Report of the Comptroller and Auditor General of India on Public Sector Undertakings (Social, General and Economic Sectors) for the year ended 31 March 2018

लोक हितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Government of Punjab

Report No. 2 of the year 2019

Report of the

Comptroller and Auditor General of India

on

Public Sector Undertakings

(Social, General and Economic Sectors)

for the year ended 31 March 2018

Government of Punjab

Report No. 2 of the year 2019

TABLE OF CONTENTS

Annexures

PREFACE

This report deals with the results of audit of Government companies and statutory corporations for the year ended 31 March 2018.

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

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

In respect of two statutory corporations viz. PEPSU Road Transport Corporation and Punjab Scheduled Castes Land Development & Finance Corporation, the CAG is the sole auditor.

The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2017-18 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports. Matters relating to the period subsequent to 2017-18 have also been included, wherever necessary.

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

Overview

Overview

This Report contains 18 paragraphs and one performance audit on 'Working of Punjab State Bus Stand Management Company Limited' having a financial implication of ₹ 2066 crore due to non-compliance with rules, directives and procedures, injudicious decision-making and deficient planning and ineffective monitoring. Some of the major findings are highlighted below:

1. About the State Public Sector Undertakings

The State of Punjab had 33 working PSUs (29 companies and four Statutory corporations) and 20 inactive companies. As on 31 March 2018, the Government investment (paid-up capital, long-term loans and grant/ subsidy under UDAY) in 35 PSUs was ₹ 47,756.86 crore. The State Government contributed ₹ 6,763.95 crore towards equity, loans and grants/subsidies in five PSUs during 2017-18.

Performance of Public Sector Undertakings

Out of 33 working PSUs, 27 PSUs submitted their 37 accounts upto September 2018. Of these, 13 accounts reflected profit of ₹ 115.59 crore and 16 accounts reflected loss of ₹ 5,081.53 crore. Four accounts were prepared on 'No profit no loss' basis and for four accounts in respect of two PSUs, the Profit & Loss account was not prepared. Further, as per the dividend policy of the State Government, all PSUs are required to pay a minimum return of five *per cent* on the paid up share capital contributed by the State Government. Out of profit making PSUs only four PSUs declared dividend of ₹ 4.17 crore.

(Paragraphs 1.14 and 3.17)

2. Power Sector

Chapter II discusses Transaction audit observations which highlight deficiencies in the management of State Government Companies of power sector, which had serious financial implications. Important findings are as under:

Punjab State Power Corporation Limited

- Failure of the Company to align its oil consumption based generation incentive policy with PSERC norms resulted in unjustified payment of ₹ 19.96 crore to its employees.

(Paragraph 2.1)

- Non-recovery of electricity dues and late payment surcharge from a consumer resulted in accumulation of dues of ₹ 2.59 crore.

(Paragraph 2.4)

- The Company not only violated the mandatory provisions of environmental laws but also paid avoidable energy charges of ₹ 961.71 crore on account of transportation of unwashed coal.

(Paragraph 2.9)

Punjab State Transmission Corporation Limited

- Hot line maintenance of transmission lines was not being carried out in absence of trained manpower rendering the expenditure of ₹ 1.24 crore incurred on procurement of hot line maintenance tools unfruitful.

(Paragraph 2.10)

3. Non Power Sector

A performance audit of the Working of Punjab State Bus Stand Management Company Limited for the period 2013-18 was conducted. The important audit findings are as under:

- The proportion of over-age ordinary buses had increased from 29.40 to 62.60 *per cent*. 1.93 to 11.77 *per cent* of Scheduled Kilometers were missed. Due to major delay in repair and due to non-availability of spares, the Company suffered contribution loss of ₹ 3.62 crore. The Company paid extra Special Road Tax (SRT) of ₹ 2.64 crore on missed kilometers. The mileage achieved by the buses was less than the target fixed by the Company resulting in excess use of diesel amounting to ₹ 8.19 crore.

  (Paragraph 4.1.9, 4.1.9.7, 4.1.9.10 and 4.1.9.11)

- The Company short claimed ₹ 44.36 crore on account of free travelling students passes due to under estimating number of students and distance travelled.

  (Paragraph 4.1.12.1)

- Shops at Ludhiana and Jalandhar Bus Stand were not let out due to which the Company lost the opportunity to earn rental income of ₹ 0.41 crore and ₹ 0.93 crore respectively.

  (Paragraph 4.1.13.1, 4.1.13.3)

- The Company purchased diesel without inviting competitive rates and resultantly suffered a loss of ₹ 1.77 crore during April 2013 to June 2014.

  (Paragraph 4.1.11.1)

- The Company failed to avail the opportunity of earning revenue amounting to ₹ 0.70 crore (₹ 0.31 crore + ₹ 0.39 crore) due to not using buses for advertising.

  (Paragraph 4.1.13.4)

- Delay in implementation of Centrally assisted Projects viz; Integrated Depot Management System, Real Time Passenger System, Ticketing Machines resulted in non achievement of intended benefits.

  (Paragraph 4.1.12.2 to 4.1.12.5)

Chapter V contains Compliance audit observations highlighting deficiencies in the management of State Government Companies and Statutory Corporation of non-power sector. Important findings are as under:

Punjab Agro Foodgrains Corporation Limited and Punjab State Warehousing Corporation

- Inadequate storage arrangements, improper storage conditions, poor preservation of stock, storage of fresh wheat with infested wheat resulted in loss of ₹ 607.57 crore during 2014-15 to 2017-18 in disposal of damaged wheat. Further, the delay in disposal of damaged wheat resulted in incurring an expenditure of ₹ 8.57 crore on rent and security of storage spaces where damaged wheat was kept.

(Paragraph 5.1.2)

Punjab State Civil Supplies Corporation Limited

- The Company procured excess gunny bales without assessing its requirement resulting into blockade of ₹ 93.66 crore and avoidable interest burden of ₹ 3.45 crore.

(Paragraph 5.4)

Punjab Small Industries and Export Corporation Limited

- Not charging of additional ten *per cent* of the price for corner plots caused a loss of revenue of ₹ 3.28 crore.

(Paragraph 5.5)

- The Company extended favour to an allottee in the form of non-recovery of extension fee, change of land use charges and under fixation of ground rent amounting to ₹ 18.16 crore besides incurring interest loss of ₹ 8.26 crore

(Paragraph 5.6)

Introduction

Functioning of State Public Sector Undertakings

Introduction

Functioning of State Public Sector Undertakings

General

1. State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. State PSUs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the State economy. As on 31 March 2018, there were 53 PSUs in Punjab, including four[1] Statutory Corporations and 49 Government Companies (including twenty inactive[2] Government companies) under the audit jurisdiction of the Comptroller & Auditor General of India. Of these, one[3] Company was listed on the stock exchange. During the year one[4] PSU was struck off from the Register of Companies by the Registrar of Companies under Section 248 (5) of the Companies Act, 2013.

2. The financial performance of the PSUs on the basis of latest finalised accounts as on 30 September 2018 is covered in this report. The nature of PSUs and the position of accounts are indicated in table below:

Table 1: Nature of PSUs covered in the Report

Nature of PSUs	Total Number	Number of PSUs of which accounts received during the reporting period[5]				Number of PSUs of which accounts are in arrear (total accounts in arrear) as on 30 September 2018
		Accounts upto 2017-18	Accounts upto 2016-17	Accounts upto 2015-16	Total	
Working Government Companies[6]	29	9	9	3	21	20 (40)
Statutory Corporations	4	-	3	1	4	4 (5)
Total working PSUs	**33**	**9**	**12**	**4**	**25**	**24 (45)**
Inactive Government Companies	20	1	1	1	3	19 (224)
Total	**53**	**10**	**13**	**5**	**28**	**43 (269)**

The working PSUs registered an annual turnover of ₹ 66,609.31 crore as per their latest finalised accounts as on 30 September 2018. This turnover was

---

1 Punjab Scheduled Castes Land Development and Finance Corporation, PEPSU Road Transport Corporation, Punjab State Warehousing Corporation and Punjab Financial Corporation.

2 Inactive PSUs are those which have ceased to carry out their operations.

3 Punjab Communications Limited.

4 Consumer Electronics (Punjab) Limited.

5 From October 2017 to September 2018.

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

equal to 13.95 *per cent* of State Gross Domestic Product (GDP) for the year 2017-18 (₹ 4,77,482 crore). The working PSUs incurred an accumulated loss of ₹ 13,929.41 crore as per their latest finalized accounts. As on March 2018, the State PSUs had employed around 44,356 employees.

There are twenty[7] inactive PSUs which were non-functional for last one to 27 years having an investment of ₹ 57.77 crore towards capital (₹ 24.13 crore) and long term loans (₹ 33.64 crore). This is a critical area as the investments in inactive PSUs do not contribute to the economic growth of the State.

Accountability framework

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

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

Further, as per sub-Section (7) of Section 143 of the Act 2013, the Comptroller and Auditor General of India (CAG) may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, if considered necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19A of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit. Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or

[7] Sl. No. 22 to 27, 31 to 44 of ***Annexure 6***.

Governments or partly by Central Government and partly by one or more State Governments is subject to audit by the CAG. An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

Statutory audit

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

Audit of Statutory Corporations is governed by their respective legislations. Out of four Statutory Corporations, the CAG is sole auditor for Punjab Scheduled Castes Land Development and Finance Corporation and PEPSU Road Transport Corporation. In respect of Punjab State Warehousing Corporation and Punjab Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the CAG.

Submission of accounts by PSUs

Need for timely finalisation and submission

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

Section 96 of the Act 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Act 2013 stipulates that the audited financial statement for the financial year has to be placed in the said AGM for their consideration. Section 129 (7) of the Act 2013 provides for levy of penalty like fine and imprisonment on the persons including Directors of the company responsible for non-compliance with the provisions of Section 129 of the Act 2013.

Role of Government and Legislature

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

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

Investment by Government of Punjab in State Public Sector Undertakings (PSUs)

7. The Government of Punjab (GoP) has high financial stakes in the PSUs. This is mainly of three types:

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

8. The sector-wise summary of investment (GoP and others) in the PSUs as on 31 March 2018 is given below:

Table 2: Sector-wise investment in PSUs

Name of sector	Government Companies		Statutory Corporations		Total	Investment[8] (₹ in crore)		
	Working	Inactive	Working	Inactive		Equity	Long term loans	Total
Power	5	-	-	-	5	6710.35	28548.19	35258.54
Finance	1	3	2	-	6	232.70	831.76	1064.46
Agriculture & Allied	8	4	1	-	13	526.89	15914.13	16441.02
Others	15	13	1	-	29	522.18	9810.43	10332.61
Total	**29**	**20**	**4**	**-**	**53**	**7992.12**	**55104.51**	**63096.63**

Source: Compiled based on information received from PSUs.

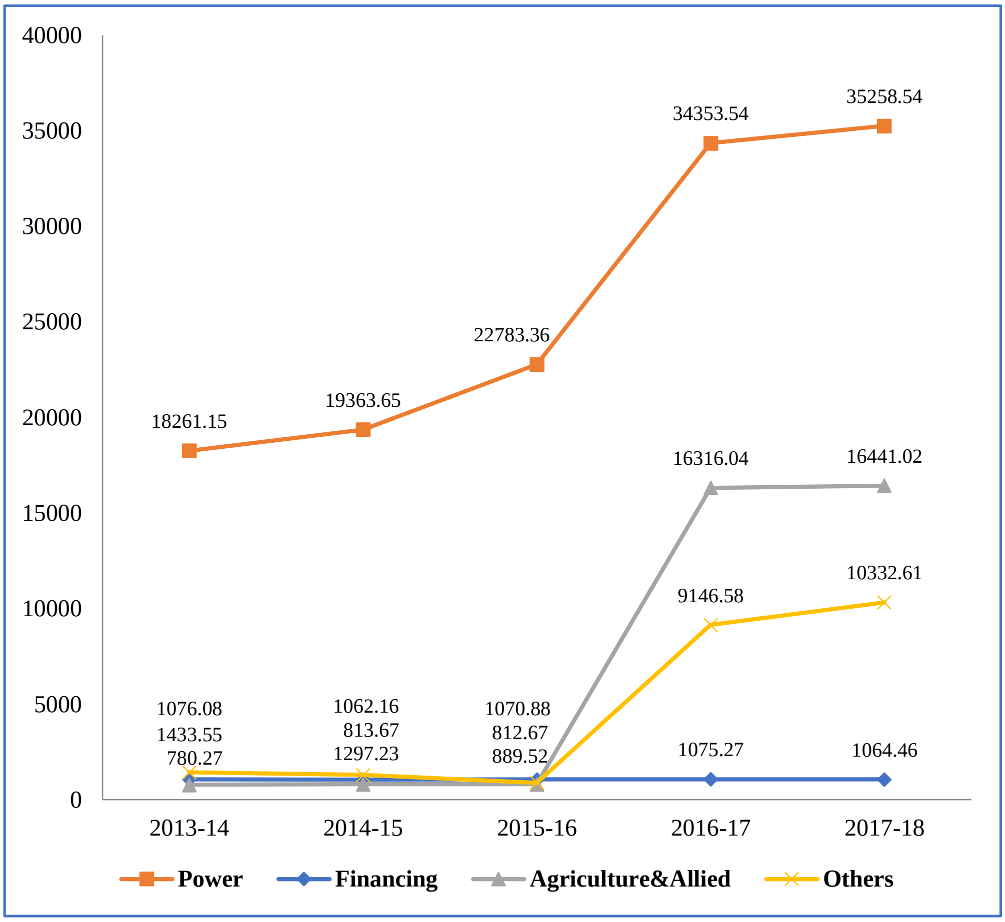
The thrust of PSU investment was mainly on power sector during the last five years. The power sector received investments of ₹ 16,997.39 crore (40.91 *per cent*) out of total investment of ₹ 41,545.58 crore made during the period from 2013-14 to 2017-18.

8 Investments include equity and long term loans.

9. The investment in various important sectors at the end of 31 March 2014 and 31 March 2018 is indicated in the chart below:

Chart 1: Sector-wise investment in PSUs

(Figures in ₹ crore)



Keeping in view the high level of investment in Power Sector, we are presenting the results of audit of 5 power sector PSUs in Part I[9] of this report and of the 48 PSUs (other than power sector) in the Part II[10] of the report.

---

9 The Part I includes Chapter-I (Functioning of Power Sector Undertakings) and Chapter-II (Compliance Audit observations relating to Power Sector Undertakings).

10 The Part II includes Chapter-III (Functioning of PSUs other than Power Sector), Chapter-IV (Performance Audit relating to other than Power Sector Undertaking) and Chapter-V (Compliance Audit observations relating to PSUs other than Power Sector).

Part - I

Chapter – I
Functioning of Power Sector Undertakings

PART-I

Chapter I

Functioning of Power Sector Undertakings

1. Introduction

1.1 The Power Sector Companies play an important role in the economy of the State. Apart from providing critical infrastructure required for development of the State's economy, the sector also adds significantly to the Gross Domestic Product (GDP) of the State. A ratio of Power sector PSUs' turnover to Gross State Domestic Product (GSDP) shows the extent of activities of PSUs in the State economy. The table below provides the details of turnover of the Power Sector Undertakings and GSDP of Punjab for a period of five years ending March 2018.

Table 1.1: Details of turnover of Power Sector Undertakings *vis-a-vis* GSDP of Punjab

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Turnover	20,097.83	22,270.15	23,589.08	24,763.66	29,880.88
GSDP of Punjab	3,17,556	3,49,826	4,08,815	4,27,297	4,77,482
Percentage of Turnover to GSDP of Punjab	6.33	6.37	5.77	5.80	6.26

Source: Turnover figures as per latest finalized accounts as of 30 September of respective years and GSDP figures as per Economic Review 2017-18 of Government of Punjab.

The turnover of Power Sector Undertakings has recorded continuous increase and it ranged between 4.98 *per cent* and 20.66 *per cent* during the period 2013-18, whereas increase in GSDP of Punjab ranged between 4.52 *per cent* and 16.86 *per cent* during the same period. The compounded annual growth of GSDP was 10.86 *per cent* during last five years. The compounded annual growth is a useful method to measure growth rate over multiple time periods. Against the compounded annual growth of 10.86 *per cent* of the GSDP, the turnover of Power Sector Undertakings recorded higher compounded annual growth of 17.90 *per cent* during last five years. However, there was decrease in the share of turnover of the Power Sector Undertakings to the GSDP from 6.33 *per cent* in 2013-14 to 6.26 *per cent* in 2017-18.

1.2 *Formation of Power Sector Undertakings*

The State Government framed (April 2010) the Punjab Power Sector Reforms Transfer Scheme, 2010 (Scheme) for unbundling of Punjab State Electricity Board (PSEB) and transfer of functions, undertakings, assets, properties, rights, liabilities, proceedings and personnel of PSEB to two successor Power Sector Companies (Punjab State Power Corporation Limited (PSPCL) and Punjab State Transmission Corporation Limited (PSTCL)). These two Power Sector Companies came into existence *w.e.f.* 16 April 2010 and all the assets and liabilities of PSEB (including equity of ₹ 6,687.26 crore[1] and capital reserve of ₹ 10,620.49 crore[2] created out of setting off accumulated losses of PSEB of ₹ 10,180.35 crore against reserve created on land revaluation) were distributed among these companies according to the provisions of the Scheme. Besides these, two companies were incorporated as wholly owned subsidiaries of PSPCL i.e Gidderbaha Power Limited in the year 2008 as special purpose vehicle by PSEB now PSPCL and Punjab Thermal Generation Limited in 2013-14[3]. However, the State Government did not infuse any equity in these companies. Another power sector company namely Punjab Genco Limited was incorporated in 1998 with the entire shareholding held by Punjab Energy Development Agency (PEDA). Thus, there were five Power Sector Companies in the State as on 31 March 2018. Of these five Power Sector Companies, two[4] companies did not commence commercial activities till 2017-18.

Disinvestment, restructuring and privatisation of Power Sector Undertakings

1.3 The State Government established (July 2002) the Directorate of Disinvestment under the Department of Finance, with the objective of disinvestment of State Government equity held in PSUs and their subsidiaries/promoted companies and restructuring/privatisation of PSUs. During the year 2017-18, no PSU was completely disinvested by the Directorate.

Investment in Power Sector Undertakings

1.4 The activity-wise summary of investment in the Power Sector Undertakings as on 31 March 2018 is given below:

Table 1.2: Activity-wise investment in Power Sector Undertakings

Activity	Number of undertakings	Investment (₹ in crore)				
		Equity of GoP	Equity of Others	Long term loans of GoP	Long term loans of others	Total
Generation & Distribution of Power[5]	4	6,081.47	23.00	15,661.29	7,988.58	29,754.34
Transmission of Power	1	605.88	--	--	4,898.32	5,504.20
Total	**5**	**6687.35**	**23.00**	**15661.29**	**12886.90**	**35258.54**

Source: Compiled based on information received from PSUs.

[1] Punjab State Power Corporation Limited (₹ 6081.43 crore) and Punjab State Transmission Corporation Limited (₹ 605.83 crore).
[2] Punjab State Power Corporation Limited (₹ 8772.66 crore) and Punjab State Transmission Corporation Limited (₹ 1847.83 crore).
[3] Intimation for incorporation of the Company was received during 2014-15.
[4] Gidderbaha Power Limited and Punjab Thermal Generation Limited.
[5] Three PSUs (Gidderbaha Power Limited, Punjab Genco Limited and Punjab Thermal Generation Limited) are engaged in the activity of Generation of power and only one PSU (PSPCL) undertakes both Generation and Distribution activities.

As on 31 March 2018, the total investment (equity and long term loans) in five Power Sector Undertakings was ₹ 35,258.54 crore. The investment consisted of 19.03 *per cent* towards equity and 80.97 *per cent* in long-term loans.

The Long term loans advanced by the State government constituted 54.86 *per cent* (₹ 15,661.29 crore) of the total long term loans whereas 45.14 *per cent* (₹ 12,886.90 crore) of the total long term loans were availed from Central Government and other financial institutions. However, during 2015-16 and 2016-17, the State Government has taken over ₹ 15,628.26 crore (75 *per cent*) of the outstanding debts of ₹ 20,837.68 crore of PSPCL as on 30 September 2015 under Ujwal Discom Assurance Yojana[6] (UDAY) scheme.

Budgetary Support to Power Sector Undertakings

1.5 The Government of Punjab (GoP) provides financial support to Power Sector Undertakings in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity during the year in respect of Power Sector Undertakings for the last three years ending March 2018 are as follows:

Table 1.3: Details of budgetary support to Power Sector Undertakings during the years

(₹ in crore)

Particulars[7]	2015-16		2016-17		2017-18	
	Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount
(i) Equity Capital	0	0	0	0	0	0
(ii) Loans given (Interest bearing[8])	1	9,859.72	1	5,768.54	0	0
(iii) Grants/ Subsidy provided	1	4,847.00	1	5,600.70	1	6,577.57
Total Outgo (i+ii+iii)	**1**	**14,706.72**	**1**	**11,369.24**	**1**	**6,577.57**
Loan repayment written off	0	0	0	0	0	0
Loans converted into equity	0	0	0	0	0	0
Guarantees issued	2	6,248.28	2	1,993.26	2	1,879.00
Guarantee Commitment	2	9,408.00	2	8,519.08	2	9,345.14

Source: Compiled based on information received from PSUs.

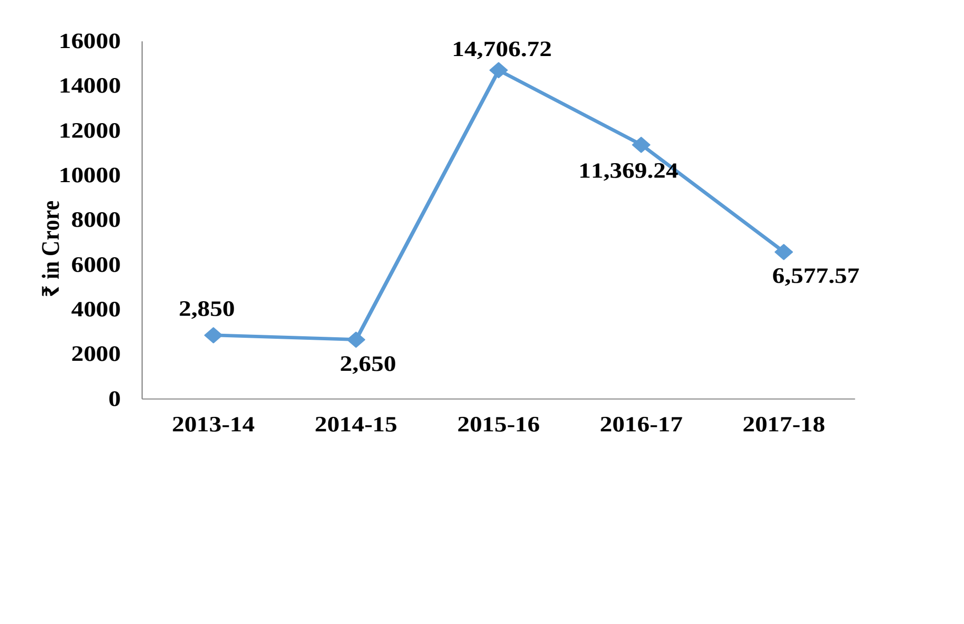
The details of budgetary support towards equity, loans and grants/ subsidies for the last five years ending March 2018 are given in a chart below:

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

7 Amount represents outgo from State budget only.

8 PSPCL was given interest bearing loans at the rates of interest of 7.21 *per cent* to 8.72 *per cent* per annum.

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



The budgetary assistance received by these PSUs ranged between ₹ 2,650.00 crore and ₹ 14,706.72 crore during 2013-14 to 2017-18. The budgetary assistance of ₹ 6,577.57 crore received during the year 2017-18 is on account of subsidy for free supply to scheduled castes households/ agricultural power consumers. The Ministry of Power (MoP), Government of India launched (20 November 2015) UDAY Scheme for operational and financial turnaround of DISCOMs. The provisions of UDAY and status of implementation of the scheme by DISCOM are discussed under Para 1.20 of this Chapter. There was substantial increase in the subsidy provided by the State Government for the year 2017-18 (₹ 6,577.57 crore) in comparison to that of the previous year (₹ 5,600.70 crore).

In order to enable PSUs to obtain financial assistance from banks and financial institutions, the State Government gives guarantee under Punjab Fiscal Responsibility and Budget Management Act, 2003 subject to the limits prescribed by the Constitution of India, for which a guarantee fee is charged. The State Government charged guarantee fee at the rate of 0.5 *per cent* to two *per cent* from these PSUs. During the year, two PSUs[9] paid guarantee fee of ₹ 29.00 crore (including ₹ 2.50 crore pertaining to previous years) out of ₹ 29.53 crore payable. Punjab State Power Corporation Limited (PSPCL) was to pay the balance of ₹ 0.53 crore.

Reconciliation with Finance Accounts of Government of Punjab

1.6 The figures in respect of Equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the Government of Punjab. In case the figures do not

9 PSPCL and PSTCL.

agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. Though the figures in respect of guarantee outstanding agrees with that in the finance accounts, there were differences in the position of Equity and loans as on 31 March 2018 as stated below:

Table 1.4: Equity and Loans outstanding as per Finance Accounts vis-à-vis records of Power Sector Undertakings

(₹ in crore)

Outstanding in respect of	Outstanding Loans		Difference
	As per Finance Accounts	As per records of power sector undertakings	
Equity	2,772.79	6,687.35	(-) 3,914.56
Loans	16,402.11	15,661.29	740.82
Total Difference			**4,655.38**

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

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

Submission of accounts by Power Sector Undertakings

1.7 *Timeliness in preparation of accounts by Power Sector Undertakings*

There were five[10] Power Sector Undertakings under the audit purview of CAG as of 31 March 2018. Accounts for the year 2017-18 were submitted by four PSUs by 30 September 2018 as per statutory requirement. Details of arrears in submission of accounts of Power Sector Undertakings as on 30 September of each financial year for the last five years ending 31 March 2018 are given below:

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

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Number of PSUs	4	5	5	5	5
2.	Number of accounts submitted during current year	7	4	5	5	9
3.	Number of PSUs which finalised accounts for the current year	1	0	0	0	4
4.	Number of previous year accounts finalised during current year	6	4	5	5	5
5.	Number of PSUs with arrears in accounts	3	5	5	5	1
6.	Number of accounts in arrears	3	5	5	5	1
7.	Extent of arrears	1 Year	1 Year	1 Year	1 Year	1 year

Source: Compiled based on accounts of working PSUs received during the period October 2017 to September 2018.

Only one company (Punjab Genco Ltd.) had arrear in preparation of accounts for one year i.e. 2017-18. The arrears have also since been eliminated.

10 PSPCL, PSTCL, Gidderbaha Power Limited, Punjab Genco Limited and Punjab Thermal Generation Limited.

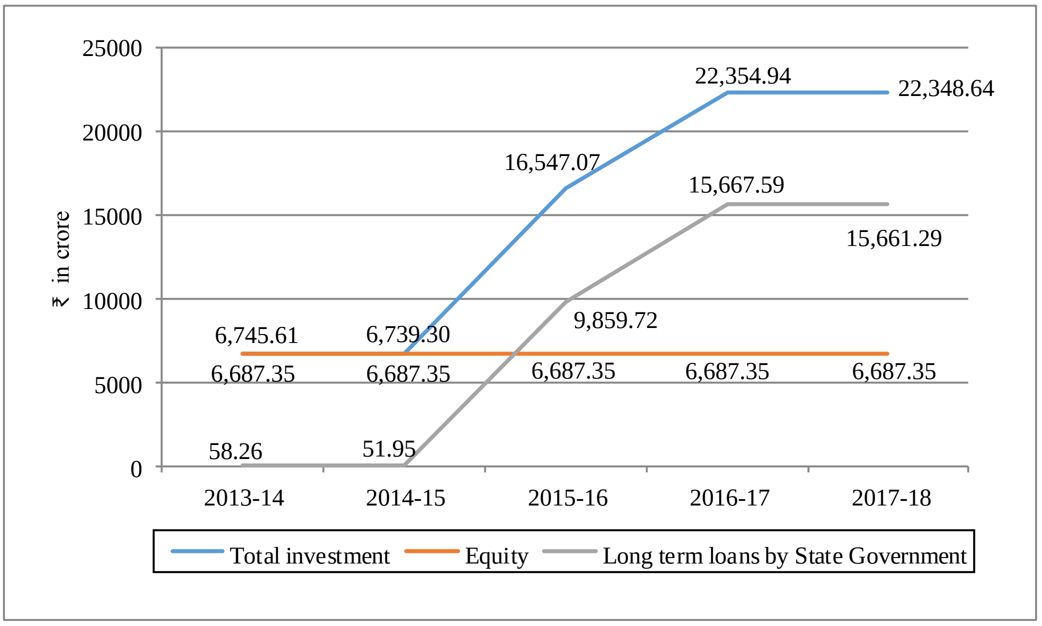
Performance of Power Sector Undertakings

1.8 The financial position and working results of five Power Sector Companies as per their latest finalised accounts as of 30 September 2018 are detailed in ***Annexure 1***

The Public Sector Undertakings are expected to yield reasonable return on investment made by Government in the undertakings. The amount of total investment (equity and long term loans) in the Power Sector Undertakings as on 31 March 2018 was ₹ 35,258.54 crore consisting of ₹ 6,710.35 crore as equity and ₹ 28,548.19 crore as long term loans. Out of this, Government of Punjab had investment of ₹ 22,348.64 crore in the two[11] Power Sector Undertakings consisting of equity of ₹ 6,687.35 crore and long term loans of ₹ 15,661.29 crore.

The year wise status of investment of GoP in the form of equity and long term loans in the Power Sector Undertakings during the period 2013-14 to 2017-18 is as follows:

Chart 1.2: Total investment of GoP in Power Sector Undertakings



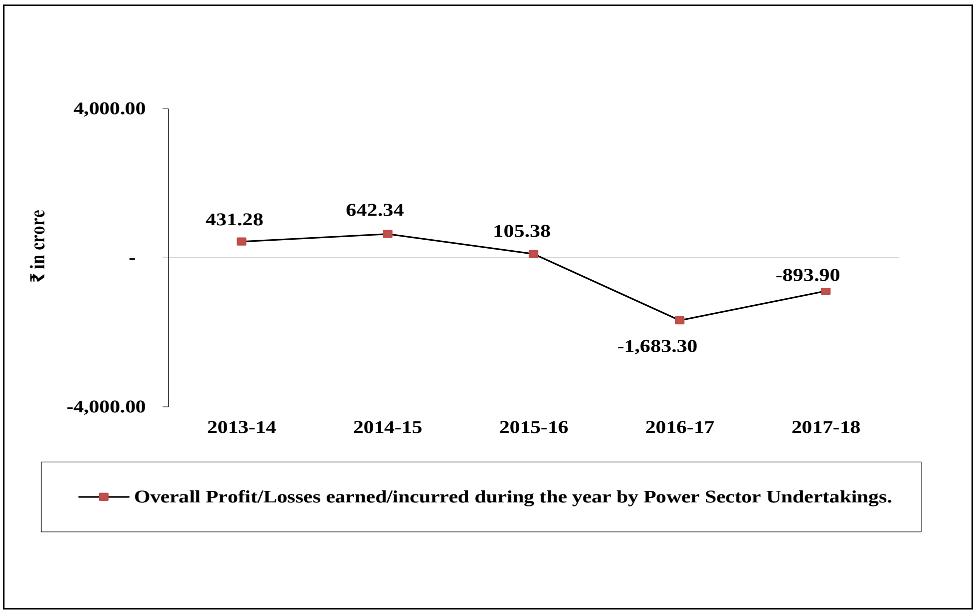
The profitability of a company is traditionally assessed through return on investment, return on equity and return on capital employed. Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity and long term loans and is expressed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

[11] PSPCL and PSTCL.

Return on Investment

1.9 Return on Investment is the percentage of profit or loss to the total investment. The overall position of Profit/losses[12] earned/incurred by all the Power Sector Undertakings during 2013-14 to 2017-18 is depicted below in a chart:

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



The loss incurred by these five power sector PSUs was ₹ 893.90 crore in 2017-18 against profit of ₹ 431.28 crore earned in 2013-14. As per latest finalised accounts for the year 2017-18, out of five power sector PSUs, two[13] PSUs earned profit of ₹ 13.02 crore, one[14] PSU incurred loss of ₹ 906.92 crore, two PSUs are under construction ***(Annexure 1)***.

Position of Power Sector Undertakings which earned/incurred profit/loss during 2013-14 to 2017-18 is given below:

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

Financial year	Total PSUs in power sector	Number of PSUs which earned profits during the year	Number of PSUs which incurred loss during the year	Number of PSUs which had marginal[15] profit/ loss during the year
2013-14	4	3	-	1
2014-15	5	3	-	2
2015-16	5	2	1	2
2016-17	5	2	1	2
2017-18	5	2	1	2

12 Figures are as per the latest finalised accounts during the respective years.
13 Punjab Genco Limited and PSTCL.
14 PSPCL.
15 It includes the Companies that are under construction.

(a) Return on the basis of historical cost of investment

1.10 Out of five Power Sector Undertakings of the State, the State Government infused funds in the form of equity, loans and grants/subsidies in two[16] Power Sector Undertakings only. Funds in two[17] Companies were contributed by their holding company (PSPCL) and the entire shareholding of one[18] Company was held by PEDA.

The Return on Investment from the two PSUs has been calculated on the investment made by the Government of Punjab in the PSUs in the form of equity and loans. In the case of loans, only interest free loans are considered as investment since the government does not receive any interest on such loans and are therefore of the nature of equity investment by government except to the extent that the loans are liable to be repaid as per terms and conditions of repayment. Further, the funds made available in the form of the grants/subsidy, have not been reckoned as investment since they do not qualify to be considered as investment.

The investment of State Government in these two Power Sector Undertakings has been arrived at by considering the equity (initial equity net of accumulated losses plus the equity infused during the later years), adding Interest free loans and deducting interest free loans which were later converted into equity for each year.

The investment of State Government as on 31 March 2018 in these two Power Sector Undertakings was ₹ 22,348.64 crore consisting of equity of ₹ 6,687.35 crore and long term loans of ₹ 15,661.29 crore. There were no interest free loans released by State Government. Thus, with no interest free loan and considering equity of ₹ 6,687.35 crore as investment of the State Government in these two power sector PSUs, the investment on the basis of historical cost stood at ₹ 6,687.35 crore.

The Return on Investment on historical cost basis for the period 2013-14 to 2017-18 is as given below:

Table 1.7: Return on State Government Investment on historical cost basis

Financial year	Investment by the GoP at the end of the year in form of Equity and Interest Free Loans on historic cost basis (₹ in crore)	Total Earnings/ Losses[19] for the year (₹ in crore)	Return on Investment (in *per cent)*
2013-14	6,687.35	629.83	9.42
2014-15	6,687.35	103.20	1.54
2015-16	6,687.35	(-) 1692.83	(-) 25.31
2016-17	6,687.35	(-) 2831.23	(-) 42.34
2017-18	6,687.35	(-) 901.92	(-) 13.49

The Return on Investment of the two power sector PSUs was 9.42 *per cent* and 1.54 *per cent* during 2013-14 and 2014-15 respectively. The Return on

16 PSPCL and PSTCL.
17 Gidderbaha Power Limited and Punjab Thermal Generation Limited.
18 Punjab Genco Limited.
19 As per annual accounts of the respective years.

Investment was negative in the years 2015-16 to 2017-18 which was attributed to increase in cost of power purchase, employee cost and finance costs (2015-16) of PSPCL at rate higher than the increase in its sale of power. During 2017-18, however, the increase in tariff compensation to PSPCL by GoP on account of subsidised supply of power reduced the negative return on investment.

(b) On the basis of Present Value of Investment

1.11 In view of the significant investment by State Government in the two Power Sector Companies, return on such investment is essential from the perspective of the State Government. Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value (PV) of money. The present value of the Government investments has been computed to assess the rate of return on the present value of investments of GoP in the State PSUs as compared to historical value of investments. In order to bring the historical cost of investments to its present value at the end of each year upto 31 March 2018, the past investments/ year-wise funds infused by the GoP in the State PSUs have been compounded at the year-wise average rate of interest on government borrowings which is considered as the minimum cost of funds to the Government for the concerned year. Therefore, PV of the State Government investment was computed where funds had been infused by the State Government in the shape of equity and interest free loan since inception of these companies till 31 March 2018. However, the two PSUs had a positive Return on Investment on historical cost basis only during the year 2013-14 and 2014-15. Therefore, only for the year 2013-14 and 2014-15, the return on investment has been calculated and depicted on the basis of PV.

The PV of the State Government investment in Power Sector Undertakings was computed on the basis of following assumptions:

- Interest free loans have been considered as investment infusion by the State Government as no amount of interest free loans have been repaid by the Power Sector PSUs. Further, in those cases where interest free loans given to the PSUs were later converted into equity, the amount of loan converted into equity has been deducted from the amount of interest free loans and added to the equity of that year. The funds made available in the form of grant/subsidies have not been reckoned as investment.
- The average rate of interest on Government borrowings for the concerned financial year[20] was adopted as compounded rate for arriving at Present Value since they represent the cost incurred by the Government towards investment of funds for the year and therefore

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

considered as the minimum expected rate of return on investments made by the Government.

For the period 2015-16 to 2017-18, when the two companies incurred combined losses, a more appropriate measure of performance is the erosion of net worth due to the losses. The erosion of net worth of the company is commented upon in Para 1.13.

1.12 The Company wise position of State Government investment in the two Power Sector Companies in the form of equity and interest free loans since inception of these companies till 31 March 2018 is indicated in ***Annexure 2.*** The consolidated position of the PV of the State Government investment and the total earnings relating to the two Power Sector Companies since inception of these companies till 31 March 2018 is indicated in table below:

Table 1.8: Year wise details of investment by the State Government and its present value (PV)

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the state government during the year	Interest free loans given by the state govern-ment during the year	Interest free loans converted during the year	Total investment during the year	Average rate of interest on government borrowings (in *per cent*)	Total invest-ment at the end of the year	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year[21]
i	ii	iii	iv	v	vi=iii+iv-v	vii	viii=ii+vi	ix={viii*(1+ vii)/ 100}	x={viii* vii/100}	xi
2010-11	-	6,687.35[22]	-	-	6,687.35	7.73	6,687.35	7,204.28	516.93	-1696.24
2011-12	7,204.28	-	-	-	0.00	7.96	7,204.28	7,777.74	573.46	-559.34
2012-13	7,777.74	-	-	-	0.00	7.79	7,777.74	8,383.63	605.89	419.21
2013-14	8,383.63	-	-	-	0.00	8.04	8,383.63	9,057.67	674.04	629.83
2014-15	9,057.67	-	-	-	0.00	8.35	9,057.67	9,813.99	756.32	103.20
2015-16	9,813.99	-	-	-	0.00	8.09	9,813.99	10,607.94	793.95	-1692.83
2016-17	10,607.94	-	-	-	0.00	7.48	10,607.94	11,401.41	793.47	-2831.23
2017-18	11,401.41	-	-	-	0.00	8.12	11,401.41	12,327.21	925.79	-901.92
Total		**6,687.35**	**-**	**-**	**6,687.35**					

The PV of investments by way of equity of the State Government upto 31 March 2018 worked out ₹ 12,327.21 crore. The State Government had not extended any interest free loan or infused fresh equity or extended grant to the Companies under UDAY.

It could be seen that total earnings for the year in these companies remained negative during the years 2010-11, 2011-12 and 2015-16 to 2017-18. This indicates that instead of generating returns on the invested funds, Government could not recover its cost of funds invested. Further, the positive total earnings during the remaining years also remained substantially below the minimum expected return towards the investment made in these power sector companies.

A comparison of Return on Investment as per Historic cost and Present Value of such investment during 2013-14 and 2014-15 when there were positive earnings is given below:

21 Total Earning for the year depicts total of net earnings (profit/loss) for the concerned year relating to two Power Sector PSUs where funds were infused by State Government.

22 No accumulated losses were transferred to Power Sector Companies at the time of unbundling as accumulated losses of erstwhile PSEB of ₹ 10,180.35 crore were set off against capital reserve created on land revaluation.

Table 1.9: Return on State Government Funds

(₹ in crore)

Year	Total Earnings for the year	Investment by the GoP in form of Equity and Interest free Loans	Return on State Government investment on the basis of historical value (*per cent*)	Present value of the State Government investment at end of the year	Return on State Government investment considering the present value of the investments (*per cent*)
2013-14	629.83	6,687.35	9.42	9,057.67	6.95
2014-15	103.20	6,687.35	1.54	9,813.99	1.05

The returns based on present value were less than the returns based on historic cost as indicated by the comparison of returns during 2013-14 and 2014-15. Return based on historic cost was 9.42 *per cent* and 1.54 *per cent* during 2013-14 and 2014-15 respectively whereas return based on Present Value was 6.95 *per cent* and 1.05 *per cent* during corresponding period.

Erosion of Net worth

1.13 Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure. The overall accumulated losses of the five Power Sector Undertakings were ₹ 6,429.77 crore as against the capital investment of ₹ 6,710.35 crore resulting in net worth of ₹ 280.58 crore (***Annexure 1***). Of the five Power Sector Undertakings, the net worth of Punjab State Power Corporation Limited (₹ -861.82 crore) had been eroded completely.

The following table indicates paid up capital, free reserves, accumulated loss and net worth of the two[23] Power Sector Undertakings during the period 2013-14 to 2017-18:

Table 1.10: Net worth of two Power Sector Undertakings during 2013-14 to 2017-18

(₹ in crore)

Year	Paid up Capital at end of the year	Free Reserves	Accumulated Loss (-) at end of the year	Net worth
2013-14	6,687.35	102.02	-1,916.27	4,873.10
2014-15	6,687.35	482.54	-1,666.96	5,502.93
2015-16	6,687.35	419.83	-1,501.05	5,606.13
2016-17	6,687.35	421.81	-3,195.90	3,913.26
2017-18	6,687.35	416.90	-6,963.37	140.88

The combined net worth of both the PSUs was positive during 2013-14 to 2017-18. However, entire capital infused in PSPCL eroded in 2017-18 due to increase in accumulated losses of PSPCL from ₹ 1,916.27 crore in 2013-14 to ₹ 6,963.37 crore in 2017-18.

[23] PSPCL and PSTCL (having State Government investment).

Dividend Payout

1.14 The State Government had formulated (July 2011) a dividend policy under which all PSUs are required to pay a minimum return of five *per cent* on the funds invested by the State Government. Dividend Payout relating to two Power Sector Undertakings where equity was infused by GoP during the period is shown in table below:

Table 1.11: Dividend Payout of two Power Sector Undertakings during 2013-14 to 2017-18

(₹ in crore)

Year	Total PSUs where equity infused by GoP		PSUs which earned profit during the year		PSUs which declared/paid dividend during the year		Dividend Payout Ratio (*per cent*)
	Number of PSUs	Equity infused by GoP	Number of PSUs	Equity infused by GoP	Number of PSUs	Dividend declared/ paid by PSUs	
1	2	3	4	5	6	7	8= 7/5*100
2013-14	2	6687.35	2	6687.35	-	-	-
2014-15	2	6687.35	2	6687.35	-	-	-
2015-16	2	6687.35	1	6081.47	-	-	-
2016-17	2	6687.35	1	605.88	-	-	-
2017-18	2	6687.35	1	605.88	-	-	-

During the period 2013-14 to 2014-15, two PSUs earned profits whereas during 2015-16 to 2017-18 only one PSU earned profit. But none of the PSU declared/paid dividend during the period.

Return on Equity

1.15 Return on Equity (ROE) is a measure of financial performance to assess how effectively management is using company’s assets to create profits and is calculated by dividing net income (i.e. net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

Shareholders’ fund of a Company is calculated by adding paid up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a company’s stakeholders if all assets were sold and all debts paid. A positive shareholders fund reveals that the company has enough assets to cover its liabilities while negative shareholder equity means that liabilities exceed assets.

Return on Equity has been computed in respect of two power sector undertakings where funds had been infused by the State Government. The details of Shareholders fund and ROE relating to these two power sector undertakings during the period from 2013-14 to 2017-18 are given in table below:

Table 1.12: Return on Equity relating to two Power Sector Undertakings where funds were infused by the GoP

Year	Net Income/ total Earnings for the year[24] (₹ in crore)	Shareholders' Fund (₹ in crore)	ROE (*per cent*)
2013-14	629.83	4873.10	12.92
2014-15	103.20	5502.93	1.88
2015-16	(-) 1692.83	5606.13	-
2016-17	(-) 2831.23	3913.26	-
2017-18	(-) 901.92	140.88	-

As can be seen from the above table, during the last five years ending 31 March 2018, the Net Income was negative during 2015-16 to 2017-18 which was attributed to increase in cost of power purchase, employee cost and finance costs (2015-16) of PSPCL at rates higher than the rate of increase in sale of power. However, Shareholders' funds were positive during all the five years for the two undertakings. Return on equity was 12.92 *per cent* and 1.88 *per cent* during 2013-14 and 2014-15 respectively.

Return on Capital Employed

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

ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed[25]. The details of ROCE of all the five Power Sector Undertakings during the period from 2013-14 to 2017-18 are given in table below:

Table 1.13: Return on Capital Employed

Year	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (*per cent*)
2013-14	3,082.28	35,157.48	8.77
2014-15	3,405.70	36,702.66	9.28
2015-16	2,904.45	38,673.18	7.51
2016-17	1,673.14	26,929.15	6.21
2017-18	2,567.06	30,697.68	8.36

The ROCE of the Power Sector Undertakings ranged between 6.21 *per cent* and 9.28 *per cent* during the period 2013-14 to 2017-18.

Analysis of Long term loans of the Companies

1.17 The analysis of the long term loans of the companies which had leverage during 2013-14 to 2017-18 was carried out to assess the ability of the companies to service the debt owed by the companies to Government, banks and other financial institutions. This is assessed through the Interest Coverage Ratio and Debt Turnover Ratio.

