Report of the Comptroller and Auditor General of India on Public Sector Undertakings for the year ended 31 March 2017

Government of Madhya Pradesh

Report No. 3 of the year 2018

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Preface

This report contains results of the Performance Audit on construction of extra high tension (EHT) sub-stations and transmission lines by Madhya Pradesh Power Transmission Company Limited (MPPTCL), audit on fuel management in thermal power generating stations of Madhya Pradesh Power Generating Company Limited (MPPGCL) and 11 audit paragraphs based on the Compliance Audit of 15 PSUs.

The accounts of Government Companies are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 139 and 143 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 the CAG, and the CAG gives his comments or supplements the reports of the Statutory Auditors.

The CAG conducts audit of the three Statutory corporations under Section 19 (2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. CAG is the sole Auditor for Madhya Pradesh State Road Transport Corporation as per the Road Transport Corporation Act, 1950. As per the State Financial Corporations Act, 1951, CAG has the right to conduct the audit of accounts of Madhya Pradesh Financial Corporation, in addition to the audit conducted by Chartered Accountants appointed by the Reserve Bank of India. As per the State Warehousing Corporations Act, 1962, the CAG conducts the supplementary audit of the accounts of the Madhya Pradesh Warehousing and Logistics Corporation, in addition to the audit conducted by Chartered Accountants appointed by the CAG.

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

This Report highlights the following:

1. Out of the 72 Public Sector Undertakings (PSUs) in Madhya Pradesh, 36 PSUs had arrears in accounts ranging from 1990-91 onwards. Apart from violating the Companies Act, delays/ non-preparation of accounts are fraught with risk of misrepresentation of facts, fraud and misappropriation.

2. The 57 PSUs that had finalised their accounts in the last three years had an average negative Return on Investment of 0.88 *per cent* against average borrowing cost of 6.72 *per cent* resulting in notional loss to the public exchequer of ₹ 3,672.26 crore in the past three years alone. The loss on account of the remaining 15 PSUs whose accounts have not been finalised could not be assessed.

3. In violation of the dividend policy of Government of Madhya Pradesh (GoMP), 25 profit earning PSUs did not declare dividend of ₹ 37.49 crore on their profit of ₹ 187.45 crore, in 2016-17.

4. During the year, the Statutory Auditors had given qualified certificates for 25 accounts finalised by 18 working companies**.** Compliance to the Accounting Standards by the companies remained poor as there were 65 instances of non-compliance in 22 accounts of 15 companies.
5. The basis on which the State Government extended Budgetary support of ₹ 120.93 crore in 2016-17 to three working PSUs that have not finalised their accounts for the period 2014-15 to 2016-17 and ₹ 0.73 crore to one non-working PSU is not clear.
6. The State Government has not completed the apportionment of assets and liabilities between the successor states of Madhya Pradesh and Chhattisgarh of six PSUs with equity and loans amounting to ₹ 36.98 crore even 17 years after the reorganisation of the erstwhile state of Madhya Pradesh.
7. Discoms could not achieve the financial targets and operational performance targets under Ujwal Discom Assurance Yojna (UDAY).
8. Performance Audit on construction of extra high tension (EHT) sub-stations and transmission lines by Madhya Pradesh Power Transmission Company Limited covered 25 turnkey work contracts and 13 other work contracts valued at ₹ 2,458.51 crore. Monitoring and internal controls in the execution of these works were inadequate, and resulted in inordinate delays and shortcomings at all stages of planning and execution.
9. The audit on fuel management in all four thermal power generating stations of Madhya Pradesh Power Generating Company Limited during 2014-17 revealed that monitoring and internal controls in fuel related matters of the Company were inadequate, leading to deficiencies in planning, procurement and consumption of fuel.
10. Instances of non-recovery of independent engineers fees of ₹ 8.39 crore and non-levy of interest of ₹ 4.01 crore on delayed recovery from 12 concessionaires, procurement of costly power resulting in extra expenditure of ₹ 27.66 crore, avoidable payment of penal water charges of ₹ 6.70 crore, avoidable expenditure of ₹ 1.66 crore on water charges and loss of interest income of ₹ 9.79 crore due to lack of proactive financial management have been reported.

The Audit has been conducted in conformity with the Regulations on Audit and Accounts, 2007 and the Auditing Standards issued by the CAG of India.

OVERVIEW

Overview

This Report contains the following chapters:

Chapter-1: General information on functioning of State Public Sector Undertakings (PSUs),

Chapter-2: Performance Audit on construction of extra high tension (EHT) sub-stations and transmission lines by Madhya Pradesh Power Transmission Company Limited, and,

Audit on fuel management in thermal power generating stations of Madhya Pradesh Power Generating Company Limited

Chapter-3: 11 Compliance Audit Paragraphs on PSUs.

The total financial impact of the audit findings is ₹ 2,150.74 crore.

1. Functioning of State Public Sector Undertakings

Investment in State PSUs

There are 72 PSUs in Madhya Pradesh. As on 31 March 2017, the investment (Capital and Long Term loans) in these PSUs was ₹ 81,529.50 crore. The thrust of the State government investment in PSUs during the last five years was in the Power sector (₹ 27,618.74 crore).

Of the 72 PSUs, 52 Government companies and two statutory corporations are working PSUs. Of the 18 non-working PSUs, 17 are Government companies and one is a statutory corporation.

Out of the 72 PSUs, 15 PSUs had arrears in accounts for three years or more ranging from 1990-91 onwards. Delays/ non-preparation of accounts are fraught with risk of misrepresentation of facts, fraud and misappropriation.

As per the latest finalised accounts of the 57 PSUs, that had finalised their accounts in the last three years, 29 PSUs earned profit of ₹ 397.74 crore, 19 PSUs incurred loss of ₹ 5,625.52 crore, and the remaining nine PSUs had no profit or loss. These 57 PSUs registered a turnover of ₹ 77,588.17 crore.

The 57 PSUs, that had finalised their accounts in the last three years, generated an average negative Return on Investment (paid-up capital, free reserves and long-term loans) of 0.88 *per cent* on the investments made by the State Government. As against this, the average cost of borrowings of the State Government was 6.72 *per cent* during 2014-15 to 2016-17. Thus, the approximate loss to the public exchequer as a result of the investment in these 57 PSUs amounted to ₹ 3,672.26 crore over the past three years. The loss, if any, incurred by the remaining 15 PSUs who have not finalised their accounts could not be assessed.

(Paragraphs 1.1, 1.5, 1.6, 1.9 and 1.10)

Arrears in finalisation of accounts

The Companies Act, 2013, stipulates that the annual financial statements of companies are to be finalised within six months from the end of the relevant financial year i.e., by September end. Failure to do so may attract penal provisions, under which, every officer of the defaulting company shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to ₹ five lakh, or with both.

Out of 54 working PSUs, only 25 PSUs finalised their accounts for the year 2016-17 while 29 PSUs had arrears of 54 accounts as of 31 December 2017 with the extent of arrears ranging from one to 13 years. Out of 18 non-working PSUs, five PSUs were in the process of liquidation and the remaining three PSUs had arrears of 42 accounts for six to 27 years. The State Government had extended Budgetary support (Equity, Loans, Grants and Subsidy etc.) of ₹ 13,977.68 crore to 17 working PSUs, during the period for which accounts were in arrears, out of which ₹ 266.77 crore was extended to three working PSUs, whose accounts were in arrears for more than three years.

As per the dividend policy (July 2005) of the State Government, all State PSUs are required to pay a minimum dividend of 20 *per cent* of profit after tax. However, out of 29 PSUs which earned profit as per their latest finalised accounts during 2014-17, only four PSUs proposed dividend of ₹ 43.38 crore and in violation of the dividend policy of GoMP, 25 profit earning PSUs did not declare dividend of ₹ 37.49 crore on their profit of ₹ 187.45 crore, in 2016-17.

(Paragraphs 1.9, 1.10, 1.11 and 1.14)

Recommendations

- **The Finance Department and the concerned administrative departments should ensure that the State PSUs take immediate action to make their accounts current, so that the directors of these PSUs do not continue to fall foul of the Companies Act and the relevant Acts governing State Statutory Corporations.**
- **The Finance Department and the concerned administrative departments should ensure that budgetary support is not extended to such PSUs whose accounts are not current.**
- **The State Government should direct the profit making PSUs to remit the arrear dividend (amounting to ₹ 474.46 crore) from the date of adoption of dividend policy (July 2005) to Government account.**

Winding up of non-working PSUs

Out of 18 non-working PSUs (17 companies and one statutory corporation), five PSUs[i] have commenced liquidation process in the last one to 27 years, which are pending with the official liquidator. Further, the State Government had proposed (February 2005) to initiate liquidation of the Madhya Pradesh

[i] Dada Dhuniwale Khandwa Power Limited, Madhya Pradesh Film Development Corporation Limited, Madhya Pradesh Panchayati Raj Vitta Evam Gramin Vikas Nigam Limited, Madhya Pradesh Vidyut Yantra Limited and Optel Telecommunication Limited.

Road Transport Corporation (MPSRTC). However, the Government of India (GoI) rejected (November 2009) the proposal and advised for restructuring/ revival of the corporation but further action is still pending and MPSRTC continues to be a non-working statutory corporation. Orders have been issued (January 2018) for amalgamation of Crystal IT Park limited and SEZ Indore limited with their holding company {M.P. Audyogik Kendra Vikas Nigam (Indore) Limited} and the State Government has not yet decided on closure/ revival of the remaining 10 companies[ii] having net worth[iii] of ₹ 14.69 crore.

(Paragraph 1.16)

Recommendations

- **Since the continued existence of loss making and non-working PSUs causes substantial drain on the public exchequer, the State Government may (i) review the functioning of all loss making PSUs and (ii) examine the possibility of winding up non-working PSUs; and (iii) assess whether employees of non-working companies can be sent on reverse deputation to Government departments having vacancies, as has been done by the Government of Rajasthan.**
- **As 10 years had already gone by since GoI suggested restructuring of MPSRTC, which has not been taken up so far, GoMP may review expeditiously whether it would be possible to restructure the Corporation as suggested by GoI. The State Government should evaluate the viability of 10[iv] non-working PSUs for deciding their liquidation.**

Accounts comments

The quality of accounts of companies needs improvement. The Statutory auditors had given qualified certificates for 25 accounts finalised by 18 companies. Compliance to the Accounting Standards by the companies remained poor as there were 65 instances of non-compliance to Accounting Standards in 22 accounts of 15 companies.

(Paragraph 1.17)

Recommendation

- **The Finance Department and the concerned administrative departments should immediately review the working of the 18 companies where the Statutory Auditors have given qualified comments.**

Follow-up action on Audit Reports

In terms of extant instructions, Administrative departments are required to submit replies/explanatory notes to audit paragraphs/performance audits included in the Audit Reports of the CAG of India within a period of three months of their presentation to the Legislature. There was no backlog for Audit Reports upto 2014-15. Out of 18 audit paragraphs/performance audits included in Audit Report 2015-16 placed in the State Legislature on

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[ii] C3, C5 and C8 to C15 of *Annexure 1.1*.

[iii] Paid up capital + reserves and surplus-accumulated losses.

[iv] 18 non-working PSUs (minus) five PSUs where liquidation has commenced (minus) one PSU where GoI has advised for revival (minus) two PSUs under amalgamation.

24 March 2017, explanatory notes to two paragraphs/ performance audits in respect of two departments (Food, Civil Supplies and Consumer Protection department and Horticulture and Food Processing department), were still awaited (March 2018).

(Paragraph 1.19)

Restructuring of PSUs

Consequent to the reorganisation of the erstwhile Madhya Pradesh State into the states of Madhya Pradesh and Chhattisgarh w.e.f. 1 November 2000, the assets and liabilities of 19 PSUs[v] (out of the then existing 28 PSUs[vi]) were to be divided amongst the successor states. However, the division have been completed only in respect of 13 PSUs[vii] as of December 2017.

(Paragraph 1.22)

Reforms in power sector under Ujwal Discom Assurance Yojna (UDAY)

Memorandum of Understanding (MoU) were signed (August 2016) between Ministry of Power, GoI, Government of Madhya Pradesh and MP Power Management Company Limited (MPPMCL) for and on behalf of its subsidiaries, the three State DISCOMs viz., Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited (MPPaKVVCL); Madhya Pradesh Poorv Kshetra Vidyut Vitran Company Limited (MPPoKVVCL) and Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited (MPMKVVCL) for implementation of the scheme with identified financial and operational targets.

The three DISCOMs failed to achieve financial targets in respect of reduction of aggregate transmission and commercial (AT&C) losses and collection efficiency. Operational targets (for electricity access to un-connected households, rural feeder metering and rural feeder audit) were achieved by the three DISCOMs. The performance of DISCOMs was unsatisfactory in respect of distribution transformer metering, smart metering and distribution of LED lights. Further, MPPoKVVCL and MPMKVVCL could not achieve targets in respect of feeder segregation.

(Paragraph 1.23)

2. Performance Audits relating to Government Companies

2.1 Performance Audit on construction of extra high tension (EHT) sub-stations and transmission lines by Madhya Pradesh Power Transmission Company Limited

The Madhya Pradesh Power Transmission Company Limited, Jabalpur (Company) was incorporated in November 2001 as a wholly owned government company under the administrative control of the Energy Department of the Government of Madhya Pradesh (GoMP). The main

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[v] Sl. No. A1, A2, A11, A12, A13, A14, A17, A28, A31, A32, A34, A45, A46, A47, C1, and C5 of *Annexure 1.1 (the remaining three companies no longer exist)*

[vi] Sl. No. A1, A2, A3, A4, A5, A6, A8, A11, A12, A13, A14, A17, A28, A31, A32, A34, A45, A46, A47, C1, C4 and C5 of *Annexure 1.1 (the remaining six companies no longer exist)*

[vii] Sl. No. A1, A2, A14, A28, A31, A32, A34, A45, A47, and C5 of *Annexure 1.1 (the remaining three companies no longer exist)*

objective of the Company is to provide an efficient, adequate and properly coordinated power transmission system in the State of Madhya Pradesh.

This performance audit covers the activities of the Company relating to construction of extra high tension (EHT) sub-stations and transmission lines (132 KV, 220 KV and 400 KV), including formulation and planning of projects, procurement, construction and commissioning of sub-stations and transmission lines during 2012-13 to 2016-17.

The following are the main audit findings:

Monitoring and internal controls

Absence of system in the Company of submitting progress reports of works to the Board of Directors (BoD) resulted in lack of monitoring of projects by BoD. Consequently, important issues arising during execution of works such as right of way, land acquisition, delay in execution of works and poor performance of the contractors etc, could not be addressed by BoD.

(Paragraph 2.1.9)

Due to delay in the implementation of enterprise resource planning (ERP), the objective to integrate all operational functions including project planning and monitoring, strengthening its business intelligence reporting, improved workflow and increased efficiency could not be achieved.

(Paragraph 2.1.10)

Planning and project conceptualisation

The Company has not prepared the ten-year perspective plan for transmission systems as per the Madhya Pradesh Electricity Regulatory Commission (MPERC) Guidelines for Capital Expenditure. The annual capital expenditure plans were not submitted to the Board of Directors and MPERC for approval. The Company could not achieve physical targets of works as envisaged in five year plans due to non-inclusion of those works in annual plans, not taking up planned works of approved DPRs and delay in execution of works.

(Paragraphs 2.1.11 and 2.1.12)

Project implementation and execution

The delay in completion/ non-completion of works deprived the Company of the envisaged reduction of transmission losses amounting to ₹ 71.61 crore during audit period. The main reasons for poor progress of works were commencement of works without conducting detailed survey, awarding of works without ensuring land availability, deficiencies in finalising layout and drawings, awarding multiple contracts simultaneously to single contractor and poor performance of contractors.

(Paragraphs 2.1.17, 2.1.18, 2.1.19, 2.1.20, 2.1.21 and 2.1.22)

Nine sub-stations had not been connected to feeders by Discoms and six sub-stations were connected to feeders with delays ranging from four to 18 months due to non-construction of connecting lines by Discoms. As a result, these sub-stations remained unutilised for considerable periods and their stated objective of meeting additional load demand and improving voltage profile could not be achieved.

(Paragraph 2.1.24)

Three 220 KV sub-stations remained under-utilised as the load of these sub-stations was very low due to non-synchronisation of construction of related 132 KV transmission lines.

(Paragraph 2.1.25)

Investment of ₹ 6.16 crore on the Eshagarh - Guna line remained idle due to construction of alternate Ashoknagar - Eshagarh line. Further, there was unfruitful expenditure of ₹ 1.25 crore on unutilised stringing of multi circuit towers on 132 KV Panagar-Katangi line.

(Paragraphs 2.1.26 and 2.1.27)

Project Funding and Financial Management

Non-adherence to the drawal schedule of loans due to delay in execution of projects attracted liability to pay commitment charges of ₹ 8.29 crore. Further, due to non-adherence to conditions stipulated in bank guarantee (BG), the Company failed to encash BG against mobilisation advance of ₹ 25.27 crore.

(Paragraphs 2.1.30 and 2.1.31)

Summary of recommendations

The Company should:

- **take necessary steps for completion of ERP project without further delay so as to obtain the benefits of improved workflow and effective monitoring of operations;**
- **adhere to the CAPEX Guidelines of MPERC on preparation of ten year perspective plan, five year plan and annual plans;**
- **award works only after completion of detailed surveys, route alignment and preparation of detailed estimates as stipulated in the Works Department Manual;**
- **ensure completion of preparatory activities such as identification of land, seeking approvals and clearances in advance for speedy implementation of projects;**
- **ensure timely finalisation of drawings and layout of works and monitor the performance of the contractors to ensure timely execution of works;**
- **take prompt action against the defaulting contractors as per terms of the contract to ensure timely completion of works;**
- **ensure synchronization of construction of sub-stations and associated transmission lines so as to avoid under-utilisation of commissioned sub-stations.**

2.2 Audit on fuel management in thermal power generating stations of Madhya Pradesh Power Generating Company Limited

The Madhya Pradesh Power Generating Company Limited (Company) operates four thermal power stations (TPSs) with a total installed capacity of 4,080 Mega Watt with coal and oil as the primary and secondary fuel respectively. During the period 2014-17, the Company incurred ₹ 13,263.17 crore on procurement of fuel which constituted 56 *per cent* of the total generation cost. The audit covered the Company's activities relating to fuel management in all the four TPSs during the period 2014-17.

The audit findings on the Fuel Management by the Company during 2014-17 were as under:

Planning and procurement of coal

- The Company failed to reduce its contracted quantity of coal from South Eastern Coalfields Limited (SECL) even when the Central Electricity Authority had approved the retirement of two units of Amarkantak Thermal Power Station in March 2016. Consequently, the Company became liable to pay compensation of ₹ 17.21 crore for short lifting of 6.27 lakh metric tonnes (LMT) of coal.

(Paragraph 2.2.9)

- The Company failed to swap coal from the more distant SECL to the nearer Western Coalfields Limited (WCL) for supply of 13.37 LMT coal for its Shri Singaji TPS resulting in avoidable expenditure of ₹ 80.10 crore towards transportation.

(Paragraph 2.2.10)

- At Satpura TPS, the Company had to pay incentive on account of excess supply of coal in one agreement and penalty on account of short lifting of coal in another agreement to WCL due to failure in judiciously rearranging the supply of coal among the agreements. This resulted in avoidable loss of ₹ 50.96 crore.

(Paragraph 2.2.11)

- The Company short lifted 12.68 LMT of indigenous coal while 1.76 LMT of costlier imported coal was procured. This resulted in extra expenditure of ₹ 51.24 crore.

(Paragraph 2.2.12)

Transportation of coal

- The Company did not maintain a centralised e-payment account with the Banks for payment of freight charges to Railways. As a result, in case of diversion of rakes, the Railways collected two full freights (one for original destination and second for changed destination) instead of charging differential freight for the changed destination. This resulted in excess payment of ₹ 45.15 crore during 2014-17 which remained blocked with the Railways. Consequently, the Company suffered loss of interest of ₹ 6.30 crore.

(Paragraph 2.2.18)

Coal handling

- The Company did not unload coal rakes within the prescribed time limit. Out of 7,495 coal rakes, unloading of 4,627 coal rakes (61.73 *per cent*) was delayed by all four TPSs for which the Company had to pay demurrage charges of ₹ 21.35 crore to the Railways. This was mainly due to limited coal conveying capacity of the conveyor belt and non-construction of alternative coal path at Sanjay Gandhi TPS and delay in unloading of coal by the contractors.

(Paragraph 2.2.22)

Consumption of coal

- The actual station heat rate (SHR) was higher than the norms prescribed by Madhya Pradesh Electricity Regulatory Commission (MPERC) in all TPSs during 2014-17 (except in Amarkantak TPS during 2015-17). The reasons for higher SHR and consequent excess coal consumption were, inadequate maintenance and failure to ensure timely overhauling of TPSs, partial loading of the plant and deviations in the technical parameters. Higher SHR resulted in excess consumption of 26.88 LMT of coal costing ₹ 866.12 crore.

(Paragraph 2.2.26)

Consumption of fuel oil

- During the period 2014-17, TPSs (except Amarkantak TPS and Sanjay Gandhi TPS Power House-III) consumed fuel oil of 20,123 kilo litre costing ₹ 95.80 crore, in excess of the norms prescribed by MPERC. This was due to higher consumption of oil on regular start-up, frequent shut down of plant, partial loading, coal flow interruption and coal mill outages.

(Paragraph 2.2.30)

Summary of recommendations

The Company should:

- **assess and procure coal as per actual requirement of units in operation in its TPSs;**
- **ensure swapping of coal of decommissioned units for the power plants situated nearer to mines in future;**
- **lodge MRPs judiciously under different agreements of a TPS and coordinate with the coal companies to minimise short lifting/ excess delivery of coal;**
- **lift available indigenous coal and avoid procurement of costlier imported coal;**
- **take immediate steps to open centralised e-payment account with Central Railway to avoid further blockage of funds and consequent loss of interest;**
- **adhere to the terms and conditions of O&M/unloading contract and also complete the alternative coal path works at the earliest to avoid further payment of demurrage;**
- **take effective steps to adhere to operational norms in respect of SHR and fuel oil prescribed by MPERC.**

3. Compliance Audit Observations

Gist of some of the important compliance audit paragraphs are given below:

Madhya Pradesh Road Development Corporation Limited caused release of Viability Gap Fund (VGF) of ₹ 14.98 crore to the Concessionaire in violation of the Concession Agreement. Besides, the Company did not recover independent engineers (IE) fees of ₹ 2.57 crore.

(Paragraph 3.2)

Madhya Pradesh Road Development Corporation Limited failed to recover IE fees of ₹ 8.39 crore and did not levy interest of ₹ 4.01 crore on delayed payment from 12 concessionaires.

(Paragraph 3.5)

Madhya Pradesh Power Management Company Limited procured costly power from Torrent Power Limited deviating from the approved methodology which resulted in extra expenditure of ₹ 27.66 crore and extension of undue benefit to the supplier to that extent.

(Paragraph 3.6)

Madhya Pradesh Power Generating Company Limited made avoidable payment of penal water charges of ₹ 6.70 crore due to delay in execution of water supply agreement with Water Resources Department.

(Paragraph 3.7)

Madhya Pradesh Power Generating Company Limited failed to revise the contracted quantity of water after decommissioning of two thermal power units, which resulted in avoidable expenditure of ₹ 1.66 crore on water charges.

(Paragraph 3.8)

Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited did not avail Corporate liquid term deposit (CLTD) facility leading to loss of interest of ₹ 9.79 crore.

(Paragraph 3.11)

CHAPTER - 1

Chapter-1

1. Functioning of State Public Sector Undertakings

Introduction

1.1 As on 31 March 2017, there were 72 State Public Sector Undertakings (PSUs) comprising State Government companies and Statutory corporations in Madhya Pradesh (***Annexure 1.1***) as depicted in table no. 1.1.

Table No. 1.1: Number of PSUs as on 31 March 2017

Type of PSUs	Working PSUs	Non-working PSUs [1]	Total
Government companies[2]	52	17	69
Statutory corporations	02	01	03
Total	54	18	72

During the year 2016-17, 13[3] PSUs were incorporated/entrusted for audit and three[4] PSUs were closed down. Out of 54 working PSUs and 18 non-working PSUs, 46 working PSUs and 11 non-working PSUs had finalised their accounts for the years 2014-15 to 2016-17 as on 31 December 2017 (***Annexure 1.2)***. As per the latest finalised accounts of these 57 PSUs, 29 PSUs earned profit of ₹ 397.74 crore, 19 PSUs incurred loss of ₹ 5,625.52 crore, and the remaining nine PSUs had no profit or loss[5]. These PSUs registered a turnover of ₹ 77,588.17 crore as per their latest finalised accounts as of 31 December 2017.

The 57 PSUs generated an average negative Return on Investment (RoI) of 0.88 *per cent* on the investment made by the State Government. As against this, the average cost of borrowings of the State Government was 6.72 *per cent* during 2014-15 to 2016-17. Thus, the approximate loss to the public exchequer as a result of the investment in the 57 PSUs that had finalised their accounts in the past three years amounted to ₹ 3,672.26 crore. The loss, if any, incurred by the remaining 15 PSUs that have not finalised their accounts could not be assessed.

As on 31 March 2017, the State PSUs had 62,034 employees (61,745 in 54 working PSUs and 289 in 18 non-working PSUs). The non-working PSUs have

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1 PSUs which have had no activities for last three years.

2 Companies referred to in Sections 2(45), 139(5) and 139(7) of the Companies Act, 2013.

3 S. No. A9, A29 and A30 of *Annexure 1.1* entrusted to AG (E&RSA), Madhya Pradesh, Bhopal and A15, A16, A19, A20, A21, A22, A23, A24, A25 and A52 of *Annexure 1.1* entrusted to AG (G&SSA), Madhya Pradesh, Gwalior

4 MP State Industries Corporation Limited, MP Lift Irrigation Corporation Limited and MP State Dairy Development Corporation Limited.

5 Net expenses of S. No. A40 of *Annexure 1.1* are entirely distributed amongst its subsidiary companies on whose behalf it functions, Operational loss of S. No. A3, A4, A8 and A34 have been transferred to Government, expenses of S. No. A15 and A16 have been treated as pre-operative expenses pending commencement of business, net expenses of S. No. A29 and A30 have been transferred to their project fund account.

had no activity for last three years and had an investment of ₹ 990.44 crore (Equity: ₹ 311.66 crore and Loans: ₹ 678.78 crore) as on 31 March 2017.

Recommendations:

Since the continued existence of loss making and non-working PSUs causes a substantial drain on the public exchequer, the State Government may (i) review the functioning of all loss making PSUs (ii) examine the possibility of winding up non-working PSUs; and (iii) assess whether employees of non-working companies can be sent on reverse deputation to Government departments having vacancies, as has been done by the Government of Rajasthan.

Accountability framework

1.2 Section 139 and 143 of the Companies Act, 2013 (Act) applies to audit of Government companies. The Comptroller and Auditor General of India (CAG) appoints Chartered Accountants (CAs) as Statutory Auditors and conducts supplementary audit of these companies.

Audit of Statutory corporations is governed by their respective legislations as detailed below in table no. 1.2:

Table No. 1.2 Legislations governing audit of Statutory corporations

Sl. No.	Name of corporation	Authority for audit by the CAG	Audit arrangement
1	Madhya Pradesh State Road Transport Corporation	Section 33 (2) of The Road Transport Corporations Act, 1950	Sole audit by CAG
2	Madhya Pradesh Warehousing and Logistics Corporation	Section 31 (8) of The Warehousing Corporations Act, 1962	Audit by CAs and supplementary audit by CAG
3	Madhya Pradesh Finance Corporation	Section 37 (6) of The State Financial Corporations Act, 1951	Audit by CAs and supplementary audit by CAG

The Reports of the CAG are submitted to the Government, who shall, in terms of the CAG's (Duties, Powers and Conditions of Service) Act, 1971, cause them to be laid before the Legislature.

1.3 The concerned administrative departments under the Government of Madhya Pradesh exercise control over the affairs of these PSUs, whose Chief Executives and Directors to the Board are appointed by the State Government.

Stake of Government of Madhya Pradesh

1.4 The State Government's stake in PSUs falls under three broad categories, viz., share capital and loans, special budgetary support by way of grants and subsidies to consumers and guaranteeing of loans availed by PSUs from financial institutions.

Investment in State PSUs

1.5 As on 31 March 2017, the investment (Share Capital and Long-Term Loans) in 72 State PSUs by State government, Central government and others was ₹ 81,529.50 crore as per details given in table no. 1.3 (Further details are given in ***Annexure 1.1***).

Table No. 1.3: Total investment in PSUs as on 31 March 2017

(₹ in crore)

Type of PSUs	Status of accounts finalised	Equity			Long term loans			Grand Total
		State Government	Others[6]	Total	State Government	Others[7]	Total	
Working PSUs	2014-15 to 2016-17[8]	15,144.22	10,806.95	25,951.17	36,204.17	18,005.11	54,209.28	**80,160.45**
	Prior to 2014-15	117.34	10.68	128.02	218.23	32.36	250.59	**378.61**
	Sub total	**15,261.56**	**10,817.63**	**26,079.19**	**36,422.40**	**18,037.47**	**54,459.87**	**80,539.06**
Non-working PSUs	2014-15 to 2016-17	12.00	119.32	131.32	0.00	0.64	0.64	**131.96**
	Prior to 2014-15	123.02	57.32	180.34	677.18	0.96	678.14	**858.48**
	Sub total	**135.02**	**176.64**	**311.66**	**677.18**	**1.60**	**678.78**	**990.44**
Total		**15,396.58**	**10,994.27**	**26,390.85**	**37,099.58**	**18,039.07**	**55,138.65**	**81,529.50**

(***Source: As per annual accounts of the PSUs / information furnished by the PSUs***)

1.6 The sector wise summary of investment in the State PSUs as on 31 March 2017 is given in table no. 1.4.

Table No. 1.4: Sector-wise investment in PSUs

Name of Sector	Working PSUs		Non-working PSUs		Total	Total Investment (₹ in crore)	Total Investment in last five years (₹ in crore)
	With three years' accounts	Without three years' accounts	With three years' accounts	Without three years' accounts			
Power	10	0	1	0	11	75,366.71	45,126.97
Manufacturing	7	0	9	3	19	430.14	-25.91
Finance	12	3	0	2	17	1,910.91	223.34
Service	9	0	1	1	11	2,509.73	1,585.09
Infrastructure	10	0	0	1	11	997.76	859.31
Agriculture & Allied	3	0	0	0	03	314.25	248.40
Total	**51**	**3**	**11**	**7**	**72**	**81,529.50**	**48,017.20**

(***Source: As per audited accounts/information furnished by the PSUs***)

The thrust of the State government investment in PSUs was in six Power sector companies[9]. Out of the State Government investment of ₹ 48,961.13 crore

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[6] Includes share capital of Central Government and investment of ₹ 6,043.19 crore by 10 holding companies in their 35 subsidiary companies.

[7] Includes loans from Central Government and Financial Institutions

[8] Accounts finalised atleast upto 2014-15.

[9] Madhya Pradesh Power Management Company Limited, Madhya Pradesh Power Generating Company Limited, Madhya Pradesh Power Transmission Company Limited, Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited, Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited.

(₹ 14,553.77 crore in equity and ₹ 34,407.36 crore in loans) in the power sector, ₹ 27,618.74 crore (₹ 3,965.40 crore in equity and ₹ 23,653.34 crore in loans) was invested between 2012-17.

1.7 Differences between the figures of State Government equity and loans depicted in the Finance Accounts and in the records of PSUs are given in table no. 1.5.

Table No. 1.5: Equity and Loans outstanding as on 31 March 2017			
			(₹ in crore)
Investment	**As per Finance Accounts**	**As per records of PSUs[10]**	**Difference**
Equity	17,231.86	14,668.29	**2,563.57**
Loans	22,723.87	33,349.22	**10,625.35**
(*Source: Information furnished by the PSUs and Finance Accounts, GoMP 2016-17*)			

Differences between the figures relating to guarantees given by the State Government in the Finance Accounts and in the records of PSUs are given in table no. 1.6.

Table No. 1.6: Guarantees outstanding as on 31 March 2017			
			(₹ in crore)
Guarantees Outstanding	**Amount as per Finance Accounts**	**Amount as per records of PSUs**	**Difference**
	11,462.86	3,709.32	**7,753.54**
(*Source: Information furnished by the PSUs and Finance Accounts, GoMP 2016-17*)			

Recommendation:

The Finance Department, the administrative departments and the PSUs may take immediate steps to reconcile the differences in figures, in a time bound manner, with the Accountant General (A&E).

1.8 The position of Government stake in PSUs is given below in table no. 1.7.

Table No. 1.7: Position of Government stake in PSUs		
		(₹ in crore)
Particulars	**No. of PSUs**	**Amount**
Nominal[11] Government stake in non-working PSUs	1[12]	0.16
Non-working PSUs where there is no expenditure at all	6[13]	0.00
Equity, loan and grant/subsidy received during 2015-16 and 2016-17 by non-working PSUs	1[14]	3.15
Outstanding GoMP loans and guarantees to PSUs which have not paid interest on loans for last five years	9[15]	34,642.78[16]
(Source: Information furnished by the PSUs and Finance Accounts 2016-17)		

[10] As per latest finalised accounts of PSUs as of September 2017 as at the time of finalisation of Finance Accounts, Madhya Pradesh for the year 2016-17.
[11] Equity and Loan less than ₹ one crore.
[12] Madhya Pradesh Panchayati Raj Vitta evam Gramin Vikas Nigam Limited
[13] S. No. C1 to C4, C6 and D1 of *Annexure 1.1*
[14] Madhya Pradesh State Textile Corporation Limited
[15] Sl. No. A11, A14, A35 to A38, C4, C5 and D1 of *Annexure 1.1*.
[16] This includes guarantees of ₹ 263.88 crore given by GoMP to Sl. No. A35 to A38 of *Annexure 1.1*.

Recommendation:

Since the chances of repayment of the loans by the ten PSUs who have not even paid interest on loans, are remote, if not non-existent, the State Government should consider converting past loans to equity or writing them off and future payments, if any, should be by way of grants in aid, pending review of whether at least some of these PSUs should not be wound up.

Arrears in finalisation of Accounts

1.9 The Companies Act 2013 stipulates that the annual financial statements of companies are to be finalised within six months from the end of the relevant financial year i.e., by September end. Failure to do so may attract penal provisions, under which every officer of the concerned defaulting company shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

The accounts of Statutory corporations are required to be finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

As of 31 December 2017, the accounts of 29 working companies were in arrears for periods up to 13 years, as depicted in ***Annexure 1.3***. Delays in finalisation of accounts often results in unavailability or loss of crucial records over a period of time, which is fraught with possibilities of misrepresentation of facts, frauds and misappropriation.

Out of 54 working PSUs, only 25 PSUs[17] finalised their accounts for 2016-17 and the remaining 29 PSUs have arrears of 54 accounts[18]. Out of 29 PSUs, accounts of 21 PSUs were in arrears for one year, six PSUs for two to five years, and two PSUs above five years, as depicted in ***Annexure 1.3***.

Details of the directors of the 29 working companies, whose accounts are in arrears, who also simultaneously held various posts in different departments and are liable under the above penal provisions of the Companies Act are given in ***Annexures 1.4 (a)* and *(b)***.

1.10 In addition to the above, as on 31 December 2017, out of 18 non-working PSUs, accounts of seven PSUs were in arrears. Out of these seven non-working PSUs, four PSUs[19] were in the process of liquidation for 17 to 27 years[20], and whose 52 accounts were in arrears for seven to 27 years. Details of arrears in accounts of the remaining three non-working PSUs are given in table no. 1.8.

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[17] Sl. No. A2, A3, A4, A5, A7, A8, A9, A18, A24, A26, A27, A29, A30, A32, A33, A34, A35, A39, A43, A48, A49, A50, A52, B1, and B2 of *Annexure 1.1*.

[18] At the rate of one account per year.

[19] In addition to these four PSUs, under liquidation, having arrear in accounts, one more PSU, Dada Dhuniwale Khandwa Power Limited has gone into liquidation in November 2017. However, the company has prepared its accounts till 2016-17

[20] Madhya Pradesh Film Development Corporation Limited w.e.f. 15 December 1994, Madhya Pradesh Panchayati Raj Vitta Evam Gramin Vikas Nigam Limited w.e.f. 28 June 1990, Madhya Pradesh Vidyut Yantra Limited w.e.f. April 2005 and Optel Telecommunication Limited w.e.f. June 2000

Table No. 1.8: Arrears of Accounts in respect of non-working PSUs				
Year	**Number of non-working PSUs**	**Number of Accounts in arrears**	**Years for which Accounts were in arrears**	**Number of years for which Accounts were in arrears**
2014-15	03	38	1990-91 to 2014-15	6 to 25
2015-16	03	41	1990-91 to 2015-16	7 to 26
2016-17	03	42	1990-91 to 2016-17	6 to 27

1.11 The State Government had extended Budgetary support of ₹ 13,977.68 crore in 17 working PSUs {Equity: ₹ 94.63 crore (six PSUs), Loans: ₹ 1,224.74 crore (seven PSUs), Capital Grants: ₹ 4,727.75 crore (11 PSUs) others (subsidy and revenue grants): ₹ 7,100.83 crore (seven PSUs) and Guarantees: ₹ 829.73 crore (four PSUs)} during the period for which accounts were in arrears as detailed in ***Annexure 1.5***. Out of this, Budgetary support of ₹ 266.77 crore was extended to three working PSUs whose accounts were in arrears for more than three years, of which ₹ 120.93 crore was extended to these PSUs during 2016-17.

Further, the State Government had also extended Budgetary support (grant) of ₹ 4.34 crore to one[21] non-working company, during the period for which its accounts were in arrears as detailed in ***Annexure 1.5***. Out of this, Budgetary support of ₹ 0.73 crore was extended as grants during 2016-17.

The decision of the State Government to extend budgetary support to the above PSUs whose accounts were in arrears, was financially imprudent, since the State government had no basis to assess the financial soundness of these PSUs. This is evident from the fact that, nine PSUs that received State Government loans did not even repay the interest thereon during last five years.

Recommendations:

1. **The Finance Department and the concerned administrative departments should ensure that the State PSUs take immediate action to make their accounts current, so that the directors of these PSUs do not continue to fall foul of the Companies Act and the relevant Acts governing State Statutory corporations.**
2. **The Finance Department and the concerned administrative departments should ensure that budgetary support is not extended to such PSUs whose accounts are not current.**

Performance of PSUs as per their latest finalised accounts

1.12 The key financial ratios used to assess the performance of the 46 working PSUs[22] that finalised their accounts for the period 2014-15 to 2016-17 ***(Annexure 1.6)*** are given in table no. 1.9.

[21] Grants extended to Madhya Pradesh State Textile Corporation Ltd. to meet administrative expenses

[22] Financial ratios cannot be calculated for non-working PSUs or those PSUs whose accounts are in arrears.

Table No. 1.9: Key Parameters of Working PSUs					
Particulars	**Key parameters (in percentage)**	**2014-15**	**2015-16**	**2016-17**	**Average**
Profit making PSUs	**ROCE**[23]	12.34	29.01	10.58	17.31
	ROI[24]	12.34	29.01	10.58	17.31
	ROE[25]	7.95	9.44	4.24	7.21
Loss making PSUs	**ROCE**	-5.14	-11.97	-258.74	-91.95
	ROI	-5.14	-11.97	-258.74	-91.95
	ROE	-242.96	-224.26	-68.61	-178.61
Aggregate PSUs	**ROCE**	-0.06	2.11	9.31	3.79
	ROI	-0.06	2.11	9.31	3.79
	ROE	-43.46	-41.03	4.18	-26.77
Cost of borrowing		**6.88**	**6.86**	**6.42**	**6.72**
(Source: Information as per finalised accounts of PSUs)					

1.13 The major contributors to profit were Madhya Pradesh State Mining Corporation Limited (₹ 91.81 crore), Madhya Pradesh Warehousing and Logistics Corporation (₹ 35.41 crore), Madhya Pradesh Rajya Van Vikas Nigam Limited (₹ 63.05 crore), Madhya Pradesh State Agro Industries Development Corporation Limited (₹ 39.12 crore), Madhya Pradesh Road Development Corporation Limited (₹ 53.44 crore). The RoI of these companies ranged between 11.76 *per cent* and 60.08 *per cent* during 2014-17. The PSUs which incurred heavy losses were Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited (₹ 2,766.08 crore), Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited (₹ 1,616.91 crore) and Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited (₹ 1,207.01 crore) as per their latest finalised Accounts.

1.14 The State Government had formulated (July 2005) a dividend policy for PSUs under which all PSUs are required to pay a minimum dividend of 20 *per cent* of profit after tax. Though as per their latest finalised[26] accounts, 29 PSUs with Government equity of ₹ 7,853.40 crore[27] earned aggregate profit of ₹ 397.74 crore, only four PSUs proposed dividend of ₹ 43.38 crore[28]. Thus, in violation of the dividend policy of GoMP, 25 profit earning PSUs did not declare dividend of ₹ 37.49 crore on their profit of ₹ 187.45 crore, in 2016-17.

