

OVERVIEW

I. Introduction

1. Important audit findings noticed as a result of test check of transactions entered into by the Central Government Companies / Corporations conducted by the officers of the C&AG of India under Section 619(3)(b) of the Companies Act, 1956 or the statute governing the particular Corporations are included in this Report.
2. This Report includes 135 paragraphs in respect of 63 PSUs. The draft paragraphs were forwarded to the Secretaries of the concerned Ministries/Departments under whose administrative control the PSUs are working to give them an opportunity to furnish their replies/comments in each case within a period of 6 weeks. Replies to 61 paragraphs were not received even as this report was being finalised. Earlier, the draft paragraphs were sent to Management of PSUs concerned - in respect of 6 paragraphs, they failed to respond despite being reminded repeatedly.
3. 135 paragraphs included in this report relate to the PSUs under the administrative control of the following Ministries/Departments of the Government of India:

Ministry/Department (Total number of PSUs/ PSUs involved here)	No. of Para- graphs	Financial Implication under the Paragraphs (Rs. in crore)	Number of Paragraphs in respect of which Ministry reply was awaited
1. Banking (8/2)	3	31.54	2
2. Chemicals and Petrochemicals (16/2)	3	49.87	2
3. Civil Aviation (7/4)	12	84.34	9
4. Coal (10/5)	10	149.19	5
5. Commerce (9/3)	4	6.24	1
6. Consumer Affairs, Food and Public Distribution (3/1)	12	167.23	6
7. Defence (9/5)	9	50.64	2
8. Fertilizers (10/3)	5	18.31	3
9. Finance (8/6)	21	328.32	5
10. Food Processing Industries (3/1)	1	0.99	1
11. Heavy Industries and Public Enterprises (42/8)	15	58.33	12
12. Information and Broadcasting (2/1)	1	3.98	1

13. Information Technology (2/1)	1	3.04	-
14 Mines (3/2)	2	2.55	-
15. Non-Conventional Energy Sources (1/1)	1	99.11	-
16. Power (13/3)	4	24.75	-
17. Railways (9/1)	1	1.13	1
18. Road Transport and Highways (2/1)	1	0.56	-
19. Shipping (7/5)	8	12.78	6
20. Steel (15/5)	15	164.80	2
21. Textile (19/2)	3	3.44	2
22. Urban Development (2/1)	3	22.56	1
Total (200/63)	135	1283.70	61

The audit observations included in this report highlight deficiencies in the management of PSUs which resulted in serious financial implications. The irregularities pointed out are broadly of the following nature:

- ❖ Overpayments, wasteful/excess/avoidable expenditure and undue favour to contractors etc. amounting to Rs.416.95 crore in 56 cases.
- ❖ Non recovery of loans due to insufficient securities and absence of effective internal control system resulted in loss of Rs.315.66 crore in nine cases.
- ❖ Idle investment, delay in commissioning of projects and blocking of funds etc. amounting to Rs.201.87 crore in 28 cases.
- ❖ Loss due to shortloading of insurance premium, under charging of premium, lacuna in the policies/procedures resulted in loss of Rs.174.45 crore in 19 cases.
- ❖ Loss of Rs.171.74 crore due to incorrect recovery of penal interest, short recovery of burnt oil, transit loss of gas etc. in 22 cases.
- ❖ Rs.3.03 crore were recovered at the instance of Audit in one case.

II Highlights

Gist of some of the important paragraphs included in the Report is as follows:

- The **Cent Bank Home Finance Limited** suffered a loss of **Rs.8.79 crore** due to inadequate scrutiny of credentials of borrowers before disbursement of loans and deficient monitoring of the utilisation of the loans during the last seven years upto **2004**. Besides, loans of **Rs.6.40 crore** remain doubtful of recovery.

