

## Overview

### 1. General

- *The State had 98 Government companies (including 37 subsidiaries), five companies under the purview of Section 619-B of the Companies Act, 1956 and seven statutory corporations as on 31 March 2000. Of these, 12 companies were under the process of liquidation and three companies were under merger.*

*(Paragraph 1.1, 1.2.1 and 1.10)*

- *The total investment in 105 Public Sector Undertakings ( 98 Government companies and seven Statutory corporations) was Rs. 17313.04 crore which comprised equity of Rs. 5198.85 crore including share application money Rs. 381.14 crore) and long term loans Rs. 12114.19 crore.*

*(Paragraph 1.2)*

- *During the year the State Government guaranteed the repayment of loans and interest thereon amounting to Rs. 824.63 crore obtained by 11 Government companies and two Statutory corporations. The outstanding amount of guarantees aggregated Rs. 1564.72 crore at the close of March 2000.*

*(Paragraph 1.4)*

- *Of 98 Government companies and seven Statutory corporations only three companies and one Statutory corporation had finalised their accounts for the year 1999-2000 and accounts of 91 Government companies and six Statutory corporations were in arrears for period ranging from one year to 25 years.*

*(Paragraph 1.5.1)*

- *According to the latest available accounts, 38 Government companies and two Statutory corporations had eroded their paid-up-capital as their accumulated loss amounting to Rs. 3210.88 crore, exceeded paid-up-capital of Rs. 1549.67 crore.*

*(Paragraph 1.6.1.2 and 1.6.2.2)*

### 2. Review on Government Companies

#### **THE PRADESHIYA INDUSTRIAL & INVESTMENT CORPORATION OF UTTAR PRADESH LIMITED**

- *The Corporation was established on 29 March 1972 with a view to promote and develop industries in the State by providing financial assistance to medium and large scale industrial units. The paid-up capital of the Corporation as on 31 March 1999 was Rs. 110.58 crore which had been completely eroded by its accumulated loss of Rs. 112.54 crore as of 31 March 1999.*

*(Paragraph 2A.1 and 2A.5.2)*

- *The Corporation disbursed term loans to two units without ascertaining viability of the projects which resulted in non-recovery of dues of Rs. 5.67 crore.*

**(Paragraph 2A.7.1.1 and 2A.7.1.5)**

- *Irregular release of bridge loan to one unit relaxing all pre-disbursement conditions of loan (including title deed of land and building plan) led to loss of Rs. 4.40 crore.*

**(Paragraph 2A.7.1.3)**

- *The Corporation suffered loss of Rs. 21.82 crore due to disbursal of term loan to seven loanee units with one main promoter/guarantor by relaxing all pre-disbursement conditions of loans and without ensuring the availability of hypothecated assets and first charge certificate from Registrar of Companies.*

**(Paragraph 2A.7.1.6)**

- *The Corporation sanctioned Short Term Loans (STL) to one unit ignoring eligibility criterion and relaxing all the basic conditions of STL which resulted in non-recovery of dues of Rs. 12.90 crore due to non-commissioning of project and insufficient security against PG of promoter.*

**(Paragraph 2A.7.2.1)**

- *Sanction of Working Capital Term Loan and Equipment Refinance Scheme to two units despite heavy recession in paper industry and not fulfilling the eligibility criterion, resulted in non-recovery of dues of Rs. 8.71 crore.*

**(Paragraph 2A.7.3.1 and 2A.7.3.2)**

- *The Corporation was deprived of potential profit of Rs. 29.89 crore and had to suffer extra burden of interest on borrowings amounting to Rs. 17.00 crore during 1994-95 to 1998-99 due to non dis-investment of its share holding in Indo-Gulf Fertilizer and Chemicals Limited.*

**(Paragraph 2A.7.4.1.1)**

- *Owing to heavy default in repayment of loans and interest, non-performing assets (NPAs) of the Corporation increased to 58.5 per cent of the total loan assets as on 31 March 1999.*

**(Paragraph 2A.8.2)**

**PROCUREMENT, PERFORMANCE, MAINTENANCE AND REPAIR OF TRANSFORMERS IN UTTAR PRADESH POWER CORPORATION LIMITED (ERSTWHILE UTTAR PRADESH STATE ELECTRICITY BOARD)**

- *In Uttar Pradesh Power Corporation Limited (erstwhile Uttar Pradesh State Electricity Board) the growth of sub-power transformation capacity was not matching with the growth of distribution transformation capacity and connected load which resulted in overloading. The overall distribution transformation capacity per MW of connected load also ranged between 0.92 and 0.99 MW during last four years up to 1998-99.*

**(Paragraph 2B.4)**

- *The damage rate of distribution transformers was abnormally high ranging between 16.2 and 22.5 per cent against the norm of 2 per cent fixed by the Company itself. Due to this, the Company had to bear a heavy financial burden of Rs. 325.28 crore on repair of 232341 distribution transformers failed in excess of the norm during the period of five years up to 1999-2000.*

**(Paragraph 2B.6.2)**

- *Due to change in technical specifications of repaired transformers, the Company allowed higher tolerance in load loss and no load loss over and above the guaranteed loss prescribed for procurement of new transformers. Due to this, the Company not only accepted inferior quality of repaired transformers from outside agencies but also suffered energy loss of 130.16 MU (value Rs. 20.96 crore) in repair of 177983 distribution transformers during five years up to 1999-2000.*

