Preface

Government commercial enterprises, the accounts of which are subject to audit by the Comptroller and Auditor General of India (CAG), fall under the following categories:

- Government companies,
- Statutory corporations, and
- Departmentally managed commercial undertakings.

2. This report deals with the results of audit of Government companies and Statutory corporations including Punjab State Electricity Board and has been prepared for submission to the Government of Punjab under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time. The results of audit relating to departmentally managed commercial undertakings are included in the Report of the Comptroller and Auditor General of India (Civil)- Government of Punjab. However, the results of Performance Audit of Punjab Roadways, a Departmental Undertaking, have been incorporated in the integrated review on performance of the State Transport Undertakings included in this Report.

3. Audit of the accounts of Government companies is conducted by the Comptroller and Auditor General of India under the provisions of Section 619 of the Companies Act, 1956.

4. In respect of PEPSU Road Transport Corporation, Punjab State Electricity Board and Punjab Scheduled Castes Land Development and Finance Corporation, which are Statutory corporations, the Comptroller and Auditor General of India is the sole Auditor. As per the State Financial Corporations (Amendment) Act, 2000, CAG has the right to conduct the audit of accounts of Punjab Financial Corporation in addition to the audit conducted by the Chartered Accountants appointed by the Corporation out of the panel of auditors approved by the Reserve Bank of India. In respect of Punjab State Warehousing Corporation, he has the right to conduct the audit of accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with CAG. In respect of Punjab State Electricity Regulatory Commission, CAG is the sole auditor. The Audit Reports on the annual accounts of all these corporations/commission are forwarded separately to the State Government.

5. The cases mentioned in this Report are those, which came to notice in the course of audit during the year 2008-09 as well as those, which came to notice in earlier years, but were not dealt with in the previous Reports. Matters relating to the period subsequent to 2008-09 have also been included, wherever considered necessary.

The audit in relation to material included in the Audit Report (Commercial) 2008-09 has been conducted in accordance with the Auditing Standards.

Overview

1. Overview of Government companies and Statutory corporations

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by CAG. These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2009, the State of Punjab had 33 working PSUs (28 companies and 5 Statutory corporations) and 17 non-working PSUs (all companies), which employed 0.80 lakh employees. The working PSUs registered a turnover of Rs. 19,138.60 crore for 2008-09 as per their latest finalised accounts. This turnover was equal to 12.04 per cent of the State GDP indicating an important role played by the State PSUs in the economy. However, the working PSUs incurred overall loss of Rs. 1,590.59 crore in 2008-09 and had accumulated losses of Rs. 9,181.22 crore.

Investments in PSUs

As on 31 March 2009, the investment (Capital and long term loans) in 50 PSUs was Rs. 15,587.54 crore. It grew by over 12 per cent from Rs. 13,824.64 crore in 2003-04 mainly because of increase in investment in power sector. Power Sector accounted for nearly 86 per cent of the total investment in 2008-09. The Government contributed Rs. 2,720.94 crore towards equity and grants/subsidies during 2008-09.

Performance of PSUs

During the year 2008-09, out of 33 working PSUs, 15 PSUs earned profit of Rs. 40.24 crore and 13 PSUs incurred loss of Rs. 1,630.83 crore. Two working PSUs prepared their accounts on 'no profit no loss basis' while other two working PSUs were under construction. Besides, first accounts of one working PSU had not been received. The major contributors to profit were Punjab Genco Limited (Rs. 11.30 crore) and Punjab State Container and Warehousing Corporation Limited (Rs. 10.12 crore). The heavy losses were incurred by Punjab State Electricity Board (Rs. 1,389.60 crore) and Punjab State Warehousing Corporation (Rs. 79.67 crore).

The losses are attributable to various deficiencies in the functioning of PSUs. A review of three years Audit Reports of CAG shows that the state PSUs losses of Rs. 1,358.50 crore and infructuous investments of Rs. 21.56 crore were controllable with better management. Thus, there is tremendous scope to improve the functioning and minimise/eliminate losses. The PSUs can discharge their role efficiently only if they are financially self-reliant. There is a need for professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of accounts of PSUs needs improvement. Of the 35 accounts of working companies finalised during October 2008 to September 2009, 22 accounts received qualified certificates and three accounts received adverse certificates. There were 21 instances of non-compliance with Accounting Standards. All three accounts of Statutory corporations finalised during October 2008 to September 2009 received qualified certificates. The Reports of the Statutory Auditors on internal control of the companies indicated several weak areas.

Arrears in accounts and winding up

Twenty five working PSUs had arrears of 57 accounts as of September 2009. The arrears need to be cleared by setting targets for PSUs and outsourcing the work relating to preparation of accounts. There were 17 non-working companies. As no purpose may be served by keeping these PSUs in existence, Government needs to expedite closing down of the non working PSUs.

Discussion of Audit Reports by COPU

The Audit Reports (Commercial) for 1997-98 onwards are yet to be fully discussed by COPU. The 11 pending Audit Reports contained 35 reviews and 231 paragraphs of which 26 reviews and 110 paragraphs were pending for discussion.

2. Performance reviews relating to Statutory Corporations

Performance reviews relating to 'Construction and commissioning of Stage II (Unit III and IV) of Guru Hargobind Thermal Plant, Lehra Mohabbat' and 'Information Technology Audit of Large Supply billing software' of **Punjab State Electricity Board** and 'Functioning of the **State Transport Undertakings**' were conducted. Executive summary of the Audit findings is given below:

Construction and commissioning of Stage II (Units III and IV) of Guru Hargobind Thermal Plant, Lehra Mohabbat

On the basis of 15th Electric Power Survey of India (July 1995), Punjab State Electricity Board estimated demand gap of 1,111 MW and 947 MW at the end of ninth Five Year Plan period (1997-2002) and tenth plan period (2002-07) in the State of Punjab. To reduce this gap of power, the State Government decided in January 1999 to add generating capacity of 500 MW by setting up two additional units of 250 MW each under Stage II at Guru Hargobind Thermal Plant, Lehra Mohabbat which had an installed capacity of 420 MW under Stage I. The performance audit was conducted to assess economy and efficiency in project planning, execution and commissioning of the units against envisaged standards.

Project planning

The Board/State Government failed to decide the mode of execution of the project for more than three years since the date of techno economic clearance of the project by Central Electricity Authority in September 2000. It was only in December 2003 that the State Government decided to implement the project. Audit scrutiny indicated that the indecisiveness on the part of Board/State Government in deciding the mode of execution of the project resulted in abnormal delay in installation/commissioning of the project with consequential increase in project cost and other avoidable payments. Delay in placement of order for execution of the project resulted in huge time and cost overrun.

Award of contract

The turn key contract for construction of the project was awarded (May 2004) to BHEL on single quotation basis without inviting competitive bidding which deprived the Board of getting competitive rates. Due to improper analysis of BHEL offer, the Board had to incur excess expenditure of Rs 47.40 crore on price escalation on inadmissible items and wrong application of price variation formula.

Execution of the project

There was cost and time overrun. The expenditure incurred on the project was Rs. 2,353.86 crore as of March 2009 against the estimated project cost of Rs. 1,789.67 crore. Due to substantial time overrun in execution of both the units, the Board was saddled with additional capital costs of Rs. 564.19 crore coupled with avoidable extra expenditure of Rs. 2,061.16 crore (mainly towards purchase of power at very high rates).

Commissioning of the project

The scheduled dates for commissioning of the units-III and IV were December 2006 and March 2007. The Unit-III was synchronised for trial operation in February 2008 and the Unit-IV in August 2008. Due to synchronisation of the units without ensuring completion of all the works, the period of trial operation prolonged abnormally. The Unit-III was commercially commissioned only in October 2008 and the Unit-IV had not been commissioned so far (August 2009). Prolonged period of trial run resulted in excess consumption of inputs of Rs. 18.17 crore, which could not be recovered from BHEL in the absence of enabling clause in the contract.

Conclusion and Recommendations

The Board failed to fulfill the primary objective of bridging the demand gap and also deprived itself of the benefit of interest rebate and interest subsidy.

The review contains five recommendations which includes strengthening of the monitoring mechanism to ensure completion of the projects within the stipulated time.

Information Technology Audit of Large Supply Billing Software

The Board has got developed (November 2005) the Large Supply (LS) Billing software from Department of Electronics Accreditation for Computer Courses (DOEACC) for raising of bills through three Centralised Billing Cells (CBC) located at Patiala, Ludhiana and Jalandhar in respect of the LS and Bulk Supply consumers. The officials at the sub division level after recording the monthly meter readings manually from the premises of the consumers transmit the same to the concerned CBC through a messenger for preparation of the bills

Software related issues

No clause for ownership of source code was incorporated in the work order for development of LS Billing software from DOEACC which was not in the interest of the Board as the system design, algorithm, source codes of such critical system was vulnerable to misuse and the Board had to depend on the firm perennially. The Software was deficient as checks to watch and control the delay in issue of bills through generation of MIS reports and a provision for giving alerts in case of short recovery of Advance Consumption Deposit were not incorporated in the software. The database generated by the software contained invalid entries or inconsistent data pointing towards lack of validation checks and input controls. Data captured was partial even in crucial fields. Data entry pertaining to mandatory fields was not done in many cases. Besides making the database unreliable, any analysis or reports for Management Information System (MIS) based on such an incomplete database was likely to furnish incomplete and misleading information. Though the Board had developed various IT applications since 1986, it was observed during the IT audit that there were inadequate and deficient general IT controls to ensure the accrual of true benefits of computerisation of billing in terms of confidentiality, availability and accuracy and completeness of the data to serve some fruitful purpose to the Management

Implementation issues

Audit observed that main features of the software like preparation of LS consumer ledgers and preparation and monitoring of computerised Revised Bill Statement (RBS) and billing of mixed load/seasonal consumers were not yet functional. The Board could not penalize the vendor due to absence of any penalty clause in the work order for delay or incomplete execution of the software.

Other issues

The Board did not utilise the budget to the full extent during the years 2005-06 to 2008-09 and the percentage of utilisation ranged between 3.87 and 16.94. Audit observed that the decision to implement the online computerisation project in a single go not only delayed implementation of the project but also resulted in a wasteful expenditure of Rs. 7.50 lakh paid to PUNCOM. The Board failed to achieve the desired level of computerisation of its activities due to lack of clear cut IT strategy/policy.

Audit observed that 18 out of the 40 Engineers trained in IT had been posted in the offices where there were no substantial IT activities. Non inclusion of clause regarding passing of financial benefit in case of deviation in supply of material deprived the Board of benefit of Rs. 45.50 lakh.

Conclusion and Recommendations

Even after a lapse of more than five years since the project of on-line computerization was envisaged, the Board failed to achieve the desired level of computerization of its activities due to lack of clear cut IT strategy/policy. A proper IT policy should be formulated and documented. There is an urgent need to incorporate security controls and application controls to the various business applications through validation checks.

Performance audit on performance of the State Transport Undertakings

The Punjab Roadways (Roadways), Punjab State Bus Stand Management Company Limited (PUNBUS) and Pepsu Road Transport Corporation (PRTC) provide public transport in the State through their 45 depots. These State Transport Undertakings (STUs) had fleet of 2,578 buses (including 35 hired buses) as on 31st March 2009 and carried an average of 8.01 lakh passengers per day during 2004-05 to 2008-09. They accounted for a share of 39.46 per cent in public transport with the rest coming from private operators. The performance audit of the STUs in Punjab for the period from 2004-05 to 2008-09 was conducted to assess efficiency and economy of their operations, ability to meet their financial commitments, possibility of realigning the business model to tap non conventional sources of revenue, existence and adequacy of fare policy and effectiveness of the top management in monitoring the affairs of the STUs.

Finances and Performance

The STUs suffered a loss of Rs. 462.03 crore during 2004-09. The STUs earned Rs. 20.57 per kilometre and spent Rs. 23.65 per kilometre in 2008-09. Audit noticed that with a right kind of policy measures and better management of their affairs, it is possible to increase revenue and reduce costs, so as to earn profit and serve better.

Declining Share of STUs

Out of 6,429 buses licensed for public transport in 2008-09, about 39.46 per cent belonged to the STUs. The percentage share declined from 48.12 per cent in 2004-05. Vehicle density (including private operators' buses) per one lakh population in the State increased from 21.66 in 2004-05 to 22.80 in 2008-09.

Vehicle profile and utilisation

The STUs were not able to achieve the norm of right age buses as out of 2,543 owned buses 1,210 buses were overaged. During 2004-09, the PRTC and PUNBUS purchased 379 and 887 new buses at a cost of Rs. 40.95 crore and Rs. 118.44 crore respectively. The expenditure was funded through commercial loans. The fleet utilization of STUs in 2008-09 was higher than the all India average (AIA) of 92 per cent. The overall vehicle productivity at 281 kilometres per bus was less than the AIA of 313 kilometres. The vehicle productivity of Roadways had been on the lower side for all the years under review, while vehicle productivity of PUNBUS was more than the AIA during 2005-09. The vehicle productivity of PRTC was higher than AIA in three out of five years under review except in 2004-05 and 2008-09. The passenger load factor of Roadways, PRTC and PUNBUS varied from 62 to 84 per cent, 72 to 76 per cent and 79 to 83 per cent, respectively during the period under review against the AIA of 63 per cent.

The STUs did not carry out the preventive maintenance as required in 23.40 per cent cases in the Roadways and 26.31 per cent in PUNBUS, affecting the roadworthiness of their buses. No records relating to this aspect were maintained by PRTC.

Economy in operations

The manpower and fuel constituted 69.54 per cent of the total cost in 2008-09. Interest, depreciation and taxes- the costs of which are not controllable in the short-term, accounted for 21.97 per cent. Thus, the major cost saving can come from manpower and fuel.

The manpower cost per effective Km of the STUs increased from Rs. 7.94 (2004-05) to Rs. 9.24 (2008-09). The reason for increase in manpower cost per effective Km was reduction in effective Kms due to reduction in fleet operation.

Two STUs (Roadways and PUNBUS) did not attain their own fuel consumption targets. PRTC did not fix internal targets for fuel consumption. The excess consumption of fuel by the STUs as compared to AIA resulted in loss of Rs. 52.72 crore during 2004-09.

The Roadways and PRTC had just 35 hired buses where the bus owners provide buses with drivers and incur all expenses.

The STUs provide conductors and make payment as per kilometres operated. These two STUs earned a net profit of Rs. 17.48 crore during the review period from hired buses. As this arrangement has the potential to cut down the cost substantially, the STUs need to explore possibility of hiring of more buses to increase/replace their fleet.

Revenue Maximisation

The Route planning in the STUs was deficient as no curtailment, extension and change in frequency of operation of routes during peak hours was done. PRTC and PUNBUS did not carry out any exercise to identify the profitable/unprofitable routes. The share of non-traffic revenue was nominal at 5.08 per cent of the total revenue during the period under review. The STUs were unable to tap sources of non-traffic revenue substantially. The PRTC and PUNBUS have about 8.48 lakh Square meters of land. As they mainly utilise ground floor/ land for their operations, the space above can be developed on public private partnership basis to earn steady income which can be used to cross-subsidise their operations.

Need for a regulator

The fare per kilometre stood at 49 paise from July 2006. Though the Government approves the fare increase, there is no scientific basis for its calculation. The STUs have also not formed norms for providing services on the uneconomical routes. Thus, it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations in the uneconomical routes and address grievances of the commuters.

Inadequate monitoring

The fixation of targets for various operational parameters and an effective Management Information System (MIS) for obtaining feed back on achievement thereof are essential for monitoring by the top management. The monitoring by top management fell short as it did not fix targets for various operational parameters.

Conclusion and Recommendations

Though the Roadways and PRTC are incurring losses, it is mainly due to their high cost of operations and negligible reliance on hired buses. The STUs can control the losses by resorting to hiring of buses and tapping non-conventional sources of revenue, besides controlling their cost of operations. This review contains ten recommendations to improve the STUs performance. Hiring of buses, creating a regulator to regulate fares and services and tapping of the non-conventional sources of revenue are some of these recommendations.

3. Transaction audit observations

Transaction 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:

Loss of Rs. 0.88 crore in two cases due to non compliance with rules, directives, procedures, terms and conditions of contracts.

(Paragraphs 3.4 and 3.8)

Loss of Rs. 25.61 crore in six cases due to non-safeguarding the financial interests of PSUs.

(Paragraphs 3.1, 3.2, 3.7, 3.10, 3.12, and 3.16)

Loss of Rs. 13.71 crore in three cases due to defective/deficient planning

(Paragraphs 3.9, 3.11 and 3.15)

Loss of Rs. 1.03 crore in two cases due to lack of fairness/transparency and competitiveness in operations.

(Paragraphs 3.6 and 3.14)

Loss of Rs. three crore due to inadequate/deficient monitoring.

(Paragraph 3.13)

Unfruitful expenditure of Rs. 1.30 crore in two cases due to non-realisation/ partial realisation of objectives.

(Paragraphs 3.3 and 3.5)

Gist of some of the important audit observations is given below:

Punjab State Electricity Board in contravention of provisions of Electricity Act 2003, waived the condition for levying of voltage surcharge and extended undue favour to a consumer, which resulted in loss of revenue of Rs. 3.81 crore.

(Paragraph 3.12)

Punjab State Electricity Board failed to take decision to avail short term loan immediately after evaluation of the offers, which resulted in avoidable payment of interest of Rs. three crore due to subsequent raising of loan at higher rate of interest.

(Paragraph 3.13)

Punjab Agro Foodgrains Corporation Limited did not execute marketing agreement for hyola oil seeds/oil well before the commencement of crop season and failed to ensure compliance of the marketing agreements which resulted in loss of Rs. 0.98 crore.

(Paragraph 3.3)

Punjab State Civil Supplies Corporation Limited failed to check the correctness of final rates of wheat. Discrepancy in rates of wheat resulted in short realization of Rs. 9.47 crore.

(Paragraph 3.10.5)

Punjab State Grains Procurement Corporation Limited and **Punjab State Warehousing Corporation** failed to take up the matter with Government of India/State Government regarding reimbursement of interest on the elements of drought relief, transportation/movement of wheat and gunny bags, which resulted in loss of interest of Rs. 2.79 crore.

(Paragraph 3.1)

Punjab Information & Communication Technology Corporation Limited allotted industrial plots at less than the cost price resulting in loss of Rs. 2.10 crore.

(Paragraph 3.7)

CHAPTER I

1. Overview of Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. The State PSUs are established to carry out activities of commercial nature, while keeping in view the welfare of the people. In Punjab, the State PSUs occupy an important place in the State economy. The working PSUs registered a turnover of Rs. 19,138.60 crore in 2008-09 as *per* their latest finalised accounts as of September 2009. This turnover was equal to 12.04 *per cent* of the State Gross Domestic Product (GDP) in 2008-09. Major activities of Punjab State PSUs are concentrated in the Power and Finance sectors. The working State PSUs incurred a loss of Rs. 1,590.59 crore in the aggregate for 2008-09 as *per* their latest finalised accounts. They had employed 0.80 lakh[•] employees as of 31 March 2009. The State PSUs do not include the Punjab Roadways, which is a Departmental Undertaking (DU) carrying out commercial operations as a part of a Government Department. Audit findings of this DU are incorporated in the Civil Audit Report [*]of the State.

1.2 As on 31 March 2009, there were 50 PSUs as *per* the details given below. Of these, only one Company i.e. Punjab Communications Limited was listed on the stock exchange.

Type of PSUs	Working PSUs	Non-working PSUs[Ψ]	Total
Government companies[♦]	28	17	45
Statutory corporations	5	-	5
Total	**33**	**17**	**50**

1.3 During the year, one PSU i.e. The Punjab Police Security Corporation Limited, was established whereas one PSU (Talwandi Sabo Power Limited) ceased to be a Government Company.

[•] As per the details provided by all 50 PSUs.

[*] Results of Performance Audit of Punjab Roadways have been incorporated in the integrated review on functioning of State Transport Undertakings included in this Report.

[Ψ] Non-working PSUs are those which have ceased to carry on their operations.

[♦] Includes three 619-B companies (deemed Government companies) namely Punjab Venture Capital Limited, Punjab Venture Investors Trust Limited and Nabha Power Limited.

Audit mandate

1.4 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and Corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as *per* Section 619-B of the Companies Act.

1.5 The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by Comptroller and Auditor General of India (CAG) as *per* the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as *per* the provisions of Section 619 of the Companies Act, 1956.

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

Investment in the State PSUs

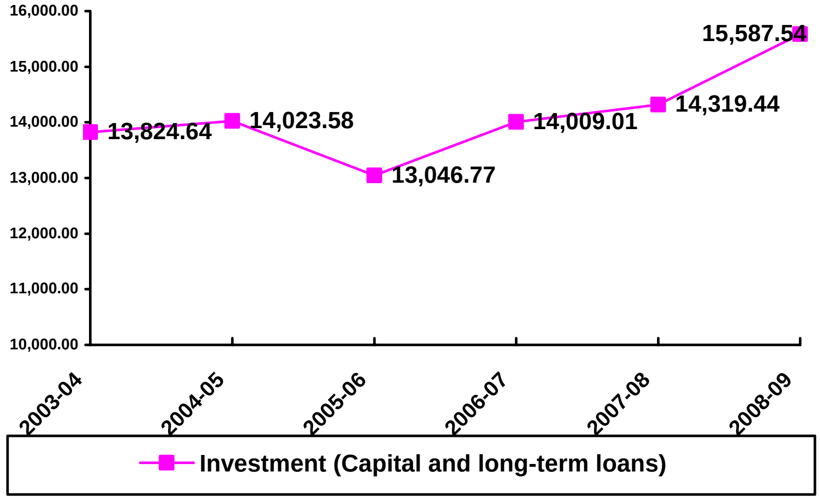
1.7 As on 31 March 2009, the investment (capital and long-term loans) in the 50 PSUs (including 619-B companies) was Rs. 15,587.54 crore as detailed below.

(Amount: Rupees in crore)

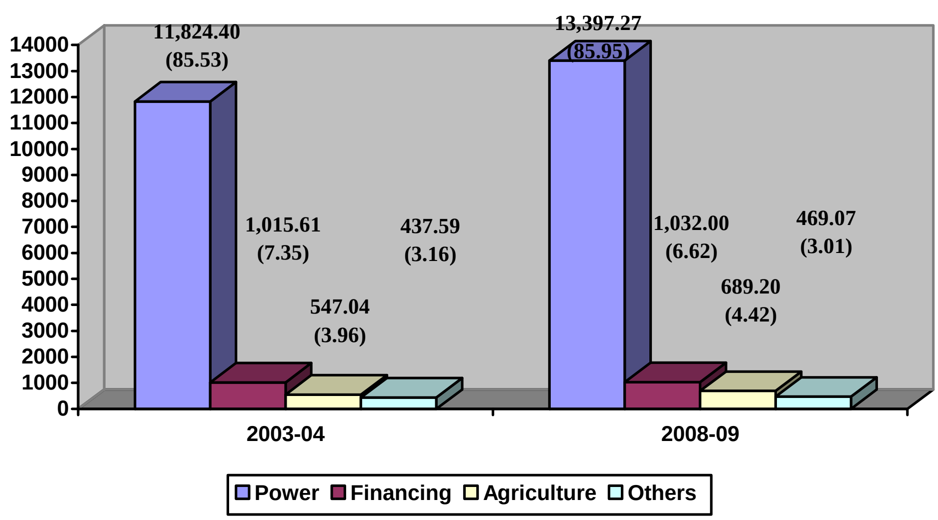
PSUs	Government companies			Statutory corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	648.62	1,365.02	2,013.64	3,160.85	10,362.30	13,523.15	15,536.79
Non-working PSUs	21.09	29.66	50.75	-	-	-	50.75
Total	**669.71**	**1,394.68**	**2,064.39**	**3,160.85**	**10,362.30**	**13,523.15**	**15,587.54**

A summarised position of Government investment in the State PSUs is given in ***Annexure 1.***

1.8 As on 31 March 2009, of the total investment in the State PSUs, 99.67 *per cent* was in working PSUs and the remaining 0.33 *per cent* in non-working PSUs. This total investment consisted of 24.57 *per cent* as capital and 75.43 *per cent* as long-term loans. The investment has grown by 12.75 *per cent* from Rs. 13,824.64 crore in 2003-04 to Rs. 15,587.54 crore in 2008-09 as shown in the graph below:



1.9 The investment in important sectors and percentage thereof at the end of 31 March 2004 and 31 March 2009 are indicated below in the bar chart. The thrust of PSU investment in the State was mainly in power sector which had seen its percentage share rising from 85.53 *per cent* in 2003-04 to 85.95 *per cent* in 2008-09.



(Figures in brackets show the percentage of total investment)

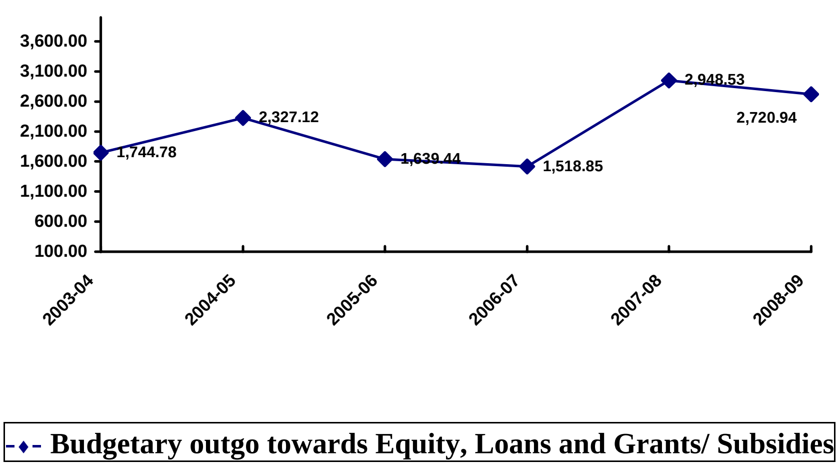
Budgetary outgo, grants/subsidies, guarantees and loans

1.10 The details regarding budgetary outgo from the State Government towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of the State PSUs are given in ***Annexure 3***. The summarised position is given below for three years ended 2008-09.

(Amount: Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	2	20.59	2	30.04	2	32.17
2.	Loans given from budget	-	-	-	-	-	-
3.	Grants/Subsidy received	3	1,498.26	5	2,918.49	4	2,688.77
4.	Total Outgo (1+2+3)	4[®]	1,518.85	6[®]	2,948.53	5[®]	2,720.94
5.	Loans converted into equity	-	-	-	-	-	-
6.	Loans written off	-	-	-	-	-	-
7.	Interest/Penal interest written off	-	-	-	-	-	-
8.	Total Waiver (6+7)	-	-	-	-	-	-
9.	Guarantees issued	11	10,875.84	5	12,718.28	6	20,554.93
10.	Guarantee Commitment	12	8,355.23	11	9,894.99	10	18,322.37

1.11 The details regarding budgetary outgo towards equity, loans and grants/ subsidies for the past five years are given in a graph below.



[®] Actual number of PSUs which received budgetary support.

The budgetary outgo in 2006-07 was all time low in preceding five years at Rs. 1,518.85 crore, which jumped to Rs. 2,948.53 crore in 2007-08 due to significant extension of grant/subsidy to power sector. The budgetary outgo was marginally lower at Rs. 2,720.94 crore in 2008-09.

1.12 The amount of guarantee commitment as on 31 March 2007 was Rs. 8,355.23 crore (12 PSUs) which increased to Rs. 9,894.99 crore (11 PSUs) as on 31 March 2008 and to Rs. 18,322.37 (10 PSUs) as on 31 March 2009.

The State Government charged guarantee fee at the rate of 1/8 *per cent* in case of PSUs engaged as procuring agencies and two *per cent* from the other PSUs. During the year the PSUs paid guarantee fee of Rs. 28.96 crore out of Rs. 29.23 crore payable, leaving a balance of Rs. 0.27 crore. Besides, Rs. 21.67 crore of guarantee fee pertaining to the period from February 2001 to February 2007 were not paid as at 31 March 2009.