[23] Return on Capital Employed = (Net profit/loss before dividend, interest and tax)/ Capital Employed, where Capital Employed = Investment – Deferred Revenue Expenditure (DRE). As there was no DRE of the PSUs during 2014-17, the ROCE and ROI were the same.
[24] Return on Investment (RoI) = (Net profit before dividend, interest and tax)/ Investment.
[25] Return on Equity (RoE) = (Net profit after tax – preference dividend)/Shareholder's Fund
[26] Latest accounts finalised during last three years i.e., 2014-15 to 2016-17
[27] Shareholders' funds as per latest finalised accounts.
[28] Madhya Pradesh State Agro Industries Development Corporation Limited (₹ 7.91 crore), Madhya Pradesh Rajya Van Vikas Nigam Limited (₹ 12.58 crore), Madhya Pradesh State Mining Corporation Limited (₹ 18.38 crore), Madhya Pradesh Laghu Udyog Nigam Limited (₹ 4.51 crore)

Recommendation:

The State Government should direct the profit making PSUs to remit the arrear dividend (amounting to ₹ 474.46 crore) from the date of adoption of dividend policy (July 2005) to Government account.

1.15 The Companies Act, 2013 stipulates that the Board of Directors of every company should meet atleast four times in a year. It was observed, however, that out of 52 working companies, 26 companies conducted less than four meetings during 2014-17, as given in table no. 1.10.

Table No. 1.10: Shortfall in number of meetings conducted by PSUs

Year	Shortfall in no. of meetings held	No. of Companies	Name of the Company at Sl. no. in *Annexure 1.1*
2014-15	3	01	A2
	2	08	A10, A14, A18, A31, A47, A12, A52, A17
	1	06	A3, A6, A7, A28, A51, A13
2015-16	3	06	A14, A46, A51, A25, A19, A24
	2	04	A28, A12, A15, A16
	1	02	A18, A49,
2016-17	3	03	A9, A25, A19
	2	02	A51, A22
	1	04	A31, A46, A20, A13

Winding up of non-working PSUs

1.16 There were 18 non-working PSUs (17 companies and one statutory corporation) as on 31 March 2017. The status of these non-working companies is as follows. (i) Five PSUs have commenced liquidation process in the last one to 27 years. Voluntary liquidation has been initiated and liquidator has been appointed (March 2018) in respect of Dada Dhuniwale Khandwa Power Limited. The cases of remaining four PSUs[29] are pending with the official liquidator, High Court of Jabalpur. (ii) The State Government had proposed (February 2005) to initiate liquidation of Madhya Pradesh Road Transport Corporation (MPSRTC). However, the Government of India (GoI) rejected (November 2009) the proposal and advised for restructuring/ revival of the corporation but further action by former is still pending and MPSRTC continues to be a non-working statutory corporation. (iii) Orders have been issued (January 2018) in the case of Crystal IT Park Limited and SEZ Indore limited for amalgamation with their holding company {M. P. Audyogik Kendra Vikas Nigam (Indore) Limited}. The State Government has not yet decided on closure/ revival of the remaining 10 companies[30] having net worth[31] of ₹ 14.69 crore.

[29] Madhya Pradesh Film Development Corporation Limited w.e.f. 15 December 1994, Madhya Pradesh Panchayati Raj Vitta Evam Gramin Vikas Nigam Limited w.e.f. 28 June 1990, Madhya Pradesh Vidyut Yantra Limited w.e.f. April 2005 and Optel Telecommunication Limited w.e.f. June 2000

[30] C3, C5 and C8 to C15 of *Annexure 1.1*

[31] Paid up capital + reserves and surplus – accumulated losses.

Recommendation:

As 10 years had already gone by since GoI suggested restructuring of MPSRTC, which has not been taken up so far, GoMP may review expeditiously whether it would be possible to restructure the Corporation as suggested by GoI. The State Government should evaluate the viability of 10[32] non-working PSUs for deciding their liquidation.

Accounts comments

1.17 Thirty seven[33] working Companies forwarded their 48 audited accounts to the Accountant General during the year 2016-17[34]. Of these, 41 Accounts for the period 2014-15 to 2016-17 of 31 Companies were selected for supplementary audit. The Audit Reports of Statutory auditors appointed by CAG and the supplementary audit of CAG indicated that the quality of maintenance of Accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given in table no. 1.11.

Table No. 1.11: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in profit	03	8.39	13	190.33	15	10,516.98
2.	Increase in loss	02	52.16	05	9,850.28	04	161.11
3.	Material facts not disclosed	02	697.28	08	123.79	04	9.85
4.	Errors of classification[35]	02	2,548.36	14	843.87	08	172.82

During the year, the Statutory Auditors had given qualified certificates for 25 accounts finalised by 18 working companies. Compliance to the Accounting Standards by the companies remained poor as there were 65 instances of non-compliance to Accounting Standards in 22 accounts of 15[36] companies.

Recommendation:

The Finance Department and the concerned administrative departments should immediately review the working of the 18 companies where the Statutory auditors have given qualified comments.

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[32] 18 non-working PSUs (minus) five PSUs where liquidation has commenced (minus) one PSU where GoI has advised for revival (minus) two PSUs under amalgamation.

[33] Sl. No. A2, A3, A4, A5, A6, A7, A8, A9, A10, A11, A13, A15, A16, A17, A18, A 23, A24, A25, A27, A28, A29, A30, A32, A34, A35, A36, A39, A44, A45, A46, A47, A48, A49, A50, A52, B1 and B2 of *Annexure 1.1*.

[34] During the period from October 2016 to December 2017.

[35] Many cases of error of classification were reported during 2014-16 due to introduction of new format of Balance Sheet and Profit and Loss Account along with changes in criteria for classification of heads.

[36] Sl. No. A2, A3, A4, A7, A10, A26, A27, A32, A33, A34, A39, A40, A41, A42 and B2 of *Annexure 1.1*

Response of the Government to Audit

Performance Audits and Paragraphs

1.18 One performance audit report and 12 audit paragraphs have been issued (May 2017 to August 2017) to the managements of the companies and Principal Secretaries/ Secretaries of the respective departments with requests to furnish replies within four weeks. Replies of managements were received. However, replies to three audit paragraphs were still awaited (December 2017) from the departments.

Follow up action on Audit Reports

Replies outstanding

1.19 The Reports of the Comptroller and Auditor General of India (CAG) represent the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. The Finance Department, Government of Madhya Pradesh issued (May 2016) instructions to all Administrative departments to submit replies/ explanatory notes to paragraphs/ reviews included in the Audit Reports of the CAG within a period of three months of their presentation to the Legislature, without waiting for any questionnaires from Committee on Public Undertaking (CoPU). The position of explanatory notes not received is given in table no. 1.12.

Table No. 1.12: Explanatory notes not received (as on 31 March 2018)

Year of the Audit Report (PSU)	Date of placement of Audit Report in the State Legislature	Total Performance audits (PAs) and Paragraphs in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2015-16	24 March 2017	03	15	01	01
Total		**03**	**15**	**01**	**01**

Recommendation:

The concerned administrative departments[37] should comply with the directives (May 2016) of the Finance Department and furnish timely response to audit observations.

Discussion of Audit Reports by CoPU

1.20 The status, as on 31 March 2018, of Performance Audits and Paragraphs that appeared in Audit Reports (PSUs) and discussed by CoPU is given in table no. 1.13.

[37] Food, Civil Supplies and Consumer Protection department and Horticulture and Food Processing department.

Table No. 1.13: Performance Audits/ Paragraphs appeared in Audit Reports *vis a vis* discussed (as on 31 March 2018)				
Period of Audit Report	**Number of PAs/ paragraphs**			
	Appeared in Audit Report		**Paras discussed**	
	PAs	**Paragraphs**	**PAs**	**Paragraphs**
2009-10	02	09	02	08
2012-13	05	11	05	10
2013-14	03	08	03	08
2014-15	03	13	03	13
2015-16	03	15	0	0
Total	**16**	**56**	**13**	**39**

Compliance to Reports of CoPU

1.21 Action Taken Notes (ATN) to 287 paragraphs appearing in 51 Reports of the CoPU[38] presented to the State Legislature between September 1976 and March 2017 had not been received (March 2018) as indicated in table no. 1.14. These COPU Reports pertain to CAG Audit Reports for period from 1973-74 to 2011-12. COPU Reports on the Audit Reports for the year 2012-13 onwards are not presented so far (March 2018).

Table No. 1.14: Compliance to CoPU Reports			
Year of the Audit Report	**Total no. of COPU Reports**	**Total no. of recommendations in COPU Reports**	**No. of recommendations where ATNs not received**
From 1973-74 to 2003-04	18	653	129
2004-05	06	91	34
2005-06	07	89	50
2006-07	03	38	17
2007-08	01	23	14
2008-09	01	26	26
2009-10	02	02	02
2010-11	09	12	11
2011-12	04	04	04
Total	**51**	**938**	**287**
(Source: Information furnished by the Committee on Public Undertakings)			

Recommendation:

The State Government should ensure prompt compliance in furnishing of ATNs on the reports of COPU.

Restructuring of PSUs consequent to reorganisation of the State

1.22 Consequent to the reorganisation of the erstwhile Madhya Pradesh State into the states of Madhya Pradesh and Chhattisgarh w.e.f. 1 November 2000,

[38] Pertaining to the departments of Energy, Finance, Forest, Commerce, Industries & Employment, Mineral resources, Transport, Civil Supplies and Consumer Protection, Backward Classes Development, Scheduled Cast and Tribes Development, Urban Development, Tourism, Home (Police), Food Processing and Horticulture, GoMP, that appeared in the Reports of the CAG for the years 1973 to 2012

the assets and liabilities of 19 PSUs[39] (out of the then existing 28 PSUs[40]) were to be divided amongst the successor states. However, the division have been completed only in respect of 13 PSUs[41] as of December 2017.

Recommendation:

Since almost two decades have passed after the reorganisation of the State, the State Government is required to work closely with the Government of Chhattisgarh for the expeditious division of assets and liabilities of the six PSUs, where the Government investment as on 01 November 2000 was ₹ 36.98 crore.

Reforms in Power Sector under Ujwal Discom Assurance Yojna (UDAY)

1.23 With an objective to improve the operational and financial efficiency of the State DISCOMs, Ministry of Power, Government of India (GoI) launched (November 2015) Ujwal Discom Assurance Yojna (UDAY), a scheme for the financial turnaround of power distribution companies.

Memorandum of Understanding (MoU) was signed (August 2016) between Ministry of Power, GoI, Government of Madhya Pradesh and MP Power Management Company Limited (MPPMCL) for and on behalf of its subsidiaries, the three State DISCOMs viz., Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited (MPPaKVVCL), Madhya Pradesh Poorv Kshetra Vidyut Vitran Company Limited (MPPoKVVCL) and Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited (MPMKVVCL) for implementation of the scheme with identified financial and operational targets.

The progress achieved so far in respect of important financial and operational targets fixed as per MoU as on 31 December 2017 is given in ***Annexure 1.7***.

MPPoKVVCL and MPMKVVCL could not achieve any of the financial targets. Though MPPaKVVCL achieved financial targets in respect elimination of ACS-ARR gap and billing efficiency, it failed to achieve targets of reduction in AT&C losses (2017-18) and collection efficiency. In so far as achievement of operational targets is concerned, the target for electricity access to un-connected households, rural feeder metering and rural feeder audit was nearly achieved by all the three DISCOMs. However, the performance of DISCOMs was not satisfactory in respect of distribution transformer metering, smart metering and distribution of LED lights. Further, MPPoKVVCL and MPMKVVCL could not achieve targets in respect of feeder segregation.

[39] Sl. No. A1, A2, A11, A12, A13, A14, A17, A28, A31, A32, A34, A45, A46, A47, C1, and C5 of *Annexure 1.1 (remaining three companies are no more in existence)*

[40] Sl. No. A1, A2, A3, A4, A5, A6, A8, A11, A12, A13, A14, A17, A28, A31, A32, A34, A45, A46, A47, C1, C4 and C5 of *Annexure 1.1 (remaining six companies are no more in existence)*

[41] Sl. No. A1, A2, A14, A28, A31, A32, A34, A45, A47, and C5 of *Annexure 1.1 (remaining three companies are no more in existence)*

Deficiencies in utilisation of Grant-in-Aid funds by Madhya Pradesh Trade and Investment Facilitation Corporation Limited

1.24 Madhya Pradesh Export Corporation Limited was formed (February 1977) as a State Government Company under the administrative control of Department of Commerce, Industries and Employment, GoMP. The Company was renamed (December 2004) as Madhya Pradesh Trade and Investment Facilitation Corporation Limited (Company). As per Memorandum of Association (MoA) of the Company, the objectives of the Company are to (i) organise and undertake international trade in the goods and services specified by GoMP or BoD of the Company (ii) undertake promotion of exports (iii) undertake import and internal sales (iv) facilitate trade and investment into and out of Madhya Pradesh and to provide effective pre and post investment services by establishing co-ordination between different agencies (v) implement such special arrangements for industrial facilitation as GoMP or BoD may specify and (vi) facilitate the management of industrial units as per the directions of the State Government.

Scrutiny of the records of the Company for the period 2015-16 to 2017-18, revealed the following:

- The Company had organised 15 foreign tours of delegations comprising of GoMP delegates, Company officials etc., to various countries as detailed in ***Annexure 1.8.*** The expenditure of ₹ 8.97 crore[42] on above foreign tours was met from the funds released to the Company as Grants-in-Aid under the head "5531-Destination M.P. Investment Drive" by Directorate of Industries (DoI), GoMP.

  Audit observed that organising foreign tours of GoMP delegates was not specifically included in the objectives of the Company mentioned in its MoA. Further, the expenditure on foreign tours of GoMP delegates was not routed through the State budget or depicted in the State government accounts. Instead the same was paid by the Company from the above grant, and thus budgetary scrutiny of expenditure incurred on above foreign tours was avoided.

- In respect of three foreign tours of delegations to Japan and Korea; China; and USA conducted between July 2015 and October 2017, the Company spent ₹ 21 lakh[43] in excess of the sanctioned amount without obtaining approval of the competent authority.

- Out of the Grants-in-Aid received under the Destination M.P. Investment Drive, unspent balance of ₹ 7.08 crore was available with the Company as at the end of March 2016. However, as per the utilisation certificate submitted to GoMP, there was no unspent balance. Reasons for the difference were not identified by the Company.

- As per the generally accepted principles of accounting, all the expenses debited in 'Statement of Profit and Loss' must be supported by authentic

[42] This does not include expenditure reimbursed to Confederation of Indian Industry (CII), in cases where details as well vouchers for expenditure were not available with the Company.

[43] Against sanction of ₹ 3.29 crore, the actual expenditure incurred was ₹ 3.50 crore.

bills/ documents. During the year 2015-16, the Company paid ₹ 5.34 crore to Confederation of Indian Industry (CII), Mumbai for conducting Global Investors Summit (GIS). However, documentary evidence (supporting bills, vouchers etc.) for this expenditure was not available with the Company. Similarly, during the period 2016-18, the Company received ₹ 34.21 crore from DoI, GoMP and an expenditure of ₹ 31.00 crore was incurred there against. However expenditure of ₹ 27.54 crore[44] was incurred without obtaining supporting bills and vouchers. As a result, genuineness of the expenditure/ transactions could not be vouchsafed.

Though the above audit observations were communicated to Government in May 2018, their response is awaited (June 2018).

[44] ₹ 23.93 crore being the claims of CII relating to GIS 2016; ₹ 2.42 crore disbursed to CII for meeting foreign tour expenditure of delegations for international events during June 2016 to December 2016; ₹ 59.61 lakh (August 2016) paid to Consulate General of India, New York for meeting foreign tour expenditure of delegations; ₹ 55.73 lakh paid on behalf of GoMP to Madhya Pradesh Laghu Udyog Nigam Limited (MPLUN) for meeting travel expenditure of delegates.

CHAPTER - 2

CHAPTER-2

2. Performance Audit relating to Government companies

2.1 Performance Audit on construction of extra high tension (EHT) sub-stations and transmission lines by Madhya Pradesh Power Transmission Company Limited

Introduction

2.1.1 The Madhya Pradesh Power Transmission Company Limited (Company), Jabalpur was incorporated in November 2001 as a wholly owned government company under the administrative control of the Energy Department (Department), Government of Madhya Pradesh (GoMP) on unbundling of the erstwhile Madhya Pradesh State Electricity Board (MPSEB). The Company is entrusted with construction and maintenance of extra high tension[1] (EHT) sub-stations and transmission lines of 132, 220 and 400 kilo volts[2] (KV) in the State of Madhya Pradesh.

The main functions of the Company are (i) development and maintenance of an efficient, coordinated and economical intra-state transmission system; (ii) providing open access[3] to licensees, generating companies and consumers through an intra-state transmission system; and (iii) planning related to the intra-state transmission system in co-ordination with Central Electricity Authority (CEA), Central Transmission Utility (CTU)[4], Generating companies and licensees.

During the period 2012-17, the Company awarded works contracts for ₹ 3,563.45 crore for improving and widening its transmission system.

Organisational Setup

2.1.2 The Company is under the overall administrative control of the Energy Department of GoMP headed by the Principal Secretary. The management of the Company is vested in a Board of Directors (BoD) comprising eight Directors. The Managing Director (MD) is the Chief Executive Officer who looks after the day-to-day activities of the Company. The Chief Engineer (Planning and Design) takes care of the long term and annual plans, project proposals, survey of the projects, preparation of Detailed Project Reports (DPRs) and getting them approved from the concerned funding agencies. Chief Engineer (Procurement) looks after the tendering process and award of contract to the successful bidder. The Chief Engineer (EHT-Construction) looks

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1 EHT transmission systems are used to transmit electric power over relatively long distances, usually from a central generating station to main substations

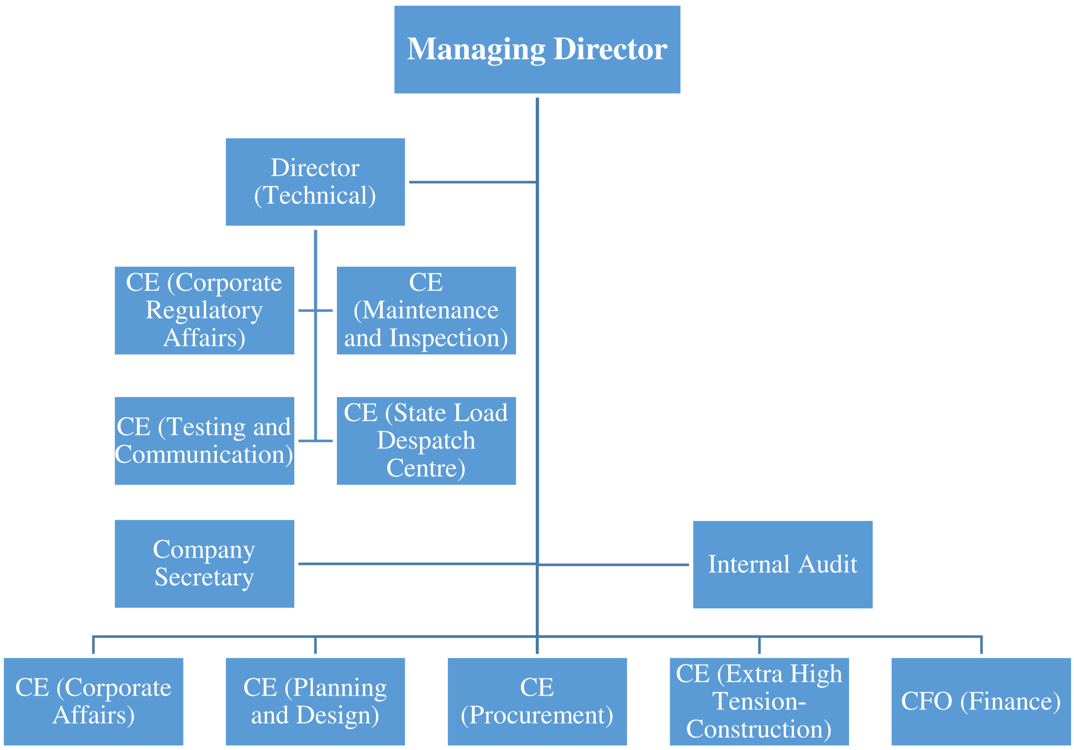
2 Unit of power equal to 1,000 volts

3 "Open access" means the non-discriminatory provision for the use of transmission lines or distribution system or associated facilities with such lines or system by any licensee or consumer or a person engaged in generation, in accordance with regulations specified by the appropriate commission.

4 Power Grid Corporation of India Limited is the Central Transmission Utility (CTU) of India and has been designated as Nodal Agency for grant of connectivity, long-term access and medium-term open access to the inter-state transmission system.

after execution of projects/ works of EHT sub-stations and transmission lines. The organisational structure of the Company is given below in Chart 2.1.1.

Chart 2.1.1 Organisational Structure of the Company



The status of sanctioned strength *vis-à-vis* actual manpower of the Company in respect of technical and non-technical cadres is given in table no. 2.1.1:

Table No. 2.1.1

Category of staff	Sanctioned strength	Actual manpower		
		Regular	Contract	Total
Technical staff	3,800	3,079	-	**3,079**
Non-technical staff	2,062	1,012	303	**1,315**
Total	**5,862**	**4,091**	**303**	**4,394**

Audit Objectives

2.1.3 The Performance Audit was conducted to assess whether:

- the construction projects of transmission systems were conceptualised and identified on need basis and planning for execution of works/ projects was adequate;
- the projects were awarded transparently and executed effectively, in timely manner and as per the applicable guidelines;
- funds for the projects were assessed realistically, arranged and utilised efficiently, economically and effectively;
- an adequate monitoring and internal control system was in place to review the implementation of projects and benefits derived from the projects/works; and whether corrective actions were taken to overcome deficiencies.

Audit Criteria

2.1.4 The audit criteria adopted for the Performance Audit were derived from:

- Long term plan, annual plan, project DPRs and Guidelines for Capital Expenditure (CAPEX);
- The CEA's Manual of Transmission Planning Criteria, CEA (Grid Standard) Regulations, 2010 and Grid Connectivity Standards, 2007;
- Recommendations of Task Force on transmission projects constituted (February 2005) by Government of India (GoI) and circulars issued by Company/ State Government/ Central Government;
- Norms/guidelines issued by Madhya Pradesh Electricity Regulatory Commission (MPERC)/ Central Electricity Authority (CEA) and Funding Agencies;
- Agenda/ minutes of BoD Meetings.

Scope and methodology of Audit

2.1.5 A Performance Audit Report on the working of the Company was last included in the Audit Report (Commercial) of the Comptroller and Auditor General of India for the year 2011-12, Government of Madhya Pradesh. The Committee on Public Undertakings (COPU) discussed the Report in June 2015 and its recommendations are awaited (May 2018).

The present Performance Audit covers the issues relating to construction of EHT sub-stations and transmission lines (132 KV, 220 KV and 400 KV) which, *inter alia,* included formulation and planning of projects, procurement, construction and commissioning of sub-stations and transmission lines during the years 2012-13 to 2016-17. The Head office of the Company and four[5] (out of five) Circle Offices along with their eight[6] (out of 11) EHT Construction Divisions were selected for detailed scrutiny of records. Audit also conducted joint physical verification with Company officials at 12 EHT sub-stations.

Audit test checked 25 turnkey work contracts (54 *per cent* out of total 46 turnkey work contracts) valued at ₹ 2,443.89 crore (69 *per cent* of the total money value of ₹ 3,544.94 crore of 46 turnkey work contracts) and 13 other work contracts (50 *per cent* out of total 26 other work contracts) valued at ₹ 14.62 crore (79 *per cent* of total money value of ₹ 18.51 crore of 26 other work contracts) awarded by the Company during the review period (2012-17).

There are 13 audit observations on the test checked work contracts and most of them are of a nature that may reflect similar errors/omissions in other works being executed by the Company, but not covered in the test audit. The Company therefore may, like to internally examine all the other works being executed by them with a view to ensure that these are being carried out as per requirement and rules.

Audit objectives, audit criteria, scope and methodology of audit etc., were explained to the Energy Department, GoMP and the Company during the entry conference (March 2017). The draft report was issued to the Company on

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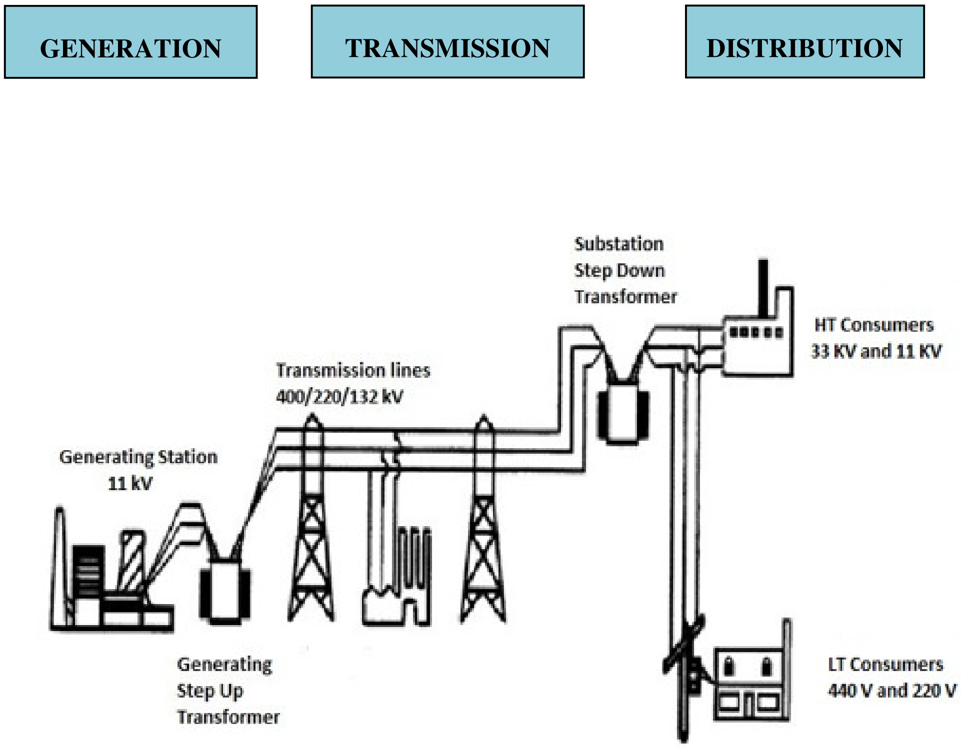
[5] Jabalpur, Bhopal, Indore and Gwalior

[6] Jabalpur I, Jabalpur II, Bhopal I, Bhopal II, Indore, Gwalior I, Gwalior II and Itarsi

30 August 2017 and the audit findings were discussed in the exit conference held on 13 December 2017, with the Principal Secretary, Energy Department, GoMP and the MD of the Company.

Brief description of Transmission Process

2.1.6 Transmission of electricity is defined as the bulk transfer of power over long distances at high voltages, generally at 132 KV and above. EHT sub-stations are facilities for stepping up and stepping down voltages from one level to another, connecting electric systems and switching equipment in and out of the system. Electric power generated at relatively low voltages in power plants is stepped up to high voltage before transmission to reduce the transmission loss and to increase efficiency of the grid. Voltages are again stepped down to low voltage for distribution to consumers. The distribution system includes lines, poles, transformers and other equipment required to deliver electricity at specific voltages. A pictorial representation of the transmission process is given below:



Transmission system and capacity

2.1.7 The major elements of transmission systems are transmission lines and sub-stations, which cater to the power and energy demand of downstream networks of distribution licensees. Increased demand for power necessitates strengthening of the transmission system by constructing new sub-stations, adding capacity at existing sub-stations and laying new transmission lines to the load centres. The system expansion is planned gradually as per the load growth scenarios projected on the basis of historical data. The growth of transmission capacity[7], increase in the number of sub-stations, and the expansion of transmission network are correlated.

The status of the transmission network of the Company as on 31 March 2017 is detailed in table no. 2.1.2.

Table No. 2.1.2				
Sl. No.	Voltage	Number of sub-stations and capacity		EHT lines (in circuit kms)
		Number	Capacity in mega volt ampere (MVA)	
1	400 KV	9	7,350	3,075
2	220 KV	71	21,990	12,324
3	132 KV	250	24,056	16,910
4	66 KV[8]	1	20	61
Total		**331**	**53,416**	**32,370**

During the period covered under Audit (2012-13 to 2016-17), the Company constructed 5,251 circuit kms[9] of EHT transmission lines and 83 new sub-stations, adding transmission capacity of 17,852 MVA.

Acknowledgement

Audit acknowledges the cooperation and assistance extended by the Company and its officials during conduct of the Performance Audit.

Audit findings

2.1.8 Audit observations noticed during the performance audit are discussed in the following paragraphs.

Monitoring and Internal Control in execution of construction works

2.1.9 Internal controls and monitoring are essential to management activity. An efficient and effective internal control and monitoring system helps the management in timely achievement of objectives and ensures compliance to procedures and financial discipline.

While reviewing the transactions and records related to construction of EHT sub-stations and transmission lines by the Company, Audit noticed that internal control system and monitoring mechanism in the Company were inadequate to the following extent.

Progress reports and important issues relating to execution of the works were not submitted to BoD resulting in lack of monitoring of projects by the BoD.

- There is no system in the Company of submitting progress reports of works to its BoD resulting in lack of monitoring of projects by BoD. Further, important issues arising during execution of works such as land acquisition, material supply to contractor, right of way (RoW), and poor performance of the contractors etc, had also not been apprised to BoD. Thus, BoD failed to exercise its role in monitoring the projects.

The Department stated (December 2017) that major issues are brought to the notice of BoD and termination of contracts is done with the approval of BoD.

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[7] Transmission capacity refers to the amount of electric power that can be passed through a transmission network from one place to another.

[8] One 66 KV old line of 61 kms.

[9] The route length of transmission lines are measured in circuit kms.

The reply is not acceptable as important issues arising during execution of works as commented above have not been apprised to the BoD. Submitting termination cases alone was not adequate for monitoring of projects by higher management.

- The Company did not work out sub-station wise transmission losses. Due to this, there was no system to assess reduction in transmission losses by commissioning of new sub-stations as envisaged in their DPRs.

- Competent authorities were not following the system of recording specific reasons or justification while taking important decisions and/or while according approval for deviating from procedures and terms and conditions of contracts as discussed under *paragraphs 2.1.11, 2.1.13, 2.1.22, 2.1.25, 2.1.26* and *2.1.28.*

- The Company did not have an internal audit wing and this activity was outsourced to practicing Chartered Accountants (CAs). Audit observed from the review of internal audit reports that the scope of work assigned to outsourced CAs was not comprehensive and the Company did not critically analyse the internal audit requirements for ensuring its effectiveness. Further, the observations of CAs were mainly related to vouching, non-deduction of statutory deductions like Provident Fund, establishment related issues etc., and the internal audit reports were not submitted to BoD.

Audit further observed the following deficiencies in the monitoring mechanism for construction works:

Delay in implementation of Enterprise Resource Planning Project

2.1.10 The BoD of the Company resolved (November 2012) to implement an enterprise resource planning (ERP) project in the Company with the envisaged objective of integrating all operational functions including Project Planning and Monitoring so as to strengthen its Business Intelligence Reporting and to have improved workflow and increased efficiency. Accordingly, M/s Price Waterhouse Coopers Pvt. Ltd. (PwC) was appointed (August 2013) as Program Management Consultant (PMC) through competitive bidding. The Consultant had been paid ₹ 1.34 crore upto December 2017.

Delay in implementation of ERP project led to non-fulfilment of objectives to integrate all operational functions and strengthening of monitoring system in the Company.

For selection of System Integrator (SI) for supply, installation, commissioning, implementation and support of ERP, tender was invited in November 2014 with the due date of opening in December 2014. However in view of request made by the prospective bidders and to increase participation, the due date was extended thrice. In response, only two firms had submitted their proposals and techno-commercial bid was opened in July 2015.

The evaluation of bids includes evaluation of pre-qualification criteria/ mandatory requirements and further, technical evaluation of all bidders who qualify in pre-qualification criteria. However, there was no timeline fixed for evaluation of bids. The bid evaluation committee[10] took 12 months for the evaluation and the validity (June 2016) of offer elapsed. Though the Company requested (August 2016) the bidders to extend the validity of their offer till October 2016, one bidder refused the same and the Company decided (October 2016) not to open the price bid of single bidder. Hence, the work was retendered (November 2016), and after evaluating the technical and price bids,

[10] Comprising of CE (Planning and Design), CE (Procurement) and Chief Financial Officer.

the work was awarded (May 2017) at a cost of ₹ 55.95 crore with a scheduled completion of 24 months and the execution of the project is in progress (December 2017).

The Department stated (December 2017) that due to involvement of complexity in tender finalisation, the ERP project has been delayed. However, this has not affected the monitoring of operational functions.

The reply is not acceptable as the Company was aware of the processes involved in tender finalisation. However, it failed to finalise the tender within its own fixed validity period. Further, due to delay in implementation of ERP, its envisaged objective of integrating all operational functions and thereby strengthening of reporting and monitoring system could not be achieved.

Recommendation*: The Company should take steps to complete the ERP project without further delay so as to obtain the benefits of improved workflow and effective monitoring of operations*.

Planning and project conceptualisation

Deficiencies noticed in the planning process are as follows:

Deficiencies in preparation and approval of plans

2.1.11 In accordance with the Guidelines for Capital Expenditure (CAPEX) issued (July 2005) by the Madhya Pradesh Electricity Regulation Commission (MPERC), the Company was required to develop ten-year perspective plan and submit five year plans and annual CAPEX plans to MPERC containing the details of all the projects to be executed. In this connection, the following was observed:

➢ The Company had not developed a ten-year perspective plan for the State Transmission System, for reasons not on record. Thus, the Planning wing headed by Chief Engineer (Planning and Design) failed to adhere to the regulatory requirements prescribed in CAPEX guidelines.

Five year Capital expenditure plan was submitted to MPERC without BoD approval and annual plans were not submitted to BoD and MPERC.

➢ The Planning wing of the Company secured the approval (July 2012) of MPERC to the five year CAPEX Plan of ₹ 7,370.22 crore for the 12th Plan period (2012-17), without obtaining approval of BoD.

➢ The Planning wing prepared annual capital expenditure plans (planned expenditure: ₹ 4,750.17 crore[11]) for 2012-13 to 2016-17, but for reasons not on record they failed to submit the same to BoD and MPERC for approval as required under the CAPEX guidelines. Further, CAPEX guidelines also stipulate that the capital investments stated in the annual capital expenditure plan will be in accordance with the five year plan. Where circumstances cause a modification of the five year plan, such circumstances as well as their effect to the investment plans must be stated. However, the Planning wing had not adhered to the same. MPERC also failed to monitor and did not insist that the Company submit the annual capital expenditure plan in accordance with the CAPEX guidelines.

[11] For 2012-13- ₹ 342.20 crore, 2013-14 ₹ 387.84 crore, 2014-15 ₹ 629.85 crore, 2015-16 ₹ 1,496.83 crore and 2016-17 ₹ 1,893.45 crore

In their reply to Audit, the Department informed (December 2017) that the transmission works required for next ten years were identified. However on being further queried by Audit in this regard, the Company confirmed that there was no such practice of preparing ten year perspective plan. It was also stated that the capital expenditure required for the 12th Plan period was approved by MPERC.

The reply is not acceptable as the Company did not develop any perspective plans. Further, the five year CAPEX plan was not approved by BoD before submitting to MPERC. The reply is silent about failure to submit annual capital expenditure plan to BoD and MPERC.

Recommendation: The Company should adhere to the CAPEX guidelines of MPERC on preparation of ten year perspective plan, five year plan and annual plans.

Shortfall in achievement of physical and financial targets

2.1.12 As discussed in *paragraph* 2.1.11, the annual capital expenditure plans prepared by the Planning wing of the Company were not consistent with the five year plan. As a result, many works envisaged in the five year plan were excluded, and other works were included in the annual plans as detailed in ***Annexure-2.1.1(a)*** and ***Annexure-2.1.1(b)***. This has resulted in major variations and non-achievement of physical and financial targets as summarised in table no. 2.1.3.

Table No. 2.1.3

Particulars	Transmission lines	No. of sub-stations	Capacity of sub-stations	Total
Physical target and actuals (2012-17)				
Physical target as per five year plan	10,667.30 circuit km	94	19,698 MVA	
Physical target as programmed in annual plans[12]	5,842 circuit km	82	17,470 MVA	
Decrease in annual plans from five year plan (in *per cent*)	45.23	12.77	11.31	
Actual achievement	5,250.11 circuit km	83[13]	17,852[14] MVA	
Decrease in actual achievement from five year plan (in *per cent*)	50.78	11.70	9.37	
Financial target and actuals (2012-17)				**(₹ in crore)**
Financial target as per five year plan	4,032.99	3,337.23		**7,370.22**
Financial target as per annual plans	4,750.17			**4,750.17**
Actual financial achievement	2,231.33	2,941.08		**5,172.41**
Decrease in actual achievement from five year plan (in *per cent*)	44.67	11.87		**29.82**

12 For the years 2012-13 to 2016-17

13 Out of 83 sub-stations, 24 sub-stations were planned prior to 2012-13, but completed in the plan period (2012-17).

14 Out of 17852 MVA, 2854 MVA capacity was in respect of 17 sub-stations, which were planned prior to 2012-13 but completed in the plan period (2012-17).

The reasons for non-achievement of targets under the five year plan were non-execution of projected works of approved DPRs[15] and delay in execution of works (discussed in *paragraph 2.1.17*). Further, there was shortfall in achievement of targets set in annual plans due to poor performance of the contractor (*paragraph 2.1.21*) *etc*. The shortfall in achievement of targets resulted in overloading on lines (discussed in *paragraph 2.1.13*).

Regarding exclusion of works envisaged in the five year/annual plan and execution of other works, the Department stated (December 2017) that the same was done due to urgency and as per actual requirements. Further, some works were rescheduled depending upon the completion of associated generating works and load requirements of different areas.

The reply is not acceptable as there were substantial shortfalls in achievement against five year plan targets as evident from the table 2.1.3. While the above factors stated by the Department also contributed to the shortfall in achievement, the primary reason was poor planning by the Planning wing, since annual plans prepared by the Company were not consistent with the approved five year plan.

Overloading on lines

2.1.13 As per MPERC (Transmission Performance Standards) Regulations, 2004, loading of all single 132 KV and 220 KV lines should be limited to surge impedance loading[16] (SIL) of 50 MW and 132 MW respectively. Audit noticed that during the period 2012-17, SIL crossed the limit frequently in nine transmission lines[17] and it ranged from 32 to 90 *per cent* above permissible SIL. Audit observed that the Planning wing included nine works in five year plan (2012-17) to overcome the overloading problem, but only three[18] of these works were included in annual plans. The reasons for non-inclusion of remaining six works in the annual plans were not on record. Further, the three works included in the annual plans were also delayed due to non-finalisation of land for 220 KV Gorabazar sub-station as discussed in *paragraph 2.1.19* and non-completion of lines due to failure in supply of material by the Company to the contractors.

Thus, due to non-execution of six works envisaged in the five year plan (2012-17) and delay in completion of three works which were included in the five year plan as well as annual plans, the lines remained overloaded. As a result, safety and reliability[19] of the transmission system remained at stake. Thus, the Planning wing failed to take concrete action while preparing annual capital expenditure plans and procurement wing failed to timely execute planned works to overcome overloading on lines.

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[15] Two DPRs (aggregate project cost: ₹ 3,300 crore) approved by funding agencies (JICA and KfW Development Bank) in March 2016 and June 2016, were included in five year plan but the projects could not be taken up during the plan period.

[16] Surge Impedance Loading (SIL) is the loading of a transmission line (in megawatt) at which a natural reactive power balance occurs. If SIL crosses the permissible limit, transmission lines may trip and voltage fluctuations may occur.

[17] 132 KV South Zone –Satya Sai line, 220 KV Indore-Jaitpura-I line, 220 KV Indore-Jaitpura-II line, 132 KV Electronic Complex – South Zone line, 132 KV Bhopal-Amravad Khurd line, 132 KV Rewa-Mangawa line, 132 Nagda-Khachrod line, 132 KV Jabalpur-VFJ I line and 132 KV Guna-Bhaora line.

[18] 220 KV substation Gorabazar, 132 KV Nagda-Khachrod-Jawra line and 2nd circuiting of 132 KV Rewa-Mangawa line

[19] If the SIL crosses limit, it creates tripping of lines, voltage fluctuation due to more load than the capability of the lines.

The Department agreed (December 2017) that transmission lines were overloaded due to non-completion of planned works within the time frame.

The reply is silent about failure to include the six works envisaged in the five year plan in annual plans to overcome overloading.

Non-formation of apex level and state level committees

2.1.14 Construction of EHT sub-stations, transmission lines and feeder bays requires statutory clearance and working permission of other departments like Revenue, Forest, Defence, Railways etc. However, the Company has not formed any apex level or state level committee for ensuring adequate coordination with these departments involved in the implementation of various projects. As a result, there were delays in obtaining permission/ clearance from these departments which in turn delayed the completion of various projects as discussed under *paragraph 2.1.19*.

