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

Particulars	Reference	<b>Reference</b> to	
	Paragraph (s)	Page (s)	
Preface		v	
Overview		vii-x	
Chapter-I			
Overview of Government companies and Statutory corporations	1	1-14	
Introduction	1.1-1.3	1	
Audit Mandate	1.4-1.6	1-2	
Investment in State PSUs	1.7-1.9	2-3	
Budgetary outgo, Grants/Subsidies, Guarantees and Loans	1.10-1.11	3-4	
Reconciliation with Finance Accounts	1.12	4-5	
Performance of PSUs	1.13-1.17	5-6	
Arrears in finalisation of Accounts	1.18-1.22	6-7	
Status of placement of Annual Report	1.23	7	
Winding up of non-working PSUs	1.24-1.26	7-8	
Accounts Comments and Internal Audit	1.27-1.32	8-12	
Recoveries at the instance of audit	1.33	12	
Status of placement of Separate Audit Reports	1.34	13	
Disinvestment, Privatisation and Restructuring of PSUs	1.35	13-14	
Chapter-II			
Performance review relating to Government company			
Review of the performance of U.P. Projects Corporation Limited	2	15-38	
Executive summary		15-16	
Introduction	2.1	16-17	
Scope and methodology of audit	2.2	17	
Audit objectives	2.3	18	
Audit criteria	2.4	18	
Audit findings	2.5-2.41	18-38	
Execution of works	2.6-2.7	18-19	
Appointment of Architects	2.8-2.13	19-22	
Deficiencies in execution of work	2.14-2.21	22-28	
Procurement of material	2.22-2.24	28-29	
Deficient Manpower Planning	2.25	29-30	
Financial Management	2.26-2.34	30-34	
Some individual interesting cases	2.35-2.37	35-36	
Internal Control and Internal Audit	2.38-2.41	36-38	
Conclusion		38	
Recommendations		38	

Chapter-III		
Transaction Audit Observations		
Government companies		
Uttar Pradesh Rajkiya Nirman Nigam Limited		
Injudicious management of surplus funds	3.1	39-40
Imprudent release of mobilisation advance to sub-contractors	3.2	40-43
Systemic deficiencies in disposal of surplus earth	3.3	43-44
Avoidable extra expenditure	3.4	44-46
Extra expenditure on architects' fee	3.5	46-47
Purvanchal Vidyut Vitran Nigam Limited	5.5	+0 +7
Loss of interest due to delay in raising of bills	3.6	47-49
	3.7	49-50
Loss of interest incorrect billing of demand charges	5.7	49-30
Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	2.0	50.50
Avoidable expenditure on purchase of Hi-Chrome Liners	3.8	50-52
Madhyanchal Vidyut Vitran Nigam Limited		
Irregular benefit of Load Factor Rebate to a consumer	3.9	52-53
Power Distribution Companies		
Undue favour to consumers	3.10	53-55
Loss due to delayed reimbursement by State Government	3.11	55-56
Role of Uttar Pradesh Power Corporation Limited as FundManager of Power Distribution Companies and Fund Managementin Purvanchal Vidyut Vitran Nigam Limited	3.12	56-71
Introduction	3.12.1	56-57
UPPCL as Fund Manager	3.12.2-3.12.12	57-64
Fund Management in PuVVNL	3.12.13-3.12.24	64-71
Banking Issues	3.12.14-3.12.17	65-66
Operational Issues	3.12.18-3.12.23	66-70
Weak Internal Controls	3.12.24	70-71
Conclusion		71
Uttar Pradesh Power Corporation Limited   Power Purchase Agreements (PPAs) with Independent Power   Producers (IPPs)	3.13	72-88
Introduction	3.13.1-3.13.2	72
Process of finalisation of Memorandums of Understanding (MOUs),Power Purchase Agreements (PPAs) with Independent Power Producers(IPPs) and fixation of power purchase price	3.13.3-3.13.5	73-74
Audit Findings	3.13.6-3.13.23	74-88
Conclusion		88
Statutory corporations		
Uttar Pradesh Jal Nigam		
Short retrieval of GI pipes in rebore of hand pumps	3.14	88-89
Avoidable payment of Excise Duty on procurement of PVC pipes	3.15	89-90
Installation of Tank Type Stand Posts in Agra district	3.16	90-94
Uttar Pradesh Avas Evam Vikas Parishad		
Incorrect fixation of reserve price	3.17	94