Reconciliation with Finance Accounts

1.13 The figures in respect of equity, loans and guarantees outstanding as *per* the records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. 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 2009 is given below.

(Rupees in crore)

Outstanding in respect of	Amount as per Finance Accounts (Provisional)	Amount as per records of PSUs	Difference
Equity	3,593.35	3,734.19	140.84
Loans	3,397.25	2,620.06	777.19
Guarantees	18,195.41	18,322.37	126.96

1.14 Audit observed the differences occurred in 24 PSUs and some of the differences were pending reconciliation since 1973-74. Letters/reminders have been issued (July 2009) to the State Government for reconciliation of the differences. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of the PSUs

1.15 The financial results of PSUs, financial position and the working results of the working Statutory corporations are detailed in ***Annexures 2, 5 and 6*** respectively. A ratio of PSU turnover to the State GDP shows the extent of PSU activities in the State economy. Following table provides the details of working PSUs turnover and the State GDP for the period 2003-04 to 2008-09.

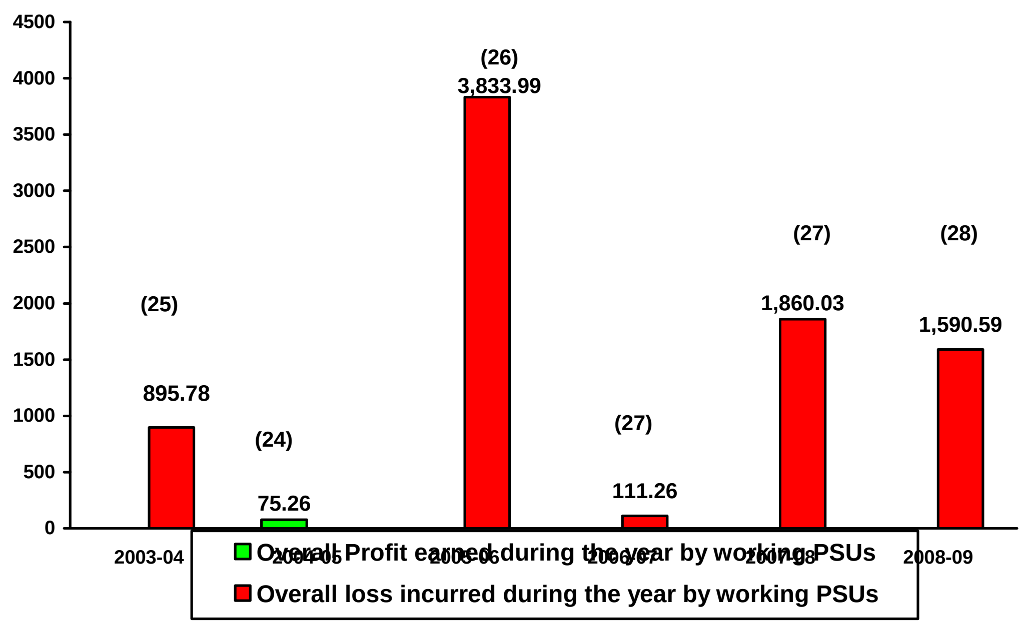
(Rupees in crore)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Turnover[β]	13,550.53	14,647.17	14,762.15	17,245.64	17,552.66	19,138.60
State GDP[⊗]	89,818	97,452	1,09,735	1,23,397	1,37,486	1,58,972
Percentage of turnover to the State GDP	15.09	15.03	13.45	13.98	12.77	12.04

The percentage of turnover to the State GDP declined from 15.09 in 2003-04 to 12.04 in 2008-09 as the turnover of PSUs did not increase in the proportion of corresponding increase in GDP.

1.16 Profit earned/losses incurred by the State working PSUs during 2003-04 to 2008-09 are given below in the bar chart.

(Rupees in crore)



(Figures in bracket represent the number of working PSUs in the respective years)

During 2004-09, the State working PSUs incurred losses every year, except the year 2004-05. The losses increased from Rs. 895.78 crore in 2003-04 to Rs. 1,590.59 crore in 2008-09. In 2005-06, the State working PSUs incurred heavy losses aggregating to Rs. 3,833.99 crore mainly due to writing off of excess Rural Electrification subsidy (Rs. 3,242.00 crore) by PSEB, which was booked in earlier years. During the year 2008-09, out of 33 working PSUs, 15 PSUs earned profit of Rs. 40.24 crore and 13 PSUs incurred loss of Rs. 1,630.83 crore. Two working PSUs prepared their accounts on ‘no profit no loss’ basis; two working PSUs were under construction and first account of one

[β] Turnover as per the latest finalised accounts as of 30 September of subsequent year.

[⊗] 2003-04 to 2004-05 figures are revised estimates, 2005-06 and 2008-09 figures are provisional estimates, 2006-07 figure is quick estimate and 2007-08 is advance estimate.

had not been received. The major contributors to profit were four PSUs viz. Punjab Genco Limited (Rs. 11.30 crore), Punjab State Container and Warehousing Corporation Limited (Rs. 10.12 crore), Punjab Small Industries and Export Corporation Limited (Rs. 4.96 crore) and Punjab Communications Limited (Rs. 3.17 crore). The heavy losses were incurred by four PSUs viz. Punjab State Electricity Board (Rs. 1,389.60 crore), Punjab State Warehousing Corporation (Rs. 79.67 crore), Punjab State Grains Procurement Corporation Limited (Rs. 69.77 crore) and Punjab State Industrial Development Corporation Limited (Rs. 48.93 crore).

1.17 The losses of working PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. The latest Audit Reports of CAG contained audit comments on losses to the tune of Rs. 1,358.50 crore and infructuous investment of Rs. 21.56 crore, which were controllable with better management. The year wise details from the Audit Reports are given below.

(Rupees in crore)

Particulars	2006-07	2007-08	2008-09	Total
Net Profit (loss)	(111.26)	(1,860.03)	(1,590.59)	3,561.88
Controllable losses/ avoidable expenditure as per CAG's Audit Report	708.40	184.40	465.70	1,358.50
Infructuous Investment	17.68	3.88	-	21.56

1.18 The above losses pointed out in the Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses would be much more. The above table shows that with better management, the losses can be minimised/eliminated. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

1.19 Some other key parameters pertaining to the State PSUs are given below:

(Rupees in crore)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Return on Capital Employed (in percentage)	4.64	9.39	-	8.00	-	0.96
Debt	10,368.94	10,556.84	9,388.99	10,249.92	10,523.48	11,756.98
Turnover♠	13,550.53	14,647.17	14,762.15	17,245.64	17,552.66	19,138.60
Debt/ Turnover Ratio	0.77:1	0.72:1	0.64:1	0.59:1	0.60:1	0.61:1
Interest Payments	1,846.59	1,533.61	1,289.35	1,390.92	1,457.79	1,805.75
Accumulated Profits (losses)	(2,055.93)	(1,953.28)	(5,836.77)	(5,976.19)	(7,664.13)	(9,239.41)

(Above figures pertain to all PSUs except for turnover which is for working PSUs)

♠ Turnover of working PSUs as per the latest finalised accounts as of 30 September of subsequent year.

1.20 The percentage of consolidated return on capital employed of all PSUs increased from 4.64 in 2003-04 to 9.39 in 2004-05 and decreased to 8.00 in 2006-07 and further decreased to 0.96 in 2008-09. However it was negative in the year 2005-06 and 2007-08. The accumulated losses increased by more than four times from Rs. 2,055.93 crore in 2003-04 to Rs 9,239.41 crore in 2008-09.

The position of long term debts, which was at 77 *per cent* of the turnover in 2003-04, showed improvement till 2006-07 when it declined to 59 *per cent* of the turnover. The ratio of the debts to the turnover again increased gradually after 2006-07 and reached at 61 *per cent* of the turnover in 2008-09 causing pressure on profit margins due to corresponding increase in the interest liability.

1.21 The State Government had formulated (March 1999) a dividend policy under which all PSUs are required to pay a minimum return of four *per cent* on the funds invested by the State Government. As per their latest finalised accounts, 15 PSUs earned an aggregate profit of Rs. 40.24 crore of which two PSUs declared a dividend of Rs. 1.89 crore at the rate of 8 *per cent* and 25 *per cent*. The remaining 13 PSUs did not declare dividend despite earning profit of Rs. 27.73 crore.

Performance of major PSUs

1.22 The investment in working PSUs and their turnover together aggregated to Rs. 34,675.39 crore during 2008-09. Out of 33 working PSUs, each of the following four PSUs accounted for investment *plus* turnover of more than five *per cent* of the aggregate investment *plus* turnover. These four PSUs together accounted for 85.46 per *cent* of the aggregate investment *plus* turnover.

(Rupees in crore)

PSU Name	Investment	Turnover	Total (2) + (3)	Percentage to aggregated investment plus turnover of all PSUs
(1)	**(2)**	**(3)**	**(4)**	**(5)**
Punjab State Electricity Board	12,898.92	7,913.14	20,812.06	60.02
Punjab State Civil Supplies Corporation Limited	3.73	4,460.56	4,464.29	12.87
Punjab State Grains Procurement Corporation Limited	1.05	2,546.54	2,547.59	7.35
Punjab Agro Foodgrains Corporation Limited	5.00	1,805.64	1,810.64	5.22
Total	**12,908.70**	**16,725.88**	**29,634.58**	**85.46**

Some of the major audit findings of past five years in respect of the above mentioned PSUs are stated in the succeeding paragraphs.

Punjab State Electricity Board (PSEB)

1.23 PSEB earned profit of Rs. 12.89 crore during 2005-06. Thereafter, it incurred loss of Rs. 1,389.60 crore during 2007-08. However, turnover of PSEB increased from Rs. 6,701.08 crore during 2005-06 to Rs. 7,913.14 crore during 2007-08. The percentage of return on capital employed was 8.66 *per cent* during 2005-06 but during 2007-08 it was negative.

1.24 Deficiency in Planning

- Failure of the PSEB to consider the additional requirement of power transformers while finalizing the purchase order in May 2006 resulted in extra expenditure of Rs. 6.40 crore on the procurement of 26 power transformers (Paragraph 3.2.9 of the Audit Report Commercial-2007-08).

- Failure of the PSEB to repair the spare runner for use in case of emergency coupled with delay in placing order for the repair of damaged runner resulted in generation loss valuing Rs. 10.96 crore during December 2006 to July 2007 (Paragraph 4.11 of the Audit Report-Commercial-2007-08).

1.25 Deficiency in implementation

- Shortfall in installation of shunt capacitors resulted in non reduction of transmission losses of 44.19 MUs valued at Rs. 11.19 crore (Paragraph 3.1.26 of the Audit Report-Commercial-2005-06).

- PSEB failed to levy voltage surcharge on all large supply consumers resulting in under billing of Rs. 266.24 crore (Paragraph 3.2.9 of the Audit Report-Commercial-2006-07).

- Ineffective inventory management of PSEB resulted in shortage of material valuing Rs. 3.69 crore besides blockage of Rs. 14.97 crore in inventories (Paragraphs 3.2.26 to 3.2.31 of the Audit Report-Commercial-2007-08).

1.26 Non-achievement of norms

There was a consistent shortfall (ranging from 15.63 to 43.76 *per cent*) during the last five years in achievement of the norms prescribed for repair of failed transformers. The shortfall in preventive maintenance increased from 29.3 *per cent* (2000-01) to 58.6 *per cent* in 2004-05 (Paragraph 2.2.12 and 2.2.18 of the Audit Report Commercial-2004-05).

1.27 Deficiency in financial management

Non-restructuring of the State Government loans deprived saving of interest liability of Rs. 229.65 crore during 2004-06 (Paragraph 3.2.11 of the Audit Report-Commercial -2006-07).

Punjab State Civil Supplies Corporation Limited

1.28 The profit of the Company decreased from Rs. 13.36 crore in 2005-06 to Rs. 3.91 crore in 2008-09. However, the turnover of the Company increased from Rs. 3,521.94 crore in 2005-06 to Rs. 4,460.56 crore in 2008-09. The percentage of return on capital employed decreased from 18.89 *per cent* in 2005-06 to 13.30 *per cent* in 2008-09.

1.29 Deficiency in implementation

Non recovery of transportation charges from the millers in respect of paddy transported within eight kilometers resulted in loss of Rs. 13.85 crore to the PSU (Paragraph 4.2 of the Audit Report-Commercial 2006-07).

1.30 Deficiency in monitoring

Recovery from Food Corporation of India (FCI) of Rs. 44.00 crore, being the difference between Open Market Sale Scheme rates and actual sale of damaged wheat at lower rates was doubtful as the damaged wheat stock exceeded the norms suggested by a Committee of FCI (Paragraph 2.2.15 of the Audit Report-Commercial 2006-07).

Punjab State Grains Procurement Corporation Limited

1.31 The Company finalised its first accounts for the year 2003-04 during 2007-08 and accounts for subsequent four years up to 2007-08 were in arrears despite the Company having separate accounts department. The Company had incurred a loss of Rs. 77.13 crore in 2003-04.

1.32 Deficiency in financial management

Failure of the PSU to submit stock statement to the State Bank of India in time resulted in avoidable payment of penal interest of Rs. 1.33 crore (Paragraph 4.3 of the Audit Report-Commercial-2006-07).

Punjab Agro Foodgrains Corporation Limited

1.33 The profit of the Company increased from Rs. 0.95 crore during 2004-05 to Rs. 0.99 crore during 2006-07. However, the turnover decreased from Rs. 2,152.37 crore during 2004-05 to Rs. 1,805.64 crore during 2006-07. Similarly, the percentage of return on capital employed decreased from 0.64 *per cent* in 2004-05 to 0.24 *per cent* in 2006-07.

1.34 Deficiency in implementation

- Violation of the provisions of custom milling policy by the PSU facilitated misappropriation of paddy valued at Rs. 31.95 crore by the millers. (Paragraph 2.16 of the Audit Report- Commercial-2005-06).

- Excess time taken by the PSU for delivery of rice resulted in loss of interest of Rs. 18.00 crore (Paragraph 2.20 of the Audit Report-Commercial-2005-06).

1.35 Deficiency in monitoring

Non claiming of interest on carry over charges by the PSU as per the instructions of the Food Corporation of India resulted in non recovery of Rs. 10.90 crore with consequential loss of interest of Rs. 2.44 crore (Paragraph 4.14.8 of the Audit Report-Commercial-2006-07).

Conclusion

1.36 The cases of deficient planning, deficiencies in implementation, ineffective monitoring, failure in achievement of norms and deficiency in financial management indicate that the PSUs in the State are not functioning efficiently and there is scope for improvement in their overall performance. They need to imbibe greater degree of professionalism to ensure delivery of their products and services efficiently and profitably. The State Government should introduce a performance based system of accountability for the PSUs.

Arrears in finalisation of accounts

1.37 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in the case of Statutory corporations, their accounts are to be finalised, audited and presented to the Legislature as *per* the provisions of their respective Acts. The table below provides the details of progress made by the working PSUs in finalisation of accounts by September 2009.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Number of Working PSUs	31	29	29	33	33
2.	Number of accounts finalised during the year	28	27	24	25	38
3.	Number of accounts in arrears	44	48	53	62	57
4.	Average arrears *per* PSU (3/1)	1.42	1.66	1.83	1.88	1.73
5.	Number of Working PSUs with arrears in accounts	25	23	24	29	25
6.	Extent of arrears (years)	1 to 5	1 to 4	1 to 4	1 to 5	1 to 5

1.38 The average number of accounts in arrears per working PSU increased from 1.42 in 2004-05 to 1.73 in 2008-09. The PSUs having arrears of accounts need to take effective measures for early clearance of backlog and make the accounts up-to-date. The PSUs should also ensure that at least one year's accounts are finalised each year so as to restrict further accumulation of arrears.

1.39 In addition to the above, there were also arrears in finalisation of the accounts by the non-working PSUs. Out of 17 non-working PSUs, eight♥ had gone into liquidation process. All the remaining nine non-working PSUs had arrears of accounts, for two to 18 years.

1.40 The State Government had invested Rs**.** 2,761.38 crore (Equity: Rs. 62.21 crore, grants/subsidy: Rs. 2,699.17 crore) in six PSUs during the years for which accounts have not been finalised as detailed in ***Annexure 4***. In the absence of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not. Thus, Government's investment in such PSUs remained outside the scrutiny of the State Legislature. Further, delay in finalisation of the accounts may result in risk of fraud and leakage of public money, apart from violation of the provisions of the Companies Act, 1956.

1.41 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 prescribed period. Though the concerned administrative departments and officials of the Government were informed every quarter by the Audit, of the arrears in finalization of accounts, no remedial measures were taken. As a result of this the net worth of these PSUs could not be assessed in audit.

1.42 In view of the above mentioned state of arrears, it is recommended that:

- **The Government may set up a cell to oversee the clearance of arrears and set targets for individual companies which would be monitored by the cell.**

- **The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise**.

♥ Companies at Sl. No. C-2, 6, 7,8,9,11,12 and 17 of ***Annexure 2.***

Winding up of non-working PSUs

1.43 There were 17 non-working PSUs (all companies) as on 31 March 2009. Of these, eight♥ PSUs were under liquidation/winding up process. The numbers of non-working companies at the end of each year during the past five years are given below.

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
No. of non-working companies	28	30	19	17	17

The non-working PSUs are required to be closed down as their existence is not going to serve any purpose. During 2008-09, 13 non-working PSUs incurred an expenditure of Rs. 0.42 crore towards salary/establishment expenditure etc. This expenditure was financed through sale of assets (Rs. 0.07 crore) of these PSUs and other resources♣ (Rs. 0.35 crore).

1.44 The stages of closure in respect of the non-working PSUs are as follows:

Sl. No.	Particulars	Number
1.	Total No. of non-working PSUs	17
2.	Of (1) above, the No. under	
(a)	liquidation by Court (liquidator appointed)	3
(b)	Voluntary winding up (liquidator appointed)	5
(c)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started.	7

1.45 During the year 2008-09, no company was finally wound up. The companies which have taken the route of winding up by Court order are under liquidation for a period ranging from six months to 26 years. The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/pursued vigorously. The Government may make a decision regarding winding up of the remaining two non-working PSUs where no decision about their continuation or otherwise has been taken after they became defunct. The Government (Directorate of Disinvestment)• may expedite closing down of its non-working companies.

♥ Companies at Sl. No. C-2,6,7,8,9,11,12 and 17 of ***Annexure 2.***

♣ Includes borrowings from common pool fund of PSUs under liquidation, interest on investments, etc.

• A cell established for disinvestment of State Government equity in State PSUs/Subsidiaries and for restructuring/privatization, etc. of these PSUs.

Accounts comments and internal audit

1.46 Twenty three working companies forwarded their 35 accounts to Audit during the year 2008-09♣. Of these, 30 accounts of 18 companies were selected for supplementary audit. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below.

(Amount: Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	4	81.28	4	190.51	3	116.63
2.	Increase in loss	4	325.61	6	14.91	6	23.84
3.	Non-disclosure of material facts	-	-	-	-	2	1.59
4.	Errors of classification					2	432.53
	Total		**406.89**		**205.42**		**574.59**

The aggregate money value of total comments increased from Rs. 406.89 crore (eight accounts) in 2006-07 to Rs. 574.59 crore in (11 accounts) in 2008-09.

1.47 During the year, the statutory auditors had given unqualified certificates for 10 accounts, qualified certificates for 22 accounts and adverse certificates (which mean that accounts do not reflect a true and fair position) for three accounts. The compliance of companies with the Accounting Standards (AS) remained poor as there were 21 instances of non-compliance with the AS in 12 accounts during the year 2008-09♣.

1.48 Some of the important comments in respect of the accounts of companies are stated below.

Punjab Agro Foodgrains Corporation Limited (2006-07)

- Non provision towards the difference of compound and simple rate of interest on wheat shown as recoverable from Food Corporation of India (FCI) without confirmation from GOI/FCI for the crop years 1999-2000 and 2000-2001 resulted in overstatement of profit for the year by Rs. 8.64 crore.

♣ October 2008 to September 2009.

- The valuation of closing stock of Jute bags (50 kg) at realizable rates instead of cost price which was lower, in contravention of AS-2 (valuation of inventories) resulted in overstatement of profit and current assets by Rs. 5.04 crore.

Punjab State Seeds Corporation Limited (2006-07)

Non-provision for interest on repayment of loans availed from Punjab Rural Development Fund resulted in understatement of unsecured loans as well as accumulated loss by Rs. 2.80 crore each.

Punjab Small Industries & Export Corporation Limited (2006-07)

- Non-provision for doubtful loans and advances of Rs. 6.25 crore had resulted in overstatement of profit to that extent.

- Non provision for arrears on account of conveyance allowance paid to the employees resulted in overstatement of accumulated profit and understatement of current liabilities and provisions by Rs. 2.86 crore each.

Punjab State Grains Procurement Corporation Limited (2004-05)

Against the establishment charges of Rs. 17.14 crore on movement of wheat stocks to be credited/paid to the Department of Food and Supplies, Rs. 12.81 crore only had been booked, which resulted in understatement of loss and liabilities by Rs. 4.33 crore.

Punjab Recorders Limited (2003-04)

Non accounting of dues of Rs. 4.79 crore payable to Punjab State Industrial Development Corporation Limited and Punjab Financial Corporation resulted in understatement of loans as well as losses to that extent.

1.49 Similarly, three working Statutory corporations forwarded their three accounts to Audit during the year 2008-09[♣]. Of these, two accounts of two Statutory corporations pertained to sole audit by CAG which was completed. The remaining one account was selected for supplementary audit. The audit reports of statutory auditors and the sole/ supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given in the following table:

[♣] October 2008 to September 2009.

(Amount: Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Increase in loss	4	92.74	1	7.48	3[∇]	63.21
2.	Non-disclosure of material facts	1	79.12	1	72.63	2	170.05
3.	Errors of classification	1	38.22	1	302.90	1	299.09
	Total		**210.08**		**383.01**		**532.35**

The aggregate money value of total comments increased by more than 2.5 times from Rs. 210.08 crore in 2006-07 to Rs. 532.35 crore in 2008-09.

1.50 During the year, all the three accounts received qualified certificates. In addition, two accounts of two Statutory corporations which were received during last year but audited during 2008-09, also received qualified certificates.

Some of the important comments in respect of accounts of Statutory corporations are stated below:

Punjab Scheduled Castes Land Development and Finance Corporation (2006-07)

- Non provision against receivables from a Company under liquidation had resulted in overstatement of current assets, loans and advances and losses by Rs. 7.42 crore each.

Punjab State Electricity Board (2007-08)

- Employee's cost was understated by Rs. 6.46 crore due to wrong adjustment of payment of bonus against previous liabilities towards bonus payable, resulting in understatement of deficit to the same extent.

- Other debits were understated by Rs. 7.82 crore due to non-accounting of loss on the manufacture of PCC Poles (difference between Board's cost at its workshops and market price), resulting in understatement of deficit and overstatement of current assets to the same extent.

- Other debits were understated by Rs. 3.95 crore due to non–charging of expenditure incurred on survey/feasibility study of the project which had not matured/ sanctioned, resulting in understatement of deficit to the same extent.

- Other debits were understated by Rs 4.53 crore due to wrong adjustment of expenses incurred against previous years liabilities for expenses, resulting in understatement of deficit to the same extent.

[∇] Including one account each of two Statutory corporations (viz. Punjab Financial Corporation and Punjab Scheduled Castes Land Development & Finance Corporation), accounts of which were received during last year (2007-08) but audit was completed in current year (2008-09).

1.51 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including internal control/ internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/ internal control system in respect of eight companies[£] for the year 2007-08 and 13 companies[µ] for the year 2008-09 are given in the following table.

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies in respect of which recommendations were made	Reference to serial number of the companies as *per Annexure 2*
1.	Non-fixation of minimum/ maximum limits of store and spares	7	A-5, 6, 7, 8, 12, 13 & 27
2.	Absence of internal audit system commensurate with the nature and size of business of the company	8	A-5, 6, 7, 12, 13, 17, 26 & 27
3.	Non maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	6	A-1, 5, 6, 7, 8 & 13
4.	Non existence of system of proper documentation of software programme / no approved IT plan	9	A-1, 5, 7, 8, 9, 12, 13, 17 & 27
5.	Non computerisation of operations	6	A-5, 7, 12, 13, 25 & 27
6.	Audit committee did not exist	3	A -6, 13 & 26
7.	No clear cut credit policy exist	6	A-6, 7, 8, 9, 13 & 16

Recoveries at the instance of Audit

1.52 During the course of propriety audit in 2008-09, recoveries of Rs. 7.82 crore were pointed out to the Management of PSEB, which were admitted by PSEB. Against this, an amount of Rs. 4.19 crore was recovered during the year 2008-09.

[£] Sr. No.1, 5, 7, 8, 9, 12, 13 & 19 in ***Annexure 2.***
[µ] Sr. No 1, 5, 6, 7, 8, 9, 12, 13, 16, 17, 25, 26 & 27 in ***Annexure 2.***

Status of placement of Separate Audit Reports

1.53 The following table shows the status of placement of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory corporations in the Legislature by the Government.

Sl. No.	Name of Statutory 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	Reasons for delay in placement in Legislature
1.	Punjab Financial Corporation	2006-07	2007-08	14 May 2009	Reply awaited from Government/PSU
2.	Punjab Scheduled Castes Land Development & Finance Corporation	2004-05	2005-06 2006-07	19 August 2008 29 December, 2008	-do-
3	Punjab State Electricity Board	2006-07	2007-08	12 March 2009	-do-
4	Punjab State Warehousing Corporation	2005-06	2006-07	17 February 2009	Accounts under printing
5	PEPSU Road Transport Corporation	2006-07	2007-08	27 May 2009	Accounts under printing

Delay in placement of SARs weakens the legislative control over Statutory corporations and dilutes the latter's financial accountability. The matter relating to reasons for the delay in placement of SARs in legislature was taken up (September 2009) with the State Government reply for which was awaited. The Government should ensure prompt placement of SARs in the legislature.

Disinvestment, privatisation and restructuring of PSUs

1.54 The State Government established (July 2002) the Directorate of Disinvestment under the Department of Finance, with the function relating to disinvestment of State Government equity held in Public sector undertakings and their subsidiaries/promoted companies and restructuring/privatization etc. of the PSUs. However, no Company was disinvested/privatised by the Directorate during the year.

Reforms in power sector

1.55 The Punjab State Electricity Regulatory Commission (PSERC) was formed in March 1999 under Section 17 of the Electricity Regulatory Commissions Act, 1998[•] with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. During 2008-09, the PSERC issued 24 orders (one on annual revenue requirements and 23 on others).

1.56 A Memorandum of Understanding (MoU) was signed in March 2001 between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms in power sector with identified milestones. The progress achieved so far in respect of important milestones is stated below.

Sl. No.	Milestone	Achievement as of March 2009
1.	Reduction in transmission and distribution losses to 18 *per cent* by March 2003.	19.91 *per cent* during 2008-09.
2.	100 *per cent* metering of all 11 KV distribution feeders by September 2001.	Electronics meter on 8,772 nos. of 11 KV feeders out of 8,828 feeders stand installed up to 31 March 2009.
3.	100 *per cent* metering of all consumers by 30 June 2002.	All consumers (except Agriculture Power consumers) were metered. Out of 10.26 lakh agricultural consumers, 9.34 lakh consumers were unmetered.
4.	Securitise outstanding dues of Central Public Sector Undertakings.	Securitised.
5.	Establishment of State Electricity Regulatory Commission	Constituted in March 1999.
6.	Implementation of tariff orders issued by SERC during 2002-08 for distribution tariff to be implemented from 1 August 2002.	Since implemented.
7.	Installation of energy meters on grid/generating stations by 30 September 2001.	Installed.
8.	Replacement of electro mechanical meters with electronic meters by March 2006.	34.41 lakh electronics meters have been installed against 55.99 lakh metered consumers.
9.	Monitoring of MOU on quarterly basis.	Since the expiry of MOU on 31 March 2008, no steering committee meetings were held.