**(Paragraph 2B.7.2.1)**

***ELECTRIFICATION OF TAJ TRAPEZIUM AREA BY UTTAR PRADESH POWER CORPORATION LIMITED (ERSTWHILE UTTAR PRADESH STATE ELECTRICITY BOARD)***

- *For undertaking environmental protection of Taj Trapezium Area (TTA), a project at an estimated cost of Rs. 189.64 crore was conceived by erstwhile Uttar Pradesh State Electricity Board now Uttar Pradesh Power Corporation Limited to maintain un-interrupted power supply in TTA.*

**(Paragraph 2C.1 and 2C.4.1)**

- *Electricity Transmission Divisions, Agra and Aligarh incurred an expenditure of Rs. 1.10 crore on works not covered in TT project.*

**(Paragraph 2C.5.3)**

- *Estimates for construction of 16 nos. new 33/11 KV sub-station and associated lines were prepared on higher side by Rs. 2.47 crore due to which the Company had to bear an interest liability of Rs. 1.25 crore on excess drawal of loan fund.*

**(Paragraph 2C.5.5)**

- *Panther Conductor (100.202 kms) procured for the value of Rs. 0.77 crore (July 1999), remained unutilised as the same was not required as per project report.*

**(Paragraph 2C.6.1)**

### **3. REVIEW ON STATUTORY CORPORATION**

***OPERATIONAL PERFORMANCE AND MATERIAL MANAGEMENT OF UTTAR PRADESH STATE ROAD TRANSPORT CORPORATION***

- *Uttar Pradesh State Road Transport Corporation (Nigam) was established (June 1972) to accelerate pace of development and provide adequate, efficient and economical road transport system in the State. However, the performance of the Nigam was marked by poor operational and inventory control resulting in continuous losses. The accumulated losses at the close of March 1999 aggregated Rs. 504.63 crore.*

**(Paragraph 3.1, 3.4 and 3.5)**

- *Substantial number of Nigam's buses were old and uneconomical causing loss of Rs. 183.50 crore.*

**(Paragraph 3.5.1)**

- *Fleet utilisation was low compared to targets due to inefficiencies of the workshops leading to loss of potential contribution of Rs. 85.10 crore.*

**(Paragraph 3.5.2)**

- *Vehicle productivity was low and cancellation of scheduled kms was highest in the country leading to a loss of Rs. 97.77 crore and Rs. 404.55 crore respectively.*

**(Paragraph 3.5.3)**

- *As a sequel to unauthorised operation of private buses and issue of permits to private operators on nationalised routes the load factor was low and resulted in loss of Rs. 183.64 crore.*

**(Paragraph 3.5.4)**

- *Maintenance cost of operation was high due to higher bus staff ratio. The Nigam also failed to avoid premature scrapping of new tyres. This resulted in excessive cost on new tyres aggregating to Rs. 14.92 crore.*

**(Paragraph 3.5.8, 3.5.9 and 3.6.1.2.5)**

- *Staff productivity was low leading to a loss of Rs. 72.04 crore due to excess or shortfall of crew/staff.*

**(Paragraph 3.5.12)**

#### **4. MISCELLANEOUS TOPICS OF INTEREST**

##### **UTTAR PRADESH STATE YARN COMPANY LIMITED**

- *Investment of fund raised for modernisation of the Mills through private placement of bond was invested in fixed deposits carrying lower rate of interest resulting into loss amounting to Rs. 0.64 crore.*

**(Paragraph 4A.2)**

**UTTAR PRADESH SMALL INDUSTRIES CORPORATION LIMITED**

- *The Company suffered a loss of Rs. 1.53 crore due to non recovery of trade tax from its customers besides incurring further liability of Rs. 0.96 crore towards refund of trade tax.*

**(Paragraph 4A.5)**

**UTTAR PRADESH STATE INDUSTRIAL DEVELOPMENT CORPORATION LIMITED**

- *Due to tardy progress of project and fixation of unreasonably higher rate of developed plots and flatted factories, the Company failed to attract entrepreneurs to establish export oriented units in EPIP defeating the very object of the scheme.*

**(Paragraph 4A.7)**

**UTTAR PRADESH POWER CORPORATION LIMITED(ERSTWHILE UTTAR PRADESH STATE ELECTRICITY BOARD)**

- *Billing at assessed consumption of energy without consideration of Minimum Consumption Guarantee resulted in undercharge of revenue amounting to Rs. 22.80 lakh.*

**(Paragraph 4A.13)**

- *The Company, in contravention of its own directives, failed to raise bills amounting to Rs. 3.42 crore in eight cases of theft of energy.*

**(Paragraph 4A.16)**

- *Incorrect application of tariff resulted in undercharge of revenue amounting to Rs. 1.60 crore.*

**(Paragraph 4A.18)**

- *The Company, in contravention of its own directives, allowed the release of connection by tapping of trunk line emanating from 132/33/11 KV sub-station thereby resulting in undue benefit to a consumer amounting to Rs. 0.81 crore.*

**(Paragraph 4A.20)**

**UTTAR PRADESH FINANCIAL CORPORATION**

- *Appraisal of the project without ensuring viability resulted in non-recovery of dues amounting to Rs. 1.30 crore.*

**(Paragraph 4B.2)**