



सत्यमेव जयते

Report of the Comptroller and Auditor General of India

on
Public Sector Undertakings
for the year ended 31 March 2019



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Bihar
Report No. 2 of 2021

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Comptroller and Auditor General of India
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Public Sector Undertakings**

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Government of Bihar
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Preface

This report deals with the results of audit of Government companies and Statutory Corporations of Bihar for the year ended 31 March 2019.

The accounts of Government companies (including companies deemed to be Government companies as per the provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 143 (6) of the Companies Act, 2013. The accounts certified by the Statutory Auditors (Chartered Accountants) appointed by the CAG under the Companies Act are subject to supplementary audit by officers of the CAG and the CAG gives his comments or supplements the reports of the Statutory Auditors. In addition, these companies are also subject to test audit by the CAG.

Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by the CAG for laying before State Legislature of Bihar under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the year 2018-19 as well as those which came to notice in earlier years, but could not be reported in previous Audit Reports. Instances relating to the period subsequent to year 2018-19 have also been included, wherever related and necessary.

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

OVERVIEW

Overview

Functioning of Public Sector Undertakings

Audit of Government Companies is governed by Sections 139 and 143 of the Companies Act, 2013. The financial statements of Government Companies are audited by the Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG). These financial statements are also subject to supplementary audit by the CAG. Audit of Statutory Corporations is governed by their respective legislations.

As on 31 March 2019, Bihar had 79 State Public Sector Undertakings (PSUs) consisting of three Statutory Corporations and 76 Government Companies (including 42 non-functional Government Companies) under the audit jurisdiction of the Comptroller and Auditor General of India. The PSUs covered in this report registered an annual turnover of ₹ 16,627.36 crore as per their latest finalised accounts. This turnover was equal to 3.22 *per cent* of Gross State Domestic Product (GSDP) for the year 2018-19 (₹ 5,15,634 crore). As on 31 March 2019, the investment (capital and long term loans) in 79 PSUs was ₹ 44,922.71 crore, out of which 90.10 *per cent* was in Power Sector PSUs.

1. Functioning of Power Sector Undertakings

As on 31 March 2019, Bihar had nine State Power Sector PSUs. The PSUs¹ registered a turnover of ₹ 15,093.67 crore during 2018-19 as per their latest finalised accounts. This turnover was equal to 2.93 *per cent* of the GSDP of Bihar indicating an important role played by the Power Sector companies in the economy of the State.

Stake of Government of Bihar

As on 31 March 2019, the total investment (equity and long term loans) in nine Power Sector undertakings was ₹ 40,473.20 crore. The investment consisted of 87.48 *per cent* towards equity and 12.52 *per cent* in long-term loans. The long term loans advanced by the State government constituted 26.87 *per cent* (₹ 1,362.12 crore) whereas 73.13 *per cent* (₹ 3,706.43 crore) were availed by the Power Sector Undertakings from other financial institutions.

Performance of Power Sector Undertakings

The overall loss incurred by the six Power Sector Companies covered in the Report was ₹ 2,535.73 crore in 2018-19 against losses of ₹ 966.27 crore incurred in 2014-15. As per latest finalised accounts, up to the year 2018-19, of the six Power Sector Companies covered in the Report, two PSUs earned profit of ₹ 172.12 crore and three PSUs incurred loss of ₹ 2,707.85 crore. The profit making PSUs were Bihar State Power Transmission Company (₹ 147.28 crore) and Bihar Grid Company

¹ This report does not include three PSUs (Bihar State Hydroelectric Power Corporation Limited, Lakhisarai Bijlee Company Private Limited and Pirpainti Bijlee Company Private Limited) whose accounts were in arrear for three years or more or first accounts were not received.

Limited (₹ 24.84 crore). The significant losses were incurred by Bihar State Power Generation Company Limited (₹ 299.12 crore), South Bihar Power Distribution Company Limited (₹ 1,813.09 crore) and North Bihar Power Distribution Company Limited (₹ 595.64 crore). The accumulated losses of the six Power Sector companies were ₹ 15,568.49 crore as against the capital investment of ₹ 35,305.59 crore as on 31 March 2019.

Net worth of one PSU viz., Bihar State Power Generation Company Limited was ₹ 531.88 crore (11.05 *per cent* of equity investment of ₹ 4,812.96 crore) as on 31 March 2019. Net worth was less than one-fourth of its paid up capital² in respect of one PSU viz. South Bihar Power Distribution Company Limited at the end of 31 March 2019.

Financial Turnaround of DISCOMs under Ujwal DISCOM Assurance Yojana (UDAY)

Under the Ujwal DISCOM Assurance Yojana (UDAY), tripartite Memorandum of Understanding (MoUs) were signed (22 February 2016) between Ministry of Power (MoP), Government of India (GoI), the GoB and respective State DISCOM (i.e. SBPDCL and NBPDCCL) for providing financial assistance to the State DISCOMs for their operational and financial turnaround. As per provisions of the UDAY Scheme and the MoUs, out of total outstanding debt (₹ 3,109.06 crore) pertaining to two State DISCOMs as on 30 September 2015, the GoB had taken over debt of ₹ 2,331.78 crore during 2016-17. The balance loan was rescheduled by Canara Bank.

Audit observed that performance of DISCOMs against operational parameters provided under UDAY Scheme was not satisfactory. The DISCOMs have not initiated action for rural feeder audit and distribution transformer metering in rural areas. They have also performed poorly in area of smart metering. Further, going by the current trend of progress, the DISCOMs will find it difficult to achieve the most important target of reduction of AT&C loss to 15 *per cent* by 31 March 2020.

Quality of accounts

The quality of accounts of Power Sector companies needs improvement. Out of 14 accounts finalised during 1 January 2019 to 31 December 2019, the Statutory Auditors gave qualified certificates on 13 accounts. There were 61 instances of non-compliance with Accounting Standards in 10 accounts by the Power Sector Undertakings.

² Net worth was ₹ 2,724.84 crore against paid up capital of ₹ 11,014.59 crore.

2. Performance Audit on “Strengthening of Electrical Infrastructure in Urban areas of Bihar”

With a view to achieve sustainable reduction of Aggregate Technical and Commercial (AT&C) losses, the establishment of reliable and automated systems for sustained collection of accurate baseline data, and the adoption of Information Technology in the areas of energy accounting and regular distribution strengthening, Government of India (GOI) introduced Restructured Accelerated Power Development and Reforms Programme (RAPDRP) in December 2008 and Integrated Power Development Scheme in December 2014 in Urban Areas. Further, with the financial help of ADB, one more scheme Bihar Power System Improvement Projects (BPSIP) also was implemented for the strengthening of transmission, sub-transmission and Distribution Systems in seven towns in Bihar.

The Performance Audit on “Strengthening of Electrical Infrastructure in Urban areas of Bihar” being done by Distribution Companies (DISCOMs) was conducted in nine sampled towns selected through stratified random sampling considering their Population change, AT&C Losses, Peak Demand, and Project cost. The audit was conducted covering the period from 2014-15 to 2018-19.

Under the RAPDRP scheme which aimed at reducing the AT&C losses to below 15 *per cent* on a sustainable basis, the audit observed that only two towns could achieve the desired AT&C loss below 15 *per cent*. One of the major reasons for high AT&C Loss was attributable to inefficient billing of energy supplied as in 13 out of 67 towns shown a decreasing trend in billing efficiency in 2018-19 in comparison to 2015-16. In four sampled towns, the audit observed that though the divisions were billing more than 80 *per cent* of their consumers, their billing efficiency was below 50 *per cent* leading to probable thefts or high technical losses.

In the area of energy accounting and audit, we observed that due to poor-communication of data by Feeder/DT/HT meters and non-updating of GIS data and indexing, the energy accounting could not be done by the DISCOMs automatically as envisaged in the project. Further, in many places, these meters were found defective. In the case of IPDS, tenders for the IT and ERP part were not finalized till March 2020. This also resulted in the loss of grant of ₹ 40.95 crore due to the cancellation of the IT and ERP project by Power Finance Corporation (PFC).

For strengthening and augmentation of electrical infrastructures, the Schemes (RAPDRP and IPDS) involved system planning, designing, and engineering in line with PFC’s guidelines, however, DISCOMs assessed quantities as per expected population growth and capacity of existing infrastructure without conducting an actual survey. Audit observed that the survey was conducted at the time of execution by the contractors, and the bottlenecks in form of ROW, land acquisition for Power Sub-stations (PSS), etc. could not be identified beforehand, which delayed the completion of the scheme. Further, Audit observed that for the strengthening of electrical infrastructure, the requirement of capacity addition of existing PSS as well as Distribution Transformers (DT) was not properly analyzed which resulted

in underutilization of PSS/DT in some towns whereas in some towns the same was found overloaded.

The IT enablement project under RAPDRP was awarded with a delay of 42 months from the sanction of the project by PFC which was further delayed by five to 17 months from its scheduled date of completion. In the case of strengthening and augmentation work under RAPDRP, the DISCOMs invited tender for RAPDRP on old rates which eventually resulted in retendering and further delay in the award of work with seven to 17 months from the sanction of the project. The scheduled completion of IPDS was provisionally extended upto June 2020, despite the time extension, the progress of the work was very poor and the total progress achieved was 44.51 *per cent* (March 2019). Audit observed the main reason for delays were the bottlenecks like ROW, land acquisition and NOCs during execution, as the survey was not done at the time of planning, NOCs from Railways were applied with considerable delays and even lands were acquired for PSS after the scheduled date of completion as these couldn't be identified before starting the execution.

The DISCOMs at the time of execution of the IPDS project made an excess expenditure to the tune of ₹ 114.64 crore, owing to failure to finalize the tender for Project Management Agency (PMA) within prescribed ceiling limits, non-application of capping rate prescribed by the Ministry of Power, and non-implementation of work of solar panels through Bihar Renewable Energy Development Agency (BREDA) which is a specialized Government Agency and nodal agency for such works under the administrative control of the Energy Department itself.

Under ADB funded BPSIP, which was scheduled to be completed up to December 2013 to April 2014, it was observed that due to poor progress, work awarded was terminated in November 2016 for which the DISCOM (SBPDCL) failed to even en-cash their bank guarantee. Further, work assigned to the another contractor was also not completed even after a lapse of more than five years.

Observing the financials of the companies, it was noticed that the DISCOMs were failing to generate adequate revenue to cover the cost of power supplied. Further, they were yielding a negative return on the Capital Employed even though they were fully dependent on the Government grant for all of its capital expenditure and while also receiving revenue subsidy for power purchase. During the audit period, the State Government infused share capital of ₹ 17,892.44 crore in addition to Capital Grant (₹ 8,264.58 crore) and subsidy (₹ 17,259.98 crore). The DISCOMs also received ₹ 2,331.78 crore from State Government for financial restructuring under the UDAY scheme where DISCOMs are yet to achieve targets set under UDAY. Despite the infusion of such funds, the financial health of the company remains miserable and they sustained a loss of ₹ 8,433.14 crore during the last five years ended on 31 March 2019. The non-achievement of the target of distribution loss set by BERC, resulted in disallowance of additional power purchase costing ₹ 9,030.63 crore to DISCOMs for the period 2014-15 to 2018-19.

Audit noticed that the meetings of the Distribution Reforms Committee (set up by State Government in light of RAPDRP/IPDS) were not being held regularly for monitoring the progress of work, quality control, and to resolve issues relating to the implementation of sanctioned projects.

Inefficiency on the part of DISCOMs led to losses and additional/avoidable expenditure which are detailed below:

Sl. No.	Details	Amount (₹ in crore)
1.	Non-communication of data by DT meters installed by DISCOMs resulted in non-fulfilment of the overall purpose of expenditure incurred (Para no. 2.11.3.2)	41.42
2.	Delay in implementation of IT and ERP in IPDS towns led to PFC cancelling the project in DISCOMs which resulted in the loss of grant (Para no. 2.11.3.4)	40.95
3.	Additional expenditure on PMA due to failure of DISCOMs to finalise the tender within the approved cost and to complete the project within the scheduled time frame (Para no. 2.14.2)	52.04
4.	Excess expenditure due to Non-capping of the rates on the prescribed items in accordance with the Government direction resulted in excess expenditure (Para no. 2.14.3)	26.03
5.	Non-assignment of work of solar panel to BREDA resulted in the violation of GoB's order as well as excess expenditure. (Para no. 2.14.4)	36.57
6.	Non-encashment of performance Bank Guarantee (BG) for BPSIP despite poor progress of works resulted in financial loss (Para no. 2.15.1)	4.90
7.	Loss of interest due to Non-compliance of IPDS guidelines regarding the opening of a bank account with CLTD facility (Para no. 2.16.4)	1.62

3. Compliance Audit Observations relating to Power Sector Undertakings

Compliance Audit observations included in this Report highlight deficiencies in the management of Power Sector Undertakings, which resulted in serious financial implications.

Gist of Audit observations is given below:

South Bihar Power Distribution Company Limited deprived itself of income of ₹ 2.10 crore due to delay in load enhancement.

(Paragraph 3.1)

North Bihar Power Distribution Company Limited suffered loss of revenue of ₹ 1.02 crore for the period May 2016 to December 2019 due to under-fixation of contract demand.

(Paragraph 3.2)

4. Functioning of State Public Sector Undertakings (other than Power Sector)

As on 31 March 2019, Bihar had 70 State PSUs (other than Power Sector) consisting of 25 functional companies, three functional Statutory Corporations and 42 non-functional PSUs (all companies). Two³ Government companies were added during the year. The PSUs⁴ registered a turnover of ₹ 1,533.69 crore during 2018-19 as per their latest finalised accounts. This turnover was equal to 0.30 *per cent* of the State Gross Domestic Product indicating the role played by these State PSUs in the economy of the State.

Stake of Government of Bihar

As on 31 March 2019, the total investment (equity and long term loans) in these 70 PSUs was ₹ 4,449.51 crore. The investment consisted of 16.13 *per cent* towards equity and 83.87 *per cent* in long-term loans. The long term loans advanced by the State government constituted 93.73 *per cent* (₹ 3,497.84 crore) whereas 6.27 *per cent* (₹ 234.12 crore) were availed from Central Government and other financial institutions.

Performance of State PSUs (other than Power Sector)

Out of 12 PSUs covered in the report, eight PSUs earned profit (₹ 138.86 crore), all of which were either having monopolistic advantage or were having assured income from budgetary support, centage, commission, interest on bank deposits etc. The top profit making companies in 2018-19 were Bihar State Road Development Corporation Limited (₹ 48.95 crore), Bihar Rajya Pul Nirman Nigam Limited (₹ 37.99 crore), Bihar State Educational Infrastructure Development Corporation Limited (₹ 12.74 crore) and Bihar State Building Construction Corporation Limited (₹ 14.95 crore).

Further, two out of three PSUs⁵ working in competitive environment incurred losses totaling ₹ 46.42 crore during 2018-19. These PSUs had continuously suffered losses during 2016-17 to 2018-19 and their accumulated losses increased from of ₹ 454.29 crore in 2015-16 to ₹ 500.17 crore in 2018-19. Net worth of these three PSUs had been completely eroded by accumulated losses and it stood at (-) ₹ 580.97 crore against equity investment of ₹ 86.40 crore as on 31 March 2019.

Quality of accounts

The quality of accounts of PSUs needs improvement. The Statutory Auditors gave qualified certificates on all 49 accounts of 16 functional PSUs finalised during January 2019 to December 2019. There were nine instances of non-compliance with Accounting Standards by the PSUs. Accounts of Bihar State Food and Civil Supplies Corporation Limited have been finalised only upto the year 2002-03 and CAG has declined to give an opinion in view of the serious shortcomings in respect

³ Biharsharif Smart City Limited and Patna Metro Rail Corporation.

⁴ This report does not include 58 PSUs (*Annexure 4.2*) whose accounts were in arrear for three years or more or were defunct/under liquidation or first accounts were not received.

⁵ Bihar State Film Development and Finance Corporation Limited, Bihar State Agro-Industries Development Corporation Limited and Bihar State Financial Corporation.

of four accounts of the company for the years 1999-2000 to 2002-03. Similar is the case with the accounts of Bihar State Warehousing Corporation for the year 2012-13.

Arrears in accounts and winding up

Twenty four (24) functional PSUs had arrears of 98 accounts as on 31 December 2019. Among non-functional PSUs, 42 PSUs had a whopping 1,184 accounts in arrears. It is a serious lack of accountability and transparency and the Government needs to take urgent steps to consider winding up of these non-functional PSUs.

5. Compliance Audit Observations relating to State PSUs (other than Power Sector)

Compliance audit observations included in the Report highlight deficiencies in the management of Public Sector Undertakings involving serious financial implications.

Flyovers being constructed in Patna by Bihar Rajya Pul Nirman Nigam Limited have been analysed. The observations are broadly of the following nature:

The Company in violation of codal provision not only invited tenders and commenced the works of flyover but also made payment of ₹ 66.25 crore to the contractors prior to Technical Sanction.

(Paragraph 5.1.2)

The Company, in violation of the provision of Bihar Financial Rules, without execution of an agreement, made payment of ₹ 4.08 crore to M/s Foundation for Innovation and Technology Transfer, IIT Delhi (FITT).

(Paragraph 5.1.3)

The Company, in violation of the provisions of the Bihar Financial Rules, appointed M/s Planin Innovations and Consultancy Services (PICS) on nomination basis without recording full justification for single-source selection as required under the rules.

(Paragraph 5.1.4)

In the Lohiya Path Chakra project, the Company incorrectly charged (December 2019) the expenditure of ₹ 16.90 crore (₹ 6.04 crore towards design and ₹ 10.86 crore towards supervision consultancy) to project fund and booked ₹ 1.52 crore as centage on the same thereby burdening the state exchequer by ₹ 18.42 crore.

(Paragraph 5.1.5)

Gist of some of the important audit observations in respect of transaction audit of other PSUs are given below:

Bihar State Road Development Corporation Limited recognised centage on non-admissible items which not only resulted in payment of additional income tax aggregating ₹ 23.97 crore but also led to burden on the State exchequer aggregating ₹ 61.73 crore.

(Paragraph 5.2)

Bihar State Road Development Corporation Limited lost an opportunity to earn additional interest income of ₹ 1.34 crore by not investing in fixed deposits of lower denomination.

(Paragraph 5.4)

Bihar Urban Infrastructure Development Corporation Limited against the canons of financial prudence, prepared bank drafts without any immediate need and treated the same as expenditure for the purpose of utilisation certificate which was against the principles of financial propriety and resulted in loss of interest of ₹ 1.38 crore.

(Paragraph 5.8)

Introduction

Functioning of State Public Sector Undertakings

General

1. State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. As on 31 March 2019, there were 79 PSUs in Bihar, including three¹ Statutory Corporations and 76 Government Companies (including 42 non-functional government companies²) under the audit jurisdiction of the Comptroller & Auditor General of India. None of these Government Companies was listed on the stock exchange. During the year 2018-19, no PSUs were amalgamated with their holding Company.

2. The nature of PSUs in Bihar and the position of their accounts are indicated in the table below:

Table 1: Nature of PSUs in Bihar

Nature of PSUs	Total Number	Number of PSUs of which accounts received during the reporting period				Number of PSUs of which accounts are in arrear/not due (Total accounts in arrear) as on 31 December 2019
		Accounts upto 2018-19	Accounts upto 2017-18	Accounts upto 2016-17	Total	
Functional Government Companies ³	34	4	10	2	16	30 (120)
Statutory Corporations	3	0	1	0	1	3 (17)
Total working PSUs	37	4	11	2	17	33 (137)
Non-functional Government Companies	42	0	1	0	1	42 (1,184)
Non-functional Statutory Corporations	-	-	-	-	-	-
Total non-functional PSUs	42	0	1	0	1	42 (1,184)
Total	79	4	12	2	18	75 (1,321)

The financial performance of 18 PSUs (including one Statutory Corporation) who had submitted their accounts for 2016-17 or later years as on 31 December 2019 has been covered in this report. The PSUs covered in this report registered an annual turnover of ₹ 16,627.36 crore as per their latest finalised accounts. This turnover was equal to 3.22 per cent of Gross State Domestic Product (GSDP) for the year 2018-19 (₹ 5,15,634 crore). Out of these 18 PSUs, 10 PSUs earned profit of ₹ 310.98 crore and seven PSUs

¹ Bihar State Financial Corporation, Bihar State Road Transport Corporation and Bihar State Warehousing Corporation

² Non-functional PSUs are those which have ceased to carry out their operations.

³ Government PSUs include Government controlled other Companies referred to in Section 139(5) and 139(7) of the Companies Act 2013.

suffered a loss of ₹ 2,778.54 crore as per their latest finalised accounts. One PSU⁴ sustained no profit/loss. As of March 2019, the State PSUs covered in this report had employed around 12,767 employees.

This report does not include 61 PSUs⁵ (including three Government Controlled Companies and two statutory corporations) whose accounts were in arrears for three years or more or were defunct/under liquidation or first accounts were not received or were not due. These 61 PSUs have an investment of ₹ 4,626.28 crore towards capital (₹ 646.26 crore) and long term loans (₹ 3,980.02 crore). This is a critical area as the investments in these PSUs do not contribute to the economic growth of the State.

Accountability framework

3. The procedure for audit of Government companies is laid down in Sections 139 and 143 of the Companies Act, 2013 (Act). According to Section 2 (45) of the Act, a Government Company means any company in which not less than fifty one *per cent* of the paid-up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government Company. Besides, any other company⁶ owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this report as Government Controlled Other Companies.

The Comptroller & Auditor General of India (CAG) appoints the statutory auditors of a Government Company and Government Controlled Other Company under Section 139 (5) and (7) of the Companies Act, 2013. Section 139 (5) of the Companies Act, 2013 provides that the statutory auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the CAG within a period of one hundred and eighty days from the commencement of the financial year. Section 139 (7) of the Companies Acts, 2013 provides that in case of a Government Company or Government Controlled Other Company, the first auditors are to be appointed by the CAG within sixty days from the date of registration of the company and in case CAG does not appoint such auditor within the said period, the Board of Directors of the Company or the members of the Company have to appoint such auditor.

Further, as per sub-section 7 of Section 143 of the Act, the Comptroller and Auditor General of India (CAG) may, in case of any company covered under sub-section (5) or sub-section (7) of Section 139, if considered

⁴ Bihar State Power (Holding) Company Limited

⁵ Three Power Sector PSUs referred in footnote 6 of Chapter I and 58 Other than Power Sector PSUs referred in *Annexure 4.2*.

⁶ The Companies (Removal of Difficulties) Seventh Order 2014 dated 4 September 2014 issued by Ministry of Corporate Affairs, Government of India.

necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit. Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to audit by the CAG. An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

Statutory audit

4. The financial statements of the Government Companies (as defined in Section 2 (45) of the Act 2013) are audited by Statutory Auditors, who are appointed by the CAG as per the provisions of Section 139 (5) or (7) of the Act 2013. The Statutory Auditors submit a copy of the Audit Report to the CAG including, among other things, financial statements of the Company under Section 143(5) of the Act 2013. These financial statements are also subject to supplementary audit by the CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Companies Act, 2013.

Audit of Statutory Corporations is governed by their respective legislations. Out of three Statutory Corporations, the CAG is sole auditor for Bihar State Road Transport Corporation (BSRTC). In respect of Bihar State Financial Corporation (BSFC) and Bihar State Warehousing Corporation (BSWC), the audit is conducted by Chartered Accountants and supplementary audit is conducted by the CAG.

Submission of accounts by PSUs

5. Need for timely finalisation and submission

According to Section 394 and 395 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation laid before the House or both the Houses of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report made by the CAG. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of the State.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that

the audited financial statement for the financial year has to be placed in the said AGM for their consideration. Section 129 (7) of the Companies Act, 2013 provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

Role of Government and Legislature

6. The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the State Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Reports together with the Statutory Auditors’ Reports and comments of the CAG, in respect of State Government Companies and Separate Audit Reports in case of Statutory Corporations are to be placed before the State Legislature under Section 394 of the Companies Act, 2013 or as stipulated in the respective Acts. The Audit Reports of the CAG are submitted to the Government under Section 19 A of the CAG’s (Duties, Powers and Conditions of Service) Act, 1971.

Investment by Government of Bihar in State Public Sector Undertakings

7. Government of Bihar (GoB) has high financial stakes in the PSUs. This is mainly of three types:

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

8. The sector-wise summary of investment in the PSUs as on 31 March 2019 is given below:

Table 2: Sector-wise investment in PSUs

Name of Sector		Government Companies		Statutory Corporations		Total	Investment		
		Working	Non-Functional	Working	Non-Functional		Equity	Long term Loan	Total Investment
Power		9	-	--		9	35,404.65	5,068.55	40,473.20
Non-Power	Finance	5	4	1	-	10	309.06	849.8	11,58.86
	Service	3	1	2	-	6	126.71	2,359.7	2,486.41
	Infrastructure	11	1	-	-	12	73.75	3.38	77.13
	Other	6	36	-	-	42	208.03	519.08	727.11
	Total	34	42	3	-	79	36,122.20	8,800.51	44,922.71

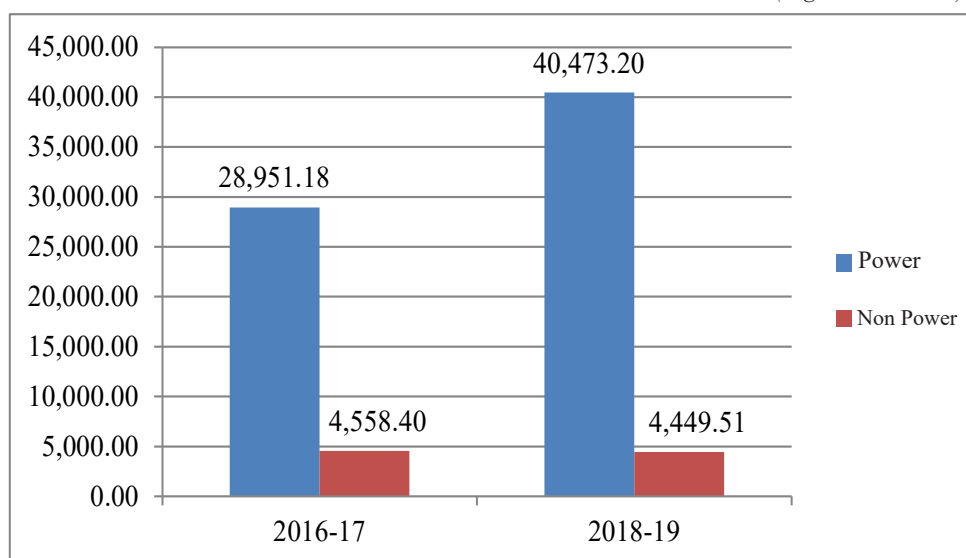
Source: Compiled based on annual accounts of PSUs and information furnished by PSUs.

The thrust of PSU investment was mainly in the power sector which constituted 90.10 per cent of the total investments of ₹ 44,922.71 crore.

9. The investment in power and other than power sector PSUs at the end of 31 March 2017 and 31 March 2019 is indicated in the chart below:

Chart 1: Sector-wise investment in PSUs

(Figures in ₹ crore)



Keeping in view the huge investment in the power sector, the results of audit of six power sector PSUs have been presented in Part I⁷ of this report and of the 12 PSUs (other than power sector) in Part II⁸ of the report.

⁷ Part I includes Chapter I (Functioning of Power Sector Undertakings), Chapter-II (Performance Audit relating to Power Sector Undertakings) and Chapter-III (Compliance Audit Observations relating to Power Sector Undertakings).

⁸ Part II includes Chapter IV (Functioning of PSUs other than Power Sector) and Chapter-V (Compliance Audit Observations relating to PSUs other than Power Sector).

PART-I
Power Sector Undertakings

CHAPTER-I
Functioning of Power Sector
PSUs

Chapter I

Functioning of Power Sector PSUs

1. Introduction

1.1 The power sector companies play an important role in the economy of the State. Apart from providing a critical infrastructure required for development of the State's economy, the sector also adds significantly to the GDP of the State. A ratio of Power Sector PSUs' turnover to Gross State Domestic Product (GSDP) shows the extent of activities of PSUs in the State economy. The table below provides the details of turnover of the power sector PSUs and GSDP of State of Bihar for a period of five years ending March 2019.

Table 1.1: Details of turnover of power sector PSUs vis-a-vis GSDP of State of Bihar

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover	7,999.54	10,574.59	11,188.95	11,607.25	15,093.67
Percentage change in turnover as compared to turnover of preceding year	-	32.19	5.81	3.74	30.04
GSDP of Bihar	3,42,951.00	3,69,469.00	4,25,888.00	4,87,628.00	5,15,634.00
Percentage change in GSDP as compared to GSDP of preceding year	-	7.73	15.27	14.50	5.74
Percentage of Turnover to GSDP of Bihar	2.33	2.86	2.63	2.38	2.93

Source: Compiled based on Turnover figures of Power Sector PSUs accounts and GSDP figures as per Economic Review 2018-19 of Government of Bihar.

The turnover of power sector PSUs has recorded continuous increase and it ranged between 3.74 per cent and 32.19 per cent during the period 2014-19, whereas increase in GSDP of Bihar ranged between 5.74 per cent and 15.27 per cent during the same period. The compounded annual growth¹ of GSDP was 10.73 per cent during the last four years. The compounded annual growth is a useful method to measure growth rate over multiple time periods. Against the compounded annual growth of 10.73 per cent of the GSDP, the turnover of power sector PSUs recorded higher compounded annual growth of 17.20 per cent during last four years. This resulted in increase in share of turnover of these power sector PSUs to the GSDP from 2.33 per cent in 2014-15 to 2.93 per cent in 2018-19.

Formation of Power Sector PSUs

1.2 The State Government formulated (30 October 2012) the Bihar Power Sector Reforms Transfer Scheme 2012 (BPSRT Scheme 2012) for unbundling of Bihar State Electricity Board (BSEB) and transfer of assets, properties, liabilities, obligations, proceedings and personnel of BSEB to five Power Sector companies including Holding Company {i.e. Bihar State Power (Holding) Company Limited (BSPHCL), South Bihar Power Distribution Company Limited (SBPDCL), North Bihar Power Distribution

¹ Rate of Compounded Annual Growth = $\left\{ \left(\frac{\text{Value of 2018-19}}{\text{Value of 2014-15}} \right)^{\frac{1}{4 \text{ years}}} - 1 \right\} * 100$.

Company Limited (NBPDC), Bihar State Power Generation Company Limited (BSPGCL) and Bihar State Power Transmission Company Limited (BSPTCL)}.

These five Power Sector companies came into existence *w.e.f.* 1 November, 2012 and all the assets and liabilities of BSEB (including equity of ₹ 8,923.96 crore) were distributed among these companies according to the provisions of the BPSRT Scheme 2012.

Other two Power Sector companies namely Lakhisarai Bijlee Company Private Limited (LBCPL) and Pirpainti Bijlee Company Private Limited (PBCPL) were incorporated in May 2007 and subsequently became subsidiary companies of BSPGCL in May 2013. One Power Sector Company namely Bihar Grid Company Limited was incorporated in January 2013 as a Joint venture of BSPHCL and Power Grid Corporation of India Limited (PGCIL). However, the State Government did not infuse any equity in these companies till 2018-19.

Besides these eight companies, one other Power Sector company² for hydro generation of power was incorporated on 31 March 1982 by infusing equity of ₹ 80 crore. Thus, there were nine Power Sector companies in the State as on 31 March 2019. Of these nine Power Sector companies, two companies³ did not commence commercial activities till 2018-19.

Disinvestment, restructuring and privatisation of Power Sector PSUs

1.3 No Disinvestment, restructuring and privatisation of Power Sector PSUs was done during this period in the state of Bihar.

Investment in Power Sector PSUs

1.4 The activity-wise summary of investment in the power sector PSUs as on 31 March 2019 is given below:

Table 1.2: Activity-wise investment in power sector PSUs

Activity	Number of government PSUs	Investment (₹ in crore)		
		Equity	Long term loans	Total
Generation of Power	1	4,812.96	--	4,812.96
Transmission of Power	2	7,932.60	1,596.97	9,529.57
Distribution of Power	2	21,412.61	2,525.06	23,937.67
Other ⁴	1	1,147.42	438.50	1,585.92
Total	6	35,305.59⁵	4,560.53	39,866.12
PSUs not covered in the report⁶	3	99.06	508.02	607.08
Total	9	35,404.65	5,068.55	40,473.20

Source: Compiled based on annual accounts of PSUs and information furnished by PSUs

² Bihar State Hydroelectric Power Corporation Limited (BSHPCL).

³ Lakhisarai Bijlee Company Private Limited and Pirpainti Bijlee Company Private Limited.

⁴ Bihar State Power Holding Company Limited. [Sl. no. 6 and Sl. No. 3 of *Annexure 1.1* {₹ 975.73 crore + (1/2 of ₹ 343.37 crore)}].

⁵ Equity comprised ₹ 35,133.90 crore invested by GoB in Bihar State Power Holding Company Limited and excludes reinvestment into its four subsidiary companies and one Joint Venture company.

⁶ This report does not include three PSUs (BSHPCL, LBCPL and PBCPL) whose accounts were in arrear for three years or more or first accounts were not received.

As on 31 March 2019, the total investment (equity and long term loans) in six power sector PSUs was ₹ 39,866.12 crore. The investment consisted of 88.56 per cent towards equity and 11.44 per cent in long-term loans.

The Long term loans advanced by the State government constituted 24.64 per cent (₹ 1,123.77 crore) of the total long term loans, whereas 75.36 per cent (₹ 3,436.76 crore) of the total long term loans were availed from other financial institutions. However, during 2016-17, the State Government has taken over ₹ 2,331.78 crore (75 per cent) of the outstanding debts (₹ 3,109.06 crore) of the DISCOMs as on 30 September 2015 under Ujwal DISCOM Assurance Yojana⁷ (UDAY) scheme.

Budgetary Support to Power Sector PSUs

1.5 The Government of Bihar provides financial support to power sector PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity during the year in respect of power sector PSUs for the last three years ending March 2019 are as follows:

Table 1.3: Details of budgetary support to power sector PSUs during the years

(₹ in crore)

Particulars ⁸	2016-17		2017-18		2018-19	
	No of PSUs	Amount	No of PSUs	Amount	No of PSUs ⁹	Amount
Equity Capital outgo (i)	1	5,272.04	1	8,970.63	1	5,035.36
Loans given (ii)	3	227.24	1	20.75	4	440.78
Grants/Subsidies provided (iii)	4	6,494.66	3	2,650.49	3	7,521.42
Total Outgo (i+ii+iii)	5	11,993.94	5	11,641.87	5	12,997.56
Loan repayment/ written off	-	-	-	-	-	-
Loans converted into equity	1	1,197.60	-	-	1	340.55
Guarantees Outstanding	3	3,235.63	3	6,011.76	3	3,360.85
Guarantee Commitment	4	8,885.85	4	9,764.69	3	6,200.70

Source: Compiled based on annual accounts of PSUs and information furnished by PSUs.

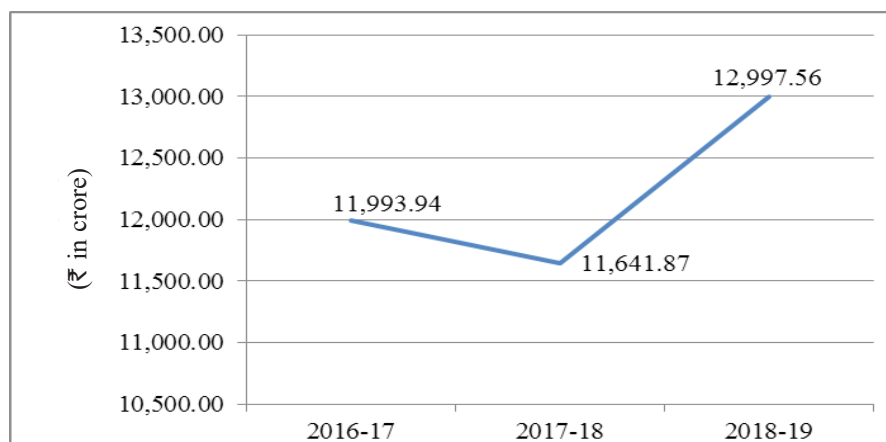
The details of budgetary support towards equity, loans and grants/ subsidies for the last three years ending March 2019 are indicated in the following chart.

⁷ Scheme launched by Ministry of Power and GoI for financial and operational turnaround of DISCOMs.

⁸ Amount represents outgo from State Budget only.

⁹ GoB released equity directly to the two DISCOMS and two subsidiaries on behalf of their holding company i.e. BSPHCL against which these subsidiaries issued shares to their holding company. Therefore, for the purpose of infusion of Government's fund, only holding company on behalf of its subsidiaries has been considered. The remaining one Power Sector PSUs is a Joint venture company.

Chart 1.1: Budgetary support towards Equity, Loans and Grants/ Subsidies



The budgetary assistance received by these PSUs during the year ranged between ₹ 11,993.94 crore and ₹ 12,997.56 crore during the period 2016-17 to 2018-19. The budgetary assistance of ₹ 12,997.56 crore received during the year 2018-19 included ₹ 5,035.36 crore, ₹ 440.78 crore and ₹ 7,521.42 crore in shape of equity, loan and grants/subsidy respectively.

Besides, the Ministry of Power (MoP), Government of India also launched (20 November 2015) UDAY Scheme for operational and financial turnaround of State owned power distribution companies (DISCOMs). The provisions of UDAY and status of implementation of the scheme by two DISCOMs are discussed under *Paragraph 1.22* of this Chapter. During 2016-17, the State Government has taken over ₹ 2,331.78 crore (75 per cent) of the outstanding debts (₹ 3,109.06 crore) of the DISCOMs as on 30 September 2015. The addition in equity was mainly towards capital investment and execution of various projects.

In order to enable PSUs to obtain financial assistance from Banks and Financial Institutions, State Government gives guarantee for which a guarantee fee is charged. As per the resolution No. 7498 dated 5 July 1974 of GoB, the PSU is liable to pay the guarantee fee at 1/8 per cent annually on the guarantee amount of more than ₹ 10 lakh. In case of three PSUs¹⁰, outstanding guarantee was ₹ 3,360.85 crore as on 31 March 2019. However, none of the PSUs paid any guarantee fees as on 31 March 2019.

Reconciliation with Finance Accounts of Government of Bihar

1.6 The figures in respect of equity, loans and guarantees outstanding provided by GoB to all nine Power Sector State PSUs which are in the records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the GoB. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2019 is stated below:

¹⁰ North Bihar Power Distribution Company Limited, South Bihar Power Distribution Company Limited and Bihar State Hydroelectric Power Corporation Limited.

Table 1.4: Equity, Loans and Guarantee outstanding as per Finance Accounts vis-à-vis records of power sector PSUs*(₹ in crore)*

Form of investment	As per Finance Accounts	As per records of power sector PSUs	Difference
Equity	35,597.55	35,232.94	364.61
Loans	2,209.68	1,362.12	847.56
Guarantees	3,717.26	3,360.85	356.41

Source: Compiled based on information received from PSUs, Finance Accounts.

The differences between the figures are persisting since last many years. The issue of reconciliation of differences was also taken up with the PSUs/ Departments from time to time. We, therefore, recommend that the State Government and the PSUs should reconcile the differences in a time-bound manner.

Submission of accounts by Power Sector PSUs

Timeliness in preparation of accounts by Power Sector PSUs

1.7 There were nine power sector PSUs under the audit purview of CAG as of 31 March 2019. Accounts for the year 2018-19 were submitted by four working PSUs by 31 December 2019. Details of arrears in submission of accounts of power sector PSUs as on 31 December of each financial year for the last five years ending 31 March 2019 are given below:

Table 1.5: Position relating to submission of accounts of Power Sector PSUs

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Number of PSUs	9	9	9	9	9
2.	Number of accounts submitted during current year	6	6	11	6	14
3.	Number of PSUs which finalised accounts for the current year	5	1	6	1	4 ¹¹
4.	Number of previous year accounts finalised during current year	1	5	5	5	10
5.	Number of PSUs with arrears in accounts	4	8	3	8	5
6.	Number of accounts in arrears	23	26	24	27	22
7.	Extent of arrears	One to 14 Years	One to 15 Years	Four to 16 years	One to 12 years	Six to Eight years

Source: Compiled based on accounts of PSUs received till 31 December 2019.

¹¹ Two Power Sector PSUs viz. Bihar State Power Holding Company Limited and Bihar State Power Generation Company Limited submitted its accounts for the year 2018-19. However, their accounts were returned due to non-preparation of Consolidated Financial Statements.

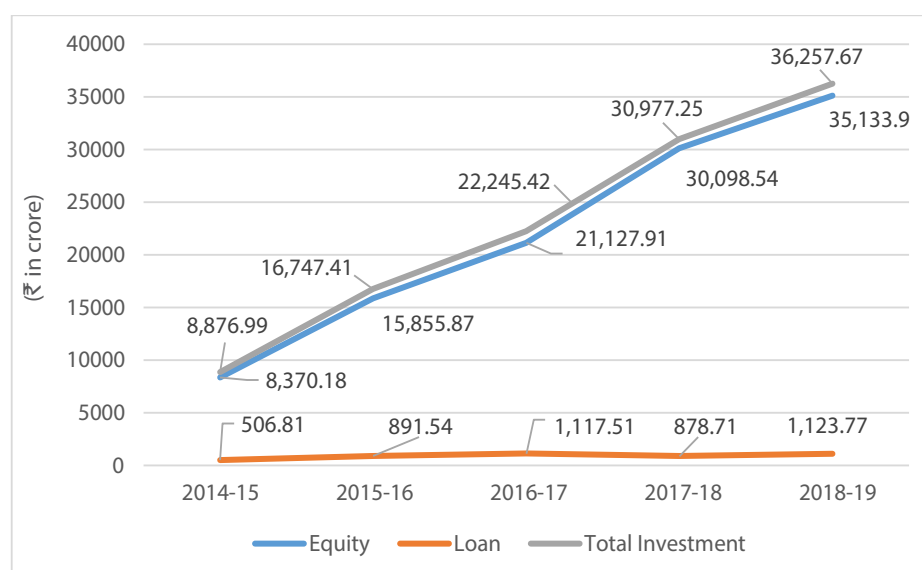
Performance of Power Sector PSUs

1.8 The financial position and working results of six power sector Companies as per their latest finalised accounts¹² as of 31 December 2019 are detailed in *Annexure-1.1*

The Public Sector PSUs are expected to yield reasonable return on investment made by Government in the PSUs. The total investment of State Government and others in the Power Sector PSUs as on 31 March 2019 was ₹ 39,866.12 crore consisting of ₹ 35,305.59 crore as equity and ₹ 4,560.53 crore as long-term loans as detailed in *Annexure-1.2*. Out of this, Government of Bihar has investment of ₹ 36,257.67 crore in six Power Sector PSUs¹³ consisting of equity of ₹ 35,133.90 crore and long-term loans of ₹ 1,123.77 crore.