The Department stated (December 2017) that the statutory clearances and permission are obtained by the field units of the Company. The reply is not acceptable as there were delays in obtaining statutory clearances from various departments and the same could have been avoided by pursuing through an apex level or state level committee.

Non-preparation of Procurement/ Works Manual

The Company did not prepare procurement/ works manual. As a result, there were deficiencies in execution of works.

2.1.15 The Company had taken up huge expansion, modernisation and maintenance of sub-stations, transmission lines under Asian Development Bank (ADB), Japan International Cooperation Agency (JICA) and Power Finance Corporation (PFC) loans. The Company, however, had not prepared any separate codified procurement/ works manual containing the detailed purchase/projects execution procedures, guidelines to ensure systematic and uniform approach for smooth and faster decision making even after 16 years of its formation.

The Company stated (December 2017) that its procurement/ works activities are carried out based on the procedure of the erstwhile Madhya Pradesh Electricity Board. However, Audit observed that there was no such documented procedure.

In the absence of Procurement/ Works manual, there were deficiencies in execution of works, as discussed in *paragraphs 2.1.18 and 2.1.19*. Further, the Company followed different terms and conditions for the payment of mobilisation advance[20] to contractors with varying rates of interest.

The Department stated (December 2017) that manual is under preparation and is expected to be finalised shortly. Progress would be watched in audit.

Project implementation and execution

2.1.16 Project implementation comprises construction activities for creation of new infrastructure, augmentation of existing transmission system and modernisation of existing infrastructure.

Construction activities included: (i) Planning and selection of projects for execution through turnkey or semi-turnkey basis, (ii) Selection of contractors

[20] 15 *per cent* of awarded cost in case of works under loan no. I of JICA, 10 *per cent* in case of works under loan no. III of ADB and 10/15 *per cent* in case of works under PFC loan

and suppliers for execution of projects as per approved DPRs; and (iii) Monitoring of works to ensure achievement of cost and time deadlines. For execution of the transmission works and projects, the Company has been borrowing funds from international funding agencies (JICA and ADB), PFC, Rural Electrification Corporation Limited (REC) and KfW Development Bank (KfW).

Delay in execution of works

2.1.17 During 2012-17, the Procurement wing headed by CE (Procurement) issued orders for 46 turnkey work contracts (including 465 works for construction of transmission lines, feeder bays[21] and sub-stations) valued at ₹ 3,563.45 crore. The status, as on 31 March 2017, of these 465 works is given in table no. 2.1.4:

Table No. 2.1.4

Particulars/works	Works taken up	Works completed within time	Works completed with delays	Works in progress	Works commenced but stopped	Works still to be commenced
Lines						
400 KV lines	3	0	0	1	0	2
220KV lines	31	0	13	10	6	2
132 KV lines	139	15	56	37	21	10
Total	**173**	**15**	**69**	**48**	**27**	**14**
Sub-stations						
400 KV sub-stations	2	0	0	2	0	0
220KV sub-stations	22	0	13	4	4	1
132 KV sub-stations	82	7	39	15	18	3
Total	**106**	**7**	**52**	**21**	**22**	**4**
Feeder bays						
400 KV feeder bays	1	0	0	0	0	0
220KV feeder bays	24	0	7	12	4	0
132 KV feeder bays	161	16	87	35	16	7
Total	**186[22]**	**16**	**94**	**47**	**20**	**7**
Grand Total	**465**	**38**	**215**	**116**	**69**	**25**

Delay in completion/ non-completion of works deprived the Company of the envisaged reduction of transmission losses amounting to ₹ 71.61 crore.

The delay in completion/non-completion of sub-station and transmission line works had deprived the Company of the envisaged reduction of transmission losses by ₹ 71.61 crore during the audit period. The main reasons for poor progress were commencement of works without conducting detailed survey (*paragraph 2.1.18*), awarding of works without ensuring land availability (*paragraph 2.1.19*), deficiencies in finalising layout and drawings (*paragraph 2.1.20*), awarding of multiple contracts simultaneously to single contractor (*paragraph 2.1.21*), poor progress in execution of turnkey work contracts by the contractor (*paragraph 2.1.22*) etc. Specific deficiencies noticed in implementation of projects are discussed below.

[21] The feeder bay routes power from the sub-station to the transmission and distribution lines.
[22] Work of two feeder bays abandoned after awarding of work orders.

Commencement of works without conducting detailed survey

2.1.18 The Task Force[23]on transmission projects constituted by GoI had recommended (August 2005) that various preparatory activities such as route alignment, detailed survey before notice inviting tender (NIT) and soil investigations, statutory clearances, identification of land, formalities for land acquisition etc., are to be undertaken on time for ensuring reduction in project implementation schedule. The Madhya Pradesh Works Department Manual[24] (WDM) also provided that DPR should be prepared only after completion of survey and investigation.

Audit observed that the CE (Planning and Design) prepared and got DPRs approved by BoD without conducting detailed survey and accordingly, CE (Procurement) issued NIT for execution of works. The detailed survey was conducted after award of the works. In respect of 57 out of 116 transmission line construction works[25] (49.14 *per cent*), it was noticed that during detailed surveys the route length was reduced up to 97.10 *per cent* (49 works) and increased up to 20 *per cent* (eight works) of preliminary estimates. As the contract amounts were finalised and turnkey contracts were awarded based on these preliminary survey and estimates, there was reduction in quantity and consequent reduction in the actual value of contracts by ₹ 161.80 crore. However, the Company had paid mobilisation advances based on the awarded amount of contracts. As a result, there was excess release of ₹ 20.07 crore as mobilisation advance to the contractors.

The Department replied (December 2017) that awarding of work and activity of detailed survey were taken up parallelly to save time and achieve more economy in transmission works. In the exit conference (December 2017), however, the Principal Secretary expressed concern on this issue and instructed the Company officials to ensure completion of all preparatory activities before award of work.

It is therefore evident that the Company had not followed the recommendations of the Task Force as well as provisions of WDM by not taking up various preparatory activities i.e., survey, route alignment and preparation of detailed estimates before issuing the work order to ensure reduction in project implementation schedule. Further, no time and cost saving was achieved by awarding the works before detailed survey as most of the works were delayed.

Recommendation*:* The Company should award works only after completion of detailed survey, route alignment and preparation of detailed estimates as stipulated in the Works Department Manual.

[23] Task Force comprises of members from Central Electricity Authority, Central transmission utility, State transmission utilities and Ministry of Power with the objective to recommend ways to curtail delays in transmission project implementation from the best practices of Central and State transmission utilities.

[24] In the absence of Company's own procurement/works manual, GoMP Works Department's Manual has been taken as bench mark/good practice.

[25] Audit scrutinised 25 turnkey work contracts out of the total 46 turnkey work contracts taken up by the Company during the review period (2012-17). The sample was selected on the basis of stratified sampling method through Interactive Data Extraction and Analysis (IDEA) software. There were 116 line works taken up under selected sample.

Awarding of works without ensuring land availability

2.1.19 As recommended by the Task Force on Transmission Projects of GoI, timely completion of preparatory activities such as identification of land for sub-station and initiation of land acquisition process, were essential for speedy implementation of projects. The WDM also stipulated that formalities for the acquisition of land required for any particular work must be completed before the work is taken up. As per appendix 6 of the standard work order, the Company (Planning Wing) was required to provide possession of land/ site to the contractor.

Audit noticed that:

Company awarded works of sub-stations without ensuring availability of land resulting in delay in commencement of works and blocking up mobilisation advance of ₹ 16.82 crore.

➢ The Company had not framed guidelines and procedures to be followed in acquiring of land for sub-stations. CE (Procurement) issued works orders for construction of 11[26] sub-stations without ensuring prior acquisition of land. Meanwhile, in accordance with the terms of work order, contractors were paid interest free mobilisation advance of ₹ 15.80 crore. As land was handed over to the contractors with delays ranging from seven to 20 months from the date of work order, the payment of mobilisation advance far ahead of possible implementation resulted in undue advantage to the contractors. Further, because of the delay in providing land, time extension was granted to contractors, resulting in delay in construction of sub-stations, associated transmission lines and feeders bays.

The Department replied (December 2017) that awarding of work and activity of land acquisition were taken up parallelly to save time and achieve more economy in transmission works.

The reply is not acceptable as the Company had not followed recommendations of the Task Force and provisions of WDM. Further, no time and cost saving was achieved by awarding the works before acquisition of land as most of the works were delayed. The Principal Secretary in the exit conference (December 2017) also expressed concern on this issue and instructed the Company to ensure completion of all preparatory activities before award of work.

➢ The land proposed for 220 KV sub-station at Gorabazar, Jabalpur was under defence cantonment area. The WDM stipulated that defence land should not be used without sanction of the Ministry of Defence (MoD). However, CE (Procurement) issued (September 2012) work order for construction of sub-station without permission of defence authorities. Subsequently, the defence authorities granted (July 2014) permission to the Company for use of defence land for construction of towers for transmission lines only. However, the Executive Engineer (EHT-Construction, Division-I), Jabalpur considered the same as permission for construction of sub-station also and instructed (November 2014) the contractor to start the work of construction of sub-station. Consequently, after the contractor started the work and supplied various materials at site, the defence authorities stopped the work execution.

Subsequently, the defence authorities demanded (August 2016) rent of ₹ 23.90 lakh per month from the Company for using land for construction of sub-station. Though, the Company contested (September 2016) this, the matter

[26] 132 KV sub-station-Kailaras, Chinour, Narsinghgarh, Intkhedi, Morwan, Katangi, Bada Malehra, 220 KV sub-station-Adampur, Gorabazar, Mugaliachhap and Mangalia taken up under loan no. 3 of ADB and loan no. 1 of JICA

has not been resolved and the work of construction of sub-station has not commenced so far (December 2017). Thus, the objective of meeting the load growth of Jabalpur city remained unachieved. Further, mobilisation advance of ₹ 2.06 crore paid (November 2012) to the contractor as well as the expenditure of ₹ 2.35 crore incurred for materials brought to site remained blocked. As the sub-station was not constructed, the associated lines[27] (Jabalpur-Amarkantak and Jabalpur-Maneri) also could not be constructed and thus, the interest free mobilisation advance of ₹ 1.02 crore paid (January 2013) to the contractor of line work also remained blocked. The planning wing has not identified an alternative site for the sub-station so far (December 2017).

While accepting the audit observation, the Department stated (December 2017) that the matter is under consideration at MoD and the work will be completed after receipt of No Objection Certificate (NOC) from MoD. The reply is not, relevant because the work should not have been started, and interest free mobilisation advance should not have been released to the contractor without settling the issue of the use of defence land.

Recommendation: The Company should ensure completion of preparatory activities such as identification of land, seeking approvals and clearances in advance for speedy implementation of projects.

Deficiencies in finalising layout and drawings

2.1.20 As per standard terms of Company's contracts, the Planning wing shall provide structural and foundation drawings along with the work order. Audit observed that:

➢ The work of construction of 132 KV sub-station at Shyamgarh[28] was awarded (March 2014) to M/s BS Limited. The layout and drawings for sub-station were prepared (May 2014) without proper demarcation of allotted land. The same was revised (October 2015) after 17 months due to delay in arranging revised land survey and demarcation of land by the Company officials[29]. Subsequently, the contractor (M/s BS Limited) also failed to initiate the work as he did not deploy man power and machinery and supply material at site. Consequently the contract was terminated (February 2017) on account of unsatisfactory performance of the contractor as discussed under *paragraph 2.1.21*. As a result, the work scheduled to be completed by January 2016, could not be started so far (December 2017) and the objective of meeting the load demand of Shyamgarh area, could not be achieved.

➢ Finished Ground Level (FGL)[30] of land was required to be finalised by the Planning wing before issue of work order and provided to the contractor along with work order. However, FGL for construction of 400 KV sub-station at Badnawar[31] was fixed (March 2015) after 12 months from the issue of work order on account of delay in finalisation of layout drawing of the proposed land

[27] Taken up under loan no. 1 of JICA
[28] Taken up under loan no. 3 of ADB
[29] CE (Planning and Design), Superintending Engineer (EHT-Construction), Ujjain and Executive Engineer (EHT-Construction), Ujjain
[30] Finished Ground Level refers to clear demarcation and levelling of land for construction of sub-stations.
[31] Taken up under loan no. 3 of ADB

by the Company officials[32]. As a result, the work could not be commenced till March 2015. Further, the work is under turnkey contract of M/s BHEL whose performance was not satisfactory and they had failed in timely supply of materials and execution of works. As a result, as against the scheduled completion by October 2016, the work had reached only up to 25 *per cent* of civil foundation and structure (December 2017).

➢ The layout drawing was required to be handed over along with the work order. However, for up-gradation work of sub-station of Chapda[33] from 132 KV to 220 KV, layout drawing was prepared and handed over in July 2015 after a delay of 16 months from the issue of work order (March 2014). The layout drawing were prepared belatedly because of delay in finalisation of layout of the proposed land by the Company officials[34]. As a result, the work could not be commenced till July 2015. Further, even after handing over of layout drawing the progress of the work was slow due to poor performance of the contractor and the scheduled date for completion (March 2016) was not achieved. The contract was terminated (February 2017) on account of unsatisfactory performance of the contractor (M/s BS Limited) as discussed under *paragraph 2.1.21*. Till the date of termination, 12 *per cent* of civil foundation work alone was completed and the work has not been re-awarded so far (December 2017).

The Department stated (December 2017) that delays in completion of works were because of the poor performance of the contractor.

The reply is not acceptable as the primary reason for delay was the failure of Company officials to finalise the layout and drawings on time, which led to delay even in commencement of works. Subsequently, poor performance of the contractors also contributed to the delay. In the exit conference (December 2017) the Company accepted that there were delays in finalisation of layout and drawings on the part of the Company and assured to take corrective action in future.

Recommendation: The Company should ensure timely finalisation of drawings and layout of works and monitor the performance of the contractors to ensure timely execution of works.

Awarding of multiple contracts simultaneously to single contractor

2.1.21 The Report of the Task Force on transmission projects stipulated that contractors engaged for construction should have adequate resources and experience to undertake the job and complete the same in stipulated time. Further, the standard bidding document (SBD) for turnkey contracts of the Water Resources Department[35], (WRD) GoMP stipulated that the bidder should meet minimum criteria of average annual turnover and past experience to undertake the projects.

The Company invited tenders (August 2013) simultaneously for selection of contractors for execution of six turnkey works contracts under loan no. 3 of ADB assisted project. Though, the Procurement wing headed by

[32] CE (Planning and Design),Superintending Engineer (EHT-Construction), Indore, Executive Engineer (EHT-Construction), Indore

[33] Taken up under loan no. 3 of ADB

[34] CE (Planning and Design),Superintending Engineer (EHT-Construction), Indore, Executive Engineer (EHT-Construction), Indore

[35] In the absence of Company's own procurement/works manual, SBD of WRD has been taken as bench mark/good practice.

CE (Procurement) fixed eligibility criteria (average annual turnover, working capital etc.,) for each turnkey contract, no criteria was fixed for cumulative evaluation of tenders, in case bids for more than one turnkey contract were submitted by single bidder. Thus, the capacity of the contractor to carry out multiple turnkey contracts simultaneously at different geographical locations of the State was not assessed.

The tenderer, M/s BS Limited submitted bids for all six turnkey contracts and the Company awarded (March 2014) four contracts to the firm valued at ₹ 710.27 crore, out of total six contracts valued at ₹ 1,058.51 crore. The aggregate eligibility criteria[36] of average annual turnover and minimum working capital in respect of four awarded contracts was worked out by Audit to ₹ 1,324.00 crore and ₹ 265 crore respectively in the absence of criteria for cumulative evaluation in the tender documents. Against this, as per the document submitted by M/s BS Limited, their average annual turnover and working capital was ₹ 1,180.63 crore and ₹ 208.70 crore respectively. Had the cumulative eligibility criteria been applied, the firm would not have been eligible to obtain four turnkey contracts. However, the Company awarded contracts without cumulative evaluation of bids.

Here, it is pertinent to note that at the time of evaluation of bids the funding agency (ADB) had also expressed (February 2014) concern on the fact that the average annual turnover of M/s BS Limited was less than the aggregate average annual turnover requirement of the four turnkey contracts which may cause non-performance by the contractor. In response, Additional CE (Procurement) had intimated ADB that as per the bid document the requirement of average annual turnover was 1.5 times of the total estimated value of the contract. This worked out to ₹ 1,065 crore for the four contracts awarded to M/s BS Limited. However, as Audit estimated, the aggregate average annual turnover requirement of the four turnkey contracts was ₹ 1,324 crore, as per the bid document. Thus, Additional CE (Procurement) misrepresented the figure of average annual turnover requirement to ADB.

Four turkey contracts were awarded to a single contractor without assessing his capacity which resulted in termination of all contracts due to his poor performance and blocking up of ₹ 129.44 crore on incomplete works.

The progress of all works was very slow and unsatisfactory from the beginning, as the contractor failed to deploy sufficient man power and provide material at site. Consequently, six works of feeder bays and two transmission lines costing ₹ 15.32 crore only could be completed as per the scheduled date of completion (October 2016). Though the contracts were terminated (February 2017) by the Company, all the left over works have not been re-awarded so far (December 2017). This has resulted in non-achievement of desired objectives of catering to the additional load and improving the reliability of transmission system in the Bhopal, Jabalpur and Indore regions, even after investment of ₹ 129.44 crore.

The Department stated (December 2017) that in addition to financial evaluation for each tender separately, cumulative evaluation of the contractor was also done and intimated to ADB in response to their query in this regard.

[36] Aggregate eligibility of the tenderer has been worked out by adding up the eligibility criteria of average annual turnover and minimum working capital requirement for each turnkey contract.

The reply is not acceptable as M/s BS Limited would not have been eligible for four turnkey contracts had cumulative evaluation been done. Further, the Company had misrepresented the average annual turnover requirement to ADB.

Poor progress in execution of turnkey work contract

2.1.22 The turnkey work contract awarded (May 2013) to M/s Isolux Ingenieria Limited at a value of ₹ 192.20 crore was to be completed by April 2015. As per clause 25.1(v) of the contract, the Company may terminate the contract, if the contractor is unable to achieve a minimum 50 *per cent* cumulative progress at the end of any quarter compared to the agreed quantity. The performance of the contractor was persistently poor as detailed in ***Annexure 2.1.2.*** Out of 23 works[37] in the turnkey contract, the contractor completed only six works with delays ranging from 11 to 14 months and the remaining works were yet to be completed (November 2017). The main reasons for delay were failure of the contractor to provide materials and manpower for the works, and non-payment to the sub-contractors. However, CE (Procurement) did not take timely action against the contractor as per the contract terms, as the contractor had assured to accelerate the pace of work. The progress of the work remained consistently slow and the contract was finally terminated in November 2017.

Further, as per clause 15.2, the performance bank guarantee (PBG) submitted by the contractor was to be encashed, in case of breach of conditions of the contract. However, CE (Procurement) encashed (November 2016) the contractor's PBG of ₹ 19.22 crore after a delay of 19 months from the date of scheduled completion (April 2015). No reasons were found recorded for delay in encashment of PBG. Further, Additional CE (Procurement) also failed to encash Bank Guarantee of ₹ 25.27 crore, against mobilisation advance, as discussed in *paragraph 2.1.31*.

As a result of the above, the investment of ₹ 40.26 crore on these works remained idle and the Company was deprived of achieving envisaged benefits of works catering to the additional load requirement of Gwalior and Jabalpur region.

Recommendation*:* The Company should take prompt action against defaulting contractors as per terms of the contract to ensure timely completion of the works.

Non recovery of material supplied to contractor

2.1.23 In respect of four works[38], out of 23 works, as discussed in *paragraph 2.1.22*, the Procurement wing headed by CE (Procurement) provided (August 2014 to September 2016) various materials[39] valued at ₹ 7.19 crore to the contractor, on loan basis for use in the works in order to complete the balance works expeditiously. Against the above, an amount of ₹ 64.47 lakh was recovered and remaining materials worth ₹ 6.55 crore have not been returned /adjusted so far (December 2017). However, the CE (Procurement) failed to initiate any action for the recovery/adjustment of value of materials.

[37] For the construction of 10 transmission lines, seven Sub-stations and six feeder bays

[38] 132 KV sub-stations at Badagaon-Dimni and Lateri, 220 KV sub-station at Sirmour and LILO of 132 KV Sironj-Maksudangarh line

[39] Circuit barker, isolator, C&R panel, coaxial cable, bus bar, earthing material etc.

The Department stated (December 2017) that materials were supplied in view of urgency of work and action is being taken for recovery of dues.

The reply is not acceptable as the CE (procurement) failed to fix any timeline for return of materials issued on loan basis. Further, recovery of value of materials is still pending even after termination of contract.

Newly constructed 132 KV sub-stations remained unutilised

132 KV completed sub-stations of the Company remained unutilised due to non-construction of connecting lines by the Discoms.

2.1.24 Power required by consumers are drawn from 132 KV sub-station of transmission system and then fed to 33 KV feeders of Discoms (User agencies). The Company constructed 65 sub-stations of 132 KV during the period 2012-17. Of this, nine sub-stations commissioned during July 2015 to September 2016 had not been connected to 33 KV feeders by the Discoms till December 2017. Further, six sub-stations commissioned during March 2015 to June 2016 were connected to 33 KV feeders by the Discoms with delays ranging from four to 18 months due to non-construction of connecting lines by the Discoms. The Executive Engineers of the concerned divisions of the Discoms failed to connect the 33 KV feeders with the sub-stations of the transmission company due to lack of their initiative in resolving the issues related to RoW and railway crossing. Consequently, the objectives to meet additional load demand and to improve voltage profile of the area had not been fulfilled.

The Department stated (December 2017) that the matter of not connecting 33 KV feeders with 132 KV sub-stations is concerned with Discom authorities (User department). Principal Secretary assured in the exit conference (December 2017) that the matter would be taken up with the Discoms.

The reply is not acceptable as both category of power sector companies (the Company and Discoms) owned/controlled by the same State government failed to co-ordinate with each other.

Recommendation: The State government should initiate a mechanism, like constituting a high-level committee of officials of GoMP, the Company and Discom to resolve such issues.

Newly constructed 220 KV sub-stations remained underutilised

Company failed to synchronise construction of transmission lines with the construction of 220 KV sub-stations leading to underutilisation of the sub-stations.

2.1.25 Scheduled completion date of sub-station and its associated line should be same for their synchronisation and optimum utilisation. The Planning wing envisaged construction of 220 KV sub-stations at Mugaliachhap, Gwalior-II and Sirmour to provide power supply, reduce overloading on existing sub-stations and improve voltage profile and power delivery capacity. For evacuation of power from sub-stations, four 132 KV transmission lines from Mugaliachhap sub-station, three 132 KV transmission lines from Gwalior- II sub-station and one 132 KV from Sirmour sub-station were proposed (November 2011 to March 2013). However, Company officials[40] failed to synchronise the construction of these transmission lines with the construction of related sub-stations due to non-construction of outgoing transmission lines for evacuation of power from the commissioned sub-stations for the reasons given in the ***Annexure 2.1.3.*** As a result, the load on sub-stations was meagre and the sub-stations remained underutilised.

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[40] CE (Planning and design), CE (Procurement), CE (EHT-Construction)

Thus, the investment of ₹ 58.34 crore on three sub-stations remained idle, ranging from 18 to 32 months (December 2017) and the objectives to provide additional load demand and to improve voltage profile of the area had not been fulfilled.

Recommendation*:* The Company should ensure synchronization of construction of sub-stations and associated transmission lines so as to avoid under-utilisation of commissioned sub-stations.

Change of feeder line resulted in idle investment

2.1.26 In order to improve voltage profile and meet the load growth of Eshagarh area, CE (Planning and Design) proposed (June 2010) the work for construction of 132 KV DCSS line[41] between Guna and Eshagarh sub-stations (route length 72 kms). Accordingly, CE (Procurement) awarded (June 2013) the work at a contract amount of ₹ 26.77 crore.

Expenditure of ₹ 6.16 crore on Guna-Eshagarh line was unfruitful due to construction of alternate Ashoknagar-Eshagarh line.

Subsequently, CE (EHT-Construction) observed (July 2013) that instead of Guna-Eshagarh line, construction of Ashoknagar-Eshagarh line would be more viable as the route length would be decreased by 43 kms. However, CE (Planning and Design) had not initiated any action on the proposal till receipt of reminder (February 2015) from CE (EHT-Construction). Accordingly, the proposal was approved (February 2015) and the work order was awarded (July 2015) by CE (Procurement) and the work was completed in September 2016 at a cost of ₹ 10.28 crore. At the same time, the Company also continued with the construction of Guna-Eshagarh line, for which reasons were not on record. The work was not completed after incurring expenditure of ₹ 6.16 crore so far (December 2017). Thus, failure of the CE (Planning and Design) to identify the more viable Ashoknagar-Eshagarh line in the first place and subsequent continuance of construction of Guna-Eshagarh line even after CE (EHT)'s proposal (July 2013) for construction of Ashoknagar-Eshagarh line resulted in incurring (June 2013 to October 2017) unfruitful expenditure of ₹ 6.16 crore.

The Department stated (December 2017) that in view of the urgent load demand of Ashoknagar area and also due to the expected delay in completion of Guna-Eshagarh line, the Company constructed a separate short length line from Ashoknagar to Eshagarh. The Department also stated that expenditure on Guna-Eshagarh line is not idle as this will provide alternate power supply to 132 KV Eshagarh sub-station for system strengthening.

The reply is not acceptable as Esagarh is a small Tehsil, which does not require alternate power supply from two sides. Further, this justification for construction of Guna-Eshagarh line was not found recorded in the files produced to audit and is clearly an afterthought. As a result, after construction of the Ashoknagar- Eshagarh line the purpose of construction of Guna-Eshagarh line has been defeated and expenditure incurred on the same remains idle.

Avoidable expenditure on transmission Line

2.1.27 The construction of 132 KV Panagar-Katangi line (route length: 29.47 km) was initially proposed and awarded (March 2014) at a cost of ₹ 10.73 crore with DCSS. However, citing future requirement and RoW issues,

[41] DCSS line refers to double circuit towers in which a total of 3 conductors are provided to make single transmission circuit.

CE (Planning and Design) proposed execution of line work as Multi circuit towers[42] with stringing of all the circuits at both end of line i.e., 19 towers at Katangi end (5.34 km) and seven towers at Panagar end (1.21 km), for which post facto approval was granted (April 2017) by Managing Director. As there were only four 33 KV outgoing feeders connected to Katangi sub-station having transformer capacity of 40 MVA and only one string is connected from multi circuit towers, stringing of all circuits was not required. Thus, the additional cost of ₹ 1.25 crore incurred in stringing of multi circuit towers, remained unfruitful from the date of its commissioning (July 2016). Difference between DCSS Tower and Multi Circuit Tower is depicted in the diagram given below.

Difference between DCSS Tower and Multi Circuit Tower

Double Circuit Single String Tower **Multi Circuit Tower**

The Department stated (December 2017) that it was essential to construct said part of the line on multi circuit towers with all circuit stringing to overcome future issues related to right of way (RoW)[43] and it was the part of future planning.

The reply is not acceptable as future RoW problems are not going to arise as towers have already been erected in this route. Further, in similar cases, the Company had completed second stringing works[44] without facing RoW problems. Also, there was no involvement of railway crossing, air strip, mining and forest land in the route of Panagar–Katangi warranting future RoW problem at this stage.

[42] Multi circuit towers refers to the arrangement in which a total of 12 conductors are provided to make four different transmission circuits.

[43] Involvement of railway crossing, agriculture land, air strip, mining and forest land in the route of line.

[44] Stringing of second circuit of 132 KV Gairatganj-Vidisha line, 132 KV Betul-Gurgaon line, 132 KV Neemuch-Ratangarh line, 132 KV Sagar-Gujarmahar line, third circuit of 132 KV Bina-Mungawli line.

Installation of Supervisory Control and Data Acquisition (SCADA) System for monitoring of sub-stations

2.1.28 With a view to overcome issues related to security, reliability and load management of transmission system, the BoD of the Company approved (March 2013) the proposal to implement SCADA system, which enables proper and effective monitoring and control of all EHT sub-stations. Accordingly, the work for installation of SCADA system at 330 EHT sub-stations was awarded (September 2013) to M/s Dongfang Electronics Co. Ltd., China through competitive bidding at a cost of ₹ 48.31 crore with scheduled date of completion as September 2015.

Audit observed that out of 330 sub-stations planned for installation, works of six sub-stations were still pending completion (December 2017) and thus six incomplete sub-stations were not linked to SCADA even after lapse of two years from the scheduled completion date. Further, State Load Dispatch Centre (SLDC) informed that, in 25 sub-stations, where SCADA systems were installed, the Remote Terminal Units[45] (RTUs) needed up-gradation (December 2017), as they were providing wrong telemetry[46]. Company officials[47] had failed to resolve the issue, even after this was repeatedly pointed out by SLDC, for which reasons were not recorded. Thus, the Planning wing failed to complete and integrate all sub-stations with SCADA system and the objective of installation of SCADA was not fully met.

The Department stated (December 2017) that SCADA system has been integrated with respective SCADA Control Centre at most of the sub-stations.

The reply is not acceptable as six incomplete sub-stations are still to be integrated with SCADA (December 2017). Further, the RTUs installed at 25 sub-stations were providing wrong telemetry. Thus, the objective of SCADA system was not fully met in the above sub-stations.

Recommendation: The Company should ensure interlinking of all sub-stations with SCADA system and ensure its proper functioning for effective monitoring and control of sub-stations.

Project Funding and Financial Management

2.1.29 For execution of the transmission works and projects, the Company has been borrowing funds from International funding agencies namely JICA, ADB, PFC, Rural Electrification Corporation Limited (REC) and KfW Development Bank (KfW). The details of borrowings during review period are given in table no. 2.1.5.

[45] A remote terminal unit (RTU) is a microprocessor-controlled electronic device that interfaces with SCADA (supervisory control and data acquisition) system by transmitting telemetry data to a master system.

[46] The process of recording and transmitting the readings of an instrument.

[47] Executive Engineers (Communication), Assistant Engineers (Communication), Superintending Engineer (SCADA), Executive Engineers (SCADA)

Table No. 2.1.5

(₹ in crore)

Sl. No.	Funding agency	Amount sanctioned	Date of sanction by funding agency	Amount disbursed					
				2012-13	2013-14	2014-15	2015-16	2016-17	Total
1	Loan No. 1 of JICA	1,038.00	June 2011	123.35	146.19	158.16	132.42	73.70	**633.82**
2	Loan No. 3 of ADB	1,250.00	February 2014	53.40	24.29	104.35	73.21	115.91	**371.16**
3	PFC	492.00	September 2013	0.00	0.00	0.00	0.00	0.00	**0.00**
4	REC	410.70	May 2016	0.00	0.00	0.00	0.00	0.00	**0.00**
5	KfW	840.00	June 2016	0.00	0.00	0.00	0.00	0.00	**0.00**
6	Loan No. 2 of JICA	840.00	March 2016	0.00	0.00	0.00	0.00	0.00	**0.00**
	Total	**4,870.70**		**176.75**	**170.48**	**262.51**	**205.63**	**189.61**	**1,004.98**

Deficiencies noticed in Project Funding and Financial Management are discussed below.

Avoidable payment of commitment charges and interest

2.1.30 Commitment charges are payable on undisbursed amount of loans availed from JICA, ADB and KfW. Drawal of loan no. 1 of JICA and loan no. 3 of ADB loan was delayed due to delay in execution of works due to various reasons (as discussed in *paragraphs 2.1.19, 2.1.20 and 2.1.21*). On account of delayed drawal of loans the Company has lability to pay commitment charges of ₹ 8.29 crore (ADB- ₹ 4.37 crore and JICA - ₹ 3.92 crore), which could have been avoided if the works had been executed as per schedule.

Delay in execution of works resulted in avoidable liability of commitment charges of ₹ 8.29 crore on undisbursed loan amount.

In respect of agreements executed (March 2016 to June 2016) for availing loan under loan no. 2 of JICA and KfW, no fund has been drawn so far (December 2017) as the proposed projects are in preliminary stages. This would also attract liability for commitment charges.

Further, the Company has liability to pay interest of ₹ 1.90 crore, on funds drawn from the funding agencies[48] for payment of mobilisation advance to contractors in respect 33 works of 12 turnkey contracts, where no progress were recorded.

The Department stated (December 2017) that no commitment charges have been paid and only liabilities had been created in the accounts.

The reply is not acceptable as the funding agencies has not waived off the commitment charges and liability created in the accounts will ultimately be required to be paid.

Failure in encashment of Bank Guarantee against advance

2.1.31 In respect of turnkey work contract awarded (May 2013) to M/s Isolux Ingeneria, the contractor was given (May 2013) mobilisation advance of ₹ 25.27 crore against the Bank guarantee (BG) of equivalent amount issued by Central Bank of India. As per condition of the BG the mobilisation advance

[48] Loan no. 1 of JICA and Loan no. 3 of ADB.

amount must be received by the contractor in their account with Central Bank of India.

Due to poor performance of the contractor (*as discussed in paragraph 2.1.22)* the Procurement wing lodged (October 2016) claim with bankers for the encashment of BG. However, the bank authorities denied (October 2016) the claim as the Additional CE (Procurement) had failed to route the advance through contractor's account with Central Bank of India as per condition of BG. Thus, due to negligence of the Additional CE (Procurement) the Company failed to encash the BG.

The Department stated (December 2017) that matter of encashment of BG is pending with Consumer Education and Protection Cell (CEPC), New Delhi.

The fact remains that due to negligence of the Additional CE (Procurement), the Company could not encash the BG.

Non recovery of risk and cost amount from the contractor

2.1.32 The Contract awarded (March 2011) to M/s ECI-COMM, Hyderabad for construction of 400 KV sub-station at Julwania at a cost of ₹ 36.07 crore was terminated (May 2012) due to non-deployment of resources and lack of progress of work by the contractor. The work was re-awarded (February 2013) to M/s Techno Electric Co. Ltd, Kolkata for ₹ 42.05 crore at the risk and cost of original contractor. After deducting the PBG amount, the Company demanded ₹ 4.54 crore from the contractor towards the excess cost incurred for the left over work. However, M/s ECI-COMM disputed the claim stating that the contract re-awarded was not on identical terms and conditions. Thus, procurement wing headed by Chief Engineer (Procurement) failed to take any further action to appoint arbitrator for settling the disputes and to recover the balance amount, even after lapse of more than five years (December 2017).

The Department stated (December 2017) that the terms and conditions of both the contracts were the same except some minor modifications. The contractor, however, has rejected the risk and cost claim. However, the Company will initiate recovery from PBG (₹ 5.68 crore) of other contracts.

The reply is not acceptable as the Company re-awarded contract on un-identical terms[49], resulting in non-recovery of ₹ 4.54 crore even after lapse of five years from the date of termination. Further, there was no clause in the contract for recovery of dues from PBGs of other contracts.

Conclusion

- Implementation of ERP Project was pending and thus the objectives to have improved workflow and effective monitoring could not be achieved.
- The perspective plan for transmission system was not developed by the Company and the annual capital expenditure plans were not submitted to BoD and MPERC.

[49] Scope of work was different due to inclusion of additional items in re-awarded contract *i.e.,* 48V 300 AH battery, 48 V 30 AH Battery charger, supply of spares and additional civil work, valuing ₹ 7.95 crore.

- The Company could not achieve physical targets as envisaged in five year plan (2012-17) due to non-inclusion of the works in annual plans, not taking up planned works of approved DPRs, and delay in completion of works.

- Delay in completion/ non-completion of works had deprived the benefit of envisaged reduction in transmission losses. The main reasons for poor progress of works were commencement of works without conducting detailed survey, awarding of works without ensuring land availability, deficiencies in finalising layout and drawings and poor progress in execution of turnkey work contracts by the contractors.

- The completed sub-stations remained idle due to non-completion of connected transmission line works. There were delays and failure by Discoms to connect their feeders with commissioned sub-stations of the Transmission Company, thereby the objective of construction of sub-stations was not fulfilled.

- The sub-stations were not linked to SCADA and/or were provided with wrong telemetry, defeating the objective of their effective monitoring and control.

- Due to delay in drawal of loans from funding agencies, the Company incurred liability for payment of commitment charges of ₹ 8.29 crore.

2.2 Audit on fuel management in thermal power generating stations of Madhya Pradesh Power Generating Company Limited

Introduction

2.2.1 The Madhya Pradesh Power Generating Company Limited, Jabalpur (Company) was incorporated on 22 November 2001 as a wholly owned Government Company as part of implementation of the power sector reform initiated by the Government of Madhya Pradesh (GoMP). The Company took over the power generation activities of the erstwhile Madhya Pradesh State Electricity Board and started functioning independently from 01 June 2005. As on 31 March 2017, the Company was operating four Thermal Power Stations[1] (TPSs) with a total installed capacity of 4,080 Mega Watt (MW).

Coal and Oil[2] are two components of fuel used in TPS. During the period 2014-17 the Company incurred expenditure of ₹ 13,263.17 crore[3] on procurement of fuel which constituted 56 *per cent* of the total generation cost.

Organisational Setup

2.2.2 The Company is under the overall administrative control of the Department of Energy, GoMP headed by the Additional Chief Secretary (ACS)/Principal Secretary. The day to day management of the Company is vested with a Board of Directors (BoD). The Managing Director (MD) is the Chief Executive Officer of the Company who is assisted by Director (Technical), Director (Commercial), Chief Financial Officer, Executive Directors (EDs), Chief Engineers (CEs) and Company Secretary. Chief Engineer- Fuel Management (FM) is responsible for ensuring continuous coal supply to the TPS through Long Term Coal Supply Agreement (Agreement). TPS is headed by CE, who is assisted by Additional CEs (ACEs) and Superintending Engineers who are responsible for regular operation and maintenance, civil works, contract and material management, environment and safety issues and coal handling activities at TPS. ACE (FM) of the respective TPS is responsible for the matters related to fuel management at the TPS.

Table No. 2.2.1 Status of manpower in the Company

Category of staff	Sanctioned strength	Actual manpower	Shortage in *per cent*
Technical staff	4,873	3,833	**21.34**
Non-technical staff	1,490	1,200	**19.46**
Total	**6,363**	**5,033**	**20.90**

1 Sanjay Gandhi Thermal Power Station, Birsinghpur (installed capacity 1,340 MW), Satpura Thermal Power Station, Sarni (installed capacity 1,330 MW), Amarkantak Thermal Power Station, Chachai (installed capacity 210 MW) and Shree Singaji Thermal Power Project, Khandwa (installed capacity 1,200 MW).

2 Includes furnace oil, light diesel oil and high speed diesel oil.

3 Coal: ₹ 13,015.21 crore and Oil: ₹ 247.96 crore.

Table No. 2.2.2 TPS wise manpower position

Name of TPS	Category of staff	Sanctioned strength	Actual manpower	Shortage in *per cent*
Shree Singaji TPS	Technical staff	769	577	24.97
	Non-technical staff	252	110	56.35
	Sub total	**1,021**	**687**	**32.71**
Satpura TPS	Technical staff	1,611	1,276	20.79
	Non-technical staff	294	262	10.88
	Sub total	**1,905**	**1,538**	**19.27**
Amarkantak TPS	Technical staff	712	430	39.61
	Non-technical staff	204	123	39.71
	Sub total	**916**	**553**	**39.63**
Sanjay Gandhi TPS	Technical staff	1,018	852	16.31
	Non-technical staff	282	175	37.94
	Sub total	**1,300**	**1,027**	**21.00**
Grand total of TPSs	Technical staff	4,110	3,135	23.72
	Non-technical staff	1,032	670	35.08
	Total	**5,142**	**3,805**	**26.00**

Audit Objectives

2.2.3 The audit was conducted with a view to assess whether:

- the planning, transportation, procurement and consumption of fuel was done effectively, economically and efficiently;
- an efficient internal control mechanism exists to ensure effective fuel management;
- ash management system was compliant to environmental regulations.

Audit Criteria

2.2.4 The criteria adopted for audit is derived from the following sources:

- Fuel related norms and guidelines issued by the Central Electricity Authority (CEA), Central Electricity Regulatory Commission (CERC) and Madhya Pradesh Electricity Regulatory Commission (MPERC);
- Company's policies and instructions on fuel management;
- Terms and conditions contained in agreements with coal companies, Railways and contractors; and
- Environmental regulations relating to ash management.

