OVERVIEW

1 Overview of Government companies and Statutory corporations

As on 31 March 2002, the State had 84 Public Sector Undertakings (PSUs) comprising 73 Government companies and 11 Statutory corporations as against 82 PSUs as on 31 March 2001. Out of 73 Government companies, 65 were working Government companies, while eight were non-working Government companies. All 11 Statutory corporations were working corporations.

The total investment in working PSUs increased from Rs 18296.03 crore as on 31 March 2001 to Rs 22328.52 crore as on 31 March 2002. The total investment in non-working PSUs also increased from Rs 47.05 crore to Rs 143.62 crore during the same period.

The budgetary support in the form of capital, loans and grants/ subsidies disbursed to the working PSUs marginally increased from Rs 2355.50 crore in 2000-2001 to Rs 2378.06 crore in 2001-2002. The State Government also contributed Rs 8.63 crore in the form of grants/ subsidy/ loans to three non-working companies during 2001-2002. The State Government guaranteed loans aggregating Rs 2523.71 crore during 2001-2002. The total amount of outstanding loans guaranteed by the State Government to all PSUs was Rs 9031.81 crore as on 31 March 2002.

Twenty five working Government companies and three working Statutory corporations had finalised their accounts for the year 2001-2002. The accounts of remaining 40 working Government companies and eight working Statutory corporations were in arrears for periods ranging from one year to nine years as on 30 September 2002. The accounts of three non-working Government companies were in arrears for periods ranging from one year to 18 years as on 30 September 2002.

According to the latest finalised accounts, 17 working PSUs (14 Government companies and three Statutory corporations) earned aggregate profit of Rs 15.32 crore, of which only Webel Technology Limited declared dividend of Rs 0.80 crore. Against this, 57 working PSUs (50 Government companies and seven Statutory corporations) incurred aggregate loss of Rs 1878.93 crore as per their latest finalised accounts. Of the loss incurring working Government companies, 40 companies had accumulated losses aggregating Rs 2395.28 crore, which exceeded their aggregate paid-up capital of Rs 413.20 crore. Six loss incurring Statutory corporations had accumulated loss of Rs 4513.27 crore which exceeded their paid-up capital of Rs 1457.82 crore.

Even after completion of five years of their existence, the individual turnover of 23 working and 7 non-working Government companies and two working Statutory corporations had been less than Rs 5 crore in each of the preceeding five years as per their latest finalised accounts. Similarly, 13 working

Government companies and one Statutory corporation had been incurring losses for five consecutive years as per their latest finalised accounts, leading to negative net worth. As such, the Government may either improve the performance of these 46 PSUs or consider their closure.

(Paragraphs 1.1, 1.2, 1.3 & 1.7)

2 REVIEWS RELATING TO GOVERNMENT COMPANIES

2A THE CALCUTTA TRAMWAYS COMPANY (1978) LIMITED

The Calcutta Tramways Company (1978) Limited was incorporated in October 1982 to take over the departmentally managed undertaking of the erstwhile UK-based Calcutta Tramways Limited and to operate tram and trolley bus services in and around Kolkata. Even after 25 years since takeover of the tramways system, the Company continues to be plagued by poor operational performance coupled with high operating cost, low revenue, surplus manpower, excess consumption of power/ fuel, operation of uneconomic routes, unremunerative fare structure, etc.

The Company sustained losses since inception. The accumulated losses of Rs 357.95 crore as of 31 March 2002 were 18 times of the paid up capital. During 1997-2002, the Company incurred losses of Rs 133.32 crore even after receiving subsidy of Rs 220.69 crore.

(Paragraph 2A.5)

In case of tram services, loss per passenger kilometre during 1997-2002 increased by 56 *per cent* due to increase of 55 *per cent* in the cost per passenger kilometre against an increase of 51 *per cent* in earnings per passenger kilometre. Similarly, in case of bus services, the loss per passenger kilometre increased by 165 *per cent* due to increase of 34 *per cent* in the cost per passenger kilometre against an increase of 9 *per cent* in earnings per passenger kilometre during the same period.

(Paragraph 2A. 5.1(i))

The average fleet utilisation of tramcars was poor at 58 *per cent* in 1997-98 which further declined to 48 *per cent* in 2001-2002. Similarly, the fleet utilisation of buses dropped from 72 *per cent* in 1997-98 to 65 *per cent* in 2001-2002, as compared to average utilisation of 81 *per cent* in Urban Road Transport Corporations.