(Para 1.1.1)

- The **Industrial Investment Bank of India Limited (IIBI)** faces the risk of potential loss due to doubtful recovery of **Rs.9.65 crore** due to disbursement of loans during **March-April 2001** after relaxing financial security provisions, besides loss of interest of **Rs.3.15 crore**. It also incurred loss of **Rs.2 crore** invested in **February 2001** in the equity of the loanee.
(Para 1.2.1)
- The decision of **IIBI** to acquire residential accommodation for officers at Ghaziabad without a realistic assessment of future demand from officers, led to blocking of **Rs.1.55 crore** since **July 1999**.
(Para 1.2.2)
- Failure of the **Hindustan Organic Chemicals Limited (HOCL)** to assess the market potential before taking up the construction of storage tank terminal facility at Jawaharlal Nehru Port area and subsequently abandoning the project midway resulted in blocking of capital of **Rs.23.49 crore** from **April 1998** onwards and consequent loss of **Rs.13.38 crore** towards annual lease rent, and wharfage charges **upto March 2004**.
(Para 2.1.1)
- Failure to ensure the financial and technical viability of the project by **HOCL** before releasing payment for know-how, expertise and other expenses rendered the expenditure of **Rs.10.68 crore** incurred **upto March 1998** on MDI project unfruitful.
(Para 2.1.2)
- The **Indian Drugs and Pharmaceuticals Limited** failed in taking timely decision for reduction of Contracted Maximum Demand resulting in avoidable expenditure of **Rs.2.32 crore** from **November 2000 to December 2003**.
(Para 2.2.1)
- Due to unrealistic estimation of cargo growth, the **Air India Limited (AIL)** incurred an unproductive expenditure of **Rs.26.33 crore** in **May 2000** in enhancing payload limit of its aircraft.
(Para 3.2.1)
- Continued failure of **AIL** to verify travel documents of passengers at originating stations and contest the fines imposed at London and Paris, resulted in an avoidable expenditure of **Rs.2 crore**, during the period between **1996-97 and 2003-04**, on account of immigration fines.
(Para 3.2.2)
- Due to delay in finalising agreements for hotel accommodation for providing layover to cabin/operating crew at Delhi and London, **AIL** incurred an avoidable

expenditure of **Rs.1.50 crore** during the years **2000 and 2001** on account of higher room charges.

(Para 3.2.3)

- Arbitrarily fixing eligibility conditions for money exchange counters by the **Airports Authority of India (AAI)** led to unnecessary litigation, which delayed award of licences for money exchange counters at various airports. This resulted in loss of revenue of **Rs.18.11 crore** on account of royalty and licence fee during the period from January 2000 to February 2004.

(Para 3.3.1)

- **AAI** purchased eight sets of Instrument Landing System during **January 2002 to February 2003** at an expenditure of **Rs.11.86 crore** which remained unused (**July 2004**). This resulted in idle investment and consequential loss of interest revenue of **Rs.1.02 crore**.

(Para 3.3.2)

- **AAI** had to foreclose the contracts (**between April 1999 to September 2001**) for want of clear possession of site/land after incurring ineffectual expenditure of **Rs.9.65 crore** on extension of runway and construction of boundary wall at Bhubaneswar Airport.

(Para 3.3.3)

- **AAI** constructed excess cargo capacity in **December 1999** due to failure to plan and assess the space requirement realistically and gainfully utilise the same after its construction resulting in idle investment of **Rs.5.59 crore**.

(Para 3.3.4)

- **AAI** accepted a lower rate of licence fee from car park licensees by not linking the enhancement of parking charges to the licence fee as stipulated in the agreements which resulted in loss of revenue of **Rs.4.38 crore** upto **March 2004**.

(Para 3.3.5)

- Breach of the terms of Memorandum of Understanding by Vayudoot Limited led to legal proceedings. **Indian Airlines Limited**, with which it merged, prolonged proceedings for eight years without reviewing the merits of the case and incurred avoidable expenditure of **Rs.1.93 crore** (**August 2002 to December 2002**) in the form of interest and litigation costs.

(Para 3.4.1)

- The expenditure of **Rs.91.18 crore** incurred on the installation of Captive Power Plant has become unfruitful, as the plant could not give desired performance due to defective installation and inexperienced operational staff. The **Bharat Coking Coal**

Limited (BCCL) finally decided in **August 1999** to lease out the Plant, which has not yet materialised (**April 2004**).

(Para 4.1.1)

- In contravention of the National Coal Wage Agreement, **BCCL** paid pushing charges and other allowances to trammers for jobs which were part and parcel of their work. As a result, it incurred an extra expenditure of **Rs.2.88 crore** during the period from **January 2001 to March 2004**.