---

24 As per annual accounts of the respective years.

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

Interest Coverage Ratio

1.18 Interest coverage ratio is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lessor the ability of the company to pay interest on debt. An interest coverage ratio of below one indicates that the company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio in Power Sector Companies during the period from 2013-14 to 2017-18 are given in table below:

Table 1.14: Interest coverage ratio

Year	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	Number of PSUs having liability of loans from Government and Banks and other financial institutions[26]	Number of companies having interest coverage ratio more than 1	Number of companies having interest coverage ratio less than 1
2013-14	2,645.82	3,082.28	3	2	0
2014-15	2,650.65	3,405.70	3	2	0
2015-16	2,797.82	2,904.45	3	1	1
2016-17	3,350.56	1,673.14	3	1	1
2017-18	3,456.20	2,567.06	3	1	1

The above interest includes interest of ₹ 1,192.17 crore and ₹ 1,306.95 crore charged by GoP during 2016-17 and 2017-18 respectively from the PSPCL on the loans given to it under UDAY Scheme to discharge their loan liability to other financial institutions and banks.

It was observed that the two Power Sector Companies had interest coverage ratio of more than one in 2013-14 and 2014-15. However, the interest coverage ratio decreased from two companies to one company from 2015-16 onwards.

Debt-Turnover Ratio

1.19 During the last five years, the turnover of the five Power Sector Undertakings recorded compounded annual growth of 17.90 *per cent* while compounded annual growth of debt was 21.22 *per cent* due to which the Debt-Turnover Ratio deteriorated from 0.57 in 2013-14 to 0.96 in 2017-18 as given in table below:

Table 1.15: Debt Turnover ratio relating to the Power Sector Undertakings

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Debt from Government/ Banks and Financial Institutions	11,550.85	12,653.30	16,073.01	27,643.19	28,548.19
Turnover	20,097.83	22,270.15	23,589.08	24,763.66	29,880.88
Debt-Turnover Ratio	0.57:1	0.57:1	0.68:1	1.12:1	0.96:1

Source: Compiled based on Information received from PSUs.

[26] Gidderbaha Power Ltd. though had the loan liability had not paid interest as per Board's decision.

Assistance under Ujwal DISCOM Assurance Yojana (UDAY)

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

Scheme for improving operational efficiency

1.20.1 The participating States were required to undertake various targeted activities like compulsory feeder and distribution transformer (DT) metering, consumer indexing and Geographic Information System (GIS) mapping of losses, upgrading or changing transformers and meters, smart metering of all consumers consuming above 200 units per month, Demand Side Management (DSM) through energy efficient equipments, quarterly revision of tariff, comprehensive IEC campaign to check theft of power, assure increased power supply in areas where the Aggregate Technical & Commercial (AT&C) losses have been reduced for improving the operational efficiencies. The timeline prescribed for these targeted activities were also required to be followed so as to ensure achievement of the targeted benefits *viz.* ability to track losses at feeder and DT level, identification of loss making areas, reduce technical losses and minimize outages, reduce power theft and enhance public participation for reducing the theft, reduce peak load and energy consumption *etc.* The outcomes of operational improvements were to be measured through indicators *viz.* reduction of AT&C loss to 15 *per cent* in 2018-19 as per loss reduction trajectory finalised by the MoP and States, reduction in gap between average cost of supply and average revenue realised to zero by 2018-19.

Scheme for financial turnaround

1.20.2 The participating States were required to take over 75 *per cent* of DISCOMs debt as on 30 September 2015 over two years, 50 *per cent* in 2015-16 and 25 *per cent* in 2016-17. The scheme for financial turnaround *inter alia* provided that:

- State will issue *'Non-Statutory Liquidity Ratio (Non-SLR) bonds'* and the proceeds realized from issue of such bonds shall be transferred to the DISCOMs which in turn shall discharge the corresponding amount of Banks/ FIs debt. The bonds so issued will have a maturity period of 10-15 years with a moratorium on repayment of principal upto 5 years.
- Debt of DISCOM will be taken over in the priority of debt already due, followed by debt with higher cost.
- The transfer to the DISCOM by the State in 2015-16 and 2016-17 will be as a grant which can be spread over three years with the remaining transfer through State loan to DISCOM. In exceptional cases, 25 *per cent* of grant can be given as equity.
- State shall take over the future losses of DISCOMs in a graded manner by funding the previous year losses at prescribed percentage.

Implementation of the UDAY Scheme

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

A. Achievement of operational parameters

The achievements *vis-a-vis* targets under UDAY Scheme regarding different operational parameters relating to the only State DISCOM (PSPCL) were as under:

Table 1.16: Parameter wise achievements *vis-a-vis* targets of operational performance upto 30 September 2018

Parameter of UDAY Scheme	Target under UDAY Scheme (2018-19)	Progress under UDAY Scheme	Achievement (in *per cent*)
Feeder metering (in Nos.)	10,800	10,800	100
Metering at Distribution Transformers (in Nos.)	1,96,092	47,062	24
Feeder Segregation (in Nos.)	5,962	5,686	95.37
Rural Feeder Audit (in Nos.)	7,414	7,414	100
Electricity to unconnected household (in lakh Nos.)	67.62	67.59	99.96
Smart metering (in Nos.) above 500KwH	6,97,711	0	0
Smart metering (in Nos.) above 200KwH upto 500 KwH	9,34,394	0	0
Distribution of LED UJALA (in lakh Nos.)	25.00	12.56	50.24
AT&C Losses (in *per cent*)	14.00	17.89	-
ACS-ARR Gap (₹ per unit)	0.09	0.09	(Full subsidy)
Net Income or Profit/Loss including subsidy (₹ in crore)	467	-322.50	-

Source: Information provided by State Discom and State Health Card under UDAY Scheme as per website of the MoP, GoI.

The State has not initiated action for smart metering. It has performed poorly in case of metering of DTs, whereas the targets have been fully achieved in feeder metering, feeder segregation, rural feeder audit and providing electricity to unconnected households. Further, going by the current trend of progress, the State will find it difficult to achieve the most important target of reduction of AT&C loss to 14.00 *per cent* by 2018-19. According to the Ministry of Power, the Government of India, the State of Punjab stood 13th amongst all the States on the basis of overall achievements made by the State DISCOMs under UDAY Scheme upto 31 December 2018.

B. Implementation of Financial Turnaround

1.20.4 A tripartite Memorandum of Understanding (MoU) was signed (04 March 2016) between the MoP, the GoP and PSPCL. As per provisions of the UDAY Scheme and tripartite MoU, out of total outstanding debt (₹ 20,837.68 crore) pertaining to PSPCL as on 30 September 2015, the GoP took over total debt of ₹ 15,628.26 crore during the period 2015-16 and 2016-17 by giving loan as detailed below:

Table 1.17: Implementation of UDAY Scheme

(₹ in crore)

Year	Equity Investment	Loan	Revenue Grant	Total
2015-16	-	9,859.72	-	9,859.72
2016-17	-	5,768.54	-	5,768.54
2017-18	-	-	141.81	141.81
Total	-	15,628.26	141.81	15,770.07
Position as on 31 March 2018	-	15,628.26	141.81	15,770.07

The amount of ₹ 15,628.26 crore which was provided by way of loans under UDAY Scheme, is to be converted into equity ₹ 3,900.00 crore and grant ₹ 11,728.26 crore during 2019-20.

The GoP also charged interest of ₹ 2,499.12 crore for the period October 2015 to March 2018 on the loans given to PSPCL under UDAY Scheme to discharge the loan liability due to other financial institutions and banks. To fund 5 *per cent* of the loss of PSPCL for the year 2016-17 as per provisions of UDAY scheme, GoP took over an amount of ₹ 141.81 crore during FY 2017-18 by way of revenue grant to PSPCL.

Comments on Accounts of Power Sector Undertakings

1.21 Five Power Sector Companies forwarded their nine audited accounts to the Principal Accountant General during 1 October 2017 to 30 September 2018. Of these, seven accounts were selected for supplementary audit. The Audit Reports of Statutory Auditors and supplementary audit conducted by the CAG indicated that the quality of accounts needs to be improved substantially.

The details of aggregate money value of the comments of Statutory Auditors and the CAG for the accounts of 2015-18 are as follows:

Table 1.18: Impact of audit comments on Power Sector Companies

(₹ in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	1	12.28	2	3.39	1	0.59
2.	Increase in profit	0	0	0	0	1	5.39
3.	Increase in loss	1	3.83	1	3,515.86	2	3,816.19
4.	Decrease in loss	0	0	0	0	1	8.75
5.	Non-disclosure of material facts	0	0	0	0	1	19,367.06
6.	Errors of classification	0	0	0	0	4	26,805.44

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

During the year 2017-18, the Statutory Auditors had issued qualified certificates on seven accounts. Compliance to the Accounting Standards by the PSUs remained poor as there were 19 instances of non-compliance to the Accounting Standards in four accounts.

Compliance Audit Paragraphs

1. 22 For Part-I of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2018, 11 compliance audit paragraphs relating to Power Sector Undertakings were issued to the Principal Secretary Department of Power, GoP with request to furnish replies within six weeks. Replies on the seven compliance audit paragraphs have not been received from the State Government. The total financial impact of the compliance audit paragraphs is ₹ 1067.73 crore.

Follow up action on Audit Reports

1.23 The Report of the Comptroller and Auditor General (CAG) of India is the product of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. The State Finance Department, Government of Punjab issued (August 1992) instructions to all administrative departments to submit replies/explanatory notes to 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 without waiting for any questionnaires from the Committee on Public Undertakings (COPU). However, explanatory notes were not received in 25 *per cent* of the Performance Audits and over 38 *per cent* of the Audit Paragraphs as on 30 September 2018 as depicted in table 1.19 below:

Table 1.19: Explanatory notes not received (as on 30 September 2018)

Year of the Audit Report (Commercial/ PSU)	Date of the 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**
2012-13	July 2014	1	06	Nil	6
2013-14	March 2015	1	07	1	Nil
2014-15	March 2016	1	06	Nil	Nil
2015-16	March 2017	1	06	Nil	Nil
2016-17	March 2018	0	06	Nil	6
Total		**04**	**31**	**1**	**12**

Discussion of Audit Reports by COPU

1.24 The status of discussion of Performance Audits and paragraphs that appeared in Audit Reports (PSUs) by the COPU as on 30 September 2018 was as under:

Table 1.20: Performance Audits (PAs)/Paragraphs appeared in Audit Reports vis-a-vis discussed as on 30 September 2018

Period of Audit Report	Number of PAs/ Paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2012-13	1	06	Nil	Nil
2013-14	1	07	Nil	7
2014-15	1	06	Nil	Nil
2015-16	1	06	Nil	1
2016-17	0	06	Nil	Nil
Total	**04**	**31**	**Nil**	**8**

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

The discussion on Audit Reports (PSUs) up to 2011-12[27] has been completed.

[27] Audit Reports upto 2011-12 have been transferred to concerned Administrative Secretaries as per decision of COPU dated 19 September 2017.

Part - I

Chapter – II
Compliance Audit observations relating to Power Sector Undertakings

Chapter-II

Compliance Audit observations relating to Power Sector Undertakings

Audit of Transactions

Important audit findings emerging from test check of transactions of State Government companies of the power sector have been included in this chapter.

Punjab State Power Corporation Limited

2.1 Unjustified payment of oil consumption based generation incentive

Failure of the Company to align its oil consumption based generation incentive policy with PSERC norms resulted in unjustified payment of ₹ 19.96 crore to its employees.

Punjab State Power Corporation Limited (Company)[1] has an incentive scheme, wherein its employees are paid a percentage of pay linked to consumption of oil in power generation.

The scheme, as amended in December 1998 envisaged payment of incentive at the rates mentioned below:

Sl. No.	Oil Consumption (ML/KWH)	Incentive as percentage of Pay
1.	5.0	1 *per cent* of Pay
2.	4.0	2 *per cent* of Pay
3.	3.0	3 *per cent* of Pay
4.	2.5	4 *per cent* of Pay
5.	2.0 and below	6 *per cent* of Pay

Punjab State Electricity Regulatory Commission (PSERC), taking note of norms of oil consumption of 0.50 ml/ kwh as fixed by Central Electricity Regulatory Commission, adopted (August 2014) the same norms for the Company effective from 01 April 2014. The Cost Controller of the Company proposed (April 2016) to modify the generation incentive scheme in consonance with the PSERC norms, however, this proposal was not accepted on the ground that if it is implemented, oil consumption based generation incentive shall be negligible and may lead to demotivating the employees towards saving of oil consumption. Though the full facts were brought to the notice of the Board of Directors (BoDs) of the Company, yet, the BoDs approved (November 2016) the following modified scheme:

[1] Licensee.

Level of oil consumption	Incentive as percentage of Pay			
	PLF > 65 *per cent*	PLF 45-65 *per cent*	PLF 25-45 *per cent*	PLF < 25 *per cent*
Less than 2.0 ML/KWH	1	0.8	0.6	0
Less than 1.5 ML/KWH	2	1.6	1.2	0
Less than 1.0 ML/KWH	4	3.2	2.4	0
Less than 0.5 ML/KWH	6	4.8	3.6	0

This revised incentive policy was not in consonance with the norms set by PSERC as it envisaged payment of incentive even when oil consumption was higher than the norms fixed by PSERC (0.5 ml/ kwh).

The consumption of oil in all the three thermal power stations[2] of the Company was in excess of norms prescribed by PSERC during 2014-15 to 2016-17 as detailed below:

Statement showing the Excess consumption of oil as compared to PSERC norms of 0.5 ML per KWH

(Consumption in ML per KWH and Amount in ₹ crore)

Year	GGSSTP			GHTP			GNDTP			Total Amount	GGSSTP	GHTP	GNDTP	Total
	Consumption			Consumption			Consumption				Amount of oil incentive paid			
	Actual	Excess	Amount#	Actual	Excess	Amount#	Actual	Excess	Amount#					
2014-15	0.93	0.43	11.50	0.71	0.21	4.09	1.28	0.78	5.35	20.94	3.94	1.47	1.94	7.35
2015-16	1.11	0.61	9.21	1.08	0.58	7.61	2.11	1.61	6.40	23.22	4.46	1.24	1.77	7.47
2016-17	1.49	0.99	7.40	1.11	0.61	5.20	1.49	0.99	1.90	14.50	2.64	1.05	1.45	5.14
Total			**28.11**			**16.90**			**13.65**	**58.66**	**11.04**	**3.76**	**5.16**	**19.96**

 # Money value of oil consumed in excess of norms.

This cost of excess oil consumed was not in financial interests of the Company as Regulation 10 of the PSERC Tariff Regulations, 2005, stipulated that any excess expenditure incurred by a licensee on account of deviation from norms fixed by PSERC would have to be borne by the licencees and shall not be passed on to consumers through higher tariff. The Company was paying incentives even when the operational efficiency was below norms. Thus, failure of the Company to align its oil consumption component of incentive policy, with PSERC norms, resulted in unjustified payment of ₹ 19.96 crore during 2014-15 to 2016-17 and put an additional burden on the Company.

After being pointed out (September 2017) by Audit, the Government directed (April 2018) the Company to stop the oil consumption based generation incentive payment and align the incentive with PSERC norms. However, the Company has not stopped the payment of oil consumption based generation incentive to its employees (November 2018).

It is recommended that the Company should immediately stop this incentive as directed by the State Government and fix responsibility on officials/ officers who have not implemented the Government directive of April 2018.

[2] Guru Nanak Dev Thermal Plant, Bhatinda; Guru Gobind Singh Super Thermal Power Plant, Ropar and Guru Hargobind Power Plant, Lehra Mohabat

2.2 Non-application of correct tariff

The Company did not apply correct tariff on a consumer who was availing continuous supply of electricity which led to non-recovery of ₹ 2.33 crore and interest burden of ₹ 0.44 crore.

Punjab State Power Corporation Limited (Company) as per its circular (June 2000) decided to give uninterrupted electricity through independent feeders to establishments attending to emergency/ accident cases on the pattern of essential services including privately managed commercial heart care and MRI/ CT scan[3] units. For this purpose, the Company was to charge extra tariff at the rate of 25 *per cent*. The Schedules of Tariff approved by Punjab State Electricity Regulatory Commission for the years 2013-14 to 2017-18 provided tariff rates to be increased by 25 *per cent* when continuous electricity supply to private hospitals and MRI /CT Scan centers is through independent feeder under non-residential supply (NRS) Schedule. The Electricity Supply instruction Manual of the Company provides that there are five types of feeders[4].

Audit observed (October 2016) that a private hospital (consumer) at Ludhiana applied (April 2012) to the Company for NRS supply through an independent feeder. The independent feeder was to be erected at the cost of consumer. The Company, after recovering ₹ 25.78 lakh as cost of erecting independent feeder, executed the work in June 2013 and released the electricity supply in July 2013 through an independent feeder. The Equipment Maintenance Register (EMR) maintained by the Company for this feeder mentioned the category as category-4. However, the Company did not increase the tariff rate of this consumer by 25 *per cent*, as applicable.

After being pointed out (October 2016) by Audit, the Additional Superintending Engineer (ASE), Meter and Metering Testing Equipment Squad of the Company conducted an inspection in November 2016 and stated that connection of the consumer was running on an independent feeder and getting continuous supply of electricity, hence, recommended to increase the tariff rates by 25 *per cent*. Further, Senior Sub-station Engineer of the Company (In-charge of this independent feeder) also confirmed (August 2018) that the connection was initially released as category-4, which was subsequently changed to category-1 and later as category-3. However, neither category-1 (mixed load) nor category-3 (Arc/Induction furnace) were applicable in the instant case as the consumer had an independent feeder for hospital.

However, the Company did not take cognizance of the inspection report of ASE. As such, non-application of correct tariff rate led to non-recovery of

[3] Magnetic resonance imaging, computed tomography scan

[4] Category-I: Urban/Industrial Feeders-mixed load, Category-II: Separate/Independent feeders of consumers which have not been declared as continuous process, Category-III: Arc/Induction furnace consumers fed through separate / independent feeders, Category-IV: Independent feeders feeding only continuous process / essential industries and Category-V: 24 hours urban pattern supply 3-phase 3-wire feeders.

energy charges[5] of ₹ 2.33 crore (***Annexure 3***) during August 2013 to November 2017. The Company had to bear interest burden of ₹ 0.44 crore[6] also.

The Management stated (May 2018) that the consumer did not obtain the required sanction for availing continuous supply of electricity. The connection of consumer was released under category-I feeder (i.e. urban/industrial feeders) and was not getting continuous supply and was subject to all power cuts imposed by the Power Controller, Patiala.

The reply is not acceptable as the Company released the connection of this consumer under category-IV independent feeder (only continuous process/essential services). However, the required documentation (i.e. application from the consumer for continuous supply) was not got completed by the Company despite full cost of independent feeder paid by the consumer. Moreover, it was the responsibility of the Company to have checks on consumers getting supply from independent feeder to safe guard its financial interest.

It is recommended that the Company by taking cognizance of the inspection report submitted by ASE should conduct detailed investigation in the case.

The matter was referred to the Government (January 2018); their reply was awaited (November 2018).

2.3 Advertisement expenses

Payment of ₹ 72.99 lakh on account of advertisement expenditure on behalf of Department of Power was irregular.

Department of Power (DoP), Punjab, intimated (11 July 2016) Punjab State Electricity Regulatory Commission (PSERC) that Government of Punjab (GoP) had decided a special tariff of ₹ 4.99 per kilo volt amperes hours (KVAH) for the new/ prospective industries which came through Progressive Punjab Investors Summit[7], 2015, for a fixed period of five years. PSERC directed (19 July 2016) the GoP to convey its commitment to pay the subsidy (difference of tariff applicable to the existing industries and special tariff of ₹ 4.99 per KVAH). Accordingly, DoP conveyed its commitment (25 July 2016) to PSERC.

The Director, Information and Public Relations, Punjab (DIPR) informed (August 2016) the Punjab State Power Corporation Limited (Company) that

---

5 Excluding electricity duty, octroi and other applicable charges thereon.

6 Calculated at the rate of 9.36 *per cent* per annum as per minimum interest rate for working capital requirement approved by PSERC during 2013-14 to 2017-18 for the Company.

7 Hosted during October 2015 by Government of Punjab to attract investments in the State.

on the directions of GoP, advertisements announcing availability of cheap power to new industries of Punjab had been displayed in 38 daily newspapers in July 2016 and asked the Company to bear the expenses for these advertisements. The Company accorded (November 2016) its approval for payment of ₹ 72.99 lakh which was released during December 2016 and February 2017.

As per Clause 7 of Advertisement Policy-2015 (November 2015) of GoP, the liability for making payment of advertisement expenses was with the department on whose behalf, either on their request or as decided by Government, the advertisement had been released by the DIPR, which in the present case was the DoP. Thus, the payment of advertisement expenses by the Company on behalf of DoP was irregular and a burden on its financial resources.

The Management replied (April 2018) that it was the Company’s policy to offer cheapest power to new/prospective industries and the advertisements in this regard were got published to highlight industry friendly policy of the Company, through DIPR. The payment of ₹ 72.99 lakh was made after obtaining administrative approval (November 2016) of the Board of Directors. The Government endorsed (April 2018) the reply of the Management.

The reply is not acceptable as it was the GoP's decision to offer special tariff to new/ prospective industries and as per the advertisement policy of GoP for issuance of advertisements, the responsibility for payments was of DoP and not of the Company.

It is recommended that the Company may take up the matter with Department of Power as per clause 7 of Advertisement Policy, 2015 for reimbursement of advertisement expenses of ₹ 72.99 lakh.

2.4 Electricity dues

Non-recovery of electricity dues and late payment surcharge resulted in accumulation of dues of ₹ 2.59 crore.

Punjab State Electricity Regulatory Commission (PSERC) in exercise of the powers conferred on it by the Electricity Act, 2003 issued Regulations on Electricity Supply Code and Related Matters, 2014 (Supply Code).

Regulation 34.3 of the Supply Code of the Punjab State Power Corporation Limited (Company) provides that in the event of disconnection of electricity to a consumer for a period more than six months on account of default in payment of dues, power supply will be restored only after the consumer has deposited the entire outstanding amount along with monthly minimum charges for the period of disconnection and security and reconnection fee as applicable. Regulation 34.2, *ibid*, lays down that if a consumer seeks reconnection within six months of disconnection, the supply shall be restored within 24 hours from the time the consumer makes good the default or makes payment of the 1st installment of outstanding amount. The General Conditions of Tariff of the Company provides that in the event of delayed payment, late payment surcharge at the rate of 1.5 *per cent* per month on gross unpaid amount[8] is also to be levied on such defaulting consumers after expiry of 15 days from the due date of the bill till the deposit of outstanding amount. Also, Regulation 16.4 of the Supply Code provides that every consumer shall maintain with the licensee, a security of an amount equivalent to one and a half month of average consumption charges.

A consumer of the Company's distribution circle, Ludhiana, defaulted in payment of electricity dues during December 2013 to November 2014. The Company disconnected supply to the consumer in December 2014 by which time the outstanding dues had risen to ₹ 2.83 crore. The Company held security deposit of ₹ 0.52 crore from the consumer. On the request (January 2016) of the consumer seeking reconnection by agreeing to pay dues in installments, the Company, invoking Regulation 34.2 (a) of the Supply Code, restored (April 2016) the electricity supply after allowing the consumer to deposit ₹ 0.66 crore as minimum monthly charges for disconnection period and payment of the outstanding amount of ₹ 2.83 crore in 12 equal monthly installments along with late payment surcharge. The consumer defaulted in paying the sixth installment due in October 2016 whereupon the Company disconnected (October 2016) the electricity supply. The outstanding electricity dues from the consumer were ₹ 1.63 crore.

The Chief Engineer (Commercial) of the Company reported (April 2016) at the time of decision that in this case the disconnection was for more than six months, so the same cannot be reconnected without relaxation in Supply Code regarding deposit of entire outstanding amount alongwith the concurrence of PSERC to allow payment of outstanding amount in installments. However, the BoDs of the Company violated the provisions of Supply Code while restoring (April 2016) the supply by incorrectly invoking Regulation 34.2 (a) which is applicable only when the request for restoration of supply is made within six months of disconnection. Hence, the Company instead of recovering the entire outstanding amount before re-connection, as stipulated, allowed the consumer to pay electricity dues in installments without concurrence of PSERC and did not levy late payment surcharge of ₹ 0.87 crore[9]. Non-recovery of electricity dues and late payment surcharge resulted in accumulation of dues of ₹ 2.59[10] crore.

Further, the security held by the Company from the consumer was due for annual reassessment in terms of the supply code. The security deposit was required to be raised to ₹ 1.00 crore based on one and half month's average consumption during the period April 2013 to March 2014. Had the Company

8 Electricity charges and late payment surcharge.

9 ₹ 2.83 crore X 1.5 *per cent* compounded monthly for 18 months (December 2014 to May 2016).

10 Outstanding electricity dues: ₹ 1.63 crore + Late payment surcharge: ₹ 1.48 crore (December 2014 to May 2016: ₹ 0.87 crore and November 2016 to April 2018: ₹ 0.61 crore) *less* Security: ₹ 0.52 crore.

assessed and collected the full amount of security at the time of reconnection, its outstanding dues from the consumer would have reduced by ₹ 0.48 crore.

The Management while accepting (July 2018) the audit observations stated that they have requested PSERC to allow amendment in clause 34.3 of supply code to permit recovery of electricity dues in installments. The civil suit was filed against the consumer in May 2018 and is pending as on date (October 2018).

It is recommended that the Company may ensure compliance to Regulation 34.3 of the Supply Code in future and recover ₹ 2.59 crore from the consumer referred to in the paragraph.

The matter was referred to the Government (February 2018); their reply was awaited (November 2018).

2.5 Memorandum of Understanding with Indiabulls Power Limited

The Company employed 14 persons of such families whose land was acquired for setting up a power plant by IBL in contravention of its MoU and NRRP, 2007 resulted in avoidable expenditure of ₹ 1.91 crore.

In accordance with Generation Policy of State Government, a Memorandum of Understanding (MoU) was entered into (August 2010/ April 2011) between Indiabulls Power Limited (IBL) and the Company for developing 1320 MW Thermal Power Plant (TPP) near Mansa. For this purpose, 723 acres of land was acquired by the Government of Punjab (GoP), payment being made by IBL.

The GoP decided (September 2011) to provide employment to one family member whose land was acquired. GoP while forwarding the applications and documents of the candidates to the Company, directed (December 2011) that the Company may consider the applications of the candidates at their own level. Accordingly, the Company appointed (2012-13 to 2017-18) 14 persons involving financial implication of ₹ 1.91 crore (upto October 2018). Audit observed (November 2017) that as per MoU read with National Rehabilitation and Resettlement Policy (NRRP), 2007, employment was to be given by IBL. At that time, the Company should have apprised the State Government that as per NRRP, 2007, it is the responsibility of IBL to provide employment to one family member whose land was acquired. The land is still in the possession of IBL and the project has not been materialised till date (October 2018).

Thus, the Company employed 14 persons of such families whose land was acquired for setting up a power plant by IBL in contravention of its MoU and NRRP, 2007 that resulted in avoidable expenditure of ₹ 1.91 crore.

It is recommended that the Company should estimate the present value of financial obligations already incurred and to be incurred in future as a result of giving employment to 14 persons from displaced families and seek to recover the same from IBL.

The matter was referred to the Company and the Government (March 2018). Their replies were awaited (November 2018).

2.6 Non-realisation of billing dues

The Company provided free electricity to gaushalas without enabling notification of the State Government resulting in non-realisation of funds of ₹ 4.13 crore.

The Electricity Act, 2003 has provisions to enable grant of subsidy by State Governments to consumers in the power tariff determined by the State Electricity Regulatory Commissions. Section 65 of the Act, *ibid*, provides that if the State Government desires to grant subsidy to any class of consumers, they have to pay the subsidy amount to the concerned power distribution entity in advance and in such manner as may be directed by the power regulator. A notification has to be issued by the State Governments for providing such tariff subsidy. Regulation 53 of the Punjab State Electricity Regulatory Commission (PSERC) (Conduct of Business) Regulation, 2005 provides that the PSERC upon receiving proposal for grant of subsidy from the state Government shall determine the amount to be paid as subsidy and the terms and conditions of such payment including the manner of payment of subsidy amount.

The Government of Punjab decided (December 2014) to supply free electricity to gaushalas in the State and referred the matter (February 2015) to the Punjab State Power Corporation Limited (Company). The Company asked (March 2015 to March 2016) the State Government to issue the enabling notification. Audit observed that the Company, without waiting for the Government notification, decided (March 2016) to supply free electricity to 366 identified registered gaushalas with effect from April 2016 and issued a commercial circular. The Company again took up (May 2016) the matter for issuance of notification with the State Government and concurrently applied (May 2016) to PSERC to approve the subsidy which was worked out as approximately ₹ 3.00 crore to be claimed from the State Government. The State Government conveyed (July 2016) their inability to bear the subsidy burden due to resource constraints. The PSERC disallowed (July 2016) the subsidy citing non observance of Regulation 53 of the PSERC (Conduct of Business) Regulations, 2005 since the Government of Punjab had not submitted any proposal to PSERC for granting subsidy. Company's repeat petition (October 2016) in the matter to PSERC was also dismissed (October 2017). However, the Company continued to supply free electricity to gaushalas up to June 2017 by which time it had supplied electricity worth ₹ 4.13 crore to 299 gaushalas which has not been reimbursed by the State Government. Thereafter, the Company started raising bills on gaushalas at non-subsidised rates.

Thus, the Company's decision to provide free electricity to gaushalas without any enabling notification of the State Government was a violation of *ibid*

Regulation and resulted in non-realization of electricity dues amounting to ₹ 4.13 crore.

The Management/Government stated (August/September 2018) that instructions to recover the outstanding amount from respective consumers has been issued in June 2018 and matter is also being referred to the Government of Punjab for issuing notification. The fact remains that there was violation of Electricity Act, 2003, besides the recovery of electricity dues from Gaushalas is still pending.

It is recommended that the Company should not provide subsidized electricity to any segment of the society without issuance of notification by the State Government.

2.7 Late payment surcharge

The Company failed to pay its power purchase bills by due dates as a consequence of which it had to pay ₹ 7.15 crore as late payment surcharge.

Punjab State Power Corporation Limited (Company) sources energy from its own generating stations and through purchase from central generating stations, independent power producers, short term purchase/spot trade and new and renewable sources of energy (NRSE) projects. For power procured from sources other than its own generating stations it has entered into various long term power purchase agreements (PPAs). As per the terms of payment of the PPAs, the Company is required to pay its power purchase bills by due dates i.e. 60 days from the date of billing and any delay attracts late payment surcharge (LPS) at rates of interest ranging between 15 *per cent* to 18 *per cent* per annum[11].

Audit observed (December 2017) that during 2014-17, the Company did not make payment of its power purchase bills to various parties by the due dates and consequently paid late payment surcharge of ₹ 24.91 crore. During the same period, the Company was arranging loans for its working capital requirements from banks/ financial institutions at rates of interest ranging between 11.25 *per cent* and 12.50 *per cent* per annum. These rates of interest were less than the rates of late payment surcharge charged by power suppliers. The Company, with prudent financial planning, could have paid its power purchase bills by their due dates by arranging working capital loans on time which were available at lower rates of interest instead of paying LPS. It could have avoided additional financial burden of ₹ 7.15 crore (***Annexure 4***) owing

[11] At the rate of 1.50 *per cent* per month (i.e. 18 *per cent* per annum) in case of PPAs with central generating stations in accordance with Central Electricity Regulatory Commission Regulations and at the rate of 1.25 *per cent* per month (15 *per cent* per annum) or at the rate of State Bank of India's short term prime lending rate per annum plus two *per cent* in respect of other power producers.

to difference of 2.5 *per cent* to 5.5 *per cent* per annum between LPS rates (from 15 *per cent* to 18 *per cent*) and cost of working capital loans (maximum rate of 12.50 *per cent* used for comparison on conservative basis). It was also observed that the payments were delayed despite cushion being available with the Company for negotiating further loans in its borrowing limits approved[12] by Board of Directors and limit of working capital loans as advised under Ujwal DISCOM Assurance Yojana[13] (UDAY scheme). The UDAY Scheme had prescribed a limit of 25 *per cent* of previous year's annual revenue as working capital loan limit in power distribution business. The Company consistently under utilised its working capital loan limit of ₹ 6,018.63 crore during 2016-17 except in the months of April and May 2016.

Thus, had the Company exercised prudence and paid all its power purchase bills by their due dates by arranging further working capital loans, it could have avoided financial burden of ₹ 7.15 crore paid as late payment surcharge.

The Management/Government stated (August/September 2018) that payment to Power Suppliers in time would have resulted into delay in payment to other stake holders viz; material suppliers, Coal India, Railways, payment of salary and pension, Banks and Financial Institutions etc. Non-payment of these dues has different implications[14] for the Company.

Audit is not of the opinion that the Company should change the priority of its payments. Rather, it should make all its payments on time by arranging additional loans as there was cushion available with it.

It is recommended that the Company should opt for pragmatic financial planning to avoid unnecessary burden on its financial resources.

[12] Limit approved in October 2013, limit was ₹ 30,000 crore which was revised in June 2015: ₹ 35000 crore and November 2016: ₹ 42,000 crore. Against this, loans raised as on March 2015 were ₹ 21,902.45 crore; March 2016: ₹ 25,466.72 crore and March 2017: ₹ 27,987.04 crore. This limit was for all the loans with no separate limit for working capital.

[13] Applicable from April 2016.

[14] Non-payment of advance freight to the Railway involves payment of surcharge @ 10 *per cent* if the freight is paid at un-loading station, Coal India dispatches coal to the power utility after receipt of advance payment, delay in release of salary and pension can cause resentment/unrest among employees/pensioners and affect the smooth functioning of the Company and delay in payment to material supplier attracts the levy of compound interest with monthly interest at three times the bank rate of 6.25 *per cent* declared by the RBI.

2.8 Loss of revenue due to allowing energy losses on independent feeders

Inaction on the part of the Company to arrest excessive energy losses in respect of independent feeders and to amend its sales manual pertaining to billing of consumers receiving supply from independent feeders, resulted in a revenue loss of ₹ 22.19 crore during 2016-17.

Supply Code of Punjab State Power Corporation Limited (Company) provides that the consumers who are catered supply at 11KV and are running essential services or continuous process industries irrespective of their load/contract demand or Agricultural Pump Set High Technology consumers with load more than 100 KW/KVA or other Industrial consumers with a contract demand exceeding 2500 KVA may apply for an independent 11 KV feeder[15] to avail the benefit of uninterrupted supply of electricity provided they agree to pay the cost of the independent feeder.

The instructions issued[16] (March 1987) by the Company require that in case of independent feeders, the energy consumption recorded by a meter installed at the consumer's premises should be compared with the energy consumption recorded by the meter installed at the feeding sub-station. The energy consumption recorded by the two meters should reasonably compare except for losses in the feeder. In case of wide variation in consumption, metering equipment of the consumer should be checked to ensure correct working of the meters.

Punjab State Electricity Regulatory Commission (PSERC) has not prescribed norms for line losses in respect of independent feeders. In the neighbouring States of Haryana and Himachal Pradesh, billing of consumers having independent feeder is being done at sub-station end[17] and all the energy losses are being borne by the consumers.

A comparison of the energy consumption recorded by meters installed at the consumers' premises and meters installed at the feeding substations revealed (December 2017) that energy losses in respect of 150 independent feeders of 14 operation divisions ranged between 0.32 *per cent* and 18.06 *per cent*. Consequently, the consumption recorded at the consumers' premises during 2016-17 was lesser to the extent of 368.04 lakh units involving revenue loss of ₹ 22.19 crore ***(Annexure 5).*** Further, out of these 150 consumers, the energy losses in respect of 66 consumers were more than five *per cent*.

This issue was earlier pointed out in paragraph 3.5 in the Report of Comptroller and Auditor General of India on Public Sector Undertakings

---

15 "Independent Feeder" means a feeder emanating from a Substation, for supply of electricity to a single consumer, or, a group of consumers having similar process on the same or contiguous premises.

16 Reiterated in March 2011 and June 2017 in the Electricity Supply Instruction Manual.

17 Haryana Electricity Regulatory Commission (HERC) issued notification number 12/2005 dated 26 July 2005 and Himachal Pradesh Electricity Regulatory Commission (HPERC) also issued supply code in May 2009 for billing of independent feeder consumers at sub-station end.

(Social, General and Economic sectors) for the year 2012-13 wherein it was recommended that the Company should take remedial measures to arrest revenue losses due to excessive energy losses on independent feeders. This paragraph has not been discussed in COPU till date.

However, the Company in violation of its *ibid* instructions had neither analysed the reasons for such wide variations in individual cases nor taken any remedial steps to arrest excessive energy losses. It had also not taken any step to amend its supply manual with the approval of PSERC to stipulate the billing of the Independent feeder consumers at sub-station end in line with the practice followed by the power utilities of Haryana and Himachal Pradesh. As a result, it had to bear a revenue loss of ₹ 22.19 crore during 2016-17 alone.

It is recommended that the Company should carry out analysis for wide variation between energy consumption of meter installed at the consumer's premises and energy consumption recorded by the meter installed at the feeding sub-station. Further, the Company may consider the practice followed by other power utilities where the billing is done at sub-station end.

The matter was referred to the Company and the Government (June 2018); their replies were awaited (November 2018).

2.9 Avoidable payment of energy charges

The Company not only violated the mandatory provisions of environmental laws but also paid avoidable energy charges of ₹ 961.71 crore on account of transportation of unwashed coal.

A Power Purchase Agreement (PPA) was entered (September 2008) between Punjab State Power Corporation Limited[18] (Company) and Talwandi Sabo Power Limited (TSPL) for procurement of power on long term basis from thermal power station of TSPL. As per Article 17.1 of the PPA, the agreement was governed by and construed in accordance with the laws of India. The Environment (Protection) Rules, 1986 (as amended in September 1997 and January 2014) made it mandatory for coal based thermal power plants to use coal with ash content not exceeding 34 *per cent.*

Coal for TSPL thermal power plant was being sourced from Mahanadi Coal Limited (MCL) which had higher ash content than permitted under environmental regulations. The ash content can be reduced by a process known as coal washing[19]. TSPL started (July 2014) its commercial operations by using washed coal and claimed washing charges in its energy bills.

The Company denied TSPL its washing charges claims in the absence of clear clause in PPA. TSPL filed (May 2014) petition in Punjab State Electricity

[18] Erstwhile Punjab State Electricity Board.

[19] The use of washed coal has its advantages in enhancing the calorific value and reduction in the ash content with resultant reduced transportation charges per unit of power purchased.

Regulatory Commission (PSERC) against the Company. Initially, PSERC and afterwards the Appellate Tribunal for Electricity (APTEL) denied (November 2015 and July 2017 respectively) the payment of washing charges to TSPL. Aggrieved by the decisions of PSERC and APTEL, TSPL filed an appeal in the Hon'ble Supreme Court. The Supreme Court decided (March 2018) to allow the payment of washing charges to TSPL.

Audit observed (February 2018) that TSPL stopped (December 2014) using the washed coal during the pendency of petitions before PSERC/APTEL/Supreme Court. The joint sampling conducted (December 2014 to February 2017) by the Company and TSPL reported the use of unwashed coal having ash content ranging between 25.94 *per cent* and 63.16 *per cent*. The legal councilor advised (October 2016/January 2017) the Company to take proactive steps on the compliance of the environmental laws for use of washed coal in place of unwashed coal. Instead of taking steps in this direction, the Company allowed the use of unwashed coal and thus, was a party to the violation of the environmental laws. The Company had also submitted to PSERC that using of washed coal results in saving of energy charges of ₹ 0.56 per unit[20] for power purchased on account of reduced transportation charges.

Thus, the Company not only violated the mandatory provisions of environmental laws but also paid avoidable energy charges of ₹ 961.71 crore on account of transportation of unwashed coal while purchasing 17173.40 MUs power during January 2015 to February 2018.

It is recommended that the Company should ensure the compliance to the Environment (Protection) Rules.

The matter was referred to the Company and the Government (March 2018); their replies were awaited (November 2018).

Punjab State Transmission Corporation Limited

2.10 Non-utilisation of Hot Line tools

Hot line maintenance of transmission lines was not being carried out in absence of trained manpower rendering the expenditure of ₹ 1.24 crore incurred on procurement of hot line maintenance tools unfruitful

Hot line maintenance is a technique of carrying out maintenance of critical transmission lines and electric sub stations without isolation i.e. without causing interruption in power supply. This is achieved with the help of specialised equipment which are rated and designed for the purpose. Central Electricity Authority (Grid Standards) Regulations, 2010 prescribe adoption of

[20] Saving in transportation cost ₹ 0.56 per Kwh (₹ 2.84 per Kwh transportation cost of unwashed coal- ₹ 2.28 per Kwh transportation cost of washed coal).

hot line techniques wherever possible. The Safety Manual of Punjab State Transmission Corporation Limited (Company) permits deployment of only qualified and duly trained employees for hot line maintenance works.

The Company for maintenance of 400 KV sub-stations at Dhuri, Makhu, Muktsar, Nakodar and Rajpura[21] and 400 KV transmission lines approved (July 2012) procurement of hot line tools. It placed (May 2013 and June 2014) two purchase orders for design, manufacture, testing, supply, delivery and demonstration of hot line maintenance tools valuing ₹ 1.31 crore.

Audit observed (January 2018) that though the ordered hot line maintenance tools were supplied (October 2013, December 2013 and March 2015), but the required training was not imparted to personnel deployed in the hot line divisions[22]. As a result, the tools acquired for hot line maintenance were not utilised even after a lapse of 33 to 50[23] months from the date of receipt. There were 371 instances[24] between 2015-2018 when the Company availed outages on its 400 KV transmission lines for periodical testing and general maintenance which could have been largely reduced had hot line maintenance techniques been deployed.

Thus, due to non-imparting of required training, hot line maintenance techniques were not used and the tools were lying unutilised and their warranty period[25] had also elapsed. The expenditure of ₹ 1.24 crore[26] on procurement of hot line tools had, therefore, been rendered unfruitful and these tools were lying unutilized for three to five years.

The Management replied (July 2018) that hot line maintenance divisions have fifty per cent of their sanctioned strength and efforts are being made to get sufficient strength of technical staff posted and ensure optimum utilization of hotline maintenance facilities. The reply is not acceptable as the training should have been provided to available manpower of 13 technical employees in Hot Line divisions.

It is recommended that the Company may ensure suitable training to staff of hot line divisions which will help in utilisation of hot line tools.

The matter was referred to the Government (May 2018); their reply was awaited (November 2018).

21 Commissioned on 17 January 2014, 12 August 2014, 23 May 2014 and 11 June 2014 respectively.
22 There are two hot line divisions at Jalandhar and Ludhiana.
23 Calculated upto December 2017.
24 Outage programmes approved by Operation coordination sub committee meetings of NRPC.
25 The warranty clause of these purchase orders made the supplier responsible for free of cost replacement of defective material within 12 months from date of commissioning or 18 months from date of dispatch, whichever expired earlier.
26 After deduction of penalty for late delivery.

2.11 Replacement of insulators on 400 KV transmission lines

The construction of 400 KV transmission lines using conventional porcelain insulators and subsequent decision to replace these with porcelain long rod insulators rendered the cost of existing insulators redundant i.e. of ₹ 34.58 crore besides involving additional avoidable financial obligations amounting to ₹ 8.77 crore arising out of proposed replacement work

The committee constituted by Central Electricity Authority (CEA) to inquire into major fog related grid incident of January 2007 had recommended using anti fog insulators or porcelain long rod insulators in areas exposed to heavy fog and medium pollution levels. Subsequently, another committee constituted by CEA enquiring about the grid disturbances of January 2010 also recommended (June 2010) complete replacement of existing porcelain insulators of lines getting frequently affected due to fog with polymer/ anti fog insulators, especially in case of critical 400 KV and 200 KV lines and evacuation lines from the generating stations.

Ignoring *ibid* recommendations of CEA constituted Committees, Punjab State Transmission Corporation Limited (Company) completed the construction of 400 KV transmission system during February 2013 to August 2014 using conventional porcelain insulators at a cost of ₹ 34.58 crore.

Eventually, owing to frequent trippings on 400 KV lines during foggy season in polluted areas affecting the generation of power, a decision to replace porcelain insulator strings with porcelain long rod insulators (anti fog) having normal life of 40-50 years has been taken (November 2017/July 2018) by the Company in order to minimise trippings and ensure reliable power supply in the State.

Audit observed that the construction of 400 KV transmission lines using conventional porcelain insulators ignoring specific recommendations of CEA constituted committees for using anti fog insulators or porcelain long rod insulators in areas exposed to heavy fog and medium pollution levels and subsequent decision to replace these with porcelain long rod insulators within four to five years of completion of transmission lines has rendered the cost of existing conventional porcelain insulators redundant i.e. of ₹ 34.58 crore[27] besides involving additional avoidable financial obligations amounting to ₹ 8.77 crore[28] arising out of proposed replacement work (dismantling of porcelain insulators and erection of porcelain long rod insulators).

[27] Price of conventional porcelain insulators taken from contract agreement no. STP-2026 dated 6-Dec-11 with BHEL replacement cost taken from estimates for ongoing tender.

[28] Replacement cost taken from estimates of Company based on work order issued from similar work by PGCIL during February 2017.

The Management stated (July 2018) that the decision to erect 400 KV transmission lines with porcelain insulators was made by Power Grid Corporation of India Limited (PGCIL) being the consultant/ execution agency.

The reply is not acceptable as the Company should have taken cognizance of the existing recommendations of CEA constituted committees referred *ibid*, before agreeing with the specifications provided by PGCIL.

It is recommended that the Company may ensure due cognizance of recommendations of expert committees while undertaking construction of transmission assets in future.

The matter was referred to the Government (May 2018); their reply was awaited (November 2018).