Scope and Methodology of Audit

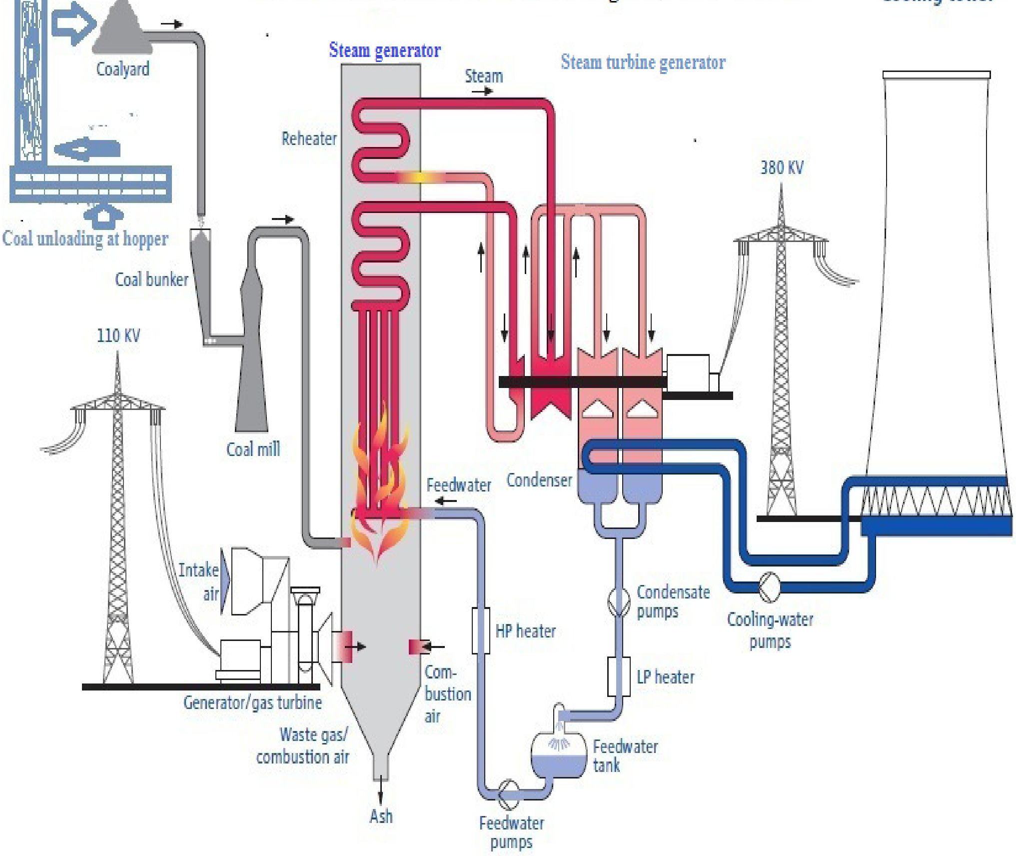
2.2.5 The audit was conducted during March to June 2017 covering the Company's activities relating to fuel management in all the four TPSs during the period 2014-17. The audit methodology comprised of scrutiny of records in corporate office of the Company and its four TPSs, interactions with the auditee, analysis of data with reference to audit criteria, raising of audit queries and issue of draft report to the Department of Energy (Department), GoMP and Company for their response/reply.

An entry conference was held on 16 March 2017 with the ACS of the Department and MD of the Company wherein Audit objectives and scope of audit were discussed. The exit conference was held with ACS and MD on 28 October 2017. The draft report was issued to GoMP and the Company on 12 March 2018 and replies were received on 12 April 2018. The replies furnished by the Department and views of the Department and the Company in the exit conference have been suitably included in the Report.

Coal handling and power generation process

2.2.6 Coal received from the mines through railway wagons is unloaded at the track hopper[4] in the TPSs and is stacked at coal stacking yard with the help of conveyor belts. Thereafter, the coal is crushed, and supplied to the coal bunker[5] through conveyor belts, after which, the coal is fed to the coal mills. At the coal mills, the coal is pulverised and fed into the boiler for heating of water. The steam which is generated at high temperature is transferred at high pressure to the turbine. The rotation of the turbine is transferred to a generator which produces electricity. Fuel oil is used for start-up and balancing of flame in furnace.

Chart No. 2.1: Process Chart of Coal handling and Power Generation



4 Track Hopper is used to unload coal from railway wagons at TPS.
5 Coal Bunker is used to store coal.

Audit findings

The audit findings are discussed in the succeeding paragraphs.

Internal Control and Monitoring Mechanism

2.2.7 Internal controls and monitoring mechanism are safeguards that are put in place by the management of an organisation to provide assurance that its activities are executed efficiently as planned so that its declared objectives are achieved. Reasonable assurance provided by such internal controls strengthens accountability of public authorities and ensures transparency in public dealing.

While reviewing the fuel related transactions and records, Audit noticed that internal control system and monitoring mechanism in the Company were inadequate to the following extent.

- Significant issues relating to the planning, procurement, revision of contracted quantity with the coal companies, non-realisation of claims pertaining to the grade slippage and oversized stone, deviation in operational parameters of coal mill reject and unburnt coal in the ash had not been apprised to BoD as discussed in *paragraphs 2.2.9, 2.2.15, 2.2.16, 2.2.24 and 2.2.27*. This resulted in lack of monitoring of these vital functional matters by BoD.
- Competent authorities were not following the system of recording specific reasons or justifications while taking important decisions and/or while according approval for deviating from Government directives and terms and conditions of contracts as discussed in *paragraphs 2.2.9, 2.2.20, 2.2.22 and 2.2.29.*
- Multiple reasons were attributed by the Company without conducting detailed cause wise analysis for deficiency in achieving its operational norms in respect of coal mill reject, SHR, unburnt coal and fuel oil as discussed in *paragraphs 2.2.24, 2.2.26, 2.2.27 and 2.2.30*. Further, system for identifying the responsible person for non achievement of operational norms was not developed.
- The Company did not have an internal audit and Inspection wing of its own. Internal audit was outsourced to practicing Chartered Accountants. The internal audit reports were not submitted to BoD and Audit Committee.

Planning and Procurement of coal

2.2.8 In terms of the New Coal Distribution Policy notified (October 2007) by the Ministry of Coal, Government of India (GoI), coal is allocated by Standing Linkage Committee[6] of the Ministry of Coal, GoI to the TPSs. Accordingly, subsidiaries of Coal India Limited (CIL) are required to enter

[6] The Standing Linkage Committee is headed by Additional Secretary, Ministry of Coal and comprises of fifteen members from the Ministries of Coal, Power, Shipping, Steel, Railways; Coal India Limited and its subsidiaries, CEA, National Thermal Power Company Limited, Central Mine Planning and Design Institute etc,

into agreements with TPSs. The Company entered into (between August 2009 and January 2016) six agreements with two subsidiaries[7] of CIL for supply of coal for a period of twenty years for its four TPSs at the price notified from time to time by CIL. The deficiencies noticed in the planning and procurement of coal are discussed in succeeding paragraphs.

Non-revision of contracted quantity resulted in additional liability

2.2.9 The Company's agreement (August 2009) with South Eastern Coalfields Limited (SECL) stipulated supply of 20 lakh metric tonnes (LMT) of coal per annum for the three[8] units of Amarkantak TPS. The Company is permitted to transfer coal meant for one of its power plants to its other power plants at its own cost (clause 3.2). The supplier sanctioned coal based on the monthly rail programme (MRP[9]) submitted by the Company with the Railways (clause 6.1.1). The Company is eligible to receive compensation on account of short delivery of coal at prescribed rates if the supplier fail to deliver the coal quantity as per MRP submitted during the year for a quantity equal to or more than 90 *per cent* of Annual Contracted Quantity (Contracted Quantity).

Company failed to revise the annual contracted quantity of coal after decommissioning of two power plant units resulting in liability to pay compensation of ₹ 17.21 crore to SECL for short lifting of 6.27 LMT coal.

Similarly, if the Company failed to submit MRP for minimum 90 *per cent* of contracted quantity in a year, it would be liable to pay compensation to supplier for short lifting of coal (clause 3.6.1). Further, as per the agreement (clause 2.2) as well as mutual consent (August 2009) between supplier and the Company, contracted quantity shall be revised on the basis of varying actual life of the units of TPS.

Out of three units of Amarkantak TPS for which agreement was signed, two units[10] were retired (1 May 2014 and 13 January 2015) and the same was approved by the Central Electricity Authority on 4 March 2016. Though, TPS requested (August 2016) its Corporate Office to reduce the contracted quantity of coal from the existing 20 LMT to 13 LMT per year for operational Unit-3, the same was not acted upon by the CE (FM) for reasons not on record. The CE (FM) also failed to put up the matter to the BoD.

Audit observed that for the period 2014-16, the Company had continuously raised demands of coal on the supplier based on the original contracted quantity. Coal received in excess of its requirement was diverted to other TPS. The Company raised (January-February 2017) claim of ₹ 19.51 crore for the period 2014-16 towards short delivery of coal, which was pending with the supplier (October 2017). On the other hand, on account of lower demand of coal by other TPSs during 2016-17, Amarkantak TPS submitted MRP quantity based on the actual requirement of its operational Unit-3. Since, MRP quantity was less than 90 *per cent* of contracted quantity[11] of Amarkantak

[7] South Eastern Coalfields Limited, Bilaspur (SECL) and Western Coalfields Limited, Nagpur (WCL)

[8] Unit-1 (120 MW), Unit-2 (120 MW) and Unit-3 (210 MW).

[9] MRP prescribes the quantity of coal required by each TPS during a month, which is to be lodged with the Railways at least seven working days prior to the commencement of the concerned month. MRP quantity is subsequently sanctioned by the coal supplier.

[10] Unit-2 and Unit-1.

[11] Contracted quantity for three units including closed Unit no. 1 and 2

TPS, the Company was liable to pay compensation of ₹ 17.21 crore for short lodging of MRP by 6.27 LMT of coal.

The Department stated (April 2018) that in view of the proposed installation of the new unit in place of retired units, contracted quantity was not reduced. It was further stated that there is no financial loss to the Company and SECL has not lodged claim for short lifting of coal for the year 2016-17.

The reply is not acceptable as the Company itself estimated the commissioning of the new unit in 2024-25 only. Thus, the Company would have to incur penalty for short lifting till new plant is commissioned. The reply that claim had not been raised by the SECL till date, is not acceptable as the Company is liable to pay compensation as per the agreement conditions.

Recommendation: **The Company should assess and procure coal as per actual requirement of units in operation in its TPSs**.

Extra transportation cost due to non utilisation of allocated coal of nearer location

2.2.10 An agreement was signed (December 2009) between the Western Coalfields Limited (WCL) and the Company for supply of 66 LMT of coal per annum for nine[12] existing units of Satpura TPS. Subsequently, another agreement was executed (January 2013) with WCL for supply of 18.51 LMT of coal per annum in respect of two[13] additional units of Satpura TPS. Similarly, the Company executed (January 2013) agreement with SECL for supply of 49.94 LMT of coal per annum for two[14] units of Shree Singaji TPS.

Company failed to swap coal from more distant SECL mines to nearer WCL mines for Shri Singaji TPS and incurred avoidable transportation cost of ₹ 80.10 crore.

As five units of Satpura TPS (Power House-I) were decommissioned between October 2012 and January 2014, WCL unilaterally revised (May 2016) the contracted quantity from 66 LMT to 47.95 LMT per annum retrospectively[15] from respective dates of decommissioning. WCL mines were located nearer (402-616 Kms) to Shree Singaji TPS than SECL mines (624-968 Kms). Hence, the Company had swapped (January 2016) 18.51 LMT of coal of WCL meant for the additional units of Satpura TPS with equivalent[16] 21.67 LMT coal of SECL meant for Shree Singaji TPS. Audit noticed that the CE (FM) could have made similar arrangements to swap contracted quantity of 18.05 LMT[17] coal of WCL meant for decommissioned units of Satpura TPS with Shree Singaji TPS. Thus, transportation cost of ₹ 80.10 crore could have been saved on 13.37 LMT of coal actually lifted from SECL during the period from January 2016 to March 2017.

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[12] Power House-I - five units of 62.5 MW each, Power House-II - one unit of 200 MW and one units of 210 MW, Power House-III – two units of 210 MW each.

[13] Power House-IV - two units of 250 MW each.

[14] Two units of 600 MW each.

[15] Contracted quantity was reduced (May 2016) with retrospective effect from the ensuing financial year after date of actual decommissioning of the units i.e., quantity was revised from 66.00 LMT to 63.61 LMT w.e.f. April 2012, 55.66 LMT w.e.f. April 2013 and 47.95 LMT w.e.f. April 2014

[16] 18.513 LMT of coal of WCL linked to Satpura TPS having Gross Calorific Value of 4,600-5,200 Kcal/kg was swapped with 21.67 LMT of coal of SECL linked to Shree Singaji TPS having lower Gross Calorific Value of 4,300-4,600 Kcal/kg.

[17] 66.00 LMT - 47.95 LMT

The Department stated (April 2018) that in view of decommissioning of five units, WCL unilaterally reduced contracted quantity and it was not possible to utilise 18.05 LMT of coal of WCL at Shree Singaji TPS.

The reply is not acceptable as the Company has not made timely efforts for swapping of coal before unilateral reduction (May 2016) of contracted quantity by WCL. Further, it was possible to swap the contracted quantity from Satpura TPS with Shree Singaji TPS as the Company had already done the same exercise in January 2016.

Recommendation: **The Company should ensure swapping of coal of decommissioned units for the power plants situated nearer to mines in future.**

Payment of compensation due to deficient planning in coal receipts

2.2.11 As per the two agreements (signed in December 2009 and January 2013) for supply of coal to Satpura TPS, the Company was liable to pay incentive[18] to WCL, when actual delivery of coal was more than 90 *per cent* of the contracted quantity in a year (clause 3.12.1).

During 2015-16, while under first agreement, WCL has claimed incentive of ₹ 36.53 crore for 8.47 LMT coal supplied in excess of 90 *per cent* of contracted quantity, under the second agreement, WCL claimed compensation of ₹ 15.53 crore for short lifting of 7.83 LMT. Audit observed that the CE (FM) could have rearranged the supply in accordance with the agreement (clause 6.1.1) by submitting MRP judiciously for both the agreements and simultaneously taking up the matter with the coal company. Thus, the liability for compensation of ₹ 15.53 crore on short lifting on the one hand and incentive of ₹ 35.43 crore on excess supply of 7.83 LMT coal on the other hand could have been avoided. Reasons for not rearranging the coal supply were not recorded.

The Department stated that (April 2018) the claim of ₹ 36.53 crore by WCL was declined as the contracted quantity was reduced from 66 LMT to 47.95 LMT from back date by the WCL. It was further stated that claim of ₹ 15.53 crore was returned to WCL as it was not admissible due to failure of WCL to supply the demanded quantity of coal.

The reply is not acceptable. The contracted quantity was reduced by WCL from the actual dates of the decommissioning of the units and lodging of MRP including the quantity relating to decommissioned units by the Company was not justified. Further, decline of claims had not relieved the Company from its liability. Also, in the exit conference (October 2017) the MD and CE (FM) had accepted that rearrangement of contracted quantity of coal from one agreement to another of same TPS was possible.

Recommendation: The Company should lodge MRPs judiciously under different agreements of a TPS and coordinate with the coal companies to minimise short lifting/ excess delivery of coal.

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[18] In order to encourage higher coal supply, incentive is payable by the Company to Coal Companies for supply of coal more than 90 *per cent* of annual contracted quantity.

Unwarranted procurement of costly imported coal

2.2.12 In anticipation of short supply of indigenous coal, the Company placed order (March 2015) on M/s Adani Enterprises Limited for supply of 7.0 LMT of imported coal for its four TPSs at a cost of ₹ 534.45 crore. The agreement conditions (clause 6.16) enabled the Company to terminate the contract at its sole discretion by giving 30 days' written notice. Subsequently, considering the sufficient stock of indigenous coal and readiness of the indigenous coal companies, the Company foreclosed (November 2016) the contract after import of 4.36 LMT of coal during May 2015 to June 2016.

Company procured 1.76 LMT costlier imported coal and at the same time shortlifted 12.68 LMT of indigenous coal resulting in extra expenditure of ₹ 51.24 crore.

In this regard, Audit analysed the actual lifting of indigenous coal during the period of import of coal and observed that 1.76 LMT coal was imported during the months in which there was short lifting of 12.68 LMT of cheaper indigenous coal. Had the CE (FM), who was responsible to ensure continuous coal supply to TPSs, exercised due diligence and made arrangements for lifting the entire indigenous coal and foreclosing the order for imported coal, purchase of costlier coal could have been avoided. As this did not happen, the Company incurred extra expenditure of ₹ 51.24 crore.

The Department stated (April 2018) that shipment schedule already finalised and intimated to coal supplier was not liable for termination. It was further stated that indigenous coal was short supplied by the coal companies during May 2015 to June 2016.

The reply is not acceptable as supply order empowered the Company to regulate/ reschedule/suspend the delivery schedule (clause 3.0 and Schedule V) as per the requirement of TPSs and by applying above clause, the Company had made 26 revisions in delivery schedules during April 2015 to June 2016. Further, the reply regarding short supply by the coal companies is factually incorrect as company did not demand full allocated quantity.

Recommendation: **The Company should lift available indigenous coal and avoid procurement of costlier imported coal.**

Undue benefit to the supplier of imported coal

2.2.13 The Company had placed (September 2011) a supply order on M/s Bhatia International Limited, Indore (BIL) for supply of 8.0 LMT of imported coal at total cost of ₹ 478.43 crore, scheduled to be supplied within six to eight months. Company issued (September 2013) a repeat order for supply of additional 2.0 LMT coal to be delivered during the period from October 2013 to January 2014. M/s BIL supplied 9.71 LMT of coal up to July 2014 and the balance quantity of 0.29 LMT was not supplied.

The Company had recovered ₹ 2.78 crore from the supplier by invoking the risk purchase clause (6.12) of the supply order. In addition, as per clause 9.01, the Company was required to levy a penalty at the rate of 10 *per cent* of unexecuted portion of the contract. However, considering that the contract was operated for prolonged time, the Company, with the approval of the Managing Director, closed the contract without imposing penalty of ₹ 1.71 crore and thus extended undue benefit to the contractor. It is also to be mentioned that the contractor had been engaged only from September 2011 to July 2014, and therefore did not merit any unilateral benefit/ concession.

The Department stated (October 2017/ April 2018) that as the risk purchase clause was already exercised by the Company, penalty clause was not invoked. It was further stated that penalty has been recovered by the Company.

The reply is not acceptable as penalty clause (6.12) and risk purchase clause (9.01) are distinct and separate[19]. Further, the Department has produced no proof for the penalty recovered.

Recommendation: **The Company should recover penalty from the contractor as per the terms of the contract.**

Quality Assurance of coal

2.2.14 Coal companies raise invoices based on the rate of declared grade of gross calorific value (GCV[20]) of coal fixed by CIL. As per Schedule-IV of the agreement, coal samples shall be collected jointly and analysed in designated laboratories at the loading end in the presence of the seller and purchaser for determining its quality. Monthly statements of results of analysis of quality are authenticated jointly and bills originally raised on the basis of declared grade of coal are adjusted for actual quality determined in above analysis. Difference between the GCV as analysed in sample testing at the loading end and the GCV actually billed on declared grade basis is termed as "grade slippage" of coal. However, several disputes about the determination of coal quality occurred, mainly due to non-adherence of the prescribed procedure by the coal supplier, which are discussed below.

Failure in realising coal grade slippage compensation

2.2.15 As per the agreement, the coal supplier was bound to give regular credit notes on account of grade slippage to the extent of difference between the billed base price of declared grade and analysed grade of coal within seven days of acceptance of results by both the parties (clause 11.2.2). There was no specific provision in the agreement which enabled the Company to lodge claim for grade slippage.

However, as the coal companies failed to issue credit notes, the TPSs were lodging grade slippage claims with the coal companies *suo moto* in their own financial interest. Audit analysed the grade slippage claims related to the period 2014-17 and observed that coal companies had not entertained the claims raised by the Company and each TPS had dealt with the issue in diverse manner as elaborated below.

- ACE (FM) of Satpura TPS had lodged grade slippage claims (₹ 65.13 crore) for the entire period of 2014-17 and due to non-receipt of credit note from coal supplier, withheld the claim amount while settling the

[19] Clause 6.12 stipulates that seller shall be liable to pay excess cost incurred by the purchaser on procurement of unexecuted supply of coal. Further, clause 9.01 stipulates that seller shall be liable to pay penalty at the rate of 10 *per cent* of unexecuted contract value.

[20] Heat produced in Kcal by complete combustion of one kilogram of coal.

bills. Though, ACE (FM) of Amarkantak TPS had lodged grade slippage claims (₹ 23.72 crore) for the period 2015-17, he did not withhold outstanding claim amount of ₹ 14.68 crore and no reasons were recorded for the same. ACE (FM) of the Sanjay Gandhi TPS neither lodged any formal grade slippage claim (₹ 349.83 crore) nor withheld the claim amount for the period 2014-16 even after communicating grade slippage test results to the coal supplier (SECL) and no reasons were recorded for the same. However, grade slippage claims (₹ 56.20 crore) for the subsequent year (2016-17) were withheld against the dues of coal supplier.

- ACE (FM) of Shree Singaji TPS failed to maintain records related to grade slippage for the period April 2014 to July 2015 for reasons not on record. Therefore, the TPS failed to assess claims for this period. Further, for the period from August 2015 to March 2017, though ACE (FM) had lodged grade slippage claims of ₹ 59.14 crore, the amount credited by the coal companies/ withheld by the TPS was ₹ 24.33 crore and the balance amount of ₹ 34.81 crore was not realised, for reasons not on record.

- Audit further observed that grade slippage related matters were never submitted to the BoD. As a result, diverse procedures were adopted by the TPSs in respect of grade slippage claims.

The Department stated (October 2017/ April 2018) that, as per the agreement, calculation of grade slippages and issue of credit notes are within the purview of the coal supplier. After appointment (July 2016) of the Central Institute of Mining and Fuel Research[21] (CIMFR) as the single third party sampling agency, either credit notes are being received or amount is being withheld regularly. It was further stated that in the absence of any provision for recovery of claims, it was not appropriate to withhold the amount against grade slippage.

The reply is not acceptable as grade slippage claims were dealt by the different TPSs in diverse manner. As already observed, Satpura TPS and Sanjay Gandhi TPS had withheld grade slippage claims for 2016-17. Also, on the one hand, the Company withholds claims against grade slippage and on the other it states that such withholds are inappropriate, which is contradictory. Further, CIMFR is only entrusted with the sampling of coal and intimating grade slippage. It has no role in issuing credit notes or withholding outstanding claims. Hence the Department's reply is irrelevant.

Recommendation: **The Company should actively pursue with the higher management of the coal companies for ensuring their adherence to coal supply agreement provisions regarding grade slippage.**

Non realisation of claims towards oversized stones

2.2.16 As per the agreement, oversized[22] stones in the coal shall be assessed jointly by the representative of the TPS and the coal company at the TPS end (clause 4.6.2). In case the coal company's representative fails to be present for the joint assessment, the quantity of oversized stones assessed by the TPS

[21] CIMFR was jointly appointed (July 2016) by the Company and coal companies for collection, preparation and analysis of quality of coal on behalf of both the parties.

[22] Size more than 250 mm

shall be taken as final and binding (clause 4.6.3). Coal companies shall adjust the full weighted average base price and other charges[23] for the quantity of oversized stones by issuing regular credit notes (clause 8.2 and 9.1).

Audit observed that oversized stone claims of the TPSs for the period April 2014 to December 2015, aggregating to ₹ 5.85 crore were accepted by the coal companies. However, an amount of ₹ 4.82 crore alone was adjusted in the bills by the coal companies and ₹ 1.03 crore was pending for realisation due to lack of effective pursuance by the ACE (FM) of the TPSs. Further, for the period January 2016 to March 2017, oversized stones to the tune of 7,724.27 MT valued at ₹ 1.27 crore were reported to be received by the TPSs. However the coal companies did not depute their representatives for joint assessment stating that as per instructions of Ministry of Coal, GoI only 100 mm coal was supplied to TPSs since January 2016.

Audit further observed that despite the above non-compliance of agreement provisions by the coal companies, the matters were not discussed by BoD and taken up with coal companies. This showed lack of monitoring by BoD.

The Department stated (October 2017) that claims had been regularly pursued by the Company. Further, in view of non-deployment of representatives for joint inspection by the coal companies from January 2016, TPSs has unilaterally assessed the oversized stones and lodged the claims.

The reply is not acceptable as claims of ₹ 2.30 crore were pending[24] to be recovered from the coal companies due to ineffective pursuance by the Company and the BoD also failed to take cognizance of the matter for remedial action. Further, the reply regarding lodging of claims based on unilateral assessment due to non-deployment of representatives for joint inspection by the coal companies is not relevant, as the same was required to be done by the Company as per the agreement clause 4.6.3 discussed above.

Recommendation: **The Company should take up the matter of non-compliance of agreement conditions and non-issue of credit notes by the coal companies with their higher management for appropriate remedial action**.

Transportation of coal

2.2.17 Coal procured is transported from the coal mines to the TPS of the Company through railway wagons, trucks and conveyer belts. Freight is a major component of cost of coal and the same is determined by the Railways. In this regard, Audit made the following observations:

Excess payment of railway freight

2.2.18 The Railways had prescribed (July 2014) the rules and procedures regarding diversion of coal rake and e-payment facility for collecting freight charges. As per these rules, in case of diversion of rakes by the customers who are availing e-payment, the system will calculate and collect differential

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[23] Sizing charges, rapid loading charges etc., excluding statutory charges such as royalty, cess, duties etc and railway freight.

[24] ₹ 1.03 crore for the period April 2014 to December 2015 and ₹ 1.27 crore for the period January 2016 to March 2017.

freight[25] through e-payment account at the originating station. For this purpose, the Company is required to maintain a centralised e-payment account with the Banks. In the absence of centralised e-payment account, in case of diversion of rakes, the Railways collect two full freights i.e., one for original destination and second for changed destination. Claims for refund of original destination freight are to be lodged subsequently by the Company with the Railways (rule 106 of the Railways Act, 1989).

Company failed to open centralised e-payment account for payment of railway freight resulting in blockage of fund of ₹ 45.15 crore and consequently loss of interest of ₹ 6.30 crore.

Audit observed that centralised e-payment system was available in July 2014. Further on request by the Company to adjust the freight paid for original destination against freight due for diverted destination, the Railways had also intimated (January 2016) the Company to open the centralised e-payment account. However, the CE (FM) did not take initiative to open centralised e-payment account till April 2017. In response to enquiry (May 2017) by the Company, South East Central Railway (SECR) had intimated (July 2017) the formalities for opening of centralised e-payment account. Subsequently, the Company opened the account with SECR in September 2017. However, account was yet to be opened with the Central Railways[26].

Consequently, instead of charging differential freight, Railways recovered full extra freight for diversion of rakes. This resulted in excess payment of ₹ 45.15 crore during the period July 2014 to March 2017. Though, regular claims for refund of original destination freight were preferred by the Company with the Railways, no refund was received (October 2017). Consequently, the amount of ₹ 45.15 crore remained blocked with the Railways on which the Company suffered loss of interest of ₹ 6.30 crore[27]. The reasons for delay in opening centralised e-payment account were not recorded in the files.

The Department stated (October 2017) that centralised e-payment railway freight account was opened in September 2017 for SECR. Based on its experience, opening of e-freight account for coal supplies from WCL shall be finalised with Central Railways.

The reply is not acceptable and is clearly an afterthought. The facility of opening centralised e-payment account and its benefits were stipulated by the Railways way back in July 2014, but the Company failed to open the account till September 2017. The reply that account with Central Railway would be opened based on the experience of e-payment account with SECR is also not acceptable as the Company is already aware of the benefits of the centralised e-payment account.

Recommendation: **The Company should take immediate steps to open centralised e-payment account with Central Railway to avoid further blockage of funds and consequent loss of interest**.

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[25] Difference between the amount of freight already paid as per Original Railway Receipt (ORR) and freight due as per Super sessional Railway Receipt (SRR)

[26] The Company was required to open centralised e-payment account with South Eastern Central Railways (SECR) and Central Railways separately as it receives coal through both Railways

[27] Audit has worked out interest loss from the date of actual payment of original freight at the rate of 10.65 *per cent* p.a which was the minimum interest rate at which Company had availed working capital loan during 2014-17

Non recovery of idle freight charges

2.2.19 The Company's agreement with the coal companies stipulated that idle freight paid by the Company to the Railways resulting from under loading of wagons shall be compensated by the coal companies by adjustment through their coal bills (clause 10.3). However, the coal companies did not adjust full idle freight paid to the Railways. Therefore, the Company was required to assess and lodge claims for the unadjusted amount with the coal companies in its financial interest.

Audit observed that ACE (FM) of the Sanjay Gandhi TPS neither assessed nor lodged the idle freight claims for the year 2014-15. Though, the claims of ₹ 0.92 crore were lodged by ACE (FM) with SECL for the period 2015-17, the same were neither adjusted by the coal supplier nor withheld by the TPS. Further, ACE (FM) of Amarkantak TPS failed to lodge claims of ₹ 0.51 crore with SECL for the period 2014-17. ACE (FM) of Shree Singaji TPS lodged the claims of ₹ 0.65 crore with SECL for the year 2016-17, however the same were neither adjusted by the coal supplier nor withheld by the TPS. The reasons for non-assessment and lodging of claims by respective TPSs were not recorded.

The Department stated (October 2017/April 2018) that claims of Shree Singaji TPS for the year 2016-17 and Amarkantak TPS for the years 2014-17 have since been lodged. It was further stated that claims were being pursued with coal companies.

The reply is not acceptable as idle freight claims for Shree Singaji TPS for the period 2016-17 and Amarkantak TPS for the period 2014-17 were neither adjusted by the coal supplier nor withheld by the TPSs. Further, the reply is silent in respect of non-assessment and non-lodging of idle freight claims by Sanjay Gandhi TPS for the year 2014-15.

Recommendation: **The Company should immediately lodge the pending claims for idle freight and effectively pursue the same for early realisation/adjustment of dues.**

Payment of incentives to liaisoning contractors

2.2.20 The Company has been engaging liaisoning contractors for liaisoning with the coal companies and the Railways for coal movement from mines to TPS through Railways, on payment of monthly service charges. In this regard, Audit noticed the followings.

- As per the direction of Department of Energy, GoMP (November 2010), the Company was required to incentivise the liaisoning contractor for coal receipts in excess of the annual contracted quantity. However, the Company with the approval of MD, incorporated (July 2011) an incentive clause in the liaisoning contract enabling the contractor to get slab wise incentives for coal receipts in excess of MRP quantity instead of annual contracted quantity. The reason for linking incentive to MRP was stated to be the extra efforts required by the contractor for increasing receipt of coal beyond MRP. However, the clause for levy of penalty in case of shortfall in the receipt of coal was not incorporated. The CE (FM) further modified (June 2014) the incentive clause by linking it to MRP or monthly quantum of annual contracted quantity whichever is higher citing past experience and to avoid extra payment of incentive in case MRP is less than monthly contracted quantity. However, the incentive was still not linked to annual contracted quantity as directed by GoMP.

Audit observed that during 2014-16 the Company paid incentive of ₹ 0.69 crore to the contractor for coal received in excess of MRP quantity/ monthly contracted quantity even though total receipt of coal during the year was less than the annual contracted quantity.

The Department stated (October 2017) that the incentive clause was incorporated in 2011, when coal supply was deficient. In the present situation, the incentive is proposed to be deleted from the future contracts. The reply is not acceptable as the Government direction was categorical about linking payment of incentive to more than 100 *per cent* materialisation of annual contracted quantity, deviation from which caused avoidable expenditure of ₹ 0.69 crore.

- Satpura TPS entered into a liaisoning contract (June 2014) for its existing units having contracted quantity of 66 LMT and extension units having contracted quantity of 18.51 LMT. As per clause 2.6 of the contract, the contractor was eligible for monthly incentive payment, if materialisation of coal quantity in a particular month is more than MRP quantity or monthly contracted quantity (as given in clause 2.4 of the contract), whichever is higher.

During December 2015, the materialisation of coal was more than the monthly linkage quantity by 0.59 LMT, for which incentive of ₹ 0.26 crore was paid to the contractor by TPS.

Audit observed that the Company had considered MRP and actual materialisation quantity of PH-II and III (existing units) only for computation of incentive while excluding the MRP quantity (1.54 LMT) and actual quantity (0.67 LMT) of PH-IV (extension unit). The contract clearly stipulated that the quantity of both existing and extension units is to be considered for calculating incentive. As the actual MRP quantity of existing and extension units for the month of December 2015 was 3.81 LMT, against which actual materialisation of coal was 3.53 LMT only, no incentive was payable to the contractor.

The Department stated (April 2018) that calculation of incentive was done separately for both agreements and there was no erroneous interpretation of the contract clause.

The reply is not acceptable as the liaisoning contract (clause 2.6) clearly mentioned that incentive would be calculated based on quantity mentioned in clause 2.4 which included monthly contract quantity of both the units. The above erroneous interpretation of the company may also lead to excess payment of undue incentive in future also.

Recommendation: **The Company should adhere to the directives of Department of Energy and terms and conditions of liaisoning contracts to protect its financial interest.**

Coal handling

Extra expenditure due to non-functioning of in-motion weighbridge

2.2.21 Shree Singaji TPS procured 4.34 LMT of imported coal against two supply orders[28] during June 2014 to January 2016. As per supply order, payment for coal was to be regulated based on final weight recorded at the in-motion weighbridge[29] (clause 7). If weighbridge at TPS was out of order, payment had to be made based on weight recorded in railway receipt (RR) at loading end (clause 11). But in such a situation, the Company has to pay for the coal lost during transit also.

Audit observed that in-motion weighbridge at Shree Singaji TPS was not working properly from the date of its commissioning (July 2014) as it was installed at a technically unsuitable location and the same has not been rectified by the Company so far (October 2017) despite lapse of more than three years. As a result, the Company was forced to pay ₹ 1.96 crore being the value of 2,891.10 MT[30] of coal lost during transit. This payment could have been avoided had the in-motion weighbridge been working properly.

The Department stated (October 2017/April 2018) that there was no penalty clause in the agreement for transit loss. In-motion weighbridge is being shifted to suitable location, which will improve its working. Further, the transit loss in imported coal in Shree Singaji TPS was not comparable with other TPS as these plants were situated at longer distance.

The reply is not acceptable as in the absence of weighment of coal, the Company was paying for the entire quantity billed by the supplier including the transit loss. Further, as the actual transit loss at Shree Singaji TPS cannot be correctly worked out due to non-working of in-motion weighbridge, the Audit has taken minimum transit losses on imported coal reported at other TPSs.

Recommendation: **Company should take immediate action to rectify the deficiency in in-motion weighbridge to avoid further payment of transit losses on imported coal.**

Payment of demurrage charges to the Railways and non-recovery of shunting charges from unloading Contractors

2.2.22 The Company had appointed unloading contractor at Amarkantak TPS and Sanjay Gandhi TPS (PH-I and II) for ensuring timely unloading of coal. Similarly, O&M Contractors[31] were appointed at Sanjay Gandhi TPS (PH-III), Shree Singaji and Satpura TPS (PH-IV) for maintenance of unloading

[28] Placed on M/s Adani Enterprises Limited (November 2012 and March 2015)

[29] In-motion weighbridge is used at TPSs to measure coal weight by passing the wagon over it.

[30] The transit losses in imported coal at other TPSs were in the range of 0.66 *per cent* on total quantity of 1.70 LMT supplied at Satpura TPS and 1.29 *per cent* on total quantity of 5.27 LMT supplied at Sanjay Gandhi TPS. Audit has considered the minimum transit loss of 0.66 *per cent* recorded at Satpura TPS.

[31] The scope of O&M Contract at Sanjay Gandhi TPS (PH-III) included O&M of unloading equipment and timely unloading of coal, whereas in case of Shree Singaji and Satpura TPS-IV, the scope of O&M contract included O&M of Coal Handling Plant besides O&M of unloading equipment and timely unloading of coal.

equipment including timely unloading of coal. As per the contract, demurrage and other charges levied by Railways shall be recovered from the contractor to the extent to which he was liable. In this regard, audit observed the followings:

(A) Railways had allowed free time of five hours for mechanical unloading and nine hours for manual unloading of a coal rake, beyond which demurrages at the rate of ₹ 150 per wagon per hour are levied. Audit observed that out of 7,495 coal rakes received during the period 2014-17 by all four TPSs, unloading of 4,627 coal rakes (61.73 *per cent*) were delayed for which the Company had to pay demurrage charges of ₹ 21.35[32] crore. Further analysis revealed the followings:

- Sanjay Gandhi TPS had incurred an amount of ₹ 13.05 crore on demurrage charges due to delay in unloading of 84.55 *per cent* of rakes arrived during 2014-17 mainly caused by limited coal conveying capacity (1,200 tonne per hour) of the conveyor belt. Though, the TPS had initiated proposal for construction of alternative coal path in October 2010, CE (O&M Generation) and CE (Renovation and Modernisation) at Corporate office and CE of Sanjay Gandhi TPS kept the proposal pending for more than three years due to delayed finalisation of funding source and cost benefit analysis. Finally, at the instance of Principal Secretary, Energy Department, GoMP (October 2014), with the approval of BoD (83rd Meeting held on January 2016), the Company placed (February 2016) orders on M/s Energo Engineering Project Limited, Gurgaon (lowest bidder in competitive bidding) for construction of alternative coal path at a cost of ₹ 48.90 crore with completion schedule by October 2017. The work was not completed[33] as on October 2017.

The Department stated (April 2018) that construction of alternative coal path with parallel system of existing CHP is an excessively tedious job, and all efforts are being made to complete the works at the earliest. The reply is not acceptable as proposal for alternative coal path, initiated in October 2010 was kept pending by CE (O&M Generation), CE, Renovation and Modernisation (R&M) and CE of Sanjay Gandhi TPS and the Company started (February 2016) the construction after five years.

- Shree Singaji TPS had incurred an amount of ₹ 7.51 crore on demurrage charges due to delay in unloading of 54.57 *per cent* of rakes arrived during 2014-17, mainly due to receipt of big size coal lumps which required breaking into smaller pieces[34], delay in placement of rakes for unloading and outages of unloading equipment. The Company had appointed (January 2015) operation and maintenance (O&M) contractor (M/s Energo Engineering) through competitive bidding for ensuring timely unloading of coal, breaking of big lumps of coal and O&M of unloading facilities. As per terms and scope of the O&M contract, the contractor was responsible for demurrage due to delay.

[32] Sanjay Gandhi TPS (₹ 13.05 crore) + Shree Singaji TPS (₹ 7.51 crore) + Satpura TPS (₹ 0.43 crore) + Amarakantak TPS (₹ 0.36 crore).

[33] RCC work, excavating work and fabrication works were in progress.

[34] Since standard size of steel grid through which coal is dropped over track hopper is 250 mm, the big size of lump and coal are required to be broken into pieces before passing through steel grid. The delay in breaking the lumps and stone increase detention time of rakes. As per conditions of O&M contract, the contractor was required to ensure timely breaking of lumps and stone so that coal from wagons could be unloaded in free time.

A committee[35] was formed at Shree Singaji TPS in April 2015 for assessing the cause-wise analysis of delay and as per recommendations of the committee, ₹ 0.28 crore was recovered from the contractor for reasons attributable to the contractor during the period January 2015 to October 2015.

Audit observed that the committee did not recommend recovery of ₹ 2.28 crore from the O&M Contractor for delay in unloading of coal on account of big lumps of coal stone/ shales, wet and sticky coal for which the contractor was responsible (clause 10). Further, the contractor was also responsible for overall maintenance of the system and in case of delay in unloading of wagons due to outages/failure of the system, the demurrage should also have been recovered from the contractor. However, the O&M contract did not include any clear clause for recovery of demurrages due to system outages[36] and this resulted in non-recovery of demurrage of ₹ 2.96 crore from the contractor for system outages. The committee did not submit any report after October 2015, for which reasons were not recorded.

In contrast to above, during 2014-17 Sanjay Gandhi TPS (PH-III) and Satpura TPS (PH-IV) had attributed reasons (big lumps of coal, stone and system outages) to the O&M contractor and recovered the demurrage charges for the same as per terms and conditions of the O&M contract. Thus, the CE of the respective TPS failed to enforce terms and conditions of O&M contract and monitor timely unloading of coal leading to avoidable payment of demurrage to Railways.

The Department stated October 2017/April 2018) that demurrage was recovered from the contractor as per terms and conditions of O&M contract. Further demurrage charges were to be levied to a maximum of 10 *per cent* of contract value exclusive of taxes. The reply is not acceptable as the demurrage was not recovered from the contractor for the delays attributable to him Further, the non-recovery of demurrage of ₹ 2.28 crore at Shree Singaji TPS as pointed out by audit was within the limit of 10 *per cent* of contract value of ₹ 37.03 crore.

(B) In case of detention of Railways loco in TPS siding beyond five hours, TPS was liable to pay shunting charges on the basis of cost of engine hours. Sanjay Gandhi TPS and Amarkantak TPS did not have their own Railways engine. Accordingly, shunting charges are payable by Sanjay Gandhi TPS and Amarkantak TPS to the Railways when Railways engine is detained in TPS siding beyond free time of five hours.

Though, Amarkantak TPS paid ₹ 0.85 crore as shunting charges to Railways for the period 2014-17, ACE (FM) did not arrange recovery of the shunting charges from the contractor despite having clause in the unloading contract (clause 2.2 C[37]).