(Para 4.1.2)

- **BCCL** incurred avoidable expenditure of **Rs.1.34 crore** as underloading charges of railway freight during the period from **September 1999 to November 2002** due to despatch of coal without weighment at loading point

(Para 4.1.3)

- The **Central Coalfields Limited (CCL)** incurred wasteful expenditure of **Rs.14.29 crore** on unsuccessful project of Cross Country Conveyor Transport during **1994 to 2003**.

(Para 4.2.1)

- **CCL** entered into an agreement with Damodar Valley Corporation for supply of power in a phased manner from 1,500 KVA to a maximum level of 6,000 KVA in spite of being aware that actual consumption was around 1,600 KVA to 3,750 KVA, resulting in avoidable expenditure of **Rs.4.29 crore** on minimum guaranteed energy during the period from **February 1998 to March 2002**.

(Para 4.2.2)

- **CCL** incurred expenditure of Rs.1.83 crore (excluding cost of land) upto **March 2003** under advance action plan for diversion of river Damodar without getting approval for the project report from the Government. **CCL** could not find ways to mobilise the required sources as Government of India declined to fund for the project. As a consequence, an amount of **Rs.1.83 crore** became wasteful.

(Para 4.2.3)

- The **Coal India Limited** purchased office space in Scope Minar Building; the possession of space had not been taken, resulting in an avoidable expenditure of **Rs.63.50 lakh** being rent paid for the period from **August 2002 to August 2004** for its various hired offices. Besides, the amount of **Rs.6.31 crore** spent for the office space remained blocked.

(Para 4.3.1)

- Short-recovery of burnt oil below the target led to loss of revenue to the extent of **Rs.6.29 crore** during **2000-01 to 2003-04** to the **Northern Coalfields Limited**.
(Para 4.4.1)
- Due to defective agreement, the **Western Coalfields Limited (WCL)** could not get intended benefits of the water supply scheme. As a result, expenditure of **Rs.12.52 crore** incurred (**October 2004**) thereon remained unfruitful.
(Para 4.5.1)
- Due to improper planning in execution of the project and non-synchronisation of the related activities, **WCL** could not complete the 220 kV power system, as a result of which, the supply line and equipment valuing **Rs.6.56 crore** remained idle for two years (**October 2004**), with consequential loss of interest amounting to **Rs.1.06 crore**.
(Para 4.5.2)
- The **PEC Limited** suffered a loss of **Rs.3.63 crore** due to non-collection of agreed security deposit and extension of financial assistance for items not contemplated in the agreement
(Para 5.3.1)
- The **Food Corporation of India (FCI)** incurred penal interest of **Rs.81.84 crore** during **July 1997 to January 2004**, which was incorrectly charged by SBI.
(Para 6.1.1)
- **FCI** issued Grade 'A' rice in place of common rice under 'below poverty line' schemes during **March 1998 to October 1998 and November 2000 to March 2001**, resulting in additional subsidy burden of **Rs.35.86 crore** to the Government of India.
(Para 6.1.2)
- **FCI** incurred an avoidable expenditure of **Rs.71.88 lakh** on transportation of foodgrains during **1998-99 to 2001-02**, besides payment of **Rs.15.14 crore** towards demurrages during **1997-98 to 2001-02** in the North East Zone.
(Para 6.1.3)
- **FCI** made avoidable payment of over time allowance of **Rs.12.08 crore** during **January 1996 to December 1999**, which was waived in **January 2004**.
(Para 6.1.4)
- **FCI** suffered a loss of **Rs.7.03 crore (January 2001 to December 2003)** due to acceptance of rice relating to the crop years 1997-98 and 1998-99, in deviation of specification laid down by the Government of India, and on its transportation.
(Para 6.1.5)