(Paragraphs 2A.6.2.1 & 2A.6.2.3)

The Company did not fix any norm for consumption of electricity and fuel. Power efficiency of tram services deteriorated during the past five years. Resultantly, the Company incurred extra expenditure of Rs 1.23 crore due to excess consumption of 38.35 lakh units of electricity during 1997-2002. Fuel efficiency of buses also remained below all-India average, which cost the Company Rs 1.90 crore.

(Paragraphs 2A.6.5.1 & 2A.6.5.3)

During 1997-2002, the Company incurred extra expenditure of Rs 62.50 crore on deployment of excess staff in tram services. Despite this, the Company spent Rs 20.27 crore towards engaging 580 to 1026 casual staff during the same period.

(Paragraph 2A.12)

2B THE KALYANI SPINNING MILLS LIMITED

The Kalyani Spinning Mills Limited was incorporated in January 1960 with the objective to spin, weave and process various kinds of textile fibres. Even after expiry of 42 years, the Company failed to achieve its objectives due to low productivity of labour and machines, deployment of excess staff, loss of production due to controllable factors, increase in production cost without enhanced price realisation, dependence on production of coarser and cheaper counts of yarn, ineffective implementation of modernisation programme etc.

During the five years up to 2001-2002, the Company incurred cash losses of Rs 47.63 crore, attributable to loss of production arising from controllable factors, high employees' cost, low productivity of labour and machines and high raw material cost.

(Paragraph 2B.5(iv))

The Company sustained loss of production of 110.08 lakh Kg of yarn valuing Rs 101.23 crore during 1997-2002 on account of shortfall in achievement of targets.

(Paragraphs 2B.6, 2B.7(A) & 2B.7(B))

The actual production of yarn during 1991-1997 was 55 to 37 *per cent* of the break even level of 55.21 lakh kg as envisaged in the modernisation-cum-rehabilitation scheme of 1987. The Company incurred Rs 5.28 crore on renovation of plant and machinery during 1996-2001 without evaluating impact on the productivity.

(Paragraph 2B.9)

The percentage of employees' cost to the value of production ranged between 32 and 37 during 1997-2002 which was thrice the norm of 12 *per cent* fixed by South India Textile Research Association (SITRA) and also much more than the sickness level of 15 *per cent* prescribed by SITRA.

Against the standard productivity norm of 24 hours to produce 100 kg of yarn, as adopted by SITRA, the actual time taken during 1997-2002 at Kalyani and Habra ranged from 62.55 to 80.27 hours and 120.69 to 133.02 hours respectively which was 2.62 to 5.5 times of the standard norm indicating the abnormally low level of labour efficiency at both mills.

(Paragraph 2B.10)

2C WEST BENGAL TEA DEVELOPMENT CORPORATION LIMITED

West Bengal Tea Development Corporation Limited (Company) was incorporated in August 1976 with the main object of purchase/ takeover of economically viable tea estates for carrying on the business in plantation, manufacture and sale of tea. The Company took over the ownership of four sick tea estates, in the district of Darjeeling abandoned by the erstwhile private owners, while it developed one tea estate in the district of Jalpaiguri. The Company failed to achieve its objectives as the tea estates (TEs) suffered from substantial unutilised land, high vacancies, preponderance of old plants, lack of new plantation and low yield. The Company's dependence on auction sales, without any effort to go for private sales, resulted in realisation of low prices for its tea.

Actual yield of made tea per hectare in the Company's TEs was below the district/ adjacent garden average yield by 16 to 70 *per cent* resulting in shortfall of 32.72 lakh kg of tea during 1997-2002 valued at Rs 24.46 crore.

(Paragraph 2C.8)

Majority of the total tea area in Darjeeling (63 *per cent*) and Dooars region (52 *per cent*) was in the age group of more than 50 years with negligible replantation rate of 0.12 *per cent* and 0.77 *per cent* per *annum* during 1997-2002. This, coupled with high vacancies within plantation (24 *per cent* against the norm of 10 *per cent*), inadequate facilities for drainage/ irrigation, improper use of fertiliser, low plucking productivity and low yield from young tea bushes adversely affected yield per hectare. This resulted in loss of production of 84.30 lakh kg tea valued at Rs 51.65 crore during 1997-2002.

(Paragraphs 2C.8.1 to 2C.8.7)

Failure of the brokers to realise average sales price and absence of monitoring on the part of the Company over auction resulted in loss of potential revenue of Rs 6.07 crore to the Company during 1999-2001. The Company did not explore the option of private sales to earn more revenue.

