rate of 11.50 *per cent* per annum.

1	2	3	4	5	6	7	8
MVVNL	2009-10	230.86 (February and June 2009)	69.26 (October 2009)	--	69.26	100	3.32
	2010-11	--	--	62.96	6.30	9	5.72
	2011-12	14.15 (November 2011)	60.33 (September and December 2011)	34.83	31.80	53	1.75
	2012-13	--	14.19 (September 2012)	32.85	13.14	93	1.32
	Sub-Total	**245.01**	**143.78**	**130.64**	**13.14**		**12.11**
DVVNL	2009-10	122.66 (June 2009)	27.37 (October 2009)	--	27.37	100	1.31
	2010-11	--	--	12.94	14.43	53	2.24
	2011-12	--	--	12.76	1.67	6	1.07
	2012-13	--	13.91 (September 2012)	3.87	11.71	84	1.08
	Sub-Total	**122.66**	**41.28**	**29.57**	**11.71**		**5.70**
	Total	**550.75**	**239.98**	**193.22**	**46.76**		**25.54**

Source: Information furnished by DISCOMs.

We noticed that during 2009-13, Power Finance Corporation (PFC) sanctioned loans of ` 550.75 crore against which the three DISCOMs drew ` 239.98 crore but utilised ` 193.22 crore only. The unutilised funds ranged between six *per cent* and 100 *per cent* which shows that the funds were drawn without requirement.

We further observed that:

- Drawl of loan (in September / October 2009) before the award of work (February 2010) and slow progress of work were the main reasons for delayed utilisation of funds.

- On these un-utilised funds, DISCOMs had to pay interest of ` 25.54 crore to PFC and the interest earned on these unutilised funds by DISCOMs was ` 7.60 crore[82]. Hence, drawl of funds without corresponding requirement has placed an additional burden of ` 17.94 crore[83] by way of interest on DISCOMs.

The Management informed (September 2013) that the scheme required enormous work at field level which required considerable time. For start of these works, funds were required and received during 2009-10 which were utilised gradually as per the need of work upto 2012-13.

The fact remains that DISCOMs did not assess the actual requirement of funds before drawl of the same, leaving substantial funds unutilised leading to an unnecessary interest burden.

Diversion of Loan Fund

3.12.9 The details of loans sanctioned (at interest rate of 11.50 *per cent)*, funds drawn, funds utilised, funds unutilised, *per cent* of unutilised funds and interest liability on unutilised funds under R-APDRP Part B (including SCADA towns) in respect of three DISCOMs[84] are given below:

---

[82] PuVVNL : ` 4.09 crore, MVVNL: ` 3.05 crore and DVVNL: ` 0.46 crore.

[83] Interest payable to PFC: ` 25.54 crore *minus* interest earned ` 7.60 crore.

[84] Fund Management of R-APDRP Part B of PVVNL has already featured in Para 2.31 of Audit Report (Commercial) for the year ended 31 March 2011. R-APDRP was not implemented in KESCO.

Table No. 3.7

(` in crore)

DISCOM	Year	Loan Sanctioned	Fund drawn	Fund utilised	Fund unutilised	*Per cent* remain unutilised	Interest on unutilised Fund
PuVVNL	2010-11	87.71	52.63	--	52.63	100	0.02
	2011-12	--	--	--	52.63	100	6.05
	2012-13	--	--	--	52.63	100	6.05
	Sub-Total	**87.71**	**52.63**	--	**52.63**		**12.12**
MVVNL	2010-11	117.73	70.64	--	70.64	100	0
	2011-12	148.75	--	--	70.64	100	8.12
	2012-13	79.90	89.25	36.42	123.47	77	11.37
	Sub-Total	**346.38**	**159.89**	**36.42**	**123.47**		**19.49**
DVVNL	2010-11	133.95	80.37	--	80.37	100	0.03
	2011-12	129.05	--	--	80.37	100	9.24
	2012-13	--	77.43	53.74	104.06	66	11.18
	Sub-Total	**263.00**	**157.80**	**53.74**	**104.06**		**20.45**
	Total	**697.09**	**370.32**	**90.16**	**280.16**		**52.06**

DISCOMs drew loan of ` 370.32 crore without requirement of funds on the direction of UPPCL and diverted ` 203.64 crore to UPPCL.

The PFC sanctioned loans of ` 697.09 crore under Part B of R-APDRP to DISCOMs against which DISCOMs drew ` 370.32 crore (` 203.64 crore for Non-SCADA towns and ` 166.68 crore for SCADA towns in March 2011 and September 2012 respectively) without any requirement of funds. The Director (Finance), UPPCL had directed (March 2011) DISCOMs to divert the whole amount drawn in March 2011under Part B of R-APDRP to UPPCL. In view of above, DISCOMs diverted the amount of ` 203.64 crore drawn in March 2011 relating to Non-SCADA towns to UPPCL on the same day.

We observed that UPPCL being the Fund Manager did not utilise the amount for strengthening of regular sub-transmission and distribution system and upgradation of projects and diverted (March 2011) the loan fund for discharge of its power purchase liabilities. Thus, the objective of drawing the loans was not fulfilled. Besides, DISCOMs also incurred avoidable interest liability of ` 52.06 crore during the period 2010-11 to 2012-13.

The Management of UPPCL accepted (September 2013) the aforesaid facts and stated that funds of the scheme were diverted as there was delay in finalisation of tenders of the scheme.

The fact remains that dedicated loan funds taken under Part-B of R-APDRP scheme meant for strengthening of regular sub-transmission and distribution system and upgradation of projects were diverted and used for another purpose.

Supply of energy to Power Looms

3.12.10 The State Government directed (June 2006) DISCOMs that while providing new connections to power loom consumers, meters should be installed to ensure that the final claim of revenue subsidy is based on meter readings, but meter cost should not be charged from the consumers. Further, DISCOMs were directed to submit details regarding total subsidy requirement (difference of billed amount and amount recovered from the consumers) on yearly basis. UPERC reviewed the directions issued (June 2006) by the State Government and directed (July 2006) the State Government to provide Capital subsidy for cost of meters installed at the premises of new power loom consumers and revenue subsidy for the difference of payment made by the consumers and billed amount as per tariff order. We noticed the following points in this regard:

Short receipt of subsidy for supply of energy

Government provided ` 355 crore of subsidy against claim of ` 662.15 crore.

3.12.11 DISCOMs supplied energy to power loom consumers on concessional rate and claimed subsidy of ` 662.15 crore[85] for the period 2008-09 to 2012-13 from the State Government through UPPCL against which the State Government provided ` 355 crore[84] only. Thus, DISCOMs suffered a revenue loss of ` 307.15 crore due to short receipt of subsidy from the Government for energy supplied to power loom consumers at concessional rates. The UPPCL did not pursue the issue with the State Government to obtain the balance amount of subsidy.

The Management accepted (September 2013) the aforesaid facts and stated that UPPCL was regularly submitting the demand for balance subsidy but the same was not provided by the State Government.

We, however, noticed that no specific pursuance was made by UPPCL except two routine letters issued in November 2011 and August 2013.

In-action to claim Capital Cost

3.12.12 During 2008-09 to 2012-13, PuVVNL issued 27,182 new connections to power loom consumers with installation of meters but did not lodge claim for capital subsidy of ` three crore (calculated at the rate of ` 1,000 per meter for 8,719 connections released during 2008-2010 and at the rate of ` 1,150 per meter for 18,463 connections released during the remaining period) with the State Government.

The Management of PuVVNL stated (September 2013) that no instructions from UPPCL/Government were received for lodging the claim for cost of meter.

The reply is not acceptable as UPERC directives (June 2006) which were available in the records of PuVVNL, clearly directed the State Government to provide cost of meters, for which PuVVNL did not lodge any claim.

Fund Management in PuVVNL

3.12.13 Purvanchal Vidyut Vitran Nigam Limited (PuVVNL) has six zones[86] covering 21 districts of eastern Uttar Pradesh. A total of 60 Electricity Distribution Divisions (EDDs) in six zones carry out work of distribution of energy, operation and maintenance of distribution network, billing and collection of energy charges.

PuVVNL met its day to day cash needs out of funds raised through equity and loan and remittances from UPPCL, as the total revenue generated was less than the energy purchase bills. The PuVVNL has been incurring losses continuously and the accumulated loss has reached ` 8,482.92 crore against paid up capital of ` 2,849.84 crore as on 31 March 2012[87] and the net worth of the PuVVNL has, thus, become negative.

Our examination of records related to fund management in 13 EDDs of PuVVNL and Headquarters of the PuVVNL revealed the following:

[85] Subsidy Claimed (Provided by the Government): ` 57.96 crore (` 50 crore) in 2008-09, ` 77.97 crore (` 50 crore) in 2009-10, ` 112.56 crore (` 85 crore) in 2010-11, ` 161.79 crore (` 85 crore) in 2011-12 and ` 251.87 crore (` 85 crore) in 2012-13.

[86] Varanasi, Allahabad, Mirzapur, Azamgarh, Gorakhpur and Basti.

[87] Figures for 2012-13 are not available.

Banking Issues

3.12.14 PuVVNL maintains mainly three current bank accounts to keep the funds viz. (i) Current Account for Capital Receipts (ii) Current Account for Expenditure and (iii) Current Account for Revenue Receipts. We observed that the PuVVNL did not prepare fund inflow/outflow budget. Funds of the PuVVNL were blocked at various levels and at the same time it borrowed funds and paid interest on the same.

Few cases of deficiencies in the fund management are discussed below:

Non remittance of Capital Receipts to PuVVNL headquarters

3.12.15 As per directions issued by the UPPCL in October/November 2005, all money received in Capital Receipt Account on account of System Loading Charges (SLC)[88], Service connection charges, Security etc. from consumers should be transferred to the Headquarters twice a month i.e. on 5th and on 20th of each month.

12 Divisions of PuVVNL did not follow directions of transfer of Capital Receipt to PuVVNL headquarters and kept the funds in current account resulting in avoidable payment of interest of ` 1.39 crore during 2008-13.

We noticed that 12 EDDs[89] out of 13 test checked, neither followed the directions nor issued any standing instructions to Banks for transfer of the entire fund to the Headquarters on due dates. As a result, balances ranging between ` 0.44 crore and ` 7.73 crore remained in current accounts during the period 2008-09 to 2012-13. The PuVVNL, however, did not evolve any mechanism to ensure transfer of entire funds from EDDs to its main account in the headquarters and as a result paid interest on short term loans taken from REC/PFC for meeting its day to day requirement. Interest payment of ` 1.39 crore[90] on loan from REC/PFC could have been avoided by timely transfer of funds by these 12 EDDs alone.

The Management accepted (September 2013) and stated that instructions have been issued to ensure timely transfer of funds.

Non availing flexi facility for expenditure account

3.12.16 The EDDs maintain current bank accounts to keep funds transferred from the Headquarters for payment to suppliers/contractors, salary to employees etc. Banks provide flexi facility with current accounts, in which amounts in excess of mutually agreed amount is automatically converted into fixed deposits. This provides an opportunity to maximise interest yield as well as keeps intact the liquidity of funds by not restricting withdrawals.

We noticed that 12[91] of the 13 EDDs test checked in audit kept balances ranging between ` 1.25 crore and ` 5.27 crore in current accounts but did not avail flexi facility. As a result, PuVVNL suffered loss of interest of ` 0.72 crore[92] during 2008-13 in these 12 EDDs alone. Electricity Urban Distribution

---

[88] A charge levied on consumer on initial connection or increase of load for improvement in distribution system of electricity.

[89] EDD-I Azamgarh, EDD-II Azamgarh, EDD-I Jaunpur, EDD-II Jaunpur, EDD-I Mau, EDD- Chandauli, EDD-I Ghazipur, EDD Saidpur, EDD-I Ballia, EDD-I Gorakhpur, EDD Dumariaganj, and EUDD-I Varanasi.

[90] Calculated at the lowest rate of 11 *per cent*, 9 *per cent*, 11 *per cent*, 12.25 *per cent* and 12.25 *per cent* per annum on short term loans during the years 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 respectively.

[91] EDD-I Azamgarh, EDD-II Azamgarh, EDD-I Jaunpur, EDD-II Jaunpur, EDD-I Mau, EDD-II Mau, EDD-Chandauli, EDD-I Ghazipur, EDD Saidpur, EDD-I Ballia, EDD-I Gorakhpur and EDD Dumariaganj.

[92] Calculated at the rate of 4.50 *per cent* per annum on balances above ` two lakh.

Division-I, Varanasi did not maintain Bank Statement of expenditure account for the same period.

The Management accepted (September 2013) the audit observation and stated that flexi deposit scheme will be managed and implemented in ensuing months.

Delay in remittances from revenue account

3.12.17 EDDs maintain current bank accounts to collect revenue from sale of power and its onward transfer to UPPCL. Managing Director, UPPCL instructed (September 2007/January 2009) DISCOMs that the revenue collected should not be held up at the EDDs. All the Executive Engineers were instructed to ensure that the amount is remitted on daily basis to UPPCL in nearest round of thousand and no amount is withheld unduly.

We noticed that while EDD-I, Azamgarh and EDD-II, Mau did not maintain Bank Statements of revenue account, in the remaining 11 EDDs[93], there were no standing instructions to banks and no monitoring was done to ensure that the banks remitted the entire amount lying in revenue account at the close of business hour, to UPPCL, on daily basis. Non-transfer of entire revenue at the close of business hours resulted in non-remittance of available funds to UPPCL. As UPPCL was using these funds to meet the power purchase costs, non/short receipt of funds, would have a cascading effect of higher borrowings**.** As a result, funds up to a maximum balance of ` 1.43 crore were not remitted to UPPCL during 2012-13. The EDDs did not demand this interest from Banks.

The Management accepted (September 2013) our observation and has issued instructions to Divisions to lodge claims with banks.

Operational Issues

3.12.18 Efficient fund inflow requires timely and accurately raising the bills for sale of energy and its prompt collection. Proper metering of energy sold, by installation of meters on new connections, replacement of meter, if defective and ensuring billing on the basis of actual meter reading etc. should be done to maximise inflow of fund.

Management of fund inflow was deficient as bills for energy charges were either not raised or raised incorrectly i.e. without meter readings etc., monitoring of dues was weak, appropriate action was not taken for timely recovery of outstanding dues and recovery through issuance of recovery certificates was not effective as discussed in the succeeding paragraphs.

Deficient application of Tariff Order

3.12.19 PuVVNL did not have an effective control mechanism to ensure application of concerned tariff approved by UPERC and realisation of revenue accordingly. Consequently, PuVVNL suffered loss on account of non/short realisation of revenue. The cases noticed are detailed in table below:

[93] EDD-II Azamgarh, EDD-I Jaunpur, EDD-II Jaunpur, EDD-I Mau, EDD- Chandauli, EDD-I Ghazipur, EDD Saidpur, EDD-I Ballia, EDD-I Gorakhpur, EDD Dumariaganj, and EUDD-I Varanasi.

Table No. 3.8

Sl. No.	Nature of irregularity	Provisions	Result of non/wrong application
(i)	Non/short levy of Electricity Duty	State Government notified (September 2012) that Electricity Duty (ED) at the rate of 7.5 *per cent* of rate of charge would be charged from metered consumers with effect from 13 September 2012.	Nine EDDs[94] did not apply the notified rates of ED in respect of 137 HV-2, two HV-4 and two LMV-4 consumers and charged ED at the old rate of nine paise per unit. As a result, 141 consumers were short charged by ` 1.16 crore on account of non levy of revised rate of ED during September 2012 to June 2013.
(ii)		State Government notified (January1997 and September 2012) that Electricity Duty (ED) at the rate of nine paise per unit with effect from 3 January 1997 and at the rate of 7.5 *per cent* of rate of charge from 13 September 2012 would be charged from metered consumers.	EDD-I Ballia did not charge ED to a HV-2 consumer (Power Grid Corporation of India Limited). As a result, ED of ` 10.95 lakh was not charged during April 2009 to June 2013.
(iii)		State Government notified (January 1997 and September 2012) that ED at the rate of 20 *per cent* of rate of charge (fixed charge) would be charged from un-metered consumers.	Eight EDDs[95] did not levy/short levied ED amounting to ` 10.87 crore on LMV-8[96] and ` 13.03 lakh on LMV-3 un-metered consumers during April 2008 to March 2013.
(iv)	Non levy of demand charges	Billable Demand: As per the provisions of the Rate Schedule effective from 15 April 2010, the billed demand during a month shall be the actual maximum demand as indicated by the TVM/TOD meter or 75 *per cent* of the contracted load, whichever is higher. Charges for exceeding Contracted Load: As per the provisions of aforesaid Rate Schedule, if the actual maximum demand in any month of a consumer having TVM/TOD meters exceed the contracted load, such excess demand will be charged additionally as follows: (i) At normal rates if such excess demand does not exceed 10 *per cent* of the contracted load; (ii) At twice the normal rates if such excess demand exceeds the contracted load by more than 10 *per cent.*	(i) EDD-I, Mau did not charge the normal rate on the maximum demand recorded by the meters of five HV-2 consumers and restricted the demand charge to the contracted demand. As a result, five consumers were short charged by `1.92 lakh. (ii) EDD-I, Ghazipur did not charge excess demand when it exceeded contracted demand recorded by meter upto 10 *per cent* and beyond 10 *per cent* of nine HV-2 consumers. As a result, nine consumers were short charged by ` 3.17 lakh. (iii) EDD, Saidpur did not charge total excess demand at twice the normal rate when it exceeded beyond 10 *per cent* contracted demand recorded by meter. As a result, consumer (Executive Engineer, Sone Mechanical Construction Division, Varanasi for Deokali Pump Canal) was short charged by ` 17.14 lakh.
(v)	Non-application of rate schedule	The fixed charge for LMV-8 consumers was to be charged at the rate of ` 1000/BHP/ month with effect from 15 April 2010 and at the rate of ` 1200/BHP/month with effect from 1 October 2012.	EDD-I, Ghazipur did not apply these rates and short charged consumer by ` 1.41 crore. EDD-I, Mau did not apply enhanced fixed charge to consumer during October 2012 to March 2013 and short charged ` 13.01 lakh. This resulted in loss of revenue to the PuVVNL amounting to ` 1.54 crore.
(vi)	Non-billing as per billing cycle	Annexure 3.1 of Electricity Supply Code 2005 stipulated that billing cycle for HV- 4 consumers would be monthly.	EDD Dumariaganj did not raise the energy bills of ` 0.84 crore for one HV-4 consumer (having contracted load of 1200 KVA) during June 2012 to July 2013. This resulted in loss of revenue of ` 0.84 crore to PuVVNL due to non-charging of the consumer.
(vii)	Non-inclusion of unverified arrears	Para 6.15 (b) of Supply Code provides that no sum due from any consumer shall be recoverable after a period of two years from the date when such sum became first due unless such sum has been shown continuously as recoverable as arrear of charges of electricity supplied.	(i) During 2008-13, five EDDs[97] raised energy bills with ED and Capacitor Surcharge of ` 7.38 crore to Executive Engineer, Tube Well Divisions[98] but the amount of ED and shunt capacitor surcharge was not verified by the consumer. (ii) EDD Saidpur raised the energy bills of ` 81.50 crore for the period October 2008 to February 2013 to Executive Engineer, Sone Mechanical Construction Division, Varanasi for Deokali Pump Canal (consumer) against which ` 13.61 crore was not verified by the consumer. EDDs did not include the unverified amount in the subsequent bill. As a result, the amount remained un-recovered.

The Management accepted (September 2013) our observations and stated that bills are being raised. Out of ` 35.86 crore of non/short realisation of revenue pointed out by us, only ` 0.76 lakh has been recovered.

---

94 EDD-II Jaunpur, EDD-I Azamgarh, EDD-II Azamgarh, EDD-II Mau, EDD Chandauli, EDD-I Ghazipur, EDD Saidpur, EDD-I Ballia and EDD-I Gorakhpur.

95 EDD-I Jaunpur, EDD-II Jaunpur, EDD-I Azamgarh, EDD-II Azamgarh, EDD-I Ghazipur, EDD-I Ballia, EDD Chandauli and EDD-I Gorakhpur.

96 State Tube Well, World bank Tube Well and Laghu Dal Nahar.

97 EDD-I Jaunpur, EDD-II Jaunpur, EDD-II Mau, EDD-I Ghazipur and EDD Chandauli.

98 Executive Engineer, Nalkoop Khand, Jaunpur; Executive Engineer, Laghu Dal Nahar, Jaunpur; Executive Engineer, Minor Lift Canal Division, Ghazipur and Executive Engineer, State Tubewell Division, Chandauli.

Non levy of Late Payment Surcharge on unpaid Government dues

3.12.20 The Tariff Order stipulates that if a consumer fails to pay his electricity bill by the due date specified therein, a late payment surcharge at 1.25 *per cent* per month up to first three months and subsequently at the rate of 1.5 *per cent* per month shall be levied.

EDDs of the PuVVNL raised bills for supply of energy to Government Consumers[99]on monthly/quarterly basis and the UPPCL received payments against these bills centrally. After receipt of payment, Work Memo Credit Receipt (WMCR) was issued by UPPCL to the concerned EDDs to adjust the dues of the respective consumers. We noticed that the payments received by UPPCL from the Government against these dues were very irregular. UPPCL received the payments against these bills belatedly but late payment surcharge was neither levied by the EDDs nor by UPPCL which received payment centrally. As a result, surcharge of ` 304.33 crore (**Annexure-18**) on the bill amounts for delayed payment was neither levied nor recovered against the bills raised during 2003-04 to 2011-12 and payment received during 2008-09 to 2012-13, despite the fact that no exemption was given to Government consumers by UPERC in its Tariff Orders.

The PuVVNL stated (September 2013) that there was no delay on the part of the State Government in releasing the payments but the accounting was delayed at UPPCL level. The reply is not acceptable as we have considered only those cases where payment was actually delayed by the Government and the delays ranged from five months to 92 months.

Deficient application of Electricity Supply Code, 2005

3.12.21 Section 50 of the Electricity Act, 2003 stipulates that the State Commission shall specify an Electricity Supply Code to provide for recovery of electricity charges, intervals for billing of electricity charges, disconnection of supply of electricity for non-payment thereof, restoration of supply of electricity, tampering, distress or damage to electrical plant, electric lines or meter, entry of distribution licensee or any person acting on his behalf for disconnecting supply and removing the meter, entry for replacing, altering or maintaining electric lines or electrical plant or meter. Accordingly, UPERC notified (February 2005) the Electricity Supply Code, 2005 (Supply Code) addressing the aforesaid issues. Supply Code is applicable on all Licensees in the State.

PuVVNL did not apply the Supply Code effectively and failed to tap the leakage of revenue as detailed in table below:

Table No. 3.9

Sl. No.	Provision of Supply Code	Result of non application
(i)	Clause 5.1 of Supply Code provides that no new connection and supply of electricity shall be given without meter.	During 2008-09 to 2012-13, 12 EDDs[100] in violation of clause 5.1 of the Supply Code, released 62,612 connections to LMV-1 and LMV-2 consumers without installing meters and these connections were being billed at flat rate per connection per month. This unmetered supply deprived the PuVVNL of ` 178.62 crore[101] as it could not bill the consumers against actual energy consumed.

[99] Public Lighting (LMV-3), Public Water works (LMV-7) and State Tubewells, Panchayati Raj Tube well and Pump Canal (LMV-8).

[100] EDD-I Azamgarh, EDD-II Azamgarh, EDD-I Jaunpur, EDD-II Jaunpur, EDD-I Mau, EDD-II Mau, EDD-Chandauli, EDD-I Ghazipur, EDD Saidpur, EDD-I Ballia, EDD-I Gorakhpur and EDD Dumariaganj.

[101] Worked out on the basis of differential units per KW of unmetered connections (units per KW booked against the unmetered connections) and metered connections (units as recorded in meter) during 2008-09 to 2012-13.

Sl. No.	Provision of Supply Code	Result of non application
(ii)	As per para 4.20 (a) of Supply Code, security deposit equivalent to two months' estimated power consumption bill shall be made by all the consumers.	PuVVNL did not raise bills of/recover additional security of ` 67.05 crore and ` 105.05 crore in 2010-11 and 2011-12 respectively to reduce loan funds to that extent. As a result, the PuVVNL was not only deprived off the benefit of soft funds to avoid interest burden of ` 8.61 crore but also did not ensure recovery of security deposits as per the Supply Code.
(iii)	Clause 5.1 of Supply Code provides that no new connection shall be given without meter and all un-metered connections shall be metered by the licensee. The Company should replace the defective meter promptly to ensure proper assessment and revenue realisation from consumers.	We noticed that in 12 EDDs[102], 0.21 to 13.37 *per cent*[103] consumers under LMV-1, LMV-2, LMV-4, LMV-5 and LMV-6, were not billed and 5.82 to 83.21 *per cent* consumers were billed on NA/NR/IDF/ADF or RDF[104] basis which indicated that defective meters were not replaced promptly. This adversely affected revenue realisation from consumers and fund inflow of the PuVVNL as the consumers did not pay the bills if they were raised without meter reading and pursued the EDDs to rectify the bills.

The Management accepted (September 2013) our observations at (ii) and (iii) above and for (i) stated that billing was made as per tariff and there was no loss of revenue. However, instructions have been issued to install meters and to ensure to give connections on installation of meters only. Management's contention that there is no loss of revenue is not acceptable as billing for unmetered connections was done at flat rate and in the absence of meters, actual recovery for energy consumption was not being made which led to loss of revenue to the Company.

Poor monitoring of outstanding dues

3.12.22 The PuVVNL billed the consumers for sale of energy as per the provisions of the Supply Code and it is obligatory on the part of the consumer to pay his electricity bill on or before the due date of payment. Further, electricity supply in respect of defaulting consumers is required to be disconnected after the due date of payment as the bill issued by PuVVNL is bill cum disconnection notice. The table below indicates the assessment and realisation of dues on account of sale of energy to consumers by PuVVNL during the four years from 2008-09 to 2011-12[105].

Table No. 3.10

(` in crore)

Sl. No	Particulars	2008-09	2009-10	2010-11	2011-12	Total
1.	Balance outstanding at the beginning of the year	4,297.05	4,814.01	5,782.40	6,984.61	
2.	Revenue assessed/billed during the year	2,085.40	2,805.59	3,199.50	3,410.64	11,501.13
3.	Total amount due for realisation (1+2)	6,382.45	7,619.60	8,981.90	10,395.25	
4.	Total Amount realised during the year	1,568.44	1,837.20	1,997.29	2,197.24	7,600.17
5.	Amount realised against current assessment	1,369.84	1,679.56	1,989.13	2,169.76	7,208.29
6.	Percentage of amount realised against current assessment (5/2*100)	65.69	59.86	62.17	63.61	
7.	Balance outstanding at the end of the year (3-4)	4,814.01	5,782.40	6,984.61	8,198.01	
8.	Percentage of amount realised to total dues (4/3*100)	24.57	24.11	22.24	21.14	
9.	Arrears in terms of no. of months assessment (7/2*12 months)	27.70	24.73	26.19	28.84	

Source: Information furnished by PuVVNL on the basis of audited Annual Accounts.

102 EDD-I Azamgarh, EDD-II Azamgarh, EDD-I Jaunpur, EDD-II Jaunpur, EDD-I Mau, EDD-II Mau, EDD-Chandauli, EDD-I Ghazipur, EDD Saidpur, EDD-I Ballia, EDD-I Gorakhpur and EUDD-I Varanasi.

103 EUDD-I Varanasi issued all the bills.

104 NA-No Access, NR-No Reading, IDF-Informed Defective, ADF-Appears Defective and RDF-Reading defective.

105 Accounts for 2012-13 have not yet been prepared.

The above table indicates that the realisation of dues to total dues was in the range 21 to 25 *per cent* whereas realisation against current assessment was below 66 *per cent*. Hence, the arrears were increasing every year. We noticed that increase in dues was due to non-enforcement of procedure prescribed for recovery of dues like disconnection of supply, prompt issue of recovery notices and regular pursuance to consumer for payment of dues. Accumulation of outstanding dues adversely affected the fund position of the PuVVNL and therefore, power purchase liabilities to UPPCL could not be discharged in time.

The Management accepted (September 2013) the facts and stated that remedial steps are being taken up to improve the results.

Poor recovery through Recovery Certificates

3.12.23 Section 56 of the Electricity Act, 2003 stipulates that where a consumer neglects the payment of electricity dues, fifteen days' notice should be given before disconnecting the supply. A demand notice under Section 3 of the Uttar Pradesh Government Electrical Undertakings (Dues Recovery) Act, 1958 is to be sent to recover the dues. If payment is not received even after issue of demand notice, Recovery Certificates (RCs) under Section 5 of the said Act is to be sent to the District Authorities to recover the dues as arrears of land revenue.

We noticed that in 11 EDDs[106] 22,399 RCs amounting to ` 84.06 crore of private consumers were pending as on April 2008 and 8,499 RCs of ` 43.37 crore were further issued during the period 2008-09 to 2012-13. Against above 2,597 RCs of ` 5.10 crore (4 *per cent* of amount of RCs issued up to 2012-13) only were realised and 7,260 RCs of ` 27.70 crore (21.73 *per cent*) were returned with remarks that consumers were not traceable, hence, dues were not recoverable. Thus, 21,041 RCs of ` 94.63 crore were still pending for realisation as on March 2013. The PuVVNL failed to trace the defaulting consumers in respect of whom RCs were returned and had not made effective efforts for recovery of pending RCs with District Authorities, due to which, alone ` 94.63 crore remained un-recovered and ` 27.70 crore was unrecoverable for these 11 divisions. Such unrecovered amounts added to the already heavy revenue deficit of PuVVNL[107].

The Management accepted (September 2013) the aforesaid facts and stated that instructions have been issued to all Zones to ensure recovery through RCs in co-ordination with the District Authorities.

Weak Internal Controls

3.12.24 Internal control is a process designed for obtaining reasonable assurance for efficiency of operation, reliability of financial reporting and compliance with applicable laws and statutes so that management's objectives can be achieved in an efficient and effective manner. Internal control comprises distribution of work among the employees to ensure accuracy and reliability in the work, management information system and internal audit.

Our observations in paras 3.12.15, 3.12.16, 3.12.17, 3.12.19, 3.12.20 and 3.12.21 indicate lack of financial internal control in PuVVNL. In addition, we

---

[106] EDD-I Jaunpur, EDD-II Jaunpur, EDD-I Azamgarh, EDD-I Mau, EDD-II Mau EDD- Chandauli, EDD Dumariaganj, EDD Saidpur, EDD-I Ballia, EDD-I Gorakhpur and EUDD-I Varanasi. EDD-I Ghazipur and EDD-II Azamgarh did not maintain records of RCs.

[107] Ranging between 164.20 crore and 1,480.93 crore during the period from 2008-09 to 2011-12.

noticed the following which also reflect absence of control mechanisms in PuVVNL:

- Miscellaneous advances amounting to ` 54.19 lakh against 22 employees were outstanding for four to 37 years in EDD-II, Azamgarh as on March 2013. Records relating to the present status of their service and reasons for non-recovery were not available with the Division.

- Eleven[108] out 13 EDDs test checked did not reconcile their bank accounts with the cash book regularly. As on March 2013, there was delay of seven to 61 months in bank reconciliation. In eight EDDs[109] capital receipt account was not reconciled since inception. EDD Dumariaganj did not prepare Bank Reconciliation Statements since its inception.

- In 10[110] out of 13 EDDs test checked, cheques amounting to ` 1.31 crore were deposited in banks during April 1992 to January 2012 but were not credited into the accounts of the PuVVNL by the banks which indicated the lack of systemic controls to track un-credited amounts.

- In all 13 EDDs[111], cash balances in the chest on a particular day ranged between ` 64.84 lakh and ` 5.15 crore while the amount for which the chest was insured ranged between ` 6.50 lakh and ` 52.00 lakh. Under/non-insurance of the cash chest left EDDs vulnerable in case of theft of cash as in such cases the insurance company would not entertain the full claim.

The Management accepted (September 2013) the aforesaid facts and stated that action for recovery from employees, preparation of Bank Reconciliation Statements and crediting of cheques has been initiated.

Conclusion

Efficient fund management serves as a tool for decision making, for optimum utilisation of available resources and borrowings at favourable terms at appropriate time. There were lacunae in functioning of UPPCL as fund manager for DISCOMs and in arranging funds at lower rates to reduce the interest burden; loan funds were drawn without assessing requirement and there was diversion of dedicated scheme funds leading to delayed work of the scheme. There were considerable delays in filing of ARRs leading to loss of revenue. In PuVVNL, there were delays in transfer of revenue earned and funds were parked in non-interest bearing accounts. Deficient application of tariff orders and lack of prompt action in recovery of dues adversely affected the cash inflow of PuVVNL.

The matter was reported to the Government (July 2013); their reply has not been received (December 2013).

---

[108] EDD-I Azamgarh, EDD-II Azamgarh, EDD-I Jaunpur, EDD-II Jaunpur, EDD-I Mau, EDD- Chandauli, EDD-I Ghazipur, EDD Saidpur, EDD-I Ballia, EDD-I Gorakhpur and EUDD-I Varanasi.

[109] EDD-I Azamgarh, EDD-I Mau, EDD-II Mau, EDD- Chandauli, EDD-I Ghazipur, EDD-I Ballia, EDD-I Gorakhpur and EUDD-I Varanasi.

[110] EDD-I Jaunpur, EDD-II Jaunpur, EDD-II Azamgarh, EDD-II Mau, EUDD-I Varanasi, EDD- Chandauli, EDD-I Ghazipur, EDD, Saidpur, EDD-I Ballia and EDD-I, Gorakhpur.

[111] In EDD Dumariaganj there was no insurance of cash chest.

Uttar Pradesh Power Corporation Limited

3.13 Power Purchase Agreements (PPAs) with Independent Power Producers (IPPs)

Introduction

3.13.1 The Government of India (GoI), with a view to supply reliable and quality power to all by 2012 and increase in per capita availability of electricity to over 1,000 units by 2012, formulated the National Electricity Policy (NEP) in February 2005. In order to achieve the objectives enshrined in the NEP, the Government of Uttar Pradesh (GoUP) issued a revised Energy Policy in 2009. The Policy envisaged supply of reliable and quality power to all by 2014 at reasonable rates and to increase per capita availability of electricity to over 1,000 units by 2017. To increase the availability of power, the Energy Policy, 2009 focused on establishment of generating stations of 250 MW and above by Independent Power Producers (IPPs) through Memorandum of Understanding (MOU) with GoUP and purchase of power upto 50 *per cent* from such generating stations at a price to be decided by the Uttar Pradesh Electricity Regulatory Commission (UPERC).