- **FCI reimbursed Rs.5.26 crore during 1997-98 to 2002-03** towards Custody and Maintenance Charges without proof of payment by the State of Haryana and its agencies.
(Para 6.1.6)
- **FCI effected recovery towards value cut at levy rice rates on custom milled rice resulting in a short recovery of Rs.2.56 crore for the years 1997-98 to 2000-01.**
(Para 6.1.7)
- **FCI instead of issuing wheat under ‘Sampoorn Grameen Rozgar Yojana’, sold through tender during January 2002 to March 2002, resulting in a loss of Rs.2.14 crore.**
(Para 6.1.8)
- **FCI made an over payment of Rs.1.70 crore during 1998-99 and 2000-01** due to inconsistency in computation of interest charges.
(Para 6.1.9)
- **FCI suffered a loss Rs.1.18 crore** due to deferring/prolonging the disposal process from **March 2000 to March 2002** by the Management without giving due cognisance to the condition of the stocks.
(Para 6.1.10)
- **The Bharat Electronics Limited** procured spares without receiving any order from customers resulting in blocking of funds of **Rs.4.60 crore** and consequent loss of interest of **Rs.4.57 crore** upto **August 2004**.
(Para 7.1.1)
- Introduction of revised pay scales retrospectively in contravention of the Department of Public Enterprises guidelines by the **Garden Reach Shipbuilders & Engineers Limited** resulted in avoidable expenditure of **Rs.3.22 crore** in **June 2001**.
(Para 7.2.1)
- Due to construction of housing colony without basic amenities such as road and water supply, the **Goa Shipyard Limited** could not allot the quarters to its employees resulting in blocking up of funds amounting to **Rs.8.17 crore** with a consequent loss of interest of **Rs.93.96 lakh** from **August 2002 to June 2004**.
(Para 7.3.1)
- **The Hindustan Aeronautics Limited (HAL)** suffered loss of interest of **Rs.6.68 crore** upto **March 2004** due to abnormal delay in realisation of Deferred Revenue Expenditure from the Ministry of Defence.
(Para 7.4.1)

- Failure on the part of **HAL** to detect inclusion of imported items as indigenised items in the price catalogue resulted in avoidable extra expenditure of **Rs.3.72 crore** in respect of supplies received upto **March 2004** and extra commitment of **Rs.2.88 crore** in respect of supplies to be received during **2004-05 and 2005-06**.
(Para 7.4.2)
- Failure of **HAL** to furnish the required indemnity bond/documentation in time to avoid shortages in supply and to ensure continuous pursuance of the invoices with customer resulted in delayed realisation of dues with consequent loss of interest of **Rs.1.88 crore** from **2000-01 to 2003-04**.
(Para 7.4.3)
- **HAL** executed an order without finalising the terms of purchase order resulting in non-realisation of packing and forwarding charges of **Rs.1.56 crore** upto **2002-03**.
(Para 7.4.4)
- The **Mazgaon Dock Limited** incurred a loss of **Rs.11.90 crore** in the construction of a Tug for Jawaharlal Nehru Port Trust during the period from **March 1998 to March 2002** due to unrealistic estimation while tendering.
(Para 7.5.1)
- The **Fertilisers And Chemicals Travancore Limited (FACT)** failed to realise the price difference on the goods lifted by the dealers during the period **March to July 2002** subsequent to the price increase in the budget of 2002. This resulted in undue benefit to the dealers and loss of revenue of **Rs.3.25 crore**.
(Para 8.1.1)
- **FACT** procured raw material from the same vendor through two different tenders with the same delivery schedule and incurred extra expenditure of **Rs.1.77 crore** during **October 2002 to December 2002**.
(Para 8.1.2)
- Failure of the **National Fertilizers Limited** in assessing actual power load requirement resulted in an avoidable expenditure of **Rs.11.86 crore** on minimum demand charges during **1999 to 2001 and 2003**.
(Para 8.3.1)
- Inadequate follow-up, coupled with acceptance of insufficient security, led to loans amounting to **Rs.206.67 crore** (including interest) given by **General Insurance Corporation of India** and its subsidiaries during the period from **July 1985 to July 2001** becoming bad and doubtful of recovery.
(Para 9.1.1)
- The **National Insurance Company Limited (NICL)** suffered loss of premium amounting to **Rs.2.17 crore** due to non-charging of additional premium on account

of adverse claim ratio at the time of renewal of the policy for the period from **28 December 2001 to 27 December 2003**.

(Para 9.2.1)

- The Probable Maximum Loss of a risk should have been assessed before undertaking the risk. However, the **NICL** assessed this in **March 1998** after occurrence of the fire (January 1998) which led to loss of **Rs.1.78 crore**

(Para 9.2.2)

- Delay in the appointment of architect and in finalising the layout plan and interior decoration contract by **NICL** rendered an expenditure of **Rs.1.03 crore** incurred from **August 2000 to February 2004** towards payment of lease rent and municipal taxes for unoccupied space in a hired building as wasteful.