[•] Since replaced by the Electricity Act, 2003

It is evident that PSEB could not achieve target of reduction of T & D losses upto 18 *per cent*, 9.34 lakh Agriculture Power consumers were still unmetered and 21.58 lakh electromechanical meters were still to be replaced with electronic meters.

Discussion of Audit Reports by COPU

1.57 The status as on 30 September 2009 of reviews and paragraphs that appeared in the Audit Reports (Commercial) and discussed by the Committee on Public Undertakings (COPU) is as under.

Period of Audit Report	Number of reviews/ paragraphs			
	Appeared in Audit Report		Discussed	
	Reviews	Paragraphs	Reviews	Paragraphs
1997-98	3	23	1	22
1998-99	4	22	2	21
1999-2000	4	23	4	23
2000-01	3	18	2	16
2001-02	4	17	-	9
2002-03	3	20	-	11
2003-04	2	20	-	9
2004-05	2	21	-	6
2005-06	3	25	-	3
2006-07	4	21	-	1
2007-08	3	21	-	-
Total	**35**	**231**	**9**	**121**

Chapter II

2 Performance reviews relating to Statutory corporations

Punjab State Electricity Board

2.1 Construction and commissioning of Stage II (Units III and IV) of Guru Hargobind Thermal Plant, Lehra Mohabbat

Executive Summary

On the basis of 15th Power Survey conducted (July 1995) by Central Electricity Authority, Punjab State Electricity Board estimated demand gap of 1,111 MW and 947 MW at the end of ninth Five Year Plan period (1997-2002) and tenth plan period (2002-07) in the State of Punjab. To reduce this gap of power, the State Government decided in January 1999 to add generating capacity of 500 MW by setting up two additional units of 250 MW each under Stage II at Guru Hargobind Thermal Plant, Lehra Mohabbat which earlier had an installed capacity of 420 MW under Stage I. The performance audit was conducted to assess economy and efficiency in project planning, execution and commissioning of the units against envisaged standards.

Project planning

The Board/State Government failed to decide the mode of execution of the project for more than three years since the date of techno economic clearance of the project by Central Electricity Authority in September 2000. It was only in December 2003 that the State Government decided to implement the project. Audit scrutiny indicated that the indecisiveness on the part of Board/State Government in deciding the mode of execution of the project resulted in abnormal delay in installation/commissioning of the project with consequential increase in project cost and other avoidable payments. Delay in placement of order for execution of the project resulted in huge time and cost overrun.

Award of contract

The turn key contract for construction of the project was awarded (May 2004) to BHEL on single quotation basis without inviting competitive bidding which deprived the Board of getting competitive rates. Due to improper analysis of BHEL offer, the Board had to incur excess expenditure of Rs 47.40 crore on price escalation on inadmissible items and wrong application of price variation formula.

Execution of the project

There was cost and time overrun. The expenditure incurred on the project was Rs. 2,353.86 crore as of March 2009 against the estimated project cost of Rs. 1,789.67 crore. Due to substantial time overrun in execution of both the units, the Board was saddled with additional capital costs of Rs. 564.19 crore coupled with avoidable extra expenditure of Rs. 2,061.16 crore (mainly towards purchase of power at very high rates).

Commissioning of the project

The scheduled dates for commissioning of the units-III and IV were December 2006 and March 2007. The Unit-III was synchronised for trial operation in February 2008 and the Unit-IV in August 2008. Due to synchronisation of the units without ensuring completion of all the works, the period of trial operation prolonged abnormally. The Unit-III was commercially commissioned only in October 2008 and the Unit-IV had not been commissioned so far (August 2009). Prolonged period of trial run resulted in excess consumption of inputs of Rs. 18.17 crore, which could not be recovered from BHEL in the absence of enabling clause in the contract.

Conclusion and Recommendations

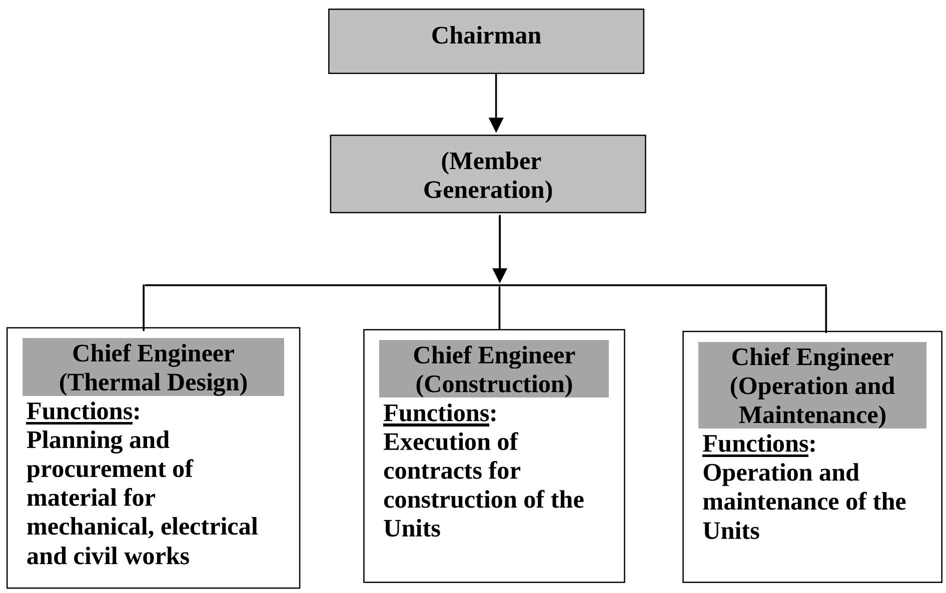
The Board failed to fulfill the primary objective of bridging the demand gap and also deprived itself of the benefit of interest rebate and interest subsidy.

The review contains five recommendations which include the need to have stringent liquidated damages clause in the contracts and strengthening of the monitoring mechanism to ensure completion of the projects within the stipulated time.

Introduction

2.1.1 The Guru Hargobind Thermal Plant (GHTP), Lehra Mohabbat had an installed capacity of 420 MW from two generating units (210 MW each) under Stage-I. These units were commissioned in December 1997 and October 1998. In order to meet the increased demand for power in the State, the Punjab State Electricity Board (Board) installed another two units (Unit III and IV) of 250 MW each under Stage-II in the same plant. The unit-III was commissioned on 16 October 2008 and commissioning of the unit IV was awaited (August 2009). The Board had incurred an expenditure of Rs. 2,353.86 crore on the two additional units up to 31 March 2009.

The organisational set-up relating to construction and operation of these generating units is given below:



Scope of Audit

2.1.2 The performance audit conducted during December 2008 to March 2009 covers project planning, award of contracts, execution of works**,** installation and commissioning of both the units-III & IV under stage-II of the project**.** Audit examined the records for the years 2004-09 in the office of the Chief Engineer (Thermal Design) at the headquarters and the Chief Engineer (Construction) and the Chief Engineer (O&M) at the project sites.

Audit objectives

2.1.3 The audit objectives of the review were to ascertain whether:

- the project was undertaken after establishing technical feasibility and economic viability;

- the contracts were awarded in a competitive and transparent manner with due regard to economy and efficiency;
- the project was executed within the estimated project cost and time; and
- the rules and regulations relating to environmental protection were complied with.

Audit criteria

2.1.4 The following audit criteria were adopted:

- Norms/guidelines of the Central Electricity Authority (CEA) regarding planning and implementation of the project;
- Standard procedures for award of contract;
- Terms and conditions of the contract**;** and
- Rules and regulations for environmental protection.

Audit methodology

2.1.5 The mix of following methodology was followed:

- Examination of relevant papers/guidelines issued by the CEA/Government from time to time;
- Scrutiny of Agenda and Minutes of the Board Meetings;
- Analysis of the project report, background papers etc. relating to the project;
- Scrutiny of documents relating to loan agreement, tenders, award of contracts, payments made to the contractors; and
- Interaction with the personnel of the Board.

Project planning

2.1.6 On the basis of demand and availability of power assessed by CEA vide its 15th Power Survey (July 1995)**,** the Board estimated that due to growth in the demand for power, the requirement of power at the end of 9th Five Year Plan period (1997-2002) and 10th Five Year Plan period ending March 2007 would be 6,130 MW and 7,578 MW against the availability of 5,019 MW and 6,631 MW respectively. To reduce the gap between demand and supply of power, the Board proposed to set up two additional units of 250 MW each under Stage-II at GHTP, Lehra Mohabbat and submitted (September 1998) the draft project estimate of Rs. 1,550 crore for this project to CEA. The State Government accorded (January 1999) approval to this proposal. The Board prepared (June 2000) the Detailed Project Report of the project, which estimated the cost at Rs. 1,789.67 crore. While according techno-economic clearance to the project, the CEA stipulated (September 2000) that in case the time gap between techno-economic clearance of the project and the actual start of work of the project was three years or more, the Board should obtain a fresh techno-economic clearance of CEA before the start of the work.

In the past, the Board had been executing thermal projects through split-package basis i.e. procuring the main equipment- steam generator and turbo generator etc. from Bharat Heavy Electrical Limited (BHEL) on negotiation basis and the other equipments from other contractors through competitive bidding. In line with that practice, the Board constituted (May 2000) a committee for negotiating the prices with BHEL. In the negotiation committee meeting (August 2001), BHEL offered to supply the main equipment such as boiler and turbo generator at variable price of Rs. 601 crore, which was subsequently (May 2002) reduced to Rs. 590 crore. In the meantime, the neighbouring power utility, Haryana Power Generation Corporation Limited (HPGCL) awarded (March 2002) a contract to BHEL for construction of two similar Units of 250 MW each at Panipat on turnkey basis. The Board also considered (June 2002) to execute the project on turnkey basis and deferred its decision to execute the project till the mode of execution of the project (viz. whether to execute the project on split package basis or get it installed by BHEL on turnkey basis) was decided at the State Government level. Subsequently, the idea of setting up of a special purpose vehicle[*] (SPV) or some company for execution of the project was also explored.

The Board/State Government failed to decide the mode of execution of the project for 39 months since the date of techno economic clearance of the project by Central Electricity Authority.

The Board/State Government, thus, failed to decide the mode of execution of the project for 39 months since September 2000 i.e. the date of techno economic clearance from the CEA. It was only in December 2003 that the State Government decided that the project should be executed by the Board with loan assistance from financial institutions. In spite of the delay in finalising the project for more than three years, the Board neither revised the project cost nor obtained a fresh techno-economic clearance from CEA.

The Board decided to arrange ninety *per cent* of the project cost as loan from Rural Electrification Corporation (REC) and remaining ten *per cent* from internal sources.

Audit scrutiny indicated that the indecisiveness on the part of Board/State Government in deciding the mode of execution of the project resulted in abnormal delay in installation/commissioning of the project with consequential increase in project cost and other avoidable payments as discussed in the succeeding paragraphs:

Award of contract

2.1.7 For execution of the project on turnkey basis, the Board selected BHEL on single tender basis without inviting competitive bidding on the presumption that if it resorted to global tendering, it would take more than a year to finalise the same and the project would not come up during the tenth five year plan period. The above contention and compromise of the Board with the basic principle of tendering i.e. competitive bidding for the allotment of this project were not reasonable as the Board took more than one year (November 2002[♠]

[*] This is a project/organisation structure created for accomplishment of specific objective for specific duration, if possible.

[♠] When BHEL sent its offer for execution of the project on turn key basis.

to March 2004) in finalising the negotiations with BHEL. The departure from the standard practice of inviting competitive bids for the project deprived the Board from getting competitive rates.

The Board decided (March 2004) the contract price on the basis of HPGCL contract with BHEL on turnkey basis for construction of similar units at Panipat at variable price (base date of December 2000) of Rs. 1,438.70 crore (supply of machinery, equipment, cement and steel: Rs. 1,080 crore and civil works and services: Rs. 358.70 crore). The Board awarded (March 2004) the contract to BHEL at a variable contract price (with the base date of November 2003) of Rs. 1,673.87 crore (Rs. 1,261.93 crore for the supply of machinery, equipment, cement and steel and Rs. 411.94 crore for civil works and services). The increase in price by Rs. 235.17 crore was on account of change in scope (Rs. 25.50 crore) and price escalation (Rs. 209.67 crore) during December 2000 to November 2003.

Delay in placement of order for execution of the project due to indecisiveness regarding mode of execution of the project resulted in cost overrun of Rs. 209.67 crore on account of price escalation.

The delay in placement of order for execution of the project due to indecisiveness of the Board regarding mode of execution of the project had resulted in cost overrun of Rs. 209.67 crore on account of price escalation.

Audit further observed that the Board failed to make proper analysis of BHEL offer from the economic point of view. The deficiencies noticed in finalisation of the contract and in arriving at the prices are discussed in the succeeding paragraphs:

Unjustified payment of price escalation

There was unjustified payment of price escalation of Rs. 12.42 crore on inadmissible components.

2.1.8 The contract provided for payment of price escalation towards supply of equipment as per specified formulae. It was noticed that while arriving at the basic variable price of Rs. 1,673.87 crore, BHEL was allowed extra price escalation of Rs. 12.42 crore on fixed component (Rs. 5.92 crore) and in steel prices (Rs. 6.50 crore) on the ground that the price variation indices already adopted did not fully compensate the abnormal increase in steel prices in market. The extra payment was not justified because as per the specified price variation formulae, price escalation on fixed component was not admissible and the indices for basic metals had already been included in the specified formulae.

Incorrect computation of price variation for civil works

2.1.9 The contract had two parts: one for supply of plant and equipment which included supply of cement and steel, and the other for civil works and services. The price variation relating to steel and cement was admissible under the first part of the contract applicable for supply of equipment. The price variation on steel and cement relating to civil works was not admissible. However, the Board wrongly allowed the price variation for steel and cement as per the escalation formulae prescribed for civil works (second part of the contract). The Board failed to take note of it during negotiation, which resulted in avoidable price variation of Rs. 19.71 crore, while updating the prices upto November 2003 in respect of components of civil works.

Wrong application of the price variation formulae for civil works resulted in excess payment of Rs. 34.98 crore.

The wrong application of price variation formula for civil works had cascading effect. During execution of the project, the construction wing at project site released payments for civil works by adopting the same price variation formulae, thereby**,** resulting in excess payment of escalation of

Rs. 15.27 crore on the civil works executed during August 2004 to December 2006. Thus, the wrong application of the price variation formulae for civil works resulted in excess payment of Rs. 34.98 crore.

Execution of contract

2.1.10 The Board had incurred an expenditure of Rs. 2,353.86 crore on construction of the units till March 2009 as against the estimated cost of Rs. 1,789.67 crore. As per terms of the contract, the scheduled dates for commissioning of the units-III and IV were December 2006 and March 2007 respectively. However, the unit-III could be commissioned only on 16 October 2008 and unit-IV has not been commissioned so far (August 2009). Audit analysed the time overrun and cost overrun as discussed below.

Time overrun

2.1.11 There was a delay of 654 days in commissioning of the unit-III and the unit-IV was still to be commissioned (August 2009) even after a lapse of more than two years. The Board attributed the delay in commissioning of the units to:

- delay in supply, erection and commissioning of equipments by BHEL;
- poor management of the project by BHEL- failure to identify critical path and failure to resolve constraints resulting in continued slippage of schedule;
- inadequate work force of BHEL at most fronts;
- delayed engineering/re-engineering by BHEL;
- poor quality control resulting in rework.

Audit, however, observed that all these factors could have been controlled with effective monitoring. BHEL was continuously lagging behind the milestones envisaged in the programme evaluation and review technique (PERT) chart. The Board was well aware that with the continuous slippage of the scheduled targets, the project would not be commissioned by the target dates. Though the Board initiated to solve the problem by conducting regular meetings with BHEL officers at site, yet it did not take up the matter at higher levels. It was only after lapse of scheduled dates of commissioning, the Board took up the matter at the higher levels to enforce BHEL to execute the project without further delay. Had the Board monitored the execution of the project closely on the basis of PERT chart agreed with BHEL and taken up the matter early at higher level at the appropriate time, the abnormal delay in commissioning of the units could have probably been avoided to a great extent. The delay in commissioning of the project led to additional financial burden on the Board which is discussed in the succeeding paragraphs:

Extra expenditure on purchase of power

2.1.12 Due to delay in commissioning of the units, there was generation loss of 4,390.14 MUs as given in the following table:

Particulars	Unit-III	Unit-IV
Scheduled date of commissioning	31 December 2006	31 March 2007
Delay (days)	654	731[†]
Possible generation[‡] (MUs)	2,687.94	3,004.41
Generation during trial period (MUs)	632.51	669.70
Generation loss (MUs)	**2,055.43**	**2,334.71**

Due to delay in commissioning of the units, the Board had to incur extra expenditure of Rs. 1887.09 crore in procurement of 4390.14 MUs of power at higher rates during January 2007 to March 2009

In order to meet the shortage of power in the State, the Board had to procure power at exorbitant rates ranging between Rs. 5.47 and Rs. 6.96 per unit as compared to the cost of generation of Rs. 2.15 and Rs. 2.23 per unit at the units, thereby, resulting in extra expenditure of Rs. 1,887.09 crore on procurement of 4,390.14 MUs of power during the period from January 2007/April 2007 to March 2009.

Loss of rebate and interest subsidy

Due to delay in commissioning of the units, the Board was deprived of the benefit of interest rebate and interest subsidy of Rs. 154.36 crore.

2.1.13 As per terms and conditions of the loan agreement, the Board was eligible for an interest rebate (0.50 *per cent*) from REC in case of timely completion of the Project. The project was also covered under the Government of India Accelerated Generation and Supply Programme in Tenth Plan, which provided for three *per cent* interest subsidy subject to commissioning of the Project by 31 March 2007. Due to delay in commissioning of the units, the Board was deprived of the benefit of interest rebate and interest subsidy of Rs. 154.36 crore.

Insufficient liquidated damages

2.1.14 As per the terms and conditions of the Contract, BHEL was liable to pay liquidated damages at 0.25 *per cent* of the price of each unit per week of delay upto March 2007 and thereafter at 0.50 *per cent* subject to maximum of five *per cent* of the contract value. Even though the Board had withheld an amount of Rs. 83.70 crore towards liquidated damages as per the terms of the contract, the quantum of liquidated damages was, however, grossly insufficient to cover the huge losses suffered by the Board on account of delay in execution of the project by BHEL.

Cost overrun

2.1.15 Cost overrun on account of delay in execution of the units was Rs. 564.19 crore. Audit scrutiny indicated that there was avoidable price variation of Rs. 257.07 crore out of which Rs. 209.67 crore was paid on account of delay in award of contract due to indecisiveness of the Board (discussed in Para 2.1.7 *supra*), Rs. 12.42 crore on account of unjustified payment of price escalation on fixed component and increase in prices of steel (Para 2.1.8 *supra*) and Rs. 34.98 crore on account of wrong application of price variation formula (Para 2.1.9 *supra)*. Besides, the delayed execution of the units also led to increase in interest by Rs. 154.45 crore during construction period. Other cases of excess/avoidable payments as noticed in Audit are discussed in succeeding paragraphs:

[†] as of 31 March 2009

[‡] Calculated considering plant load factor of 68.5 *per cent* as envisaged in the detailed project report

- The Government of India levied (September 2004) service tax on erection charges and further clarified that advance payment received by service provider prior to 10 September 2004 was exempt from service tax. Audit noticed that the Board paid service tax of Rs. 9.30 crore to BHEL on the gross amount of erection charges of Rs. 88.74 crore without excluding advance payment of Rs. 5.32 crore paid prior to 10 September 2004, resulting in excess payment of Rs. 56.22 lakh towards service tax.

- Price of diesel on base date (November 2003) adopted for price variation formula for civil works excluded the element of Sales Tax, as Punjab Sales Tax was not applicable on supplies to the Board to be made from within the State. With the replacement of Punjab Sales Tax Act by Punjab Value Added Tax (VAT) Act from 1 April 2005, VAT at concessional rate of four *per cent* was made applicable on sales to the Board. Audit noticed that the Board allowed variation on the price of diesel without deducting the element of Sales Tax at 8.80 *per cent* up to 31 March 2005 and thereafter without restricting VAT to four *per cent*, resulting in excess payment of Rs. 59.69 lakh on the diesel used in civil works.

- In accordance with the provisions of the contract, Maintenance Bay[§] was to be constructed by BHEL. The Maintenance Bay had, however, not been constructed so far (August 2009). BHEL contested that construction of the Maintenance Bay was not in their scope of work. Audit observed that the Board had neither initiated any action to get the Maintenance Bay constructed nor imposed any penalty on BHEL. The cost for the construction of the Maintenance Bay was estimated (January 2008) at Rs. 3.43 crore. In the absence of Maintenance Bay it would not be possible to overhaul the major equipment like High Pressure turbine, Intermediate Pressure turbine, Low Pressure turbine, Generator stator etc. and to attend to any major breakdown.

Commissioning of units

2.1.16 CEA guidelines (July 2000) envisaged that the units should be commercially commissioned within three months from the date of synchronisation[**] for trial operation. The contract with BHEL envisaged readiness of each item of equipment as a pre-requisite before synchronization of the units for trial operation. Though the coal handling plant (CHP), coal mills, mill reject handling system, fire-fighting system, etc. were not complete, the Unit-III was synchronised for trial operation on 5 February 2008 and the Unit-IV on 2 August 2008. Audit noticed that due to synchronisation of the units without ensuring completion of all the works, the period of trial operation prolonged abnormally and the Unit-III was commercially commissioned only on 16 October 2008 and the Unit-IV had not been commissioned (August 2009). The following irregularities were noticed.

[§] Maintenance Bay is the space for unloading and maintenance purposes in the turbine generator area.

[**] Start functioning of various systems of the Thermal Power Station at the same time.

Synchronisation of the units without ensuring completion of all the works led to prolonged period of trial run, which resulted in excess consumption of inputs of Rs. 18.17 crore.

Excessive consumption of inputs

2.1.17 Prolonged period of trial run resulted in excess consumption of inputs of Rs. 18.17 crore (Fuel oil: Rs. 17.43 crore and demineralised water: Rs. 0.74 crore) during June to 15 October 2008 (unit-III) and December 2008 to March 2009 (unit-IV). In the absence of enabling clause in the contract, the loss could not be recovered from the BHEL.

Avoidable payment of demurrage charges

2.1.18 Due to non-commissioning of coal handling plant (CHP) of GHTP Stage-II before synchronisation of the Unit-III in February 2008, coal to the GHTP Stage-II was fed (February 2008 to May 2008) through the unloading system of CHP of Stage-I. Due to increased workload and poor maintenance of the unloading system of CHP of Stage-I, the Board could not unload the coal in time and had to pay demurrage charges of Rs. 2.42 crore on coal during February 2008 to May 2008. The claim for recovery of proportionate demurrage charges of Rs. 41.55 lakh[††] could not be preferred against BHEL in the absence of relevant clause in the contract.

Environmental issues

Poor utilisation of fly ash

2.1.19 In order to protect the environment, conserve top soil and prevent dumping and disposal of ash on land, the Ministry of Environment & Forest vide their notification issued in September 1999 and as amended in August 2003 required that thermal power plants have to ensure disposal of ash by making arrangements for the supply of the same to manufacturers of cement, brick kiln owners, etc.

The Board did not finalise the agreement for utilization/lifting of dry fly ash before scheduled commissioning of the Units III and IV in December 2006 and March 2007 respectively. Grasim Industries Limited (firm), the existing contractor for Stage-I approached (December 2007) the Board to lift the entire quantity of fly ash of Stage-II through the piping system to be erected by them within 12 months. The Board made (December 2008) a formal agreement with the firm which, *inter alia*, stipulated that if the firm failed to lift the allotted quantity within one year, the unlifted quantity would be dumped temporarily in the ash pond, which had to be lifted by the firm. In case the firm failed to lift the dumped ash from the dumping pond, then the firm would have to pay penalty equal to actual lifting cost that the Board would incur for getting the dumped ash lifted from the pond.

The Board had to dump 1.12 lakh tonnes of ash in the pond up to November 2008 due to non-finalisation of the contract and 0.63 lakh tonnes of ash from December 2008 to March 2009 due to non-lifting of the ash by the firm which resultantly reduced the capacity of the pond to that extent. Thus, delay in finalisation of the agreement and non-lifting of ash resulted in extra

[††] Total demurrage charges during February 2008 to May 2008: Rs. 242.16 lakh x coal fed to Stage-II during this period: 1.45 lakh MT ÷ Total quantity of coal received in the plant: 8.45 lakh MT

Delay in finalization of the agreement and non lifting of ash resulted in an extra expenditure of Rs. 1.12 crore.

expenditure of Rs. 1.12 crore due to decrease in life of pond.[‡‡] A Committee was constituted (30 January 2009) by the Chief Engineer (O&M) of GHTP to assess the amount to be recovered from the firm for non-lifting of ash. The Committee observed that there was no lifting process or mechanism and as such it was unable to calculate the cost to be recovered from the firm for non-lifting of ash during December 2008 to March 2009. Final decision in this regard was awaited (August 2009).

Air and noise pollution

2.1.20 While giving environmental clearance, the Ministry of Environment and Forest, Government of India stressed (September 2000) that it should be ensured that suspended particulate emission should not exceed the emission standards of 150 mg/NM3 and sound level of the equipment should not be more than 75 dBA[♣].

Audit observed that particulate emission of the Unit-IV was above the permissible limit since its synchronization in August 2008 and ranged between 457 mg and 1,623 mg/NM3 (November and December 2008) as compared to the permissible limit of 150 mg/NM3. The problem was due to the fact that six fields of Electro Static Precipitators (ESPs) were in tripped condition. The Chief Engineer (Construction), GHTP observed (January 2009) that despite availing of two shut downs from 2 December 2008 to 11 December 2008 and 30 December 2008 to 5 January 2009 (total more than 15 days), BHEL failed to rectify the faults in ESPs. BHEL requested (February 2009) for third shut down for one week to carry out thorough inspection of all the fields of ESPs of Unit-IV to rectify the faults.

Further, the sound levels of the equipments at the plant ranged between 91.3 dBA to 95.6 dBA against the prescribed standards of 75 dBA. There was no record to show that the plant authorities made any efforts to bring down the noise level.

Acknowledgement

2.1.21 Audit acknowledges the co-operation and assistance rendered by the Board's Management at various stages of conducting the performance audit.

Conclusion

- **Deficient planning and indecisiveness on the part of the Board/State Government led to delay of more than three years in deciding the mode of execution of the project;**
- **The contract was awarded to BHEL on single quotation basis without inviting competitive bidding depriving the Board the scope of getting competitive rates;**

[‡‡] Cost of pond Rs.502.45 lakh/ by capacity of pond 7.87 lakh cum x ash dumped in pond 1.75 lakh cum**.**

[♣] Unit of measurement of noise level.

- **The Board failed to make proper analysis of BHEL offer from economic point of view leading to unjustified payment of price escalation and incorrect computation of price variation of Rs. 47.40 crore;**
- **Due to substantial time overrun in execution of both the units, the Board was saddled with additional capital costs of Rs. 564.19 crore coupled with avoidable extra expenditure of Rs. 2,061.16 crore;**
- **The delayed commissioning of the units not only resulted in failure to achieve the primary objective of bridging the demand gap but also deprived the Board of the interest rebate and interest subsidy.**

Recommendations

The Board should:

- **decide the mode of execution of the project promptly in order to place the order timely.**
- **invite open tenders for construction of the projects as provided in its Works Regulations to avail the benefit of competitive rates.**
- **analyse the offers of the contractors correctly to avoid extra expenditure in the execution of the projects.**
- **have stringent liquidated damages clause to discourage delays on the part of contractors.**
- **strengthen the monitoring mechanism to ensure completion of the projects within the stipulated time.**

The matter was referred to the Government/Management in April 2009; their replies had not been received (September 2009).