Growth of demand and availability of power

3.13.2 The demand and availability of power during the five years from 2008-09 to 2012-13 is given below:

Table No. 3.11

Sl. No	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13 (Provisional)
1.	Demand of Power (MUs)	70189.50	76102.50	77854.50	82088.50	91651.50
2.	Availability of Power (MUs)					
2.1	Availability through Generation by State Utilities (Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited and Uttar Pradesh Jal Vidyut Nigam Limited)	20680.62	21066.99	19496.20	19369.64	17295.88
2.2	Availability through Power Purchase from National Thermal Power Corporation (NTPC), IPPs, Co-generators and Unscheduled Interchange (UI) etc.	35671.12	39611.94	45879.22	55109.97	46280.40
2.3	Total availability of power (MUs)	56351.74	60678.93	65375.42	74479.61	63576.28
3.	Shortfall in MUs (Demand - Availability of power) (1-2.3)	13837.76	15423.57	12479.08	7608.89	28075.22
4.	Shortfall in percentage (Row 3/Row 1 x 100)	20	20	16	9	31
5.	Percentage of power purchase to total availability of power (2.2/2.3 x 100)	63	65	70	74	73

Source: Information collected from the records of Uttar Pradesh Power Corporation Limited

It is apparent from the above table that there has been a gap between demand and availability of power, which, reduced from 20 *per cent* in 2008-09 to 9 *per cent* in 2011-12 but increased to 31 *per cent* in 2012-13 due to increase in demand as well as sharp decline in purchase of power over previous year. Although purchase of power with reference to total availability of power has increased from 63 *per cent* (2008-09) to 73 *per cent* (2012-13), it could not match the increase in demand.

Process of finalisation of Memorandums of Understanding (MOUs), Power Purchase Agreements (PPAs) with Independent Power Producers (IPPs) and fixation of power purchase price[112]

3.13.3 The Uttar Pradesh Power Corporation Limited (Company), incorporated in November 1999 under the Companies Act, 1956 is under the administrative control of the Energy Department of the GoUP. The Company being the State agency enters into the Power Purchase Agreements (PPAs) with the IPPs for purchase of power for onward sale to the Distribution Companies (DISCOMs)[113].

3.13.4 In order to fill the gap between demand and availability of power, the Company invited (November 2009) Expression of Interest (EOI) from the IPPs intending to establish generating stations through the MoU route under the State Energy Policy, 2009 (SEP). The EoIs duly vetted by the Company were sent to the Energy Task Force (ETF)[114] for final approval. The Energy Department, GoUP entered into 12 Memorandums of Understanding (MOUs) with IPPs. In response to these MoUs, the Company entered into 18 PPAs/Supplementary PPAs (SPPAs)[115] with IPPs during 2008-09 to 2012-13 for establishment of 18 Thermal Power Projects (TPPs) of 15,290 MW capacity including 16 PPAs /SPPAs (Capacity: 11,990 MW) through the MoU[116] route and two PPAs (Capacity: 3,300 MW) through competitive bidding process[117]. The PPAs were governed by the revised Energy Policy of 2009 and UPERC's (Terms and Conditions of Generation Tariff) Regulations, 2004 and revised Regulations of 2009. The details of all projects are given in **Annexure-19**.

Out of the 16 PPAs/SPPAs through the MoU route, two PPAs/SPPAs entered into with Rosa Power Supply Company Limited and five PPAs entered into with Bajaj Energy Private Limited, for establishment of two and five TPPs respectively (depicted at Sl. No. 2, 3 and 1 respectively in **Annexure-19**), were the only projects scheduled for completion by 2012-13 and had actually commenced commercial operation[118] up to 2012-13. Hence, we selected these PPAs/SPPAs for our audit examination. Two PPAs finalised through bidding process were examined by us in 2011-2012. Our comments on one PPA[119] had featured in the CAG's Audit Report (Public Sector Undertakings) for the year ending on 31 March 2012. The second PPA was not commented upon, as there was a stay on acquisition of land for the Project by the Hon'ble High Court.

---

[112] Power purchase price is referred to as tariff in the Tariff Regulations

[113] Madhyanchal Vidyut Vitran Nigam Limited, Purvanchal Vidyut Vitran Nigam Limited, Paschimanchal Vidyut Vitran Nigam Limited, Dakshinanchal Vidyut Vitran Nigam Limited and Kanpur Electricity Supply Company (KESCO).

[114] Composition of ETF: Infrastructure and Industrial Development Commissioner (Chairman), Principal Secretary (Finance), Principal Secretary (Energy), Principal Secretary (Irrigation), Principal Secretary (Planning), Principal Secretary (Environment), Principal Secretary (Nyaya), Chairman, Uttar Pradesh Power Corporation Limited, Managing Director Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited, Managing Director, Uttar Pradesh Power Corporation Limited.

[115] Supplementary PPA was executed for ROSA Power Project Stage-II. This was an extension to the initial PPA executed for ROSA Power Project Stage-I.

[116] Under the MoU route power projects, the tariff payable to the IPPs is decided by the UPERC.

[117] For the Power Projects under the bidding process, tariff payable to IPPs is finalised on the basis of competitive bidding.

[118] ROSA (Stage-I: 2 x 300 = 600 MW and Stage-II: 2 x 3 = 600 MW) and Bajaj Power Projects (5 x 2 x 45 MW capacity). Projects against other nine PPAs (10,340 MW capacity) were scheduled to be commissioned during 2014-2015 to 2017-2018 and, therefore, these projects were not selected for detailed audit.

[119] Bara project of 1,980 MW capacity, Para 3.4.1of CAG's Audit Report (PSUs) for the year ending on 31 March 2012.

UPERC's (Terms and Conditions of Generation Tariff) Regulations, 2004 (Tariff Regulations, 2004) came into effect from 7 June 2005 for a period of three years (up to 2007-08). After a gap of one year, UPERC's (Terms and Conditions of Generation Tariff) Regulations, 2009 (Tariff Regulations, 2009) came into force from 1 April 2009 till 31 March 2014. Regulation No. 5 of both the Regulations provides that application for determination of power purchase cost shall be filed for a period of three years (upto 2007-08) and five years (upto March 2014) respectively by the IPPs, hence it was a Multi Year Tariff (MYT).

UPERC's (Terms and Conditions of Generation Tariff) Regulations, 2009

3.13.5 Regulation 15 of Tariff Regulations, 2009 provides for two tier tariff for Thermal Power Generating Companies i.e. Fixed Charges and Variable Charges:

Fixed charges comprise of five elements viz. Interest on loan capital, Return on Equity (RoE), Depreciation (including advance against depreciation), Operation and Maintenance Expenses (O&M expenses) and Interest on working capital. The first two components viz. interest on loan and RoE were directly related to the Capital cost of the project admitted by UPERC. Any increase/decrease in the capital cost would result in increase/decrease in the tariff and would ultimately impact financial position of the Company. The Power Generating Companies (PGCs) were required to claim such fixed charges as allowed by UPERC.

Variable charges cover the fuel cost (landed cost of coal and oil), which were to be claimed by the PGCs as per the actual cost of fuel.

Audit Findings

Power projects (Stage I and II) developed by ROSA Power Supply Company Limited (RPSCL)

3.13.6 The GoUP entered into (November 1993) an MoU with RPSCL, a special purpose vehicle (SPV) of Aditya Birla Power Company Limited (ABPCL) for setting up of 567 MW TPP. RPSCL was taken over (1 November 2006) by Reliance Energy Generation Limited (rechristened as Reliance Power Limited). Under the above MOU, the Company executed (12 November 2006) a PPA with RPSCL for ROSA Stage-I (Unit I and II each of 300 MW) power project for purchase of 100 *per cent* power to be produced by RPSCL for a period of 25 years. A supplementary PPA was executed (September 2009) between RPSCL and the Company for ROSA Stage II power project (Unit III and IV each of 300 MW).

The PPA being a legal contract under the provisions of the Indian Contract Act, 1872, was binding upon the parties entering into the contract. Any change in the terms and conditions of the contract was permissible only with the mutual consent of the parties to the agreement. On scrutiny of the PPA/SPPA executed with RPSCL, we noticed the following deficiencies:

Deficiencies in PPA

Stage - I

- No model PPA for thermal power projects was approved either by the GoUP or by the UPERC for the projects being set up by the IPPs under the MoU route.

- There was no explicit clause either for determination of benchmark/ceiling (upper limit) on capital cost of the project or for establishing control over capital cost with the provision that the agreed ceiling on capital cost or actual capital cost (whichever is lower) shall be considered for determination of tariff.
- There was no provision for scrutiny of the capital cost by an Independent Agency to ensure transparency and adherence to agreed mechanism of cost control in order to restrict the final capital expenditure within the ceiling/ benchmarked capital cost.
- There was no overriding clause in the PPA with regard to applicability of the Tariff Regulations of UPERC on the whole PPA. Further, there was no mention as to which provision will prevail in case of contradictions between the provisions of Tariff Regulation and PPA.
- A provision for deemed energy[120] was included in the PPA, whereas, there was no such provision in the regulations of CERC[121] and UPERC. Inclusion of such provision resulted into avoidable liability on the Company as discussed in the para no. 3.13.13 (a) and 3.13.13 (b) *infra.*

Stage-II

PPA for Stage–II was a supplementary agreement hence provisions of Stage-I PPA (other than specifically mentioned in Stage-II PPA) were applicable. In addition to deficiencies pointed out in the PPA (Stage-I), the PPA of Stage-II project was also deficient to the following extent:

- Unlike the PPA for Stage-I, the PPA for Stage-II did not contain any ceiling on capital cost. There was also no mechanism to keep control over the capital cost. Thus, the capital cost was open ended with no contractual grounds for protest by the Company against any increase in capital cost.
- Due to non-provision for ceiling on capital cost/ control over capital cost in the PPA, the Company could not appeal against the approval (June 2012) of additional capital cost of ` 550.02 crore by UPERC, as discussed in succeeding para no. 3.13.9

Capital cost of the project and its impact on cost of power purchase[122]

3.13.7 The projects under MoU route are based on capital cost, as provided in PPAs approved by UPERC, after open hearings. As per Regulation No. 20 of the Tariff Regulations, 2009, Capital cost funded in debt-equity ratio of 70:30 is to be considered for determination of cost of power purchase and where the actual equity employed is less than 30 *per cent*, the actual debt and equity shall have to be considered for determination of tariff. In case equity employed is more than 30 *per cent* it is to be restricted to 30 *per cent* and balance is to be considered as normative loan by IPPs. The cost of power purchase comprising of fixed charges and variable charges is determined by UPERC, as per the provisions of the Tariff Regulations, 2009. The computation of fixed charges is done on the basis of five elements viz. interest

---

120 As per PPA, deemed energy shall mean the number of units of energy which ROSA was in a position to generate with reference to actual level of generation then existing and with reference to the Daily Declared Capacity, but did not generate as a result of (i) dispatch instructions from UPPCL or (ii) failure to take delivery of electricity by UPPCL due to grid disturbance attributable to UPPCL or (iii) payment default by UPPCL.

121 CERC: Central Electricity Regulatory Commission.

122 Cost of power purchase is referred to as Tariff in the Tariff Regulations.

on loan, Depreciation, Return on Equity (RoE), Operation and Maintenance (O&M) expenses and Interest on working capital. While O&M expenses are provided in the Tariff Regulations, 2009 as per the capacity of the Thermal Power Projects (TPPs), the other four elements viz. Interest on loan, Depreciation, Return on Equity (RoE) and Interest on working capital are based on the actual capital cost of the project. Therefore, any increase/decrease in capital cost accordingly results in increase/decrease in these four elements which, in turn, affects the cost of power purchase and the financial interest of the Company.

Extra financial burden due to allowance of additional capital cost

Stage – I

3.13.8 Regulation No. 17 of the Tariff Regulations, 2004 provided that where the PPA provides a ceiling on capital expenditure, the actual capital expenditure shall not exceed such ceiling for determination of tariff and if the actual capital expenditure exceeds such ceiling, such increase shall be decided by UPERC on case to case basis on an application filed by IPPs.

The PPA (November 2006) for Rosa Power Project, Stage-I executed between the Company and RPSCL was governed under the Tariff Regulations, 2004. In the PPA the capital cost of ` 2,641.63 crore for Rosa Stage –I power project was earlier approved by UPERC, specifying that this cost would be ceiling/upper limit of capital cost for the purpose of determination of tariff. UPERC approved (April 2009) additional capital cost of ` 470.88 crore against the claim of ` 564.80 crore by RPSCL. The allowance of the additional capital cost was not in accordance with the provisions of PPA and also in view of the fact that the PPA was governed by Tariff Regulations, 2004.

Inaction of the Company to appeal against the additional capital cost approved by UPERC led to financial burden of ` 137.01 crore up to March 2013, which will continue to increase during the remaining contractual period.

We noticed that the Company, during public hearing (March 2009) conducted by UPERC for deciding the same, protested the allowance of additional capital cost with reference to CERC Regulations 2009[123]. The Company requested the UPERC that the cost may be got audited by nominee of the Company. The UPERC did not agree with the Company's view stating that "completion cost of the project would be subject to prudence check by it and as considered necessary at the time of such prudence check, it may appoint independent auditor and/or technical expert to ascertain the cost as such the Company should not insist on audit by its nominee." The same has not been done till date. Further, the Company was at liberty to appeal before the Appellate Tribunal of Electricity (APTEL) within 45 days of receipt of order.

We further noticed that the provision in PPA (clause no 1.1) for ceiling on capital cost was binding upon both the parties (RPSCL and the Company) which could not be changed without the consent of the concerned parties. Though the Company had sufficient legal grounds to appeal before APTEL, as allowance of additional capital cost was against the financial interest of the Company, it, however, did not make appeal.

Thus, failure of the Company to file and pursue an appeal resulted in extra financial burden on the Company to the tune of ` 137.01 crore[124] for the period upto March 2013. As the PPA is for 25 years, this financial burden will

[123] Regulation No. 7, last para of CERC (Terms and Conditions of Tariff) Regulations, 2009 notified on 19 January 2009 by Central Electricity Regulatory Commission provides that where PPA entered into between the generating Company and the beneficiaries provide for ceiling of actual expenditure, the capital expenditure admitted by the Commission shall take into consideration such ceiling for determination of tariff.

[124] [` 56.88 crore **(Annexure-20)** + ` 80.13 crore **(Annexure-21)**] = `137.01 crore.

increase at the rate of ` 54.47 crore per year for the remaining 22 years[125] of the contract as detailed in **Annexure-20** and **21.**

The Management stated (August 2013) that they had submitted to the UPERC that where the PPA provides a ceiling on capital cost, such ceiling should not be allowed to be reopened for the purpose of tariff determination. The Company further stated that they had opposed the revision of cost of project in the light of earlier agreed cost in PPA as ceiling cost and also requested UPERC for audit of actual cost by the nominee of the Company. However, the views of the Company were not agreed to and UPERC had taken decision at their own prudence.

The fact remains that the Company failed to take steps to safeguard its financial interest by making an appeal to APTEL.

Stage-II

3.13.9 Similarly, UPERC approved (June 2009) capital cost of ` 3,098.60 crore for Rosa Power Project Stage-II (2 x 300 MW) without specifying any ceiling on the cost.

We noticed that the Company did not make effort to get approval of UPERC for ceiling on capital cost as fixed in case of Stage-I project or attempt to finalize a mutually agreed mechanism for establishment of cost control. UPERC approved (June 2012) additional cost of ` 550.02 crore (18 *per cent*) for Stage-II. The Company had no contractual grounds to appeal against the allowance of additional cost in the absence of any ceiling on capital cost in the PPA.

Consideration of higher O&M expenses in Multi Year Tariff

Inaction of the Company to apprise UPERC of the O&M expenses considered in DPR of RPSCL led to fixation of higher O&M expenses with consequential financial burden of ` 105.16 crore up to March 2013, which will continue to increase during the remaining contractual period.

3.13.10 The Operation and Maintenance (O&M) expenses of ` 12.17 lakh per MW for the year 2009-10 were considered by RPSCL in the Detailed Project Report (DPR) of May 2005 for the ROSA Power Project which was available with the Company. Regulation No. 21 (IV) of the Tariff Regulations, 2009, however, provided O&M expenses for the year 2009-10 at ` 16 lakh per MW to be increased by 5.72 *per cent* per annum in subsequent years. We noticed that even though the Company was aware of the lower O&M expenses considered by RPSCL in their DPR , it did not apprise these facts to UPERC during public hearing held (March 2009) for finalisation of Tariff Regulations, 2009. Therefore, the O&M expenses fixed as per the Tariff Regulations, 2009 were found to be higher by 31.47 *per cent.*

Thus, failure of the Company to apprise UPERC of the fact of lower O&M expenses considered by RPSCL in their DPR, led to hike in tariff with consequential extra financial burden of ` 105.16 crore up to March 2013. As the PPA is for 25 years, this financial burden will increase at the rate of ` 54.36 crore (Stage-I: ` 27.18 crore + Stage-II: ` 27.18 crore) per year for the remaining 22 years[126] (Stage-I) and 23 years and nine months[127] (Stage-II) of the contract[128], as detailed in **Annexure-22.**

The Management stated (August 2013) that the O&M expenses mentioned in the DPR prepared by the consultants were merely indicative and on the basis

[125] Base rate of 2012-13-` 54.47 crore (RoE- ` 22.61 + Interest on loan ` 31.86 crore) x 22 years = ` 1,198.34 crore.
[126] Base rate of 2012-13-` 27.18 crore x 22 years = ` 597.96 crore.
[127] Base rate of 2012-13-` 27.18 crore x 23 years and 9 months = ` 645.52 crore.
[128] Stage-I: ` 597.96 crore + Stage-II: ` 645.53 crore = ` 1,243.49 crore.

of preliminary stage conceptual planning. The data provided in DPR may undergo changes at the time of actual implementation of the project.

We do not agree with the reply as the DPR is the most important document for ascertainment of the financial feasibility and funding of the project. The Company, therefore, failed in its responsibility to bring these facts to the notice of UPERC during finalisation of Tariff Regulations, 2009.

Cost Benefit Analysis not done for Return on Equity rate

3.13.11 Tariff Regulations, 2004 provided Return on Equity (RoE) at 14 *per cent* and Plant Load Factor (PLF)[129] at 80 *per cent.* The Tariff Regulations, 2009 provided RoE of 16 *per cent* (including 0.5 *per cent* incentive RoE) and PLF 85 *per cent* for the projects commissioned on or after 01 April 2009. Regulation No. 2(5) of Tariff Regulations, 2009 provides that these Regulations are in addition to and not in derogation to the terms and condition of determination of tariff approved in PPA.

PPA (November 2006) followed by the SPPA (September 2009) accordingly incorporated RoE at 14 *per cent* per annum and PLF at 80 *per cent.* RPSCL in their petitions[130] for Multi Year Tariff - MYT (2009-10 to 2013-14) claimed RoE at the rate of 16 *per cent* with PLF of 80 *per cent.* UPERC, allowed (March 2011) RoE of 16 *per cent* and PLF of 85 *per cent* (w.e.f. April 2011) in the above MYT. We noticed that the Company accepted the PLF of 85 *per cent* but asked for RoE at the rate of 14 *per cent* and not for RoE with matching PLF. UPERC rejected the claim of Company stating that the norms should be either from PPA or from Regulations and not partially from both. The Company sought opinion from the Additional Advocate General of Uttar Pradesh, who opined (January 2011) that the PPA having been entered between the parties and the RoE fixed by agreement of the parties, was not liable to be changed or amended only because of the promulgation of the Tariff Regulations, 2009. Hence the RoE with matching PLF as provided in PPA formed the legally tenable ground.

We further noticed that the Company filed (April 2011) a Review Petition with UPERC in response to latter's order for MYT (March 2011) again requesting for consideration of RoE at the rate of 14 *per cent* per annum and PLF of 85 *per cent*. UPERC rejected the Review Petition in April 2012.

Failure of the Company to conduct Cost- Benefit-Analysis coupled with the arbitrary decision of CMD not to file an appeal before APTEL against increased RoE led to financial burden of ` 40.98 crore upto March 2013 , which will continue to increase during the remaining contractual period.

In this regard**,** we observed that the Review petition was not maintainable as per Code of Civil Procedure (CPC) order XLVII Rule 1[131]. This view was also opined by the Additional Advocate General (June 2011) who strongly recommended the Company to withdraw the Review Petition and to file appeal before APTEL. However, the Company did not act upon the advice of the Additional Advocate General and the Chairman-cum-Managing Director (CMD) of the Company decided to go ahead with the Review petition.

The decision of the CMD to not file an appeal was not in the interest of the Company and led to increase in cost of power purchase by Company with consequential extra financial burden on the Company to the tune of ` 40.98 crore[132] up to March 2013. As the PPA is for 25 years, this financial burden will increase at the rate of ` 25.40 crore (Stage-I: ` 12.70 crore + Stage-II:

---

[129] PLF stands for percentage of sent out energy corresponding to installed capacity.

[130] Filed with UPERC in accordance with Regulation No. 5 of UPERC's (Terms and Conditions of Generation Tariff) Regulations, 2009.

[131] Review Petition can be filed only when there was a mistake or error apparent on the face of record. The instant case did not contain such grounds. Hence, the Review petition was not legally maintainable.

[132] ` 25.10 crore (Stage-I) + ` 15.88 crore (Stage-II) = ` 40.98 crore.

` 12.70 crore) per year for the remaining 22 years[133] (Stage-I) and 23 years and nine months[134] (Stage-II) of the contract[135], as detailed in **Annexure-23**.

The Management stated (August 2013) that they had not contested against allowance of 85 *per cent* PLF as five *per cent* extra guaranteed capacity was available without any payment of extra fixed charges. It further stated that RoE at the rate of 16 *per cent* was contested but UPERC did not agree.

The Management's reply indicates that the protest and Review petition filed to UPERC was not based on any legally and financially tenable basis as the Company had not conducted any cost-benefit analysis. We also noticed that RoE of 14 *per cent* with PLF of 80 *per cent* as provided in PPA was beneficial to the Company to the tune of ` 622 crore (**Annexure-23**) during the contractual period (Stage-I and II projects) as per cost benefit analysis worked out by us.

Besides, it also failed to file an appeal before the APTEL despite legal advice in this regard by Additional Advocate General.

Inadmissible allowance of incentive return

3.13.12 The PPA executed in November 2006 for ROSA Stage-I projects (Unit - I and II), was governed by the provisions of Tariff Regulations, 2004 wherein, there was no provision for incentive return for the projects completed within scheduled time. UPERC approved (November 2006) timeline of 41 months (unit-I) and 44 months (unit-II) for completion of the project. Tariff Regulations, 2009 included a provision for incentive return at the rate of 0.5 *per cent* for the projects completed within the timeline of 33 and 37 months. UPERC allowed 0.5 *per cent* incentive return for Rosa Stage I project in the MYT (March 2011) on the grounds of commissioning of the Unit–I and II within a timeline of 41 months and 44 months.

Failure of the Company to prefer appeal before APTEL against the in admissible incentive return led to extra financial burden of ` 13.28 crore upto March 2013 which will continue to increase during the remaining contractual period.

We noticed that in view of the specific timeline of 33 and 37 months, as per the Tariff Regulations, 2009, incentive return was not admissible in the instant case. In the public hearing before UPERC on MYT, the Company did not point out that as per Tariff Regulations of 2004, no incentive for completion of project during timeline was allowable. Moreover, the timelines allowed in Tariff Regulations of 2009, were 33 and 37 months as against 41 and 44 months allowed for the project by UPERC. Moreover, as the allowance of incentive return by UPERC was not in the financial interest of the Company, an appeal should have been filed before the APTEL. We noticed that no appeal was filed.

Thus, not preferring appeal before APTEL led to avoidable financial burden of ` 13.28[136] crore upto March 2013 with consequential impact on the cost of power purchase. As the PPA is for 25 years, this financial burden will increase at the rate of ` 4.67 crore per year for the remaining 22 years[137] of the contract.

The Management stated (August 2013) that they had opposed the additional return of 0.5 *per cent* on the ground that the Generating Companies may avail the windfall gain even without any provision in PPA. Subsequently this issue

[133] Base rate of 2012-13-` 12.70 crore x 22 years = ` 279.40 crore.
[134] Base rate of 2012-13-` 12.70 crore x 23 years and 9 months = ` 301.62 crore.
[135] Stage-I: ` 279.40 crore + Stage-II: ` 301.62 crore = ` 581.02 crore.
[136] As per MYT approved by UPERC-` 0.12 crore (2009-10) + ` 3.89 crore (2010-11) + ` 4.60 crore (2011-12) + ` 4.67 crore (2012-13).
[137] Base rate of 2012-13-` 4.67 crore x 22 years = ` 102.74 crore.

was again challenged through Review Petition filed (April 2011) before UPERC against the MYT order but UPERC did not agree.

As the essence of admissibility of additional return was the time line (33 and 37 months) specified in the Tariff Regulations, 2009, the Company failed in its duty to protest the above issue before UPERC by specifically pointing out that the incentive return allowed in case of Rosa Power Project (Stage-I) was based on higher timeline of 41 and 44 months. Moreover, the Company did not appeal before APTEL.

Extra financial burden on account of Deemed Generation

3.13.13 We noticed that the PPA, in contravention to the provisions of CERC and UPERC Regulations, incorporated a provision for deemed energy. As per provisions of PPA, in case of claim for deemed generation, the Company was liable to pay fixed charges to RPSCL, though no energy was actually received by the Company. We noticed that RPSCL had claimed for deemed generation in the following two cases:

Liability of deemed generation due to transmission constraints/tripping

(a) According to Clause 9.1 (d) of the PPA, the Company was required to construct six transmission lines and other inter-connection facilities 90 days prior to scheduled synchronisation dates of Unit-I and II of Stage- I projects viz., 30 September 2009 and 31 December 2009, respectively. The PPA further provided that in case of deemed generation[138], the Company was liable to pay the fixed charges to RPSCL, though no energy was actually received by the Company.

Inclusion of provision of deemed generation in PPA created avoidable liability of ` 31.50 crore on the Company due to transmission constraints/tripping.

We noticed that Unit I and II (Stage I) were commissioned on 12 March 2010 and 30 June 2010 but the Company could complete only two out of the agreed six transmission lines between November 2006 to March/June 2010. As the remaining four transmission lines were not completed, the Company could not evacuate the capacity power generated by RPSCL due to transmission constraints/trippings.

RPSCL claimed ` 31.50 crore on account of deemed generation on account of 91 incidences of transmission constraints/tripping between 13 March 2010 to 30 March 2011. UPERC, in their order (07 December 2011) issued instructions to settle the issue mutually within one month of the above order. The matter, however, could not be resolved mutually within the time given by UPERC. Hence, RPSCL again filed (07 December 2012) a petition with UPERC, the order of UPERC was awaited (December 2013).

Thus, unwarranted inclusion of provision in PPA for deemed generation and failure of the Company to timely construct the required transmission lines resulted in avoidable liability of ` 31.50 crore on account of deemed generation.

The Management stated (August 2013) that due to multiple Right of Way (ROW) problems, completion of two transmission lines was delayed and against 91 incidences of deemed energy (` 31.50 crore) as claimed by RPSCL,

[138] PPA (November 2006) stipulates that deemed energy shall mean, for any operating period, the number of units of energy (kWh) which RPSCL was in a position to generate during such operating period, with reference to actual level of generation then existing and with reference to the daily declared capacity or the most recent modification thereto as last modified and indicated to the Company, but did not generate as a result of (i) dispatch instruction from the Company or (ii) failure to take delivery of electricity by the Company due to grid disturbance attributable to Company as determined by Northern Regional Electricity Board but not due to any force majeure event or (iii) payment default by the Company including any failure to provide/sustain agreed security package.

the High Power Committee constituted by the Company had recommended deemed energy for only 22 incidences. The High Power Committee report had been sent to UPERC and the UPERC's order was awaited.

The fact remains that inclusion of provisions of deemed generation in violation to CERC and UPERC Regulations and failure of the Company to construct six transmission lines in 37 months from the date of signing of PPA (November 2006), made the Company liable for payments for deemed generation.

Liability for deemed generation due to payment default

(b) The Company was liable to make payments against the bills raised by RPSCL as per the provisions[139] of the PPA. However, due to the Company's failure to make timely payments, it was not only put to extra financial burden of ` 79 crore in terms of late payment surcharge but also created avoidable liability on account of deemed generation, as discussed below:

Due to payment default by the Company, RPSCL kept the Units of Stage–I and II under shut down between 5 July 2012 and 31 July 2012, as detailed below:

Table No. 3.12

Period of shut down	Stage-I	Stage-II	Availability of power at 85 *per cent* PLF during July 2012 (MUs)	Actual availability of power due to frequent shut down of units (MUs)	Short availability of power (MUs)
05.07.12 to 06.07.12	Both units	Both units	677.58	411.31	266.27
07.07.12	Both units	One unit			
08.07.12 to 21.07.12	One unit	One unit			
22.07.12 to 31.07.12	One unit	Nil			

Source: Information furnished by the Company

Inclusion of provision of deemed generation in PPA created avoidable liability of ` 50.57 crore on the Company due to payment default.

We noticed that the due to closure of the Units by RPSCL, the Company could not get the assured power of 266.27 MUs and had to meet this shortage through short term purchase/Unscheduled Interchange (UI) at higher cost. On the other hand, the Company also incurred an avoidable liability for payment of fixed charges of ` 50.57 crore (Stage I: ` 24.59 crore and Stage-II: ` 25.98 crore) as claimed by RPSCL on account of deemed generation as per order of UPERC (March 2013). The Company had filed (May 2013) a protest against this order in APTEL.

The Management intimated (December 2013) that they have withdrawn the appeal filed before APTEL as it had agreed to settle the claim of RPSCL in light of the specific provision of the PPA, in the meeting held with RPSCL on 22 August 2013.

The fact remains that the inclusion of provision of deemed generation in PPA which was in contravention of CERC and UPERC Regulations has resulted in the Company becoming liable for payment of ` 50.57 crore to RPSCL on account of deemed generation without receipt of energy.

[139] As per the provisions of the PPA (November 2006), due date of payment shall mean in relation to any amount the 30th day after the receipt of invoice of that amount by the Company. Clause 12.17 of the PPA further provided that for payment of bills of fixed charges and variable charges through a letter of credit on presentation, a rebate of two *per cent* shall be allowed. If the payments are made by a mode other than through the letter of credit but within a period of one month of presentation of bills by RPSCL, the rebate of one *per cent* shall be allowed. In case the payment of bills of fixed charges and variable charges by the Company is delayed beyond a period of one month from the date of billings, a late payment surcharge at the rate of 1.25 *per cent* per month shall be levied by RPSCL on outstanding amount of the bills.

Payment of power purchase bills without verification

3.13.14 As per the terms[140] of the PPA, payment against power purchase bills was to be verified/made for Fixed Charges (as per tariff) and Variable Charges (coal, oil and transportation charges) as per actual on the basis of supporting bills/ documents. The Company had no mechanism for verification/ adjustment of bills as per actual expenditure incurred by RPSCL.

We noticed that the Company did not exercise the right available as per PPA to obtain the source documents for verification of bills of fuel charges. The Company had also not devised any mechanism for annual verification/ adjustment of bills as per actual expenditure incurred by RPSCL based on source documents. We noticed that this failure of internal control led to payment of ` 1,812.56 crore[141] towards fuel, against actual expenditure of ` 1,688.18 crore[142] incurred by RPSCL during the years 2010-11 and 2011-12. This led to extra expenditure of ` 124.38 crore on purchase of power by the Company.

The Management agreed (August 2013) with our observation and assured action to verify the variable cost details from the source documents. The outcome of recovery/adjustment was awaited (December 2013).

Loss due to non-claim of the benefit of gain on foreign currency transaction

3.13.15 As per Clause 12.12(a)[143] of the PPA (November 2006) read with Regulation No. 9 of Tariff Regulations, 2009, as soon as the fact of Foreign Exchange Rate Variation (FERV) comes to the notice of RPSCL, they shall submit to the Company (i) in the event, such variation is a positive number, a supplementary bill for an amount equal to such variation or (ii) in the event, such difference is negative, a statement setting forth the amount of such variation as credit in the power purchase bill for the next operating month of RPSCL.

Inaction of the Company led to non-recovery/ adjustment of ` 56 crore on account of FERV derived by RPSCL

We noticed that the RPSCL had derived net benefit of ` 56 crore on account of FERV during the period 2008-09 to 2010-2011, as per their audited accounts. However, despite being mandatory, this net gain aggregating to ` 56 crore derived by RPSCL on account of FERV was neither reflected as credit in the power purchase bill submitted by RPSCL to the Company nor was claimed by the Company. Thus, due to not ensuring the compliance with the provisions of Clause 12.12 (a) of the PPA as well as Regulation No. 9 of the Tariff Regulations, 2009, the Company failed to claim the net gain of ` 56 crore.

The Management agreed (August 2013) with our observation and stated that they have referred (12 July 2013) the matter to RPSCL. Action for recovery/adjustment was awaited (December 2013).

---

[140] Clause 12.5 (b) of the PPA (November 2006) stipulates that either party shall have the right, upon reasonable prior written notice to the other party, to examine and/or make copies of the records and data of the other party relating to this agreement (including without intimation, all records and data relating to or sustaining any payments made by or to ROSA) at any time during normal business hours.

[141] ` 560.10 crore (2010-11) *plus* ` 1,252.46 crore (2011-12) claimed by RPSCL and verified by the Company.

[142] ` 559.65 crore (2010-11) *plus* ` 1,128.53 crore (2011-12) based on audited accounts of RPSCL.

[143] Clause 12.12 (a) of the PPA read with the Tariff Regulations, 2009 provides that extra rupee liability towards interest payment and loan repayment corresponding to the foreign debt, in the relevant year shall be permissible provided it directly arises out of foreign exchange rate variations (FERV). RPSCL is allowed to receive foreign exchange rate variation on year to year basis as income or expenditure in the period in which it arises. Recovery of FERV was to be done directly by the Generation Company from the beneficiary (the Company).

Deficient planning in scheduling of generation

Short scheduling of generation led to payment of fixed charges of ` 65.18 crore without procurement of power.

3.13.16 The gap in demand and supply leads to variation between actual generation and scheduled generation which is met out through Unscheduled Interchange (UI)[144] and accounted as UI charges, worked out by State Load Dispatch Centre (SLDC) for each 15 minutes time block.

While the Company should judiciously plan the scheduled generation (SG) at par with the Declared Capacity (DC) offered by RPSCL, we noticed that the Company had short scheduled 396.96 MUs (160.52 MUs in 2011-12 and 236.44 MUs in 2012-13) against the DC offered by RPSCL. As there was short availability of power in State, the Company met requirement through UI at a higher cost[145].

Besides, the Company had also to pay the committed fixed charges of ` 65.18[146] crore during 2011-12 and 2012-13 on such excess DC.

Power Projects installed by Bajaj Energy Private Limited (BEPL)

3.13.17 According to the Energy Policy, 2009[147], power projects of 250 MW and above capacity were permitted for establishment by IPPs through the MoU route. Bajaj Hindustan Limited (BHL)[148] offered (26 November 2009) the Company to set up five TPPs of 80 MW each at five locations[149], which was not permissible in view of the aforesaid policy. The GoUP, on the proposal (1 December 2009) of the Company for change in the Power Policy and on the recommendation (8 December 2009) of Energy Task Force (ETF), amended (24 December 2009) the Power Policy which permitted the co-generators to set up TPPs not exceeding 100 MW capacity and gave the State Government/ its nominee the right to purchase up to 50 *per cent* of power generated at the tariff fixed by UPERC. In this regard, we noticed the failure of the Company in putting forth the facts of DPR to UPERC/not pointing out the deficiencies in figures of the tariff petition filed by BEPL, as discussed in the succeeding paragraphs:

Norms taken in DPR not intimated to UPERC

3.13.18 Bajaj Hindustan Limited entered into (22 April 2010) an MoU with GoUP for establishment of generating power plants of 90 MW capacity (2 x 45MW) at each of the five locations for purchase of 90 *per cent* of power generated by BHL. It was subsequently revised to 100 *per cent* by the Secretary, Energy Department, GoUP in May 2011. The Company entered into (10 December 2010) five PPAs with BHL for purchase of power from above power projects for a period of 25 years at the power purchase cost to be determined by UPERC. The units were commissioned during March-April 2012.