(Para 9.2.3)

- The **New India Assurance Company Limited (NIACL)** issued Group Janata Personal Accident insurance policies to the Government of Andhra Pradesh for the years **2001-02 to 2003-04** without adequately loading the premium based on past adverse claims experience. This resulted in loss of revenue to the extent of **Rs.87.75 crore**.

(Para 9.3.1)

- Delay in finalising the contract of interior decoration by the **NIACL** of the newly acquired premises resulted in blocking of funds of **Rs.4.19 crore** and consequential loss of interest of **Rs.91.90 lakh** on the blocked capital from **February 2002 to January 2004**.

(Para 9.3.2)

- Delay in utilisation of vacant premises by **NIACL** due to improper planning resulted in avoidable payment of rental charges of **Rs.3.27 crore** from **April 2002 to March 2004**.

(Para 9.3.3)

- **NIACL** utilised the services of Citibank's Direct Selling Agents for sourcing the premium for Mediclaim Policies from **January 2002** and reimbursed 50 per cent of the cost involved. This resulted in irregular payment of **Rs.1.05 crore**.

(Para 9.3.4)

- Failure to charge premium at prescribed rates and also not to include a special condition in the policy document that the premium charged was provisional and subject to final rating/approval by the Tariff Advisory Committee resulted in loss of premium by **Rs.4.29 crore** during **2002-03** to the **Oriental Insurance Company Limited (OICL)**.

(Para 9.4.1)

- **OICL** suffered a loss of **Rs.2.84 crore** from **August 2001 to July 2002** due to application of incorrect Tariff and consequent lower rate of premium.
(Para 9.4.2)
- Delay in settlement of claim from **May 1997 to July 2001** by **OICL** resulted in an extra payment of **Rs.1.63 crore** apart from avoidable litigation expenses of **Rs.27.90 lakh**.
(Para 9.4.3)
- The **United India Insurance Company Limited** suffered a loss of **Rs.3.67 crore** during **1999-2000 to 2001-02** due to allowing of excess discount and non-loading of premium on account of adverse claim ratio.
(Para 9.5.1)
- **Bharat Heavy Electricals Limited (BHEL)**'s funds amounting to **Rs.12.32 crore** remained idle for more than two years (**November 2003**), with consequential loss of interest amounting to **Rs.3.62 crore** due to delay of 32 months in the establishment of facilities for total impregnation of Turbo Generator owing to improper selection of firm.
(Para 11.1.1)
- **BHEL** locked its funds of **Rs.6.83 crore** due to non-availing of facility provided under EXIM Policy from **March 2001 to March 2004** and suffered consequential interest loss of **Rs.1.47 crore**.
(Para 11.1.2)
- **BHEL** suffered loss of **Rs.1.86 crore**, due to acceptance of an order in **January 2000** at unremunerative price by not adhering to its pricing policy as well as failing to estimate the workable cost.
(Para 11.1.3)
- By not ensuring the receipt of the machine as inspected, there was inordinate delay of almost three years in getting the machine commissioned, as a result of which, **BHEL**'s funds amounting to **Rs.2.62 crore** remained blocked (**February 2004**), with consequential loss of interest of **Rs.71.75 lakh**.
(Para 11.1.4)
- **BHEL** incurred an avoidable expenditure of **Rs.1.83 crore** on replacement of damaged parts during **March/June 2002** without ascertaining the reasons for damages.
(Para 11.1.5)
- By allowing employees who had already attained the age of 58 years to avail VRS, even when the retirement age was proposed to be lowered to 58 years, the **Bharat**

Heavy Plate and Vessels Limited incurred avoidable extra expenditure of **Rs.3.02 crore** during **April 2001**.

(Para 11.2.1)

- Failure of the **Engineering Projects (India) Limited** in not evaluating financial worthiness of the sub-contractor coupled with ineffective monitoring of the execution of the work, non-validation of appointment of sub-contractor from client and delayed action to retrieve the situation or to encash guarantees resulted in a loss of **Rs.1.06 crore** in the execution of work.

(Para 11.3.1)

- **Heavy Engineering Corporation Limited** suffered loss of **Rs.16.43 crore** during **1999-2000 to 2002-03** by not taking effective measures for checking loss of gas during transit.

(Para 11.4.1)

- **HMT (International) Limited** failed to regulate foreign travel claims of the employees in accordance with the instructions of the Department of Public Enterprises resulting in irregular payment of **Rs.1.10 crore** from **October 1995 to August 2004**.