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[35] Additional CE (O&M), SE (Services-I) and SE (Services-II).

[36] The delay in unloading of wagons due to hopper jam, conveyor system problem, unloading equipment outages and crushing system outages etc. were attributable to the contractor.

[37] Contractor should ensure unloading of wagons within free time (five hours) and penalty, demurrage charges and any other charges levied by Railways due to delay in unloading of wagons shall be recovered from the contractor

Further, Sanjay Gandhi TPS paid ₹ 20.43 crore as shunting charges to Railways for the period 2014-17. However, due to deficient provision in the contract, the same could not be recovered from the unloading contractor.

The Department stated (April 2018) that shunting charges were not penalty but engine hire charges. As these are regular charges, no provision was made in the contract for recovery. The reply is not acceptable as clause 2.2(C) of the contract also provided for recovery of any other charges from contractor levied by Railways.

Recommendation: **Company should adhere to the terms and conditions of O&M/unloading contract and also complete the alternative coal path works at the earliest to avoid further payment of demurrage**.

Avoidable expenditure on Operation & Maintenance charges of Coal Handling Plant

2.2.23 Shree Singaji TPS executed (February 2015) an agreement with M/s Energo Engineering Projects for operation and maintenance (O&M) of its Coal Handling Plant (CHP) and for keeping the same in working condition, for a period of three years from 13 January 2015.

In a similar contract placed (October 2014) by the Satpura TPS on M/s Mc Nally Bharat Engg. Company Limited, Kolkata, a specific condition was included stating that 70 to 80[38] *per cent* of the monthly charges alone will be paid on pro-rata basis for the days of outage exceeding five days. However, similar clause was not included in the O&M contract at Shree Singaji TPS and as a result full payment was made to O&M contractor without any pro-rata reduction for the period of plant shut down. This has resulted in avoidable expenditure of ₹ 2.64 crore. The Company had no standard form of agreement containing uniform terms and conditions for executing CHP (O&M) works though these two[39] contracts were awarded by respective CEs of TPS with the prior approval of MD/ BoD[40].

The Department stated (April 2018) that O&M contract of CHP at Shree Singaji was awarded in July 2014. Subsequently, O&M contract of CHP was awarded (October 2014) at Satpura TPS with the condition of pro-rata payment.

The reply is not correct as the O&M contract of CHP at Shree Singaji TPS was awarded in February 2015 whereas O&M contract at Satupra TPS was awarded in October 2014. Thus, the Company failed to protect its financial interests by not incorporating favourable terms of O&M contract of Satpura TPS in the O&M contract of Shree Singaji TPS.

Recommendation: **The Company may adopt standard form of agreement containing uniform terms and conditions for all four TPS to protect its financial interests. Also, the favourable clause in the O&M contract at Satpura TPS should be included in O&M contracts of other TPSs**.

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[38] If one unit of PH remains under shut down beyond five days, 80 *per cent* of monthly charges is allowed and in case both units of PH remain under shut down beyond five days, 70 *per cent of* monthly charges is allowed.

[39] Out of four TPSs, the CHP (O&M) works contracts were awarded only in Shree Singaji TPS and one unit of Satpura TPS (PH-IV).

[40] As per delegation of power in the company, the O&M contract at Satpura TPS (PH-IV) and Shree Singaji TPS was awarded with the approval of MD and BoD respectively.

Avoidable loss on excess coal mills rejects

2.2.24 Coal mills in TPSs are designed to reject tramp iron[41], pyrites[42] and other denser material during the process of coal grinding. These coal mill rejects are stacked in adjacent yards near the plants and are sold when accumulated. The Company had set upper limit of one *per cent* of coal handled for coal mill rejects.

The quantity of coal mill rejects in all TPSs was within norms except at Satpura TPS PH-III and IV. Satpura TPS PH-III had excess coal mill rejects of 0.13 LMT, valued at ₹ 3.36 crore, during 2014-17. Similarly, excess coal mill rejects in Satpura TPS PH-IV during 2014-15 was 0.40 LMT, valued at ₹ 10.38 crore. The reasons[43] for excess coal mill rejects were over loading of mill due to high fineness and high moisture, improper operation due to low air flow and low mill outlet temperature, delayed maintenance and non-replacement of worn out parts of coal mill, which were controllable by CE, TPS through proper operation and maintenance of coal mills. Audit further observed that the BoD did not monitor the status of coal mill rejects and the same is monitored by respective CE at TPS level.

The Department stated (October 2017/April 2018) that there is continuous reduction in coal mill rejects in old units and efforts are being made to further reduce the same by proper maintenance of mills, timely replacement of grinding elements and filtering out of foreign material and impurities etc. The Satpura TPS-IV was commissioned during 2013-14 and had teething problems during initial stage of operation.

The reply is not acceptable as the company failed to keep coal mill rejects in these units within limits fixed by it. More efforts are required to keep the coal mill rejects of Satpura TPS PH-III and PH-IV within norms by following best practices of other units.

Recommendation: **The Company should take effective steps to adhere to operational norms.**

Consumption of coal

2.2.25 As coal cost is a major component of cost of power generation, efficient and economic coal consumption is essential for any TPS. Madhya Pradesh Electricity Regulatory Commission (MPERC) had fixed plant specific norms for Gross Station Heat Rate (SHR)[44]. The higher SHR leads to higher coal consumption in production of power due to higher heat requirement. Audit noticed the followings, in respect of consumption of coal.

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[41] Stray metallic particles or objects such as staples, baling wire and nails etc.

[42] A shiny yellow mineral consisting of iron disulphide.

[43] As per operational manual of coal mill, reasons analysis done by company and also analysed by audit based on examination of records.

[44] Gross Station Heat Rate means the heat energy input in kCal required to generate one unit of electrical energy at generator terminals of a Thermal Power Generating station.

Excess coal consumption due to higher Station Heat Rate

2.2.26 As per MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations 2012 and 2015, the value of excess coal consumption due to higher SHR has to be absorbed by the Company and is not recoverable from electricity consumers. Audit observed that actual SHR was higher than the norms in all TPSs during 2014-17 except in Amarkantak TPS during 2015-17. Higher SHR resulted in excess consumption of 26.88 LMT of coal valued ₹ 866.12 crore during 2014-17.

There was excess consumption of 26.88 LMT of coal over the MPERC norms resulting in extra expenditure of ₹ 866.12 crore.

The reasons for higher SHR and consequent excess coal consumption as analysed by the Company were: inadequate maintenance and failure to ensure timely overhauling of the TPSs due to paucity of funds[45], partial loading of power plant, frequent forced shut downs, poor performance of coal mills, deviation from recommended technical parameters[46] viz., pressure, temperature, condenser vacuum, fuel and air ratio. The above factors could have been controlled by adequate and timely maintenance and overhauling of TPSs, optimum loading of the plant and by maintaining the recommended technical parameters. The BoD regularly monitor the status of SHR through status report submitted by the CE (FM) but reasons for higher SHR and corrective actions to be taken to bring down the SHR were not discussed in BoD meetings.

The Department stated (October 2017/April 2018) that the MPERC norms were becoming stringent year by year and ageing of units were not being given due consideration by MPERC. Further, poor quality of coal and frequent Reserve Shut Downs (RSD)[47] were the main reasons for higher SHR, which are beyond the control of the Company.

The reply is not acceptable as MPERC had fixed the norms after considering performance of similarly placed units, vintage of equipment, nature of operation and past performance. Moreover, the adequate repairs and maintenance of old units were not being carried out due to paucity of funds. Further, the quality of coal also deteriorated after receipt of coal at generating stations as there was substantial difference between GCV of coal received from coal companies and GCV of coal fired/used in generating stations due to improper stacking and reclaiming. The SHR was higher even before

[45] Short recovery of expenses through generation tariff due to non-achievement of operational norms i.e., SHR, fuel oil etc., and blockage of funds due to delay in payment of power purchase bills by Madhya Pradesh Power Management Company Limited were the reasons for paucity of funds. During 2014-17, the TPSs required average annual funds of ₹ 549 crore for repairs and maintenance, against which the BoD allocated ₹ 293 crore.

[46] Corporate Office issued (April 2014) guidelines for all TPSs stipulating various technical parameters for reduction of SHR.

[47] As per Merit Order Dispatch (MOD) system, scheduling for generation would be given to generating stations having least cost of generation and units with higher generation cost would then go for reserve shut down (RSD) i.e. withdrawn from power generation. MOD system was applicable to all the TPSs of the Company and the private power generators of the MP.

introduction of MOD system and the Company also not assessed separately the impact of reserve shut downs in higher SHR.

Recommendations: (i) The Company should take effective steps to adhere to operational norms in respect of SHR. (ii) The Department of Energy should hold regular review meetings with the Company and Madhya Pradesh Power Management Company Limited (MPPMCL) for ensuring timely payment of energy dues by MPPMCL to avoid funds shortage for essential activities of the Company.

Higher unburnt coal in ash

2.2.27 Non-maintenance of required coal fineness and air-fuel ratio in the furnace results in improper combustion of coal, which causes release of un-burnt coal particles in the ash. The design parameter of boiler prescribes the maximum limit of un-burnt coal particles in the ash.

Audit observed that, during the period 2014-17, unburnt coal content in ash was higher than the norms in all TPSs (except Amarkantak TPS and Satpura TPS PH-II and III), including the three newly set up PHs[48] resulting in wastage of 0.93 LMT of coal valued ₹ 31.54 crore. The Satpura TPS PH-IV had highest *per cent* of excess unburnt coal, which ranged from 1.13 *per cent* to 2.35 *per cent* of total ash generated during the period 2014-17.

The reasons[49] for higher unburnt coal in ash were, irregular coal particles size distribution in pulverized coal and poor combustion in furnace due to non-maintenance of required coal particle fineness and air fuel ratio. The unburnt coal losses can be minimised by regular O&M of coal mills and maintaining adequate air fuel ratio and coal particle fineness.

Further, the status of unburnt coal is monitored by respective CE of the TPS through chemical reports prepared by chemist of the TPS. However, the chemical report contained only actual percentage of unburnt coal in ash and no benchmark was mentioned. The reasons for higher unburnt coal in ash were also not discussed in the chemical report. Further, there was no adequate management information system (MIS) in place which reports such plant level operational issues to the BoD.

The Department stated (October 2017) that the main reasons for higher un-burnt coal in ash were running of units on partial load, frequent reserve shutdown, deferment of comprehensive R&M of old age units due to paucity of funds etc.

The reply is not acceptable as Sanjay Gandhi TPS PH-III, Shree Singaji TPS and Satpura TPS PH-IV were newly set up units in which unburnt coal in ash was higher than the norms during 2014-17. Further, the unburnt coal in ash was also higher than norms in 2014-15 i.e., before introduction of the MOD regime causing frequent reserve shut downs.

Recommendation: The Company should take effective steps to adhere to operational norms in respect of unburnt coal in ash.

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[48] Shree Singaji TPS PH-I (February 2014), Sanjay Gandhi TPS PH-III (June 2007) and Satpura TPS PH-IV (August 2013).

[49] Based on the technical parameters stipulated in operational manual and reasons analysis carried out by TPSs.

Ash management

2.2.28 After combustion of coal in the boiler of a TPS, ash is generated as waste. Around 20 *per cent* portion of the total ash is collected at the bottom of the furnace and pushed out into the ash pond in the form of slurry called bottom ash. The remaining portion of ash is collected in ash silos through electrostatic precipitator (ESP)[50] and the same is called fly ash. Audit noticed the following in respect of ash management.

Non-compliance of Government directions on environmental protection

2.2.29 Ministry of Environment, Forest and Climate Change (MoEFC), GoI had issued (September 1999) notification containing directives regarding utilisation of fly ash from coal based TPS, which was subsequently amended in November 2009.

- As per the directives, 100 *per cent* fly ash of TPS had to be utilised within five years from the date of notification. However, Audit observed that ash utilisation in Sanjay Gandhi TPS, Amarkantak TPS and Satpura TPS during the period 2014-17 was in the range of 40.67 to 78.41 *per cent* only. In respect of Shree Singaji TPS the target of 50, 70 and 90 *per cent* was fixed for the first, second and third year of operation whereas utilisation of ash was only one, three and 14 *per cent* respectively. The main reasons as observed by Audit for lower ash utilisation was its high transportation cost and low demand. Audit further observed that BoD did not monitor the ash utilisation of the TPSs except that of Satpura TPS.

- All the TPSs were required to prepare and submit action plans for ash disposal to the Central Pollution Control Board and concerned Regional Office of the MoEFC within a period of four month from the date of notification. However, after delay of 17 years and at the instance of Audit, the Company prepared action plan for all the four TPS in October 2017.

- Para 2(7) of the notification stipulated that Annual Report of the Company should contain an annual implementation report about the compliance of provisions of notification. However, Company has not complied with this.

The Department stated (October 2017/ April 2018) that in compliance to para 2 (7) of the notification, publishing of annual report would be done. Further cement and brick manufacturers near TPSs are using fly ash and the Company is pursuing other agencies to utilise ash in their activities.

Fact remained that the Government directions for proper ash management were not complied with.

Recommendation: **The Company should ensure strict compliance of environmental norms in respect of ash utilisation.**

[50] Electrostatic Precipitator is a filtration device that removes fine particles, like dust and smoke, from a flowing gas.

Consumption of fuel oil

2.2.30 Fuel oil is mainly used for start-up of the TPS and also for maintaining the required heat in case of low quality of coal. MPERC has prescribed norms for consumption of fuel oil for each Power House (PH) considering past performance, performance of similarly placed units, fuel, vintage of equipment and nature of operations.

There was excess consumption of 20,123 KL of fuel oil over the MPERC norms resulting in extra expenditure of ₹ 95.80 crore.

Audit observed that during the period 2014-17, TPSs of the Company (except Sanjay Gandhi TPS PH-III and Amarkantak TPS) consumed fuel oil of 20,123 KL valued at ₹ 95.80 crore in excess of the norms. The reasons for excess fuel consumption as analysed by the Company[51] were: higher consumption of oil on regular start-up, frequent shut down of plant, partial loading, coal flow interruption[52] and coal mill outages. These were caused by equipment outages due to inadequate maintenance and reserve shut down due to low demand for power.

As per CEA recommendation, fuel oil is to be used only to support TPS on start-ups, but TPSs had used fuel oil for other requirements[53] also. Excess consumption of fuel could have been reduced by managing adequate primary fuel supply, proper loading of power plant and regular maintenance and overhauling of the power plant. Adequate maintenance and overhaul was not done due to paucity of funds[54]. Further, due to MOD based sale of power, the company could not run its power plant regularly and at full capacity due to higher generation cost resulting in frequent shutdowns and consequent higher oil consumption. Audit observed that though the status reports of fuel oil consumption are regularly submitted by the CE (FM) to BoD, there was no discussion on reasons for higher oil consumption and corrective action to be taken. The Department stated (October 2017/April 2018) that MPERC reduced (2009-10) target of fuel oil consumption, even though the units were becoming older. It was further stated that frequent starting and stopping of units due to reserve shut down increased oil consumption.

The reply is not acceptable as MPERC fixed the norms after considering performance of similarly placed units, vintage of equipment and nature of operation. Further, the oil consumption was also higher than norms before introduction of MOD regime in September 2015 that caused frequent reserve shut downs.

Recommendation: **The Company should take effective steps to adhere to operational norms in respect of consumption of fuel oil.**

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[51] Reasons for excess oil consumption were analysed by respective SE (Operation) on daily basis at TPS level and CE (FM/ Generation) at Corporate Office

[52] During rainy season, coal becomes sticky and wet causing interruption in feeding of coal.

[53] Oil requirement due to coal flow interruption, outages of coal mills, shut downs of TPS and flame stabilisation

[54] During 2014-17, the requirement of funds for R&M sent by TPSs was drastically reduced due to paucity of funds and the company has been regularly availing working capital loan to meet his day to day obligations.

Conclusion

- Management information system was deficient and important issues were not reported to Board of Directors for remedial action.
- Failure of the Company to reduce contracted quality of coal for two closed units of Amarkantak Thermal Power Stations led to avoidable liability of ₹ 17.21 crore towards compensation for short lifting of 6.27 LMT of coal during the year 2016-17.
- The Company could not use 18.05 LMT coal of WCL in Shree Singaji TPS even when WCL mines were located nearer to Shree Singaji TPS than SECL mines due to failure in swapping of coal between TPSs resulting in avoidable expenditure of ₹ 80.10 crore.
- The Company had incurred liability to pay incentive on account of excess supply of coal in one agreement and penalty on account of short lifting of coal in another agreement to WCL due to failure in judiciously rearranging the supply of coal among the agreements resulted in avoidable loss of ₹ 50.96 crore.
- The Company short lifted 12.68 LMT of indigenous coal although 1.76 LMT of imported coal at higher cost was procured during May 2015 to June 2016 resulting extra expenditure of ₹ 51.24 crore.
- The Company failed to maintain a centralised e-payment account with the Banks for payment of freight charges to Railways which resulted in excess payment of ₹ 45.15 crore during the period 2014-17. Consequently, the Company suffered loss of interest of ₹ 6.30 crore on the blocked up funds.
- The Company failed to unload the coal rakes within the prescribed time limit which resulted in avoidable payment of demurrage charges of ₹ 21.35 crore to Railways during 2014-17.
- The actual station heat rate (SHR) was higher than the norms prescribed by Madhya Pradesh Electricity Regulatory Commission in all Thermal Power Stations during 2014-17 except Amarkantak TPS for the year 2015-17. Higher SHR resulted in excess consumption of 26.88 LMT of coal valued ₹ 866.12 crore during 2014-17.
- TPSs of the Company consumed excess fuel oil of 20,123 Kilo litre than the prescribed norms resulting in extra expenditure of ₹ 95.80 crore.

CHAPTER - 3

Chapter-3

3. Compliance Audit Observations

This chapter includes 11 Paragraphs based on test check of transactions of State Government Companies.

Government Companies

3.1 Non-compliance of statutory provisions on corporate social responsibility (CSR) by State Public Sector Undertakings

Public Sector Undertakings of Madhya Pradesh failed to spend ₹ 6.13 crore out of ₹ 9.33 crore as required under the Corporate Social Responsibility commitment.

The Companies Act, 2013 (Act) prescribes the qualifying criteria for companies required to undertake Corporate Social Responsibility (CSR) activities and the activities to be undertaken under CSR. The Act is implemented through the Companies (Corporate Social Responsibility Policy) Rules, 2014 (Rules).

The Act and Rules are effective from the year 2014-15 and are applicable to companies with annual turnover of ₹ 1,000 crore or more or net worth of ₹ 500 crore or more or net profit of ₹ 5 crore or more during any financial year. These companies are required to spend at least two *per cent* of the average net profit made during the three immediately preceding financial years on CSR activities. The Board of Directors of Companies failing to spend such amount, shall specify the reasons for not spending the amount in their Annual Report.

Audit evaluated the applicability of the CSR provisions of the Act and Rules in State Public Sector Undertakings (PSUs) of Madhya Pradesh for the financial years 2014-15 and 2015-16, and it was observed that 16[1] out of 52 working PSUs came under the purview of CSR provisions. While two[2] PSUs made full compliance of CSR provisions, compliance made by two[3] PSUs could not be examined as their accounts were in arrears. The position of the remaining 12 State PSUs are detailed in table nos. 3.1 and 3.2 below: -

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[1] Madhya Pradesh State Mining Development Corporation Ltd. (MPSMDC), Madhya Pradesh Road Development Corporation Ltd. (MPRDC), Madhya Pradesh State Electronic Development Corporation Ltd. (MPSEDC), Madhya Pradesh Rajya Van Vikas Nigam Ltd. (MPRVVN), Madhya Pradesh Audhyogik Kendra Vikas Nigam (Bhopal) Ltd. (MPAKVN), Madhya Pradesh State Agro Industries development Corporation Ltd (MPAgro), Madhya Pradesh Power Transmission Company Ltd. (MPPTCL), Madhya Pradesh Poorv Kshetra Vidhyut Vitran Company Ltd (MPPoorvKVVC),Madhya Pradesh Paschim Kshetra Vidhyut Vitran Company Ltd (MPPashchimKVVC),Madhya Pradesh Madhya Kshetra Vidhyut Vitran Company Ltd (MPMadhyaKVVC), Madhya Pradesh Power Generating Company Ltd (MP Genco), Madhya Pradesh State Civil Supplies Corporation Ltd (MPSCSC), Madhya Pradesh Police Housing Corporation Ltd (MPPHC).

[2] Madhya Pradesh Power Generating Company Ltd and Madhya Pradesh Power Management Company Limited

[3] Madhya Pradesh State Industrial Development Ltd (MPSIDC) and Madhya Pradesh Laghu Udyog Nigam Ltd (MPLUN): accounts for the years 2014-15 and 2015-16 were not finalised upto March 2017.

Table No. 3.1

(₹ in crore)

Sl. No.	Nature of Deficiency/ non-compliance	Provision of Act/ Rules	Name of PSU	Year during which non-compliance occurred	Year wise amount required to be spent on CSR	Year wise shortfall in expenditure
1.	Shortfall in expenditure on CSR activities - ₹ 6.13 crore	Sec. 135(5) of the Companies Act	1.1 MPRDC	2014-15	0.59	0.59
				2015-16	0.82	0.82
			1.2 MPSCSC	2014-15	0.05	0.05
			1.3 MPAKVN, Bhopal	2015-16	0.17	0.17
			1.4 MPPTCL	2015-16	0.06	0.01
			1.5 MPSMDC	2014-15	1.15	0.64
				2015-16	1.57	1.36
			1.6 MPRVVN	2014-15	1.13	0.30
				2015-16	1.35	Nil
			1.7 MP Agro	2014-15	0.92	0.92
				2015-16	0.93	0.68
			1.8 MPPHC	2014-15	0.14	0.14
				2015-16	0.23	0.23
			1.9 MPSEDC	2014-15	0.07	0.07
				2015-16	0.15	0.15
		Total			**9.33**	**6.13**

Table No. 3.2

Sl. No.	Nature of Deficiency/non-compliance	Provision of Act/ Rules	Name of PSU	Year from which violation occurred
1.	Non-formulation of CSR Policy	Sec. 135(3) of the Companies Act	2.1 MPPoorvKVVC	2014-15
			2.2 MPPashchimKVVC	2014-15
			2.3 MPMadhyaKVVC	2014-15
			2.4 MPPHC	2014-15
2.	Failure to specify the monitoring mechanism in CSR Policy	Rule 6(1) (b) of CSR Rules	3.1 MPRDC	2014-15
			3.2 MP Agro	2014-15
3.	Non-obtaining of utilisation certificates and progress reports[4] - ₹ 1.53 crore	Rule 4(2) (ii) of CSR Rules	4.1 MPRVVN	2014-15 (₹ 0.09 crore)
				2015-16 (₹ 0.69 crore)
			4.2 MPAgro	2015-16 (₹ 0.25 crore)
			4.3 MPPTCL	2015-16 (₹ 0.05 crore)
			4.4 MPRDC	2014-16 (₹ 0.26 crore)

Regarding shortfall in expenditure under CSR, eight out of the nine companies mentioned under S. No. 1.1 to 1.8, accepted the audit observation and replied that the amount of shortfall has been either spent or will be spent in the subsequent financial years. The reply is not acceptable as the Board of Directors (BoD) of the non-compliant companies failed to specify the reasons for not spending the mandated amount on CSR activities as required under Section 135 (5) of the Act.

Further, MPSEDC (Sl. No 1.9) replied that it was not required to spend any amount in the year 2014-15 as net profit calculated as per Section 198 was lower

[4] The Company has to specify the modalities of utilisation of funds on project to be undertaken.

than ₹ 5.00 crore. The reply is not acceptable as net profit of MPSEDC during 2013-14 (₹ 5.91 crore) and 2014-15 (₹ 12.86 crore) was more than ₹ 5.00 crore. Hence, as per Section 135 of the Act, CSR provisions became applicable to MPSEDC from 2014-15 and accordingly it was required to spend two *per cent* of profit (calculated under section 198) in every subsequent financial year.

Hence, non-formulation of CSR policy as well as shortfall in incurring the expenditure for the CSR activities by the Board of Directors of the PSUs led to deprival of the envisaged benefits of CSR policy**.**

Madhya Pradesh Road Development Corporation Limited

3.2 Non-recovery of dues from the concessionaire

Viability gap funding grant of ₹ 14.98 crore was released to the concessionaire in violation of Concession Agreement. Besides, the Company did not recover independent engineers fees of ₹ 2.57 crore.

Madhya Pradesh Road Development Corporation Limited (Company) executes Concession Agreements (CA) with concessionaires for development of National Highways and State Highways on Public Private Partnership (PPP) mode based on the guidelines issued (May 2006) by Government of Madhya Pradesh.

Government of India (GoI) notified (January 2006) a scheme for financial support to PPP infrastructure projects proposed by the Central Ministries, State Government and statutory authorities, who own the underlying assets. Under the scheme, viability gap funding (VGF) was to be provided as a Capital Grant[5] to support PPP infrastructure projects with the objective of making the project commercially viable.

The Company executed (September 2011) a CA with M/s MBL Highway Development Company Limited (Concessionaire) for development of Seoni-Katangi road on Design, Build, Finance, Operate and Transfer (DBFOT) basis, for completion by 20 February 2014. The project cost of ₹ 211.60 crore was to be funded through concessionaire's equity (₹ 51.10 crore), VGF grant (₹ 30.50 crore) and loans from financial institutions (₹ 130 crore). VGF grant was payable to the concessionaire after he infused his total equity, and was to be disbursed proportionately along with the loan funds. Clause 23.3 of the CA provided that half of the fees of Independent Engineer (IE) paid by the Company shall be reimbursed by the concessionaire. As per Clause 25.2.4 of the CA, in the event of occurrence of default by the concessionaire in achievement of project milestones as per CA or payment of dues of the Company, disbursement of VGF shall be suspended till such default has been cured by the concessionaire.

As the concessionaire did not start the work and also failed to pay the dues towards IE fees, the Company issued (March 2013) termination notice to the

[5] One-time or deferred grant equivalent to the lowest bid for capital subsidy, subject to a maximum of 20 *per cent* of the total project cost.

concessionaire under Clause 37.1.2[6] of the CA. However, considering the assurance (March 2013) of the concessionaire to start the work, the Company did not terminate the CA. Subsequently, due to continued failure of the concessionaire to achieve project milestones[7] and non-payment of dues towards IE fees (₹ 2.57 crore) by the concessionaire, the Company issued (August 2016) another termination notice and finally terminated (November 2016) the CA. The Company awarded (February 2017) the balance work to another contractor on Engineering, Procurement and Construction[8] (EPC) mode at ₹ 92.50 crore, fully funded by Government of Madhya Pradesh (GoMP). The reasons for switching over to EPC mode were not on record.

Audit observed (May 2017) that, upto 31 March 2016, the concessionaire had infused entire amount of equity (₹ 51.10 crore) in the project and had requested (May 2016) the Company to release first instalment of VGF under the VGF scheme. Inspite of continued default in achieving project milestones[9] and non-payment of IE fees dues by the concessionaire, the Managing Director (MD) of the Company recommended (May 2016) to GoI for release of VGF of ₹ 14.98 crore stating that the concessionaire has infused his total equity and 49.11 *per cent*[10] loan amount in the project. Accordingly, VGF of ₹ 14.98 crore was released (June 2016) by GoI directly to the Escrow account of the concessionaire.

The release of VGF was in violation of Clause 25.2.4 of the CA as the concessionaire had defaulted in achieving project milestones and payment of dues of the Company. The dues from the concessionaire towards IE fees (₹ 2.57 crore) had been written off (March 2017) by the Company. Further, as the Company re-arranged the balance work on EPC mode instead of PPP mode, the purpose of VGF scheme to promote private investment through PPP projects was defeated and GoMP funds (₹ 92.50 crore) are being utilised now to complete the balance work under EPC mode.

The Company replied (October 2017) that the VGF was released as per the provisions of the CA. It was further replied that cost of work executed (₹ 67.09 crore) by the concessionaire was more than the amount of VGF and outstanding IE fees.

The reply is not acceptable as GoI released VGF due to the wrong recommendation made by the Company. The reply that the cost of work executed by the concessionaire was more than the amount of VGF and IE fees, is not relevant, as the work was re-arranged on EPC mode at a cost of ₹ 92.50 crore to be borne by GoMP. Besides, the Company suffered loss of ₹ 2.57 crore towards IE fees as the same could not be adjusted from the value of the work.

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[6] As per Clause 37.1.2, the Company was entitled to issue termination notice to the concessionaire for his default after informing him by way of notice and granting him 15 days' time to make a representation.

[7] As against the 100 *per cent* work scheduled to be completed by 20 February 2014, the concessionaire completed only 55.39 *per cent* work upto 31 August 2016.

[8] Contracting arrangement for executing a project wherein the contractor is responsible for all the activities from design, procurement, construction to commissioning and handover of the project to the Company.

[9] As against the 100 *per cent* work scheduled to be completed by 20 February 2014, the concessionaire completed only 51 *per cent* work upto 30 April 2016.

[10] ₹ 63.834 crore out of total loan amount of ₹ 130.00 crore.

The matter was reported to the Public Works Department in August 2017; their reply is still awaited (March 2018).

3.3 Unauthorised retention of government funds and extra payment of income tax

Incorrect accounting of incidental project income as own income resulted in unauthorised retention of government funds of ₹ 14.49 crore and consequent avoidable payment of ₹ 3.09 crore as income tax.

Madhya Pradesh Road Development Corporation (Company) implements National highways, State highways and major District road projects on behalf of Government of Madhya Pradesh (GoMP) and Government of India (GoI) for which the Company receives supervision charges and funds from the concerned governments.

The Company filed (October 2016) income tax return for the Assessment Year 2016-17 (previous year 2015-16) wherein income tax of ₹ 10.96 crore was shown payable on Book profit of ₹ 51.37 crore. Audit noted that the Company's claim of Book profit included ₹ 14.49 crore being the incidental income from license fees, land use, road cutting charges[11] (₹ 3.73 crore), income from damages for delay in completion of State highway and major District road projects (₹ 9.69 crore) and interest[12] on deposits (₹ 1.07 crore).

Audit observed that all the expenses related to road projects executed by the Company are funded by Government. Hence, all 'project incidental income' should also have either been deducted from the project cost or returned to the Government. Hence, the incorrect accounting of above incidental income as own income by the Company resulted not only in unauthorised retention of Government funds but also in inflating its profits by ₹ 14.49 crore and consequent extra payment of income tax of ₹ 3.09 crore.

The Public Works Department (PWD) replied (November 2017) that since the process of site verification is expenditure bearing process and damages are exceptional items, charges collected towards license fee, land use, road cutting charges and damages has been recognised as Company's own income. The reply is not acceptable as the Company is charging all expenditure related to road works to Government account. Further, the Company, at the instance of audit, changed its accounting treatment from the financial year 2016-17 and all receipts towards license fee, land use, road cutting charges and damages for delay are now being accounted by the Company as liability payable to Government. This change in accounting treatment confirms that the Company had been following the wrong accounting method in previous years.

[11] License fee, land use and road cutting charges are collected by the Company from concerned applicants for laying of optical fibre cables, pipelines, sign boards along the road. Expenditure, if any, in rectifying the road cutting is charged to the road maintenance account, which is funded by the Government.

[12] The interest earned on unutilised GoMP funds is credited by the Company to GoMP funds account. However, the interest earned on project incidental income from license fee, land use, road cutting charges and income from damages (₹ 13.42 crore), which were accounted as own income, was not credited to GoMP funds account.

3.4 Loss due to delay in termination of concession agreement

Company revoked termination notice issued to the concessionaire for slow progress of work and delayed the termination of Concession Agreement resulting in non-recovery of dues of ₹ 1.44 crore.

Madhya Pradesh Road Development Corporation Limited (Company) executed[13] (May 2012) a Concession Agreement (CA) with M/s Topworth Tollways (Bela) Pvt. Ltd, Mumbai[14] (Concessionaire) for construction, operation and maintenance of Satna-Bela section of National Highway-75 (48.04 Kms) at a total project cost of ₹ 321 crore[15] on Design, Build, Finance, Operate and Transfer (DBFOT) basis. The concessionaire was required to submit Performance Security of ₹ 16.05 crore (Clause 9.1) and achieve Financial Closure[16] upto 05 November 2012 (Clause 24.1.1). The project was to be completed within 730 days from the appointed date[17] (13 August 2013).

As per the CA, the concessionaire was required to reimburse half of the fees of Independent Engineer (IE) to the Company within 15 days of receiving IE Fees Expenditure Statement (Clause 23.3). Further, the CA also provided for payment of damages for delay in submission of Performance Security[18] and for delay in achieving Financial Closure[19] by the concessionaire beyond 05 November 2012 (Clause 4.3 and 24.1.1).

The concessionaire submitted (01 August 2013) the Performance Security with a delay of 269 days and achieved (25 July 2013) Financial Closure after a delay of 262 days. Hence, an amount of ₹ 3.21 crore towards damages for delay in submission of Performance Security and ₹ 6.49 crore being penalty for delay in achieving Financial Closure was recoverable from the concessionaire, which the Company failed to recover.

However, the progress of the work was very slow and the concessionaire stopped the work completely in November 2014 after completing 26 *per cent* of the work citing financial crisis[20]. As the concessionaire did not restart the work, the Company issued (May 2015) termination notice after obtaining permission from Ministry of Road Transport and Highways (MoRTH). MoRTH while according permission, instructed (May 2015) the Company to get the road

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13 Company executes the works on the entrusted authority of Ministry of Road Transport and Highways (MoRTH), Government of India (GoI).

14 Selected through competitive bidding after technical and financial evaluation.

15 Estimated Project Cost was revised by the concessionaire to ₹ 483.03 crore, which was to be funded through concessionaire’s equity (₹ 135.32 crore), grant and VGF (₹ 31.97 crore) and loans from financial institutions (₹ 315.74 crore).

16 Financial closure means fulfilment of all conditions precedent to the initial availability of funds under the Financing Agreements.

17 The date on which financial closure is achieved or an earlier date that the parties may by mutual consent determine and shall be deemed to be the date of commencement of the Concession Period. Concessionaire achieved the Financial Closure on 25 July 2013 with delay of 262 days. Accordingly, the Company declared appointed date as 13 August 2013.

18 At the rate of 0.20 *per cent* for each day of delay subject to maximum of 20 *per cent* of Performance Security (Clause 4.3)

19 At the rate of 0.10 *per cent* of Performance Security for delay upto 120 days and at 0.20 *per cent* for delay for a further period upto 200 days (Clause 24.1.1)

20 Out of total project cost of ₹ 321 crore, the concessionaire had infused only ₹ 83.01 crore (25.86 *per cent*) in the project as against the target of ₹ 112.35 crore (35 *per cent*).

maintenance work done from another contractor and meet the expenditure by encashing the Performance Security of the concessionaire. In the meantime, the concessionaire resumed the work and assured (May 2015) to infuse equity in the project and complete the work by October 2016. Subsequently, after various meetings with the concessionaire, the MD of the Company approved (May 2016) revocation of the termination notice, ignoring his poor performance and instructions of MoRTH. At this stage also the progress of work was 35 *per cent* only as against the target of 100 *per* cent. However, the concessionaire could not fulfil his commitment and again stopped the work in August 2016 after completing 36 *per cent* work.

Hence, the Company finally terminated (May 2017) the CA after obtaining permission from MoRTH. An amount of ₹ 17.49 crore (₹ 9.70 crore[21] towards damages for various defaults, ₹ 5.50 crore towards maintenance work done by the Company and ₹ 2.29 crore[22] towards outstanding IE fees) was recoverable from the concessionaire at the time of termination. Accordingly, Performance Security of ₹ 16.05 crore was encashed (January 2017) leaving ₹ 1.44 Crore unrecovered.

Audit observed (May 2017) that at the time of issue of first notice of termination in May 2015, the Company was aware of inability of the concessionaire to revive the stopped work. At that time, total dues from the concessionaire were ₹ 15.18 crore[23] only and the Performance Security amount was sufficient to recover these dues. Thus, the delay in final termination of CA resulted in avoidable loss of ₹ 1.44 crore by way of short recovery of dues from the concessionaire.

The Company replied (December 2017) that the termination notice was revoked based on assurance by the lender for completion of the project. However, in the absence of substantial progress by the concessionaire, CA was finally terminated (May 2017) after obtaining permission of MoRTH.

The reply is not acceptable as the Company had itself intimated (March 2015) MoRTH about inability of the concessionaire to revive the stopped work. MoRTH also granted (May 2015) permission to issue termination notice to the concessionaire and encash his performance security. Inspite of this, MD approved (May 2016) revocation of termination notice and delayed the termination of the CA for two years though the progress achieved during this period was only ten *per cent*.

The matter was reported to the Public Works Department in July 2017; their reply is still awaited (March 2018).

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[21] ₹ 3.21 crore for damages for delay in submission of Performance Security and ₹ 6.49 crore for damages for delay in achieving Financial Closure.

[22] The Company sent (February 2015 to March 2017) statements of expenditure towards IE fees to the concessionaire, however no amount was reimbursed by him.

[23] ₹ 3.21 crore for damages for delay in submission of Performance Security; ₹ 6.49 crore for damages for delay in achieving Financial Closure; non-recovery of ₹ 0.65 crore towards Independent Engineer's fees and ₹ 4.84 Crore incurred for carrying out the maintenance work of project by the Company.

3.5 Non-recovery of independent engineers (IE) fees and interest thereon from the concessionaires

The Company failed to recover Independent Engineers fees of ₹ 8.39 crore and levy interest of ₹ 4.01 crore on delayed payment by the concessionaires.

Madhya Pradesh Road Development Corporation Limited (Company) executes Concession Agreements (CA) with concessionaires for executing development projects of National Highways and State Highways on Public Private Partnership (PPP) basis.

The Company appoints Independent Engineers (IE) for supervision and quality control of these works. As per Clause 23.3 of the CA, the remuneration, cost and expenses of the IE (IE fees) are initially payable fully by the Company including the share of the concessionaire and the same is subsequently reimbursed by the concessionaire as per the due dates[24]. As per Clause 47.5 of CA, interest[25] was to be levied for delayed payments by the concessionaire. General Manager (Finance), being head of Finance wing of the Company, was responsible for ensuring timely realisation of IE fees from the concessionaire.

As at the end of the March 2017, an amount of ₹ 25.27 crore was pending as recoverable towards IE fees from the concessionaires of 26 projects[26]. Out of these, on a test check of 12 projects (augmentation of nine State Highways, two National Highways and one State Bypass Road) completed during the period 2015-17, Audit observed (August 2017) the following:

- General Manager (Finance) of the Company did not take initiative to claim IE fees of ₹ 23.53 crore from the above 12 concessionaires in time. The delay in claiming IE fees ranged upto 520 days, which ultimately resulted in delay in realisation of claims from the concessionaires and consequent interest loss of ₹ 81.93 lakh.

- In the above cases, IE fees of ₹ 15.15 crore (out of ₹ 23.53 crore) was recovered from the concessionaires with delay ranging from 21 days to 1,865 days from the date of claim. Further, in respect of eight projects where construction has been completed, General Manager (Finance) failed to recover IE fees of ₹ 8.39 crore ***(Annexure-3.1)*** from the concessionaire. The reasons for delayed/ non recovery of dues were lack of regular pursuance, release of Performance Security of the concessionaires by General Manager (Finance) with the approval of MD without adjusting outstanding IE fees

[24] In respect of Build–Operate–Transfer (Toll + Annuity) mode, full IE Fees is to be recovered in four six monthly instalments, starting from appointed date. In respect of Build–Operate–Transfer (Toll) mode, half of IE Fees is to be recovered within 15 days of receiving a statement of expenditure from the Company.

[25] At the rate equal to 5 *per cent* above the Bank Rate.

[26] Road projects connecting Deharda–Ishagarh, Ujain-Simhastha, Betul-Sarni-Parasia, Lakhnadone- Ghasore, Jahabua-Jobal – Kukshi, Khandwa- Dehatalai, Rewa- MP- UP Border, Biora-MP-Rajashan Border Road, Damoh-Katni, Ratlam-Sailana, Guna-Aron-Sironj, Gormi-Udotgarh, Bhopal Bypass, Bina-Kurwai-Sironj, Guna-Ashoknagar- Ishagarh, Rau- Mhow- Mandleshwar, Bametha-Panna-Satna, Sidhi-Singrauli, Waraseoni-Lalbarra, Mhow- Ghatabillod, Badnawar- Thandla, Budni- Rehti, Badwah-Dhamnod, Thandla-Limdi, Patan-Tendukeda-Rehli and Hata-Patehur Road.

based on concessionaire's assurance to pay in future and low priority provided in the escrow agreement to recovery of Company's dues by appropriation of funds from Escrow Account.

- Audit further observed that, in respect of delayed recovery/ non-recovery of the IE fees from the concessionaires, General Manager (Finance) did not recover interest amount of ₹ 4.01 crore from the concessionaires ***(Annexure-3.1)*** due to erroneous interpretation of Clause 47.5 of the CA.