2.2 Information Technology Audit of Large Supply billing Software

Executive Summary

The Board has got developed (November 2005) the Large Supply (LS) Billing software from Department of Electronics Accreditation for Computer Courses (DOEACC) for raising of bills through three Centralised Billing Cells (CBC) located at Patiala, Ludhiana and Jalandhar in respect of the LS and Bulk Supply consumers. The officials at the sub division level after recording the monthly meter readings manually from the premises of the consumers transmit the same to the concerned CBC through a messenger for preparation of the bills.

Software related issues

No clause for ownership of source code was incorporated in the work order for development of LS Billing software from DOEACC which was not in the interest of the Board as the system design, algorithm, source codes of such critical system were vulnerable to misuse and the Board had to depend on the firm perennially. The Software was deficient as checks to watch and control the delay in issue of bills through generation of MIS reports and a provision for giving alerts in case of short recovery of Advance Consumption Deposit were not incorporated in the software. The database generated by the software contained invalid entries or inconsistent data pointing towards lack of validation checks and input controls. Data captured was partial even in crucial fields. Data entry pertaining to mandatory fields was not done in many cases. Besides making the database unreliable, any analysis or reports for Management Information System (MIS) based on such an incomplete database was likely to furnish incomplete and misleading information. Though the Board had developed various IT applications since 1986, it was observed during the IT audit that there were inadequate and deficient general IT controls to ensure the accrual of true benefits of computerisation of billing in terms of confidentiality, availability and accuracy and completeness of the data to serve some fruitful purpose to the Management.

Implementation issues

Audit observed that main features of the software like preparation of LS consumer ledgers and preparation and monitoring of computerised Revised Bill Statement (RBS) and billing of mixed load/seasonal consumers were not yet functional. The Board could not penalise the vendor due to absence of any penalty clause in the work order for delay or incomplete execution of the software.

Other issues

The Board did not utilise the budget to the full extent during the years 2005-06 to 2008-09 and the percentage of utilisation ranged between 3.87 and 16.94. Audit observed that the decision to implement the online computerisation project in a single go not only delayed implementation of the project but also resulted in a wasteful expenditure of Rs. 7.50 lakh paid to PUNCOM. The Board failed to achieve the desired level of computerisation of its activities due to lack of clear cut IT strategy/policy.

Audit observed that 18 out of the 40 Engineers trained in IT had been posted in the offices where there were no substantial IT activities. Non inclusion of clause regarding passing of financial benefit in case of deviation in supply of material deprived the Board of benefit of Rs. 45.50 lakh.

Conclusion and Recommendations

Even after a lapse of more than five years since the project of on-line computerization was envisaged, the Board failed to achieve the desired level of computerization of its activities due to lack of clear cut IT strategy/policy. A proper IT policy should be formulated and documented. There is an urgent need to incorporate security controls and application controls to the various business applications through validation checks.

Introduction

2.2.1 The main functions of the Punjab State Electricity Board (Board) are to generate, transmit and distribute electricity in the State of Punjab. The Board has computerised the work of preparation of electricity bills, besides computerisation of accounting of the General Provident Fund, Pension, Inter Unit Transfers, Cheque Drawn Reconciliation, Revenue Monitoring, Human Resource database and Pay bills. An expenditure of Rs. 14.38[1] crore had been incurred from April 2005 to March 2009 for computerisation. The consumers of the Board have been catagorised as Large Supply (LS), Bulk Supply (BS), Medium Supply (MS), Small Power (SP), Domestic Supply (DS), Non Residential Supply (NRS) and Agricultural Power (AP) consumers. The Board has got developed (November 2005) the LS Billing software from Department of Electronics Accreditation for Computer Courses (DOEACC) for raising of bills through three Centralised Billing Cells (CBC) located at Patiala, Ludhiana and Jalandhar in respect of the LS and BS consumers. For other categories of the consumers, the work of preparation of the computerised bills has been outsourced to DOEACC and the bills are being prepared by the firm at Chandigarh and Ludhiana.

Organizational set up

2.2.2 The Board is headed by a Chairman who is assisted by six members. The Member (Finance and Accounts) is overall in charge of the IT functions except the billing work and is assisted by a Director (IT) and four Deputy Secretaries. The Chief Engineer (Commercial) under the direct charge of the Chairman is in charge of the billing work and is assisted by a Director (Billing) at headquarters and three Deputy Directors (CBC) in the field for preparation of the computerised electricity bills.

Scope of Audit

2.2.3 The present IT review was conducted between February 2009 and July 2009 by covering the offices of Director (IT) and Director (Billing) at Patiala and two of the three offices of the Deputy Directors (CBC), located at Ludhiana and Patiala. The IT Audit evaluated the general IT controls that establish a framework for controlling the design, security and computerisation in the Board and evaluated the IT application specific to the LS billing system.

Information systems set up

2.2.4 The LS Billing application was developed using Power Builder 6.0 as front end and Oracle 9i as back end. The IT system architecture was PC based client server and the operating systems in use were MS Windows Server 2003, Windows XP and Windows 98. A central server for storing the consolidated database for backup of the three CBCs on monthly basis was maintained at Ludhiana.

[1] LS Billing-Rs.0.30 crore, other billing categories-Rs. 7.82 crore and other IT Applications-Rs.6.26 crore.

Audit objectives

2.2.5 The objectives of audit were to ascertain:

- whether appropriate methodology for system development and implementation was adopted;
- whether the information/data generated by the LS Billing software was complete, accurate, reliable and the system ensured security;
- whether the computerisation of billing enhanced the efficiency of the process of billing;
- whether the IT controls ensured adequacy and adherence to applicable business rules and terms and conditions of supply of electricity; and
- whether the instructions/directions issued by the Punjab State Electricity Regulatory Commission (PSERC) were taken into consideration and billing application supported various systems of procedure, terms and conditions, tariff orders and regulations issued by PSERC.

Audit criteria

2.2.6 The following audit criteria were adopted:

- Plan/ Project reports prepared for the computerisation activities/ programs;
- Instructions issued by the Board and other regulatory authorities from time to time; and
- Business rules of the Board relating to preparation of demands and notifications relating to tariff revision.

Audit methodology

2.2.7 Audit followed the following mix of methodologies:

- Scrutiny of decisions taken by the Board/Whole Time Members;
- Scrutiny of records of the Director (IT) and Director (Billing) relating to procurement contracts of hardware and development of software; and
- Analysis of the data generated by the LS Billing software through Computer Assisted Audit Techniques (CAAT) i.e. Interactive Data Extraction and Analysis (IDEA), covering the period April 2006 to May 2009.

Audit findings

2.2.8 The audit findings coming out as a result of examination of the records as covered under the scope and methodology of audit are as follows:

Software issues - LS Billing Software

2.2.9 Three CBCs were engaged in preparation of the electricity bills for the LS and BS category of consumers. The LS/BS consumers contributed revenue of Rs. 3,357.41 crore against the total revenue of Rs. 7,666.71 crore of the Board during 2007-08. The previous application software based on FoxPro database and manual billing set up (1998) on a single computer was developed in-house and was replaced by the LS Billing application in November 2005. The officials at the sub division level after recording the monthly meter readings manually from the premises of the consumers transmit the same to the concerned CBC through a messenger for preparation of the bills.

Ownership of source code

2.2.10 As a prudent practice, the Board was required to obtain an undertaking from DOEACC that it would not retain any copy of the software including documentation and would not use the software or design for any commercial gain without obtaining prior permission of the Board. A scrutiny of the work order, however, revealed that no such clause was incorporated in the work order to ensure that the source code of the developed software with algorithms, design, source codes, and documentation shall rest with the Board.

No clause for ownership of source code was incorporated in the work order for development of LS Billing software

Audit observed (June 2009) that in the absence of any clause in the work order, DOEACC did not give such undertaking which was not in the interest of the Board as the system design, algorithm, source codes of such critical system were vulnerable to misuse and the Board had to depend on the firm perennially.

The matter was reported (June 2009) to the Board, but no reply was received (September 2009).

Delay in issue of bills

2.2.11 As per the Manual of instructions, Sale of Power, the Board is required to prepare the energy bills of LS Consumers immediately after taking the meter reading. Audit scrutiny at the CBC, Ludhiana and Patiala for the period 2006-09, revealed that in 43,838 bills (4,304 consumers) involving revenue of Rs. 3,066.66 crore, six to 128 days were taken for preparation of the bills. Consequently, the due date for payment of these bills had been delayed resulting in loss of interest of Rs. 1.76 crore to the Board (calculated at the rate of 9 *per cent* per annum after allowing a period of five days for preparation of the bill). There were no reasons on records for the delay.

Delay in issue of monthly bills resulted in loss of interest of Rs. 1.76 crore.

It was observed that no checks were incorporated in the LS Billing application to watch and control the delay through generation of MIS reports. Had the bills been prepared and issued within a period of five days, the Board could have avoided the loss of interest of Rs. 1.76 crore.

The matter was reported (June 2009) to the Board, but no reply was received (September 2009).

Non mapping of provisions in LS Billing application resulted in short recovery of Advance Consumption Deposit of Rs. 220.35 crore.

Short recovery of Advance Consumption Deposit

2.2.12 As per Regulation 15 of the Electricity Supply Code and Related Matters Regulations 2007 as applicable from 1 January 2008, the consumers will have to maintain with the Board, an amount equivalent to two months' average consumption charges[2] as security deposit in the case of monthly billing. There was no provision made in the LS Billing software for giving alerts in case of short deposit of the security.

It was observed in audit that in case of 1,717 LS consumers of Ludhiana and Patiala, a security amount of Rs. 100.85 crore only was being collected and maintained as against the required amount of Rs. 321.20 crore, resulting in short deposit of Rs. 220.35 crore, due to non mapping of the necessary provision in the LS Billing application.

The matter was reported (June 2009) to the Board, but no reply was received (September 2009).

Delay in issue of first bill

2.2.13 As per the Electricity Supply Regulations, the Board is required to render to the consumer each month a bill for the energy consumed and other charges incidental to the supply of electric energy. It is necessary that the bills are issued promptly to realize the charges in time.

Late submission of meter reading data by the field staff resulted in loss of interest of Rs. 8.80 lakh.

Audit observed that the first reading of the meter was being submitted late to the CBC by the field staff. Resultantly, the issue of first bill was also delayed. A checking of 539 new LS consumers at Ludhiana and Patiala from January 2005 to March 2009 revealed that the first bills amounting to Rs. 14.55 crore were issued after a delay ranging from one to 435 days after the expiry of one month from the date of connection which resulted in loss of interest of Rs. 8.80 lakh to the Board (computed at the rate of nine *per cent),* indicating lack of validation checks in the LS Billing application.

The matter was reported (June 2009) to the Board, but no reply was received (September 2009).

Incorrect input in the master data resulted in short recovery of monthly service charges of Rs. 10.35 lakh.

Short recovery of monthly service charges

2.2.14 Schedule of General and Service Connection Charges appended to the Electricity Supply Regulations provides that service charges are recoverable from the LS consumers at the rate of Rs. 150 per month in case of connections having load between 100 KW and 500 KW and Rs. 450 per month in case of load above 500 KW.

Scrutiny of data of Ludhiana and Patiala LS consumers for the period from January 2006 to May 2009 revealed that in respect of 181 consumers an amount of Rs. 10.35 lakh on account of service charges had not been recovered due to incorrect input in the master data regarding the load.

[2] Average of monthly Consumption Charges over a period of 12 months.

The matter was reported (June 2009) to the Board, but no reply was received (September 2009).

Unreliable database

2.2.15 During analysis of the billing data at CBC, Ludhiana and Patiala, it was noticed that the database contained invalid entries or inconsistent data pointing towards lack of validation checks and input controls. Analysis of the LS billing database revealed that the data captured was partial even in crucial fields. Data entry pertaining to mandatory fields was not done in many cases. Besides making the database unreliable, any analysis or reports for Management Information System (MIS) based on such an incomplete database was likely to furnish incomplete and misleading information.

Further, the officers of the Board were neither using the software nor were trained. As such, they were unable to check the data relating to the bills prepared by the Bill Assistants. Due to lack of authentication/checking of the data by Asstt. Executive Engineer/Executive Engineer at CBCs, the data was deficient and incomplete as indicated by the following findings:

- When the bill is generated by an official (user) and the same is approved by the officer (approver), the system should show user ID and approver code. It was, however, observed that in 3,193 bills amounting to Rs. 190.71 crore, the user ID and approver code was found 'Nil', affecting the reliability of data.

- At the time of preparing bill, the receipt number and date of payment made in respect of previous bill should be entered in the system to watch the recovery of late payment surcharge etc. However, in 2,171 bills amounting to Rs. 108.93 crore, the payment date and receipt number were 'zero' which showed incompleteness of data.

- As per system, each bill should be allotted a distinct number. It was, however, observed that in case of 10,704 bills amounting to Rs. 550.66 crore, the system allotted duplicate number to the bills relating to arrears on account of revision of tariff, rendering the system unreliable.

- Maximum sanctioned demand of an installation represents the maximum current consumed by the installation within a given period and should never be zero in a functional unit. If at any time during the period of billing cycle, the current consumed exceeds the maximum sanctioned demand, a demand for surcharge is to be levied on the consumer. However, in 871 cases involving Rs. 6.37 crore, it was zero leading to incorrect data.

- The ratio of current used to the total current supplied is known as Power Factor. Since the current used is always less than the current supplied, the ratio should never be more than one. In case the ratio ranges between 0.90 and 0.99, an incentive is allowed and if the ratio is less than 0.90, power factor surcharge is levied on the consumer. It was, however, observed that in 599 cases involving Rs. 12.89 crore, the Power Factor ranged between 1.01 and 111.92 indicating inaccuracies in the data.

- In 776 cases, although the dates of replacement of defective CT/PT[3] equipment were shown, the dates of detection of the defect were shown as ‘zero’. In 657 cases CT/PTs were replaced, but Sundry Job Order number and reasons for replacement were shown as ‘Nil’. Similarly, serial number of CT/PT was blank in 668 cases and in 3,706 cases it was in duplicate making the information unusable in case of theft/unauthorised replacement of CT/PT equipment.
- In 712 cases, the meter number was recorded as blank and in 1,346 cases it was duplicate making the information unusable in case of theft/unauthorised change of meter etc.
- In 15,063 cases involving Rs. 982.97 crore, the dates of issue of bills were prior to the dates of generation of bills. The dates of issue of the bills were changed manually, through a module, to escape the responsibility of delay causing concern about the integrity of the data.
- In six cases involving Rs. 9.96 lakh, the due dates of payment of the bills were shown prior to their issue date leading to incorrect data.

The matter was reported (June 2009) to the Board, however, no reply was received (September 2009).

Implementation issues

Implementation of the LS/BS billing software

2.2.16 The proposal of LS Billing application, *inter alia*, envisaged networking of computers and augmentation of the computerisation activities in the CBCs at Patiala, Ludhiana and Jalandhar. Besides preparation of bill ledgers, billing of mixed load/seasonal consumers and Revised Bill Statement (RBS)[4] were to be prepared and maintained in the computer so as to record and monitor each RBS issued. The networking of the computers was also proposed to facilitate preparation of the bills at designated client workstations so as to have a unified system with consolidation on the local server at the CBC level. One system was to be used as a central server, where all the data from other CBCs would be consolidated. The systems in the network were to ensure prompt and convenient data processing and MIS reporting environment. The work order was issued (October 2003) to DOEACC for Rs. 12.00 lakh as cost of developing the Billing application within the overall cost of project of Rs. 29.50 lakh and the work was to be completed by June 2004. However, the same could only be made operational in November 2005 i.e. after a delay of 16 months.

[3] CT-Current Transformer, PT-Potential Transformer.

[4] When bill is revised on account of wrong reading, defective/stop meter etc a Revised Bill Statement is issued to consumer concerned.

Main features of LS/BS billing software were not functional despite delay in implementation of 16 months.

Audit scrutiny revealed that the main features of the software like preparation of LS consumer ledgers and preparation and monitoring of computerised RBS and billing of mixed load/seasonal consumers were not yet functional and incorporated in the Billing Software. Further, networking of all the three CBCs and the Director (Billing) with the Central server situated at CBC, Ludhiana had not been done. The stipulated work had only partially been completed after a delay of 16 months. The Board could not penalise the vendor due to absence of any penalty clause in the work order for delay or incomplete execution of the software.

The matter was reported (June 2009) to the Board, but no reply was received (September 2009).

General IT Controls

Lack of formulated and documented IT policy.

2.2.17 Though the Board had developed various IT applications since 1986, it was observed during the IT audit that there were inadequate and deficient general IT controls to ensure the accrual of true benefits of computerization of billing in terms of confidentiality, availability and accuracy and completeness of the data to serve some fruitful purpose to the Management. The major deficiencies noticed in respect of General IT Controls were as under:

- There was no formulated and documented IT policy defining the long term/medium term IT strategy incorporating the time frame, key performance indicators and cost benefit analysis of various applications and their integration.
- There was no IT steering committee to monitor the computerization in a systematic and coordinated manner.
- No documentation in respect of Software Requirement Specifications (SRS), feasibility study and test data detailing the layout of the reports and other documents in support of application development was provided by the software developer, though the same was required as per terms of contract with him. This not only increased the risk of unauthorised working practices being adopted but also made the system prone to vulnerability of unauthorized manipulations/amendments in the system/database.
- There was no formulated and documented IT security policy to ensure the security of IT Assets, software and the crucial data.
- Lack of physical access controls to check entry of unauthorized persons to the server room endangered the security of the data and system.
- There was no documented password policy and no logs in respect of the login and logout with date, time and user ID were maintained by the system. In the absence of this all the users at CBC Patiala were working with the same user ID-999 causing a serious threat to the security aspects of the data and rendering the integrity of the data doubtful.

- In spite of provision in the work order for having an elaborate audit trial to trace back all the transactions, the application developer (DOEACC) did not incorporate the fields like 'updated by', 'updated on', and 'updated from' in the LS Billing application.
- No documented disaster recovery and business continuity plan, outlining the action to be undertaken immediately after a disaster and to effectively ensure that information processing capability can be resumed at the earliest, was in existence. Although back-ups of the data was taken but the same were not tested for restoration on frequent intervals.
- No formulated and documented anti-virus policy was in existence to avoid the instances of data losses caused due to viruses.
- There was no policy for ensuring segregation of duties of the Board's officers/officials working in computerised environment.

The Board, while admitting (April 2009) the facts stated that a comprehensive IT policy, IT Security Policy, business continuity plan etc., documents would be developed through an expert group, in due course of time after analysing the IT governance related business requirements of the Board. As regards non-system documentation, deficient physical access controls, inadequate audit trails and anti-virus policy, the matter was reported (June 2009) to the Board, but no reply was received (September 2009).

Other issues

Under-utilisation of budget for implementation of IT programme

2.2.18 The Budgeted *vis-à-vis* actual expenditure for the four years ending 31 March 2009 is given below:

(Rupees in crore)

The Board did not utilize the budget due to delay in implementation of the integrated online computerisation.

Year	Allocation	Actual Expenditure	Percentage of utilisation
2005-06	4.00	0.50	12.5
2006-07	29.75	1.15	3.87
2007-08	47.55	2.26	4.75
2008-09	13.87	2.35	16.94
Total	**95.17**	**6.26**	**6.58**

It could be seen from the table that the Board did not utilise the budget to the full extent during the years 2005-06 to 2008-09 and the percentage of utilisation ranged between 3.87 and 16.94.

The Board attributed (April 2009) the underutilisation of budget to the delay in implementation of the integrated online computerisation, the details of which are given in the succeeding paragraph.

Delay in deciding the On-line computerisation Project

2.2.19 To improve the commercial and operational performance, reduce Transmission and Distribution losses and bring transparency in day to day functioning, the Board envisaged an integrated 'On-line computerisation project' in May 2003 and appointed (September 2004) PUNCOM as consultant at a fee of Rs. 28.63 lakh for preparation, finalisation and revision of the bid document, evaluation of the tenders and monitoring of implementation of the entire project. Based on the "Request For Proposal (RFP)" prepared by the Consultant, Notice Inviting Tender was issued (March 2006). However, due to a number of ambiguities and omissions in the pre-qualification bid documents and queries of prospective bidders, nothing concrete could be finalised within the set time frame and the Board had to scrap (December 2006) the RFP document and tender enquiry based thereon. The Board also terminated the services of the Consultant after incurring an expenditure of Rs. 7.50 lakh and decided to implement the IT applications in a phased manner in the form of smaller projects and implement the Enterprises Resources Planning (ERP) software in the last, when all the other applications are in place. It was also decided to hire the services of reputed consultants to implement the various IT activities in the Board through limited tender procedure. Finally the consultancy work was allotted (November 2007) to M/s. Pricewaterhouse Coopers (PwC) at a fee of Rs. 3.60 crore. The PwC submitted the Basic Study Report in June 2008.

Audit observed that the decision to implement the online computerisation project in a single go not only delayed implementation of the project but also resulted in a wasteful expenditure of Rs. 7.50 lakh paid to PUNCOM. The Board failed to achieve the desired level of computerisation of its activities due to lack of clear cut IT strategy/policy.

The Board in its reply (April 2009) stated that IT being a totally new venture required a very carefully formulated work plan in place before taking up any IT initiatives/ projects. It added that to overcome a host of hurdles, the main being lack of IT/Computer skills and required IT project management experience/exposure, the project team had to move at a very cautious and measured pace.

The reply of the Board is not acceptable as the Board was not serious and it took three years to decide whether to go for On-line integrated applications or to computerise the functions in a phased manner.

Recruitment of IT Engineers.

18 IT Engineers were posted in offices where no IT activities were involved.

2.2.20 The Board recruited 40 computer qualified Engineers during 2007-08 with knowledge of computer languages like Oracle, Visual Basic, C++ etc. for running the hardware/software, troubleshooting/repairs and development of customized software. It was, however, observed that 18 out of the 40 Engineers had been posted in the offices where no substantial IT activities, as envisaged in the proposal for the recruitment, were involved. Specific progress/achievements regarding development of IT activities made by the Board after recruitment of IT

Engineers were called for (July 2009). However, no reply was received (September 2009).

Avoidable extra expenditure

2.2.21 The energy accounting of 11 KV and other higher level feeders installed at 650 grid substations of the Board was being recorded manually through 7,500 energy meters. The Board proposed (April 2008) to acquire the meter data through Automated meter reading (AMR) System and set up a Central Energy Accounting and Audit (EAA) Centre to generate the required Management Information System (MIS) reports at the Base Computer Station, Patiala. The proposed system, based on GPRS technology, through real time feeder status and load profile data was also to generate vital MIS reports to bring out transparency and accountability in the system.

The Board, after obtaining competitive rates through open tenders, placed (June 2008) a work order on M/s Easun Reyrolle Ltd (ER) for design, implementation, commissioning and O&M services at a total cost of Rs. 5.94 crore. The Work order, among other provisions, included a clause for supply of ER make 2,500 energy meters at Rs. 6,120/- per meter. The project was to be completed by the end of November 2008. Since one out of two supplied meters of the ER make failed during test for technical specifications, these were rejected by the Board. M/s ER supplied alternate energy meters of L&T make.

Non inclusion of clause regarding passing of financial benefit in case of deviation in supply of material deprived the Board of benefit of Rs. 45.50 lakh.

It was observed that the L&T make meter had been quoted at Rs. 4,300/- by one of the vendors (M/s A2Z) in his offer against the AMR tender. Though the Board claimed the cost difference benefit of Rs. 1,820 per meter (total amount: Rs. 45.50 lakh) from M/s ER, the same was refused by the firm due to the absence of appropriate clause in the work order. Thus, due to non inclusion of a clause regarding passing of the financial benefit to the Board in case of deviation in supply of material, the Board was deprived of a benefit of Rs. 45.50 lakh.

Conclusion

- **The LS billing software had poor general controls such as physical access control, logical access control and audit trails. Thus, the system was easily vulnerable to un-authorised access and data manipulation.**
- **There was no documented IT policy regarding disaster recovery and business continuity plan, data back-up and storage and the Board had no authorised anti-virus software.**
- **Non mapping of business rules in many cases led to improper monitoring of the system and loss of revenue.**
- **Wrong data entry coupled with inadequate input and validation control in the systems and inadequacy of the software led to large scale manual interventions, disregards to the concept of computerisation.**

- **Even after a lapse of more than five years since the project of on-line computerization was envisaged, the Board failed to achieve the desired level of computerization of its activities due to lack of clear cut IT strategy/policy.**

Recommendations

- **A proper IT policy should be formulated and documented.**
- **There is an urgent need to incorporate security controls and application controls to the various business applications through validation checks.**
- **IT skilled personnel should be posted in IT related activities so as to have optimum utilisation of the IT resources and there should be proper IT related training for the staff.**

2.3 Performance Audit on performance of the State Transport Undertakings

Executive Summary

The Punjab Roadways (Roadways), Punjab State Bus Stand Management Company Limited (PUNBUS) and Pepsu Road Transport Corporation (PRTC) provide public transport in the State through their 45 depots. These State Transport Undertakings (STUs) had fleet of 2,578 buses (including 35 hired buses) as on 31st March 2009 and carried an average of 8.01 lakh passengers per day during 2004-05 to 2008-09. They accounted for a share of 39.46 per cent in public transport with the rest coming from private operators. The performance audit of the STUs in Punjab for the period from 2004-05 to 2008-09 was conducted to assess efficiency and economy of their operations, ability to meet financial commitments, possibility of realigning the business model to tap non conventional sources of revenue, existence and adequacy of fare policy and effectiveness of the top management in monitoring the affairs of the STUs.

Finances and Performance

The STUs suffered a loss of Rs. 462.03 crore during 2004-09. The STUs earned Rs. 20.57 per kilometre and spent Rs. 23.65 per kilometre in 2008-09. Audit noticed that with a right kind of policy measures and better management of their affairs, it is possible to increase revenue and reduce costs, so as to earn profit and serve their cause better.

Declining Share of STUs

Out of 6,429 buses licensed for public transport in 2008-09, about 39.46 per cent belonged to the STUs. The percentage share declined from 48.12 per cent in 2004-05. Vehicle density (including private operators' buses) per one lakh population in the State increased from 21.66 in 2004-05 to 22.80 in 2008-09.

Vehicle profile and utilisation

The STUs were not able to achieve the norm of right age buses as out of 2,543 owned buses 1,210 buses were overaged. During 2004-09, the PRTC and PUNBUS purchased 379 and 887 new buses at a cost of Rs. 40.95 crore and Rs. 118.44 crore respectively. The expenditure was funded through commercial loans. The fleet utilization of STUs in 2008-09 was higher than the all India average (AIA) of 92 per cent. The overall vehicle productivity at 281 kilometres per bus was less than the AIA of 313 kilometres. The vehicle productivity of Roadways had been on the lower side for all the years under review, while vehicle productivity of PUNBUS was more than the AIA during 2005-09. The vehicle productivity of PRTC was higher than AIA in three out of five years under review except in 2004-05 and 2008-09. The passenger load factor of Roadways, PRTC and PUNBUS varied from 62 to 84 per cent, 72 to 76 per cent and 79 to 83 per cent, respectively during the period under review against the AIA of 63 per cent.

The STUs did not carry out the preventive maintenance as required in 23.40 per cent cases in the Roadways and 26.31 per cent in PUNBUS, affecting the roadworthiness of their buses. No records relating to this aspect were maintained by PRTC.

Economy in operations

The manpower and fuel constituted 69.54 per cent of the total cost in 2008-09. Interest, depreciation and taxes- the costs of which are not controllable in the short-term, accounted for 21.97 per cent.

Thus, the major cost saving can come from manpower and fuel.

The manpower cost per effective Km of the STUs increased from Rs. 7.94 (2004-05) to Rs. 9.24 (2008-09). The reason for increase in manpower cost per effective Km was reduction in effective Kms due to reduction in fleet operation.

Two STUs (Roadways and PUNBUS) did not attain their own fuel consumption targets. PRTC did not fix internal targets for fuel consumption. The excess consumption of fuel by the STUs as compared to AIA resulted in loss of Rs. 52.72 crore during 2004-09.