The year wise status of investment of GoB in the form of equity and long-term loans in the Power Sector PSUs during the period 2014-15 to 2018-19 is as follows:

Chart 1.2: Total investment of GoB in Power Sector PSUs



The profitability of a company is traditionally assessed through return on investment, return on equity and return on capital employed. Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity and long term loans and is expressed as a percentage of profit to total investment. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed. Return on Equity is a measure of performance calculated by dividing net profit after tax by shareholders' fund.

¹² Accounts for the latest year up to 2018-19 finalised till December 2019.

¹³ GoB released equity to the Bihar State Power Holding Company Limited on behalf of their subsidiaries. Therefore, for the purpose of Infusion of Government's fund, only holding companies on behalf of their subsidiaries have been considered. Remaining five Power Sector PSUs are Subsidiaries and Joint Ventures.

Return on Investment

1.9 Return on investment is the percentage of profit or loss to the total investment. Position of Power Sector PSUs which earned/incurred profit/loss during 2014-15 to 2018-19 is given below:

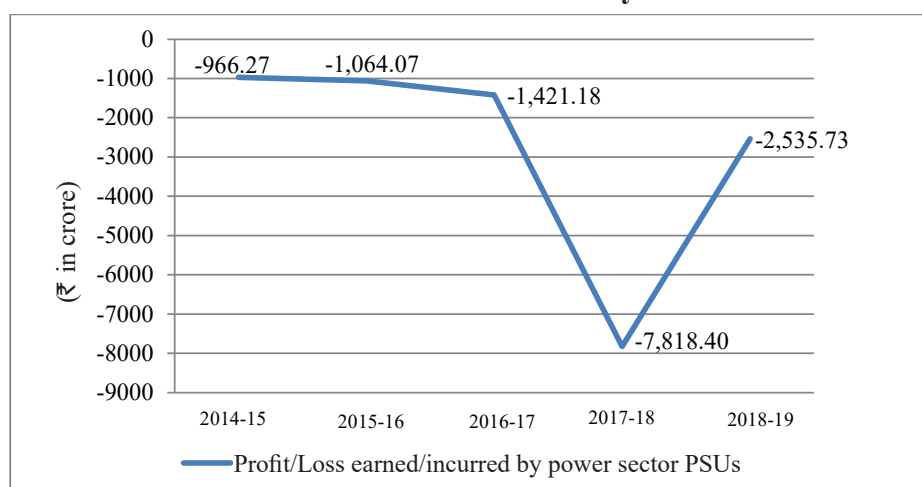
Table 1.6: Power Sector PSUs which earned profit /incurred loss

Financial year	PSUs in power sector	Number of PSUs which earned profits during the year	Number of PSUs which incurred loss during the year	Number of PSUs which had No profit/ loss during the year
2014-15	6	1	2	3
2015-16	6	1	2	3
2016-17	6	1	4	1
2017-18	6	2	4	-
2018-19	6	2	3	1

Rate of Real Return on Investment

1.10 Rate of Real Return on investment is the percentage of profit or loss to the Present Value (PV) of total investment. The overall position of Profit/losses¹⁴ earned/incurred by all the Power Sector PSUs during 2014-15 to 2018-19 is depicted in following chart 1.3.

Chart 1.3: Profit/Losses earned/incurred by Power Sector PSUs



The losses incurred by these PSUs has increased to ₹ 2,535.73 crore in 2018-19 from ₹ 966.27 crore in 2014-15. According to latest finalised accounts of PSUs covered in this report, two PSUs earned profit of ₹ 172.12 crore, three PSUs incurred loss of ₹ 2,707.85 crore and one PSU achieved no profit or loss (*Annexure- 1.1*).

The top profit making companies were Bihar State Power Transmission Company (₹ 147.28 crore) and Bihar Grid Company Limited (₹ 24.84 crore). The significant losses were incurred by South Bihar Power Distribution Company Limited (₹ 1,813.09 crore), North Power Distribution Company Limited (₹ 595.64 crore) and Bihar State Power Generation Company Limited (₹ 299.12 crore).

¹⁴ Figures are as per the latest finalised accounts during the respective years.

(a) Rate of Real Return (RORR) on the basis of historical cost of investment

1.11 For the purposes of calculation of the RORR, the total figure of investment of Government of Bihar, Government of India and others in these Power Sector PSUs has been arrived at by considering the equity, adding interest free loans and deducting interest free loans which were later converted into equity/interest bearing loans for each year, grants, subsidies for operational and management expenses minus disinvestments.

The total investment in the form of equity and loan was made by GoB only. The Rate of Real Return on investment on historical cost basis for the period 2014-15 to 2018-19 is as given below:

Table 1.7: Rate of Real Return on Investment on historical cost basis

(₹ in crore)

Financial year	Investment by GoB in form of Equity, interest free loans and Grants, Subsidies on historical cost basis	Investment by GoI in form of Grants, Subsidies on historical cost basis	Investment by others in form of Equity and Grants, Subsidies on historical cost basis	Total Investment in the form of equity, interest free loans and grants/subsidies on historical cost basis	Total Earnings/Losses for the year	Rate of Real Return on Investment (in per cent)
2014-15	8,370.18	0	0	8,370.18	-966.27	-11.54
2015-16	15,855.87	0	0	15,855.87	-1,064.07	-6.71
2016-17	21,127.91	0	0	21,127.91	-1,421.18	-6.73
2017-18	30,098.54	0	0	30,098.54	-7,818.40	-25.98
2018-19	35,133.90	0	0	35,133.90	-2,535.73	-7.22

The table indicates that during the last five years i.e. from 2014-15 to 2018-19 the Rate of Real Return on Investment on historical cost basis continued to remain negative.

(b) On the basis of Present Value of Investment

1.12 In view of the significant investment by Government of Bihar in the six Power Sector companies, return on such investment is essential from the perspective of State Government. Traditional calculation of return based only on historical cost of investment ignores the present value of money. Therefore, the return on investment has also been calculated after considering the Present Value (PV) of money to arrive at the real return on investment made by GoB. PV of the State Government investment was computed where funds had been infused by the State Government in the shape of equity, interest free/defaulted long term loans and Capital grants since formation of these companies after unbundling of erstwhile Electricity Board (2012) till 31 March 2019.

The Present value (PV) of the State Government investment in power sector PSUs was computed on the basis of following assumptions:

- Interest free/defaulted long term loans and Capital Grants have been considered as investment infusion by the State Government. Further,

in those cases where interest free loans given to the PSUs were later converted into equity, the amount of loan converted into equity has been deducted from the amount of interest free loans and added to the equity of that year. The funds made available in the form of revenue grants and subsidies have not been reckoned as investment except in the case of grant given under UDAY scheme.

- The average rate of interest on government borrowings for the concerned financial year¹⁵ was adopted as compounded rate for arriving at Present Value since they represent the cost incurred by the government towards investment of funds for the year.

1.13 The position of State Government investment in six power sector companies in the form of equity, interest free/defaulted loans and capital grants since inception of these companies till 31 March 2019 and the consolidated position of the PV of the State Government investment relating to them since 2012-13 till 31 March 2019 is indicated in following Table:

Table 1.8: Year wise details of investment by the state government and present value (PV) of government funds from 2012-13 to 2018-19

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the state government during the year	Total interest free/defaulted loans and capital grant	Total investment during the year	Average rate of interest on government borrowings (in %)	Total investment at the end of the year	present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year ¹⁶
i	ii	iii	iv	v=iii+iv	vi	vii=ii+v	viii = {vii * (1+vi/100)}	ix = {vii*vi/100}	x
2012-13	0.00	8,923.96	1,575.29	10,499.25	5.79	10,499.25	11,107.16	607.91	-148.45
2013-14	11,107.16	0.00	3,181.36	3,181.36	6.68	14,288.52	15,242.99	954.47	-367.14
2014-15	15,242.99	0.00	1,221.57	1,221.57	6.59	16,464.56	17,549.57	1,085.01	-966.27
2015-16	17,549.57	6,931.91	1,423.14	8,355.05	6.58	25,904.62	27,609.15	1,704.52	-1,064.07
2016-17	27,609.15	5,272.04	5,218.41	10,490.45	6.42	38,099.60	40,545.59	2,445.99	-1,421.18
2017-18	40,545.59	8,970.63	222.89	9,193.52	6.13	49,739.11	52,788.12	3,049.01	-7,818.40
2018-19	52,788.12	5,035.36	3,077.41	8,112.77	6.18	60,900.89	64,664.57	3,763.68	-2,535.73
Total	1,64,842.58	35,133.90	15,920.07	51,053.97					

The balance of investment of the State Government in these power sector companies at the end of the year increased to ₹ 51,053.97 crore in 2018-19 from ₹ 10,499.25 crore in 2012-13 as the State Government made further investments in shape of equity (₹ 26,209.94 crore), loans (₹ 649.98 crore), capital grants (₹ 11,363.02 crore) and UDAY grant (₹ 2,331.78 crore). The PV of investments of the State Government upto 31 March 2019 worked out to ₹ 64,664.57 crore.

¹⁵ The average rate of interest on government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Bihar) for the concerned year wherein the calculation for the average rate for interest paid = Interest Payment / [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100.

¹⁶ Total Earnings for the year depict total of net earnings (profit/loss) for the concerned year relating to those Power Sector PSUs where funds were infused by State Government.

It could be seen that total earnings for the year relating to these PSUs remained negative during 2012-13 to 2018-19 which indicates that instead of generating returns on the invested funds to recover the cost of funds to the Government, they have accumulated huge losses over the years making them commercially unviable. When the Power companies incur losses, a more appropriate measure of performance is the erosion of net worth due to these losses. The erosion of net worth of the company is commented upon in *Paragraph 1.14*.

Erosion of Net worth

1.14 Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure.

As on 31 March 2019 there were three PSUs with accumulated losses of ₹ 15,934.17 crore. All the three PSUs, incurred losses in the year 2018-19 amounting to ₹ 2,707.85 crore. No PSUs were under winding up/closure/liquidation/strategic disinvestment.

The following table indicates paid up capital, accumulated profit/loss and net worth of loss making Power Sector PSUs (where funds were infused by GoB) during the period 2014-15 to 2018-19:

Table 1.9: Net worth of loss making Power Sector PSUs during 2014-15 to 2018-19

(₹ in crore)

Year	No. of PSUs	Paid up Capital at end of the year	Accumulated Profit (+)/ Loss (-) at end of the year	Deferred revenue Expenditure	Net worth
2014-15	2	3,520.17	-3,182.75	-	337.42
2015-16	2	8,013.41	-4,256.36	-	3,757.05
2016-17	4	14,307.16	-5,679.07	-	8,628.09
2017-18	4	23,325.56	-14,791.01	-	8,534.55
2018-19	3	26,225.57	-15,934.17	-	10,291.40

However, despite infusion of substantial capital, the accumulated losses of these power PSUs increased from ₹ 3,182.75 crore in 2014-15 to ₹ 15,934.17 crore in 2018-19.

Dividend Payout

1.15 The State Government has not formulated a dividend policy under which all profit making PSUs are required to pay a minimum return. As per their latest finalised accounts, out of six Power Sector PSUs, two PSUs earned an aggregate profit of ₹ 172.12 crore during 2018-19, but none of them declared dividend. Dividend Payout relating to six Power Sector PSUs where equity was infused by GoB during the period 2014-15 to 2018-19 is shown in following table :

Table 1.10: Dividend Payout of six Power Sector PSUs during 2014-15 to 2018-19

(₹ in crore)

Year	Total PSUs where equity infused by GoB		PSUs which earned profit during the year		PSUs which declared/paid dividend during the year		Dividend Payout Ratio (%)
	Number of PSUs	Equity infused by GoB	Number of PSUs earning profit	Profit Earned	Number of PSUs	Dividend declared/paid by PSUs	
1	2	3	4	5	6	7	8=7/5*100
2014-15	6	8,370.18	1	78.07	-	-	-
2015-16	6	15,855.87	1	9.54	-	-	-
2016-17	6	21,127.91	1	1.53	-	-	-
2017-18	6	30,098.54	2	287.94	-	-	-
2018-19	6	35,133.90	2	172.12			

During the period 2014-15 to 2018-19, the number of PSUs which earned profits ranged between one and two. None of the PSU declared/paid dividend to GoB. Further analysis disclosed that none of these companies have declared/paid dividend since inception.

Return on Equity

1.16 Return on Equity (ROE)¹⁷ is a measure of financial performance to assess how effectively management is using company's assets to create profits. It is calculated by dividing net income (i.e. net profit after taxes) by shareholders' fund and expressed as a percentage. ROE has been calculated for those PSUs where funds had been infused by the State Government and whose shareholders' fund was positive during the respective years.

The details of Shareholders' fund and ROE of these power sector PSUs¹⁸ during the period from 2014-15 to 2018-19 are given in table below:

Table 1.11: Return on Equity relating to Power Sector PSUs where funds were infused by the GoB

Year	No. of PSUs	Net Income/ total Earnings for the year ¹⁹ (₹ in crore)	Shareholders' Fund (₹ in crore)	ROE (%)
2014-15	5	-218.72	6,939.14	-3.15
2015-16	6	-1,064.07	11,706.09	-9.09
2016-17	6	-1,421.18	15,664.56	-9.07
2017-18	5	-2,786.67	15,573.15	-17.89
2018-19	6	-2,535.73	19,737.08	-12.85

¹⁷ Return on Equity = (Net Profit after Tax and preference Dividend/Equity)*100 where Equity = Paid up Capital + Free Reserves – Accumulated Loss – Deferred Revenue Expenditure

¹⁸ During 2016-17 and 2018-19, ROE has been calculated in respect of all six Power Sector PSUs covered in the Report as there Shareholders' Fund was positive during these years. For 2017-18, ROE has been calculated in respect of five Power Sector PSUs excluding Bihar State Power Generation Company Limited whose shareholders' fund as well as net income was negative during the year.

¹⁹ As per annual accounts of the respective years.

As can be seen from the above table, the ROE has remained negative due to increase in losses incurred by State Power Distribution Companies.

Return on Capital Employed

1.17 Return on Capital Employed (ROCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed.

ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed²⁰. The details of ROCE of PSUs covered in this report during the period from 2014-15 to 2018-19 are given in table below:

Table 1.12: Return on Capital Employed

Year	No. of PSUs	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (%)
2014-15	3	-706.54	9,353.83	-7.41
2015-16	3	-589.38	16,599.83	-3.55
2016-17	5	-956.32	22,334.80	-4.28
2017-18	6	-7,374.88	22,277.51	-33.10
2018-19	5	-1,643.13	24,297.61	-6.76

The ROCE of the Power Sector PSUs ranged between -33.10 *per cent* and -4.28 *per cent* during the period 2014-15 to 2018-19 as the Earnings before Interest and Tax (EBIT) of these PSUs were remained negative.

Analysis of Long term loans of the Companies

1.18 The analysis of the long term loans of the companies during 2014-15 to 2018-19 was carried out to assess the ability of the companies to service the debt owed by the companies to Government, banks and other financial institutions. This is assessed through the Interest coverage ratio.

Interest Coverage Ratio

1.19 Interest coverage ratio is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lessor the ability of the company to pay interest on debt. An interest coverage ratio of below one indicates that the company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio of PSUs which had outstanding loans covered in the report during the period from 2014-15 to 2018-19 are given in the following table:

²⁰ Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised.

Table 1.13: Interest coverage ratio

Year	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Number of companies having interest coverage ratio more than 1	Number of companies having interest coverage ratio less than 1
1	2	3	4	5	6
2014-15	241.21	-803.13	2	0	2
2015-16	472.00	-589.38	3	1	2
2016-17	461.70	-954.50	4	2	2
2017-18	378.37	-2,343.15	5	2	3
2018-19	392.64	-1,344.01	4	2	2

As indicated in columns 4 and 5 in Table 1.13, the number of Power Sector PSUs with liability of interest bearing loans ranged between two to five companies during 2014-15 to 2018-19 whereas the interest coverage ratio of more than one ranged between one to two companies.

During 2018-19, four out of the six PSUs were having liability of interest bearing loans, out of which two PSUs²¹ had interest coverage ratio of more than one where as remaining two PSUs had negative/less than one interest coverage ratio. This indicates that these PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

Debt-Turnover Ratio

1.20 The turnover and debt of the nine power sector PSUs recorded compounded annual growth of 17.20 per cent and 2.75 per cent during the last four years respectively. Hence, Debt-Turnover Ratio changed from 0.51 in 2014-15 to 0.30 in 2018-19 as given in table below:

Table 1.14: Debt Turnover ratio relating to the Power Sector PSUs

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government/ Banks and Financial Institutions	4,092.31	5,092.98	6,670.22	6,979.43	4,560.53
Turnover	7,999.54	10,574.59	11,188.95	11,607.25	15,093.67
Debt-Turnover Ratio	0.51:1	0.48:1	0.60:1	0.60:1	0.30:1

Source: Compiled based on information received from PSUs

Age wise analysis of interest outstanding on State Government Loans

1.21 As on 31 March 2019, interest amounting to ₹ 177.93 crore was outstanding on the long-term loans of four PSUs provided by GoB. The age wise analysis of interest outstanding on GoB Loans in PSUs is depicted in Table No 1.15.

²¹ Bihar State Power Transmission Company Limited and Bihar Grid Company Limited.

Table 1.15: Interest outstanding on State Government Loans

Sl. No.	Name of PSU	Outstanding interest on loans (₹ in crore)	Outstanding for less than one year (₹ in crore)	Outstanding for one to three years (₹ in crore)	Outstanding for more than three years (₹ in crore)
1	Bihar State Power Transmission Company Limited	121.45	--	121.45	--
2	South Bihar Power Distribution Company Limited	18.75	4.58	14.17	--
3	North Bihar Power Distribution Company Limited	37.73	21.32	16.41	--
	Total	177.93	25.90	152.03	--

Assistance under Ujwal DISCOM Assurance Yojana (UDAY)

1.22 The Ministry of Power (MoP), Government of India launched (20 November 2015) Ujwal DISCOM Assurance Yojana (UDAY Scheme) for operational and financial turnaround of State owned Power Distribution Companies (DISCOMs). As per provisions of UDAY Scheme, the participating States were required to undertake following measures for operational and financial turnaround of DISCOMs:

Scheme for improving operational efficiency

1.22.1 The participating States were required to undertake various targeted activities like compulsory feeder and distribution transformer (DT) metering, consumer indexing and GIS mapping of losses, upgrading or changing transformers and meters, smart metering of all consumers consuming above 200 units per month, demand side management (DSM) through energy efficient equipments, quarterly revision of tariff, comprehensive Information Education and Communication (IEC) campaign to check theft of power, assure increased power supply in areas where the AT&C losses have been reduced for improving the operational efficiencies. The timeline prescribed for these targeted activities were also required to be followed so as to ensure achievement of the targeted benefits *viz.* ability to track losses at feeder and DT level, identification of loss making areas, reduce technical losses and minimise outages, reduce power theft and enhance public participation for reducing the theft, reduce peak load and energy consumption *etc.* The outcomes of operational improvements were to be measured through indicators *viz.* reduction of AT&C loss to 15 *per cent* in 2019-20 as per loss reduction trajectory finalised by the MoP and GoB, reduction in gap between average cost of supply and average revenue realised to zero by 2019-20.

Scheme for financial turnaround

1.22.2 The participating States were required to take over 75 *per cent* of DISCOMs debt by 30 September 2018 *i.e.* 50 *per cent* in 2015-16 and 25 *per cent* in 2016-17. The scheme for financial turnaround *inter alia* provided that:

- State will issue 'Non Statutory Liquidity Ratio (Non-SLR) bonds' and the proceeds realised from issue of such bonds shall be transferred to the DISCOMs which in turn shall discharge the corresponding amount of Banks/ financial institutions' debt. The bonds so issued will have a maturity period of 10-15 years with a moratorium on repayment of principal upto five years.
- Debt of DISCOM will be taken over in the priority of debt already due, followed by debt with higher cost.
- The transfer to the DISCOM by the State in 2015-16 and 2016-17 will be as a grant which can be spread over three years with the remaining transfer through State loan to DISCOM. In exceptional cases, 25 per cent of grant can be given as equity.

Implementation of the UDAY Scheme

1.22.3 The status of implementation of the UDAY Scheme is detailed below:

A. Achievement of operational parameters

The achievements *vis-a-vis* targets under UDAY Scheme regarding different operational parameters relating to the two State DISCOMs were as under:

Table 1.16: Parameter wise achievements vis-a-vis targets of operational Performance up to 31 December 2019

Parameters	Target		Achievement		Achievement (in Percentage)	
	NBPDCL	SBPDCL	NBPDCL	SBPDCL	NBPDCL	SBPDCL
Operational:						
Feeder Metering (Rural) (in Nos.)	1,122	1,041	1,122	1,041	Achieved	Achieved
Feeder Metering (Urban) (in Nos.)	217	374	217	374	Achieved	Achieved
Distribution Transformer Metering (Rural) (in Nos.)	34,229	28,693	0	0	0	0
Distribution Transformer Metering (Urban) (in Nos.)	3,919	10,523	3,919	11,249	Achieved	Achieved
Rural Feeder Audit (in Nos.)	679	667	0	0	0	0
Feeder Segregation (in Nos.)	747	565	688	398	92.10	70.44
Smart Metering above 200 KWH (in Nos.)	71,566	4,62,288	4,716	1,803	0.07	0.004
Electricity Access to un-connected households (in lakh)	46.01	47.80	51.96	49.02	Achieved	Achieved
Distribution of LEDs under UJALA Scheme (in lakh)	39.30	68	85.59	112.01	Achieved	Achieved
Financial:						
Taken over of debt by GoB (₹ in crore)	1,826.54	1,282.51	1,826.54	1,282.51	Achieved	Achieved
Reduction of AT & C Loss ²² (in per cent)	15	15	34.7	34.04	Not Achieved	Not Achieved
ACS-ARR GAP (₹ per unit)	0.07	0.24	0.34	0.78	Achieved	Not Achieved
Tariff revision in time	Timely filing of tariff petition					

Source: Information furnished by DISCOMs.

²² Aggregate Technical and Commercial losses consist of Technical Losses in the form of Transmission & Distribution (T&D) loss and Commercial Losses attributable to non-recovery of the billed amount and lack of collection efficiency.

The DISCOMs have not initiated action for rural feeder audit and Distribution Transformer metering. Whereas in urban areas the DT meters did not serve the purpose as no energy accounting have been done at DT level. They have also performed poorly in areas of smart metering. GoB had taken over 75 per cent debt of DISCOMs i.e. ₹ 3,109.05 crore (₹ 1,826.54 crore + ₹ 1,282.51 crore) as on 30 September 2015, however again the debt of DISCOMs accumulated and increased from an amount of ₹ 3,109.05 crore to ₹ 6,856.66 crore (₹ 3,732.01 crore + ₹ 3,124.65 crore). Further, going by the current trend of progress, the DISCOMs will find it difficult to achieve the most important target of reduction of AT&C loss to 15 per cent by 31 March 2020.

This is also evident from the performance of DISCOMs during the period 2014-15 to 2018-19 as given below:

Table 1.17: Performance of DISCOMs for the period of 2014-15 to 2018-19

Year	Reduction of AT & C Loss (in per cent)				Billing efficiency (in per cent)		GAP ²³ (ACS-ARR) (₹ per unit)				Profit /Loss (₹ in crore)	
	NBPDC		SBPDCL		NBPDC	SBPDCL	NBPDC		SBPDCL		NBPDC	SBPDCL
	Target	Achievement	Target	Achievement			Target	Achievement	Target	Achievement		
2014-15	-	35.34	-	45.83	70.50	54.93	-	0.42	-	0.72	-296.81	-747.54
2015-16	40.00	32.98	44.00	46.22	72.61	56.09	1.79	0.38	2.00	0.58	-339.42	-734.17
2016-17	34.00	32.87	38.00	42.75	74.38	64.41	1.25	0.53	1.39	0.68	-294.96	-962.01
2017-18	28.00	34.34	30.00	38.35	79.62	65.20	0.83	0.09	0.85	0.37	-362.22	-2,287.28
2018-19	20.00	27.35	22.00	32.61	76.08	67.71	0.48	0.25	0.34	0.66	-595.63	-1,813.09

Source: UDAY Dashboard and Annual Accounts of DISCOMs.

It is evident from the above table that the DISCOMs failed to achieve the target in reduction of AT&C loss. In 2018-19, NBPDC and SBPDCL achieved 27.35 per cent and 32.61 per cent against target of 20 per cent and 22 per cent respectively. Further, it is also observed that due to low billing efficiency, DISCOMs could not achieve the target of reduction of AT&C Loss. As a result, the losses of DISCOMs have increased during the period 2014-15 to 2018-19.

Comments on Accounts of Power Sector PSUs

1.23 Seven power sector companies forwarded their 14 audited accounts to the Principal Accountant General during 1 January 2019 to 31 December 2019. All 14 accounts were selected for supplementary audit. The Audit Reports of Statutory Auditors and supplementary audit conducted by the CAG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the CAG for the accounts of 2016-19 are as follows:

²³ GAP = Average cost of supply – Average realisation revenue
 Average cost of supply = Total expenditure/total input energy (in units)
 Average realisation revenue = Revenue from sale of power/total input energy (in units)

Table 1.18: Impact of audit comments on Power Sector Companies*(₹ in crore)*

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1	Decrease in profit	-	-	1	8.72	1	271.15
2	Increase in profit	-	-	1	191.75	1	0.15
3	Increase in loss	3	112.92	2	15.96	1	87.62
4	Decrease in loss	-	-	1	700.84	-	-
5	Non-disclosure of material facts	3	93.42	1	277.96	2	285.92
6	Errors of classification	2	25.38	1	4.24	1	12.50

Source: Compiled from comments of the Statutory Auditors/ C&AG in respect of Government companies.

During the year 2018-19, the Statutory Auditors had issued qualified certificates on 13 accounts. Compliance to the Accounting Standards by the PSUs remained poor as the Statutory Auditor had pointed out 61 instances of non-compliance to the Accounting Standards in 10 accounts. CAG has also declined to give an opinion in view of the serious shortcomings in respect of Bihar State Hydroelectric Power Corporation Limited for the year 2006-07 to 2009-10, South Bihar Power Distribution Company Limited for the year 2017-18 and North Bihar Power Distribution Company Limited for the year 2017-18.

Performance Audit and Compliance Audit Paragraphs

1.24 For Part-I of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2019, a Performance Audit on ‘Strengthening of Electrical Infrastructure in Urban areas of Bihar’ and two compliance audit paragraphs relating to Power Sector PSUs were issued to the Principal Secretary of Energy Department, GoB with request to furnish replies within six weeks. Replies on the performance audit only have been received (November 2020) from the State Government and suitably incorporated in this report. The total financial impact of the PA and the compliance audit paragraphs is ₹ 270.72 crore.

Audit fee payable by BSEB

1.25 The total amount of audit fee payable by BSEB to CAG as per the provisions of section 69 (2) of the Electricity (Supply) Act 1948 has been outstanding and accumulated to ₹ 26.28 crore.

Follow up action on Audit Reports

1.26 The Report of the Comptroller and Auditor General of India is the product of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of Bihar issued (April 2015) instructions to all Administrative Departments to submit replies/explanatory notes to Paragraphs/Performance audits included in the Reports of the CAG of India within a period of three

months after their presentation to the Legislature, in the prescribed format, without waiting for any questionnaires from the Committee on Public Undertakings (COPU).

Discussion of Audit Reports by COPU

1.27 The status of discussion of Performance Audits and paragraphs related to Power Sector that appeared in Audit Reports (PSUs) by the COPU as on December 2019 was as under:

Table 1.19: Performance Audits/Paragraphs appeared in Audit Reports *vis-a-vis* discussed as on December 2019

Period of Audit Report	Number of PAs/Paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	PAs	Paragraphs	PAs	Paragraphs
2015-16	02	09	-	-
2016-17	-	03	-	-
Total	02	12	-	-

Source: Compiled based on the discussions of COPU on the Audit Reports.

Compliance to Reports of COPU

1.28 Action Taken Notes (ATNs) to three paragraphs appearing in nine Reports of the CoPU presented to the State Legislature between December 2013 and November 2016 had not been received (December 2019) as indicated in the following table:

Table 1.20: Compliance to COPU Reports

Year of CoPU Report	Total number of CoPU Reports	Total no. of recommendations in CoPU Report	No. of recommendations where ATNs not received
2012-13	-	-	-
2013-14	01	01	01
2014-15	-	-	-
2015-16	01	01	01
2016-17	05	01	01
2017-18	01	-	-
2018-19	01	-	-
2019-20	-	-	-
Total	09	03	03

Source: Compiled based on ATNs received on recommendations of COPU from the respective Departments of GoB.

The above mentioned Reports of COPU contained recommendations in respect of paragraphs pertaining to Bihar State Electricity Board which appeared in the Reports of the CAG of India for the year 2005-06, 2008-09 and 2009-10.

CHAPTER–II
Performance Audit relating to
Power Sector Undertakings

Chapter II

Performance Audit relating to Power Sector Undertakings

“Strengthening of Electrical Infrastructure in Urban areas of Bihar”

Introduction

2.1 Electricity is the key component for accelerated economic growth and is considered vital for the overall development of the State. There were 20 lakh Urban consumers¹ in Bihar in 2014-15, which increased to 31 lakh in 2018-19. The Urban consumers were consuming 28.15 *per cent* to 33.25 *per cent* of total electricity during this period. There has been a consistent increase in electricity demand, particularly in Urban areas, due to an increase in customer base, changes in lifestyle, and consumption pattern, which requires continual up-gradation and creation of infrastructure for electricity distribution.

Government of India (GOI) introduced various programmes to support the power sector for upgrading and creating infrastructure for electricity distribution in Urban Areas. The significant initiatives of GOI during the period 2014-15 to 2018-19 were Restructured Accelerated Power Development and Reforms Programme (RAPDRP) launched in December 2008 and Integrated Power Development Scheme (IPDS) launched in December 2014.

Subsequent to unbundling of Bihar State Electricity Board into five companies, two DISCOM Companies, namely, North Bihar Power Distribution Company Limited (NBPDC) and South Bihar Power Distribution Company Limited (SBPDC) are now supplying electricity to all 38 districts (NBPDC- 21 districts and SBPDC- 17 districts) in the State from November 2012.

The DISCOMs have undertaken the following projects exclusively for the strengthening of electrical infrastructure in Urban areas of Bihar:

a. Restructured Accelerated Power Development and Reforms Programme (RAPDRP) – Government of India launched RAPDRP in December 2008 for urban areas (Towns/Cities) having a population of more than 30,000. The scheme aimed at sustainable reduction of Aggregate Technical and Commercial (AT&C)² losses, the establishment of reliable and automated systems for sustained collection of accurate baseline data, and the adoption of Information Technology in the areas of energy accounting and regular distribution strengthening. The scheme also aimed to map all power distribution assets, index, and meter all consumers, to ensure that

¹ Consumers under the categories DS-II-Domestic Services in urban areas, NDS-II-Non-Domestic Services in urban areas, SS-Street light Services and LTIS-II-Low Tension Industrial Services.

² Aggregate Technical and Commercial losses consist of Technical Losses in the form of Transmission & Distribution (T&D) loss and Commercial Losses attributable to non-recovery of the billed amount and lack of collection efficiency.

electricity supplied can be traced to the ultimate consumer thereby resulting in better billing efficiency.

The scheme was divided into two parts.

- Part A covered projects for the establishment of baseline data and IT applications for energy accounting/auditing and IT-based consumer service centers, and
- Part B covered the regular strengthening of distribution networks.

The total approved Project Cost under RAPDRP was ₹ 1,371.81 crore for both the DISCOMs. The DISCOMs awarded (November 2013- September 2014) the work under RAPDRP on a turnkey basis to nine Turn-key contractors³ (comprising 11 letters of acceptance) with a time cycle of completion of the project as 18 months from the date of award of a project i.e. April 2015 to April 2016. The project was completed in NBPDCCL by March 2017 whereas the same was completed in SBPDCL by February 2018. There was huge variation in items executed which extended to as much as 48,334 *per cent* in respect of some cases⁴ in NBPDCCL and 3,143 *per cent* in the case⁵ of SBPDCL which is detailed in *Annexure 2.1 and 2.2*.

b. Integrated Power Development Scheme (IPDS): Government of India had launched a new Scheme ‘Integrated Power Development Scheme’ (IPDS) in December 2014 and the scheme of RAPDRP was subsumed in this scheme as a separate component relating to IT enablement of the distribution sector and strengthening of distribution network. The scheme aimed at reduction in AT&C losses; establishment of IT-enabled energy accounting/auditing system, improvement in billed energy based on metered consumption, and improvement in collection efficiency. The scheme was to be implemented in 139 Statutory Towns in Bihar. The approved project cost for SBPDCL and NBPDCCL was ₹ 1,042.50 crore and ₹ 1,057.99 crore respectively. The physical progress, as of March 2019, of the scheme is detailed in *Annexure 2.3*. The physical progress of the scheme in NBPDCCL was 49.09 *per cent* whereas the same was 44.51 *per cent* in the case of SBPDCL as of 31 March 2019.

c. Bihar Power System Improvement Projects (BPSIP): This project included the strengthening of sub-transmission and distribution system at a cost of ₹ 177.94 crore for seven towns as one of the component. The Asian Development Bank (ADB) accorded approval of said Project in October 2010 and signed a tripartite agreement (June 2011) with the Government of Bihar and Bihar State Electricity Board (BSEB) (predecessor of the two DISCOMs) for improvement and expansion of transmission and distribution system under Bihar Power System Improvement Projects. The physical progress as of March 2019 of the scheme is detailed in *Annexure 2.4*.

³ TKC in SBPDCL: Seven (two common) and TKC in NBPDCCL: Four (two common).

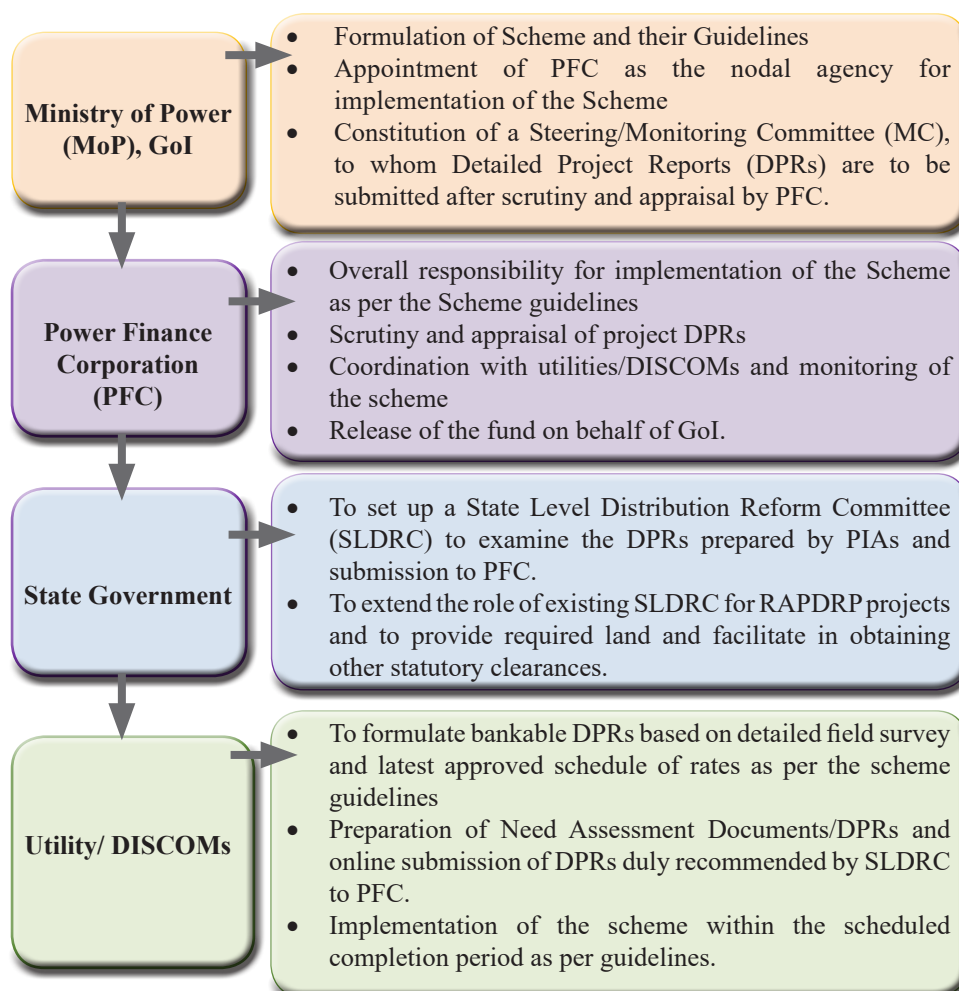
⁴ 11 kV Line : Augmentation/Reconductoring.

⁵ Feeder reconductoring and augmentation.

Activity process under RAPDRP and IPDS

2.2 The roles of various entities in the Scheme formulation, approval, and implementation is as per chart below:

Chart 2.1: Flow Chart of activity process under RAPDRP and IPDS



Project Funding Mechanism

2.3 Part A of the RAPDRP scheme was to be financed with 100 per cent loan by GoI. Part B of the scheme was to be financed with 25 per cent loan by GoI and balance funds had to be raised from financial institutions i.e. PFC/multi-lateral financial institutions and/ or from own resources.

The IPDS was to be financed with 60 per cent as a grant to State Government by GoI, 10 per cent by DISCOMs/State Government, and 30 per cent as a loan from financial institutions/banks or from own funds.

The BPSIP scheme was to be financed with 86 per cent as a loan by ADB to the Bihar State Power Holding Company Limited (BSPHCL) by making payments to the Vendors directly and 14 per cent as a loan by the Government of Bihar (GoB) to BSPHCL.

Organisational setup

2.4 BSPHCL is a holding company of both the DISCOMs, under the administrative control of the Energy Department, Government of Bihar. The Management of BSPHCL and the DISCOMs is vested with respective Board of Directors, comprising Chairman cum Managing Director (BSPHCL) and Managing Directors (DISCOMs) appointed by the State Government. The day-to-day operations are carried out by the MDs, who are Chief Executives of the DISCOMs, assisted by Director (Project), Chief Engineers, ESE Project (HQ) and Chief Engineer (Area Board), Superintending Engineers and Executive Engineers posted at the DISCOM Headquarters and in the field.

Role of State Government

2.5 For the execution of the RAPDRP Scheme, a quadripartite agreement was executed on 09 March 2010 amongst GoI, PFC, GoB, and erstwhile BSEB.

- The GoI had to designate a nodal agency for implementation of the scheme, provide funds to utilities through the nodal agency, issue guidelines and modalities of formulating/implementing projects, accord various approvals through the MoP/Steering committee to facilitate the implementation of R-APDRP.
- PFC was designated as the nodal agency to act as a single-window service under RAPDRP for speedy and timely completion of projects and thus had to assist the Utilities in achieving loss reduction targets.
- the Utility (DISCOMs) had to implement Part-A projects and prepare DPRs of Part-B projects and implement the same on a turnkey basis.
- The State Government had to undertake that in case of default by the utility, all outstanding dues of the utilities were liable to be recovered from the Central Plan Assistance due to the State.

For IPDS, two tripartite agreements were executed on 11 December 2015 amongst PFC, GoB, and both the DISCOMs separately. As per the Tripartite Agreements, GoB had to facilitate the utility to bring in the contribution as well as a loan from the lenders as per the scheme guidelines, to provide required land for the substation and to facilitate in obtaining other statutory clearances.

As per the provisions of the quadripartite agreement, the GoB had to set up a Distribution Reforms Committee (Committee) headed by the Principal Secretary, Energy Department, GoB. The Committee had to vet the DPRs prepared by the DISCOMs for RAPDRP / IPDS and recommend the projects formulated by the implementing agency in accordance with the guidelines.

For the state scheme, the State and BSEB had to perform all obligations set forth in the Loan Agreement with ADB, to the extent that they are applicable to the State and BSEB. The State and BSEB had to make

available, promptly as needed, the funds, facilities, services, equipment, land, and other resources which are required, in addition to the proceeds of the loan, for carrying out of the Project.

Audit Objectives

2.6 The Performance Audit was conducted with a view to assess whether:

- the overall objective of Strengthening of Electrical infrastructure in the Urban area of Bihar through various Central and State Government schemes was achieved;
- the planning and implementation of the schemes/works had been done in an efficient, economic and effective manner;
- financial management and utilization of funds under the schemes were done in adherence to the guidelines of the scheme and there was prudent financial management for sustainability of DISCOMs; and
- effective monitoring and control mechanism was in place for project implementation.

