

OVERVIEW

1 Overview of Government companies and Statutory corporations

As on 31 March 2003, the State had 84 Public Sector Undertakings (PSUs) comprising 73 Government companies and 11 Statutory corporations as against similar number of *PSUs* as on 31 March 2002. Out of 73 Government companies, 64 were working Government companies, while nine were non-working Government companies. All 11 Statutory corporations were working corporations.

(Paragraph 1.1)

The total investment in working PSUs increased from Rs 22,328.52 crore as on 31 March 2002 to Rs 26,088.64 crore as on 31 March 2003. The total investment in non-working PSUs also increased from Rs 143.62 crore to Rs 241.46 crore during the same period.

(Paragraphs 1.2 & 1.16)

The budgetary support in the form of capital, loans and grants/ subsidies disbursed to the working PSUs decreased from Rs 2,378.06 crore in 2001-02 to Rs 1,550.12 crore in 2002-03. The State Government also contributed Rs 14.32 crore in the form of grants/ equity/ loans to four non-working companies during 2002-03. The State Government guaranteed loans aggregating Rs 3,019.48 crore during 2002-03. The total amount of outstanding loans guaranteed by the State Government to all PSUs was Rs 11,773.53 crore as on 31 March 2003.

(Paragraphs 1.5 & 1.17)

Twenty seven working Government companies and three working Statutory corporations had finalised their accounts for the year 2002-03. The accounts of remaining 37 working Government companies and eight working Statutory corporations were in arrears for periods ranging from one to nine years as on 30 September 2003. The accounts of seven non-working Government companies were in arrears for periods ranging from one to 19 years as on 30 September 2003.

(Paragraphs 1.6 & 1.19)

According to the latest finalised accounts, 22 working PSUs (17 Government companies and five Statutory corporations) earned aggregate profit of Rs 32.20 crore, of which three companies and one corporation declared dividend of Rs 27.16 lakh. Against this, 52 working PSUs (46 Government companies and six Statutory corporations) incurred aggregate loss of Rs 1,384.93 crore as per their latest finalised accounts. Of the loss incurring working Government companies, 41 companies had accumulated losses aggregating Rs 2,605.41 crore, which exceeded their aggregate paid-up capital of Rs 458.35 crore. Six loss incurring Statutory corporations had accumulated

loss of Rs 5,564.31 crore which exceeded their paid-up capital of Rs 1,461.83 crore.

(Paragraphs 1.7, 1.8, 1.9, 1.10 & 1.11)

Even after completion of five years of their existence, the individual turnover of 19 working and eight non-working Government companies and one working Statutory corporation 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 42 PSUs or consider their closure.

(Paragraph 1.32)

2 REVIEW RELATING TO GOVERNMENT COMPANY

WEST BENGAL STATE SEED CORPORATION LIMITED

West Bengal State Seed Corporation Limited (Company) was incorporated in November 1980 with a view to provide quality seeds at reasonable prices to farmers. However, the Company failed to achieve its objectives due to low production of seeds, heavy dependence on procurement from outside source at higher rates, failure to increase sales through dealers, non-implementation of National Seeds Project-III and higher selling prices.

As per the latest finalised accounts, the Company sustained operational loss of Rs 2.26 crore in 1998-2002 but for non-operational income from interest on investment the Company earned profit of Rs 10.02 crore during the same period.

The Company had to bear additional interest burden of Rs 17.40 crore as of 31 March 2003 owing to its failure to pay interest on loan despite having sufficient fund in the term deposits.

(Paragraph 2.6)

Actual yield from breeder and foundation seeds fell short of the expected yield by 18,866.78 MT valuing Rs 14.01 crore during 1998-2003 due to management's failure to provide any production programme to growers, lack of inspection over the production performance of growers, delay in plantation etc.

(Paragraphs 2.12.1 & 2.13.1)

Production of certified seeds fell short of targets, though fixed on a lower side, by 71 and 58 *per cent* (*Kharif*) and 98 and 71 *per cent* (*Rabi*) during 1998-2003. In order to supplement its own production of certified seeds, the

Company resorted to purchase 33,054.89 MT certified seeds at an extra expenditure of Rs 19.09 crore during 1998-2003.

(Paragraph 2.14.1)

The Company had a marginal share of three per cent in the State's production of seeds, while its contribution to total sales of the seeds in the State ranged between 20 and 26 per cent during 1998-2003.

(Paragraph 2.20)

As against one of the objectives to provide certified seeds at reasonable rates, the selling price of seeds was higher due to excessive loading of overheads, recovery of sales tax, leading to an excess recovery of Rs 7.53 crore from farmers during 1998-2003.

(Paragraphs 2.18 & 2.18.1)

3 REVIEWS RELATING TO STATUTORY CORPORATIONS

3.1 WEST BENGAL INDUSTRIAL INFRASTRUCTURE DEVELOPMENT CORPORATION

West Bengal Industrial Infrastructure Development Corporation (Corporation) was set up in November 1973 to develop infrastructure facilities as well as growth centres for orderly growth of industries in West Bengal. However, the Corporation failed to achieve its objectives due to abnormal delays in completion of 17 growth centres owing to delay in acquisition of requisite land, arranging supply of power and water. This retarded the process of industrialisation in the State.