The Roadways and PRTC had just 35 hired buses where the bus owners provide buses with drivers and incur all expenses. The STUs provide conductors and make payment as per kilometres operated. These two STUs earned a net profit of Rs. 17.48 crore during the review period from hired buses. As this arrangement has the potential to cut down the cost substantially, the STUs need to explore possibility of hiring of more buses to increase/replace their fleet.

Revenue Maximisation

The route planning in the STUs was deficient as curtailment, extension and change in frequency of operation of routes during peak hours was not done on the basis of profitability of routes. PRTC and PUNBUS did not carry out any exercise to identify the profitable/unprofitable routes. In Roadways, profit making routes declined from 23 to 15 per cent during 2004-09. The share of non-traffic revenue was nominal at 5.08 per cent of the total revenue during the period under review. The STUs were unable to tap sources of non-traffic revenue substantially. The PRTC and PUNBUS have about 8.48 lakh Square metres of land. As they mainly utilise ground floor/ land for their operations, the space above can be developed on public private partnership basis to earn steady income which can be used to cross-subsidise their operations.

Need for a regulator

The fare per kilometre stood at 49 paise from July 2006. Though the Government approves the fare increase, there is no scientific basis for its calculation. The STUs have also not formed norms for providing services in the uneconomical routes. Thus, it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations in the uneconomical routes and address grievances of the commuters.

Inadequate monitoring

The fixation of targets for various operational parameters and an effective Management Information System (MIS) for obtaining feed back on achievement thereof are essential for monitoring by the top management. The monitoring by top management fell short as it did not fix targets for various operational parameters.

Conclusion and Recommendations

Though the Roadways and PRTC are incurring losses, it is mainly due to their high cost of operations and negligible reliance on hired buses. The STUs can control the losses by resorting to hiring of buses and tapping non-conventional sources of revenue, besides controlling their cost of operations. This review contains ten recommendations to improve the STUs performance. Hiring of buses, creating a regulator to regulate fares and services and tapping of the non-conventional sources of revenue are some of these recommendations.

Introduction

2.3.1 In Punjab, the public road transport is primarily provided by three State transport undertakings (STUs) namely, Punjab Roadways (Roadways), Punjab State Bus Stand Management Company Limited (PUNBUS) and Pepsu Road Transport Corporation (PRTC) which are mandated to provide an efficient, adequate, economical and properly co-ordinated road transport. The State also allows the private operators to provide public transport. The State has reserved certain routes exclusively for the STUs while allowing the STUs and private operators to operate on some other routes. The fare structure is controlled and approved by the Government. This structure is same for the STUs as well as private operators.

2.3.2 The Roadways was established in 1948, PRTC was incorporated on 7 January 1956 under Section 3 of the Road Transport Corporations Act, 1950 by the State Government and PUNBUS was incorporated on 7 March 1995 under the Companies Act, 1956 with the main objective of construction and management of bus stands. Subsequently, by amending its object clause, PUNBUS started operation of buses from May 2005 on the route permits of Roadways. PUNBUS utilises services of the Roadways staff for operations and maintenance of its buses on payment basis besides hiring of drivers and conductors on contract basis. These STUs are under the administrative control of the Transport Department of the Punjab Government.

2.3.3 The Management of the Roadways is vested with the Director, State Transport appointed by the Government of Punjab. The day-to-day operations are carried out by him with the assistance of Deputy Director, State Transport; Additional Director (Finance & Accounts); Chief Store & Purchase Officer; Mechanical Automobile Engineer and Administrative Officer at the Head Office and General Manager in each depot. The Roadways has 18 Depots and a tyre retreading plant. The bus body building operation is carried out through external agencies.

2.3.4 The Management of PRTC is vested with a Board of Directors comprising 12 Directors. 11 Directors including the Chairman and Managing Director are appointed by the State Government and one Director is appointed by the Central Government. The day to day operations are carried out by the Managing Director, who is the Chief Executive Officer, with the assistance of Additional Managing Director, General Managers, Chief Automobile Engineer *cum* Technical Advisor and Chief Accounts Officer *cum* Financial Advisor. PRTC has nine Depots, a Special Cell and a Central Workshop each headed by a General Manager. PRTC also has a tyre retreading plant and a bus body fabrication cell.

2.3.5 The Management of PUNBUS is vested with a Board of Directors comprising Chairman, Managing Director and five Directors appointed by the State Government. The day to day operations are carried out by the Managing Director, with the assistance of Directors and Depot Managers. PUNBUS carries out its operation through 18 Depots, which are functionally the same as that of Roadways.

2.3.6 The STUs had a fleet strength of 2,578 buses as on 31 March 2009 including 35 hired buses. The STUs carried an average of 8.01 lakh passengers *per* day during 2004-05 to 2008-09. The STUs' share in the passenger transport operations in the State was 39.46 *per cent* and the remaining 60.54 *per cent* was accounted for by private operators. The turnover of the STUs was Rs. 534.99 crore in 2008-09, which was equal to 0.34 *per cent* of the State Gross Domestic Product. The STUs employed 12,415 employees as on 31 March 2009.

2.3.7 A review on the working of the Roadways was included in the Report of the Comptroller and Auditor General of India for the year ended March 2000 (Civil), Government of Punjab. The review was discussed by the Public Accounts Committee during October 2006 and its recommendations were awaited (September 2009).

2.3.8 A review on the working of PRTC was included in the Report of the Comptroller and Auditor General of India for the year ended March 2006 (Commercial), Government of Punjab. The Review is under discussion by the Committee on Public Undertakings (September 2009).

Scope of Audit and Audit methodology

2.3.9 The present review conducted during February 2009 to June 2009 covers the performance of the STUs during the period from 2004-05 to 2008-09 (from 2005-06 to 2008-09 in the case of PUNBUS since it started operations from May 2005). The review mainly deals with operational efficiency, financial management, fare policy, fulfillment of social obligations and monitoring by top management of the STUs. The audit examination involved scrutiny of records of the Head Office and nine[♦] depots of Roadways, selected on the basis of geographical location. The nine depots had a fleet strength of 390 buses and turnover of Rs. 33.76 crore, out of the total fleet strength of 719[Θ] and turnover of Rs. 59.12 crore of the Roadways in 2008-09. In PRTC, the audit examination involved the scrutiny of records at the Head Office, central workshop, tyre retreading plant, body fabrication cell, special cell and six* out of nine depots selected on the basis of geographical location and their financial and physical performance for the last five years ending March 2008. The six depots had a fleet strength of 658 buses and turnover of Rs. 151.86 crore, out of the total fleet strength of 974[♣] and turnover of Rs. 226.67 crore of PRTC in 2008-09. In case of PUNBUS, the audit examination involved scrutiny of records of the Head Office and five[Σ] depots out of 18 depots, selected on the basis of geographical location. The five depots had a fleet strength of 257 buses and turnover of Rs. 74.55 crore, out of the total fleet strength of 885 and turnover of Rs. 249.20 crore of PUNBUS in 2008-09.

2.3.10 The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of explaining audit objectives to top Management, scrutiny of records at Head Office and selected units, interaction with the auditee personnel, analysis of data with reference to audit criteria, raising of audit queries, discussion of

♦ Amritsar-II, Batala, Ferozepur, Hoshiarpur, Jagraon, Jalandhar-I, Ludhiana, Pathankot and Roopnagar.
Θ including two hired buses.
♣ including 33 hired buses.
* Patiala, Sangrur, Bathinda, Budhlada, Ludhiana and Chandigarh.
Σ Amritsar II, Roopnagar, Ludhiana, Jagraon and Pathankot.

audit findings with the Management and issue of draft review report to the Management for comments.

Audit objectives

The objectives of the performance audit were to assess:

2.3.11 Operational performance

- the extent to which the STUs were able to keep pace with the growing demand for public transport;
- whether the STUs succeeded in recovering the cost of operations;
- the extent to which the STUs were running their operations efficiently;
- whether adequate maintenance was undertaken to keep the vehicles roadworthy; and
- the extent to which economy was ensured in cost of operations.

2.3.12 Financial management

- whether the STUs were able to meet their commitments and recover their dues efficiently; and
- the possibility of realigning the business model of the STUs to tap non-conventional sources of revenue and adopting innovative methods of accessing such funds.

2.3.13 Fare policy and fulfilment of social obligations

- the existence and adequacy of fare policy; and
- whether the STUs operated adequately on uneconomical routes.

2.3.14 Monitoring by top management

- whether the monitoring by STUs' top management was adequate and effective.

Audit criteria

2.3.15 The criteria adopted for assessing the achievement of the audit objectives were:

- all India averages for performance parameters;

- performance standards and operational norms fixed by the Association of State Road Transport Undertakings (ASRTU);
- physical and financial targets/ norms fixed by the Management;
- manufacturers' specifications, norms for life of a bus, preventive maintenance schedule, fuel efficiency norms, etc.;
- instructions of the Government of India (GOI) and the Government of Punjab and other relevant rules and regulations;
- corporate policy for investment of funds; and
- procedures laid down by the STUs.

Financial position and working results

2.3.16 The proforma accounts of the Roadways are in arrears from the year 2000-01, hence, figures of Liabilities and Assets of the Roadways for 2004-05 to 2008-09 are not available. The financial position∝ of PRTC and PUNBUS for the years 2004-08♦ is given below:

(Rupees in crore)

Particulars	2004-05	2005-06	2006-07	2007-08
A. Liabilities				
Paid up Capital	117.33	117.33	167.33	167.33
Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	0.58	1.16	491.89	485.75
Borrowings (Loan Funds)	76.73	119.08	132.67	136.76
Current Liabilities & Provisions	181.34	215.75	230.55	248.13
Total	**375.98**	**453.32**	**1,022.44**	**1,037.97**
B. Assets				
Gross Block	115.49	165.69	740.30	777.24
Less: Depreciation	86.37	100.54	118.78	145.36
Net Fixed Assets	29.12	65.15	621.52	631.88
Capital works-in-progress (including cost of chassis)	1.09	2.41	4.24	2.57
Investments	0.03	0.03	0.03	0.03
Current Assets, Loans and Advances	34.85	58.92	61.05	67.03
Accumulated losses	310.89	326.81	335.60	336.46
Total	**375.98**	**453.32**	**1,022.44**	**1,037.97**

∝ The STU-wise financial position is given in ***Annexure 7.***

♦ Figures for 2008-09 not yet finalised by the PRTC.

2.3.17 The details of working results like operating revenue and expenditure, total revenue and expenditure, net surplus/ loss and earnings and cost *per* kilometre of operation of all the three STUs[Θ] are given below.

(Rupees in crore)

Sl. No.	Description	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total Revenue	379.73	433.48	496.63	540.87	534.99
2.	Operating Revenue[ϕ]	356.87	412.70	468.84	505.19	516.38
3.	Total Expenditure	490.43	556.06	584.37	601.60	615.27
4.	Operating Expenditure[ψ]	417.94	472.28	505.68	524.43	532.90
5.	Operating Profit/ Loss	-61.07	-59.58	-36.84	-19.24	-16.52
6.	Profit/ Loss for the year	-110.70	-122.58	-87.74	-60.73	-80.28
7.	Accumulated Profit/ Loss[*]	**-306.21**	**-326.81**	**-335.60**	**-336.46**	**-341.10**
8.	Fixed Costs					
	Personnel Costs	192.90	201.77	214.70	228.19	240.22
	Depreciation	9.18	20.26	25.57	31.00	33.16
	Interest	10.10	13.04	15.25	20.81	22.19
	Other Fixed Costs	19.45	23.07	16.84	27.03	21.61
	Total Fixed Costs	231.63	258.14	272.36	307.03	317.18
9.	Variable Costs					
	Fuel & Lubricants	116.58	140.21	161.20	167.54	187.65
	Tyres & Tubes	6.50	8.33	11.63	12.71	12.01
	Other Items/ spares	10.70	14.10	9.90	9.01	10.51
	Taxes (MV Tax, Passenger Tax, etc.)	95.40	104.63	101.66	83.74	79.81
	Other Variable Costs	29.62	30.65	27.62	21.57	8.11
	Total Variable Costs	258.80	297.92	312.01	294.57	298.09
10.	Effective Kms operated (in Lakh)	2,429.88	2,414.66	2,481.38	2,580.69	2,601.17
11.	Earnings *per* Km (Rs.) (1/10)	15.63	17.95	20.01	20.96	20.57
12.	Fixed Cost *per* Km (Rs.) (8/10)	9.54	10.69	10.98	11.90	12.19
13.	Variable Cost *per* Km (Rs.) (9/10)	10.65	12.34	12.57	11.41	11.46
14.	Cost *per* Km (Rs.) (3/10)	20.19	23.03	23.55	23.31	23.65
15.	Net Earnings *per* Km (Rs.) (11-14)	-4.56	-5.08	-3.54	-2.35	-3.08
16.	Traffic Revenue[§]	312.18	348.44	404.61	428.13	446.32
17.	Traffic revenue *per* Km (Rs.) (16/10)	12.85	14.43	16.31	16.59	17.16

Θ The STU-wise working results are detailed in ***Annexure. 8***.

ϕ Operating revenue includes traffic earnings, passes and season tickets, re-imbursement against concessional passes, fare realised from private operators under Km Scheme, etc.

ψ Operating expenditure includes expenses relating to traffic, depreciation on fleet, repair and maintenance, electricity, welfare and remuneration, licences and taxes and general administration expenses.

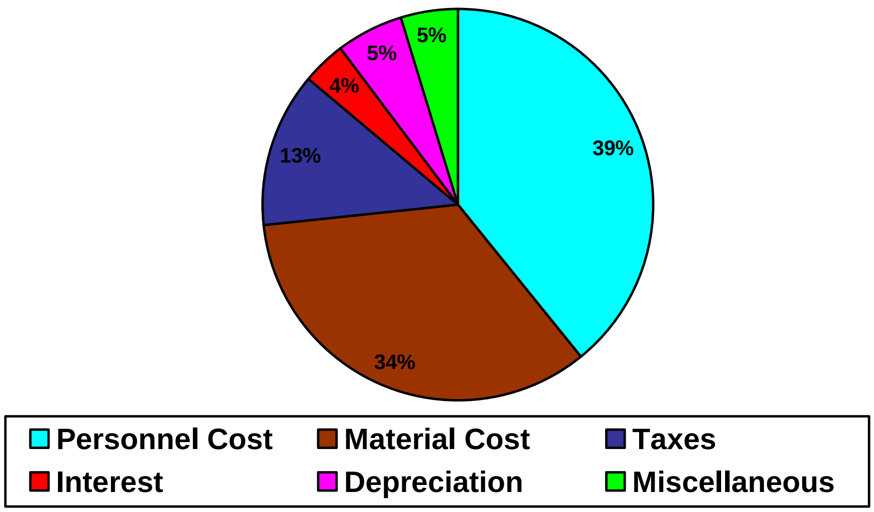
* Does not include figures for Roadways.

§ Traffic revenue represents sale of tickets, advance booking, reservation charges and contract services earnings.

Elements of cost

2.3.18 Personnel costs and material costs constitute the major elements of costs. The percentage break-up of costs of all the three STUs for 2008-09 is given below in the pie-chart.

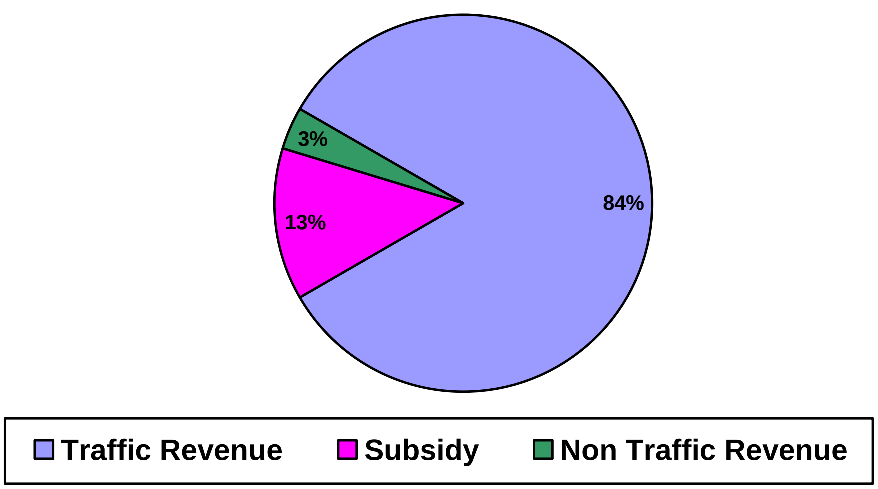
Components of various elements of cost



Elements of revenue

2.3.19 Traffic revenue, subsidy/ grant and non-traffic revenue constitute the major elements of revenue. The percentage break-up of revenue of all the three STUs for 2008-09 is given below in the pie-chart.

Components of various elements of revenue



Audit findings

2.3.20 Audit explained the audit objectives to PRTC during an 'entry conference' on 26 February 2009 and to the Roadways and PUNBUS on 27 February 2009. Subsequently, audit findings were reported to the STUs and the Government in July 2009 and discussed in an 'exit conference' held on 2 September 2009, which was attended by Director, State Transport *cum* Managing Director of the PUNBUS with Assistant Controller (Finance & Accounts) and on 4 September 2009 with the Managing Director PRTC and Chief of Accounts. The views expressed by them have been considered while finalising this review. The audit findings are discussed below.

Operational performance

2.3.21 The operational performance of the STUs for the five years ending 2008-09 is given in the ***Annexure 9***. The operational performance of the STUs was evaluated on various operational parameters as described below. It was also seen whether the STUs were able to maintain pace with the growing demand of public transport. The audit findings show that the losses were controllable and there is scope for improvement in performance.

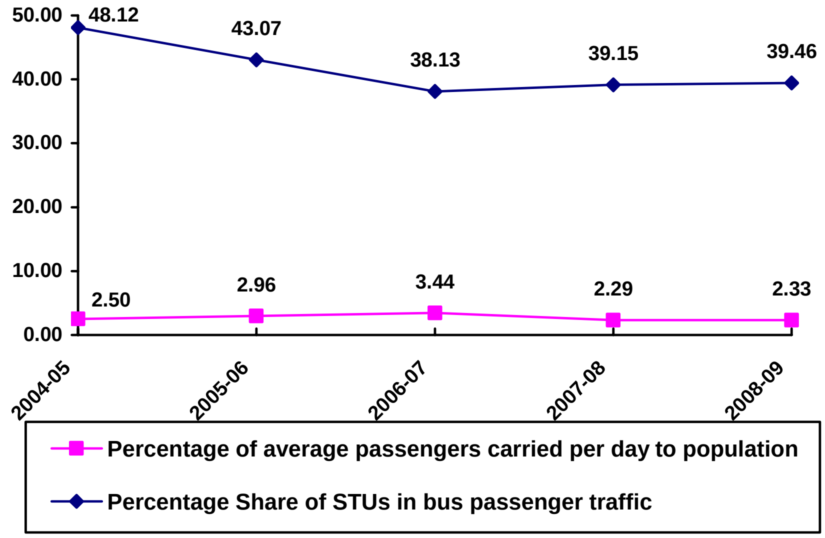
Share of STUs in public transport

2.3.22 In order to provide adequate transportation to the public in the State, the State Government formed (August 1990 and modified in October 1997) a transport scheme. The main provisions of the scheme are as under:

- All vehicles running on interstate routes shall be operated by the State Transport Undertakings.
- All operations on monopoly routes shall be undertaken by the STUs, provided that a private operator may be allowed to operate on a portion of 20 *per cent* of the monopoly route or up to 15 Kms of the route which ever is less, where it is necessary or is in public interest to do so.
- All operations on the routes falling on National highways within the state shall be undertaken by STUs and private operators in the ratio of 75:25.
- All operations on the routes falling on the State highways and other roads shall be undertaken by STUs and private operators in the ratio of 40:60.

The transport scheme emphasises on operation by STUs only on inter state routes, higher participation of STUs on monopoly routes and routes falling on the National highways, besides higher participation of private operators on routes falling on the State Highways and other roads. The State Transport Commissioner (Non-commercial Wing of the Transport department) is responsible for issue of permits and implementation of the transport scheme. Audit noticed that scheme was not being implemented in letter and spirit as on several occasions, the private operators were allotted excess routes on National highways/monopoly routes in disregard to the scheme. In case of violation, the STU filed petitions with the State Transport Appellate Tribunal (STAT) for cancellation of permit granted in violation of scheme. As on date, 107 petitions filed by the Roadways were pending with STAT.

2.3.23 Line-graphs depicting the percentage share of the STUs in the bus passenger traffic of the State and percentage of average passengers carried per day by the STUs to the population of the State during five years ending 2008-09 are given below:



2.3.24 The table below depicts the growth of public transport in the State.

Sl. No.	Particular	2004-05	2005-06	2006-07	2007-08	2008-09
1.	STUs buses[♣] including hired buses	2,731	2,570	2,390	2,504	2,537
2.	Private stage carriages	2,944	3,397	3,878	3,892	3,892[♦]
3.	Total buses for public transport	5,675	5,967	6,268	6,396	6,429
4.	Percentage share of STUs	48.12	43.07	38.13	39.15	39.46
5.	Percentage share of private operators	51.88	56.93	61.87	60.85	60.54
6.	Estimated population (crore)	2.62	2.67	2.72	2.77	2.82
7.	Vehicle density *per* one lakh population	21.66	22.35	23.04	23.09	22.80

The percentage share of STUs in bus passenger traffic reduced from 48.12 to 39.46 during 2004-09.

2.3.25 The STUs have not been able to keep pace with the growing demand for public transport as percentage share of STUs in bus passenger traffic of the State reduced from 48.12 to 39.46 during 2004-09. Further, the percentage of average passengers carried *per* day to the population of the State reduced from 2.50 to 2.33 during that period. The reasons for decreasing trend as analysed by Audit were decrease in operating Km, decrease in fleet strength, overage buses and insufficient operating crew. The Roadways was unable to induct new buses and replace the overage buses due to poor financial position and also due to no financial assistance from the State Government. The effective *per* capita Km operated *per* year is given in the following table:

♣ These represent average number of buses held during the year.

♦ In the absence of figures of 2008-09, figures of 2007-08 has been taken.

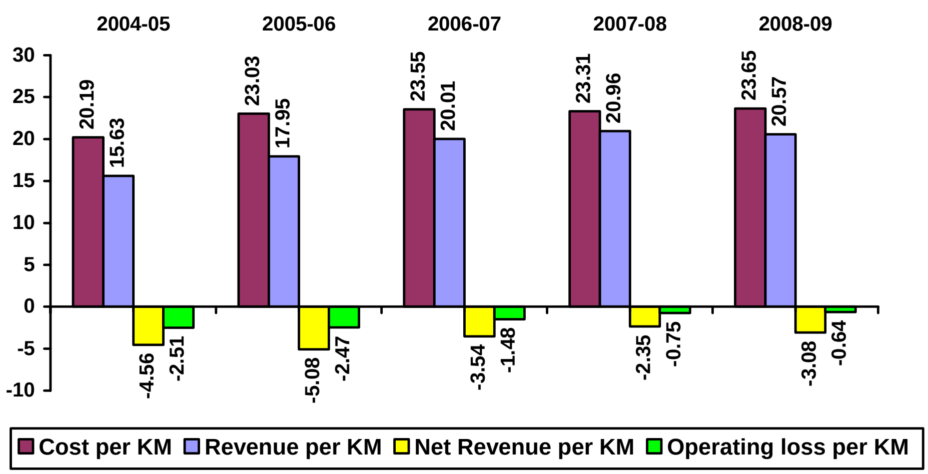
Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Effective Km operated (lakh)					
Roadways	1,290.18	874.44	643.05	417.34	264.47
PRTC	1,139.70	1,187.18	1,203.41	1,173.69	1,128.04
PUNBUS	-	353.04	634.92	989.66	1,208.66
Total	**2,429.88**	**2,414.66**	**2,481.38**	**2,580.69**	**2,601.17**
Estimated Population (Crore)	2.62	2.67	2.72	2.77	2.82
***Per* Capita Km *per* year**					
Roadways	4.92	3.28	2.36	1.51	0.94
PRTC	4.35	4.45	4.42	4.24	4.00
PUNBUS	-	1.32	2.33	3.57	4.29
Total	**9.27**	**9.04**	**9.12**	**9.32**	**9.22**

2.3.26 The above table shows the decline in service by the STUs except PUNBUS.

2.3.27 Public transport has definite benefits over personalised transport in terms of costs, congestion on roads and environmental impact. The public transport services have to be adequate to derive those benefits. In the instant case, the STUs (Roadways and PRTC) were not able to maintain their share in transport mainly due to operational inefficiencies as described later.

Recovery of cost of operations

2.3.28 The STUs were not able to recover their cost of operations. During the last five years ending 2008-09, the net revenue showed a varying trend as given in the graph⊗ below:



(Figures are in Rupees)

⊗ **Cost *per* Km** represents total expenditure divided by effective Km 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.

2.3.29 The above graph indicates the poor performance of the STUs over the period. The net earnings were negative. None of the STUs was able to contain the cost within the All India Average (AIA) cost (Rs. 19.94). The poor performance has been impacting the ability of the Roadways and PRTC to provide public transport services adequately as they are not able to replace their fleet on time or increase the fleet strength to meet the growing demand.

Orissa, Uttar Pradesh and Karnataka registered best net earnings *per* Km at Rs. 0.49, Rs. 0.47 and Rs. 0.34 respectively during 2006-07 (Source: STUs profile and performance 2006-07 by CIRT, Pune)

Efficiency and economy in operations

Fleet strength and utilisation

Fleet strength and its age profile

2.3.30 The STUs have their own fleet of buses. They also hire buses from contractors except PUNBUS. Audit findings in respect of hired buses are given in paragraphs 2.3.69 and 2.3.70. The table below explains the position of STUs' own fleet.

2.3.31 The Association of State Road Transport Undertakings (ASRTU) had prescribed (September 1997) the desirable age of a bus as eight years or five lakh kilometres, whichever was earlier. PRTC, however, fixed (April 2000) the life of a bus as eight years or 6.5 lakh kilometres keeping in view the practical experience and improvement in technology. In the case of PUNBUS, the entire fleet was less than four years old. The table below shows the age-profile of the buses held by the STUs* for the period of five years ending 2008-09.

Sl. No.	Particulars∏	2004-05	2005-06	2006-07	2007-08	2008-09
1	Total No. of buses at the beginning of the year	2,491	2,511	2,526	2,360	2,456
2	Additions during the year	92	457	226	311	180
3	Buses scrapped during the year	72	442	392	215	93
4	Buses held at the end of the year (1+2-3)	2,511	2,526	2,360	2,456	2,543
5	Of (4), No. of buses more than 8 years old	1,892	1,568	1,403	1,280	1,210
6	Percentage of overage buses to total buses	75.35	62.07	59.45	52.12	47.58

2.3.32 The PRTC and Roadways were not able to achieve the norm of right age buses. During 2004-09, PRTC added 379 new buses at a cost of Rs. 40.95 crore

* STU-wise age profile of buses is given in ***Annexure 10***.

∏ Excludes hired buses.

while PUNBUS acquired 887 new buses during 2005-06 to 2008-09 at a cost of Rs. 118.44 crore. The expenditure was funded through loans from commercial banks. To achieve the norm of right age buses, PRTC was required to buy 493 new buses additionally which would have cost it Rs. 58.08 crore approximately. However, PRTC did not generate adequate resources through its operations to finance the replacement of buses. It earned a profit of Rs. 2.91 crore before charging of depreciation during 2007-08 only, which was grossly inadequate. Thus, PRTC's ability to survive and grow depends on its efforts to remove operational inefficiencies, cut costs and tap non-conventional revenue avenues so that it can fund its capital expenditure and be self-reliant.