Part - II

Chapter – III
Functioning of State Public Sector Undertakings (other than Power Sector)

Part II

Chapter III

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

Introduction

3.1 There were 48 State Public Sector Undertakings (PSUs) as on 31 March 2018 which were related to sectors other than Power Sector. These State PSUs, incorporated during the period 1952-53 and 2016-17, included 44 Government Companies and four Statutory Corporations *i.e.* Punjab Scheduled Caste Land Development and Finance Corporation (PSCLDFC), PEPSU Road Transport Corporation (PRTC), Punjab State Warehousing Corporation (PSWC) and Punjab Financial Corporation (PFC). The Government Companies further included twenty[1] inactive companies and fourteen[2] subsidiary companies owned by other Government Companies. Besides these 48 State PSUs, there was one State PSU (Statutory Corporation) namely Punjab Backward Classes Land Development and Finance Corporation, audit of which was not under the purview of CAG.

The State Government provides financial support to the State PSUs in the shape of equity, loans and grants/subsidy from time to time. Of the 48 State PSUs (other than Power Sector), the State Government invested funds in 33[3] State PSUs only.

Contribution to Economy of the State

3.2 A ratio of turnover of the PSUs to the Gross State Domestic Product (GSDP) shows the extent of activities of the PSUs in the State economy. The table below provides the details of turnover of State PSUs (other than Power Sector) and GSDP of Punjab for a period of five years ending March 2018:

Table 3.1: Details of turnover of State PSUs (other than Power Sector) *vis-a-vis* GSDP of Punjab

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Turnover	24,648.46	30,462.89	32,104.55	33,032.24	36,728.43
GSDP of Punjab	3,17,556.00	3,49,826.00	4,08,815.00	4,27,297.00	4,77,482.00
Percentage of Turnover to GSDP of Punjab	7.76	8.71	7.85	7.73	7.69

Source: Compiled based on turnover figures of working PSUs (other than power) and GSDP figures as intimated by Department of Planning, Government of Punjab.

The PSUs recorded continuous increase in their turnover over the previous years turnover as per their latest audited accounts available in respective years.

---

1 Sl. No. 22 to 27, 31 to 44 of ***Annexure 6***.

2 Sl. No. 1, 9, 12, 23, 25, 29, 34 to 39, 43 and 44 of ***Annexure 6***.

3 Includes three subsidiaries (Sl. No. 1, 23 and 39 of ***Annexure 6***) where State Government has infused investment in the shape of loans only.

The increase in turnover ranged between 2.89 *per cent* and 23.59 *per cent* during the period 2013-18, whereas increase in GSDP of the State ranged between 4.52 *per cent* and 16.86 *per cent* during the same period. The compounded annual growth of GSDP was 10.73 *per cent* during last five years. The compounded annual growth is a useful method to measure growth rate over multiple time periods. Against the compounded annual growth of 10.73 *per cent* of the GSDP, the turnover recorded lower compounded annual growth of 10.49 *per cent* during last five years. This resulted in marginal decrease in share of turnover of these PSUs to the GSDP from 7.76 *per cent* in 2013-14 to 7.69 *per cent* in 2017-18.

Investment in State PSUs (other than Power Sector)

3.3 There are some PSUs which function as instruments of the State Government to provide certain services which the private sector may not be willing to extend due to various reasons. Besides, the Government has also invested in certain business segments through PSUs which function in a competitive environment with private sector undertakings. The position of these State PSUs have therefore been analysed under two major classifications *viz.* those in the social sector and those functioning in competitive environment. Besides, four[4] of these State PSUs incorporated to perform some specific activities on behalf of the State Government have been categorised under 'others'. Details of investment made in these 48 State PSUs in shape of equity and long term loans upto 31 March 2018 are detailed in ***Annexure 6.***

3.4 The sector-wise summary of investment in these State PSUs as on 31 March 2018 is given below:

Table 3.2: Sector-wise investment in State PSUs (other than power sector)

Sector	Number of PSUs	Investment (₹ in crore)		
		Equity	Long term loans	Total
Social Sector	27	1,131.76	25,718.68	26,850.44
PSUs in Competitive Environment	17	149.92	837.64	987.56
Others	4	0.09	0.00	0.09
Total	**48**	**1,281.77**	**26,556.32**	**27,838.09**

Source: Compiled based on information received from PSUs.

As on 31 March 2018, the total investment (equity and long term loans) in these 48 PSUs was ₹ 27838.09 crore. The investment consisted of 4.60 *per cent* towards equity and 95.40 *per cent* in long-term loans. The long term loans advanced by the State government constituted 91.32 *per cent* (₹ 24251.03 crore) of the total long term loans and 8.68 *per cent* (₹ 2305.29 crore) were availed from other financial institutions.

The investment grew by 746.17 *per cent* from ₹ 3289.90 crore in 2013-14 to ₹ 27838.09 crore in 2017-18. The investment increased due to addition of ₹ 124.60 crore and ₹ 24423.59 crore towards equity and long term loans respectively during 2013-14 to 2017-18.

[4] Punjab Police Housing Corporation Limited, Amritsar Smart City Limited, Ludhiana Smart City Limited and Jalandhar Smart City Limited.

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

3.5 During the year 2017-18, no disinvestment, restructuring or privatization was done by the State Government in State PSUs.

Budgetary Support to State PSUs (other than Power Sector)

3.6 The Government of Punjab (GoP) provides financial support to State PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and loans converted into equity during the year in respect of State PSUs (other than Power Sector) for the last three years ending March 2018 are as follows:

Table 3.3: Details regarding budgetary support to State PSUs (other than Power Sector) during the years

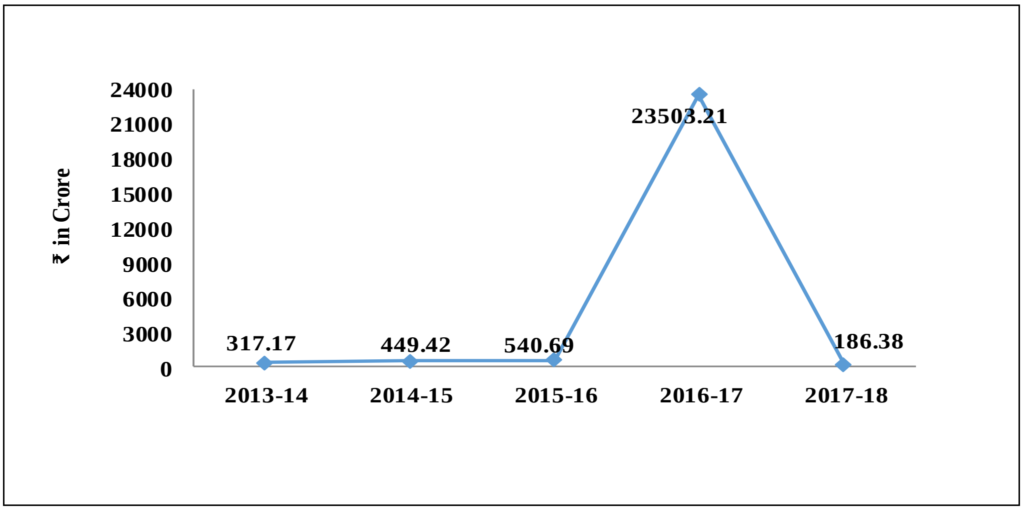
(₹ in crore)

Particulars[5]	2015-16		2016-17		2017-18	
	Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount
Equity Capital outgo (i)	2	32.24	2	10.83	-	-
Loans given (ii)						
a) Interest free	-	-	-	-	-	
b) Interest bearing	-	-	4	22974.19	-	-
Grants/ Subsidy provided (iii)	5	508.45	3	518.19	4	186.38
Total Outgo (i+ii+iii)		540.69		23503.21		186.38
Loan repayment written off	-	-	2	6.47	-	-
Loans converted into equity	-	-	-	-	-	-
Guarantees issued	2	34.40	-	-	2	141.12
Guarantee Commitment	10	29,250.45	7	1,633.69	9	1,721.84

Source: Compiled based on information received from PSUs.

The details regarding budgetary outgo towards equity, loans and grants/subsidies for the last five years ending March 2018 are given in a graph below:

Chart 3.1: Budgetary outgo towards Equity, Loans and Grants/Subsidies



5 Amount represents outgo from State budget only.

The annual budgetary assistance to these PSUs ranged between ₹ 317.17 crore and ₹ 23503.21 crore during the period 2013-14 to 2017-18. The budgetary assistance of ₹ 186.38 crore given during the year 2017-18 was in the form of grants/ subsidy. The State Government did not infuse any equity or provide new loans to these PSUs during 2017-18. The subsidy/grants given by the State Government was primarily for lining of water courses and sinking and installation of tubewells, waiver of loans and Administrative expenses.

In order to enable PSUs to obtain financial assistance from banks and financial institutions, the State Government gives guarantee under Punjab Fiscal Responsibility and Budget Management Act, 2003 subject to the limits prescribed by the Constitution of India, for which a guarantee fee is charged. The State Government charged guarantee fee at the rate of two *per cent* from the PSUs. Outstanding guarantee commitments decreased from ₹ 31984.48 crore in 2013-14 to ₹ 1721.84 crore in 2017-18. Punjab State Industrial Development Corporation defaulted in payment of guarantee commission of ₹ 26.63 crore which was to be paid by it, since 1997.

Reconciliation with Finance Accounts of Government of Punjab

3.7 The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the Government of Punjab. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2018 is stated below:

Table 3.4: Equity, loans, guarantees outstanding as per Finance Accounts of Government of Punjab vis-à-vis records of State PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of State PSUs	Difference
Equity	831.43	1,157.19	325.76
Loans	25,401.85	24,251.03	1,150.82
Guarantees	1,771.66	1,721.84	49.82

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

Audit observed that out of 48 State PSUs, such differences occurred in respect of 31 PSUs as shown in ***Annexure 7***. The differences between the figures are persisting since last many years. The issue of reconciliation of differences has been taken up by the Principal Accountant General (Audit) Punjab with the PSUs and the Departments from time to time. Major difference in balances was observed in Punjab Water Resources Limited and Management Development Corporation and the State Foodgrains Procuring Agencies. The State Government and the respective PSUs should reconcile the differences in a time-bound manner.

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

3.8 Of the total 48 State PSUs, 28 PSUs- 24 Companies and 4 Statutory Corporations are active while 20 are inactive as of 31 March 2018. The status of timelines followed by the State PSUs in preparation of their accounts are as detailed below:

Timeliness in preparation of accounts by the working State PSUs

3.8.1 Accounts for the year 2017-18 were required to be submitted by all the working PSUs by 30 September 2018. However, out of 24 working Government Companies, 5 Companies submitted their accounts for the year 2017-18 for audit by CAG on or before 30 September 2018 whereas accounts of 19 Government Companies were in arrears. Of the four Statutory Corporations, the CAG is the sole auditor in two Statutory Corporations (PSCLDFC and PRTC). For the remaining two Statutory Corporations, accounts for the year 2017-18 were awaited as on 30 September 2018.

Details of arrears in submission of accounts of working PSUs as on 30 September 2018 are given below:

Table 3.5: Position relating to submission of accounts by the working State PSUs

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Number of PSUs (other than Power Sector)	25	26	26	25	28
2.	Number of accounts submitted during current year	19	31	23	23	28
3.	Number of working PSUs which finalised accounts for the current year	2	6	5	4	5
4.	Number of previous year accounts finalised during current year	17	25	18	19	23
5.	Number of working PSUs with arrears in accounts	23	20	21	21	23
6.	Number of accounts in arrears	39	34	37	38	44[6]
7.	Extent of arrears	One to four years	One to four years	One to five years	One to four years	One to eight years

Source: Compiled based on accounts of PSUs received during the period October 2017 to September 2018.

Of these 28 working State PSUs, 22 PSUs had finalised 28 annual accounts during the period 1 October 2017 to 30 September 2018 which included five annual accounts for the year 2017-18 and 23 annual accounts for previous years. Further, 44 annual accounts were in arrears which pertain to 23 PSUs**.** The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the stipulated period. The concerned Departments were informed quarterly by the Principal Accountant General (Audit) Punjab regarding arrear in finalisation of accounts.

The GoP had provided ₹ 15042.62 crore (Loan: ₹ 14809.24 crore, Grants/Subsidy: ₹ 233.38 crore) to six of the 23 working State PSUs accounts of which had not been finalised by 30 September 2018 as prescribed under the Companies Act 2013 whereas no investment was made in remaining 17 PSUs during the period for which accounts are in arrears. PSU wise details of investment made by State Government during the years for which accounts are in arrears are shown in ***Annexure 8***. However, 11 accounts of ten of these

[6] It includes Mohali Biotechnology Park which was incorporated on 25 January 2011 which has not furnished its first account.

working State PSUs were finalized and submitted for audit during the period from October 2018 to December 2018 whereas 33 accounts pertaining to 18 working State PSUs were awaited till December 2018.

In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested was achieved. The GoP investment in these PSUs, therefore, remained outside the control of State Legislature.

Timeliness in preparation of accounts by inactive State PSUs

3.8.2 There were arrears in finalisation of accounts by 19 out of total 20 inactive PSUs details of which are as given below:

Table 3.6: Position relating to arrears of accounts in respect of inactive PSUs

Sl. No.	Name of inactive companies	Period for which accounts were in arrears
1.	Punjab Land Development and Reclamation Corporation Limited	1995-96 to 2017-18
2.	Punjab Micro Nutrients Limited	1992-93 to 2017-18
3.	Punjab Poultry Development Corporation Limited	2014-15 to 2017-18
4.	Punjab Agro Power Corporation Limited	2016-17 to 2017-18
5.	Amritsar Hotel Limited	2015-16 to 2017-18
6.	Neem Chameli Tourist Complex Limited	2016-17 to 2017-18
7.	Punjab Venture Capital Limited	2017-18
8.	Punjab Venture Investors Trust Limited	2017-18
9.	Punjab Film and News Corporation Limited	2006-07 to 2017-18
10.	Electronic Systems Punjab Limited	2014-15 to 2017-18
11.	Punjab Bio-Medical Equipments Limited	1997-98 to 2017-18
12.	Punjab Digital Industrial System Limited	2007-08 to 2017-18
13.	Punjab Electro Optics Systems Limited	1997-98 to 2017-18
14.	Punjab Footwears Limited	1991-92 to 2017-18
15.	Punjab Power Packs Limited	1998-99 to 2017-18
16.	Punjab State Handloom and Textile Development Corporation Limited	2017-18
17.	Punjab State Hosiery and Knitwear Development Corporation Limited	2006-07 to 2017-18
18.	Punjab State Leather Development Corporation Limited	2006-07 to 2017-18
19.	Punjab Tanneries Limited	1997-98 to 2017-18

Source: Compiled based on accounts of PSUs received.

Out of 20 inactive PSUs, six[7] were in the process of liquidation whose accounts were in arrears for four to 26 years. Out of remaining 14 inactive PSUs, 13 had arrears of accounts ranging from one year to 27 years. However, two accounts of two of these inactive State PSUs were finalized and submitted for audit during the period from October 2018 to December 2018.

[7] Companies at Sl. No. 23, 34, 35, 36, 37 and 39 of ***Annexure 9***.

Placement of Separate Audit Reports of Statutory Corporations in State Legislature

3.9 Out of four working Statutory Corporations, no Corporation had forwarded their accounts of 2017-18 by 30 September 2018.

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

Table 3.7: Status of placement of SAR of the Statutory Corporations

Sl. No.	Name of Corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government/ Present Status
1	Punjab Financial Corporation	2015-16	2016-17	SAR under finalization
2	Punjab Scheduled Castes Land Development and Finance Corporation	2013-14	2014-15 2015-16 2016-17	07-09-2017 27-04-2018 SAR under finalisation
3	PEPSU Road Transport Corporation	2013-14	2014-15 2015-16	SARs under finalisation
4	Punjab State Warehousing Corporation	2014-15	2015-16 2016-17	10-01-2018 SAR under finalisation

Source: Information provided by PSUs.

Impact of non-finalisation of accounts of State PSUs

3.10 As pointed in paragraph 3.8, the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant statutes. In view of the above state of arrears of accounts, the actual contribution of the State PSUs to State GDP for the year 2017-18 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

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

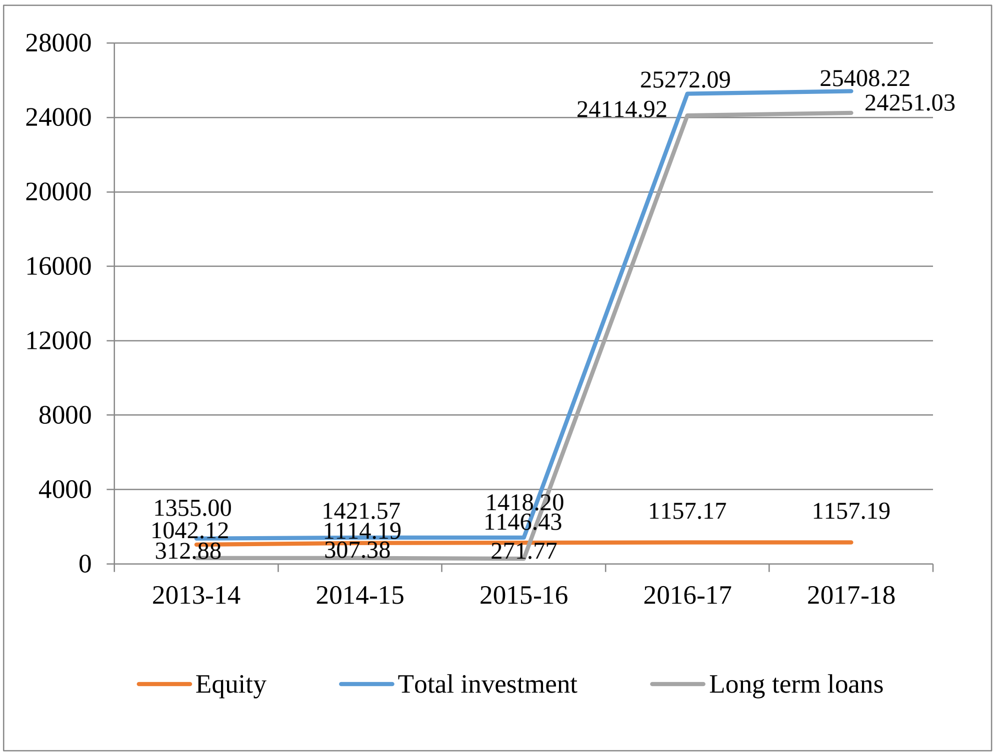
Performance of State PSUs

3.11 The financial position and working results of the 48 State PSUs are detailed in ***Annexure 9*** as per their latest finalised accounts as of 30 September 2018.

The Public Sector Undertakings are expected to yield reasonable return on investment made by Government in the undertakings. The total investment of State Government and others in the PSUs other than power sector was ₹ 27838.09 crore consisting of equity of ₹ 1281.77 crore and long term loans of ₹ 26556.32 crore (as detailed in ***Annexure 6***). Out of this, Government of Punjab has investment of ₹ 25408.22 crore in the 33 PSUs consisting of equity of ₹ 1157.19 crore and long term loans of ₹ 24251.03 crore.

The year wise investment of GoP in the PSUs during the period 2013-14 to 2017-18 is as follows:

Chart 3.2: Total investment of GoP in PSUs



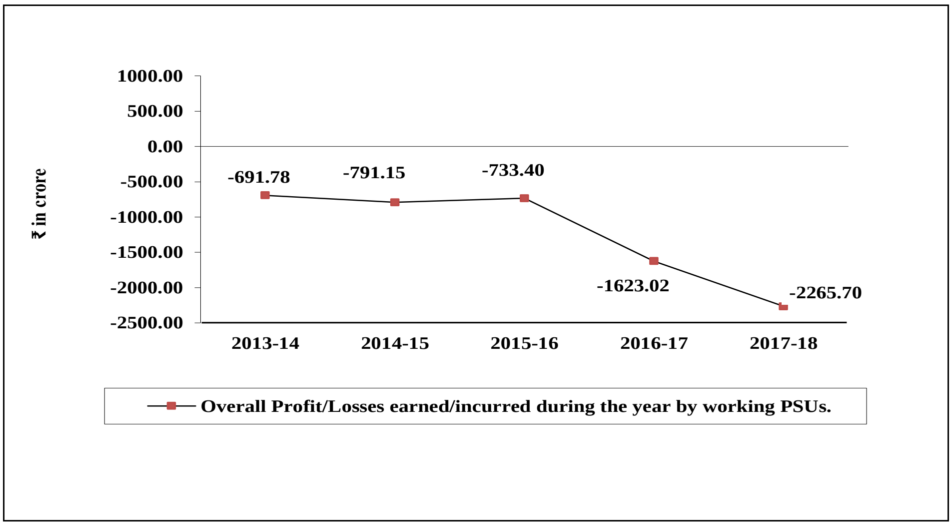
The profitability of a company is traditionally assessed through Return on Investment and Return on Capital Employed. Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested in the form of Equity and Long Term Loans and is expressed as a percentage of net profit to total investment. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing Company's earnings before interest and taxes by Capital Employed.

Return on Investment

3.12 The Return on investment is the percentage of profit or loss to the total investment. The overall position of Profit/losses[8] earned/incurred by the 28 working State PSUs during 2013-14 to 2017-18 is depicted below in a chart:

[8] Figures are as per the latest finalised accounts of the respective years.

Chart 3.3: Profit/Losses earned/incurred by working PSUs during the years



The loss of ₹ 691.78 crore incurred by the working PSUs in 2013-14 increased to ₹ 2265.70 crore in 2017-18 due to substantial increase in losses of Punjab State Civil Supplies Corporation Limited and Punjab State Grains Procurement Corporation Limited. According to latest finalised accounts of these 28 working State PSUs, 9[9] PSUs earned profit of ₹ 52.89 crore and 12[10] PSUs incurred losses of ₹ 2318.59 crore as detailed in ***Annexure 9***. Out of the remaining seven PSUs, three are functioning on 'No Profit No Loss' basis and in respect of four PSUs first account were awaited.

The top profit making companies were Punjab Small Industries and Export Corporation Limited (₹ 22.14 crore), Punjab State Container and Warehousing Corporation Limited (₹ 13.85 crore) while Punjab State Civil Supplies Corporation Limited (₹ 995.78 crore) and Punjab State Grains Procurement Corporation Limited (₹ 733.91 crore) incurred heavy losses.

Of the 28 working PSUs (other than Power Sector) as on 31 March 2018, position of working PSUs (other than Power Sector) which earned/ incurred profit/loss during 2013-14 to 2017-18 is given below:

Table 3.8: Details of working Public Sector Undertakings which earned/ incurred profit/loss during 2013-14 to 2017-18

Financial year	Total number of PSUs (other than Power Sector)	Number of PSUs which earned profits during the year	Number of PSUs which incurred loss during the year	Number of PSUs		
				No profit no loss	Under construction	1st A/cs yet to be received
2013-14	25	9	12	3	1	-
2014-15	26	8	13	3	1	1
2015-16	26	8	14	3	1	-
2016-17	25	8	13	3	-	1
2017-18	28	9	12	3	-	4

9 Sl. no. 2, 4, 6, 7, 11, 13, 15, 28, 30 of ***Annexure 9***.

10 Sl. no. 1, 3, 5, 8, 9, 10, 14, 16, 19, 20, 21 and 29 of ***Annexure 9***.

(a) *Return on Investment on the basis of historical cost of investment*

3.13 Out of 28 working Public Sector Undertakings of the State, the State Government infused funds in the form of equity, long term loans and grants/subsidies in 23 PSUs only. The Government has invested ₹ 25375.78 crore in these 23 PSUs including equity of ₹ 1140.14 crore and long term loans of ₹ 24235.64 crore. Out of the released long term loans of ₹ 24235.64 crore, ₹ 30.00 crore was interest free loan.

The funds made available in the forms of the grants/subsidy have not been reckoned as investment since they do not qualify to be considered as investment. Out of the total long term loans, only interest free loans have been considered as investment. However, in cases where interest free loans have been repaid by the PSUs, the value of investment based on historic cost and present value (PV) was calculated on the reduced balances of interest free loans over the period as detailed in Table 3.9.

The sector-wise return on investment on the basis of historical cost of investment for the period 2013-14 to 2017-18 is as given below:

Table 3.9: Return on State Government Funds on the basis of historical cost of investment

(₹ in crore)

Year wise Sector-wise break-up	Total Earnings for the year	Funds invested by the GoP in form of Equity and Interest Free loans on historical cost	Return on State Government investment on historical cost basis (in *per cent*)
		2013-14	
Social Sector	(-) 658.27	947.41	(-) 69.48
Competitive Sector	(-) 26.58	107.52	(-) 24.72
Others	-	0.05	-
Total	**(-) 684.85**	**1054.98**	**(-) 64.92**
		2014-15	
Social Sector	(-) 764.90	1019.48	(-) 75.03
Competitive Sector	(-) 12.08	107.52	(-) 11.24
Others	-	0.05	-
Total	**(-) 776.98**	**1127.05**	**(-) 68.94**
		2015-16	
Social Sector	(-) 615.58	1051.72	(-) 58.53
Competitive Sector	(-) 7.29	107.52	(-) 6.78
Others	-	-0.05	-
Total	**(-) 622.87**	**1159.29**	**(-) 53.73**
		2016-17	
Social Sector	(-) 1482.76	1062.55	(-) 139.55
Competitive Sector	(-) 13.31	107.52	(-) 12.38
Others	-	0.05	-
Total	**(-) 1496.07**	**1170.12**	**(-) 127.86**
		2017-18	
Social Sector	(-) 1907.03	1062.55	(-) 179.48
Competitive Sector	9.56	107.52	8.89
Others	-	0.07	-
Total	**(-) 1897.47**	**1170.14**	**(-) 162.16**

The return on State Government investment is worked out by dividing the total earnings[11] of these PSUs by the cost of the State Government investments. The return earned on State Government investment ranged between (-) 53.73 *per cent* and (-) 162.16 *per cent* during the period 2013-14 to 2017-18. The overall negative return on State Government investment increased due to heavy losses incurred by Companies under Social Sector i.e. Punjab State Civil Supplies Corporation Limited (₹ 995.78 crore), Punjab State Grains Procurement Corporation Limited (₹ 733.91 crore) and Punjab Agro Foodgrains Corporation Limited (₹ 362.63 crore) due to cumulating of interest on the outstanding CCL repayments on account of non-reimbursement of actual incidentals incurred by these PSUs for procurement of foodgrains on behalf of GoI, misappropriation of paddy, damage of wheat stocks, inefficiencies in milling operations, non-recovery of costs from millers, delayed /non raising of claims on FCI/millers.

(b) ***Return on Investment on the basis of Present Value of Investment***

3.14 An analysis of the earnings vis-a-vis investments in respect of those 22 State PSUs where funds had been infused by the State Government was carried out to assess the profitability of these PSUs. Traditional calculation of return based only on the basis of historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value of money. Therefore, in addition to the calculation of return on funds invested by GoP in 22 PSUs on historical cost basis, the return on investment has also been calculated after considering the Present Value (PV) of money. PV of the State Government investment was computed where funds had been infused by the State Government in the shape of equity and interest free loan since inception of these companies till 31 March 2018. During the period from 2013-14 to 2017-18, these 22 PSUs had a negative return on investment.

For the years 2013-14 to 2017-18 when these 22 PSUs incurred losses, a more appropriate measure of performance is the erosion of net worth due to the losses. The erosion of net worth of the PSUs is commented upon in Para 3.16.

3.15 PSU wise position of State Government investment in these 22 State PSUs in the form of equity and interest free loans on historical cost basis for the period from 2010-11 to 2017-18 is indicated in ***Annexure 10.*** Further, consolidated position of Net Present Value (NPV) of the State Government investment relating to these PSUs for the same period is indicated in the table below:

---

[11] This includes net profit/losses for the concerned year relating to those State PSUs where the investments have been made by the State Government.

Table 3.10: Year wise details of investment by the State Government and present value (PV) of Government investment for the period from 2010-11 to 2017-18

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the state government during the year	Interest free loans given by the state government during the year	Total investment during the year	Average rate of interest on govern-ment borrowings (in *per cent*)	Total investment at the end of the year	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year[12]	Total Earning for the year[13]
i	ii	iii	iv	v= iii+iv	vi	vii=ii+v	viii={vii*(1+vi)/100}	ix={(vii*vi)/100}	x
Upto 2010-11	-	789.79	-	789.79	7.73	789.79	850.84	-	-
2011-12	850.84	196.93	-	196.93	7.96	1047.77	1131.17	83.40	-220.29
2012-13	1131.17	15.91	30.00	45.91	7.79	1177.08	1268.77	91.69	-375.98
2013-14	1268.77	22.35	-	22.35	8.04	1291.12	1394.93	103.81	- 684.85
2014-15	1394.93	72.07	-	72.07	8.35	1467.00	1589.49	122.49	-776.98
2015-16	1589.49	32.24	-	32.24	8.09	1621.73	1752.93	131.20	- 622.87
2016-17	1752.93	10.85	-	10.85	7.48	1763.78	1895.71	131.93	-1496.07
2017-18	1895.71	-	-	-	8.12	1895.71	2049.64	153.93	-1897.47
Total		**1140.14**	**30.00**	**1170.14**					

The balance of investment by the State Government in these PSUs at the end of the year increased to ₹ 1170.14 crore in 2017-2018 from ₹ 789.79 crore in 2010-11 as the State Government made further investments in shape of equity (₹ 350.35 crore) and interest free loans (₹ 30.00 crore) during the period 2010-11 to 2017-2018. The PV of funds infused by the State Government upto 31 March 2018 amounted to ₹ 2049.64 crore. During 2011-12 to 2017-18, total earning for the year remained below the minimum expected return to recover cost of funds infused in these PSUs as three of these PSUs incurred substantial losses during this period.

Erosion of Net worth

3.16 Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure. The capital investment and accumulated losses of these 28 working PSUs as per their latest finalised accounts were ₹ 1706.26 crore and ₹ 7974.46 crore respectively resulting in negative net worth of ₹ 6268.20 crore. Analysis of investment and accumulated losses disclosed that net worth eroded fully in 10[14] out of these 28 PSUs. Of these 10 PSUs, the maximum net worth erosion

---

12 Present value of total investment at the end of the year – Total investment at the end of the year.

13 Total Earning for the year depicts total of net earnings (profit/loss) for the concerned year relating to those 22 PSUs where funds were infused by State Government. In case where annual accounts of any PSU was pending during any year then net earnings (profit/loss) for that year has been taken as per latest audited accounts of the concerned PSU.

14 Sl. No. 1, 3, 5, 9, 10, 14, 19, 21, 28 and 30 of ***Annexure 9***.

was in Punjab State Grains Procurement Corporation Limited (₹ 3045.06 crore), Punjab Civil Supplies Corporation Limited (₹ 1529.06 crore) on account of non-reimbursement of actual incidentals incurred by these PSUs for procurement of foodgrains on behalf of GoI, misappropriation of paddy, damage of wheat stocks, inefficiencies in milling operations, non-recovery of costs from millers, delayed /non raising of claims on FCI/millers due to the reasons mentioned in para 3.13 *supra*.

Further the following table indicates total paid up capital, total accumulated profit/ loss, and total net worth of the 23 companies where the State Government has made direct investment:

Table 3.11: Net worth of 23 working PSUs during 2013-14 to 2017-18

(₹ in crore)

Year	Paid Capital and free reserves at end of the year	Accumulated Profit (+) Loss (-) at end of the year	Deferred revenue Expenditure	Net Worth
2013-14	1390.98	(-) 4023.74	-	(-) 2632.76
2014-15	1434.11	(-) 4980.67	-	(-) 3546.56
2015-16	1493.52	(-) 5354.52	-	(-) 3861.00
2016-17	1607.49	(-) 6581.72	-	(-) 4974.23
2017-18	1680.15	(-) 7947.89	-	(-) 6267.74

As can be seen, the net worth of these companies decreased during 2013-18. It decreased from ₹ (-) 2632.76 crore in 2013-14 to ₹ (-) 6267.74 crore in 2017-18. Out of 23 PSUs, 11[15] PSUs showed positive net worth and net worth of 9 PSUs was in negative during 2017-18.

Dividend Payout

3.17 The State Government had directed (July 2011) all its PSUs to pay a minimum return of five *per cent* on the funds invested by the State Government.

Dividend Payout relating to 22 working PSUs where equity was infused by GoP during the period is shown in table below:

Table 3.12: Dividend payout of 22 working PSUs during 2013-14 to 2017-18

(₹ in crore)

Year	Total PSUs where equity infused by GoP		PSUs which earned profit during the year		PSUs which declared/paid dividend during the year		Dividend Payout Ratio (in *per cent*)
	Number of PSUs	Equity infused by GoP	Number of PSUs	Equity infused by GoP	Number of PSUs	Dividend declared/paid by PSUs	
1	**2**	**3**	**4**	**5**	**6**	**7**	**8=7/5*100**
2013-14	19	1024.98	9	175.47	3	1.76	1.00
2014-15	19	1097.05	8	188.04	3	2.08	1.11
2015-16	19	1129.29	8	229.77	3	2.13	0.93
2016-17	19	1140.12	8	229.77	3	2.12	0.92
2017-18	22	1140.14	9	307.98	4	4.17	1.35

15 The net worth of three PSUs (at Sl. No. 46, 47 and 48 of ***Annexure 9***) has not been calculated as first accounts of these PSUs are yet to be received.

During the period 2013-14 to 2017-18, the number of PSUs which earned profits ranged between 8 and 9 PSUs. During this period, number of PSUs which declared/paid dividend to GoP ranged between three and four PSUs.

The Dividend Payout Ratio during 2013-14 to 2017-18 ranged between 0.92 *per cent* and 1.35 *per cent* only.

As per their latest finalised accounts, four[16] working PSUs declared a dividend of ₹ 4.17 crore which worked out to 1.35 *per cent* of equity capital of these PSUs. Of these 9 profit earning PSUs, 5 PSUs did not declare dividend due to accumulated losses or marginal profits, two[17] PSUs declared dividend higher than the prescribed limit and two[18] PSUs declared dividend as per the dividend policy.

Return on Capital Employed

3.18 Return on Capital Employed (ROCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed[19]. The details of total ROCE of all the State PSUs together during the period from 2013-14 to 2017-18 are given in table below:

Table 3.13: Return on Capital Employed of working PSUs

Year	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (in *per cent*)
2013-14	2525.46	15690.34	16.10
2014-15	2931.67	10108.26	29.00
2015-16	3554.32	10346.10	34.35
2016-17	(-) 1532.50	(-) 2435.72	-
2017-18	(-) 1411.18	4544.90	(-) 31.05

The ROCE ranged between (-) 31.05 *per cent* and 34.35 *per cent* during the period 2013-14 to 2017-18. The ROCE was not measurable for the year 2016-17 as both the capital employed and the EBIT were negative.

The capital employed for these PSUs substantially decreased during the year 2016-17 over that of 2015-16. This was on account of Punjab State Civil Supplies Corporation Limited (PUNSUP) treating the cash credit liabilities (₹ 11288.88 crore) in its accounts for the year 2015-16 as short term borrowings which were hitherto being treated as long term borrowings. This was done in compliance of Company's statutory auditors comments on the issue in their report on the accounts for the year 2014-15. Due to this the capital employed by PUNSUP decreased from ₹ 11246.04 crore in 2015-16 to ₹ (-) 1529.06 crore in 2016-17 affecting the overall CE of PSUs in 2016-17. The other three State foodgrain procurement agencies (SPAs) namely Punjab Agro Foodgrains Corporation Limited, Punjab State Grains Procurement

---

16 PSUs at Sl. No.4, 6, 7 and 15 of ***Annexure 9.***

17 PSUs at Sl. No.4 and 6 of ***Annexure 9.***

18 PSUs at Sl. No.7 and 15 of ***Annexure 9***

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

Corporation Limited and Punjab State Warehousing Corporation were treating their cash credit liabilities as short term borrowings in their accounts.

The SPAs had unsettled cash credit liabilities of ₹ 31,000 crore against banks as on December 2016. To settle this liability, Government of Punjab entered (December 2016) into an agreement with State Bank of India for its one-time settlement. A loan of ₹ 30,584 crore was raised by State Government during 2016-17 against which ₹ 29,920 crore was given as long term loans to five SPAs (including Punjab State Cooperative Supply and Marketing Federation Limited – Markfed). This loan is to be repaid by the year 2036 including interest.

In line with the terms of loan, two SPAs, namely Punjab Agro Foodgrains Corporation Limited (PAFC) and Punjab State Warehousing Corporation (PSWC) while finalizing their accounts for the year 2016-17 treated this loan extended by Government as their long term borrowings. As a result capital employed of these two PSUs increased to ₹ 8052.14 crore in 2017-18 from ₹ (-) 136.31 crore in 2016-17. This contributed to raising the total capital employed of non power sector state PSUs to ₹ 4544.90 crore at the end of 2017-18 in comparison to ₹ (-) 2435.72 crore in 2016-17.

Analysis of long term loans of the PSUs

3.19 Analysis of the Long Term Loans of the PSUs which had leverage during 2013-14 to 2017-18 was carried out to assess the ability of the companies to serve the debt owed by the companies to the Government, banks and other financial institutions. This is assessed through the interest coverage ratio and debt turnover ratio.

Interest coverage ratio

3.20 Interest coverage ratio is used to determine the ability of a PSU to pay interest on outstanding debt and is calculated by dividing earnings before interest and taxes (EBIT) of a PSU by interest expenses of the same period. The lower the ratio, the lesser the ability of the PSU to pay interest on debt. An interest coverage ratio below one indicated that the PSU was not generating sufficient revenues to meet its expenses on interest. The details of positive and negative interest coverage ratio during the period from 2013-14 to 2017-18 are given in table below:

Table 3.14: Interest coverage ratio relating to State PSUs

Year	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Number of PSUs having interest coverage ratio more than 1	Number of PSUs having interest coverage ratio less than 1
2013-14	3272.76	2525.46	28	7	21
2014-15	3792.07	2931.67	26	6	20
2015-16	4356.30	3554.32	25	5	20
2016-17	3589.63	(-) 1532.50	25	4	21
2017-18	3919.08	(-) 1411.18	25	4	21

Of the 25 State PSUs having liability of loans from Government as well as banks and other financial institutions during 2017-18, 4 PSUs had interest coverage ratio of more than one whereas remaining 21 PSUs had interest coverage ratio below one which indicates that these 21 PSUs could not generate sufficient revenue to meet their expenses on interest during the period.

Debt Turnover Ratio

3.21 During the last five years, the turnover of the working PSUs recorded compounded annual growth of 10.49 *per cent* and compounded annual growth of debt was 88.57 *per cent* due to which the debt turnover ratio deteriorated from 0.09 in 2013-14 to 0.72 in 2017-18 as given in table below:

Table 3.15: Debt Turnover Ratio relating to the 28 working State PSUs

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Debt from Government and others (Banks and Financial Institutions)	2097.58	1908.62	1471.81	25222.28	26522.68
Turnover	24648.46	30462.89	32104.55	33032.24	36728.43
Debt-Turnover Ratio	0.09:1	0.06:1	0.05:1	0.76:1	0.72:1

Source : Compiled based on ***Annexure 6*** and ***Annexure 9***.

The debt-turnover ratio ranged between 0.05 and 0.76 during this period. The overall accumulated losses increased substantially during the year 2017-18 in comparison to that for the year 2016-17 which was mainly due to increase in accumulated losses of Punjab State Grains Procurement Corporation.

Winding up of inactive State PSUs

3.22 20 of the 48 State PSUs were inactive companies having a total investment of ₹ 57.77 crore as detailed in ***Annexure 6*** as on 31 March 2018. The number of inactive PSUs at the end of each year during last five years ended 31 March 2018 are given below:

Table 3.16: Inactive State PSUs

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
No. of inactive companies	23	23	22	21	20

Source: Compiled from the information included in Audit Report (PSU), GoP of respective years and in ***Annexure 6***.

The stages of closure in respect of inactive PSUs are given in table below:

Table 3.17: Closure of inactive PSUs

Sl. No.	Particulars	Companies
1.	Total number of inactive PSUs	20
2.	Of (1) above, the number under	
(a)	Liquidation by Court (liquidator appointed)	-
(b)	Voluntary winding up (liquidator appointed)	6
(c)	Closure i.e. closing orders/instructions issued but liquidation process not yet started.	6

The companies which have taken the route of voluntary winding up under the

Companies Act are under liquidation for a period ranging from three to 24 years. During the year 2017-18, one Company i.e. Consumer Electronics (Punjab) Limited Company was wound up. The Government (Directorate of Disinvestment)[20] may expedite decisions regarding winding up of the inactive PSUs which have become defunct.

Comments on Accounts of State PSUs

3.23 Eighteen working companies forwarded 22 audited accounts to the Principal Accountant General during the period from 1 October 2017 to 30 September 2018. Of these, 20 accounts were selected for supplementary audit. The Audit Reports of Statutory Auditors and supplementary audit conducted by the CAG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the CAG are as follows:

Table 3.18: Impact of audit comments on Working Companies

(Amount: ₹ in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	2	1748.11	3	12.29	3	21.34
2.	Increase in profit	2	1.36	-	-	2	22.54
3.	Increase in loss	3	1598.26	7	2869.79	4	5898.30
4.	Decrease in loss	1	0.05	-	-	1	1.36
5.	Non-disclosure of material facts	5	27.05	4	241.31	4	375.50
6.	Errors of classification	5	11207.25	9	474.29	11	1424.36

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

During the year 2017-18, the Statutory Auditors had issued qualified certificates on 12 accounts. Compliance to the Accounting Standards by the PSUs remained poor as the Statutory Auditors pointed out 15 instances of non-compliance to the Accounting Standards in 8 accounts.

3.24 The State has four Statutory Corporation *i.e.* Punjab Scheduled Caste Land Development and Finance Corporation (PSCLDFC), PEPSU Road Transport Corporation (PRTC), Punjab State Warehousing Corporation (PSWC) and Punjab Financial Corporation (PFC). The C&AG is sole auditor in respect of Punjab Scheduled Caste Land Development and Finance Corporation (PSCLDFC), PEPSU Road Transport Corporation (PRTC). Four working statutory corporations[21] forwarded their six accounts to the Principal Accountant General during the period from October 2017 to 30 September 2018. The accounts of PSCLDFC and PRTC pertained to sole audit while supplementary audit was conducted in respect of the remaining two accounts

[20] A cell established for disinvestment of State Government equity in State PSUs/ subsidiaries and for restructuring/privatisation etc. of these PSUs.

[21] PEPSU Road Transport Corporation (PRTC) (two accounts), Punjab Financial Corporation (PFC) (one account) and Punjab Scheduled Castes Land Development and Finance Corporation (PSCLDFC) (two accounts) & Punjab State Warehousing Corporation (PSWC) (One Account).

(PFC & PSWC). The Audit Reports of statutory auditors and the sole/supplementary audit of CAG indicated the need to improve the quality of maintenance of the accounts. The details of money value of comments of CAG on accounts audited during the last three years are given in table 3.19 below:

Table 3.19: Impact of audit comments on Statutory Corporations

(Amount: ₹ in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in Profit	-	-	-	-	-	-
2.	Increase in profit	-	-	2	5.01	-	-
3.	Increase in loss	2	1.07	1	1.86	1	0.65
4.	Non-disclosure of material facts	-	-	8	18.55	-	-
5.	Errors of classification	-	-	6	22.01	-	-

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

During the year accounts of PFC and PSWC received a qualified opinion.

Performance Audit and Compliance Audits Paragraphs

3.25 For the Report of the Comptroller and Auditor General of India (Public Sector Undertakings) for the year ended 31 March 2018, 7 compliance audit paragraphs and one Performance Audit were issued to the Principal Secretaries/ Secretaries of the respective Administrative Departments with request to furnish replies. Reply on the one compliance audit paragraph has been received from the State Government and taken into account while finalising the paragraph. The total financial impact of these compliance audit paragraphs and Performance Audit is ₹ 998.27 crore.

Follow up action on Audit Reports

Replies outstanding

3.26 The Report of the Comptroller and Auditor General of India is the product of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. The State Finance Department, Government of Punjab issued (August 1992) instructions to all administrative departments to submit replies/explanatory notes to 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 without waiting for any questionnaires from the COPU. However, explanatory notes were not received in 83 *per cent* of the performance audits and over 71 *per cent* of the audit paragraphs as on 30 September 2018 as depicted in table below:

Table 3.20: Position of explanatory notes on Audit Reports related to PSUs (as on 30 September 2018)

Year of the Audit Report (PSU)	Date of the Placement of Audit Report in the State Legislature	Total performance audits (PAs) and paragraphs related to Non Power sector in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2012-13	July 2014	2	6	2	1
2013-14	March 2015	1	10	1	5
2014-15	March 2016	1	12	Nil	9
2015-16	March 2017	1	10	1	9
2016-17	March 2018	1	11	1	11
Total		**6**	**49**	**5**	**35**

Discussion of Audit Reports by COPU

3.27 The status of discussion of Performance Audits and paragraphs related to PSUs that appeared in Audit Reports (PSUs) and discussed by the Committee on Public Undertakings (COPU) as on 30 September 2018 was as under:

Table No. 3.21: Performance Audits /Paragraphs appeared in Audit Reports vis-a-vis discussed as on 30 September 2018

Period of Audit Report	Number of PAs/ Paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2012-13	2	6	Nil	1
2013-14	1	10	Nil	Nil
2014-15	1	12	Nil	Nil
2015-16	1	10	Nil	2
2016-17	1	11	Nil	Nil
Total	**6**	**49**	**Nil**	**3**

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

The discussion on Audit Reports (PSUs) upto 2011-12[22] has been completed.

Compliance to Reports of COPU

3.28 Action Taken Notes (ATNs) on one report of the COPU presented to the State Legislature in March 2016 had not been received (30 September 2018) relating to the State PSUs (other than Power Sector) as indicated in the following table:

Table 3.22: Compliance to COPU Reports

Year of the COPU Report	Total number of Reports of COPU	Total number of recommendation in COPU Reports	Number of recommendations where ATNs not received
2015-16	1	8	2[23]

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

22 Audit reports upto 2011-12 had been transferred to concerned Administrative Secretaries vide COPU decision dated 19 September 2017.

23 Six recommendations pertaining to Audit Report 2008-09, 2010-11 and 2011-12 which were transferred to concerned Administrative Secretaries vide COPU decision dated 19 September 2017.