Audit Criteria

2.7 The Audit Criteria considered for attaining the audit objectives were:

- Office memorandum and guidelines for RAPDRP/ IPDS/BPSIP;
- Bihar Financial Rules 2005 and CVC guideline;
- Tariff Orders and other regulations issued by BERC;
- Guidelines/ Instructions/ Circulars issued by GoI/PFC/State Government and Tripartite agreement executed between PFC, State Government, and the DISCOMs;
- Procurement/Repair and Maintenance Policy of the DISCOMs;
- Letter of Award/Agreement with the contractors;
- Agenda notes and minutes of the meetings of Board of Directors (BoD) of the DISCOMs; and
- Minutes of the meeting of Distribution Reforms Committee and District Level Co-ordination committee with respect to these schemes works.

Scope and Methodology of Audit

2.8 The Performance Audit was conducted from October 2019 to January 2020 to assess the performance in conceptualization and implementation of schemes/ works and their achievements with reference to the objectives set for the same. The Performance Audit covered the period from 2014-15 to 2018-19 based on scrutiny of the documents/ information maintained in the DISCOMs Headquarters, their field units, and the Energy Department, GoB.

The methodology comprised explaining the audit objectives to the Management in an Entry Conference held on 15 October 2019, the examination of records and related documents, issue of preliminary audit observations, on-site inspection, beneficiary survey and discussion with Management followed by an Exit Conference held on 12 August 2020 with

the Principal Secretary, Energy Department, GoB and Managements of DISCOMs.

Sampling

2.9 The schemes for the strengthening of the distribution network of Urban areas i.e. RAPDRP and IPDS were implemented in 139 towns under 16 Electric Supply Circles (nine in SBPDCL and seven in NBPDCCL). Sampling for towns was done on basis of Population change from Census 2001 to 2011, AT&C loss, project cost, and average load of the towns. Stratified random sampling was used to stratify the towns in three strata and three towns from each stratum were selected randomly i.e. total of nine towns. The divisions and circles covering these towns were selected for audit. Nine towns (five in SBPDCL and four in NBPDCCL) involved seven Circles (four in SBPDCL and three in NBPDCCL) and nine Electrical Supply Divisions for assessing the implementation of RAPDRP and IPDS besides State scheme⁶.

These nine towns of seven circles accounted for projects with an approved DPR cost of ₹ 1,578.70 crore (43.25 per cent of total approved DPR cost of ₹ 3,650.24 crore) under the said three schemes.

One / two towns from each selected circle and twenty-five beneficiaries from each selected town were selected for the beneficiary survey. One Power Sub-Station constructed in each selected town under the schemes was also selected for the study of the operational aspect.

The records related to the implementation of schemes/works were seen during audit at Energy Department, GoB, Headquarter offices of the DISCOMs, offices of the Electrical Superintending Engineer (ESE) in respective circles, and offices of the Electrical Executive Engineer.

Acknowledgement

2.10 Audit acknowledges the co-operation and assistance extended by the DISCOMs and their officials.

Audit findings

2.11 Audit observations regarding achievement of the targets/objectives of the Scheme are discussed below.

Overall achievement of objectives

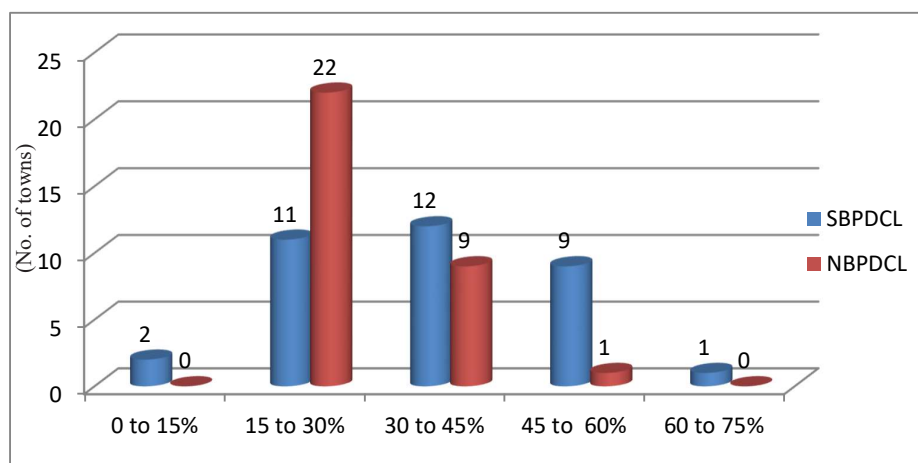
Aggregate Technical and Commercial Losses

2.11.1 The Aggregate Technical & Commercial (AT&C) loss is the combination of energy loss (Technical loss, Theft, and inefficiency in billing) and commercial loss (Default in payment and inefficiency in the collection). The reduction of the AT&C losses was one of the important objectives of the RAPDRP and IPDS scheme. RAPDRP scheme aimed at reducing the AT&C losses to below 15 per cent on a sustainable basis.

⁶ BPSIP scheme was implemented in two circles of each DISCOM comprising three towns of SBPDCL and four towns of NBPDCCL.

The year-wise details of AT&C losses during the period 2015-16 to 2018-19 in 67 RAPDRP towns of NBPDC and SBPDCL is depicted in *Annexure- 2.5 and 2.6* respectively. The AT&C Loss during 2018-19 in these 67 towns is depicted in the following chart :

Chart 2.2: AT&C Loss in RAPDRP Towns

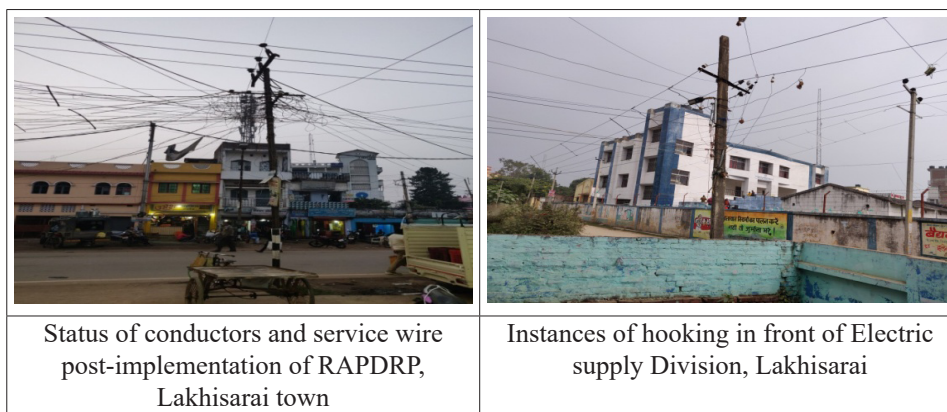


Source: Data provided by DISCOMs

From the above chart, it can be seen that two towns in SBPDCL could achieve the desired limit of AT&C Loss i.e. below 15 per cent during 2018-19. 22 towns in SBPDCL had AT&C loss above 30 per cent.

Although no town in NBPDC could contain the AT&C losses within the desired limit, 10 towns had AT&C Loss above 30 per cent. The performance of SBPDCL was lower in comparison to NBPDC. This could be attributed to non-completion of the RAPDRP scheme in 15 towns (where six towns having AT&C Loss above 45 per cent), and delayed implementation of RAPDRP scheme in remaining towns of SBPDCL. Audit further observed that there was an increase in AT&C loss from baseline data in six towns under SBPDCL (*Annexure 2.6*).

Out of these six towns, one town (Barahiya) was part of the audit sample. This town had a billing efficiency of only 25.61 per cent. Audit observed, in physical verification, the poor state of physical infrastructure, post implementation of RAPDRP and instances of hooking (indicating illegal tapping), as shown in picture below:



Department in its reply stated (September 2020) that while formulating RAPDRP scheme for urban areas, it was mentioned in guidelines to achieve the following target of AT&C loss reduction at the entire utility level every year starting one year after the year in which the first project of Part-A was completed. Utilities have completed the Part-A project in the year 2016.

- Utilities having AT&C loss above 30%: Reduction by 3% per year
- Utilities having AT&C loss below 30%: Reduction by 1.5% per year

Further, the basic reason for high AT&C losses in various towns of Bihar was higher technical losses due to age-old dilapidated conductors and with LT line being on bare conductor was prone to theft of electricity by direct hooking/ direct tapping in densely populated areas and narrow lanes.

The Department was required to take steps to achieve the final target of reduction of AT&C losses to a level below 15 *per cent*. Reduction in AT&C losses of utilities depends upon the AT&C loss of project towns, wherein poor achievement was visible. In some towns, there was an increase in AT&C loss with respect to baseline data, which needs to be closely examined. As regards higher technical losses due to age-old dilapidated conductors and with the LT line being on the bare conductor, the same was infact required to be envisaged at the planning stage itself and provided for in the project in the first place.

Poor Billing Efficiency

2.11.2 One of the major reasons of high Aggregate Technical and Commercial⁷ Loss was attributable to inefficient billing of energy supplied. The position of billing efficiency in 67 RAPDRP towns during the period 2015-16 to 2018-19 is depicted in *Annexure-2.5 and 2.6*. The billing efficiency in RAPDRP towns during 2018-19 is given below:

Table 2.1: Billing efficiency in RAPDRP towns

DISCOMs	Billing Efficiency during 2018-19				
	Below 50%	50 to 70%	70 to 90%	Above 90%	Total
SBPDCL	4	17	13	1	35
NBPDCL	1	9	22	0	32
Total	5	26	35	1	67

Source: Data provided by DISCOMs.

It is evident from the table that the billing efficiency in only one town out of 67 towns was above 90 *per cent*. Audit observed that instead of enhancing billing efficiency to reduce AT&C loss, the performance of DISCOMs further deteriorated as 13 out of 67 towns showed a decreasing trend in billing efficiency in 2018-19 in comparison to 2015-16 (*Annexure-2.5 and 2.6*). Thus, DISCOMs failed to bill the total energy supplied to the consumers which could be attributed to higher AT&C Loss in urban areas.

Audit observed from the billing data for five sampled towns having more than 50 *per cent* AT&C loss, that the four towns (Barahiya, Biharshariff, Sasaram, Narkatiyaganj), where the divisions were billing more than 80

⁷ Commercial Loss = Billing Efficiency × Collection Efficiency

per cent of their consumers, had a billing efficiency of less than 50 per cent (especially Barahiya where billing efficiency was only 25 per cent). This was indicative of higher risk of theft as the coverage of consumers was not too low. Progressively also, there would be comparatively less scope to bill more consumers and hence Department needs to closely investigate and address low billing efficiency in these towns. One town (Bikram ganj) was found to billing less than 50 per cent of its consumers which needs improvement.

The Department in its reply stated that both the DISCOMs have shown progress in increasing the billing efficiency over the last three to four years. The two DISCOMs are making out all efforts to maintain the billing efficiency at 90 per cent in the future period as well.

While billing efficiency in 31 out of 67 towns is still less than 70 per cent, 13 out of 67 towns have shown a decreasing trend in billing efficiency. Department should look into towns which have high AT&C losses despite billing most of the consumers.

High AT&C losses are major reasons for sustaining high losses in the DISCOMs. Audit observed that poor Billing Efficiency is the major contributor to the AT&C Losses in the DISCOMs. Audit observed that there were areas where billing efficiency is poor despite the companies billing majority of consumers in the areas which indicate high probability of theft in such areas and DISCOMs need to take steps in such areas to improve billing efficiency.

Establishment of IT-enabled energy accounting/ auditing system

2.11.3 The adoption of Information Technology in the areas of energy accounting and regular distribution strengthening was one of the important objectives of the RAPDRP and IPDS scheme. Audit noticed that energy accounting and audit were not being done. It was observed that the main reasons were lack of metering, non-communication of data by Feeder/DT/HT meters, and non-updation of GIS data and indexing. The status of the various components required for energy accounting and audit is presented below.

Non-installation of Smart Meters

2.11.3.1 As per the Guidelines of IPDS, Government Establishments and consumers of town where SCADA was implemented under RAPDRP were required to be provided a smart meter. DISCOMs invited (December 2017) expression of interest (EoI) for implementation of Smart Metering Solution of 18 lakh Smart Energy Meter (on prepaid mode) in Bihar under the IPDS scheme. Later on, the scope was increased by 5.50 lakh smart meters for agriculture consumers.

An MoU was signed between Energy Efficiency Services Limited (EESL) and DISCOMs for the implementation of the Smart Metering Solution (August 2018). Further, EESL, through the System Integrator, had to implement the Smart Metering (AMI) Solution within 18 months in a phased manner from the date of signing of the agreement.

Audit observed that the agreement with EESL was signed in January 2021 after the lapse of 29 months from the signing of the MoU.

While accepting the observation, the Energy Department (September 2020) stated that the project was delayed as the Government of Bihar decided to implement the smart metering solution across the entire State with prepaid mode.

Non-communication of data by Feeder/DT/HT meters

2.11.3.2 As per System Requirement Specification (SRS) documents of RAPDRP part A relating to IT enablement, energy accounting, and auditing reports need to be generated in an automated way, without human intervention. Further, the system was also required to calculate the AT&C losses, High Tension (HT) losses, bus bar losses, sub-station losses, DTRs losses.

The communication of data by different meters during March 2019 was as below:

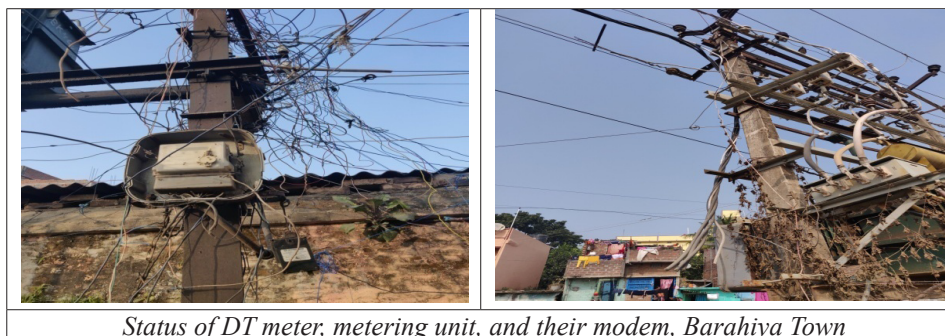
Table 2.2 : Status of data communication by different meters

DISCOM	Particulars	33 KV feeder	11 KV feeder	DT meters	HT meters
SBPDCL	Total No. of meter	140	364	4,857	460
	Communicating data	33	63	149	370
	Percentage	23.57 %	17.31 %	3.07 %	80.43 %
NBPDCCL	Total No. of meter	62	213	3,235	180
	Communicating data	9	33	318	122
	Percentage	14.52 %	15.49 %	9.83 %	67.78 %

Source: Data provided by the DISCOMs.

The above table shows that the communication of data by feeders and DT meters was very poor. Due to the non-communication of data by modems, neither energy accounting and auditing reports were generated in an automated manner nor these losses could be calculated automatically and used for the calculation of AT&C Loss. Further, Distribution Transformers were required to be tagged with consumers connected to them, so as to, achieve energy accounting at the DT level. This would have also helped DISCOMS in finding loss pockets.

Audit observed in sample towns that at many places DT meters were defective, for example nine out of 72 DT meter in Banka town, 144 out of 260 in Patna City, and 279 out of 280 in Munger Town were without modem. There was no system to record the energy input and output in the DTs either automatically or manually. The same was also corroborated during physical inspections as shown below in photographs. Further, as long as the consumers are not tagged with DTs, energy accounting at the DT level cannot be done, even if the meter reading of each DT is taken manually. Thus, due to lack of data communication by DTs, non-tagging of consumers with DTs, the energy audit/ accounting was compromised and loss/ theft-prone areas could not be identified. Therefore, the purpose of installing DT meters, which was done by incurring expenditure of ₹ 41.42 crore was not fully served.



The Department in its reply stated (September 2020) that an internal issue with their Meter Data Acquisition System (MDAS) partner adversely affected SAIDI/SAIFI⁸ and meter communication reports. It was also stated that the consultant was requested several times to provide support for MDAS but they failed to deploy a team for the same. Therefore, at the time of financial closure of the project, an amount of ₹ 58 lakhs for NBPDCCL and ₹ 2.96 crore for SBPDCL was withheld. It was further stated that there is a provision mentioned in SRS (issued by Nodal agency PFC) to manually enter the meter data in case of non-communication of data to Meter Data Management. Verified feeder meter data submitted by field officials vide email is inserted manually.

Department's reply confirmed that the communication of data from meters was poor and data was inserted manually. Thus, the purpose of installing IT-enabled automatic capture of data and consequent calculation of AT&C losses for effective monitoring and mitigation purposes got compromised.

To reduce AT&C Losses, DISCOMs were required to take vital steps like 100 per cent DT metering, tagging of consumers with DTs, energy audit upto DT level, preparing loss reduction targets for field offices, undertaking campaign, installing smart meters, etc. However, till date, DISCOMs have been unable to implement these steps fully.

Non-integration of new assets/ consumer to GIS-based database

2.11.3.3 As per SRS, the Geographic Information System (GIS) based index database was to be put in place to have structured customer information for which all the Consumers are required to be coded and segregated 11 KV feeder wise, Distribution Transformer wise and 33/11 KV Substation wise so that there is no problem in Energy Accounting.

Further, in order to ensure that the GIS repository of assets and consumers remain updated post-Go-live of RAPDRP towns also, a mechanism was needed to be put in place by the Utility to incorporate the regular changes in the system. This was to be done either through an in-house or outsourced basis as per the convenience of utility.

However, Audit observed that the DISCOMs did not develop any mechanism to update the GIS database (last updated at the time of completion of Part A of RAPDRP in June 2016). New assets created under IPDS and other

⁸ System Average Interruption Duration/Frequency Index.

electrification schemes were not integrated into the system. It was seen that the newly constructed seven Power Sub Station (PSS) under IPDS in Patna were not integrated with SCADA. Thus, the benefits of SCADA, i.e. the supply of quality power, faster identification of faults, and early restoration of power could not be extended to the areas covered by the new power substations. Non-integration of new assets affected adversely the objective of implementation of the IT system.

Department in its reply stated (September 2020) that as per the scope of the project, IT consultant did a one-time asset mapping and consumer indexing. It was further stated that in order to achieve accurate AT&C loss at feeder and DT level updation of the network through GIS is essential. This point has been taken up by Utility and a provision has been made to implement GIS for the electrical network in IPDS towns under the IPDS scheme.

ERP and IT application in IPDS towns

2.11.3.4 One of the major components of the IT-enabled energy accounting/auditing system under the IPDS scheme was IT Applications⁹ in IPDS towns. Under IT implementation, a total of 40 towns for NBPDCCL and 23 towns for SBPDCL were selected. The achievement against ERP and IT application under the IPDS scheme was nil as the NIT for implementation of the same was yet to be finalized. As a result, DISCOMs failed to establish IT enabled energy accounting/auditing system in IPDS towns also. Further, due to uncertainty of the scope of work of ERP and IT application the DISCOMs failed to issue LoA till March 2020, therefore, PFC cancelled the IT and ERP project of DISCOMs which resulted in the loss of grant of ₹ 40.95 crore.

The Department while accepting (September 2020) the audit contention stated that earlier tenders of IT & ERP was cancelled and subsequently tenders were invited separately for ERP, GIS, and Hardware procurement for field offices and Data center and the procurement part of IT enablement has been awarded in September 2020 however the work of ERP implementation and GIS implementation is yet to be awarded.

Recommendations:

The DISCOMs should:

- 1. take corrective action for non-communication of data by meters to ensure proper energy accounting and**
- 2. make credible and sincere efforts to identify the loss pockets and improve billing efficiency to minimize AT&C losses.**

Deficiencies in the strengthening of electrical infrastructure

2.12 Besides the above, there were deficiencies in planning and implementation of strengthening of infrastructure projects which were

⁹ Consisting of ERP implementation and Additional hardware in towns, GPS based GIS survey of assets and integration with DC/DR and Customer Care Centre etc.

also a reason for non-achievement of desired reduction in AT&C loss. Deficiencies noticed in the planning and implementation of projects are discussed in subsequent paragraphs.

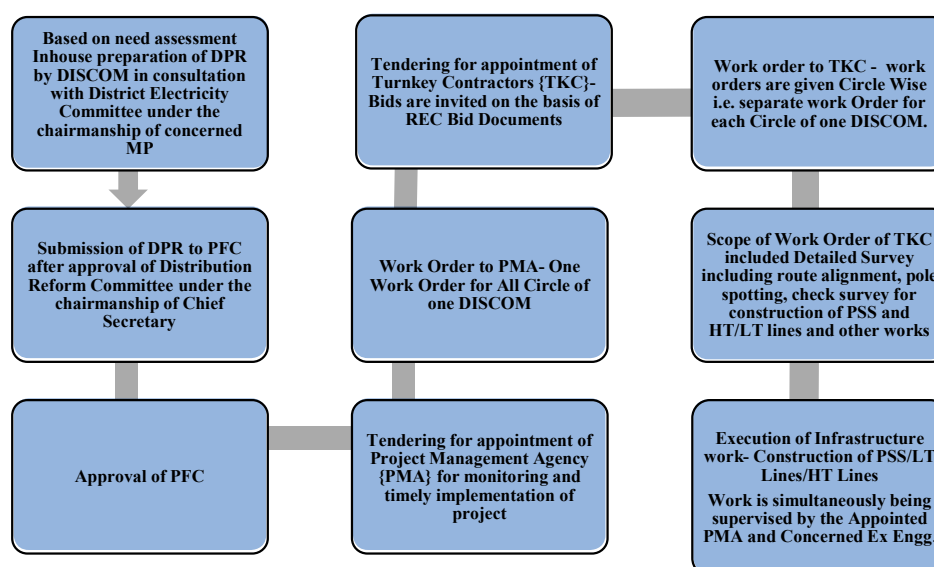
Deficiency in Planning

2.12.1 The DISCOMs were responsible for the formulation, development and implementation of the projects in the districts falling under their jurisdiction. The schemes (RAPDRP and IPDS) involved system planning, designing, and engineering in line with PFC's guidelines, specifications, construction standards, and procurement in accordance with accepted bidding procedures. The DISCOMs prepared DPRs and Need Assessment Document (NAD) for implementation of RAPDRP and IPDS scheme respectively.

For the implementation of IPDS, the DISCOMs had to identify the critical gaps in sub-transmission and distribution network considering relevant parameters such as Consumer mix, consumption pattern, voltage regulation, AT&C loss level, HT and LT ratio, optimum loading of transformers and feeders /lines, reactive power management, power factor improvement, the standard of performance, etc. and on-going works under other schemes for efficient management of distribution system. Further, as per guidelines along with other work of system strengthening, the DISCOMs had to cover the Ariel bunched cabling in theft-prone areas. Based on the broad scope of work validated by PFC, the DISCOMs had to formulate bankable DPRs based on a detailed field survey and the latest approved schedule of rates for various items of work.

The DISCOMs prepared NAD and submitted (February 2015) the same for approval of PFC. Based on the recommendation of PFC, the DPR was prepared and examined by State Distribution Reform Committee (June 2015). The same was approved (July 2015) by PFC. The process followed has been depicted in the following chart:

Chart 2.3: Work Flow under the IPDS programme



In this regard, the audit observed that DISCOMs assessed quantities of items on required capacity addition as per expected population growth less capacity of existing infrastructure without conducting an actual survey as shown in the work flow above that actual survey was done just before the execution of work by the contractor. As the survey was not done by the DISCOMs, the exact location of execution was not detailed in DPR, and the same was left upon the discretion of Circle/Division offices of DISCOMs and Turn-Key Contractor (TKC). As the locations of electrical infrastructure to be installed were not known, the bottlenecks in form of NOCs, Land acquisition, etc. could be found only during the execution of work. This delayed the implementation of the scheme on the ground.

As shown above, the turn-key contractor had to conduct a detailed survey for items mentioned in the scope of work. Based on the survey done by them for ascertaining the quantity of work, DISCOMs had to fix (freeze) the quantity of each item to be executed. Audit observed from records of DISCOMs that these quantities were fixed multiple times as per the requirement submitted by the turn-key contractor which led to variations in the quantity of items vis-à-vis DPR and caused further delays ranging from one to five months. SBPDCL is yet to freeze the actual quantity of work to be executed.

This shows that the DPRs were only prepared to obtain cost approval as items to be executed were ascertained by DISCOMs only at the time of execution, and rate specified in the Bids submitted by contractors were used in agreement, as these were executed through Turn Key Contracts¹⁰. Therefore, neither the quantity nor the rate given in the DPR was used for execution.

As the surveys were not conducted at the time of planning and priority of locations was not fixed, arbitrary execution of Ariel bunched cabling work was also observed by Audit during joint physical verification in Munger and Lakhisarai towns i.e. non-execution of Ariel cabling work in theft-prone densely populated mohallas of Darbhanga, Munger, Jamalpur, and Lakhisarai, as shown in the photograph depicted below. Thus, the methodology adopted for the formulation of NAD/DPR was not efficient which resulted in inefficient use of resources.



Non-execution of Ariel bunch cable in densely populated areas of Darbhanga and Munger

¹⁰ The contracts for execution of work are given as a whole and rate specified by contractors is used for payment of work executed.



Non-execution of Ariel bunch cable in densely populated areas of Jamalpur and Lakhisarai

The Department stated (September 2020) that field survey was limited to the town and all field supply officers were fully aware and conversant of overloaded DTs and feeders and theft-prone areas. Hence, there was no specific requirement for the field survey.

The Department later submitted a revised reply (November 2020) and stated that a specific template was circulated by PFC which does not have provision for location. Due to the dynamic nature of the distribution system and delay in the actual execution of the work, provisions were made in the contract to undertake the extensive survey for finalization of the spot / location and route of the work to be executed depending upon the ground realities that existed practically on the date of execution of the work.

The reply of the Department is not acceptable. Absence of requisite survey at the planning stage, not identifying locations upfront, fixing quantity multiple times etc. led to avoidable delays and haphazard implementation of the schemes as also pointed below.

Unplanned capacity addition

2.12.2 Post RAPDRP requirements stipulate that de-augmentation of DTR having less than 30 *per cent* utilization should be done wherein diversion of the load from overloaded distribution transformers/feeder (80 *per cent* to 90 *per cent* overloading) was required.

Audit enquired into distribution load of transformers and requirement of commensurate infrastructure. The peak demand, utilization of distribution transformers capacity and power transformers capacity as of 31 March 2020 is given in ***Annexure-2.7***. Scrutiny of data provided by DISCOMs revealed that the DISCOMs failed to identify the critical gaps in the distribution network. As a result, there was a mismatch in the creation of additional capacity which are discussed below:

(i) Despite the fact that the power infrastructure prior to strengthening (April 2014) in 99 towns out of 131 towns was enough (below 80 *per cent* load) to cater to the peak demand of 2019-20, an additional capacity of 1,346.95 MVA of power transformers was created in these towns (***Annexure-2.7***). Similarly, the capacity of distribution transformer prior to strengthening (April 2014) in 42 towns was sufficient enough (below 80 *per cent* load) to cater to the peak demand of 2019-20 but an additional

capacity of 444.40 MVA of distribution transformer was created in these towns.

(ii) Out of 131 towns, the infrastructure was underutilized in 75 towns. The peak load on power transformers was less than 10 *per cent* in 10 towns (as low as 5.50 *per cent* in Madhuban) whereas it was ranging between 10 *per cent* to 30 *per cent* in 65 towns. Similarly, distribution transformers were having less than 30 *per cent* load against the peak load in 28 towns.

(iii) It was observed that in 10 towns, distribution transformers were overloaded ranging from 80 *per cent* (Gogri Jamalpur) to 298 *per cent* (Bihat) load against their capacity as of 31 March 2020. Similarly, in four towns the power transformers were having more than 80 *per cent* (Bihat and Khusrupur at 105 *per cent*) load as of 31 March 2020 (*Annexure 2.7*).

(iv) There was a mismatch between the capacity of power transformers and distribution transformers. In 46 towns, the capacity of distribution transformers was less than 50 *per cent* of the capacity of power transformers (upto 12 *per cent* in Madhuban) whereas in 32 towns the capacity of distribution transformers was more than the capacity of power transformers (upto 372 *per cent* in Bihta).

Thus, the capacity of existing power sub-stations, as well as distribution transformers, was not properly analyzed which resulted in underutilization of power infrastructure capacity in some towns and overloading of the power infrastructure in some other towns at the same time. This shows unplanned capacity addition and lack of optimal utilization of resources.

The Department in its reply stated (September 2020) that the towns under IPDS were broadly categorized under three categories:- a) Commissionerary towns, b) District towns and c) Other towns. While assessing the requirements of infrastructure for commissionerary towns the priority was both for quality and reliability as well as almost uninterrupted power supply. Thus, adequate capacity in power sub-station was provided with a view to providing continuous power in case of maintenance/ defects in other power transformers of the same power sub-station. Another parameter that was kept in mind was to have the flexibility of the ring-main¹¹ system at 11 KV level. With this objective along-with the projected load growth for another three to four years, the capacity of the power sub-stations was planned. The commercial and industrial activities in and around major towns of Bihar are expected to gain momentum and the load growth can be well catered through these infrastructures.

The reply of the Department appears to be an afterthought as no such differentiation of towns as Commissionerary towns or districts towns were mentioned in DPRs. Further data shows that considering the capacity of DTs/PTs and peak demand in towns, such as in Begusarai and Khagaria, DTs/PTs were overburdened, while in a number of adjacent towns, the utilization of DTs /PTs was less than 10 *per cent*.

¹¹ In case of breakdown load can be transferred to another 11 KV feeder forming ring-main.

As far as the ring-main system is concerned though the system is desirable, however, for the system to work, the Power Sub Station must have spare additional capacity so that in case of failure of the sub-station of one area its load can be shifted to another. However, it is not possible to shift the load of one area to another in cases where the power transformers were already overburdened.

No plan to use the assets spared due to augmentation

2.12.3 Rule 131 T of Bihar Financial Rules, 2005 provides that the Department may trade the existing old item while purchasing the new one. Further, as per general financial prudence, the assets spared due to augmentation should be utilized in place of purchasing a new one for other locations. Audit noticed that the utilities had not prepared any plan for the utilization/ disposal of the assets spared due to augmentation under the urban electrification schemes.

Audit observed that 2,038 DTs of 200 KVA capacity and 1,504 DTs of 100 KVA capacity were spared due to augmentation of distribution transformers under RAPDRP. However, under RAPDRP, DISCOMs procured additional 2,195 DTs of 200 KVA capacity and 703 DTs of 100 KVA capacity at a cost ₹ 45.67 crore and installed them at different locations. Had the company framed a plan for the utilization/ disposal of the assets spared due to augmentation, the additional purchase could have been avoided. During the physical inspection, the audit also found the spared power transformers lying idle in division offices for more than one year as shown in photograph given below:

	
<p><i>Removed Power transformer of 5 MVA at Bindhwara PSS, Munger not devoluted to stores and left to be rotten for more than two years.</i></p>	<p><i>Removed Power Transformer of 5 MVA kept idle at Karyanand PSS, Lakhisarai since November 2018.</i></p>

The Department in its reply stated (November 2020) that since such transformers, which have been spared after augmentation, are already in working condition, these are utilized against replacement of defective ones, which ultimately reduces the burden of procurement/ repair of transformers and is not normally treated as scrap for disposal. Since it has been a part of the day-to-day working of the DISCOM. However in light of the observations made by the audit, the distribution company will make this routine working as a policy in writing.

The reply confirms that the company has not framed any plan for the utilization/ disposal of the assets spared due to augmentation. Further, as these additional assets were created out of Government Grants, no depreciation would be provided. Hence, it is necessary that Government and DISCOMS consider planning for proper utilisation, disposal and replacement of such assets.

Recommendations:

The DISCOMs should:

- 1. consider the demand vis-à-vis current capacity, of each town for augmentation/ de-augmentation of power infrastructure;**
- 2. take it up with the Government and plan for proper utilisation, disposal and replacement of assets acquired from Government Grants;**
- 3. prepare DPRs, as a practice, on actual surveys so as to pre-determine the bottlenecks and quantity of items to be executed before the actual execution of work; and**
- 4. conduct safety audit for risk arising from the haphazard web of bare conductors.**

Project management

2.13 The deficiencies observed during examination of records at the Headquarters of the DISCOMs and in the execution of work are discussed below:

Execution of RAPDRP projects

2.13.1 The DISCOMs awarded (December 2012 - September 2014) the work under RAPDRP on a turnkey basis to nine TKCs¹² (comprising 11 LOA) at a total cost of ₹ 1,371.81 crore. Letter of Award (LOA) provided a time cycle of completion of the project as 18 months from the date of award of a project i.e June 2014 to April 2016.

The Part-A project (IT enablement) was awarded with a delay of 42 months from the sanction of the project by PFC. Its completion was further delayed by five to 17 months from the scheduled date of completion.

The Part-B project (System Strengthening) was awarded with a delay ranging from seven to 17 months from the sanction of the project. Further, the delay from the scheduled date of completion ranged from 19 to 32 months.

Delay in implementation of works under Part B

2.13.2 The projects under Part B were sanctioned from October 2011 to August 2012. The detail of the award of work, their completion schedule, and delay are depicted in *Annexure-2.2*.

¹² TKC in SBPDCL: seven (two common) and TKC in NBPDC: four (two common).

Audit observed that implementation of the project was delayed due to delay in appointment of contractors and further slow/non-execution by contractors as detailed below :

(i) Delay in finalization of tender

As per PFC (February 2013), the award of works under Part B was to be completed by March 2013. Further, as per the guidelines, the estimates should have been based on current rates. The DPRs for the RAPDRP was prepared in 2011-12 at old rates (Departmental Reply).

Audit observed, that the tender for Patna town was invited in October 2012 and tenders in respect of other towns were invited in December 2012. However, the tenders¹³ invited were cancelled (April 2013) on account of L1 being 35.40 *per cent* to 106.93 *per cent* above the estimated cost. DISCOMs had not prepared any schedule of rates at that time for estimations of costs prior to tendering.

DISCOMs invited fresh tender in July 2013. In the case of CESA¹⁴ and MESA¹⁵ retendering was again done (May 2014) due to high rates¹⁶. Tenders for combined towns of CESA and MESA could be finalized in September 2014 only. Thus, tender for appointment of implementing agency for Part B projects was finalized after a lapse of seven to 17 months from the target date fixed by PFC.

Further, it can be seen from *Annexure-2.2* that the Projects under Part-B were completed with a delay ranging from 19 months to 32 months. The works in 20 towns under CESA and MESA were awarded (September 2014) to M/s Pravin Electricals Private Limited. However, the works were not completed in 15 towns despite the delay of 26 months from the scheduled completion date as the contractor failed to perform due to a financial crunch. Due to slow execution/non-execution by the contractor, the contract was terminated.

The Department confirmed (September 2020) that the delay in finalization occurred primarily due to higher rates quoted by the bidders. The reasons for the higher rate of the award were primarily due to fact that tenders were finalized after two to three years of preparation of DPRs which was prepared during 2011-12 on old rates.

Department should address this systemic issue as the estimates (DPRs) were prepared at old rates and tenders were being called for in 2013 even after two years from the DPR date. The department should have assured itself of the reasonableness of the estimated rate and prepared a SOR based on updated rates.

¹³ Tirhut Electrical Supply Area (Chapra, Hajipur, Sitamarh and Siwan), Kosi Electric Supply Area (Araria, Katihar, Khagaria, Kishanganj, Purnea and Saharsa), Mithila Electric Supply Area (Darbhanga and Madhubani), PESU Area, Patna

¹⁴ Central Electric Supply Area

¹⁵ Magadh Electric Supply Area

¹⁶ In the case of CESA, L1 was found 57.86 *per cent* above the estimated cost whereas in MESA, L1 refused to execute the works due to reduction of scope.

Execution of IPDS Scheme

2.14 The DISCOMs awarded (January 2017 to March 2017) work under IPDS on a turnkey basis to 11 TKCs¹⁷ at a total cost of ₹ 1,917.16 crore. IPDS provided a time cycle of completion of the project as 24 months from the date of the letter of intent i.e. December 2018 to February 2019. The physical progress of the scheme as of March 2019 is detailed in *Annexure 2.3*.

Delay in implementation of IPDS projects

2.14.1 The details of physical progress as of March 2019 can be seen in *Annexure 2.3*. The period of completion of the project was provisionally extended upto June 2020. In spite of the time extension, the progress of the work was very poor and the total progress achieved was 49.09 *per cent* in NBPDC and 44.51 *per cent* in SBPDCL (upto March 2019).

Audit observed that as the survey was not done before the execution of agreements with contractors, the bottlenecks could not be planned by the company which delayed the execution. The details are given below:

- The NOC with Railway was applied with a delay ranging from seven to 41 months in 40 cases from the award of work i.e. even after the scheduled date of completion.
- Lands for power sub-stations were handed over to contractors with delays ranging from two months to eight months after the scheduled date of completion as the locations of 12 PSS were not ascertained by the DISCOMs at the time of planning. In the case of Saharsa town, due to the non-availability of land for PSS further electrification work couldn't be carried out till the date of audit.
- DISCOMs froze the quantities of work to be executed multiple times on the basis of the survey conducted by the TKC as site / location for actual execution were not assessed at the time of planning.

The above factors resulted in the delay in the execution of the project. The Department accepted (September 2020) the observation.

Additional expenditure on PMA due to delay in execution

2.14.2 As per IPDS Guidelines, an appropriate Project Management Agency (PMA) / Consultant was to be appointed, preferably utility-wise, to assist DISCOMs in project management and ensure timely implementation of the project. 100 *per cent* grant was to be provided by GoI towards expenditure incurred on PMA up to 0.5 *per cent* of approved project cost (₹ 5.22 crore

¹⁷ TKC in 1) M/s L & T Ltd- Patna (West) and Muzaffarpur, 2) M/s Tata Project Ltd- Patna (East) and Gaya, 3) M/s Supreme Infrastructure Ltd- Patna, 4) M/s Shirdi Sai Electricals Ltd- Munger and Motihari, 5) M/s Bajaj Electricals Ltd- Bhagalpur and Purnia, 6) M/s KRYFS Power Componenet Ltd- Nalanda, 7) Ashoka Buildcon Ltd- Sasaram, 8) M/s Vindhya Telelink Limited- Chhapra, 9) M/s Lumino Industries Ltd- Saharsa, 10) M/s SMS Ltd- Samastipur and 11) M/s East India Udyog Ltd- Bhojpur and Darbhanga circles. (SBPDCL-eight TKC in nine circle and NBPDCCL-seven TKC in seven circle)

and ₹ 5.29 crore to SBPDCL and NBPDCCL respectively). The utility had to bear any additional cost beyond 0.50 *per cent* of the project cost, if any, from their own resources for deployment of PMA.

Scrutiny of records revealed that DISCOM invited (August 2015) tender for the appointment of PMA for the implementation of the project. The tender evaluation committee¹⁸ in its first meeting (02 November 2015) directed all the firms to submit the required documents. Finally, LoA was issued (January 2016) to M/s Rodic Consultants Private Limited at the cost of ₹ 24.43 crore and ₹ 23.77 crore for NBPDCCL and SBPDCL respectively. In this regard, the audit observed that:

(i) The bid of M/s REC Power Distribution Company Limited which is a wholly-owned subsidiary of Rural Electrification Corporation Limited was rejected on the ground of its failure to submit the JV agreements. However, the audit observed that in eight¹⁹ DISCOMs it had been selected as PMA prior to the invitation of tender in Bihar and it was also selected in seven²⁰ more DISCOMs after the invitation of tender in Bihar. Further, it is a wholly-owned subsidiary of REC. Audit observed that in the letter seeking details (November 2015) for the additional information issued to M/s REC Power Distribution Company Limited, the requirement of the Joint Venture agreement was not mentioned. As such, reason for rejection of the bid on the ground of non-submission of the JV agreement was unjustified.

The Department stated (September 2020) in its reply that M/s REC Power Distribution Company Limited was requested to submit the required clarification/ documents which imply the JV agreement also. The bid was rejected as the firm failed to submit the documents required under clause 7 (i) and the JV agreements.

The reply of the Department is not correct as submission of the JV agreement was not mentioned in the communication made with the party. Further, justification of rejection in light of 7 (i) was also not correct as TEC recommended that though the certificate of Minimum Annual Average turnover (MAAT), Liquid Assets (LA) and net worth as required under 7 (i) has not been submitted however, the same could have been derived from the audited annual accounts statement.

(ii) The project i.e. IT enablement of distribution sector and strengthening of distribution network under IPDS was scheduled to be completed by December 2018 to February 2019. However, the project was not completed even after the lapse of more than one year from the scheduled completion period (till December 2019). Due to the delay in implementation of the project, the LoAs awarded for ₹ 48.20 crore were further escalated to an

¹⁸ NBPDCCL

¹⁹ CSPDCCL (Chhattisgarh), five DISCOMs of Karnataka i.e. BESCOM, CESCO, GESCOM, HESCO, MESCOM, MPMKVCL-C (Madhya Pradesh), and PaVVNL (Uttar Pradesh). (Source: IPDS website).

²⁰ AN-Discom (Andaman and Nicobar), Arunachal-PD, Manipur-PD, Meghalya PDCL, two DISCOMs of Telangana i.e. TSNPDCL and TSSPDCL, and KESCO (Uttar Pradesh) (Source: IPDS website).

amount of ₹ 62.55 crore (SBPDCL: ₹ 30.81 crore NBPDCCL: ₹ 31.74 crore). Thus, the failure of DISCOMs to finalize the tender within the ceiling prescribed in guidelines and complete the project within the scheduled time frame resulted in the additional cost burden of ₹ 52.04 crore²¹ on the State exchequer. Audit further noticed that Government of Bihar sanctioned (February 2019) the additional cost burden of ₹ 52.04 crore to the DISCOMs.

While accepting the observation, the Energy Department (September 2020) stated that the time extension to the PMA was granted as the IPDS project could not be completed within the scheduled time due to various reasons i.e., shutdown issues in town areas, ROW issues. The reply of the Department is affirmative, however, the hindrances were required to be resolved prior to commencement of work.