---

[144] UI stands for unscheduled drawl of power from Grid to meet the demand of power.

[145] Average cost of UI for 2011-12 and 2012-13 was ` 5.07 and ` 6.46 per unit respectively as against average cost of power purchase from RPSCL of ` 4.79 and ` 5.37 per unit respectively i.e. higher by ` 0.28 per unit in 2011-12 and ` 1.09 per unit in 2012-13.

[146] (160.52 MUs x ` 1.63) + ( 236.44 MUs x ` 1.65) = ` 26.17 crore + ` 39.01 crore = ` 65.18 crore.

[147] Notified by the GoUP on 23 October 2009.

[148] Subsequently, these TPPs were assigned by BHL to its subsidiary company Bajaj Energy Private Limited (BEPL) as per approval accorded by the GoUP on 11 June 2010.

[149] Barkhera (Pilibhit), Kundarkhi(Gonda), Khambharkhera (Lakhimpur), Maqsuadpur (Shahjahanpur) and Atraula (Balrampur).

The Norms of Operation (NOPs) comprising of Gross Station Heat Rate (GSHR), Operation and Maintenance (O&M) expenses and Auxiliary consumption in respect of TPPs of 45 MW were not initially fixed in the Tariff Regulations, 2009 as the TPPs of such small size had not been in existence in the State[150]. Hence, before fixing the NOPs in respect of 45 MW TPPs, UPERC called for (September 2010 and February 2011) relevant information for 45 MW capacity TPPs from the Company, Central Electricity Authority (CEA) and National Thermal Power Corporation (NTPC). UPERC did not receive any information from the Company, CEA or NTPC on the NOPs. BEPL, however, submitted an affidavit containing information on GSHR. Thus, UPERC fixed (July 2011) the NOPs viz. GSHR (2,900 kCal/kWh) on the basis of affidavit submitted by BEPL. O&M expenses were fixed at ` 20.34 lakh/per MW for 2011-12 (to be escalated by 5.72 *per cent* in subsequent years) on the basis of Obra TPP[151] (which was more than 37 years old) and Auxiliary consumption was fixed at 11 *per cent*.

We, however, noticed that in the DPR of January 2010, BEPL had considered the NOPs viz. GSHR (2675 Kcal/kWh), O&M Expenses (`12.00 lakh/MW for 2009-10 to be escalated by 5.72 *per cent* in subsequent years) and Auxiliary consumption (10 *per cent*) at significantly lower rates. This DPR, which was the basis of ascertainment of the financial feasibility and funding of the project, was available with the Company. However, the Company did not bring the fact to the notice of UPERC. The Company did not submit any comment during public hearing conducted by UPERC for finalisation of the NOPs for 45 MW TPPs. This inaction by the Company led to inadequate input to UPERC and resulted in fixation of higher NOPs with consequential extra financial burden on the Company, as summarised in the table below:

Table No. 3.13

(` in crore)

Particulars	NOPs fixed for 45 MW in Tariff Regulations, 2009	NOPs for 45 MW as per DPR	Financial impact on comparison of NOPs of Regulations, 2009 for 45 MW to those of DPR
GSHR	2900 kCal/kWh	2675 kCal/kWh	1677.70[152]
Auxiliary consumption	11 *per cent*	10 *per cent*	377.79[153]
O&M Expenses	` 21.50 lakh/ MW (2012-13) to be escalated by 5.72 *per cent* in subsequent years	` 14.18 lakh/ MW (2012-13) to be escalated by 5.72 *per cent* in subsequent years	823.50[154]
Total			**2,878.99**

Source: UPERC (Terms and Conditions of Generation Tariff) Regulations, 2009 as amended from time to time

Norms taken in DPR were not intimated to UPERC which led to fixation of higher NoPs with consequential extra financial burden of ` 115.16 crore during 2012-13, which will further increase every year during the remaining contractual period of 24 years.

Hence, the Company failed to protect its financial interest, which led to hike in power purchase cost with consequential extra financial burden on the Company of ` 115.16 crore during 2012-13. As the PPA is for 25 years, this financial burden will increase at the rate of ` 115.16 crore per year for the remaining 24 years[155] of the contract.

---

150 Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited had phased out its nine projects of 50 to 100 MW capacity after the year 2007.

151 Obra Thermal Power Plant established by Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited.

152 Value of excess consumption of coal due to higher GSHR- 450 x 1,000 x 24 x 365 x 85 *per cent* x 25 = 83,767.50 MUs x 225 (2,900-2,675)/3,750 (average GCV of coal) x 3,338 (average price of coal per MT)= ` 1,677.70 crore. (Where 450 is the capacity (45 MW x 10 units), 1,000 is number of units per MW, 24 is hours, 365 is number of days in a year, 85 *per cent* is the plant load factor and 25 is the number of years of the PPA).

153 83,767.50 x 1 *per cent* (11-10) x ` 4.51 (unit rate approved by UPERC) = ` 377.79 crore.

154 Excess O&M = ` 7.32 lakh/MW (` 21.50 lakh/MW - ` 14.18 lakh/MW) x 450 x 25 = ` 823.50 crore.

155 Base rate of 2012-13-` 115.16 crore x 24 years = ` 2,763.84 crore.

Moreover, purchase of 100 *per cent* power from BEPL was against the provisions of the Energy Policy, 2009 which provided for purchase of power upto 50 *per cent* only. The Company incurred an extra financial burden (` 1,439.50 crore) on account of the permission for purchase of extra 50 *per cent* power from a costlier source.

The Management stated (August 2013) that small sized coal based power plants below 100 MW were set up as per the Energy Policy, 2009 as installation of such plants on the surplus land available in Sugar Mills will definitely take comparatively lesser gestation period and the State will be benefited by augmenting the capacity addition in lesser time. It was added that in two other States (Chhattisgarh and Madhya Pradesh) also, such small projects were being installed.

The reply of the Management does not address the audit observations on purchase of 100 *per cent* power from a costlier source and that the Company had failed to apprise UPERC of the NOPs of DPR available with the Company. The Company and the Energy Department, GoUP did not give any comment to UPERC nor did they contest the NOPs during public hearing convened for finalisation of NOPs for 45 MW TPPs, despite the comments invited by the UPERC.

Discrepancies in power purchase cost petition filed by BEPL

3.13.19 Regulation No. 5(3) of the Tariff Regulations, 2009 provides for approval of provisional power purchase cost. The provisional power purchase cost was to be charged from the date of commercial operation (COD) of the respective units of the Generating station. The Generating company shall make a fresh application for determination of final tariff based on the actual expenditure incurred upto the date of COD[156] of generating station. In line with CERC's notification dated 2 May 2011[157], UPERC approved (May 2013) the provisional power purchase cost for the period 2011-12 to 2013-14 (being 95 *per cent* of the fixed charges) as claimed by BEPL in power purchase cost petition (September 2012). UPERC also directed the Company and BEPL to arrive at an agreed/admitted capital cost in three months to facilitate fixation of final fixed charges. We noticed that the agreed capital cost had not been decided (September 2013).

We further noticed that the Company did not exercise due diligence to examine the data contained in the tariff petition filed by BEPL (September 2012). The Company, while submitting their comments on the power purchase cost petition in October 2012, November 2012, January 2013 and February 2013, stated that as capital cost was not finalised, the power purchase cost may be based on 95 *per cent* of capital cost claimed by BEPL. We noticed the following discrepancies in the power purchase cost petition filed by BEPL which were not examined by the Company:

Consideration of incorrect amount of debt and equity

3.13.20 The total capital cost of the project considered for determination of provisional fixed charges was claimed as ` 2,569.80 crore (as per Annexure A

[156] Regulation 14(xii) *inter-alia* provides that in relation to the generating station, COD means the COD of the last unit or block of the generating stations.

[157] Where application for determination of tariff of an existing or a new project has been filed before the Commission in accordance with clauses (1) and (2) of this Regulation, the Commission may consider in its discretion to grant provisional tariff up to 95 *per cent* of the annual fixed cost of the project claimed in the application. CERC Notification No. L-7/145(160)/2008-CERC dated 2 May 2011.

to Form-1 attached with tariff petition) comprising loan amount of ` 1,798.85 crore and equity to the tune of ` 770.95 crore. Figures given in Annexure-A to Form -1 should necessarily match with those given in Forms -6, 13 and 16 of the tariff petition filed by BEPL. We noticed that the actual amount of loan was ` 1,937.25 crore as per Forms-6, 13 and 16 of the above power purchase cost petition. Since the capital cost was ` 2,569.80 crore and the loan amount was ` 1,937.25 crore, accordingly, the amount of equity works to ` 632.55 crore[158], which was less than 30 *per cent* of the capital cost claimed by BEPL. As per Regulation No. 20 of the Tariff Regulations, 2009 in case of equity being less than 30 *per cent*, the actual debt and equity should have been considered for determination of power purchase cost. Actual loan was ` 1,937.25 crore and equity was ` 632.55 crore and not the amounts (` 1,798.85 crore and ` 770.95 crore respectively) claimed by BEPL. This fact was not pointed out by the Company to UPERC.

Thus, acceptance of incorrectly claimed amount of debt and equity led to excess financial burden on the Company to the tune of ` 10.90 crore during 2012-13. As the PPA is for 25 years, this financial burden will increase at the rate of ` 10.90 crore **(Annexure-24)** per year for the remaining 24 years[159] of the contract.

The Management stated (August 2013) that the loan and equity position shown in Annexure-A to Form-1 was the cost actually incurred upto COD and the position shown in Forms-6, 13 and 16 includes additional capital expenditure after COD and up to cut-off date.

The reply is not based on facts as the figures shown in Forms 6, 13 and 16 also depict the position of capital cost as on COD. The figures of Annexure-A to Form-1 are the summary of the figures in Forms-6, 13 and 16[160] as on COD. Moreover, it was in the financial interest of the Company to point out to UPERC that the figures shown in Annexure-A to Form-1 and those shown in Forms-6, 13 and 16 of the petition filed by BEPL were different. The Company, however, failed to verify the figures independently and point out the above discrepancies before UPERC.

Consideration of inflated Interest during construction

3.13.21 The BEPL claimed (September 2012) in their tariff petition, ` 293.28 crore as Interest during construction (IDC) for the period upto 25 August 2012. As per Regulation No.17 of Tariff Regulations, 2009, IDC was to be taken only upto the date of commercial operation (COD). The COD was March 2012 (for three TPPs) and April 2012 (for two TPPs) of these generating stations. The correct amount[161] of IDC up to the COD of the each of the TPPs works out to ` 186.13 crore.

Thus, the excess amount of IDC of ` 107.15 crore (` 293.28 crore- ` 186.13 crore) claimed by BEPL, resulted in extra financial burden of ` 15.64 crore during 2012-13 on the Company. As the PPA is for 25 years, this financial

[158] ` 2,569.80 crore - ` 1,937.25 crore = ` 632.55 crore.
[159] Base rate of 2012-13-` 10.90 crore x 24 years = ` 261.60 crore.
[160] Annexure A to Form-1 depicts the summary of Capital Cost, Debt, Equity, Equity considered for RoE, Rate of RoE and Rate of Interest on Loan etc. gets its figures from Forms 6, 13 and 16.
Form-6 depicts the position of means of the Cost of the project up to COD viz. total loan, equity and debt-equity ratio. Form-13 depicts the calculation of weighted average rate of interest on actual loan.
[161] IDC amount claimed in petition ` 293.28 crore up to 25 August 2012, reduced pro rata upto actual COD.

burden will increase at the rate of ` 15.64 crore **(Annexure-24)** per year for the remaining 24 years[162] of the contract.

The Management stated (August 2013) that the Statutory Auditors' certificate clearly mentioned that the project cost included IDC incurred upto respective COD only.

We do not agree with the reply in view of the fact that Form-5 B[163] forming part of tariff petition of BEPL and certificate of the Statutory Auditors of BEPL (attached with the tariff petition filed with UPERC) indicated IDC (` 107.15 crore) incurred up to 25 August 2012 i.e. beyond the COD of March and April 2012.

Allowance of increased rate of Return on Equity

3.13.22 The Return on Equity (RoE) of 14 *per cent* per annum and 80 *per cent* PLF fixed in the Tariff Regulations, 2004 was increased to 15.5 *per cent* per annum with PLF of 85 *per cent* by UPERC as per Tariff Regulations, 2009 with an additional incentive return at the rate of 0.5 *per cent* per annum provided the projects were commissioned on or after 01 April 2009 and completed within the time line.

We noticed that at the time of public hearing (March 2009) conducted by UPERC for finalisation of the Tariff Regulations, 2009, the Company did not submit to UPERC any objections against above proposed increase. The RoE of 14 *per cent* was justified in view of prevailing cost of funds[164] (interest on loan). Moreover, the cost benefit analysis (CBA) based on RoE of 14 *per cent* with PLF of 80 *per cent* compared with RoE of 15.5 *per cent* with PLF of 85 *per cent* shows that ROE of 14 *per cent* with PLF of 80 *per cent* was beneficial to the Company in the instant case, similar to what has already been pointed out in para no.3.13.11

The Company, however, instead of pointing out the prevailing cost of funds, supporting 14 *per cent* RoE with 80 *per cent* PLF as per CBA, submitted before UPERC that the Regulations should be compatible with those of CERC.

Thus, non-protest for increase in RoE supported with CBA resulted in financial burden on the Company to the tune of ` 14.40[165] crore in 2012-13 in respect of BEPL. This would increase at the rate of ` 14.40 crore per year for the remaining 24 years of the contract. This non-protest has also raised a further committed financial burden on the Company to the tune of ` 3177.75[166] crore in respect of eight other projects[167] where MOUs and PPAs have already been executed by the GoUP and the Company respectively.

The Management stated (August 2013) that the UPERC followed the principle and methodology adopted by the CERC in compliance with the powers

---

[162] Base rate of 2012-13-` 15.64 crore x 24 years = ` 375.36 crore.

[163] Form 5 B contains break up of Capital Cost including construction and pre-commissioning expenses and Interest during construction etc.

[164] Where interest rate payable on loan was 11.60 to 14 *per cent* thereby RoE of 14 *per cent* was reasonable.

[165] `18.79 crore (RoE claimed by BEPL @ 16 *per cent*) - ` 4.39 crore {(450 x 1000 x 24 x 365-11 *per cent*) x 5 *per cent* x 25 paise per unit} = ` 14.40 crore.

[166] ` 46,758.52 crore (capital cost of eight projects) x 30 *per cent* (equity portion) x 1.5 *per cent* (15.5-14) = ` 210.41 crore- ` 83.30 crore{(8360 x 1000 x 24 x 365-9 *per cent*) x 5 *per cent* x 25 paise per unit}= ` 127.11crore x 25 years.

[167] Lalitpur TPP, Bhognipur TPP (Phase-I), Bhognipur TPP (Phase-II), Murka TPP, Barabanki TPP, Auraiya TPP, Sandila TPP and Mirjapur TPP.

conferred to them under Section 61(a) of the Electricity Act, 2003 and decided the same RoE at the rate of 16 *per cent* (15.5 *per cent* plus 0.5 *per cent*).

The fact remains that the Company did not conduct any cost benefit analysis and file relevant comments/objections with UPERC in response to the proposed increase of RoE from 14 *per cent* with 80 *per cent* PLF to 16 *per cent* with 85 *per cent* PLF.

Monitoring by Energy Department, GoUP

3.13.23 The Energy Department, GoUP was signatory to the MoUs and the administrative Department of UPPCL. We noticed that the Department took no steps to monitor the action of the Company and did not issue any directions to the UPPCL with respect to filing of comments/objections on petitions filed by IPPs with UPERC, regarding fixation of norms of operation, finalisation of Tariff Regulations, 2009, filing of appeals with APTEL and due diligence to be done on the DPRs, bills presented by IPPs etc. We noticed that despite the fact that these points were critical for determining the power purchase payments being made by a cash starved UPPCL, the Department did not monitor the actions of UPPCL on any of the above issues pointed out by us in the preceding paragraphs.

Conclusion

Procurement of power at reasonable/economical cost to meet the demand of power is the responsibility of the Company/Energy Department, GoUP. Our audit of Power Purchase Agreements with Independent Power Producers revealed that the Company failed in its duty to file logical comments based on cost benefit analysis, DPR norms etc. against petitions filed by IPPs to UPERC. The Company failed to file appeal with APTEL to protect its financial interest. The Company did not evolve any mechanism to verify data given in the petition by the IPPs and to verify amount of power purchase bills submitted by IPPs. Besides, the Energy Department, GoUP also failed to monitor the action taken by the Company in this regard.

The matter was reported to the Government (August 2013); their reply has not been received (December 2013).

Statutory corporations

Uttar Pradesh Jal Nigam

3.14 Short retrieval of GI pipes in rebore of hand pumps

The Nigam suffered a loss of ` 18.99 crore due to short retrieval of GI pipes in rebore of hand pumps.

Uttar Pradesh Jal Nigam (Nigam) is the executing agency for installation of new and reboring of hand pumps in the State. In case of rebore of hand pumps, the quantity of new Galvanised Iron (GI) pipes to be used should be less as compared to new hand pumps as some quantity of serviceable pipes is retrieved from the existing hand pumps[168] which is reused in rebore. Further, unserviceable GI pipe is also retrieved which is sold as scrap. It was the responsibility of the Nigam to execute the works within the sanctioned cost for which it was required to develop a system to ensure retrieval of GI pipes (both serviceable and unserviceable) as per the quantities on the basis of which estimates are prepared and sanctioned.

[168] The quantity of new GI pipe to be used in case of rebore of hand pumps is provided for in the estimate after considering the expected quantity of retrieval of reusable pipes.

We noticed that 24 Divisions[169] of the Nigam rebored 1.31 lakh hand pumps during the period March 2007 to December 2012 against which they were required to retrieve 33.34 lakh meters[170] GI pipe as per the estimates prepared by the concerned Divisions of the Nigam. The Divisions, however, actually retrieved 8.97 lakh meters[171] GI pipe only resulting in short retrieval of 24.37 lakh meters[172] GI pipes. This resulted in loss of ` 18.99 crore (` 9.58 crore[173] due to excess consumption of new pipes on account of short retrieval of serviceable pipes and ` 9.41 crore[174] due to short availability of unserviceable pipes for sale as scrap) to the Nigam as detailed in **Annexure-25**.

Short retrieval of GI pipes on such a large scale reflects lack of internal control over consumption and retrieval of pipes during reboring of hand pumps by the Nigam. We recommend that the Nigam should develop a system by which the reasons for large variation between the estimated and actual retrieved quantity can be cross checked and history of repair of hand pumps be recorded.

The matter was reported to the Government and Nigam in June 2013; their replies have not been received (December 2013).

3.15 Avoidable payment of Excise Duty on procurement of PVC pipes

The Nigam failed to avail exemption of Excise Duty of ` 42.62 lakh on procurement of PVC pipes intended to be used in water supply projects.

The Central Government notified (March 2006[175]) exemption of Excise Duty on pipes needed for delivery of water from its source to the plant and from there to the storage facility. To avail exemption of Excise Duty, the procuring unit was required to provide the supplier, a certificate under the signature of the respective District Magistrate, to the effect that the procurement of material specified in the exempted list is to be obtained for the intended purpose i.e. for delivery of water from its source to the plant and from there to the storage facility. The scope of the exemption was widened (March 2007[176]) to include pipes of outer diameter exceeding 20 cm if such pipes were integral part of water supply projects. The restriction of 20 cm was further relaxed to 10 cm in December 2009[177].

---

169 Construction Division, Lakhimpur; Construction Division, Hardoi; VIth Construction Division, Varanasi; Construction Division, Jaunpur; IIIrd Maintenance Division, Jaunpur; Construction Division, Deoria; Construction Division, Fatehpur; IInd Construction Division, Lucknow; XIth Division, Moradabad; Construction Unit, Unnao; Construction Division, Unnao; Construction Division, Bijnore; Construction Division, Gonda; 10th Division, Gorakhpur; 1st Project Division, Gorakhpur; 1st Division, Meerut; Electrical and Mechanical Unit, Meerut; Scarcity Division, Mirzapur; Construction Division, Firozabad; Construction Division, Aligarh; UNICEF Project Unit (E&M), Sonebhadra; Construction Division, Sitapur; Construction Division, Faizabad and Construction Division, Hathras.

170 Serviceable - 14.47 lakh meters and Unserviceable – 18.87 lakh meters.

171 Serviceable – 8.20 lakh meters and Unserviceable – 0.77 lakh meters as per the quantity recorded in the Store Registers of the concerned Divisions.

172 Serviceable – 6.27 lakh meters and Unserviceable – 18.10 lakh meters.

173 Calculated at the average rate per meter (` 146.18 for 2007-08; ` 163.21 for 2008-09; ` 137.57 for 2009-10; ` 162.80 for 2010-11; ` 154.30 for 2011-12 and ` 172.03 for 2012-13) of new GI pipes purchased by the Nigam during the respective year.

174 Calculated at the average sale price per MT of scrap sold during the respective/previous year after allowing corrosion at the rate of 10 *per cent* (` 16,662.91 for 2007-08, ` 20,000.00 for 2008-09, ` 18,862.81 for 2009-10, ` 21,660.65 for 2010-11, ` 18,322.01 for 2011-12 and ` 18,322.01 for 2012-13).

175 Notification no. 6/2006- Central excise dated 1 March 2006.

176 Notification no. 6/2007- Central excise dated 1 March 2007.

177 Notification No. 26/2009- Central Excise dated 4 December 2009.

Uttar Pradesh Jal Nigam (Nigam) executes the work of installation of hand pumps and urban/ rural piped water supply projects under different water supply schemes of the Central and State Government. Ductile Iron (DI) pipes, Asbestos Cement (AC) pressure pipes and PVC pipes are used in execution of the aforesaid schemes. The Nigam after inviting tenders for supply of pipes, finalises the supplier and issues allocation orders to the supplier centrally from its Headquarters, specifying the terms and conditions of supply and quantity to be supplied by the firm to its various Units. The Units then place supply orders as per their requirement and obtain the supply of pipes according to their requirement and make the payment to the firm.

We noticed (July 2012) that the Nigam while issuing allocation orders to the suppliers for supply of DI pipes and AC pressure pipes clearly mentioned that Excise Duty exemption certificate as per Government notification no. 6/2006 dated 1 March 2006 and 06/2007 dated 1 March 2007 issued by District Magistrate will be provided by the consignees[178], hence, Excise Duty would be nil. Though in case of DI pipes and AC pressure pipes, the Nigam mentioned that exemption certificate shall be provided, it however failed to include similar clause in case of allocation orders for supply of PVC pipes. In the absence of any instructions regarding exemption of Excise Duty on PVC pipes, the Units of the Nigam procuring PVC pipes could not avail the Excise Duty exemption.

The Management stated (November 2013) that due to payment of Excise Duty on PVC pipes the suppliers got the benefit of MODVAT credit which was passed on to the Nigam as the price of PVC pipes were reduced accordingly by the suppliers, hence, there was very nominal loss to the Nigam on account of payment of Excise Duty. Moreover, tenders for PVC pipes are now being invited with excise duty exemption as well as without excise duty exemption.

We do not accept the reply of the Management as despite receiving the benefit of MODVAT credit the Nigam had to make avoidable payment of Excise Duty of ` 42.62 lakh[179] as the Excise Duty paid on PVC pipes was higher than the benefit of MODVAT credit passed on to the Nigam by the supplier.

The matter was reported to the Government in July 2013; the reply has not been received (December 2013).

3.16 Installation of Tank Type Stand Posts in Agra district

Under the National Rural Drinking Water Supply Scheme, the Construction Division (CD) and Maintenance Division (MD), Agra of Uttar Pradesh Jal Nigam (Nigam) constructed 3,841 (CD – 2,293 and MD – 1,548) Tank Type Stand Posts[180] (TTSPs) during 2008-09 to 2012-13 (till December 2012) at the sanctioned cost of ` 220.09[181] crore. Responding to public complaints highlighted in the media regarding deficient functioning of the TTSPs, the

---

[178] Units procuring the pipes.

[179] On purchase of 31.21 lakh meters PVC pipes at a cost of ` 44.86 crore between December 2009 to March 2013 by 20 Units of the Corporation.

[180] Consisting of 10 kilolitre capacity "Sintex-make" tank, 2.5 meter staging, 100 meter bore, submersible pump and associated pipe line work.

[181]

Cost of one TTSP -	` 4.85 lakh
Add: Contingency at the rate of 5 *per cent*-	` 0.24 lakh
Total:	` 5.09 lakh
Add: Centage at the rate of 12.5 *per cent*	` 0.64 lakh
Total Cost of one TTSP	` 5.73 lakh
Sanctioned Cost of 3,841 TTSPs = ` 5.73 lakh x 3,841 =	` 220.09 crore.

Management of the Divisions surveyed (January 2013) the constructed TTSPs and found that out of 3,841 TTSPs, 1,893 TTSPs were in good condition and 1,948 TTSPs were not working. The main reasons attributed by the Management for non-functioning of TTSPs were failure of boring and non-working of submersible pumps.

We examined implementation and operation of the Scheme in Agra District and noticed several deficiencies which are discussed in the succeeding paragraphs.

Non-operation of TTSPs in absence of electric connection

3.16.1 Potable water in the outskirts of the village was to be pumped by a 2 Brake Horse Power (BHP) submersible pump; hence, obtaining electric connection or arrangement of alternate source of power was inevitable to ensure unhindered operation of TTSPs. Though the sanctioned cost of the 3,841 TTSPs included ` 11.52 crore (at the rate of 30,000 per TTSP), for obtaining electric connections, we observed that the Divisions did not obtain electric connections for any TTSP, which resulted in non-operation of the TTSPs. The consequent non-operation of the TTSPs for a long period resulted in failure of boring and non-working of submersible pumps. We noticed that 1,948 TTSPs out of 3,841 TTSPs (50.72 *per cent*) became non-functional. Thus, expenditure of ` 173.44 crore[182] incurred on construction of the TTSPs remained unfruitful as these could not be operated in absence of electricity.

The Management accepted (September 2013) that out of 3,841 TTSPs, 1,518 TTSPs[183] were not working due to minor faults which had now been repaired at a cost of ` 49.11 lakh. Electric connections for 102 TTSPs were obtained, requisite fee for 1,202 connections had been deposited and work was in process to take connections for remaining TTSPs.

Thus, the fact remains that the Nigam failed to synchronise obtaining of electric connections with completion of civil works. This indicates ill-conceived planning and resulted in non-operation of TTSPs defeating the purpose of construction of TTSPs. Moreover, an additional ` 49.11 lakh had to be spent to make them functional.

Irregularities in award/execution of works

3.16.2 We found various irregularities relating to finalisation of contracts and award/execution of works resulting in extra expenditure/excess payment/ unsanctioned expenditure of ` 15.54 crore as listed in table below:

Table No. 3.14

(` in crore)

Particulars	Amount
Award of work to contractors at the estimated cost without deducting five *per cent* in terms of the Government order of February 1997 The Government of Uttar Pradesh Order[184] (February 1997*) inter alia* stipulates that the Public Sector Undertakings executing deposit works shall be allowed centage at the rate of 12.5 *per cent* after deducting five *per cent* from the cost of work. We noticed that the Nigam claimed centage at the rate of 12.5 *per cent* on the total estimated cost of works without deducting the required five *per cent* from the cost of work, in the unit estimates prepared by it. Consequently, inflated estimates to that extent were put up and approved by the State Level Source Finding and Technical Committee[185].	7.29

[182] Awarded cost of installation of 3,841 TTSPs: ` 145.72 crore (2,293 TTSPs at the rate ` 3.81 lakh by CD and 1,548 TTSPs at the rate of ` 3.77 lakh by MD) *plus* Purchase cost of 3,841 tanks: ` 27.72 crore.
[183] CD - 898 and MD – 620.
[184] No. A-2-87/10-97/17(4)-75 dated 27 February 1997.
[185] The Committee authorised to sanction schemes under the National Rural Drinking Water Supply Programme.

Particulars	Amount
This was not rectified as even while inviting tenders, the Nigam intimated the estimated cost[186] of the Bill of Quantity (BOQ) in the Notice Inviting Tender (NIT) without deducting five *per cent* from the estimated cost. Consequently, the work was awarded at five *per cent* higher rates resulting in excess payment of ` 7.29 crore[187] to the contractors. The Management stated (September 2013) that deduction of five *per cent* from the cost of works was made in case of works in which the Nigam has expertise. As construction of TTSPs was a new project for the Nigam, preparation of estimates without deducting five *per cent* of the cost of works was justified. After continuous construction for more than four years estimates are now being prepared after deduction of five *per cent* of the cost of works. We do not accept the reply because as per the said Government Order five *per cent* was to be invariably deducted from the estimates.	
Award of work on selection basis instead of following tendering process The Divisions executed 461contracts (CD - 316 and MD - 145) during 2008-09 to 2012-13 for construction of 3,841 TTSPs. Out of these, only 42 contracts (CD - 8 and MD - 34) were finalised on tender basis. The remaining 419 contracts (CD - 308 and MD - 111) were awarded on selection basis at L-1 rates obtained in previous tenders without obtaining approval of the Headquarters as prescribed. Thus, due to award of work on selection basis in majority of the cases, competition was restricted. The Management stated (September 2013) that selection bonds were made at L-1 rates obtained in previous tenders to complete the work within time, as in tendering process the time may increase. We do not agree with the reply as there was no urgency because six months time was allowed to the contractors for completing the works and, therefore, it was not justified to deviate from the prescribed procedure.	
Variation in rates per TTSP awarded by CD and MD The rate awarded by CD (` 3,81,272 per TTSP) was higher by ` 4,473 than the rate awarded by MD (` 3,76,799 per TTSP). As the area of operation (Agra) of both Divisions was the same, the variation in rates awarded by them was not justified. Thus, by allowing higher rates in contracts, CD incurred extra expenditure of ` 4,473 per TTSP on installation of 2,293 TTSPs. The Management did not offer any comments.	1.03
Award of different rates for pump and cable by CD and MD The contracts executed by CD included supply of 2 BHP submersible pump and cable at ` 38,500 per TTSP. The MD, however, provided ` 32,000 per TTSP for supply of pump and cable in the contracts executed by it during the same period. Thus, by allowing higher rates in contracts, CD incurred extra expenditure of ` 6,500 per TTSP on installation of 2,293 TTSPs. The Management stated (September 2013) that in contracts executed by CD, "KSB make" pumps were to be installed which were costlier than other pumps being of better quality. We do not agree with the reply as the Management did not furnish any comparison of the technical features of both types of pumps used by CD and MD. Moreover, if branded pumps were necessary then both CD and MD (which worked under the same Superintending Engineer) should have used the same brand of pumps.	1.49
Award of higher rates due to splitting of work in packages Apart from contracts for construction of 3,841 TTSPs, two more tenders were finalised (6 September 2012 and 12 September 2012) by the MD for construction of 1,204 TTSPs[188] in eight Blocks[189] of the District. Each Block was split into more than one package and work was awarded at lowest rates obtained for the particular package. As same nature of work in same geographical area with similar conditions was to be done in each Block, the benchmark for awarding of work should have been the lowest rate obtained in a particular Block as per the practice adopted earlier[190], instead of the lowest rate obtained for the particular package. We compared the rates awarded with the lowest rate of the particular Block and found that rates awarded were up to 12 *per cent* higher than the lowest rate obtained in the particular Block. The Management stated (September 2013) that due to urgency and being new work, expert and capable contractors were not available; therefore, to save time the work had been divided in small packages; also the big contractors were not available to expedite the newly introduced and scattered work. We do not agree with the reply as the work was not new; rather it was being done since 2008-09 and many contractors were available.	1.64
Excess payment due to double provision for transportation cost In the unit estimates prepared by the CD, an amount of ` 1,000 was provided for transportation of materials. However, in BOQ of the contracts, provision of ` 1,000 for transportation of materials was made twice. This double provision for transportation of materials resulted in excess payment[191] to the contractors. The Management stated (September 2013) that tank was supplied from the Nigam's stores; hence, transportation to the specific site had been included in BOQ. We do not agree with the reply as provision of ` 1,000 for transportation of materials should have been made only once as done by MD in its contracts.	0.23

[186] CD - ` 3.81 lakh per TTSP and MD - ` 3.77 lakh per TTSP.

[187] (` 3.81 lakh x 5 *per cent* x 2,293 = ` 4,36,81,650) + (` 3.77 lakh x 5 *per cent* x 1,548 = ` 2,91,79,800) = ` 7,28,61,400.

[188] Under the same Scheme i.e. National Rural Drinking Water Supply Scheme.

[189] Akola, Bichpuri, Batauli Aheer, Shamshabad, Fatehabad, Bah, Jaitpur Kala and Pinahat.

[190] In all the eight Blocks (Akola, Bichpuri, Batauli Aheer, Shamshabad, Fatehabad, Bah, Jaitpur Kala and Pinahat) during 2009-10 to 2012-13 (till August 2012).

[191] 2,293 TTSPs x ` 1,000 = ` 22.93 lakh.

Particulars	Amount
Purchase of GI pipes at rates higher than the rates at which the Divisions purchased themselves The contracts executed by the Divisions included supply of 60 meter 32 mm dia medium GI pipes at the rate of ` 202.90 per meter. We noticed that average rate of GI pipes purchased by the Divisions during 2008-09 to 2012-13 was ` 160.18 per meter [192]. Since purchase rates of the Divisions were lower than the rate provided in the estimates, it would have been prudent to issue the required quantity of GI pipes from its own purchases (as was already being done in case of 10 kilolitre tanks) rather than to include the supply of GI pipes in the BOQ of the contractors. Thus, by not supplying GI pipes to the contractors from its own purchases, extra expenditure[193] was incurred. The Management stated (September 2013) that supply of GI pipes to the contractors at the rate of ` 202.90 per meter was also approved in the estimates prepared for installation of hand pumps. We do not accept the reply because issue rate of ` 202.90 per meter was fixed on the basis of actual purchase rate which changed from time to time. However, in case of TTSP contracts the rates of G.I. pipes remained fixed at ` 202.90 per meter throughout the period 2008-09 to 2012-13.	0.98
Unsanctioned expenditure on SMC boxes and stabilisers The Divisions installed SMC[194] boxes at all TTSPs and stabilizers at 362 TTSPs at a cost of ` 2.51 crore and ` 37.23 lakh respectively which were not provided/sanctioned in the unit estimates. Thus, expenditure on these items was unsanctioned. The Management stated (September 2013) that SMC boxes and stabilizers were not included in unit estimates but were installed to check voltage fluctuations. We do not accept the reply as these should have been installed after getting approval and funds from the Government to avoid financial burden on the Nigam.	2.88
Total	15.54

Non-ensurance of quality of water - Water quality testing

3.16.3 The CD and MD did not test the water quality of 1,000 TTSPs (26.03 *per cent)* out of the total 3,841 TTSPs constructed during 2008-09 to 2012-13.