The above mentioned Report of COPU contained recommendations in respect of paragraphs pertaining to Punjab Agro Foodgrains Corporation Limited, Punjab State Warehousing Corporation, Punjab State Grains and Procurement Corporation Limited and Punjab State Civil Supplies Corporation Limited which appeared in the Reports of the CAG of India for the year 2008-09, 2010-11, 2011-12 and 2012-13.

Part - II

Chapter – IV
Performance Audit relating to other than Power Sector Undertakings

Chapter-IV

Audit other than Power sector

Performance Audit

Punjab State Bus Stand Management Company Limited

4.1 Working of Punjab State Bus Stand Management Company Limited

Highlights

A performance audit of the Punjab State Bus Stand Management Company Limited for the period 2013-18 brought out, *inter alia*, the following important audit findings:

The proportion of over-age ordinary buses had increased from 29.40 to 62.60 *per cent*. 1.93 to 11.77 *per cent* of scheduled kilometers were missed. Due to major delay in repair and due to non-availability of spares, the Company suffered contribution loss of ₹ 3.62 crore. The Company paid extra Special Road Tax (SRT) of ₹ 2.64 crore on missed kilometers. The mileage achieved by the buses was less than the target fixed by the Company resulting in excess use of diesel amounting to ₹ 8.19 crore.

(Paragraph 4.1.9, 4.1.9.7, 4.1.9.10 and 4.1.9.11)

The Company short claimed ₹ 44.36 crore on account of free travelling students passes due to under estimating number of students and distance travelled.

(Paragraph 4.1.12.1)

Shops at Ludhiana and Jalandhar Bus Stands were not let out due to which the Company lost the opportunity to earn rental income of ₹ 0.41 crore and ₹ 0.93 crore respectively.

(Paragraph 4.1.13.1 and 4.1.13.3)

The Company purchased diesel without inviting competitive rates and resultantly suffered a loss of ₹ 1.77 crore during April 2013 to June 2014.

(Paragraph 4.1.11.1)

The Company failed to avail the opportunity of earning revenue amounting to ₹ 0.70 crore (₹ 0.31 crore + ₹ 0.39 crore) due to not using buses for advertising.

(Paragraph 4.1.13.4)

Delay in implementation of centrally assisted projects viz., Integrated Depot Management system, Real Time Passenger Information system and Electronic Ticketing Machines resulted in non achievement of intended benefits.

(Paragraph 4.1.12.2 to 4.1.12.5)

Introduction

4.1.1 The Punjab Roadways (PR) a Government Department, Punjab State Bus Stand Management Company Limited (PUNBUS) and PEPSU Road Transport Corporation (PRTC) (both Punjab State public sector undertakings) provide public transport in the State of Punjab.

Punjab State Bus Stand Management Company Limited (Company) was incorporated (March 1995) to manage, control and supervise the bus stands in the State and to establish new bus stands with adequate amenities. Subsequently, by amending (2004) its object clause, the Company also started business of running and operation of commercial vehicles to augment the fleet of state transport buses. Staff of PR was to be used by the Company on assignment basis without any additional remuneration or deputation allowance and PR would continue to bear the salaries of their staff. For these services, the Company was to pay[1] Punjab Government operational charges which shall not exceed 95 *per cent* of the taxable profits (before charging operational charges) as computed under Income Tax Act, 1961.

As of March 2018, the Company had 20 bus stands functioning under its 18 depots from where it was operating its fleet of 1255 buses[2] including 109 buses hired under kilometre scheme (KM scheme). Under the KM scheme, the Company had hired 75 buses for a period of five years in 2014-15 and 34 buses in 2015-16 from private operators. The owners of these leased buses are paid a fixed amount of ₹ 6.81 per kilometre (including service tax) and fuel for the buses is provided by the Company. The drivers of these leased buses are provided by their owners and the conductors are provided by Company.

The buses of the Company covered 6746.79 lakh kilometres including 567.24 lakh kilometres covered by buses operated under KM scheme during the period 2013-14 to 2017-18. The buses carried from 1.74 lakh to 6.49 lakh passengers on an average per day during the period 2013-14 to 2017-18.

Organisation Structure

4.1.2 The Company is a wholly owned Punjab Government company and all Directors on the Board and shareholders are Government nominees. The Board of Directors (BOD) comprising of the Chairman, the Managing Director and four directors are nominated by the State Government. The day-to-day operations are carried out by the Managing Director with five Executive Directors (Operations, Technical, Information Technology, Finance & Accounts and Administration) and other officers and Depot Managers.

[1] Order of the Secretary to the Government of Punjab, Department of Transport dated 1 March 2011.

[2] Ordinary: 1000, KM Scheme (Hired buses): 109, Village (Pendu) buses: 80, Heating ventilation and air conditioning (HVAC): 30 and Super integral coach (Volvo/Benz): 36 buses.

Scope and methodology of audit

4.1.3 The operations of the Company for the period 2004-09 were reviewed and a Performance Audit in respect of State Transport Undertakings was featured in the Report of the Comptroller and Auditor General of India (Commercial) Government of Punjab for the year ended 31 March 2009. The Committee on Public Undertakings (COPU) of the Vidhan Sabha discussed the performance audit and in its 105th Report (March 2014) gave 14 recommendations which have been taken into account while conducting the audit.

The present performance audit conducted during October 2017 to May 2018 assessed the performance of the Company for the period 2013-18. The audit examination involved scrutiny of records in the head office and five[3] out of 18 depots, selected using stratified random sampling technique using IDEA[4] software on the basis of aggregate revenue earned in the last five years. This accounted for 35.13 *per cent* of the total revenue of Company.

An entry conference for the performance audit was held in January 2018 in which the scope and objectives of the performance audit were explained to the Management. An exit conference for the performance audit to discuss the audit findings was held in August 2018 which was attended by the Managing Director and other senior functionaries.

Audit objectives

4.1.4 The objectives of the performance audit were to ascertain whether:

- Operation of buses and repair workshops was managed in an economical and efficient manner;
- The engagement and deployment of staff was optimal and to its financial benefit;
- Purchase of fuel, lubricants and spare parts was done in a transparent, economical and efficient manner;
- Operation and maintenance of the bus stands of the Company was conducted in an efficient, economical and effective manner; and
- Internal control and audit system was adequate and effective.

Audit Criteria

4.1.5 The audit findings were evaluated against criteria sourced from:

- Performance parameters of other State's Transport Undertakings.
- Instructions of the Government of India (GoI) and State Government.
- Rules, regulations and procedures laid down by the Company.
- Physical and financial targets and norms fixed by the Company.
- Agreement entered into for outsourcing the operation and maintenance of bus stands.

---

3 Amritsar-I, Chandigarh, Hoshiarpur, Jalandhar-I and Ludhiana.
4 Interactive Data Extraction and Analysis software.

Financial position and working results

4.1.6. The financial statements of a company for every financial year are required to be finalised within six months from the end of the relevant financial year i.e. by September end, in accordance with the provisions of Section 96 (1) read with Section 129 (2) of the Companies Act, 2013. However, the Company has not finalised (October 2018) its financial statements from the year 2013-14 onwards. The provisional financial position and working results of the Company for the period 2013-18 is given in ***Annexure 11***. The key working results of the Company are as follows:

Table no. 4.1: Financial results of the Company during 2013-18

(₹ in crore)

Sr. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
(1)	Revenue	376.66	427.41	435.64	494.74	504.42
(2)	*Less*: Expenditure (Other than operational charges paid to Government)	324.47	366.23	365.69	389.04	421.26
(3)=(1)-(2)	Profit/Loss (before adjustment of operational charges paid to Government)	52.19	61.18	69.95	105.70	83.16
(4)	Less: operational charges paid to Government	54.42	59.75	65.29	101.46	80.43
(5)=(3)-(4)	Profit/Loss	(-) 2.23	1.43	4.66	4.24	2.73

Source: Provisional financial statements provided by the Company.

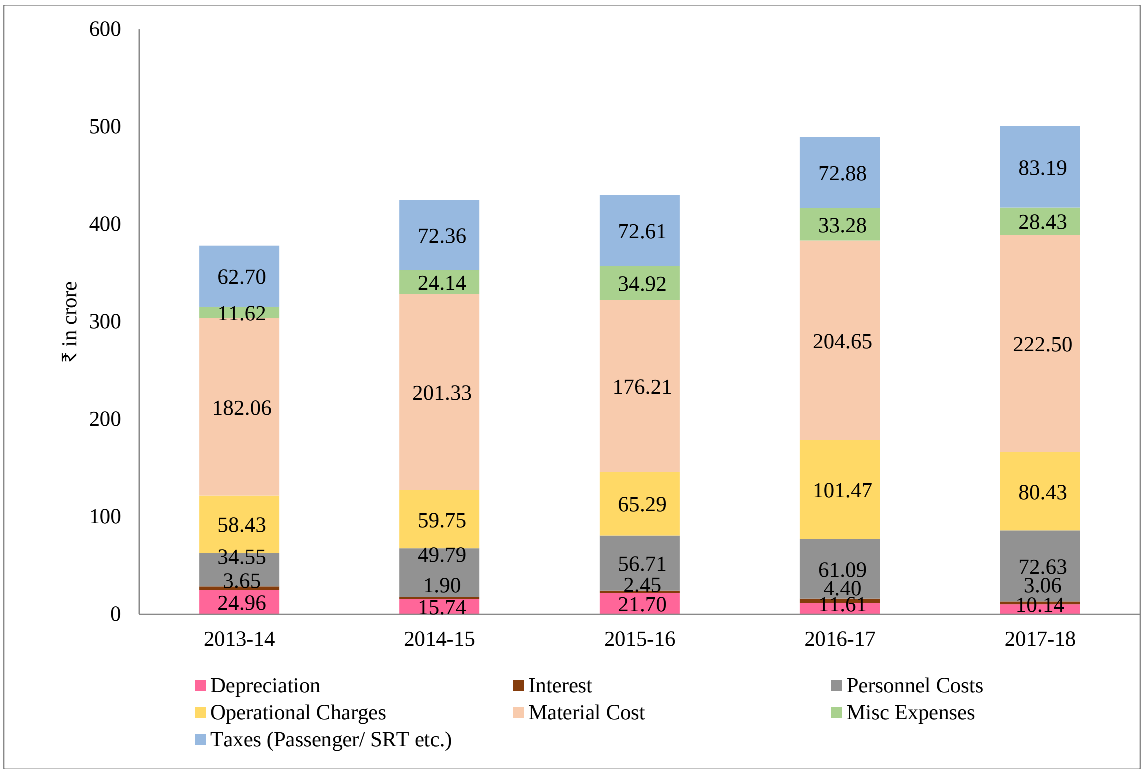
The profit (before adjustment of operational charges paid to Government) of the Company was reduced by 22.54 crore from 2016-17 to 2017-18. The major reason for decline in profit was attributed to rise in cost of fuel/lubricants and taxes by 15.30 *per cent* and 14.10 *per cent* respectively from 2016-17 to 2017-18. Further, non-operating revenue was also reduced by 16.78 *per cent* from 2016-17 to 2017-18.

Though the Company earned profits before adjustment of operational charges payable to Government ranging between ₹ 52.19 crore to ₹ 105.70 crore during the years 2013-14 to 2017-18 but due to the Company paying 95 *per cent* of its net profits to Government of Punjab on account of operational charges, the profits of the Company reduced considerably. The net profits of the Company ranged between ₹ (-) 2.23 crore to ₹ 4.66 crore after payment of operational charges during the same period.

4.1.7 Elements of cost and revenue

Material cost, personnel cost, operational charges and taxes constitute the major elements of costs of the Company. The break-up of costs for the years 2013-14 to 2017-18 is given below:

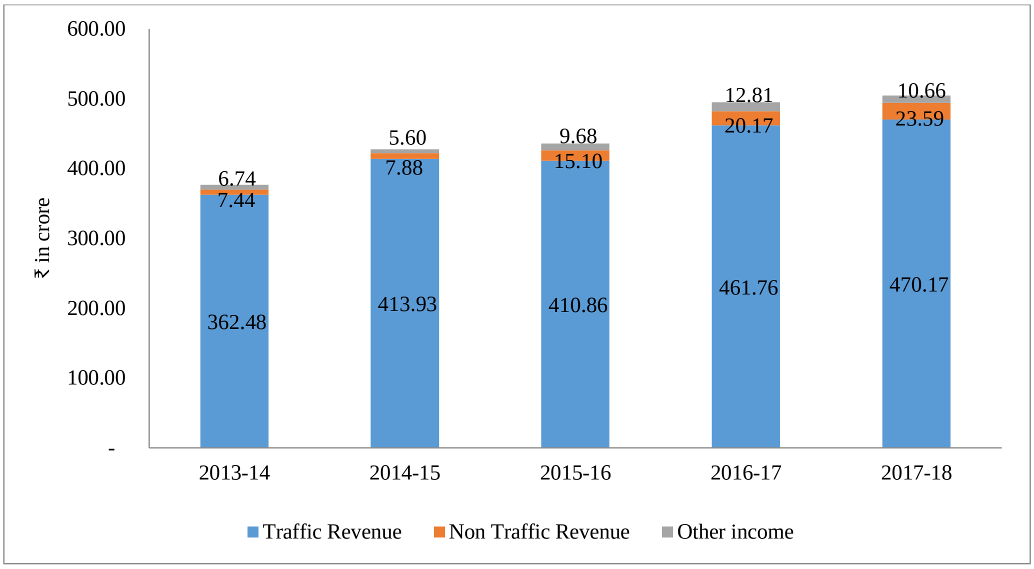
Chart 4.1: Elements of cost of the Company



Source : Information provided by the Company

The Company accounts its revenue under three categories - Traffic revenue[5], non-traffic revenue[6] and other income[7]. The break-up of elements of revenue for the years 2013-14 to 2017-18 is given below:

Chart 4.2 : Segments of revenue of the Company



Source : Information provided by the Company

5 Route receipts, concessional travel receipts.

6 Adda fees, operation & maintenance receipts from bus stand, rental income from bus stands.

7 Sale of scrap, interest on fixed deposit, etc.

Of the major components of costs of the Company, Material cost had increased by 22.20 *per cent*, Operational charges by 37.70 *per cent*, Taxes (passenger/ SRT) by 32.70 *per cent* while Personnel costs increased by 110.20 *per cent* during 2013-18. These increases resulted in cost of the Company going up by 32.40 *per cent* during 2013-18. In comparison traffic revenue of the Company increased by 29.70 *per cent* in the same period while the total revenue of the Company increased by 33.90 *per cent*. The Company saw a growth in its profits during 2013-17.

Audit findings

4.1.8 The performance of Company was evaluated against various operational parameters discussed below. Audit also tried to assess the satisfaction level of travelling public of the State from the services provided. The audit findings show that there is tremendous scope for improvement in the services rendered by the Company. The instances of losses in operations pointed out in the subsequent paras are controllable which also affected the financial position adversely.

Operational performance

Fleet strength and age profile of buses

4.1.9 The State Government fixed (January 1985) the operating life of ordinary buses as seven years or 5.25 lakh kilometers whichever is later and for the heating, ventilation and air conditioning (HVAC) buses it was fixed (January 2015) as five years or 5.25 lakh kilometers, whichever is later. Further, fitness certificate[8] is issued to every transport vehicle under Section 56 of Motor Vehicle Act 1988 and route permits are issued by the State Government. Based on these, the buses are allowed to ply.

The percentage of overaged ordinary buses increased from 29.40 to 62.60 *per cent* during 2013-18 while 100 *per cent* of HVAC had become overaged.

Table no. 4.2: Age-wise position of vehicles owned by the Company during 2013-18

Particulars	Ordinary Bus			HVAC		
	Average No. of buses	Overaged buses	Percentage of overaged buses to total buses	Average No. of buses	Overaged buses	Percentage of overaged buses to total buses
2013-14	1058	311	29.40	135	24	17.78
2014-15	1028	420	40.86	122	17	13.93
2015-16	1024	472	46.09	102	51	50.00
2016-17	1003	565	56.33	47	37	78.72
2017-18	1000	626	62.60	30	30	100.00

Source: Information provided by the Company.

The increasing percentage of overaged buses indicates that the Company was not making adequate investments to replace its fleet with new buses at regular intervals.

8 valid for two years for a new transport vehicle and renewed annually thereafter.

4.1.9.1 Operational performance

The operational performance of the Company for the last five years ending March 2018 is given in ***Annexure 12***. A few selected performance indicators are given below:

Table no. 4.3: Operational working of the Company during 2013-18

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1	Total no. of buses available	1212	1242	1258	1281	1255
2	Vehicle Productivity (kilometers/bus/day)	285	297	306	284	323
3	Occupancy Ratio (in *per cent*)	87.60	91.06	94.67	Not Available	Not Available
4	No. of serious Accidents	41	35	37	41	40
5	Fuel Efficiency (kilometer/litre)	4.32	4.37	4.46	4.54	4.67

Source: Information provided by the Company and Website of Ministry of Road Transport and Highways.

The increasing trends in the vehicle productivity, occupancy ratio and fuel efficiency indicates that the Company managed to perform better during 2013-14 to 2017-18.

4.1.9.2 Vehicle Productivity

Vehicle productivity refers to the average kilometers run by each bus per day in a year.

Vehicle productivity of Company's own buses and hired buses are as follows:

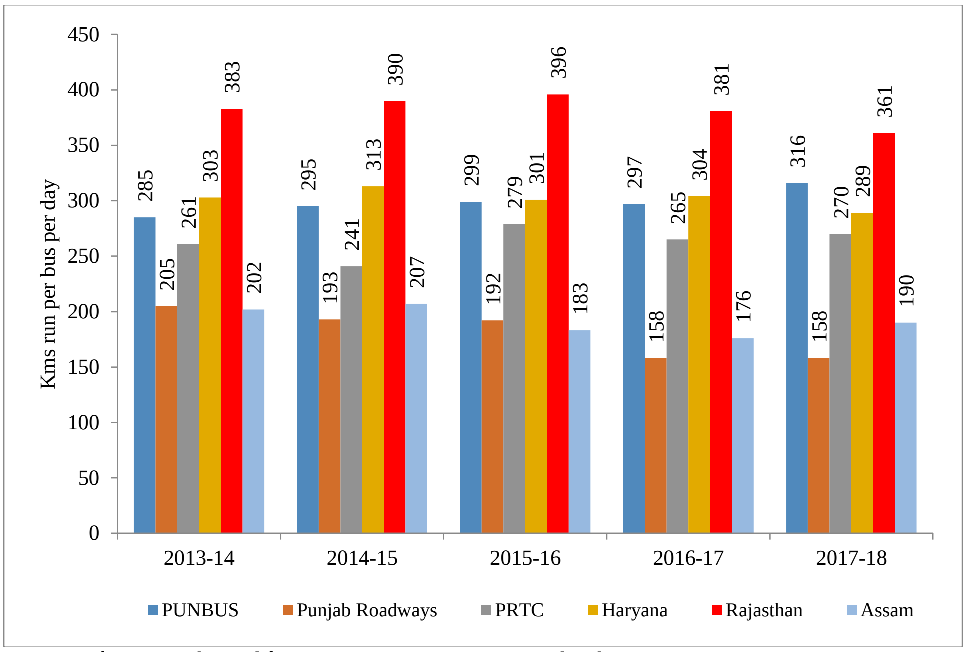
Table no. 4.4: Vehicle productivity of Company's own buses vis-a-vis hired buses

Year	2014-15		2015-16		2016-17		2017-18	
	Own	Hired	Own	Hired	Own	Hired	Own	Hired
Vehicle Productivity (Km per bus per day)	295	390	299	396	297	391	316	390

Vehicle productivity of hired buses was consistently better than Company's own buses.

The vehicle productivity of the Company (excluding hired buses) vis-à-vis the vehicle productivity of other two STUs (Punjab Roadways and PRTC) and of owned buses of other States of Assam, Rajasthan and Haryana for the five years ending 2017-18 is shown in the chart below:

Chart 4.3 : Vehicle productivity of PUNBUS and other STUs



Source : Information obtained from respective State transport undertakings.

The vehicle productivity of the Company gradually increased from 285 in 2013-14 to 316 in 2017-18. The vehicle productivity of the Company was higher when compared to that of PR, PRTC and Assam but was lower than Rajasthan and Haryana (except in 2017-18).

4.1.9.3 Fleet utilisation

Fleet utilisation represents the ratio of buses on road to buses held by the undertaking.

Fleet utilization of the Company's hired buses was better than its own buses in all years except 2015-16.

Table no. 4.5: Fleet utilisation of Company's own buses vis-a-vis hired buses

Year	2014-15		2015-16		2016-17		2017-18	
	Own	Hired	Own	Hired	Own	Hired	Own	Hired
Fleet utilisation (in *percent*)	88.40	101.40	93.90	91.70	90.90	101.90	94.20	98.00

A comparison of the fleet utilisation of the buses owned by the Company with owned buses of other STUs of Punjab and other States is as under:

Table no. 4.6: Fleet Utilisation of owned buses of PUNBUS and other STUs of Punjab and other States

(Figures in *per cent*)

STU	2013-14	2014-15	2015-16	2016-17	2017-18
PUNBUS	**85.30**	**88.40**	**93.90**	**90.90**	**94.20**
Haryana	89.00	91.00	90.00	91.00	89.00
Punjab Roadways	73.60	75.70	86.80	89.40	87.30
PRTC	94.00	94.00	95.00	95.00	96.00
Rajasthan	90.00	92.00	89.00	87.00	77.00
Assam	63.23	55.18	53.35	47.01	48.99

Source : Information obtained from State transport undertakings.

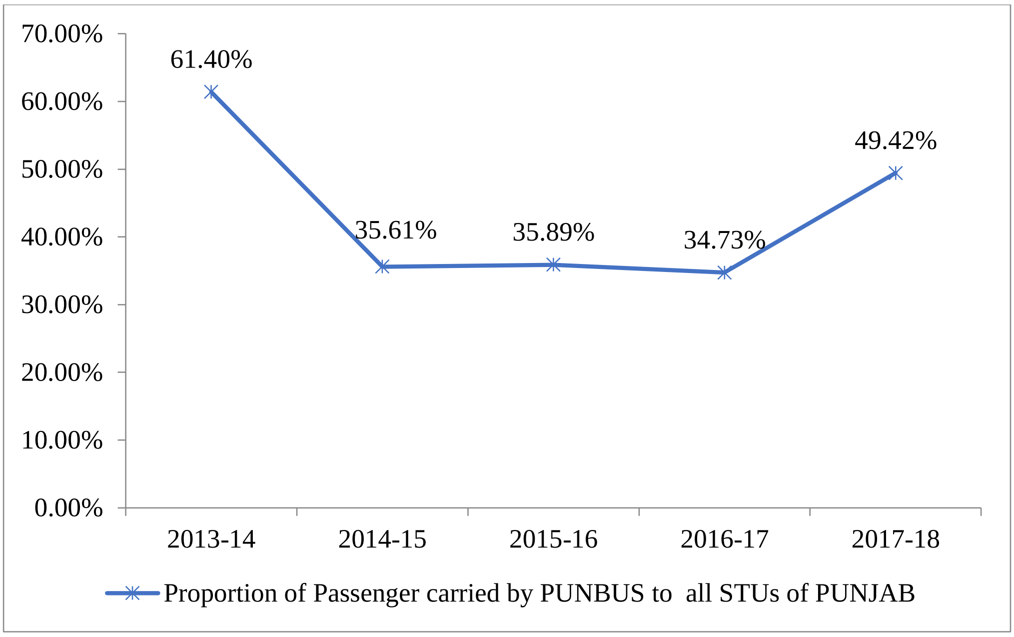
The fleet utilisation of the owned buses of the Company remained better than that of the owned buses of Assam, Rajasthan (except 2013-14 and 2014-15) and Punjab Roadways. It was lower than PEPSU Road Transport Corporation and Haryana (except 2015-16 and 2017-18).

4.1.9.4 Share of the Company in public transport of the State

As per Government of Punjab's new transport policy notified (December 2011), all future stage carriage permits for operation on interstate routes as per reciprocal agreements was to be granted exclusively in favour of State transport undertakings with the exception of luxury buses. In case of intra state routes, the proportion of permits between STUs and private operators varied depending on the routes operated.

The position of percentage share of the Company, PRTC and PR buses in the total number of buses in the State and percentage of average passengers carried per day to the total population of the State by the Company, PRTC and PR buses during the five years ending March 2018 is as under:

Chart 4.4: Proportion of Passengers carried by the Company to all STUs of Punjab



The table below depicts the position of public transport in the State:

Table no. 4.7: Public Transport in Punjab

Sl. No.	Year	2013-14	2014-15	2015-16	2016-17	2017-18
1.	PUNBUS (Number of buses)	1212	1242	1258	1281	1255
2.	PRTC (Number of buses)	989	931	1025	1067	1120
3.	Punjab Roadways (Number of buses)	439	376	484	612	602
4.	Total (Number of buses) of all STUs in Punjab	2640	2549	2767	2960	2977
5.	Private stage carriages	27520	27567	39160	39160	39160
6.	Total buses for public transport (4+5)	30160	30113	41927	42120	42137
7.	Percentage share of private operators	91.25	91.54	93.40	92.97	92.93
8.	Percentage share of PUNBUS	4.02	4.11	3.00	3.04	2.98
9.	Percentage share of PRTC	3.28	3.09	2.44	2.53	2.66
10.	Percentage share of Punjab Roadways	1.46	1.25	1.15	1.45	1.43
11.	Estimated State population (in crore)	2.87	2.91	2.96	3.00	3.05
12.	Public transport vehicle density (per one lakh population)	105.09	103.49	141.65	140.40	138.25

Source: Information provided by State Transport Commissioner Punjab and PUNBUS. Information at Sl.No.5 for the year 2013-16 was obtained from the website of Ministry of Road Transport and Highways. No new permits were issued/cancelled during the 2016-18, hence, the figure of 2015-16 was taken for the year 2016-17 and 2017-18**.**

The Company has not been able to maintain its share of the population travelling in public transport. Its percentage share in total buses of the State reduced from 4.02 to 2.98 during 2013-18.

The accumulated profits/ losses of three STUs of Punjab during the period 2013-18 were as under:

1. PR: The proforma Accounts were finalized only up to 2003-04. Hence the figure of accumulated profits/losses up to March 2018 was not available;

2. PRTC: The accumulated losses of the company were ₹ 33.87 crore; and

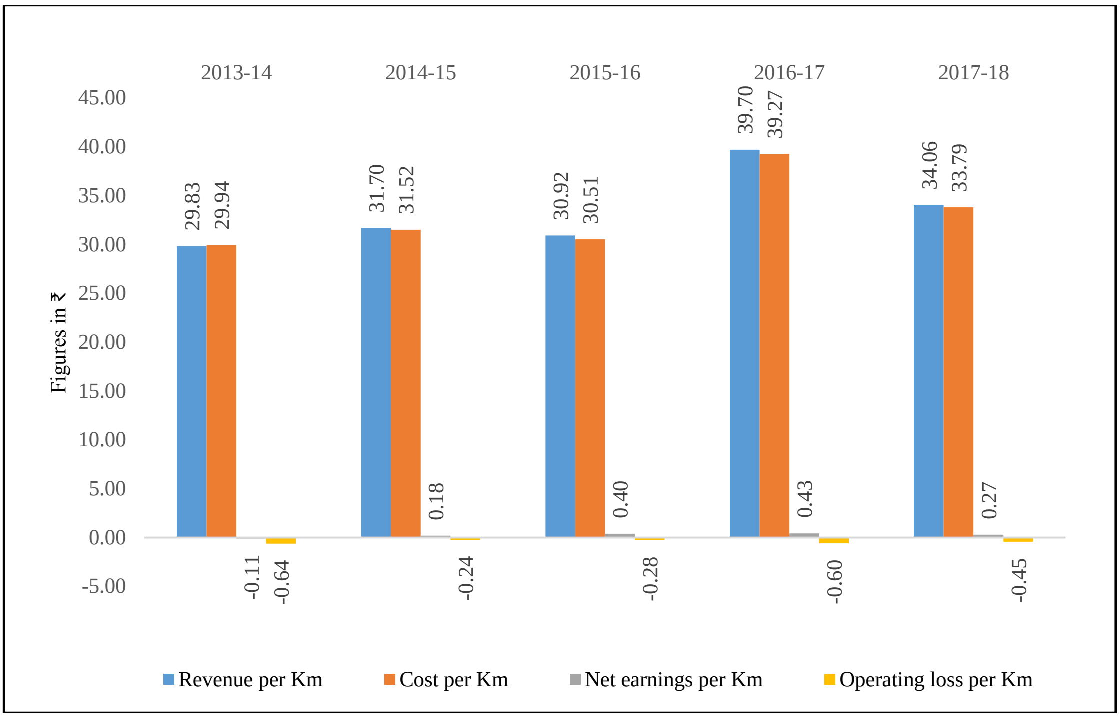
3. PUNBUS: The accumulated profits of the company were ₹ 18.10 crore out of which the Company paid 95 *per cent* of its net profits to Government of Punjab on account of operational charges for the services of Punjab Roadways staff. The net profits of the Company ranged between ₹ (-) 2.23 crore to ₹ 4.66 crore after payment of operational charges during the same period.

The estimated population of the State of Punjab was 3.05 crore as on 31st March 2018. The share of the State STUs to cater the population was on lower side which ranged from 6.55 *per cent* to 8.76 *per cent* during the period 2013-18. This needs justification in Audit. All the three STUs have separate administrative expenditure, duplicity in operations and competition among themselves. During January 2018, in a meeting of three STUs heads with Principal Secretary Finance, the decision of merger of three STUs and phasing out of one of the STU (PR) in next two years was agreed upon. However, final decision is awaited (June 2019)**.**

4.1.9.5 Recovery of cost of operations

The Company was not able to recover its cost of operations during the years 2013-14 to 2017-18. The net revenue showed a varying trend as given the graph[9] below:

Chart 4.5: Per kilometers cost and revenue from operations of PUNBUS



Source: Information obtained from Company.

Although the net earnings of the Company (except in the year 2013-14) remained positive yet the Company suffered operational loss ranging between ₹ 0.24 per Km to ₹ 0.64 per Km during 2013-18 due to Company paying 95 *per cent* of its net profit to Government on account of operational charges. As a consequence, the Company despite being a profitable entity had to book operational losses in all the years under review.

4.1.9.6 Route Planning

Appropriate route planning helps to tap demand and achieve higher load factor. The Company had 505 operative routes as on March 2018 out of which there were two monopoly routes viz. Jalandhar-Amritsar and Fazilka-Ferozepur for operation of STUs exclusively. The position in regard to the profitable routes/ routes not meeting variable/ fixed costs of the Company is tabulated below:

---

9 Cost *per* Km represents total expenditure divided by effective Kms operated.
Revenue *per* Km is arrived at by dividing total revenue with effective Km operated.
Net Revenue *per* Km is revenue *per* Km reduced by cost *per* Km.
Operating loss *per* Km is operating expenditure *per* Km reduced by operating income *per* Km.

Table 4.8: Profitable routes/routes not meeting variable/ fixed costs

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Total Routes[10]	503	524	502	507	505
No. of routes making profit	363 (72)	366 (70)	353 (70)	353 (70)	351 (70)
No. of routes meeting variable cost but not meeting fixed cost	112 (22)	128 (24)	121 (24)	117 (23)	113 (22)
No. of routes not meeting variable cost	28 (6)	30 (6)	28 (6)	37 (7)	41 (8)

Note: The percentage of routes to the total routes under the above heads has been given in brackets for each year.

The percentage of profit-making routes reduced from 72 *per cent* to 70 *per cent* the percentage of routes not even meeting the variable cost showed an increase from 6 *per cent* to 8 *per cent* during 2013-18.

To examine whether profits are earned only on monopoly routes operated by the Company, Audit analysed three routes viz. Monopoly route buses, Delhi route buses and one ordinary route of Chandigarh to Amritsar of the Company based on the data collected from the respective depots of the Company. The analysis revealed that in case of monopoly routes, all the depots of the Company were earning profits whereas in case of Delhi route, 88.89 *per cent* of depots earned profits. On Chandigarh-Amritsar route, only 66.67 *per cent* of depots of the Company earned profits.

4.1.9.7 Missing of scheduled kilometres and effect

Company operates its buses on designated routes on the basis of permits issued by the Transport Authority, Government of Punjab. The total kilometers operable by Company's buses on the allotted routes as per permits are known as scheduled kilometers while the distance actually covered by Company's buses to earn revenue is known as 'Effective kilometers'. The Company at times is not able to operate the full number of routes and trips as per permit. The distance of such trips not operated is known as 'Missed Kilometers'.

It was observed that the scheduled kilometers were not fully operated by Company buses at the five selected depots.

[10] Out of the consolidated information of Punjab Roadways and PUNBUS provided by the Company, PUNBUS share was calculated proportionately based on the actual number of buses of PUNBUS.

Table no.4.9: Kilometers not operated at selected depots during 2013-18

(Figures in lakh kilometres and value in ₹)

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	Total
1.	Scheduled Kilometers	443.62	450.12	466.69	431.53	432.88	2224.84
2.	Effective kilometers	391.39	421.82	450.19	411.65	424.52	2099.57
3.	Missed kilometers (Net of Excess kilometers)	52.23	28.30	16.50	19.88	8.36	125.27
4.	Percentage of missed kilometers to scheduled kilometers (3/1 x 100)	11.77	6.29	3.54	4.61	1.93	5.63
5.	Average contribution[11] per km (in ₹)	2.71	3.41	6.81	7.26	7.85	-
6.	Total contribution (2 x 5) (₹ in crore)	10.61	14.38	30.66	29.89	33.32	118.86
7.	Additional contribution not collected (3 x 5) (₹ in crore)	1.41	0.96	1.12	1.44	0.66	5.59

Source: Information provided by the Company.

The increase in Effective kilometers in all categories of buses except HVAC during 2013-18 and increase in revenues per km[12] in ordinary buses from 2013-14 to 2014-15 coupled with reduction in variable costs due to replacement (2015-16) of old buses with new buses contributed towards rise in contribution of the Company.

Company could not operate 125.27 lakh kilometers during 2013-18 due to prolonged detention of buses in the workshops for want of repairs. As a result, it lost out on additional contribution of ₹ 5.59 crore in the five selected depots and made associated avoidable payment of special road tax of ₹ 2.64 crore.

Due to non-operation of 125.27 lakh scheduled kilometers, the Company lost out on contribution of ₹ 5.59 crore in the five selected depots during 2013-18. Missed kilometers were on account of the prolonged detention of buses in the workshops.

COPU in their Report (May 2014) had recommended that spare parts should be made available timely so as to minimise detention of buses in workshops. The Company has neither prescribed any time limit for repairing buses at its workshops nor fixed minimum inventory level of spare parts to be maintained in the workshops as a follow up to the recommendation. In selected depots, in 112 instances, where buses were detained due to accidents, body works etc. repairs were undertaken with delays ranging between 32 days to 1219 days (calculated after allowing one-month[13] time for repair).

---

11 Contribution is sales revenue reduced by variable cost or fixed cost + profit. The elements of fixed costs considered for calculation are depreciation, interest on capital, Special Road Tax (SRT), permit and passing fee and Miscellaneous expenditure etc. Average contribution has been calculated as the weighted average of contribution of sample selected depots for each year weighted by the effective kilometers of the respective depots.

12 The fare per km per passenger for ordinary buses increased from 79 paise per km on 1 April 2013 to 104 paise per km on 31 March 2018. The fare for ordinary (HVAC) bus increased from 94.8 paise per km to 124.80 paise per km, for Integral coach 142.20 paise per km to 187.20 paise per km and super integral from 158 paise per km to 208 per km during the same period.

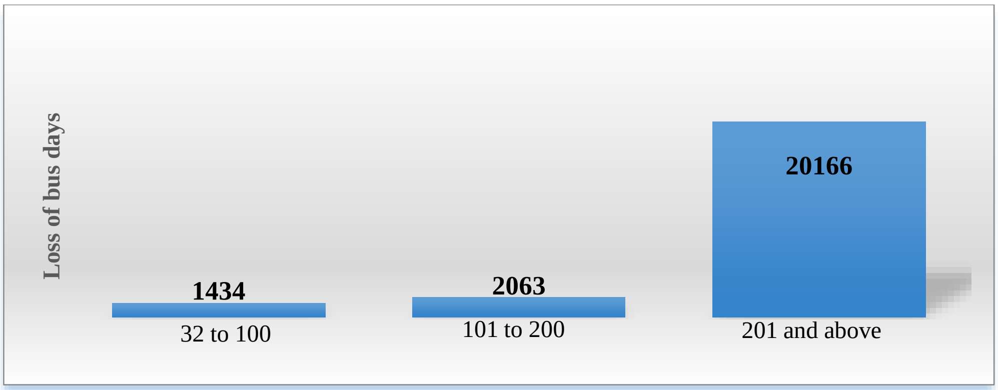
13 Maximum time frame for repair of accidental buses as observed by the COPU.

Table no. 4.10: Analysis of instances of detention of buses at workshops forrepairs

Range (in no. of days) for repairs of bus	2013-14		2014-15		2015-16		2016-17		2017-18		Total	
	No.	Bus Days	No.	Bus Days	No.	Bus Days	No.	Bus Days	No.	Bus Days	No.	Bus Days
32 to 100	17	282	19	520	5	80	10	204	8	348	59	1434
101 to 200	6	795	7	760	2	235	2	185	1	88	18	2063
201 and above	8	2026	2	2370	13	10751	12	5019	0	0	35	20166
	31	**3103**	**28**	**3650**	**20**	**11066**	**24**	**5408**	**9**	**436**	**112**	**23663**

Source: Company records at selected depots.

Chart 4.6: Chart showing loss of bus days



The Company as a result lost 23663 bus days[14] and could not collect additional contribution of ₹ 3.62 crore (part of ₹ 5.59 crore) during the period 2013-18. The reasons for these instances of delays in repairs were not provided by the Company. In another 317 instances, the repairs were undertaken with delays ranging from 10 to 175 days due to non availability of spare parts at the depots of the Company (calculated after allowing five[15] days' minimum time for undertaking repairs) as shown below.

Table no. 4.11: Detention of buses due to non-availability of spare-parts at all the depots

Range of detention of buses (in no. of days)	2013-14		2014-15		2015-16		2016-17		2017-18	
	No. of instances	Detention in Bus Days	No. of instances	Detention in Bus Days	No. of instances	Detention in Bus Days	No. of instances	Detention in Bus Days	No. of instances	Detention in Bus Days
10 to 30	60	729	70	856	51	583	40	517	41	531
31 to 60	17	653	11	387	4	144	5	207	6	230
61 to 90	1	76	3	210	2	149	1	56	2	121
91 to 120	0	0	0	0	1	87	0	0	0	0
121 and above	1	140	0	0	0	0	0	0	1	175
Total	79	1598	84	1453	58	963	46	780	50	1057

The number of instances and detention of buses (in bus days) has decreased from 79 to 50 (37 *per cent*) and 1598 to 1057 (34 *per cent*) respectively during 2013-14 to 2017-18. However, detention of buses increased by 35.51 *per cent*

---

14 Number of days a bus operates in a year.
15 As per norms of PRTC (another State STU).

in 2017-18 as compared to the previous year. However, the company has not fixed the minimum inventory level of spare parts at the workshops as a follow up to COPU recommendation**.**

The Company may prescribe time limit for repairing buses at its workshops and also fix minimum inventory level of spare parts to be maintained in the workshops to avoid delay in repair of buses.

4.1.9.8 Preventive maintenance

Preventive maintenance is essential to keep the buses in good running condition and to reduce breakdowns/other mechanical failures. The Company had Tata, Ashok Leyland and Eicher make buses, for which the following schedule of maintenance has been prescribed by the Original Equipment Manufacturers (OEMs) and the Company:

Table 4.12: Table showing schedule of maintenance prescribed by OEMs and the Company

Type of service	Make of Buses	Schedule of maintenance prescribed by OEMs and PUNBUS (in Kms)
A[16] Service	Tata	Every 18000 Kms
	Ashok Leyland BS-I BS-II BS-III BS-IV	Every 18000 Kms Every 36000 Kms Every 80000 Kms Every 80000 Kms
	Eicher	Every 40000 Kms
B[17] Service	Tata	Every 18000 Kms
	Ashok Leyland BS-I BS-II BS-III BS-IV	Every 18000 Kms Every 18000 Kms Every 48000 Kms Every 48000 Kms
	Eicher	Every 80000 Kms

The data in respect of number of preventive maintenance services due (based on maintenance schedule and actual KMs run by the buses) and services actually carried out by all eighteen depots of the Company is tabulated below:

16 A service: In this service, the filters and engine oil etc. is changed.
17 B service: In this service, brake inspection, greasing of ball bearings etc. is done.

Table 4.13: Table showing services actually carried by the Company

Year	Services due		Services actually done	
	No. of A services	No. of B services	No. of A services	No. of B services
2013-14	4353	5557	4172 (95.84)	5338 (96.06)
2014-15	4983	5927	4803 (96.30)	5687 (95.95)
2015-16	4235	5110	4037 (95.32)	4852 (94.95)
2016-17	3681	4538	3508 (95.30)	4294 (94.62)
2017-18	3784	4740	3405 (89.98)	4211 (88.84)

Note: Figures in brackets represent the percentage of services done to the service due.

There was decline in services actually done than services due from 2013-14 to 2017-18. It was noticed that seven out of eighteen depots failed to adhere to scheduled preventive maintenance services. The Management stated that the reasons for decreasing trend of actual services done was mainly due to non availability of buses due to achieving the daily route receipt target, non availability of spare parts and workshop staff**.**

4.1.9.9 Repair and Maintenance

A summarised position of fleet holding of over-aged buses repairs and maintenance expenditure of the Company for the last five years up to 2017-18 is given below:

Table 4.14: Table showing over-aged buses and expenditure on repair and maintenance

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Total buses (No.)	1212	1242	1258	1281	1255
2.	Over-aged buses	335	437	523	602	656
3.	Percentage of over-age buses (in *per cent)*	28	35	42	47	52
4.	Repair & maintenance expenses (₹ in crore)	21.72	21.63	20.30	25.95	17.41
5.	Repair & maintenance expenses per bus (₹ in lakh) (4 / 1)	1.79	1.74	1.61	2.03	1.39

The above table shows that the repair & maintenance expenses of the Company increased from ₹ 1.79 lakh per bus in 2013-14 to ₹ 2.03 lakh per bus in 2016-17 and the Company was able to check these expenses upto ₹ 1.39 lakh per bus in 2017-18. It was noticed that the reduction in repair & maintenance expenses was attributed to addition of new buses in the fleet of the Company during 2015-16 (249 ordinary buses) and 2016-17 (80 Pendu buses).

4.1.9.10 Payment of special road tax

Special Road Tax (SRT) is levied on stage carriage buses registered in the State. SRT is calculated based on scheduled kilometers to be operated by such vehicles as may be specified by the Government.

The Depot Managers are responsible for notifying scheduled kilometers, which are based on the permits allotted to each Depot. The Company is required to make payment in advance on monthly basis of Special Road Tax (SRT) based on scheduled kilometers. As the Company did not fully operate its scheduled kilometers due to prolonged detention of buses, it had to make avoidable payment of SRT of ₹ 2.64 crore on 125.27 lakh missed kilometers.

The Company needs to increase their effective kilometres to avoid payment of SRT on missed kilometres.

4.1.9.11 Fuel efficiency and targets

Fuel efficiency is defined as the average kilometers run by a vehicle per litre of fuel used.

Fuel efficiency of the hired buses was consistently better than that of its own buses.

Table 4.15: Fuel efficiency of Company's own buses vis-a-vis hired buses

Year	2014-15		2015-16		2016-17		2017-18	
	Own	Hired	Own	Hired	Own	Hired	Own	Hired
Fuel efficiency (in Km/Ltr)	4.33	4.81	4.45	4.71	4.53	4.48	4.64	4.67

The table below indicates fuel efficiency achieved by owned buses of all STUs of Punjab and of other states:

Table 4.16: Table showing fuel efficiency achieved by owned buses of all STUs of Punjab and other states

(In Kilometer per litre)

STU	2013-14	2014-15	2015-16	2016-17	2017-18
PUNBUS	4.32	4.33	4.45	4.53	4.64
Haryana	4.63	4.67	4.66	4.68	4.66
Punjab Roadways	4.43	4.52	4.50	4.54	4.57
PRTC	3.69	3.72	3.75	4.22	4.62
Rajasthan	4.93	5.01	5.00	5.05	5.08
Assam	3.70	3.80	3.79	3.71	3.70

The fuel efficiency of the owned buses of the Company is higher than PRTC and Assam. It was lower than Haryana, Rajasthan and Punjab Roadways (except 2017-18).

The Company buses both over/under achieved fuel consumption norms fixed during 2013-17. The revised fuel consumption norms for 2017-18 were not monitorable as the Company was not maintaining basic data.

The Company fixed (November 2012) depot-wise and segment wise (ordinary, HVAC etc.) norms of fuel mileage for effective kilometers as follows:

Table no. 4.17: Bus-type wise fuel consumption norms fixed for the years 2013-14 to 2016-17

SI. No.	Bus Type	Fuel Mileage Norms (in KMPL)
1.	Ordinary	4.60 to 4.75
2.	HVAC	3.40
3.	Super Integral (Volvo/Benz)	3.25

In the selected depots the following fuel consumption pattern was seen:

Table no. 4.18: Statement showing consumption of diesel at selected depots

Name of Depot	Unfavourable			Favourable		
	No. of Segments[18]	Excess Diesel Consumed (lakh litre)	Amount (₹ in lakh)	No. of Segments	Diesel consumed less than norms (litres)	Amount (₹ in lakh)
Ludhiana	18	5.75	291.94	0	0.00	0.00
Jalandhar I	13	0.84	41.64	9	2.22	114.80
Hoshiarpur	8	3.42	167.37	4	0.44	21.91
Chandigarh	16	3.90	190.40	6	1.43	70.40
Amritsar - I	11	2.47	127.67	5	0.32	17.02
Total	**66**	**16.38**	**819.02**	**24**	**4.41**	**224.13**

Source: Calculations based on the information provided by the Company.