Excess expenditure due to non-adherence of Government direction

2.14.3 Ministry of Power, Government of India circulated (July 2016) a cap on the rates of Distribution Transformers, Power Transformers, Conductors and cables as enumerated under MoM (June 2016).

The projects for undertaking system strengthening works in the towns which were earlier under the franchisee area and were not covered under existing IPDS were subsequently sanctioned (December 2018) at a cost of ₹ 326.92 crore for Bhagalpur and Gaya franchisee area (SBPDCL) and ₹ 179.43 crore for Muzaffarpur franchisee area (NBPDCCL). In addition, sanction was also given for ₹ 179.80 crore (₹ 107.88 crore for SBPDCL and ₹ 71.92 crore for NBPDCCL) for the establishment of a total of 14 numbers of GIS and six numbers of E-house at various places in both the DISCOMs. All the terms and conditions of the IPDS scheme were applicable for this sanction.

Audit noticed that LoA was issued (March 2019) for ₹ 215.03 crore for system strengthening works at Muzaffarpur and Kanti towns and six numbers of GIS along with associated lines by NBPDCCL. SBPDCL also issued LoA for supply and erection works for system strengthening works and construction of eight numbers of 33/11 KV GIS PSS along with the associated lines for ₹ 355.29 crore²².

Audit observed that the capping on rates as prescribed by MoP was not made applicable in these LoAs (March 2019). As a result, the rates accepted for these items were higher than the capped rates. The upward difference of rates was upto 78 per cent in the case of Distribution Transformers, upto 66.70 per cent in the case of AB cables, and upto 20 per cent in the case of wolf conductors in comparison with the capped rates for these items. As the LoA was issued to execute system strengthening works under IPDS,

²¹ LoAs cost ₹ 62.55 crore - approved cost ₹10.51 crore

²² ₹ 207.64 crore for Bhagalpur and Kahalgau towns and ₹ 147.65 crore for Gaya and Bodhgaya towns.

capping of the rates should also have been applied. Non-capping of the rates on the said items resulted in excess expenditure of ₹ 26.03 crore²³.

The Department replied (September 2020) that the validity of the capping rates on the materials was applicable upto August 2016 and as the new contract was awarded during October 2018, the provisions of capping were not applicable.

The reply of the Department is not factually correct as validity period was not mentioned in the letter circulated by Ministry of Power, Government of India (July 2016). Further, the letter of REC furnished by DISCOMs in support of its reply is also not applicable on the said direction of the Ministry of Power as it was issued (May 2016) prior to the date of direction. Hence, it doesn't relate with the Government's direction.

Non-assignment of work of solar panel to BREDA

2.14.4 The Government of India has launched the Integrated Power Development Scheme (IPDS) for the urban areas, which *inter-alia* also included provisioning of solar panels on Government buildings, including Net-metering.

Finance Department, Government of Bihar, nominated (September 2012) the Bihar Renewable Energy Development Agency (BREDA), a Government Agency under the administrative control of the Energy Department, as State Specialised Agency for procurement and installation of solar equipment. However, it was observed that instead of awarding the work of installation of solar panels to BREDA, the DISCOMs awarded the work to the Turnkey Contractors. The rates finalized for installation of rooftop solar panels were having wide variation ranging from ₹ 0.19 lakh per kWp²⁴ to ₹ 9.06 lakh per kWp, whereas the rate of BREDA (MNRE) was ₹ 0.65 lakh per kWp. Had the same been awarded to BREDA, only ₹ 10.85 crore would have been incurred instead of ₹ 47.42 crore spent on installation of these solar panels through turnkey contracts. Thus, failure of the DISCOMs to get the work done through BREDA not only resulted in the violation of GoB's order but also resulted in excess expenditure of ₹ 36.57 crore on the installation of solar panels in comparison to payment made to TKC for the same work.

The Department in its reply stated (September 2020) that the project was executed as a whole through turnkey contract where rates of complete package was considered for evaluation and the scheme of installation of Grid-connected Rooftop Solar Panel with Net Metering on Government Buildings was a small component of the sanctioned scheme under IPDS. As such DISCOMs decided to implement under turnkey execution of the contract. The rates found for the installation of Rooftop Solar Panels are through a Turnkey contract. In Turnkey contracts, rates of the complete package are considered for evaluation.

²³ NBPDCCL: ₹ 13.03 crore, SBPDCL: ₹ 13.00 crore.

²⁴ Solar electricity systems are given a rating in kilowatts peak (kWp). This is essentially the rate at which it generates energy at peak performance for example at noon on a sunny day.

The reply is not convincing as BREDA is the nodal agency for this work and the award of installation of the solar panel to BREDA was also financially beneficial. The DISCOMs had taken up the work of metering for themselves and not awarded it to turn-key contractors; the same could have been done in the case of solar panels and awarded to BREDA for implementation.

Execution of Bihar Power System Improvement Projects (BPSIP)

2.15 For improvement and expansion of transmission and Distribution Systems under Bihar Power System Improvement Projects (BPSIP), a tripartite agreement was entered into among the Asian Development Bank (ADB), Government of Bihar, and Bihar State Electricity Board (predecessor of DISCOMs) (June 2011).

One of the components of the project was the execution of the reconstruction and modernization of the Distribution System in seven towns in Bihar (three in SBPDCL and four in NBPDCCL) at the cost of ₹ 177.94 crore.

The work was divided into four packages. Notice of Award (NOA) was issued to two contractors (one²⁵ having three packages including five towns and the other²⁶ having one package including two towns) in March 2012 and June 2012. The scheduled date of completion of the work was December 2013 to April 2014.

The status of the work executed is depicted in *Annexure-2.4*. Scrutiny of records revealed that the contract of M/s A2Z Infra Engineering Limited was terminated in November 2016 due to poor progress of work. Audit observed that the work assigned to M/s Shyama Power India Limited was also not completed even after a lapse of more than five years from the scheduled completion date.

Scrutiny of records revealed that:

2.15.1 A Performance Bank Guarantee (PBG) amounting to ₹ 4.90 crore valid upto 16 April 2015 was submitted by the contractor for BPSIP projects. The execution of work by the contractor was slow, which was regularly reminded to the agency by SBPDCL. Therefore, a close watch on the validity period of the BG and its extension/confiscation before termination of the contract was required to be kept. But, the performance BG was neither encashed nor got extended despite poor progress. Further, the contract was finally terminated in November 2016 i.e. after a lapse of more than two years from the scheduled date of completion due to poor progress of work. Thus, failure to encash the BG within the validity period despite a doubtful act of contractor indicated poor monitoring of the Company towards protecting its financial interest.

The Department stated (September 2020) that a letter was issued (April 2015) to the bank for an extension of the BG for a further period of one year prior to the lapse of BG and in the letter, it was clearly mentioned

²⁵ M/s A2Z Infra Engineering Limited.

²⁶ M/s Shyama Power India Limited.

that “if extension advice is not granted the proceeds of the BG may be sent in the shape of Bank Draft drawn in favour of SBPDCL towards the settlement of the claim. This letter may be treated as a formal claim lodged upon your bank for reimbursement of ₹ 4.90 crore only”. The Department further stated that finally, the matter has been taken up with the corporate HO, banking ombudsman, and RBI and also a legal notice has been served to the ICICI Bank Limited for settlement of the claim of CPBG.

SBPDCL issued a legal notice to the Bank in July 2020 with a delay of five years from lapse of bank guarantee, only after the issue was pointed out by Audit. The Department and Company should have been more vigilant. Fact remains that the amount of BG is yet to be revoked due to the inaction of the Company.

2.15.2 The work assigned to M/s Shyama Power India Limited was also not completed to date, although more than five years have elapsed since the scheduled completion date. No action has been taken against the contractor for non-completion/ poor performance.

The Department stated (September 2020) that out of the total cost of amount ₹ 38.17 crore, M/s Shyama Power India Ltd. has completed the work to the extent of ₹ 33.24 crore. Against this, payment amounting to ₹ 28.22 crore has been released and ₹ 5.02 crore towards penalty/ retention/ others has been kept back for the delay in execution of the project. The kept back amount shall be forfeited, if any, required during the finalization of the closure of the project.

The reply is not convincing as due to the delay in completion of projects, the benefits of the projects could not be derived. Further, no termination action was taken against M/s Shyama Power India Limited, as in the case of M/s A2Z had been taken.

Recommendation:

The DISCOMs should frame BoQ on the basis of current SoR and ensure reasonableness/ competitiveness of rates before awarding the work.

2.16 Financial management

Financial Performance and Working Results

2.16.1 The financial performance and working results of DISCOMs during the last five years are depicted in Table 2.3:

Table 2.3: Financial performance of DISCOMs

(₹ in crore)

	SBPDCL				
	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue					
a. Revenue from operation	2,674.44	3,238.71	4,031.83	5,863.66	7,419.35
b. Other income	342.78	203.40	402.60	368.78	533.94
c. Revenue subsidies & grants	1,674.65	2,811.16	2,320.64	--	--
Total income excluding subsidy	3,017.22	3,497.99	4,434.13	--	--
Total income (a+b+c)	4,691.87	6,309.15	6,754.77	6,232.44	7,953.29
Expenses					
Power purchase cost	4,707.48	5,611.89	5,798.54	6,839.70	7,905.10
Employee benefit expenses	258.11	277.27	477.52	403.86	433.77
Finance costs	163.21	267.30	268.32	177.43	218.22
Depreciation & amortization expenses	124.17	142.42	180.84	235.94	325.39
Other expenses	99.53	688.55	991.26	862.80	883.90
Prior period items (Net)	86.92	0.00	0.00	0.00	0.00
Total expenses	5,439.42	6,987.43	7,716.48	8,519.73	9,766.38
Profit/ (-) Loss	-747.54	-734.17	-962.01	-2,287.28	-1,813.09
Income earned on per rupees spent	0.86	0.90	0.88	0.73	0.81
Income earned on per rupees spent without subsidy	0.55	0.50	0.57	--	--
Return on Capital Employed	-0.34	-0.20	-0.33	-0.71	-0.47
	NBPDCCL				
	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue					
a. Revenue from operation	2,164.67	2,717.93	2,967.67	4,931.55	6,417.09
b. Other income	177.85	177.98	159.79	626.85	1,043.85
c. Revenue subsidies & grants	1,217.22	1,579.2	1,513.66	--	--
Total income excluding subsidy	2,342.52	2,895.91	3,127.46	--	--
Total income (a+b+c)	3,559.74	4,475.11	4,641.12	5,558.40	7,460.94
Expenses					
Power purchase cost	3,195.82	3,908.64	4,203.92	5,163.61	6,301.26
Employee benefit expenses	171.86	188.00	265.60	258.52	261.19
Finance costs	228.51	184.00	158.31	91.70	197.00
Depreciation & amortization expenses	80.77	86.78	89.76	213.60	375.47
Other expenses	123.66	447.11	218.49	193.19	921.65
Prior period items (Net)	55.93	0.00	0.00	0.00	0.00
Total expenses	3,856.55	4,814.53	4,936.08	5,920.62	8,056.57
Profit/ (-) Loss	-296.81	-339.42	-294.96	-362.22	-595.63
Income earned on per rupees spent	0.92	0.93	0.94	0.94	0.93
Income earned on per rupees spent without subsidy	0.61	0.60	0.63	--	--
Return on Capital Employed	-0.04	-0.03	-0.08	-0.06	-0.07

(Source: Figures from succeeding financial statements except for 2018-19.)

It is evident from above that DISCOMs have not been able to generate adequate revenue to cover the cost of power supplied. Further, the DISCOMs obtained a negative return on the Capital Employed despite the fact that they were fully dependent on the Government grant for all of its capital expenditure and also receive revenue subsidy for power purchase. During the period the State Government infused share capital of ₹ 17,892.44 crore (₹ 7,371.85 crore in NBPDC and ₹ 10,520.59 crore in SBPDCL) in addition to Capital Grant (₹ 8,264.58 crore) and subsidy (₹ 17,259.98 crore). Further, DISCOMs also received ₹ 2,331.78 crore (₹ 961.89 crore NBPDC and ₹ 1,369.89 crore SBPDCL) from State Government for financial restructuring under the UDAY scheme, but the financial health is still miserable and the DISCOMs sustained a loss of ₹ 8,433.14 crore (₹ 1,889.03 crore NBPDC and ₹ 6,544.09 crore SBPDCL) during the last five years ended on 31 March 2019.

The Department in its reply stated (September 2020) that the DISCOMs could not achieve the trajectory due to an increase in Consumer base with low category and increase of consumption in lower tariff category. However, income earned per rupees spent without subsidy increased and there was a decrease in AT&C loss.

Department's reply is not convincing as BERC fixes tariff keeping in view of the consumer base with different categories. Although the DISCOMs got a huge investment in form of Share Capital, Capital Grants, subsidy, and financial assistance under a different scheme, the financial health of DISCOMs is still miserable. Though there has been a decrease in AT&C losses the main reason for losses was continuing higher AT&C losses incurred by DISCOMs in comparison to the targets fixed, which was being disallowed by BERC as detailed in succeeding para.

Disincentive for non-achievement of Distribution Loss target

2.16.2 Distribution loss is a major factor on which the tariff rate for the retail sale of electricity depends. The actual Distribution Loss sustained by DISCOMs, approved Distribution Loss, and disallowed additional power cost by Bihar Electricity Regulatory Commission (BERC) in tariffs orders can be seen from the table below:

Table 2.4: Distribution Loss and disallowed additional power purchase

DISCOMs	Particular	Distribution Loss and disallowed additional power purchase				
		2014-15	2015-16	2016-17	2017-18	2018-19
SBPDCL	Approved	21.40 %	20 %	19.25 %	30 %	22 %
	Actual	49.73 %	48.52 %	39.48 %	37.21 %	32.29 %
	Difference	28.33 %	28.52 %	20.23 %	7.21 %	10.29 %
Disallowed additional power purchase	MU	2,790.63	4,515.15	3,340.36	1,696.25	2,625.25
	Cost (₹ in crore)	1,463.98	1,797.03	1,313.39	717.37	1,307.20

DISCOMs	Particular	Distribution Loss and disallowed additional power purchase				
		2014-15	2015-16	2016-17	2017-18	2018-19
NBPDCCL	Approved	21.40 %	20 %	19.25 %	24 %	20 %
	Actual	37.89 %	34.57 %	31.43 %	25.22 %	26.83 %
	Difference	16.49 %	14.57 %	12.18 %	1.22 %	6.83%
Disallowed additional power purchase	MU	1,284.14	1,503.79	1,396.96	240.70	1,266.28
	Cost (₹ in crore)	518.54	598.51	550.02	127.15	637.44

Source: Tariff Orders issued by BERC.

It can be seen from the above table that the DISCOMs could not achieve the target of distribution loss approved by BERC in tariff orders. As the distribution loss was a controllable factor, the DISCOMs were responsible for bringing down the losses. As a result, during the period 2014-15 to 2018-19, BERC disallowed additional power purchase of 20,659.51 Million Units (MU) costing ₹ 9,030.63 crore to DISCOMs as “Disincentive for non-achievement of Distribution Loss target” which was provided by GoB. Further, in 2017-18 and 2018-19, GoB also provided ₹ 1,476 crore and ₹ 968.88 crore as an investment in equity to recoup the difference of actual distribution loss and distribution loss approved by BERC. As the BERC considers distribution losses as controllable factors, DISCOMs should contain distribution losses by identifying loss pockets, retrieving DT meter’s data, and improving billing efficiency. Thus, the inability of DISCOMs to achieve the distribution loss targets as also highlighted in the paras above, resulted in the avoidable/undue burden on the State exchequer.

Department in its reply stated (September 2020) that non-achievement of distribution loss target was due to the fact that target fixed by BERC was not achievable as it was not fixed on the basis of any rational/improvement program. Further, the regulatory commission has itself admitted the fact with regard to lower AT&C loss trajectory fixed for the DISCOMs being practically non-achievable and such the approved trajectory has been revisited in subsequent years which is evident from the table, wherein the target for 2017-18 and 2018-19 has been approved at 30 *per cent* and 22 *per cent* which is higher than that of previous years.

The reply of the Department is not based on facts as the target of distribution loss trajectory was revised due to the implementation of UDAY. As per the MoU for UDAY, the DISCOMs were to achieve the target of reduction of AT&C loss to the level of 15 *per cent* by FY 2018-19 however keeping in view the status of SBPDCL and NBPDCCL it was set as FY 2019-20 for these DISCOMs.

Fund received and its utilization

2.16.3 The fund details for the project as of 31 March 2019 for both the DISCOMs under RAPDRP and IPDS are detailed in the table below:

Table 2.5: Fund details of RAPDRP and IPDS

(₹ in crore)

Details	RAPDRP		IPDS	
	NBPDCL	SBPDCL	NBPDCL	SBPDCL
Grant Received	-	-	188.45	185.20
Loan received from GoI	60.20	259.43	-	-
Govt. of Bihar/DISCOM contribution	132.11	315.99	132.25	167.15
Loan received	67.68	349.26	99.98	100.00
Total fund received	259.99	924.68	420.68	452.35
Total Payment made/fund utilized	310.44	850.99	456.40	643.59

Source: Data provided by DISCOMs.

It can be seen from the table that

(i) the fund received for the IPDS project was ₹ 420.68 crore in NBPDCL, and expenditure made there against was ₹ 456.40 crore. Similarly, in SBPDCL, the fund received was only ₹ 452.35 crore, whereas the expenditure was ₹ 643.59 crore. The excess of expenditure was made through diverting funds from BRGF.

(ii) the balance borrowed fund amounting to ₹ 73.69 crore (₹ 924.68 crore {total fund received}- ₹ 850.99 crore {total expenditure}) for SBPDCL) including balance amount of loan taken from REC amounting of ₹ 59.87 crore under RAPDRP was still lying (March 2019) with SBPDCL since May 2016. On this fund, interest liability of ₹ 18.40 crore has also accrued to REC.

While accepting the observation, the Department stated that a portion of the fund was diverted to meet the requirement of IPDS and the same would be replenished on receipt of the fund under the IPDS scheme. Further, it was also stated that for better utilization of loan fund lying with SBPDCL due to delay of Project in Patna town, it was decided in joint consultation with the management of NBPDCL and SBPDCL to divert a part of the loan to NBPDCL so that the twin objective of the requirement of the fund in NBPDCL and issue of interest can be addressed to the best interest of both DISCOMs.

The fact remains as the balance fund is still lying unutilized with SBPDCL. Further, NBPDCL had returned only the principal amount and interest repayment has not yet been started.

Other Points of financial management

Loss of interest due to violation of scheme guidelines

2.16.4 IPDS guideline stipulated that DISCOMs had to open Current Account with Corporate Liquid Term Deposit (CLTD) in any Nationalised Bank having E-banking facilities. In this regard, SBPDCL opened the Current Bank account with CLTD facilities in PNB. Later on, SBPDCL opened (March 2018) the current bank account in ICICI bank instead of the

Current Bank account with CLTD facilities and NBPDCCL opened a Saving Bank account instead of the Current Bank account with CLTD facilities in violation of scheme guideline.

The audit further observed that due to non-compliance with IPDS guidelines regarding the opening of an account with the CLTD facility, SBPDCL suffered the loss of interest amounting to ₹ 1.62 crore.

Department in its reply stated (September 2020) that in light of further instruction send (October 2019) by PFC the issue of non-compliance of guideline closes for NBPDCCL. Department further stated that SBPDCL had opened a Current Bank Account with CLTD facility. However, ICICI Bank has not yet credited the interest amount in their bank account. The matter for crediting interest in a bank account had been taken up with ICICI Bank.

Reply of the Department is not acceptable as NBPDCCL opened a saving bank account instead of CLTD accounts in January 2018 whereas the direction of PFC to open saving bank accounts (without CLTD) came in October 2019. Further, as regards SBPDCL, it is evident from the bank statement that the account opened was current account only and no persuasion has been made with the bank for converting the current bank accounts to CLTD accounts since the opening of bank accounts to date (March 2019).

Recommendations:

The DISCOMs should:

- 1. make efforts to adhere to the target to reduce distribution losses fixed by BERC to avoid burden on the State exchequer on this account;**
- 2. make efforts to achieve UDAY targets as per MOU signed under the agreement.**

Monitoring process

Monitoring is a systematic process of collecting, analyzing, and using the information to track the progress of the schemes being implemented towards reaching their objectives and to guide management decisions. The following deficiencies were noticed in the monitoring process of the DISCOMs.

Project Monitoring

2.17 As per RAPDRP/IPDS guideline, the Government of Bihar had to set up a Distribution Reforms Committee (DRC), headed by the Chief Secretary. The Committee had to recommend the project DPRs and monitor the progress, quality control and resolve issues relating to the implementation of sanctioned projects *viz.* allocation of land for sub-stations, right of way, forest clearance, safety clearance, etc.

Audit noticed that only six meetings of DRC were held from November 2009 to July 2011 for approval of RAPDRP projects and two meetings for approval of DPR of IPDS were held in June 2015 and November 2017 for IT and ERP implementation. Audit observed that a meeting of DRC was

not held for monitoring the progress of work, quality control, and resolve issues relating to the implementation of sanctioned projects.

The Department stated (September 2020) that apart from these meetings for which proper minutes of the meeting was prepared, over and above the entire working of distribution companies was monthly monitored at the level of Chief Secretary along with Energy Secretary and other concerned Secretaries with District Magistrate and local companies officials which regularly continued for four to five years beginning from the third quarter of 2012.

The fact remains that the meeting of DRC was not held to monitoring the progress, quality control etc.

Discrepancies observed during the Beneficiary Survey and Joint Inspection

2.18 With an overall objective to assess the effectiveness and efficiency in the implementation of Strengthening of Electrical infrastructure schemes in Urban Area, a joint inspection-cum-beneficiary survey was conducted (November-December 2019) by Audit teams and officials of the DISCOMs of 225 beneficiaries selected on a random basis in nine towns of seven circles of DISCOMs. During the course of the joint inspection, the audit observed various shortcomings in these towns which are summarised below.

- 11 KV Ariel bunched cabling work from Safiabab PSS to Bharat Mata Chowk in Jamalpur Jubli bell area (approx. 4.302 km) was done by the contractor (M/s SPML) under the RAPDRP scheme. The entire trench of the erected feeder was charged after erection, but the feeder failed to transmit current due to fault. The above feeder was left uncharged for a period of two years since the occurrence of the fault.

The Department stated (September 2020) that all efforts are being taken to charge the line and rectification work of these cables are expected to be completed by mid of September 2020. The reply is self affirmative.

- 11KV town feeder starting from Krishna Chowk to Jagdamba Asthan in Barahia was erected through Ariel bunched cable under RAPDRP. The cable became puncture after two and half months of erection. The cable was not repaired and the same was hanging idle on poles.

The Department stated (September 2020) that the TKC had not energized the line as it was not a useful section so the line has not been taken over. Further, it is not the part of final closure quantity and no payment in this regard has been made.

The fact remains same that the area is deprived off the benefits of the scheme.

- Cabling done in Mayur Chowk, Munger was not charged since one year, and consumers were provided electricity from the existing bare conductor which was theft-prone.

The Department stated (September 2020) that at present the LT AB cable has been charged under IPDS scheme and installation of SMDB boxes and shifting work of service connection is in progress. The reply is self affirmative.

- In Daudnagar, most of the consumers were not aware of the “Fuse Call Center/ Consumer Service Centre”. Most consumers complained to lineman instead of complaining in Fuse Call Center. Out of 28 consumers, 13 consumers stated that electricity was interrupted on regular interval for four to 12 hours in Daudnagar Town in spite of the implementation of RAPDRP and IPDS scheme for the urban area.

The Department stated (September 2020) that fuse call center in Daudnagar town is now working 24×7 and information regarding fuse call centre is made known to the public.

The fact remains same that consumers are not aware about fuse call centre.

- 13 consumers out of 28 consumers in Daudnagar stated that there was a problem of continuously low voltage in the summer season.

The Department stated (September 2020) that in Daudnagar town under IPDS Scheme additional transformer and augmentation of transformer has been done to address the issue of low voltage and load growth. The reply is self affirmative.

- The distribution transformer installed in Kalika Singh Gali near UCO Bank, Barahia, was without any LT line as shown in the photograph given below. Haphazard Service lines were pulled directly from the transformer’s bus bar in the entire Gali, which was prone to electrocution and dangerous for human life.



The Department stated (September 2020) that as erection of pole in the congested lane became a difficult work, extension of LT line from this transformer was tried several times but failed. The reply is self affirmative.

- A bare conductor of Ramchandra Tola, Mishrwa Tola of Barahiya town, was not converted into AB Cable.

The Department stated (September 2020) that the work at Mishrwa Tola of Barhaiya town is in progress and it will be completed by mid of September 2020. The reply is self affirmative.

Conclusion

The overall objective of reduction in AT&C losses; establishment of IT-enabled energy accounting, billing and auditing system could be achieved partially. Only two out of 67 towns of DISCOMs could achieve the desired AT&C loss below 15 per cent upto 2018-19. Some of the RAPDRP towns had even shown an increase in AT&C loss despite strengthening of urban infrastructure under different schemes. The billing efficiency in different towns was not satisfactory as only one RAPDRP town had a billing efficiency of more than 90 per cent. The establishment of an IT-enabled energy accounting/ auditing system was also deficient as communication of data by feeders and DT meters was very poor. ERP and IT application under the IPDS scheme has also not been implemented till date.

The capacity addition in the urban electrical infrastructure shown a lack of planning which resulted in the creation of huge underutilized/ overburdened electrical infrastructure. The DPRs were not prepared based on the actual field survey which led to quantities being fixed multiple times. Avoidable delays occurred due to non-existent planning, less than optimal contract management, lacunae in monitoring which resulted in continued gaps in strengthening of electrification infrastructure and systems.

There was a deficient control mechanism at the State Government/ DISCOMs level as meetings of DRC were not held to monitor the progress of the projects.

Monitoring of DT through DT meters was very poor due to low communication of data by DTs, non-tagging of consumers with DTs, which constraints identification of areas with bigger losses/theft.

The financial sustainability of the DISCOMs, in the long run, suffers from risk as the DISCOMs' continuously incurred huge losses during the last five years. Failure of DISCOMs to contain distribution loss as approved by BERC resulted in an avoidable burden on the State exchequer due to the release of additional resource gaps for its sustainability.

CHAPTER–III
Compliance Audit
Observations relating to Power
Sector Undertakings

Chapter III

3. Compliance Audit Observations

This Chapter includes important audit findings emerging from test-check of transactions of the power sector undertakings.

South Bihar Power Distribution Company Limited

3.1 Delay in Load Enhancement

The Company deprived itself from the income of ₹ 2.10 crore due to delay in load enhancement.

Paragraph 17(a) of Bihar Electricity Regulatory Commission (BERC) (SoP of distribution licensee) Regulation 2007 *inter-alia* stipulates that on receipt of application in the prescribed form for enhancement of contract demand, the licensee shall inspect the premises within seven days of receipt of application and shall allow the enhancement of load within 20 days, in case no extension and alteration of distribution network was required.

Bihar Electricity Supply Code (BESC) 2007 stipulates that in case where mutation (change in name) is not allowed, the transferee seeking the transfer, may agree to continue the connection in the old name {para 7.9 (e)}. BESC also stipulates that the application of enhancement of contract demand may be accepted if the payment of arrear due from the consumer has been stayed by a court of law, or by the Commission or an authority appointed by the Commission {para 7.11 (3)}.

Further, as per Section 18 (1) of the Companies Act 2013, a company may convert itself as a company of other class. Section 18 (3) further states that registration of a company under this section shall not affect any debts, liabilities, obligation or contracts incurred or entered into by the company before conversion and such debts, liabilities, obligations and contracts may be enforced in the manner as if such registration had not been done.

Scrutiny of records of billing of High Tension (HT) consumers of South Bihar Power Distribution Company Limited (Company) revealed that a High Tension Specified Services (HTSS) consumer submitted (29 April 2016) an application for change in its name. The consumer also submitted (13 May 2016) an application for enhancement of load by 5,000 KVA. The application for load enhancement was rejected (16 May 2016) by Electricity Supply Sub-Division (ESSD), Bihta on the ground of change in the company's name not being approved by higher authority.

Thereafter, the consumer applied (30 May 2016) for withdrawal of its application for change in name and enhancement of load in old name. The same was also rejected (31 May 2016) on the pretext of forwarding of application for change in name to higher authority and non-existence of old name of the consumer. Subsequently, application for change in name was rejected (13 July 2016) by Electrical Superintending Engineer, Patna due to arrear of energy charges.

Aggrieved with the decision, the consumer filed a case (CWJC 13833 of 2016) in Patna high court. The court in its judgement (December 2016) directed the Company to effect change in name and enhancement of load within a month after obtaining an undertaking from consumer to clear the past liabilities of the predecessor company subject to the outcome in the pending proceedings.

The enhancement of load was finally effected from January 2017 with a delay of six months from the date of receipt of application.

Audit observed that:

- As per para 7.9 (e) and Para 7.11(3) of BESC 2007, enhancement of contract demand was acceptable as consumer requested for the same and the payment of arrears was already stayed by the Court.
- Further, the application of load enhancement of contract demand was also acceptable as SBPDCL's financial interest was protected under Section 18(3) of the Companies Act, 2013.

Thus, the Company, by ignoring the provisions mentioned above deprived itself from the income of ₹ 2.10 crore¹ due to delay of six months in approving load enhancement.

The Management in its reply stated (August 2020) that the application for load enhancement was rejected as it was received in the new name of the consumer which was different from the name of the consumer as per HT agreement and without changing the name legally, the name of applicant may not be said to be consumer of SBPDCL. The Management also submitted that huge amount was due with the consumer, liquidation of which was pending before Hon'ble Patna High Court. With a view to protect the revenue of the Company, the consumer was advised to deposit the arrear amount.

The reply of the Management is not acceptable as not only enhancement of load was allowable as per para 7.9 (e) and Para 7.11(3) of BESC-2007 but financial interest of the Company was also protected under section 18 (3) of Companies Act, 2013. The Hon'ble High Court also considered the same provisions in its judgement.

The matter was reported to the Government (February 2020), reply was awaited (August 2020).

North Bihar Power Distribution Company Limited

3.2 Irregular reduction of Contract Demand

The Company suffered loss of revenue of ₹ 1.02 crore for the period May 2016 to December 2019 due to under-fixation of contract demand.

Para 6.39 of Bihar Electricity Supply Code (BESC) 2007 stipulates that the connected load of all categories other than Domestic category of consumers shall be the aggregate of the manufacturer's rating plates of all

¹ Demand Charge = (5000 KVA × ₹ 700 × 6 months)

energy consuming devices, in the consumer's premises, which can be used simultaneously.

Further, para 7.12(8)(i) of the BESC states that Arc/Induction furnaces, rolling and re-rolling mills and mini steel plants shall not be allowed to reduce the load below the total rating of machines and furnaces installed in the premises, except in case of removal of any equipment or replacement of any old equipment by new equipment.

Scrutiny of records revealed (June 2019) that a High Tension Specified Services (HTSS) consumer under North Bihar Power Distribution Company Limited (Company) with contract demand of 4,800 KVA applied (January 2013) for reduction of contract demand to 2,400 KVA. The load of the HTSS consumer was inspected thrice (April 2013, September 2015 and March 2016). In the inspection report (March 2016) the connected load was found to be 3,885 KVA for two furnaces and other auxiliary equipment. It was also specified that the capacity of the supply transformers was 2,590 KVA, hence, it was not electrically feasible to run both the units of the induction furnace simultaneously. Electrical Supply Circle (ESC), Samastipur sanctioned (March 2016) the reduction of load to 2,400 KVA (March 2016). Finally, an agreement was made on reduced load in April 2016.

In this connection, Audit observed that:

- The provisions of the BESC do not allow reduction of the load below the total rating of machines and furnaces installed in the premises, except in case of removal of any equipment or replacement of any old equipment by new equipment. Thus, calculation of load of furnace as 1,800 KVA i.e. @ 600 KVA/MT for three MT furnace was in violation of the provisions mentioned above as no removal or replacement of any old equipment by new equipment was made by the consumer.
- As per the installation report/manufacture's specification, the load of furnace was 2,446 KVA and as per the inspection report (March 2016) auxiliary load was found as 285 KVA. Hence, considering the actual connected load, the contract demand load was required to be fixed at 2,731 KVA instead of 2,400 KVA.

Thus, due to under fixation of contract demand, the Company suffered loss of revenue of ₹ 1.02 crore² for the period May 2016 to December 2019.

The Management in its reply stated (August 2020) that as per para 7.12 (8) (i), for reduction of load auxiliary load shall be excluded. The Management further stated that the Audit has not taken into consideration the prevalent tariff issued by the Bihar Electricity Regulatory Commission, Patna which clearly states that the capacity of induction furnace shall be 600 KVA per metric tons for determining the contract demand of existing induction furnace.

² 331 KVA × ₹ 700 × 44 months

The reply of the Company is not acceptable as para 7.12 (8) (i) of BESC relates to reduction of load due to change/replacement of induction furnace and not for assessment of load of premises. The reply regarding determination of contract demand as 600 KVA per metric ton of induction furnace as mentioned in Tariff Order is also not correct as it was applicable where manufacturer's rating plate was not available. Hence, the contract demand was required to be fixed on total capacity of the furnace as per manufacturer's technical specifications as stipulated in Tariff Order that the provision of clause no. 6.39 and 6.40 of BESC shall apply in case of difference of opinion.

The matter was reported to the Government (February 2020), reply was awaited (August 2020).

PART-II
State Public Sector
Undertakings
(other than Power Sector)

CHAPTER–IV
Functioning of State Public
Sector Undertakings
(other than Power Sector)

Chapter IV

Functioning of State Public Sector Undertakings (other than Power Sector)

Introduction

4.1 In Bihar there were 70 State Public Sector Undertakings (PSUs) as on 31 March 2019 which were related to sectors other than Power Sector. These State PSUs were incorporated during the period from 1953-54 to 2018-19 and included 67 Government Companies and three Statutory Corporations *i.e.* Bihar State Road Transport Corporation (BSRTC), Bihar State Warehousing Corporation (BSWC) and Bihar State Financial Corporation (BSFC). Four Government Companies did not commence commercial activities till 2018-19¹. These Government Companies further included 42² non-functional Companies and 23 subsidiary Companies³ owned by other Government Companies. Two companies⁴ were added during the year 2018-19.

The nature of PSUs in other than power sector is indicated in Table 4.1:

Table 4.1: Nature of PSUs (other than power sector) in Bihar

Nature of the PSUs	Total number	Number of PSUs covered in the Report			Number of PSUs not covered in the Report	
		Accounts up to 2018-19	Accounts up to			Total
			2017-18	2016-17		
Government Companies	63	0	8	2	10	53
Statutory Corporations	3	0	1	0	1	2
Total Companies/ Corporations	66	0	9	2	11	55
Government Controlled other Companies	4	-	1	-	1	3
Total	70	0	10	2	12	58

Source: Compiled based on annual accounts of PSUs and information furnished by PSUs.

This report covers the financial performance of 12 PSUs as detailed in **Annexure-4.1**. It does not include 58 PSUs whose accounts are in arrears for three years or more or were defunct/under liquidation or first accounts were not received or were not due as detailed in **Annexure-4.2**.

¹ SCADA Agro Business Limited Dehri, SCADA Agro Business Limited Aurangabad, SCADA Agro Business Limited Mohania and SCADA Agro Forestry Company Limited Khagaul

² SCADA Agro Business Company Limited, Khagaul and SCADA Agro Business Company Limited, Arrah had been Strike off on 27 June 2018.

³ Sl. No. B7, B8, B9, B10, B11, B17, B18, B19, B20, B21, B23, B25, B26, B29, B30, B31, B32, B33, B34, B35, B36, C1 and C2 of **Annexure 4.2**.

⁴ Biharsharif Smart City Limited and Patna Metro Rail Corporation.

The State Government provides financial support to the State PSUs in the shape of equity, loans and grants/subsidy from time to time. The State Government did not infuse any funds in 23 Companies which are Subsidiaries of above State PSUs. Equity of these 23 subsidiaries was contributed by the respective Co-partner/Holding Companies.

Contribution to Economy of the State

4.2 A ratio of turnover of the 12 PSUs covered in this Report to the Gross State Domestic Product (GSDP) shows the extent of activities of the PSUs in the State economy. The table below provides the details of turnover of PSUs (other than Power Sector) and GSDP of State of Bihar for a period of four years ending March 2019:

Table 4.2: Details of turnover of State PSUs (other than Power Sector) vis-a-vis GSDP of Bihar

(₹ in crore)				
Particulars	2015-16	2016-17	2017-18	2018-19
Turnover	5,763.49	1,971.69 ⁵	1,533.69	1,533.69
Percentage change in turnover as compared to turnover of preceding year	-	-65.79	-22.21	0.00
GSDP of State of Bihar	3,69,469.00	4,25,888.00	4,87,628.00	5,15,634.00
Percentage change in GSDP as compared to GSDP of preceding year	-	15.27	14.50	5.74
Percentage of Turnover to GSDP of Bihar	1.56	0.46	0.31	0.30

Source: Compiled based on Turnover figures of functional PSUs (other than power sector) and GSDP figures as per Economic Review 2018-19 of Government of Bihar

The turnover of these 12 PSUs decreased from ₹ 5,763.49 crore in 2015-16 to ₹ 1,533.69 crore in 2018-19. The growth rate of turnover ranged between (-) 65.79 per cent and (-) 22.21 per cent during the period 2016-17 to 2018-19, whereas growth rate of GSDP of the State ranged between 5.74 per cent and 15.27 per cent during the same period. The compounded annual growth⁶ of GSDP was 11.75 per cent during the last three years. The compounded annual growth is a useful method to measure growth rate over multiple time periods. Against the compounded annual growth of 11.75 per cent of the GSDP, the turnover of non-power sector undertakings recorded compounded annual growth of -35.68 per cent during the last three years. This resulted in marginal decrease in the share of turnover of these PSUs to the GSDP from 1.56 per cent in 2015-16 to 0.30 per cent in 2018-19.

Investment in State PSUs (other than Power Sector)

4.3 Details of investment in equity and long-term loans in 12⁷ State PSUs (PSUs covered in this report) upto 31 March 2019 are detailed in *Annexure-4.3*.

⁵ Turnover reduced due to decrease in turnover of Bihar State Beverages Corporation Limited from ₹ 3,795.39 crore in 2015-16 to ₹ 2.86 crore in 2016-17 (as per the accounts submitted in year 2019).

⁶ Rate of Compounded Annual Growth $[\{(Value\ of\ 2018-19/Value\ of\ 2015-16)^{(1/3\ years)} - 1\} * 100]$.

⁷ Total 70 PSUs - 58 PSUs whose accounts were in arrear for three years or more or were defunct/ under liquidation or first accounts were not received or were not due.

The PSUs covered in this Report fall in the following three categories:

1. PSUs not in open market competition (monopolistic/oligopolistic PSUs): In Bihar, out of 12 PSUs, three PSUs fall under this category as they have monopolistic/oligopolistic nature of operations i.e. their operations do not have any competition or have very limited competition.
2. PSUs with assured income: This category includes PSUs whose major income comes from assured sources of income such as Government grants/subsidies, centage, commission, interest on bank deposits etc. Six PSUs fall under this category.
3. PSUs in competitive sector: This category includes three PSUs, which are open to market competition.

4.4 The sector-wise summary of investment in these State PSUs as on 31 March 2019 is given below:

Table 4.3: Sector-wise investment in State PSUs (other than power sector)
(₹ in crore)

Sector	Number of PSUs	Investment								
		Equity			Total	Long term loans			Total	Grand Total
		GoB	GoI	Others ⁸		GoB	GoI	Others		
PSUs in Monopolistic Sector	3	30.34	0.00	0.00	30.34	0.00	0.00	0.00	0.00	30.34
PSUs with assured income	6	53.55	0.00	0.05	53.60	0.00	0.00	0.00	0.00	53.60
PSUs in Competitive Environment	3	48.52	0.00	37.89	86.41	259.96	0.00	0.00	259.96	346.37
Total Covered in report	12	132.41	0.00	37.94	170.35	259.96	0.00	0.00	259.96	430.31
PSUs not covered in the report	58	477.71	31.98	37.51	547.20	3,237.88	0.70	233.42	3,472.00	4,019.20
Total	70	610.12	31.98	75.45	717.55	3,497.84	0.70	233.42	3,731.96	4,449.51

Source: Compiled based on annual accounts of PSUs and information furnished by PSUs.

As on 31 March 2019, the face value⁹ of total investment (equity and long term loans) in 12 PSUs covered in this report was ₹ 430.31 crore. The investment consisted of 39.59 per cent towards equity and 60.41 per cent in long-term loans. The long term loans advanced by the State Government constituted 100 per cent (₹ 259.96 crore) of the total long term loans.

Disinvestment, restructuring and privatisation of State PSUs (other than Power Sector)

4.5 During the year 2018-19, no disinvestment, restructuring or privatization was done by the State Government in State PSUs.

⁸ It includes investment by Holdings Companies, Financial institutions, Banks, etc.

⁹ The original cost of the equity shares/principal of loan paid by the subscribers to the equity shares.