The Management stated (September 2013) that testing of water quality of remaining TTSPs was in process. The reply itself confirms that water testing was not done immediately after commissioning of TTSPs.

Handing over of TTSPs to Gram Panchayat

3.16.4 The terms and conditions of contracts stipulated that contractors shall maintain the TTSPs for one year after commissioning and, then, hand over to the Nigam or to the body nominated by the Nigam. Security of the contractors (10 *per cent* of the contract value) was to be released after handing over of TTSPs to the Gram Panchayats. We found following deficiencies:

- Out of 3,841 TTSPs, handing over notes in respect of only 1,632 TTSPs were shown as available by the Divisions in the contract bond wise statement. We found various deficiencies in the handing over notes which have been summarised in **Annexure-26**.
- Further, 2,209 TTSPs were not handed over for which liability for operation and maintenance remained with the Nigam.
- Completion reports were not prepared for any TTSP. Therefore, genuineness of final payments made to contractors could not be ascertained.
- All the handing over notes were signed undated by the Gram Pradhans; therefore, follow up of maintenance period of one year by the contractors after one year of commissioning of TTSP could also not be ascertained.

The Management accepted (September 2013) our observations and assured of compliance in future. It further stated that the incomplete handing over notes

---

[192] Amount of purchase / quantity purchased (` 8,58,27,396/5,35,806 meter = ` 160.18 per meter).
[193] 3,841 x 60 m x (` 202.90 - ` 160.18) = ` 0.98 crore.
[194] Sheet Moulding Compound.

are under process of completion and the remaining TTSPs will be handed over to the Gram Pradhans with detail of inventory and dated signature.

Recommendations

We recommend that the Nigam should obtain electric connections for all the constructed TTSPs, repair all the remaining non-functional TTSPs and make necessary arrangements for funds required to operate the TTSPs, in order to ensure continuous supply of drinking water to the targeted beneficiaries. Further, the Nigam needs to design other water supply schemes in such a way so as to make them workable and sustainable.

Uttar Pradesh Avas Evam Vikas Parishad

3.17 Incorrect fixation of reserve price

The Parishad was deprived of revenue of ` 4.43 crore due to incorrect fixation of reserve price of plot sold to a builder.

Para 16.1 of the Costing Guidelines of the Uttar Pradesh Avas Evam Vikas Parishad (Parishad) provides that while fixing the reserve price of land being sold for commercial purposes, the price obtained in the auction of nearby plots is to be kept in view. The reserve price is to be fixed at double the prevalent land rate[195] of residential plots where auction of nearby plots had not taken place.

We noticed (April 2012) that the Parishad sold (March 2011) a group housing plot[196] at Sikandra Yojna, Agra measuring 10,619.12 sq.m. at ` 13,080 per sq.m through auction to a builder[197]. The prevalent land rate for residential plots of Sikandra Yojna, Agra was ` 7,000 per sq.m. and the reserve price of the plot was fixed at ` 12,936 per sq.m.[198] being 1.5 times the prevalent land rate instead of ` 17,248 per sq.m. [198] being twice the prevalent land rate as the activities of the builder were of commercial nature. This has resulted the Parishad being deprived of revenue of ` 4.43 crore[199].

The Management stated (April 2012) that the reserve price of the group housing plot was fixed at 1.5 time the normal prevalent land rates in accordance with its Office Order dated 21 March 2006 which prescribes that reserve price of group housing plots be fixed at 1.5 times the normal prevalent land rate.

We do not accept the reply, as the plot was not sold to a group housing society for use of its members, but to a builder who is constructing and selling hi-end flats on the plot. Since this is an activity of commercial nature, hence, the reserve price of the plot should have been fixed at twice the normal prevalent land rate as prescribed in the Costing Guidelines of the Parishad for plots being sold for commercial purposes instead of at 1.5 times the normal prevalent land rate (applicable to group housing) as prescribed in the Office Order of 21 March 2006.

The matter was reported to the Government and Management in June 2013; reply of the Government has not been received (December 2013).

---

[195] The Parishad fixes the land rates for its schemes annually. Prevalent land rate refers to the land rate fixed by the Parishad for the particular scheme applicable during the concerned period.

[196] Plot No. GP-2, Sector-16.

[197] Shri Riddhi Siddhi Buildwell Private Limited, Agra.

[198] After adding freehold charges at the rate of 12 *per cent* and corner charges at the rate of 10 *per cent.*

[199] 10,619.12 sq.m. x (` 17,248 per sq.m. - ` 13,080 per sq.m.) = ` 4.43 crore.

Uttar Pradesh Forest Corporation

3.18 Avoidable payment of administrative charges

The Corporation made avoidable payment of ` 2.46 crore towards administrative charges to Employees Provident Fund Organisation.

As per the provisions of the Employee's Provident Fund Scheme, 1952 (EPF Scheme), every employer to whom this scheme is applicable has to deposit administrative charges along with employer and employee contribution to the provident fund every month.

Section 17 (1) of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 (Act) provides that the appropriate Government may exempt from the operation of all or any of the provisions of the EPF Schemes framed under the Act, any establishment, if the employees are in enjoyment of benefits which on the whole are not less favourable to the employees than the benefits provided under the Act or Scheme. Section 17 (3) (a) of the Act further provides that the employer of the establishment so exempted shall maintain such accounts, submit such returns, make such investment, provide for such facilities for inspection and pay such inspection charges as the Central Government may direct. Appendix 'A' of the EPF Scheme which provides the terms and conditions for grant of exemption under Section 17 of the Act, further stipulates that the employer shall establish a Board of Trustees for management of the Provident Fund and bear all the expenses of the administration of the Provident Fund.

It is, thus, evident that an establishment which has been exempted under Section 17 (1) of the Act or has been relaxed under Paragraph 79[200] of the EPF Scheme has to bear all the expenses of the administration of the Provident Fund Trust established by it besides depositing inspection charges at the specified rates to the Employees Provident Fund Organisation (EPFO).

Uttar Pradesh Forest Corporation (Corporation) established (January 1978) a Trust[201] to administer the provident fund of its employees and applied (January 1979) for exemption under Section 17 (1) of the Act. The Regional Provident Fund Commissioner (RPFC) granted (July 1979) relaxation under Paragraph 79 of the EPF Scheme effective from 1 May 1979. In view of the relaxation granted by the RPFC, the Corporation was required to pay only inspection charges at the specified rates to the EPFO and payment of administrative charges was to be discontinued with effect from 1 May 1979. This was also clearly stated in the Relaxation Order issued by the RPFC. The Corporation, however, continued paying administrative charges besides inspection charges to the EPFO. Between March 2006 to March 2013, the Corporation made avoidable payment of ` 2.46[202] crore as administrative charges[203] to the EPFO.

The Management accepted (August 2013) our observation and requested (July 2013) the RPFC to refund ` 1.40 crore being the inadmissible administrative charges paid by the Corporation for the period April 2009 to March 2012.

---

[200] Paragraph 79 of the EPF Scheme provides that the Commissioner may in relation to factory or other establishments in respect of which an application for exemption under Section 17 of the Act has been received, relax, pending the disposal of the application, the provisions of this Scheme.

[201] Known as "U.P. Forest Corporation Employee Provident Fund Trust ".

[202] ` 23.14 lakh for 2006-07; ` 30.24 lakh for 2007-08; ` 31.32 lakh for 2008-09; ` 34.42 lakh for 2009-10; ` 46.51 lakh for 2010-11; ` 58.65 lakh for 2011-12 and ` 21.54 lakh for 2012-13.

[203] At the rate of 1.10 *per cent* of total emoluments.

The request of the Corporation has not yet (October 2013) been accepted by the RPFC. Moreover, the Corporation has requested for refund of administrative charges for the period April 2009 to March 2012 only and no request has been made for refund of administrative charges paid for the period May 1979 to March 2009 and April 2012 to March 2013. Besides, the Corporation has suffered a loss of interest thereon of ` 0.89 crore[204] on the avoidable payments made between March 2006 and March 2013. This is indication of the absence of internal control system of the Corporation to detect the deviation from the provisions of the Act/Scheme, resulting in avoidable payment of administrative charges.

We recommend the Corporation to request the RPFC for refund of entire amount of inadmissible administrative charges paid since May 1979 and strengthen the internal control system of the Corporation.

The matter was reported to the Government in May 2013; the reply has not been received (December 2013).

Public Sector Undertakings[205]

3.19 Short deposit and Short deduction of Building and Other Construction Workers' Welfare Cess

PSUs made short deposit of Cess of ` 15.48 crore on works executed departmentally and made short deduction of Cess of ` 14.04 crore on works executed through sub-contractors during the period from February 2009 to March 2013 . Moreover, implementation of Cess Act was delayed.

3.19.1 The Government of India (GoI) enacted the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 (Act) to regulate the employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare measures and for other matters connected therewith or incidental thereto. The GoI enacted the Building and Other Construction Workers' Welfare Cess Act, 1996 (Cess Act) which provided for levy and collection of a cess on the cost of construction incurred by employers. The GoI also framed the Building and Other Construction Workers' Welfare Cess Rules, 1998 (Cess Rules) in exercise of the powers conferred by sub-section (1) of Section 14 of the Cess Act.

The aforesaid Acts and Rules were made applicable in the State of Uttar Pradesh with the notification (February 2009[206]) of the 'Uttar Pradesh Building and Construction Workers (Regulation of Employment and Condition of Service) Rules, 2009[207] (Rules) by the State Government. The State Government also constituted (November 2009[208]) the 'Uttar Pradesh Building and Other Construction Workers' Welfare Board' (Board) under Section 18 of the Act.

---

[204] Calculated at the rate of 10 *per cent* (being the rate of interest applicable on short term deposits), up to September 2013, on the amount of administrative charges paid during March 2006 to March 2013.

[205] Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN), Uttar Pradesh State Bridge Corporation Limited (UPSBCL), Uttar Pradesh Avas Evam Vikas Parishad (UPAVP) and Uttar Pradesh Jal Nigam (UPJN).

[206] Notification No. 143/36-2-2009-251 (, l ,e)/95 dated 4 February 2009.

[207] Framed in exercise of powers conferred by Section 40 read with Section 62 of the Act.

[208] Notification No. 1411/36-2-2009-251(, l ,e)/95 dated 20 November 2009.

There are two methods by which the State Government Public Sector Undertakings (PSUs) execute construction works:

- Directly without engaging contractors; and
- By engaging contractors.

In both the conditions it was the responsibility of the PSUs to deposit the Cess with the Board and deduct the same from the bills of the contractors wherever applicable.

We test checked the compliance to the provisions of the aforesaid Acts and Rules by selecting units of four PSUs[209] and noticed the following deficiencies:

Non-furnishing of returns

Rule 6 of the Cess Rules provides that every employer shall within 30 days of commencement of his work furnish information in Form-1[210].

We noticed that the UPSBCL and UPRNN did not furnish the required return in respect of any work which commenced during the period February 2009 to March 2013.

Non-maintenance of records

The Rules provide that every employer shall maintain the following records for facilitating compliance of Act/Rules:

- Building Workers Register in Form-6 (Rule-47).
- Muster Roll in Form-7, Wages Register in Form-8 or 9, Register for deductions on account of loss in Form-10, Register for fines/penalty in Form-11 and Advance Register in Form-12 (Rule-48).

We noticed that the UPSBCL and UPRNN did not maintain any records as prescribed by the Rules resulting in non-compliance of the Rules. Consequently, Audit could not verify compliance of the provisions of the Act/Rules.

Short deposit of Cess on works executed directly

3.19.2 Section 3 of the Cess Act provides that Cess at the rate of one *per cent* of the cost of construction incurred by an employer is to be levied and collected from the employer. Section 8 and 9 of the Cess Act provide that if the amount of Cess is not paid within the time specified in the assessment order, the employer shall be liable to pay interest[211] and penalty[212].

We noticed that the selected units of the four PSUs executed construction works of ` 5,235.69 crore, directly without engaging contractors, during the period February 2009 to March 2013 against which they were required to deposit Cess of ` 52.36 crore with the Board. The PSUs, however deposited Cess of ` 36.88 crore only resulting in short deposit of Cess of ` 15.48 crore as detailed in table below:

[209] Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN), Uttar Pradesh State Bridge Corporation Limited (UPSBCL), Uttar Pradesh Avas Evam Vikas Parishad (UPAVP) and Uttar Pradesh Jal Nigam (UPJN).
[210] Containing details of the establishment, work, estimated cost, period of work and payment of cess.
[211] At the rate of *2 per cent* per month.
[212] Not exceeding the amount of Cess.

Table No. 3.15

(` in crore)

Sl. No.	Name of the PSU	No. of Units	Construction works executed (including centage)	Cess to be deposited	Cess deposited	Cess short deposited
1.	UPRNN	30[213]	2293.92	22.94	13.32	9.62
2.	UPSBCL	29[214]	2463.71	24.64	21.80	2.84
3.	UPAVP	03[215]	118.15	1.18	0.71	0.47
4.	UPJN	05[216]	359.91	3.60	1.05	2.55
Total			**5235.69**	**52.36**	**36.88**	**15.48**

Source: Information furnished by the PSUs.

Failure of the PSUs to deposit Cess not only resulted in non-compliance of the provisions of the Cess Act and consequent shortfall in the resources of the Board but also made the PSUs liable to pay interest and penalty.

The UPSBCL stated (November/December 2013) that the turnover of the 29 Units examined by Audit was ` 2,189.96 crore against which it was required to deposit Cess of ` 21.80 crore, which has been duly deposited with the Board. It further stated that no interest was levied/claimed by the Board.

The reply is not correct as the turnover intimated by UPSBCL was excluding centage whereas as per clarification issued (October 2011) by Labour Welfare Board, Uttar Pradesh, Cess is to be paid on the total cost of works including centage. Further, delay in depositing Cess with the Board has made UPSBCL liable to pay interest and penalty as per the provisions of the Cess Act.

The UPAVP stated (November 2013) that directions for deposit of Cess were issued by the Government in February 2010 and necessary instructions for deposit of Cess were issued by the UPAVP to its field units in May 2010, hence, deposit of Cess pertaining to work done prior to issue of such directions/instructions was not possible. Further, no instructions regarding revision of estimates for payment of Cess pertaining to completed works were received from the Government. It further stated that Audit has included the cost of material also while calculating the Cess payable, whereas Cess is payable only on labour portion as material is provided free of cost by the UPAVP to the contractors.

We do not accept the reply as in Government issued directions of February 2010, the provisions were made applicable from February 2009, hence, the UPAVP was required to deposit Cess on the total cost of construction (including both labour and material cost) on work executed by it directly (without engaging contractors) after February 2009, for which estimates, wherever required, were to be revised.

Short deduction of Cess from bills of contractors

3.19.3 Rule 4 (3) of the Cess Rules provides that where the levy of cess pertains to building and other construction work of a Government or of a PSU, such Government or the PSU shall deduct or cause to be deducted the Cess

---

[213] Maintenance Unit, Lucknow; Saifai Unit-I; Sultanpur Unit; Gorakhpur Unit; MKRSS(E) Unit, Lucknow; Unit-11(Ex Unit-2), Lucknow; Unit-11 (Ex Udyan Unit), Lucknow; Unit-12 (Ex SPLM Gallery Unit), Lucknow; PGI Unit-I, Lucknow; Balrampur Hospital Unit, Lucknow; Unit-15, Lucknow; SUDA Unit-I, Lucknow; Engineering College Unit, Ambedkar Nagar; Unit-I, Ambedkar Nagar; Mirzapur Unit; Pratapgarh Unit; SUDA Unit, Mathura; Mainpuri Unit; Sodic Unit-2, Etawah; Saifai Unit, Etawah; Kanpur Unit-1A; SUDA Unit-I, Kanpur; Unit-II, Varanasi; SUDA Unit, Ghaziabad; Ghaziabad Unit; Unit-10, Lucknow; UPTU Unit, Lucknow; Unit-21, Lucknow; Greater Noida Unit and Unit-21A, Lucknow.

[214] Agra; Aligarh; Allahabad; Azamgarh; Banda; Bareilly; Basti; BCU-I, Lucknow; BCU-2, Lucknow; Bulandshahar; Chitrakoot; Deoria; Etawah; Fatehpur; Ghaziabad; Gorakhpur; Jaunpur; Kannauj; Lakhimpur Kheri; Mathura; Meerut; Mirzapur; Orai; Pratapgarh; Rampur; Saharanpur; Sant Kabir Nagar; Sultanpur and Varanasi-I.

[215] Construction Unit, Mahoba; Construction Division-19, Lucknow and Construction Division-26, Moradabad.

[216] Unit-33, C&DS, Allahabad; Unit-45, C&DS, Noida; Unit-28, C&DS, Noida; Unit-16, C&DS, Bijnore and Yamuna Pollution Control Unit, Agra.

payable at the notified rates from the bills paid for such works. The State Government also clarified (February 2010[217]) that the amount of cess shall be deducted from the bills and deposited with the Welfare Board in the same manner and spirit as is done in case of income tax deducted at source.

We noticed that two PSUs (UPRNN and UPAVP)[218] executed works of ` 1,483.65 crore during the period February 2009 to March 2013 through contractors and were required to deduct Cess of ` 14.84 crore from the bills of the contractors. The PSUs, however deducted only ` 0.80 crore resulting in short deduction of Cess of ` 14.04 crore from the contractors as detailed in table below:

Table No. 3.16

(` in crore)

Sl. No.	Name of the PSU	No. of Units	Construction works executed through contractors	Cess to be deducted	Cess deducted	Cess short deducted
1.	UPRNN	10[219]	1245.67	12.46	--	12.46
2.	UPAVP	05[220]	237.98	2.38	0.80	1.58
Total			**1483.65**	**14.84**	**0.80**	**14.04**

Source: Information furnished by the PSUs.

Short deduction of Cess not only resulted in non-compliance of the provisions of the Act but also amounted to undue favour to the contractors to that extent.

The UPAVP stated (November 2013) that directions regarding deduction of Cess were issued by the Government in February 2010 and necessary instructions for deduction of Cess were issued by the UPAVP to its field units in May 2010. The Cess is being deposited regularly with the Board after deducting the same from the bills of the contractors since May 2010.

We do not accept the reply as Cess pertaining to work done after February 2009 was required to be deposited by the UPAVP with the Board after deducting the same from the bills of the contractors.

Delayed implementation of Cess Act and Cess Rules

3.19.4 We noticed that though the provisions of the Cess Act and Cess Rules were applicable from February 2009, the UPRNN and UPSBCL issued instructions to field units only in February 2010 and March 2010 respectively, leading to delay in implementation of the provisions of the Cess Act and Cess Rules. During the intervening period i.e. from February 2009 to January/February 2010 these PSUs did not prepare estimates/revised estimates to include Cess nor did they deposit the amount of Cess with the Board. These PSUs had executed works amounting to ` 4,988.87 crore[221] during the period February 2009 to March 2010.

The UPSBCL stated (November 2013) that it had made a provision of ` 4.45 crore for payment of Cess in the accounts of the year 2009-10 which was paid in the subsequent years. It further stated that the revised estimates of the works that were not completed and wherein provision for Cess was not made have either been submitted or are being submitted.

The reply is not acceptable as no reasons for the delayed implementation of the Cess Act and Cess Rules were furnished.

---

[217] Order No. – 392/36-2/2010 dated 26 February 2010.

[218] As UPSBCL executed all works directly without engaging contractors and UPJN deducted the required amount of Cess from the bills of the contractors, hence, these PSUs have not been included.

[219] PGI Unit-I, Lucknow; Unit-19, Lucknow; Eco Park Unit-2, Lucknow; Babasaheb Dr. Bhim Rao Ambedkar University Unit, Lucknow; Engineering College Unit, Ambedkar Nagar; MKRSS Entrance Plaza Unit, Lucknow; Unit-3, Noida; SUDA Unit-I, Meerut, Unit-10, Lucknow and Ghaziabad Unit.

[220] Construction Unit, Mahoba; Construction Division-23, Bareilly; Construction Division-19, Lucknow; Construction Division-34, Varanasi and Construction Division-26, Moradabad.

[221] UPRNN - ` 4,122.80 crore and UPSBCL - ` 866.07 crore.

The status of provision/payment and recovery of Cess against these works was not made available by UPRNN.

The matter was reported to the Government in June 2013; the reply has not been received (December 2013).

General

3.20 Follow up action on Audit Reports

3.20.1 Audit Reports of the Comptroller and Auditor General of India represent the culmination of the process of scrutiny starting with initial inspection of Accounts and records maintained in various offices and departments of the Government. It is, therefore, necessary that they elicit appropriate and timely response from the Executive.

Audit Reports for the years 2007-08 to 2011-12 were placed in the State Legislature in February 2009, February 2010, August 2011, May 2012 and September 2013 respectively. Out of 108 Paragraphs/Performance Audits involving PSUs under 22 Departments featured in the Audit Reports (Commercial) for the years from 2007-08 to 2010-11 and Audit Report (Public Sector Undertakings) for the year 2011-12, no replies in respect of 81 Paragraphs/Performance Audits have been received from the Government by 30 September 2013 as indicated below:

Table No. 3.17

Year of Audit Report	Total Paragraphs/ Performance Audits in Audit Report	No. of departments involved	No. of paragraphs/ Performance Audits for which replies were not received
2007-08	33	9	16
2008-09	27	22	22
2009-10	16	7	12
2010-11	16[222]	7	15
2011-12	16	5	16
Total	**108**		**81**

Department wise analysis is given in **Annexure-27.** The Energy Department was largely responsible for non-submission of replies.

Compliance with the Reports of Committee on Public Undertakings (COPU)

3.20.2 In the Audit Reports (Commercial) for the years 1999-2000 to 2010-11 and Audit Report (Public Sector Undertakings) for the year 2011-12, 360 paragraphs and 51 Performance Audits were included. Out of these, 125 paragraphs and 22 Performance Audits had been discussed by COPU up to 30 September 2013. COPU had made recommendations in respect of 113 paragraphs and 20 Performance Audit of the Audit Reports for the years 1978-79 to 2006-07**.**

As per the working rules of the COPU[223], the concerned departments are required to submit Action Taken Notes (ATNs) to COPU on their recommendations within three months. The ATNs are, however, furnished by the departments to us, only at the time of discussion of ATNs by COPU.

Action taken on the cases of persistent irregularities featured in the Audit Reports

3.20.3 With a view to assist and facilitate discussions of the irregularities of persistent nature by the COPU, an exercise has been carried out to verify the extent of corrective action taken by the concerned audited entity. The results

[222] Includes standalone Performance Audit Report on Sale of Sugar Mills of Uttar Pradesh State Sugar Corporation Limited.

[223] Government notification No. 836/VS/Sansadiya/85 (C)/2005 dated 28 March 2005.

thereof in respect of Government Companies are given in **Annexure-28** and in respect of Statutory corporations are given in **Annexure-29.**

Response to Inspection Reports, Draft Paragraphs and Performance Audit

3.20.4 Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports within a period of four weeks. Inspection Reports issued up to March 2013 pertaining to 60 PSUs disclosed that 14,306 Paragraphs relating to 3,522 Inspection Reports remained outstanding at the end of September 2013. Department-wise break-up of Inspection Reports and audit observations outstanding at the end of 30 September 2013 are given in **Annexure-30**.

Similarly, Draft Paragraphs and Performance Audit on the working of PSUs are forwarded to the Principal Secretary, Finance and the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. Out of 19 Draft Paragraphs and one Performance Audit Report forwarded to the various departments between May and October 2013, the Government has given reply of Performance Audit Report only and no reply has been given to any Draft Paragraph so far (December 2013), as detailed in **Annexure-31**.

We recommend that the Government should ensure that (a) procedure exists for action against the officials who failed to send replies to inspection reports/draft paragraphs/Performance Audit and Action Taken Notes on recommendation of COPU as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayment in a time bound schedule, and (c) the system of responding to audit observations is revamped.

Lucknow **(SMITA S. CHAUDHRI)**
The **Accountant General (Economic and Revenue Sector Audit),**
Uttar Pradesh

Countersigned

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

Annexure-1

(Referred to in paragraph 1.7)

Statement showing particulars of up to date paid up capital, loans outstanding and Manpower as on 31 March 2013 in respect of Government companies and Statutory corporations

(Figures in Col. 5(a) to 6(d) are ` in crore)

Sl. No.	Sector and name of the Company	Name of the Department	Month and year of incorporation	Paid up capital$				Loans outstanding at the close of 2012-13				Debt Equity ratio for 2012-13 (previous year)	Manpower (No of employees as on 31 March 2013)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
A	**Working Government companies**												
	AGRICULTURE AND ALLIED												
1	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	Sugar Industry and Cane Development	27.08.1975	0.15	-	0.10	0.25	-	-	2.48	2.48	9.92:1 (-)	10
2	Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Limited	Sugar Industry and Cane Development	27.08.1975	0.51	-	0.15	0.66			-	-	-	7
3	Uttar Pradesh Beej Vikas Nigam	Agriculture	15.02.2002	1.25	-	0.67	1.92	-	-	-	-	-	370
4	Uttar Pradesh Bhumi Sudhar Nigam	Agriculture	30.03.1978	1.50	-	-	1.50	-	-	-	-	-	917
5	Uttar Pradesh Matsya Vikas Nigam Limited	Matsya Evam Pashudhan	27.10.1979	1.07	-	-	1.07	-	-	-	-	-	-
6	U.P. Projects Corporation Limited	Irrigation	26.05.1976	5.40	1.00	-	6.40	-	-	-	-	-	619
7	Uttar Pradesh State Agro Industrial Corporation Limited	Agriculture	29.03.1967	59.01	-	-	59.01	5.00	-	-	5.00	0.08:1 (0.11:1)	756
	Sector wise total			**68.89**	**1.00**	**0.92**	**70.81**	**5.00**	**-**	**2.48**	**7.48**	**0.11:1 (0.09:1)**	**2679**
	FINANCING												
8	The Pradeshiya Industrial and Investment Corporation of U.P. Limited	Industrial Development	29.03.1972	110.58	-	25.00	135.58	155.11	-	5.13	160.24	1.18:1 (1.14:1)	220
9	Uttar Pradesh Alpsankhyak Vitta Evam Vikas Nigam Limited	Alpsankhyak Kalyan Evam Waqf	17.11.1984	30.00	-	-	30.00	7.52	-	-	7.52	0.25:1 (3.01:1)	89
10	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited	Pichhara Varg Kalyan	26.04.1991	12.23	-	-	12.23	-	-	33.28	33.28	2.72:1 (3:1)	17
11	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	Samaj Kalyan	25.03.1975	123.25		107.18	230.43	-	-	67.89	67.89	0.29:1 (0.30:1)	393
12	Uttar Pradesh State Industrial Development Corporation Limited	Industrial Development	29.03.1961	24.08	-	-	24.08	1.98	-	-	1.98	0.08:1 (0.08:1)	599
	Sector wise total			**300.14**	**-**	**132.18**	**432.32**	**164.61**	**-**	**106.30**	**270.91**	**0.63:1 (0.82:1)**	**1318**
	INFRASTRUCTURE												
13	Uttar Pradesh Police Avas Nigam Limited	Home	27.03.1987	3.00	-	-	3.00	-	-	-	-	-	151

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
14	Uttar Pradesh Rajkiya Nirman Nigam Limited	Public Works Department	01.05.1975	1.00	-	-	1.00	-	-	-	-	-	3165
15	Uttar Pradesh Samaj Kalyan Nirman Nigam Limited	Samaj Kalyan	25.06.1976	0.15	-	-	0.15	-	-	-	-	-	576
16	Uttar Pradesh State Bridge Corporation Limited	Public Works Department	09.01.1973	15.00	-	-	15.00					Nil (0.08:1)	5191
	Sector wise total			**19.15**	-	-	**19.15**	-	-	-	-	**Nil (0.07:1)**	**9083**
	MANUFACTURE												
17	Almora Magnesite Limited(619-B Company)		27.08.1971	-	-	2.00	2.00	-	-	0.12	0.12	0.06:1 (0.13:1)	405
18	Shreetron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics and Information Technology	10.02.1979	-	-	7.22	7.22	-	-	2.63	2.63	0.36:1 (0.36:1)	10
19	Uptron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics and Information Technology	18.10.1974	-	-	57.93	57.93	-	-	9.70	9.70	0.17:1 (0.17:1)	-
20	Uptron Powertronics Limited (Subsidiary of Uttar Pradesh Electronics Corporation)	Electronics and Information Technology	10.04.1977	-	-	4.07	4.07	-	-	5.67	5.67	1.39:1 (1.39:1)	28
21	Uttar Pradesh Drugs and Pharmaceuticals Limited	Health	-	1.10	-	-	1.10	-	-	-	-	-	274
22	Uttar Pradesh Electronics Corporation Limited	Electronics and Information Technology	20.03.1974	91.54	-	-	91.54	113.16	-	-	113.16	1.24:1 (1.24:1)	35
23	Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited	Sugar Industry and Cane Development	16.05.2002	553.03		327.00	880.03				-	-	18
24	Uttar Pradesh Small Industries Corporation Limited	Laghu Udhyog	01.06.1958	5.96	-	-	5.96	6.32	-	3.92	10.24	1.72:1 (1.72:1)	-
25	Uttar Pradesh State Handloom Corporation Limited	Hathkargha Evam Vastra Udyog	09.01.1973	36.44	10.63	-	47.07	106.05	-	5.00	111.05	2.36:1 (2.36:1)	308
26	Uttar Pradesh State Leather Development and Marketing Corporation Limited	Niryat Protsahan	12.02.1974	5.74	-		5.74	1.91	-	-	1.91	0.33:1 (0.33:1)	2
27	Uttar Pradesh State Spinning Company Limited	Hathkargha Evam Vastra Udyog	20.08.1976	93.24	-	-	93.24	110.07	-	41.69	151.76	1.63:1 (0.70:1)	990
28	Uttar Pradesh State Sugar Corporation Limited	Sugar Industry and Cane Development	26.03.1971	1103.72	-	-	1103.72	-	-	-	-	-	149
29	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Hathkargha Evam Vastra Udyog	20.08.1974	53.67	-	-	53.67	62.44	-	-	62.44	1.16:1 (0.92:1)	7
	Sector wise total			**1944.44**	**10.63**	**398.22**	**2353.29**	**399.95**	-	**68.73**	**468.68**	**0.20:1 (0.16:1)**	**2226**
	POWER												
30	Dakshinanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	01.05.2003	-	-	3264.14	3264.14	77.98	-	1056.35	1134.33	0.35:1 (0.35:1)	5243

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
31	Kanpur Electricity Supply Company Limited	Energy	21.07.1999	-	-	163.15	163.15	4.04	-	447.89	451.93	2.77:1 (1.70:1)	1850
32	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	01.05.2003	-	-	3006.39	3006.39	-	-	1800.56	1800.56	0.60:1 (0.22:1)	8155
33	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	01.05.2003	-	-	2477.59	2477.59	-	-	1961.04	1961.04	0.79:1 (0.38:1)	-
34	Purvanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	01.05.2003	-	-	3084.67	3084.67	-	-	1855.68	1855.68	0.60:1 (0.03:1)	16390
35	Sonebhadra Power Generation Company Limited	Energy	14.02.2007	-	-	0.07	0.07	-	-	-	-	-	-
36	UCM Coal Company Limited	Energy	16.02.2008	-	-	0.16	0.16	-	-	0.50	0.50	3.13:1 (3.13:1)	-
37	UPSIDC Power Company Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Energy	11.04.2000	-	-	0.05	0.05	-	-	-	-	-	-
38	Uttar Pradesh Jal Vidyut Nigam Limited	Energy	15.04.1985	433.13	-	-	433.13	64.65	-	85.21	149.86	0.35:1 (0.35:1)	616
39	Uttar Pradesh Power Corporation Limited	Energy	30.11.1999	35690.23	-	-	35690.23	-	-	24508.96	24508.96	0.69:1 (0.51:1)	-
40	Uttar Pradesh Power Transmission Corporation Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	13.07.2006	4445.51	-	5.00	4450.51	-	-	6295.68	6295.68	1.41:1 (1.08:1)	5852
41	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Energy	22.08.1980	7723.11	-	-	7723.11	-	-	9930.96	9930.96	1.29:1 (1.27:1)	8196
42	Western U.P. Power Transmission Company	Energy	11.09.2009	-	-	-	-	-	-	-	-	-	
43	South East U.P. Power Transmission Company	Energy	11.09.2009	-	-	0.05	0.05	-	-	-	-	-	8196
44	Jawahar Vidyut Utpadan Nigam Limited	Energy	04.09.2009	-	-	0.05	0.05	-	-	-	-	-	1
45	Yamuna Power Generation Corporation Limited	Energy	20.04.2010				-				-	-	
	Sector wise total			**48291.98**	**-**	**12001.32**	**60293.30**	**146.67**	**-**	**47942.83**	**48089.50**	**0.80:1 (0.58:1)**	**54499**
	SERVICE												
46	Abhyaranya Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
47	Adhyavasai Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
48	Awadh Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
49	Bithpur Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
50	Braj Darshan Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
51	Braj Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
52	Bundelkhand Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
53	Ganga Saryu Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
54	Garhmukteshwar Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
55	Gyanodaya Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
56	Hastinapur Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
57	Hindon Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
58	Madhyanchal Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
59	Paanchal Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
60	Pachimanchal Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
61	Sangam Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
62	Satyadarshan Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
63	Shahjahanpur Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
64	Siddhartha Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
65	Taj Shilp Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
66	Taj Virasat Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
67	Triveni Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
68	Uttar Pradesh Development Systems Corporation Limited	Electronics and Information Technology	15.03.1977	1.00	-	-	1.00	-	-	-	-	-	89
69	Uttar Pradesh Export Corporation Limited	Niryat Protsahan	20.01.1996	6.34	0.90	-	7.24	7.44	-	-	7.44	1.03:1 (1.03:1)	142
70	Uttar Pradesh Food and Essential Commodities Corporation Limited	Food and Civil Supplies	22.10.1974	5.50	-	-	5.50	13.47	-	-	13.47	2.45:1 (2.45:1)	768
71	Uttar Pradesh State Tourism Development Corporation Limited	Tourism	05.08.1974	18.60	-	-	18.60	1.57	-	-	1.57	0.08:1 (0.13:1)	542
	Sector wise total			**31.44**	**0.90**	**1.10**	**33.44**	**22.48**	**-**	**-**	**22.48**	**0.67:1 (0.69:1)**	**1541**
	MISCELLANEOUS											-	
72	Uttar Pradesh Mahila Kalyan Nigam Limited	Mahila Kalyan	17.03.1988	4.71	0.48	-	5.19	-	-	-	-	-	22
73	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	Samaj Kalyan	23.05.1989	0.43	-	-	0.43	-	-	-	-	-	131
74	Uttar Pradesh Waqf Vikas Nigam Limited	Waqf Evam Alpsankhyak	27.04.1987	7.50	-	-	7.50	--	--	-	-	-	24
75	Lucknow City Transport Services Limited	Transport	01.02.2010	-	-	-	-	-	-	-	-	-	-
76	Meerut City Transport Services Limited	Transport	23.06.2010	-	-	-	-	-	-	-	-	-	-
77	Allahabad City Transport Services Limited	Transport	27.04.2010	-	-	-	-	-	-	-	-	-	-
78	Agra Mathura City Transport Services Limited	Transport	08.07.2010	-	-	-	-	-	-	-	-	-	-
79	Kanpur City Transport Services Limited	Transport	28.04.2010				-					-	