The non-achievement of targets of fuel consumption in 66 segments (ranging between 0.01 kmpl to 0.66 kmpl) resulted in excess use of 16.38 lakh litre high speed diesel (diesel) valuing ₹ 8.19 crore during the period 2013-17 whereas during the same period, in 24 segments the Company could save ₹ 2.24 crore by consuming diesel lower than norms.

In Feb 2017, the Company revised fuel mileage norms specific to bus make (TATA, Ashok Leyland etc.) and route on which the bus was operated (highways, hills etc.) as follows:

Table no. 4.19: Revised Bus-make wise and route wise fuel consumption norms

SI. No.	Bus Make (Segments)	Fuel Mileage Norms (in KMPL)			
		Delhi Route	Other Route	Routes covering less than 100 kilometers	Hilly area routes
1.	Ashok Leyland (New)	5.30	5.10	5.00	3.80
2.	Ashok Leyland (other buses)	5.00	4.80	4.70	3.50
3.	TATA	5.00	4.70	4.60	3.50
4.	HVAC	3.50	3.40	-	-
5.	Super Integral (Volvo)	4.00	3.90	-	-
6.	Super Integral (Benz)	3.50	3.40	-	-
7.	Pendu	7.25			

18 Segregation of buses into different segments on the basis of make of buses (Eicher, Tata and Ashok Leyland), Type of buses (Ordinary, HVAC and Volvo) and year of purchase of buses.

However, none of the selected depots of the Company was maintaining mileage data of buses as per revised norms. Thus, due to non-maintenance of basic data, Audit could not assess Company's buses mileage performance for the year 2017-18.

The Company needs to collect basic data in prescribed format to monitor fuel consumption as per revised fuel efficiency norms.

4.1.9.12 Comparison of operational parameters and Cost-benefit analysis of owned ordinary buses/ hired buses

The comparative analysis of operational parameters of ordinary buses and buses under Kilometers Scheme was as under:

Table no. 4.20: Comparison of operational parameters between the owned ordinary buses and Hired (KMS) buses of the Company.

Sr. No.	Operational Parameters of Ordinary Buses	2013-14		2014-15		2015-16		2016-17		2017-18	
		Own buses	KMS buses	Own buses	KMS buses	Own buses	KMS buses	Own buses	KMS buses	Own buses	KMS buses
1.	Fleet utilisation (*per cent*)	85.6	NA	89.3	101.4	85.4	91.7	93.2	101.9	97.4	98
2.	Fuel Efficiency (KMPL)	4.5	NA	4.51	4.81	4.64	4.71	4.65	4.48	4.67	4.67
3.	Vehicle Productivity (Kms run per bus per day)	284	NA	285	390	300	396	303	391	323	390
4.	Effective KMs (in lakh)	1096.63	NA	1087.28	107.45	1124.80	158.15	1007.49	145.21	1186.06	156.43

The fleet utilisation of hired buses under KMS was higher than ordinary owned buses during the years 2014-15 to 2017-18 and ranged between 0.60 *per cent* to 12.10 *per cent*. The fuel efficiency of hired buses under KMS was higher than ordinary buses during the years 2014-15 and 2015-16 and reduced during the year 2016-17 whereas it was same during the year 2017-18. The vehicle productivity of hired buses remained higher than ordinary buses and ranged between 20.74 *per cent* to 36.84 *per cent* during the period 2014-15 to 2017-18.

Break-even load factor (BELF) is the minimum percentage of seats to be occupied to recover the operating cost. The Cost-benefit analysis of ordinary buses of the company vis-à-vis the hired (KM Scheme) in terms of BELF is given hereunder:

Table no. 4.21: Comparison of BELF of Company owned Ordinary buses and Hired (KMS) buses.

a) Company owned Ordinary buses

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	No. of buses	1058	1028	1024	1003	1000
2.	Effective Kms (in lakhs)	1096.63	1087.28	1124.80	1007.49	1186.06
3.	Traffic Revenue including free / concessional facilities (₹ in lakhs)	30350.34	27350.73	32549.67	37740.89	41965.43
4.	Traffic Revenue per effective Km (in ₹) (3/2)	27.68	25.16	28.94	37.46	35.38
5.	Total Cost (₹ in lakhs)	29206.98	29886.09	28757.28	29556.38	33542.41
6.	Cost per effective Km (in ₹) (5/2)	26.63	27.49	25.57	29.34	28.28
7.	Net Revenue (₹ in lakhs)	1143.36	-2535.36	3792.39	8184.51	8423.02
8.	Net Revenue per effective Km (in ₹) (7/2)	1.04	-2.33	3.37	8.12	7.10
9.	Fare per Km (in paise)	86.76	88.30	88.73	96.25	104.82
10.	Break-even load factor (in percentage) (6/9*100/52 – no. of seats in a bus)	59	60	55	59	52

b) Hired ordinary buses under KM Scheme

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	No. of buses	0	75	109	109	109
2.	Effective Kms (in lakhs)	0.00	107.45	158.15	145.21	156.43
3.	Traffic Revenue including free / concessional facilities (₹ in lakhs)	0.00	3450.39	4757.40	5324.97	5163.45
4.	Traffic Revenue per effective Km (in ₹) (3/2)	NA	32.11	30.08	36.67	33.01
5.	Total Cost (₹ in lakhs)	0.00	2640.53	3470.92	3638.32	3827.73
6.	Cost per effective Km (in ₹) (5/2)	NA	24.57	21.95	25.06	24.47
7.	Net Revenue (₹ in lakhs)	0.00	809.86	1286.48	1686.65	1335.72
8.	Net Revenue per effective Km (in ₹) (7/2)	NA	7.54	8.13	11.62	8.54
9.	Fare per Km (in paise)	86.76	88.30	88.73	96.25	104.82
10.	Break-even load factor (in percentage) (6/9*100/52)	NA	54	48	50	45

Source : Information obtained from Company

The above table shows that during the period under review, the Company brought down the BELF of its ordinary buses from 59 *per cent* in 2013-14 to 52 *per cent* in 2017-18. However, the same was still higher than BELF of hired (KM Scheme) buses which reduced from 54 *per cent* to 45 *per cent* during the period from 2014-15 to 2017-18.

This substantiates that running hired buses were more profitable than the own fleet of the Company.

The company may explore the possibility to adopt this model further by adding more buses on hired (KM scheme) basis and thereby reducing its cost of operations.

Operation staff of buses and workshops

4.1.10.1 Deployment of staff

Punjab Roadways (PR) has its own permanent staff i.e drivers, conductors, workshop and establishment staff for administration, operation and maintenance of its fleet of buses while the Company has no permanent staff. The Company has appointed operation and maintenance staff through manpower service providers and through its own contract and is also utilizing PR staff as per its requirement and vice-versa. The administration of the Company is being managed by the establishment staff of PR at both Headquarters and depots.

As per orders of the Secretary, Transport, Government of Punjab, the staff of Punjab Roadways was to be used by the Company on assignment basis without any additional remuneration or deputation allowance.

A test check of two months period in five selected depots showed that the Company utilised 4337 mandays of operational staff[19] of Punjab Roadways and lent 7242 mandays of its operational staff to Punjab Roadways (PR). Further, the operational staff of PR decreased from 2703 to 1775 whereas operational staff of PUNBUS increased from 2674 to 3368 during 2013-18.

Operational staff of Punjab Roadways is not entitled to any overtime wages as per decision of the State Government (January 2008). The Company however pays overtime allowance to its staff for operating its buses on routes where overtime allowance is admissible, from its own resources. It was seen that at two (Hoshiarpur and Ludhiana) out of the five selected depots, the Company deployed Punjab Roadways staff for operating such bus routes which permit payment of overtime allowance (their duty hours being in excess of eight hours per day). This staff was paid ₹ 1.27 crore (April 2013 to November 2017) by the Company. PR staff was drawing higher pay than that of Company employees. Hence, overtime allowances payable to Punjab Roadways staff is concomitantly higher. Had such routes been operated by the Company by engaging its own staff, there would have been an outgo of only ₹ 0.40 crore as detailed under:

> As per State Government decision PR operational staff was not entitled to overtime allowance. However, the operational staff of Company was entitled to OTA from its own resources. At two depots of the Company PR staff was deployed and was paid ₹ 1.27 crore as OTA. Had the Company deployed its own staff on such routes there would have been outgo of only ₹ 0.40 crore.

19 Drivers and conductors.

Table no. 4.22: Extra expenditure on operation of overtime routes by deployment of Punjab Roadways staff

(₹ in lakhs)

Year	Expenditure incurred on operation of overtime routes through Punjab Roadways staff	Expenditure to be incurred if the overtime routes were run by Company's staff	Extra expenditure
2013-14	22.98	6.82	16.16
2014-15	29.40	8.92	20.48
2015-16	33.99	10.77	23.22
2016-17	22.09	7.32	14.77
2017-18	18.10	5.92	12.18
Total	**126.56**	**39.75**	**86.81**

Source: Information compiled from the records of the Company.

The Company needs to deploy its own operational staff to avoid payment of overtime at higher rates.

4.1.10.2 Deposit of employees' statutory dues

For the operating staff taken on contract from the service providers, the Company was paying, besides the minimum wages as notified by the Labour Department, Government of Punjab, employers share of EPF and ESI contributions as laid down in Employees Provident Funds Scheme, 1952 and Employee State Insurance Act, 1948 (ESI Act). However, the Company while entering into agreements with service providers for obtaining operational staff passed on the responsibility of depositing these statutory dues to the service providers.

Company paid employer's share of ₹ 4.97 crore of EPF and ESI contribution in respect of the staff posted at the selected depots to the service providers for onward remission to the authorities but did not ensure their deposit with them before release of next month's payments as per terms of agreement. Depot wise payments by the service providers with the EPF and ESI authorities could not be reconciled and depots too expressed their inability to confirm remission of all contributions.

The Company, during October 2013 to March 2018, paid employer's share of ₹ 4.97 crore (EPF: ₹ 3.33 crore and ESI: ₹ 1.64 crore) in respect of the staff posted at the selected depots to the service providers for onward remission to the authorities. The selected depots were to ensure their deposit by the service providers before release of next month's payment as per terms of agreements. However, the service providers deposited consolidated amounts of several depots to the authorities. Depot wise payments therefore could not be reconciled. The Depots also expressed (April 2018) their inability to reconcile and confirm whether all contributions given towards EPF and ESI of contractual staff were duly remitted by the service provider. The Company had not made efforts to resolve this issue.

The Company needs to devise a mechanism to ensure that the service provider is remitting the contributions of EPF and ESI of contractual staff with statutory authorities.

Purchase of fuel and spare parts

4.1.11.1 Purchase of high speed diesel

The Government of India announced (January 2013) deregulation of diesel sales to direct/bulk consumers buying directly from oil companies. These bulk consumers of diesel included defence forces, heavy industry, transport corporations, power generators etc. Upto January 2013, the Company was purchasing high speed diesel (diesel) directly as a bulk consumer from oil companies and dispensing it through pumps located inside its depots.

The Company, on deregulation of diesel sales to bulk users, procured fuel through non competitive process. Purchase department recommended for appointment of suppliers by following competitive route to avail discounts. On eventual appointment of fuel suppliers selected through competitive bidding, Company was able to obtain discount but the delay cost the Company an avoidable extra expenditure of ₹ 1.77 crore during April 2013 to June 2014.

Due to withdrawal (January 2013) of subsidy by Government of India, the price of diesel increased by about ₹ 10 per litre for the Company.

The Company proposed purchase of diesel through retail outlets which was approved (January 2013) by the State Government. The Company selected (January 2013) retail outlets in different cities for purchasing diesel on the basis of non-competitive quotations collected by respective depots. The purchase department, considering the high volume of diesel consumption, recommended (February 2013) invitation of competitive bids and to frame a policy in this regard so that discounts can be availed, in line with the policy followed by another state transport undertaking namely PEPSU Road Transport Corporation (PRTC). However, action for inviting competitive bids for purchase of diesel was taken only in June 2014, i.e. after a delay of 16 months of recommendation by the purchase committee and 18 retail outlets were selected (July/August 2014). These 18 outlets now offered higher discounts ranging between 5 paise to 75 paise per litre. The dealer offered this discount out of its commission received from oil companies which varies with the location of pumps i.e. A[20] site and B[21] site. Had the Company invited competitive bids immediately after recommendation of the Purchase department, it could have avoided extra expenditure of ₹ 1.77 crore in purchase of 3.86 crore litre of diesel during April 2013 to June 2014.

---

[20] Outlet, where oil marketing companies (OMCs) take land on lease and install the infrastructure.

[21] Outlet, where the land and infrastructure are arranged by dealers and OMCs only provide for underground storage fuel tank, dispensing pumps and signages.

Further, the Company had issued (28 January 2013) standings instructions to the depots to check the quality of diesel being purchased from the retail outlets and report discrepancy, if any, to the Head Office of the Company. However, it was observed that the depots did not take care of the quality of diesel purchased during these 16 months as the data regarding quality of diesel purchased from retail outlets was not prepared and submitted by them to the Head Office of the Company in contravention to the instructions of the Head Office.

The Company should have purchased diesel at competitive rates, to avoid losses.

4.1.11.2 Resoling of tyres

The Company has an in-house tyre resoling plant in Jalandhar. The plant has a rated capacity to resole 28 tyres per day which translates into 43,848 tyres during 2013-18. As against this capacity, the plant resoled 32,104 tyres out of 35461 tyres received during the period. The reasons for not achieving minimum capacity utilisation were stated to be breakdown of machinery, shortage of staff, power cuts and shortage of raw material. Due to non-availability of adequate resoled tyres, the Company had to use more new tyres for its buses worth ₹ 0.33 crore[22].

The Company needs to utilize the plant capacity at optimum level to make available the resoled tyres for the buses.

Financial Management

4.1.12.1 Claims of concessional free journey of students

The claims of concessional fee journey of students were not raised to the State Government as per its policy.

On the orders of the State Government, the Company provides free travel facility to the school students of up to 10th standard for travelling to and from their schools within a distance of five miles from their residence. The claims of reimbursement for this free travel facility, provided by the Company, are raised on the State Government on the basis of three *per cent* of the total student population of the State.

It was seen that:

- The claims were raised by calculating the distance travelled per child as 10 kilometers instead of the prescribed 10 miles (equivalent to 16.09 kilometers) during 2013-16. At the instance of Audit, this was partially

[22] Calculated on the basis of price difference of new tyres and cost of resoling used tyres. Price of new tyres has been proportionately reduced on the basis of average kilometers covered by resoled tyres.

rectified and the reimbursement claims of distance travelled per child for the year 2016-17 were raised for 16 kilometer (instead of 16.09 kilometers).

- The data available from U-DISE (Unified District Information System for Education)[23], should have been the basis for determining the eligible student population of the state for raising claims on Government for free travel extended to students. The Company however raised its claims on the basis of data obtained from State Education Department which was at variance with data obtained from U-DISE. The matter of variance in data of students was taken up with Director General School Education (DGSE), Punjab. The Deputy Manager, DGSE, Punjab in its reply stated (October 2018) that the reason for variance in data of students was because in one year data was provided as per enrolments in all Government recognized schools and in other three years it was as per enrolments in Government schools only.

Table no. 4.23: Statement showing number of students as reported by the education department, Punjab vis-à-vis number of students as per U-DISE

Year	Number of students reported by State Education Department for raising the claim	Number of students as per U-DISE	Difference
2013-14	26,19,810	48,58,760	22,38,950
2014-15	25,46,228	48,00,654	22,54,426
2015-16	45,65,983	46,11,276	45,293
2016-17	23,09,633	46,14,940	23,05,307

As a result of difference in number of students and distance travelled, the Company short claimed ₹ 44.36 crore ***(Annexure 13)*** from GoP during 2013-17. The Company informed that they have taken up (October 2018) the issue with State Government for claiming the differential amount.

The Company needs to recover the claims of re-imbursement of free travel facility for the year 2013-14 to 2016-17 at the earliest and also needs to reconcile the data of students from U-DISE before raising claim to State Government.

4.1.12.2 Non utilisation of Central Assistance

COPU had recommended (March 2014) introduction of an integrated depot management system in the Company to bring efficiency in operations and monitoring. The GoI sanctioned (March 2015) Central Assistance of ₹ 12.96[24] crore to the Company as its share for implementation of integrated depot management system[25] (IDMS), real time passenger information system

[23] A programme devised by National Institute of Educational Planning and Administration for education planning in the country. It is the primary information source for educational planning and assessing the progress under the education sector in India which *inter alia* collects information on enrolment of students, availability of infrastructure and teachers and other facilities available in all schools in the country.

[24] ₹ 10.63 crore for IDMS, ₹ 1.70 crore for RTPIS and ₹ 0.63 crore for ETM.

[25] IDMS envisaged computerization of information in respect of all the depots which includes: Ticketing Management System, Bus Stand Management System, Route and Crew scheduling system, Store and Purchase Management System, Tyre Management System, Accounting Management System, Concessional Travel Management System etc.

(RTPIS) and procurement of electronic ticket machines (ETM). The total project cost was ₹ 25.92 crore to be funded by the GOI and State Government on 50:50 sharing basis, to be completed within a period of one year from date of sanction (i.e. by March 2016). The first instalment of assistance of ₹ 6.48 crore was released in March 2015.

The Company made delay in implementation of IDMS and RTPIS projects sanctioned under central assistance for monitoring, operations and improving efficiency.

A Consultant for preparation of Request for Proposal (RFP) was appointed (September 2015). Since the work could not be completed on time, the Company requested (July 2016) the GoI for extension which was allowed upto March 2019 (IDMS).

However, tenders invited (August 2017) was cancelled since the lowest bid (L1) was higher than GoI sanctioned amount. After cancellation of previous tender by the Government, fresh tenders were again invited (January 2019) and L-1 firm M/s. 3i InfoTech Limited was selected for implementation of this project and the signing of the agreement is under process (June 2019).

The RTPIS envisaged introduction of geo positioning system (GPS) devices initially in 315 Company owned buses for monitoring speed, parking, route deviations, etc. The Company received the grant for implementation of RTPIS for 315 buses on 31 March 2015. The tender was initially floated on 04 August 2015 then extended up to 09 October 2015 but could not be finalised as only one bidder participated in the bidding process. The matter was forwarded to the 88th BOD meeting dated 02 November 2015 for consideration which decided that RTPIS was to be extended to the entire fleet of the Company. The request to extend the grant for implementation of RTPIS from 315 buses to 1400 buses was made to the GoI on 01 July 2016. The GoI allowed (09 May 2017) the extension of timeline of the project to March 2018 and increased the scope of RTPIS from 315 buses to 1400 buses at the cost of ₹ two crore. A tender was floated (07 March 2018) for implementation of RTPIS after approval of RFP (01 February 2018) and the financial bids were opened on 01 June 2018. However, the tender was not awarded since Punjab Government decided (02 June 2018) that the RTPIS should be implemented in PRTC and Punjab Roadways under the new transport policy which envisaged installation of GPS and radio frequency identification tag in all stage carriages in the State to enable monitoring of their movement. Accordingly, a new tender was floated (January 2019) for implementation of GPS/ RTPIS in buses of PUNBUS, PR and PRTC. M/s. Eon Infotech Limited, Mohali was L-1 firm and the signing of the agreement is under process (June 2019). The GoI has earlier extended the timeline of the project upto 31 March 2019. However, the Company took up (April 2019) extension of timelines of the projects components RTPIS and IDMS upto December 2019 and December 2020 respectively.

Out of ₹ 6.48 crore central funds, only an amount of ₹ 1.01 crore was spent (upto June 2019) on procurement of 1500 ETMs and for IDMS project**.** The delay in implementation led to the Company being rendered ineligible for receiving further Central Assistance from GoI under another scheme[26]. Thus, benefits envisaged from implementation of these monitoring tools were yet to be achieved.

The Company needs to expedite the implementation of projects so that benefits envisaged from the monitoring tools could be achieved.

4.1.12.3 Online Global Positioning System

The Company entered (February 2011) into an agreement with M/s Eon Infotech Limited (Contractor) for initially providing Online Global Positioning System (GPS) in 130 HVAC buses to be extended to more buses at same terms and conditions for a period of five years. The total project cost during the tenure of the contract was ₹ 96.51 lakh (GPS devices: ₹ 20.15 lakh, Passenger Information System (PIS) at 10 bus stops: ₹ 4.49 lakh, PIS inside 10 buses: ₹ 4.02 lakh and other recurring charges: ₹ 67.85 lakh). The scope of work included design, manufacture, supply, installation and commissioning of 130 nos. GPS devices and 10 nos. PIS on the bus stands and 10 nos. inside buses. The GPS system was to monitor buses, driver behavior, late/early departure of buses, accidents and breakdown etc. The PIS were to be installed at bus stands to display arrival and departure time of buses. The devices have been installed in 2011. The contractor was to ensure a minimum uptime of 98 *per cent* of GPS devices failing which the contract provided for imposition of penalty. A monitoring report of the uptime of the devices was to be generated at monthly intervals to ensure correct payments. But it was observed that such reports were not being generated for each device and payments were made on the basis of a consolidated report. The uptime as per the consolidation reports was less than 98 *per cent*. However, the Company did not levy penalty as per terms of the contract.

Test check of consolidated uptime reports generated from the portal showed that these were at variance with those generated by the Company at the time of making payments. The Company thus was making payments to the contractor without ensuring robustness of the system. The deficiencies were indicative of the fact that the data from the system was not reliable.

At the instance of Audit, Management recovered (August 2018) penalty of ₹ 1.64 lakh from the contractor for overall working status of GPS devices being less than 98 *per cent* during August 2014 to December 2016.

[26] The new scheme was for strengthening intelligent transportation system (ITS) in Public Transport System. The scheme envisaged assistance for introduction of latest technologies such as GPS/GSM based vehicle tracking system, computerised reservation system/ticketing system, inter-modal fare integration, passenger information system etc for services covering inter-city and mofussil areas and also included financial assistance for preparation of total mobility plan for the entire State.

4.1.12.4 Online booking software

To enable online booking of tickets on buses of the Company and PR, the Company entered (February 2014) into an agreement with M/s Mantis Technology Private Limited (Operator) for online booking of tickets for Volvo/Benz buses. The Company admitted that the application software developed by the operator was not tested by the Company before its implementation (March 2014) in which the following weaknesses were noticed by Audit:

There was no provision in the software to ensure refund to the passengers in case of cancellation of tickets.

The Operator was required to deposit in advance an amount of ₹ five lakh with the Company as recharge amount and the amount was to be entered in the application. The fare of the tickets booked through the application, on being was credited to the bank account of the operator was to be automatically deducted from the recharge amount in the application. Once the balance of recharge amount in the software fell below ₹ one lakh, the booking was to stop. Bookings were to commence only after recharge amount was recouped to ₹ five lakh by the Operator. This feature was designed to protect financial interest of the Company and ensure regular cash flow.

However, it was observed that the application allowed bookings even when the balance of recharges amount was negative. Non deposit of recharge amount in advance as per the agreement impacted the cash flows of the Company and the deficit was owed by the Operator to the Company.

At the instance of Audit, the Management recovered (August 2018) a penalty of ₹ five lakh from the contractor on account of default by the operator in depositing advance booking amount. The operator was instructed to make necessary changes in the existing software.

4.1.12.5 Electronic ticketing machines

The Company purchased (June/October 2015)1500 electronic ticketing machines (ETMs) at a cost of ₹ 0.70 crore with 50 *per cent* share from Central Assistance Fund. Out of these 54 and 20 ETMs costing ₹ 5.92 lakh were lost and damaged respectively. Departmental inquiry conducted against the responsible staff was completed in 15 lost and one damaged ETM cases. The Company stated (August 2018) that the cost of lost/ damaged ETMs along with revenue of sold tickets of ₹ 8.93 lakh was recovered from the concerned staff and services of three conductors were terminated against lost ETMs. In remaining 39 cases of lost ETMs and 19 damaged ETMs, inquiry was yet to be initiated (March 2018). There were four other cases of embezzlement and theft of ETMs, of which vigilance inquiry was initiated only in two cases.

4.1.12.6 Transfer of buses to Punjab Roadways

The State Government agreed (January/ December 2015) to the Punjab Roadways proposal to transfer 305 loan free/over-aged ordinary buses of the Company to Punjab Roadways at their book value. The Company transferred 275 buses during 2015-16 at the book value of ₹ 0.49 crore. The Punjab Roadways, in an auction during 2015-16 sold these condemned buses at ₹ 1.40 lakh per bus. Had the Company itself sold these 275 old buses as scrap, then ₹ 3.84 crore could have been realised. Further, remaining 30 old buses having scrap value of ₹ 0.42 crore were also subsequently transferred but no claim for even book value was raised to Punjab Roadways. Thus, the financial interest of the Company was not taken care of and the Company suffered a loss of ₹ 3.77 crore in this transaction.

4.1.12.7 Non maintenance of Motor Transport Reserve fund

Insurance of all vehicles against third party risk is mandatory as per the Motor Vehicle Act (MV Act), 1988. However, the State Government has power to exempt Company vehicles from insurance, provided the Company establishes and maintains a fund for meeting liabilities arising out of the use of its vehicles towards third party. As per the Central Motor Vehicles Rules 1989, (MVR) the amount at the credit of the fund was required to be kept in a dedicated bank account and invested in government securities.

The Company established the Motor Transport Reserve Fund (Fund) and was contributing at the rate of ₹ 0.20 per kilometer (upto 2012-13) and ₹0.40 per kilometer from 2013-14 onwards as fixed by BoDs and was to utilize the same for making payment of claims awarded by Motor Accident Claims Tribunal (MACT) etc. The excess amount of liability for MACT claims, if any, was to be met out of Company's revenue after approval of the Board of Directors (BoDs) of the Company.

Table 4.24: MTRF funds position during 2013-17

(₹ in lakh)

Year	2013-14	2014-15	2015-16	2016-17	Total
Opening Balance	40.61	110.83	-	-	40.61
Add: Amount Transferred[27] to MTRF at the end of the year	491.13	524.85	442.65	594.75	2053.38
Claims (Motor Accident Claims Tribunal) paid during the Year (including interest for late payment)	420.92	829.40	925.93	594.75	2771.00
Closing Balance	110.83	-	-	-	-
Shortage of MTRF met out of revenues	-	193.72	483.29	-	677.01
Effective kilometers (in lakhs)	1262.55	1348.33	1408.74	1246.22	-
Amount to be contributed to MTRF @ 40 paise per kilometer	505.02	539.33	563.50	498.49	-
(Short) / Excess contribution to MTRF	(13.89)	(14.48)	(120.85)	96.26	-

Source: Information provided by the Company.

[27] A book entry regarding transfer to MTRF (which did not tally the prescribed rates i.e ₹ 0.20 and ₹ 0.40 per kilometer) was passed in the books at the end of each financial year.

The contribution of the Company to the Fund was inadequate to meet claims awarded. As against the available balance of ₹ 20.93 crore (₹ 0.41 crore + ₹ 20.53 crore) during 2013-17, the Company made payments of ₹ 27.71 crore. The outstanding claims on account of MACT was ₹ 1.31 crore (31 March 2017).

The Company had not deposited the amount of MTRF in a bank or invested in any government security. The Company during 2013-18 made payments of 260 claims with delay ranging between 6 to 1242 days (calculated after allowing a period of 45 days for administrative processing) resulting in avoidable interest payment of ₹ 0.76 crore[28] in respect 16 depots. The Company made payments from its revenues in excess of amount available in Fund, without the approval of the BoDs, which was a violation of its Accounting Manual.

The Management during Exit Conference (August 2018) assured that proceeds of the Fund would henceforth be deposited into a dedicated account and that amount of contribution to the Fund would be raised.

Operation and maintenance of bus stands

4.1.13.1 Delay in outsourcing operation and maintenance of bus stands

There are total 20 bus stands (operated by private agencies and by Company) under the Company. The revenue sources from the operations of the bus stands are - income from adda fees[29], revenue from the lease of shops, annual lease of parking areas and advertisement rights. Audit checked five bus stands under the jurisdiction of five selected Depots and noticed the following:

a) After the conclusion of the concession of agreement (January 2016) for the development of Ludhiana bus terminal on Build, Operate and Transfer (BOT). the Company awarded (January 2016) the operation & maintenance (O&M) outsourcing contract of this bus stand to M/s NSP & Company (Operator) at annual contract fee of ₹ 4.70 crore plus service tax payable on quarterly basis for five years. The Operator submitted (January 2016) two Bank Guarantees (BGs) of ₹ 1.20 crore and ₹ 0.30 crore as Performance Security. On verification (January 2016) of the authenticity of these BGs, the bank confirmed (January 2016) that the BG of ₹ 1.20 crore was forged. The Company issued (February 2016) a Notice of Termination of contract to the Operator due to submission of fake BG. However, the Company did not cancel the contract immediately and took eight months to cancel (October 2016) the contract. The Company took

> Delays in cancellation of contracts of operation and maintenance of bus stands at Ludhiana and Tarn taran and their reward led the Company to loss of potential revenue of ₹ 3.79 crore.

28 Interest is payable as per orders passed by MACT from the date of stacking claims by the claimant and the date of actual payment. Here interest has been worked out after allowing 45 days from the date of award.

29 Fee charged from buses carrying passengers is fixed by Deputy Magistrate/ Sub-Divisional Magistrate of the concerned district/tehsil.

24 months[30] to re-tender (March 2018) the O&M of Ludhiana Bus Stand to another party. During April 2016 to March 2018, the O&M of the bus stand was managed in-house by the Company.

Against the potential revenue (from shop rent, parking fee, adda fee and advertisements) of ₹ 8.23 crore from O&M outsourcing, the Company could generate revenue of ₹ 4.61 crore during the period from April 2016 to December 2017. Thus, delay in re-awarding of O&M contract resulted in loss of potential revenue of ₹ 3.62 crore. Further, 15 shops were not let out for periods ranging between 13 to 26 months which could have reduced this loss by ₹ 0.41 crore. Also, no efforts were made by the Company to generate revenues from advertisements.

b) Similarly, on verification (October 2016) of the authenticity of the two BGs of ₹ 8.00 lakh and ₹ 2.00 lakh submitted (August 2015) by the O&M operator of Taran Taran bus stand, the bank intimated (October 2016) that the BGs were forged and the Company terminated (December 2016) the agreement. The contract was re-awarded to another party in August 2017. During the period January 2017 to August 2017, the O&M of the bus stand was managed in-house by the Company. Against the potential revenue generation of ₹ 21.01 lakh through outsourcing, the Company could earn revenue of ₹ 4.51 lakh only and suffered a loss of potential revenue of ₹ 16.50 lakh.

The Management admitted (August 2018) the lapse for delay in cancellation and retendering of management contracts of Ludhiana and Tarn-Taran bus stands.

4.1.13.2 Property tax and recovery of contract fee

The Company entered (July 2015) into O&M outsourcing agreement in respect of its Hoshiarpur bus stand for a period of five years:

a) The agreement provided that property tax in respect of the bus stand was to be borne by the operator. The operator submitted a bank guarantee of ₹ 39.39 lakh as per the terms. The operator had not deposited Property Tax of ₹ 28.02 lakh pertaining to period 2015-18 and non-payment of the same would attract interest and penalty. Although the Company directed (March 2018) the operator to deposit the same, this was not complied with. However, no action was taken by the Company to invoke the bank guarantee.

b) The annual earnings of the contract was ₹ 1.58 crore + Service Tax for a period of five years which was to be deposited by the Operator in four equated quarterly instalments. In the event of delay in payment upto 30 days, the Operator was liable to pay interest at the rate of 18 *per cent* per annum for unpaid instalment and for delay beyond 30 days, operator was also liable to pay penalty of ₹ 0.50 lakh per quarterly payment. The Operator made the payments after a delay ranging between three to 109 days. However, the Company did not raise claim of ₹ 10.95 lakh (Interest: ₹ 7.95 lakh and penalty: ₹ 3.00 lakh).

[30] April 2016 to March 2018, after allowing three months (January 2016 March 2016) period for re-tendering.

The issue was not observed in other four test checked bus depots.

The Management admitted (August 2018) the lapse and stated that default notice for delayed receipt of contract fee and non-payment of property tax had been issued (August 2018) to the operator.

4.1.13.3 Letting out of shops

After the conclusion (January 2015) of Build, Operate and Transfer (BOT) period (Paragraph 3.7 of Report of C&AG of India for the year ended 31 March 2015), the concessionaire[31] of Jalandhar-1 bus depot did not give back possession of 39 shops and the matter was under litigation. On hearing (March 2017) of the litigation, the Sub-Divisional Magistrate suggested increase in the rent of the shops by 30 *per cent*. Though, the occupants agreed to the suggested rent hike, yet no decision was taken by the Company upto March 2018, which led to less receipt of potential revenue of ₹ 27.23 lakh from April 2017 to March 2018. Further, 16 shops under clear possession of the Company were not let out for a period ranging between 13 to 38 months up to March 2018 due to which the Company lost the opportunity to earn rental income of ₹ 0.93 crore[32].

The Management stated (August 2018) that rent of 39 shops was not increased since the shop area was under litigation and that the company after consideration of the matter decided to let out the bus stand as one unit on "as is where is" basis. They added that they did not let out the shops which were under their possession as they were already facing litigation from the existing tenants. The reply is not acceptable as Management did not explore the possibility of letting out the shops which were in their possession thereby loosing potential revenue.

4.1.13.4 Non-tariff revenue

The Company entered (November 2014) into an agreement with M/s Jegson Publicity (agency) for advertisement on buses (ordinary and HVAC) for a period of three years. Audit observed that:

- 249 new ordinary buses purchased during 2015-16 and received in Depots of the Company from June 2015 to January 2016 were not offered to the Agency for advertisement on the rear space of the buses due to which the Company lost an opportunity to earn revenue of ₹ 31.17 lakh.

- As per the agreement for operation of buses under KM Scheme (hired buses), the Company had the right to display advertisement on the interior and exterior of buses. However, 112 KM scheme buses were not offered for advertisement, due to which the Company lost the opportunity to earn revenue of ₹ 38.95 lakh during the period from November 2014 to November 2017.

- The Department of Public Relation (DPR) of the State Government requested (June 2016) the Company to provide buses to highlight the achievements of State Government for a period of six months. The Company provided 203 buses from August 2016 to January 2017 to DPR for

---

31 Paragraph 3.7 of Report of C&AG of India for the year ended 31 March 2015.

32 Worked out taking reserve price as the basis for fixing monthly rent and number of months for which they were not let out.

advertisement. The payment of ₹ 56.53 lakh against the claim raised on DPR was still pending (March 2018).

- As per the terms and conditions of the tender for advertisement, the successful bidder was to furnish Bank Guarantee equal to six months revenue valid for 40 months. However, the advertisement agency furnished (November 2014) bank guarantee valid only for 12 months only which was also not renewed thereafter.

The Management stated (August 2018) that BOD of the Company decided in August 2014 that advertisement on the side of new and KM scheme buses affected the looks of the buses so they decided not to display on their buses. They also stated that the recovery of ₹ 37.68 lakh was made from DPR for the period August 2016 to November 2016. The Company further stated that a show cause notice had been issued to the advertising agency for non-submission of required bank guarantee covering the entire period of contract.

Reply is not acceptable as the Company had subsequently decided in November 2014 to display advertisements on all buses. This decision was reiterated in the meeting of BoD in July 2015 wherein it was decided that advertisement will be displayed on the rear space of new buses. Hence, the new buses which were procured during 2015-16 should also have been offered for advertisement.

The Company should utilise the services of the advertising agency as per the contract agreement.

Other issues

4.1.14.1 Disposal of HVAC buses

The Government of Punjab by their notification (November 2007), in exercise of powers vested in it by Punjab Motor Vehicle Rules 1989 laid down the specifications of Heating, Ventilation Air conditioned (HVAC) buses. In a meeting (17 September 2008), it was brought to the notice of the government that the buses available in the market do not match with the specifications notified by the GoP and in case the specifications of the GoP are to be matched then the rates will be increased substantially along with effect on the delivery schedule. Keeping in view the low fare of these buses and to make them economically viable, it was decided that these buses should be purchased with the specification of buses available in the market. The Company purchased 135 HVAC buses at the cost of ₹ 37.74 crore during 2008-13. After 2013, there was no further purchase of HVAC buses.

Table below indicates the operational performance of these buses:

Table no. 4.25: Operational performance of HVAC bus fleet during 2013-17

(Figures: in numbers and value in ₹)

Particulars	2013-14	2014-15	2015-16	2016-17
No. of buses	135	122	102	47
Scheduled kilometres (in lakh)	156.69	139.55	108.78	50.80
Effective kilometres (in lakh)	131.20	121.14	83.89	20.74
Missed kilometres (in lakh)	25.49	18.39	24.89	30.06
Percentage of missed kilometres to scheduled kilometres	16.27	13.19	22.88	59.17
Average vehicle productivity (kms per day**)**	266	272	225	121
Receipt (₹ in crore)	40.16	37.64	26.73	8.23
Expenditure (₹ in crore)	42.51	40.58	27.29	11.57
Profit (+) /Loss (-) (₹ in crore)	(-) 2.35	(-) 2.94	(-) 0.56	(-) 3.34
Total Profit (+) /Loss (-) (₹ in crore)				(-) 9.19

Source: Information provided by the Company.

The Company added 135 buses during 2008-13. After 2013, there was no addition of HVAC buses. The Company condemned 88 HVAC buses during 2013-17. The fuel efficiency (kmpl) of HVAC buses was showing a downward trend (2013-14: 3.40 kmpl, 2014-15: 3.38 kmpl, 2015-16: 3.35 kmpl, 2016-17: 3.34 kmpl). The other important parameter of operational performance of buses is as under:

Table no. 4.26: Statement showing comparison of missed kilometers and vehicle productivity of HVAC buses with Ordinary buses and overall fleet of the Company during 2013-17

Year	2013-14	2014-15	2015-16	2016-17	Increase/Decrease during 2013-14 to 2016-17 (in *per cent*)
Percentage of Missed Kilometers to Scheduled kilometers allotted					
HVAC	16.27	13.19	22.88	59.17	263.67
Ordinary	12.18	7.87	4.21	6.12	(-) 49.75
Company	12.36	7.50	5.33	7.04	(-) 43.04
Vehicle Productivity (Kms/bus/day)					
HVAC	266	272	225	121	(-) 54.51
Ordinary	284	285	300	303	6.69
Company	285	297	306	284	(-) 0.35

The percentage of missed kilometres to scheduled kilometres of HVAC buses was increased by 263.67 *per cent* whereas the same was decreased by 49.75 *per cent* and 43.04 *per cent* for ordinary buses and overall fleet of the company respectively. Further, the vehicle productivity of HVAC buses was decreased by 54.51 *per cent* whereas the same was increased by 6.69 *per cent* and decreased by 0.35 *per cent* for ordinary buses and overall fleet of the company respectively. This indicates that HVAC buses were not operating due to high detentions.

In the selected depots, 50 HVAC buses[33] which had outlived their life and had been declared condemned, were inoperative for period ranging between 8 to 42 months and were lying unsold. The Company had a total of 105 condemned buses as on February 2018. After being pointed out by Audit (February to May 2018), out of total 105 HVAC buses declared condemned, 86 HVAC buses were put to auction (April to May 2018). Of these 86 buses, 72 buses were sold for ₹ 1.54 crore. The remaining 33 buses were not sold due to their not fetching the minimum reserve price (15 buses) fixed by the company, vigilance cases (four buses) and court cases (14 buses).

The Company must ensure timely disposal of condemned buses to earn other revenue.

4.1.14.2 Plying of unauthorized buses in the State

During test check of records regarding plying of unauthorized buses in the State, audit noticed:

- 44 incidents of plying of buses without permit, 18 incidents of plying of buses without paying Motor Vehicle Tax and nine incidents of plying of buses without timetable, in the records of Regional Transport Authority, S.A.S. Nagar (Mohali), for the year 2017-18 which indicates that there are incidents of plying of buses without having valid permit;
- It was noticed that Director State Transport (DST) lodged complaint (April 2015) of unauthorised plying of 11 to 31 buses by the private bus operators (Libra Bus Company, Piar Bus Company, Baba Budha Bus Company, Parowal Bus and Taj Bus) at Amritsar. Similar exercise was done by the Company's staff at Amritsar Bus Stand during March 2016, August 2017, January 2018, May 2018 and June 2018 and noticed that the unauthorized buses of same private players were plying. In this regard, DST lodged complaints with the District Transport Officer/ Regional Transport Authority, Amritsar (DTO/RTA) and State Transport Commissioner, Government of Punjab. The Management stated (July 2019) that they have not received any communication from the office of DTO/RTA regarding action taken by them. The matter of unauthorized plying of buses at Amritsar was taken up (July 2019) by Audit with the Regional Transport Authority, Amritsar and its reply is awaited.

4.1.14.3 Passenger Fare Policy

Section 67 of the Motor Vehicles Act, 1988 provides that the State Government may, from time to time, by notification in the official gazette issue directions, *inter-alia*, fixing maximum and minimum fares of stage carriage. While conducting performance audit (Audit Report (Commercial) 2009) of the State Transport Undertakings, Audit pointed that the fare policy of the State Government had no scientific basis as it does not consider element of cost like manpower, spares, road taxes, cost of chassis, body building etc.

---

[33] Chandigarh: 16 buses, Hoshiarpur: 14 buses, Jalandhar-1:10 buses and Ludhiana: 10 buses. There was no case in Amritsar.

Accordingly, Government of Punjab notified (August 2013) formula for fixation of rate of fare and freights for stage carriages in the State. As per the formula, the fare will increase automatically by 3 *per cent* every year on I[st] of April to cover the increase in price of bus chassis/spare parts/wear and tear/salary of employees. In addition to this, the fare will also increase/decrease by 0.40 *per cent* on quarterly basis for every percentage point increase/decrease in the price of diesel to cover the extra burden borne by the bus operator due to increase in price of diesel as well as increase in the rate of Motor Vehicle tax. The instructions are being followed.

4.1.14.4 Survey on Passenger satisfaction

We conducted (May 2019) a survey of 285 passengers in five selected depots of the company to elicit their opinion on the conditions of buses, sitting arrangements in the buses, frequency of buses, overcrowding in buses, break-downs during journey and basic amenities for the passengers. In response to the survey, we found that 86 *per cent* passengers were broadly satisfied, however, 25 *per cent* passengers found the condition of the buses as unsatisfactory, 26 *per cent* passengers suggested increase in frequency of trips, 60 *per cent* passengers opined that buses were overcrowded, 15 *per cent* passengers suffered breakdowns of buses during journey and 22 *per cent* passengers were not satisfied with the basic amenities at the bus stations. 15 *per cent* passengers desired more reliability and punctuality in services.

Internal Control and Internal Audit

4.1.15.1 Internal control mechanism

Internal control mechanisms are processes which provide reasonable assurance of economical, efficient and effective operations and ensure adequate safeguards for Company's resources.

The Company has entrusted the work of internal audit to firms of Chartered Accountants. Review of the internal audit procedure revealed the following deficiency:

- Depot wise targets for fleet utilisation, detention of buses, vehicle and manpower productivity were not fixed, in the absence of which, their performance could not be evaluated by the BoDs.
- Monthly operational statistics were not submitted to the BODs to identify the areas of weakness and for taking remedial action.
- The data regarding quality of diesel purchased from retail outlets was not prepared and submitted by the depots to the Head Office of the Company in contravention to the instructions (January 2013) of the Head Office.
- The Company has not finalised (October 2018) its financial statements from the year 2013-14 onwards.
- As per section 177 of Companies Act, 2013, four meetings of Audit Committee in a year were to be held. The Company held only nine meetings against 16 meetings required to be held during the period

2013-17. Audit Committee was dissolved on 29.09.2017 and was pending for reconstitution (October 2018).

4.1.15.2 Internal audit system

The internal Audit is a managerial control for evaluating the prevailing system, procedures and operations of the Company and for ensuring that the internal controls established by the company were adequate and effective. The audit of operational and financial matters was entrusted by the Company to a firm of Chartered Accountants who in their Reports reported:

- Excess holding of cash balance by the Depots.
- Idle bank balances in operation and collection accounts by the Depot.
- Depot incurred excess bank charges.
- Avoidable expenditure on overtime.
- TDS and Service tax etc.

The deficiencies pointed out in the internal audit reports were not submitted to the BoDs and corrective measures were yet to be taken by the Company. Management stated (August 2018) that internal audit is a matter under Audit committee. The independent directors of the Company who were members of the Audit Committee were removed (September 2017) by the Government and the Committee dissolved. It was further stated that the Committee would be reconstituted and the internal audit reports for 2016-17 laid before it.

Conclusion:

The Company had to forego contribution due to missing of scheduled kilometers and prolonged periods of detention of buses. The Company failed to achieve fuel mileage targets in some segments and was not maintaining data as per revised fuel mileage norms fixed by it. The Operation and maintenance of the bus stands was weak resulting in loss of revenue. The Company incurred excess expenditure on account of overtime allowances given to operational staff of Punjab Roadways. The Company also raised incorrect claims on account of concessional passes to students. It failed to tap non traffic streams of revenue generation to augment its resources.

Recommendations:

The Government and Company may consider:

- Fixing norms regarding maintenance of inventory of spare parts so as to reduce detention of buses and consequent loss of bus days on account of repairs.
- Expediting replacement of overaged buses through timely procurement;
- Finalisation and allotment of O&M contracts of bus stands to private operators without delay.

- Deploying its own staff for running buses on overtime routes instead of hiring Punjab Roadways staff.
- Timely invocation of bank guarantees of defaulting private service providers/ contractors for protecting the financial interest of the Company.
- Maintaining fuel mileage data as per the latest norms fixed.
- Making efforts to reconcile and confirm the statutory payments deposited by the service providers with EPF and ESI authorities.
- Ensuring time-bound completion of Integrated Depot Management System and Real Time Passenger Information System.; and
- Explore avenues for generation of revenue from non-traffic streams.

The matter was referred to the Government (July 2018); their replies were awaited (June 2019).