Budgetary Support to State PSUs (other than Power Sector)

4.6 The Government of Bihar provides financial support to State PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity during the year in respect of all State PSUs (other than Power Sector) for the last three years ending March 2019 are as follows:

Table 4.4: Details regarding budgetary support to all State PSUs (other than Power Sector) during the years

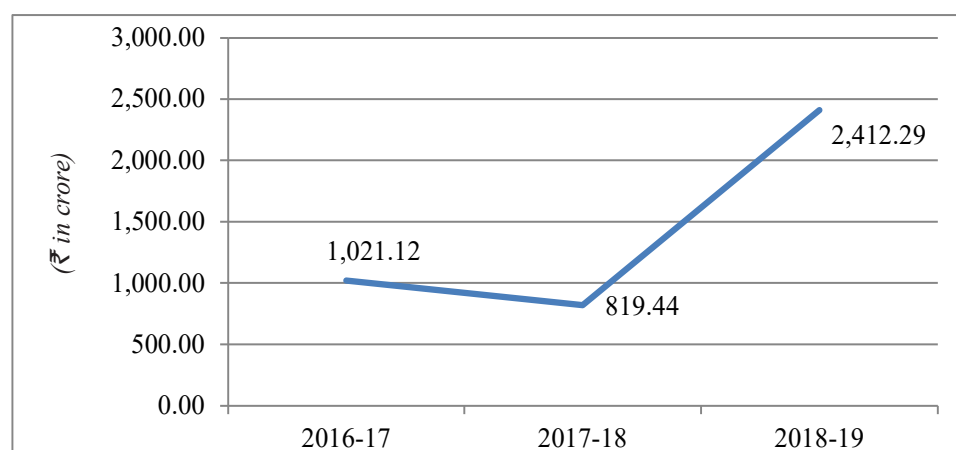
(₹ in crore)

Particulars ¹⁰	2016-17		2017-18		2018-19	
	Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount
Equity Capital outgo (i)	2	1.11	5	29.65	4	120.95
Loans given (ii)	1	1.34	-	-	3	497.05
Grants/Subsidy provided (iii)	6	1,018.67	4	789.79	4	1,794.29
Total Outgo (i+ii+iii)	7	1,021.12	9	819.44	10	2,412.29
Loan repayment written off	-	-	-	-	1	873.37
Loans converted into equity	1	19.34	-	-	-	-
Guarantees outstanding	3	86.15	4	1,018.24	4	1,629.77
Guarantee Commitment	3	2,055.00	4	4,633.00	4	2,733.00

Source: Compiled based on annual accounts of PSUs and information furnished by PSUs.

The details regarding budgetary outgo towards equity, loans and grants/subsidies for the last three years ending March 2019 are given in a graph below:

Chart 4.1: Budgetary outgo towards Equity, Loans and Grants/ Subsidies



The annual budgetary assistance to these PSUs ranged between ₹ 819.44 crore and ₹ 2,412.29 crore during the period 2016-17 to 2018-19. In order to enable PSUs to obtain financial assistance from Banks and Financial

¹⁰ Amount represents outgo from State budget only.

Institutions, State Government gives guarantee for which a guarantee fee is charged. As per the Resolution No. 7498 dated 5 July 1974 of Government of Bihar, the PSUs are liable to pay the guarantee fee at 1/8 per cent annually on the guarantee amount of more than ₹ 10 lakh. There were four functional PSUs against which accumulated/ outstanding guarantee was ₹ 1,629.77 crore as on 31 March 2019. However, the PSU did not pay any guarantee fee during 2018-19.

Reconciliation with Finance Accounts of Government of Bihar

4.7 The figures in respect of equity, loans and guarantees outstanding as per records of all State PSUs should agree with that of the figures appearing in the Finance Accounts of the Government of Bihar. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2019 is stated below:

Table 4.5: Equity, loans and guarantees outstanding as per Finance Accounts of Government of Bihar vis-à-vis records of State PSUs (other than Power Sector)

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of State PSUs	Difference
Equity	876.91	610.12	266.79
Loans	1,877.42	3,497.84	-1,620.42
Guarantees	1,316.42	1,629.77	-313.35

Source: Compiled based on information received from PSUs and Finance Accounts.

Audit observed that out of 70 State PSUs, such differences occurred in respect of **48 PSUs as shown in Annexure-4.4**. The differences between the figures have been persisting for last many years. The issue of reconciliation of differences was also taken up with the PSUs and the Departments from time to time. Major difference in balances was observed in Bihar State Financial Corporation. We, therefore, recommend that the State Government and the respective PSUs should reconcile the differences in a time-bound manner.

Submission of accounts by State PSUs (other than Power Sector)

4.8 Of the total 70 State PSUs, there were 28 functional PSUs *i.e.* 25 Government Companies and three Statutory Corporations and 42 non-functional PSUs under the purview of CAG as of 31 March 2019. The status of timelines followed by the State PSUs in preparation of accounts by the functional state PSUs is as detailed under:

Timeliness in preparation of accounts by State PSUs

4.8.1 Accounts for the year 2018-19 were required to be finalised by all PSUs by 30 September 2019. However, out of 67 Government Companies (25 functional Government Companies and 42 Non functional Government Companies) no Government Company submitted their accounts for the year 2018-19 for audit by CAG on or before 31 December 2019. Further, out of three Statutory Corporations (all functional), no Statutory Corporation has submitted their accounts for the year 2018-19 for audit before 31 December 2019.

Details of arrears in submission of accounts of PSUs (other than Power Sector) as on 31 December 2019¹¹ are as follow:

Table 4.6: Position relating to submission of accounts by the State PSUs (other than Power Sector)

Particulars		Government Companies/Government Controlled Other Companies/Statutory Corporations			
		Government Companies	Government controlled other Companies	Statutory corporations	Total
Total number of PSUs under the purview of CAG's audit as on 31.03.2019		63	04	03	70
Less: New PSUs from which accounts for 2018-19 were not due		01	-	-	01
Number of PSUs from which accounts for 2018-19 were due		62	04	03	69
Number of PSUs which presented the accounts for 2018-19 for CAG's audit by 31 December 2019		-	-	-	-
Number of PSUs having arrear accounts as of 31 December 2019		62	04	03	69
Number of accounts in arrears		1,276	06	17	1,299
Break- up of Arrears	(i) Under Liquidation	101	-	-	101
	(ii) non-functional	1,083	-	-	1,083
	(iii) First Accounts not submitted	02	03	-	05
	(iv) Others	90	03	17	110
Age-wise analysis of arrears against (iii) and (iv)	One year (2018-19)	08	03	01	12
	Two years (2017-18 and 2018-19)	06	00	-	06
	Three years and more	78	03	16	97

Source: Compiled based on quarterly report of PSUs prepared by Accounts and DP Section.

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 stipulated period. The concerned Departments were informed regularly regarding arrears in accounts.

The GoB had provided ₹ 7,633.73 crore (Equity: ₹ 231.78 crore, Loan: ₹ 3,015.70 crore, Capital Grant: ₹ 471.54 crore, Subsidy: ₹ 3,914.71 crore) to 30 PSUs, accounts of which had not been finalised by 31 December 2019 whereas no investment was made in remaining 40 PSUs during the period

¹¹ For the year 2016-17, 2017-18 and 2018-19, accounts received till 31 December were considered.

for which accounts are in arrears. PSU wise details of investment made by State Government during the years for which accounts are in arrears are shown in *Annexure-4.5*.

In the absence of finalisation of accounts and their subsequent audit of above 30 PSUs, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the funds were utilised for the purpose for which these were provided by the State Government.

Impact of non-finalisation of accounts of State PSUs (other than Power Sector)

4.9 The delay in finalisation of accounts may result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant statutes. In view of the above state of arrears of accounts, the actual contribution of the State PSUs (other than power sector) to State GDP and their profitability including profit earned/loss incurred for the year 2018-19 could not be ascertained and their contribution to the State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that the Administrative Department should strictly monitor and issue necessary directions to liquidate the arrears in accounts. The Government may also look into the constraints in preparing the accounts of the PSUs and take necessary steps to liquidate the arrears in accounts.

Winding up of non-functional State PSUs

4.10 42 State PSUs were non-functional having a total investment of ₹ 773.44 crore, mainly in Bihar State Sugar Corporation Limited (₹ 342.95 crore), Bihar State Industrial Development Corporation (₹ 87.41 crore), Bihar State Water Development Corporation (₹ 59.68 crore), towards capital (₹ 196.73 crore) and long term loans (₹ 576.71 crore) as on 31 March 2019.

The number of non-functional PSUs at the end of each year during last three years ended 31 March 2019 is given below:

Table 4.7: Non-functional State PSUs

Particulars	2016-17	2017-18	2018-19
No. of non-functional PSUs	44	44	42
Out of above, No. of PSUs which were under liquidation	5	5	5

Source: Compiled from the information included in Audit Report (PSU), GoB of respective years and in Annexure-4.2.

All 42 PSUs as in 2018-19, are non-functional for more than five years. The status of non-functional Companies are shown in the following table:

Table 4.8: Status on non-functional Companies

Sl. No.	Status	No. of Companies
1	Under liquidation	5
2	Application being made to ROC for strike off	5
3	State Government has decided to take back the winding up petition from court due to non bi-furcation of assets and liabilities between Bihar and Jharkhand.	12
4	Liquidation procedure pending due to non bi-furcation of assets and liabilities between Bihar and Jharkhand.	6
5	Under process with National Company Law Tribunal.	2
6	Pending due to non-finalisation of accounts.	1
7	No action taken by Government	11
Total		42

Government of Bihar (GoB) has already decided to wind up 31 non-functional companies¹². However, no action has been taken in respect of remaining 11 companies.

Accounts of non-functional companies are in arrear from one¹³ year to 42¹⁴ years (since inception). Despite, GoB has provided ₹ 197.93 crore as subsidy to Bihar State Sugar Corporation Limited for payment of salary, wages etc. during last three years, while the accounts of this company are pending for 34 years (Latest accounts finalised for the year 1984-85 in 1996-97). Viability of these non-functional companies is also doubtful as there is no contribution in state GDP by these non-functional companies. Thus, investment of GoB in these non-functional PSUs has become infructuous.

As regards remaining non-functional PSUs, the Government may consider taking appropriate decision regarding winding up of these PSUs.

Placement of Separate Audit Reports of Statutory Corporations

4.11 Out of three Statutory Corporations, no Corporation has forwarded their accounts of 2018-19 by 31 December 2019.

Separate Audit Reports (SARs) are audit reports of the CAG on the accounts of Statutory Corporations. These reports are to be laid before the Legislature as per the provisions of the respective Acts. Status of annual accounts of Statutory Corporations and placement of their SARs in legislature is detailed in the following table:

¹² Out of 42 non-functional PSUs, 31 non-functional PSUs are under various stages of liquidation.

¹³ Bihar State Agro Industries Development Corporation Limited.

¹⁴ Bihar Scooters Limited.

Table 4.9: Status of placement of SAR of the Statutory Corporations

Sl. No.	Name of the Corporation	Year of Accounts up to which SARs placed in the State Legislature	Status of placement of SAR	Year for which SARs not placed in the Legislature	
				Year of Accounts	Date of issue to the Government
1.	Bihar State Financial Corporation	2014-15	29.03.2016	2015-16 2016-17	16 December 2016 31 July 2018
2.	Bihar State Warehousing Corporation	2010-11	26.07.2018	2011-12	08 August 2019
3.	Bihar State Road Transport Corporation ¹⁵	-	-	1974-75 to 2005-06 (32) <u>Details are as under</u> 2001-02 2002-03 2003-04 2004-05 2005-06	26 December 2007 25 January 2010 20 May 2014 10 February 2015 29 September 2015

Source: Compiled based on information furnished by Bihar Legislative Assembly secretariat.

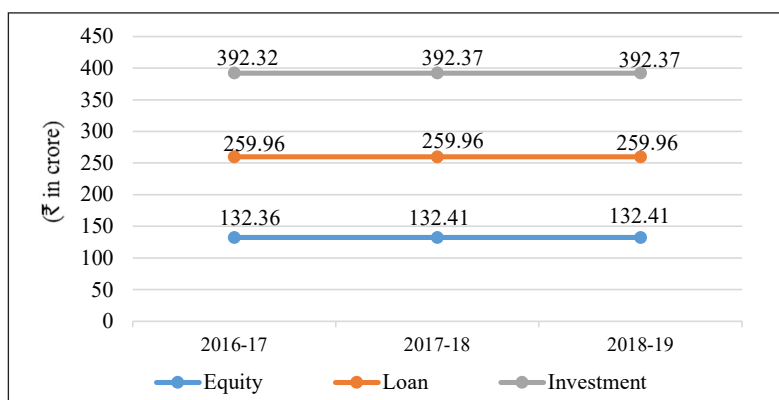
Performance of State PSUs (other than Power Sector)

4.12 The financial position and working results of the 12 State PSUs covered in this report as per their latest finalised accounts¹⁶ as of 31 December 2019 are detailed in *Annexure-4.1*.

The PSUs are expected to yield reasonable return on investments made by Government in the undertakings. The total investment of State Government and others in the PSUs was ₹ 430.31 crore consisting of equity of ₹ 170.35 crore and long term loans of ₹ 259.96 crore. Out of this, Government of Bihar has investment of ₹ 392.37 crore in the 12 PSUs consisting of equity of ₹ 132.41 crore and long term loans of ₹ 259.96 crore (*Annexure-4.3*).

The year wise statement of investment of GoB in the PSUs other than power sector covered in this report during the period 2016-17 to 2018-19 is as follows:

Chart 4.2: Total investment of GoB in PSUs (other than power sector)



¹⁵ SAR of the year 1974-75 to 2005-06 were not placed in legislature.

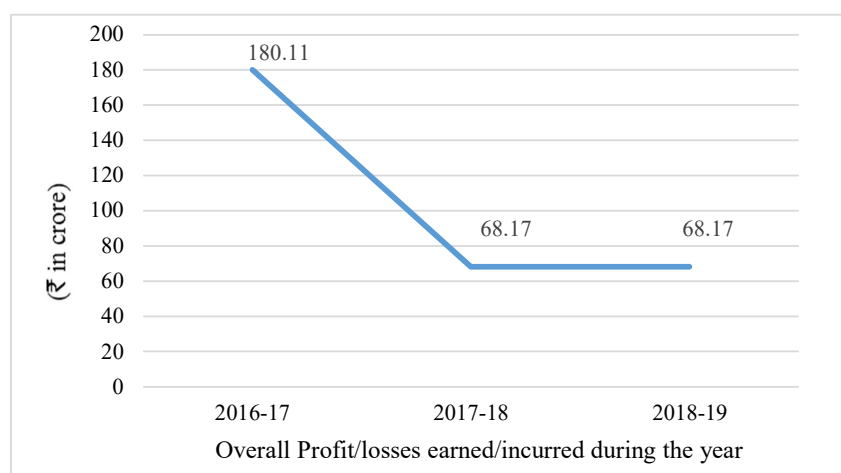
¹⁶ Latest finalised accounts for the years 2016-17 to 2018-19.

The profitability of a company is traditionally assessed through return on investment (ROI), return on equity (ROE) and return on capital employed (ROCE). Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity and long term loans and is expressed as a percentage of profit to total investment. Return on Equity is a measure of performance calculated by dividing net profit after tax by shareholders' fund. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed.

Return on Investment

4.13 The Return on Investment is the percentage of profit or loss to the total investment. The overall position of profits/losses¹⁷ earned/incurred by the 12 State PSUs during 2016-17 to 2018-19 is depicted below in the chart:

Chart 4.3: Profit/Losses earned/incurred by PSUs (other than Power Sector) during the years



4.13.1 The number of PSUs that earned profit was eight in 2018-19. The profit earned decreased to ₹ 68.17 crore in 2018-19 from ₹ 180.11 crore in 2016-17. Return on Equity in all the 12 PSUs i.e. including loss making was 17.00 per cent in 2016-17 which decreased to 6.16 per cent in 2018-19. The details of sector wise profit of PSUs during 2018-19 are summarised in Table 4.10.

Table 4.10: Sector wise profitability of PSUs

Sector	Number of profit/loss making PSUs	Profit/Loss after Tax (₹ in crore)	Percentage of profit to total profit after tax
PSUs in Monopolistic Sector	3	-8.96	-
PSUs with assured income	6	123.40	181.02
PSUs in Competitive Environment	3	-46.27	-
Total	12	68.17	-

Source: Compiled based on latest finalised annual accounts of PSUs

¹⁷ Figures are as per the latest finalised accounts of the respective years.

It may be seen from *Annexure 4.1* that out of 12 PSUs, five PSUs working under assured income sector and two PSU working under monopolistic sector and one PSU working under Competitive Environment earned profit (₹ 138.86 crore). Further, two PSUs working in competitive environment, one PSU with assured income and one PSU working in monopolistic environment incurred loss of ₹ 70.69 crore during 2018-19. Thus, self-sustainability of these four PSUs is doubtful.

Real Return on Investment on the basis of Present Value of Investment

4.14 An analysis of the earnings vis-a-vis investments in respect of those 12 State PSUs where funds had been infused by the State Government was carried out to assess the profitability of these PSUs. Traditional calculation of return based only on the basis of historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value of money. Therefore, in addition to the calculation of return on funds invested by Government of Bihar in the 12 PSUs on historical cost basis, the return on investment has also been calculated after considering the Present Value (PV) of money. PV of the State Government investment was computed where funds had been infused by the State Government in the shape of equity, interest free/defaulted loans and capital grants starting from 2000-01 in these Companies till 31 March 2019. During the period from 2000-01 to 2018-19, these PSUs had a positive return on investment during the years 2005-06 to 2018-19. The return on investment for these years have, therefore, been calculated and depicted on the basis of PV.

The present value (PV) of the State Government investments in these PSUs was computed on the following assumptions:

- Loans have been considered as fund infusion by the State Government. However, in case of repayment of loans by the PSUs, the PV was calculated on the reduced balances of loans over the period. The funds made available in the form of grant/subsidy have not been reckoned as investment except capital grant since they do not qualify to be considered as investment.
- The average rate of interest on Government borrowings for the concerned financial year¹⁸ was adopted as discount rate for arriving at Present Value since they represent the cost incurred by the Government towards investment of funds for the year and therefore considered as the minimum expected rate of return on investments made by the Government.

4.15 PSU wise position of State Government investment in these 12 State PSUs in the form of equity, interest free/defaulted loans and capital grants on historical cost basis for the period from 2000-01 to 2018-19 is indicated in *Annexure-4.6*. Further, consolidated position of NPV of the

¹⁸ The average rate of interest on Government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Bihar) for the concerned year wherein the calculation for the average rate for interest paid = Interest Payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100.

State Government investment relating to these PSUs for the same period is indicated in table 4.11.

Table 4.11: Year wise details of investment by the State Government and present value (PV) of Government investment for the period from 2000-01 to 2018-19

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the state Government during the year	Interest free/defaulted Loans and capital grants given by the state Government during the year	Total investment during the year	Average rate of interest on Government borrowings (in %)	Total investment at the end of the year	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total Earnings for the year
i	ii	iii	iv	v=iii+iv	vi	vii = ii + v	viii = {vii* (1+ vi)/100}	ix = {vii*vi} / 100}	x
2000-01	0.00	57.74	18.68	76.42	11.41	76.42	85.14	8.72	-7.66
2001-02	85.14	0.00	0.00	0.00	9.00	85.14	92.80	7.66	-82.79
2002-03	92.80	0.00	83.94	83.94	7.20	176.74	189.47	12.73	-49.31
2003-04	189.47	0.00	12.18	12.18	6.14	201.65	214.03	12.38	-15.11
2004-05	214.03	0.00	41.59	41.59	9.59	255.62	280.13	24.51	-8.66
2005-06	280.13	0.00	7.97	7.97	8.20	288.10	311.73	23.62	13.94
2006-07	311.73	5.00	71.00	76.00	7.15	387.73	415.45	27.72	31.00
2007-08	415.45	0.00	0.00	0.00	7.15	415.45	445.15	29.70	79.89
2008-09	445.15	5.00	29.99	34.99	7.93	480.14	518.22	38.08	54.23
2009-10	518.22	25.00	0.00	25.00	6.48	543.22	578.42	35.20	29.80
2010-11	578.42	20.00	0.18	20.18	6.87	598.60	639.72	41.12	149.35
2011-12	639.72	0.00	0.00	0.00	6.35	639.72	680.35	40.62	188.55
2012-13	680.35	0.00	0.00	0.00	5.79	680.35	719.74	39.39	129.98
2013-14	719.74	0.34	0.00	0.34	6.68	720.08	768.18	48.10	134.81
2014-15	768.18	0.00	0.00	0.00	6.59	768.18	818.80	50.62	254.85
2015-16	818.80	0.00	0.37	0.37	6.58	819.17	873.07	53.90	251.42
2016-17	873.07	19.35	-5.76	13.59	6.42	886.66	943.59	56.92	180.11
2017-18	943.59	0.05	0.00	0.05	6.13	943.64	1001.48	57.85	68.17
2018-19	1,001.48	0.00	0.00	0.00	6.18	1,001.48	1,063.37	61.89	68.17
Total	1,063.37	132.48	260.14	392.62		9,968.10			

Source: Compiled based on latest finalised annual accounts of PSUs

The balance of investment by the State Government in these PSUs at the end of the year increased to ₹ 392.62 crore in 2018-19 from ₹ 76.42 crore in 2000-01 as the State Government made further investments in shape of equity (₹ 74.74 crore) and loans/capital grant (₹ 241.46 crore) during the period 2001-02 to 2018-19. The PV of funds infused by the State Government up to 31 March 2019 amounted to ₹ 1,063.37 crore. During 2000-01 to 2004-05, these Companies continued to suffer losses. However, during 2005-06, these Companies earned some profits though total earnings remained below the minimum expected return to recover cost of funds infused in these PSUs. From 2006-07 onwards except in 2009-10, these Companies started earning sufficient profits to recover cost of funds

infused as six¹⁹ of these PSUs working in assured income from centage, commission, revenue grants/subsidies, etc. earned substantial profits during this period.

Further, GoB has invested equity of ₹ 340.21 crore and loans/capital grant of ₹ 4,221.90 crore upto 2018-19 in the remaining 58 other than power sector PSUs (including 41 non-functional PSUs). The present value of GoB investment in these PSUs stood at ₹ 8,293.40 crore as of 31 March 2019 for which real Return on Investment could not be worked out in the absence of earnings (Profit/Loss) figures due to non-finalisation of accounts for the last three years.

Return on Equity of PSUs

4.16 Return on equity (ROE)²⁰ is a measure of financial performance of Companies calculated by dividing net income by shareholders' equity. Sector-wise ROE of PSUs is depicted in Table 4.12.

Table 4.12: Sector wise Return on Equity

Sl. No.	Sector	ROE during 2016-17		ROE during 2017-18		ROE during 2018-19	
		No of PSUs	ROE (per cent)	No of PSUs	ROE (per cent)	No of PSUs	ROE (per cent)
1	PSUs in Monopolistic Environment	3	-	3	-	3	-
2	PSUs with Assured Income	5	14.54	6	8.35	6	8.35
3	PSUs in Competitive Environment	3	3.24	3	7.96	3	7.96
	Total	11	17.00	12	6.16	12	6.16

Source: Compiled based on latest finalised annual accounts of PSUs

It may be seen from the above table that ROE of PSUs with assured income sector and PSUs in Competitive Environment are positive while PSUs in monopolistic environment have negative earnings as well as negative net-worth during the period 2016-17 to 2018-19. As the profit after tax and Shareholders' fund are negative in case of PSUs in monopolistic environment, the ROE cannot be worked out.

This reflects that PSUs in monopolistic environment are not commercially viable.

A comparison of ROE of Monopolistic/Assured Income vs Competitive environment Sectors are depicted in Table 4.13.

Table 4.13: Monopolistic/Assured Income vs Competitive Environment Sectors comparison of Return on Equity of PSUs

Year	Monopolistic/Assured PSUs		Competitive PSUs	
	No of PSUs	ROE (per cent)	No of PSUs	ROE (per cent)
2016-17	8	12.38	3	3.24
2017-18	9	6.78	3	7.96
2018-19	9	6.78	3	7.96

Source: Compiled based on latest finalised annual accounts of PSUs

¹⁹ Bihar Rajya Pul Nirman Nigam Limited, Bihar State Road Development Corporation Limited, Bihar Urban Infrastructure Development Corporation Limited, Bihar State Beverages Corporation Limited, Bihar State Electronics Development Corporation Limited and Bihar State Educational Infrastructure Development Corporation Limited.

²⁰ Return on Equity = (Net Profit after Tax and preference Dividend/Equity)*100 where Equity = Paid up Capital + Free Reserves – Accumulated Loss – Deferred Revenue Expenditure.

Return on Capital Employed

4.17 Return on Capital Employed (ROCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed²¹. The details of ROCE of 12 PSUs during the period from 2016-17 to 2018-19 are given in Table 4.14.

Table 4.14: Return on Capital Employed

Year wise Sector-wise break-up	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (In %)
2016-17			
PSUs in Monopolistic Environment	3.53	193.84	1.82
PSUs with assured income	275.65	1,443.91	19.09
PSUs in Competitive Environment	-1.00	-275.28	0.36
Total	278.18	1,362.47	20.42
2017-18			
PSUs in Monopolistic Environment	4.83	208.98	2.31
PSUs with assured income	167.13	1,477.79	11.31
PSUs in Competitive Environment	-27.97	-321.01	8.71
Total	143.99	1,365.76	10.54
2018-19			
PSUs in Monopolistic Environment	4.83	208.98	2.31
PSUs with assured income	167.13	1,477.79	11.31
PSUs in Competitive Environment	-27.97	-321.01	8.71
Total	143.99	1,365.76	10.54

Source: Compiled based on latest finalised annual accounts of PSUs

It was observed that ROCE decreased from 20.42 per cent during 2016-17 to 10.54 per cent during 2018-19 due to increase in losses of Bihar State Financial Corporation.

PSUs incurring losses

4.18 There were four PSUs that incurred losses during the year 2016-17 to 2018-19. The losses incurred by these PSUs are given in Table No 4.15.

Table 4.15: Number of PSUs that incurred losses during 2016-17 to 2018-19

Year	No of PSUs incurred loss	Net loss for the year (₹ in crore)	Accumulated loss (₹ in crore)	Net Worth ²² (₹ in crore)
PSUs in Monopolistic Environment				
2016-17	1	24.10	-	101.41
2017-18	1	24.10	-	101.41
2018-19	1	24.10	-	101.41

²¹ Capital Employed = Paid up Share capital + Free Reserves and surplus + Long term loans – Accumulated losses – Deferred Revenue Expenditure.

²² Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision.

Year	No of PSUs incurred loss	Net loss for the year (₹ in crore)	Accumulated loss (₹ in crore)	Net Worth (₹ in crore)
PSUs with Assured Income				
2016-17	-	-	-	-
2017-18	1	0.17	0.17	- 0.07
2018-19	1	0.17	0.17	- 0.07
PSUs in Competitive Environment				
2016-17	3	17.36	631.69	-535.24
2017-18	2	46.42	500.17	-411.28
2018-19	2	46.42	500.17	-411.28

Source: Compiled based on latest finalised annual accounts of PSUs

It may be seen from the above table that all three PSUs in competitive environment had suffered losses during 2016-17 whereas two PSUs suffered losses during 2018-19. Their accumulated losses ₹ 631.69 crore in 2016-17 decreased to ₹ 500.17 crore in 2018-19. This reflects adversely on the sustainability of these PSUs.

Erosion of Net worth of PSUs

4.19 As on 31 March 2019, there were four PSUs with accumulated losses of ₹ 677.59 crore. Of the 12 PSUs, two PSUs in competitive environment sector, one PSU with Assured Income and one PSU in monopolistic sector incurred losses amounting to ₹ 70.69 crore and eight PSUs which were in monopolistic environment (two), assured income (five) and competitive environment sector (one) had earned profit of ₹ 138.86 crore in the year 2018-19. No PSUs were under winding up/closure/liquidation/strategic disinvestment.

Net worth of three PSUs²³ in competitive sector had been completely eroded by accumulated loss and their net worth was (-) ₹ 580.97 crore against equity investment of ₹ 86.40 crore in these PSUs as on 31 March 2019.

In three competitive sector PSUs whose capital had been eroded, Government loans outstanding as on 31 March 2019 amounted to ₹ 259.96 crore.

Dividend Payout

4.20 The State Government had not formulated a dividend policy under which all profit making PSUs are required to pay a minimum return.

Dividend Payout in respect of 12 PSUs, covered in this report, where equity was infused by State Government during 2016-17 to 2018-19 is shown in Table below :

²³ Bihar State Agro Industries Development Corporation Limited, Bihar State Financial Corporation and Bihar State Film Development & Finance Corporation Limited

Table 4.16: Dividend Payout of 12 PSUs (other than Power Sector) during 2016-17 to 2018-19

(₹ in crore)

Year	Total PSUs where equity infused by GoB		PSUs which earned profit during the year		PSUs which declared/paid dividend during the year		Dividend Payout Ratio (%)
	Number of PSUs	Equity infused by GoB	Number of PSUs	Profit earned	Number of PSUs	Dividend declared/paid by PSUs	
1	2	3	4	5	6	7	8=7/5*100
2016-17	11	132.36	8	251.57	2 ²⁴	6.05	2.40
2017-18	12	132.41	8	138.86	2	6.05	4.36
2018-19	12	132.41	8	138.86	2	6.05	4.36

Source: Compiled based on latest finalised annual accounts of PSUs

During the period 2016-17 to 2018-19, eight PSUs earned profits. However, only two PSUs declared/paid dividend to GoB during the period. The Dividend Payout Ratio during 2016-17 was 2.40 per cent and 4.36 per cent in 2017-18 and 2018-19.

Analysis of Long Term Loans of the PSUs (other than Power Sector)

4.21 Analysis of the Long Term Loans of the PSUs which had leverage during 2016-17 to 2018-19 was carried out to assess the ability of the PSUs to serve the debt owed by the PSUs to the Government, banks and other financial institutions. This is assessed through the interest coverage ratio.

Interest Coverage Ratio

4.22 Interest coverage ratio is used to determine the ability of a PSU to pay interest on outstanding debt and is calculated by dividing earnings before interest and taxes (EBIT) of a PSU by interest expenses of the same period. The lower the ratio, the lessor the ability of the PSU to pay interest on debt. An interest coverage ratio below one indicates that the PSU was not generating sufficient revenues to meet its expenses on interest. The details of positive and negative interest coverage ratio of PSUs covered in the report which had outstanding loans during the period from 2016-17 to 2018-19 are given in Table 4.17:

Table 4.17: Interest coverage ratio of functional State PSUs (other than Power Sector) having liability of loans

Year	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	Number of PSUs having liability of loans	Number of PSUs having interest coverage ratio of more than one	Number of PSUs having interest coverage ratio less than one
2016-17	16.36	-1.00	3	1	2
2017-18	18.30	-27.97	3	1	2
2018-19	18.30	-27.97	3	1	2

Source: Compiled based on latest finalised annual accounts of PSUs

Of the three State PSUs (other than Power Sector) having liability of interest bearing loans during 2018-19, one PSU had interest coverage

²⁴ Bihar State Road Development Corporation Limited (₹ Five crore), Bihar Rajya Pul Nirman Nigam Limited (₹ 1.05 crore) during 2016-17 and 2017-18.

ratio of more than one whereas remaining two PSU²⁵ had negative interest coverage ratio as their EBIT was negative. This indicates that these PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

In respect of the above two PSUs, net worth was negative as on 31 March 2019, which indicates high risk of insolvency of these PSUs.

Age wise analysis of interest outstanding on State Government Loans

4.23 As on 31 March 2019, interest amounting to ₹ 217.89 crore was outstanding on the long term loans of three PSUs provided by GoB. The age wise analysis of interest outstanding on GoB Loans in PSUs is depicted in Table 4.18.

Table 4.18: Interest outstanding on State Government Loans

(₹ in crore)					
Sl. No.	Name of PSU	Outstanding interest on loans	Outstanding for less than one year	Outstanding for one to three years	Outstanding for more than three years
1	Bihar State Film Development & Finance Corporation Limited	0.57 ²⁶	-	0.18	0.39
2	Bihar State Agro Industries Development Corporation Limited (Non-functional)	18.92 ²⁷	-	-	18.92
3	Bihar State Financial Corporation	198.40 ²⁸	-	54.72	143.68
	Total	217.89	-	54.90	162.99

Source: Compiled based on latest finalised annual accounts of PSUs

Comments on Accounts of State PSUs (other than Power Sector)

4.24 16 functional Companies forwarded 49 audited accounts to the Accountant General during the period from 1 January 2019 to 31 December 2019. 14 accounts were selected for supplementary audit. The Audit Reports of Statutory Auditors and supplementary audit conducted by the CAG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the CAG are as follows:

Table 4.19: Impact of audit comments on Functional Companies (other than Power Sector)

(₹ in crore)							
Sl. No.	Particulars	2016-17		2017-18		2018-19	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	5	25.61	4	26.09	2	37.90
2.	Increase in profit	-	-	-	-	1	4.12
3.	Increase in loss	1	1.82	-	-	-	-

²⁵ Bihar State Financial Corporation and Bihar State Film Development & Finance Corporation Limited.

²⁶ As per finalised accounts 2016-17

²⁷ As per finalised accounts 2017-18

²⁸ As per finalised accounts 2017-18

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
4.	Decrease in loss	-	-	-	-	-	-
5.	Non-disclosure of material facts	4	14.07	1	39.17	2	4,408.46
6.	Errors of classification	-	-	4	1,074.10	1	0.28

Source: Compiled from comments of the Statutory Auditors/ CAG in respect of Government Companies.

During the year 2018-19, the Statutory Auditors had issued qualified certificates on all 49 accounts. Compliance to the Accounting Standards by the PSUs remained poor as the Statutory Auditors pointed out nine instances of non-compliance to the Accounting Standards in two accounts. **Further, CAG has also declined to give an opinion in view of the serious shortcomings in respect of four accounts of Bihar State Food and Civil Supplies Corporation Limited for the year 1999-2000 to 2002-03.**

4.25 The State has three Statutory Corporations *i.e* (i) Bihar State Financial Corporation (BSFC) (ii) Bihar State Warehousing Corporation (BSWC) and (iii) Bihar State Road Transport Corporation (BSRTC). The CAG is the sole auditor in respect of BSRTC.

Out of three functional Statutory Corporations, BSWC and BSRTC forwarded annual accounts for the year 2012-13 and 2007-08 to 2008-09 respectively during 1 January 2019 to 31 December 2019. Accounts of BSWC and BSRTC were selected for audit. The Statutory Auditors had given qualified certificates on annual accounts of BSWC for the year 2012-13. **CAG has declined to give an opinion on the accounts of BSWC for the year 2012-13 in view of the serious shortcomings.**

Compliance Audit Paragraphs

4.26 For the Report of the Comptroller and Auditor General of India (Public Sector Undertakings) for the year ended 31 March 2019, eight compliance audit paragraphs were issued to the Principal Secretary of the respective Administrative Department with request to furnish replies within six weeks. Replies have been received for three compliance audit paragraphs from the State Government. The total financial impact of the eight compliance audit paragraphs is ₹ 403.94 crore.

Follow up action on Audit Reports

Replies outstanding

4.27 The Report of the Comptroller and Auditor General of India is the product of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of Bihar issued (April 2015) instructions to all Administrative Departments to submit replies/explanatory notes to paragraphs/performance audits included in the Reports of the CAG of India within a period of three months after their presentation to the Legislature, in the prescribed format,

without waiting for any questionnaires from the Committee on Public Undertakings (COPU).

As on 30 September 2019 reply/explanatory notes to three out of five paragraphs of Audit Report of 2016-17 were not received from the departments.

Discussion of Audit Reports by COPU

4.28 The status of discussion of Performance Audits and Paragraphs related to PSUs (other than Power Sector) that appeared in Audit Reports (PSUs) by the COPU as on 30 September 2019 was as under:

Table 4.20: Performance Audits/Paragraphs appeared in Audit Reports *vis-a-vis* discussed as on 30 September 2019

Period of Audit Report	Number of Performance Audits/Paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	Performance Audit	Paragraphs	Performance Audit	Paragraphs
2015-16	2	3	-	3
2016-17	2	5	-	2

Source: Compiled based on the discussions of COPU on the Audit Reports.

Compliance to Reports of COPU

4.29 Action Taken Notes (ATNs) on reports of the COPU presented to the State Legislature during November 2017 to November 2018 had not been received (30 September 2019) from the State PSUs (other than Power Sector) as indicated in the following table:

Table 4.21: Compliance to CoPU Reports

Year of the COPU Report	Total number of Reports of COPU	Total number of recommendations in COPU Reports	Number of recommendations where ATNs not received
2015-16	1	-	-
2016-17	3	1	1
2017-18	2	1	1
2018-19	8	2	2
2019-20	2	-	-
Total	16	4	4

Source: Compiled based on ATNs received on recommendations of COPU from the respective Departments of GOB.

The above mentioned Reports of COPU contained recommendations in respect of paragraphs pertaining to Education, Excise & Prohibition and Cooperative Departments, GOB, which appeared in the Reports of the CAG of India for the year 2008-09 to 2014-15.

CHAPTER–V
Compliance Audit
Observations relating to State
Public Sector Undertakings
(other than Power Sector)

Chapter V

Compliance Audit Observations relating to State Public Sector Undertakings (other than Power Sector)

This Chapter includes important audit findings emerging from test check of transactions of the State Government companies.

Government companies

Bihar Rajya Pul Nirman Nigam Limited

5.1 Flyovers being constructed in Patna

5.1.1 Bihar Rajya Pul Nirman Nigam Limited (Company) is a State Government Company under the administrative control of the Road Construction Department, Government of Bihar (GoB). Its main objectives are the construction of bridges/roads and other structures and maintenance, and improvement works thereof. The Company mainly executes works related to the construction of bridges entrusted by GoB as deposit works on a cost-plus basis, i.e., scheduled cost plus centage. The Managing Director is responsible for day to day conduct of the business of the company.

Audit of flyovers being constructed in Patna was conducted as three flyovers, namely (i) Multi junctional interchange at Bailey Road Patna (Lohiya Path Chakra) (ii) Flyover connecting Mithapur Flyover to Bikhari Thakur Flyover (R-Block flyover) and (iii) Flyover connecting Mithapur flyover to Chiraiyatand Flyover (Karbigahiya flyover) entailing project cost of ₹ 588 crore were under various stages of construction and were suffering from time overrun. The brief description of flyovers is given below:

Sl. No.	Particulars	Name of flyovers		
		Lohiya Path Chakra (LPC)	R-Block	Karbigahiya
1	Date of administrative approval (Amount)	28 February 2014 (₹ 391.48 crore)	31 July 2015 (₹ 166.15 crore)	29 July 2015 (₹ 121.86 crore)
2	Date of latest technical sanction (partial) (Amount)	14 March 2019 (₹ 197.61 crore)	5 March 2020 (₹ 152.52 crore)	18 July 2018 (₹ 42.20 crore)
3	Date of invitation of tender	21 February 2014	22 June 2015	22 June 2015
4	Date of Agreement (Amount)	22 December 2015 (₹ 381.59 crore)	12 November 2015 (₹ 104.21 crore)	12 November 2015 (₹ 101.75 crore)
5	Scheduled date of completion	23 December 2017	11 November 2018	11 November 2018
6	Payment as on June 2020 (percentage of agreement value)	₹ 120.86 crore (32 per cent)	₹ 105.31 crore (101 per cent)	₹ 45.10 crore (44 per cent)
7	Stage of Physical Completion in per cent (June 2020) ¹	Foundation: 88 % Substructure: 78 % Superstructure: 59 %	Foundation: 89 % Substructure: 78 % Superstructure: 59 %	Foundation: 62 % Substructure: 34 % Superstructure: 19 %
8	Time Overrun (June 2020)	30 Months	19 Months	19 Months

Audit for the period October 2016 to April 2019 was conducted during May 2019 to June 2019². Audit was conducted with a view to assess whether rules, regulations, and standards pertaining to construction viz.

¹ For LPC project: Three out of seven places and Karbigahiya Project: In one arm

² Entry meeting on 10 May 2019 and exit meeting on 03 July 2019.

applicable Standards of Indian Road Congress, Bihar Financial Rules, Bihar Public Works Department Code, Instructions of the Government and Provisions of Standard Bidding/tender Documents were adhered to and construction work of flyovers was executed economically and efficiently by the Company.

Audit Findings

Audit findings are discussed in succeeding paragraphs.

Non-assessment of requirement of flyovers in detail and commencement of work without obtaining appropriate approval and sanction

5.1.2 As per provisions in Project Preparation Manual for Bridge (also applicable for flyovers) published by Indian Road Congress (IRC:SP:54-2000), preliminary survey, data collection, and investigation are required to be conducted at the feasibility stage of project preparation. The basic design parameters of the bridge, such as the number of traffic lanes needed, the approach gradients, etc. are determined by the type, intensity and volume of traffic to which the bridge has to cater.

Rule 205 and 208 of Bihar Finance (Amendment) Rules, 2005 (BFR) *inter-alia* states that no work shall be commenced until - (i) administrative approval has been obtained from the appropriate authority in each case; (ii) sanction to incur expenditure has been obtained from the competent authority; (iii) a properly detailed design has been sanctioned; (iv) an estimate containing the detailed specifications and quantities of various items have been prepared based on the Schedule of Rates.

Scrutiny of records revealed (June 2019) that while planning for two projects (R-Block and Karbigahiya), no traffic survey was conducted to assess the requirement of flyovers. In the absence of any traffic census/data, it could not be verified whether these flyovers were properly designed and whether the number and width of the traffic lanes provided in flyovers were sufficient to cater to requirement.

It was observed that the Company invited tenders for all the three flyovers even before grant of administrative approval. It was also noticed that technical sanctions of the projects were accorded by the competent authority on a piecemeal basis as Stage-wise Technical Sanction was given. Even after four years of commencement of work, technically sanctioned drawing and design for the entire length was not finalised (December 2019) for any project. Further, without ensuring the availability of drawing and design for the entire stretches of the flyovers, the agreements were entered, and works on the flyovers were commenced. Payment of ₹ 66.25 crore was also made to contractors prior to technical sanction.

Thus, the Company in violation of codal provision not only invited tenders and commenced the works of flyover but also made payment of ₹ 66.25 crore to the contractors prior to technical sanction.

The Company stated (June 2020) that tenders were invited prior to getting administrative approval in the interest of the work and to minimize the

time span. However, the works were awarded only after getting the administrative approval and payments were made to the agencies only after entering into the agreements with the agencies. The technical sanction also covered the work done and payments made prior to this technical sanction.