(Para 11.6.1)

- The **NEPA Limited** incurred unfruitful expenditure of **Rs.2.21 crore** on the purchase of equipment during **March 1999 to November 2000**, which could not be utilised in the absence of funds for procurement of raw material since **February 2002**.

(Para 11.8.1)

- The **National Film Development Corporation Limited** could not recover advertisement revenue of **Rs.3.98 crore** from two marketing agents for want of written agreement, defective collection procedure and ineffective recovery action. Of this **Rs.2.24 crore** was written off during the year **2001-02** and the balance of **Rs.1.74 crore** relating to the period **August 2000 to August 2002** remained unrealised.

(Para 12.1.1)

- The **National Informatics Centre Services Incorporated** procured networking equipment between **March 1997 and March 2000** without assessing the demand in a fast changing technological environment. Consequently, stock valuing **Rs.3.04 crore** became obsolete as there was no demand in the market.

(Para 13.1.1)

- Despite being aware of the increase in dividend tax rates from 11 per cent to 22 per cent (including surcharge) with effect from 1 June 2000, the **National Aluminium**

Company Limited paid final dividend for the year **1999-2000** in **November 2000** resulting in an additional expenditure of **Rs.1.90 crore** towards dividend tax.

(Para 14.2.1)

- Lacunae in the guidelines for loan assistance and absence of an effective internal control resulted in non-recovery of loan of the **Indian Renewable Energy Development Agency Limited** amounting to **Rs.33.64 crore** in addition to interest of **Rs.57 crore** and liquidated damages of **Rs.8.47 crore** thereon as on **March 2004**.

(Para 15.1.1)

- **NHPC** incurred an avoidable expenditure of **Rs.3.80 crore** due to not carrying out overhauling of circuit breakers as per manufacturer's maintenance manual. Besides, there was generation loss of 46.35 MUs, resulting in loss of revenue of **Rs.71.39 lakh** during **April 2002 to November 2002**.

(Para 16.1.1)

- The **Power Grid Corporation of India Limited** failed to dispose of 2,989 MT of surplus steel valuing **Rs.7.05 crore** over a period of more than eight years, which not only blocked borrowed funds but also resulted in payment of interest of **Rs.9.03 crore** till **March 2004**.

(Para 16.2.1)

- The **Tehri Hydro Development Corporation Limited** paid penalty of **Rs.3.60 crore** to Uttaranchal Power Corporation Limited during the period **June 1999 to June 2002** due to failure to assess its demand for power properly and delay in getting additional load sanctioned.

(Para 16.3.1)

- The **Container Corporation of India Limited** decided to continue the operation of the parcel train, despite its unsuccessful trial run, which resulted in an avoidable loss of **Rs.1.13 crore** from **October 2000 to August 2001**.

(Para 17.1.1)

- The **Cochin Shipyard Limited** entered into an agreement with M/s. IHI Marine Company Japan (**May 2002**) for getting the basic design vetted without having a firm contract in hand for construction of Aframax Tanker which resulted in wasteful expenditure of **Rs.1.98 crore**.

(Para 19.1.1)

- The **Dredging Corporation of India Limited** suffered a loss of **Rs.1.89 crore** during **2002-03** due to incorrect interpretation of the conditions in the contract.

(Para 19.2.1)

- The **Inland Waterways Authority of India** did not accept the valid lowest bid and re-invited bids which resulted in extra expenditure of **Rs.1.34 crore** in **January 2003**.
(Para 19.4.1)
- Chartering of MV Lok Kranti vessel in June 2002 by the **Shipping Corporation of India Limited (SCI)** ignoring stringent Port State Control (PSC) and Class Inspection checks in and around Canada led to detention of vessel by PSC Inspectors of Canada and avoidable expenditure of **Rs.3.32 crore**.
(Para 19.5.1)
- **SCI** could neither surrender nor occupy the booked space in the Scope Minar Complex, Laxminagar, resulting in blocking of funds of **Rs.1.33 crore** besides payment of rental charges amounting to **Rs.81.44 lakh** during the period from **April 2002 to August 2004** with a recurring liability of **Rs.3.05 lakh** per month on rent.
(Para 19.5.2)
- By not taking steps to avoid shortages during transit, the **Indian Iron and Steel Company Limited** suffered a loss of **Rs.2.54 crore** during **2000-01 to 2003-04**.
(Para 20.1.1)
- The **MECON Limited (MECON)** accepted a contract on the basis of unrealistic estimates resulting in loss of **Rs.6.01 crore** during **2001-02**.
(Para 20.2.1)
- By handing over the possession of land to a private party on receipt of only 50 per cent of the sale proceeds, **MECON** extended undue favour to the private party and an amount of **Rs.1.60 crore** remained unrealised for more than two years (**August 2004**).
(Para 20.2.2)
- By taking up the work for a private firm without properly assessing the financial position, **MECON** suffered loss of **Rs.1.29 crore** during **2000-01**.
(Para 20.2.3)
- The **National Mineral Development Corporation Limited** continued to make an irregular payment of **Rs.14.36 crore** as *ex-gratia* in violation of Government directions during **2000-01 to 2003-04**.
(Para 20.3.1)