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
80	Varanasi City Transport Services Limited	Transport	15.06.2010				-					-	
	Sector wise total			**12.64**	**0.48**	**-**	**13.12**	**-**	**-**	**-**	**-**	**-**	**177**
	Total A (All sector wise working Government companies)			**50668.68**	**13.01**	**12533.74**	**63215.43**	**738.71**	**-**	**48120.34**	**48859.05**	**0.77:1 (0.57:1)**	**71523**
B	**Working Statutory Corporations**												
	AGRICULTURE & ALLIED												
1	Uttar Pradesh State Warehousing Corporation	Co-operative	19.03.1958	7.79	5.58	-	13.37	-	-	-	-	-	1160
	Sector wise total			**7.79**	**5.58**	**-**	**13.37**	**-**	**-**	**-**	**-**	**-**	**1160**
	FINANCING												
2	Uttar Pradesh Financial Corporation	Industrial Development	01.11.1954	114.51	-	64.78	179.29	271.43	-	376.59	648.02	3.61:1 (3.61:1)	697
	Sector wise total			**114.51**	**-**	**64.78**	**179.29**	**271.43**	**-**	**376.59**	**648.02**	**3.61:1 (3.61:1)**	**697**
	INFRASTRUCTURE											-	
3	Uttar Pradesh Avas Evam Vikas Parishad	Housing and Urban Planning	03.04.1966	-	-	-	-	-	-	-	-	-	4388
4	Uttar Pradesh Jal Nigam	Urban Development	06.06.1975	-	-	-	-	98.69	-	-	98.69	-	-
	Sector wise total			**-**	**-**	**-**	**-**	**98.69**	**-**	**-**	**98.69**	**-**	**4388**
	SERVICE												
5	Uttar Pradesh State Road Transport Corporation	Transport	01.06.1972	354.63	60.01	-	414.64	-	-	253.83	253.83	0.61:1 (0.66:1)	-
6	Uttar Pradesh Government Employees Welfare Corporation	Food and Civil Supplies	05.05.1965	-	-	-	-	9.51	-	-	9.51	-	889
	Sector Wise total			**354.63**	**60.01**	**-**	**414.64**	**9.51**	**-**	**253.83**	**263.34**	**0.64:1 (0.68:1)**	**889**
	Miscellaneous												
7	Uttar Pradesh Forest Corporation**	Forest	25.11.1974	-	-	-	-	-	-	-	-	-	2360
	Sector Wise total			-	-	-	-	-	-	-	-	-	**2360**
	Total B (All Sector wise working Statutory corporations)			**476.93**	**65.59**	**64.78**	**607.30**	**379.63**	**-**	**630.42**	**1010.05**	**1.66:1 (1.73:1)**	**9494**
	Total (A+B)			**51145.61**	**78.60**	**12598.52**	**63822.73**	**1118.34**	**-**	**48750.76**	**49869.10**	**0.78:1 (0.58:1)**	**81017**
C	**Non working Companies**												
	AGRICULTURE & ALLIED												
1	Command Area Poultry Development Corporation Limited (619-B company)	Matsya Evam Pashudhan		-	-	0.24	0.24				-	-	-
2	Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Limited	Sugar Industry and Cane Development	27.08.1975	0.23	-	0.08	0.31	1.69	-		1.69	5.45:1 (5.45:1)	19
3	Uttar Pradesh (Rohilkhand Tarai) Ganna Beej Evam Vikas Nigam Limited	Sugar Industry and Cane Development	27.08.1975	0.38	-	0.33	0.71	6.55	-	-	6.55	9.23:1 (9.23:1)	-
4	Uttar Pradesh Pashudhan Udyog Nigam Limited	Matsya Evam Pashudhan	05.03.1975	2.10	0.63	-	2.73	0.71	-	-	0.71	0.26:1 (0.26:1)	-
5	Uttar Pradesh Poultry and Livestock Specialties Limited	Matsya Evam Pashudhan	07.12.1974	1.66	1.28	-	2.94	1.10	-	-	1.10	0.37:1 (0.37:1)	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
6	Uttar Pradesh State Horticultural Produce Marketing & Processing Corporation Limited	Food Processing	06.04.1977	6.41	-	0.64	7.05	1.22	-	-	1.22	0.17:1 (0.17:1)	330
	Sector wise Total			**10.78**	**1.91**	**1.29**	**13.98**	**11.27**	**-**	**-**	**11.27**	**0.81:1 (0.81:1)**	**349**
	FINANCING												
7	Uplease Financial Services Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics and Information Technology	05.01.1988	-	-	1.06	1.06	-	-	4.15	4.15	3.92:1 (3.92:1)	-
8	Uttar Pradesh Panchayati Raj Vitta Evam Vikas Nigam Limited	Panchayati Raj	24.04.1973	0.78	-	0.66	1.44	-	-	-	-	-	52
	Sector Wise Total			**0.78**	**-**	**1.72**	**2.50**	**-**	**-**	**4.15**	**4.15**	**1.66:1 (1.66:1)**	**52**
	INFRASTRUCTURE												
9	Uttar Pradesh Cement Corporation Limited	Industrial Development	19.03.1972	66.28	-	-	66.28	124.77	-	-	124.77	1.88:1 (1.88:1)	
10	Uttar Pradesh State Mineral Development Corporation Limited	Industrial Development	23.03.1974	59.43	-	-	59.43	18.24	-	1.50	19.74	0.33:1 (0.33:1)	
11	Vindhyachal Abrasives Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	Industrial Development	05.12.1985	-	-	0.08	0.08	-	-	0.84	0.84	10.50:1 (10.50:1)	-
	Sector wise Total			**125.71**	**-**	**0.08**	**125.79**	**143.01**	**-**	**2.34**	**145.35**	**1.16:1 (1.16:1)**	**-**
	MANUFACTURE												
12	Auto Tractors Limited	Industrial Development	28.12.1972	5.63	-	1.87	7.50	0.38	-	-	0.38	0.05:1 (0.05:1)	-
13	Bhadohi Woollens Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Hathkargha Evam Vastra Udyog	14.06.1976	-	-	3.76	3.76	-	-	-	-	-	-
14	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry and Cane Development	18.04.1975	-	-	81.38	81.38	-	4.00	15.65	19.65	0.24:1 (0.24:1)	10
15	Continental Float Glass Limited	Industrial Development	12.04.1985	-	-	46.24	46.24	-	-	138.85	138.85	3:1 (3:1)	-
16	Electronics and Computers (India) Limited (619-B Company)				-		-	-	-	-	-	-	-
17	Ghatampur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry and Cane Development	30.05.1986	-	-	147.72	147.72	-	-	10.92	10.92	0.07:1 (0.07:1)	18
18	Kanpur Components Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics and Information Technology	31.03.1978	-	-	0.05	0.05	-	-	-	-	-	-
19	Nandganj-Sihori Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry and Cane Development	18.04.1975	-	-	34.04	34.04	-	-	7.69	7.69	0.23:1 (0.23:1)	80
20	The Indian Turpentine and Rosin Company Limited	Industrial Development	22.02.1974	0.19	-	0.03	0.22	5.33	-	1.88	7.21	32.77:1 (32.77:1)	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
21	Uttar Pradesh Abscott Private Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Laghu Udyog	18.06.1972	-	-	0.05	0.05	-	-	-	-	-	-
22	Uttar Pradesh Carbide and Chemicals Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	Industrial Development	23.04.1979	-	-	6.59	6.59	11.02	-	-	11.02	1.67:1 (1.67:1)	
23	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industrial Development	01.01.1975	0.09	-	1.93	2.02	5.55	-	11.49	17.04	8.44:1 (8.44:1)	259
24	Uttar Pradesh Plant Protection Appliances (Private) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Laghu Udyog	28.06.1972	-	-	0.02	0.02	-	-	-	-	-	-
25	Uttar Pradesh State Brassware Corporation Limited	Niryat Protsahan	12.02.1974	5.28	0.10	-	5.38	1.94	-	-	1.94	0.36:1 (0.36:1)	
26	Uttar Pradesh State Textile Corporation Limited	Hathkargha Evam Vastra Udyog	02.12.1969	197.10	-	-	197.10	7.15	-	-	7.15	0.04: 1 (0.49:1)	-
27	Uttar Pradesh Tyre and Tubes Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industrial Develoment	14.01.1976	-	-	1.83	1.83	-	-	-	-	-	-
	Sector Wise Total			**208.29**	**0.10**	**325.51**	**533.90**	**31.37**	**4.00**	**186.48**	**221.85**	**0.42:1 (0.58:1)**	**367**
	SERVICE SECTOR												
28	Agra Mandal Vikas Nigam Limited	Bhumi Vikas Evam Jal Sansadhan	31.03.1976	1.00	-	-	1.00	0.05	-	-	0.05	0.05:1 (0.05:1)	
29	Allahabad Mandal Vikas Nigam Limited	Bhumi Vikas Evam Jal Sansadhan	31.03.1976	0.67	-	-	0.67	0.66	-	-	0.66	0.99:1 (0.99:1)	-
30	Bareilly Mandal Vikas Nigam Limited	Bhumi Vikas Evam Jal Sansadhan	31.03.1976	1.25	-	-	1.25	-	-	-	-	-	-
31	Gorakhpur Mandal Vikas Nigam Limited	Bhumi Vikas Evam Jal Sansadhan	31.03.1976	0.94	-	0.32	1.26	0.88	-	-	0.88	0.70:1 (0.70:1)	-
32	Lucknow Mandaliya Vikas Nigam Limited	Bhumi Vikas Evam Jal Sansadhan	31.03.1976	0.70	-	-	0.70	0.86	-	-	0.86	1.23:1 (1.23:1)	-
33	Meerut Mandal Vikas Nigam Limited	Bhumi Vikas Evam Jal Sansadhan	31.03.1976	1.00	-	-	1.00	-	-	-	-	-	-
34	Moradabad Mandal Vikas Nigam Limited	Bhumi Vikas Evam Jal Sansadhan	30.03.1978	0.25	-	-	0.25	0.65	-	-	0.65	2.60:1 (2.60:1)	
35	Tarai Anusuchit Janjati Vikas Nigam Limited	Samaj Kalyan	2.08.1975	0.45	-	-	0.45	1.25	-	-	1.25	2.78:1 (2.78:1)	
36	Uttar Pradesh Bundelkhand Vikas Nigam Limited	Bhumi Vikas Evam Jal Sansadhan	30.03.1971	1.23	-	-	1.23	0.05	-	-	0.05	0.04:1 (0.04:1)	1

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
37	Uttar Pradesh Chalchitra Nigam Limited	Tax and Institutional Finance	10.09.1975	8.18	-	-	8.18	2.47	-	-	2.47	0.30:1 (0.30:1)	1
38	Uttar Pradesh Poorvanchal Vikas Nigam Limited	Bhumi Vikas Evam Jal Sansadhan	30.03.1971	1.30	-	-	1.30	0.35	-	-	0.35	0.27:1 (0.27:1)	-
39	Varanasi Mandal Vikas Nigam Limited	Bhumi Vikas Evam Jal Sansadhan	31.03.1976	0.70	-	-	0.70	0.30	-	-	0.30	0.43:1 (0.43:1)	-
	Sector wise Total			**17.67**	**-**	**0.32**	**17.99**	**7.52**	**-**	**-**	**7.52**	0.42:1 (0.41:1)	**2**
	Total C (All sector wise non working companies)			**363.23**	**2.01**	**328.92**	**694.16**	**193.17**	**4.00**	**192.97**	**390.14**	0.56:1 (0.69:1)	**770**
	Grand Total (A+B+C)			**51508.84**	**80.61**	**12927.44**	**64516.89**	**1311.51**	**4.00**	**48943.73**	**50259.24**	0.78:1 (0.58:1)	**81787**

Note: *1. Above includes 619-B companies at Sl. No. A-17, C-1 and C-16.*

2. Companies at Sl. No. A-46 to A-67 are subsidiaries of Uttar Pradesh State Tourism Development Corporation Limited.

$ Paid up capital includes share application money.

** Loans outstanding at the close of 2012-13 represent long term loans only.*

*** The audit of Accounts for the period 1999-2000 to 2007-08 was conducted by Local Audit and Audit for the year 2008-09 was entrusted to this Office as per order of the Uttar Pradesh Forest Corporation dated 31 July 2010 after doing necessary amendments in the Uttar Pradesh Forest Corporation Act, 1974.*

Annexure-2

(Referred to in paragraph 1.10)

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted in to equity during the year and guarantee commitment at the end of March 2013

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

Sl. No.	Sector and name of the company	Equity / loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment@	Loan repayment written off	Loans converted into equity	Interest / penal interest waived	Total
1	2	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 AND ALLIED												
1	Uttar Pradesh Bhumi Sudhar Nigam	-	-	-	150.87	-	150.87	-	-	-	-	-	-
	Sector wise total	**-**	**-**	**-**	**150.87**	**-**	**150.87**	**-**	**-**	**-**	**-**	**-**	**-**
	FINANCING												
2	The Pradeshiya Industrial and Investment Corporation of U.P. Limited	-	-	-	-	-	-	0.35	0.35	-	-	-	-
3	Uttar Pradesh Alpsankhyak Vitta Evam Vikas Nigam Limited	-	-	-	0.13	-	0.13	-	-	-	-	-	-
4	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited	-	-	-	-	-	-	-	22.65	-	-	-	-
5	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	1.25	-	-	69.38	-	69.38	-	-	-	-	-	-
	Sector wise total	**1.25**	**-**	**-**	**69.51**	**-**	**69.51**	**0.35**	**23.00**	**-**	**-**	**-**	**-**
	MANUFACTURE												
6	Uttar Pradesh Electronics Corporation Limited.	-	-	-	1.35	-	1.35	-	-	-	-	-	-
7	Uttar Pradesh State Spinning Company Limited	-	11.45	-	-	-	-	-	-	-	-	-	-
8	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	-	13.30	-	-	-	-	-	-	-	-	-	-
	Sector Wise total	**-**	**24.75**	**-**	**1.35**	**-**	**1.35**	**-**	**-**	**-**	**-**	**-**	**-**
	POWER												
9	Dakshinanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	-	-	-	-	-	-	-	4.00	-	-	-	-
10	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	-	-	-	597.28	-	597.28	-	4.35	-	-	-	-
11	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	-	-	-	1855.37	-	1855.37	-	4.35	-	-	-	-
12	Purvanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	-	-	-	1000.54	-	1000.54	-	4.68	-	-	-	-

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)
13	Uttar Pradesh Jal Vidyut Nigam Limited	1.39	-	-	-	-	-	-	-	-	-	-	-
14	Uttar Pradesh Power Transmission Corporation Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	8.00	-	-	-	-	-	-	-	-	-	-	-
15	Uttar Pradesh Rajya Vidyut Utapadan Nigam Limited	800.97	-	-	-	-	-	668.00	9514.18	-	64.38	425.44	489.82
16	Uttar Pradesh Power Corporation Limited	2175.79	-	-	-	-	-	145.00	145.00	-	-	-	-
	Sector wise total	**2986.15**	**-**	**-**	**3453.19**	**-**	**3453.19**	**813.00**	**9676.56**	**-**	**64.38**	**425.44**	**489.82**
	SERVICE												
17	Uttar Pradesh Development Systems Corporation Limited	-	-	-	2.00	-	2.00	-	-	-	-	-	-
18	Uttar Pradesh Food & Essential Commodities Corporation Limited	-	-	-	-	-	-	35.00	35.00	-	-	-	-
19	Uttar Pradesh State Tourism Development Corporation Limited	-	-	-	2.49	-	2.49	-	-	-	-	-	-
	Sector wise total	**-**	**-**	**-**	**4.49**	**-**	**4.49**	**35.00**	**35.00**	**-**	**-**	**-**	**-**
	Total A (All sector wise working Government companies)	**2987.40**	**24.75**	**-**	**3679.41**	**-**	**3679.41**	**848.35**	**9734.56**	**-**	**64.38**	**425.44**	**489.82**
B	**Working Statutory Corporations**												
	INFRASTRUCTURE												
1	Uttar Pradesh Jal Nigam	-	-	-	425.43	-	425.43	-	-	-	-	-	-
	Sector wise total	-	-	-	425.43	-	425.43	-	-	-	-	-	-
	Total B (all sector wise statutory corporations)	-	-	-	425.43	-	425.43	-	-	-	-	-	-
	Total (A+B)	**2987.40**	**24.75**	**-**	**4104.84**	**-**	**4104.84**	**848.35**	**9734.56**	**-**	**64.38**	**425.44**	**489.82**
C	**Non working Companies**												
	MANUFACTURE												
1	Uttar Pradesh State Textile Corporation Limited	-	0.43	-	-	-	-	-	-	-	-	-	-
	Sector Wise Total	**-**	**0.43**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	SERVICE SECTOR												
2	Uttar Pradesh Bundelkhand Vikas Nigam Limited	-	-	-	0.11	-	0.11	-	-	-	-	-	-
	Sector wise Total	**-**	**-**	**-**	**0.11**	**-**	**0.11**	**-**	**-**	**-**	**-**	**-**	**-**
	Total C (All sector wise non working companies)	**-**	**0.43**	**-**	**0.11**	**-**	**0.11**	**-**	**-**	**-**	**-**	**-**	**-**
	Grand Total (A+B+C)	**2987.40**	**25.18**	**-**	**4104.95**	**-**	**4104.95**	**848.35**	**9734.56**	**-**	**64.38**	**425.44**	**489.82**

@ *Figures indicate total guarantee outstanding at the end of the year.*

Annexure -3
(Referred to in paragraph 1.13, 1.14, 1.20, 1.23, 1.27 and 1.32)
Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Figures in columns 5(a) to 11 are ` in crore)

Sr. 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 and Depreciation	Interest	Depreciation	Net Profit / Loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A	**Working Government Companies**													
	AGRICULTURE AND ALLIED													
1	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	2012-13	2013-14	0.07	-	-	0.07	0.20	-	0.23	-0.73	1.93	0.07	3.63
2	Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Limited	2012-13	2012-13	-0.08	-	-	-0.08	0.03	-	0.64	0.75	1.44	-0.08	-
3	Uttar Pradesh Beej Vikas Nigam	2009-10	2012-13	29.64	3.25	-	26.39	287.46	-	6.92	79.75	89.67	29.64	33.05
4	Uttar Pradesh Bhumi Sudhar Nigam	2008-09	2012-13	-0.03	-	0.10	-0.13	1.86	(DL) 34.27	1.50	0.23	23.59	-0.13	-
5	Uttar Pradesh Matsya Vikas Nigam Limited	2008-09	2013-14	0.71	-	0.08	0.63	2.77	(DP) 0.73	1.07	1.02	6.46	0.63	9.75
6	U.P. Projects Corporation Limited	2010-11	2012-13	8.83	-	0.40	8.43	912.70	(DP) 1.23	6.40	36.05	42.45	8.43	19.86
7	Uttar Pradesh State Agro Industrial Corporation Limited	2007-08	2010-11	14.13	8.79	0.10	5.24	383.90	-	40.00	-51.68	73.68	14.03	19.04
	Sector wise total			**53.27**	**12.04**	**0.68**	**40.55**	**1588.92**	**-**	**56.76**	**65.39**	**239.22**	**52.59**	**21.98**
	FINANCING													
8	The Pradeshiya Industrial and Investment Corporation of U.P. Limited	2011-12	2012-13	17.68	6.25	0.89	10.54	8.55	(DP) 8.46	135.58	-353.40	204.94	16.79	8.19
9	Uttar Pradesh Alpsankhyak Vitta Evam Vikas Nigam Limited	1995-96	2010-11	0.70	0.45	0.01	0.24	1.14	(DP) 5.29	14.23	0.12	20.94	0.69	3.30
10	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited	2010-11	2013-14	2.13	2.11	0.01	0.01	2.55	-	12.23	7.18	65.93	2.12	3.21
11	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	2009-10	2012-13	15.58	2.07	0.10	13.41	23.09	(DP) 2.40	202.12	70.38	338.79	15.48	4.57

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
12	Uttar Pradesh State Industrial Development Corporation Limited	2009-10	2012-13	68.08	-	6.43	61.65	103.16	(DP) 1.52	24.08	0.01	244.36	61.65	25.23
	Sector wise total			**104.17**	**10.88**	**7.44**	**85.85**	**138.49**	**-**	**388.24**	**-275.71**	**874.96**	**96.73**	**11.06**
	INFRASTRUCTURE													
13	Uttar Pradesh Police Avas Nigam Limited	2011-12	2013-14	0.25	-	0.11	0.14	73.45	(DP) 4.61	3.00	13.24	16.24	0.14	0.86
14	Uttar Pradesh Rajkiya Nirman Nigam Limited	2010-11	2012-13	237.81	0.42	4.90	232.49	3680.72	(DP) 26.73	1.00	567.58	568.59	232.91	40.96
15	Uttar Pradesh Samaj Kalyan Nirman Nigam Limited	2011-12	2011-12	17.34	-	1.28	16.06	453.02	-	0.15	60.10	60.25	16.06	26.66
16	Uttar Pradesh State Bridge Corporation Limited	2010-11	2012-13	31.86	1.14	3.28	27.44	764.99	(DP) 27.87	15.00	85.21	122.84	28.58	23.27
	Sector wise total			**287.26**	**1.56**	**9.57**	**276.13**	**4972.18**	**-**	**19.15**	**726.13**	**767.92**	**277.69**	**36.16**
	MANUFACTURE													
17	Almora Magnesite Limited (619-B Company)	2012-13	2013-14	0.46	0.07	0.29	0.10	27.36	-	2.00	1.77	3.89	0.17	4.37
18	Shreetron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	2012-13	2013-14	0.49	0.02	0.46	0.01	1.67	(DP) 2.10	7.22	4.25	14.12	0.03	0.21
19	Uptron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	1995-96	1997-98	-1.99	28.06	2.07	-32.12	97.15	-	53.16	-196.73	52.06	-4.06	-
20	Uptron Powertronics Limited (Subsidiary of Uttar Pradesh Electronics Corporation)	2012-13	2013-14	0.62	0.01	0.41	0.20	20.07	(DP) 0.18	4.07	-5.99	7.25	0.21	2.90
21	Uttar Pradesh Drugs and Pharmaceuticals Limited	2009-10	2012-13	-8.13	0.26	0.14	-8.53	0.33	-	1.10	-26.59	-14.02	-8.27	-
22	Uttar Pradesh Electronics Corporation Limited	2011-12	2012-13	1.48	-	0.08	1.40	24.89	-	91.54	1.92	206.72	1.40	0.68
23	Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited	2010-11	2013-14	71.17	0.05	0.21	70.91	18.68	(DP) 0.28	880.13	-791.93	89.08	70.96	79.66
24	Uttar Pradesh Small Industries Corporation Limited	2003-04	2011-12	1.02	0.54	0.84	-0.36	15.75	(DL) 6.67	5.96	-17.06	8.96	0.18	2.01
25	Uttar Pradesh State Handloom Corporation Limited	1996-97	2010-11	-7.88	1.38	0.42	-9.68	29.18	(DP) 0.01	24.38	-47.83	31.59	-8.30	-
26	Uttar Pradesh State Leather Development and Marketing Corporation Limited	2000-01	2002-03	0.42	0.05	0.11	0.26	3.60	-	573.94	-6.85	4.81	0.31	6.44
27	Uttar Pradesh State Spinning Company Limited	2011-12	2013-14	-34.90	2.02	1.20	-38.12	80.15	(IL) 5.48	93.24	-206.62	30.08	-36.10	-
28	Uttar Pradesh State Sugar Corporation Limited	2009-10	2011-12	23.41	18.77	3.68	0.96	488.64	(DP) 59.85	1103.71	-248.08	401.73	19.73	4.91

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
29	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	2011-12	2013-14	-14.57	3.01	0.24	-17.82	13.90	(DL) 2.67	31.91	-172.35	-19.85	-14.81	-
	Sector wise total			**31.60**	**54.24**	**10.15**	**-32.79**	**821.37**	**-**	**2872.36**	**-1712.09**	**816.42**	**21.45**	**2.63**
	POWER													
30	Dakshinanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2011-12	2013-14	-2546.36	143.25	150.27	-2839.88	3458.55	-	2621.94	-10298.10	-5718.08	-2696.63	-
31	Kanpur Electricity Supply Company Limited	2011-12	2012-13	-356.51	11.21	16.12	-383.84	1016.76	(IL) 0.81	163.15	-2102.00	-1729.08	-372.63	-
32	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2011-12	2013-14	-1500.86	143.44	120.54	-1764.84	3186.97	(IL) 31.79	2780.44	-6437.38	-1581.55	-1621.40	-
33	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2011-12	2012-13	-1669.82	145.21	176.57	-1991.60	6423.63	(IL) 33.5	2102.24	-6279.57	-2032.85	-1846.39	-
34	Purvanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2011-12	2013-14	-1983.49	139.05	121.50	-2244.04	3422.01	(IL) 1.95	460.75	-8482.92	-3690.63	-2104.99	-
35	Sonebhadra Power Generation Company Limited	2010-11	2013-14	-2.42	-	-	-2.42	-	-	0.07	-2.97	-0.02	-2.42	-
36	UCM Coal Company Limited	2011-12	2013-14	-	-	-	-	-	-	1.60	-	0.83	-	-
37	UPSIDC Power Company Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	2011-12	2013-14	-0.02	-	-	-0.02	0.01	-	0.05	-0.22	-0.17	-0.02	-
38	Uttar Pradesh Jal Vidyut Nigam Limited	2010-11	2012-13	32.03	22.53	8.74	0.76	68.74	(IP) 5.92	431.75	-273.22	872.49	23.29	2.67
39	Uttar Pradesh Power Corporation Limited	2011-12	2013-14	-336.27	2383.67	1.91	-2721.85	26614.07	-	33514.44	-29710.60	21335.67	-338.18	-
40	Uttar Pradesh Power Transmission Corporation Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2010-11	2013-14	599.28	275.50	326.20	-2.42	869.95	(IL) 0.39	4033.46	-1036.24	6869.60	273.08	3.98
41	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	2010-11	2012-13	576.42	283.81	166.23	126.38	4752.30	-	6302.01	-451.95	1494.67	410.19	27.44
42	Western U.P. Power Transmission Company Limited	2011-12	2013-14	-0.65	-	-	-0.65	0.15	-	0.05	-4.89	-4.84	-0.65	-
43	South East U.P. Power Transmission Company Limited	2009-10	2012-13	-3.66	-	-	-3.66	-	-	0.05	-3.66	-3.61	-3.66	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
44	Jawahar Vidyut Utpadan Nigam Limited	2009-10	2011-12	-1.23	-	-	-1.23	-		0.05	-1.23	-1.18	-1.23	-
45	Yamuna Power Generation Corporation Limited (Incorporated w.e.f. 20-04-10)	Accounts not finalised												
	Sector wise total			**-7193.56**	**3547.67**	**1088.08**	**-11829.31**	**49813.14**	**-**	**52412.05**	**-65084.95**	**15811.25**	**-8281.64**	**-**
	SERVICE													
46	Abhyaranya Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	
47	Adhyavasai Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
48	Awadh Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
49	Bithpur Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
50	Braj Darshan Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
51	Braj Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
52	Bundelkhand Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
53	Ganga Saryu Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
54	Garhmukteshwar Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
55	Gyanodaya Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
56	Hastinapur Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
57	Hindon Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
58	Madhyanchal Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
59	Paanchal Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
60	Pachimanchal Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
61	Sangam Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
62	Satyadarshan Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
63	Shahjahanpur Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
64	Siddhartha Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
65	Taj Shilp Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
66	Taj Virasat Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-
67	Triveni Paripath Paryatan Limited	2011-12	2012-13	-	-	-	-	-	-	0.05	-	0.05	-	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
68	Uttar Pradesh Development Systems Corporation Limited	2010-11	2012-13	1.42	0.93	0.04	0.45	4.93	(DP) 0.19	1.00	-	1.45	1.38	95.17
69	Uttar Pradesh Export Corporation Limited	2005-06	2011-12	0.08	0.02	0.07	-0.01	6.47	-	7.24	21.92	0.61	0.01	1.64
70	Uttar Pradesh Food and Essential Commodities Corporation Limited	2004-05	2012-13	18.78	2.68	0.18	15.92	762.56	(DP) 1.86	5.50	21.42	117.63	18.60	15.81
71	Uttar Pradesh State Tourism Development Corporation Limited	2011-12	2012-13	3.27	0.02	1.87	1.38	28.47	-	18.60	-11.94	8.26	1.40	16.95
	Sector wise total			**23.55**	**3.65**	**2.16**	**17.74**	**802.43**	**-**	**33.44**	**31.40**	**129.05**	**21.39**	**16.57**
	MISCELLENEOUS													
72	Uttar Pradesh Mahila Kalyan Nigam Limited	2010-11	2011-12	0.97	-	0.06	0.91	2.11	(DP) 0.63	5.19	-0.52	8.45	0.91	10.77
73	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2009-10	2012-13	9.01	-	0.18	8.83	100.34	(DP) 100.13	1.00	55.17	55.60	8.83	15.88
74	Uttar Pradesh Waqf Vikas Nigam Limited	1998-99	2007-08	0.01	-	0.01	-	0.28	(IL) 0.002	3.50	0.02	2.11	-	-
75	Lucknow City Transport Services Limited	Accounts not finalised												-
76	Meerut City Transport Services Limited	2010-11	2012-13	-	-	-	-	-	(IL) 0.09	0.05	-	0.05	0.00	-
77	Allahabad City Transport Services Limited	Accounts not finalised												
78	Agra Mathura City Transport Services Limited	Accounts not finalised												
79	Kanpur City Transport Services Limited (Incorporated w.e.f. 28-04-10)	Accounts not finalised												
80	Varanasi City Transport Services Limited (Incorporated w.e.f.15-06-10)	Accounts not finalised												
	Sector wise total			**9.99**	**-**	**0.25**	**9.74**	**102.73**	**-**	**9.74**	**54.67**	**66.21**	**9.74**	**14.71**
	Total A (All sector wise working Government companies)			**-6683.72**	**3630.04**	**1118.33**	**-11432.09**	**58239.26**		**55791.74**	**-66195.16**	**18705.03**	**-7802.05**	**-**
	Working Statutory corporations													
B	**AGRICULTURE & ALLIED**													
1	Uttar Pradesh State Warehousing Corporation	2010-11	2013-14	27.45	0.08	9.07	18.30	212.41	(DP) 17.47	11.17	286.43	299.80	18.38	6.10
	Sector wise total			**27.45**	**0.08**	**9.07**	**18.30**	**212.41**	**-**	**11.17**	**286.43**	**299.80**	**18.38**	**6.10**