Reply is not acceptable as the activities of the Company were in violation of aforementioned provisions of BFR rules.

Excess Payment to consultants

5.1.3 Rule 30(v) of Bihar Finance (Amendment) Rules, 2005, also *inter-alia* stipulates that no work of any kind should be commenced without proper execution of an agreement. Further, as per Para 5.1 of Manual of Policies and Procedure of Employment of Consultants (Manual) issued (August 2006) by GOI, under lump sum consultancy contract, payments are linked to output (deliverables), and as per para 5.4 of the Manual, in percentage contracts which are commonly used in architecture services, the fee paid to consultants directly relate to the estimated or actual project construction cost.

Scrutiny of records revealed that a Memorandum of Understanding (MoU) was signed (November 2013) between the Company and M/s Foundation for Innovation and Technology Transfer (FITT) IIT Delhi to avail services³ and inputs of the later in projects executed by the former. Subsequently, the Company entered (September 2016) into a project execution agreement (PEA) with them for getting the drawing and design of Lohiya Path Chakra Flyover. As per conditions stipulated in the PEA, 2.5 *per cent* of the total project cost (₹ 335 crore) plus applicable taxes were to be paid to M/s FITT. The structural design of four stretches (Hartali More, Punaichak, Boring canal road, and High court) out of seven stretches were not submitted by M/s FITT. Hence, the Company terminated (June 2018) the PEA. The Company made a total payment of ₹ 6.04 crore⁴ to M/s FITT.

In this connection, Audit observed that:

- the Company, in violation of the provision of BFR, without execution of an agreement, made payment of ₹ 4.08 crore to M/s FITT.
- as per the condition of PEA, the first instalment of ₹ 0.46 crore was to be paid to M/s FITT after signing the PEA whereas the second installment of 30 *per cent* was payable after submission of detailed design and drawing of all foundations, substructure at the High Court and the bridge at Lalit Bhawan Junction. However, it was observed that the second installment of ₹ 1.50 crore was paid to M/s FITT without obtaining the requisite deliverables.

³ (i) Complete architectural drawings, alignment drawing; (ii) Adjacent road improvement needed for the smooth flow of the traffic; (iii) Road cross sections; (iv) Conceptual General Arrangement Drawings; (v) Preliminary Structural Design (vi) Draft Bill of Quantities (BOQ) (vii) Indicative Cost (viii) Detailed Structural Design (ix) Vetted drawing/ good for construction drawings

⁴ ₹ 4.08 crore based on MoU and ₹ 1.96 crore after entering into PEA.

The Company did not offer any comment on the observation on the payment without execution of an agreement. Further, the Company stated (June 2020) that payment was made for the delivery of all designs and drawings related to three locations only in place of payment to be made on the basis of achievement of different milestones as per the agreement.

Reply is not acceptable as the Company made payment in violation of the provisions of PEA which also stipulated submission of detailed design and drawings of all foundations and detailed design and drawings of sub-structure at High Court, which FITT failed to deliver.

5.1.4 Rule 131ZG of BFR stipulates that a consultant can be selected on nomination basis under some special circumstances if it becomes necessary to select a particular consultant and where adequate justification is available for such single-source selection in the context of the overall interest of the Department. Full justification for single-source selection should be recorded in the file and approval of the competent authority obtained before resorting to such single-source selection. Further, as per Para 5.1 of Manual of Policies and Procedure of Employment of Consultants (Manual) issued (August 2006) by GOI, under lump sum consultancy contract, payments are linked to output (deliverables).

Scrutiny of records revealed that based on the proposal of M/s FITT (design consultant), the Company appointed M/s Planin Innovation and Consultancy Services (PICS) as a supervision consultant of Lohiya Path Chakra at a cost of ₹ 11.89 crore⁵ plus applicable taxes. A tripartite agreement was executed (December 2016) among the Company, design consultant (M/s FITT), and M/s PICS. As per the agreement, the Company has been making monthly payments to M/s PICS based on the attendance of the staff of M/s PICS. The Company incurred (June 2020) expenditure of ₹ 10.86 crore on the supervision consultant.

In this connection, Audit observed that:

- the Company, in violation of the provisions of the BFR, appointed M/s PICS on a nomination basis without recording full justification for single-source selection as required under BFR.
- as per provisions enumerated above, payment to the supervision consultant was required to be linked to output (deliverables) or actual project construction cost. However, the payment to M/s PICS was made on a monthly basis as per the proposal of the design consultant. Had the payment been based on the progress of the work, the Company would have been liable to make payment of ₹ 3.45⁶ crore only till June 2020 as against ₹ 10.86 crore already made. This resulted in excess payment of ₹ 7.41 crore.

The Company stated (June 2020) that this project was of special type and patented design conceived by FITT, a premier institution of India and PICS

⁵ 3.55 per cent of estimated project cost i.e. ₹ 335 crore

⁶ ₹ 11.89 crore × Actual payment to Agency till March 2019/Amount of LOA to agency = ₹ 11.89 crore × ₹ 110.70 crore/ ₹ 382 crore = ₹ 3.45 crore.

had patent right and know how. Therefore, on the recommendation of the FITT, PICS was engaged as supervision consultant. Management did not offer any comment on the observation on excess payment of ₹ 7.41 crore.

Reply is not acceptable as appointment of consultant on nomination basis without recording full justification for single-source selection was in violation of BFR. Further, patent was for design only and the Company was already paying royalty to FITT for use of design. Hence, there should have been detailed justification on need for engaging M/s PICS as consultant for supervision work.

Overcharging of project fund by ₹ 16.90 crore

5.1.5 The administrative approval of projects accorded by the Department comprised of civil work components⁷, price neutralisation⁸ and centage⁹. As such, non-civil component cost of the concerned infrastructural projects viz. consultancy, supervision should not be taken into consideration for the purpose of computation of centage income.

The Company has been earning centage for the execution of the projects. Therefore, payment towards design/supervision consultant should have been borne by it out of its centage income, as provisioned in the administrative approval. However, Audit observed that the Company has been charging these expenses to project funds and also booking centage on the same. In the Lohiya Path Chakra project, the Company charged (December 2019) ₹ 16.90 crore (₹ 6.04 crore towards design and ₹ 10.86 crore towards supervision consultancy) to project fund and booked ₹ 1.52 crore as centage on the same thereby burdening the state exchequer by ₹ 18.42 crore.

While accepting the observation, the Company stated (June 2020) that any excess centage including supervision consultancy services charged would be adjusted on the expenditure incurred in future/final bills.

The matter was reported to the Government (March 2020), reply was awaited (September 2020).

Conclusion:

Flyovers were being constructed in Patna without ensuring the availability of drawing and design. Tenders were invited before obtaining Administrative Approval and payment were made prior to Technical Sanction. Further, neither the transparency in the selection of consultants was maintained nor payment was linked to deliverables/ progress of work. These have resulted in time over-run and undue benefits to consultants. **Such practices were also reported to the Government vide Audit Report (Commercial) of the C&AG of India for the year ended 31 March 2010 (Para no. 2.11.1 and 2.14.2) and Audit Report (PSUs) for the year ended 31 March 2015 (Para no. 2.1.7, 2.1.12, 2.1.13, 2.1.21 and 2.1.28). However, GoB is yet to**

⁷ Bridge Work, Road Work, Drainage and Protection Work

⁸ At the rate of eight *per cent* on the sum of civil work components.

⁹ At the rate of nine *per cent* on the sum of civil work components.

address these significant issues which go against the financial propriety and prudence.

Bihar State Road Development Corporation Limited

5.2 Avoidable payment of income tax

The Company recognised centage on non-admissible items which not only resulted in payment of additional income tax aggregating ₹ 23.97 crore but also led to burden on the State exchequer aggregating ₹ 61.73 crore.

Bihar State Road Development Corporation Limited (Company) executes infrastructure projects entrusted to it by Road Construction Department (RCD), Government of Bihar (GoB). For execution of infrastructural projects, the Company gets agency charge/centage at the prescribed rates¹⁰ from GoB. Para 126 of the Bihar PWD code stipulates that the project in respect of which the expected expenditure is more than ₹ 25,000, a detailed estimate shall be prepared and shall be duly sanctioned by the Competent Authority. This approval of detailed estimates is termed “Technical Sanction”.

As per Technical Sanction (TS) of projects, the agency charge is required to be worked out as a percentage of the civil-work cost components, i.e. civil construction cost and supervision charges. Thus, non-civil cost components of the concerned projects viz. land acquisition cost, forest clearance, shifting of utilities, etc. separately provided for by the GoB, are not required to be taken into consideration for the purpose of computation of agency charges.

Scrutiny of records of the Company revealed (June 2019) that in respect of eight¹¹ projects, the Company in violation of TS erroneously booked centage income aggregating ₹ 61.73 crore during the period 2013-14 to 2017-18 against the total cost of ₹ 771.61 crore on cost components that were not eligible for centage/agency charges calculation¹² (*Annexure 5.1*). Further, the Company also paid income tax aggregating to ₹ 23.97¹³ crore on the enhanced incomes during the period 2013-14 to 2017-18. The matter regarding erroneous booking of centage on non-civil components was also included in comments of the C&AG on accounts of the Company for the FY 2014-15 to 2017-18.

Had the Company booked centage on civil construction cost only, as provided in TS, not only the payment of additional income tax amounting

¹⁰ Agency charge at the rate of eight *per cent* plus contingency charge at the rate of one *per cent* for projects costing up to ₹ 250 crore and Agency charge at the rate of seven *per cent* plus contingency charge at the rate of one *per cent* for projects costing over ₹ 250 crore.

¹¹ Ganga path Project, State Highway (SH)-78 project, SH-83, SH-81, SH-88, SH-90, PPP and Six Lane Ganga Bridge Project.

¹² Advertisement, Consultancy, Interest during construction period, Land Acquisition, Land Acquisition consultant, Loan Application Fee etc.

¹³ Avoidable payment has been worked out on the basis of tax payments so made by the Company on the inflated income due to erroneous recognition of agency charge aggregating to ₹ 61.73 crore during the period of five financial years from 2013-14 to 2017-18.

to ₹ 23.97 crore could have been avoided but burden to the State exchequer amounting to ₹ 61.73 crore could have also been avoided.

The Department stated (August 2020) that the agency charges were calculated on the basis of the total Project cost and in accordance with the resolution of the RCD, GoB, dated 19 November 2009.

The reply of the Department is not acceptable as the said resolution of the RCD only stipulates the rates for charging of centage on the project cost. It does not define the components and method of charging centage which is done separately in TS of each project. Further, the Technical estimate and Sanction obtained prior to the commencement of the said eight projects provided for identification of centage income only in respect of the civil component cost of the projects. The Company was required to charge centage only on civil component cost of the projects and not on the non-civil component cost of the projects.

Thus, the Company recognised centage on non-admissible items which not only resulted in payment of additional income tax of ₹ 23.97 crore but also burdened the State exchequer by ₹ 61.73 crore.

5.3 Loss of Interest

Failure to avail auto-sweep facility in saving bank accounts resulted in loss of interest amounting to ₹ 14.56 crore.

Efficient and effective fund management entails maintaining adequate liquidity to meet financial obligations as well as investment of surplus funds in appropriate instruments to optimize resources. To enable customers attain both, most banks offer auto sweep facility in their saving bank accounts wherein balances above a certain predefined threshold are automatically converted into multiple term deposits earning higher interest rates. These term deposits are liquid and are automatically broken on last in first out (LIFO) basis when debit transactions are initiated as per need by the customer.

During scrutiny (June 2019) of records of the Company at its Headquarters office and two Project Implementation Units (PIUs) namely Six Lane Ganga Bridge PIU and Biharsharif PIU, it was observed that the Company had been parking its funds in 12 to 14 saving bank accounts in Patna during the period 2016-17 to 2018-19 at its Headquarters office at Patna and in one saving bank account at Six Lane Ganga Bridge PIU and in five saving bank accounts at Biharsharif PIU which were earning interest at the rates of 3.5 *per cent* to four *per cent* per annum. The Company had not been segregating project funds and its own funds in proper identifiable manner and the same was also pointed out as supplementary audit comment on the Accounts of the Company for the financial years 2016-17 and 2017-18¹⁴.

¹⁴ Comment no. 3.2 and 3.3 of CAG on the accounts of the Company for the financial year 2016-17 and 2017-18 respectively.

During test check of bank statements, it was observed that 10 bank accounts of Headquarters office, four bank accounts of Bihar Sharif PIU and one bank account of Six lane Ganga Bridge PIU had minimum monthly balance ranging between ₹ 2.44 lakh and ₹ 202.74 crore lying idle during the said period.

Audit further observed that the Company had made no effort or correspondence with its banks to activate the auto-sweep facility in its existing bank accounts since no correspondences in this regard was placed on the records. The Company had been operating these saving bank accounts without availing auto-sweep facility. Had the Company availed auto-sweep facility in these accounts, the idle funds (pertaining to the Project Funds as well as the Company's own funds) would have earned additional interest amounting to ₹ 14.56¹⁵ crore (*Annexure 5.2*) during the period 2016-17 to 2018-19¹⁶.

Thus, failure to avail auto-sweep facility in saving bank accounts resulted in loss of interest amounting to ₹ 14.56 crore to Government on project funds and the Company on its own funds.

The Department replied (July 2020) that every bank offers auto sweep in FDs with a certain maturity limit, say one year. Premature breaking of FD attracts penalty usually at a rate of 0.50 *per cent* to one *per cent* from the interest rate payable for the period the FD remained with the bank which reduces effective returns. Further, the FD rate of 6.90 *per cent* is not applicable for the institutional bulk deposit of ₹ one crore and above. As such, keeping in view the recurrent and uncertain nature of the financial obligations arising from time to time, the funds have been kept in saving bank account without availing of auto-sweep facility.

The reply of the Department is not acceptable as auto swept FDs are absolutely liquid and doesn't affect working capital management. Further, the loss of interest income has been worked out only on the amounts of minimum monthly balance that was lying idle. Further, a standing instruction to its banks to make auto-sweep FDs in multiples of amounts less than ₹ one crore would have fetched the attractive applicable FD rate for same and the net gain for the Company would be higher despite the occasional levy of penalty, if any.

¹⁵ The loss of interest has been worked out on the minimum monthly balance of fund lying in saving bank accounts after deducting predefined threshold limit of respective banks that could have earned additional interest rate of approx. 3.40 *per cent* to 2.90 *per cent* (i.e. 6.90 *per cent* – 3.50/4 *per cent*) considering one year sweep rate of approx. 6.90 *per cent*.

¹⁶ Though the same was continuing since opening of SB account, the period commencing from the financial year 2016-17 to 2018-19 has only been taken into consideration for the computation of the loss of interest income on account of the relevance of the recent time period.

5.4 Investment in low interest bearing Fixed Deposits

The Company lost an opportunity to earn additional interest income of ₹ 1.34 crore by not investing in fixed deposits of lower denomination.

One of the basic tenets of sound financial management requires that the surplus funds of a business entity should be invested in such a manner that it leads to maximisation of the resources of the business entity. Companies park their surplus funds as fixed deposits in banks for maximisation of resources. Different banks offer different Fixed Deposit (FD) rates for different tenors as well as for different amount of FDs. So, the Company is required to prudently select most appropriate amount and tenor of FDs offered by banks for maximisation of its returns.

Scrutiny of records (July 2019) revealed that Chief General Manager (CGM) of Bihar State Road Development Corporation Limited (Company) issued (23 March 2017) instructions to Project Implementation Units (PIUs) to invest an amount into FDs, equivalent to the Agency and Contingency Charge received by the Company in respect of the fund for (a) the earlier works executed by the said PIU and (b) the works being executed by the PIU and submit the original certificate of the said FD to the Headquarter Office of the Company.

Accordingly, the Company invested ₹ 103.18 crore (representing accumulated centage and contingency income) through its five Project Implementation Units (PIUs) in seven FDs of four banks in March 2017. The rate of interest offered by these seven FDs ranged from 4.85 per cent to 6.25 per cent.

Audit observed that deposits having the same maturity period, interest rate offered by Banks for deposits less than ₹ one crore was higher than the rate of interest for deposits above ₹ one crore.

Accordingly, as given in the following table, Company could have organized its investments in FDs of lower denominations to avail the interest rate differential to maximise its return from these investments.

	Bank	Investing unit	Amount invested (₹ in crore)		Rate of interest (%)	Best rate of interest available on deposits <1 Cr. (%) / Bank
1.	ICICI Bank	PIU, Samastipur	15.00	61.00	6.10	6.90/ ICICI Bank
		PIU, Ganga Path	11.00			
		PIU, Digha	10.00			
		PIU, Six Lane Ganga Bridge	25.00			
2.	HDFC Bank	PIU, Ganga Path	35.00		5.00	6.95/ HDFC Bank
3.	Canara Bank	CPIU, Patna	4.00		4.85	6.90/ Canara Bank
4.	Axis Bank		3.18		6.25	7.00/Axis Bank
Total amount invested			103.18			

However, by not doing so, the Company lost the opportunity to earn additional interest income amounting to ₹ 1.34 crore. (*Annexure 5.3*).

The Department endorsed the reply of the Company and stated (February 2020) that keeping in view of Srijan Scam in Bihar, all PIUs were instructed to close multiple bank accounts. Further, the Chief Secretary, GoB had issued (August 2017) instructions for operation of only such bank account in which accumulation of Scheme/Project related funds were prescribed as per scheme/project Guidelines. So, the Company deposited the amount in fixed deposits of said dedicated bank forgoing the prevailing higher rate of interest of FD account of other banks.

The reasoning given by the Department did not apply to the instant case as these orders did not restrict the Company from investing their funds in the designated banks at better interest rates and structure their investments more prudently so as to not miss the opportunity of earning interest on idle deposits, while also complying with the directions of not opening accounts in multiple banks.

Bihar State Electronics Development Corporation Limited

5.5 Avoidable payment of Service Tax from its own sources

Failure of the Company to collect service tax on gross value of service provided resulted in avoidable payment of service tax of ₹ 10.09 crore and penal interest of ₹ 6.41 crore thereon from its own sources.

Section 67 and 68 of Chapter V of Finance Act 1994 (Act) regarding introduction of Service Tax *inter alia* provide that every person providing taxable service to any person shall pay service tax at the rate specified with reference to the gross amount charged by the service provider for such service provided. Further, Section 75 provides that every person, liable to pay the tax in accordance with the provisions of section 68 or rules made thereunder, who fails to credit the tax or any part thereof to the account of the Central Government within the period prescribed, shall pay simple interest¹⁷.

Bihar State Electronics Development Corporation Limited (Company) is engaged in providing various services including manpower recruitment service, business auxiliary services etc. to different Departments/ offices of Government of Bihar and other offices. The services provided by the company come under the ambit of taxable services for the purpose of payment of Service Tax on the gross value of service¹⁸.

Scrutiny of records revealed (October 2019) that the Company had been levying service tax only on its service charge based on an order issued (July 2012) by Information and Technology Department, instead of levying service tax on the gross value of service as provided in the Act. The Company failed to point out the error in the order and as a result, the Company short levied (till July 2014) service tax from the recipients of its various services

¹⁷ At such rate not below 10 *per cent* and not exceeding 36 *per cent* per annum, as is for the time being fixed by the Central Government, by notification in the Official Gazette for the period by which such crediting of the tax or any part thereof is delayed.

¹⁸ Section 67 of the Act stipulates the valuation of taxable services for charging service tax.

and accordingly made short payment of service tax to the authorities. However, the company subsequently made the correction and issued order relating to remuneration to be charged for the manpower providing services and incorporated service tax on the gross value of manpower supply from August 2014.

The Service Tax authorities initiated (March 2017) an enquiry against the Company. Meanwhile, The Company based on its own calculation voluntarily paid (February 2018) ₹ 13.25 crore¹⁹ for the period 2013-14 and 2014-15 to the Excise Department as service tax. Subsequently, the Company also paid ₹ 77.14 lakh in June 2018 based on its own calculation against remaining dues of Service Tax. Excise Department raised (September 2018) a show cause notice regarding total service tax liability not paid / short paid amounting to ₹ 20.19 crore (during April 2013 to June 2017). However, the matter was settled (February 2020) under Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 and the tax liability was fixed at ₹ 10.09 crore i.e. with tax relief of ₹ 10.09 crore. Accordingly, as per Discharge certificate for full and final settlement of tax dues, the Company paid (March 2020), the balance payable tax amount of ₹ 2.48 crore²⁰.

In this connection, Audit observed that the company was required to collect and pay the amount of service tax on the gross value of services provided to different service recipients instead of levying service tax only on its service charge. As a result, the company paid ₹ 16.50 crore as service tax from its own sources out of which ₹ 10.09 crore was recoverable from the service recipients. Had the Company collected service tax on the gross value of service provided as per provision of the Act, it could have also avoided payment of interest amounting to ₹ 6.41 crore included in total payment of ₹ 16.50 crore.

Thus, failure of the company to collect service tax on gross value of service provided resulted in avoidable payment of service tax of ₹ 10.09 crore and penal interest of ₹ 6.41 crore thereon from its own sources.

The Management replied (March 2020) that short payment of Service tax was due to compliance of order of Information Technology Department and interpretational issues. Upon realisation of mistake, needful correction had been made from August 2014 onwards and for demands viz. previous years, payment has been made from own sources that have been claimed from the administrative department.

The company should have been aware of the service tax provisions and drawn the attention of administrative department immediately to rectify the relevant erroneous order to safeguard its financial interest. Had the company taken up the matter earlier, it could have not only avoided payment of under charge of service tax of ₹ 10.09 crore from its own sources but also avoided payment of penal interest of ₹ 6.41 crore thereon. Further,

¹⁹ ₹ 6.84 crore and interest thereon ₹ 6.41 crore.

²⁰ ₹ 10.09 crore – ₹ 7.61 crore (i.e. ₹ 6.84 crore + ₹ 0.77 crore)

though the amount has been claimed from the administrative department but reimbursement of the same is yet to be made.

The matter was reported to the Government (January 2020); reply is still awaited (May 2020).

Bihar State Food & Civil Supplies Corporation Limited

5.6 Non-receipt of food subsidy

Due to non-finalisation of annual accounts, the Company failed to receive food subsidy of ₹ 212.50 crore.

Bihar is a Decentralised Procurement (DCP)²¹ state from Kharif Marketing Season 2013-14 onwards for procurement of food grains. Bihar State Food and Civil Supplies Corporation Limited (Company) an agency of Government of Bihar (GoB) undertakes procurement of Paddy/Custom Milled Rice (CMR) on behalf of the Government of India (GoI) under price support system. Paddy procured from farmers is sent for milling through Primary Agriculture Co-operative Credit Society (PACCS) and converted CMR is received at Company's CMR godowns for further distribution to beneficiaries under Targeted Public Distribution System (TPDS) through fair price shops. The entire expenditure is borne by the GoI on reimbursement basis.

As per Memorandum of Understanding²² (December 2013) the economic cost of CMR was to be fixed annually by GoI on provisional basis subject to final adjustment on the submission of audited annual accounts. Advance quarterly subsidy at the rate of 90 *per cent* of the admissible claim was to be issued on the basis of anticipated level of distribution of foodgrains in the quarter. The advance was to be released only on the production of utilisation certificates for the previous quarter. The provisional subsidy was to be released at the difference between the provisional economic cost fixed yearly by GoI for CMR and the sale realisation.

Scrutiny of records of the company relating to billing and receipt of subsidy from GoI revealed (December 2019) that as per provision contained in the letter of GoI regarding fixation of the provisional rates of CMR for KMS 2013-14 to 2018-19, the Company is required to send its claims for final incidentals along with accounts audited by the auditors appointed by C&AG of India and documentary proof as well as detailed justification for each item at the end of the season and in any case not later than 12 months from the end of the financial year in which the season ended.

²¹ Under Decentralised procurement (DCP) Scheme, introduced by Government of India in 1997-98, State Government undertakes procurement of foodgrains unlike centralized procurement wherein FCI on behalf of GoI undertakes procurement activities. In both cases Central Government meets the entire expenditure.

²² Between Department of Food and Public Distribution, GoI and Food & Civil Supplies Department, GoB

Audit observed that the Company's audited final accounts are in arrears since 2003-04. As a result, final claim along with audited accounts could not be sent. Hence, due to non-submission of audited final accounts, the GoI has not reimbursed the balance amount of ₹ 212.50 crore of food subsidy.

Further, the Company has carried out CMR procurement activity through cash credit accounts. Hence, the Company incurred interest of approximately²³ ₹ 48.09 crore on the accumulated balance of food subsidy receivable upto 2019-20.

Details of the food subsidy claimed by the Company and reimbursement received since beginning of DCP operation i.e. from Khariif Marketing Season (KMS) 2013-14 to 2018-19 and the interest burden was as follows:

(₹ in crore)

Financial Year	Subsidy claimed by the Company	Subsidy received by the Company	Balance amount due	Progressive total	Interest rate (in per cent)	Interest Burden
2013-14	14.61	14.40	0.21	---	---	---
2014-15	1,808.32	1,781.92	26.40	0.21	10.20	0.02
2015-16	3,621.30	3,566.61	54.69	26.61	9.60	2.55
2016-17	2,801.54	2,758.70	42.84	81.30	8.30	6.75
2017-18	2,940.02	2,896.73	43.29	124.14	8.30	10.30
2018-19	2,046.81	2,001.74	45.07	167.43	8.25	13.81
2019-20	---	---	---	212.50	6.90	14.66
Total						48.09

Thus, due to non-finalisation of its annual accounts, the Company failed to receive food subsidy of ₹ 212.50 crore. Further, the Company has also incurred expenditure on interest amounting to approximately ₹ 48.09 crore on the accumulated balance of food subsidy receivable as per calculation above.

The Company in its reply accepted the observation and stated (February 2020) that the amount (₹ 212.50 crore) was held up due to non-submission of audited accounts. Statutory Audit of Accounts was in progress. However, no reasons for non-finalisation of accounts for such a long duration were given.

The matter was reported to Government (February 2020); reply is still awaited (May 2020).

²³ Based on conservative approach and considered yearly lowest rate of interest on cash credit accounts in that particular year.

Bihar Urban Infrastructure Development Corporation Limited

5.7 Undue Favour to Contractor

The Company extended undue favour to contractor by short deduction of Liquidated Damages for delay in execution of a water project, amounting to ₹ 1.96 crore.

Urban Development and Housing Department, Government of Bihar (Department) assigned (December 2009) the projects of Phulwarishariff Water Supply (PWS) to Bihar Urban Infrastructure Development Corporation Limited (Company) for execution. The Company invited (July 2011) bids²⁴ for designing providing, laying, testing and commissioning of Water Supply Distribution System, House Service Connection, Construction of RCC Overhead Tank (OHT), Underground Reservoir (UGR), Pump House and staff quarters with stipulated completion period of 15 months for Phulwarishariff town along with operation and maintenance of complete system for five years. The Company awarded (October 2011) the projects of PWS, on turnkey basis to a contractor at an estimated cost of ₹ 27.69 crore. Accordingly, the Company entered into an agreement (December 2011) with the contractor.

The agreement for the project stipulated that if the Contractor fails to comply with the intended date for completion for the whole of the works, or if applicable, any section within the relevant time, then the contractor shall pay Liquidated Damages (LD)²⁵ to the Employer at the rate of 0.10 *per cent* of the contract price, per day, for each day that the completion date is later than the intended completion date.

Audit observed that works pertaining to the project were not completed within scheduled completion date. As the project was delayed, time extension was granted up to 31 March 2015. The project could not be completed even after extension and was completed on 25 March 2017 after delay of 725 days from the extended date of completion.

Audit observed that the contractor was liable to pay Liquidated Damages to the employer at the rate of 0.10 *per cent* of contract price per day for each day (limited to an overall ceiling of 10 *per cent* of contract price, which is the overall ceiling provided for in the Standard Bidding Document (SBD) for procurement of civil works for all works department, approved in 2006, by Government of Bihar).

Instead, the Company arbitrarily deducted only 10 *per cent* of the bill value, and not the contract value (September 2015). As a result, ₹ 81.10 lakh only was deducted as Liquidated Damages from the contractor's bills instead of ₹ 2.77 crore (limited to 10 *per cent* of the contract price) resulting in short deduction of ₹ 1.96 crore from the contractor.

²⁴ Package BUIDCO/PHF/WS/12B (PWS)

²⁵ Clause 43.1 of Section III (Conditions of Contract)

Management in its reply stated (January 2020) that the delay was not entirely due to contractor, so maximum penalty has not been charged and penalty has been deducted as per an office order issued in September 2015.

Audit observed that the September 2015 order, allowed imposition of LD at the rate of 10 *per cent* of the work done beyond the extended completion date, and not 10 *per cent* of the contract value, but was applicable to contracts where LD clause was not mentioned in the agreement. In the instant case, LD clause was very much a part of the contract.

Further, as LD was imposed as per terms in the contract, delay was attributable to the contractor. The reply of the Management is, therefore, not tenable.

Management's decision, to limit the amount of LD to 10 *per cent* of work done after due date was erroneous as the order was not applicable on the PWS contract and amounted to undue favour to contractors.

The matter was reported to Government (January 2020); reply is still awaited (May 2020).

5.8 Loss of interest

The Company, against the canons of financial prudence, prepared bank drafts without any immediate need and reported the same as expenditure for the purpose of utilisation certificate which was against the principles of financial propriety and resulted in loss of interest of ₹ 1.38 crore.

Rule 253 of Bihar Treasury Code, 2011 provides that payments for all supplies shall be made on the basis of measurements recorded in measurement books kept for the purpose. No payment other than an advance payment may be authorized unless a responsible officer has checked and accepted the correctness of the claim in respect of quantities and rates, the quality of the work/supplies and all the calculations. Hence, payment should be made through Demand Drafts/Cheques etc. after approval of payment.

Scrutiny of records revealed (September 2019) that Urban Development and Housing Department (UD&HD), Government of Bihar sanctioned (16 August 2016) ₹ 58.19 crore to Bihar Urban Infrastructure Development Corporation Limited (Company) for purchase of 227 buses sanctioned under urban bus transport scheme of the Jawaharlal Nehru Urban Renewal Mission-Urban Infrastructure and Governance (JnNURM-UIG) Scheme. Accordingly, a fund of ₹ 58.19 crore was allotted on 18 August 2016 to the Company with direction for purchase of buses and submission of utilisation certificate by 31 August 2016.

The Company issued (24 August 2016) purchase order to M/s VE Commercial Vehicle Limited (Supplier) for purchase of 227 buses at a rate of ₹ 24.73 lakh per bus. The Company then directed (16 September 2016)

the supplier to deliver all the buses by December 2016. The Company paid (18 November 2016) an amount of ₹ 2.95 crore as advance to the supplier. Audit further noticed that the Company prepared (30 November 2016) demand drafts (DDs) of ₹ 55.24 crore i.e. for the remaining amount of the allotted funds and submitted utilisation certificate for the whole amount to the Department in November 2016, despite keeping the prepared DDs with them.

In this connection, Audit observed that:

- the DDs were prepared on the basis of Proforma invoice (30 September 2016) received from the supplier and without taking delivery of buses in violation of Rule 253 of Bihar Treasury Code, 2011. Later on, after delivery of 215 buses²⁶ (December 2016 to March 2017), the amounts were paid (April 2017 and November 2017) to the supplier through the DDs duly revalidated. Thus, the funds were kept idle in the form of DDs for a period of 16 days to 484 days with the Company. As the funds were kept in the form of DDs, it could not earn any interest. This resulted in loss of interest on project fund amounting to ₹ 1.38 crore.
- Further, the company also submitted utilisation certificate to the Department without actual utilisation of the funds available with them.

Preparation of bank drafts without any immediate need and treating the same as expenditure for the purpose of utilisation certificate was not only against the canons of financial propriety but also resulted in loss of interest of ₹ 1.38 crore.

Management stated (December 2019) that all the buses had been supplied by the supplier from 27 December 2016 to 06 February 2017. The Company had decided to make DD in favour of supplier on the basis of proforma invoices submitted by them and submitted utilisation certificate to the GoI via UD&HD on 30 November 2016 so that funds could be utilised for the purpose for which it was granted. The whole process was done in good faith and in the interest of work. The main purpose of the organisation was to get the work completed successfully and not to earn money from interest.

Payment should have been processed/made only after delivery of buses and receipt of invoice. Preparation of DDs in advance without actual execution of purchase and delivery of goods was not regular. Submission of utilisation certificate on the basis of funds withdrawn did not depict true utilisation. It erodes the credibility of utilization certificates as a mechanism to vouch for the actual public expenditure on intended objective/scheme. This also resulted in loss of interest to the state exchequer.

²⁶ Due to increase of taxes, the delivery was taken for only 215 buses.

Government of Bihar is also advised to revisit/review such sanction orders, as in the instant case, only 13 days' time was allotted for effecting purchase of 227 buses, to avoid circumstances which could led to such imprudent financial practices by the grantee agencies.

The matter was reported to the Government (December 2019); reply is still awaited (April 2020).



Patna
The 28 June 2021

(RAMAWATAR SHARMA)
Accountant General (Audit), Bihar

Countersigned



New Delhi
The 01 July 2021

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

ANNEXURES

Annexure – 1.1
(Referred to in Paragraphs 1.8 and 1.10)
Summarised financial results of Power Sector Undertakings for the latest year for which accounts were finalised

(₹ in crore)

Sl. No.	Activity & Name of the Power Sector Undertaking	Period of accounts	Net profit/ loss before interest & tax	Net profit/ loss after interest & tax	Turnover	Paid up capital including share application money	Capital Employed ¹	Net Worth ²	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10
A.	Generation								
1	Bihar State Power Generation Company Limited (Subsidiary of Sl. No.6)	2018-19	-299.12	-299.12	15.76	4,812.96	531.88	531.88	-4,281.08 ³
	Sub-total (A)		-299.12	-299.12	15.76	4,812.96	531.88	531.88	-4,281.08
B.	Transmission								
2	Bihar State Power Transmission Company Limited (Subsidiary of Sl. No.6)	2018-19	579.45	147.28	965.88	7,589.23	8,295.32	7,906.85	317.62
3	Bihar Grid Company Limited (Joint Venture of Sl. No.6)	2018-19	207.52	24.84	275.59	343.37	1,599.93	391.43	48.06
	Sub-total (B)		786.97	172.12	1,241.47	7,932.6	9,895.25	8,298.28	365.68

¹ Capital employed= Paid up share capital+ free reserve and surplus+ long term loan-accumulated loss-Deferred Revenue Expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised.

² Net worth is the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure.

³ After adjustment of ₹ 1,102.06 crore during the year.

Audit Report on Public Sector Undertakings for the year ended 31 March 2019

Sl. No.	Activity & Name of the Power Sector Undertaking	Period of accounts	Net profit/ loss before interest & tax	Net profit/ loss after interest & tax	Turnover	Paid up capital including share application money	Capital Employed	Net Worth	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10
C. Distribution									
4	North Bihar State Power Distribution Company Limited (Subsidiary of Sl. No.6)	2018-19	-452.69	-595.64	6,417.09	10,398.02	8,453.68	7,034.68	-3,363.34
5	South Bihar State Power Distribution Company Limited (Subsidiary of Sl. No.6)	2018-19	-1,678.29	-1,813.09	7,419.35	11,014.59	3,830.90	2,724.84	-8,289.75
	Sub-total (C)		-2,130.98	-2,408.73	13,836.44	21,412.61	12,284.58	9,759.52	-11,653.09
D. Other									
6	Bihar State Power (Holding) Company Limited	2018-19	0.00	0.00	0.00	35,133.90	35,572.40	35,133.90	0.00
	Sub-total (D)		0.00	0.00	0.00	35,133.90	35,572.40	35,133.90	0.00
	Grand total (A+B+C+D)		-1,643.13	-2,535.73	15,093.67	69,292.07⁴	24,297.61	19,737.08	-15,568.49

⁴ Paid up Capital of ₹ 69,292.07 crore includes an amount of ₹ 33,986.48 crore (₹ 10,398.02 crore + ₹ 11,014.59 crore + ₹ 4,812.96 crore + ₹ 7,589.23 crore + ₹ 343.37 crore /2) in Bihar State Power Holding Company Limited which was reinvested by it in its subsidiaries (Sl. No. 2, 4 and 5) and Joint Venture Company (Sl. No. 3). Hence, the same has been excluded for the purpose of calculating investment, net worth and capital employed.

Annexure-1.2
(Referred to Paragraph 1.8)
Statement showing position of equity and outstanding loans relating to Power Sector State PSUs as on 31 March 2019
(₹ in crore)

Sl. No.	Name of the PSU	Name of the Department	Month and year of incorporation	Equity ⁵ at close of the year 2018-19				Long term loans outstanding at close of the year 2018-19				
				GoB ⁶	GoI ⁷	Others	Total	GoB	GoI	Others	Total	
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	
Functional Government Companies												
1	Bihar State Power (Holding) Company Limited	Energy Department	16.04.2012	35,133.90	0.00	0.00	35,133.90	438.50	0.00	0.00	438.50	
2	Bihar State Power Generation Company Limited	Energy Department	29.06.2012	0.00	0.00	4,812.96	4,812.96	0.00	0.00	0.00	0.00	
3	Bihar State Power Transmission Company Ltd.	Energy Department	29.06.2012	0.00	0.00	7,589.23	7,589.23	388.47	0.00	0.00	388.47	
4	North Bihar Power Distribution Company Limited	Energy Department	06.07.2012	0.00	0.00	10,398.02	10,398.02	253.11	0.00	1,165.89	1,419.00	
5	South Bihar Power Distribution Company Limited	Energy Department	29.06.2012	0.00	0.00	11,014.59	11,014.59	43.69	0.00	1,062.37	1,106.06	
6	Bihar Grid Company Limited	Energy Department	04.01.2013	0.00	0.00	343.37	343.37	0.00	0.00	1,208.50	1,208.50	
Total				35,133.90	0.00	34,158.17	69,292.07	1,123.77	0.00	3,436.76	4,560.53	

⁵ It includes share application money.