The Corporation sustained losses of Rs 33.73 lakh in 1998-2000, which turned into profit of Rs 1.87 crore in 2000-02 due to increase in interest income from term deposits. Further, due to failure to repay loan/ interest out of land premium the Corporation had to bear additional interest burden of Rs 1.06 crore.

(Paragraphs 3.1.6 & 3.1.8)

Eleven growth centres were completed after a time overrun of 12 to 108 months while development of six growth centres was lagging behind due to inordinate delay in acquisition of land as well as failure to commence development work. At Haldia (phase-II), expenditure of Rs 4.68 crore on land and its development proved unfruitful due to failure of the Corporation to arrange water.

(Paragraphs 3.1.9, 3.1.11, 3.1.13, 3.1.14 & Annexure 18)

The Corporation neither reviewed nor revised the land premium annually, leading to loss of Rs 4.97 crore. Further, in five growth centres, the

Corporation pegged the prevailing rates of land premium below cost and would sustain loss of Rs 9.79 crore on allotment of 150 acres allotable land to entrepreneurs.

(Paragraph 3.1.35)

The Corporation had no post-allotment monitoring mechanism over utilisation of land by entrepreneurs. As much as 118.81 acres land allotted to 61 units were lying unutilised for four months to 26 years, while 42 units, allotted 203.62 acres, remained closed for four months to 15 years. But the Corporation did not take action to repossess the allotted land. Further, the Corporation failed to enforce lease provisions against the erring entrepreneurs for recovery of assignment charges, lease rental and thereby sustained loss of Rs 1.91 crore.

(Paragraphs 3.1.37, 3.1.38 & 3.1.39)

3.2 PROCUREMENT, PERFORMANCE AND REPAIR OF ENERGY METERS IN WEST BENGAL STATE ELECTRICITY BOARD

As per section 26(1) of the Indian Electricity Act, 1910, West Bengal State Electricity Board (Board) is required to install and maintain correct energy meters at each point of supply of energy to consumers for measuring the energy actually sold. Of the total 43.85 lakh consumers, 2.59 lakh consumers were unmetered, besides there were 2.55 lakh defective meters pending replacement as on 31 March 2003.

(Paragraph 3.2.1)

The Board's assessment of requirement of energy meters was on *ad hoc* basis and actual requirement was lost sight of. Resultantly, the Board was unable to provide 7.57 lakh meters as of March 2003 due to their shortage. Further, had the Board repaired 3.85 lakh defective meters it could have saved Rs 23.24 crore on procurement of new meters.

(Paragraphs 3.2.7 & 3.2.29)

The Board incurred extra expenditure of Rs 4.40 crore due to procurement of meters at higher rates or extending price preference to state based parties.

(Paragraphs 3.2.10, 3.2.11 & 3.2.12)

Failure to carry out periodic post installation checks of meters, metering arrangement and connected load resulted in loss of revenue of Rs 2.05 crore.

(Paragraphs 3.2.23, 3.2.24, 3.2.25, 3.2.26 & 3.2.27)

The Board sustained loss of revenue of Rs 31.86 crore for unmetered supply and Rs 68.71 lakh due to delay in replacement of defective meters in eight test checked divisions.

(Paragraphs 3.2.28, 3.2.34 & 3.2.35)

4 MISCELLANEOUS TOPICS OF INTEREST

GOVERNMENT COMPANIES

West Bengal Housing Infrastructure Development Corporation Limited incurred extra expenditure of Rs 14.16 crore on land development work at Rajarhat New Town Project due to lack of planning and acceptance of higher rates in disregard to technical specifications.

(Paragraph 4.1)

Injudicious decision to borrow fund for implementation of a project and invest the same at lower rates of interest resulted in a loss of Rs 1.40 crore to West Bengal Surface Transport Corporation Limited.

(Paragraph 4.2)

West Bengal Infrastructure Development Finance Corporation Limited failed to invest idle fund, lying in current accounts, in short term deposit with banks and thereby sustained a loss of interest of Rs 2.14 crore.

(Paragraph 4.12)

Implementation of the modernisation scheme for producing sanitary wares without assessing/ upgrading technical knowledge of the workforce resulted in an unfruitful investment of Rs 96.80 lakh by West Bengal Ceramic Development Corporation Limited.

(Paragraph 4.11)

Injudicious decision of Durgapur Chemicals Limited to expand the capacity of stable bleaching powder plant and wrong selection of raw materials for producing stable bleaching powder resulted in infructuous expenditure of Rs 82.70 lakh.

(Paragraph 4.4)

STATUTORY CORPORATIONS

West Bengal State Electricity Board (Board) failed to avail incentive of Rs 420.82 crore for the year 2001-02 under Accelerated Power Development Reform Programme due to its failure to draw the accounts properly for the year 2000-01.

(Paragraph 4.16)

Improper decision to convert the dues against the promissory notes into term loans without undertaking the cost benefit analysis led to payment of excess interest of Rs 10.41 crore by the Board.

(Paragraph 4.17)

Injudicious decision to install 132/ 33 KV sub-station at Gangarampur resulted in a redundant investment of Rs 11.78 crore besides transmission loss of 57.33 million units power valued at Rs 12.61 crore due to delay in constructing 33 KV sub-station at Gangarampur.

(Paragraph 4.18)

The Board, in disregard to the suggestion of consultants, erected a 33 KV system for un-interrupted supply of construction power for Purulia pump storage project and thereby expenditure of Rs 8.99 crore proved to be redundant.

(Paragraph 4.24)