- The **Rashtriya Ispat Nigam Limited (RINL)** incurred an extra expenditure of **Rs.33.84 crore** during **September 2000 to June 2003** due to failure in procurement of Semi Soft Coking Coal.
(Para 20.4.1)
- **RINL** suffered a loss of **Rs.2.16 crore** on the power exported from **1 January 2003 to 20 May 2003** without dispatch instructions besides unrealisation of revenue of **Rs.6.48 crore** due to non-renewal of agreement with effect from **1 January 2003** for export of surplus power to APTRANSCO.
(Para 20.4.2)
- **RINL** incurred extra expenditure of **Rs.6.43 crore** in procurement of low ash metallurgical coke during the year **2002**.
(Para 20.4.3)
- Failure of **RINL** to procure an essential spare rotor timely resulted in avoidable extra expenditure of **Rs.6.05 crore** during **June-August 2002**.
(Para 20.4.4)
- **RINL** suffered a loss of **Rs.4.62 crore** in import of Low Silica Steel Melt Shop grade limestone during **May 2001 to September 2003**.
(Para 20.4.5)
- By not adjusting the interest earned by the **Steel Authority of India Limited (SAIL), MECON and HSCL** on deposits kept out of unutilised borrowed funds, the Ministry of Steel released avoidable subsidy of **Rs.74.21 crore** to these Companies during **2000-01 to 2003-04**.
(Para 20.5.1)
- Due to supply of defective pipes to Indian Oil Corporation Limited, **SAIL** suffered a loss of **Rs.1.65 crore** during **2002-03**.
(Para 20.5.2)
- By not signing the lease agreement immediately after acquisition of land, **SAIL** could not sub-lease or rent out the surplus land resulting in blockage of fund of **Rs.1.25 crore** since **September 1992 to August 2004**.
(Para 20.5.3)
- Change of originally approved design led to sliding of wall of the pond necessitating immediate repair and other works at an additional expenditure of **Rs.1.14 crore** to **SAIL** during **2002-03 and 2003-04**.
(Para 20.5.4)

- The **Central Cottage Industries Corporation of India Limited** made payment of **Rs.1.94 crore** during the period **1999-2000 to 2003-04** as *ex-gratia* to its employees in gross violation of the Payment of Bonus Act and instructions of the Government of India.
(Para 21.1.1)
- Due to non-deduction of statutory reserve for determining the distributable profits, the **Housing and Urban Development Corporation Limited (HUDCO)** made an irregular and excess payment of incentives amounting to **Rs.12.42 crore** to its employees during the last four years ended **31 March 2003** in contravention of the Department of Public Enterprises' instructions.
(Para 22.1.1)
- **HUDCO** did not take into account the softening trend in interest rates and availed loan of Rs.300 crore from Life Insurance Corporation of India in **January 2001** at rates of 12.35 and 12.5 per cent, which resulted in an avoidable extra interest expenditure of **Rs.3.12 crore**. Further, the loan amount of Rs.300 crore was kept in short-term deposits for 82 days at cheaper rates resulting in extra expenditure of interest amounting to **Rs.1.72 crore**.
(Para 22.1.2)
- Even after 14 years of making the payment, **HUDCO** has neither executed the lease deed in its favour, nor has taken over the possession of a plot of land and was yet to make use of the land. As a result, its funds amounting to **Rs.2.44 crore** remained idle for more than 14 years since **1990**, which resulted in consequential loss of interest of **Rs.2.86 crore** upto **March 2004**
(Para 22.1.3)