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	FINANCE													
2	Uttar Pradesh Financial Corporation	2011-12	2013-14	17.53	0.01	-	17.52	21.71	(DP) 13.68	179.28	-915.76	969.80	17.53	1.81
	Sector wise total			**17.53**	**0.01**	**-**	**17.52**	**21.71**	**-**	**179.28**	**-915.76**	**969.80**	**17.53**	**1.81**
	INFRASTRUCTURE													
3	Uttar Pradesh Avas Evam Vikas Parishad	2011-12	2012-13	453.75	0.39	22.31	431.05	397.40	(DP) 0.30	-	3719.70	3810.09	431.44	11.32
4	Uttar Pradesh Jal Nigam	2010-11	2012-13	60.05	39.70	0.25	20.10	655.51	-	-	-63.52	9877.45	59.80	0.61
	Sector wise total			**513.80**	**40.09**	**22.56**	**451.15**	**1052.91**	**-**	**-**	**3656.18**	**13687.54**	**491.24**	**3.59**
	SERVICE													
5	Uttar Pradesh State Road Transport Corporation	2011-12	2012-13	23.28	35.73	22.12	-34.57	2291.66	(DL) 79.60	408.64	-1038.42	-313.15	1.16	-
6	Uttar Pradesh Government Employees Welfare Corporation	2010-11	2012-13	12.08	0.86	0.06	11.16	274.70	-	-	7.10	38.85	12.02	30.94
	Sector wise total			**35.36**	**36.59**	**22.18**	**-23.41**	**2566.36**	**-**	**408.64**	**-1031.32**	**-274.30**	**13.18**	**-**
	MISCELLANEOUS													
7	Uttar Pradesh Forest Corporation*	2011-12	2012-13	126.73	-	0.65	126.08	339.91	(DP) 6.60	1298.29	1298.29	1311.79	126.08	9.61
	Sector wise total			**126.73**	**-**	**0.65**	**126.08**	**339.91**	**-**	**1298.29**	**1298.29**	**1311.79**	**126.08**	**9.61**
	Total B (All sector wise working Statutory corporations)			**720.87**	**76.77**	**54.46**	**589.64**	**4193.30**	**-**	**1897.38**	**3293.82**	**15994.63**	**666.41**	**4.17**
	Grand Total (A + B)			**-5962.95**	**3706.81**	**1172.79**	**-10842.45**	**62432.56**		**57689.12**	**-62901.34**	**34699.66**	**-7135.64**	**-**
C	**Non working Government companies**													
	AGRICULTURE AND ALLIED													
1	Command Area Poultry Development Corporation Limited (619-B company)	1994-95	-	0.02	-	0.01	0.01	0.96	-	0.24	-	-	0.01	-
2	Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Limited	2002-03 (UL from 01-07-03)	2004-05	-0.14	0.04	-	-0.18	0.04	-	0.31	-0.55	1.53	-0.14	-
3	Uttar Pradesh (Rohilkhand Tarai) Ganna Beej Evam Vikas Nigam Limited	2006-07 (UL from 01-07-03)	2008-09	0.06	1.10	0.01	-1.05	0.11	-	0.71	-8.01	3.31	0.05	1.51
4	Uttar Pradesh Pashudhan Udyog Nigam Limited	2008-09	2012-13	0.99	0.11	0.01	0.87	0.87	1.20	2.73	7.70	3.30	0.98	29.70
5	Uttar Pradesh Poultry and Livestock Specialties Limited	2011-12	2012-13	-0.02	0.16	-	-0.18	0.01	0.17	0.50	-3.83	0.21	-0.02	-
6	Uttar Pradesh State Horticultural Produce Marketing & Processing Corporation Limited	1984-85	1994-95	-0.51	0.15	0.01	-0.67	0.27	-	1.90	-2.55	80.72	-0.52	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Sector wise total			**0.40**	**1.56**	**0.04**	**-1.20**	**2.26**	**-**	**6.39**	**-7.24**	**89.07**	**0.36**	**0.40**
	FINANCE													
7	Uplease Financial Services Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	1997-98	1998-99	0.37	0.54	0.23	-0.40	1.29	-	1.05	-0.40	5.34	0.14	2.62
8	Uttar Pradesh Panchayati Raj Vitta Evam Vikas Nigam Limited	1994-95	2012-13	-0.09	0.03	-	-0.12	0.36	-	1.47	-0.36	1.16	-0.09	-
	Sector wise total			**0.28**	**0.57**	**0.23**	**-0.52**	**1.65**	**-**	**2.52**	**-0.76**	**6.50**	**0.05**	**0.31**
	INFRASTRUCTURE													
9	Uttar Pradesh Cement Corporation Limited	1995-96 (UL from 08-02-1999)	1996-97	-20.07	24.84	2.84	-47.75	113.01	-	68.28	-425.99	-239.80	-22.91	-
10	Uttar Pradesh State Mineral Development Corporation Limited	2011-12	2013-14	1.33	1.55	0.05	-0.27	1.76	-	59.43	-77.36	0.31	1.28	412.90
11	Vindhyachal Abrasives Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	1987-88 (UL from 28-11-2002)	1995-96	-0.11	0.01		-0.12	-	-	-	-0.11	0.01	-0.11	-
	Sector wise total			**-18.85**	**26.40**	**2.89**	**-48.14**	**114.77**	**-**	**127.71**	**-503.46**	**-239.48**	**-21.74**	**-**
	MANUFACTURE SECTOR													
12	Auto Tractors Limited	1991-92 (UL from 14-02-2003)	1995-96	0.37	0.26	-	0.11	6.31	-	7.50	-	11.14	0.37	3.32
13	Bhadohi Woollens Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	1994-95 (UL from 20-02-96)		0.85	2.51	-	-1.66	0.27	-	3.76	-11.95	-0.49	0.85	-
14	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2011-12	2012-13	-0.66	0.75	0.14	-1.55	0.02	-	81.38	-96.81	11.59	-0.80	-
15	Continental Float Glass Limited	1997-98 (UL from 01-04-2002)	2002-03	-	-	-	-	-	-	46.24	-	83.87	Company went into Liquidation (since inception)	-
16	Electronics and Computers (India) Limited (619-B Company)	(UL from (14-07-1981)	-	-	-	-	-	-	-	-	-	-	-	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
17	Ghatampur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2011-12	2012-13	-3.64	0.13	0.07	-3.84	-	-	8.95	-153.17	-5.36	-3.71	-
18	Kanpur Components Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	(UL from 10-06-1996)	-	-	-	-	-	0.05	-	--	-	-	-	-
19	Nandganj-Sihori Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2010-11	2012-13	-5.81	-	0.09	-5.90	0.05	-	239.38	-245.18	12.82	-5.90	-
20	The Indian Turpentine and Rosin Company Limited	2010-11	2012-13	-0.49	0.10	0.01	-0.60	0.03	-	0.22	-32.93	-25.54	-0.50	-
21	Uttar Pradesh Abscott Private Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	1975-76 (UL from 19-04-1996)		-0.01	0.01	-	-0.02	-	-	0.05	-	0.12	-0.01	-
22	Uttar Pradesh Carbide and Chemicals Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	1992-93 (UL from 19-02-94)	-	-0.15	5.67	0.36	-6.18	2.26	-	6.58	-35.32	-18.45	-0.51	-
23	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	2001-02	2005-06	-0.26	0.02	0.01	-0.29	0.16	-	1.93	-38.75	0.35	-0.27	-
24	Uttar Pradesh Plant Protection Appliances (Private) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	1974-75 (UL from 11/2003)	1984-85	-0.01	-	-	-0.01	0.04	-	0.01	0.01	-0.34	-0.01	-
25	Uttar Pradesh State Brassware Corporation Limited	1997-98	2007-08	2.52	0.12	0.01	2.39	0.53	-	5.38	-6.04	3.59	2.51	69.92
26	Uttar Pradesh State Textile Corporation Limited	2011-12	2013-14	-18.42	6.77	0.29	-25.48	-	-	197.10	-491.01	-322.80	-18.71	-
27	Uttar Pradesh Tyre and Tubes Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	1992-93 (UL from 09-01-1996)	-	2.10	4.27	-	-2.17	1.38	-	1.83	-9.96	-4.06	2.10	-
	Sector wise total			**-23.61**	**20.61**	**0.98**	**-45.20**	**11.10**	**-**	**600.31**	**-1121.11**	**-253.56**	**-24.59**	**-**
	SERVICE SECTOR													
28	Agra Mandal Vikas Nigam Limited	1988-89	2007-08	-0.08	-	0.01	-0.09	3.91	-	1.00	-0.35	0.92	-0.09	-
29	Allahabad Mandal Vikas Nigam Limited	1983-84	1992-93	-0.03	0.01	0.07	-0.11	2.74	-	0.55	-0.11	0.99	-0.10	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
30	Bareilly Mandal Vikas Nigam Limited	1988-89	2011-12	-0.22	0.12	0.05	-0.39	3.33	-	1.00	-1.52	4.63	-0.27	-
31	Gorakhpur Mandal Vikas Nigam Limited	1987-88	2011-12	-0.15	0.01	0.03	-0.19	1.30	-	1.26	-1.52	1.32	-0.18	-
32	Lucknow Mandaliya Vikas Nigam Limited	1981-82	1992-93	0.54	-	0.53	0.01	1.70	-	0.50	1.49	0.61	0.01	1.64
33	Meerut Mandal Vikas Nigam Limited	2008-09	2010-11	-0.03	-	-	-0.03	-	-	1.00	-1.50	-0.01	-0.03	-
34	Moradabad Mandal Vikas Nigam Limited	1991-92	2011-12	-0.08	0.11	-	-0.19	0.85	-	0.25	-0.78	0.12	-0.08	-
35	Tarai Anusuchit Janjati Vikas Nigam Limited	1982-83	1990-91	-0.04	-	-	-0.04	0.01	-	0.25	-	0.70	-0.04	-
36	Uttar Pradesh Bundelkhand Vikas Nigam Limited	2008-09	2010-11	0.25	-	-	0.25	0.20	-	1.23	-1.57	-0.29	0.25	-
37	Uttar Pradesh Chalchitra Nigam Limited	2009-10	2011-12	0.03	0.40	0.01	-0.38	0.12	(IL) 0.14	8.18	-14.80	-4.14	0.02	-
38	Uttar Pradesh Poorvanchal Vikas Nigam Limited	1987-88	1994-95	-0.11	-	0.03	-0.14	1.30	-	1.15	-1.08	0.19	-0.14	-
39	Varanasi Mandal Vikas Nigam Limited	1987-88	1993-94	-0.02	-	0.01	-0.03	1.47	-	0.70	-0.26	0.88	-0.03	-
	Sector wise total			**0.06**	**0.65**	**0.74**	**-1.33**	**16.93**	**-**	**17.07**	**-22.00**	**5.92**	**-0.68**	**-**
	Total C (All sector wise non working Government Companies)			**-41.72**	**49.79**	**4.88**	**-96.39**	**146.71**	**-**	**754.00**	**-1654.57**	**-391.55**	**-46.60**	**-**
	Grand Total (A + B + C)			**-6004.57**	**3756.60**	**1177.67**	**-10938.84**	**62579.27**	**-**	**58443.12**	**-64555.91**	**34308.11**	**-7182.34**	**-**

Note: IL indicates increase in loss, DL indicates decrease in loss, IP indicates increase in profit and DP indicates decrease in profit.

Impact of accounts comments include the net impact of comments of Statutory Auditor and CAG

@ Capital employed (except finance companies/corporations) in respect of 61 PSUs whose accounts were received during 1 Oct 2012 to 30 September 2013 represent shareholders fund plus long term borrowings. Capital employed in respect of remaining PSUs (except finance companies/corporations) represents net fixed assets (including capital work in progress) plus working capital. In case of financial companies/corporations, the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings including refinance.

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

* The audit of Accounts for the period 1999-2000 to 2007-08 was conducted by Local Audit and Audit for the year 2008-09 was entrusted to this Office as per order of the Uttar Pradesh Forest Corporation dated 31 July 2010 after doing necessary amendments in the Uttar Pradesh Forest Corporation Act, 1974.

Annexure-4

(Referred to in paragraph 1.13)

Statement showing financial position of Statutory corporations

Working Statutory corporations

1. Uttar Pradesh State Road Transport Corporation

(` in crore)

Particulars	2009-10	2010-11	2011-12
A. Liabilities			
Capital (including capital loan and equity capital)	369.13	369.13	408.64
Borrowings:			
Government:			
Central	-	-	
State	-	-	
Others	258.13	243.09	290.78
Funds	8.35	8.69	25.85
Trade dues and other current liabilities (including provisions)	906.34	1012.24	1112.95
Uttar Pradesh and Uttaranchal State Road Transport Corporation reorganisation settlement account	26.41	26.41	26.41
Total A	**1568.36**	**1659.56**	**1864.63**
B. Assets			
Gross Block	1162.46	1189.61	1194.58
Less: Depreciation	711.67	730.85	752.97
Net fixed assets	450.79	458.76	441.61
Capital work in progress (including cost of chassis)	46.41	13.13	-
Investments	-	-	13.33
Current Assets, Loans and Advances	203.60	252.84	371.27
Accumulated Losses	867.56	934.83	1038.42
Total B	**1568.36**	**1659.83**	**1864.63**
C. Capital employed	**(-)205.54**[1]	**(-)287.51**[1]	**(-)313.15**[2]

2. Uttar Pradesh Financial Corporation

(` in crore)

Particulars	2009-10	2010-11	2011-12
A. Liabilities			
Paid-up capital	179.28	179.28	179.28
Share application money	-	-	-
Reserve fund and other reserves and surplus	19.36	19.25	19.13
Borrowings:			
(i) Bonds and debentures	217.32	167.16	103.09
(ii) Fixed deposits	0.03	0.009	0.009
(iii) Industrial Development Bank of India and Small Industries Development Bank of India	374.94	374.84	372.84
(iv) Reserve Bank of India			
(v) Loans in lieu of share capital:			
(a) State Government	228.25	269.27	292.99
(b) National Handicapped Finance and Development Corporation	0.53	0.43	0.38
(vi) Others (including State Govt.)	-	-	0
Other Liabilities and Provisions	407.38	390.67	374.66
Total A	**1427.09**	**1400.91**	**1342.38**
B. Assets			
Cash and Bank balances	9.49	26.41	41.65
Investments	15.10	15.10	0.10
Loans and Advances	414.88	387.76	362.55
Net Fixed Assets	10.42	10.08	9.76
Other Assets	25.85	28.57	12.56
Miscellaneous Expenditure	-	-	-
Profit and Loss Account	951.35	932.99	915.76
Total B	**1427.09**	**1400.91**	**1342.38**
C. Capital Employed[3]	**1008.23**	**995.65**	**969.80**

[1] Capital employed represent net fixed assets (including capital work-in-progress) plus working capital.
[2] Capital employed represents shareholders fund plus long term borrowings.
[3] Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, seed money, debentures, reserves (other than those which have been funded specifically and backed by Investment outside), bonds, deposits and borrowings (including refinance).

3. Uttar Pradesh State Warehousing Corporation

(` in crore)

Particulars	2008-09	2009-10	2010-11
A. Liabilities			
Paid up capital[4]	13.37	13.37	13.37
Reserves and surplus	252.31	299.43	286.43
Subsidy	-	-	
Borrowings:			
Government	-	-	-
Others	21.05	-	-
Deferred tax liability	-	-	16.62
Trade Dues and Current Liabilities (including provisions)	56.72	74.59	91.51
Total A	**343.45**	**387.39**	**407.93**
B. Assets			
Gross Block	295.37	274.34	292.68
Less Deprecation	77.81	52.80	64.31
Net Fixed Assets	217.56	221.54	228.37
Capital work-in-progress	(-)2.02	(-)0.82	3.64
Current Assets, Loans and Advances	127.91	166.67	175.92
Profit and Loss Account	-	-	
Total B	**343.45**	**387.39**	**407.93**
C. Capital Employed	**286.73**[5]	**312.80**[5]	**299.80**[6]

4. Uttar Pradesh Forest Corporation

(` in crore)

Particulars	2009-10	2010-11	2011-12
A. Liabilities			
Reserve and Surplus	1052.23	1173.95	1298.29
Borrowings	14.87	15.75	13.50
Current Liabilities (including provisions)	141.74	189.00	187.34
Other Liabilities	-	-	
Total A	**1208.84**	**1378.70**	**1499.13**
B. Assets			
Net Fixed Assets	16.44	17.59	19.07
Current Assets, Loans and Advances	1138.38	1307.13	1426.12
Accumulated loss	-	-	-
Uttaranchal Forest Development Corporation, Dehradun. (Net assets under its possession)	53.77	53.77	53.77
Miscellaneous Expenditure	0.25	0.21	0.17
Total B	**1208.84**	**1378.70**	**1499.13**
C. Capital employed	**1013.08**[5]	**1135.72**[5]	**1311.79**[6]

5. Uttar Pradesh Avas Evam Vikas Parishad

(` in crore)

Particulars	2009-10	2010-11	2011-12
A. Liabilities			
Parishad Fund	2916.12	3275.04	3719.70
Surplus	-	-	-
Borrowings	-	-	90.39
Deposits	121.13	137.64	121.26
Reserve for maintenance of unsold property	-	-	-
Current Liabilities (including Registration Fee)	3242.65	3379.60	3692.93
Excess of assets over liabilities	-	-	-
Total A	**6279.90**	**6792.28**	**7624.28**
B. Assets			
Net Fixed Assets	31.96	30.31	27.29
Investments	1753.91	2151.55	2037.36
Current Assets, Loans and Advances	4494.03	4610.42	5559.63
Total B	**6279.90**	**6792.28**	**7624.28**
C. Capital employed	**1283.34**[5]	**1261.13**[5]	**3810.09**[6]

4 Including share capital pending allotment ` 2.20 crore.

5 Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

6 Capital employed represents shareholders fund plus long term borrowings.

6. Uttar Pradesh Jal Nigam

(` in crore)

Particulars	2008-09	2009-10	2010-11[7]
A. Liabilities			
Borrowings			
Loans fund:			
(i) From LIC	-	-	-
(ii) From UP Government	393.14	509.54	524.02
(iii) From Banks	-	-	
Grants from Government	6150.13	7626.65	9420.49
Deposits	-	-	-
Current Liabilities:			
Centage on material unconsumed	73.67	109.96	120.22
Other liabilities	4952.03	4541.27	5963.42
Deposits (deposit received for project)	3088.47	4132.16	5066.94
Provision for gratuity	6.50	6.50	6.50
Project transferred from LSGED to Jal Nigam	9.47	9.49	9.44
Total A	**14673.41**	**16935.57**	**21111.03**
B. Assets			
Gross Block	23.49	23.51	23.50
Less: Depreciation	9.20	9.53	9.79
Net Fixed Assets	14.29	13.98	13.71
Investments	-	-	
PF Invested	144.19	143.31	142.85
Project:			
(i) Material	725.74	862.56	927.53
(ii) Work in progress	6329.45	7851.64	10313.50
(iii) Completed rural water project maintained by Uttar Pradesh Jal Nigam	735.04	823.17	804.03
(iv) Rural water work project cost of LSGED transferred to Uttar Pradesh Jal Nigam	9.08	9.08	9.08
Current Assets	5824.90	6131.37	7551.58
Loans and advances	806.28	1015.07	1281.69
Deficit	84.44	85.39	67.06
Total B	**14673.41**	**16935.57**	**21111.03**
C. Capital employed	**6321.53**[8]	**7913.99**[8]	**9877.45**[9]

7 Finalisation of Separate Audit Report under process.
8 Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.
9 Capital employed represents shareholders fund plus long term borrowings.

Annexure-5

(Referred to in paragraph 1.13)

Statement showing working results of Statutory corporations

A. Working Statutory corporations

1. Uttar Pradesh State Road Transport Corporation

(` in crore)

Particulars	2009-10	2010-11	2011-12
Operating			
(a) Revenue	1602.22	2038.56	2291.66
(b) Expenditure	1684.71	2092.45	2322.82
(c) Surplus (+)/Deficit (-)	(-)82.49	(-)53.89	(-)31.16
Non operating			
(a) Revenue	54.79	35.84	32.32
(b) Expenditure	24.27	20.44	35.73
(c) Surplus (+)/Deficit (-)	30.52	15.40	(-)3.41
Total			
(a) Revenue	1657.01	2074.40	2323.98
(b) Expenditure	1708.98	2112.89	2358.55
(c) Net Profit (+)/Loss (-)	(-)51.97	(-)38.49	(-)34.57
Interest on Capital and Loans	24.27	20.44	35.73
Total return on Capital employed	(-)27.70	(-)18.05	1.16

2. Uttar Pradesh Financial Corporation

(` in crore)

Particulars	2009-10	2010-11	2011-12
1. Income			
(a) Interest on loans	14.61	20.93	21.71
(b) Other Income	1.68	7.36	2.81
(c)Interest Provision written back	-	-	-
(d) NPA Provision written back	6.51	18.58	16.67
(e) Depreciation investment written back	-	-	-
Total 1	**22.80**	**46.87**	**41.19**
2. Expenses			
(a) Interest on long term loan	0.48	0.05	0.01
(b) Provision for non performing assets	1.44	0.003	-
(c) Other expenses	20.52	28.47	23.66
(d) Loss on sale of fixed assets	-	-	-
Total 2	**22.44**	**28.52**	**23.67**
3. Profit (+)/Loss (-) before tax (1-2)	0.36	18.35	17.52
4. Other appropriations	-	-	-
5. Amount available for dividend[1]	-	-	-
6. Dividend paid/payable	-	-	-
7. Total return on capital employed	0.84	18.40	17.53
8. Percentage of return on capital employed	0.08	1.85	1.81

3. Uttar Pradesh State Warehousing Corporation

(` in crore)

Particulars	2008-09	2009-10	2010-11
1. Income:			
(a) Warehousing charges	177.50	214.37	162.43
(b) Other Income	4.16	4.35	7.56
Total 1	**181.66**	**218.72**	**169.99**
2. Expenses:			
(a) Establishment charges	44.14	46.86	63.74
(b) Interest	1.90	0.49	0.08
(c) Other expenses	95.80	106.95	87.87
Total 2	**141.84**	**154.30**	**151.69**
3.Profit (+)/Loss (-) before tax (1-2)	39.82	64.42	18.30
4. Appropriations:			
(i) Payment of income tax	10.12	28.41	8.33
(ii) Provision for tax:			
(a) Income tax	-	-	-
(b) Dividend tax	0.28	0.28	0.28

[1] Represents profit of current year available for dividend after considering the specific reserves and provision for taxation.

Particulars	2008-09	2009-10	2010-11
(iii) Profit after tax (Amount available for dividend)	29.42	35.73	9.69
(iv) Dividend proposed for the year	1.67	1.67	1.68
(v) Other appropriations	27.75	34.06	7.20
5. Profit transferred to Balance Sheet	-	-	0.81
Total return on capital employed	41.72	64.91	18.38
Percentage of return on capital employed	14.55	20.75	6.10

4. Uttar Pradesh Forest Corporation

(` in crore)

Particulars	2009-10	2010-11	2011-12
1. Income:			
Sales	283.16	329.90	339.91
Other Income	57.06	69.62	.67.85
Closing Stock	123.36	136.62	131.04
Total 1	**463.58**	**536.14**	**538.80**
2. Expenditure:			
Purchases	120.14	119.01	100.66
Other Expenses	122.22	168.60	175.44
Opening Stock	105.55	123.36	136.62
Total 2	**347.91**	**410.97**	**412.72**
Net Profit	115.67	125.17	126.08
Total return on capital employed	115.67	125.17	126.08
Percentage of return on capital employed	11.42	11.02	9.61

5. Uttar Pradesh Avas Evam Vikas Parishad

(` in crore)

Particulars	2009-10	2010-11	2011-12
1. Income:			
(a) Income from property	508.44	397.40	461.67
(b) Other Income	326.33	395.12	533.60
Total 1	**834.77**	**792.52**	**995.27**
2. Expenditure:			
(a) Cost of property sold	332.62	211.37	336.20
(b) Establishment	119.95	180.44	185.84
(c) Interest	-	-	0.39
(d) Other expenses	43.74	41.91	41.79
Total 2	**496.31**	**433.72**	**564.22**
3. Excess of income over expenditure	338.46	358.80	431.05
4. Total return on capital employed	338.46	358.80	431.44
5. Percentage of total return on capital employed	26.37	28.45	11.32

6. Uttar Pradesh Jal Nigam

(` in crore)

Particulars	2008-09	2009-10	2010-11[2]
1. Income:			
Centage	164.34	229.10	311.18
Survey and project fee	4.20	-	17.81
Receipt from consumers for scheme maintained by Uttar Pradesh Jal Nigam	23.60	25.28	26.55
Other income	19.18	22.16	31.85
Income from financing activities	43.64	30.17	31.98
Revenue grant:			
(i) From UP Government for maintenance	153.28	134.91	132.78
(ii) From Government for HRD			
Income of C&DS	69.90	92.35	100.21
Income of Nalkoop wing	2.91	2.36	3.14
Interest	-	-	-
Grant	-	-	-
Others	-	-	
Total 1	**481.05**	**536.33**	**655.50**
2. Expenditure			
Establishment charges/operating expenses	237.59	235.37	275.52

[2] Finalisation of Separate Audit Report under process.

Particulars	2008-09	2009-10	2010-11[3]
Expenditure on maintenance	122.34	169.31	228.29
Interest	21.29	40.16	39.70
Other expenses	-	-	
Depreciation	0.31	0.35	0.25
Expenditure of C&DS	31.38	39.28	90.01
Expenditure of Nalkoop Nigam	1.60	1.35	1.63
Grant to Jal Sansthan	-	-	-
Grant to Irrigation	-	-	-
Total 2	**414.51**	**485.82**	**635.40**
Deficit (-)/Surplus (+)	**66.54**	**50.51**	**20.10**
Total return on capital employed	**87.83**	**90.67**	**59.80**

Source: Latest finalised accounts of the PSUs

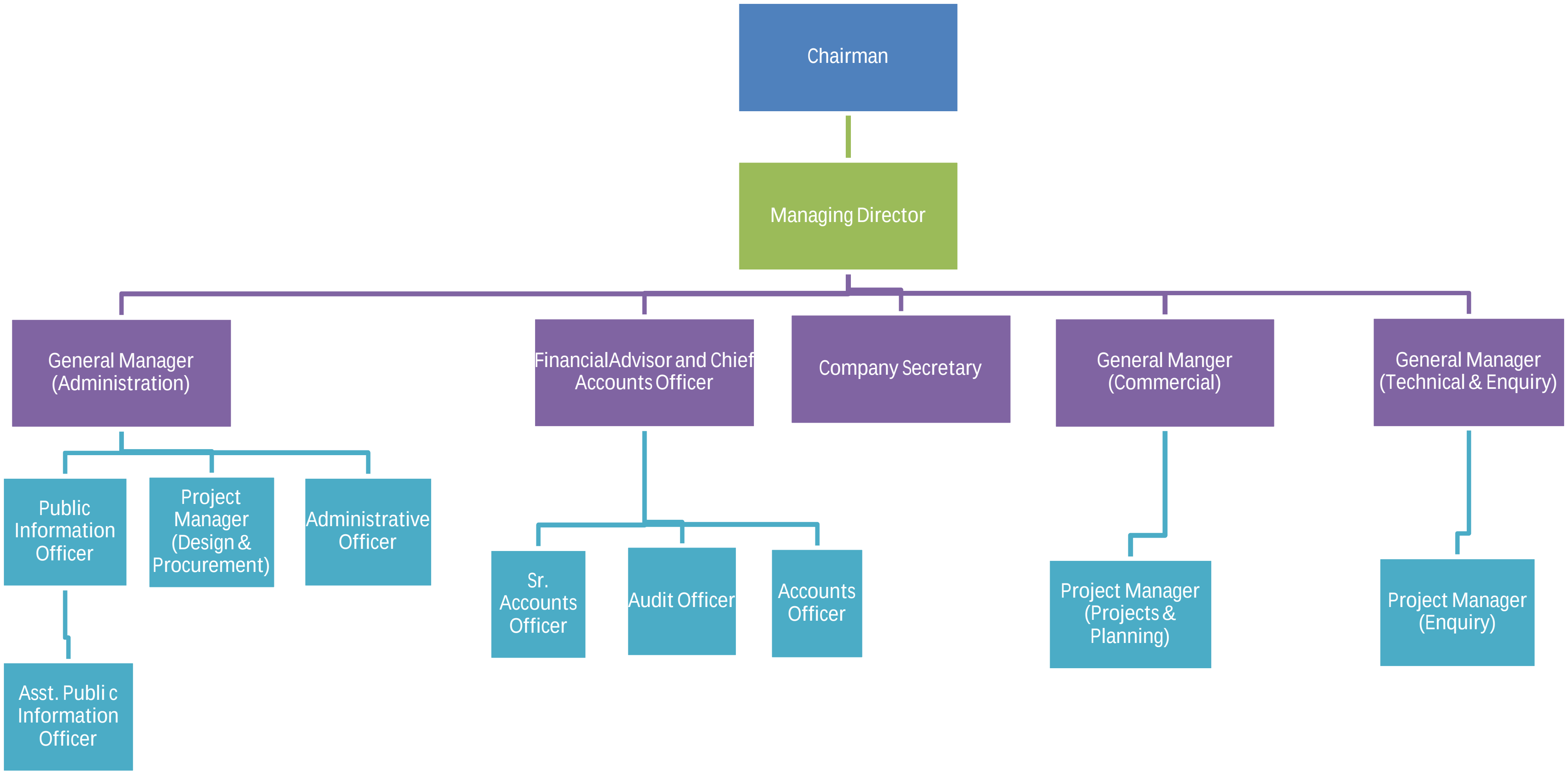
3 Finalisation of Separate Audit Report under process.

Annexure-6
(Referred to in paragraph 1.21)
Statement showing investment made during the year by the Government in the form of equity, loans, grants/subsidies to the working Government companies / Statutory corporations which had arrears in finalisation of accounts

(` in crore)

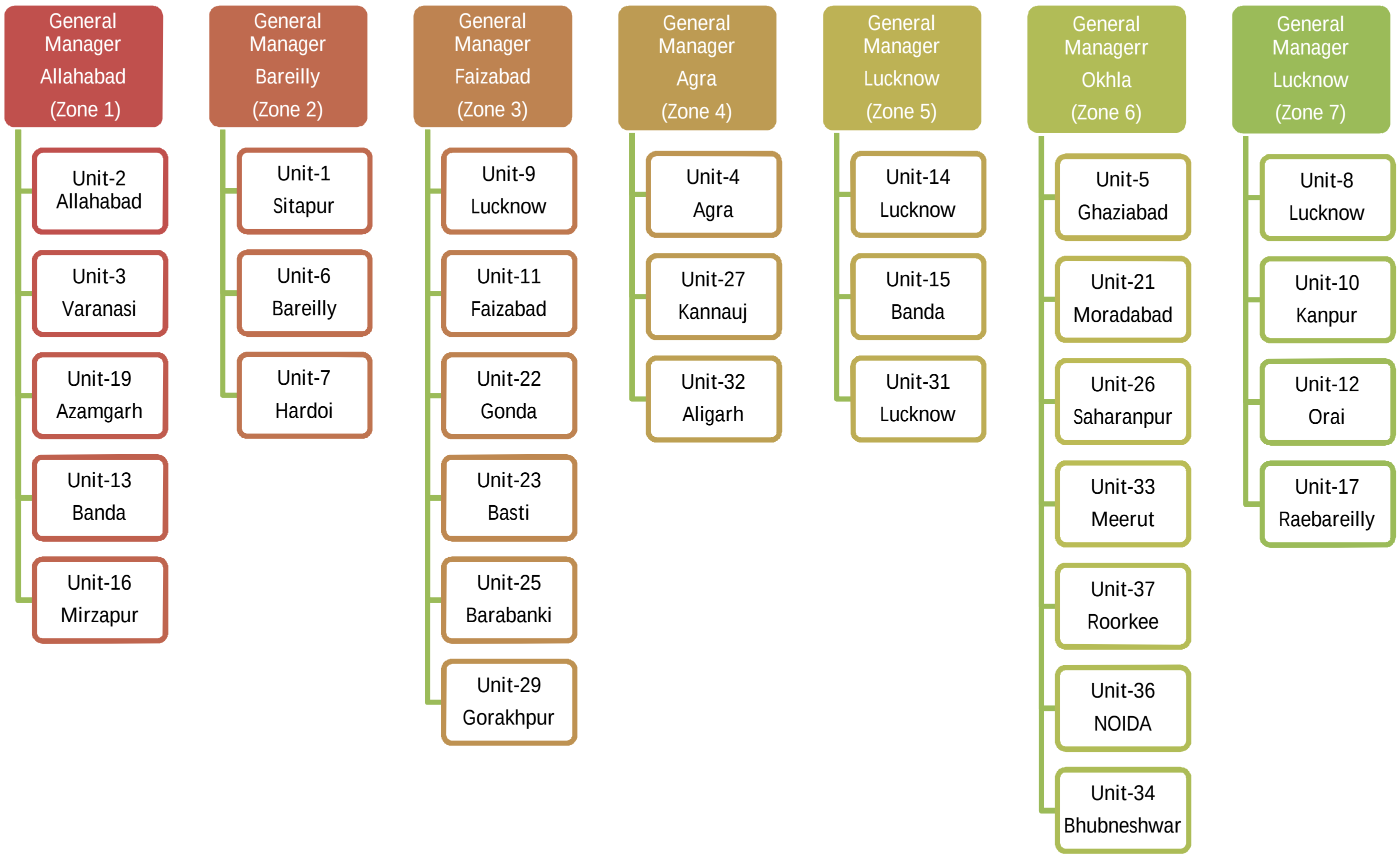
Sl. No.	Name of company/corporation	Year up to which accounts finalised	Paid up capital as per latest finalised accounts	Investment made during the year by the State Government			
				Equity	Loans	Grants	Subsidies
A. Working Government Companies							
1	Uttar Pradesh Bhumi Sudhar Nigam	2008-09	1.50	-	-	150.87	-
2	Uttar Pradesh Alpsankhyak Vitta Evam Vikas Nigam Limited	1995-96	14.23	-	-	-	0.13
3	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	2009-10	202.12	1.25	-	-	69.38
4	Uttar Pradesh Electronics Corporation Limited	2011-12	91.54	-	-	1.35	-
5	Uttar Pradesh State Spinning Company Ltd.	2011-12	93.24	-	11.45	-	-
6	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	2011-12	31.91	-	13.30	-	-
7	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2011-12	2780.44	-	-	-	597.28
8	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2011-12	2102.24	-	-	4.35	1851.02
9	Purvanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2011-12	460.75	-	-	0.82	999.72
10	Uttar Pradesh Jal Vidyut Nigam Limited	2010-11	431.75	1.39	-	-	-
11	Uttar Pradesh Power Transmission Corporation Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2010-11	4033.46	8.00	-	-	-
12	Uttar Pradesh Power Corporation Limited	2011-12	33514.44	2175.79	-	-	-
13	Uttar Pradesh Rajya Vidyut Utapadan Nigam Limited	2010-11	6302.01	800.97	-	-	-
14	Uttar Pradesh Development Systems Corporation Limited	2010-11	1.00	-	-	2.00	-
15	Uttar Pradesh State Tourism Development Corporation Limited	2011-12	18.60	-	-	2.49	-
	Total A		**50079.23**	**2987.40**	**24.75**	**161.88**	**3517.53**
B. Working Statutory Corporations							
1	Uttar Pradesh Jal Nigam	2010-11	-	-	-	425.43	-
	Total B		-	-	-	**425.43**	-
	Grand Total (A+B)		**50079.23**	**2987.40**	**24.75**	**587.31**	**3517.53**

Annexure-7
(Referred to in paragraph 2.1.1)
Organisation chart of U.P. Projects Corporation Ltd



.