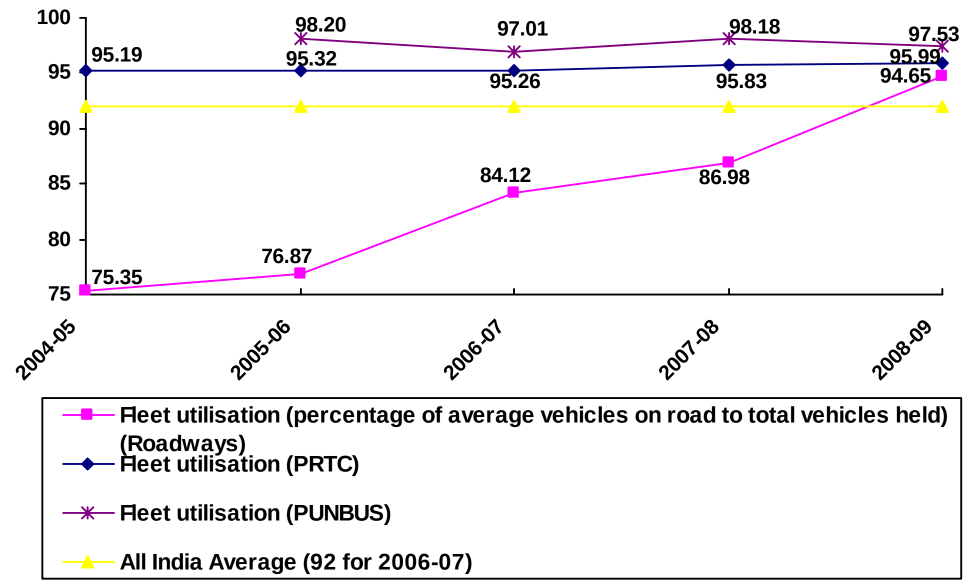
In the case of Roadways, against sanctioned fleet of 2,407 buses, the fleet holding reduced from 1,591 to 717 buses during 2004-05 to 2008-09. The percentage of overaged buses increased from 87.58 to 100 *per cent* during the same period due to non replacement of buses. It was noticed in audit that the fleet of the Roadways as of March 2008 consisted of 1992 to 1998 model buses with an average age of 12 years. The Management attributed acute constraints of funds for non-replacement of the overaged vehicles. Audit observed that the Roadways had created a depreciation reserve fund (DRF) for replacement of its vehicles and balance in the fund at the end of March 2008 was Rs. 61.34 crore. Despite this, the Roadways had not approached the State Government for purchase of new buses by utilising DRF during 2004-05 to 2008-09. Failure of the Management to utilise the DRF for replacement of the overaged fleet resulted in reduction of public bus service.

2.3.33 The overage fleet requires high maintenance and results in extra cost and less availability of vehicles compared to underage fleet, other things being equal. This only goes on to increase operational inefficiency and causes losses which, in turn, affects the ability of the STUs to replace its fleet on a timely basis.

Fleet utilisation

2.3.34 Fleet utilisation represents the ratio of buses (including hired) on road to buses held by the STUs. The STUs had not fixed any target for fleet utilisation during the period from 2004-05 to 2008-09**.** The fleet utilisation of PRTC varied from 95.19 to 95.99 *per cent* whereas in the case of PUNBUS it varied from 97.01 to 98.20 *per cent* during the period under review. For the Roadways, the same varied from 75.35 to 94.65 *per cent* as shown in the following graph.

Andhra Pradesh, Tamil Nadu (Kumbakonam) and Tamil Nadu (Coimbatore) registered best fleet utilisation at 99.4, 98.4 and Rs. 98.3 *per cent* respectively during 2006-07.
(Source : STUs profile and performance 2006-07 by CIRT, Pune)



The fleet utilisation of Roadways increased due to reduction in the number of buses held.

2.3.35 The increase in fleet utilization of Roadways during 2004-09 was due to reduction in the number of buses held on account of condemnation of old buses thereby increasing the percentage of buses on road to the total buses held. This, however, resulted in reduction of passengers carried and revenue. The fleet utilisation of PUNBUS and PRTC was higher than AIA in all the years under review.

Vehicle productivity

2.3.36 Vehicle productivity refers to the average Kilometres run by each bus (including hired buses) *per* day in a year. The vehicle productivity of the of PUNBUS gradually reduced from 435 in 2005-06 to 390 in 2008-09, though the fleet was not overaged as *per* the norms of eight years laid down by ASTRU. The vehicle productivity vis-à-vis the overage fleet of other two STUs (Roadways and PRTC) and overall position for the five years ending 2008-09 is shown in the table below.

Sl. No.	Particulars		2004-05	2005-06	2006-07	2007-08	2008-09
1.	Roadways	Vehicle productivity (Kms run *per* day *per* bus)	206	181	181	136	105
		Overage fleet (percentage)	87.81	87.58	100	100	100
2.	PRTC	Vehicle productivity (Kms run *per* day *per* bus)	306	317	325	318	310
		Overage fleet (percentage)	53.80	52.95	57.54	59.87	52.39
3	Overall (All three STUs)	Vehicle productivity (Kms run *per* day *per* bus)	244	257	284	282	281
		Overage fleet (percentage)	75.35	62.07	59.45	52.12	47.58

2.3.37 From the above it can be observed that the vehicle productivity of Roadways reduced from 206 to 105 during 2004-09, which was much below that of PRTC (306 to 310 Kms). Test check by Audit in nine selected depots of the Roadways revealed that vehicle productivity deteriorated during 2004-09 due to non-replacement of the overaged fleet and non-operation of buses for want of tyres and spares. The vehicle productivity and the overaged fleet of PRTC remained more or less at the same levels during 2004-09. Overall, despite reduction of overaged fleet, vehicle productivity remained at the same level implying the role of other contributory factors too affecting the productivity.

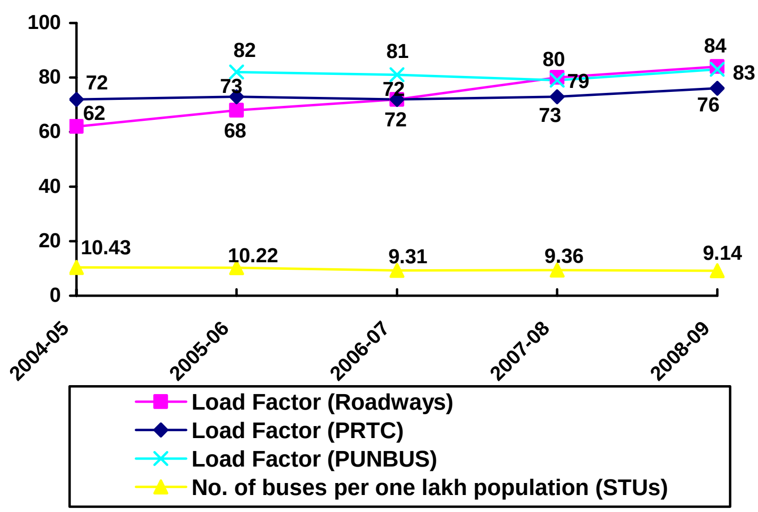
2.3.38 Compared to the AIA of 313 Kms *per* day, the vehicle productivity of Roadways had been on lower side for all the years under review; the vehicle productivity of PUNBUS was more than AIA during 2005-09 and the vehicle productivity of PRTC was higher than AIA during 2005-09 except in 2004-05 and 2008-09. The lower productivity was mainly on account of:

- Deficient route planning. (Paragraphs 2.3.44 to 2.3.47)
- Cancellation of scheduled Kms. (Paragraphs 2.3.48 to 2.3.50) and
- Excess time taken for servicing/ repairs. (Paragraphs 2.3.59 and 2.3.60)

Capacity utilisation

Load factor

2.3.39 Capacity utilisation of a transport undertaking is measured in terms of load factor, which represents the percentage of actual receipt to expected receipt. The schedules to be operated are to be decided after proper study of routes and periodical reviews are necessary to improve the load factor. The load factor♣ of Roadways, PRTC and PUNBUS varied from 62 to 84 *per cent*, 72 to 76 *per cent* and 79 to 83 *per cent*, respectively, during the period under review. A graph depicting the STU-wise load factor vis-à-vis number of buses *per* one lakh population is given below.



2.3.40 The above graph shows that fleet strength of the STUs did not keep pace with the increase in population as the number of buses of STUs *per* lakh population decreased from 10.43 to 9.14. The reasons for the decreasing trend as analysed by Audit were non-replacement of overage fleet by the Roadways and non-augmentation

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♣ The load factor has been calculated by dividing traffic revenue (including reimbursement of concessional claims) per kilometre by the average fare per kilometre multiplied by 52 seats *per* bus.

of buses by PRTC as discussed in paragraph 2.3.32 besides non-hiring of buses under Km scheme by the STUs, which has been mentioned in paragraphs 2.3.69 and 2.3.70.

2.3.41 The table below provides the details of break-even load factor (BELF) for operating revenue. Audit worked out this BELF at the given level of vehicle productivity and total cost *per* Km.

Sl. No.	Particulars		2004-05	2005-06	2006-07	2007-08	2008-09
1.	Cost *per* Km	Roadways	22.45	29.77	31.71	39.06	50.95
		PRTC	17.61	19.10	19.70	19.82	20.77
		PUNBUS	-	19.56	22.59	20.81	20.37
2.	Operating Revenue *per* Km at current load factor	Roadways	13.61	16.18	18.00	20.29	21.49
		PRTC	15.90	17.02	18.29	18.90	19.27
		PUNBUS	-	19.60	20.95	20.08	20.04
3.	Operating Revenue *per* Km at 100 *per cent* load factor	Roadways	21.95	23.79	25.00	25.36	25.58
		PRTC	22.08	23.32	25.40	25.89	25.36
		PUNBUS	-	23.90	25.86	25.42	24.14
4.	Break – even load factor considering only operating revenue[¥]	Roadways	102.28	125.14	126.84	154.02	199.18
		PRTC	79.75	81.90	77.56	76.55	81.90
		PUNBUS	-	81.84	87.35	81.86	84.38

2.3.42 The break-even load factor is quite high and is not likely to be achieved given the present load factor and the fact that the STUs are also required to operate on uneconomical routes. Thus, while the scope to improve upon the load factor remains limited, there is tremendous scope to cut down the costs of operations as discussed later.

Unauthorized operation of buses by private operators

2.3.43 The Management of Roadways and PUNBUS expressed concern over the unauthorized operations by tourist buses which were otherwise plying on regular basis for daily commuters, plying of additional number of buses on the same route by private operators, tempos, cart fitted peter engine at certain places which affected the performance/traffic earning of the STUs. The Management also stated that the fare being charged by the private operators was less than that charged by the STUs. Though the matter was discussed in the Commercial Officers meetings, effective steps taken to stop the same by approaching concerned authorities were not on record. Due to non-availability of Roadways buses, the commuters were compelled to travel in these unauthorised vehicles. The Management stated (June 2009) that action against private operators was to be taken by the State Transport Commissioner and Regional Transport Authority concerned. The Roadways had written letter to these authorities regarding unauthorised operations by the private operators. Details of action taken by the authorities to stop the unauthorised operations were awaited (September 2009).

¥ BELF has been calculated by dividing cost per Km with operating revenue per Km at 100 *per cent* load factor.

Route planning

2.3.44 Appropriate route planning helps to tap demand and achieving higher load factor. Audit observed that route planning in the STUs was deficient as curtailment, extension and change in frequency of operation of routes during peak hours was not done by the Management on the basis of profitability of routes. Even though PRTC and PUNBUS had 600 and 512 routes as on 2008-09, both the STUs did not carry out any exercise to identify the profitable/unprofitable routes to ensure effective utilisation of the fleet.

2.3.45 Some routes are profitable while others are not. The position in this regard in respect of the Roadways is given in the table below.

Particulars	Total No. of routes	No. of routes making profit	No. of routes not meeting total cost	No. of routes not meeting variable cost
2004-05	932	219 (23)	713 (77)	475 (51)
2005-06	682	180 (26)	502 (74)	337 (50)
2006-07	682	239 (35)	443 (65)	273 (40)
2007-08	682	109 (16)	573 (84)	333 (49)
2008-09 (Provisional)	600	90 (15)	510 (85)	310 (52)

(The percentage under the above heads have been given in brackets for each year)

In the Roadways, the percentage of profit making routes reduced from 35 (2006-07) to 15 (2008-09).

2.3.46 It can be seen from above table that the percentage of profit making routes reduced from 35 (2006-07) to 15 (2008-09) which was even less than what existed in 2004-05. The percentage of routes not even meeting the variable cost increased from 40 (2006-07) to 52 (2008-09). This is due to high operating cost and low vehicle productivity, despite high load factor.

2.3.47 Though some of the routes appearing unprofitable would become profitable once the STUs improve its efficiency, there would still be some uneconomical routes. Given the scenario of mixed routes and obligation to serve uneconomical routes, an organisation should decide an optimum quantum of services on different routes so as to optimise its revenue while serving the cause. However, no such exercise was carried out by the STUs.

Cancellation of scheduled kilometres

2.3.48 A review of the operations indicated that the scheduled kilometres were not fully operated mainly due to non availability of adequate number of buses, shortage of crew and other factors like breakdown, accidents, late arrivals, etc.

2.3.49 The details of scheduled kilometres, effective kilometres, cancelled kilometres calculated as difference between the scheduled kilometres and effective kilometres are furnished in the table below§.

(In lakh Kms)

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Scheduled kilometresµ	3,108.14	3,119.47	3,042.14	3,053.17	3,060.24
2.	Effective kilometres	2,429.88	2,414.66	2,481.38	2,580.69	2,601.17
3.	Kilometres cancelled	678.26	704.81	560.76	472.48	459.07
4.	Percentage of cancellation	21.82	22.59	18.43	15.48	15.00
5.	Contribution *per* Km (in Rs.)	2.20	2.09	3.74	5.18	5.70
6.	Loss of contribution (3X5) (Rs. in crore)	14.92	14.73	20.97	24.47	26.17

Due to cancellation of scheduled Kms, the STUs were deprived of contribution of Rs. 101.26 crore.

Tamil Nadu (Salem), State Express Transport Corporation (Tamil Nadu) and Tamil Nadu (Villupuram) registered least cancellation of scheduled Kms at 0.45, 0.67 and 0.78 *per cent* respectively during 2006-07.
(Source : STUs profile and performance 2006-07 by CIRT, Pune)

2.3.50 It can be seen from the above table that the percentage of cancellation of scheduled kilometres decreased from 21.82 *per cent* to 15.00 *per cent* during 2004-05 to 2008-09 except marginal increase in 2005-06 and remained on the far higher side as compared to the best performers. The STUs have not made cause-wise analysis of the cancelled Kilometres and in the absence of the same, the STUs did not have any mechanism for exercising effective control on cancellation. Due to cancellation of the scheduled kilometres, the STUs were deprived of contribution of Rs.101.26 crore during 2004-05 to 2008-09.

Non-operation of buses during night hours

2.3.51 Being public utility, it is the responsibility of every STU to provide adequate transportation facility to the public during night hours. It was, however, observed that normal operational time of the Roadways buses remained from 5 AM to 11 PM during the period 2003-04 to 2005-06Ω. A review of the time table and other related records of three♣ Bus Depots revealed that operational hours of the Roadways buses remained from 4:30 AM to 6:20 PM (August 2009), whereas the operational hours of Haryana Roadways were from 3:50 AM to 10:30 PM and of PUNBUS were from 4:30 AM to 12:00 AM. Thus, the Roadways did not provide transportation to the public during night hours, besides foregoing the scope to earn more revenue.

Maintenance of vehicles

Preventive maintenance

2.3.52 Preventive maintenance is essential to keep the buses in good running condition and to reduce breakdowns/ other mechanical failures. The STUs had Tata

§ STU-wise details are given in ***Annexure 11***.
µ including hired buses.
Ω As per Administration Reports.
♣ Ferozepur, Jagraon and Jalandhar.

and Leyland make buses, for which the following schedule of maintenance has been prescribed by the Original Equipment Manufacturers (OEMs).

Sl. No.	Particulars	Schedule
1.	**Engine Oil change (A service)**	
1 (a)	Tata make	Every 9,000 Kms
1 (b)	Leyland make	Every 10,000 Kms
2.	**Brake Inspection (B service)**	
2 (a)	Tata make	Every 18,000 Kms
2 (b)	Leyland make	Every 24,000 Kms

Audit observed that no records showing adherence to the schedule prescribed by OEM were maintained at workshops of the STUs.

2.3.53 The STUs had prescribed the following schedule for servicing:-

Type of Service	PRTC		Roadways and PUNBUS	
	TATA	Leyland	TATA	Leyland
A•	Every 9,000 Kms	Every 8,000Kms	Every 18,000 Kms	Every 16,000 Kms
B♦	Every 18,000 Kms	Every 18,000 Kms	Every 18,000 Kms	Every 16,000 Kms

2.3.54 In the case of PRTC, no records relating to services due, actually done and shortfall, if any, were made available to Audit (September 2009). In the absence of availability of the same for scrutiny, it could not be verified whether preventive maintenance schedule as prescribed by the PRTC had been regularly followed or not.

2.3.55 On the basis of above mentioned schedule and actual Kilometres run by the buses during 2004-09, Audit worked out the number of services required to be carried out. In the case of Roadways and PUNBUS, scrutiny of records of depots[ϒ] revealed that the required number of services were not carried out in accordance with the schedule during 2004-05 to 2008-09 as detailed below:

Name of the STUs	No. of Services due		No. of Services done	
	A services	B services	A services	B services
Roadways (Nine Depots)	9,189	9,189	7,259 (79.00)	6,819 (74.21)
PUNBUS (Five Depots)	4,338	4,338	3,238 (74.64)	3,155 (72.73)

(Figures in brackets represent the percentage of services done)

• In A service: filters and engine oil etc. is changed.

♦ In B service: brake inspection, greasing of ball bearings etc. is done.

ϒ Five Depots (Amritsar –II, Jagraon, Ludhiana, Pathankot and Roopnagar) in case of PUNBUS and Nine Depots (Amritsar-II, Batala, Ferozepur, Hoshiarpur, Jagraon, Jalandhar-I, Ludhiana, Pathankot and Roopnagar) in case of Roadways.

2.3.56 In the case of selected depots of Roadways and PUNBUS, there was shortfall in services by 21 and 26 *per cent* and 25 and 27 *per cent*, respectively during 2004-09. Further oil filters were required to be changed in every A service. In five[£] depots, the Roadways used 803 less oil filters in 4,153 A services, which shows that proper services were not carried out. The non-carrying out of preventive maintenance as per schedule resulted in less KMPL and vehicle productivity.

Repairs and maintenance

2.3.57 A summarised position of fleet holding, over aged buses, repairs and maintenance (R&M) expenditure[*] for the last five years up to 2008-09 is given below.

The share of manpower cost in repair and maintenance expenses was high and ranged between 63.46 and 67.98 *per cent* during 2004-08.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total buses (No.)[µ]	2,511	2,526	2,360	2,456	2,543
2.	Over-age buses (more than 8 years old)	1,892	1,568	1,403	1,280	1,210
3.	Percentage of over age buses	75.35	62.07	59.45	52.12	47.58
4.	R&M Expenses (Rs. in crore)	57.27	64.83	67.34	70.83	Not available
5.	R&M Expenses per bus (Rs. in lakh) (4/1)	2.28	2.57	2.85	2.88	Not available
6.	Percentage of manpower cost in R&M expenses	67.98	63.46	65.34	66.17	Not available

2.3.58 In the Roadways, R&M expenses *per* bus increased from Rs. 2.27 lakh to Rs. 3.38 lakh during the period under review. The increase was mainly due to increase in percentage of overaged buses from 87.81 to 100 *per cent* and increase in percentage of manpower cost in R&M expenses from 74.56 *per cent* to 85.26 *per cent*. R&M expenses *per* bus in respect of PRTC increased from Rs. 2.31 lakh to Rs. 2.86 lakh in 2007-08 mainly on account of increase in number of overaged buses from 495 to 552 in the same period whereas in PUNBUS, it increased from Rs. 1.53 lakh *per* bus in 2005-06 to Rs. 2.60 lakh *per* bus in 2008-09 mainly due to ageing of buses and poor performance of tyres (their performance was lower than AIA of 1.30 lakh kilometre *per* tyre).

Delay in overhauling of engines

2.3.59 The PRTC prescribed (January 1999) five days time for overhauling of an engine in the central workshop. It was, however, noticed that during 2004-09 out of 1,077 engines overhauled by the central workshop, there was delay in overhauling of 312 engines which ranged between two and 19 days beyond the prescribed time of five days. Audit scrutiny further revealed that improper planning on the part of the Purchase section of the PRTC in procurement of matching spares required for overhauling of the engines contributed to the delay in overhauling of the engines.

£ Amritsar-II, Batala, Jalandhar-I, Jagraon, and Pathankot.

∗ The STU-wise detail is given in ***Annexure 12***.

µ excluding hired buses.

The Purchase Section took 12 to 331 days in the purchase of spares and the Central Workshop cleared the backlog by arranging spares from the local market. This resulted in missing of 6.15 lakh kilometres during the period under review. The loss of contribution on this account has already been included in paragraph 2.3.49 and 2.3.50.

2.3.60 Each depot of the Roadways has a workshop in which repair and maintenance of buses is being done. Though no norms regarding time limit prescribed for attending to the various jobs of repair and maintenance of vehicles in its workshop were made available to Audit, a test check of detention registers of selected depots for the period 2004-05 to 2008-09 revealed that 753 buses were detained in the workshop for excess period upto 857 days after allowing a margin of five days (i.e. norm fixed by PRTC for overhauling of engine at its Central Workshop). This resulted in loss of revenue of Rs. 3.01 crore. Audit observed that the excess detention was mainly due to non availability of spare parts.

Manpower cost

2.3.61 The cost structure of the organisation shows that manpower and fuel constitute 69.54 *per cent* of the total cost. Interest, depreciation and taxes – the costs which are not controllable in the short-term – account for 21.97 *per cent*. Thus, the major cost saving can come only from manpower and fuel.

2.3.62 Manpower is an important element of cost which constituted 39.04 *per cent* of the total expenditure of the STUs in 2008-09. Therefore, it is imperative that this cost is kept under control and the manpower is utilised optimally to achieve high productivity. The table below provides the details of manpower[Δ], its cost and productivity.

Gujarat, Tamil Nadu (Villupuram) and Tamil Nadu (Salem) registered best performance at Rs. 6.10, Rs. 6.13 and Rs. 6.21 cost *per* effective Kms respectively during 2006-07. (Source : STUs profile and performance 2006-07 by CIRT, Pune)

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total Manpower (Nos.)	13,925	13,585	12,898	12,228	12,415
2.	Manpower Cost (Rs. in crore)	192.90	201.77	214.70	228.19	240.22
3.	Effective Kms (in lakh)	2,429.88	2,414.66	2,481.38	2,580.69	2,601.17
4.	Cost *per* effective Km (Rs.)	7.94	8.36	8.65	8.84	9.24
5.	Productivity *per* day *per* person (Kms)	47.81	48.70	52.71	57.66	57.40
6.	Total Buses (No.)♠	2,511	2,526	2,360	2,456	2,543
7.	Manpower *per* bus	5.55	5.38	5.47	4.98	4.88

Δ The STU-wise detail is given in ***Annexure 13.***

♠ Excluding hired buses.

2.3.63 The above table shows that manpower cost *per* effective Km of the STUs increased from Rs. 7.94 (2004-05) to Rs. 9.24 (2008-09). The manpower cost *per* effective Km was highest in the case of Roadways, which increased from Rs. 9.73 (2004-05) to as high as Rs. 33.37 (2008-09). The reasons for extra ordinary increase in manpower cost *per* effective Km was reduction in effective Kms from 1,290.18 lakh to 264.47 lakh due to substantial reduction in fleet from 1,591 (2004-05) to 717 (2008-09) and decrease in vehicle productivity from 206 Kms (2004-05) to 105 Kms (2008-09). In the case of PUNBUS, manpower cost *per* effective Km increased during 2005-07 due to deployment of high cost manpower of the Roadways for running the operations of the PUNBUS, but it decreased during 2007-08 and 2008-09 due to outsourcing of operational staff through private contractors. To curtail the manpower cost, PRTC has started outsourcing the operating and other staff since February 2004 and as on March 2009 it had 1,735 outsourced employees, which constituted 37 *per cent* of its total employees.

North West Karnataka State Road Transport, Karnataka State Road Transport and Himachal Pradesh registered best performance at 4.89, 4.99 and 4.94 manpower *per* bus. (Source : STUs profile and performance 2006-07 by CIRT, Pune)

In the Roadways, low manpower productivity resulted in excess manpower cost of Rs. 194.83 crore.

2.3.64 The manpower productivity of the Roadways decreased from 38.08 Kms (2004-05) to 20.91 Kms (2008-09) and it was much less than the AIA of 48.92 Kms to 51.97 Kms (2004-05 to 2006-07). In respect of Roadways, Audit worked out that the low manpower productivity with reference to AIA of manpower productivity resulted in excess manpower cost of Rs. 194.83 crore during 2004-09. High cost coupled with poor effective Kms led to overall low productivity. Further, manpower *per* bus of the Roadways reduced from 5.82 (2004-05) to 4.82 (2008-09) and of the PUNBUS increased from 3.42 (2005-06) to 4.80 (2008-09) due to allocation of manpower/crew staff to PUNBUS from the Roadways.

2.3.65 In case of all the three STUs, the normal duty hours prescribed for operating crew is eight hours including steering duty. Test check revealed that the actual duty hours of the operating crew exceeded their normal duty hours and the STUs had to make overtime payment which worked out to Rs.1.96 crore in case of selected Depots of Roadways, Rs. 24.79 crore and Rs.16.96 crore in PRTC and PUNBUS, respectively during the period under review.

Fuel cost

2.3.66 Fuel is another major cost element which constituted 30.50 *per cent* of the total expenditure in 2008-09. Control of fuel costs by a road transport undertaking has a direct bearing on its productivity. The following table gives the targets fixed by the STUs for fuel consumption, actual consumption, mileage obtained *per* litre (Kilometre *per* litre i.e. KMPL), AIA and estimated extra expenditure.

Sl. No.	Particulars		2004-05	2005-06	2006-07	2007-08	2008-09
1.	Gross Kilometres♠ (in lakh)	Roadways	1,127.00	733.82	518.46	331.11	259.19
		PRTC	1,007.63	1,069.53	1,102.58	1,099.57	1,075.59
		PUNBUS	-	358.02	646.24	1,006.17	1,231.27
		Total	**2,134.63**	**2,161.37**	**2,267.28**	**2,436.85**	**2,566.05**
2.	Target of KMPL fixed by STUs	Roadways	4.50	4.50	4.50	4.50	4.50
		PRTC	Not fixed	Not fixed	Not fixed	Not fixed	Not fixed
		PUNBUS	-	5	5	5	5
3.	Kilometre obtained per litre (KMPL)	Roadways	4.38	4.41	4.37	4.36	4.46
		PRTC	4.50	4.62	4.69	4.66	4.62
		PUNBUS	-	4.67	4.59	4.65	4.49
4.	All India Average in the category		4.78	4.85	4.94	4.94♣	4.94♣
5.	Actual Consumption (in lakh litres)	Roadways	257.31	166.40	118.64	75.94	58.16
		PRTC	223.92	231.27	235.12	235.72	233.00
		PUNBUS	-	77.39	141.57	220.14	274.03
		Total	**481.23**	**475.06**	**495.33**	**531.80**	**565.19**
6.	Consumption as per AIA (in lakh litres) (1/4)	Roadways	235.77	151.30	104.95	67.03	52.47
		PRTC	210.80	220.52	223.19	222.59	217.73
		PUNBUS	-	73.82	130.82	203.68	249.24
		Total	**446.57**	**445.64**	**458.96**	**493.30**	**519.44**
7.	Excess Consumption (in lakh litres) (5-6)	Roadways	21.54	15.10	13.69	8.91	5.69
		PRTC	13.12	10.75	11.93	13.13	15.27
		PUNBUS	-	3.57	10.75	16.46	24.79
		Total	**34.66**	**29.42**	**36.37**	**38.50**	**45.75**
8.	Average cost per litre (in Rs.)		22.43	26.85	30.30	29.46	32.09
9.	Extra expenditure (Rs. in lakh) (7X8)	Roadways	483.14	405.44	414.81	262.49	182.59
		PRTC	294.28	288.64	361.48	386.81	490.01
		PUNBUS	-	95.85	325.73	484.91	795.51
		Total	**777.42**	**789.93**	**1,102.02**	**1,134.21**	**1,468.11**

Consumption of fuel in excess of AIA resulted in extra expenditure of Rs. 52.72 crore during 2004-09.