Thus, due to failure of General Manager (Finance) in timely raising IE fees claims, realisation of IE Fees from the concessionaire and recovery of interest on delayed realisation of IE Fees, the Company extended undue benefit to concessionaires and suffered loss of ₹ 12.40 crore[27].

The Public Works Department replied (November 2017) that the matter for recovery of IE fees is taken up with the Escrow Bank. In respect of recovery of interest, it was stated that there was no specific provision in the CA to charge interest on IE fee.

The reply is not acceptable as IE fees in respect of above cases has not been recovered by the Company either from the concessionaire or Escrow Account so far (November 2017). Further, Clause 47.5 of CA was very specific about levy of interest on all delayed payments by the concessionaires.

Madhya Pradesh Power Management Company Limited

3.6 Extension of undue benefit to supplier

Procurement of costly power deviating from the approved methodology resulted in extra expenditure of ₹ 27.66 crore and extension of undue benefit to that extent to Torrent Power Limited (TPL).

The Madhya Pradesh Power Management Company Limited (Company) has executed power purchase agreements with various power suppliers[28] for purchase of specified minimum quantity of power. In view of the availability of adequate power from various long term/ medium term sources[29] as compared to the demand, the Board of Directors (BoD) of the Company decided (April 2014) to procure power as per the merit order despatch (MOD) methodology, which facilitates procurement of power in the most commercially prudent manner. As per the MOD methodology adopted by the Company, the cost of power from all long term and medium term sources in state periphery of Madhya Pradesh is worked out, excluding charges of fixed nature.

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[27] IE fees of ₹ 8.39 crore + Interest on delayed payment ₹ 4.01 crore.

[28] National Thermal Power Corporation, Damodar Valley Corporation, Independent Power Producers (Torrent Power Limited, BLA Power, JP Bina, Lanco-Amarkantak, M.B. Power, Essar Power etc), Sasan Power Project and power plants of Madhya Pradesh Power Generating Company Limited.

[29] 'Medium term Power Purchase Agreement' means a Power Purchase Agreement for duration equal to or more than one year and less than seven years and 'Long term Power Purchase Agreement' means a Power Purchase Agreement for a minimum period of seven years.

Accordingly, MOD list is prepared in descending order of price[30] every month. Unless there are reasons to the contrary, the Company should not procure power from a source which is higher in the MOD list (i.e., the suppler who is offering costlier power) when power is available from another source lower in the MOD list (i.e., the supplier who is offering cheaper power).

Audit observed that, Chief General Manager- Commercial (CGM-C) decided and accordingly purchased (April 2015 to July 2015) 70.76 Million Units (MUs) electricity valued at ₹ 74.57 crore (including fixed charges of ₹ 30.00 crore) from M/s Torrent Power Limited (TPL) at higher rates[31] despite the availability of cheaper power[32] from National Thermal Power Corporation Limited (NTPC). CGM-C neither obtained approval from BoD nor recorded any justification for deviating from the Board's decision of procuring power in the most commercially prudent manner. This has resulted in extra expenditure of ₹ 27.66 crore[33] after considering fixed charges payable to TPL for not purchasing contracted power from TPL.

The Energy Department stated (November 2017) that power was procured to avoid the financial liability of Take or Pay (TOP)[34] charges, over and above the fixed charges, to be paid to TPL. The reply is not acceptable in view of the fact that the Company had not assessed the impact of TOP liability at the time of deciding to procure power from TPL. Moreover, even if the Company has to pay TOP charges, the same would be compensated in subsequent period by way of make-up gas[35] and thus TOP charges are not a confirmed liability.

The Energy Department further replied that the excess cost involved in the purchase would eventually be recouped through tariff revision and hence, there is no loss to the Company. This is not justifiable as procuring costlier power is against the declared policy of the Company and passing on the excess purchase cost to consumers is against public interest.

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[30] Includes variable cost of energy, Central Transmission Utility (CTU) losses, taxes and duties to transport the power from generating station to MP periphery

[31] April 2015- 21.36 MUs at ₹ 10.51 per unit, May 2015-21.48 MUs at ₹ 9.62 per unit, June 2015-20.16 MUs at ₹ 9.60 per unit and July 2015-7.76 MUs at ₹ 15.60 per unit.

[32] April 2015- ₹ 2.54 per unit, May 2015- ₹ 2.38 per unit, June 2015- ₹ 2.25 per unit and July 2015- ₹ 2.37 per unit.

[33] Amount paid to TPL for purchase of 70.76 million units electricity during April to July 2015: ₹ 74.57 crore -(amount to be paid if purchased from NTPC: ₹ 16.91 crore + fixed cost payable to TPL: ₹ 30 crore)

[34] As per Clause 14.1 of Gas Supply Agreement of TPL, TOP liability is the amount to be paid by TPL to the gas supplier for the quantity of fuel not used/ lifted by TPL as per agreement (at least 90 *per cent* of the Annual Average Contracted Quantity), which shall be passed on to the Company by TPL as per the terms of power purchase agreement.

[35] As per Clause 6.3 of the Gas Supply Agreement of TPL, the fuel already paid for (purchased) by the consumer but not consumed is credited and can be adjusted in subsequent purchases during tenure of the Contract (upto 31 March 2028), which is known as make-up gas.

Madhya Pradesh Power Generating Company Limited

3.7 Avoidable payment of penal water charges

Delay in execution of agreement with Water Resources Department, Government of Madhya Pradesh resulted in avoidable payment of penal water charges of ₹ 6.70 crore.

As per Madhya Pradesh Irrigation Rules, 1974, water may be supplied with prior permission of the State Government for any industrial purpose to private/ Government organisations at specified rates and an agreement shall be executed for use of water. Further, water charges would be payable at the rate of 1.5 times of the normal rate in case of drawing of water in excess of agreed quantities and for any other unauthorised drawing of water.

Two newly constructed plants[36] of Shree Singaji Thermal Power Station (SSTPS) of the Madhya Pradesh Power Generating Company Limited (MPPGCL), had achieved the Commercial Operation Date (COD) in February 2014 and December 2014, respectively. Prior to COD, SSTPS consumed[37] 3.89 lakh cum of water from Indira Sagar Reservoir[38] during its trial run stage (April 2013 to February 2014).

Water Resource Department (WRD) as well as Energy Department had directed (July 2013) MPPGCL to execute separate water supply agreements for each power station by August 2013. In compliance to the direction, MPPGCL executed (December 2013) agreements for all power stations except SSTPS. Reason for not signing agreement for SSTPS in December 2013 was delay in depositing water allocation fees and security deposit[39] by Project Generation wing of MPPGCL.

Audit observed (January 2017) that though SSTPS had started water consumption from April 2013, WRD agreed (January 2015) to consider the COD of Unit-I (February 2014) as actual water drawing date for computing water charges and charged only the normal rate of ₹ 5.50 per cum for the actual consumption of water during April 2013 to February 2014. However, the agreement for allocated quantity of water was executed (February 2015) by SSTPS after a delay of 12 months from the date of COD of Unit-I. The delay was due to lack of initiative on the part of officials of Operation and Maintenance (Hydel) wing in making timely payment of outstanding water charges for the period from April 2013 and in filling up CODs of upcoming units[40] in agreement proforma as the WRD insisted for single agreement for all the units of SSTPS.

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[36] Unit-1 and Unit-2 with capacity of 600 Mega Watt each.

[37] Based on water allocation by WRD (May 2012), MPPGCL used 3.89 lakh cum of water during trial run i.e. from April 2013 to January 2014.

[38] Under the control of Water Resources Department (WRD), Government of Madhya Pradesh (GoMP).

[39] The Company was required to deposit water allocation fees and security deposit of ₹ 10.40 crore on account of revised water allocation by WRD.

[40] Unit-3 and Unit-4 with capacity of 660 Mega Watt each were under construction with scheduled COD as March 2018 and July 2018, respectively.

In the absence of the agreement, WRD treated the drawing of water[41] during February 2014 to January 2015 as unauthorised and raised (December 2015) demand of ₹ 31.45 crore, which included ₹ 6.70 crore towards penal charges (at the rate of ₹ 8.25 per cum as against normal rate of ₹ 5.50 per cum) and MPPGCL paid the same in August 2016.

Thus, delay on the part of MPPGCL in executing the Water Drawing Agreement has led to avoidable payment of penal charges amounting to ₹ 6.70 crore.

Energy Department stated (February 2018) that delay in execution of agreement was due to procedural constraints such as collection of commissioning dates for Unit-3 and 4 which were required to be filled up in agreement proforma, vetting of draft agreement and authorisation of officer for signing of the agreement and other formalities involved in execution of agreement. MPPGCL also claimed that matter relating to waiver of penal charges was still under correspondence with WRD.

The reply is not acceptable as delay in executing agreement was due to delay on the part of MPPGCL in depositing water allocation fees and security deposit, paying of outstanding water charges and failure to initiate action for executing agreement before using water. Further, the scheduled commissioning dates of Unit-3 and 4 were readily available with the Company, hence delay on this account was not justified. Moreover, the request of MPPGCL for waiver of levy of penal charges had been turned down by WRD in May 2016 and MPPGCL had already made entire payment.

3.8 Avoidable expenditure on water charges

Failure of the Company to get the contracted quantity of water reduced consequent to decommissioning of two power plant units resulted in avoidable expenditure of ₹ 1.66 crore.

The Amarkantak Thermal Power Station, Chachai (ATPS) with capacity of 450 Megawatt (MW)[42] was owned and operated by Madhya Pradesh Power Generating Company Limited, Jabalpur (MPPGCL).

Central Electricity Authority (CEA)[43] had recommended (January 2012) norm of 43,200 cubic metre (cum) of water per day for a thermal power station of 450 MW. However, MD, without considering the recommendations of CEA, executed (December 2013) a water supply agreement with Madhya Pradesh Water Resource Department (MPWRD) for supply of 61,167 cum of water per day (Contracted Quantity) for ATPS. The reasons for executing water supply agreement of higher quantity by 17,967 cum per day was not on record.

The agreement was subject to the provisions of Madhya Pradesh Irrigation Act, 1931 and Madhya Pradesh Irrigation Rules, 1974[44] and was valid for a period

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41 54,22,817 cum

42 Unit-1 (120 MW), Unit-2 (120 MW) and Unit-3 (210 MW).

43 CEA is the apex body (under section 73 of The Electricity Act 2003) to advice Central Government, State Governments and regulatory commissions on all technical matters relating to generation, transmission and distribution of electricity.

44 GoMP made Madhya Pradesh Irrigation Rules, 1974 in exercise of the powers conferred by Madhya Pradesh Irrigation Act, 1931.

of 30 years from the date of agreement. Water charge bills are raised by MPWRD on monthly basis as per the actual consumption, subject to a minimum of 90 *per cent* of the contracted quantity. As per Section 85 of the Madhya Pradesh Irrigation Rules, 1974, an agreement may be modified or cancelled with the mutual consent of MPWRD and MPPGCL.

Audit observed (March 2017) that out of three units of ATPS, two units (Unit-2 and Unit-1) retired in May 2014 and January 2015, respectively and the same was approved[45] by CEA in March 2016. As a result of decommissioning, total capacity of ATPS was reduced by 53 *per cent*[46] and one unit (210 MW) alone was in operation. Accordingly, water requirement was also reduced. However, citing water requirement for upcoming unit (of 660 MW, scheduled to be commissioned in 2024-25), the contracted quantity as per the water supply agreement was not reduced correspondingly (December 2017).

Thus, MD, MPPGCL executed agreement for higher quantity of water than the norms prescribed by CEA without recording any reason. Further, MPPGCL failed to reduce the contracted quantity of water proportionately even after approval of CEA for decommissioning of two power plant units in March 2016. As a result, MPPGCL incurred an avoidable expenditure of ₹ 1.66 crore[47] for the period April 2016 to March 2017.

The Energy Department stated (November 2017) that it has initiated the process of installation of new unit in place of the decommissioned units and hence it is not prudent to surrender water allocation at this stage.

The reply is not acceptable as DPR for construction of new unit at ATPS is under preparation (February 2018) and the Company has itself estimated its commissioning date in 2024-25 only. In view of the substantial time left for the new unit to start commercial operations and consume water, it is not prudent to continue to pay for the unused quantity of water.

[45] As per Section 73 (m) of Electricity Act, 2003, MPPGCL was required to approach CEA for retirement of ATPS.

[46] Capacity of ATPS was reduced by 240 MW i.e. from 450 MW to 210 MW.

[47] 90 *per cent* of excess Contracted Quantity i.e., 1,07,16,474 cum X rate of water as per agreement i.e., ₹ 1.55 per cum

Madhya Pradesh Trade and Investment Facilitation Corporation Limited

3.9 Avoidable payment of income tax

Drawal of maintenance grant of ₹ 5.00 crore from Government in excess of requirement, led to avoidable payment of additional income tax of ₹ 1.63 crore.

The Madhya Pradesh Trade and Investment Facilitation Corporation Limited (Company) is engaged in promotion of investment and industrial activities in the state of Madhya Pradesh. As the Company was not having any significant operating income of its own, the Expenditure Finance Committee (EFC)[48], Government of Madhya Pradesh (GoMP) approved (February 2014) allotment of ₹ 10.00 crore as maintenance grant for meeting administrative expenses during the 12th Five Year Plan period (2012-17), based on the proposal submitted (April 2012) by the Company. Accordingly, the Company had received grant of ₹ 2.50 crore each during all the years from 2013-14 to 2016-17, for meeting its administrative expenses.

Audit observed (December 2016) that the proposal for grant submitted (April 2012) by the Company was based on the revenue from operations only and income from other sources was ignored. In response to query (May 2012) by EFC regarding justification for demanding grant, the Company had clarified (July 2012) that in the absence of regular income, it is dependent on retained funds of earlier years and interest income thereon, which are getting reduced year after year due to increase in expenditure as a result of expansion of its activities. The clarification of the Company was not correct as retained funds of the Company were actually increasing[49] and the income from interest and other sources during 2011-12 to 2014-15 was sufficient to meet its administrative expenses. Hence, the budgetary support from GoMP towards maintenance grant was not required during 2013-14 and 2014-15, as detailed in table no. 3.3.

[48] EFC evaluates the proposals for expenditure under a new scheme/ project for the Five Year Plan period. EFC is headed by Principal Secretary (Finance) and includes Principal Secretary of the Administrative Department, Secretary (Finance) and Member Secretary (State Planning Commission) as members.

[49] Retained funds (Reserves and Surplus) of the Company increased from ₹ 8.14 crore at the end of 2011-2012 to ₹ 12.15 crore at the end of 2013-2014.

Table No. 3.3			
			(₹ in crore)
Financial Year	2013-14	2014-15	Total
(a) Revenue from operations	0.12	0.11	0.23
(b) Income from interest	3.12	2.17	5.29
(c) Income from other sources (excluding administrative grant)	0.79	0.84	1.63
(d) = (a + b+ c)	4.03	3.12	7.15
(e) Grant for administrative expenses	2.50	2.50	5.00
(f) Total Revenue (d +e)	6.53	5.62	12.15
(g) Administration Expenses	2.21	2.90	5.11
(h) Profit (f-g)	4.32	2.72	7.04
(i) Income as per Income Tax Return	4.37[50]	2.72	7.09
(j) Income as per Income Tax Return after deducting administrative grant = (i) – ₹ 2.50 crore	1.87	0.22	2.09

On account of drawal of Government grants in excess of its requirement, the Company generated additional profits of ₹ 5.00 crore during the year 2013-14 and 2014-15 and thereby it had to pay additional income tax of ₹ 1.63 crore[51].

The Company replied (June 2017) that the income from investments created out of retained funds should not be viewed as a source of funding for its day to day business operations and hence, maintenance grant was sought from GoMP.

The reply is not acceptable because income from interest on retained funds was also part of income of the Company which was sufficient to meet its administrative expenses.

The matter was reported to the Department of Commerce, Industry and Employment in May 2017; their reply is still awaited (March 2018).

Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited

3.10 Short recovery of labour welfare cess

The Company short recovered ₹ 1.44 crore labour welfare cess from the contractors and incurred liability for payment of interest and penalty to Madhya Pradesh Building and Other Construction Workers' Welfare Board.

In accordance with Section 3 (1) of the Building and Other Construction Workers' Welfare Cess Act, 1996 (Act), the Company, as an employer, was required to deduct labour welfare cess equivalent to one *per cent* of the cost of the construction from the bills of contractors carrying out construction works of the Company. As per Rule 5(3) of the Building and Other Construction Workers' Cess Rules, 1998 (Cess Rules), the cess was to be paid to the Madhya Pradesh Building and Other Construction Workers' Welfare Board (Board)

[50] Taxable Income as per Income Tax Return is more than profit of the Company due to disallowance of expenditure of ₹ 0.05 crore under Income Tax Act, 1961.

[51] ₹ 5.00 crore x 30 *per cent* Income Tax + 5.00 *per cent* surcharge on tax + 3.00 *per cent* cess.

within 30 days of collection. Further, Rule 8 of the Cess Rules provided that failure to pay any amount of cess to the Board within thirty days would entail payment of interest at the rate of two *per cent* of unpaid amount, for the delay of every month or part thereof. Rule 9 provided for a levy of penalty of an amount not exceeding the amount of unpaid cess.

Rural Projects wing of the Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited (Company) had awarded (December 2010 and November 2012) 21 construction works under the Feeder Separation Programme to various contractors. Of these, 14 contracts were terminated between April 2012 and June 2015 due to poor performance of the contractors. As per agreement between the Company and the Contractor, the Contractor shall bear all taxes, duties, levies and charges assessed by all municipal, state or national government authorities. Accordingly, the Finance wing of the Company headed by the Chief Financial Officer was required to recover labour welfare cess of ₹ 1.72 crore[52] from contractors of terminated works[53]. However, Audit observed that the Finance wing of the Company had recovered only ₹ 0.28 crore[54] leaving a balance of ₹ 1.44 crore. Further, as the Company has not remitted the dues (₹ 1.44 crore) to the Board, liability towards interest (₹ 0.94 crore) under Rule 8 as well as penalty (₹ 1.44 crore) under Rule 9 has also accrued.

The Energy Department replied (August 2017) that the Company has taken initiative to recover the balance cess amount from the terminated contractors and the amount will be remitted to the Board immediately on receipt. The reply is not acceptable as Company has not been able to recover the dues from contractors despite lapse of two to five years.

It is pertinent to note that Audit has reported the cases of short recovery of labour welfare cess in earlier years in respect of two power sector PSUs[55]. Though, one[56] PSU has subsequently effected recovery of full amount from the contractors, the repeated cases of short/ non-recovery of labour welfare cess indicate that the Government has failed to ensure implementation of the Act.

3.11 Loss of interest income due to lack of proactive financial management

The Company did not avail Corporate liquid term deposit (CLTD) facility leading to loss of ₹ 9.79 crore by way of interest.

Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited (Company) is engaged in the business of distribution of electricity to consumers in the state of Madhya Pradesh.

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[52] ₹ 1.47 crore on supply portion valued ₹ 146.55 crore and ₹ 0.25 crore on erection portion valued ₹ 25.44 crore

[53] Out of seven ongoing contracts, in case of four contracts labour welfare cess was recovered and in remaining three contracts, outstanding labour welfare cess was not material (₹ 0.04 crore).

[54] ₹ 0.03 crore on supply portion and ₹ 0.25 crore on erection portion

[55] Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited (Under recovery of ₹ 49.39 lakh) included in Audit Report (MP PSUs) for the year 2014-15 and Madhya Pradesh Power Transmission Company Limited (Under recovery of ₹ 5.93 crore) included in Audit Report (MP PSUs) for the year 2015-16.

[56] Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited.

The Company was operating 12 current accounts with State Bank of India (SBI), Bhopal as on 31 March 2016. Public Sector Banks had been offering value added service facilitating its customers to invest their surplus funds in current account in a profitable manner through Corporate liquid term deposit (CLTD) scheme. Under this scheme, amounts exceeding a threshold limit of ₹ 50,000 in the current account shall automatically be transferred to CLTD on which interest is paid at prevailing rate applicable on term deposits.

Audit observed (January 2016) that the Company failed to avail the CLTD facility for all these 12 current accounts. During the period 2014-16, in each fortnight, the Company had retained minimum funds ranging upto ₹ 194.35 crore in these accounts, forgoing interest income of ₹ 9.79 crore. The Company however, had failed to opt for the CLTD and did so only in April 2016, after the lapses were pointed out by Audit.

The Energy Department admitted (October 2017) the facts.

Bhopal
The : 18 August 2018

(BHAWANI SHANKAR)
Accountant General
(Economic and Revenue Sector Audit)
Madhya Pradesh

Countersigned

New Delhi
The : 23 August 2018

(RAJIV MEHRISHI)
Comptroller and Auditor General of India

ANNEXURES

Annexure - 1.1
Paid-up Capital and Loans outstanding of Government companies and Statutory corporations as on 31 March 2017

(Referred to in Paragraphs 1.1 and 1.5)

(₹ in crore)

Sl. No.	Sector and name of the company	Equity[$]				Outstanding Loans				Guarantees
		State Govt	Central Govt	Others[£]	Total	State Govt	Central Govt	Others[©]	Total	
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	5
A. WORKING GOVERNMENT COMPANIES										
AGRICULTURE & ALLIED										
1	Madhya Pradesh State Agro Industries Development Corporation Limited	2.09	1.20	0.00	3.29	0.00	0.00	0.00	0.00	0.00
2	Madhya Pradesh Rajya Van Vikas Nigam Limited	37.93	1.39	0.00	39.32	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**40.02**	**2.59**	**0.00**	**42.61**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
FINANCE										
3	M.P. Audyogik Kendra Vikas Nigam (Bhopal) Limited	0.00	0.00	2.85	2.85	0.00	0.00	0.06	0.06	0.00
4	M.P. Audyogik Kendra Vikas Nigam(Indore) Limited	0.00	0.00	3.40	3.40	0.00	0.00	83.85	83.85	0.01
5	M.P. Audyogik Kendra Vikas Nigam (Jabalpur) Limited	0.00	0.00	3.83	3.83	0.00	0.00	0.00	0.00	35.54
6	M.P. Audyogik Kendra Vikas Nigam (Rewa) Limited	0.00	0.00	1.80	1.80	1.09	0.00	1.12	2.21	0.00
7	M.P. Audyogik Kendra Vikas Nigam (Ujjain) Limited	0.00	0.00	10.00	10.00	0.00	0.00	29.14	29.14	0.00
8	Industrial Infrastructure Development Corporation (Gwalior) M.P. Limited	0.00	0.00	2.25	2.25	0.00	0.00	20.25	20.25	24.27
9	Madhya Pradesh Plastic City Development Corporation Gwalior Limited	0.00	0.00	0.25	0.25	0.00	0.00	4.85	4.85	0.00
10	M.P. Audyogik Kendra Vikas Nigam (Sagar) Limited	0.00	0.00	5.50	5.50	10.49	0.00	14.15	24.64	0.00
11	Madhya Pradesh Pichhara Varg Tatha Alpsankhyak Vitta Evam Vikas Nigam Limited	10.75	0.00	0.00	10.75	0.58	0.00	0.00	0.58	0.00
12	Madhya Pradesh Adivasi Vitta Evam Vikas Nigam Limited	25.50	10.68	0.00	36.18	0.00	0.00	12.10	12.10	0.00
13	The Provident Investment Company Limited	0.50	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00
14	Madhya Pradesh State Industrial Development Corporation Limited	81.09	0.00	0.00	81.09	217.65	0.00	20.26	237.91	0.00

Sl. No.	Sector and name of the company	Equity[$]				Outstanding Loans				Guarantees
		State Govt	Central Govt	Others[£]	Total	State Govt	Central Govt	Others[©]	Total	
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	5
15	M.P. Venture Finance Limited	0.26	0.00	0.05	0.31	0.50	0.00	0.00	0.50	0.00
16	M.P. Venture Finance Trustee Limited	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**118.11**	**10.68**	**29.93**	**158.72**	**230.31**	**0.00**	**185.78**	**416.09**	**59.82**
INFRASTRUCTURE										
17	Madhya Pradesh Police Housing Corporation Limited	4.58	0.00	0.00	4.58	0.00	0.00	577.86	577.86	577.86
18	Madhya Pradesh Road Development Corporation Limited	20.00	0.00	0.00	20.00	0.00	0.00	0.00	0.00	0.00
19	Madhya Pradesh Metro Rail Company Limited	30.00	0.00	0.00	30.00	0.00	0.00	0.00	0.00	0.00
20	Ujjain Smart City Development Corporation Limited	0.00	0.00	0.10	0.10	0.00	0.00	0.00	0.00	0.00
21	Bhopal Smart City Development Corporation Limited	0.00	0.00	200.00	200.00	0.00	0.00	0.00	0.00	0.00
22	Gwalior Smart City Development Corporation Limited	0.05	0.00	0.05	0.10	0.00	0.00	0.46	0.46	0.00
23	Jabalpur Smart City Development Corporation Limited	0.00	0.00	50.10	50.10	0.00	0.00	0.00	0.00	0.00
24	Indore Smart City Development Corporation Limited	0.00	0.00	103.56	103.56	0.00	0.00	0.00	0.00	0.00
25	M.P. Urban Development Company Limited	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00
26	Narmada Basin Projects Company Limited	5.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**60.63**	**0.00**	**353.81**	**414.44**	**0.00**	**0.00**	**578.32**	**578.32**	**577.86**
MANUFACTURING										
27	Pithampur Auto Cluster	0.00	0.00	12.12	12.12	0.00	0.00	0.00	0.00	0.00
28	Madhya Pradesh State Electronics Development Corporation Limited	21.91	0.00	0.00	21.91	17.12	0.00	0.00	17.12	0.00
29	Jabalpur Electronics Manufacturing Park Limited	0.00	0.00	0.05	0.05	0.00	0.00	4.69	4.69	0.00
30	Bhopal Electronics Manufacturing Park Limited	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.00	0.00
31	Sant Ravidas Madhya Pradesh Hastha Shilp Evam Hath Kargha Vikas Nigam Limited	0.02	0.52	0.72	1.26	0.00	0.00	0.00	0.00	0.00

Sl. No.	Sector and name of the company	Equity$				Outstanding Loans				Guarantees
		State Govt	Central Govt	Others£	Total	State Govt	Central Govt	Others©	Total	
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	5
32	Madhya Pradesh State Mining Corporation Limited	2.20	0.00	0.00	2.20	0.00	0.00	0.00	0.00	0.00
33	MP Jaypee Minerals Limited	0.00	0.00	61.22	61.22	0.00	0.00	112.41	112.41	0.00
Sector wise Total		**24.13**	**0.52**	**74.16**	**98.81**	**17.12**	**0.00**	**117.10**	**134.22**	**0.00**
POWER										
34	Madhya Pradesh Urja Vikas Nigam Limited	0.69	0.00	0.00	0.69	0.00	0.00	1.70	1.70	0.00
35	Madhya Pradesh Power Transmission Company Limited	2,712.70	0.00	0.00	2,712.70	1,952.28	0.00	394.44	2,346.72	12.01
36	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited	0.00	0.00	3,322.43	3,322.43	11,462.43	0.00	360.34	11,822.77	90.27
37	Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited	0.00	0.00	3,049.43	3,049.43	9,715.69	0.00	175.29	9,890.98	64.44
38	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited	0.00	0.00	3,601.35	3,601.35	10,353.09	0.00	1265.82	11,618.91	97.16
39	Madhya Pradesh Power Generating Company Limited	5,766.26	0.00	185.00	5,951.26	902.20	0.00	13,515.27	14,417.47	1,707.76
40	Madhya Pradesh Power Management Company Limited	6,074.12	0.00	0.00	6,074.12	21.67	0.00	479.79	501.46	0.00
41	Shahpura Thermal Power Company Limited	0.00	0.00	0.05	0.05	0.00	0.00	4.09	4.09	0.00
42	Bansagar Thermal Power Company Limited	0.00	0.00	0.05	0.05	0.00	0.00	5.48	5.48	0.00
43	Shri Singaji Power Project Limited	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**14,553.77**	**0.00**	**10,158.36**	**24,712.13**	**34,407.36**	**0.00**	**16,202.22**	**50,609.58**	**1,971.64**
SERVICES										
44	M.P. Trade and Investment Facilitation Corporation Limited	0.80	0.00	0.00	0.80	1,416.98	0.00	0.25	1,417.23	0.00
45	Madhya Pradesh Laghu Udyog Nigam Limited	2.68	0.15	0.00	2.83	0.00	0.00	0.00	0.00	0.00
46	Madhya Pradesh State Civil Supplies Corporation Limited	8.47	0.00	0.00	8.47	87.05	0.00	0.00	87.05	0.00
47	Madhya Pradesh State Tourism Development Corporation Limited	24.97	0.00	0.00	24.97	0.00	0.00	0.00	0.00	0.00
48	DMIC Vikram Udyogpuri Limited	0.00	0.00	112.86	112.86	0.00	0.00	0.00	0.00	0.00
49	Madhya Pradesh Plastic Park Development Corporation Limited	0.00	0.00	13.39	13.39	0.00	0.00	0.00	0.00	0.00

Sl. No.	Sector and name of the company	Equity$				Outstanding Loans				Guarantees
		State Govt	Central Govt	Others£	Total	State Govt	Central Govt	Others©	Total	
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	5
50	DMIC Pithampur Jal Prabhandhan Limited	0.00	0.00	35.00	35.00	0.00	0.00	0.00	0.00	0.00
51	Madhya Pradesh Jal Nigam Maryadit	55.00	0.00	0.00	55.00	0.00	0.00	0.00	0.00	0.00
52	Madhya Pradesh Public Health Services Corporation Limited	10.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**101.92**	**0.15**	**161.25**	**263.32**	**1,504.03**	**0.00**	**0.25**	**1,504.28**	**0.00**
Total A (All sector-wise working Government companies)		**14,898.58**	**13.94**	**10,777.51**	**25,690.03**	**36,158.82**	**0.00**	**17,083.67**	**53,242.49**	**2,609.32**
B. WORKING STATUTORY CORPORATIONS										
AGRICULTURE & ALLIED										
1	Madhya Pradesh Warehousing and Logistics Corporation	4.28	0.00	3.78	8.06	263.58	0.00	0.00	263.58	0.00
Sector wise Total		**4.28**	**0.00**	**3.78**	**8.06**	**263.58**	**0.00**	**0.00**	**263.58**	**0.00**
FINANCE										
2	Madhya Pradesh Financial Corporation	358.70	0.00	22.40	381.10	0.00	0.00	953.80	953.80	1100.00
Sector wise Total		**358.70**	**0.00**	**22.40**	**381.10**	**0.00**	0.00	953.80	**953.80**	**1100.00**
Total B (All sector-wise working Statutory corporations)		**362.98**	**0.00**	**26.18**	**389.16**	**263.58**	**0.00**	**953.80**	**1217.38**	**1100.00**
Grand Total (A + B)		**15,261.56**	**13.94**	**10,803.69**	**26,079.19**	**36,422.40**	**0.00**	**18,037.47**	**54,459.87**	**3,709.32**
C. NON-WORKING GOVERNMENT COMPANIES										
FINANCE										
1	Madhya Pradesh Film Development Corporation Limited	1.04	0.00	0.00	1.04	0.00	0.00	0.00	0.00	0.00
2	Madhya Pradesh Panchayati Raj Vitta Evam Gramin Vikas Nigam Limited	0.16	0.00	0.00	0.16	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**1.20**	**0.00**	**0.00**	**1.20**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
INFRASTRUCTURE										
3	Madhya Pradesh Rajya Setu Nirman Nigam Limited	5.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**5.00**	**0.00**	**0.00**	**5.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

Sl. No.	Sector and name of the company	Equity[$]				Outstanding Loans				Guarantees
		State Govt	Central Govt	Others[£]	Total	State Govt	Central Govt	Others[©]	Total	
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	5
MANUFACTURING										
4	Optel Telecommunication Limited	0.00	0.00	23.97	23.97	17.12	0.00	0.00	17.12	0.00
5	Madhya Pradesh State Textile Corporation Limited	6.86	0.00	0.00	6.86	86.71	0.00	0.96	87.67	0.00
6	Madhya Pradesh Vidyut Yantra Limited	0.00	0.00	1.50	1.50	0.00	0.00	0.00	0.00	0.00
7	Crystal I.T. Park (Indore) Limited	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.00	0.00
8	MP AMRL (Semaria) Coal Company Limited	0.00	0.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00
9	MP AMRL (Morga) Coal Company Limited	0.00	0.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00
10	MP AMRL (Bicharpur) Coal Company Limited	0.00	0.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00
11	MP AMRL (Marki Barka) Coal Company Limited	0.00	0.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00
12	MP Jaypee Coal Limited	0.00	0.00	10.00	10.00	0.00	0.00	0.00	0.00	0.00
13	MP Monnet Mining Company Limited	0.00	0.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00
14	MP Jaypee Coal Fields Limited	0.00	0.00	10.00	10.00	0.00	0.00	0.00	0.00	0.00
15	M.P. Sainik Coal Mining Pvt. Limited	0.00	0.00	33.30	33.30	0.00	0.00	0.64	0.64	0.00
Sector wise Total		**6.86**	**0.00**	**84.82**	**91.68**	**103.83**	**0.00**	**1.60**	**105.43**	**0.00**
POWER										
16	Dada Dhuni Wale Khandwa Power Limited	0.00	0.00	45.00	45.00	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**0.00**	**0.00**	**45.00**	**45.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
SERVICES										
17	SEZ Indore Limited	12.00	0.00	14.97	26.97	0.00	0.00	0.00	0.00	0.00
Sector wise Total		**12.00**	**0.00**	**14.97**	**26.97**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Total C (All sector-wise non-working Government companies)		**25.06**	**0.00**	**144.79**	**169.85**	**103.83**	**0.00**	**1.60**	**105.43**	**0.00**
Grand Total (A + B + C)		**15,286.62**	**13.94**	**10,948.48**	**26,249.04**	**36,526.23**	**0.00**	**18,039.07**	**54,565.30**	**3,709.32**

Sl. No.	Sector and name of the company	Equity$				Outstanding Loans				Guarantees
		State Govt	Central Govt	Others£	Total	State Govt	Central Govt	Others©	Total	
1	**2**	**3(a)**	**3(b)**	**3(c)**	**3(d)**	**4(a)**	**4(b)**	**4(c)**	**4(d)**	**5**
D. NON-WORKING STATUTORY CORPORATIONS										
SERVICES										
1	Madhya Pradesh Road Transport Corporation	109.96	31.85	0.00	141.81	573.35	0.00	0.00	573.35	0.00
Sector wise Total		**109.96**	**31.85**	**0.00**	**141.81**	**573.35**	**0.00**	**0.00**	**573.35**	**0.00**
Total D (non-working Statutory corporations)		**109.96**	**31.85**	**0.00**	**141.81**	**573.35**	**0.00**	**0.00**	**573.35**	**0.00**
Total C+D (non-working company/Statutory corporations)		**135.02**	**31.85**	**144.79**	**311.66**	**677.18**	**0.00**	**1.60**	**678.78**	**0.00**
Grand Total (A + B + C+D)		**15,396.58**	**45.79**	**10,948.48**	**26,390.85**	**37,099.58**	**0.00**	**18,039.07**	**55,138.65**	**3,709.32**

$Includes share application money pending allotment.
£Includes Equity Capital of Holding Company.
© Includes financial institutions (ADB/SIDBI/REC, etc.) and PSUs

Notes :

Sl. nos. A3, A4, A5, A6, A7, A8, A10 and A48 are subsidiary companies of Sl.no. A44.
Sl. nos. A27, A50, C7 and C17 are subsidiary companies of Sl.no. A4.
Sl. nos. A49 is subsidiary company of Sl.no. A3.
Sl. nos. A36, A37, A38, A41 and A42 are subsidiary companies of Sl.no. A40.
Sl. nos.A43 and C16 are subsidiary companies of Sl.no. A39.
Sl. nos.A9 is subsidiary company of Sl.no. A8.
Sl. nos.A31 is subsidiary company of Sl.no. A45.
Sl. nos. A33, C8, C9, C10, C11, C12, C13, C14 and C15 are subsidiary companies of Sl.no. A32.
Sl. nos. A29 and A30 are subsidiary companies of Sl.no. A28.
Sl. nos. A21 and A24 is subsidiary company of Sl.no. A25.