Annexure-8
(Referred to in paragraph 2.1.1)
Chart showing distribution of units among Zones



Annexure-9
(Referred to in paragraph 2.6)
Statement showing works of various departments executed by the Company during the period from 2007-08 to 2012-13

Department/Organisation	Name of works
Irrigation Department	Construction of tube wells, approach roads, culverts, canal lining works, pump canals etc.
Health Department	Construction of Health Sub-Centres, Primary Health Centres, Community Health Centres, modernisation and renovation of Districts Hospitals
Home Department	Construction of Police Thanas, barracks and residential buildings
Revenue Department	Construction of Tehsil buildings
Education Department	Construction of Primary Schools, High Schools, Model Schools and Inter Colleges
Technical Education	Government Technical Institutes, Industrial Training Institutes
Panchayati Raj Department	Construction of Panchayat Gram Sachivalayas
Minority Department	Construction of Anganwadis
Works under schemes of Government of India	Integrated Housing and Slum Development Programme and Basic Services for Urban Poor
Employees State Insurance Corporation	Face Lifting/ Interior and New Staff Quarters at Noida and expansion Phase –II in ESI Hospital, Sector-24, Noida

Annexure-10
(Referred to in paragraph 2.13)
Statement showing payment of consultants' fee without actual work in case of Health Sub Centres, Gram Sachivalayas, Anganwadi Kendras and Dr. Bhim Rao Ambedkar Community Centres

Sl. No.	Name of the Architect	Name of the Unit	Name of work	Total Fee paid (`)
Payment details of Health Sub Centres				
1	Akriti Consultant	Unit-1, Sitapur	18 Health sub-centres at Sitapur	51806
	Akriti Consultant	Unit-1, Sitapur	18 Health sub-centres at Lakhimpur Kheri	51806
	Akriti Consultant	Unit-1, Sitapur	29 ANM Centres (Health sub-centres) at Lakhimpur Kheri	85336
	Akriti Consultant	Unit-2, Allahabad	Health sub-centres at Pratapgarh	64676
	Akriti Consultant	Unit-3, Varanasi	19 Health sub-centres at Jaunpur	55326
	Akriti Consultant	Unit-5, Ghaziabad	Health sub-centres at Bulandshahar	157860
	Akriti Consultant	Unit-5, Ghaziabad	13 Health sub-centres	35802
	Akriti Consultant	Unit-11, Faizabad	Health sub-centres	25851
	Akriti Consultant	Unit-11, Faizabad	Health sub-centres	50363
2	Awas Consultant	Unit-2, Allahabad	Health sub-centres	45865
3	Innovation	Unit-14, Lucknow	Health sub-centres at Lakhimpur Kheri	79782
4	The Nirmana	Unit-3, Varanasi	32 Health sub-centres at Ghazipur	92336
	The Nirmana	Unit-3, Varanasi	9 Health sub-centres at Sonebhadra	24457
	The Nirmana	Unit-3, Varanasi	28 Health sub-centres Varanasi	79951
			Total (A)	**901217**
Payment details of Gramin Sachivalaya Building				
5	Design Centre	Unit-3, Varanasi	39 Gramin Sachivalaya Buildings at Sonebhadra	240070
	Design Centre	Unit-3, Varanasi	59 Gramin Sachivalaya Buildings at Jaunpur	348275
	Design Centre	Unit-3, Varanasi	58 Gramin Sachivalaya Buildings at Chandauli	310403
	Design Centre	Unit-3, Varanasi	94 Gramin Sachivalaya Buildings at Mirzapur	537632
6	Innovation	Unit-14, Lucknow	Gramin Sachivalaya Buildings at Unnao	106594
			Total (B)	**1542974**
Payments details of Aaganwadi kendra				
7	Akriti Consultant	Unit-1, Sitapur	83 Anganwadi Kendras at Lakhimpur Kheri	89336
8	Innovation	Unit-14, Lucknow	Anganwadi Kendras at Unnao	21681
9	Rajeev Kumar Associates	Unit-5, Ghaziabad	Anganwadi Kendras at Ghaziabad	182830
			Total (C)	**293847**
Payments details of Dr.Bhim Rao Ambedkar Community Centres				
10	Akriti Consultant	Unit-1, Sitapur	30 Dr. Bhim Rao Ambedkar Community Centres at Sitapur	177012
11	Design Cell	Unit-5, Ghaziabad	Dr. Bhim Rao Ambedkar Community Centres at Bulandshahar	38346
	V Design	Unit-11, Faizabad	Dr. Bhim Rao Ambedkar Community Centres	144039
			Total (D)	**359397**
			Grand Total	**3097435**

Annexure-11
(Referred to in paragraph 2.17)
Statement showing excess payment to sub-contractors due to allowing higher rates than the rate of UPPWD SOR of concerned district

(` in lakh)

Name of the work	Name of the unit which executed the work	Total number of work executed	Actual cost of individual work based on wrong SOR (including centage)	Estimated cost of the work as per audit analysis based on applicable SOR (including centage)	Amount by which estimates inflated (Col.5 – Col.4)	Excess payment on execution of individual work Col. 6 x 100 / 112.50	Total excess payment (Col. 3 x Col. 7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
CHC, Ankola	Unit-4, Agra	1	311.34	306.26	5.08	4.52	4.52
CHC, Bichpuri	Unit-4, Agra	1	311.34	305.45	5.89	5.23	5.23
CHC, Fatehpur Sikri	Unit-4, Agra	1	311.34	310.56	0.78	0.69	0.69
Collectorate Residence, Agra	Unit-4, Agra	1	283.19	274.71	8.48	7.54	7.54
ITI, Gauri Bazaar	Unit-29, Gorakhpur	1	402.77	397.96	4.81	4.28	4.28
Construction of Anganwadi Kendras at Ghaziabad	Unit-5, Ghaziabad	210	2.95	2.42	0.53	0.47	98.70
Construction of Anganwadi Kendras at Lakhimpur Kheri	Unit-14, Lucknow	47	2.95	2.78	0.17	0.15	7.05
Construction of Anganwadi Kendras at Ghaziabad	Unit-36, Noida	170	2.95	2.41	0.54	0.48	81.60
Construction of Anganwadi Kendras at Sitapur and Lakhimpur Kheri	Unit-1, Sitapur	161	2.95	2.51	0.44	0.39	62.79
Construction of Dr. Bhim Rao Ambedkar Community Centres at Ambedkar Nagar	Unit-11, Faizabad	15	16.39	15.25	1.14	1.01	15.15
Construction of Dr. Bhim Rao Ambedkar Community Centres at Bulandshahar	Unit-5, Ghaziabad	8	16.39	14.80	1.59	1.41	11.28
Construction of Dr. Bhim Rao Ambedkar Community Centres at Sitapur and Lakhimpur Kheri	Unit-1, Sitapur	46	16.39	15.56	0.83	0.74	34.04
Construction of Gram Sachivalaya Buildings at Goarkhpur	Unit-29, Gorakhpur	48	14.72	13.52	1.20	1.06	50.88
Construction of Gram Sachivalaya Buildings at Varanasi	Unit-3, Varanasi	295	14.72	14.01	0.71	0.63	185.85
Construction of Health Sub Centres, Lakhimpur Kheri	Unit-14, Lucknow	49	8.19	7.86	0.33	0.29	14.21
Construction of Health sub-centres at Ghaziabad, Bulandshahar and Noida	Unit-36, Noida	21	8.19	7.60	0.59	0.52	10.92
Construction of minority Health sub-centres at Ghaziabad, Bulandshahar and Noida	Unit-36, Noida	36	8.19	7.60	0.59	0.52	18.72
						Total	**613.45**

Annexure-12
(Referred to in paragraph 2.28)
Statement showing Financial Position and Working results of the U.P. Projects Corporation Limited

Financial position

(` in crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12*
A- Liabilities					
Share Capital	6.40	6.40	6.40	6.40	6.40
Reserve and surplus	18.41	49.43	68.35	36.35	45.77
Current Liabilities& Provisions:					
(i) Sundry creditors	59.71	72.80	84.10	109.60	73.24
(ii) Advances against works	1077.14	1248.66	1995.29	2237.25	2122.27
(iii) Other liabilities	23.18	34.62	80.02	193.04	228.98
(iv)Provisions	8.08	2.45	1.72	1.70	2.45
Total-A	**1192.92**	**1414.36**	**2235.88**	**2584.34**	**2479.11**
B- Assets					
Fixed Assets	1.85	2.00	2.29	3.03	2.89
Work in progress(Capital)	0.60	0.67	0.67	0.14	0.14
Current Assets & Loans and Advances:					
(i) Works in progress	626.44	890.29	1352.01	1780.37	1763.61
(ii) Stock in trade	25.78	22.55	22.04	25.90	23.23
(iii) Sundry Debtors	11.67	5.99	7.69	7.44	7.47
(iv) Cash in hand and cash in transit	11.96	4.63	1.32	0.06	2.11
(v) Bank balance in scheduled Banks (incl. accrued interest on Fixed deposits)	325.70	468.95	796.96	695.45	607.73
(vi) Balance in PLA of Treasury	171.60	4.64	4.64	4.64	4.64
(vii) Advances recoverable	17.06	14.38	48.00	67.07	62.20
Miscellaneous expenditure	0.26	0.26	0.26	0.25	0.25
Unit Balance	-	-	-	-	4.35
Total-B	**1192.92**	**1414.36**	**2235.88**	**2584.34**	**2479.11**
Capital Employed	**24.55**	**55.57**	**74.49**	**42.50**	**51.92**
Net worth	**24.55**	**55.57**	**74.49**	**42.50**	**51.92**

Provisional figures

Note-1: *Capital employed represents net fixed Assets (including capital work in progress) + working capital)*

Note-2: *Net worth represents paid up capital + Reserves and surplus – intangible assets*

Working results

(`in crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12*
A- Income					
Value of work done	354.13	528.43	733.99	912.70	586.61
Interest received from bank	13.13	26.22	3.72	3.94	3.73
Income from sale of material	0.28	0.27	0.03	0.03	0.01
Other receipt	1.03	2.73	0.52	0.43	0.48
Total-A	**368.57**	**557.65**	**738.26**	**917.10**	**590.83**
B- Expenditure					
Material consumed	132.38	118.04	223.07	138.06	101.30
Labour charges and other direct expenses	189.32	356.03	442.53	692.24	426.19
Drawing, design, architect fee, and other charges	3.55	5.70	10.41	9.70	6.10
Electrification of tubewells	0.77	6.52	3.49	3.30	1.88
Other misc. expenses	18.05	32.94	29.91	45.60	39.88
Profit before income tax, dividend and prior period adjustments	24.50	38.42	28.85	28.20	15.48
Total- B	**368.57**	**557.65**	**738.26**	**917.10**	**590.83**
Profit before income tax, dividend and prior period adjustments	**24.50**	**38.42**	**28.85**	**28.20**	**15.48**
Add Adjustments	0.03	6.54	0.74	-	-
Less- Provision for Income Tax during the year	8.67	13.20	10.22	9.50	5.00
Less – Prior period adjustments	----	-----	0.03	0.03	0.01
Less- Proposed Dividend	0.64	0.64	0.64	0.64	0.64
Less- provision of tax on proposed dividend	0.11	0.11	0.11	0.10	0.10
Net Profit transferred to Balance Sheet	**15.11**	**31.01**	**18.59**	**17.93**	**9.73**

***** *Provisional figures*

Annexure-13
(Referred to in paragraph 2.34)
Statement showing non-refund of unspent funds to client departments

(` in crore)

Department	No. of works	Sanctioned cost	Revised Sanctioned cost	Fund Received	Total cost including centage	Unspent funds (Col.5 – Col.6)	Percentage of unspent balance to funds received (Col. 7/Col. 5 x 100)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Agriculture	4	1.33	1.33	1.33	1.31	0.02	1.50
Education	10	10.30	13.66	13.66	13.27	0.39	2.86
Health	23	17.60	19.43	19.43	19.12	0.31	1.60
Home	5	1.46	1.46	1.46	1.44	0.02	1.37
PariwarKalyan	9	0.74	0.74	0.74	0.68	0.06	8.11
Panchayati Raj	41	6.04	6.04	6.04	5.59	0.45	7.45
Pashupalan	11	1.68	1.68	1.68	1.50	0.18	10.71
Revenue	6	12.75	15.21	15.21	14.56	0.65	4.27
Sports	10	7.58	7.58	7.58	7.33	0.25	3.30
Others	10	6.62	6.62	6.62	6.31	0.31	4.68
	129	**66.10**	**73.75**	**73.75**	**71.11**	**2.64**	**3.58**

Annexure-14

(Referred to in paragraph 3.6)

Statement showing loss of interest due to delay in billing of energy supplied during peak hours to Hindalco Industries Limited

Month and Year	Total energy sold to Hindalco	Energy adjusted from Banked Energy	Energy Billed	Energy supplied during peak hours[1]	Energy charges recoverable from Hindalco for supply during peak hours as per HV-2 Rate[2] (Col. 5 x Rates)	Delay in raising of bills (up to August 2013) (months)	Loss of interest at the rate of 1.25 *per cent* per month (Col.6xCol.7x 1.25 *per cent*)
	(kVAh)	(kVAh)	(kVAh)	Col. 2 x 5/24 (kVAh)	(in `)		(in `)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
04/2009	5808000	5808000	0	1210000	4525400	52	2941510
05/2009	16191500	16191500	0	3373229	12615877	51	8042622
06/2009	15071000	15071000	0	3139792	11742821	50	7339263
07/2009	1200000	1200000	0	250000	935000	49	572688
08/2009	4169333	4169333	0	868611	3248605	48	1949163
09/2009	4209000	4209000	0	876875	3279513	47	1926714
10/2009	1137333	1137333	0	236944	886172	46	509549
11/2009	8336000	8336000	0	1736667	6495133	45	3653513
12/2009	23023667	23023667	0	4796597	17939274	44	9866601
01/2010	26140000	26140000	0	5445833	20367417	43	10947486
02/2010	8955000	8955000	0	1865625	6977438	42	3663155
03/2010	768667	768667	0	160139	598920	41	306946
04/2010	6741000	6741000	0	1404375	5252363	40	2626181
05/2010	4955667	4955667	0	1032431	4449776	39	2169266
06/2010	6538333	6538333	0	1362153	5870878	38	2788667
07/2010	3555333	3555333	0	740694	3192393	37	1476482
08/2010	4174667	4174667	0	869722	3748503	36	1686826
09/2010	4411333	4411333	0	919028	3961009	35	1732942
10/2010	4995667	4995667	0	1040764	4485693	34	1906419
11/2010	2065667	2065667	0	430347	1854797	33	765104

[1] In absence of reading of peak hours, the supply in peak hours has been worked out on the basis of proportion of peak hours i.e. five hours to total hours i.e. 24.

[2] ` 3.74 per kVAh up to April 2010, ` 4.31 per kVAh from May 2010 to October 2012 and ` 6.21 per kVAh from November 2012 and onwards.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
12/2010	3410667	3410667	0	710556	3062495	32	1224998
01/2011	4990333	4990333	0	1039653	4480903	31	1736350
02/2011	25168667	25168667	0	5243472	22599366	30	8474762
03/2011	10408333	10408333	0	2168403	9345816	29	3387858
04/2011	2263333	2263333	0	471528	2032284	28	711300
05/2011	7639000	7639000	0	1591458	6859185	27	2314975
06/2011	5247667	5247667	0	1093264	4711968	26	1531389
07/2011	2618667	2618667	0	545556	2351345	25	734795
08/2011	26535000	26535000	0	5528125	23826219	24	7147866
09/2011	3720333	3720333	0	775069	3340549	23	960408
10/2011	7008667	7008667	0	1460139	6293199	22	1730630
11/2011	3573000	3573000	0	744375	3208256	21	842167
12/2011	2603667	2603667	0	542431	2337876	20	584469
01/2012	2358667	2358667	0	491389	2117886	19	502998
02/2012	7058667	7058667	0	1470556	6338095	18	1426071
03/2012	4322000	4322000	0	900417	3880796	17	824669
04/2012	7663667	7663667	0	1596597	6881334	16	1376267
05/2012	14025333	14025333	0	2921944	12593580	15	2361296
06/2012	11375333	11375333	0	2369861	10214101	14	1787468
07/2012	1218000	1218000	0	253750	1093663	13	177720
08/2012	6372333	6372333	0	1327569	5721824	12	858274
09/2012	2116667	2116667	0	440972	1900591	11	261331
10/2012	5545333	5545333	0	1155278	4979247	10	622406
11/2012	6560667	6560667	0	1366806	8487863	9	954885
12/2012	9313667	9313667	0	1940347	12049557	8	1204956
01/2013	4272333	4272333	0	890069	5527331	7	483641
02/2013	7387667	7387667	0	1539097	9557794	6	716835
03/2013	14416667	14416667	0	3003472	18651563	5	1165723
Total	**361641502**	**361641502**	**0**	**75341980**	**326871665**		**112977604**

Annexure-15

(Referred to in paragraph 3.7)

Statement showing short billing of "Billable Demand Charges" to Divisional Railway Manager, North Central Railway, Allahabad

Month and Year	25 kV Supply								132 kV Supply								Total short billing of demand charges
	Contracted Load at 25 kV Supply (kVA)	Minimum billable demand i.e. 75 *per cent* of Contracted Load at 25 kV Supply (kVA)	Actual recorded demand at 25 kV Supply (kVA)	Billable Demand at 25 kV Supply (kVA) (Col. 3 or Col. 4 whichever is more)	Actual billed demand at 25 kV Supply (kVA)	Excess/ Short billed demand at 25 kV Supply (kVA) (Col. 5 - Col. 6)	Demand charges per kVA at 25 kV (in `)	Excess/ Short billed demand charges at 25 kV (Col. 7 x 8) (in `)	Contracted Load at 132 kV Supply (kVA)	Minimum billable demand i.e. 75 *per cent* of Contracted Load at 132kV Supply (kVA)	Actual recorded demand at 132 kV Supply (kVA)	Billable Demand at 132 kV Supply (kVA) (Col. 11 or Col. 12 whichever is more)	Actual billed demand at 132 kV Supply (kVA)	Excess/ Short billed demand at 132 kV Supply (kVA) (Col. 13 - Col. 14)	Demand charges per kVA at 132 kV (in `)	Excess/ Short billed demand charges at 132 kV (Col. 15 x Col. 16) (in `)	(Col. 9 + Col. 17) (in `)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Apr-07	65000	48750	54304	54304	65000	-10696	170	-1818320	73000	54750	89504	89504	73000	16504	165	2097630[1]	279310
May-07	65000	48750	54439	54439	65000	-10561	170	-1795370	73000	54750	90336	90336	73000	17336	165	2860440	1065070
Jun-07	65000	48750	51523	51523	65000	-13477	170	-2291090	73000	54750	81280	81280	73000	8280	165	1366200	-924890
Jul-07	65000	48750	55720	55720	65000	-9280	170	-1577600	73000	54750	101176	101176	73000	28176	165	4649040	3071440
Aug-07	65000	48750	51015	51015	65000	-13985	170	-2377450	73000	54750	88496	88496	73000	15496	160	2479360	101910
Sep-07	65000	48750	59163	59163	65000	-5837	170	-992290	73000	54750	85152	85152	73000	12152	160	1944320	952030
Oct-07	65000	48750	54273	54273	65000	-10727	170	-1823590	73000	54750	90160	90160	73000	17160	160	2745600	922010
Nov-07	65000	48750	53951	53951	65000	-11049	180	-1988820	73000	54750	84464	84464	73000	11464	170	1948880	-39940
Dec-07	65000	48750	55970	55970	65000	-9030	180	-1625400	73000	54750	90008	90008	73000	17008	170	2891360	1265960
Jan-08	65000	48750	54485	54485	65000	-10515	180	-1892700	73000	54750	90040	90040	73000	17040	170	2896800	1004100
Feb-08	65000	48750	57705	57705	65000	-7295	180	-1313100	73000	54750	92231	92231	73000	19231	170	3269270	1956170
Mar-08	65000	48750	58557	58557	65000	-6443	180	-1159740	73000	54750	89120	89120	73000	16120	170	2740400	1580660
Apr-08	65000	48750	55258	55258	65000	-9742	200	-821733	73000	54750	88248	88248	73000	15248	180	3377307	2555574
May-08	65000	48750	55636	55636	65000	-9364	200	-1872800	73000	54750	90600	90600	73000	17600	180	3168000	1295200
Jun-08	65000	48750	59715	59715	65000	-5285	200	-1057000	73000	54750	86864	86864	73000	13864	180	2495520	1438520
Jul-08	65000	48750	51507	51507	65000	-13493	200	-2698600	60000	45000	78096	78096	60000	18096	180	917280	-1781320
Aug-08	65000	48750	58643	58643	65000	-6357	200	-1271400	60000	45000	68736	68736	60000	8736	180	715903	-555497
Sep-08	65000	48750	52916	52916	65000	-12084	200	-2416800	60000	45000	66376	66376	60000	6376	180	1147680	-1269120
Oct-08	65000	48750	53647	53647	65000	-11353	200	-2270600	60000	45000	68832	68832	60000	8832	180	1589760	-680840
Nov-08	65000	48750	53367	53367	65000	-11633	200	-2326600	60000	45000	67504	67504	60000	7504	180	1350720	-975880
Dec-08	65000	48750	60966	60966	65000	-4034	200	-806800	60000	45000	68192	68192	60000	8192	180	1474560	667760
Jan-09	65000	48750	54162	54162	65000	-10838	200	-2167600	60000	45000	67760	67760	60000	7760	180	1396800	-770800
Feb-09	65000	48750	58234	58234	65000	-6766	200	-1353200	60000	45000	66832	66832	60000	6832	180	1229760	-123440
Mar-09	65000	48750	44280	48750	65000	-16250	200	-3250000	60000	45000	68944	68944	60000	8944	180	1609920	-1640080
Apr-09	65000	48750	54234	54234	65000	-10766	200	-2153200	60000	45000	71904	71904	60000	11904	180	2142720	-10480
May-09	65000	48750	59143	59143	65000	-5857	200	-1171400	60000	45000	89232	89232	60000	29232	180	5261760	4090360
Jun-09	65000	48750	65473	65473	65000	473	200	94600	60000	45000	82944	82944	60000	22944	180	4129920	4224520
Jul-09	65000	48750	56252	56252	65000	-8748	200	-1749600	60000	45000	75088	75088	60000	15088	180	2715840	966240
Aug-09	65000	48750	56079	56079	65000	-8921	200	-1784200	60000	45000	70432	70432	60000	10432	180	1877760	93560
Sep-09	65000	48750	54712	54712	65000	-10288	200	-2057600	60000	45000	77920	77920	60000	17920	180	3225600	1168000
Oct-09	65000	48750	44054	48750	65000	-16250	200	-3250000	60000	45000	65872	65872	60000	5872	180	1056960	-2193040

1 This is the balance amount after adjusting the actual billed amount of demand charges.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Nov-09	65000	48750	54276	54276	65000	-10724	200	-2144800	60000	45000	59994	59994	60000	-6	180	-1080	-2145880
Dec-09	65000	48750	55983	55983	65000	-9017	200	-1803400	60000	45000	61832	61832	60000	1832	180	329760	-1473640
Jan-10	65000	48750	56553	56553	65000	-8447	200	-1689400	60000	45000	74864	74864	60000	14864	180	2675520	986120
Feb-10	65000	48750	56965	56965	65000	-8035	200	-1607000	60000	45000	75424	75424	60000	15424	180	2776320	1169320
Mar-10	65000	48750	57575	57575	65000	-7425	200	-1485000	60000	45000	64928	64928	60000	4928	180	887040	-597960
Apr-10	65000	48750	67624	67624	65000	2624	200	524800	60000	45000	80304	80304	60000	20304	180	3654720	4179520
May-10	65000	48750	55755	55755	65000	-9245	200	-1849000	60000	45000	78792	78792	60000	18792	180	3382560	1533560
Jun-10	65000	48750	57695	57695	48750	8945	200	1789000	60000	45000	74256	74256	45000	29256	180	5266080	7055080
Jul-10	65000	48750	58613	58613	48750	9863	200	1972600	60000	45000	77768	77768	45000	32768	180	5898240	7870840
Aug-10	65000	48750	65621	65621	48750	16871	200	3374200	60000	45000	79608	79608	45000	34608	180	6229440	9603640
Sep-10	65000	48750	57746	57746	48750	8996	200	1799200	60000	45000	85056	85056	45000	40056	180	7210080	9009280
Oct-10	65000	48750	58124	58124	48750	9374	200	1874800	60000	45000	72416	72416	45000	27416	180	4934880	6809680
Nov-10	65000	48750	55621	55621	48750	6871	200	1374200	60000	45000	74739	74739	45000	29739	180	5353020	6727220
Dec-10	65000	48750	54946	54946	48750	6196	200	1239200	60000	45000	76976	76976	45000	31976	180	5755680	6994880
Jan-11	65000	48750	56431	56431	48750	7681	200	1536200	60000	45000	81952	81952	45000	36952	180	6651360	8187560
								-50134403								**133776690**	**83642287**

Annexure-16
(Referred to in paragraph 3.7)
Statement showing non billing of "Excess Demand Charges" to Divisional Railway Manager, North Central Railway, Allahabad

Month and Year	Contracted Load at 25 kV Supply (kVA)	Actual recorded demand at 25 kV Supply (kVA)	Contracted Load at 132 kV Supply (kVA)	Actual recorded demand at 132 kV Supply (kVA)	Total Contracted Load (kVA)	Total actual recorded demand (kVA)	Total Chargeable excess demand (kVA) (Col.7-Col.8)	Total charges for excess demand not billed[1] (`)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Apr-07	65000	54304	73000	89504	138000	143808	5808	-292740[2]
May-07	65000	54439	73000	90336	138000	144775	6775	1117875
Jun-07	65000	51523	73000	81280	138000	132803	0	0
Jul-07	65000	55720	73000	101176	138000	156896	18896	6235680
Aug-07	65000	51015	73000	88496	138000	139511	1511	241760
Sep-07	65000	59163	73000	85152	138000	144315	6315	1010400
Oct-07	65000	54273	73000	90160	138000	144433	6433	1029280
Nov-07	65000	53951	73000	84464	138000	138415	415	70550
Dec-07	65000	55970	73000	90008	138000	145978	7978	1356260
Jan-08	65000	54485	73000	90040	138000	144525	6525	1109250
Feb-08	65000	57705	73000	92231	138000	149936	11936	2029120
Mar-08	65000	58557	73000	89120	138000	147677	9677	1645090
Apr-08	65000	55258	73000	88248	138000	143506	5506	991080
May-08	65000	55636	73000	90600	138000	146236	8236	1482480
Jun-08	65000	59715	73000	86864	138000	146579	8579	1544220
Jul-08	65000	51507	60000	78096	125000	129603	4603	828540
Aug-08	65000	58643	60000	68736	125000	127379	2379	428220
Sep-08	65000	52916	60000	66376	125000	119292	0	0
Oct-08	65000	53647	60000	68832	125000	122479	0	0
Nov-08	65000	53367	60000	67504	125000	120871	0	0
Dec-08	65000	60966	60000	68192	125000	129158	4158	748440
Jan-09	65000	54162	60000	67760	125000	121922	0	0
Feb-09	65000	58234	60000	66832	125000	125066	66	11880
Mar-09	65000	44280	60000	68944	125000	113224	0	0
Apr-09	65000	54234	60000	71904	125000	126138	1138	204840
May-09	65000	59143	60000	89232	125000	148375	23375	8415000
Jun-09	65000	65473	60000	82944	125000	148417	23417	8449040

[1] At normal rates (as indicated in Col.8 and Col.16 of **Annexure -15**) if such excess demand does not exceed 10 *per cent* of the contracted load and at twice the normal rates if such excess demand exceeds the contracted load by more than 10 *per cent.*

[2] Excess demand charges of `12.51 lakh has already been charged in the bill for 132 kV supply.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Jul-09	65000	56252	60000	75088	125000	131340	6340	1141200
Aug-09	65000	56079	60000	70432	125000	126511	1511	271980
Sep-09	65000	54712	60000	77920	125000	132632	7632	1373760
Oct-09	65000	44054	60000	65872	125000	109926	0	0
Nov-09	65000	54276	60000	59994	125000	114270	0	0
Dec-09	65000	55983	60000	61832	125000	117815	0	0
Jan-10	65000	56553	60000	74864	125000	131417	6417	1155060
Feb-10	65000	56965	60000	75424	125000	132389	7389	1330020
Mar-10	65000	57575	60000	64928	125000	122503	0	0
Apr-10	65000	67624	60000	80304	125000	147928	22928	8359040
May-10	65000	55755	60000	78792	125000	134547	9547	1718460
Jun-10	65000	57695	60000	74256	125000	131951	6951	1251180
Jul-10	65000	58613	60000	77768	125000	136381	11381	2048580
Aug-10	65000	65621	60000	79608	125000	145229	20229	7307280
Sep-10	65000	57746	60000	85056	125000	142802	17802	6408720
Oct-10	65000	58124	60000	72416	125000	130540	5540	997200
Nov-10	65000	55621	60000	74739	125000	130360	5360	964800
Dec-10	65000	54946	60000	76976	125000	131922	6922	1245960
Jan-11	65000	56431	60000	81952	125000	138383	13383	4817880
Total							**313058**	**79047385**

Annexure-17
(Referred to in paragraph 3.10)

Statement showing loss of revenue due to allowing rostering free power supply to consumers who have not opted for Protective Load

Sl. No.	Name of the DISCOM	Name of the Division	Audited during	Name of Consumer	Contracted Load (kVA)	Supply Voltage through independent feeder	Loss of revenue based on 75 *per cent* of contracted load for 24 months i.e. April 2011 to March 2013 (in `)[1]	Total of DISCOMs (in `)
1	Dakshinanchal Vidyut Vitran Nigam Ltd.	EDD, Rania	February 2013	M/s Rajratan Smeletor	1500	33 kV	6052500	
2				M/s Kanpur Edibles	5000	33 kV	20175000	
3				M/s Premier Metcost	7000	33 kV	28245000	**54472500**
4	Kanpur Electricity Supply Company		January 2013	Akzo Nobel India Ltd	3000	33 kV	12105000	
5				H.A.L.	2900	33 kV	11701500	
6				Kanpur Fertilizer & Cement Ltd.	40500	132 kV	148837500	
7				L.M.L.	2500	132 kV	9187500	**181831500**
8	Purvanchal Vidyut Vitran Nigam Ltd.	EDD II, Gorakhpur	July 2013	M/s Gallant Ispat Ltd.	15000kVA upto 02/2012	132 kV	24750000	
					5000kVA from 03/2012	132 kV	10125000	
9				M/s Mahabeer Jute Mills	2000 kVA upto 08/2011	33 kV	1650000	
					2500 kVA from 09/2011	33 kV	8025000	
10				M/s Goel Edibles Ltd	1100 (new connection starts from 06/2011)	33 kV	4075500[2]	**48625500**
11	Paschimanchal Vidyut Vitran Nigam Ltd.	EUDD V, Ghaziabad	May 2012	M/s Rathi Steel & Power Ltd. I	8500	33 kV	34297500	
12				M/s Rathi Steel & Power Ltd. II	5000	33 kV	20175000	
13				M/s D.V.S. Steel & Alloy (P) Ltd.	3200 (disconnected from Jan 13)	33 kV	11184000	
14				M/s Rathi Super Steel Ltd.	30000 kVA from 04/2012	132 kV	56250000[3]	
15				M/s Shyam Forging	3100	33 kV	12508500	**134415000**
16	Madhyanchal Vidyut Vitran Nigam Ltd.	EDD I, Unnao	August 2012	M/s Indagro Food Ltd.	4500	33 kV	18157500	
17				M/s Jai Jagtamba Metal Alloys	2800	33 kV	11298000	
18				M/s Mirza International	2000	33 kV	8070000	
19				M/s Bajaj Kagaj Pvt. Ltd.	2000	33 kV	8070000	
20		EDD II, Unnao		M/s Global Smelters Ltd.	10000	132 kV	36750000	
21				M/s R.H.L.Profiles	2500	33 kV	10087500	
22				M/s Mirza International	2100	33 kV	8473500	**100906500**
Grand Total							**520251000**	**520251000**

1 Demand Charges per kVA during April 2011 to October 2012 are ` 220 for 33 kV and ` 200 for 132 kV and during November 2012 to March 2013 are ` 240 for 33 kV and ` 220 for 132 kV.
2 Amount charged for 22 months i.e. June 2011 to March 2013.
3 Amount charged for 12 months i.e. April 2012 to March 2013 because consumer was given supply through independent feeder from April 2012.

Annexure-18
(Referred to in paragraph 3.12.20)
Statement showing non-levy of Late Payment Surcharge on unpaid Government dues

Sl. No.	Name of Consumer	Verified amount of energy bill (`)	Amount pertains to the period	Date of payment received from the Government	Delay in payment of dues in days (in months)	LPS to be levied[1] (`)
1	Public Water Works (LMV-7)	9455000	2006-07	01.05.2010	1132 (37)	5208280
2	Public Lighting (LMV-3)	196428000	2007-08	07.05.2010	769 (25)	73038926
3	Public Water Works (LMV-7)	133000	2004-05	10.05.2010	1865 (61)	121340
4	Public Water Works (LMV-7)	6970000	2005-06	10.05.2010	1500 (49)	5104332
5	Public Water Works (LMV-7)	45309000	2006-07	10.05.2010	1135 (37)	25025464
6	Public Water Works (LMV-7)	50135000	2007-08	10.05.2010	769 (25)	18641979
7	State Tube Wells (LMV-8)	1529035767	2008-09	15.04.2010	379 (12)	274472393
8	State Tube Wells (LMV-8)	1214111000	2008-09	22.09.2009	174 (6)	95199608
9	State Tube Wells (LMV-8)	778894515	2007-08	09.02.2009	314 (10)	114849597
10	State Tube Wells (LMV-8)	118100935	2007-08	09.02.2009	314 (10)	17414226
11	State Tube Wells (LMV-8)	80931840	2003-04	24.02.2009	1790 (59)	70843076
12	State Tube Wells (LMV-8)	41029650	2003-04	02.03.2009	1796 (59)	36036398
13	Public Water Works (LMV-7)	120072000	2003-04	09.03.2009	1803 (59)	105873897
14	Public Water Works (LMV-7)	61713000	2007-08	09.02.2009	314 (10)	9099709
15	State Tube Wells (LMV-8)	1226773050	2010-11	12.12.2011	255 (8)	145196153
16	State Tube Wells (LMV-8)	156069122	2003-04	29.11.2011	2798 (92)	214195249
17	State Tube Wells (LMV-8)	235325293	2004-05	01.12.2011	2435 (80)	280843007
18	State Tube Wells (LMV-8)	90562086	2005-06	03.12.2011	2072 (68)	91867172
19	State Tube Wells (LMV-8)	17656607	2006-07	05.12.2011	1709 (56)	14750281
20	State Tube Wells (LMV-8)	1405532557	2008-09	13.10.2010	925 (30)	630756802
21	State Tube Wells (LMV-8)	1277021000	2009-10	07.07.2010	462 (15)	281504410
22	State Tube Wells (LMV-8)	1226773050	2010-11	12.12.2011	255 (8)	145196153
23	State Tube Wells (LMV-8)	1253211000	2010-11	25.08.2011	146 (5)	80960864
24	State Tube Wells (LMV-8)	1019079296	2011-12	04.12.2012	247 (8)	116593839
25	State Tube Wells (LMV-8)	1664727000	2011-12	04.12.2012	247 (8)	190463012
Total						**3043256168**

[1] Calculated at the rate of 1.25 per cent per month up-to first three months and subsequently at the rate of 1.5 per cent per month.

Annexure-19
(Referred to in paragraph 3.13.4)

Statement showing details of projects

(A) Projects Under MoU Route							
Sl. No	**Name of Project**	**Developer**	**Date of MoU**	**Installed Capacity (MW)**	**Date of PPA**	**Scheduled Date of Commissioning**	**Actual Date of Commissioning**
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	5 Sugar Mills of M/s Bajaj –(1) Barkhera, Distt. Pilibhit (2) Khambharkhera, Distt. Lakhimpur (3) Maqsoodpur, Distt. Shahjahanpur (4) Kundarkhi, Distt. Gonda (5) Utarula, Distt. Balrampur	M/s Bajaj Hidustan Limited 450 (5 x 90)	22.04.2010	450	10.12.10	Barkhera: U-I: 22.04.2012 U-II: 22.08.2012 Khambarkhera: U-I : 22.04.2012 U-II: 22.08.2012 Maqsoodpur: U-I : 22.04.2012 U-II: 22.08.2012 Kundarkhi & Utraula: U-I : 22.04.2012 U-II: 22.08.2012	02.12.2011 24.03.2012 10.03.2012 15.12.2011 06.12.2011 28.03.2012 31.03.2012 21.04.2012
2	Rosa Thermal Power Project	M/s Rosa Power Supply Company Limited (Promoter- Reliance Group)	17.11.1993	600	12.12.06	U-I :01.04.10 U-II:01.07.10	U-I :12.03.2010 U-II:30.06.2010
3	Rosa Thermal Power Project (Extension)	M/s Rosa Power Supply Company Limited (Promoter- Reliance Group) (2 x 300 MW)	20.01.2012	600	11.09.09 and 19.11.11 (Supplementary)	U-I :31.03.12 U-II:31.07.12	U-I :01.01.2012 U-II:31.03.2012
4	Lalitpur Thermal Project, Distt. Lalitpur	M/s Bajaj Hindustan Limited and Consortium 1980 (3 x 660)	22.04.2010	1980	10.12.10	First Unit- 09/2014 Second Unit-12/2014 Third Unit-03/2016	-
5	Bhognipur Thermal Project, Distt. Ramabai Nagar	M/s Himawat Power Private Limited 1320(2 x 660)	25.08.2010	1320	14.12.10	First Unit-10/2016 Second Unit-04/2017	-
6	Bhognipur Thermal Project (Phase-2) Distt.-Ramabai Nagar	M/s LANCO Anpara Power Limited 1320 (2 x 660)	04.10.2010	1320	14.12.2010	First Unit-10/2016 Second Unit-04/2017	-
7	Murka Thermal Projct, near Bargarh Distt. Chitrakoot	M/s Creative Themolite Power Private Limited 600 (2 x 300)	28.10.2010	600	31.12.2010	First Unit -03/2015 Second Unit -07/2015	-
8	Lalitpur, Second Phase Thermal Project, Distt. Lalitpur	M/s Bajaj Hindustan Limited 1980 (3 x 660)	14.12.2010	1980	30.12.2010	First Unit-10/2016 Second Unit-04/2017 Third Unit-10/2017	-
9	Barabanki Thermal Project Distt. Barabanki	M/s Parikh Aluminex (1 x 250)	14.12.2010	250	01.11.2011	First Unit-04/2015	-
10	Auraiya Thermal Project, Distt. Auraiya	M/s Unitech Machines Limited (1x 250)	15.12.2010	250	31.12.2010	First unit-03/2015	-
11	Sandila Thermal Project	M/s Torrent Power Limited	31.12.2010	1320	04.01.2011	First Unit-11/2016 Second Unit-05/2017	-
12	Mirzapur Thermal Project, Distt. Mirzapur	M/s Welspun Power Limited	31.12.10	1320	04.01.2011	First Unit-11/2016 Second Unit-05/2017	-
	Total (A)			**11990**	**16**		

(B) Projects under competitive Bidding Process						
Sl. No.	**Name of Project**	**Developer**	**Installed Capacity (MW)**	**Month of PPA/LOI**	**Scheduled Date of Commissioning**	**Actual Date of Commissioning**
1	Bara Power Project,Tehsil Bara, Distt. Allahabad	M/s Jai Prakash Power Ventures Private Limited (3 X 660)	1980	03/2009	Para featured in CAG's Audit Report 2011-12	-
2	Karchhana Power Project, Tehsi Karchhana, Distt. Allahabad	M/s Jai Prakash Power Ventures Private Limited (2 X 660)	1320	02/2009	There is a stay on acquisition of land for the project by the Hon'ble High Court	-
	Total (B)		**3300**	**2**		-
	Total (A) + (B)		**15290**	**18**		-

Annexure-20
(Referred to in paragraph 3.13.8)
Statement showing additional RoE due to additional capital cost (Stage-I)

(` in crore)

Year	RoE as per MYT approved by UPERC	RoE calculated based on Ceiling Capital Cost	Additional RoE
2009-10	3.90	3.47(2641.63/2 x 30 *per cent* x 16 *per cent* x 20/365)	0.43
2010-11	124.50	110.95(2641.63/2 x 30 *per cent* x 15 *per cent plus* 2641.63/2 x 30 *per cent* x16 *per cent* x 9/12)	13.55
2011-12	147.09	126.80 (2641.63 x 30 *per cent* x16 *per cent*)	20.29
2012-13	149.41	126.80 (2641.63 x 30 *per cent* x 16 *per cent*)	22.61
Extra financial burden suffered up to 2012-13			**56.88**
Extra financial burden for remaining period of projects = 22 x 22.61			**497.42**
Total extra financial burden			**554.30**

Annexure-21
(Referred to in paragraph 3.13.8)
Statement showing additional interest on loan due to additional capital cost

(` in crore)

Stage I				
Year	**Debt Portion (70 *per cent*) as per capital cost considered by UPERC for MYT**	**Debt Portion as per Ceiling Capital Cost (` 2641.63 crore)**	**Additional Debt**	**Additional Interest on Loan at the rate of 9.66 *per cent* (` in crore)**
2009-10	1037.51	924.57[1]	112.94	0.6 (112.94 x 9.66 *per cent* x 20/365
2010-11	2075.03	1849.14	225.89	19.09 (112.94x9.66 *per cent plus* 112.94 x 9.66 *per cent* x 9/12)
2011-12	2145.03	1849.14	295.89	28.58 (295.89 x 9.66 *per cent*)
2012-13	2178.97	1849.14	329.83	31.86 (329.83 x 9.66 *per cent*)
Extra financial burden suffered up to 2012-13				**80.13**
Extra financial burden for remaining period of projects = 22 x 31.86				**700.92**
Total Extra financial burden				**781.05**

[1] `1849.14/2 (Unit-1 of Stage-I).