Part - II

Chapter – V
Compliance Audit observations relating to PSUs other than Power Sector

Chapter-V

Compliance Audit observations relating to PSUs other than Power sector

Audit of Transactions

Important audit findings emerging from test check of transactions made by the State Government companies and Statutory corporations have been included in this chapter.

Punjab Agro Foodgrains Corporation Limited and Punjab State Warehousing Corporation

5.1 Damaged wheat

Inadequate storage arrangements, improper storage conditions, poor preservation of stock, storage of fresh wheat with infested wheat resulted in loss of ₹ 607.57 crore during 2014-15 to 2017-18 in disposal of damaged wheat. There was non-reimbursement of up-gradation expenses of ₹ 1.04 crore and revenue foregone on account of carry over charges amounting to ₹ 4.15 crore. Further, the delay in disposal of damaged wheat resulted in incurring an expenditure of ₹ 8.57 crore on rent and security of storage spaces where damaged wheat was kept.

5.1.1 Introduction

Punjab Agro Foodgrains Corporation Limited (PAFCL) and Punjab State Warehousing Corporation (PSWC) procure wheat on behalf of Food Corporation of India (FCI) for Central pool of Government of India (GoI). Besides PAFCL and PSWC, there are three other SPAs who perform the same activities. These State foodgrain procuring agencies (SPAs) store the procured wheat which is left after direct delivery to FCI godowns from mandis. It is the responsibility of the PAFCL and PSWC to maintain the health of the wheat stock till its delivery to FCI. The wheat that gets damaged in storage is disposed-off by PAFCL and PSWC through e-tendering after categorization of the damaged wheat and fixing of reserve price. Declaring infested wheat as damaged and disposal thereof is an ongoing process. During the period 2014-15 to 2017-18, 2.83 lakh MTs of wheat pertaining to previous crop years was declared as damaged.

The present audit was conducted to assess the wheat stocks preservation activity of PAFCL and PSWC, extent of damage of stored wheat, reasons thereof and subsequent disposal of the same during the period 2014-15 to 2017-18. The audit examination involved scrutiny of records at the head offices of PAFCL and PSWC and seven[1] district offices (four offices of PAFCL and three offices of PSWC) selected on the basis of probability

---

[1] PAFC Amritsar/Tarn Taran, PSWC Amritsar, PAFC Bathinda, PAFC Moga, PSWC Moga, PAFC Shri Muktsar Sahib and PSWC Shri Muktsar Sahib.

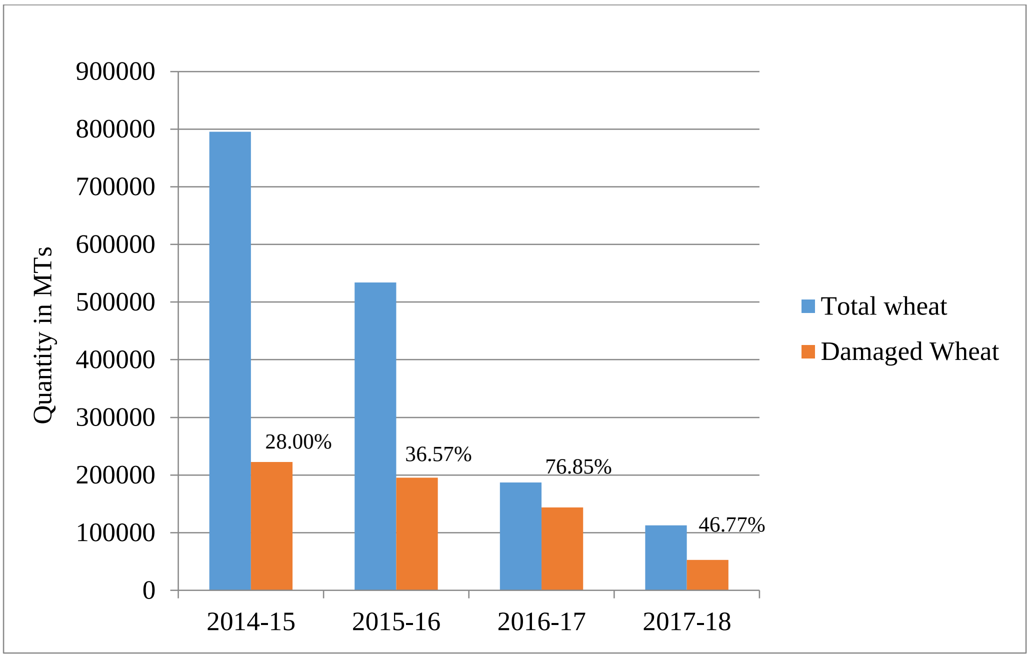
proportional to size (PPS) method of sampling taking quantity of damaged wheat disposed as size measure. These seven offices cover 54.17 *per cent* of the total damaged wheat disposed off during the period 2015-16 to 2017-18 (December 2017).

The Audit Report of C&AG of India for the year 2010-11 (Commercial) – Government of Punjab at Paragraph no. 3.7, had in respect of PAFCL observed improper storage of wheat, damage of wheat stock valuing ₹ 64.91 crore due to negligence and inadequate fumigation. The Committee on Public Undertakings (COPU) of State Legislature in discussing the paragraph had recommended (March 2016) in their 112th Report that proper storage spaces should be arranged and proper fumigation[2] of wheat undertaken which shall prevent its damage. Audit observed that these lapses are still persisting in PAFCL and also in PSWC as discussed in the following sections.

5.1.2 Damage of wheat and its disposal

Proportion of damaged wheat to total quantity stocked in PAFCL was as high as 76.85 *per cent* at the end of 2016-17. Performance of PSWC was better as damaged wheat as proportion of total quantity in stock was below 5 *per cent* during the period 2014-15 to 2016-17.The better performance of PSWC was due to the fact that major portion (up to 79 *per cent*) of their wheat stock was kept in covered storage, availability of qualified staff[3] and better quality control mechanism (as discussed in sub paragraph nos. 5.1.5, 5.1.12 and 5.1.13).

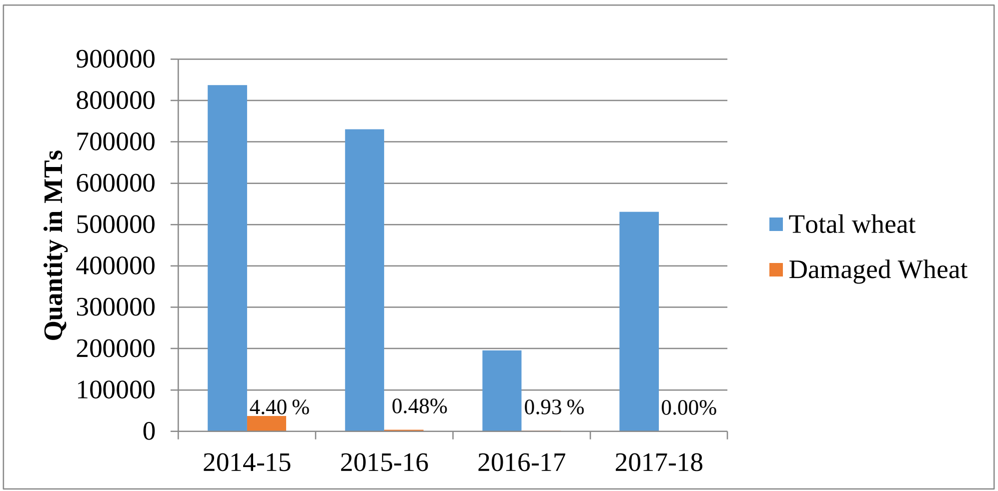
Chart 5.1: Proportion of damaged wheat to total quantity stocked in PAFCL



2 Fumigation is a method of pest control wherein the storage space is completely filled with gaseous pesticides to suffocate or poison the pests.

3 The basic education qualification for a Warehouse Manager is M.Sc. (Agriculture) and B.Sc. (Chemistry) for a Technical Assistant.

Chart 5.2: Proportion of damaged wheat to total quantity stocked in PSWC



Prior to April 2015, the disposal of damaged stocks was done by the State Government. Although PAFCL and PSWC had damaged wheat yet no disposal of the same was done by State Government during October 2013 to March 2015 owing to non-finalisation of tenders for disposal of damaged wheat. Resultantly, during this period, the damaged wheat available for disposal with PAFCL and PSWC increased from 0.20 lakh[4] MT in October 2013 to 2.60[5] lakh MT in March 2015. Tenders for disposal of damaged wheat were floated by PAFCL and PSWC in June 2015 and August 2015 respectively. The delay in disposal of wheat led to incurring expenditure of ₹ 8.57 crore on rent (₹ 4.67 crore) and security (₹ 3.90 crore) of the storage spaces by the selected district offices during April 2014 to December 2017.

Table no. 5.1: Statement showing wheat declared damaged and its disposal during the period 2014-15 to 2017-18 in respect of Punjab Agro Foodgrains Corporation Limited.

(Quantity in MTs)

Year	Opening balance of damaged wheat	Wheat declared damaged during the year (percentage of wheat declared damaged during year to opening balance)	Total	Damaged wheat offered for sale through tenders[6]	Damaged wheat disposed off (percentage of wheat disposed to offered for sale)	Closing Balance
1	2	3	4	5	6	7
2014-15	137303	85407 (62.20)	222710	0	0	222710
2015-16	222710	88479 (39.70)	311189	492154.08	115848 (23.54)	195341
2016-17	195341	59616 (30.50)	254957	344682.09	111214 (32.27)	143743
2017-18	143743	19707 (13.71)	163450	290514.22	110616 (38.08)	52834
Total		**253209**			**337678**	

Source: Information supplied by the PAFCL.

4 PAFCL: 19686 MT and PSWC: 1 MT wheat.
5 PAFCL: 2.23 lakh MT and PSWC: 0.37 lakh MT.
6 The figures represent cumulative quantity offered in various tenders during respective financial year. More than one tender was floated in the year and quantity unsold of a tender was carried forward in the next tenders (detailed in ***Annexure 14)***.

Table no. 5.2: Statement showing wheat declared damaged and its disposal during the period 2014-15 to 2017-18 in respect of Punjab State Warehousing Corporation.

(Quantity in MTs)

Year	Opening balance of damaged wheat	Wheat declared damaged during the year (percentage of wheat declared damaged during year to opening balance)	Total	Damaged wheat offered for sale through tenders	Damaged wheat disposed off (percentage of wheat disposed to offered for sale)	Closing Balance
1	**2**	**3**	**4**	**5**	**6**	**7**
2014-15	13642	23161 (170)	36803	0	0	36803
2015-16	36803	5704 (15.5)	42507	47643.07	39006 (81.87)	3501
2016-17	3501	112 (3.20)	3613	2390.52	1793 (75.00)	1820
2017-18	1820	1182 (65.95)	3002	3002.00	2977 (99.17)	25
Total		**30159**			**43776**	

Source: Information supplied by the PSWC.

The tender-wise damaged wheat put to sale and disposed off by both SPAs is given in ***Annexure 14***. The analysis of success rate of tenders revealed that percentage of disposal to total quantity offered ranged between 12.86 *per cent* and 44.36 *per cent* in case of PAFCL and between 49.86 *per cent* and 100 *per cent* in case of PSWC. In case of PSWC there were reductions in the reserve price from time to time after considering further deterioration in the health of damaged stock, however, in case of PAFC reduction of reserve price was carried out only in March 2018, as a result of which the success rate of disposal of damaged stock in PAFCL was less than PSWC.

Out of total 4.34 lakh MT damaged wheat available, PAFCL and PSWC had disposed 3.81 lakh MT wheat upto March 2018, through open tenders, leaving undisposed balance of 0.53 lakh MT. As against the economic value[7] of ₹ 789.75[8] crore (PAFCL: ₹ 697.68 crore and PSWC: ₹ 92.07 crore) of the damaged wheat, only ₹ 182.18 crore (PAFCL: ₹ 155.56 crore and PSWC: ₹ 26.62 crore) could be realized (23.07 *per cent* of the economic value). Thus, there was loss of ₹ 607.57[9] crore (PAFCL: ₹ 542.12 crore and PSWC: ₹ 65.45 crore).

The reasons for damage of wheat were inadequate and improper storage conditions, employment of poor preservation techniques, slow up-gradation of infested wheat, storage of fresh wheat with infested stock as discussed in the following paragraphs.

7 Acquisition cost plus carry over charges upto the month of disposal of damaged wheat (Value was provided by PAFCL and PSWC).

8 In respect of 3.61 lakh MT wheat. Calculation of economic value of remaining quantity is under process by PSWC and PAFCL.

9 Including shortages of 1.28 lakh MT (PAFCL: 1.15 lakh MT and PSWC: 0.13 lakh MT) wheat valuing ₹ 280.12 crore.

5.1.3 Upgradation of wheat stock

FCI conducts inspection of the condition of wheat stocks on monthly intervals and at the time of delivery of stock. If any infestation or *atta* formation etc. is found at the time of inspection, it declares wheat stocks as upgradable and stops carry over charges (COC)[10] forthwith. Upgradation process involves segregation and retrieval of good quality grains from the upgradable stocks**.** The expenses of upgradation are not reimbursed by the FCI. Timely upgradation of the stock can save the stock from being declared as non-issuable (damaged) stock. FCI prescribed (July 2014) three months' period for upgradation of the wheat stock. If the stocks are not upgraded within the stipulated period, the stocks are to be shifted to non-issuable (damaged) category. Such non-issuable stock unfit for human consumption, can be used for industrial purpose, animal feed or manure based on its feed category considering contents[11] of sound wheat in it.

FCI repeatedly pointed out (December 2013 to March 2017) the slow pace of upgradation of the upgradable wheat stock by these two agencies. In selected district offices of the PAFCL and PSWC, during April 2014 to December 2017, FCI stopped carry over charges of ₹ 4.15[12] crore relating to upgraded and delivered wheat. The failure of the SPAs to maintain the stock in despatchable condition resulted in revenue foregone on account of COC to the extent of ₹ 4.15 crore by FCI.

In selected district offices of PAFCL, the percentage of stock upgraded ranged between 12.02 *per cent* and 87.35 *per cent* of upgradeable stocks of wheat during 2014-15 to 2016-17 **(*Annexure 15*)**. In PSWC the percentage of stocks upgraded ranged from 46.86 *per cent* to 97.74 *per cent* during the same period **(*Annexure 16*)**. These agencies incurred an expenditure of ₹ 1.04 crore for upgradation during April 2014 to December 2017 which was not reimbursable.

In the absence of properly maintained records relating to upgradation due and done, Audit could not analyze the extent of delay in upgradation of damaged wheat and its value.

5.1.4 Categorisation of wheat and fixation of reserve price

The Government of India guidelines for sale of damaged wheat advise disposal at or above the reserve price fixed as per guidelines on the best commercial terms after inviting open bids. The reserve price to be fixed is dependent on the degree of damaged grains. Categorisation is therefore an essential pre-requisite for disposal of damaged wheat. There are five

---

10 Carry over charges are the costs which are paid by FCI to the procuring agencies for such of its stocks which remain in their custody and whose delivery is delayed by FCI itself beyond 30 June of respective crop year.

11 For Feed I: Sound grain 85 *per cent* to less than 95 *per cent*; Feed II: Sound grain 70 *per cent* to less than 85 *per cent*; Feed III : Sound grain 55 *per cent* to less than 70 *per cent*; Industrial use - Sound grain 30 *per cent* to less than 55 *per cent* and Manure : Sound grain 10 *per cent* to less than 30 *per cent*

12 PAFCL: ₹ 3.72 crore (Moga: ₹ 0.51 crore, Sri Muktsar Sahib: ₹ 0.09 crore, Amritsar: ₹ 0.39 crore, Tarn Taran: ₹ 1.77 crore & Bathinda: ₹ 0.96 crore) and PSWC: ₹ 0.43 crore (Moga: ₹ 0.01 crore & Amritsar: ₹ 0.42 crore)

categories of damaged wheat - Feed-I, Feed-II, Feed-III, Industrial Use and Manure. The process involves drawal of samples from damaged wheat and its analysis at a Laboratory of FCI. The recommendations of the test report forms the basis for fixation of reserve price of damaged wheat[13]. After categorization of wheat, tenders are invited for disposal of damaged wheat based on reserve price fixed for each category. For early disposal of damaged wheat, the FCI relaxed (July 2014) the guidelines for its disposal by implementing a single tier process[14] of categorisation[15] in place of earlier system of three tier process. However, despite relaxation in the guidelines, the progress of the SPAs in categorisation of non-issuable (damaged) wheat was slow.

Audit observed that due to non-disposal of the wheat during October 2013 to June/August 2015, there was further deterioration in the condition of damaged wheat, however, timely efforts were not made by the SPAs for re-categorisation of the damaged wheat stock and lowering the reserve price. This had cascading effect and further delayed disposal of damaged wheat stock on account of poor response of bidders due to high reserve price. Prolonged storage of damaged wheat led to further downgradation of category resulting into loss in value due to reduction of the reserve price by ₹ 8.64 crore in respect of 60 lots (PAFCL: ₹ 8.16 crore in 33 lots and PSWC: ₹ 0.48 crore in 27 lots) on 20310.33 MT (PAFCL: 17607.10 MT and PSWC: 2703.23MT) wheat. The lot wise details of loss in value due to reduction[16] in reserve price of damaged wheat stock are given in ***Annexure 17*** and ***Annexure 18***. Audit further observed that after categorization and disposal of damaged wheat, disposal sheet/ loss assessment statements indicating the loss suffered on account of damaged wheat are prepared by SPAs which forms basis for initiation of disciplinary proceedings against the employees. It was also observed that no time bound frame work was prescribed by the SPAs to ensure timely categorization and disposal of the damaged wheat stock.

The FCI intimating (September/October 2017) its concern over slow pace of disposal of damaged wheat pointed out that staff of the SPAs was not making efforts to categorise and dispose of the damaged wheat which was a significant cause of cross infestation (sound wheat stock getting infested due to being stored adjacent to non-issuable / damaged wheat). In the absence of properly maintained records relating to categorization due and done, Audit could not do detailed analysis of the delay in categorization of damaged wheat.

---

[13] For Feed I: 60 *per cent* of MSP of the crop year, Feed II: 50 *per cent* of the MSP of the crop year, Feed III: 40 *per cent* of the MSP of the crop year, Industrial use-30 *per cent* of the MSP of the crop year and Manure: 10 *per cent* of the MSP of the crop year.

[14] Earlier system where categorization was done in three stages, at District level, regional level and zonal level but now being done by only one Joint Technical Committee having members from FCI and SPAs at district level.

[15] A process where depending upon the percentage of sound grain, grade/ end use of damaged foodgrain is determined.

[16] In case of PSWC there were revisions (February 2016 and December 2016) in the reserve price after considering further deterioration in the health of damaged stock, whereas in the case of PAFC reduction of reserve price was carried out only in March 2018, as a result of which the success rate in case of PAFCL was less than PSWC.

5.1.5 Inadequate storage arrangements

GoI guidelines (June 2005) for storage of wheat provide that wheat procured should ordinarily be stored in covered godowns and storage in open/ cover at plinth (CAP) storage should be arranged only in unavoidable circumstances.

Requirement of storage space is assessed on the basis of free storage space available before the start of procurement season and expected quantum of procurement during the year and shortfall is met by hiring of storage space.

Mention was made in the paragraph 3.7.2 of the Audit Report (Commercial) Government of Punjab for the year 2010-11 about improper storage of wheat by PAFCL. The COPU recommended (March 2016) that before procurement, proper storage arrangements should be made by PAFCL.

It was seen that PAFCL and PSWC did not have adequate covered storage for its wheat stocks. The open/ CAP storage and covered capacity available with PAFCL and PSWC are given below:

Table no. 5.3: Overall Open/ CAP/ Covered storage capacity available with PAFCL and PSWC during 2012-13 to 2017-18

(Figures: lakh MTs)

Year	Punjab Agro Foodgrain Corporation Limited			Punjab State Warehousing Corporation		
	Open /CAP	Covered (*per cent* of total capacity)	Total capacity	Open /CAP	Covered (*per cent* of total capacity)	Total capacity
2012-13	23.27	1.59 (6.40)	24.86	6.22	6.05 (49.31)	12.27
2013-14	20.94	1.51 (6.73)	22.45	5.49	4.50 (45.05)	9.99
2014-15	21.89	1.42 (6.09)	23.31	4.70	7.18 (60.44)	11.88
2015-16	20.12	2.73 (11.95)	22.85	3.93	9.08 (69.79)	13.01
2016-17	17.12	3.25(15.95)	20.37	4.25	9.58 (69.27)	13.83
2017-18	12.08	2.84 (19.03)	14.92	3.47	12.88 (78.78)	16.35

Source: Information supplied by the PAFCL and PSWC.

Chart 5.3: Proportion of covered storage to total storage in PAFCL

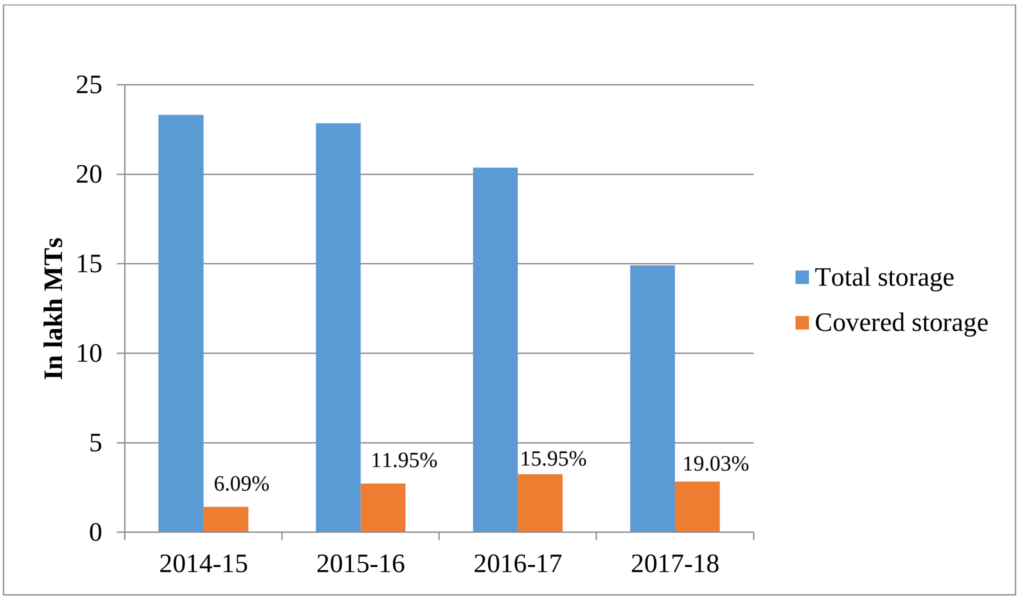
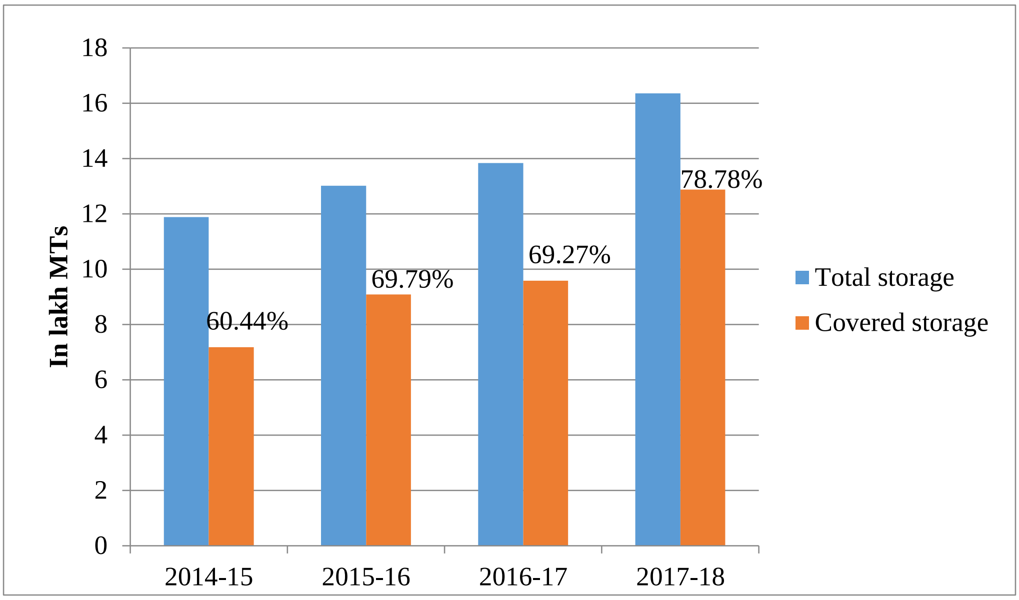


Chart 5.4: Proportion of covered storage to total storage in PSWC



The percentage of covered storage capacity to total capacity ranged between 6.09 *per cent* and 19.03 *per cent* in PAFCL and 45.05 *per cent* and 78.78 *per cent* in PSWC during the period 2012-13 to 2017-18.

Table no. 5.4: Percentage of utilization of covered storage capacity in selected district offices Tarn Taran and Moga of PAFCL during 2014-15 to 2017-18

(Figures: MTs)

Financial Year	Utilisation of storage capacity in PAFCL Tarn Taran District office			Utilisation of storage capacity in PAFCL Moga District office		
	Hired Covered storage capacity available	Hired Covered storage capacity utilised	Percentage of utilisation	Hired Covered storage capacity available	Hired Covered storage capacity utilised	Percentage of utilisation
2014-15	5000	198	3.96	4500	4106.30	91.25
2015-16	5000	198	3.96	9900	4232.55	42.75
2016-17	5000	0	0	9900	4202.55	42.45
2017-18	0	0	NA	4050	4487	110.79[17]

Source: Information supplied by district offices of PAFCL.

Of the covered storage facility available in the selected district offices, in Tarn Taran district office of PAFCL the entire wheat stock was stored in the open despite having availability of covered storage during 2016-17, thereby exposing the foodgrain to high risk of damage. In Moga district office of PAFCL, utlisation of the covered capacity ranged between 42.45 to 91.25 *per cent* during 2014-17. Further, no efforts were made by the SPAs to subsequently shift the wheat stored in open space to covered space upon their future availability as expenditure incurred on such shifting is not reimbursed to the SPAs by FCI. This was cited as the reason for not shifting wheat stock to covered storage area. It is recommended that management should take up the matter for allowing such reimbursement with FCI/GOI.

17 The stacks of wheat stored at godown were more than the standard size of 150 MT resulting in utilisation of storage capacity beyond 100 *per cent* during 2017-18.

Pictures dated 15 November 2018 showing wheat at open plinth (Satkartar Open Plinth) and vacant space at covered godown (Mandeep covered godown) in Nihal Singh wala centre of PAFCL Moga.

Source: Pictures provided by PAFCL.

Table no. 5.5: Owned and hired (Open and Covered) storage capacity available with PAFCL and PSWC during 2014-15 to 2017-18

(Figures: lakh MTs)

Owned / hired	Open/ covered	Punjab Agro Foodgrain Corporation Limited				Punjab State Warehousing Corporation			
		2014-15	2015-16	2016-17	2017-18	2014-15	2015-16	2016-17	2017-18
Owned storage capacity	Open	Nil	Nil	Nil	Nil	1.29	1.34	1.42	1.55
	Covered	Nil	Nil	Nil	Nil	5.73	6.60	6.98	10.59
	Total	**Nil**	**Nil**	**Nil**	**Nil**	**7.02**	**7.94**	**8.4**	**12.14**
Hired storage capacity	Open	21.89	20.12	17.12	12.08	3.41	2.59	2.83	1.92
	Covered	1.42	2.73	3.25	2.84	1.45	2.48	2.60	2.29
	Total	**23.31**	**22.85**	**20.37**	**14.92**	**4.86**	**5.07**	**5.43**	**4.21**
Total storage capacity	Open	21.89	20.12	17.12	12.09	4.70	3.93	4.25	3.47
	Covered	1.42	2.73	3.25	2.83	7.18	9.08	9.58	12.88
Grand Total		**23.31**	**22.85**	**20.37**	**14.92**	**11.88**	**13.01**	**13.83**	**16.35**

Source: Information supplied by the PAFCL and PSWC.

In the selected district offices the total damaged wheat was 2.23 lakh MT (PAFCL: 1.94 lakh MT and PSWC: 0.29 lakh MT), of which 2.17 lakh MT (97.31 *per cent*) was stored in open/ CAP and only 0.06 lakh MT (2.69 *per cent*) in covered storage. This is indicative of the fact that a major factor for damage of wheat was its storage in open/ CAP space.

Hiring of storage space was made without inviting open tenders. The storage space was hired on the basis of recommendation of District Managers, on offers received from private parties. Adequate efforts by way of inviting open tenders or giving wide publicity through newspapers were not made to ensure availability of covered space by inviting open tenders.

5.1.6 Improper storage conditions

FCI on monthly basis conducts inspection of plinths where its wheat stocks are stored and intimates shortcomings noticed to the concerned agency. District Managers were required to take remedial measures and address the concerns. In addition, quality control staff of SPAs also conducts inspection of plinths on regular basis. However, the frequency for inspection has not been fixed.

Mention was made in paragraph no. 3.7.2 of the Audit Report (Commercial) Government of Punjab for the year 2010-11 that PAFCL should take effective steps to ensure that the foodgrains are fully utilised for human consumption and not be allowed to deteriorate in godowns due to prolonged and improper storage. However, PAFCL did not ensure the proper storage of foodgrains. During their inspection (October 2013 to June 2016) of godowns and plinths, FCI pointed out deficiencies in storage and poor conditions of godowns and plinths from time to time and advised PAFCL and PSWC to take timely corrective action. The inspection reports pointed towards poor hygiene condition, growth of wild vegetation, improper aeration[18] of the plinths, stocks lying low, poor texture of gunnies and non-issuable wheat lying adjoining to fresh wheat causing cross infestation and storage of wheat procured in polypropylene (PP) bags in open space. SPAs however failed to ensure time bound compliance of the FCI observations as these observations were found to have been repeated in subsequent FCI inspection reports.

Pictures showing damaged wheat at Pahuwind plinth and Guru Nanak Rice Mills plinth of PAFCL, Tarn Taran stored in Jute bags and PP bags with wild vegetation in open.

Source: Pictures provided by PAFCL.

[18] To allow air to circulate through the stack

Wheat stored in polypropylene (PP) bags was to be stored in covered storage space to avoid damage due to exposure to sun. However, covered storage for wheat stored in PP bags was not arranged and these were stored in the open which caused further damage due to exposure to elements of weather.

5.1.7 Preservation of wheat stock

The preservation norms prescribe timely prophylactic[19] and curative treatment of stored wheat to protect it from infestation. For preservation, chemicals like Aluminium Phosphide[20] (ALP), Dichlorovinyl Dimethyl Phosphate[21] (DDVP) and Malathion[22] should be used as per prescribed periodicity.

Review of records maintained at selected district offices did not indicate stack-wise and date-wise details of treatments due and undertaken as per prescribed norms. Therefore, Audit could not derive assurance that preservation measures as per norms were undertaken. Inspection teams of SPAs and FCI in their report in respect of District offices Moga and Bathinda of PAFCL and Moga and Muktsar of PSWC indicated (September 2014 and June 2016) that timely prophylactic and curative treatment was not carried out and sufficient chemicals for fumigation of wheat stock were not used by PAFCL and PSWC.

Damaged wheat was stocked in 62 plinths in the selected districts. Damage rate of wheat in as many as 26 plinths out of these 62 plinths ranged between 26.97 *per cent* to 100 *per cent* **(*Annexure 19*)**. In these 26 plinths, 1.86 lakh MTs of wheat was stored out of which 0.88 lakh MTs (47.31 *per cent*) was damaged. The Director, Food Civil supplies and Consumer Affairs was informed of the state of affairs by FCI who also directed (October 2015) the agencies to adhere to the storage guidelines.

5.1.8 Damage of fresh wheat due to storage with infested stock

As per standard instructions issued (December 2004) by FCI, for safe storage of foodstocks, non-issuable (damaged) stock is required to be kept in segregated zones away from fresh stock to avoid the possibility of their affecting fresh stocks. The selected district offices of PAFCL and PSWC violated the instructions of FCI and there was damage of 1.05 lakh MTs of fresh stock of subsequent crops in 31 storage spaces where infested upgradeable/ non-issuable (damaged) wheat of previous crop years was stored **(*Annexure 20*).**

---

[19] Prophylactic and curative treatment is spraying of chemicals on foodgrains and in storage spaces.

[20] Minimum three times i.e. 1st during Pre-monsoon, 2nd during September/October and 3rd during February/March.

[21] Every 15 days.

[22] Every 15 days during March to October and every three weeks during November to February.

5.1.9 Deduction from sale bills

After delivery of wheat to FCI, the district offices of PAFCL and PSWC raise sale bills as per the rates fixed by the GOI. While making payments thereof, FCI makes deductions on the basis of quality complaint like excess moisture, infestation, weevilled grain etc. received from the destinations[23]. In selected district offices of PAFCL and PSWC, FCI deducted ₹ 0.94 crore[24] during April 2014 to December 2017 on account of quality[25] complaints received from destination due to poor preservation of wheat stocks.

5.1.10 Shortage of wheat stocks

The wheat declared as non-issuable (damaged) by FCI, after categorization of the same, is put to auction by PAFCL and PSWC on the basis of quantity available in the record books known as book weight. Out of 3.81 lakh MT wheat offered for disposal during the period from April 2015 to March 2018, shortage of 1.28[26] lakh MT wheat valuing ₹ 280.12[27] crore was noticed at the time of lifting of damaged wheat by successful bidder. On analysing the position of shortage of stocks in selected district offices, it was observed that the percentage of shortages ranged between 9.26 *per cent* to a high of 79.85 *per cent*, reasons for which were not analysed by PAFCL and PSWC.

The two procurement agencies have the accounting policy of valuing the damaged wheat stock at par with sound stock in their financial statements till their disposal. It is only after disposal that they take note of the losses suffered on account of damaged wheat and show such loss as recoverable from the concerned employee.

5.1.11 Damage of wheat procured under State Pool

During crop years 2008-09 and 2009-10, PAFCL procured 0.79 lakh MT and 0.53 lakh MT wheat respectively under State pool for Atta Dal Scheme[28] after availing cash credit limit of ₹ 160.00 crore from banks. The State Government was to issue release orders for delivery of wheat by the PAFCL. Audit observed that due to non-issuance of release orders by the State Government, 0.08 lakh MT wheat was not lifted and ultimately got damaged due to prolonged storage.

The PAFCL requested (December 2011) the State Government to intimate the process for disposal of this damaged stock. The State Government after a delay of 18 months prescribed (July 2013) the procedure and PAFCL

---

23 FCI office of the concerned State where wheat has been received.

24 For 49.76 lakh MTs wheat during the period April 2014 to December 2017.

25 Moisture in excess of 12 *per cent* and upto 14 *per cent* if discounted at full value, in case of living infestation cut @ ₹ 2.00 per quintal, weevilled grains cut @ ₹ 2.00 per quintal, etc.

26 In respect of 3.61 lakh MT wheat. Calculation of economic value of remaining quantity is under process by PSWC and PAFCL.

27 Value of shortages = (Economic value / total quantity) * quantity of shortages i.e. PAFCL: ₹ 252.42 crore (for 1.15 lakh MT) and PSWC: ₹ 27.70 crore (for 0.13 lakh MT).

28 Aimed to provide food at subsidised rate to poor families of the State.

categorised the damaged wheat in October 2014 after a delay of 14 months. In two selected[29] district offices (Bathinda and Amritsar), the Company suffered a loss[30] of ₹ 6.50 crore[31] on disposal (June 2015 to July 2017) of 0.03 lakh MT[32] damaged wheat through open bids.

5.1.12 Deployment of staff and fixation of responsibility

In PSWC, a Warehouse Manager (WM) is incharge of a storage centre. A WM is assisted by a Technical Assistant (TA)/ Godown Assistant (GA) and Godown Attendant (GDA). In PAFCL, only a single employee is posted in a storage centre as a custodian of the entire stock stored in all the plinths/godowns under the centre.

In the test checked district offices Moga, PSWC has five storage centres consisting of 12 plinths/godowns. Out of 13 employees posted in these five centres, 11 were having education qualification graduate and above[33] and each centre was having a staff qualified in related field[34]. In PAFCL, there were four storage centres having 10 plinths/godowns where only four persons (one post graduate in Agriculture, one graduate in Agriculture and two Matriculate) each in one centre, are deployed. Further, one of these Matriculate Store man is made custodian of four plinths out of total 10 plinths under the district office. Thus, in PAFCL, deployment of adequate and competent manpower at storage centres was not ensured.

In case of storage loss/ damage of wheat in PSWC, WM is responsible for 50 *per cent* of the loss and for rest 50 *per cent* of loss, remaining staff posted at plinth/godowns is responsible (i.e. TA/GA 30 *per cent* and GDA 20 *per cent* of loss). However, in PAFCL, in case of storage loss/ damage of wheat, full responsibility is of the concerned plinth incharge.

Charge sheets for loss suffered due to damage of wheat owing to negligence are issued after lifting of damaged wheat stock which takes substantial time. In the meantime, the concerned employee may have superannuated or due to other contingencies may no longer be on company payrolls. In such circumstances, the chances of effecting any recovery through imposition of penalty becomes remote.

In selected district offices of PAFCL[35], ₹ 235.25 crore was shown as recoverable in the books of accounts on account of damaged/shortage of wheat etc. from 15 employees (clerical staff[36]) who had since retired/ been dismissed from service or had expired.

---

29 There was no damaged wheat of State pool reported in other selected district offices.
30 Calculated on basis of Economic cost (Acquisition cost plus carry over charges upto the month of disposal of damaged wheat) less total realization on disposal.
31 Including shortages of 987 MT valuing ₹ 2.81 crore (Value provided by PAFCL).
32 Remaining 0.05 MT was disposed by district offices which were not selected.
33 Phd, M.Sc (Agriculture), B.Sc (Chemistry), M.CA, M.Sc (IT), MBA etc.
34 Post graduate in Agriculture and graduate in Chemistry.
35 Except Amritsar.
36 Fertilizer clerk, weaver, auto electrician, store man, Executive-2 etc. who were deployed as godown keeper/ plinth incharge.

In respect of four such employees:

- Charge sheets to three employees having recoverable amount of ₹ 150.42 crore were issued by PAFCL after 22 to 48 months of their dismissal {includes an employee from whom ₹ 99.63 crore was recoverable to whom the charge sheet was issued (February 2017) after 22 months of dismissal on a different ground[37] (March 2015)}.

- Charge sheet to an employee against whom amount of ₹ 38.84 crore was recoverable was issued (March 2017) after 32 months of retirement (June 2014). The employee subsequently expired in February 2018.

5.1.13 Monitoring and control

GoI guidelines (June 2005) for proper storage and timely disposal of wheat stocks require proper monitoring over the preservation activities of wheat stored. The monitoring and control system in these SPAs was reviewed and following weaknesses were noticed:

- PSWC has created a software during 2015-16 for centralised monitoring of the health of the stock in each district, centres and complex on fortnightly basis and the same is called 'fortnightly condition report'(FCR). The FCR contains details like year-wise district-wise, centre–wise health of the stocks. There is a provision in the software for earmarking the quantity of stock found infested during fortnightly inspection and same is reflected in the portal. Physical verification reports are uploaded by District System Analyser (DSA) on PSWC Portal on real-time basis. Scanned copies of inspections conducted by District managers regarding health of stocks are also uploaded. In case of any discrepancy, Quality Branch of Head office immediately sends a caution note to the related storage centre. Fortnightly Condition Report is uploaded after fumigation and spray on real-time basis. Every dispatch and receipt of stocks is uploaded by centres on the portal and balance of stock as uploaded is reconciled with the manually reported figures. Exceptions are automatically shown in web portal as Red mark which is monitored by Head office and one DSA is appointed at district office to reconcile these exceptions immediately. However, no such real time quality monitoring mechanism was in place in PAFCL.

- PAFCL did not have a real time centralised monitoring mechanism in place to ascertain inventory position and health of its stored wheat stock. The results of physical verification and health reports are sent to Head office by the District offices on monthly basis. On the basis of certificate and bills for fumigation and spray of chemicals received from storage centres, the District Manager sends a certificate of successful completion of fumigation to head office. Discrepancies noticed by the district office and head office are intimated to concerned storage centre incharge.

[37] Misappropriation of paddy of crop year 2010-11.

Conclusion

Inadequate storage arrangements, improper storage conditions, poor preservation of stock, storage of fresh wheat with infested wheat resulted in loss of ₹ 607.57 crore during the 2014-15 to 2017-18. The SPAs spent ₹ 1.04 crore on up gradation of damaged wheat which was not reimbursable. The failure of the SPAs to maintain the stock in despatchable condition resulted in revenue foregone on account of COC to the extent of ₹ 4.15 crore by FCI. Delay in disposal of damaged wheat resulted in incurring an expenditure of ₹ 8.57 crore on rent and security of storage spaces where damaged wheat was kept.

Recommendations

It is recommended that SPAs should:

- consider to increase covered storage capacity by inviting open tenders;
- ensure proper maintenance of records for strict monitoring over storage conditions and employment of proper preservation techniques for the wheat stock stored;
- timely upgradation of infested wheat stock and speedy categorization of damaged wheat stock for its quick disposal;
- take up the matter regarding reimbursement of expenditure on shifting and upgradation of wheat stock with FCI/GOI;
- timely finalization of disciplinary cases and recovery;
- encourage private parties to install closed circuit television (CCTV) cameras at hired plinths/godowns, Government may consider to make it mandatory to install CCTV cameras at all storage places by all SPAs to keep a watch over the wheat stock; and
- ensure adequate and efficient centralized monitoring and control mechanism.

The matter was referred to the PAFCL/PSWC and the Government (June 2018); their replies were awaited (November 2018).

Punjab State Grains Procurement Corporation Limited, Punjab State Civil Supplies Corporation Limited, Punjab Agro Foodgrains Corporation Limited and Punjab State Warehousing Corporation.

5.2 Non-recovery of driage.

State procuring agencies failed to initiate action for recovering differential amount of driage from the millers resulting in non-recovery of ₹ 141.04 crore and avoidable interest burden of ₹ 27.17 crore.

The State procuring agencies[38] (SPAs) procure paddy on behalf of the Government of India (GoI), to get it milled and deliver rice[39]for central pool to Food Corporation of India (FCI). The GoI, initially, circulates provisional rates of procurement of this Custom Milled Rice (CMR) for each crop year. The District Offices of the SPAs claim it from FCI on the basis of quantity delivered. Later on when GoI finalises the rates of CMR for each crop year, the District Offices claim the differential amount, if any, from the FCI. The various components of CMR cost are minimum support price, statutory charges, transportation charges, milling charges and driage[40]. Further, the Accounting Manual of the Punjab State Civil Supplies Corporation Limited (PUNSUP) provides that particular care should be taken to ensure that all the amounts that are recoverable from the millers were recovered through the milling charges bill i.e. Miller Accounts.

Audit observed (June 2017/ September 2017/ May 2018) that GoI while circulating (December 2003 - October 2008) provisional rates of CMR for the Kharif Marketing Season (KMS) crop years 2003-04 to 2008-09 allowed driage ranging between ₹ 5.80 to ₹ 8.80 per quintal[41] of paddy. But while fixing (July 2014 - September 2015) the final rates of CMR for the crop year 2003-04 to 2008-09, it fixed the driage ranging between ₹ 4.41 to ₹ 5.62 per quintal[42] of paddy. Thus, the SPAs were to recover the difference of driage from rice millers. Despite being pointed out (June 2017/ September 2017/ May 2018) by Audit, the SPAs (PUNGRAIN, PUNSUP, PAFCL and PSWC) did not initiate action for recovering the differential amount of ₹ 74.37 crore[43]

---

[38] Punjab State Grains Procurement Corporation Limited (PUNGRAIN), Punjab State Civil Supplies Corporation Limited (PUNSUP), Punjab Agro Foodgrains Corporation Limited (PAFCL), Punjab State Warehousing Corporation (PSWC) and Punjab State Cooperative Supply and Marketing Federation Limited (MARKFED – is not under Audit jurisdiction).

[39] 67 *per cent* out-turn ratio of the paddy milled.

[40] Reduction in weight due to reduction in moisture during the process of procurement of paddy to its ultimate milling is termed as driage.

[41] Crop year 2003-04: ₹ 5.80 per quintal, 2004-05: ₹ 5.90 per quintal, 2005-06: ₹ 6.00 per quintal, 2006-07: ₹ 6.10 per quintal, 2007-08: ₹ 6.75 per quintal and 2008-09: ₹ 8.80 per quintal.

[42] Crop year 2003-04: ₹ 4.97 per quintal, 2004-05: ₹ 5.62 per quintal, 2005-06: ₹ 4.68 per quintal, 2006-07: ₹ 4.41 per quintal, 2007-08: ₹ 5.26 per quintal and 2008-09: ₹ 5.29 per quintal.

[43] PUNGRAIN: ₹ 26.88 crore, PUNSUP: ₹ 24.21 crore, PAFCL: ₹ 10.96 crore and PSWC: ₹ 12.32 crore (upto crop year 2008-09).

(final rate of driage minus provisional rate of driage) from the millers (April 2018) even after a lapse of 31 to 45 months from the finalisation of rates.

The rates of driage for crop year's 2009-10 to 2012-13 finalised by GoI were the same as in the provisional rates. However, the GoI while fixing (September 2017) final rates of CMR for the KMS 2013-14, again reduced driage from ₹ 13.45 per quintal of paddy as per provisional rates announced in November 2013 to ₹ 5.89 per quintal of paddy in final rates. The differential amount of driage of ₹ 66.67 crore[44]has not yet been recovered from the millers.

Thus, non-initiation of action to recover differential amount of driage from the millers had resulted in non-recovery of ₹ 141.04 crore[45] (₹ 74.37 crore + ₹ 66.67 crore) and avoidable interest burden of ₹ 27.17crore[46].

The PAFCL stated (August 2018) that the Government of Punjab had decided (July 2018) that the recovery of driage may not be made from the millers till the final decision of the GoI. However, the facts remain that the interest of ₹ 27.17 crore cannot be recovered either from the millers or from the GoI on the recoverable amount of ₹ 141.04 crore.