⁶ Government of Bihar

⁷ Government of India

Annexure-2.1
(Referred to in Paragraph-2.1(a))
Statement showing physical progress under RAPDRP-Part-B scheme as on 31 March 2019

Particulars	NBPDCCL (28 Towns)			SBPDCL (32 Town)		
	DPR Qty.	Actual Erected Qty.	% Achievement with DPR Qty.	DPR Qty.	Actual Erection	% Achievement with DPR Qty.
Letter Of Award						
Schedule Date of Completion (18 month from the date of LOA)						
Actual date of Completion						
No. of PSS	1.00	1.00	100.00%	6.00	2.00	33.33%
No. of 33/11 KV additional PTR	1.00	1.00	100.00%	2.00	1.00	50.00%
Augmentation of 33/11 of PTR	11.00	13.00	118.18%	62.00	67.00	108.06%
33 KV New feeder/bifurcation (in KMs)	2.50	0.00	0.00%	73.50	41.89	56.99%
33 KV Feeder Reconductoring/Augmentation (in KMs)	0.00	52.00	5,200.00%	2.00	62.87	3,143.25%
11 kV Line : New Feeder/ Feeder Bifurcation (in KMs)	382.51	236.24	61.76%	689.14	74.60	10.82%
11 kV Line : Augmentation/Reconductoring (in KMs)	0.00	483.34	48,334.00%	16.81	145.54	865.78%
Aerial Bunched Cable (in KMs)	1,746.50	1,613.79	92.40%	2,420.52	1,495.27	62.03%
UG cable (in KMs)	1.00	0.00	0.00%	51.81	223.19	430.78%
No. of New DTR	653.00	710.00	152.68%	1,814.00	1,145.00	63.12%
Augmentation of DTR (in Nos.)	975.00	997.00	72.82%	2,542.00	2,594.00	102.05%
New LT Line/Bifurcation (in KMs)	324.00	322.68	99.59%	644.36	34.10	5.29%
New LT Line Reconductoring/Augmentation (in KMs)	24.00	820.32	3,418.00%	22.00	46.37	210.77%
Consumer meter (in No.)	61,879	34,025	54.99%	2,56,144	1,64,180	64.11%

Annexure-2.2
(Referred to in Paragraphs – 2.1 (a) and 2.13.2)
Statement showing status of RAPDRP
Part-A

Name of DISCOM	Date of project sanction by PFC	Schedule completion date as per PFC	Schedule completion date as per MOP/ Utility	Date of LoI/LoA	Scheduled completion date as per LOA	Physical Completion/Go live date	Delay from Schedule date of completion from LOA	Delay as per project sanction by PFC
NBPDCL & SBPDCL (Erstwhile BSEB)	09.12.2009	08.12.2012 (3 years from date of sanction)	08.12.2012 (3 years from date of sanction)	03.12.2010	02.05.2012	Terminated on 09.01.2013 due to non-adherence to the assigned targets.		
NBPDCL	09.12.2009	08.12.2012 (3 years from date of sanction)	08.12.2012 (3 years from date of sanction)	28.06.2013	27.12.2014	08.06.2015 to 10.03.2016	5 months to 14 months	30 months to 39 months
SBPDCL	09.12.2009	08.12.2012 (3 years from date of sanction)	08.12.2012 (3 years from date of sanction)	28.06.2013	27.12.2014	08.06.2015 to 14.06.2016	5 months to 17 months	30 months to 42 months
SCADA (SBPDCL)	03.08.2012	02.08.2015 (3 years from date of sanction)	02.08.2015 (3 years from date of sanction)	26.12.2012	25.06.2014	01.01.2018	42 months	29 months

Part-B

Name of Package	No. of towns	Date of project sanction	As per PFC work to be awarded by Utility	Date of LoA	Schedule completion as per LOA	Actual Completion Date	Delay in award of work	Delay in schedule completion from LOA
MESA	2	03.08.2012	March 2013	13.12.2013	28.06.2015	March 2017	8	21 months
KESA	10	03.08.2012	March 2013	22.11.2013	07.06.2015	March 2017	7	21 months
TESA	16	03.08.2012	March 2013	02.12.2013	17.06.2015	March 2017	8	21 months
BESA	11	03.08.2012	March 2013	28.11.2013	13.06.2015	Jan 17 to Feb 18	7	19 to 32 months
CESA & MESA	20	03.08.2012	March 2013	22.09.2014	05.04.2016	February 2018	17	22 months
Patna (Package A)	1	18.10.2011	March 2013	23.11.2013	08.06.2015	February 2018	7	32 months
Patna (Package B & C)		18.10.2011	March 2013	28.11.2013	13.06.2015	February 2018	7	32 months

Annexure-2.3
(Referred to in Paragraphs-2.1(b) and 2.14)
Statement showing physical status of IPDS scheme as on 31 March 2019

Scope of Work	NBPDCCL				SBPDCCL			
	DPR Quantity	Awarded Quantity	Achievement	% Achievement with DPR	DPR Quantity	Awarded Quantity	Achievement	% Achievement with DPR
Date of LOA	January-17				January- 17 to March- 17			
Schedule Date of Completion	December-18				December-18 to February-19			
No. of PSS	35.00	35.00	14.00	40.00%	27.00	27.00	10.00	37.04%
No. of Addl. PTR	21.00	21.00	9.00	42.86%	22.00	22.00	18.00	81.82%
Augmentation of PTR	11.00	11.00	9.00	81.82%	55.00	55.00	55.00	100.00%
33 KV New feeder (in KMs)	366.00	356.00	177.00	48.32%	497.60	460.49	123.35	24.79%
33 KV Feeder Reconductoring (in KMs)	361.00	361.00	151.00	41.76%	321.60	289.58	70.84	22.03%
11 KV New feeder (in KMs)	956.00	901.00	415.00	43.47%	867.97	718.24	191.29	22.04%
11 KV Feeder Reconductoring (in KMs)	343.00	343.00	200.00	58.41%	307.50	306.00	164.41	38.48%
Aerial Bunched Cable (New)	4,033.00	2,638.00	2,340.00	58.02%	3,369.94	2,469.59	1,578.79	46.85%
No. of New DTR	2,629.00	2,979.00	1,841.00	70.03%	1,334.00	1,314.00	1,032.00	77.36%
No. of Augmentation of DTR	1,217.00	1,217.00	909.00	74.69%	1,200.00	1,279.00	986.00	82.17%
New LT Lines	0.00	0.00	0.00	0.00%	306.00	0.00	5.04	1.65%

Scope of Work	NBPDCCL			SBPDCCL				
	DPR Quantity	Awarded Quantity	Achievement	% Achievement with DPR	DPR Quantity	Awarded Quantity	Achievement	% Achievement with DPR
Date of LOA	January-17			January-17 to March-17				
Schedule Date of Completion	December-18			December-18 to February-19				
LT Lines Reconductoring	0.00	0.00	0.00	0.00%	91.00	0.00	66.00	72.53%
Solar Panels (KWp)	936.00	936.00	657.00	70.19%	733.00	733.00	692.00	94.41%
Smart Meter	2,918.00	NA	0.00	0.00%	2,370.00	NA	0.00	0.00%
Consumer Meter	1,09,495.00	NA	1,24,736.00	113.92%	1,23,009.00	NA	1,18,264.00	96.14%
Boundary Meter	25.00	NA	0.00	0.00%	36.00	NA	0.00	0.00%
DT/Feeder Meter	5,496.00	NA	828.00	15.04%	2,428.00	NA	865.00	38.74%
No. of Towns	72.00	NA	8.00	11.11%	61.00	NA	12.00	19.67%

Note: LT line bare conductor was reduced/deleted due to Conversion of Scope LT line with bare conductor to AB cable LT Line in IPDS scheme dated-27.04.2018

Annexure-2.4
(Referred to in Paragraphs-2.1(c) and 2.15)
Statement showing Physical progress of BPSIP scheme (ADB funded) as on 31 March 2019

Scope of Work	NBPDCCL (Package B & C)		SBPDCCL (Package A & D)	
	Awarded Quantity	Achievement	Awarded Quantity	% Achievement
Date of LOA	March 2012 and June 2012		March 2012	
Schedule Date of Completion	January 2014 and April 2014		December 2013 to January 2014	
Delay	62 months and 58 months		approx.63 months	
New 33 KV PSS	3.00	2.00	1.00	1.00
R & M of PSS	11.00	2.00	7.00	100.00
33KV Line (New) (KMs)	121.60	43.60	31.50	39.00
33KV Line (R&M) (KMs)	38.00	6.20	41.00	13.90
11KV Line (New) (KMs)	132.00	89.00	40.00	57.40
11KV Line (R&M) (KMs)	742.00	535.00	237.00	70.20
DT (100 & 200 KVA) (in No.) New	311.00	300.00	283.00	97.20
R &M of DT (in No.)	200.00	197.00	267.00	61.00
LT Line (New) (in KMs)	300.00	286.00	95.00	89.60
LT Line (R &M) (in KMs)	964.00	750.00	220.00	62.40
Metering (no.)	35,397.00	30,000.00	52,855.00	72.30

Note: Contract of package B, C & D was terminated in November 2016.

Annexure-2.5
(Referred to in Paragraphs 2.11.1 and 2.11.2)
Statement showing AT&C Loss and billing efficiency in RAPDRP towns of NBPDCCL during the year

Sl. No.	Name of Town	AT&C Loss (in percentage)				Billing Efficiency (in percentage)				
		Baseline AT&C Loss	2018-19	2017-18	2016-17	2015-16	2018-19	2017-18	2016-17	2015-16
1	ARARIA	50.59	28.63	55.26	56.50	59.60	71.37	44.74	43.50	44.50
2	BAIRAGANIA	46.55	16.96	71.83	50.10	26.00	83.04	28.17	50.00	74.00
3	BARAULI	62.15	29.94	51.41	50.60	68.80	70.06	48.59	49.40	37.80
4	BEGUSARAI	43.90	25.49	31.09	32.40	34.60	74.51	68.91	67.60	85.70
5	BETTIAH	44.40	24.84	45.04	57.60	72.70	76.70	54.96	42.40	41.90
6	BHAGHA	68.48	31.24	57.55	67.50	64.50	68.76	42.45	32.50	35.50
7	CHAPRA(U)	58.51	26.60	43.08	48.70	50.00	76.16	56.92	57.20	65.80
8	DARBHANGA	27.27	15.33	24.71	29.10	25.20	84.67	75.29	70.90	85.90
9	DHAKA	66.68	36.80	69.83	45.40	67.90	63.20	30.17	54.60	57.00
10	FORBISGANJ	50.50	23.75	35.09	29.80	33.90	76.25	71.77	70.20	73.20
11	GOGARI	44.04	19.64	45.42	57.40	67.10	80.36	54.58	42.60	54.40
12	GOPALGANJ	51.41	19.21	36.64	51.40	40.10	80.79	63.36	48.60	71.50
13	HAIJIPUR	28.42	19.41	24.22	27.20	24.60	80.59	75.78	72.80	77.50
14	KATHAR	54.63	27.06	34.15	27.80	27.50	72.94	65.85	72.50	82.20
15	KHAGARIA(U)	50.45	34.09	53.36	48.50	71.20	65.91	47.21	51.60	34.70
16	KISHANGANJ	37.91	20.56	46.95	44.00	26.80	79.44	54.02	56.00	76.50
17	MADHEPURA	68.63	31.65	43.94	31.40	63.00	68.35	56.06	72.10	53.40
18	MADHUBANI	48.80	21.67	38.23	41.50	54.20	78.33	61.77	58.50	69.70
19	MAHNAR	84.91	36.09	49.27	36.50	52.60	63.91	50.73	63.50	61.90
20	MOTIHARI	61.45	25.59	38.43	51.90	76.80	74.41	61.57	48.10	56.80

Audit Report on Public Sector Undertakings for the year ended 31 March 2019

Sl. No.	Name of Town	AT&C Loss (in percentage)					Billing Efficiency (in percentage)				
		Baseline AT&C Loss	2018-19	2017-18	2016-17	2015-16	2018-19	2017-18	2016-17	2015-16	
21	NARKATIAGANJ	72.54	50.25	53.84	47.50	60.50	49.75	46.16	52.50	54.20	
22	PURNEA	52.93	18.74	19.22	11.40	49.00	81.26	99.18	95.30	59.20	
23	RAMNAGAR	66.37	31.22	43.36	34.20	31.70	68.78	56.64	65.80	89.70	
24	RAXAUL	41.16	25.26	23.67	11.60	46.00	74.74	76.33	88.40	59.10	
25	REVELGANJ	82.79	37.26	80.38	89.20	57.40	65.62	22.76	23.70	94.60	
26	SAHARSA	57.39	17.40	31.26	44.00	50.80	82.60	68.74	56.00	59.40	
27	SAMASTIPUR	31.35	25.45	28.49	27.10	43.50	74.55	71.51	72.90	73.20	
28	SHIWAN	46.91	18.45	23.25	41.60	41.90	81.84	85.89	70.00	79.10	
29	SITAMARHI	59.16	30.37	40.74	35.20	77.10	69.63	59.26	64.80	37.90	
30	SONEPUR	60.88	42.05	61.79	61.60	67.10	57.95	38.21	38.40	40.60	
31	SUGAULI	47.86	26.08	34.22	36.60	77.40	73.92	65.78	63.40	61.10	
32	SUPAUL	48.88	26.51	41.01	35.60	55.10	73.49	58.99	64.40	83.60	

Annexure-2.6
(Referred to in Paragraphs – 2.11.1 and 2.11.2)
Statement showing AT&C Loss and Billing Efficiency in RAPDRP towns of SBPDCL during the year

Sl. No.	Name of Town	AT&C Loss (in percentage)					Billing Efficiency (in percentage)				
		Baseline AT&C Loss	2018-19	2017-18	2016-17	2015-16	2018-19	2017-18	2016-17	2015-16	
1	ARRAH	54.90	46.36	56.63	64.39	83.80	53.64	43.37	35.61	48.60	
2	AURANGABAD	51.40	29.73	42.65	66.89	78.20	74.02	57.35	33.11	34.00	
3	BAKHTIYARPUR	55.20	38.64	30.33	51.70	11.50	62.22	70.16	48.30	91.40	
4	BANKA	46.30	19.33	33.99	46.76	63.80	80.67	66.01	53.24	36.20	
5	BARBIGHA	56.60	44.08	72.19	77.09	79.70	55.92	27.81	22.91	22.90	
6	BARH	49.60	45.17	57.54	45.44	53.90	54.83	59.07	54.56	56.30	
7	BARHIA	73.90	74.39	80.59	83.44	87.70	25.61	19.41	16.56	16.40	
8	BHABUA	70.80	16.95	10.39	49.11	44.90	83.05	89.61	50.89	97.80	
9	BIHARSHARIF	71.20	55.85	66.06	66.97	64.40	44.15	33.94	33.03	50.00	
10	BIKRAMGANJ	71.00	52.34	72.73	85.04	88.20	49.88	27.27	15.82	22.30	
11	BUXAR	51.00	38.01	50.55	55.82	58.30	61.99	49.45	44.18	45.70	
12	DAUDNAGAR	59.10	21.53	66.33	62.09	60.50	78.47	33.67	37.91	39.50	
13	DEHRI ON SONE	29.70	46.63	53.12	60.95	76.30	59.25	46.88	39.05	58.20	
14	DUMRAUN	70.20	29.82	46.06	72.82	55.90	70.18	53.94	27.18	49.10	
15	FATUHA	30.60	17.87	43.18	20.30	30.30	92.88	99.72	88.59	78.20	

Audit Report on Public Sector Undertakings for the year ended 31 March 2019

Sl. No.	Name of Town	AT&C Loss (in percentage)					Billing Efficiency (in percentage)				
		Baseline AT&C Loss	2018-19	2017-18	2016-17	2015-16	2018-19	2017-18	2016-17	2015-16	
16	HILSA	39.70	41.37	37.60	55.02	48.80	58.63	62.40	44.98	54.60	
17	JAMALPUR	9.70	33.33	21.25	31.28	68.60	87.78	78.75	68.72	38.10	
18	JAMUI	50.40	18.35	39.21	41.17	80.40	86.84	60.79	61.03	61.60	
19	JEHANABAD	76.70	49.13	67.72	73.99	78.90	50.87	32.28	26.01	34.20	
20	JHAJHA	41.10	13.49	29.17	72.13	76.50	87.04	70.83	34.64	48.60	
21	LAKHISARAI	71.30	29.62	62.76	67.41	74.20	72.17	37.24	32.59	31.00	
22	MAKHDUMPUR	65.30	41.97	46.51	91.66	72.00	60.88	53.49	8.34	30.70	
23	MANER	67.70	29.67	69.72	51.26	78.50	70.33	40.35	55.67	22.60	
24	MASAUHRI	72.90	18.67	61.49	26.76	20.90	84.21	55.09	73.24	83.50	
25	MOKAMA	72.30	41.53	75.60	60.37	57.20	63.14	29.01	39.63	42.80	
26	MUNGER	16.00	36.55	42.59	58.75	54.70	68.65	57.41	41.25	47.50	
27	NAUGACHIA	54.40	31.70	70.41	65.63	51.80	68.30	29.59	34.37	58.20	
28	NAWADAH	83.70	48.05	83.10	77.25	72.90	54.70	16.90	22.75	43.00	
29	PATNA	28.48	20.01	18.69	23.72	-	83.79	100.00	76.42	-	
30	RAJGIR	61.80	38.25	63.79	56.78	51.70	61.75	39.77	43.22	53.00	
31	SASARAM	44.60	50.44	58.70	64.86	42.00	49.56	41.30	35.14	58.00	
32	SHEIKHPURA	61.60	39.35	51.35	58.86	65.70	64.20	48.67	41.14	61.40	
33	SHERGHATI	63.90	48.40	63.43	81.21	90.40	51.60	36.57	18.79	61.40	
34	SULTANGANJ	48.70	34.43	51.27	79.05	70.80	65.57	48.73	20.95	32.80	
35	WARSALIGANJ	61.50	13.58	47.63	38.66	43.00	86.42	52.37	61.34	77.30	

Annexure-2.7
(Referred to in Paragraph-2.12.2)
A. Statement showing peak demand, capacity of DT/ PT and capacity addition analysis in NBPDCCL

Sl. No.	Name of Town	Peak Demand (MW) in 2020	Capacity of PT (MVA) in 2020	Capacity of PT (MVA) in 2014	Current peak demand in respect of PT of 2014	Capacity Addition where no additional capacity was required	Capacity of DT (MVA) in 2020	Capacity of DT (MVA) in 2014	Current peak demand in respect of DT of 2014	Capacity Addition where no additional capacity was required (MVA)	Capacity of DT utilized in 2019-20 (in percentage)	Capacity of PT utilized in 2019-20 (in percentage)	Ratio of DT to PT in 2019-20
1.	Araria	3.73	15.00	10.00	41.44	5.00	22.15	NA	-	-	18.72	27.63	1.48
2.	Areraj	2.20	20.00	8.50	28.76	11.50	6.10	2.10	116.40	-	40.07	12.22	0.31
3.	Bagha	8.40	30.00	15.00	62.22	15.00	20.30	7.20	129.63	-	45.98	31.11	0.68
4.	Bahadurganj	2.65	10.00	5.00	58.89	5.00	7.68	4.55	64.78	3.13	38.35	29.44	0.77
5.	Bairgania	2.94	15.00	5.00	65.33	10.00	8.32	1.33	246.35	-	39.29	21.78	0.55
6.	Bakhri	6.18	20.00	5.00	137.33	-	4.83	1.13	609.83	-	142.28	34.33	0.24
7.	Balia	4.73	10.00	5.00	105.11	-	5.07	2.67	197.35	-	103.80	52.56	0.51
8.	Banmankhi	4.90	10.00	5.00	108.89	-	15.00	6.90	78.90	8.10	36.30	54.44	1.50
9.	Barauli	1.25	20.00	10.00	13.89	10.00	6.40	0.78	178.52	-	21.69	6.94	0.32
10.	Barauni	6.18	10.00	10.00	68.67	0.00	7.42	5.54	123.92	-	92.54	68.67	0.74
11.	Begusarai	47.35	65.00	50.00	105.22	-	49.67	32.62	161.28	-	105.93	80.94	0.76
12.	Belsand	1.11	10.00	5.00	24.67	5.00	2.80	1.30	94.87	-	44.05	12.33	0.28
13.	Benipur	4.50	10.00	5.00	100.00	-	8.60	2.40	208.33	-	58.14	50.00	0.86
14.	Bettiah	19.90	55.00	35.00	63.17	20.00	41.85	21.52	102.74	-	53.17	40.20	0.76
15.	Bihat	9.52	10.00	5.00	211.56	-	3.54	1.91	555.26	-	298.81	105.78	0.35
16.	Birpur	2.25	15.00	10.00	25.00	5.00	6.47	1.66	150.60	-	38.64	16.67	0.43
17.	Chakia	3.77	20.00	8.15	51.40	11.85	11.59	3.65	114.92	-	36.13	20.94	0.58

Sl. No.	Name of Town	Peak Demand (MW) in 2020	Capacity of PT (MVA) in 2020	Capacity of PT (MVA) in 2014	Current peak demand in respect of PT of 2014	Capacity Addition where no additional capacity was required	Capacity of DT (MVA) in 2020	Capacity of DT (MVA) in 2014	Current peak demand in respect of DT of 2014	Capacity Addition where no additional capacity was required (MVA)	Capacity of DT utilized in 2019-20 (in percentage)	Capacity of PT utilized in 2019-20 (in percentage)	Ratio of DT to PT in 2019-20
18.	Chanpatia	1.24	10.00	5.00	27.56	5.00	6.73	4.65	29.63	2.08	20.48	13.78	0.67
19.	Chapra Town	25.77	60.00	30.00	95.44	-	56.45	33.67	85.05	-	50.73	47.72	0.94
20.	Dalsingh Sarai	5.21	10.00	5.00	115.78	-	15.34	4.22	137.28	-	37.73	57.89	1.53
21.	Darbhangha	45.79	175.00	90.00	56.53	85.00	103.48	56.07	90.73	-	49.17	29.07	0.59
22.	Dhaka	2.20	10.00	10.00	24.44	0.00	14.22	7.31	33.45	6.91	17.19	24.44	1.42
23.	Dighwara	3.88	10.00	5.00	86.22	-	5.70	2.45	175.82	-	75.63	43.11	0.57
24.	Dumra	2.90	50.00	30.00	10.74	20.00	13.94	8.34	38.63	5.60	23.11	6.44	0.28
25.	Forbisganj	4.31	10.00	5.00	95.78	-	14.83	-	-	-	32.30	47.89	1.48
26.	Ghogardiha	1.32	5.00	3.15	46.56	1.85	5.00	1.00	146.67	-	29.33	29.33	1.00
27.	Gogrijamalpur	9.52	20.00	10.00	105.78	-	13.10	8.00	132.22	-	80.75	52.89	0.66
28.	Gopalganj	7.10	25.00	15.00	52.59	10.00	28.96	19.65	40.15	9.31	27.24	31.56	1.16
29.	Hajipur	22.11	100.00	45.00	54.59	55.00	57.60	33.30	73.77	24.30	42.65	24.57	0.58
30.	Jainagar	2.32	10.00	5.00	51.56	5.00	5.65	2.92	88.28	-	45.62	25.78	0.57
31.	Janakpur Road	3.22	25.00	8.15	43.90	16.85	8.36	0.88	406.57	-	42.78	14.31	0.33
32.	Jhanjharpur	1.75	10.00	5.00	38.89	5.00	6.30	1.40	138.89	-	30.86	19.44	0.63
33.	Jogbani	1.03	10.00	5.00	22.89	5.00	7.43	-	-	-	15.41	11.44	0.74
34.	Kasba	2.80	5.00	5.00	62.22	0.00	6.54	2.7	115.23	-	47.57	62.22	1.31
35.	Katैया	1.20	10.00	6.30	21.16	3.70	6.08	0.39	342.76	-	21.94	13.33	0.61
36.	Katihar	45.00	90.00	70.00	71.43	20.00	135.00	104.00	48.08	31.00	37.04	55.56	1.50

Sl. No.	Name of Town	Peak Demand (MW) in 2020	Capacity of PT (MVA) in 2020	Capacity of PT (MVA) in 2014	Current peak demand in respect of PT of 2014	Capacity Addition where no additional capacity was required	Capacity of DT (MVA) in 2020	Capacity of DT (MVA) in 2014	Current peak demand in respect of DT of 2014	Capacity Addition where no additional capacity was required (MVA)	Capacity of DT utilized in 2019-20 (in percentage)	Capacity of PT utilized in 2019-20 (in percentage)	Ratio of DT to PT in 2019-20
37.	Keshariya	0.83	10.00	3.15	29.28	6.85	1.86	0.69	133.85	-	49.50	9.22	0.19
38.	Khagaria	17.60	30.00	20.00	97.78	-	11.46	9.19	212.81	-	170.60	65.19	0.38
39.	Kishanganj	7.00	35.00	15.00	51.85	20.00	41.13	27.03	28.78	14.10	18.91	22.22	1.18
40.	Lalganj	2.40	30.00	10.00	26.67	20.00	7.59	2.64	101.20	-	35.13	8.89	0.25
41.	Madhepura	7.50	30.00	20.00	41.67	10.00	21.12	12.88	64.70	8.24	39.46	27.78	0.70
42.	Madhuban	0.99	20.00	8.15	13.50	11.85	2.45	0.79	139.42	-	44.86	5.50	0.12
43.	Madhubani	12.60	30.00	13.15	106.46	-	32.60	7.90	177.22	-	42.94	46.67	1.09
44.	Maharajganj	0.95	10.00	5.00	21.11	5.00	5.33	1.98	53.36	3.35	19.82	10.56	0.53
45.	Mahnar	3.10	20.00	10.00	34.44	10.00	7.45	2.43	141.75	-	46.27	17.22	0.37
46.	Mairwa	2.25	10.00	5.00	50.00	5.00	3.58	1.83	136.84	-	69.70	25.00	0.36
47.	Marhaura	1.52	10.00	5.00	33.78	5.00	10.86	4.62	36.60	6.25	15.55	16.89	1.09
48.	Mehsi	1.06	20.00	5.00	23.56	15.00	4.40	1.19	98.72	-	26.77	5.89	0.22
49.	Mirganj	1.33	20.00	5.00	29.56	15.00	12.11	2.89	51.15	9.22	12.20	7.39	0.61
50.	Motihari	19.00	90.00	30.00	70.37	60.00	69.82	28.83	73.22	40.99	30.24	23.46	0.78
51.	Motipur	1.70	10.00	10.00	18.89	0.00	5.63	1.962	96.27	-	33.58	18.89	0.56
52.	Murliganj	1.50	25.00	8.15	20.45	16.85	8.30	3.36	49.60	4.94	20.08	6.67	0.33
53.	Narkatiya Ganj	5.40	30.00	15.00	40.00	15.00	13.30	3.42	175.70	-	45.11	20.00	0.44
54.	Nirmali	2.90	20.00	5.00	64.44	15.00	5.30	0.97	332.19	-	60.80	16.11	0.27
55.	Pakridayal	0.90	5.00	5.00	20.00	0.00	5.59	1.89	52.94	3.70	17.89	20.00	1.12
56.	Purnea	42.15	120.00	75.00	62.44	45.00	134.25	87.00	53.83	47.25	34.89	39.03	1.12

Audit Report on Public Sector Undertakings for the year ended 31 March 2019

Sl. No.	Name of Town	Peak Demand (MW) in 2020	Capacity of PT (MVA) in 2020	Capacity of PT (MVA) in 2014	Current peak demand in respect of PT of 2014	Capacity Addition where no additional capacity was required	Capacity of DT (MVA) in 2020	Capacity of DT (MVA) in 2014	Current peak demand in respect of DT of 2014	Capacity Addition where no additional capacity was required (MVA)	Capacity of DT utilized in 2019-20 (in percentage)	Capacity of PT utilized in 2019-20 (in percentage)	Ratio of DT to PT in 2019-20
57.	Raghunathpur	0.95	5.00	5.00	21.11	0.00	2.78	1.43	73.82	1.35	37.94	21.11	0.56
58.	Ram Nagar	2.90	10.00	5.00	64.44	5.00	14.55	7.91	40.75	6.65	22.14	32.22	1.46
59.	Raxaul	9.00	20.00	5.00	200.00	-	16.78	7.54	132.64	-	59.59	50.00	0.84
60.	Revilganj	1.90	20.00	20.00	10.56	0.00	3.58	1.53	137.98	-	59.00	10.56	0.18
61.	Rosera	4.19	25.00	10.00	46.56	15.00	10.94	5.36	86.81	-	42.55	18.62	0.44
62.	Saharsa	14.85	60.00	35.00	47.14	25.00	38.03	13.90	118.71	-	43.39	27.50	0.63
63.	Sahebganj	1.50	10.00	5.00	33.33	5.00	3.80	0.71	233.43	-	43.86	16.67	0.38
64.	Samastipur	13.92	80.00	40.00	38.67	40.00	35.09	28.15	54.95	6.95	44.08	19.33	0.44
65.	Sheohar	1.46	5.00	3.15	51.50	1.85	8.17	3.64	44.51	4.52	19.87	32.44	1.63
66.	Sitamarhi	8.40	20.00	10.00	93.33	-	37.86	24.36	38.33	13.51	24.65	46.67	1.89
67.	Siwan	15.50	40.00	25.00	68.89	15.00	32.81	19.20	89.70	-	52.50	43.06	0.82
68.	Sonpur	3.89	10.00	5.00	86.44	-	5.70	2.45	176.27	-	75.83	43.22	0.57
69.	Sugauli	4.50	10.00	5.00	100.00	-	12.20	6.59	75.92	5.62	40.97	50.00	1.22
70.	Supaul	6.00	45.00	20.00	33.33	25.00	17.46	5.61	118.84	-	38.18	14.81	0.39
71.	Teghra	11.32	20.00	10.00	125.78	-	11.44	4.70	268.07	-	109.93	62.89	0.57
72.	Thakurganj	3.15	10.00	5.00	70.00	5.00	5.40	1.76	198.86	-	64.81	35.00	0.54
	Total				Total	743.15			Total	267.04			

B. Statement showing peak demand, capacity of DT/ PT and capacity addition analysis in SBPDCL

Sl. No.	Name of Town	Peak Demand (MW) in 2020	Capacity of PT (MVA) in 2020	Capacity of PT (MVA) in 2014	Current peak demand in respect of PT of 2014	Capacity Addition where no additional capacity was required	Capacity of DT (MVA) in 2020	Capacity of DT (MVA) in 2014	Current peak demand in respect of DT of 2014	Capacity Addition where no additional capacity was required (MVA)	Capacity of DT utilized in 2019-20 (in percentage)	Capacity of PT utilized in 2019-20 (in percentage)	Ratio of DT to PT in 2019-20
73.	Amarpur	1.43	25.00	14.45	11.00	10.55	4.53	2.86	55.57	1.67	24.87	7.39	0.30
74.	Arrah	4.52	45.00	25.00	20.09	20.00	18.24	11.96	42.01	6.29	28.91	26.11	0.90
75.	Arwal	0.91	5.00	5.00	20.22	0.00	2.72	0.77	132.52	-	39.25	18.06	0.46
76.	Aurangabad	2.93	30.00	14.45	22.53	15.55	6.05	4.14	78.58	1.91	60.19	52.53	0.87
77.	Bakhtiyarpur	11.00	80.00	53.15	23.00	26.85	16.20	3.60	339.51	-	67.71	77.78	1.15
78.	Banka	1.33	20.00	6.30	23.46	13.70	5.94	2.35	62.83	3.59	17.49	13.44	0.77
79.	Barahiya	3.45	30.00	15.00	25.56	15.00	5.70	2.20	174.24	-	34.63	37.11	1.07
80.	Barbigha	3.11	30.00	13.15	26.28	16.85	13.86	7.38	46.82	6.48	29.45	23.33	0.79
81.	Barh	2.92	15.00	10.00	32.44	5.00	6.08	3.38	96.05	-	44.22	44.44	1.01
82.	Bhabhua	1.50	10.00	5.00	33.33	5.00	2.80	1.30	128.21	-	43.46	35.93	0.83
83.	Bhagalpur	2.96	20.00	9.45	34.80	10.55	8.30	2.94	111.79	-	564.57	60.98	0.11
84.	Biharsarif	2.91	28.15	8.15	39.67	20.00	6.44	3.12	103.63	-	77.07	27.01	0.35
85.	Bihiya	2.20	15.00	6.15	39.75	8.85	3.56	1.36	179.74	-	17.36	33.22	1.91
86.	Bilta	25.52	105.00	69.45	40.83	35.55	36.79	19.47	145.62	-	7.89	37.24	4.72
87.	Bikram	3.00	20.00	8.15	40.90	11.85	4.13	1.78	187.48	-	59.52	16.67	0.28
88.	Bikramganj	22.32	95.00	60.00	41.33	35.00	85.79	66.17	37.48	19.62	49.42	37.04	0.75
89.	Buxar	3.52	15.00	9.45	41.39	5.55	4.93	2.44	160.23	-	38.97	37.41	0.96
90.	Daudnagar	3.75	30.00	10.00	41.64	20.00	8.87	3.60	115.68	-	50.22	11.49	0.23
91.	Dehri	3.25	20.00	8.15	44.31	11.85	9.20	3.70	97.78	-	30.95	25.94	0.84

Audit Report on Public Sector Undertakings for the year ended 31 March 2019

Sl. No.	Name of Town	Peak Demand (MW) in 2020	Capacity of PT (MVA) in 2020	Capacity of PT (MVA) in 2014	Current peak demand in respect of PT of 2014	Capacity Addition where no additional capacity was required	Capacity of DT (MVA) in 2020	Capacity of DT (MVA) in 2014	Current peak demand in respect of DT of 2014	Capacity Addition where no additional capacity was required (MVA)	Capacity of DT utilized in 2019-20 (in percentage)	Capacity of PT utilized in 2019-20 (in percentage)	Ratio of DT to PT in 2019-20
92.	Dumraon	2.07	10.00	5.00	46.00	5.00	7.19	3.07	75.04	4.13	75.45	15.28	0.20
93.	Fatuha	2.10	5.00	5.00	46.67	0.00	5.45	1.85	126.13	-	61.87	55.56	0.90
94.	Hilsa	4.20	20.00	10.00	46.67	10.00	15.85	5.02	92.96	-	24.93	11.52	0.46
95.	Hisua	7.69	30.00	18.15	47.08	11.85	22.22	17.93	47.67	4.30	53.80	10.85	0.20
96.	Islampur	2.20	10.00	5.00	48.89	5.00	3.43	2.03	120.65	-	39.63	16.44	0.42
97.	Jagdishpur	2.27	5.00	5.00	50.44	0.00	3.83	1.21	208.45	-	42.81	46.67	1.09
98.	Jamalpur	3.77	20.00	8.15	51.40	11.85	7.97	1.09	384.65	-	38.45	28.48	0.74
99.	Jamui	20.20	60.00	43.15	52.01	16.85	57.60	27.40	81.91	-	44.44	24.44	0.55
100.	Jehanabad	2.42	20.00	5.00	53.78	15.00	15.38	2.98	90.29	-	44.21	38.27	0.87
101.	Jhajha	9.70	30.00	20.00	53.89	10.00	24.80	18.25	59.06	6.55	45.35	22.22	0.49
102.	Kahalgaon	5.00	15.00	10.00	55.56	5.00	11.24	8.24	67.41	3.00	77.62	11.72	0.15
103.	Kharagpur	17.85	50.00	35.00	56.67	15.00	61.75	30.90	64.19	30.85	31.99	23.00	0.72
104.	Khusrupur	15.50	45.00	30.00	57.41	15.00	38.96	22.62	76.13	16.33	43.11	105.56	2.45
105.	Koath	23.32	100.00	45.00	57.58	55.00	51.83	32.64	79.38	19.19	71.35	24.44	0.34
106.	Koilwar	3.30	15.00	6.30	58.20	8.70	6.19	3.20	114.44	-	65.85	50.44	0.77
107.	Lakhisarai	2.62	10.00	5.00	58.22	5.00	11.00	5.90	49.34	5.10	32.13	41.22	1.28
108.	Makhdumpur	2.99	10.00	5.00	66.44	5.00	19.14	4.17	79.75	14.97	80.79	16.67	0.21
109.	Maner	11.00	50.00	18.15	67.34	31.85	27.50	14.10	86.68	-	78.24	87.11	1.11
110.	Masaurhi	3.12	10.00	5.00	69.33	5.00	5.60	3.04	114.07	-	37.27	59.26	1.59

Sl. No.	Name of Town	Peak Demand (MW) in 2020	Capacity of PT (MVA) in 2020	Capacity of PT (MVA) in 2014	Current peak demand in respect of PT of 2014	Capacity Addition where no additional capacity was required	Capacity of DT (MVA) in 2020	Capacity of DT (MVA) in 2014	Current peak demand in respect of DT of 2014	Capacity Addition where no additional capacity was required (MVA)	Capacity of DT utilized in 2019-20 (in percentage)	Capacity of PT utilized in 2019-20 (in percentage)	Ratio of DT to PT in 2019-20
111.	Mokama	6.25	10.00	10.00	69.44	0.00	15.21	5.20	133.55	-	49.99	55.56	1.11
112.	Munger	25.00	50.00	40.00	69.44	10.00	44.90	29.53	94.07	-	49.99	25.91	0.52
113.	Nabinagar	3.34	10.00	5.00	74.22	5.00	10.72	7.85	47.31	2.87	68.66	16.30	0.24
114.	Nasariganj	24.18	60.00	35.00	76.76	25.00	44.18	31.69	84.79	-	67.25	12.78	0.19
115.	Naubatpur	3.50	10.00	5.00	77.78	5.00	5.90	3.96	98.30	-	53.35	21.63	0.41
116.	Naugachhia	14.01	60.00	20.00	77.83	40.00	50.30	14.28	109.03	-	45.66	69.44	1.52
117.	Nawada	7.20	25.00	10.00	80.00	-	24.31	12.21	65.55	12.11	60.81	44.78	0.74
118.	Nokha	11.13	30.00	15.00	82.44	-	38.49	22.86	54.10	15.63	65.95	38.89	0.59
119.	Pesu East ⁸	4.00	20.00	5.15	86.30	-	9.80	2.80	158.73	-	63.61	62.77	0.99
	Pesu West ⁹	320.00	960.00	408.15	87.11	-	878.00	426.59	83.35	-	40.50	37.04	0.91
120.	Piro	8.00	15.00	10.00	88.89	-	23.85	10.72	82.95	-	52.56	20.94	0.40
121.	Rafiganj	26.00	55.00	30.00	96.30	-	48.00	23.00	125.60	-	46.99	13.88	0.30
122.	Rajauli	9.50	10.00	10.00	105.56	-	24.48	1.34	787.38	-	35.07	6.36	0.18
123.	Rajgir	5.00	10.00	5.00	111.11	-	11.11	8.34	66.62	2.78	27.53	11.16	0.41
124.	Sasaram	10.00	25.00	10.00	111.11	-	25.13	11.79	94.23	-	32.12	39.67	1.24
125.	Shahpur	5.15	10.00	5.00	114.44	-	10.86	4.21	135.82	-	37.24	20.22	0.54
126.	Sheikhpura	7.00	10.00	5.00	155.56	-	11.49	7.25	107.34	-	32.90	32.00	0.97

⁸ Patna town⁹ Danapur Nizamat, Danapur Cantt., Khagaul and Phulwarisharif town (four numbers)

Sl. No.	Name of Town	Peak Demand (MW) in 2020	Capacity of PT (MVA) in 2020	Capacity of PT (MVA) in 2014	Current peak demand in respect of PT of 2014	Capacity Addition where no additional capacity was required	Capacity of DT (MVA) in 2020	Capacity of DT (MVA) in 2014	Current peak demand in respect of DT of 2014	Capacity Addition where no additional capacity was required (MVA)	Capacity of DT utilized in 2019-20 (in percentage)	Capacity of PT utilized in 2019-20 (in percentage)	Ratio of DT to PT in 2019-20
127.	Sherghati	387.00	685.00	220.00	195.45	-	676.00	257.00	167.32	-	52.68	57.22	1.09
128.	Silao	71.35	130.00	BEDCPL	-	-	14.04	BEDCPL	-	-	59.24	24.44	0.41
129.	Sultanganj	8.38	25.00	-	-	-	118.00	-	-	-	26.46	29.11	1.10
130.	Tekari	5.80	55.00	BEDCPL	-	-	8.30	BEDCPL	-	-	61.88	34.67	0.56
131.	Warsaliganj	3.92	5.00	-	-	-	5.57	-	-	-	79.33	26.07	0.33
					Total	603.80			Total	177.36			

Note: Distribution Franchisee towns viz. Muzaffarpur, Kanti, Gaya and Bodhgaya are not included.