Annexure - 1.2

Summarised financial position and working results of PSUs (accounts of which are not in arrears for more than three years) as on 31 December 2017

(Referred to in Paragraph 1.1)

(₹ in crore)

Sl. No.	Name of PSU	Year of Finalised Account	Net Profit/ Loss	Turnover
1	2	3	4	5
A. Profit Making PSUs				
Working PSUs				
1	Madhya Pradesh State Agro Industries Development Corporation Limited	2015-16	39.12	1,305.22
2	Madhya Pradesh Rajya Van Vikas Nigam Limited	2016-17	63.05	82.16
3	M.P. Audyogik Kendra Vikas Nigam (Jabalpur) Limited	2016-17	0.10	0.06
4	M.P. Audyogik Kendra Vikas Nigam (Ujjain) Limited	2016-17	0.31	2.34
5	M.P. Audyogik Kendra Vikas Nigam (Sagar) Limited	2015-16	0.71	1.36
6	The Provident Investment Company Limited	2014-15	0.68	1.07
7	Madhya Pradesh Police Housing Corporation Limited	2014-15	9.51	27.12
8	Madhya Pradesh Road Development Corporation Limited	2016-17	53.44	94.08
9	Indore Smart City Development Corporation Limited	2016-17	0.34	0.10
10	Pithampur Auto Cluster	2016-17	0.52	6.95
11	Madhya Pradesh State Electronics Development Corporation Limited	2015-16	14.17	56.34
12	Madhya Pradesh State Mining Corporation Limited	2016-17	91.81	296.39
13	Madhya Pradesh Power Transmission Company Limited	2016-17	22.23	2,658.62
14	Madhya Pradesh Power Generating Company Limited	2016-17	24.83	7,817.66
15	M.P.Trade and Investment Facilitation Corporation Limited	2015-16	0.40	0.13
16	Madhya Pradesh Laghu Udyog Nigam Limited	2014-15	16.31	218.50
17	Madhya Pradesh State Civil Supplies Corporation Limited	2015-16	0.65	18,742.98
18	Madhya Pradesh State Tourism Development Corporation Limited	2015-16	5.92	110.08
19	DMIC Vikram Udyogpuri Limited	2016-17	1.36	0.00
20	DMIC Pithampur Jal Prabhandhan Limited	2016-17	1.34	0.00
21	Madhya Pradesh Public Health Services Corporation Limited	2016-17	4.39	6.78
22	Madhya Pradesh Warehousing and Logistics Corporation	2016-17	35.41	167.86
23	Madhya Pradesh Financial Corporation	2016-17	9.16	134.35
24	Sant Ravidas Madhya Pradesh Hastha Shilp Evam Hath Kargha Vikas Nigam Limited	2014-15	0.08	29.89
25	Narmada Basin Projects Company Limited	2016-17	0.26	0.00
26	Madhya Pradesh Jal Nigam Maryadit	2014-15	1.62	5.84
27	Shahpura Thermal Power Company Limited	2015-16	0.00[1]	0.00

Sl. No.	Name of PSU	Year of Finalised Account	Net Profit/ Loss	Turnover
1	2	3	4	5
28	Madhya Pradesh Plastic Park Development Corporation Limited	2016-17	0.00[2]	0.00
Total			**397.73**	**31,765.88**
Non-Working PSUs				
29	MP Jay Pee Coal fields Limited	2016-17	0.01	0.00
Total			**0.01**	**0.00**
Total (Profit making PSUs)			**397.74**	**31,765.88**
B. Loss Making PSUs				
Working PSUs				
1	M.P. Audyogik Kendra Vikas Nigam (Rewa) Limited	2015-16	-0.07	0.45
2	Madhya Pradesh Plastic City Development Corporation Gwalior Limited	2016-17	-0.05	0.00
3	M.P. Urban Development Company Limited	2015-16	-0.64	0.00
4	MP Jay Pee Minerals Limited	2016-17	-2.42	36.93
5	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited	2015-16	-1,616.91	7,159.91
6	Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited	2015-16	-1,207.01	9,333.64
7	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited	2015-16	-2,766.08	5,974.43
8	Bansagar Thermal Power Company Limited	2015-16	-0.13	0.00
9	Shri Singaji Power Project Limited	2016-17	0.00[3]	0.00
Total			**-5,593.31**	**22,505.36**
Non-working PSUs				
10	MP AMRL (Semaria) Coal Company Limited	2016-17	-0.04	0.00
11	MP AMRL (Morga) Coal Company Limited	2016-17	-0.01	0.00
12	MP AMRL (Bicharpur) Coal Company Limited	2016-17	-0.15	0.00
13	MP AMRL (Marki Barka) Coal Company Limited	2016-17	-0.02	0.00
14	MP Jaypee Coal Limited	2016-17	-28.86	0.00
15	MP Monnet Mining Company Limited	2016-17	-0.05	0.00
16	M.P. Sainik Coal Mining Pvt. Limited	2016-17	-0.02	0.00
17	SEZ Indore Limited	2016-17	-0.01	0.00
18	Dada Dhuniwale Khandwa Power Ltd.	2016-17	-3.05	0.00
19	Crystal I.T. Park (Indore) Limited	2016-17	0.00[4]	0.00
Total			**-32.21**	**0.00**
Total (Loss making PSUs)			**-5,625.52**	**22,505.36**
C. No Profit no Loss Making PSUs				
Working PSUs				
1	M.P. Audyogik Kendra Vikas Nigam(Indore) Limited	2016-17	0.00	136.14
2	M.P. Audyogik Kendra Vikas Nigam (Bhopal) Limited	2016-17	0.00	13.43
3	Industrial Infrastructure Development Corporation (Gwalior) M.P. Limited	2016-17	0.00	0.19
4	M.P. Venture Finance Limited	2015-16	0.00	0.00
5	M.P. Venture Finance Trustee Limited	2015-16	0.00	0.00
6	Jabalpur Electronics Manufacturing Park Limited	2016-17	0.00	0.00

Sl. No.	Name of PSU	Year of Finalised Account	Net Profit/ Loss	Turnover
1	**2**	**3**	**4**	**5**
7	Bhopal Electronics Manufacturing Park Limited	2016-17	0.00	0.00
8	Madhya Pradesh Urja Vikas Nigam Limited	2016-17	0.00	2.04
9	Madhya Pradesh Power Management Company Limited	2015-16	0.00	23,165.13
Total			**0.00**	**23,316.93**
Non-working PSUs				
-			-	-
Total (PSUs making no profit no loss)			**0.00**	**23,316.93**
Grand Total			**-5,227.79**	**77,588.17**

[1] Shahpura Thermal Power Company Limited registered a profit of ₹ 41,506.00
[2] Madhya Pradesh Plastic Park Development Corporation Limited registered a profit of ₹ 19,200.00
[3] Shri Singaji Power Project Limited incurred a loss of ₹ 17,457.00
[4] Crystal I.T. Park (Indore) Limited incurred a loss of ₹ 37,000.00

Annexure - 1.3

Arrears of accounts of working and non-working PSUs as on 31 December 2017

(Referred to in Paragraph 1.9)

S. No.	Name of the PSU	Year (s) for which Accounts are in arrears	No. of Accounts in arrears
1	2	3	4
A. WORKING COMPANIES			
1 Year			
1	Madhya Pradesh State Agro Industries Development Corporation Limited	2016-17	1
2	M.P. Audyogik Kendra Vikas Nigam (Rewa) Limited	2016-17	1
3	M.P. Audyogik Kendra Vikas Nigam (Sagar) Limited	2016-17	1
4	M.P. Venture Finance Limited	2016-17	1
5	M.P. Venture Finance Trustee Limited	2016-17	1
6	Madhya Pradesh Metro Rail Company Limited	2016-17	1
7	Ujjain Smart City Development Corporation Limited	2016-17	1
8	Gwalior Smart City Development Corporation Limited	2016-17	1
9	Jabalpur Smart City Development Corporation Limited	2016-17	1
10	Bhopal Smart City Development Corporation Limited	2016-17	1
11	M.P. Urban Development Company Limited	2016-17	1
12	Madhya Pradesh State Electronics Development Corporation Limited	2016-17	1
13	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited	2016-17	1
14	Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited	2016-17	1
15	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited	2016-17	1
16	Madhya Pradesh Power Management Company Limited	2016-17	1
17	Bansagar Thermal Power Company Limited	2016-17	1
18	Shahpura Thermal Power Company Limited	2016-17	1
19	M.P. Trade and Investment Facilitation Corporation Limited	2016-17	1
20	Madhya Pradesh State Civil Supplies Corporation Limited	2016-17	1
21	Madhya Pradesh State Tourism Development Corporation Limited	2016-17	1
	Total		**21**

S. No.	Name of the PSU	Year (s) for which Accounts are in arrears	No. of Accounts in arrears
1	**2**	**3**	**4**
2-5 Year			
22	The Provident Investment Company Limited	2015-16 and 2016-17	2
23	Madhya Pradesh Police Housing Corporation Limited	2015-16 and 2016-17	2
24	Sant Ravidas Madhya Pradesh Hastha Shilp Evam Hath Kargha Vikas Nigam Limited	2015-16 and 2016-17	2
25	Madhya Pradesh Laghu Udyog Nigam Limited	2015-16 and 2016-17	2
26	Madhya Pradesh Jal Nigam Maryadit	2015-16 and 2016-17	2
27	Madhya Pradesh State Industrial Development Corporation Limited	2014-15 to 2016-17	3
	Total		**13**
Above 5 Years			
28	Madhya Pradesh Pichhara Varg Tatha Alpsankhyak Vitta Evam Vikas Nigam Limited	2010-11 to 2016-17	7
29	Madhya Pradesh Adivasi Vitta Evam Vikas Nigam Limited	2004-05 to 2016-17	13
	Total		**20**
Total (A)			**54**
B. NON-WORKING COMPANIES (Other than under liquidation)			
1 Year			
-	**-**	**-**	**-**
2-5 Years			
-	**-**	**-**	**-**
Above 5 Years			
1	Madhya Pradesh State Textile Corporation Limited	2011-12 to 2016-17	6
2	Madhya Pradesh Rajya Setu Nirman Nigam Limited	1990-91 to 2016-17	27
Total (B)			**33**
C. Non Working Statutory Corporation			
Above 5 Years			
3	Madhya Pradesh Road Transport Corporation	2008-09 to 2016-17	9
Total (C)			**9**

S. No.	Name of the PSU	Year (s) for which Accounts are in arrears	No. of Accounts in arrears
1	**2**	**3**	**4**
D. NON-WORKING COMPANIES (under liquidation)			
4	Madhya Pradesh Film Development Corporation Limited	2010-11 to 2016-17	7
5	Madhya Pradesh Panchayati Raj Vitta Evam Gramin Vikas Nigam Limited	2006-07 to 2016-17	11
6	Optel Telecommunication Limited	2010-11 to 2016-17	7
7	Madhya Pradesh Vidyut Yantra Limited	1990-91 to 2016-17	27
Total (D)			**52**
Grand Total (A+B+C+D)			**148**

Annexure – 1.4 (a)

Names of Directors on the Board of working PSUs of Madhya Pradesh

(Referred to in Paragraph 1.9)

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
1	Madhya Pradesh State Agro Industries Development Corporation Limited	2016-17	Dr Rajesh Rajoura Shri S K Mishra Shri Ashok Barnval Shri Ramkishan Chouhan Shri Sathyanand Shri Dinesh Kumar Dwivedi Shri J J R Narvare	Principal Secretary, GoMP, Agriculture Department Managing Director, MP Agro Principal Secretary, GoMP, Horticulture Chairman, MP Agro Director, Horticulture Deputy Secretary, GoMP, MoF Director	Shri S K Mishra	No
2	M.P. Audyogik Kendra Vikas Nigam (Rewa) Limited	2016-17	Shri D P Ahuja Shri V L Kantarao Shri P K Singh Shri C S Dhurve	Managing Director, MPTRIFAC Industries Commissioner Jr. Director, Treasures & Accounts Managing Director, AKVN (Rewa)	Shri C S Dhurve	No
3	M.P. Audyogik Kendra Vikas Nigam (Sagar) Limited	2016-17	Shri V L Kantarao Shri Bharat Kumar Shri Satyendra Singh	Director, Industries Commisioner Joint Director Managing Director	Shri Satyendra Singh	No
4	Madhya Pradesh Pichhara Varg Tatha Alpsankhyak Vitta Evam Vikas Nigam Limited	2016-17	Shri Pradeep Patel Shri S. K. Muddhin Smt. Urmila Mishra Shri T D Patel Shri Jafar Ikbal Siddique Shri Rakesh Agrawal Shri Ashish Uppadhyay Shri Das	Chairman Vice Chairman Director Managing Director Director (Finance) Director Director Director	Shri T D Patel	No
5	Madhya Pradesh Adivasi Vitta Evam Vikas Nigam Limited	2016-17	Shri Devendra Singhai Smt Veena Ghanekar Shri S N Singh Chauhan Shri Narayan Singh Shri Sanjay Varshney Shri Ajay Shukla Shri V S Bhati GM	Director Director Director Director Director Director Director	Smt Renu Tiwari	No

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
			Shri VG Ghutake	Director		
6	The Provident Investment Company Limited	2016-17	Shri Jayant Malaiya Shri A.P. Shrivastava Shri Anirudh Mukherjee Shri S N Kulkarni Shri Dhiraj Shah Shri Milind Waikar	Finance Minister, GoMP, Director & Chairman ACS, Finance and Director Managing Director Director Director Director	Shri. Anirudh Mukherjee	No
7	Madhya Pradesh State Industrial Development Corporation Limited	2016-17	Shri Rajendra Shukla Shri Mohammed Suleman Shri V L Kantarao Shri Anirudhhe Mukerjee Shri D P Ahuja	Chairman Director Director Director Managing Director	Shri D P Ahuja	No
8	M.P. Venture Finance Limited	2016-17	Shri A. P. Shrivastava Smt. Smita Bharadwaj Dr. Sandeep Kadwe	Director & Chairman & ACS, DoF, GoMP Director Managing Director & CEO	Dr. Sandeep Kadwe	No
9	M.P. Venture Finance Trustee Limited	2016-17	Shri A. P. Shrivastave Smt. Smita Bharadwaj Dr. Sandeep Kadwe	Director & Chairman & ACS, DoF, GoMP Director & Managing Director, MPFC Managing Director & CEO, MPVFL	Dr. Sandeep Kadwe	No
10	Madhya Pradesh Police Housing Corporation Limited	2016-17	Shri Sabarjeet Singh Shri Sanjay Rana Shri P. K. Jain Shri D.P. Gupta Shri V.T. Subramaniam Shri Sandeep Yadav Shri Milind Waikar Shri Rishi Kumar Shukla Shri Ashish Saxena Shri S S Lal Shri Nitesh Vyas Shri Gulshan Bamara	Chairman Managing Director Member Member Member Member Member Director Director Director Director Director	Shri Sanjay Rana	No

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
11	Madhya Pradesh Metro Rail Company Limited	2016-17	Shri Shivraj Singh Chauhan Shri Alok Sharma Smt. Malini Gour Shri Anthony de Sa Shri K K Singh Shri Malay Shrivastava Shri Sandeep Yadav Shri Vivek Aggarwal Shri Indra Chandra Prasad Keshari Shri Pramod Agrawal Shri Gulshan Bamra	Chairman Director Director Director Director Director Director Managing Director Director Director Director	Shri Vivek Agarwal	No
12	Ujjain Smart City Development Limited	2016-17	Shri Sanket Shantaram Bhondve Shri Asheesh Singh Shri Jitendra Kumar Dubey Shri Neelesh Dubey Shri Deepak Ranawat Shri Sanjay Mishra Shri Abhishek Dubey Ms. Rachna Kumar Shri Sanjay Mohase Shri S L Karwadhiya Mrs. Rajshri Joshi	Chairman Director Director Nominee Director Director Nominee Director Director Nominee Director Director Director Nominee Director		No
13	Gwalior Smart City Development Limited	2016-17	Shri Sanjay Goyel Shri Anay Manglamber Dwivedi Mrs. Manju Sharma	Director Director Managing Director	Mrs. Manju Sharma	No
14	Jabalpur Smart City Development Limited	2016-17	Shri Mahesh Chandra Chaudhary Shri Ved Prakash Sharma Shri J K Kapoor Shri Neeraj Anand Likhar Shri Prabhakant Katare Shri Vikas Mishra Ms Nidhi Singh Rajput	Chairman Managing director Director Director Director Director Director	Shri Ved Prakash Sharma	No
15	M.P. Urban Development Co. Ltd.	2016-17	Shri Shivraj Singh Chauhan Shri Anthony de Sa, Shri Radhye Shyam Julaniya	Hon'ble Chief Minister, MP & Chairman Director Director	Shri Vivek Agarwal	No

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
			Shri Pankaj Agrawal Shri Vivek Agrawal Smt. Aruna Sharma Shri Pramod Agrawal Shri Ashwini Kumar Rai Shri Malay Shrivastava	Director Managing Director Director Director Director Director		
16	Madhya Pradesh State Electronics Development Corporation Limited	2016-17	Shri Bhupendra Singh Shri Umashankar Gupta Shri Rajendra Shukla Shri Mohammed Suleman Shri V L Kantarao Shri D P Ahuja Shri Anirudhhe Mukerjee Shri Manish Rastogi Shri M. Selvendran Shri Chandrakant Patil Shri Virendra Kumar Shri Raghuraj M R	Chairman Chairman Director Director Director Director Director Director Managing Director Director Director Managing Director	Shri Raghuraj M R	No
17	Sant Ravidas Madhya Pradesh Hastha Shilp Evam Hath Kargha Vikas Nigam Limited	2016-17	Shri Narayan Prasad Kabirpanti Shri Shakti Sharan Shri Nagendra Mehta Shri Sathyanand Shri V L Kantarao Shri Piyush Mathur Shri B M Singh Shri Rakesh Tiwari Smt G V Rashmi Shri Anil Kumar Srivastav Shri S B Singh	Chairman Director Director Director Director Director Director Director Managing Director Director Director	Smt G V Rashmi	No
18	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited	2016-17	Shri Sanjay Kumar Shukla Shri Mukesh Chand Gupta Shri Yashwant Kumar Dr. H O Gupta Prof. Aparajitha Ojha Shri S K Yadav Shri P K Chaturvedi	Chairman Managing Director Advisor, DoF, GoMP Director Director, IIITDM Whole Time Director Director, Dy. Secretary, DoE, GoMP	Shri Mukesh Chand Gupta	No

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
			Shri S K Paul Shri Ajay Choubey	Director Director, Dy. Secretary, DoF, GoMP		
19	Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited	2016-17	Shri Sanjay Kumar Shukla Shri Akash Tripathi Shri Sanjay Dubey Shri Ajay Choubey Shri Rishikesh T Krishnan Shri Rakesh Saxena Shri Mukul Dhariwal Dr. Trapti Jain Shri Manoj Kumar Jhawar Dr. M S Kele	Chairman Managing Director Nominee Director Nominee Director Independent Director Independent Director Nominee Director Independent Director Whole Time Director Whole Time Director	Shri Akash Tripathi	No
20	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited	2016-17	Shri Sanjay Kumar Shukla Shri Vivek Kumar Porwal Shri A C Chharabortti Shri AMV Yugandhar Shri V K Singh Shri Mukul Dhariwal Shri Ajeet Kumar Shri Vijay Kshirsagar Shri R S Shrivastava Ms. Tanvi Sundriyal Shri Ajay Choubey	Chairman Managing Director Independent Director Independent Director Independent Director Director Director Director Whole Time Director Women Director Director	Shri Vivek Kumar Porwal	No
21	Bansagar Thermal Power Company Limited	2016-17	Shri Sanjay Kumar Shukla Shri Ravi Sethi Shri Navin Kumar Kohli Shri Anand Prakash Bhairve Shri Mukesh Chand Gupta	Chairman Director Managing Director Director Director	Shri Navin Kumar Kohli	No
22	Madhya Pradesh Power Management Company Limited	2016-17	Shri Iqbal Singh Bains Shri I C P Keshari Shri Sanjay Kumar Shukla Shri Yashwant Kumar Shri Mahesh Kumar Agrawal Shri Ajeet Kumar Smt. Gauri Singh Shri S S Singh Shri S C Parakh	Chairman Chairman Managing Director Director Director Director Independent Director Independent Director Independent Director	Shri Sanjay Kumar Shukla	No

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
			Shri Mukesh Chand Gupta Shri Vivek Kumar Porwal Shri Akash Tripathi Shri Neeraj Agarwal Shri Akshay Kumar Verma	Director Director Director Director Whole time Director		
23	Shahpura Thermal Power Company Limited	2016-17	Shri Sanjay Kumar Shukla Shri Ravi Sethi Shri Navin Kumar Kohli	Chairman Director Managing Director	Shri Navin Kumar Kohli	No
24	M.P. Trade and Investment Facilitation Corporation Limited	2016-17	Shri Mohammed Suleman Shri V L Kantarao Shri D P Ahuja Ku. Shajia Jamal Afzal Shri Manoj Srivastav	Chairman Director Managing Director Company Secretary Director	Shri D P Ahuja	No
25	Madhya Pradesh Laghu Udyog Nigam Limited	2016-17	Shri Babu Singh Raghuvanshi Shri Mohammed Suleman Shri V L Kantarao Shri Jitendra Singh Shri S B Singh Shri Aditi Kumar Tripathi Shri Davindra pal Singh	Chairman Director Director Director Managing Director Director Managing Director	Shri S B Singh	No
26	Madhya Pradesh State Civil Supplies Corporation Limited	2016-17	Dr. Hitesh Bajpai Shri Devraj Singh Parihar Shri Faiz Ahmed Shri Ashok Barnwal Shri Ajatsatru Shrivatava Shri ManoharAgnani Shri Pradeep Upadhyay	Chairman Vice Chairman Managing Director Director Director Director Director	Sh Faiz Ahmed	No
27	Madhya Pradesh State Tourism Development Corporation Limited	2016-17	Shri Tapan Bhoumik Shri Deepak Khandekar Shri Malay Shrivastava Shri Anupam Rajan Shri Manoj Srivastav Shri R H Kwaja Shri Anirudhhe Mukerjee Shri Hari Ranjan Rao Shri Rajesh Doungre Shri Hirendra Singh Shekawat	Chairman Nominee Director Nominee Director Nominee Director Nominee Director Director Nominee Director Managing Director Nominee Director Nominee Director	Shri Hari Ranjan Rao	No

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
28	Madhya Pradesh Jal Nigam Maryadit	2016-17	Shri Shivraj Singh Chauhan, HCM Ms. Kusum Singh Mahdele Shri Gopal Bhargawa Mrs. Maya Singh Shri Anthony De Sa Shri Radheshyam Julaniya Mrs. Gauri Singh Dr. Manoj Govil Shri Ajit Prakash Shrivastava Shri Malay Shrivastava Shri Ajay Nath Shri Ashwini Kumar Rai Mrs. Aruna Sharma	Chairman & Hon'ble Chief Minister Vice Chairman, Minister Public Health Engineering Department, GoMP Director Director Director Director Director Director Director Director Managing Director Managing Director Director	Shri Manoj Govil	No
29	Bhopal Smart City Development Corporation Limited	2016-17	Shri Nishant Warwade Shri Chandramauli Shukla Shri Janardan Prasad Shri A.K.Paliwal Mrs. Chhavi Bhardwaj Shri Shiv Kant Mudgal Shri Neeraj Kumar Vashishtha	Chairman Managing Director Director Director Director Director Director	Shri Chandramauli Shukla	No

Annexure - 1.4 (b)

Officers who are directors of more than one PSU whose accounts are in arrears

(Referred to in Paragraph 1.9)

Sl. No.	Name	Company
1	Dr. Sandeep Kadwe	M.P. Venture Finance Limited
		M.P. Venture Finance Trustee Limited
2	Shri A.P. Shrivastava	The Provident Investment Company Limited
		M.P. Venture Finance Limited
		M.P. Venture Finance Trustee Limited
3	Shri Ajay Choubey	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited
		Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited
		Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited
4	Shri Ajeet Kumar	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited
		Madhya Pradesh Power Management Company Limited
5	Shri Akash Tripathi	Madhya Pradesh Power Management Company Limited
		Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited
6	Shri Anirudhhe Mukerjee	Madhya Pradesh State Industrial Development Corporation Limited
		Madhya Pradesh State Electronics Development Corporation Limited
		Madhya Pradesh State Tourism Development Corporation Limited
7	Shri Anthony de Sa	Madhya Pradesh Metro Rail Company Limited
		M.P. Urban Development Company Limited
8	Shri Ashok Barnval	Madhya Pradesh State Civil Supplies Corporation Limited
		Madhya Pradesh State Agro Industries Development Corporation Limited
9	Shri D P Ahuja	M.P. Audyogik Kendra Vikas Nigam (Rewa) Limited
		Madhya Pradesh State Industrial Development Corporation Limited
		Madhya Pradesh State Electronics Development Corporation Limited
		M.P. Trade and Investment Facilitation Corporation Limited
10	Shri I C P Keshari	Madhya Pradesh Metro Rail Company Limited
		Madhya Pradesh Power Management Company Limited
11	Shri Malay Shrivastava	Madhya Pradesh Metro Rail Company Limited
		M.P. Urban Development Company Limited

Sl. No.	Name	Company
		Madhya Pradesh State Tourism Development Corporation Limited
		Madhya Pradesh Jal Nigam Maryadit
12	Shri Manoj Srivastav	M.P. Trade and Investment Facilitation Corporation Limited
		Madhya Pradesh State Tourism Development Corporation Limited
13	Shri Mohammed Suleman	Madhya Pradesh State Industrial Development Corporation Limited
		Madhya Pradesh State Electronics Development Corporation Limited
		M.P. Trade and Investment Facilitation Corporation Limited
		Madhya Pradesh Laghu Udyog Nigam Limited
14	Shri Mukesh Chand Gupta	Bansagar Thermal Power Company Limited
		Madhya Pradesh Power Management Company Limited
		Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited
15	Shri Mukul Dhariwal	Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited
		Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited
16	Shri Navin Kumar Kohli	Bansagar Thermal Power Company Limited
		Shahpura Thermal Power Company Limited
17	Shri Rajendra Shukla	Madhya Pradesh State Industrial Development Corporation Limited
		Madhya Pradesh State Electronics Development Corporation Limited
18	Shri Ravi Sethi	Bansagar Thermal Power Company Limited
		Shahpura Thermal Power Company Limited
19	Shri S B Singh	Sant Ravidas Madhya Pradesh Hastha Shilp Evam Hath Kargha Vikas Nigam Limited
		Madhya Pradesh Laghu Udyog Nigam Limited
20	Shri Sanjay Kumar Shukla	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited
		Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited
		Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited
		Bansagar Thermal Power Company Limited
		Madhya Pradesh Power Management Company Limited
		Shahpura Thermal Power Company Limited
21	Shri Sathyanand	Madhya Pradesh State Agro Industries Development Corporation Limited
		Sant Ravidas Madhya Pradesh Hastha Shilp Evam Hath Kargha Vikas Nigam Limited

Sl. No.	Name	Company
22	Shri Shivraj Singh Chauhan	Madhya Pradesh Metro Rail Company Limited
		M.P. Urban Development Co. Ltd.
23	Shri V L Kantarao	M.P. Audyogik Kendra Vikas Nigam (Rewa) Limited
		M.P. Audyogik Kendra Vikas Nigam (Sagar) Limited
		Madhya Pradesh State Industrial Development Corporation Limited
		Madhya Pradesh State Electronics Development Corporation Limited
		Sant Ravidas Madhya Pradesh Hastha Shilp Evam Hath Kargha Vikas Nigam Limited
		M.P. Trade and Investment Facilitation Corporation Limited
		Madhya Pradesh Laghu Udyog Nigam Limited
24	Shri Vivek Aggarwal	Madhya Pradesh Metro Rail Company Limited
		M.P. Urban Development Co. Ltd.
25	Shri Vivek Kumar Porwal	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited
		Madhya Pradesh Power Management Company Limited
26	Shri Yashwant Kumar	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited
		Madhya Pradesh Power Management Company Limited
27	Smt. Smita Bharadwaj	M.P. Venture Finance Limited
		M.P. Venture Finance Trustee Limited
28	Smt. Urmila Mishra	Madhya Pradesh Pichhara Varg Tatha Alpsankhyak Vitta Evam Vikas Nigam Limited
		Madhya Pradesh State Agro Industries Development Corporation Limited

Annexure - 1.5

Equity, Loans, Grants and Guarantees by the State Government in PSUs whose accounts were in arrear as on 31 December 2017

(Referred to in Paragraph 1.11)

(₹ in crore)

S. No.	Name of the PSU	Paid up capital	Year upto which accounts finalised	Period of accounts pending finalisation	Equity, Loans, Grants and Guarantees by State Government during the year for which Accounts are in arrears					
					Equity	Loans	Capital grant	Others≠	Guarantees	Total
1	2	3	4	5	6	7	8	9	10	11
A. WORKING COMPANIES										
1 Year										
1	M.P. Audyogik Kendra Vikas Nigam (Rewa) Limited	1.8	2015-16	2016-17	0.00	0.00	20.00	0.00	0.00	20.00
2	M.P. Audyogik Kendra Vikas Nigam (Sagar) Limited	5.5	2015-16	2016-17	0.00	0.00	7.75	0.00	0.00	7.75
3	M.P. Venture Finance Limited	0.31	2015-16	2016-17	0.20	0.50	0.00	0.00	0.00	0.70
4	M.P. Venture Finance Trustee Limited	0.01	2015-16	2016-17	0.01	0.00	0.00	0.00	0.00	0.01
5	Madhya Pradesh Metro Rail Company Limited	30.00	2015-16	2016-17	29.39	0.00	0.00	0.00	0.00	29.39
6	M.P. Urban Development Company Limited	1.00	2015-16	2016-17	0.00	0.00	100.00	0.00	0.00	100.00
7	Madhya Pradesh State Electronics Development Corporation Limited	21.91	2015-16	2016-17	0.00	0.00	0.00	91.70	0.00	91.70
8	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited	3,322.43	2015-16	2016-17	0.00*	951.86	1,319.91	1,102.56	90.27	3,464.60
9	Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited	3,049.43	2015-16	2016-17	0.00*	73.17	1,246.71	3,724.58	64.44	5,108.90
10	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited	3,601.35	2015-16	2016-17	0.00*	53.63	1,274.38	1,908.96	97.16	3,334.13

11	M.P.Trade and Investment Facilitation Corporation Limited	0.80	2015-16	2016-17	0.00	0.00	3.50	0.00	0.0	3.50
12	Madhya Pradesh State Tourism Development Corporation Limited	24.97	2015-16	2016-17	0.00	0.00	47.31	94.23	0.00	141.54
	Sub-total				**29.60**	**1,079.16**	**4,019.56**	**6,922.03**	**251.87**	**12,302.22**
2 to 5 Years										
13	Madhya Pradesh Police Housing Corporation Limited	4.58	2014-15	2015-16	0.00	92.50	0.00	0.00	577.86	670.36
				2016-17	0.00	0.00	0.00	0.00	0.00	0.00
14	Madhya Pradesh Jal Nigam Maryadit	55.00	2014-15	2015-16	10.00	0.00	407.00	0.00	0.00	417.00
				2016-17	45.00	0.00	276.33	0.00	0.00	321.33
15	Madhya Pradesh State Industrial Development Corporation Limited	81.09	2013-14	Upto 2015-16	0.00	22.16	0.00	0.00	0.00	22.16
				2016-17	0.00	22.16	0.00	0.00	0.00	22.16
16	Madhya Pradesh Pichhara Varg Tatha Alpsankhyak Vitta Evam Vikas Nigam Limited	10.75	2009-10	Upto 2015-16	3.70	0.00	2.55	51.30	0.00	57.55
				2016-17	0.00	8.76	0.54	29.00	0.00	38.30
17	Madhya Pradesh Adivasi Vitta Evam Vikas Nigam Limited	36.18	2003-04	Upto 2015-16	6.33	0.00	18.30	41.50	0.00	66.13
				2016-17	0.00	0.00	3.47	57.00	0.00	60.47
	Sub-total				**65.03**	**145.58**	**708.19**	**178.80**	**577.86**	**1,675.46**
Total (A)					**94.63**	**1,224.74**	**4,727.75**	**7,100.83**	**829.73**	**13,977.68**
B. NON WORKING COMPANIES										
1 Year – Nil										
2 to 5 Years – Nil										
Above 5 Years										
1	M.P. State Textile Corporation Limited	6.86	2009-10	Upto 2015-16	0.00	0.00	3.61	0.00	0.00	3.61
				2016-17	0.00	0.00	0.73	0.00	0.00	0.73
	Total (B)				**0.00**	**0.00**	**4.34**	**0.00**	**0.00**	**4.34**
	Grand Total (A+B)				**94.63**	**1,224.74**	**4,732.09**	**7,100.83**	**829.73**	**13,982.02**

* Being their parent Company, total Equity infusion in three Power Distribution Companies is shown under MPPMCL (MPMKVVCL- ₹ 1,656.46 Crore, MPPaKVVCL- ₹ 943.98 Crore, MPPoKVVCL- ₹ 1,464.11 Crore).

≠ Includes subsidy and revenue grant (Madhya Pradesh State Electronics Development Corporation Limited, Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited, Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited, Madhya Pradesh State Tourism Development Corporation Limited, Madhya Pradesh Pichhara Varg Tatha Alpsankhyak Vitta Evam Vikas Nigam Limited, Madhya Pradesh Adivasi Vitta Evam Vikas Nigam Limited and M.P. State Textile Corporation Limited).

Annexure- 1.6

Summarised financial position and working results of Government companies and Statutory corporations (accounts of which are not in arrears for more than three years) as per their latest finalised financial statements

(Referred to in Paragraph 1.12)

(Figures in column no. 4 to 9 are ₹ in crores)

S. No.	Name of PSU	Year of finalised accounts	Net Profit/ Loss before dividend, interest and tax	Net Profit/ Loss after tax and dividend	Turnover	Investment€	Shareholders' funds¥	Capital employed#	Return on Capital Employed$ (4/9) (ROCE)	Return on Investment@ (4/7) (RoI)	Return on Equityµ (5/8) (RoE)
1	2	3	4	5	6	7	8	9	10	11	12
2014-15											
Profit making companies											
1	The Provident Investment Company Limited	2014-15	0.90	0.68	1.07	26.63	26.63	26.63	3.38	3.38	2.55
2	Madhya Pradesh Police Housing Corporation Limited	2014-15	14.39	9.51	27.12	627.61	49.75	627.61	2.29	2.29	19.12
3	Sant Ravidas Madhya Pradesh Hastha Shilp Evam Hath Kargha Vikas Nigam Limited	2014-15	0.08	0.08	29.89	3.88	3.88	3.88	2.06	2.06	2.06
4	Madhya Pradesh Laghu Udyog Nigam Limited	2014-15	25.87	16.31	218.50	119.92	119.92	119.92	21.57	21.57	13.60
5	Madhya Pradesh State Agro Industries Development Corporation Limited	2014-15	48.63	32.34	1,162.76	120.20	120.20	120.20	40.46	40.46	26.91
6	M.P. Audyogik Kendra Vikas Nigam (Sagar) Limited	2014-15	0.18	0.18	0.55	23.81	4.79	23.81	0.76	0.76	3.76
7	Madhya Pradesh State Electronics Development Corporation Limited	2014-15	12.86	8.78	54.31	55.18	38.06	55.18	23.31	23.31	23.07
8	M.P. Trade and Investment Facilitation Corporation Limited	2014-15	2.72	1.86	0.11	930.51	13.53	930.51	0.29	0.29	13.75
9	Madhya Pradesh State Tourism Development Corporation Limited	2014-15	1.76	1.17	90.57	25.42	25.42	25.42	6.92	6.92	4.60

S. No.	Name of PSU	Year of finalised accounts	Net Profit/ Loss before dividend, interest and tax	Net Profit/ Loss after tax and dividend	Turnover	Investment€	Shareholders' funds¥	Capital employed#	Return on Capital Employed$ (4/9) (ROCE)	Return on Investment@ (4/7) (RoI)	Return on Equityµ (5/8) (RoE)
1	2	3	4	5	6	7	8	9	10	11	12
10	M.P. Audyogik Kendra Vikas Nigam (Rewa) Limited	2014-15	1.05	0.63	0.33	10.56	7.41	10.56	9.94	9.94	8.50
11	Madhya Pradesh State Mining Corporation Limited	2014-15	108.46	40.89	646.14	197.07	197.07	197.07	55.04	55.04	20.75
12	Madhya Pradesh Rajya Van Vikas Nigam Limited	2014-15	70.50	64.46	84.75	271.28	271.28	271.28	25.99	25.99	23.76
13	Madhya Pradesh Road Development Corporation Limited	2014-15	63.28	47.88	59.34	166.99	186.99	166.99	37.89	37.89	25.61
14	Madhya Pradesh Warehousing and Logistics Corporation	2014-15	78.19	39.47	236.08	465.21	187.22	465.21	16.81	16.81	21.08
15	Madhya Pradesh Power Transmission Company Limited	2014-15	512.13	28.33	2,328.45	4,348.7	2,316.97	4,348.7	11.78	11.78	1.22
16	Madhya Pradesh Financial Corporation	2014-15	93.31	11.66	111.58	1,255.32	372.23	1,255.32	7.43	7.43	3.13
17	DMIC Vikram Udyogpuri Limited	2014-15	3.28	2.21	0.00	114.44	114.44	114.44	2.87	2.87	1.93
18	DMIC Pithampur Jal Prabandhan Limited	2014-15	2.77	1.87	0.00	36.87	36.87	36.87	7.51	7.51	5.07
19	Pithampur Auto Cluster	2014-15	7.03	1.05	4.73	4.75	4.75	4.75	148.00	148.00	22.11
20	M.P. Audyogik Kendra Vikas Nigam (Jabalpur) Limited	2014-15	2.40	2.12	0.46	9.63	9.63	9.63	24.92	24.92	22.01
21	Narmada Basin Projects Company Limited	2014-15	0.04	0.03	0.00	4.73	4.73	4.73	0.85	0.85	0.63
22	M.P. Audyogik Kendra Vikas Nigam (Bhopal) Limited	2014-15	14.23	9.16	13.58	28.90	28.90	28.90	49.24	49.24	31.70
23	Industrial Infrastructure Development Corporation (Gwalior) M.P. Limited	2014-15	4.88	4.38	1.27	5.55	5.55	5.55	87.93	87.93	78.92

S. No.	Name of PSU	Year of finalised accounts	Net Profit/ Loss before dividend, interest and tax	Net Profit/ Loss after tax and dividend	Turnover	Investment€	Shareholders' funds¥	Capital employed#	Return on Capital Employed$ (4/9) (ROCE)	Return on Investment@ (4/7) (RoI)	Return on Equityµ (5/8) (RoE)
1	2	3	4	5	6	7	8	9	10	11	12
24	Madhya Pradesh Plastic Park Development Corporation Limited	2014-15	0.17	0.12	0.00	5.46	5.46	5.46	3.11	3.11	2.20
25	M.P. Audyogik Kendra Vikas Nigam(Indore) Limited	2014-15	44.13	15.48	149.28	162.96	132.96	162.96	27.08	27.08	11.64
Total A			**1,113.24**	**340.65**	**5,220.87**	**9,021.58***	**4,284.64***	**9,021.58***	**12.34**	**12.34**	**7.95**
No Profit No loss Companies											
26	Shahpura Thermal Power Company Limited	2014-15	0.01	0.00	0.00	3.42	0.07	3.42	0.29	0.29	0.00
27	Madhya Pradesh Power Management Company Limited	2014-15	82.15	0.00	20,061.41	5,770.94	5,753.43	5,770.94	1.42	1.42	0.00
28	Madhya Pradesh Jal Nigam Maryadit	2014-15	1.62	0.00	5.84	54.80	54.80	54.80	2.96	2.96	0.00
29	Madhya Pradesh Urja Vikas Nigam Limited	2014-15	0.60	0.00	5.66	2.70	0.69	2.70	22.22	22.22	0.00
30	Shri Singaji Power Project Limited	2014-15	0.00	0.00	0.00	0.04	0.04	0.04	0.00	0.00	0.00
Total B			**84.38**	**0.00**	**20,072.91**	**5,831.90***	**5,809.03***	**5,831.90***	**1.45**	**1.45**	**0.00**
Loss Making Companies											
31	Madhya Pradesh State Civil Supplies Corporation Limited	2014-15	1,653.06	-68.33	17,016.90	181.39	75.99	181.39	911.33	911.33	-89.92
32	MP Jay Pee Minerals Limited	2014-15	-53.25	-88.67	206.81	245.20	-28.80	245.20	-21.72	-21.72	--
33	M.P. Audyogik Kendra Vikas Nigam (Ujjain) Limited	2014-15	1.67	-0.85	3.11	15.16	15.16	15.16	11.02	11.02	-5.61
34	Madhya Pradesh Power Generating Company Limited	2014-15	1,033.16	-1,027.48	6,456.58	12,679.93	2,278.54	12,679.93	8.15	8.15	-45.09

S. No.	Name of PSU	Year of finalised accounts	Net Profit/ Loss before dividend, interest and tax	Net Profit/ Loss after tax and dividend	Turnover	Investment€	Shareholders' funds¥	Capital employed#	Return on Capital Employed$ (4/9) (ROCE)	Return on Investment@ (4/7) (RoI)	Return on Equityµ (5/8) (RoE)
1	2	3	4	5	6	7	8	9	10	11	12
35	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited	2014-15	-910.92	-1,161.58	6,681.96	3,153.76	-8,169.12	3,153.76	-28.88	-28.88	--
36	Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited	2014-15	-858.97	-1,060.85	8,065.60	5,539.60	-6,649.80	5,539.60	-15.51	-15.51	--
37	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited	2014-15	-2,088.84	-2,348.72	5,227.78	1,936.62	-9,482.84	1,936.62	-107.86	-107.86	--
38	Bansagar Thermal Power Company Limited	2014-15	1.84	-0.98	0.00	20.23	-2.77	20.23	9.10	9.10	--
Total C			**-1,222.25**	**-5,757.46**	**43,658.74**	**23,771.89***	**2,369.69***	**23,771.89***	**-5.14**	**-5.14**	**-242.96**
G. Total A+B+C			**-24.63**	**-5,416.81**	**68,952.52**	**38,625.37***	**12,463.36***	**38,625.37***	**-0.06**	**-0.06**	**-43.46**
2015-16											
Profit making Companies											
1	Madhya Pradesh State Agro Industries Development Corporation Limited	2015-16	59.66	39.12	1,305.22	149.81	149.81	149.81	39.82	39.82	26.11
2	M.P. Audyogik Kendra Vikas Nigam (Sagar) Limited	2015-16	1.07	0.71	1.36	30.99	6.35	30.99	3.45	3.45	11.18
3	Madhya Pradesh State Electronics Development Corporation Limited	2015-16	14.39	14.17	56.34	66.93	49.81	66.93	21.50	21.50	28.45
4	M.P.Trade and Investment Facilitation Corporation Limited	2015-16	0.59	0.40	0.13	1,431.12	13.89	1,431.12	0.04	0.04	2.88
5	Madhya Pradesh State Civil Supplies Corporation Limited	2015-16	1,638.22	0.65	18,742.98	163.42	76.37	163.42	1,002.46	1,002.46	0.85

S. No.	Name of PSU	Year of finalised accounts	Net Profit/ Loss before dividend, interest and tax	Net Profit/ Loss after tax and dividend	Turnover	Investment€	Shareholders' funds¥	Capital employed#	Return on Capital Employed$ (4/9) (ROCE)	Return on Investment@ (4/7) (RoI)	Return on Equityµ (5/8) (RoE)
1	2	3	4	5	6	7	8	9	10	11	12
6	Madhya Pradesh State Tourism Development Corporation Limited	2015-16	9.90	5.92	110.08	31.34	31.34	31.34	31.59	31.59	18.89
7	Madhya Pradesh State Mining Corporation Limited	2015-16	159.48	90.55	150.87	265.45	265.44	265.45	60.08	60.08	34.11
8	Madhya Pradesh Rajya Van Vikas Nigam Limited	2015-16	72.13	63.91	71.57	319.81	280.97	319.81	22.55	22.55	22.75
9	Madhya Pradesh Road Development Corporation Limited	2015-16	53.71	40.04	49.13	202.22	186.53	202.22	26.56	26.56	21.47
10	Madhya Pradesh Warehousing and Logistics Corporation	2015-16	107.83	52.41	252.87	469.36	221.14	469.36	22.97	22.97	23.70
11	Madhya Pradesh Power Transmission Company Limited	2015-16	443.27	79.68	2,742.77	4,587.00	2,531.21	4,587.00	9.66	9.66	3.15
12	Madhya Pradesh Financial Corporation	2015-16	109.80	12.38	132.79	1,348.40	383.19	1,348.40	8.14	8.14	3.23
13	DMIC Vikram Udyogpuri Limited	2015-16	3.84	2.57	0.00	117.01	117.01	117.01	3.28	3.28	2.20
14	DMIC Pithampur Jal Prabandhan Limited	2015-16	2.91	1.96	0.00	39	39.00	39	7.46	7.46	5.03
15	Pithampur Auto Cluster	2015-16	8.41	3.52	6.99	4.76	4.76	4.76	176.68	176.68	73.95
16	M.P. Audyogik Kendra Vikas Nigam (Jabalpur) Limited	2015-16	1.22	1.19	0.35	11.07	11.07	11.07	11.02	11.02	10.75
17	Narmada Basin Projects Company Limited	2015-16	0.36	0.24	0.00	4.97	4.97	4.97	7.24	7.24	4.83
18	M.P. Audyogik Kendra Vikas Nigam (Bhopal) Limited	2015-16	12.20	7.08	14.96	35.98	35.98	35.98	33.91	33.91	19.68
19	Industrial Infrastructure Development Corporation (Gwalior) M.P. Limited	2015-16	1.60	1.08	0.22	23.43	6.63	23.43	6.83	6.83	16.29