North East Karnataka State Road Transport, Uttar Pradesh and Andhra Pradesh registered mileage of 5.45, 5.33 and 5.26 KMPL respectively during 2006-07.
(Source : STUs profile and performance 2006-07 by CIRT, Pune)

2.3.67 It can be seen from the above table that the mileage obtained *per* litre has been less than the AIA over the period under review. The STUs consumed 184.70 lakh litres (Roadways 64.93, PRTC 64.20 and PUNBUS 55.57 lakh litres) of fuel in excess as compared to AIA during 2004-05 to 2008-09 resulting in extra expenditure of Rs. 52.72 crore (Roadways Rs. 17.49 crore, PRTC Rs. 18.21 crore and PUNBUS Rs. 17.02 crore). Even the consumption was more than the norms fixed by the two STUs considering the local situations. Audit

♠ Excluding hired buses.

♣ In the absence of availability of All India Average for 2007-08 and 2008-09, All India Average of 2006-07 has been adopted.

further observed that in the Roadways, kilometres run were not being recorded/ accounted on the basis of meter reading of buses but on estimate basis.

2.3.68 A test check in audit of two months Petrol, Oil and Lubricants (POL) statements for each year under review, showed that in case of PRTC, proper procedure was being followed and remedial action taken by effecting token recovery from the concerned driver to improve KMPL. The depots[ϒ] of Roadways and PUNBUS compiled vehicle wise and driver wise data for consumption of fuel. However, the same had not been used so as to exercise effective management control. Further, the two STUs had not prescribed any ideal driving speed/ norms so as to enhance fuel economy.

Cost effectiveness of hired buses

2.3.69 The PRTC and Roadways started hiring private buses on Kilometre payment basis (Km Scheme) from November 1999 and August 2000, respectively. Agreements with the private bus owners were initially entered into for a period of three years under Km scheme in both the cases. The owners of these buses were required to provide buses with drivers and to incur all expenditure for running of the buses. The STUs were to provide conductors and make payment as per the actual Kilometres operated by the hired buses. During 2004-05 to 2008-09, the Roadways earned a net profit of Rs. 6.95 crore from the operation of 121 to 2 hired buses while the PRTC earned a net profit of Rs. 10.53 crore from the operation of 101 to 33 hired buses during 2004-05 to 2008-09 as shown in the following table:

ϒ Five Depots (Amritsar-II, Hoshiarpur, Jalandhar-I, Ludhiana and Roopnagar) in case of Roadways and two depots (Jagraon and Pathankot) in case of PUNBUS.

(Amount in Rupees)

Sl. No.	Particulars		2004-05	2005-06	2006-07	2007-08	2008-09ϖ
Own fleet							
1.	Cost *per* effective Km	Roadways	22.75	29.50	35.23	41.99	52.30
		PRTC	18.02	19.19	20.22	19.91	21.09
2.	Traffic Revenue *per* effective Km	Roadways	12.87	11.88	13.35	14.27	14.65
		PRTC	15.94	17.13	18.21	18.61	19.29
3.	Net Revenue *per* effective Km	Roadways	-9.88	-17.62	-21.88	-27.72	-37.65
		PRTC	-2.08	-2.06	-2.01	-1.30	-1.80
Hired buses							
4.	No. of Hired buses at the end of the year	Roadways	121	107	92	72	2
		PRTC	101	85	79	66	33
5.	Cost *per* effective Km£	Roadways	13.46	14.89	15.51	15.12	15.12α
		PRTC	14.04	14.87	14.64	14.79	15.90
6.	Traffic Revenue per effective Km	Roadways	15.12	15.27	16.93	16.49	16.49α
		PRTC	15.04	16.23	17.25	17.25	17.77
7.	Net Revenue per effective Km	Roadways	1.66	0.38	1.42	1.37	1.37α
		PRTC	1.00	1.36	2.61	2.46	1.87
8.	Total effective Kms operated (in lakh)	Roadways	184.41	153.51	134.02	93.44	8.61
		PRTC	147.32	134.71	118.52	104.48	66.40
9.	Profit from hired buses (Rs in Crore)	Roadways	3.06	0.58	1.91	1.28	0.12
		PRTC	1.49	1.91	3.17	2.64	1.32
10.	Break-even load factor considering traffic revenue	Roadways	61.42	62.40	61.38	59.60	66.01
		PRTC	64.41	64.13	58.56	58.30	62.63

2.3.70 The break-even load factor in respect of hired buses was lower than the actual load factor achieved by the STUs. This substantiated the proposition that hired buses were more profitable than own fleet. The above table shows that the buses hired under Km scheme were continuously making profits. The STUs, however, have not explored the possibility to adopt this model on a large scale to replace the buses and cut costs. No reason for reduction in number of hired buses was found on record.

ϖ Provisional

£ Cost as per details submitted by depots and compiled at Head Office.

α In the absence of actual figures for 2008-09, figures of 2007-08 have been taken for comparison purpose.

€ Calculated at capacity of 52 seats *per* bus.

Body building

2.3.71 PRTC has a body building unit having installed capacity of 240 buses per annum. The unit besides fabricating new buses also repair/ renovate the old bus bodies, on which Rs. 15.08 crore were spent during 2004-09. PUNBUS outsourced fabrication of buses to private contractors. The cost and efficiency of body building unit is compared against the private contractors in the table given below:

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
PRTC						
1	No. of buses (ordinary) fabricated in house	92	97	18	71	76
2.	Average Cost of fabrication *per* bus (Rs. in lakh)	2.73	2.91	3.74	3.80	4.30
3.	No. of days taken to fabricate a bus	21	12	56	24	24
PUNBUS						
4.	No. of buses (ordinary) fabricated through private contractors	-	360	208	230	56
5.	Average Cost of fabrication *per* bus (Rs. in lakh)	-	3.57	5.78	5.81	5.81
6.	No. of days taken to fabricate a bus	-	44	32	38	37

2.3.72 As the outsourcing of fabrication of buses from private parties is costly in case of PUNBUS, it may consider the option of fabricating its buses from the PRTC.

Financial management

2.3.73 Raising of funds for capital expenditure, i.e., for replacement/ addition of buses happens to be the major challenge in financial management of STUs affairs. This issue has been covered in paragraph 2.3.32. The section below deals with the STUs efficiency in raising claims and their recovery. This section also analyses whether an opportunity exists to realign the business model to generate more resources without compromising on service delivery.

Claims and dues

2.3.74 The STUs give their buses on hire to Government departments at prescribed rates per kilometre basis. It was noticed during audit that the charges due were not promptly recovered from the departments/institutions. An amount of Rs. 3.19 crore[α]

α Chairman, Anandpur Sahib Foundation (Roadways-Rs. 81.11 lakh: PRTC-Rs. 35.70 lakh), Competent Authority Maharaja Ranjit Singh Tajposhi celebration (Roadways-Rs. 50.01 lakh; PRTC-Rs. 29.06 lakh), opening ceremony of Shahpur Kandi Dam (Roadways-Rs. 28.87 lakh), Ranjit Sagar Dam (PRTC-Rs. 13.98 lakh), President Cricket Association Mohali (Roadways Rs. 24.96 lakh: PRTC-Rs.7.97 lakh) Bhagat Singh centenary celebration (PRTC-Rs. 45.28 lakh), Election duty (PRTC-Rs. 2.44 lakh).

(Roadways-Rs. 1.85 crore and PRTC-Rs. 1.34 crore) was due as on 31 March 2009 from various Government departments/institutions out of which Rs. 2.39 crore (Roadways-Rs. 1.60 crore and PRTC-Rs. 0.79 crore) was pending for more than five years, which indicate ineffective follow up action.

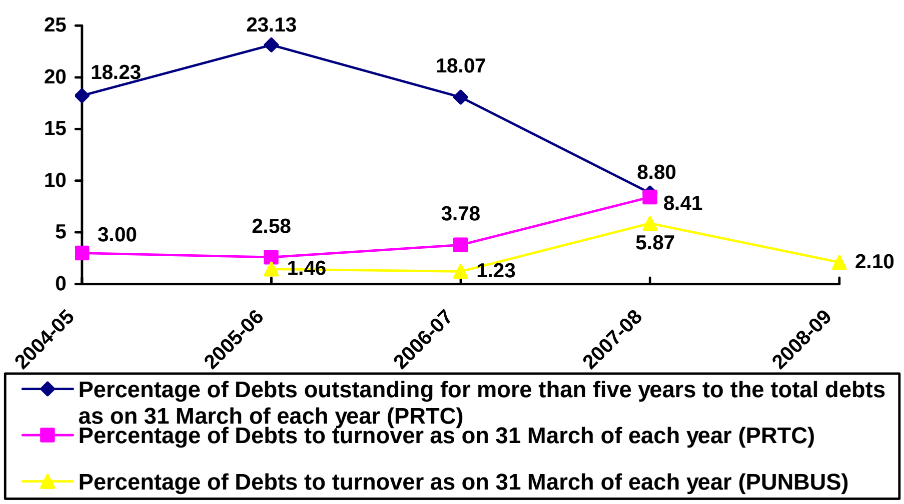
2.3.75 The STUs provide free/ concessional passes to various categories of public like students, senior citizens, etc. The State Government reimburses at the prescribed rate for each category of pass holder. The number of passes issued under each category during 2004-05 to 2008-09, amount recoverable and the amount actually recovered in respect of PRTC are shown in the table below (there were no unrealisable claims in respect of the PUNBUS and Roadways as on 31 March 2009).

(Rupees in crore)

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	No. of student passes issued (in lakh)	0.83	0.95	1.10	1.17	0.89
2.	No. of other passes issued	NA	NA	NA	NA	NA
3.	Amount recoverable for student passes	14.13	18.02	20.93	29.85	34.01
4.	Amount recoverable for other passes	10.94	12.79	12.35	13.00	10.98
5.	Total amount recoverable from Government	25.07	30.81	33.28	42.85	44.99
6.	Amount actually received	23.00	28.22	29.69	29.41	29.44
7.	Unrealised claims**	2.07	2.59	3.59	13.44	15.55

2.3.76 It can be seen from the above table that unrealised claim from the Government in case of PRTC as on 31 December 2008 amounted to Rs. 15.55 crore.

2.3.77 An analysis in audit of the debts outstanding as a percentage of turnover and the percentage of outstanding debts for more than five years to the total debts for the five years ending March 2009 are depicted in the graph below.



2.3.78 From the above graphs, it can be seen that the percentage of outstanding dues to the turnover has increased from 3.00 in 2004-05 to 8.41 in 2007-08 and 1.46

** This includes unrealised claims of previous years.

in 2005-06 to 2.10 in 2008-09 in the case of the PRTC and the PUNBUS respectively.

Realignment of business model

The STUs did not have a policy in place to undertake large scale tapping of non-traffic revenue sources.

2.3.79 The STUs are mandated to provide an efficient, adequate and economical road transport to public. Therefore, the STUs cannot take an absolutely commercial view in running their operations. They have to cater to uneconomical routes to fulfil their mandate. They also have to keep the fares affordable. In such a situation, it is imperative for the STUs to tap the non-traffic revenue sources to cross-subsidize their operations. However, the share of non-traffic revenues (other than interest on investments) was nominal at 5.08 *per cent* of the total revenue during 2004-09. This revenue of Rs. 121.24 crore during 2004-09 mainly came from advertisements and restaurant/ shop rentals. Audit observed that the STUs had non-traffic revenue sources which they did not tap substantially.

2.3.80 Over a period of time, the PRTC and PUNBUS have come to acquire sites at prime locations in district and tehsil headquarters. The two STUs generally use the ground floor/ land for their operations, leaving an ample scope to construct and utilise spaces above. Audit observed that the STUs have land (mostly owned/ leased by Government) at important locations measuring 8.48 lakh square meters as shown below.

Particulars		District Hqrs.	Tehsil Hqrs.	Total
Number of sites	PRTC	11	4	15
	PUNBUS	11	8	19
	Total	**22**	**9**	**34**
Occupied Land (in lakh Sq. mtrs.)	PRTC	3.54	0.62	4.16
	PUNBUS	3.29	1.03	4.32
	Total	**6.83**	**1.65**	**8.48**

2.3.81 It is, thus, possible for the PRTC and PUNBUS to undertake projects on public private partnership (PPP) basis for construction of shopping complexes, malls, hotels, office spaces, etc. above (from first or second floor onwards) the existing sites so as to bring in a steady stream of revenues without any investment by it. Such projects can be executed without curtailing the existing area of operations of both the STUs. Such projects can yield substantial revenue for the PRTC and PUNBUS which can only increase year after year.

2.3.82 Audit observed that the PRTC has no clear title of land except at the head office at Patiala and Bus Stands at Bathinda, Ludhiana and Ahmedgarh. However, the Punjab Government has transferred (June 2008) 74,894 Sq.mtrs. of land to PRTC for setting up new bus stands on Design, Build, Operate and Transfer basis. The PRTC has signed (May 2009) an agreement with Spirit Global Construction Limited (Concessionaire) for the construction of a new bus stand at Patiala. As per the agreement, concessionaire would pay Rs. 27.00 crore as upfront money in two equal instalments and concession fees at the rate of five *per cent* of upfront money every year with annual increase of five *per cent per* year over the previous year's annual concession fee. First instalment of upfront money of Rs. 13.50 crore was received in

March 2009. PRTC has also been considering the construction of Bathinda bus stand on the same line. By doing this the PRTC would be able to generate extra revenue by way of upfront margin and lease rentals in the forthcoming years.

Non-display of advertisement on passenger tickets

2.3.83 PRTC is getting revenue through displaying advertisement on the backside of passenger tickets. Despite being pointed out (2002-03) in Audit, the Roadways did not exploit the revenue source of displaying advertisement on the backside of passenger tickets. The non-tapping of source of revenue through advertisement on the back side of passenger ticket deprived the Roadways of revenue to the extent of Rs. 6.42 lakh during April 2006 to November 2008. PUNBUS also did not explore this source of non-traffic revenue.

Fare policy and fulfillment of social obligations

Existence and fairness of fare policy

2.3.84 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. The ASTRU had recommended (August 1996) an automatic fare revision formula for the STUs. The Ministry of the Surface Transport also concluded (August 1997) that a flexible fare revision policy with an automatic fare revision formula to adjust the rising cost of operation is inevitable to make the STUs viable entities. However, the State Government does not have a specific fare policy for transport sector. Fare is being fixed based on the proposals submitted by the STUs from time to time. The Cabinet Sub-committee (CSC) on Strategy of Fiscal Management for the State had allowed (October 1999) the Roadways and PRTC to automatically revise the bus fare by 0.20 *per cent* for every percentage point increase in price of diesel, subject to the condition that any increase in bus fare above 10 *per cent* would require the prior approval of the State Government. The last fare revision was done in July 2006 though proposals for increase were submitted by the STUs in February 2008 and June 2008. The fare table for ordinary buses for the period under review is given below

(Amount in Rupees)

Stages	2004-05	2005-06	2006-07	2007-08	2008-09
First 5 Kms	2.00	2.00	2.00	2.00	2.00
First 10 Kms	4.00	5.00	5.00	5.00	5.00
25 Kms	11.00	12.00	12.00	12.00	12.00
100 Kms	42.00	46.00	46.00	49.00	49.00

Revision of fare not in accordance with the decision of CSC resulted in loss of revenue of Rs. 149.17 crore.

2.3.85 Audit observed that increase in fare (July 2006) was not in accordance with the increase in diesel prices as decided by CSC which resulted in loss of revenue to the extent of Rs. 149.17 crore (Roadways Rs. 32.74 crore, PRTC Rs. 77.21 crore and PUNBUS Rs. 39.22 crore) during 2004-05 to 2008-09. Audit further observed that decision of CSC was made considering only one element of cost i.e. diesel, while other elements of cost like manpower, spares, road taxes, cost of chassis, body building, tyres and tubes etc. were not considered for fare revision. Thus, the fare policy of the STUs has no scientific basis as it does not take into account the normative cost.

2.3.86 The table below shows how the STUs could have curtailed cost and increased revenue with better operational efficiency.

Sl. No.	Particulars		2004-05	2005-06	2006-07	2007-08	2008-09
1.	Cost *per* Km	PRTC	17.61	19.10	19.70	19.82	20.77
		PUNBUS	-	19.56	22.59	20.81	20.37
2.	Revenue *per* Km	PRTC	16.64	17.67	19.04	19.67	20.09
		PUNBUS	-	19.85	22.46	20.91	20.61
3.	Loss of revenue due to less vehicle productivity (*per* Km)	PRTC	-	-	-	-	0.19
		PUNBUS	-	-	-	-	-
4.	Excess cost due to excess consumption of fuel (*per* Km)	PRTC	0.26	0.24	0.30	0.33	0.43
		PUNBUS	-	0.27	0.51	0.49	0.66
5.	Ideal revenue *per* Km (2+3)	PRTC	16.64	17.67	19.04	19.67	20.28
		PUNBUS	-	19.85	22.46	20.91	20.61
6.	Ideal cost *per* Km (1-4)	PRTC	17.35	18.86	19.40	19.49	20.34
		PUNBUS	-	19.29	22.08	20.32	19.71
7.	Net revenue *per* Km (2-1)	PRTC	(-)0.97	(-)1.43	(-)0.66	(-)0.15	(-)0.68
		PUNBUS	-	0.29	(-)0.13	0.10	0.24
8.	Net ideal revenue *per* Km (5-6)	PRTC	(-)0.71	(-)1.19	(-)0.36	0.18	(-)0.06
		PUNBUS	-	0.56	0.38	0.59	0.90
9.	Effective Kms (in lakh)	PRTC	1,139.70	1,187.18	1,203.41	1,173.69	1,128.04
		PUNBUS	-	353.04	634.92	989.66	1,208.66
10.	Avoidable loss (Rs. in crore) [(7-8) X 9]	PRTC	2.96	2.85	3.61	3.87	6.99
		PUNBUS	-	0.95	3.24	4.85	7.98
		Total	**2.96**	**3.80**	**6.85**	**8.72**	**14.97**

2.3.87 The above table does not take into account other inefficiencies such as low fleet utilisation, excess tyre cost, defective route planning, etc. However, if the operations were properly planned and efficiently managed, the net loss could be lower by Rs. 37.30 crore. Thus, the case made by the STUs for increase in fare, included their inefficiencies and in a way would make the commuters pay more than what they should be actually paying.

2.3.88 In case of Roadways, considering 100 *per cent* overage fleet and substantial reduction in operations from 1,591 buses in 2004-05 to just 717 buses in 2008-09, the net ideal revenue *per* KM has not been worked out in Audit.

2.3.89 The above facts lead to conclude that it is necessary to regulate the fares on the basis of a normative cost and it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes and address the grievances of commuters.

Adequacy of services on uneconomical routes

2.3.90 The PRTC and PUNBUS did not carry out any exercise to identify profitable/unprofitable routes to ensure effective utilisation of the fleet as mentioned in Paragraph 2.3.44. The Roadways had about 15 *per cent* profit making routes as of March 2009 as mentioned in the paragraph 2.3.45. However, the position would change if the Roadways improves its efficiency. Nonetheless, there would still be some routes which would be uneconomical. Though the Roadways is required to cater to these routes, the Roadways has not formulated norms for providing services on uneconomical routes. In the absence of norms, the adequacy of services on uneconomical routes cannot be ascertained in audit. The Management has not taken effective steps to make the uneconomical routes viable by rationalizing time, frequency and extension or curtailment of routes. The operation of the uneconomical routes resulted in loss of Rs. 119.91 crore[∂] during 2004-05 to 2007-08. Audit observed that despite persistent operating loss, the Management neither initiated any strategic approach to turnaround the operations to make these routes economical, nor approached the State Government for getting compensation for the loss suffered by operating on these uneconomical routes by way of subsidy etc., so that proper/adequate transportation facility continued to be provided to the public on these routes. Instead of making uneconomical routes viable, the Roadways had surrendered 216 routes having 46,863 scheduled Kms during 2005-07 as a result of which the commuters were deprived of the public transport facility. The desirability to have an independent regulatory body to specify the quantum of services on uneconomical routes, taking into account the specific needs of commuters, is further emphasised.

Monitoring by top management

MIS data and monitoring of service parameters

2.3.91 For an organisation like State Transport Undertaking to succeed in operating economically, efficiently and effectively, there has to be written norms of operations, service standards and targets. Further, there has to be a Management Information System (MIS) to report on achievement of targets and norms. The achievements need to be reviewed to address deficiencies and also to set targets for subsequent years. The targets should generally be such that the achievement of which would make an organization self-reliant. In the light of this, Audit reviewed the system obtaining in the STUs. The status in this regard is given below.

2.3.92 No STU set target for operational parameters except for fuel efficiency. Monthly meetings were taken by Executive Heads of the respective STUs. The physical and financial data in respect of various operational parameters, elements of cost and revenue were submitted on monthly basis by depots to Head Office. This

∂ As calculated by the Management.

was compiled for review and monitoring by top management in the monthly meetings. Minutes of the meetings were circulated to the departmental heads for further action and follow-up.

2.3.93 Audit observed the following deficiencies in MIS:

- The STUs did not set targets for important operational parameters i.e. fleet utilisation, vehicle productivity, staff productivity and load factor except fuel efficiency to improve performance through monitoring against targets;
- Data of regularity and punctuality of bus service was not being compiled/consolidated at depot level/head office to take remedial measures;
- Data of A and B services was not being compiled and consolidated at Head Office level for monitoring the level of preventive maintenance;
- The Head Office had not maintained data relating to number of routes, route kilometres and frequency of trips to work out the exact number of scheduled kilometres each year; and
- The proforma accounts of the Roadways were in arrears since 2000-01 due to non-monitoring by the top management.

2.3.94 The top management of the STUs is expected to demonstrate managerial capability to set realistic and progressive targets, address areas of weakness and take remedial action wherever the things are not moving on expected lines. However, such ability was not seen demonstrated either from records or performance of the STUs during the period under review.

Conclusion

Operational performance

- **The STUs did not keep pace with the growing demand for public transport as their share declined from 48.12 *per cent* in 2004-05 to 39.46 *per cent* in 2008-09.**

- **The STUs could not recover the cost of operations in any of the five years under review. This was mainly due to operational inefficiencies, weak financial management and inadequate/ ineffective monitoring by top management.**

- **The STUs were not running their operations efficiently as their performance on important operational parameters like vehicle productivity, fuel utilization, load factor etc. was below the best performers.**

- **In the absence of availability of information from PRTC, Audit could not analyse the impact of preventive maintenance on its operations. The other two STUs did not carry out the preventive maintenance as required in 23.40 *per cent* cases in Roadways and 26.31 *per cent* cases in PUNBUS, affecting the roadworthiness of their buses.**

- **The STUs did not ensure economy in operations as their manpower and fuel costs were higher than the AIA.**

- **The route planning in STUs were deficient as curtailment, extension and change in frequency of operation of routes during peak hours was not done by the Management on the basis of profitability of routes. In Roadways, profit making routes declined from 23 to 15 *per cent* during 2004-09. PRTC and PUNBUS did not carry out any exercise to identify the profitable/unprofitable routes.**

- **The STUs did not increase their profitability by increasing hiring of buses, which could otherwise have been a profitable venture.**

Financial management

- **The STUs did not demonstrate effective action in recovering of their dues.**

- **The STUs have potential to tap non-conventional sources of revenue but they did not have a policy in place to undertake large scale tapping of such sources.**

Fare policy and fulfilment of social obligations

- **Though the State has a fare policy, it is not based on scientific norms and does not take into account the normative costs of STUs.**

- **No policy yardstick has been laid down for operation on uneconomical routes. Therefore, the adequacy of operations could not be ascertained in audit.**

Monitoring by top management

- **The MIS system of STUs was not adequate and the monitoring by its top management of key operational parameters and service standards was ineffective.**

On the whole, there is scope to improve the performance of the STUs. Effective monitoring of key parameters, coupled with certain policy measures, can see improvement in performance.

Recommendations

Operational performance

- **The STUs may consider the option of hiring of buses to make up shortage of fleet for providing adequate transport services.**

- **The STUs need to take steps to recover the cost of operations by further improving vehicle productivity, reducing cancellation of kilometres, doing rational route planning and controlling fuel consumption through effective monitoring.**

- **Preventive maintenance needs to be carried out as per the schedule so as to increase the operational efficiency. Proper records should be kept and monitored at Head Office level.**

- **The STUs should explore the possibility of reducing the manpower cost by conducting study for optimum utilization of manpower.**

- **Considering the persistent and chronic losses, inefficiency in performance and negligible share of the Roadways in public transport, Government may have to either make the Roadways viable by converting it as a corporation or transfer its operations to other transport undertakings in the State.**

Financial management

- **The Roadways and PRTC should generate adequate resources through their operations to facilitate replacement of the overaged buses.**

- **The Government/STUs may tap the non-conventional sources of revenue on a large scale by undertaking PPP projects, which will result in steady inflow of revenue without additional investment.**

- **The Roadways should take effective steps to clear the arrears in accounts.**

Fare policy and fulfilment of social obligations

- **The Government may consider creating a regulator to regulate the fares and services of the STUs.**

Monitoring by top management

- **The STUs should take effective steps for strengthening of the MIS and make use of them for control of the activities.**

The matter was reported to the Managements of the STUs and the Government during July and August 2009; their replies were awaited (September 2009).

Chapter III

3. Transaction Audit Observations

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

Government companies

Punjab State Grains Procurement Corporation Limited and Punjab State Warehousing Corporation

3.1 Loss of interest

Failure of the Company/Corporation to take up the matter with Government of India/State Government regarding reimbursement of interest on the elements of drought relief, transportation of wheat and gunny bags resulted in loss of interest of Rs. 2.79 crore.

Punjab State Grains Procurement Corporation Limited (Company) and Punjab State Warehousing Corporation (Corporation) procure wheat from *mandis* on behalf of Food Corporation of India (FCI) for the central pool and store it till its delivery to FCI. The delivery of wheat to FCI is made at the rates approved by the Government of India (GOI) for each crop year, which include Minimum Support Price (MSP), incidental charges and cost of gunny bags and carry over charges representing interest and storage charges. Incidental charges include interest charges for a specific period at the prevailing rate of interest on cash credit.

As per the extant policy, GOI was allowing interest on MSP, statutory levies and *mandi* labour charges. The GOI, while finalising the rates of Rabi Marketing Season (RMS) for the years 2001-02 and 2002-03, felt (July 2004) that interest charges must cover all the expenses incurred during the procurement except administrative charges and proposed to consider the case for amendment of principles separately. While fixing (February 2005) the final rates for the RMS 2003-04, GOI, however, included interest charges amounting to Rs. 16.23 per quintal for a period of two months and 15 days on the amount invested by the procuring agencies at the time of procurement on the elements of MSP, statutory charges and *mandi* labour charges only.

Audit observed that the procuring agencies/State Government had no system to ensure that the GOI had reimbursed all the actual expenses incurred by the agencies including interest portion on all the items of expenses. The funds invested by the Company/Corporation during the procurement for meeting expenditure on drought relief (Rs. 10.00 per quintal), transportation/internal movement of wheat (Rs. 14.07 per quintal) and purchase of gunny bags (Rs. 41.38 per quintal[♣]) though included in the final rates, were not considered for calculation of interest charges even though the State Government demanded (December 2004) interest charges on procurement cost and all incidental charges except administrative charges. Resultantly, the interest charges on transportation, drought relief fund and on landed cost of bags were not reimbursed by GOI in the final rates for which the Company/Corporation had not pursued the matter with the State Government/GOI.