Annexure-4.1
(Referred to in Paragraphs - 4.1 and 4.13.1)
Summarised financial results of State PSUs (other than Power Sector) covered in this Report for the latest year for which accounts were finalised

Sl. No.	Sector & Name of the PSU	Period of accounts	Year in which finalised	Net profit/ loss before dividend, interest & tax	Net profit/ loss after dividend, interest & tax	Turn over	Paid up capital	Capital employed	Net Worth	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11
I.	PSUs working in Monopolistic environment									
A	Government Companies									
1	Bihar State Beverages Corporation Limited	2016-17	2019-20	-24.10	-24.10	2.86	5.00	101.41	101.41	96.41
2	Bihar Forestry Development Corporation Limited	2017-18	2018-19	20.77	1.01	21.94	0.34	1.26	1.26	0.92
3	Bihar State Electronics Development Corporation Limited	2017-18	2019-20	29.24	14.13	361.44	25.00	106.31	106.31	81.31
	Sub Total IA			25.91	-8.96	386.24	30.34	208.98	208.98	178.64
B	Other Government controlled companies -NIL									
	Sub Total IB			0.00	0.00	0.00	0.00	0.00	0.00	0.00
C.	Statutory Corporations – NIL									
	Sub Total IC			0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total I			25.91	-8.96	386.24	30.34	208.98	208.98	178.64

Audit Report on Public Sector Undertakings for the year ended 31 March 2019

Sl. No.	Sector & Name of the PSU	Period of accounts	Year in which finalised	Net profit/ loss before dividend, interest & tax	Net profit/ loss after dividend, interest & tax	Turn over	Paid up capital	Capital employed	Net Worth	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11
II.	PSUs with assured income from centage, commission, revenue grants/subsidies, etc.									
A	Government Companies									
1	Bihar Rajya Pul Nirman Nigam Limited	2017-18	2019-20	78.83	37.99	82.99	3.50	595.74	595.74	592.24
2	Bihar State Building Construction Corporation Limited	2017-18	2018-19	31.69	14.95	40.93	5.00	76.91	76.91	71.91
3	Bihar State Road Development Corporation Limited	2017-18	2019-20	73.33	48.95	783.20	20.00	518.14	518.14	498.14
4	Bihar Urban Infrastructure Development Corporation Limited	2017-18	2019-20	13.80	8.94	209.17	5.00	49.78	49.78	44.78
5	Bihar State Educational Infrastructure Development Corporation Limited	2017-18	2019-20	12.74	12.74	28.88	20.00	237.29	237.29	217.29
	Sub Total II A			210.39	123.57	1,145.17	53.50	1,477.86	1,477.86	1,424.36
B	Other Government controlled companies									
1	Patna Smart City Limited	2017-18	2018-19	-0.17	-0.17	0.00	0.10	-0.07	-0.07	-0.17
	Sub Total II B			-0.17	-0.17	0.00	0.10	-0.07	-0.07	-0.17
C	Statutory Corporations – NIL									
	Sub Total II C			0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total II			210.22	123.40	1,145.17	53.60	1,477.79	1,477.79	1,424.19

Sl. No.	Sector & Name of the PSU	Period of accounts	Year in which finalised	Net profit/ loss before dividend, interest & tax	Net profit/ loss after dividend, interest & tax	Turn over	Paid up capital	Capital employed	Net Worth	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11
III.	PSUs working in competitive environment									
A.	Government Companies									
1	Bihar State Film Development & Finance Corporation Limited	2016-17	2019-20	-0.37	-0.43	0.20	1.00	-0.83	-0.77	-1.77
2	Bihar State Agro Industries Development Corporation Limited (Non-Functional)	2017-18	2019-20	0.15	0.15	0.00	7.57	-138.71	-169.69	-177.25
	Sub Total III A			-0.22	-0.28	0.20	8.57	-139.54	-170.46	-179.02
B	Other Government controlled companies – NIL									
	Sub Total III B			0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Statutory Corporations									
1	Bihar State Financial Corporation	2017-18	2018-19	-27.75	-45.99	2.09	77.84	-182.03	-410.51	-498.40
	Sub Total III C			-27.75	-45.99	2.09	77.84	-182.03	-410.51	-498.40
	Total III			-27.97	-46.27	2.29	86.41	-321.57	-580.97	-677.42
	Grand Total I+II+III			208.16	68.17	1,533.70	170.35	1,365.20	1,105.80	925.41

Annexure-4.2
(Referred to in Paragraphs 4.1 and 4.9)
Details of State PSUs (other than Power Sector) not covered in this Report

Sl. No.	Sector & Name of the PSU	Period of latest finalised accounts	Year in which finalised	Net profit/ loss after tax	Turnover	Paid up capital
1	2	3	4	5	6	7
A. Functional PSUs with arrears of accounts for three or more years/first accounts not received/ not due						
I. Government Companies						
1	Bihar Rajya Beej Nigam Limited	2004-05	2019-20	-3.36	0.26	3.71
2	Bihar State Credit & Investment Corporation Limited	2014-15	2019-20	0.22	0.00	15.12
3	Bihar State Backward Classes Finance & Development Corporation	1997-98	2006-07	-0.29	0.64	3.62
4	Bihar State Minorities Finance Corporation Limited	2013-14	2018-19	2.16	8.31	33.89
5	Bihar Police Building Construction Corporation Limited	2014-15	2019-20	3.18	25.33	0.10
6	Bihar State Tourism Development Corporation Limited	2014-15	2016-17	3.54	11.63	5.00
7	Bihar State Food & Civil Supplies Corporation Limited	2002-03	2019-20	6.85	476.43	5.27
8	Bihar Medical Services & Infrastructure Corporation Limited	2015-16	2019-20	3.24	20.22	0.05
9	Bihar State Text Book Publishing Corporation Limited	2010-11	2019-20	34.65	166.6	0.48
10	Bihar State Mining Corporation Limited*	-	-	0.00	0.00	0.00
11	Bihar State Education Finance Corporation Limited*	-	-	0.00	0.00	0.00
12	Bhagalpur Smart City Limited*	-	-	0.00	0.00	0.00
13	Muzaffarpur Smart City Limited*	-	-	0.00	0.00	0.00
14	Biharsariff Smart City Limited*	-	-	0.00	0.00	0.00
15	Patna Metro Rail Corporation**	-	-	0.00	0.00	0.00
Sub Total					709.42	67.24

Sl. No.	Sector & Name of the PSU	2	3	Year in which finalised	Net profit/ loss after tax	Turnover	Paid up capital
1		2	3	4	5	6	7
II	Statutory Corporations						
16	Bihar State Road Transport Corporation		2008-09	2019-20	-68.29	25.70	101.27
17	Bihar State Warehousing Corporation		2012-13	2018-19	2.22	74.70	6.42
	Sub Total				-66.07	100.40	107.69
	Total A (I+II)				-15.88	809.82	174.93
B.	Non-Functional Government Companies						
1	Bihar Rajya Matasya Vikas Nigam Limited		1992-93	1996-97	-0.22	0.00	1.75
2	SCADA Agro Business Company Limited		2014-15	2016-17	0.02	0.00	0.05
3	Bihar State Water Development Corporation Limited		1978-79	1997-98	2.17	0.00	5.00
4	Bihar State Dairy Corporation Limited		1997-98	2014-15	0.00	0.00	6.72
5	Bihar Hill Area Lift Irrigation Corporation Limited		1982-83	1983-84	-0.26	0.01	5.60
6	Bihar State Fruit & Vegetables Development Corporation Limited		2014-15	2018-19	1.47	0.00	1.91
7	Bihar Insecticide Limited (Subsidiary of Sl. No. B 26)		1986-87	1991-92	-1.03	0.00	0.57
8	SCADA Agro Business Limited, Dehri* (Subsidiary of Sl. No. B 2)		-	-	0.00	0.00	0.00
9	SCADA Agro Business Limited, Aurangabad * (Subsidiary of Sl. No. B 2)		-	-	0.00	0.00	0.00
10	SCADA Agro Business Limited, Mohania* (Subsidiary of Sl. No. B 2)		-	-	0.00	0.00	0.00
11	SCADA Agro Business Company Limited, Khagaul* (Subsidiary of Sl. No. B 2)		-	-	0.00	0.00	0.00
12	Bihar Panchayati Raj Finance Corporation Limited		1984-85	1991-92	-0.01	0.00	1.44
13	Bihar State Handloom and Handicrafts Corporation Limited		1983-84	1996-97	-0.10	0.00	6.28
14	Bihar State Industrial Development Corporation Limited		2008-09	2017-18	-7.63	0.16	14.04
15	Bihar State Construction Corporation Limited		2002-03	2017-18	-3.52	23.34	7.00
16	Bihar State Mineral Development Corporation Limited		2000-01	2004-05	9.29	31.55	9.97

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Sl. No.	Sector & Name of the PSU	2	3	Year in which finalised	Net profit/ loss after tax	Turnover	Paid up capital
1		2	3	4	5	6	7
17	Bihar Solvent & Chemicals Limited (Subsidiary of Sl. No. B 30)	1986-87	1995-96	-0.32	0.00	0.66	
18	Magadh Mineral Limited (Subsidiary of Sl. No. B 26)	-	-	0.00	0.00	0.00	
19	Beltron Video System Limited (Subsidiary of Sl. No. A 6)	1989-90	2016-17	-0.34	0.44	3.06	
20	Beltron Mining System Limited (Subsidiary of Sl. No. A 6)	1990-91	2017-18	0.14	0.41	1.32	
21	Beltron Informatics Limited *(Subsidiary of Sl. No. A 6)	-	-	0.00	0.00	0.00	
22	Bihar State Sugar Corporation Limited	1984-85	1996-97	-9.20	0.00	9.97	
23	Bihar State Cement Corporation Limited *(Subsidiary of Sl. No. B 16)	-	-	0.00	0.00	0.00	
24	Bihar State Pharmaceuticals & Chemicals Development Corporation Limited	1985-86	1992-93	-0.17	0.00	3.62	
25	Bihar Maize Product Limited (Subsidiary of Sl. No. B 26)	1983-84	1987-88	-0.03	0.00	0.67	
26	Bihar Drugs and Chemicals Limited (Subsidiary of Sl. No. B 26)	1985-86	1991-92	-0.03	0.00	0.94	
27	Bihar State Textiles Corporation Limited	1987-88	1995-96	-0.09	0.00	4.98	
28	Bihar State Forest Development Corporation Limited	2000-01	2005-06	0.28	22.81	2.29	
29	Bihar Paper Mills Limited (Subsidiary of Sl. No. B 16)	1985-86	1997-98	-0.06	0.00	1.56	
30	Bihar State Glazed Tiles & Ceramics Limited (Subsidiary of Sl. No. B 26)	1985-86	1997-98	-0.08	0.00	0.16	
31	Vishwamitra Paper Industries Limited (Subsidiary of Sl. No. B 26)	1984-85	1988-89	-0.01	0.00	0.40	
32	Jhanjharpur Paper Industries Limited (Subsidiary of Sl. No. B 26)	1985-86	1991-92	-0.01	0.00	0.42	
33	Bihar State Tannin Extract Limited (Subsidiary of Sl. No. B 30)	1988-89	1993-94	-0.32	0.00	1.03	
34	Synthetic Resins (Eastern) Limited (Subsidiary of Sl. No. B 26)	1983-84	1987-88	-0.02	0.00	0.09	
35	Bhavani Active Carbon Limited (Subsidiary of Sl. No. B 26)	1985-86	1989-90	-0.01	0.00	0.02	
36	Bihar Scooters Limited *(Subsidiary of Sl. No. B 16)	-	-	0.00	0.00	0.00	
Sub Total B				-10.09	78.72	91.52	

Sl. No.	Sector & Name of the PSU	2	Period of latest finalised accounts	Year in which finalised	Net profit/ loss after tax	Turnover	Paid up capital
1		3	4	5	6	7	
C. Government Companies under liquidation							
1	Kumardhubi Metal Casting & Engineering Limited (Subsidiary of Sl. No.B16)	1994-95	1995-96	-2.39	10.89	2.17	
2	Bihar State Finished Leathers Corporation Limited (Subsidiary of Sl. No.C3)	1983-84	1986-87	-1.49	0.00	1.47	
3	Bihar State Leather Industries Development Corporation Limited	1982-83	2004-05	-0.37	1.16	5.14	
4	Bihar State Export Corporation Limited	1991-92	1999-00	0.10	4.94	2.00	
5	Bihar State Small Industries Corporation Limited	1990-91	2005-06	-1.42	15.22	7.18	
Sub Total				-5.57	32.21	17.96	
Total of All Sectors				-31.54	920.75	284.41	

* PSUs which have not submitted/finalised their first accounts

**PSUs whose accounts are not due.

Annexure-4.3
(Referred to in Paragraphs 4.3 and 4.12)
Statement showing position of equity and outstanding loans relating to State PSUs (other than Power Sector) as on 31 March 2019
 (₹ in crore)

Sl. No.	Sector & Name of the PSU	Name of the Department	Date of incorporation	Equity at close of the year 2018-19			Long term loans outstanding at close of the year 2018-19				
				GoB ¹⁰	GoI ¹¹	Others	Total	GoB	GoI	Others	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
I	PSUs working in Monopolistic environment										
A	Government Companies										
1	Bihar State Beverages Corporation Limited	Registration, Excise & Liquor Prohibition	25.05.2006	5.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00
2	Bihar Forestry Development Corporation Limited	Forest & Environment	11.10.2013	0.34	0.00	0.00	0.34	0.00	0.00	0.00	0.00
3	Bihar State Electronics Development Corporation Limited	Information Technology	21.02.1978	25.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00
	Sub Total of sector I A			30.34	0.00	0.00	30.34	0.00	0.00	0.00	0.00
B	Other Government controlled companies – Nil										
C.	Statutory Corporations – NIL										
	Total I			30.34	0.00	0.00	30.34	0.00	0.00	0.00	0.00

¹⁰ Government of Bihar

¹¹ Government of India

Sl. No.	Sector & Name of the PSU	Name of the Department	Date of incorporation	Equity at close of the year 2018-19				Long term loans outstanding at close of the year 2018-19			
				GoB ¹⁰	GoI ¹¹	Others	Total	GoB	GoI	Others	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
II	PSUs with assured income from centage, commission, revenue grants/ subsidies, etc.										
A	Government Companies										
1	Bihar Rajya Pul Nirman Nigam Limited	Road Construction	11.06.1975	3.50	0.00	0.00	3.50	0.00	0.00	0.00	0.00
2	Bihar State Building Construction Corporation Limited	Building Construction	20.03.2008	5.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00
3	Bihar State Road Development Corporation Limited	Road Construction	20.04.2009	20.00	0.00	0.00	20.00	0.00	0.00	0.00	0.00
4	Bihar Urban Infrastructure Development Corporation Limited	Urban Development & Housing	16.06.2009	5.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00
5	Bihar State Educational Infrastructure Development Corporation Limited	Education	16.07.2010	20.00	0.00	0.00	20.00	0.00	0.00	0.00	0.00
	Sub Total of sector II A			53.50	0.00	0.00	53.50	0.00	0.00	0.00	0.00
B	Other Government controlled companies										
1	Patna Smart City Limited	Urban Development & Housing	09.11.2017	0.05	0.00	0.05	0.10	0.00	0.00	0.00	0.00
	Sub total IIB			0.05	0.00	0.05	0.10	0.00	0.00	0.00	0.00
C.	Statutory Corporations – NIL										
	Total II			53.55	0.00	0.05	53.60	0.00	0.00	0.00	0.00

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Sl. No.	Sector & Name of the PSU	Name of the Department	Date of incorporation	Equity at close of the year 2018-19				Long term loans outstanding at close of the year 2018-19							
				GoB ¹⁰ 5 (a)	GoI ¹¹ 5 (b)	Others 5 (c)	Total 5 (d)	GoB 6 (a)	GoI 6 (b)	Others 6 (c)	Total 6 (d)				
1	2	3	4												
III	PSUs working in Competitive environment														
A	Government Companies														
1	Bihar State Film Development and Finance Corporation Limited	Art Culture & Youth	06.03.1983	1.00	0.00	0.00	1.00	0.50	0.00	0.00	0.50	0.00	0.00	0.00	0.50
2	Bihar State Agro Industries Development Corporation Limited	Agriculture	28.04.1966	7.57	0.00	0.00	7.57	30.98	0.00	0.00	30.98	0.00	0.00	0.00	30.98
	Sub Total			8.57	0.00	0.00	8.57	31.48	0.00	0.00	31.48	0.00	0.00	0.00	31.48
B	Other Government controlled companies – Nil														
C.	Statutory Corporations														
1	Bihar State Financial Corporation	Industries	02.11.1954	39.95	0.00	37.89	77.84	228.48	0.00	0.00	228.48	0.00	0.00	0.00	228.48
	Sub total III C			39.95	0.00	37.89	77.84	228.48	0.00	0.00	228.48	0.00	0.00	0.00	228.48
	Total of Sector III			48.52	0.00	37.89	86.41	259.96	0.00	0.00	259.96	0.00	0.00	0.00	259.96
	Grand Total (I+II+III)			132.41	0.00	37.94	170.35	259.96	0.00	0.00	259.96	0.00	0.00	0.00	259.96

Annexure-4.4
(Referred to in Paragraph 4.7)
Statement showing difference between Finance Accounts of Government of Bihar and Accounts of the State PSUs
(other than Power Sector) in respect of balances of Equity, Loans and Guarantee as on 31 March 2019

(₹ in crore)

Sl. No.	Name of PSUs	As per Finance Accounts of Government of Bihar			As per records of State PSUs			Difference		
		Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed
1	2	3	4	5	6	7	8	9	10	11
A	Functional Government Companies									
1	Bihar Rajya Beej Nigam Limited	2.28	2.03	0.00	2.28	31.90	0.00	0.00	-29.87	0.00
2	Bihar State Credit & Investment Corporation Limited	17.14	26.80	0.00	15.12	20.47	0.00	2.02	6.33	0.00
3	Bihar State Backward Classes Finance & Development Corporation	21.48	0.00	15.39	23.36	0.00	15.39	-1.88	0.00	0.00
4	Bihar State Minorities Finance Corporation Limited	436.95	5.60	0.00	148.00	5.60	1.13	288.95	0.00	-1.13
5	Bihar State Film Development & Finance Corporation Limited	1.00	0.48	0.00	1.00	0.50	0.00	0.00	-0.02	0.00
6	Bihar Police Building Construction Corporation Limited	10.15	0.00	0.00	10.00	0.00	0.00	0.15	0.00	0.00
7	Bihar Rajya Pul Nirman Nigam Limited	3.50	0.00	0.00	3.50	0.00	0.00	0.00	0.00	0.00
8	Bihar State Building Construction Corporation Limited	0.00	0.00	0.00	5.00	0.00	0.00	-5.00	0.00	0.00
9	Bihar State Road Development Corporation Limited	20.00	0.00	0.00	20.00	0.00	0.00	0.00	0.00	0.00
10	Bihar Urban Infrastructure Development Corporation Limited	0.00	0.00	0.00	5.00	0.00	0.00	-5.00	0.00	0.00

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Sl. No.	Name of PSUs	As per Finance Accounts of Government of Bihar			As per records of State PSUs			Difference		
		Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed
1	2	3	4	5	6	7	8	9	10	11
11	Bihar State Educational Infrastructure Development Corporation Limited	20.00	0.00	0.00	20.00	0.00	0.00	0.00	0.00	0.00
12	Bihar State Electronics Development Corporation Limited	5.64	6.24	0.00	25.00	0.00	0.00	-19.36	6.24	0.00
13	Bihar State Beverages Corporation Limited	0.00	0.00	0.00	5.00	0.00	0.00	-5.00	0.00	0.00
14	Bihar State Tourism Development Corporation Limited	4.16	0.00	0.00	5.00	0.00	0.00	-0.84	0.00	0.00
15	Bihar State Food & Civil Supplies Corporation Limited	0.02	1,440.77	1,008.27	5.27	2,180.48	1,435.25	-5.25	-739.71	-426.98
16	Bihar Medical Services & Infrastructure Corporation Limited	50.00	0.00	0.00	6.74	0.00	0.00	43.26	0.00	0.00
17	Bihar Forestry Development Corporation Limited	0.00	0.00	0.00	0.34	0.00	0.00	-0.34	0.00	0.00
18	Bihar State Text Book Publishing Corporation Limited	0.12	0.00	0.00	0.36	0.00	0.00	-0.24	0.00	0.00
19	Patna Smart City Limited	0.00	0.00	0.00	0.05	0.00	0.00	-0.05	0.00	0.00
20	Patna Metro Rail Corporation	3.00	0.00	0.00	3.00	0.00	0.00	0.00	0.00	0.00
21	Bihar State Mining Corporation limited	20.00	0.00	0.00	20.00	0.00	0.00	0.00	0.00	0.00
22	Muzaffarpur Smart City Limited	0.00	0.00	0.00	0.05	0.00	0.00	-0.05	0.00	0.00
23	Bhagalpur Smart City Limited	0.00	0.00	0.00	0.05	0.00	0.00	-0.05	0.00	0.00
24	Bihar State Education Finance Corporation Limited	9.50	0.00	0.00	9.50	492.00	0.00	0.00	-492.00	0.00

Sl. No.	Name of PSUs	As per Finance Accounts of Government of Bihar			As per records of State PSUs			Difference		
		Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed
1	2	3	4	5	6	7	8	9	10	11
25	Biharsharif Smart City Limited	0.00	0.00	0.00	0.05	0.00	0.00	-0.05	0.00	0.00
	Total A	624.94	1,481.92	1,023.66	333.67	2,730.95	1,451.77	291.27	-1,249.03	-428.11
B	Functional Statutory Corporations									
1	Bihar State Financial Corporation	28.09	213.97	127.47	39.95	228.48	0.00	-11.86	-14.51	127.47
2	Bihar State Road Transport Corporation	81.74	0.00	0.00	74.76	0.00	0.00	6.98	0.00	0.00
3	Bihar State Warehousing Corporation	0.80	0.00	164.04	3.21	0.00	178.00	-2.41	0.00	-13.96
	Total B	110.63	213.97	291.51	117.92	228.48	178.00	-7.29	-14.51	113.51
	Total A+B	735.57	1,695.89	1,315.17	451.59	2,959.43	1,629.77	283.98	-1,263.54	-314.60
C	Non-Functional Government Companies									
1	Bihar Rajya Matasya Vikas Nigam Limited	1.75	2.66	0.00	3.70	2.60	0.00	-1.95	0.06	0.00
2	SCADA Agro Business Company Limited	0.58	0.00	0.00	0.00	0.00	0.00	0.58	0.00	0.00
3	Bihar State Water Development Corporation Limited	12.19	14.57	0.00	10.00	49.68	0.00	2.19	-35.11	0.00
4	Bihar State Dairy Corporation Limited	0.00	1.95	0.00	6.72	0.00	0.00	-6.72	1.95	0.00
5	Bihar Hill Area Lift Irrigation Corporation Limited	9.94	3.50	0.00	10.82	8.55	0.00	-0.88	-5.05	0.00
6	Bihar State Agro Industries Development Corporation Limited	4.94	7.90	0.00	7.57	30.98	0.00	-2.63	-23.08	0.00
7	Bihar State Fruit & Vegetables Development Corporation Limited	1.64	23.12	0.00	1.61	0.42	0.00	0.03	22.70	0.00
8	Bihar Insecticide Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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Sl. No.	Name of PSUs	As per Finance Accounts of Government of Bihar			As per records of State PSUs			Difference		
		Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed
1	2	3	4	5	6	7	8	9	10	11
9	SCADA Agro Business Company Limited, Khagaul	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	SCADA Agro Business Limited, Dehri.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	SCADA Agro Business Limited, Aurangabad	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	SCADA Agro Business Limited, Mohania	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Bihar Panchayati Raj Finance Corporation Limited	0.98	0.07	0.00	2.01	0.00	0.00	-1.03	0.07	0.00
14	Bihar State Handloom and Handicrafts Corporation Limited	11.42	1.31	0.00	10.00	1.16	0.00	1.42	0.15	0.00
15	Bihar State Small Industries Corporation Limited	0.63	4.41	0.00	7.18	10.40	0.00	-6.55	-5.99	0.00
16	Bihar State Industrial Development Corporation Limited	8.18	86.30	0.00	14.04	71.54	0.00	-5.86	14.76	0.00
17	Bihar State Construction Corporation	4.90	3.30	0.00	7.00	3.38	0.00	-2.10	-0.08	0.00
18	Bihar State Mineral Development Corporation Limited	23.72		0.00	9.97	0.00	0.00	13.75	0.00	0.00
19	Bihar Solvent & Chemicals Limited	0.20	0.01	0.00	0.20	0.00	0.00	0.00	0.01	0.00
20	Magadh Mineral Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
21	Kumardhubi Metal Casting & Engineering Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22	Beltron Video System Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Sl. No.	Name of PSUs	As per Finance Accounts of Government of Bihar			As per records of State PSUs			Difference		
		Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed
1	2	3	4	5	6	7	8	9	10	11
23	Beltron Mining System Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24	Beltron Informatics Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25	Bihar State Sugar Corporation Limited	20.00	0.00	0.00	20.00	322.95	0.00	0.00	-322.95	0.00
26	Bihar State Cement Corporation Limited	0.00	0.00	0.00	0.00	0.03	0.00	0.00	-0.03	0.00
27	Bihar State Pharmaceuticals & Chemicals Development Corporation Limited	9.57	12.35	0.00	15.78	4.25	0.00	-6.21	8.10	0.00
28	Bihar Maize Product Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Bihar Drugs and Chemicals Limited	0.00	0.00	1.25	0.00	1.28	0.00	0.00	-1.28	1.25
30	Bihar State Textiles Corporation Limited	15.81	2.45	0.00	10.78	2.27	0.00	5.03	0.18	0.00
31	Bihar State Export Corporation Limited	2.27	0.94	0.00	2.00	1.22	0.00	0.27	-0.28	0.00
32	Bihar State Forest Development Corporation Limited	2.19	3.41	0.00	1.75	0.00	0.00	0.44	3.41	0.00
33	Bihar Paper Mills Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
34	Bihar State Glazed Tiles & Ceramics Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
35	Vishwamitra Paper Industries Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
36	Jhanjharpur Paper Industries Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
37	Bihar State Tannin Extract Limited	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.00
38	Bihar State Finished Leathers Corporation Limited	0.00	0.00	0.00	0.00	9.18	0.00	0.00	-9.18	0.00
39	Synthetic Resins (Eastern) Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40	Bhavani Active Carbon Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Audit Report on Public Sector Undertakings for the year ended 31 March 2019

Sl. No.	Name of PSUs	As per Finance Accounts of Government of Bihar			As per records of State PSUs			Difference		
		Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed
1	2	3	4	5	6	7	8	9	10	11
41	Bihar State Leather Industries Development Corporation Limited	10.43	13.27	0.00	17.40	12.43	0.00	-6.97	0.84	0.00
42	Bihar Scooters Limited	0.00	0.00	0.00	0.00	6.09	0.00	0.00	-6.09	0.00
	Total C	141.34	181.53	1.25	158.53	538.41	0.00	-17.19	-356.88	1.25
	Total A+B+C	876.91	1,877.42	1,316.42	610.12	3,497.84	1,629.77	266.79	-1,620.42	-313.35

Annexure-4.5
(Referred to in Paragraph 4.8.1)
Statement showing position of State Government Investment in State PSUs (other than Power Sector) accounts of which were in arrear, during the period of arrears

Sl. No.	Name of PSU	Period up to which accounts finalised	Period from which accounts are in arrears	Paid up capital as per latest accounts finalised	Investment made by the State Government during the year for which Accounts are in arrears				Total
					Equity	Loans	Capital Grant	Subsidy	
1	2	3	4	5	6	7	8	9	10
A. Functional PSUs									
I. Arrear upto 1 year									
1	Bihar State Education Finance Corporation Limited	-	2018-19	0.00	9.50	492.00	8.00	0.00	509.50
2	Biharsharif Smart City Limited	-	2018-19	0.00	0.05	0.00	0.00	0.00	0.05
	Sub-total			0.00	9.55	492.00	8.00	0.00	509.55
II. Arrear upto 2 to 5 years									
3	Bihar State Film Development and Finance Corporation Limited	2016-17	2017-18	1.00	0.00	0.00	2.45	0.00	2.45
4	Muzaffarpur Smart City Limited	-	2017-18	0.00	0.05	0.00	0.00	0.00	0.05
5	Bihar State Tourism Development Corporation Limited	2014-15	2015-16	5.00	0.00	0.00	5.23	0.00	5.23
6	Bihar State Minorities Finance Corporation Limited	2013-14	2014-15	33.89	114.11	7.00	165.00	0.00	286.11
7	Bihar Police Building Construction Corporation Limited	2014-15	2015-16	0.10	9.90	0.00	0.00	0.00	9.90
8	Bihar State Mining Corporation	-	2017-18	0.00	20.00	0.00	0.00	0.00	20.00
9	Bhagalpur Smart City Limited	-	2017-18	0.00	0.05	0.00	0.00	0.00	0.05
	Sub-total				144.11	7.00	172.68	0.00	323.79
III. Arrear 5 years and more									
10	Bihar Rajya Beej Nigam Limited	2004-05	2005-06	3.71	0.00	2.28	105.39	8.66	116.33

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Sl. No.	Name of PSU	Period up to which accounts finalised	Period from which accounts are in arrears	Paid up capital as per latest accounts finalised	Investment made by the State Government during the year for which Accounts are in arrears				
					Equity	Loans	Capital Grant	Subsidy	Total
1	2	3	4	5	6	7	8	9	10
11	Bihar State Backward Classes Finance & Development Corporation	1997-98	1998-99	3.62	20.74	7.49	0.00	0.00	28.23
12	Bihar State Food & Civil Supplies Corporation Limited	2002-03	2003-04	5.27	0.00	1,114.81	0.00	2,766.87	3,881.68
	Sub-total				20.74	1,124.58	105.39	2,775.53	4,026.24
	Total(A)				174.40	1,623.58	286.07	2,775.53	4,859.58
B	Functional Statutory Corporations								
I.	Arrear upto 1 year - Nil								
II.	Arrear upto 2 to 5 years - Nil								
III.	Arrear 5 years and more								
1	Bihar State Warehousing Corporation	2012-13	2013-14	6.42	0.00	0.00	31.17	0.00	31.17
2	Bihar State Road Transport Corporation	2008-09	2009-10	101.28	0.00	775.01	143.04	882.81	1,800.86
	Total (B)				0.00	775.01	174.21	882.81	1,832.03
	Total (A+B)				174.40	2,398.59	460.28	3,658.34	6,691.61
C	Non-Functional Companies								
I.	Arrear upto 1 year - Nil								
II.	Arrear upto 2 to 5 years - Nil								
III.	Arrear 5 years and more								
1	Bihar Rajya Matasya Vikas Nigam Limited	1992-93	1993-94	1.75	1.25	5.63	0.26	0.00	7.14
2	Bihar State Construction Corporation	2002-03	2003-04	7.00	0.00	2.28	0.00	0.00	2.28
3	Bihar State Sugar Corporation Limited	1984-85	1985-86	9.97	11.21	365.32	0.00	197.93	574.46

Sl. No.	Name of PSU	Period up to which accounts finalised	Period from which accounts are in arrears	Paid up capital as per latest accounts finalised	Investment made by the State Government during the year for which Accounts are in arrears				Total
					Equity	Loans	Capital Grant	Subsidy	
1	2	3	4	5	6	7	8	9	10
4	Bihar State Fruits & Vegetables Development Corporation Limited.	2014-15	2015-16	2.11	0.00	1.00	0.00	0.00	1.00
5	Bihar State Mineral Development Corporation Limited	2000-01	2001-02	9.97	0.00	0.00	11.00	0.00	11.00
6	Bihar State Industrial Development Corporation Limited	2008-09	2009-10	14.04	0.00	5.00	0.00	0.00	5.00
7	Bihar State Textile Corporation Limited	1987-88	1988-89	4.98	5.80	2.74	0.00	0.00	8.54
8	Bihar Hill Area Lift Irrigation Corporation Limited	1982-83	1983-84	5.60	5.22	18.78	0.00	55.41	79.41
9	Bihar State Water Development Corporation Limited	1978-79	1979-80	5.00	5.00	154.33	0.00	0.00	159.33
10	Bihar State Handloom & Handicrafts Corporation Limited.	1983-84	1984-85	6.28	3.72	0.25	0.00	0.48	4.45
11	Bihar State Pharmaceuticals & Chemical Development Corporation Limited.	1985-86	1986-87	3.62	12.92	6.30	0.00	0.00	19.22
12	Bihar State Forest Development Corporation Limited	2000-01	2001-02	2.29	0.00	2.34	0.00	0.00	2.34
13	Bihar State Small Industries Corporation Limited	1990-91	1991-92	7.18	0.00	1.66	0.00	2.47	4.13
14	Bihar State Leather Industries Development Corporation Limited	1982-83	1983-84	6.04	12.26	43.18	0.00	0.00	55.44
15	Bihar State Export Corporation Limited	1991-92	1992-93	2.00	0.00	2.21	0.00	0.08	2.29
16	Bihar Scooters Limited	-	1977-78	1.63	0.00	6.09	0.00	0.00	6.09
Total (C)					57.38	617.11	11.26	256.37	942.12
Total (A+B+C)					231.78	3,015.70	471.54	3,914.71	7,633.73

Annexure – 4.6
(Referred to in Paragraph 4.15)

**Statement showing State Government funds infused in State PSUs
(other than Power Sector) during the period from 2000-01 to 2018-19**

(₹ in crore)

I. PSUs working in Monopolistic environment				
A. Government Companies				
Year	1. Bihar State Beverages Corporation Limited			
	Equity	Interest free Loans	Loans on which interest payment has been defaulted	Capital Grants
2000-01	-	-	-	-
2001-02	-	-	-	-
2002-03	-	-	-	-
2003-04	-	-	-	-
2004-05	-	-	-	-
2005-06	-	-	-	-
2006-07	5.00	-	-	-
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	-	-	-	-
2010-11	-	-	-	-
2011-12	-	-	-	-
2012-13	-	-	-	-
2013-14	-	-	-	-
2014-15	-	-	-	-
2015-16	-	-	-	-
2016-17	-	-	-	-
2017-18	-	-	-	-
2018-19	-	-	-	-

Year	2. Bihar Forestry Development Corporation Limited			
	Equity	Interest free Loans	Loans on which interest payment has been defaulted	Capital Grants
2000-01	-	-	-	-
2001-02	-	-	-	-
2002-03	-	-	-	-
2003-04	-	-	-	-
2004-05	-	-	-	-
2005-06	-	-	-	-
2006-07	-	-	-	-
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	-	-	-	-
2010-11	-	-	-	-
2011-12	-	-	-	-
2012-13	-	-	-	-
2013-14	0.34	-	-	-
2014-15	-	-	-	-
2015-16	-	-	-	-
2016-17	-	-	-	-
2017-18	-	-	-	-
2018-19	-	-	-	-

Year	3. Bihar State Electronics Development Corporation Limited			
	Equity	Interest free Loans	Loans on which interest payment has been defaulted	Capital Grants
2000-01 (upto)	5.65	-	-	-
2001-02	-	-	-	-
2002-03	-	-	-	-
2003-04	-	-	-	-
2004-05	-	-	-	-
2005-06	-	-	-	-
2006-07	-	-	-	-
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	-	-	-	-
2010-11	-	-	-	-
2011-12	-	-	-	-
2012-13	-	-	-	-
2013-14	-	-	-	-
2014-15	-	-	-	-
2015-16	-	-	-	-
2016-17	19.35	-	-	-
2017-18	-	-	-	-
2018-19	-	-	-	-

B. Other Government controlled Companies*Nil***C. Statutory Corporation***Nil*

II. PSUs with assured income from centage, commission, revenue grants/subsidies, etc.				
A. Government Companies				
Year	1. Bihar State Road Development Corporation Limited			
	Equity	Interest free Loans	Loans on which interest payment has been defaulted	Capital Grants
2000-01	-	-	-	-
2001-02	-	-	-	-
2002-03	-	-	-	-
2003-04	-	-	-	-
2004-05	-	-	-	-
2005-06	-	-	-	-
2006-07	-	-	-	-
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	20.00	-	-	-
2010-11	-	-	-	-
2011-12	-	-	-	-
2012-13	-	-	-	-
2013-14	-	-	-	-
2014-15	-	-	-	-
2015-16	-	-	-	-
2016-17	-	-	-	-
2017-18	-	-	-	-
2018-19	-	-	-	-

Year	2. Bihar Urban Infrastructure Development Corporation Limited			
	Equity	Interest free Loans	Loans on which interest payment has been defaulted	Capital Grants
2000-01	-	-	-	-
2001-02	-	-	-	-
2002-03	-	-	-	-
2003-04	-	-	-	-
2004-05	-	-	-	-
2005-06	-	-	-	-
2006-07	-	-	-	-
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	5.00	-	-	-
2010-11	-	-	-	-
2011-12	-	-	-	-
2012-13	-	-	-	-
2013-14	-	-	-	-
2014-15	-	-	-	-
2015-16	-	-	-	-
2016-17	-	-	-	-
2017-18	-	-	-	-
2018-19	-	-	-	-

Year	3. Bihar Rajya Pul Nirman Nigam Limited			
	Equity	Interest free Loans	Loans on which interest payment has been defaulted	Capital Grants
2000-01 (upto)	3.50	-	-	-
2001-02	-	-	-	-
2002-03	-	-	-	-
2003-04	-	-	-	-
2004-05	-	-	-	-
2005-06	-	-	-	-
2006-07	-	-	-	-
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	-	-	-	-
2010-11	-	-	-	-
2011-12	-	-	-	-
2012-13	-	-	-	-
2013-14	-	-	-	-
2014-15	-	-	-	-
2015-16	-	-	-	-
2016-17	-	-	-	-
2017-18	-	-	-	-
2018-19	-	-	-	-

Year	4. Bihar State Building Construction Corporation Limited			
	Equity	Interest free Loans	Loans on which interest payment has been defaulted	Capital Grants
2000-01	-	-	-	-
2001-02	-	-	-	-
2002-03	-	-	-	-
2003-04	-	-	-	-
2004-05	-	-	-	-
2005-06	-	-	-	-
2006-07	-	-	-	-
2007-08	-	-	-	-
2008-09	5.64	-	-	-
2009-10	-	-	-	-
2010-11	-	-	-	-
2011-12	-	-	-	-
2012-13	-	-	-	-
2013-14	-	-	-	-
2014-15	-	-	-	-
2015-16	-	-	-	-
2016-17	-	-	-	-
2017-18	-	-	-	-
2018-19	-	-	-	-

Year	5. Bihar State Educational Infrastructure Development Corporation Limited			
	Equity	Interest free Loans	Loans on which interest payment has been defaulted	Capital Grants
2000-01	-	-	-	-
2001-02	-	-	-	-
2002-03	-	-	-	-
2003-04	-	-	-	-
2004-05	-	-	-	-
2005-06	-	-	-	-
2006-07	-	-	-	-
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	-	-	-	-
2010-11	20.00	-	-	-
2011-12	-	-	-	-
2012-13	-	-	-	-
2013-14	-	-	-	-
2014-15	-	-	-	-
2015-16	-	-	-	-
2016-17	-	-	-	-
2017-18	-	-	-	-
2018-19	-	-	-	-

B. Other Government controlled Companies

Nil

Year	6. Patna Smart City Limited			
	Equity	Interest free Loans	Loans on which interest payment has been defaulted	Capital Grants
2000-01	-	-	-	-
2001-02	-	-	-	-
2002-03	-	-	-	-
2003-04	-	-	-	-
2004-05	-	-	-	-
2005-06	-	-	-	-
2006-07	-	-	-	-
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	-	-	-	-
2010-11	-	-	-	-
2011-12	-	-	-	-
2012-13	-	-	-	-
2013-14	-	-	-	-
2014-15	-	-	-	-
2015-16	-	-	-	-
2016-17	-	-	-	-
2017-18	0.05	-	-	-
2018-19	-	-	-	-

C. Statutory Corporation

Nil

III. PSUs Working in Competitive Environment.				
A. Government Companies				
Year	1. Bihar State Film Development and Finance Corporation Limited			
	Equity	Interest free Loans	Loans on which interest payment has been defaulted	Capital Grants
2000-01 (upto)	1.00	-	0.15	-
2001-02	-	-	-	-
2002-03	-	-	-	-
2003-04	-	-	-	-
2004-05	-	-	-	-
2005-06	-	-	-	-
2006-07	-	-	-	-
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	-	-	-	-
2010-11	-	-	-	-
2011-12	-	-	-	-
2012-13	-	-	-	-
2013-14	-	-	-	-
2014-15	-	-	-	-
2015-16	-	-	0.35	0.02
2016-17	-	-	-	0.17
2017-18	-	-	-	-
2018-19	-	-	-	-

B. PSUs in Competitive Environment.				
Year	2. Bihar State Agro Industries Development Corporation Limited			
	Equity	Interest free Loans	Loans on which interest payment has been defaulted	Capital Grants
2000-01 (upto)	7.64	0.00	12.60	-
2001-02	-	-	-	-
2002-03	-	-	-	-
2003-04	-	-	5.24	-
2004-05	-	-	4.99	-
2005-06	-	-	7.97	-
2006-07	-	-	-	-
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	-	-	-	-
2010-11	-	-	0.18	-
2011-12	-	-	-	-
2012-13	-	-	-	-
2013-14	-	-	-	-
2014-15	-	-	-	-
2015-16	-	-	-	-
2016-17	-	-	-	-
2017-18	-	-	-	-
2018-19	-	-	-	-

C. PSUs in Competitive Environment.				
Year	3. Bihar State Financial Corporation			
	Equity	Interest free Loans	Loans on which interest payment has been defaulted	Capital Grants
2000-01 (upto)	39.95	-	83.94	-
2001-02	-	-	-	-
2002-03	-	-	-	-
2003-04	-	-	6.94	-
2004-05	-	-	36.60	-
2005-06	-	-	-	-
2006-07	-	-	71.00	-
2007-08	-	-	-	-
2008-09	-	-	29.99	-
2009-10	-	-	-	-
2010-11	-	-	-	-
2011-12	-	-	-	-
2012-13	-	-	-	-
2013-14	-	-	-	-
2014-15	-	-	-	-
2015-16	-	-	-	-
2016-17	-	-	-	-
2017-18	-	-	-	-
2018-19	-	-	-	-

B. Other Government controlled Companies

Nil

C. Statutory Corporation

Nil

Annexure – 5.1
(Referred to in Paragraph 5.2)

**Statement showing booking of centage income during 2013- 14 to 2017-18 on
cost components, which were not eligible for centage calculation**

(₹ in crore)

<i>Project</i>	<i>Gangapath</i>	<i>SH-78</i>	<i>SH-83</i>	<i>SH-81</i>	<i>SH-88</i>	<i>SH-90</i>	<i>PPP¹²</i>	<i>Six Lane</i>	<i>Total</i>
<i>Cost component</i>									
Advertisement	0.75	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.75
Consultancy	16.51	Nil	Nil	Nil	Nil	Nil	Nil	Nil	16.51
Interest during construction period	30.17	Nil	Nil	Nil	Nil	Nil	Nil	Nil	30.17
Land Acquisition	104.78	368.68	0.75	10.00	22.53	15.19	34.49	166.43	722.85
Land Acquisition consultant	0.15	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.15
Loan Application Fee	1.18	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1.18
Total	153.54	368.68	0.75	10.00	22.53	15.19	34.49	166.43	771.61
Centage at the rate of eight per cent									61.73

¹² Bakhtiyarpur-Tajpur.

Annexure – 5.2
(Referred to in Paragraph 5.3)

Statement showing Loss of Interest Income due to non-availing of Auto Sweep facility in Saving Bank Accounts

Sl. No.	Name of the Bank	Account Number	Interest foregone (in ₹)
BSRDCL HQ			
1.	Corporation Bank	055000101014963	21,69,448
2.	State Bank of India	31959577216	42,01,174
3.	Canara Bank	258101005873	2,10,81,352
4.	ICICI Bank	040401010290	44,62,759
5.	Bank of Baroda	00030100017095	1,08,00,017
6.	Union Bank	300202010920685	52,97,690
7.	Bank of India	441310110004000	1,20,44,231
8.	AXIS Bank	913010045357514	12,31,961
9.	AXIS Bank	913010055580814	32,77,718
10.	AXIS Bank	910010034224837	1,39,08,175
Total			7,84,74,525
PIU Six Lane			
11.	ICICI Bank	040401010318	5,69,88,835
Total			5,69,88,835
PIU Biharshariff			
12.	Canara Bank	01401123180	7,68,887
13.	AXIS Bank	911010034145825	11,34,552
14.	ICICI Bank	194301000870	77,73,249
15.	AXIS Bank	911010017159049	4,26,456
Total			1,01,03,144

Grand Total: ₹ 7,84,74,525 + ₹ 5,69,88,835 + ₹ 1,01,03,144 = ₹ 14,55,66,504 i.e. ₹ 14.56 crore.

Annexure – 5.3
(Referred to in Paragraph 5.4)
Statement showing Loss of Interest

Sl. No.	Name of PIU	Name of Bank	Amount of FD	ROI (%)	Start Date	Maturity Date	Maturity Amount	Rate of interest as applicable in the same bank for FD amount below ₹ one crore	Amount of maturity	Difference
1	CPIU, Patna	Axis Bank, Patna	3,18,00,000	6.25	28.03.2017	28.03.2018	3,38,34,569	7.00	3,40,85,117	2,50,548
2	CPIU, Patna	Canara Bank, Patna	4,00,00,000	4.85	28.03.2017	28.03.2018	4,19,75,571	6.90	4,28,32,240	8,56,669
3	PIU, Samastipur	ICICI Bank, Samastipur	15,00,00,000	6.10	27.03.2017	21.04.2018	16,00,27,268	6.90	16,13,48,358	13,21,090
4	PIU, Digha	ICICI Bank, Patna	10,00,00,000	6.10	30.03.2017	30.03.2018	10,62,40,962	6.90	10,70,80,600	8,39,638
5	PIU, Gangapath	ICICI Bank, Patna	11,00,00,000	6.10	30.03.2017	30.03.2018	11,68,65,058	6.90	11,77,88,659	9,23,601
6	PIU, Gangapath	HDFC Bank, Patna	35,00,00,000	5.00	28.03.2017	28.03.2018	36,78,30,859	6.95	37,49,66,345	71,35,486
7	PIU, Six Lane Ganga Bridge	ICICI Bank, Patna	25,00,00,000	6.10	27.03.2017	27.03.2018	26,56,02,404	6.90	26,77,01,499	20,99,095
	Total amount of FD		1,03,18,00,000					Total loss of interest		1,34,26,127

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