Annexure-22
(Referred to in paragraph 3.13.10)
Statement showing details of extra financial burden due to higher O&M expenses (Rosa Power Projects)

(` in crore)

Sl. No.	Year	O&M expenses as per regulation	O&M expenses as per DPR	Difference
	Stage-I			
1	2009-10	2.63	2.00	0.63
2	2010-11	88.86	67.57	21.29
3	2011-12	107.28	81.61	25.67
4	2012-13	113.46	86.28	27.18
5	**Extra financial burden suffered up to 2012-13**	**312.23**	**237.46**	**74.77**
6	Extra financial burden for remaining period of projects =22 x 27.18			**597.96**
7	**Total Stage-I (5+6)**			**672.73**
	Stage-II			
8	2011-12	13.41	10.20	3.21
9	2012-13	113.46	86.28	27.18
10	**Extra financial burden suffered up to 2012-13**	**126.87**	**96.48**	**30.39**
11	Extra financial burden for remaining period of projects =23 years and 9 months x 27.18			645.53[1]
12	**Total Stage-II (10+11)**			**675.92**
13	**Total Extra financial burden suffered up to 2012-13 (Stage-I & II) (5+10)**			**105.16**
14	**Grand Total (Stage-I & II) (7+12)**			**1348.65**

Source: Multi-Year-Tariff order and D.P.R. (ROSA, Stage-I)

[1] 27.18 (on the basis of 2012-13) x 23 years and 9 months (remaining period of contract).

Annexure-23

(Referred to in paragraph 3.13.11)

Statement showing loss due to non-conduct of cost benefit analysis

Stage –I					
Year	**Capital Cost (` in crore)**	**RoE at the rate of 2 *per cent* (` in crore)**	**Additional sent out energy (MUs) (85 *per cent* -80 *per cent* PLF)**	**Additional payment at the rate of 25 paise/ unit (` in crore)**	**Difference. (` in crore) (3-5)**
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
2011-12	3064.00	18.38 (3064 x 30 *per cent* x 2 *per cent*)	239.16 (4065.52[1]-3826.36[2])	5.98	12.40
2012-13	3112.81	18.68 (3112.81 x 30 *per cent* x 2 *per cent*)	239.16 (4065.52-3826.36)	5.98	12.70
Extra financial burden suffered up to 2012-13					**25.10**
Extra financial burden for remaining period of projects =22x12.70					**279.40**
Total Extra financial burden (Stage-I)					**304.50**
Stage –II					
Extra financial burden suffered up to 2012-13 (12.70/12 months x 15 months)					**15.88**
Extra financial burden for remaining period of projects =23 years and 9 months x 12.70					**301.62**
Total Extra financial burden (Stage-II)					**317.50**
Total Extra financial burden (Stage- I&II)					**622.00**

[1] 85 *per cent* PLF = (600x1000x24x365-9 *per cent*) x 85 *per cent* = 4,065.52 MUs.

[2] 80 *per cent* PLF = (600x1000x24x365-9 *per cent*) x 80 *per cent* = 3,826.36 MUs.

Annexure-24
(Referred to in paragraph 3.13.20 & 3.13.21)
Statement showing extra financial burden due to discrepancies in the tariff petition filed by BEPL

(` in crore)

Sl. No.	Particulars	Amount claimed and considered for determination of tariff	Correct amount which is based on information given by BEPL and attached with the petition	Difference
(1)	**(2)**	**(3)**	**(4)**	**(5)**
1.	Loan	1798.85	1937.25	138.40
2	Equity	770.95	632.55	138.40
3	RoE payable @ 16% (15.5% + 0.5 *per cent*) per annum	150.33[1]	101.21	49.12
4	Interest on loan @ 14 *per cent* per annum.	232.99[2]	271.21	(-)38.22
5	Net additional financial burden per year			10.90
6	Net additional financial burden for 25 years due to consideration of incorrect amount of loan and equity			272.50
7	IDC	293.28	186.13[3]	107.15
Financial burden due to inclusion of excess Interest during construction (IDC) in Capital cost				
8	RoE per year			5.14[4]
9	Interest on loan per year			10.50[5]
10	Additional financial burden per year			15.64
11	**RoE and Interest on loan for 25 years**			391.00
Total financial burden				**663.50**

[1] These figures are worked out by BEPL as shown in the tariff petition and approved by UPERC. However, 16 *per cent* of ` 770.95 crore works out to ` 123.35 crore.

[2] These figures are worked out by BEPL as shown in the tariff petition and approved by UPERC. However, 14 *per cent* of ` 1798.85 crore works out to ` 251.84 crore.

[3] Khambharkhera ` 55.33 crore (claimed up to 25 August 2012) - ` 24.97 crore (excess claimed beyond COD-10.03.12) = ` 30.36 crore + Utrauala ` 61.60 crore (claimed up to 25 August 2012) - ` 18.28 crore (excess claimed beyond COD-24 April 2012) = ` 43.32 crore + Kundarki ` 61.19 crore(claimed up to 25 August 2012) - ` 18.72 crore (excess claimed beyond COD-21 April 2012) = ` 42.47crore + Barkheara ` 57.30 crore (claimed up to 25 August 2012) - ` 22.89 crore (excess claimed beyond COD-24 March 2012) = ` 34.41 + Maqsoodpur ` 57.86 crore (claimed up to 25 August 2012) - ` 22.29 crore (excess claimed beyond COD-28 March 2012) = ` 35.57.

[4] 107.15 x 30 *per cent x* 16 *per cent.*

[5] 107.15 x 70 *per cent x* 14 *per cent.*

Annexure-25
(Referred to in paragraph 3.14)
Statement showing summarised position of short retrieval of GI pipe against rebored hand pumps

Year	No. of Hand Pumps rebored	Quantity of GI pipe to be retrieved as per the unit estimate of Divisions (in mt.)			Actual Quantity of GI pipe retrieved (in mt.)			Quantity short retrieved (in mt.)			Replacement value of short retrieval of serviceable GI pipe		Value of short retrieval of un-serviceable GI pipe		
		Serviceable	Un-serviceable	Total (3+4)	Serviceable	Un-serviceable	Total (Col. 6 + Col. 7)	Serviceable (Col. 3 – Col. 6)	Un-serviceable (Col. 4 – Col. 7)	Total (Col. 9 + Col. 10)	Average rate of new GI pipe per m (in `)	Amount (` in lakh) (Col. 9 x Col. 12)	Average rate of old GI pipe per MT (in `)	Weight of unserviceable GI pipe short retrieved (in MT)	Amount (` in lakh) (Col. 14 x Col. 15)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
2007-08	17416	197544	237972	435516	91985	13231	105216	105559	224741	330300	146.18	154.31	16662.91	606.801	101.11
2008-09	22548	252183	307503	559686	126891	14471	141362	125292	293032	418324	163.21	204.49	20000.00	791.186	158.24
2009-10	30364	332547	454098	786645	179039	20296	199335	153508	433802	587310	137.57	211.18	18862.81	1171.265	220.93
2010-11	26000	265485	408807	674292	151159	11128	162287	114326	397679	512005	162.80	186.12	21660.65	1073.733	232.58
2011-12	26450	302937	363762	666699	196752	12957	209709	106185	350805	456990	154.30	163.84	18322.01	947.174	173.54
2012-13 (Up to Dec 12)	8355	95721	115221	210942	73531	5263	78794	22190	109958	132148	172.03	38.17	18322.01	296.887	54.40
Total	**131133**	**1446417**	**1887363**	**3333780**	**819357**	**77346**	**896703**	**627060**	**1810017**	**2437077**		**958.11**		**4887.046**	**940.80**

Annexure-26
(Referred to in paragraph 3.16.4)
Statement showing deficiencies in handing over notes of TTSPs

	Particulars	Construction Division	Maintenance Division	Total
(A)	**No. of handing over notes shown available by the Divisions in the contract bond wise statement**	**686**	**946**	**1632**
(B)	**Irregularities**			
(i)	No. of unsigned handing over notes	25	13	38
(ii)	No. of handing over notes signed by persons other than the Gram Pradhan	06	07	13
(iii)	Documents[1] other than handing over notes treated as handing over notes	27	03	30
(iv)	No. of handing over notes not annexed with the Statement	76	---	76
(v)	No. of handing over notes wherein seal not impressed	---	27	27

1 Assurance notes of Gram Pradhans to take over the TTSP after completion, Completion memos etc.

Annexure-27
(Referred to in paragraph 3.20.1)
Statement showing paragraphs/Performance Audit for which replies were not received

Sl. No.	Name of Department	2007-08		2008-09		2009-10		2010-11		2011-12	
		No. of paragraphs in Audit Report	No. of paragraphs for which reply not received	No. of paragraphs in Audit Report	No. of paragraphs for which reply not received	No. of paragraphs in Audit Report	No. of paragraphs for which reply not received	No. of paragraphs in Audit Report	No. of paragraphs for which reply not received	No. of paragraphs in Audit Report	No. of paragraphs for which reply not received
1.	Energy (Power)	17	10	13	12	7	5	4	4	9	9
2.	Transport	2	--	1	1	--	--	2	2	--	--
3.	Co-operative	1	--	--	--	--	--	--	--	1	1
4.	Samaj Kalyan	--	--	2	1	--	--	--	--	--	--
5.	Agriculture	1	1	--	--	1	1	--	--	--	--
6.	Vastra Udyog	--	--	--	--	1	1	--	--	--	--
7.	Industrial Development	1	--	3	3	--	--	2	2	1	1
8.	Public Works	3	3	1	1	2	2	--	--	--	--
9.	Small Industries	--	--	--	--	--	--	--	--	---	--
10.	Sugar Industry and Cane Development	1	--	--	--	--	--	1	--	--	--
11.	Urban Development	--	--	1	1	2	1	--	--	3[1]	3[1]
12.	Housing and Urban Planning	2	2	1	--	--	--	2[2]	2[2]	--	--
13.	Irrigation	--	--	---	--	1	--	2	2	3	3
14.	Matsya Evam Pashudhan	--	--	1	1	--	--	--	--	--	--
15.	Electronics and Information Technology	--	--	--	--	--	--	--	--	--	--
16.	Public Enterprises	--	--	2[3]	--	--	--	--	--	--	--
17.	Food and civil supplies	--	--	--	--	--	--	--	--	--	--
18.	Minerals and Mining	5	--	2	2	2	2	3	3	--	--
19.	Forest	--	--	--	--	--	--	1	1	--	--
Total		**33**	**16**	**27**	**22**	**16**	**12**	**16**	**15**	**16**	**16**

1 This includes a para on Avoidable expenditure on procurement of cement on two PSUs under two different departments (Uttar Pradesh Jal Nigam: Urban Development Department and U.P. Projects Corporation Limited: Irrigation Department). As this para is included twice i.e. at Sl. No. 11 and 13, hence, it has been counted as only one para in total.

2 This includes a para on Non-recovery of Trade Tax/VAT on two PSUs under two different departments (Uttar Pradesh Avas Evam Vikas Parishad: Housing and Urban Planning Department and Uttar Pradesh State Industrial Development Corporation Limited: Minerals and Mining Department). As this para is included twice i.e. at Sl. No. 12 and 18, hence it has been counted as only one para in total.

3 This relates to 13 departments including departments of Niryat Protsahan, Tax and Institutional Finance, Forest, Panchayati Raj, Pichra Varg Kalyan and Tourism not appearing in column of name of department.

Annexure-28

(Referred to in paragraph 3.20.3)

Statement showing persistent irregularities pertaining to Government Companies appeared in the Reports of the Comptroller & Auditor General of India (Commercial) - Government of Uttar Pradesh

Year of Audit Report	Paragraph No.	Money Value (` in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
1. Power Sector Companies					
1997-98	3C.10.2(a)	2.37	Non-discontinuance of cheque facility after dishonour of cheques and non-disconnection of supply of electricity leading to accumulation of arrears.	Responsibility was required to be fixed on officials for not taking appropriate action.	Total dues against the consumer could not be recovered due to stay order of the court. The UPSEB/Company did not fix responsibility on any official for accumulation of dues.
1998-99	3A.6.2.3	8.99	------------do------------	------------do------------	Management's reply and further action were awaited.
	3A.6.2.6	16.66	------------do------------	------------do------------	------------do------------
1999-2000	4A.14	11.45	------------do------------	------------do------------	------------do------------
	4A.17	0.99	------------do------------	------------do------------	Management intimated the action taken for recovery of dues. Further action for recovery of balance amount of ` 0.99 crore was awaited. UPSEB did not fix responsibility on any official.
2001-02	3A.10	0.55	------------do------------	------------do------------	Management's reply and further action were awaited.
	3A.12	0.18	------------do------------	------------do------------	------------do------------
2002-03	2.2.25	0.79	------------do------------	------------do------------	------------do------------
2003-04	2.3.16	16.10	------------do------------	------------do------------	Management stated that action would be taken.
	3.11	0.51	------------do------------	------------do------------	Management stated that RC is pending in court.
2005-06	4.17	0.46	------------do------------	------------do------------	Management reply and further action is awaited.
1997-98	3C.12.1	61.39	Excessive damage of transformers (damage of transformers in excess of norm of 2 *per cent*) resulting in extra financial burden on repair	Examination for ascertaining reasons of excessive damage and adherence of schedule of preventive maintenance were required.	As remedial measures, Management issued instructions from time to time to zonal offices to reduce excessive damage of transformers and intimated that UPSEB was increasing the capacity of existing transformers and establishing new sub-station. The details of impact of remedial measures leading to reduction in damage of transformers were awaited.
1999-2000	3B.6.2	325.28	------------do------------	------------do------------	------------do------------
2002-03	2.2.21	0.43	------------do------------	------------do------------	Management's reply and further action were awaited.
1998-99	3A.5.17	3.17	Short billing and irregular waiver of minimum consumption guarantee/ late payment surcharge.	Responsibility was required to be fixed in the cases of gross negligence on the part of official and where company sustained loss.	------------do------------
1999-2000	4A.13(a)	0.23	------------do------------	------------do------------	Government had directed to adjust the amount of outstanding dues from the loan of State Government to UPPCL. Intimation regarding adjustment of dues of UPPCL with the Government loan was awaited.
	4A.26	0.10	------------do------------	------------do------------	Management's reply and further action were awaited.
2001-02	3A.19	0.49	------------do------------	------------do------------	No responsibility was fixed by the Management so far.
2002-03	2.2.21	0.52	------------do------------	------------do------------	Management's reply and further action were awaited.

Year of Audit Report	Paragraph No.	Money Value (` in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
2004-05	3.3	171.15	------------do------------	------------do------------	No responsibility was fixed by the Management so far.
2005-06	2.2.15	1.32	------------do------------	------------do------------	Management stated that due to large number of consumers, billing in stipulated time is not possible.
2003-04	3.9	8.22	Irregular waiver of penalty for peak hour violation	Responsibility was required to be fixed in the cases of gross negligence on the part of official and where company sustained loss.	Management's reply and further action were awaited.
	3.13	0.44	------------do------------	------------do------------	------------do------------
	3.18	0.18	------------do------------	------------do------------	No responsibility was fixed by the Management so far.
2004-05	3.10	0.36	------------do------------	------------do------------	Management's reply and further action were awaited.
2003-04	3.14	0.79	Non-levy of penalty for peak hour violation/ non-application of rate for unrestricted supply	Responsibility was required to be fixed on officials for not taking appropriate action.	------------do------------
	3.15	0.47	------------do------------	------------do------------	------------do------------
	3.16	1.24	------------do------------	------------do------------	------------do------------
2004-05	3.13	0.19	------------do------------	------------do------------	------------do------------
1998-99	3A.6.2.1	68.95	Payment of monthly bills in instalments and waiver of late payment surcharge	Responsibility was required to be fixed on official violating the procedures of revenue collection.	Management replied that the instalment payment were allowed to consumers due to bad financial position of the consumers as a result of recession in the industry, after obtaining permission of competent authority/committee. UPPCL was taking action for recovery of balance amount of dues from consumer. Outcome of the action was awaited
2000-01	4A.22	2.80	------------do------------	------------do------------	Management replied that the consumer was an important company of erstwhile KESA, decision taken by KESA had been adopted by the Corporation and recovery was made as per the decision of KESA.
2003-04	3.12	0.27	Short billing due to incorrect application of tariff.	Responsibility was required to be fixed on officials for not ensuring billing on the applicable tariff.	Management's reply and further action were awaited.
2004-05	3.7	1.12	------------do------------	------------do------------	Management's reply and further action were awaited.
2005-06	4.25	0.10	------------do------------	------------do------------	Management stated that bills of differential amount of ` 1.12 crore have been issued to the consumer. However, the recovery was awaited.
2006-07	4.15	1.53	------------do------------	------------do------------	Bills were raised by the division but recovery was awaited.
2007-08	3.12	0.11	------------do------------	------------do------------	The Management stated that the bill for difference amount has been raised. The recovery was however awaited.
	3.17	0.81	------------do------------	------------do------------	The Management stated that the bill for difference amount has been raised. The recovery was however awaited.

Year of Audit Report	Paragraph No.	Money Value (` in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
	3.18	0.25	------------do------------	------------do------------	The Management stated that the bill for difference amount has been raised. The recovery was however awaited.
2008-09	4.17	0.12	------------do------------	------------do------------	Management's reply was awaited.
	4.9	7.43	------------do------------	The Management was required to strengthen the Internal control system to avoid such lapses in future.	Management's reply was awaited.
2008-09	2.1.21	134.39	Excess consumption of coal.	The Management was required to take up measures to check loss of coal in transit, delay in unloading rakes, reduce consumption of coal and timely completion of R&M activities..	Management stated that units were very old and quality of coal was poor leading to consumption of excess coal and efforts were being made to reduce the consumption.
2009-10	2.2.34	1082.51	------------do------------	------------do------------	Management stated that excess consumption of coal was due to poor quality of coal and non-completion of R&M activities.
	Total	**1935.41**			
2. U.P. State Sugar Corporation Ltd.					
1999-2000	4A.8	0.51	Improper storage leading to damage of sugar and consequential loss	Remedial action was required to be taken to avoid recurrence of loss due to improper storage.	Management stated that sugar became wet due to unavoidable circumstances and no official was responsible for it.
2000-01	4A.5	0.83	------------do------------	------------do------------	Government/Management explained that Sugar Directorate did not issue release order according to stock and sugar became wet due to excessive carryover of stock for longer period.
2002-03	3.1.6	1.19	------------do------------	------------do------------	Management's reply was awaited
	Total	**2.53**			
Uttar Pradesh State Agro Industrial Corporation Limited					
2001-02	2A.3.2.1	2.06	Sub-standard procurement of GI pipes for hand pumps	Management was required to adhere the prescribed procedure and standard of quality in procurement of materials.	Management stated that clarification have been sought from suppliers and Bureau of Indian Standard after which necessary action would be taken.
2009-10	2.1.10	3.26	------------do------------	------------do------------	Management stated that orders to field units have been issued not to accept sub-standard supplies and from 2007-08 supply orders of more than 10 MT were being placed.
2001-02	2A.3.3.1	0.69	Excess cost on consumption of casing pipes.	The Management was required to prepare estimates of installation of hand pumps as per the norm.	Management stated that the matter was being investigated.
2009-10	2.1.12	0.40	------------do------------	------------do------------	Management stated that in future estimates for installation of hand pumps would be modified on written information of the Divisional Engineers.
2001-02	2A.3.3.2	3.93	Charging of excessive margin on installation of hand pumps.	The Management was required to strengthen the internal control system to avoid such lapses in future.	Management stated that cost estimates were approved by the Government.

Year of Audit Report	Paragraph No.	Money Value (` in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
2009-10	2.1.13	5.73	------------do------------	The Management was required to streamline the internal control mechanism to avoid such lapses in future	Management stated that the Company was preparing estimates as were being prepared by Uttar Pradesh Jal Nigam.
	Total	**16.07**			
U.P. Projects Corporation Limited					
2001-02	2D.3.1	0.19	Avoidable expenditure on procurement of cement	The Management was required to evolve a system of procuring material directly from manufacturers through rate contracts.	The Government stated that procurement rates of cement of the PSUs could not be compared.
2011-12	3.3	0.57	------------do------------	The Management was required to evolve a system of procuring material directly from manufacturers through rate contracts.	The Management stated that the Company mainly handles small projects situated mainly in rural areas and payment was made after supply of cement and there was no provision for storage.
	Total	**0.76**			

Annexure-29
(Referred to in paragraph 3.20.3)
Statement showing persistent irregularities pertaining to Statutory corporations appeared in the Reports of the Comptroller & Auditor General of India (Commercial), Government of Uttar Pradesh

Year of Audit Report	Paragraph No.	Money Value (` in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
1. Uttar Pradesh Financial Corporation					
1997-98	3A.7.2.1	2.39	Faulty appraisal of proposal for sanction of loan where units were not viable from beginning leading to loss or non-recovery of the amount of loan.	Responsibility was required to be fixed on officials who appraised the proposal for sanction of loan besides strengthening of appraisal system and procedure.	Corporation could recover ` 36.32 lakh only from the Directors of the assisted unit and issued Personal Recovery Certificate (PRC) for recovery of balance amount. Responsibility was not fixed on any official.
	3A.7.2.3	1.66	------------do-----------	------------do-----------	Corporation could recover ` 28.53 lakh only from the Promoters. For recovery of balance amount PRC was issued. Responsibility was not fixed on any official.
1999-2000	4B.2	1.30	------------do-----------	------------do-----------	Corporation recovered ` 11.54 lakh by sale of assets. Corporation issued Recovery Certificate (RC)/ Personal recovery certificate (PRC) for recovery of dues against Directors and guarantors. Responsibility was not fixed on any official.
	4B.7	1.39	------------do-----------	------------do-----------	Corporation could recover ` 25.15 lakh only through sale of assets of assisted unit. PRC have been issued. Responsibility was not fixed on any official
2002-03	3.2.2	11.68	------------do-----------	------------do-----------	No recovery could be made. RC has been issued.
	3.2.3	7.09	------------do-----------	------------do-----------	Corporation recovered ` 44.13 lakh. PRC has been issued.
	3.2.4	4.85	------------do-----------	------------do-----------	Corporation approved OTS of ` 1.95 crore against which ` 1.45 crore had been deposited so far.
2004-05	3.16	5.65	------------do-----------	------------do-----------	Management's reply and further action were awaited.
1997-98	3A.8.2.1	2.82	Non-observance of pre-disbursement conditions leading to loss due to recovery of loans becoming impossible.	Responsibility was required to be fixed on officials who failed to ensure pre-disbursement conditions besides the strengthening of system and procedure for disbursement of loan.	Corporation could recover ` 75 lakh only under One Time Settlement (OTS) decision.
	3A.8.2.2	1.75	------------do-----------	------------do-----------	Corporation could recover ` 74.60 lakh (including ` 32.75 lakh against OTS of ` 51.10 lakh). Responsibility was not fixed on any official so far.
	3A.8.2.3	1.36	------------do-----------	------------do-----------	Corporation recovered ` 12 lakh through sale of assets. Corporation issued PRC and recovered ` 70.50 lakh from one promoter against PRC. Responsibility was not fixed on any official.

Year of Audit Report	Paragraph No.	Money Value (` in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
	3A.8.2.4	2.14	------------do-----------	------------do-----------	Corporation could not recover the dues. Responsibility was not fixed on any official so far.
2003-04	3.21	2.21	------------do-----------	------------do-----------	Corporation could not recover the dues and further action was awaited.
2004-05	3.15	13.59	------------do-----------	------------do-----------	Management's reply and further action were awaited.
1999-2000	4B.6	0.56	Loss due to disbursement of loan on irregular legal documentation/forged documents.	Strengthening of procedure for fool proof verification/ independent checking of documents were required.	Corporation approved OTS of ` 62.74 lakh against which borrower deposited ` 31.30 lakh so far.
2000-01	4B.3	4.44	------------do-----------	------------do-----------	Corporation could recover only nominal amount from the promoters. PRC has been issued.
	4B.5	0.97	------------do-----------	------------do-----------	Corporation could recover ` 28.80 lakh only. PRC was issued against promoters and guarantors.
	4B.6	0.62	------------do-----------	------------do-----------	Corporation could not recover any amount from the promoter. Further action was awaited.
2002-03	3.2.6	4.50	------------do-----------	------------do-----------	Corporation recovered ` 1.46 crore. RC has been issued. Management did not indicate any remedial action to avoid recurrence of such incidence.
2003-04	3.22	2.06	Loss due to delay in taking over possession of the unit.	Responsibility was required to be fixed on officials for delay in taking over the possession of the unit.	Management's reply and further action were awaited.
2004-05	3.18	10.79	------------do-----------	------------do-----------	------------do-----------
2005-06	4.30	11.64	------------do-----------	------------do-----------	Possession was not taken to avoid huge security expenses.
	Total	**95.46**			
2. Uttar Pradesh State Road Transport Corporation					
1997-98	4B.2	0.32	Avoidable payment of damages on belated deposit of EPF.	Timely payment of EPF was required to ensure avoiding incidence of damages on delayed deposits	Management's reply was awaited
1998-99	4B.1	0.19	------------do-----------	------------do-----------	Management intimated that the amount of damages was adjusted in the wake of stay order of the court.
2000-01	4B.2	0.27	------------do-----------	------------do-----------	Management informed that a work plan had been prepared for deposit of tax. Further action was awaited
	Total	**0.78**			

Annexure-30
(Referred to in paragraph 3.20.4)
Statement showing the department-wise outstanding Inspection Reports

Sl. No.	Name of Department	No. of PSUs	No. of outstanding IRs	No. of outstanding Paragraphs	Year from which paragraphs outstanding
1.	Agriculture	3	13	73	2006-07
2.	Matsya and Pashudhan	1	7	32	2004-05
3.	Sugar Industry and Cane Development	7	21	103	2005-06
4.	Irrigation	1	8	76	2004-05
5.	Small Industries	1	7	36	2004-05
6.	Industrial Development	3	55	323	2004-05
7.	Export Promotion	2	7	41	2004-05
8.	Hathkargha Evam Vastra Udyog	2	9	27	2004-05
9.	Information Technology and Electronics	4	20	54	2004-05
10.	Public Works	2	378	1419	2004-05
11.	Samaj Kalyan	3	13	48	2006-07
12.	Mahila Kalyan	1	4	4	2003-04
13.	Home	1	6	23	2006-07
14.	Food and Civil Supplies	2	16	91	2003-04
15.	Tourism	1	4	18	2006-07
16.	Waqf Evam Alpsankhyak	2	10	45	2002-03
17.	Transport	1	86	460	2004-05
18.	Co-operative	1	8	63	2002-03
19.	Forest	1	28	120	2004-05
20.	Energy	17	1877	7800	2004-05
21.	Health	1	3	12	2008-09
22.	Housing and Urban Planning	1	202	704	2004-05
23.	Urban Development	1	739	2728	2004-05
24.	Picchara Varg Kalyan	1	1	6	2011-12
	Total	**60**	**3522**	**14306**	

Source: Progress register of AIRs.

Annexure-31

(Referred to in paragraph 3.20.4)

Statement showing the department-wise draft paragraphs/Performance Audit replies to which were awaited

Sl. No.	Name of Department	No of draft paragraphs	Period of issue
1.	Energy	8	May 2013 to August 2013
2.	Public Works	6[1]	May 2013 to October 2013
3.	Housing and Urban Planning	2	June 2013
4.	Urban Development	4	May 2013 to July 2013
5.	Forest	1	May 2013
	Total	**19**	

[1] This includes a para on 'Short deposit of Building and other Construction Workers Welfare Cess' on four PSUs under three different departments (Uttar Pradesh Rajkiya Nirman Nigam Limited and Uttar Pradesh State Bridge Corporation Limited: Public Works Department; Uttar Pradesh Avas Evam Vikas Parishad; Housing and Urban Planning Department and Uttar Pradesh Jal Nigam: Urban Development Department). As this para is included thrice i.e. at Sl.No.2, 3 and 4, hence, it has been counted as only one paragraph in total.

Glossary of Abbreviations

Abbreviation	Expanded form
ABPCL	Aditya Birla Power Company Limited
AC	Asbestos Cement
AGM	Annual General Meeting
APDRP	Accelerated Power Development and Reform Programme
APTEL	Appellate Tribunal of Electricity
ARR	Annual Revenue Requirement
ASI	Archeological Survey of India
ATNs	Action Taken Notes
BEPL	Bharat Energy Private Limited
BHEL	Bharat Heavy Electricals Limited
BHL	Bajaj Hindustan Limited
BHP	Brake Horse Power
BIFR	Board for Industrial and Financial Reconstruction
BOD	Board of Directors
BOQ	Bill of Quantity
BSUP	Basic Services for Urban Poor
CBI	Central Bureau of Investigation
CC	Central Committee
CD	Construction Division
CMD	Chairman-cum-Managing Director
CNCE	Captive and Non-Conventional Energy
COD	Date of Commercial Operation
COPU	Committee on Public Undertakings
CPC	Code of Civil Procedure
CPP	Captive Power Plant
CPWD	Central Public Works Department
CTC	Corporate Tender Committee
CVC	Central Vigilance Commission
DC	Disinvestment Commission
DI	Ductile Iron
DISCOMs	Power Distribution Companies
DPRs	Detailed Project Reports
DU	Dwelling Units
DUs	Departmental Undertakings
DVVNL	Dakshianchal Vidyut Vitram Nigam Limited
EC	Empowered Committee
EDDs	Electricity Distribution Divisions
EFC	Expenditure Finance Committee
EOI	Expression of Interest
EPFO	Employees Provident Fund Organisation
ESIC	Employees State Insurance Corporation
ETF	Energy Task Force
FDRs	Fixed Deposit Receipts
FERV	Foreign Exchange Rate Variation
FHB	Financial Hand Book
FIs	Financial Institutions
GI	Galvanised Iron
GoI	Government of India
GoUP	Government of Uttar Pradesh
GSHR	Gross Station Heat Rate
HLC	High Level Committee
HPDC	High Power Disinvestment Committee
ICAI	Institute of Chartered Accountants of India
ID	Irrigation Department
IDC	Interest During Construction
IEX	Indian Energy Exchange
IHSDP	Integrated Housing and Slum Development Programme

Abbreviation	Expanded form
IPPs	Independent Power Producers
JNNURM	Jawahar Lal Nehru National Urban Renewal Mission
JPC	Joint Purchase Committee
LoI	Letter of Intent
MB	Measurement Book
MCD	Municipal Corporation of Delhi
MCS	Material Consumption Statement
MD	Maintenance Division
MOT	Modular Operation Theatre
MOUs	Memorandum of Understandings
MVVNL	Madhyanchal Vidyut Vitram Nigam Limited
MYT	Multi Year Tariff
NEP	National Electricity Policy
NIT	Notice Inviting Tender
NOC	No Objection Certificate
NRHM	National Rural Health Mission
NTPC	National Thermal Power Corporation
OEM	Original Equipment Manufacturer
PC	Purchase Committee
PFC	Power Finance Corporation
PGCs	Power Generating Companies
PLF	Plant Load Factor
PPAs	Power Purchase Agreements
PPP	Public Private Partnership
PRW	Piece Rate Worker
PSUs	Public Sector Undertakings
PuVVNL	Purvanchal Vidyut Vitran Nigam Limited
PVVNL	Paschimanchal Vidyut Vitram Nigam Limited
R&M	Renovation and Modernisation
R-APDRP	Restructured Accelerated Power Development and Reform Programme
REC	Rural Electrification Corporation
RoE	Return on Equity
ROW	Right of Way
RPFC	Regional Provident Fund Commissioner
RPSCL	ROSA Power Supply Company Limited
SARs	Separate Audit Reports
SCADA	Supervisory Control And Data Acquisition
SG	Scheduled Generation
SLC	System Loading Charges
SLDC	State Load Dispatch Centre
TOD	Time of Day
TPC	Third Party Consultant
TPPs	Thermal Power Projects
TS	Technical Sanction
TTSP	Tank Type Stand Posts
TVM/TOD	Tri-vector meter/Time of day meter
UI	Unscheduled Interchange
UPAVP	Uttar Pradesh Avas Evam Vikas Parishad
UPERC	Uttar Pradesh Electricity Regulatory Commission
UPJN	Uttar Pradesh Jal Nigam
UPPCL	Uttar Pradesh Power Corporation Limited
UPPWD	Uttar Pradesh Public Works Department
UPRNN	Uttar Rajkiya Nirman Nigam Limited
UPSBCL	Uttar Pradesh State Bridge Corporation Limited
UPSKNN	Uttar Pradesh Samaj Kalyan Nirman Nigam Limited
WMCR	Work Memo Credit Receipt