S. No.	Name of PSU	Year of finalised accounts	Net Profit/ Loss before dividend, interest and tax	Net Profit/ Loss after tax and dividend	Turnover	Investment€	Shareholders' funds¥	Capital employed#	Return on Capital Employed$ (4/9) (ROCE)	Return on Investment@ (4/7) (RoI)	Return on Equity¤ (5/8) (RoE)
1	2	3	4	5	6	7	8	9	10	11	12
20	Madhya Pradesh Plastic Park Development Corporation Limited	2015-16	0.06	0.04	0.00	6.83	6.83	6.83	0.88	0.88	0.59
Total A			**2,700.65**	**417.62**	**23,638.63**	**9,308.90***	**4,422.30***	**9,308.90***	**29.01**	**29.01**	**9.44**
No Profit No loss Companies											
21	M.P. Venture Finance Limited	2015-16	0.00	0.00	0.00	0.81	0.31	0.81	0.00	0.00	0.00
22	M.P. Venture Finance Trustee Limited	2015-16	0.00	0.00	0.00	0.01	0.01	0.01	0.00	0.00	0.00
23	Shahpura Thermal Power Company Limited (16-17)	2015-16	0.01	0.00	0.00	3.79	0.07	3.79	0.26	0.26	0.00
24	Madhya Pradesh Power Management Company Limited (16-17)	2015-16	72.64	0.00	23,165.13	5,963.81	5,942.69	5,963.81	1.22	1.22	0.00
25	Madhya Pradesh Urja Vikas Nigam Limited	2015-16	0.34	0.00	3.99	2.79	0.69	2.79	12.19	12.19	0.00
26	Shri Singaji Power Project Limited (NRC)	2015-16	0.00	0.00	0.00	0.04	0.04	0.04	0.00	0.00	0.00
Total B			**72.99**	**0.00**	**23,169.12**	**5,971.25***	**5,943.81***	**5,971.25***	**1.22**	**1.22**	**0.00**
Loss Making Companies											
27	M.P. Audyogik Kendra Vikas Nigam (Rewa) Limited	2015-16	0.07	-0.07	0.45	9.50	7.29	9.50	0.74	0.74	-0.96
28	M.P. Urban Development Company Limited	2015-16	-0.64	-0.64	0.00	0.36	0.36	0.36	-177.78	-177.78	-177.78
29	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited	2015-16	-1,258.55	-1,616.91	7,159.91	2,227.72	-9,744.61	2,227.72	-56.49	-56.49	--
30	Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited	2015-16	-941.36	-1,207.01	9,333.64	2,018.49	-7,816.74	2,018.49	-46.64	-46.64	--

S. No.	Name of PSU	Year of finalised accounts	Net Profit/ Loss before dividend, interest and tax	Net Profit/ Loss after tax and dividend	Turnover	Investment€	Shareholders' funds¥	Capital employed#	Return on Capital Employed$ (4/9) (ROCE)	Return on Investment@ (4/7) (RoI)	Return on Equityµ (5/8) (RoE)
1	2	3	4	5	6	7	8	9	10	11	12
31	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited	2015-16	-2,327.05	-2,766.08	5,974.43	-434.41	-12,053.32	-434.41	--	--	--
32	Bansagar Thermal Power Company Limited (16-17)	2015-16	0.62	-0.13	0.00	2.58	-2.90	2.58	24.03	24.03	--
33	Madhya Pradesh Power Generating Company Limited	2015-16	2,489.09	-50.19	7,976.41	12,731.50	2,410.44	12,731.50	19.55	19.55	-2.08
34	M.P. Audyogik Kendra Vikas Nigam (Ujjain) Limited	2015-16	-4.23	-3.34	1.80	33.05	11.82	33.05	-12.80	-12.80	-28.26
35	M.P. Audyogik Kendra Vikas Nigam(Indore) Limited	2015-16	-1.77	-14.63	192.85	201.96	118.95	201.96	-0.88	-0.88	-12.30
36	MP Jay Pee Minerals Limited	2015-16	-38.68	-57.15	0.00	173.74	-85.95	173.74	-22.26	-22.26	0.00
Total C			**-2,082.50**	**-5,716.15**	**30,639.49**	**17,398.90***	**2,548.86***	**17,398.90***	**-11.97**	**-11.97**	**-224.26**
G. Total A+B+C			**691.14**	**-5,298.53**	**77,447.24**	**32,679.05***	**12,914.97***	**32,679.05***	**2.11**	**2.11**	**-41.03**
2016-17											
Profit making Companies											
1	Madhya Pradesh State Mining Corporation Limited	2016-17	142.41	91.81	296.39	335.13	335.13	335.13	42.49	42.49	27.40
2	Madhya Pradesh Rajya Van Vikas Nigam Limited	2016-17	68.20	63.05	82.16	367.71	367.71	367.71	18.55	18.55	17.15
3	Madhya Pradesh Road Development Corporation Limited	2016-17	68.56	53.44	94.08	255.66	255.66	255.66	26.82	26.82	20.90
4	Madhya Pradesh Warehousing and Logistics Corporation	2016-17	59.75	35.41	167.86	507.87	244.29	507.87	11.76	11.76	14.50
5	Madhya Pradesh Power Generating Company Limited	2016-17	1,859.84	24.83	7,817.66	17,300.26	2,882.79	17,300.26	10.75	10.75	0.86
6	Madhya Pradesh Power Transmission Company Limited	2016-17	354.68	22.23	2,658.62	4,824.77	2,478.05	4,824.77	7.35	7.35	0.90

S. No.	Name of PSU	Year of finalised accounts	Net Profit/ Loss before dividend, interest and tax	Net Profit/ Loss after tax and dividend	Turnover	Investment€	Shareholders' funds¥	Capital employed#	Return on Capital Employed$ (4/9) (ROCE)	Return on Investment@ (4/7) (RoI)	Return on Equity¤ (5/8) (RoE)
1	2	3	4	5	6	7	8	9	10	11	12
7	Madhya Pradesh Financial Corporation	2016-17	106.91	9.16	134.35	1,346.99	393.19	1,346.99	7.94	7.94	2.33
8	Madhya Pradesh Public Health Services Corporation Ltd	2016-17	6.59	4.39	6.78	15.33	15.33	15.33	42.99	42.99	28.64
9	DMIC Vikram Udyogpuri Limited	2016-17	2.05	1.36	0.00	118.36	118.36	118.36	1.73	1.73	1.15
10	DMIC Pithampur Jal Prabandhan Limited	2016-17	2.08	1.34	0.00	40.49	40.49	40.49	5.14	5.14	3.31
11	Pithampur Auto Cluster	2016-17	2.54	0.52	6.95	4.79	4.79	4.79	53.03	53.03	10.86
12	Indore Smart City Developoment Limited	2016-17	0.00	0.34	0.10	103.90	103.56	103.56	0.00	0.00	0.33
13	M.P. Audyogik Kendra Vikas Nigam (Ujjain) Limited	2016-17	0.00	0.31	2.34	41.27	12.13	41.27	0.00	0.00	2.56
14	M.P. Audyogik Kendra Vikas Nigam (Jabalpur) Limited	2016-17	0.32	0.10	0.06	11.91	11.91	11.91	2.69	2.69	0.84
15	Narmada Basin Projects Company Limited (NRC)	2016-17	0.37	0.26	0.00	5.23	5.23	5.23	7.07	7.07	4.97
Total A			**2,674.30**	**308.55**	**11,267.35**	**25,279.67***	**7,268.62***	**25,279.33***	**10.58**	**10.58**	**4.24**
No Profit No loss Companies											
16	M.P. Audyogik Kendra Vikas Nigam (Bhopal) Limited	2016-17	0.10	0.00	13.43	36.04	35.98	36.04	0.28	0.28	0.00
17	Industrial Infrastructure Development Corporation (Gwalior) M.P. Limited	2016-17	0.00	0.00	0.19	27.38	7.13	27.38	0.00	0.00	0.00
18	Jabalpur Electronics Manufacturing Park Limited	2016-17	0.00	0.00	0.00	4.75	0.05	4.75	0.00	0.00	0.00
19	Bhopal Electronics Manufacturing Park Limited	2016-17	0.00	0.00	0.00	0.05	0.05	0.05	0.00	0.00	0.00
20	Madhya Pradesh Urja Vikas Nigam Limited	2016-17	0.00	0.00	2.04	2.39	0.69	2.39	0.00	0.00	0.00

S. No.	Name of PSU	Year of finalised accounts	Net Profit/ Loss before dividend, interest and tax	Net Profit/ Loss after tax and dividend	Turnover	Investment€	Shareholders' funds¥	Capital employed#	Return on Capital Employed$ (4/9) (ROCE)	Return on Investment@ (4/7) (RoI)	Return on Equityµ (5/8) (RoE)
1	2	3	4	5	6	7	8	9	10	11	12
21	Madhya Pradesh Plastic Park Development Corporation Limited	2016-17	0.00	0.00	0.00	13.55	13.55	13.55	0.00	0.00	0.00
22	Shri Singaji Power Project Limited	2016-17	0.00	0.00	0.00	0.04	0.04	0.04	0.00	0.00	0.00
Total B			**0.10**	**0.00**	**15.66**	**84.20***	**57.49***	**84.20***	**0.12**	**0.12**	**0.00**
Loss Making Companies											
23	Madhya Pradesh Plastic City Development Corporation Gwalior Limited	2016-17	-0.05	-0.05	0.00	5.05	0.20	5.05	-0.99	-0.99	-25.00
24	M.P. Audyogik Kendra Vikas Nigam(Indore) Limited	2016-17	-310.19	0.00	136.14	87.25	3.40	87.25	-355.52	-355.52	0.00
25	MP Jay Pee Minerals Limited	2016-17	9.22	-2.42	36.93	24.04	-88.37	24.04	38.35	38.35	--
Total C			**-301.02**	**-2.47**	**173.07**	**116.34***	**3.60***	**116.34***	**-258.74**	**-258.74**	**-68.61**
G. Total A+B+C			**2,373.38**	**306.08**	**11,456.08**	**25,480.21***	**7,329.71***	**25,479.87***	**9.31**	**9.31**	**4.18**

€ Investment = (Paid up capital + Free Reserve + Long term loan).

¥ Shareholders fund = (Paid up capital +free reserve & surplus - accumulated loss - deferred revenue expenditure).

Capital employed = Shareholders fund + Long term Borrowings.

$ Return on Capital employed = (Net profit/loss before dividend, interest and tax) / Capital Employed.

@ Return on Investment (ROI) = (Net Profit before dividend, tax and interest) / Investment.

µ Return on Equity (ROE) = (Net profit after tax - Preference dividend) / Shareholders' Fund.

* The total doesn't include negative figures

Annexure - 1.7
Implementation of UDAY scheme by DISCOMs
(Referred to in Paragraph 1.23)

Parameter	Target period as per MoU	Target			Achievement		
		MPPaKVVCL	MPPoKVVCL	MPMKVVCL	MPPaKVVCL	MPPoKVVCL	MPMKVVCL
Financial turnaround							
Takeover of loans of DISCOMs by GoMP by conversion into equity/grant	2016-17 (Equity)	₹ 7,568 Crore			₹ 7,568 Crore[1]		
	2017-18 (Grant)	₹ 4,622 Crore			₹ 4,622 Crore		
Reduction of AT & C Loss[2] (in *per cent*)	2016-17	20.40	19.72	22.09	18.47 (achieved)	22.58 (not achieved)	34.32 (not achieved)
	2017-18 (to be reduced to 15% by 2019-20)	18.41	17.73	19.19	20.25 (not achieved)	33.06 (not achieved)	41.91 (not achieved)
Elimination of ACS - ARR gap[3] (upto ₹ per unit)	2016-17	0.34			-0.25 (achieved)	1.18 (not achieved)	0.64 (not achieved)
	2017-18 (to be eliminated by 2019-20)	0.16			-0.38 (achieved)	1.16 (not achieved)	0.75 (not achieved)
Tariff Revision in time		Timely filing of tariff petition			No delays		
Billing efficiency (in *per cent*)	2016-17	79.60	80.28	77.91	82.00 (achieved)	78.14 (not achieved)	63.77 (not achieved)
	2017-18	81.59	82.27	80.81	83.25 (achieved)	73.98 (not achieved)	69.67 (not achieved)
Collection efficiency (in *per cent*)	2016-17	100.00	100.00	100.00	98.42 (not achieved)	96.67 (not achieved)	88.29 (not achieved)
	2017-18	100.00	100.00	100.00	95.80 (not achieved)	90.49 (not achieved)	83.38 (not achieved)

1 ₹ 3,557 crore as equity and ₹ 4,011 crore as grant
2 Aggregate Transmission and Commercial (AT&C) loss is the sum total of technical and commercial loss and shortage due to non-realisation of billed amount.
3 Average Cost of Supply (ACS) – Average Revenue Realisation (ARR) gap.

Parameter	Target period as per MoU	Target			Achievement		
		MPPaKVVCL	MPPoKVVCL	MPMKVVCL	MPPaKVVCL	MPPoKVVCL	MPMKVVCL
Operational turnaround							
Distribution transformers metering (Urban) (in nos.)	2017-18	23,823	8,962	30,474	17,595 (not achieved)	8,181 (not achieved)	22,647 (not achieved)
Distribution transformers metering (Rural) (in nos.)	2017-18	1,13,818	53,676	1,57,216	34,086 (not achieved)	73,903 (achieved)	57,408 (not achieved)
Feeder metering (Rural) (in nos.)	2016-17	5,457	4,300	4,347	5,457 (achieved)	4,050 (not achieved)	4,347 (achieved)
	2017-18	-	4,400	-	-	4,378 (not achieved)	-
Rural feeder audit (in nos.)	2016-17	4,583	4,062	3,374	4,583 (achieved)	3,400 (not achieved)	3,453 (achieved)
	2017-18	-	4,062	3,451	-	3,584 (not achieved)	3,847 (achieved)
Smart metering above 500 KWH (in nos.)	2017-18	80,000	44,878	1,61,564	40,440 (not achieved)	8,684 (not achieved)	10,753 (not achieved)
Electricity access to un-connected households (in nos.)	2017-18	42.30 lacs	48.98 lacs	25.55 lacs	43.09 lacs (achieved)	48.74 lacs (not achieved)	26.75 lacs (achieved)
Distribution of LEDs under UJALA scheme (in nos.)	2016-17	53.00 lacs	55.40 lacs	41.60 lacs	42.78 lacs (not achieved)	34.84 lacs (not achieved)	47.64 lacs (achieved)
	2017-18	106.25 lacs	75.60 lacs	83.49 lacs	57.07 lacs (not achieved)	48.62 lacs (not achieved)	57.38 lacs (not achieved)
Physical feeder segregation (in nos.)	2016-17	2,853	1,634	1,613	2,853 (achieved)	1,576 (not achieved)	1,595 (not achieved)
	2017-18	-	1,837	2,016	-	1,722 (not achieved)	1,952 (not achieved)

Annexure - 1.8
Details of foreign tours of delegations organised by the Company during 2015-16 to 2017-18
(Referred to in paragraph 1.24)

(Amount ₹ in lakh)

Sl. No.	Destination/ event	Head of Delegation*	No. of delegates	Period	Actual expenditure#
1	Hanover (Germany) trade fair	Minister, Department of Commerce, Industry and Employment, GoMP	4	12-17 April 2015	65.72
2	Japan-Korea Road Show	Chief Minister, GoMP	9	29 September-7 October 2015	143.67
3	New York Road Show	Minister, Department of Commerce, Industry and Employment, GoMP	2	1-5 December 2015	3.38$
4	Singapore Road Show	Chief Minister, GoMP	7	12-16 January 2016	71.78
5	China Road show	Chief Minister, GoMP	8	19-24 June 2016	100.11
6	New York (USA) Road Show	Chief Minister, GoMP	11	28 August-4 September 2016	155.28
7	London (UK) Road Show	Chief Minister, GoMP	8	25-29 September 2016	105.63
8	5th India-Arab Partnership summit, Muscat (Oman)	Minister, Department of Commerce, Industry and Employment, GoMP	4	14-15 December 2016	13.50
9	Bangkok delegation	Principal Secretary to Chief Minister, GoMP	3	20-22 March 2017	10.00
10	Annual Investment Meeting – 2017, Dubai	Minister, Department of Commerce, Industry and Employment, GoMP	6	2-4 April 2017	60.00
11	Advance delegation to Russia	Principal Secretary, Department of Commerce, Industry and Employment, GoMP	2	9-12 May 2017	8.50
12	Switzerland delegation	Chief Minister, GoMP	5	25-26 June 2017	15.00
13	New-York, Washington (USA) road shows	Chief Minister, GoMP	7	25-27 October 2017	105.69
14	London (UK) road show	Minister, Department of Commerce, Industry and Employment, GoMP	3	22-27 October 2017	17.38
15	Outreach business seminar (Portugal and Spain)	Minister, Department of Commerce, Industry and Employment, GoMP	6	20-24 November 2017	21.64
Total					**897.28**

*As per sanction orders.

The expenditure figures are as per books of accounts of the Company.

$ Does not include air fare and daily allowance as the same was borne by Council for Leather Exports, Ministry of Commerce and Industry, Government of India.

Annexure - 2.1.1 (a)
Works envisaged in Five Year Plan but not included in Annual Plans
(Referred to in Paragraph 2.1.12)

Sl. No.	Nature of Work	Name of Work	Estimated cost (₹ in crore)
1	400 KV line	LILO of Damoh-Bhopal line at Sagar 400 KV SS	31.75
2	400 KV line	LILO of Khandwa- Rajgarh line at Chhegaon 400 KV SS	15.88
3	400 KV line	LILO of Malwa- Julwania line at Chhegaon 400 KV SS	0.00
4	400 KV line	DCDS Moondi Pooling Point to Handia	220.50
5	400 KV line	DCDS REVA TPP to Moondi Pooling Point	64.30
6	400 KV line	DCDS Pithampur to Moondi Pooling Point	257.30
7	400 KV line	DCDS Astha-Ujjain line	158.80
8	400 KV line	DCDS Pithampur to Badnawar line	137.80
9	400 KV line	LILO Nagda-Rajgarh line at Badnawar 400 KV SS	31.80
10	400 KV line	LILO Inderasagar-Satpur for Handia 400 KV SS	31.80
11	400 KV line	DCDS Dada Dhuniwale TPP to Moondi Pooling Point	73.50
12	400 KV line	DCDS Handia-Astha line	142.90
13	400 KV line	DCDS SSTPP to Moondi Pooling Point	31.80
14	400 KV line	DCDS Nagda-Ujjain line	119.10
15	400 KV line	LILO Indore-Itarsi for Handia 400 KV SS	31.80
16	400 KV line	DCDS Moondi Pooling Point to Khandwa	73.50
17	400 KV Substation	Sagar	31.75
18	400 KV Substation	Moondi Pooling Point	150.00
19	400 KV Substation	Ujjain	98.00
20	400 KV Substation	Handia	98.00
21	220 KV Substation	Daloda Dist Mandsaur	19.05
22	220 KV Substation	Chichli Dist Narsinghpur	28.85
23	220 KV Substation	Ashoknagar	41.60
24	220 KV Substation	Shankargarh/Kshipra	30.60
25	220 KV Lines	DCDS interconnector between 400 and 220 KV SS Pithampur	24.39
26	220 KV Lines	DCDS astha-Indore II line	56.03
27	220 KV Lines	DCDS Amarkantak (MPPTCL)-Amarkantak (Genco) line	10.37
28	220 KV Lines	LILO of Indore-Pithampur line at Indore (SZ-II)	2.00
29	220 KV Lines	DCSS astha-Shajapur line	20.04
30	220 KV Lines	LILO Birsinghpur-Jabalpur (Sukha) for 220 KV SS Panagar	9.03
31	220 KV Lines	LILO Bina-gwalior line for 220 KV SS datia	2.47
32	220 KV Lines	DCDS Pithampur-Gandhinagar/Hatod line	16.50
33	220 KV Lines	LILO of Bansagar-Satna at 220 KV SS Sirmour	0.50
34	220 KV Lines	DCDS Julwaniya-Kukshi line	52.80
35	220 KV Lines	DCDS Ujjain-Dewas line	29.70
36	220 KV Lines	LILO of Bina-Sagar line for 220 KV SS Bina	3.30
37	220 KV Lines	LILO of Nagda-Ujjain line at 400KV SS Ujjain	13.20
38	220 KV Lines	LILO of Badod-Ujjain line at 400KV SS Ujjain	13.20
39	220 KV Lines	LILO of Auraiya-Malanpur line at 220 KV SS Mehgaon	2.00
40	220 KV Lines	LILO of Handia-Barwaha line at 220 KV SS Handia	13.20

Sl. No.	Nature of Work	Name of Work	Estimated cost (₹ in crore)
41	220 KV Lines	LILO of Ratlam-Badnagar line at 400 KV SS Badnagar	13.20
42	220 KV Lines	DCDS Katni-Damoh line	72.60
43	220 KV Lines	DCDS Maheshwar-Rajgarh line	75.90
44	220 KV Lines	DCDS Morena-sabalgarh line	52.80
45	132 KV Lines	DCSS Satna-Nagod line	4.53
46	132 KV Lines	LILO Gdarwara-Pipariya for 132 KV SS Bankhedi	2.92
47	132 KV Lines	DCSS Katra-Mauganj line	11.03
48	132 KV Lines	DCSS Icchwar-sehore line	9.33
49	132 KV Lines	DCSS Pipariya-Bareli line	16.34
50	132 KV Lines	DCSS Mahidpur/Zarda/Badod- Alot line	9.33
51	132 KV Lines	DCSS Bairagarh-sehore line	11.95
52	132 KV Lines	DCSS Shujalpur-Pachore line	11.92
53	132 KV Lines	DCDS Shajapur-Berchha line	10.24
54	132 KV Lines	LILO AmarkantaK-Morwa/baidhan for Rajmilan SS	1.03
55	132 KV Lines	Second circuit Kotar-Rampur Baghelan	4.18
56	132 KV Lines	Second circuit Shahdol-Dindori line	2.20
57	132 KV Lines	Second circuit Tikamgarh-Digoda line	2.76
58	132 KV Lines	Second circuit Betul-Chichouli line	2.20
59	132 KV Lines	Second circuit Bahadurpur-Burhanpur line	0.50
60	132 KV Lines	Second circuit Chhindwara-Bicchua line	2.80
61	132 KV Lines	Second circuit Damoh-Batiyagarh line	2.80
62	132 KV Lines	Second circuit Nepanagar-Badgaon line	1.90
63	132 KV Lines	Second circuit Julwaniya-Anjad line	2.00
64	132 KV Lines	Second circuit Pandhurna-Multai line	3.20
65	132 KV Lines	Interconnector between Shajapur 220-Shajapur 132 KV SS	8.26
66	132 KV Lines	Second circuit Nimrani-Kasrawad line	1.00
67	132 KV Lines	Second circuit Tap line Balaghat-Katangi line	3.20
68	132 KV Lines	Second circuit Shivpuri-Kolaras line	2.80
69	132 KV Lines	Second circuit Shivpuri-Mohana line	5.20
70	132 KV Lines	Second circuit Chhatarpur-Nowgaon line	2.80
71	132 KV Lines	Second circuit Rajgarh-Petlawad line	4.30
72	132 KV Lines	Second circuit Astha-Polai Kalan line	2.20
73	132 KV Lines	Second circuit Mehgaon-Porsa line	2.50
74	132 KV Lines	Second circuit Vidisha-Raisen line	2.10
75	132 KV Lines	Second circuit Ratlam-sailana line	1.80
76	132 KV Lines	Second circuit Katni-Slimnabad line	2.40
77	132 KV Lines	Second circuit Handia-Satwas line	2.80
78	132 KV Lines	Second circuit Pipariya-Semriharchand line	2.80
79	132 KV Lines	Second circuit Mehgaon-Seonda line	3.70
80	132 KV Lines	Second circuit Vidisha-shamshabad line	3.40
81	132 KV Lines	Second circuit Bairagarh-Shyampur line	1.60
82	132 KV Lines	Second circuit Birsinghpur-Umariya line	2.90
83	132 KV Lines	Second circuit Mahidpur-Zarda line	1.90

Sl. No.	Nature of Work	Name of Work	Estimated cost (₹ in crore)
84	132 KV Lines	DCSS Panagar-Patan line	14.80
85	132 KV Lines	DCDS Gwalior II- Gwalior III	8.60
86	132 KV Lines	DCSS Balaghat-Baraseoni	7.50
87	132 KV Lines	DCSS Digoda-Prithvipur-Orchha line	18.00
88	132 KV Lines	DCDS Ashoknagar-Kothiya (Baihatgarh line)	14.20
89	132 KV Lines	LILO Balaghat- Bhanegaon at 400 KV Balaghat SS	3.62
90	132 KV Lines	DCDS Vidisha-Raisen line	9.30
91	132 KV Lines	DCDS mehgaon-Bhind line	9.30
92	132 KV Lines	LILO Dewas- Indore at Shankargarh SS	3.60
93	132 KV Lines	Second circuit Balaghat-baihar line	18.50
94	132 KV Lines	Interconnector between Kukshi 220 -Kukshi 132 KV SS	4.25
95	132 KV Lines	DCSS Datia-Bhander line	9.00
96	132 KV Lines	DCDS Jabalpur-Jabalpur II	8.60
97	132 KV Lines	DCSS Dhar-teesgaon line	6.00
98	132 KV Lines	DCSS Dewas-Agrod line	11.10
99	132 KV Lines	Extension of first circuit BORL-Mungawli	7.50
100	132 KV Lines	DCSS narsinghpur-Devnagar	10.50
101	132 KV Lines	LILO Ratlam-Meghnagar at Petlawad SS	4.30
102	132 KV Lines	LILO Balaghat-Dhamda at Bhanegaon SS	0.43
103	132 KV Lines	DCSS Nagod-Pawai line	20.00
104	132 KV Lines	DCSS Maneri-Mandla line	22.20
105	132 KV Lines	DCSS Gandhisagar-Manasa line	20.35
106	132 KV Lines	DCDS Handiya-Khategaon line	8.60
107	132 KV Lines	Third circuit Bina-Mungawli line	0.92
108	132 KV Lines	DCSS Shujalpur-Kalapipal line	8.00
109	132 KV Lines	DCSS julwaniya-Talakpura line	9.60
110	132 KV Lines	DCSS Udaipura- Silwani	8.00
111	132 KV Lines	DCSS Bina-Khimlasa line	11.20
112	132 KV Lines	DCSS Chhindwara-Badkui	14.40
113	132 KV Substation	Nagod	9.57
114	132 KV Substation	Rau	10.61
115	132 KV Substation	Gandhinagar/Hatod	8.00
116	132 KV Substation	Sirmour	8.00
117	132 KV Substation	Digouda	7.84
118	132 KV Substation	Rajmilan	11.80
119	132 KV Substation	Gwalior-III	12.90
120	132 KV Substation	Jabalpur-II	12.90
121	132 KV Substation	Devnagar	10.40
122	132 KV Substation	Mungawli	10.40
123	132 KV Substation	Belkheda	10.08
124	132 KV Substation	Khimlasa	10.08
125	132 KV Substation	Kalapipal	10.08
126	132 KV Substation	Barkuhi	10.08

Annexure - 2.1.1 (b)

Works not envisaged in Five Year Plan but included in Annual Plans

(Referred to in Paragraph 2.1.12)

Sl. No.	Nature of Work	Name of Work	Plan year	Estimated cost (₹ in crore)
1	400 KV line	DCDS Indore (PGCIL) - Pithampur line	2013-14	95.51
2	220 KV Substation	Chichli	2012-13	28.85
3	220 KV Substation	Indore (SZ-II) CAT	2014-15	26.55
4	220 KV Substation	Julwania	2015-16	31.28
5	220 KV Substation	Ashoknagar (Upgradation)	2015-16	18.89
6	220 KV Lines	LILO Nagda-Neemuch for Daloda	2012-13	5.55
7	220 KV Lines	LILO Pithampur- Indore/Pithampur-Badnagar for Pithampur	2012-13	24.39
8	220 KV Lines	LILO Amarkantak-Korba for Amarkantak SS	2012-13	7.04
9	220 KV Lines	LILO of DCDS Indore II - Jaitpura at Indore NZ	2014-15	0.78
10	220 KV Lines	LILO of Rewa-Bansagar at 220 KV SS Sirmour	2014-15	12.28
11	220 KV Lines	LILO of Bhopal-Astha at Mugaliachhap	2014-15	19.70
12	220 KV Lines	LILO of Indore-II (Jaitpura) to Indore (NZ) at IDA Scheme No. 139 (Niranjanpur)	2014-15	0.78
13	132 KV Lines	LILO Indore-Pithampur for 132 KV SS Rau	2013-14	10.38
14	132 KV Lines	DCSS Barwah-Kishangarh line	2014-15	29.96
15	132 KV Lines	LILO Malanpur-Ambah at Badagaon	2014-15	1.80
16	132 KV Lines	DCSS Balaghat-Waraseoni	2014-15	9.00
17	132 KV Lines	DCDS Kukshi-Jobat	2014-15	13.03
18	132 KV Lines	DCSS Khargaone-Biston	2014-15	9.00
19	132 KV Lines	DCSS Morena-Deori	2014-15	10.80
20	132 KV Lines	DCSS Panagar-Dhimarkheda	2014-15	9.00
21	132 KV Lines	LILO Malanpur-Ambah at Dimni (132 KV SS)	2014-15	3.17
22	132 KV Lines	DCSS Badnagar- Chhayan line	2014-15	15.23
23	132 KV Lines	LILO Badod-Garoth at Shyamgarh	2014-15	13.29
24	132 KV Lines	DCSS Mehgaon-Pratapura line	2014-15	15.63
25	132 KV Lines	LILO Balaghat-Seoni/Katangi at 132 KV SS Waraseoni	2014-15	12.61
26	132 KV Lines	DCSS Talakpura-Biston line	2014-15	15.72
27	132 KV Lines	Shifting of Existing Amarkantak (TPS) - Anuppur line	2015-16	6.14
28	132 KV Lines	Dewas-Shankar garh line	2015-16	9.90
29	132 KV Lines	DCSS Julwania - Sendhwa line	2015-16	7.56
30	132 KV Lines	DCSS Sheopur kalan- Baroda line	2015-16	10.74
31	132 KV Lines	LILO Malanpur-Ambah line at Badagaon Dimni	2015-16	1.95
32	132 KV Lines	Moman badonia- Nalkheda line	2015-16	13.84
33	132 KV Lines	DCSS Handia-Gopal pur line	2015-16	8.00
34	132 KV Lines	Ashoknagar - Ishagarh line	2015-16	19.85
35	132 KV Lines	2nd Circuti Bairagarh-Shyampur line	2015-16	7.17
36	132 KV Lines	LILO Barod-Garoth line at Shyamgarh	2015-16	2.61
37	132 KV Lines	2nd Circuit Balaghat-Seoni	2016-17	5.77

Sl. No.	Nature of Work	Name of Work	Plan year	Estimated cost (₹ in crore)
38	132 KV Lines	DCSS Datia-Bhander	2016-17	19.85
39	132 KV Lines	DCDS Ashoknagar-Kothia	2016-17	29.78
40	132 KV Lines	LILO for Pithampur SEZ	2016-17	0.00
41	132 KV Lines	LILO of Mandideep-Hoshangabad line for Tamot	2016-17	2.40
42	132 KV Lines	LILO of Badod- Garoth at 132 KV SS Shyamgarh	2016-17	0.00
43	132 KV Lines	LILO Tikamgarh-Bijwar at 132 KV SS Badamalhera	2016-17	0.00
44	132 KV Substations	Kshipravihar	2014-15	8.00
45	132 KV Substations	Jobat	2014-15	12.72
46	132 KV Substations	Deori	2014-15	10.62
47	132 KV Substations	Madwas	2014-15	10.62
48	132 KV Substations	Dhimarkheda	2014-15	10.62
49	132 KV Substations	Nalkheda	2015-16	10.41
50	132 KV Substations	Mungaoli	2015-16	14.81
51	132 KV Substations	Pithampur (SEZ -II)	2016-17	0.00
52	132 KV Substations	Badamalhera	2016-17	0.00

Annexure - 2.1.2
Works under contract placed on M/s Isolux and their current status

(Referred to in Paragraph 2.1.22)

Sl. No.	Name of Work	Status of work completed as on March 2014 (in *per cent*)	Status of work completed as on March 2015 (in *per cent*)	Status of work completed as on March 2016 (in *per cent*)	Status of work completed as on March 2017 (in *per cent*)
1	220 KV S/s Sirmour	3	21	84	96
2	132 KV S/s Badagaon	2	37	80	87
3	132 KV S/s Lateri	Nil	24	77	96
4	132 KV S/s Indergarh	Nil	32	42	97
5	132 KV S/s Bairath	2	21	23	94
6	132 KV S/s Karapgaon	2	18	24	24
7	132 KV S/s Barhi	3	9	19	19
8	LILO Rewa 220 KV S/s - Simour 220 KV S/s	Nil	35	100	100
9	LILO Malanpur-Ambah 132 KV line	Nil	98	100	100
10	LILO 132 KV Sironj - Maksundgarh at Lateri	Nil	19	100	100
11	132 KV Datia-Indergarh	Nil	29	55	55
12	132 KV Shivpuri-Bairath	2	37	43	43
13	132 KV Chichli-Karapgaon	Nil	6	6	55
14	132 KV Kymore-Barhi	Nil	8	10	55
15	132 KV Sagar- Rahatgarh	Nil	7	19	64
16	132 KV Sirmour - Katra	Nil	17	25	25
17	132 KV LILO Gwalior- Dabra	Nil	20	20	44
18	1st Feeder Bay at Katra 132 KV S/s	Nil	Nil	Nil	Nil
19	2nd Feeder Bay at Katra 132 KV S/s	Nil	Nil	Nil	Nil
20	Feeder bay at Datia 220 KV S/s	Nil	Nil	Nil	Nil
21	Feeder bay at Shivpuri 220 KV S/s	Nil	20	33	33
22	Feeder bay at Kymore 132 KV S/s	Nil	Nil	Nil	Nil
23	Feeder bay at Chichli 220 KV S/s	Nil	28	28	28

Annexure - 2.1.3
Delays in taking up of work of transmission lines for evacuation of power from 220 KV sub-stations

(Referred to in Paragraph 2.1.25)

Sub Station/ Date of Commissioning	Proposed outgoing Transmission lines for evacuation of power	Status of work as of December 2017 and reasons for delay	Maximum load recorded on the sub-stations (in *per cent)*
220 KV Mugaliachhap/ June 2016	LILO of 132 KV Mugaliachhap-MACT line at Patrakar Colony	Initial estimate was prepared (April 2014) by Planning wing for 132 KV Mugaliachhap- Patrakar Colony line, but in order to avoid involvement of forest land in the route of the line the estimate for LILO of 132 KV Mugaliachhap-MACT line at Patrakar Colony was prepared in March 2016 by the Planning wing. Since, 132 KV Mugaliachhap-MACT line had not been constructed, as discussed below.	10 (from date of commissioning to December 2017)
	132 KV Mugaliachhap-MACT line	For the reasons not on record, there was initial delay in preparation of estimate due to non-initiation of work by Planning wing. As such, the estimates were prepared belatedly in March 2016. Consequently, the work awarded in September 2016 by Procurement wing after the commissioning of 220 KV Mugaliachhap sub-station. Only 62 *per cent* of transmission line work have been completed so far.	
	132 KV Mugaliachhap – Sehore line	Work under progress. Delay on account of non-supply of material[1] by the Procurement wing.	
	132 KV Mugaliachhap-Bilkisganj line	For the reasons not on record, there was initial delay in preparation of estimate (prepared in September 2016) due to non-initiation of work by Planning wing. In the meantime, the work was awarded in March 2016 by Procurement wing. Only 25 *per cent* of transmission line work has been completed so far due to frequent changes of profiles and drawings by the Company officials[2].	
220 KV Gwalior – II/ March 2015	132 KV Gwalior II – Hastinapur	Completed and connected in December 2015, with a delay of 9 months from the commissioning of sub-station.	17 (from date of commissioning to December 2017)
	132 KV LILO Gwalior-II to Dabra line	The contractor (M/s Isolux Ingeniria) failed to provide material at site and deploy manpower and stopped (April 2016) the work. The poor performance of the contractor discussed in *paragraph 2.1.22.*	
	132 KV LILO Gwalior-II to Karera line		
220 KV Sirmour/ October 2015	132 KV Sirmour-Katra	The contractor (M/s Isolux Ingeniria) failed to provide material at site and deploy manpower and stopped (April 2016) the work. The poor performance of the contractor discussed in *paragraph 2.1.22.*	21 (from date of commissioning to December 2017)

[1] The procurement process of required material was initiated after award of erection works. Consequently the material could not be supplied to the contractors on time.

[2] CE (Planing and Design), SE (EHT-C), Bhopal, EE (EHT-C), Division-II, Bhopal

Annexure - 3.1

Short recovery of IE fees by MPRDC from concessionaires and non-recovery of interest on delayed payment

(Referred to in paragraph -3.5)

Sl. No.	Project name	Highway no.[i]	BOT[ii] mode	Date of Agreement	Name of concessionaire	IE fees[iii] due from concessionaire (₹ in lakh)	Delay in raising claims (range in days)	Interest Loss on delayed claims (₹ in lakh)	Payment recovered from concessionaire[iv] (₹ in lakh)	Short payment (₹ in lakh)	Delay in payment of IE fees (range in days)	Interest amount recoverable (₹ in lakh)
1	Deharda-Ishagarh	SH-10	Toll+ Annuity	19-04-2011	M/s Gangotri Deharda Ishagarh Tollways Pvt. Ltd.	211.04	34-384	11.44	39.45	171.60	799-1,865	100.06
2	Ujjain Simhastha	Bypass	Toll + Annuity	12-06-2013	M/s Ujjayini Highways Pvt. Ltd.	68.53	0-100	0.86	66.04	2.49	258-698	12.56
3	Betul-Sarni-Parasia	SH 43	Toll + Annuity	20-05-2013	M/s DBL Betul Sarni Tollways Ltd.	323.75	10-183	7.11	277.49	46.26	187-670	49.79
4	Lakhandone -Ghasore	SH-40	Toll	22-09-2011	M/s Telecommunications Consultants India Ltd.	134.73	1-341	6.56	119.16	15.57	21-768	10.68
5	Jhabua-Jobat-Kukshi	SH 39	Toll	23-05-2011	M/s Gangotri Jhabua Jobat Kukshi Tollsways Pvt. Ltd.	289.13	11-302	12.31	82.25	206.88	397-1,209	76.99
6	Khandwa-Dehatalai-Burhanpur	SH 50	Toll	28-07-2011	M/s Khandwa Agroh Pathways Pvt. Ltd.	282.44	0-373	8.10	90.21	192.22	31-1,051	45.62
7	Rewa-MP/UP-Border	NH 7	Toll	25-01-2012	Vindhyachal Expressway Pvt. Ltd.	363.01	1-268	8.18	315.51	47.51	63-243	6.88
8	Biaora-MP-Rajasthan Border Road	NH-12	Toll	26-07-2013	M/s Agroha Biora Tollways Pvt. Ltd.	156.02	1-239	10.14	0.00	156.02	40-514	28.16
9	Damoh-Katni	SH 14	Toll + Annuity	04-06-2013	M/s Bansal Pathways (Damoh-Katni) Pvt. Ltd.	236.28	5-194	7.38	236.28	0.00	86-635	31.07
10	Ratlam-Sailana	SH -39	Toll + Annuity	17-05-2013	M/s Agroh Toll Ratlam Tollways Pvt. Ltd.	119.75	16-170	2.62	119.75	0.00	79-767	20.65

Sl. No.	Project name	Highway no.[i]	BOT[ii] mode	Date of Agreement	Name of concessionaire	IE fees[iii] due from concessionaire (₹ in lakh)	Delay in raising claims (range in days)	Interest Loss on delayed claims (₹ in lakh)	Payment recovered from concessionaire[iv] (₹ in lakh)	Short payment (₹ in lakh)	Delay in payment of IE fees (range in days)	Interest amount recoverable (₹ in lakh)
11	Guna-Aron-Sironj	SH-23	Toll+ Annuity	10-02-2015	M/s Bansal Pathway (Guna-Sironj) Pvt. Ltd.	80.51	0-520	7.23	80.51	0.00	36	1.02
12	Gormi-Udotgarh	SH-19	Toll	29-09-2012	M/s VKS Gormi Udotgarh Corridor Pvt. Ltd., Bhopal	88.26	0	0.00	88.26	0.00	566	17.59
Grand Total						**2,353.45**	**0-520**	**81.93**	**1,514.91**	**838.55**	**21-1,865**	**401.07**

[i] SH = State Highway and NH = National Highway
[ii] Build–Operate–Transfer
[iii] Independent Engineers Fees
[iv] As on 31 March 2017

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