It is recommended that pending decision of GoI, the State Government may instruct the SPAs to recover the differential amount from the bills of subsequent years of the millers to protect the financial interest of the SPAs.

The matter was referred to the other three SPAs and the Government (January 2018 and May 2018), their replies were awaited (November 2018).

44 PUNGRAIN: ₹ 28.10 crore, PUNSUP: ₹ 20.60 crore, PAFCL: ₹ 9.19 crore and PSWC: ₹ 8.78 crore.

45 PUNGRAIN: ₹ 54.98 crore, PUNSUP: ₹ 44.81 crore, PAFCL: ₹ 20.15 crore and PSWC: ₹ 21.10 crore.

46 PUNGRAIN: ₹ 10.03 crore, PUNSUP: ₹ 8.78 crore, PAFCL: ₹ 3.97 crore and PSWC: ₹ 4.39 crore. Upto December 2016, interest burden on ₹ 141.04 crore has been calculated at the rate of 11.27 *per cent* per annum (average CCL interest rate from January 2015 to December 2016). The State Government entered into an agreement with Bank for repaying loan outstanding w.e.f. January 2017 on behalf of SPAs at interest rate of 8.25 *per cent* per annum, hence this rate has been adopted for calculation of interest from January 2017 to April 2018.

5.3 Carry over charges

Non-compliance of instructions of FCI regarding direct delivery of wheat from mandis to their godowns resulted in denial of carry over charges of ₹ 1.62 crore to the State procuring agencies.

The State Procuring Agencies[47] (SPAs) procure wheat for the Central Pool on behalf of the Food Corporation of India (FCI) at the minimum support price fixed by the Government of India (GoI) for each Rabi Marketing Season (RMS). The procured wheat stocks are moved from mandis either directly to FCI godowns/ railheads for further transportation or to the SPA godowns. The minimum support price (MSP) and incidental charges including carry over charges[48] (COC) spent by the SPAs are reimbursed by the FCI on wheat delivered beyond 30 June. No COC are payable by FCI for wheat delivered by SPAs directly from mandis to FCI godowns.

The FCI intimated (May 2015 and April/May 2016) district office Moga of the four SPAs to make direct delivery of wheat of RMS 2015-16 and RMS 2016-17 from mandis to FCI, as sufficient storage space was available with them. FCI reiterated that if direct delivery was not made and space offered remained vacant, the COC would not be paid. However, the SPAs procured from mandis and did not deliver 80,000[49] MTs wheat of RMS 2015-16 and 2016-17 directly to FCI and kept this wheat stored in their godowns. As a result, COC of ₹ 1.62[50] crore claimed by the SPAs was denied by FCI.

A mention of the issue of disallowance of carry over charges by FCI due to non-compliance with instructions for direct delivery of wheat during RMS 2013-14 was also made in paragraph 3.6 of the Report of Comptroller and Auditor General of India – Public Sector Undertakings – Government of Punjab for the year ended 31 March 2016 which has not been discussed in COPU till date. The non-observance of direct delivery instructions given to SPAs by FCI continued as discussed above.

It is recommended that the SPAs should ensure compliance of the direct delivery instructions given by FCI in future and should also check the position of non-compliance of these instructions in other districts.

The matter was referred to the SPAs and the Government (May 2018); their replies were awaited (November 2018).

---

47 Punjab State Grains Procurement Corporation Limited (PUNGRAIN), Punjab State Civil Supplies Corporation Limited (PUNSUP), Punjab State Warehousing Corporation (PSWC), Punjab Agro Foodgrains Corporation Limited (PAFC) and. Punjab State Co-operative Supply and Marketing Federation Limited (Markfed). Markfed is not under audit Purview.

48 COC are Interest and storage charges.

49 Pungrain: 41,718 MTs, PUNSUP: 22735 MTs, PSWC: 3255 MTs, PAFC: 12292 MTs.

50 Pungrain: ₹ 0.90 crore, PUNSUP: ₹ 0.41 crore, PSWC: ₹ 0.10 crore, PAFC: ₹ 0.21 crore.

Punjab State Civil Supplies Corporation Limited.

5.4 Excess purchase of gunny bags.

The Company procured excess gunny bales without assessing its requirement resulting into blockade of ₹ 93.66 crore and avoidable interest burden of ₹ 3.45 crore.

Punjab State Civil Supplies Corporation Limited (Company) procures paddy in each Kharif Marketing Season (KMS) for central pool of Government of India (GoI), gets it milled from millers and delivers the resultant rice to the Food Corporation of India (FCI). The GoI/State Government had been issuing directions year after year to utilise the once used bags[51] available with the millers during the subsequent KMS for procurement of paddy. In line with these instructions, the procurement policy of KMS 2016-17 issued (August 2016) by the Director, Food, Civil Supplies and Consumer Affairs (DFSC), Punjab prescribed that available once used gunny bags of KMS 2015-16 were to be utilised in KMS 2016-17 also.

The DFSC, Punjab assesses the requirement of gunny bales on the basis of foodgrains procurement targets set for State Procuring Agencies (SPAs) and places a consolidated indent on Director General, Supplies and Disposal (DGS&D), Kolkata for supply of gunny bales. The Company avails short term loan from the bank to purchase the gunnies. The Accounting Manual of the Company *inter-alia* provides that supply of gunnies is to be so planned that the funds of the Company are not blocked for unnecessary periods to avoid payment of interest.

Based on the procurement target of 34.50 lakh MT of paddy (increased to 36.80 lakh MTs) for the Company during KMS 2016-17, DFSC, Punjab included (May 2016) a requirement of 1,83,950 gunny bales (each containing 500 bags) and placed a consolidated indent with DGS&D, Kolkata. DFSC also directed the SPAs to intimate the available gunny bales with them so that it could be deducted from the subsequent monthly indent. Further, DFSC, Punjab decided (August 2016) to utilise once used bags of KMS 2015-16 for procurement of paddy of KMS 2016-17. Eventually, indents for the months of May 2016 to July 2016 comprising 1,30,650 bales for the Company were placed by the DFSC with the DGS&D, Kolkata. The Company already had 12,461 new gunny bales of previous crops and 55,523 once used gunny bales. Thus, a total 1,98,634 gunny bales were available with the Company. The Company further placed indents for 26,130 and 12,220 gunny bales on DFSC in August 2016 and September 2016, respectively without communicating the fact that 12,461 new gunny bales of previous year and 55,523 once used bales were already lying with the Company so that the DFSC, Punjab could make the necessary adjustments before placing their indent.

[51] Since paddy is lighter in weight and larger in volume than rice, only 37.50 kg paddy can be filled in a gunny bag as against 50 kg of rice. Resultantly, for every 150 kg of paddy four bags are used of which two bags are delivered to FCI by filling 50 kg rice in each bag and two bags remain with the millers. These remaining bags are termed as once used gunny bags.

Against the total indent of 1,69,000 bales (1,30,650+26,130+12,220 for the period May 2016 to September 2016) the Company received 1,66,772 gunny bales. The Company thus had 2,34,756 gunny bales {new: 1,79,233 (1,66,772 + 12,461) *plus* once used: 55,523} for its procurement operations. The Company utilised only 1,48,908[52] new gunny bales and 54,921 once used gunny bales for procurement of 35.75 lakh MT paddy, leaving 30,325 new gunny bales (1,79,233 - 1,48,908) and 602 once used gunny bales (55,523 - 54,921) in stock (December 2016). These 30,325 new gunny bales (i.e. 1.52 crore bags) indented during August/September 2016 were purchased in excess of requirement for ₹ 93.66 crore.

The paddy milling activities of KMS 2015-16 had been completed by May 2016. So, the Company had sufficient time to assess the available stock of once used gunny bales and should have placed indents after due assessment. However, this was not done resulting in excess purchase of gunny bales and resultant blockade of capital of ₹ 93.66 crore from August /September 2016 to December 2016, till the time of placing of indent for next RMS in January 2017. In this process, the Company had to bear avoidable interest burden of ₹ 3.45 crore[53] also.

A mention in this regard was also made in paragraph no. 2.1.10 of the Audit Report (PSUs) Government of Punjab for the year 2012-13 about excess purchase of new gunny bags by the Company despite availability of once used gunny bags, which has not been discussed in COPU till date (November 2018). Despite this observation, the inventory control of gunny bags continues to be weak in the Company as discussed above.

The Management/Government stated (April/September 2018) that the Company, to ensure smooth purchase of paddy during KMS 2016-17, had to place indents on time for purchase of gunny bales and also further stated that the DFSC, Punjab had given their approval for use of once used gunny bags after the start of KMS 2016-17 in October 2016. However, this contention of Management/ Government is not borne out by facts as DFSC, Punjab had communicated in August 2016 its instructions regarding utilisation of once used gunny bales during KMS 2016-17. Moreover, procurement of gunny bales in excess of requirement was also a violation of its own Accounting Manual.

It is recommended that the Company should have a system in place for timely intimating the amended requirement of gunny bales after considering the opening balance of new gunny bales and once used bags to the DFSC Punjab so as to avoid blockade of funds and interest burden.

---

52 New bales 135815 + 10544 bales given to others SPAs + 2582 damaged/rejected bales + 531 bales consumed in replacement (-) 564 gunny bales taken from other SPAs.

53 Calculated at interest rate of 9.60 *per cent* applicable on short term loan availed by the Company for KMS 2016-17 for procuring gunny bales.

Punjab Small Industries and Export Corporation Limited

5.5 Non-charging of extra price for corner plots

Not charging of additional ten per cent of the price for corner plots caused a loss of revenue of ₹ 3.28 crore.

Punjab Small Industries and Export Corporation Limited (Company) invited applications (July/ October 2015) for allotment of industrial plots in various industrial focal points developed by the Company in the State. As per the terms and conditions governing the allotment, plots/chunks of land above 10 acres were to be allotted at a discount of 10 *per cent* on the reserve price for that area, fixed by the Company and in case of preferential and corner plots[54], 10 *per cent* extra price was to be charged.

The allotment committee of the State Government allotted (August/ November 2015) two plots measuring 35.13 acre and 30 acre to two allottees for setting up units at Industrial Complex, Goindwal Sahib and Industrial Growth Centre, Pathankot respectively. The Company charged the allottees as per terms of allotment applicable for plots of area above 10 acres and gave 10 *per cent* discount. It charged ₹ 1080 per sq. yard and ₹ 990 per sq. yard against the reserve price of ₹ 1200 per sq. yard and ₹ 1100 per sq. yard and issued (August 2015/ December 2015) letters of intent for allotment for these plots at total price of ₹ 18.36 crore[55] and ₹ 14.37 crore[56] respectively. However, the Company while approving the rate for allotment of plot did not charge the stipulated 10 *per cent* extra price of ₹ 1.84 crore[57] and ₹ 1.44 crore[58] from these two allottees, although the plots allotted were corner plots.

Due to not charging the additional ten *per cent* of the price for corner plots there was loss of revenue of ₹ 3.28 crore to the Company.

It is recommended that Company should follow its own quoted terms and conditions in future and fix the responsibility of the delinquent employees who did not charge 10 *per cent* extra price.

The matter was referred to the Company and the Government (April 2018); their replies were awaited (November 2018).

---

54 A corner plot is one whose boundaries touch more than one road.

55 M/s Kansai Nerolac =35.13 acre x 4840 sq. yards per acre = 1,70,029 sq. yard. 1,70,029 x ₹ 1080 per sq. yard = ₹ 18.36 crore.

56 M/s Varun Beverages = 30 acre x4840 sq. yard per acre = 1,45,200 sq. yard. 1,45,200 sq. yard x ₹ 990 per sq. yard = ₹ 14.37 crore.

57 M/s Kansai Nerolac = 1,70,029 x ₹ 108 per sq. yard = ₹ 1.84 crore.

58 M/s Varun Beverages = 145200 sq. yard x 99 per sq yard = ₹ 1.44 crore.

5.6 Non-recovery of charges

The Company extended favour to an allottee in the form of non-recovery of extension fee, change of land use charges and under fixation of ground rent amounting to ₹ 18.16 crore besides incurring interest loss of ₹ 8.26 crore.

Punjab Small Industries and Export Corporation Limited (Company) allots plots in its industrial estates for setting up industries. The Company permitted (February 2006) transfer of an industrial plot measuring 15.01 acre to an allottee[59] at Mohali for setting up an Information Technology (IT) park. As per the terms and conditions of the transfer, the allottee was to implement the project within a period of three years from the date of transfer. The extensions of time in implementation of project was to be allowed subject to payment of extension fee at the rate of one *per cent* per year of current reserve price[60].

The State Government issued (April 2006) letter of intent, in accordance with its Industrial Policy 2003,for granting special package of incentives to the allottee for setting up the IT park in 10 acre (seven acre as industrial pocket and three acres as residential pocket) of this plot (15.01 acre) subject to payment of change in land use (CLU) charges[61]. The allottee deposited (July 2006) ₹ 5.23 crore[62] as CLU charges with the Company. On the remaining 5.01 acre of land (15.01 acre *less* 10 acre), the Company granted (August 2006) permission to the allottee to set up a multiplex in 2.5 acre land subject to surrender of equivalent 2.5 acre of land by the allottee in lieu of CLU charges as per para 3(e) of notification dated 7 March 2005 of State Government. The allottee surrendered (August 2006) the possession of 2.5 acre of land to the Company.

Audit examined (December 2017) the related transactions and observed:

a) The allottee could not implement the project within the permitted period i.e. by February 2009 and sought extensions of time, first upto November 2011 and then upto November 2013 from State Government. The allottee sought further extension upto November 2018 from the State Government which was under consideration (May 2018). However, required fee was not levied by the Company for allowing extension of time in setting up the project in spite of clarifications (July/August 2010 and June 2011) by the State Government that extensions granted by them did not affect the terms and conditions of allotment/ transfer of plots by the Company. During the

59 M/s Globus Projects Private Limited

60 Current reserve price is the price at which the Company allots plots to the allottees.

61 CLU charges are levied on the allottee for CLU from industrial purpose to either residential or commercial purpose. The amount of CLU is worked out as the difference in price of industrial plot vis-à-vis residential/commercial plot for the saleable area. Saleable area for residential plots is fixed 60 *per cent* and for commercial plot is fixed 40 *per cent*.

62 Difference between price of residential plot (₹ 8700 per sq. yard) and industrial plot (₹ 2700 per sq. yard) worked out for saleable area of residential plot (60 *per cent*) i.e. ₹ 6000 X 3 acre residential plot X 4840 sq. yard per acre X 60 *per cent* = ₹ 5.23 crore.

period February 2009 to March 2018, neither the allottee approached the Company seeking extension of time nor has the Company raised/levied the extension fee of ₹ 6.80 crore (***Annexure 21***), with a concomitant loss of interest of ₹ 2.63 crore[63] upto March 2018.

b) The State Government modified (June 2009) its earlier permission given in April 2006 for the ten acre plot and converted one acre out of seven acres of industrial land into a commercial pocket. For this, the allottee was required to pay CLU charges for one acre and also to obtain consent of the Company for any change in the purpose for which the plot was allotted to be used. The allottee neither paid the change in land use charges nor obtained the consent of Company and sold (October 2012) this one acre land to a private party for setting up a hotel. It was observed that the Company/ State Government had not yet (May 2018) decided the rate at which recovery of CLU charges was to be made. This resulted in non-recovery of CLU charges amounting to ₹ 8.68 crore[64] (approximately) and interest loss of ₹ 5.63 crore[65] upto March 2018 on CLU charges due but not collected.

c) The allottee sought (January 2011) and obtained the permission of the Company for use of their surrendered 2.5 acre plot of land for keeping construction material on payment basis. The Company fixed (May 2011) the ground rent of ₹ 5.25 lakh per annum by taking the rental value at six *per cent* of reserve price for industrial plots. Audit observed that this ground rent was determined on the basis of reserve price of ₹ 35 lakh per acre fixed in the year 2003. The prevailing (May 2011) reserve price was ₹ 2.90 crore per acre for which the chargeable rent was ₹ 43.56 lakh per annum (six *per cent* of 2.90 crore X 2.5 acres). This led to under recovery of ₹ 2.68 crore[66] upto March 2018.

Thus, the allottee was extended favours by non-recovery of extension fee, CLU charges and under fixation of ground rent amounting to ₹ 18.16 crore (₹ 6.80 crore + ₹ 8.68 crore + ₹ 2.68 crore) besides interest loss of ₹ 8.26 crore (₹ 2.63 crore + ₹ 5.63 crore).

It is recommended that the Company should evolve a system for timely levying/ recovering of extension fee and CLU charges. It should also check such other cases where extension fee and CLU charges have not been recovered.

63 Calculated at interest rate of 7.63 *per cent* per annum (average rate of interest earned by the Company on its fixed deposits during 2009-17).

64 The indicative CLU charges are worked out on the basis of commercial land reserve price fixed (July 2011) by another Punjab Government PSU (Punjab Infotech) as ₹ 23.02 crore per acre at IT park, Sector-67, Mohali (Calculated for permitted 40 *per cent* saleable commercial area).

65 Worked out after giving a margin of three months for recovery of CLU charges from October 2009 to March 2018 at rate of 7.63 *per cent* per annum (average rate of interest earned by the Company on its fixed deposits during 2009-17).

66 ₹ 43.56 lakh - ₹ 5.25 lakh = ₹ 38.31 lakh per annum X seven years (2011 to 2018).

The matter was referred the Company and the Government (February 2018); their replies were awaited (November 2018).

5.7 Extra expenditure

Company installed an Effluent Treatment Plant instead of a sewage treatment plant resulting in an extra expenditure of ₹ 1.78 crore.

The Punjab Small Industries and Export Corporation Limited (Company), set up to promote industry and development of industrial infrastructure in the State, developed and allotted plots at industrial estate DeraBassi. The terms and conditions of allotment of plots, amongst others, provided that no effluent or untreated industrial waste was permitted to be discharged in the public sewer. In the event of breach of terms and conditions of allotment, the Company had the right to cancel the allotment of plot. Section 7 of the Environment Protection Act, 1986 provides that no person carrying on any industry, operation or process is to discharge or emit any environmental pollutant in excess of standards prescribed. Thus, the industrial units were to set up their own Effluent Treatment Plant[67] (ETP) for treatment of their industrial waste water before discharging the same into public sewer so that no pollutants reach the industrial area's main Sewage Treatment Plant[68] (STP).

The Company appointed a consultant (April 2012) regarding setting up an STP who in their progress report (July 2012) pointed out that industrial and domestic waste from the industrial units was being discharged to the common sewer without any treatment. The report added that as many as 11 out of 15 polluting industrial units had no/non-functional ETPs. The Company, however, neither insisted upon the polluting industrial units to set up their individual ETPs in compliance with the terms of the allotment of plots, nor took any other action. As a result, the water pollution levels crossed permissible standards and the Company had no option but to install an ETP at its own cost. The Company invited (July 2014) e-tenders for setting up of ETP and awarded (March 2015) the work of construction of ETP at ₹ 3.88 crore which was commissioned in July 2017.

Thus, the inaction of the Company to direct the polluting industrial units to install their individual ETPs, and itself installing the ETP instead of the required STP, resulted in an extra expenditure of ₹ 1.78 crore[69].

[67] Effluent Treatment Plant is a process design for treating the industrial waste water for its reuse or safe disposal.

[68] Sewerage Treatment Plant is a plant for removing contaminants from waste water or household sewage.

[69] ₹ 3.88 crore and ₹ 2.10 crore (being the amount of work order for setting up of STP of two MLD at its Industrial Estate, Chanalon of the Company placed in January 2015. This amount is excluding operation & maintenance component).

It is recommended that the Company may consider to recover this expenditure by imposing user charges on the 11 polluting industries who had not set up their ETPs.

The matter was referred (May 2018) to the Company and the Government, their replies were awaited (November 2018).

(PUNAM PANDEY)

Chandigarh | **Principal Accountant General (Audit)**
Dated: 25 AUGUST 2019 | **Punjab**

Countersigned

(RAJIV MEHRISHI)

New Delhi | **Comptroller and Auditor General of India**
Dated: 28 AUGUST 2019

Annexures

Annexure – 1

(Referred to in Paragraph 1.8, Paragraph 1.9 and Paragraph 1.13)

Summarised financial results of Power Sector Undertakings for the latest year for which accounts were finalised

(₹ in crore)

Sl. No.	Activity & Name of the Power Sector Undertaking	Period of accounts	Net profit/ loss before interest & tax	Net profit/ loss after interest & tax	Turn over	Paid up capital	Capital Employed	Net Worth	Accumulated Profit (+)/ Loss (-)
1	2	3	4	5	6	7	8	9	10
A.	**Generation and Distribution**								
1	Gidderbaha Power Limited	2017-18	D	D	D	0.05	12.06	0.05	D
2	Punjab Genco Limited	2016-17	12.78	8.02	15.92	22.90	139.60	139.60	116.70
3	Punjab State Power Corporation Limited	2017-18	2,071.06	-906.92	28,682.50	6,081.47	25,054.06	-861.82	-6,943.29
4	Punjab Thermal Generation Limilted	2017-18	D	D	D	0.05	0.05	0.05	D
	Sub-total		**2,083.84**	**-898.90**	**28,698.42**	**6,104.47**	**25,205.77**	**-722.12**	**-6,826.59**
B.	**Transmission**								
5	Punjab State Transmission Corporation Limited	2017-18	483.22	5.00	1,182.46	605.88	5,491.91	1,002.70	396.82
	Sub-total		**483.22**	**5.00**	**1,182.46**	**605.88**	**5,491.91**	**1,002.70**	**396.82**
C.	**Others**								
		-	-	-	-	-	-	-	-
	Grand total		**2,567.06**	**-893.90**	**29,880.88**	**6,710.35**	**30,697.68**	**280.58**	**-6,429.77**

Notes:

1. Net Worth is the sum total of the paid-up capital and free reserves and surplus *minus* accumulated losses and deferred revenue expenditure.
2. **D** represents the two companies which are under construction (Sl. no. A-1 and A-4).

Annexure – 2

(Referred to in Paragraph 1.12)

Statement showing State Government funds infused in the two power sector undertakings since inception till 31 March 2018

(₹ in crore)

Year	PSPCL			PSTCL			Total		
	Equity	Interest Free Loan (IFL)	IFL converted into equity	Equity	Interest Free Loan (IFL)	IFL converted into equity	Equity	Interest Free Loan (IFL)	IFL converted into equity
2010-11	6081.47	0	0	605.88	0	0	6687.35	0	0
2011-12	0	0	0	0	0	0	0	0	0
2012-13	0	0	0	0	0	0	0	0	0
2013-14	0	0	0	0	0	0	0	0	0
2014-15	0	0	0	0	0	0	0	0	0
2015-16	0	0	0	0	0	0	0	0	0
2016-17	0	0	0	0	0	0	0	0	0
2017-18	0	0	0	0	0	0	0	0	0
Total	**6081.47**	**0**	**0**	**605.88**	**0**	**0**	**6687.35**	**0**	**0**

Annexure-3

(Referred to in paragraph 2.2)

Statement showing recoverable energy charges and interest burden from a consumer by Punjab State Power Corporation Limited

Date of connection – 26 July 2013

(Amount in ₹)

Billing Month/Cycle and year	Energy Charges (General)	Recoverable enhanced energy charges	No of months (upto December 2017)	Loss of interest @ 9.36 *per cent* per annum
August/2013	675753	168938	51	67204
September/2013	1111875	277969	50	108408
October/2013	1038706	259677	49	99249
November/2013	1246371	311593	48	116660
December/2013	1471801	367950	47	134890
January/2014	1182281	295570	46	106051
February/2014	1081213	270303	45	94876
March/2014	1550367	387592	44	133022
April/2014	1742239	435560	43	146087
May/2014	2324438	581110	42	190372
June/2014	2763719	690930	41	220959
July/2014	2493807	623452	40	194517
August/2014	2649490	662373	39	201494
September/2014	2190469	547617	38	162314
October/2014	1800023	450006	37	129872
November/2014	1473136	368284	36	103414
December/2014	1365408	341352	35	93189
January/2015	1532985	383246	34	101637
February/2015	1136131	284033	33	73110
March/2015	1414398	353600	32	88259
April/2015	1842860	460715	31	111401
May/2015	1648983	412246	30	96466
June/2015	2116844	529211	29	119708
July/2015	2228623	557156	28	121683
August/2015	2034502	508626	27	107117
September/2015	2201300	550325	26	111606
October/2015	1518451	379613	25	74025
November/2015	1862853	465713	24	87181
December/2015	1056059	264015	23	47364

Billing Month/Cycle and year	Energy Charges (General)	Recoverable enhanced energy charges	No of months (upto December 2017)	loss of interest @ 9.36 *per cent* per annum
January/2016	1877262	469316	22	80535
February/2016	1566268	391567	21	64139
March/2016	1720149	430037	20	67086
April/2016	1913157	478289	19	70882
May/2016	2234089	558522	18	78416
June/2016	2316683	579171	17	76798
July/2016	2132868	533217	16	66545
August/2016	2635874	658969	15	77099
September/2016	2334443	583611	14	63730
October/2016	2082068	520517	13	52780
November/2016	1571358	392840	12	36770
December/2016	1404185	351046	11	30120
January/2017	1505035	376259	10	29348
February/2017	1309671	327418	9	22985
March/2017	1706362	426591	8	26619
April/2017	1868074	467019	7	25499
May/2017	2828132	707033	6	33089
June/2017	2011155	502789	5	19609
July/2017	2635007	658752	4	20553
August/2017	2123307	530827	3	12421
September/2017	863911	215978	2	3369
October/2017	2159568	539892	1	4211
November/2017	1627915	406979	0	0
Total	**93181626**	**23295414**		4404738
Say (₹ in crore)	**9.32**	**2.33**		**0.44**

Note: 1. Loss of interest was calculated at the rate of 9.36 *per cent* per annum as per minimum interest rate for working capital requirement approved by PSERC during 2013-14 to 2017-18.

2. For calculating loss of interest one month margin has been provided from billing month in view of allowing due date/payment margin.

Annexure-4

(Referred to in paragraph 2.7)

Statement showing financial loss due to payment of late payment surcharge (LPS) by Punjab State Power Corporation Limited

Sl. No.	Name of power provider	Voucher No and date for payment of LPS	LPS Paid (₹)	LPS paid (₹)	Rate of LPS (*Per cent*)	Rate of arranging working capital (*Per cent*)	Difference (*Per cent*)	Financial burden Col.5 X Col. 8 / Col. 6 (₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			Year 2014-15					
1	NTPC	98 dated 27.01.15	98,17,674	24501680	18	12.50	5.50	7486624
		74 dated 17.03.15	26,54,593					
		39 dated 08.05.15	89,43,366					
		85 dated 24.02.15	30,86,047					
2	NHPC	60 dated 10.02.15	1,46,46,851	14646851	18	12.50	5.50	4475427
3	THDC	77 dated 20.02.15	779	3109572	18	12.50	5.50	950147
		77 dated 20.02.15	4,81,448					
		64 dated 15.01.15	391					
		67 dated 16.03.15	1236,071					
		26 dated 10.11.14	120730					
		28 dated 09.03.15	1270153					
4	DVC	68 dated 16.03.15	3258473	3258473	18	12.50	5.50	995645
5	PRAGATI	13 dated 05.11.14	583145	4666703	18	12.50	5.50	1425937
		08 dated 02.02.15	4083558					
	Total A			**50183279**				**15333780**
			2015-16					
1	SHREE CEMENT	33 dated 03.12.16	512817	512817	15	12.50	2.50	85470
2	SJVNL RAMPUR	42 dated 16.10.15	152435	737790	18	12.50	5.50	225436
		86 dated 21.12.15	585355					
3	PPCL	87 dated 20.11.15	5004917	5004917	18	12.50	5.50	1529280
4	JSW	104 dated 19.10.15	1164620	1164620	15	12.50	2.50	194103
5	THDC	102 dated 24.11.15	2268048	18499751	18	12.50	5.50	5652702
		223 dated 14.03.16	5490727					
		16 dated 04.08.15	10740976					
6	ESSEL RENEWABLE	73 dated 16.02.16	70930	275739	15	12.50	2.50	45957
		09 dated 03.02.16	69741					
		10 dated 03.02.16	135068					

Sl. No.	Name of power provider	Voucher No and date for payment of LPS	LPS Paid (₹)	LPS paid (₹)	Rate of LPS (*Per cent*)	Rate of arranging working capital (*Per cent*)	Difference (*Per cent*)	Financial burden Col. 5 X Col. 8 / Col. 6 (₹)
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**
7	ARAVLI	104 dated 17.02.16	297491	297491	18	12.50	5.50	90900
8	PL SURYA	30 dated 05.04.16	392044	392044	15	12.50	2.50	65341
9	WELSPUN	08 dated 03.02.16	255623	542769	15	12.50	2.50	90462
		33 dated 05.04.16	287146					
10	AQUA POWER	278 dated 31.03.16	55100	107269	16.05	12.50	3.55	23726
		02.04.16	4129					
		63 dated 16.02.16	48040					
11	DEE DEVELOPMENT	85 dated 18.04.16	95693	95693	15	12.50	2.50	15949
12	MALWA	84 dated 18.04.16	69513	69513	15	12.50	2.50	11586
13	CHADHA	103 dated 20.04.16	95583	95583	15	12.50	2.50	15931
14	AB GRAIN	105 dated 20.04.16	3219	3219	15	12.50	2.50	537
15	INDIAN SUCROSE	119 dated 27.04.16	51722	51722	15	12.50	2.50	8620
16	NTPC	91 dated 22.09.15	39671	70289749	18	12.50	5.50	21477423
		104 dated 24.11.15	8360655					
		113 dated 24.12.15	5185362					
		36 dated 08.02.16	6038739					
		235 dated 16.03.16	9467213					
		80 dated 18.04.16	11928937					
		65 dated 17.05.16	14321973					
		89 dated 22.06.16	4470911					
		126 dated 29.02.16	8558164					
		108 dated 21.10.15	1918124					
17	NPL	95 dated 20.11.15	4511845	48862928	16.05	12.50	3.55	10807688
18		125 dated 29.02.16	6204442					
19		150 dated 04.03.16	13659777					
20		37 dated 08.02.16	6217262					
21		13 dated 04.04.16	18269602					
	Total B			**147003614**				**40341111**
			2016-17					
1	INDIAN SUCROSE	69 dated 14.09.16	71229	71229	15	12.50	2.50	11872

Sl. No.	Name of power provider	Voucher No and date for payment of LPS	LPS Paid (₹)	LPS paid (₹)	Rate of LPS (*Per cent*)	Rate of arranging working capital (*Per cent*)	Difference (*Per cent*)	Financial burden Col. 5 X Col. 8 Col. 6 (₹)
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**
2	ESSEL RENEWABLE	49 dated 15.06.16	5599	61099	15	12.50	2.50	10183
		71 dated 14.09.16	55500					
3	ESSEL CLEAN	06 dated 03.06.16	2867	36881	15	12.50	2.50	6147
		70 dated 14.09.16	34014					
4	INTERNATIONAL SWITCHGEARS	72 dated 14.09.16	4457	4457	15	12.50	2.50	743
5	IK ENRGY	Dated 14.09.16	4485	4485	15	12.50	2.50	748
6	AQUA POWER	76 dated 14.09.16	16860	16860	16.05	12.50	3.55	3729
7	PTC INDIA	77 dated 14.05.16	478431	478431	18	12.50	5.50	146187
8	WELSPUN	78 dated 14.09.16	166354	166354	15	12.50	2.50	27725
9	THDC	84 dated 15.09.16	706311	706311	18	12.50	5.50	215817
10	DVC	136 dated 24.01.17	6163649	14889455	18	12.50	5.50	4549556
		95 dated 21.02.17	8725806					
11	NTPC	10 dated 06.09.16	9699528	35458521	18	12.50	5.50	10834548
		137 dated 24.01.17	6312328					
		82 dated 18.02.17	8827397					
		56 dated 15.03.17	6041096					
		50 dated 08.07.16	2704918					
		64 dated 06.08.16	1873254					
	Total C			**51894083**				**15807255**
	Grand Total A+B+C			**249080976**				**71482146**
	₹ in crore			**24.91**				**7.15**

Note: Working capital was availed at the interest rate ranging 11.25 *per cent* to 12.50 *per cent* per annum. To calculate financial burden on conservative basis, the rate of 12.50 *per cent* per annum has been used.

Annexure-5

(Referred to in paragraph 2.8)

Loss of Revenue due to allowing energy losses on independent feeders in respect of Punjab State Power Corporation Limited

Sr. No	Name of the circle	Name of the Division	Total distribution losses (units in lakh-KWH)
1	West Circle, Ludhiana	Division-Estate	106.34
2		Division- Model Town	1.29
3		Division- Janta Nagar	0.42
4		Division- Aggar Nagar	2.35
5		Division- City West	29.32
6	East Circle, Ludhiana	Division - City Centre	1.62
7		Division - CMC	28.75
8		Division - Sunder Nagar	20.47
9		Division - Focal Point	91.82
10	Roopnagar	Division - Roopnagar	19.55
11		Division - kharar	3.29
12		Division - Samrala	20.68
13	Faridkot	Division - Kotkapura	2.87
14		Division - Moga	2.47
	Total		**331.24**

Equivalent units in KVAH (units in KWH/0.90)	368.04
Tariff rate for-LS 2016-17 (₹ Per unit-KVAH)	6.03
Revenue loss (₹ in lakh)	**2219.28**

Annexure-6

(Referred to in paragraph 3.3, 3.11 and 3.22)

Statement showing position of equity and outstanding loans relating to State PSUs (other than Power Sector) as on 31 March 2018

(₹ in crore)

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity[1] at close of the year 2017-18				Long term loans outstanding at close of the year 2017-18			
				GoP[2]	GoI[3]	Others	Total	GoP	GoI	Others	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
A	**Social Sector**										
I	**Working Government Companies**										
1	Punjab Agro Foodgrains Corporation Limited	Agriculture	July 8, 2002	0.00	0.00	5.00	5.00	5661.04	0.00	0.00	5661.04
2	Punjab Agro Industries Corporation Limited	Agriculture	February 11, 1966	45.46	1.25	2.50	49.21	0.00	0.00	5.62	5.62
3	Punjab Agro Juices Limited	Agriculture	February 1, 2006	50.00	0.00	0.00	50.00	30.00	0.00	0.00	30.00
4	Punjab State Forest Development Corporation Limited	Forest	May 23, 1983	0.25	0.00	0.00	0.25	0.00	0.00	0.00	0.00
5	Punjab State Grains Procurement Corporation Limited	Food and Supplies	March 10, 2003	1.05	0.00	0.00	1.05	6831.54	0.00	0.00	6831.54
6	Punjab State Seeds Corporation Limited	Agriculture	March 27, 1976	4.51	0.00	1.11	5.62	0.00	0.00	0.00	0.00
7	Punjab Small Industries and Export Corporation Limited	Industries	March 17, 1962	49.86	0.15	0.00	50.01	0.00	0.00	0.00	0.00

1 Equity includes share application money.
2 Government of Punjab.
3 Government of India.

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity[1] at close of the year 2017-18				Long term loans outstanding at close of the year 2017-18			
				GoP[2]	GoI[3]	Others	Total	GoP	GoI	Others	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
8	Punjab Water Resource Management & Development Corporation Limited	Irrigation	December 26, 1970	397.97	0.00	0.00	397.97	222.26	0.00	0.00	222.26
9	Punjab Agri Export Corporation Limited	Agriculture	January 17, 1997	0.00	0.00	5.00	5.00	0.00	0.00	0.00	0.00
10	Gulmohar Tourist Complex (Holiday Home) Limited	Tourism	July 9, 2003	0.02	0.00	0.00	0.02	0.00	0.00	0.00	0.00
11	Punjab Information & Communication Technology Corporation Limited	Industries	March 27, 1976	19.23	0.00	0.00	19.23	0.00	0.00	0.00	0.00
12	Punjab Police Security Corporation Limited	Home	January 18, 2008	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.00
13	Punjab State Bus Stand Management Company Limited	Transport	March 7, 1995	56.15	0.00	0.00	56.15	0.00	0.00	31.64	31.64
14	Punjab State Civil Supplies Corporation Limited	Food and Supplies	February 14, 1974	3.73	0.00	0.00	3.73	8306.43	0.00	1128.39	9434.82
15	Punjab State Container and Warehousing Corporation Limited	Agriculture	April 26, 1995	25.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00
16	Punjab Tourism Development Corporation Limited	Tourism	March 26, 1979	6.66	0.00	0.00	6.66	0.00	0.00	0.00	0.00

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity[1] at close of the year 2017-18				Long term loans outstanding at close of the year 2017-18			
				GoP[2]	GoI[3]	Others	Total	GoP	GoI	Others	Total
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**
17	Punjab Municipal Infrastructure Development Company	Department of local Government	March 16, 2009	0.00	0.00	0.05	0.05	0.00	0.00	240.34	240.34
18	Mohali Biotechnology Park	Department of Science, Technology & Environment	January 25, 2011	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total A-I			**659.89**	**1.40**	**13.71**	**675.00**	**21051.27**	**0.00**	**1405.99**	**22457.26**
II	**Working Statutory Corporation**										
19	Punjab State Warehousing Corporation	Agriculture	November 1, 1967	4.00	4.00	0.00	8.00	3150.77	0.00	8.82	3159.59
20	Punjab Scheduled Castes Land Development and Finance Corporation	Social Welfare	January 18, 1971	61.58	50.91	0.00	112.49	0.00	0.00	23.54	23.54
21	PEPSU Road Transport Corporation	Transport	January 7, 1956	307.08	24.36	0.00	331.44	23.75	0.00	50.46	74.21
	Total A-II			**372.66**	**79.27**	**0.00**	**451.93**	**3174.52**	**0.00**	**82.82**	**3257.34**
III	**Non-Working Government Companies**										
22	Punjab Land Development and Reclamation Corporation Limited	Agriculture	March 22, 1965	1.45	0.00	0.00	1.45	3.52	0.00	0.20	3.72
23	Punjab Micro Nutrients Limited[3]	Agriculture	February 1, 1983	0.00	0.00	0.25	0.25	0.36	0.00	0.00	0.36
24	Punjab Poultry Development Corporation Limited	Animal Husbandry	September 15, 1964	3.09	0.00	0.00	3.09	0.00	0.00	0.00	0.00

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity[1] at close of the year 2017-18				Long term loans outstanding at close of the year 2017-18			
				GoP[2]	GoI[3]	Others	Total	GoP	GoI	Others	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
25	Punjab Agro Power Corporation Limited	Agriculture	July 8, 2005	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26	Amritsar Hotel Limited	Tourism	July 9, 2003	0.02	0.00	0.00	0.02	0.00	0.00	0.00	0.00
27	Neem Chameli Tourist Complex Limited	Tourism	July 9, 2003	0.02	0.00	0.00	0.02	0.00	0.00	0.00	0.00
	Total A-III			**4.58**	**0.00**	**0.25**	**4.83**	**3.88**	**0.00**	**0.20**	**4.08**
	Total A (I+II+III)			**1037.13**	**80.67**	**13.96**	**1131.76**	**24229.67**	**0.00**	**1489.01**	**25718.68**
B	**Competitive Environment Sector**										
I	**Working Government Companies**										
28	Punjab State Industrial Development Corporation Limited	Industries	January 31, 1966	78.21	0.00	0.00	78.21	0.00	0.00	601.06	601.06
29	Punjab Communications Limited	Industries	July 21, 1981	0.00	0.00	12.02	12.02	0.00	0.00	0.00	0.00
	Total B-I			**78.21**	**0.00**	**12.02**	**90.23**	**0.00**	**0.00**	**601.06**	**601.06**
II	**Working Statutory Corporation**										
30	Punjab Financial Corporation	Industries	February 1, 1953	29.31	10.47	0.61	40.39	9.85	24.92	172.25	207.02
	Total B-II			**29.31**	**10.47**	**0.61**	**40.39**	**9.85**	**24.92**	**172.25**	**207.02**
III	**Non-Working Government Companies**										
31	Punjab Venture Capital Limited	Industries	December 4, 1998	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.00
32	Punjab Venture Investors Trust Limited	Industries	December 4, 1998	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.00
33	Punjab Film and News Corporation Limited	Cultural Affairs	June 26, 1973	1.51	0.00	0.00	1.51	0.14	0.00	0.00	0.14

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity[1] at close of the year 2017-18				Long term loans outstanding at close of the year 2017-18			
				GoP[2]	GoI[3]	Others	Total	GoP	GoI	Others	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
34	Electronic Systems Punjab Limited[3]	Industries	September 22, 1980	0.00	0.00	3.00	3.00	0.00	0.00	6.09	6.09
35	Punjab Bio-Medical Equipments Limited[3]	Industries	January 4, 1977	0.00	0.00	0.43	0.43	0.00	0.00	0.41	0.41
36	Punjab Digital Industrial System Limited	Industries	January 4, 1977	0.00	0.00	0.25	0.25	0.00	0.00	0.26	0.26
37	Punjab Electro Optics Systems Limited[3]	Industries	January 12, 1978	0.00	0.00	0.12	0.12	0.00	0.00	0.87	0.87
38	Punjab Footwears Limited	Industries	July 15, 1969	0.00	0.00	0.15	0.15	0.00	0.00	0.04	0.04
39	Punjab Power Packs Limited[3]	Industries	September 28, 1981	0.00	0.00	1.55	1.55	0.65	0.00	7.39	8.04
40	Punjab State Handloom and Textile Development Corporation Limited	Industries	March 27, 1976	3.63	0.00	0.00	3.63	1.08	1.71	0.00	2.79
41	Punjab State Hosiery and Knitwear Development Corporation Limited	Industries	February 21, 1977	3.91	0.00	0.00	3.91	9.64	0.00	0.49	10.13
42	Punjab State Leather Development Corporation Limited	Industries	February 23, 1981	3.42	0.00	0.00	3.42	0.00	0.00	0.00	0.00
43	Punjab Tanneries Limited	Industries	October 29, 1969	0.00	0.00	0.52	0.52	0.00	0.00	0.00	0.00
44	Punjab Recorders Limited	Industries	January 4, 1977	0.00	0.00	0.71	0.71	0.00	0.00	0.79	0.79
	Total B-III			**12.47**	**0.00**	**6.83**	**19.30**	**11.51**	**1.71**	**16.34**	**29.56**
	Total B (I+II+III)			**119.99**	**10.47**	**19.46**	**149.92**	**21.36**	**26.63**	**789.65**	**837.64**
C	**Others**										

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity[1] at close of the year 2017-18				Long term loans outstanding at close of the year 2017-18			
				GoP[2]	GoI[3]	Others	Total	GoP	GoI	Others	Total
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**
I	**Working Government Companies**										
45	Punjab Police Housing Corporation Limited	Home	March 30, 1989	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00
46	Amritsar Smart City Limited	Department of local Government	December 13, 2016	0.005	0.005	0.00	0.010	0.00	0.00	0.00	0.00
47	Jalandhar Smart City Limited	Department of local Government	December 8, 2016	0.005	0.005	0.00	0.010	0.00	0.00	0.00	0.00
48	Ludhiana Smart City Limited	Department of local Government	April 28, 2016	0.005	0.005	0.00	0.010	0.00	0.00	0.00	0.00
	Total C-I			**0.07**	**0.02**	**0.00**	**0.09**	**0.00**	**0.00**	**0.00**	**0.00**
	Grand Total (A+B+C)			**1157.19**	**91.16**	**33.42**	**1281.77**	**24251.03**	**26.63**	**2278.66**	**26556.32**

Annexure-7

(Referred to in paragraph 3.7)

Statement showing difference between Finance Accounts of Government of Punjab and Accounts of the State PSUs (other than Power Sector) in respect of balances of Equity, Loans and Guarantee as on 31 March 2018

(₹ in crore)

Sl. No.	Name of PSU	As per records of the State PSUs			As per Finance Accounts of Government of Punjab			Difference		
		Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed
1	2	3	4	5	6	7	8	9	10	11
1	Punjab Agro Foodgrains Corporation Limited	0.00	5661.04	111.17	0.00	0.00	111.17	0.00	-5661.04	0.00
2	Punjab Agro Industries Corporation Limited	45.46	0.00	27.13	46.23	12.44	5.62	0.77	12.44	-21.51
3	Punjab Agro Juices Limited	50.00	30.00	0.00	0.00	30.00	0.00	-50.00	0.00	0.00
4	Punjab State Forest Development Corporation Limited	0.25	0.00	20.00	0.25	0.00	0.00	0.00	0.00	-20.00
5	Punjab State Grains Procurement Corporation Limited	1.05	6831.54	0.00	1.05	0.00	55.59	0.00	-6831.54	55.59
6	Punjab State Seeds Corporation Limited	4.51	0.00	0.00	3.70	0.00	0.00	-0.81	0.00	0.00
7	Punjab Water Resource Management & Development Corporation Limited	397.97	222.26	0.00	206.90	515.24	0.00	-191.07	292.98	0.00
8	Punjab Agri Export Corporation Limited	0.00	0.00	0.00	0.00	2.00	0.00	0.00	2.00	0.00
9	Punjab State Industrial Development Corporation Limited	78.21	0.00	601.06	78.21	2.50	601.06	0.00	2.50	0.00
10	Punjab Police Housing Corporation Limited	0.05	0.00	0.00	0.00	0.00	0.00	-0.05	0.00	0.00
11	Punjab Small Industries and Export Corporation Limited	49.86	0.00	0.00	4.77	0.00	0.00	-45.09	0.00	0.00

Sl. No.	Name of PSU	As per records of the State PSUs			As per Finance Accounts of Government of Punjab			Difference		
		Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed
1	2	3	4	5	6	7	8	9	10	11
12	Punjab Communications Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Gulmohar Tourist Complex (Holiday Home) Limited	0.02	0.00	0.00	0.00	0.00	0.00	-0.02	0.00	0.00
14	Punjab Information & Communication Technology Corporation Limited	19.23	0.00	0.00	19.23	0.81	0.00	0.00	0.81	0.00
15	Punjab Police Security Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16	Punjab State Bus Stand Management Company Limited	56.15	0.00	0.00	56.15	0.00	0.00	0.00	0.00	0.00
17	Punjab State Civil Supplies Corporation Limited	3.73	8306.43	508.50	3.73	1848.98	508.50	0.00	-6457.45	0.00
18	Punjab State Container and Warehousing Corporation Limited	25.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00	0.00
19	Punjab Tourism Development Corporation Limited	6.66	0.00	0.00	5.40	0.00	0.00	-1.26	0.00	0.00
20	Punjab Municipal Infrastructure Development Company	0.00	0.00	240.34	0.00	0.00	240.34	0.00	0.00	0.00
21	Mohali Biotechnology Park	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22	Punjab State Warehousing Corporation	4.00	3150.77	17.85	3.92	0.00	12.00	-0.08	-3150.77	-5.85
23	Punjab Financial Corporation	29.31	9.85	172.25	29.31	12.39	211.53	0.00	2.54	39.28
24	Punjab Scheduled Castes Land Development and Finance Corporation	61.58	0.00	23.54	75.74	0.00	25.85	14.16	0.00	2.31
25	PEPSU Road Transport Corporation	307.08	23.75	0.00	255.05	23.75	0.00	-52.03	0.00	0.00
26	Punjab Land Development and Reclamation Corporation Limited	1.45	3.52	0.00	1.45	0.13	0.00	0.00	-3.39	0.00

Sl. No.	Name of PSU	As per records of the State PSUs			As per Finance Accounts of Government of Punjab			Difference		
		Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed
1	2	3	4	5	6	7	8	9	10	11
27	Punjab Micro Nutrients Limited	0.00	0.36	0.00	0.00	0.00	0.00	0.00	-0.36	0.00
28	Punjab Poultry Development Corporation Limited	3.09	0.00	0.00	2.87	0.25	0.00	-0.22	0.25	0.00
29	Punjab Agro Power Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Punjab Venture Capital Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	Punjab Venture Investors Trust Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
32	Punjab Film and News Corporation Limited	1.51	0.14	0.00	1.51	0.00	0.00	0.00	-0.14	0.00
33	Electronic Systems Punjab Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
34	Punjab Bio-Medical Equipments Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
35	Punjab Digital Industrial Systems Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
36	Punjab Electro Optics Systems Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
37	Punjab Footwears Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
38	Punjab Power Packs Limited	0.00	0.65	0.00	0.00	0.00	0.00	0.00	-0.65	0.00
39	Punjab State Handloom and Textile Development Corporation Limited	3.63	1.08	0.00	3.63	0.00	0.00	0.00	-1.08	0.00
40	Punjab State Hosiery and Knitwear Development Corporation Limited	3.91	9.64	0.00	3.91	-0.56	0.00	0.00	-10.20	0.00
41	Punjab State Leather Development Corporation Limited	3.42	0.00	0.00	3.42	0.00	0.00	0.00	0.00	0.00
42	Punjab Tanneries Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Sl. No.	Name of PSU	As per records of the State PSUs			As per Finance Accounts of Government of Punjab			Difference		
		Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed
1	2	3	4	5	6	7	8	9	10	11
43	Punjab Recorders Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
44	Amritsar Hotel Limited	0.02	0.00	0.00	0.00	0.00	0.00	-0.02	0.00	0.00
45	Neem Chameli Tourist Complex Limited	0.02	0.00	0.00	0.00	0.00	0.00	-0.02	0.00	0.00
46	Amritsar Smart City Limited	0.005	0.00	0.00	0.00	0.00	0.00	-0.005	0.00	0.00
47	Jalandhar Smart City Limited	0.005	0.00	0.00	0.00	0.00	0.00	-0.005	0.00	0.00
48	Ludhiana Smart City Limited	0.005	0.00	0.00	0.00	0.00	0.00	-0.005	0.00	0.00
	Grand Total	**1157.19**	**24251.03**	**1721.84**	**831.43**	**2447.93**	**1771.66**	**-325.76**	**-21803.10**	**49.82**
	SPAs Legacy Accounts (Excluding MARKFED)					22953.92[1]				
						25401.85			**1150.82**	

[1] This includes figure of ₹ 22,953.92 crore in respect of SPAs (excluding Markfed ₹ 6,939.64 crore) has been calculated on pro-rata basis as SPA wise break-up of loans to SPAs outstanding as on 31 March 2018 was not available.