(Paragraph 2C.10)

Deployment of 558 labourers in excess of district average in Rungmook-Cedars TEs resulted in an extra expenditure of Rs 5.40 crore on account of salary and wages. Despite this, an amount of Rs 33.18 lakh was incurred towards retention of casual workers for 94792 mandays during the last five years up to March 2002.

(Paragraph 2C.12)

3 REVIEWS RELATING TO STATUTORY CORPORATION

3A PROCUREMENT, PERFORMANCE, MAINTENANCE AND REPAIR OF TRANSFORMERS IN WEST BENGAL STATE ELECTRICITY BOARD

West Bengal State Electricity Board (Board) failed to increase the distribution transformation capacity to keep pace with the increasing load. The distribution transformation capacity should have been 4354 MW i.e. 133 *per cent* of connected load. Against this norm, the installed distribution transformation capacity fell short by 1692 MW of the desirable capacity. The installed distribution transformation capacity was also short of the connected load by 612 MW.

(Paragraph 3A.4)

Inadequate distribution capacity and delayed augmentation of capacity led to load shedding of 41.023 MU during 2000-2002 with consequential loss of potential revenue of Rs 8.32 crore to the Board and of Rs 40.62 lakh to the public exchequer towards electricity duty.

(Paragraphs 3A.4 & 3A.5)

The requirement of transformers was not correctly assessed leading to excess procurement of transformers valuing Rs 1.66 crore, while additional expenditure of Rs 0.66 crore was incurred on procurement of transformers at higher rates.

(Paragraphs 3A.7.2.1, 3A.7.2.2 & 3A.7.2.3)

History cards were not maintained for distribution transformers. The previous history of power transformers re-installed at various sub-stations was not also known to the Board. The Board had not also evolved any system for inspection of transformers at regular interval.

(Paragraphs 3A.8.1& 3A.9.1(iv))

The percentage of failure of distribution transformers at 30 divisions test checked in audit, varied from 5 to 75 *per cent*. The high rate of failure of distribution transformers was attributable to absence of schedule of preventive maintenance and overloading of distribution transformers. Age-wise analysis of transformers in service and suffering breakdown was also not available.

(Paragraph 3A.8.3)

The Board failed to retrieve transformers sent for repair and ensure repair of defective transformers in time resulting in avoidable procurement of transformers valuing Rs 1.64 crore.

(Paragraphs 3A.9.2B(a)(ii) & 3A.9.2B(b))

3B POWER SECTOR REFORMS- IMPLEMENTATION OF THE TERMS OF THE MEMORANDUM OF UNDERSTANDING (MOU)

Pursuant to the consensus reached in the Conference of Chief Ministers/ Power Ministers held in March 2001, a Memorandum of Understanding (MOU) was signed between the Ministry of Power, Government of India and the Department of Power, Government of West Bengal (GOWB) on 05 May 2001 to usher in power sector reforms in the State. The process of speeding up the reforms could not achieve the required momentum as there had been delays in implementation of reform programme by GOWB, with reference to the commitments made in the MOU.

(Paragraph 3B)

4 MISCELLANEOUS TOPICS OF INTEREST

4A GOVERNMENT COMPANY

Saraswaty Press Limited failed to print and deliver 6 lakh sets of telephone directory to Calcutta Telephones and consequently suffered a loss of Rs 0.72 crore against an anticipated contribution of Rs 1.27 crore.

(Paragraph 4A.1.1)

4B STATUTORY CORPORATIONS

The State Government/ WBSEB extended undue favour to CESC Limited, a private licensee in payment of dues to WBSEB and consequently WBSEB suffered a loss of Rs 204.69 crore.

(Paragraph 4B.1.1)

WBSEB's slack cash management led to excess drawal of working capital demand loan of Rs 17.94 crore resulting in avoidable payment of interest of Rs 6.82 crore.

(Paragraph 4B.1.2)

WBSEB continued to supply power to a sick private party without obtaining security deposit which led to a loss of Rs 1.63 crore. Similarly, WBSEB suffered a loss of Rs 5.57 crore due to its failure to raise the supplementary bill on a private party in line with the directives of Joint Chief Electrical Inspector.

(Paragraphs 4B.1.3 & 4B.1.4)

West Bengal Scheduled Castes and Scheduled Tribes Development and Finance Corporation suffered loss of interest of Rs 0.93 crore due to investment of fund in short term deposits with banks at lower rates of interest and also for shorter duration.

(Paragraph 4B.3.1)