	Chapter-III		
	Uttar Pradesh Forest Corporation		
	Avoidable payment of administrative charges	3.18	95-96
	Public Sector Undertakings		
	Short deposit of Building and Other Construction Workers' Welfare Cess	3.19	96-100
	General		
	Follow up action on Audit Reports	3.20	100-101
	ANNEXURES		
1.	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	1.7	103-110
2.	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	1.10	111-112
3.	Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalized	1.13, 1.14, 1.20, 1.23, 1.27 & 1.32	113-121
4.	Statement showing financial position of Statutory corporations	1.13	122-124
5.	Statement showing working results of Statutory corporations	1.13	125-127
6.	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	1.21	128
7.	Organisation chart of U.P. Projects Corporation Limited	2.1.1	129
8.	Chart showing distribution of units among Zones	2.1.1	130
9.	Statement showing works of various departments executed by the Company during the period from 2007-08 to 2012-13	2.6	131
10.	Statement showing payment of consultants' fee without actual work in cases of Health Sub Centres, Gram Sachivalayas, Aaganwadi Kendras and Dr. Bhim Rao Ambedkar Community Centres	2.13	132
11.	Statement showing excess payment to sub-contractor due to allowing higher rates than the rate of UPPWD SOR of concerned district	2.17	133
12.	Statement showing Financial Position and Working results of the U.P. Projects Corporation Limited	2.28	134
13.	Statement showing non-refund of unspent funds to client departments	2.34	135
14.	Statement showing loss of interest due to delay in billing of energy supplied during peak hours to Hindalco Industries Limited	3.6	136-137
15.	Statement showing short billing of "Billable Demand Charges" to Divisional Railway Manager, North Central Railway, Allahabad	3.7	138-139
16.	Statement showing non billing of "Excess Demand Charges" to Divisional Railway Manager, North Central Railway, Allahabad	3.7	140-141
17.	Statement showing loss of revenue due to allowing rostering free power supply to consumers who have not opted for Protective Load	3.10	142
18.	Statement showing non-levy of Late Payment Surcharge on unpaid Government dues	3.12.20	143
19.	Statement showing details of Projects	3.13.4	144-145

	ANNEXURES		
20.	Statement showing additional RoE due to additional capital cost (Stage-I)	3.13.8	146
21.	Statement showing additional interest on loan due to additional capital cost	3.13.8	147
22.	Statement showing details of financial burden due to higher O&M expenses (Rosa Power Projects)	3.13.10	148
23.	Statement showing loss due to non-conduct of cost benefit analysis	3.13.11	149
24.	Statement showing extra financial burden due to discrepancies in the tariff petition filed by BEPL	3.13.20 & 3.13.21	150
25.	Statement showing summarized position of short retrieval of GI pipe against rebore hand pumps	3.14	151
26.	Statement showing deficiencies in handing over notes of TTSPs	3.16.4	152
27.	Statement showing paragraphs/Performance Audit for which replies were not received	3.20.1	153
28.	Statement showing persistent irregularities pertaining to Government Companies appeared in the Reports of the Comptroller & Auditor General of India (Commercial) - Government of Uttar Pradesh	3.20.3	154-157
29.	Statement showing persistent irregularities pertaining to Statutory corporations appeared in the Reports of the Comptroller & Auditor General of India (Commercial), Government of Uttar Pradesh	3.20.3	158-159
30.	Statement showing the department-wise outstanding Inspection Reports	3.20.4	160
31.	Statement showing the department-wise draft paragraphs/Performance Audit replies to which were awaited	3.20.4	161
	Glossary of Abbreviations		162-163