Annexure-8

(Referred to in paragraph 3.8.1)

Statement showing position of State Government investment in working State PSUs (other than Power Sector) accounts of which are in arrears during the period of arrears

(₹ in crore)

Sl. No.	Name of the PSU	Year upto which accounts finalised	Period for which accounts are in arrears	Paid up capital as per latest finalised accounts	Investment made by the State Government during the year in which accounts are in arrear		
					Loan	Grants/ Subsidy	Total
1	2	3	4	5	6	7	8
A.	**Working Government Companies**						
1	Punjab Water Resource Management and Development Corporation Limited	2016-17	2017-18	300.00	-	114.62	114.62
2	Punjab Agri Export Corporation Limited	2016-17	2017-18	5.00	-	0.10	0.10
3	Punjab State Grains Procurement corporation Limited	2015-16	2016-17	1.05	6683.19[1]	-	6683.19
4	Punjab State Civil Supplies Corporation Limited	2015-16	2016-17	3.73	8126.05[1]	-	8126.05
Total A				**309.78**	**14809.24**	**114.72**	**14923.96**
B.	**Working Statutory Corporations**						
1	Punjab Scheduled Castes Land Development and Finance Corporation	2016-17	2017-18	112.49	-	17.66	17.66
2	PEPSU Road Transport Corporation	2015-16	2016-17 to 2017-18	331.44	-	101.00	101.00
Total B				**443.93**		**118.66**	**118.66**
Grand Total (A+B)				**753.71**	**14809.24**	**233.38**	**15042.62**

[1] Calculated on pro-rata basis for figure of ₹ 22,953.92 crore in respect of State Procuring Agencies (excluding Markfed ₹ 6,939.64 crore) as SPA wise break-up of loans to SPAs outstanding as on 31st March 2018 was not available.

Annexure-9

Summarised financial results of State PSUs (other than Power Sector) for the latest year for which accounts were finalised

(Referred to in paragraph 3.11 and 3.12)

(₹ in crore)

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid up Capital	Accumulated Profit (+) / Loss (-)	Turnover	Net Profit/ Loss after dividend, interest & tax	Capital Employed[1]	Net profit/loss before dividend, interest & tax	Net Worth
1	2	3	4	5	6	7	8	9	10	11
A	**Social Sector**									
I	**Working Government Companies**									
1	Punjab Agro Foodgrains Corporation Limited	2016-17	2017-18	5.00	-574.56	6009.13	-362.63	4997.37	419.01	-569.56
2	Punjab Agro Industries Corporation Limited	2016-17	2017-18	49.21	4.98	0.55	2.20	83.56	3.27	66.26
3	Punjab Agro Juices Limited	2017-18	2018-19	50.00	-67.72	6.04	-2.87	12.28	-3.07	-17.72
4	Punjab State Forest Development Corporation Limited	2017-18	2018-19	0.25	54.39	25.40	0.31	58.83	0.61	58.83
5	Punjab State Grains Procurement Corporation Limited	2015-16	2017-18	1.05	-3046.11	12950.81	-733.91	-2977.42	-733.91	-3045.06
6	Punjab State Seeds Corporation Limited	2014-15	2018-19	5.62	11.48	112.96	2.68	22.10	4.25	17.10
7	Punjab Small Industries and Export Corporation Limited	2016-17	2017-18	50.01	243.91	240.42	22.14	296.48	34.61	293.92
8	Punjab Water Resource Management & Development Corporation Limited	2016-17	2018-19	300.00	-157.14	0.79	-30.24	372.33	-30.24	142.86

[1] Capital Employed has not been calculated for inactive PSUs.

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid up Capital	Accumulated Profit (+) / Loss (-)	Turnover	Net Profit/ Loss after dividend, interest & tax	Capital Employed[1]	Net profit/loss before dividend, interest & tax	Net Worth
1	2	3	4	5	6	7	8	9	10	11
9	Punjab Agri Export Corporation Limited	2016-17	2017-18	5.00	-6.04	2.09	-0.76	-1.04	-0.76	-1.04
10	Gulmohar Tourist Complex (Holiday Home) Limited	2015-16	2017-18	0.02	-4.42	0.04	-0.25	-3.36	-0.25	-4.40
11	Punjab Information & Communication Technology Corporation Limited	2017-18	2018-19	19.23	23.49	5.72	0.19	42.72	0.22	42.72
12	Punjab Police Security Corporation Limited	2017-18	2018-19	0.05	B	B	B	0.05	B	0.05
13	Punjab State Bus Stand Management Company Limited	2012-13	2017-18	56.15	6.02	407.75	1.96	87.36	8.38	62.17
14	Punjab State Civil Supplies Corporation Limited	2015-16	2017-18	3.73	-1532.79	10053.41	-995.78	-1529.06	-995.78	-1529.06
15	Punjab State Container and Warehousing Corporation Limited	2016-17	2017-18	25.00	135.91	21.14	13.85	160.91	20.55	160.91
16	Punjab Tourism Development Corporation Limited	2013-14	2017-18	6.66	14.72	0.02	-0.46	21.38	-0.46	21.38
17	Punjab Municipal Infrastructure Development Company	2015-16	2017-18	0.05	B	B	B	247.08	B	0.05
18	Mohali Biotechnology Park	First accounts yet to be received								
	Total A-I			**577.03**	**-4893.88**	**29836.27**	**-2083.57**	**1891.57**	**-1273.57**	**-4300.59**
II	**Working Statutory Corporation**									
19	Punjab State Warehousing Corporation	2016-17	2018-19	8.00	-1195.73	6381.49	-177.36	3054.77	-175.77	-1161.25
20	Punjab Scheduled Castes Land Development and Finance Corporation	2016-17	2018-19	112.49	-14.49	7.39	-4.05	122.93	-3.16	98.00

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid up Capital	Accumulated Profit (+) / Loss (-)	Turnover	Net Profit/ Loss after dividend, interest & tax	Capital Employed[1]	Net profit/loss before dividend, interest & tax	Net Worth
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
21	PEPSU Road Transport Corporation	2015-16	2018-19	331.44	-388.32	418.77	-5.44	36.71	4.11	-56.88
	Total A-II			**451.93**	**-1598.54**	**6,807.65**	**-186.85**	**3214.41**	**-174.82**	**-1120.13**
III	**Non-Working Government Companies**									
22	Punjab Land Development and Reclamation Corporation Limited	1994-95	2000-01	1.45	0.65	9.85	1.07	---	---	---
23	Punjab Micro Nutrients Limited	1991-92	1994-95	0.25	-0.61	0.05	-0.12	---	---	---
24	Punjab Poultry Development Corporation Limited	2013-14	2016-17	3.09	-9.41	0.00	-0.16	---	---	---
25	Punjab Agro Power Corporation Limited	2015-16	2017-18	0.05	-0.05	0.00	-0.05	---	---	---
26	Amritsar Hotel Limited	2014-15	2018-19	0.02	40.93	0.00	-0.03	---	---	---
27	Neem Chameli Tourist Complex Limited	2015-16	2017-18	0.02	0.09	0.00	0.01	---	---	---
B	**Competitive Environment Sector**									
I	**Working Government Companies**									
28	Punjab State Industrial Development Corporation Limited	2016-17	2018-19	78.21	-700.98	35.86	6.85	-374.35	36.53	-622.77
29	Punjab Communications Limited	2017-18	2018-19	12.05	-20.53	38.76	-4.84	0.48	-4.80	0.48
	Total B-I			**90.26**	**-721.51**	**74.62**	**2.01**	**-373.87**	**31.73**	**-622.29**
II	**Working Statutory Corporation**									
30	Punjab Financial Corporation	2016-17	2018-19	40.39	-265.63	9.89	2.71	-187.26	5.48	-225.24
	Total B-II			**40.39**	**-265.63**	**9.89**	**2.71**	**-187.26**	**5.48**	**-225.24**

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid up Capital	Accumulated Profit (+) / Loss (-)	Turnover	Net Profit/ Loss after dividend, interest & tax	Capital Employed[1]	Net profit/loss before dividend, interest & tax	Net Worth
1	2	3	4	5	6	7	8	9	10	11
III	**Non-Working Government Companies**									
31	Punjab Venture Capital Limited	2016-17	2017-18	0.05	-0.19	0.00	0.00	---	---	---
32	Punjab Venture Investors Trust Limited	2016-17	2017-18	0.05	0.03	0.00	0.00	---	---	---
33	Punjab Film and News Corporation Limited	2005-06	2018-19	1.51	-1.90	0.00	-0.01	---	---	---
34	Electronic Systems Punjab Limited	2013-14	2014-15	3.00	-461.82	0.00	-67.86	---	---	---
35	Punjab Bio-Medical Equipments Limited	1996-97	2001-02	0.43	-1.12	0.00	-0.03	---	---	---
36	Punjab Digital Industrial System Limited	2006-07	2007-08	0.25	-0.78	0.00	-0.71	---	---	---
37	Punjab Electro Optics Systems Limited	1996-97	1997-98	0.12	-1.28	0.00	-0.01	---	---	---
38	Punjab Footwears Limited	1990-91	1995-96	0.15	-0.83	0.00	-0.10	---	---	---
39	Punjab Power Packs Limited	1997-98	1999-2000	1.55	-5.53	0.00	-1.12	---	---	---
40	Punjab State Handloom and Textile Development Corporation Limited	2016-17	2017-18	3.63	-9.58	0.00	-0.11	---	---	---
41	Punjab State Hosiery and Knitwear Development Corporation Limited	2005-06	2006-07	3.91	-16.84	0.00	-0.06	---	---	---
42	Punjab State Leather Development Corporation Limited	2005-06	2016-17	3.42	-8.05	0.00	-0.24	---	---	---
43	Punjab Tanneries Limited	1996-97	2017-18	0.52	-7.02	0.00	-1.03	---	---	---
44	Punjab Recorders Limited	2017-18	2018-19	0.71	-7.52	0.00	-0.22	---	---	---

Sl. No.	Sector & Name of the PSU	Period of Accounts	Year in which accounts finalised	Paid up Capital	Accumulated Profit (+) / Loss (-)	Turnover	Net Profit/ Loss after dividend, interest & tax	Capital Employed[1]	Net profit/loss before dividend, interest & tax	Net Worth
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
C	**Others**									
I	**Working Government Companies**									
45	Punjab Police Housing Corporation Limited	2016-17	2018-19	0.05	B	B	B	0.05	B	0.05
46	Amritsar Smart City Limited	First accounts yet to be received								
47	Jalandhar Smart City Limited	First accounts yet to be received								
48	Ludhiana Smart City Limited	First accounts yet to be received								
	Total C-I			**0.05**	**0.00**	**0.00**	**0.00**	**0.05**	**0.00**	**0.05**
	Grand total of working Companies & Statutory Corporations (A-I + A-II + B-I + B-II + C-I)			**1159.66**	**-7479.56**	**36728.43**	**-2265.70**	**4544.90**	**-1411.18**	**-6268.20**

Notes:

1. **B** represents the three companies functioning on 'No Profit No Loss' basis (Sl. no. A-12, A-17 and C-45).

Annexure-10

(Referred to in paragraph 3.15)

Statement showing State Government funds infused in State PSUs (other than Power Sector) during the period from 2010-11 to 2017-18

(₹ in crore)

Sl. No.	1		2		3		4		5		6		7		8	
Year	**Punjab Agro Industries Corporation Limited (11 February 1966)**		**Punjab Agro Juices Limited (01 February 2006)**		**Punjab State Forest Development Corporation Limited (23 May 1983)**		**Punjab State Grains Procurement Corporation Limited (10 March 2003)**		**Punjab State Seeds Corporation Limited (27 March 1976)**		**Punjab Small Industries and Export Corporation Limited (17 March 1962)**		**Punjab Water Resource Management & Development Corporation Limited (26 December 1970)**		**Gulmohar Tourist Complex (Holiday Home) Limited (09 July 2003)**	
	Equity	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**
Upto 2010-11	45.46	0.00	50.00	0.00	0.25	0.00	1.05	0.00	4.51	0.00	49.86	0.00	296.16	0.00	0.02	0.00
2011-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2012-13	0.00	0.00	0.00	30.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.00	0.00	0.00	0.00
2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.93	0.00	0.00	0.00
2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	41.65	0.00	0.00	0.00
2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26.82	0.00	0.00	0.00
2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.41	0.00	0.00	0.00
2017-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**45.46**	**0.00**	**50.00**	**30.00**	**0.25**	**0.00**	**1.05**	**0.00**	**4.51**	**0.00**	**49.86**	**0.00**	**397.97**	**0.00**	**0.02**	**0.00**

Sl. No.	9		10		11		12		13		14		15		16	
Year	**Punjab Information & Communication Technology Corporation Limited (27 March 1976)**		**Punjab State Bus Stand Management Company Limited (07 March 1995)**		**Punjab State Civil Supplies Corporation Limited (14 February 1974)**		**Punjab State Container and Warehousing Corporation Limited (26 April 1995)**		**Punjab Tourism Development Corporation Limited (26 March 1979)**		**Punjab State Warehousing Corporation (01 November 1967)**		**Punjab Scheduled Castes Land Development and Finance Corporation (18 January 1971)**		**PEPSU Road Transport Corporation (07 January 1956)**	
	Equity	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**
Upto 2010-11	19.23	0.00	56.15	0.00	3.73	0.00	25.00	0.00	6.66	0.00	4.00	0.00	33.32	0.00	86.82	0.00
2011-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.67	0.00	195.26	0.00
2012-13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.91	0.00	0.00	0.00
2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.42	0.00	0.00	0.00
2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.42	0.00	25.00	0.00
2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.42	0.00	0.00	0.00
2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.42	0.00	0.00	0.00
2017-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**19.23**	**0.00**	**56.15**	**0.00**	**3.73**	**0.00**	**25.00**	**0.00**	**6.66**	**0.00**	**4.00**	**0.00**	**61.58**	**0.00**	**307.08**	**0.00**

Sl. No.	17		18		19		20		21		22		23		24
Year	**Punjab State Industrial Development Corporation Limited (31 January 1966)**		**Punjab Financial Corporation (01 February 1953)**		**Punjab Police Housing Corporation Limited (30 March 1989)**		**Amritsar Smart City Ltd (13 December 2016)**		**Jalandhar Smart City Ltd (8 December 2016)**		**Ludhiana Smart City Ltd (28 April 2016)**		**Total**		**G. Total**
	Equity	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	
Upto 2010-11	78.21	0.00	29.31	0.00	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	789.79	0.00	789.79
2011-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	196.93	0.00	196.93
2012-13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.91	30.00	45.91
2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.35	0.00	22.35
2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	72.07	0.00	72.07
2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32.24	0.00	32.24
2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.01	0.00	0.01	0.00	10.85	0.00	10.85
2017-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**78.21**	**0.00**	**29.31**	**0.00**	**0.05**	**0.00**	**0.005**	**0.00**	**0.005**	**0.00**	**0.005**	**0.00**	**1140.14**	**30.00**	**1170.14**

Annexure 11

(Referred to in paragraph 4.1.6)

Statement showing the financial position and working results of Punjab State Bus Stand Management Company Limited (Provisional figures)

(A) Financial Position

(₹ in Crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Liabilities					
Paid up share capital	56.15	56.15	56.15	56.15	56.15
Reserve & Surplus	488.31	488.63	499.18	503.37	507.13
Long Term borrowings	11.91	4.92	33.47	47.13	32.25
Short Term borrowings and Provisions	41.99	57.50	114.80	131.48	154.66
Total	598.36	607.20	703.60	738.13	750.19
Assets					
Fixed Assets	569.18	555.11	600.57	598.78	588.64
Non Current Assets	5.13	6.67	7.20	7.57	9.53
Current Assets	24.05	45.42	95.83	131.78	152.02
Total	598.36	607.20	703.60	738.13	750.19

(B) Working Results

(₹ in Crore)

Sl. No.	Description	2013-14	2014-15	2015-16	2016-17	2017-18
1	Total Revenue	376.66	427.41	435.64	494.74	504.42
2	Operating Revenue	369.92	421.81	425.96	481.93	493.76
3	Total Expenditure	378.89	425.98	430.98	490.50	501.69
4	Operating Expenditure	377.96	424.99	429.90	489.40	500.36
5	Operating Profit/ Loss (2-4)	-8.04	-3.18	-3.94	-7.47	-6.60
6	Profit/ Loss for the year (1-3)	-2.23	1.43	4.66	4.24	2.73
7	Accumulated Profit/ Loss	5.05	6.48	11.13	15.37	18.10
8	Fixed Costs					
i.	Insurance	0.25	0.12	3.27	4.19	0.88
ii	Depreciation	24.96	15.74	21.70	11.61	10.14
iii	Interest	3.65	1.90	2.45	4.40	3.06
iv	Other Fixed Costs	2.43	2.47	3.79	3.94	4.45
v	Total Fixed Costs	31.29	20.23	31.21	24.14	18.53
vi	Fixed cost as percentage of operational cost	8.28	4.76	7.26	4.93	3.70

Sl. No.	Description	2013-14	2014-15	2015-16	2016-17	2017- 18
9	Variable Costs					
i	Personnel Costs	92.98	109.54	122.00	162.56	153.06
ii	Fuel & Lubricants	162.56	183.25	159.24	181.89	209.73
iii	Other Items/ spares	9.23	8.32	10.23	14.68	5.82
iv	Tyres & Tubes	10.27	9.76	6.74	8.08	6.95
v	Other Repair & Maintenance Expenses	2.22	3.55	3.33	3.19	4.64
vi	Taxes (Passenger/ SRT etc.)	62.70	72.36	72.61	72.88	83.19
vii	Kilometer scheme charges	1.80	9.69	15.28	16.03	14.05
viii	MTRF Provision	4.91	8.29	9.26	5.95	4.41
ix	Total Variable Costs	346.67	404.76	398.69	465.26	481.85
x	Variable cost as percentage of operational cost	91.72	95.24	92.74	95.07	96.30
10	Effective kilometers operated (in Lakh)	1,262.55	1,348.33	1,408.74	1,246.22	1,480.95
11	Earnings per kilometer (₹) (1/10)	29.83	31.70	30.92	39.70	34.06
12	Fixed Cost per kilometer (₹) (8/10)	2.48	1.50	2.22	1.94	1.25
13	Variable Cost per kilometer (₹) (9/10)	27.46	30.02	28.30	37.33	32.54
14	Cost per kilometers (₹) (3/10)	29.94	31.52	30.51	39.27	33.79
15	Net Earnings per kilometers (₹) (11-14)	-0.11	0.18	0.41	0.43	0.27
16	Traffic Revenue	362.48	413.93	410.86	461.76	470.17
17	Traffic revenue per kilometer (₹) (16/10)	28.71	30.70	29.17	37.05	31.75

Annexure 12

(Referred to in paragraph 4.1.9.1)

Statement showing the segment wise operational performance of Punjab State Bus Stand Management Company Limited

Sl. No	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1	No. of buses					
	Ordinary	1058	1028	1024	1003	1000
	KMS	0	75	109	109	109
	HVAC	135	122	102	47	30
	Super Integral - Volvo/Benz	19	17	23	42	36
	Pendu Buses	-	-	-	80	80
	Total	1212	1242	1258	1281	1255
2	**Scheduled Kilometers (in lakh)**					
	Ordinary	1248.77	1180.10	1174.18	1073.17	1214.17
	KMS	0	104.61	162.43	142.82	161.51
	HVAC	156.69	139.55	108.78	50.80	29.24
	Super Integral - Volvo/Benz	35.16	33.33	42.62	73.83	74.18
	Pendu Buses	-	-	-	N.A.	72.59
	Total	1440.62	1457.59	1488.01	1340.62	1551.69
3	**Effective kilometers (in lakh)**					
	Ordinary	1096.63	1087.28	1124.80	1007.49	1186.06
	KMS	0	107.45	158.15	145.21	156.43
	HVAC	131.20	121.14	83.89	20.74	8.59
	Super Integral - Volvo/Benz	34.72	32.46	41.90	72.78	73.24
	Pendu Buses	-	-	-	N.A.	56.63
	Total	1262.55	1348.33	1408.74	1246.22	1480.95
4	**Missed kilometers (in lakh)**					
	Ordinary	152.14	92.82	49.38	65.68	28.11
	KMS	0	-2.84	4.28	-2.39	5.08
	HVAC	25.49	18.41	24.89	30.06	20.65
	Super Integral - Volvo/Benz	0.44	0.87	0.72	1.05	0.94
	Pendu Buses	-	-	-	N.A.	15.96
	Total	178.07	109.26	79.27	94.4	70.74
5	Percentage of Missed kilometers to Scheduled kilometers (in *per cent*)	12.36	7.50	5.33	7.04	4.56
6	Employee Strength (all contractual)	2753	2681	3522	3638	3794
7	Employee Vehicle Ratio (Row 6/ Row 1)	2.27	2.16	2.80	2.84	3.02
8	Vehicle Productivity (kilometers/Bus/Day) (Sl. no. 3 / Sl. no. 1/ 365 days)	285.00	297.00	306.00	284.00	323.00
9	Occupancy Ratio (in *per cent*)	87.60	91.06	94.67	N.A.	N.A.
10	No. of Accidents	41	35	37	41	40
11	No. of Accidents per lakh effective kilometers (Row 10/ Row 3))	0.0325	0.0260	0.0263	0.0329	0.0270
12	Fuel Efficiency	4.32	4.37	4.46	4.54	4.67

Note: N.A. stands for Not Available.

Annexure-13

(Referred to in paragraph 4.1.12.1)

Statement showing the amount short claimed by Punjab State Bus Stand Management Company Limited

Year	No. of Students taken for raising the claim	No. of Students as per Udise Data	Difference in number of Students	Amount of claim raised (in ₹)	Claim to be raised on 10 miles to and fro basis and on the basis of Udise Data (in ₹)	Short claim raised (in ₹)	No. of buses of Punjab Roadways	No. of buses of PUNBUS	PUNBUS share in short claim (in ₹)
(1)	(2)	(3)	(4)	(5)	(6) = (5) X 16.09 / 10 X (3)/ (2)	(7) = (6) - (5)	(8)	(9)	(10) = (7) x (9) / [(8) + (9)]
2013-14	2619810	4858760	2238950	9,44,50,628	28,18,49,031	18,73,98,403	431	848	12,42,48,511
2014-15	2546228	4800654	2254426	9,22,96,769	27,99,92,023	18,76,95,254	372	1035	13,80,70,070
2015-16	4565983	4611276	45293	17,24,65,083	28,02,48,988	10,77,83,905	478	1134	7,58,23,169
2016-17	2309633	4614940	2305307	16,06,93,854	32,28,92,837*	16,21,98,983	603	1120	10,54,34,046
Total Short Claim									**44,35,75,795**

* The figure has been calculated using formula (6) = (5) x 16.09 / 16 X (3)/ (2) instead of (6) = (5) x 16.09 / 10 X (3)/ (2) as the department in this year started to claim based on 16 kilometers.

Annexure-14

(Referred to in paragraph 5.1.2)

Statement showing tender wise success rate of tenders in respect of Punjab Agro Foodgrains Corporation Limited during April 2015 to March 2018

(Quantity in MTs)

Tender number	Year of tender	Quantity offered	Quantity sold	Success rate (in *per cent*)
1st	2015-16	180379.905	23201.750	12.86
2nd	2015-16	165158.155	52307.610	31.67
3rd	2015-16	146616.021	40338.366	27.51
4th	2016-17	159361.800	67921.700	42.62
5th	2016-17	105943.005	33038.905	31.19
6th	2016-17	79377.280	10253.600	12.92
7th	2017-18	82081.810	32953.350	40.15
8th	2017-18	87541.360	38832.560	44.36
9th	2017-18	74726.150	20231.450	27.07
10th	2017-18	46164.900	18599.100	40.29

Statement showing tender wise success rate of tenders in respect of Punjab State Warehousing Corporation during April 2015 to March 2018

(Quantity in MTs)

Tender number	Year of tender	Quantity offered	Quantity sold	Success rate (in *per cent*)
1st	2015-16	36639.000	32046.040	87.46
2nd	2015-16	7068.450	4208.700	59.54
3rd	2015-16	3935.620	2751.220	69.91
4th	2016-17	1192.360	594.510	49.86
5th	2016-17	1198.160	1198.160	100.00
6th	2017-18	3002.000	2977.200	99.17

Annexure-15

(Referred to in paragraph 5.1.3)

Statement showing district wise wheat to be upgraded and actually upgraded by Punjab Agro Foodgrains Corporation Limited

(Quantity in MTs)

Name of district Office	Financial Year	Opening Balance	Wheat declared upgradable	Total to be upgraded	Wheat actually upgraded	Wheat not upgraded/ shortfall	Wheat damaged	Closing Balance	Percentage of wheat actually upgraded
1	**2**	**3**	**4**	**5=3+4**	**6**	**7=5-6**	**8**	**9**	**10=(6/5)*100**
Moga	2014-15	0.00	30028.45	30028.45	11134.00	18894.45	13894.45	5000.00	37.08
	2015-16	5000.00	11254.00	16254.00	3056.00	13198.00	10222.00	2976.00	18.80
	2016-17	2976.00	12445.15	15421.15	2671.00	12750.15	12750.15	0.00	17.32
Sub Total		**7976.00**	**53727.60**	**61703.60**	**16861.00**	**44842.60**	**36866.60**	**7976.00**	**27.33**
Sri Muktsar Sahib	2014-15	32530.00	3000.00	35530.00	10069.00	25461.00	25461.00	0.00	28.34
	2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2016-17	0.00	14675.00	14675.00	10381.00	4294.00	4294.00	0.00	70.74
Sub Total		**32530.00**	**17675.00**	**50205.00**	**20450.00**	**29755.00**	**29755.00**	**0.00**	**40.73**
Amritsar	2014-15	0.00	7703.00	7703.00	7507.00	196.00	196.00	0.00	97.46
	2015-16	0.00	1504.00	1504.00	1346.00	158.00	158.00	0.00	89.49
	2016-17	0.00	2797.00	2797.00	1633.00	1164.00	1164.00	0.00	58.38
Sub Total		**0.00**	**12004.00**	**12004.00**	**10486.00**	**1518.00**	**1518.00**	**0.00**	**87.35**
Tarn Taran	2014-15	12139.00	18646.00	30785.00	788.00	29997.00	7359.00	22638.00	2.56
	2015-16	22638.00	5487.70	28125.70	3756.00	24369.70	16239.70	8130.00	13.35
	2016-17	8130.00	0.00	8130.00	3517.40	4612.60	4612.60	0.00	43.26
Sub Total		**42907.00**	**24133.70**	**67040.70**	**8061.40**	**58979.30**	**28211.30**	**30768.00**	**12.02**
Bathinda	2014-15	35508.00	0.00	35508.00	7337.00	28171.00	0.00	28171.00	20.66
	2015-16	28171.00	11702.00	39873.00	3529.00	36344.00	28171.00	8173.00	8.85
	2016-17	8173.00	0.00	8173.00	2899.80	5273.20	5273.20	0.00	35.48
Sub Total		**71852.00**	**11702.00**	**83554.00**	**13765.80**	**69788.20**	**33444.20**	**36344.00**	**16.48**
G. Total		**155265.00**	**119242.30**	**274507.30**	**69624.20**	**204883.10**	**129795.10**	**75088.00**	**25.36**

Annexure-16

(Referred to in paragraph 5.1.3)

Statement showing district wise wheat to be upgraded and actually upgraded by Punjab State Warehousing Corporation

(Quantity in MTs)

Name of district Office	Financial Year	Opening Balance	Wheat declared upgradable	Total to be upgraded	Wheat actually upgraded	Wheat not upgraded	Wheat damaged	Closing Balance	Percentage of wheat actually upgraded
1	**2**	**3**	**4**	**5=3+4**	**6**	**7=5-6**	**8**	**9**	**10=(6/5)*100**
Amritsar	2014-15	0.00	10227.00	10227.00	8577.55	1649.45	1649.45	0.00	83.87
	2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2016-17	0.00	760.00	760.00	688.00	72.00	72.00	0.00	90.53
Sub Total		**0.00**	**10987.00**	**10987.00**	**9265.55**	**1721.45**	**1721.45**	**0.00**	**84.33**
Sri Muktsar Sahib	2014-15	2731.00	0.00	2731.00	0.00	2731.00	2731.00	0.00	0.00
	2015-16	0.00	2050.00	2050.00	2050.00	0.00	0.00	0.00	100.00
	2016-17	0.00	4783.00	4783.00	2432.00	2351.00	2351.00	0.00	50.85
Sub Total		**2731.00**	**6833.00**	**9564.00**	**4482.00**	**5082.00**	**5082.00**	**0.00**	**46.86**
Moga	2014-15	1031.00	0.00	1031.00	1031.00	0.00	0.00	0.00	100.00
	2015-16	0.00	52.00	52.00	52.00	0.00	0.00	0.00	100.00
	2016-17	0.00	25.00	25.00	0.00	0.00	25.00	0.00	0.00
Sub Total		**1031.00**	**77.00**	**1108.00**	**1083.00**	**0.00**	**25.00**	**0.00**	**97.74**
G. Total		**3762.00**	**17897.00**	**21659.00**	**14830.55**	**6803.45**	**6828.45**	**0.00**	**68.47**

Annexure-17

(Referred to in paragraph 5.1.4)

Statement showing loss in value of damaged wheat on account of reduction in reserve price in Punjab Agro Foodgrains Corporation Limited

Sl. No.	Lot No. as per 10th Tender	Name of district	Crop year	Total Quantity (MTs)	Original Reserve Price (₹ Per MT)	New Reserve price (₹ Per MT) as on March 2018	Loss in value on account of reduced reserve price (₹)
1	X.1	Bathinda	2011-12	783.75	7020.00	2700.00	3385800.00
2	X.3	Bathinda	2012-13	1530.35	6480.00	2332.90	6346514.49
3	X.6	Bathinda	2009-10	1214.05	6480.00	2040.00	5390382.00
4	X.8	Bathinda	2012-13	2796.10	7710.00	1500.00	17363781.00
5	X.9	Faridkot	2011-12	140.00	7020.00	2460.00	638400.00
6	X.10	Faridkot	2012-13	20.00	7710.00	1657.90	121042.00
7	X.11	Faridkot	2012-13	1075.00	6425.00	2752.90	3947507.50
8	X.13	Fatehgarh	2009-10	580.30	6480.00	2693.30	2197422.01
9	X.14	Fatehgarh	2010-11	163.95	6600.00	937.50	928366.88
10	X.15	Fatehgarh	2010-11	2190.65	5500.00	2174.30	7285444.71
11	X.16	Fatehgarh	2010-11	517.20	6600.00	2322.00	2212581.60
12	X.19	Ludhiana	2009-10	445.50	5400.00	862.50	2021456.25
13	X.20	Ludhiana	2009-10	448.00	6480.00	862.50	2516640.00
14	X.21	Ludhiana	2009-10	1122.20	5400.00	862.50	5091982.50
15	X.22	Ludhiana	2010-11	306.30	5500.00	862.50	1420466.25
16	X.23	Ludhiana	2010-11	299.00	5500.00	862.50	1386612.50
17	X.24	Ludhiana	2010-11	151.50	6600.00	900.00	863550.00
18	X.25	Ludhiana	2010-11	600.70	5500.00	862.50	2785746.25
19	X.34	Nawanshahr	2009-10	116.50	5400.00	1620.00	440370.00
20	X.35	Nawanshahr	2009-10	446.80	4320.00	1432.50	1290135.00
24	X.36d	Patiala	2010-11	120.50	6600.00	1575.00	605512.50
25	X.38	Ropar	2009-10	110.00	6480.00	937.50	609675.00
26	X.39	Ropar	2009-10	91.90	6480.00	937.50	509355.75
27	X.40	Ropar	2011-12	449.00	7020.00	1012.50	2697367.50
28	X.41	Ropar	2011-12	499.00	7020.00	1162.50	2922892.50
29	X.42	Ropar	2012-13	440.00	6425.00	1162.50	2315500.00
30	X.52	Tarn Taran	2010-11	131.15	5500.00	937.50	598371.88
31	X.53	Tarn Taran	2010-11	392.65	4400.00	937.50	1359550.63
32	X.56	Tarn Taran	2011-12	274.30	7020.00	1012.50	1647857.25
33	X.57	Tarn Taran	2011-12	150.75	5850.00	1012.50	729253.13
Total				**17607.10**			**81629537.05**

Annexure-18

(Referred to in paragraph 5.1.4)

Statement showing loss in value of damaged wheat on account of reduction in reserve price in Punjab State Warehousing Corporation

Sl. No.	Lot No.	Name of district	Crop year	Total Quantity (in MTs)	Original Reserve Price (₹ per MT)	New Reserve price (₹ per MT)	Loss in value on account of reduced reserve price (₹ per MT)
1	8	Faridkot	2011-12	22.2993	7020	5850	26090.18
2	9	Faridkot	2011-12	35.3632	5850	4680	41374.94
3	10	Faridkot	2011-12	148.5378	7020	5850	173789.23
4	11	Faridkot	2011-12	149.5511	5850	4680	174974.79
5	18	Faridkot	2012-13	105.6040	6425	5140	135701.14
6	19	Faridkot	2012-13	104.0440	7710	6425	133696.54
7	20	Faridkot	2012-13	145.5320	6425	5140	187008.62
8	22	Faridkot	2012-13	153.8070	7710	6425	197642.00
9	23	Faridkot	2012-13	113.4944	7710	6425	145840.30
10	24	Faridkot	2012-13	39.0874	7710	6425	50227.31
11	25	Faridkot	2012-13	88.7292	7710	6425	114017.02
12	26	Faridkot	2012-13	57.0862	6425	5140	73355.77
13	35	Ferozepur	2011-12	71.3363	4680	1170	250390.41
14	36	Ferozepur	2011-12	149.9844	4680	1170	526445.24
15	44	Ferozepur	2013-14	30.7170	4050	1350	82935.90
16	99	Moga	2010-11	37.5127	5500	3300	82527.94
17	100	Moga	2011-12	135.7822	7020	3510	476595.52
18	131	Moga	2011-12	60.4940	5850	4680	70777.98
19	136	Moga	2012-13	48.0304	7710	6425	61719.06
20	207	Muktsar	2011-12	91.2050	7020	5850	106709.85
21	241	Muktsar	2009-10	125.5157	6480	4320	271113.91
22	245	Muktsar	2009-10	101.5833	6480	5400	109709.96
23	246	Muktsar	2009-10	114.5647	6480	4320	247459.75
24	248	Muktsar	2009-10	119.8791	6480	4320	258938.86
25	251	Muktsar	2009-10	150.8615	6480	4320	325860.84
26	253	Muktsar	2009-10	146.9631	6480	5400	158720.15
27	258	Muktsar	2009-10	155.6615	6480	4320	336228.84
Total				**2703.2265**			**4819852.05**

Annexure-19

(Referred to in paragraph 5.1.7)

Statement showing poor preservation of wheat stock by Punjab Agro Foodgrains Corporation Limited and Punjab State Warehousing Corporation

(Quantity in MTs)

Sl. No.	SPA and Office	Name of plinth	Crop year	Total wheat stored	Wheat damaged	Percentage of damaged wheat to total wheat stored
1	PAFC -Moga	Shiv Shankar Rice Mills – open plinth	2012-13	5262	3815	72.50
2	PAFC -Moga	Naib singh and Sons	2011-12	4579	2724	59.49
3	PAFC -Moga	Naib singh and Sons	2012-13	2585	2035	78.72
4	PAFC -Moga	Mukhtiar kaur open plinth	2013-14	8117	4213	51.90
5	PAFC -Moga	Sandhu brothers	2013-14	8522	5236	61.44
6	PSWC Moga	Guru Nanak rice and general mills	2011-12	8145	3494	42.90
7	PAFC Tarntaran	Chutala Open Plinth	2012-13	9042	3290	36.39
8	PAFC Tarntaran	Chutala Open Plinth	2013-14	8625	2467	28.60
9	PAFC Tarntaran	Sandhu Kulla plinth	2011-12	16799	7327	43.61
10	PAFC Tarntaran	Sandhu Kulla plinth	2013-14	4853	2490	51.31
11	PAFC Tarntaran	Hundal plinth	2009-10	9111	4238	46.52
12	PAFC Tarntaran	Dhillon Plinth	2012-13	13135	3542	26.97
13	PAFC Tarntaran	Dhillon Plinth	2013-14	2750	966	35.13
14	PAFC Bathinda	Golden covered complex	2011-12	2256	2256	100.00
15	PAFC Bathinda	Golden open complex	2012-13	3898	3790	97.23
16	PAFC Bathinda	Inderjit covered godown	2012-13	2485	2485	100.00
17	PAFC Bathinda	Sanjiv open plinth	2012-13	7549	5475	72.53
18	PAFC Bathinda	Dr. S.K. Jindal open plinth	2012-13	5267	3027	57.47
19	PAFC Bathinda	Ranjit Singh & others open plinth	2012-13	5463	3307	60.53
20	PAFC Sri Muktsar Sahib	Anil Kumar & others, Malout	2011-12	16254	7239	44.54
21	-Do-	Friend multiplex, Giddarbaha	2012-13	12599	4735	37.58
22	-Do-	Rajesh Kumar & Co-owners, Malout	2012-13	10500	3336	31.77
23	-Do-	Anil Kumar & others, Malout	2013-14	9008	2690	29.86
24	-Do-	Bhai Narinder Singh and others, Muktsar	2014-15	7421	3465	46.69
25	-Do-	Anil Kumar and Others	2012-13	1280	694	54.22
26	PSWC Amritsar	Chamanlal Amarnath	2009-10	49	49	100.00
Total				**185554**	**88385**	**47.63**

Note: Above show the cases of high incidence of damage of wheat where percentage of damaged wheat is more than 25 *per cent.*

Annexure-20

(Referred to in paragraph 5.1.8)

Statement showing damage of wheat due to storage with infested wheat stock by Punjab Agro Foodgrains Corporation Limited and Punjab State Warehousing Corporation

Name of the SPA, District	Name of Plinth	Quantity of wheat damaged (in MTs)									Damaged wheat excluding first year (MTs)
		Crop year 2006-07	Crop year 2007-08	Crop year 2008-09	Crop year 2009-10	Crop year 2010-11	Crop year 2011-12	Crop year 2012-13	Crop year 2013-14	Crop year 2014-15	
PAFC, Moga	Shiv Shankar rice mills open plinth						479	3815	877		4692
	ChanderShekhar covered godown						191		598		598
	Janesh open plinth						145		1053		1053
	Niab Singh & sons						2724	2035			2035
	Mukhtiarkaur open plinth						339	1352	4213		5565
PSWC, Moga	Guru Nanak Rice Mills						3494	192			192
PAFC, Amritsar	Bhalla Plinth, Majitha				161	76	25	321	88		510
	Chohan plinth, Jandiala							1383		607	607
	Virk plinth								251	687	687
PAFC, Tarntaran	Jodhpur open plinth				42			1200	357	606	2163
	Chutala open plinth						156	3290	2467		5757
	Dhillon plinth katchapacca Patti							3542	966		966
	Sandhu Kulla Plinth, Patti						7327	2020	2490		4510
	Manhiala open plinth Patti						381	838	940		1778
	Pahuwind Plinth, Bhikhiwind					736	691	301			992
	Hundal Plinth		25	3778	4238						8016
PAFC Bathinda	Dr. S.k. Jindal open Plinth, RampuraPhul	146		352				3027			3379
	Sanjiv open plinth					4866	3366	5476			8842
	Golden open complex				147			3790			3790
	Sewa Singh & others open plinth, Raman					83	66	3861			3927
	Paramjit Singh & others open plinth,Talwandisaboo					211.0	1980	3350			5330
	Ranjit Singh & others open plinth Talwandisaboo					310		3308			3308
	Ganpati open Plinth			598	1631	442					2073
PAFC Sri Muktsar Sahib	Anill Kumar & others, Ghumiara Road						7239	694	2690		3384
	Raghubir Singh & Others Gidderbhaha						2184			828	828
	Friends storage house, Gidderbaha						1854	1961			1961
PSWC, Sri Muktsar Sahib	SW ,Open Plinth no. 8, Barriwala				2960	1661	6954				8615
	Kala Singh Pargat Singh op 25, Malout				28400		18097				18097
PSWC Amritsar	ChamanlalAmarnath				49		1166		38		1204
	Nishan Open Plinth						2505		243		243
	PSWC Owned Cov. Complex							193		72	72
										TOTAL	**105174**

Note: The damaged wheat in the first year of respective storage space is excluded from the total column as the wheat in next year got damaged due to cross infestation.

Annexure 21

(Referred to in paragraph 5.6)

Statement showing extension fee and interest recoverable from allottee by Punjab Small Industries and Export Corporation Limited

Calculation in respect of non-levy of extension fee and interest recoverable from the allottee					
Period of extension	**Area of plot (in square yards)**	**Current reserve price per sq. yard (in ₹)**	**Extension fee at the rate of one *per cent* (in ₹)**	**Recoverable interest at the rate of 7.63 *per cent* (from respective due month of extension upto March 2018)**	
	12.5 acres X 4840 sq.yards			**Period in months**	**Amount (in ₹)**
March 2009 to February 2010	60500	12500	7562500	109	5241254
March 2010 to February 2011	60500	12500	7562500	97	4664235
March 2011 to February 2012	60500	12500	7562500	85	4087216
March 2012 to February 2013	60500	12500	7562500	73	3510197
March 2013 to February 2014	60500	12500	7562500	61	2933179
March 2014 to February 2015	60500	12500	7562500	49	2356160
March 2015 to February 2016	60500	12500	7562500	37	1779141
March 2016 to February 2017	60500	12500	7562500	25	1202122
March 2017 to February 2017	60500	12500	7562500	12	577019
March 2018 (One month)	60500	12500	630208	1	4007
		Total	**68062500 (say ₹ 6.80 crore)**		**26354530 (say ₹ 2.63 crore)**

www.agpunjab.gov.in