Thus, failure of the Company/Corporation/State Government to take up the matter for reimbursement of interest on the elements of drought relief, transportation/internal movement of wheat and gunny bags specifically before / immediately after finalization of the rates of wheat for 2003-04 resulted in loss of interest of Rs. 2.79 crore as detailed below:

Sl. No.	**Name of the Company/Corporation**	**Quantity of wheat delivered (in quintals)**	**Loss of interest @ Rs. 1.51 per quintal (on the transportation, drought relief fund and cost of gunny bags) (Rs. in crore)**
1.	Punjab State Grains Procurement Corporation Limited	80,51,320	1.22
2.	Punjab State Warehousing Corporation	1,04,05,621	1.57
Total			**2.79**

The Management of the Company stated (October 2008) that it was regularly pursuing the matter with GOI but GOI had linked the issue with the case of audited accounts. The reply is not correct as the Company had not taken up the matter for reimbursement of interest immediately before/after finalization of the rates for the year 2003-04.

The Company/Corporation / State Government need to evolve a system to ensure that GOI reimburses all the expenses incurred by them on procurement of foodgrains for the central pool as procurement activity has been undertaken on behalf of GOI.

The matter was referred to the Corporation/ Government in December 2008 and June 2009; their replies had not been received (September 2009).

[♣] wheat is supplied in 50 kg gunny bags and FCI reimburses cost of 50 kg bags @ Rs. 20.69 which comes to Rs. 41.38 per quintal i.e. Rs. 20.69 x2.

Punjab State Civil Supplies Corporation Limited and Punjab State Warehousing Corporation

3.2 Loss due to non-analysis of the increased cost of rice

Failure of the Company/Corporation to analyse the increased cost of rice due to reduced outturn ratio of custom milled rice and to take up the matter with Government of India for providing the correct increased cost resulted in loss of Rs. 75.14 lakh.

Punjab State Civil Supplies Corporation Limited (Company) and Punjab State Warehousing Corporation (Corporation) procure paddy from *mandis* on behalf of Food Corporation of India (FCI) for the central pool and after getting it milled, deliver the resultant rice to FCI and claim the cost of rice from FCI at the rates of custom milled rice (CMR) fixed by the Government of India (GOI) which includes purchase tax also. GOI reduced the outturn ratio[♣] of raw rice (Grade A) from 67 *per cent* to 66 *per cent* for the crop year 2005-06. GOI while fixing (23 November 2005) the rates of CMR, which included the increased cost of rice due to reduced outturn ratio, decided to share 50 *per cent* of this increase in cost with the State Government.

Audit noticed that the Company/Corporation had no system to verify the correctness of the rates of the foodgrains fixed by GOI on the basis of which the payment was made by the FCI. The Value Added Tax (VAT) was introduced in the State from the year 2005-06 and it was to be paid on the total sale price after adjusting the purchase tax, being input tax already paid. FCI correctly worked out (December 2005) the cost of raw rice as Rs. 1,046.51 per quintal[♥] on the basis of revised outturn ratio, by excluding the purchase tax (Rs. 24.80 per quintal). In order to work out the share to be borne by GOI and State Government, the Company/Corporation did not exclude the purchase tax and worked out the increase in cost as Rs. 16.18[∞] per quintal whereas the actual increase in cost worked out to Rs. 15.62 per quintal. FCI deducted Rs. 8.09 per quintal from the rates in place of Rs. 7.81 per quintal which was actually reimbursable from the State Government towards their share of 50 *per cent*. This resulted in less payment of Rs. 0.28 per quintal of raw rice and loss of Rs. 75.14 lakh to the Company/Corporation as detailed below:

Sl. No.	Name of the Company/Corporation	Quantity of wheat delivered (in quintals)	Loss (Rs. in lakh)
1.	Punjab State Civil Supplies Corporation Limited	1,78,66,490	50.03
2.	Punjab State Warehousing Corporation	89,66,600	25.11
	Total		**75.14**

[♣] Outturn ratio: ratio that the resultant rice bear to the paddy

[♥] Rs. 1,030.89 per quintal on the basis of 67 *per cent* of the old out turn ratio

[∞] Difference between Rs. 1,134.10 and Rs. 1,150.28 per quintal worked out in audit on the basis of pre- revised and revised ratio.

Thus, failure of the Company/Corporation to analyse the increased cost of rice due to reduced outturn ratio provided in the rates of CMR and to take up the matter with GOI for providing correct increased cost of rice resulted in loss of Rs. 75.14 lakh. The Company/Corporation should have evolved a system to verify and analyse the correctness of the rates circulated by GOI before implementation.

The Management of the Corporation stated (April 2009) that the matter had been referred to Director, Food and Civil Supplies, Punjab for further taking up the matter with GOI for allowing reimbursement of incidentals without any deduction of 50 *per cent* amount on account of reduction in out turn ratio by one *per cent*. The reply is not correct as the point relates to incorrect working of 50 *per cent* share relating to the State Government and not reimbursement of share of the State Government and the amount of Rs. 25.11 lakh pointed in the para could have been recovered earlier from GOI/FCI by correct computation of the share of the State Government.

The matter was referred to the Government/Management of the Company in January 2009 and August 2009; their replies had not been received (September 2009).

Punjab Agro Foodgrains Corporation Limited

3.3 Avoidable loss

Non-execution of marketing agreements well before the commencement of crop season and failure to obtain bank/corporate guarantee from the firms resulted in loss of Rs. 98.08 lakh to the Company.

With a view to provide alternative to wheat cultivation, the State Government assigned (2002-03) to the Company the programme of diversification of agriculture in the State by Contract farming. The programme envisaged supply of high yielding varieties of seeds of different crops, including hyola♣, to the farmers and buy back the produce at the pre determined Minimum Support Price on behalf of the Government agencies like National Agricultural Cooperative Marketing Federation of India.

In order to have value addition and to maintain the confidence of the farmers in contract farming, the Company decided (June 2005) to process hyola oil seeds into hyola refined oil. The Company further decided to market hyola oil under its own brand name through its network though it was aware that it does not have adequate marketing network and it was difficult to create new infrastructure for a single product.

The Company, during the crop year 2005-06, procured 892 MT of hyola oil seeds and processed them into 296 MT of hyola oil. The Company could sell only 121 MT of oil upto March 2006 and the balance quantity had to be sold in the

♣ Hybrid Rapeseed Mustard.

subsequent years. To promote the hyola oil further, after the start of Rabi Marketing Season 2006-07, the Company entered into agreements on 13 April and 28 April 2006 with Polaris International Private Limited, Noida (PIL) and Punjab Agro Food Parks Limited, Chandigarh (PAFL) respectively. As per the agreement, the PIL was to procure 4,000 MT of refined hyola oil (equivalent to 12,000 MT of hyola oil seed) per annum starting with 300 MT per month from the Company at the rate of Rs. 65 per litre. The PIL was to provide bank guarantee equivalent to lifting of three months average stock (i.e. Rs. 6.50 crore). The PAFL was to procure 6,000 MT of hyola oil seeds at the rate of Rs. 1,715 per quintal plus applicable charges and the firm was to provide corporate guarantee equivalent to the cost and carry over charges of the oil seeds purchased on behalf of the firm. In the event of non lifting of hyola oil/oil seeds by the firms, the additional cost incurred on holding the stocks and the losses, if any, on the disposal of such stocks were to be borne by the firms.

It was noticed in audit that despite having bitter experience in processing of hyola oil seeds and marketing the oil during the crop year 2005-06, the Company without obtaining bank/ corporate guarantee from the firms, procured (May 2006) 2,628 MT of hyola oil seeds on behalf of the firms.

Meanwhile, due to limited procurement, the Company informed both the firms that around 3,000 MT of hyola oil seeds would be available which would be split between both the firms. PAFL objected to the splitting of oil seeds with another firm, asked for the details of actual expenditure and did not issue the release orders for delivery of hyola seeds. Left with no option, the Company got crushed (June 2006) the hyola oil seeds into raw oil. Meanwhile, the Company reduced (August 2006) the price of hyola oil from Rs. 65 per litre to Rs. 58 per litre for supply to the firms. PAFL asked for the details of price of Rs. 58 per litre and the manner of payment to which the Company did not respond. PIL also did not issue any release orders for hyola oil.

The dispute with the firms persisted and both the firms did not lift any quantity and the Company had to resort to distress sale (October 2007) of the crushed oil, part of which had become discoloured due to long period of storage. In the process, the Company incurred a loss of Rs. 98.08 lakh[♣]. After being pointed out in audit, the Company after a gap of about two years issued (May 2009) legal notices on the firms for recovery of the loss. None of the firms responded to the legal notices and the due period of 30 days had since elapsed (June 2009). The Company failed to take immediate legal action against the firms for not lifting the hyola oil from the Company.

Thus, non execution of marketing agreements well before the commencement of crop season 2006-07, failure to obtain requisite guarantees from the firms and non resolving of points of dispute with the firms forced the Company to get the hyola

[♣] Loss of Rs 38.08 lakh on sale of 8.52 MT oil at Rs. 4.47 per KG {difference of cost (Rs. 50.97 per KG) and sale price (Rs. 46.50 per KG)} plus inventory carrying costs (Rs. 60 lakh).

oil seeds crushed at its own risk and cost and the delay in disposal of the crushed oil resulted in loss of Rs. 98.08 lakh to the Company.

The Company should enter into marketing of any consumer product only after establishing/ensuring marketing network and creating complete infrastructure. Further, the Company should also ensure compliance to all the terms of agreement so as to avoid such losses in future and safeguard the financial interest of the Company.

The matter was referred to the Management/Government in April 2009; their replies had not been received (September 2009).

3.4 Non recovery of transportation charges

The Company incurred transportation charges of Rs. 54.49 lakh required to be borne by rice millers and did not recover the amount.

The Company procures paddy from *mandis* for the Central Pool on behalf of Food Corporation of India (FCI) and get the paddy milled from rice millers for onward delivery of rice to FCI. As per the milling policy of each crop year approved by the State Government, the Company procures paddy from *mandis* through its district offices and stores it directly in the millers' godowns/premises for milling purpose under the joint custody of the millers and the Company. Government of India (GOI) initially fixes the provisional rates of custom milled rice (CMR) for each crop year for reimbursing the cost to the Company for the rice delivered to FCI.

The Ministry of Food, Consumer Affairs and Public Distribution, GOI clarified (June 2006) that the milling charges of paddy (included in the rates of CMR for 2006-07) i.e. Rs. 15 and Rs. 25 per quintal for raw rice and parboiled rice, respectively, payable to the millers were inclusive of Rs. five per quintal towards the cost of transportation of paddy as well as rice up to eight kms. However, the Company did not circulate the clarification to its field offices directing them not to incur any expenditure on transportation of paddy within eight kms or to recover/adjust the proportionate cost of transportation of paddy within eight kms i.e. Rs. 2.99[♠] per quintal from the millers' account.

It was noticed in audit that in four districts[♦] the Company incurred Rs. 91.96 lakh for transportation of 19.35 lakh quintals of paddy to the premises of 75 millers. After delivery of rice to FCI, the Company paid the milling charges/settled the accounts of millers without deducting Rs. 54.49 lakh, i.e. the proportionate cost of transportation of paddy within eight kms. Since the element of transportation charges upto eight kms was included in the milling charges receivable by the millers, the Company was not required to incur the

[♠] Out turn ratio of paddy is 67 *per cent.* So out of Rs. five per quintal (included in milling charges) transportation charges of paddy from *mandi* to miller would be Rs. 5x100/167=Rs. 2.99 per quintal.

[♦] Amritsar, Ferozpur, Ludhiana and Jalandhar.

transportation expenses within eight kms and the same were to be borne by the millers.

The Management stated (July 2009) that the Company had taken up (August 2008) the matter with the Director, Food Civil Supplies & Consumer Affairs, Punjab in this regard and the Department informed (September 2008) that recovery from the millers on this account might be kept in abeyance as the matter had already been taken up with GOI by the State Government. The reply is not acceptable as GOI had specifically clarified (June 2006) that milling charges of paddy were inclusive of transportation charges incurred within eight Kms and the Company should not have released the amount/settled the accounts of the millers on this item in the first instance.

Thus, the Company not only unauthorisedly incurred the transportation charges of paddy within eight kms in the first instance but also failed to effect recovery at the time of settling the millers account which resulted in an avoidable expenditure and non recovery of Rs. 54.49 lakh from the millers.

The Company should adhere to the instructions/clarifications of GOI to avoid loss and extra expenditure on procuring activity, which is carried out by it on behalf of GOI.

The matter was referred to the Government in May 2009; their reply had not been received (September 2009).

3.5 Loss due to non availing of the short term loan

Failure of the Company to avail the sanctioned short term loan within the validity period of offer resulted in loss of an opportunity to reduce the interest burden by Rs. 31.53 lakh.

With a view to reduce the interest cost on cash credit limit and to meet the day to day business, the Company had been raising short term loans from banks. The Company approached (14 December 2007) the United Commercial bank (UCO) for availing short term loan of Rs. 100 crore. The Board of Directors (BOD) of the Company authorized (28 December 2007) the Managing Director (MD) to raise loans within the limit fixed by BOD from time to time. The MD of the Company was transferred on 18 January 2008 and the post was vacant till 17 June 2008. The UCO bank sanctioned (16 February 2008) the loan of Rs. 100 crore at the rate of 9.50 *per cent* per annum for three months as against the cash credit interest rate of 11.60 *per cent* per annum (reduced to 11.10 *per cent* from March 2008) with the condition that the loan was to be availed within 30 days (i.e. by 17 March 2008) from the date of sanction.

It was noticed in audit that in the absence of MD, the Company did not take decision to avail the loan within the validity period of offer by opting for availing the loan and then obtaining *ex post facto* approval of the BOD, which it had resorted to in the past (December 2007). The Company after expiry of the validity period approached the bank on 24 March 2008 for disbursement of the loan and intimated that the loan would be drawn by the Executive Director, Finance & Accounts (ED) and this action would be got approved in the meeting of BOD scheduled on 27 March 2008. The bank intimated (31 March 2008) that the sanction had lapsed and hence it did not disburse the loan. As a result, the Company had to bear extra interest cost of Rs. 31.53 lakh due to availing the short term loan of Rs. 100 crore on 29 April 2008 from an alternative source (viz. Union Bank of India) at higher rate of interest of 9.75 *per cent.*

Thus, failure of the Company to take appropriate action to avail the loan offered by the UCO bank within the stipulated period of 30 days resulted in loss of an opportunity to reduce the interest cost by Rs. 31.53 lakh.

The Management stated (June 2009) that the Company did not suffer any loss due to non availing of loan from the UCO Bank as it had taken short term loan of Rs. 100 crore from the Punjab National Bank (PNB) at 9.50 *per cent* on 17 March 2008. The reply is not convincing as the loan raised from PNB was not a substitute to the planned loan from the UCO Bank and the Management was considering (March 2008) raising of both of these short term loans in order to reduce the interest burden of the Company.

The Company should evolve a system to run the operations/manage finances smoothly so that important decisions are not delayed.

The matter was referred to the Government in May 2009; their reply had not been received (September 2009).

3.6 Undue favour to a firm

Award of advertisement work to a firm without entering into any agreement and undue favour extended by continuous grant of advances without obtaining any security resulted in loss of interest of Rs. 28.11 lakh.

The State Government assigned (2002-03) to the Company the activity of contract farming in the State. In order to bring awareness in the farmers' community, the Company launched a massive campaign from the year 2003 through electronic and print media.

The Company initiated (February 2003) action to advertise on the television channels 'Punjab Today' and 'Balle Balle' of STV Enterprises Limited (firm) without entering into any agreement or fixing the terms and conditions. Upon request by the firm for advance payments on the plea to install new equipment and other problems, the Company started (February 2003) releasing advance payments without obtaining any security. Meanwhile, the Company engaged some more private channels for advertisements, but payments to them were made against actual claims only.

Between October and December 2004, the Company released advance payments of Rs. 1.21 crore to the firm for issuing advertisement during January and March 2005. The Company stopped the advertisements campaign in March 2005 due to non-availability of funds. Resultantly, the expenditure on advertisement for the period January to March 2005 was reduced to Rs. 48.87 lakh leaving an unadjusted balance amount of Rs. 72.34 lakh with the firm.

The Company asked (August 2005) the firm to remit back the outstanding amount. The firm initially declined (December 2005) and stated that the advance would be adjusted against the advertisement bills. After a long persuasion, the firm furnished (February 2007) 20 post-dated cheques encashable from February 2007 to September 2008 against the outstanding amount. On presentation, only six cheques worth Rs. 17.00 lakh were honoured by the bank during February 2007 to July 2007. Two cheques of Rs. five lakh each were dishonoured in August 2007 and September 2007 due to insufficient funds. The firm wrote (September 2007) to the Company that it was passing through zero revenue period and could not honour these cheques due to non-availability of funds. The remaining 12 cheques for Rs. 45.34 lakh were also dishonoured (October 2007 to September 2008) due to insufficient funds. On being pointed out (July 2005) by Audit, the Company filed (October 2007 to December 2008) cases in the District Court, Chandigarh for recovery of the outstanding amount of Rs. 55.34 lakh from the firm. The Company received Rs. 40.34 lakh (March 2009 to June 2009) leaving a balance of Rs. 15 lakh.

Thus, award of the advertisement work to the firm without entering into any agreement and undue favour shown by continuous grant of advance payments without obtaining any security resulted in delayed recovery of Rs. 40.34 lakh and outstanding dues of Rs. 15.00 lakh. In addition, the Company had suffered a loss of interest of Rs. 28.11 lakh (April 2005 to August 2009) by way of interest paid on Cash Credit limit availed from the bank(s) for making payments to the firm.

The Management/Government stated (July/August 2009) that out of Rs. 55.34 lakh it had already recovered Rs. 40.34 lakh and expected to recover the balance amount. However, the Company had no security/post dated cheques to recover the interest loss of Rs. 28.11 lakh (up to August 2009) and grant of advance at the first stage without any security was irregular.

The Company should ensure obtaining formal agreement and proper security before extending advance payments to the contractors to avoid such losses in future. Accountability needs to be fixed against the persons who released advance payments in the past without obtaining security and entering into formal agreement.

Punjab Information and Communication Technology Corporation Limited

3.7 Loss in allotment of the plots

Allotment of industrial plots by the Company at less than the cost price resulted in loss of Rs. 2.10 crore.

For promotion of the electronics, information technology and related industries, the Company developed industrial plots of various sizes at the Industrial Estate, Mohali. To maintain uniformity, the Company decided (February 1998) to follow the terms and conditions of allotment of land as were being adopted by the Punjab Small Industries and Exports Corporation Limited (PSIEC), another Government Company engaged in development of industrial areas in the State.

The Punjab Urban Development Authority transferred (December 2000) 15.726 acres of land in Sector 67, Mohali to the Company at the rate of Rs. 1,924 per square yard (PSY) for setting up an IT park. The park could not be set up and the Project Approval Board allowed (November 2004) the Company to set up IT related projects on the land partitioned into smaller plots of one acre or more. The Company invited (November 2005) applications for allotment of eight to ten plots of one acre each at Rs. 2,700 PSY, the rate fixed in November 2004 by PSIEC. The Company received 21 applications and issued (August 2006) allotment letters to seven firms for the land measuring 34,965.89 square yards at the rate of Rs. 2,700 PSY.

Audit observed that before going for the advertisement/allotment of the plots, the Company did not assess the cost, which worked out to Rs. 3,300[♣] PSY. The intention of the Company, while adopting the rates of PSIEC was to maintain uniformity in the terms and conditions of allotment with PSIEC and not to allot the plots at less than the cost price. The allotment of plots at the rate of Rs. 2,700 as against the cost of Rs. 3,300 PSY resulted in loss of Rs. 2.10 crore to the Company.

The Management stated (April 2009) that the allotments were made to attract leading IT firms. The contention of the Company does not hold good as the Company should have recovered at least the cost to safeguard its financial interest.

The matter was referred to the Government in November 2008; their reply had not been received (September 2009).

Punjab Communications Limited

3.8 Irregular payment of ex-gratia

The Company made irregular payment of *ex gratia* of Rs. 33.45 lakh to the employees in contravention of the instructions of Department of Public Enterprises.

The Government of Punjab, Directorate of Public Enterprises (DPE) issued (October 1998) a composite policy for payment of bonus/*ex gratia* to the employees of State Public Sector Undertakings (PSUs). The policy, *inter alia*, envisaged that *ex gratia* should be allowed only if the financial health of the PSU

[♣] Worked out by adding interest at Prime Lending Rate for the period April 2001 to July 2006 to the cost.

was sound, i.e. it had adequate allocable surplus♣, as defined in the Payment of Bonus Act, 1965 (Act), after discharging its statutory bonus and other repayment liabilities. Further, prior payment of dividend should be a pre-condition for sanction of *ex gratia*. Prior approval of the Administrative Department was to be taken for payment of any *ex-gratia*.

Audit observed that the Company had suffered a loss of Rs. 9.42 crore during 2004-05 and Rs. 6.17 crore during 2005-06, and had not paid dividend during these two years. Despite this, on the plea to motivate the morale of the employees, the Company decided (October 2005 and October 2006) to pay *ex gratia* of Rs. 33.45 lakh to its employees for the years 2004-05 (Rs. 17.41 lakh) and 2005-06 (Rs. 16.04 lakh) without obtaining approval of the Administrative Department. The policy guidelines of DPE regarding payment of *ex-gratia* were not brought to the notice of the Board of Directors (BOD) at the time of taking approval for release of *ex-gratia*. The payments of *ex gratia* were made to the employees in November 2005 and October 2006. Thus, payment of *ex gratia* amounting to Rs. 33.45 lakh in violation of the instructions issued by DPE was irregular and also against the financial interest of the Company.

The Management stated (April 2009) that payment was made to the employees in accordance with Section 12 of the Act from the amount 'Set on'♦ from the previous years. The reply is not acceptable as it is based on incorrect interpretation of the Act. The 'employee' under the Act means persons employed on a salary or wage not exceeding Rs. 3,500 per month and the amount 'Set on' from the previous years can be used only for payment of bonus to the eligible employees as statutory obligation under the Act and not for payment of *ex-gratia*. Thus, payment of *ex gratia* from the 'Set on' amount to all the employees irrespective of any monetary limit and in disregard to the instructions of DPE was irregular.

The Company should ensure compliance with all the policy guidelines and instructions of the State government issued on payment of bonus/*ex gratia*. The Government (DPE) needs to have effective mechanism to watch proper compliance by the PSUs to the instructions issued from time to time.

The matter was referred to the Government in February 2009; their reply had not been received (September 2009).

♣ Allocable surplus represents 60 *per cent* of the available surplus, which is gross profit for the year, after deducting depreciation admissible under the Income Tax Act, development rebate or investment allowance or development allowance etc.

♦ 'Set on' represents 'allocable surplus' carried forward for use in subsequent years for payment of bonus in accordance with the Act.

Punjab Agro Juices Limited

3.9 Loss due to avoidable procurement and poor storage of carrots

Failure of the Company to synchronise the procurement of carrots with commissioning of the processing plants and poor storage of the produce resulted in loss of Rs. 29.62 lakh.

The Company proposed to set up two multi fruits and vegetable processing units; one at Hoshiarpur and the other at Abohar, which was approved (November 2006) by the Project Approval Board of the State Government. The critical plant and machinery for these units was to be supplied by Rossi and Catelli Engineering of Italy. The Board of Directors (BOD) of the Company noted (December 2006) that the plants would start operation in January 2007. In tune with that expectation, the Company entered (December 2006) into a Memorandum of Understanding (MOU) with the Council for Value Added Horticulture in Punjab♣ (Council) for procurement of carrots for these plants. However, the Company did not sign the formal agreement envisaged in the MOU.

As per the Project Report, carrots could be stored for 1-3 days under normal warehousing conditions and 3-4 months under cold-storage conditions.

Pending commissioning of the plants, the Company after holding discussion with the Council decided to procure initially 1,000-1,500 metric tonnes (MTs) of carrots for scheduled trial run in the last week of January 2007. The Council started procuring carrots from 11 January 2007 at Sirhind. Meanwhile, the team of engineers of Rossi and Catelli Engineering of Italy, supplier of the plant and machinery, arrived on 11 January 2007 to commission the plants. However, due to late arrival of evaporator, resin which was a major component of de-bittering system and delay in getting approval of the Punjab Electricity Board for power load, the plant was ready for operation/trial run only on 23 March 2007. The Company did not apprise the Council the likely delay in commissioning of the plant. Meanwhile, the Council procured 366.584 MTs of carrots up to 27 January 2007 at Sirhind and also started procurement of carrots at Hoshiarpur with effect from 28 January 2007. To store the carrots, the Council entered into agreements with the cold storage owners for storage of carrots up to 28 February 2007. The Council procured 936.489 MTs of carrots up to 17 February 2007. Simultaneously, the Company noticed (13 and 22 February 2007) that the carrots procured and stored in different cold stores were not being maintained properly, stocked without pallets♠ and some lots were even lying outside open in the rain which had made the carrots badly rotten by fungus. The Company did not impress upon the Council to take remedial steps either to improve the storage condition or consider disposal of the stocks to avoid loss due to deterioration in health of the carrots with passage of time. Before the Company could commission the plants (23 March 2007), the Council intimated (21 March 2007)

♣ A society promoted by Government of Punjab

♠ A small platform on which goods are placed for storage.

that the carrots procured by it had all rotten/spoilt and were destroyed. The Board of Directors, instead of investigating the reasons for continued procurement, poor storage of carrots and asking the council for compensating the loss, decided (May 2007) to write off the loss of Rs. 29.62 lakh.

Thus, failure of the Company to stop continued procurement of carrots despite delay in commissioning of the plants and not claiming the loss from the Council for want of formal agreement resulted in loss of Rs. 29.62 lakh to the Company.

The Government stated (June 2009) that the Council procured the carrots in view of scheduled commissioning of the plant in January 2007 and it stored the material in cold storage under ideal conditions but the carrots deteriorated due to long storage. The reply of the Government is not convincing. The Company should have stopped/deferred the procurement that took place after the Company became aware that commissioning of the plants would get delayed and it should have claimed the loss from the Council as the condition of carrots deteriorated within one to two months of procurement.

The Company needs to evolve a mechanism so as to ensure entering into formal agreements for significant transactions and initiate available legal course of action for recovery of losses caused due to the negligence of the contracting agencies. The Company also needs to fix responsibility for the lapse and initiate disciplinary action against the erring officials.

Punjab State Civil Supplies Corporation Limited

3.10 Sale of wheat to Food Corporation of India

The Company procures wheat for central pool at the Minimum Support Price (MSP) fixed by the Government of India (GOI) and delivers the same to the Food Corporation of India (FCI). FCI reimburses the cost of wheat and incidental charges to the Company at the rates fixed by GOI from time to time. The Company procures wheat by availing loans from banks and gets the expenditure reimbursed subsequently from FCI. During 2003-08, the Company procured 93.41 lakh metric tonnes (LMT) of wheat and delivered 108.70 LMT of wheat (including stocks of previous years) to FCI.

Sales records of eight* districts of the Company which supplied 52.27 LMT (48.09 *per cent* of the total 108.70 LMT) of wheat to FCI during the period 2003-08 were examined in audit. The observations emanating therefrom are discussed in the succeeding paragraphs:

Delivery of wheat to FCI

3.10.1 The Company delivers the wheat to FCI from different mandis, plinths and godowns as per the movement plan of FCI. Immediately after the delivery of wheat to FCI, the field staff sends the dispatch documents to the concerned

*Amritsar, Bathinda, Kapurthala, Ludhiana, Moga, Nawanshahar, Patiala & Sangrur district office of the Company to raise the sale bills on FCI at the provisional rates fixed by Government of India.

The Company had prescribed (May 1994) a time limit of four days for submission of the dispatch documents by the field staff after delivery of the wheat stocks to FCI. Relaxation could be given up to ten days provided the documents were delayed for no fault of the Company's staff. In the event of their failure, penal interest at the rate of 18 *per cent* was recoverable from the defaulting officials. GOI issued (December 2001) instructions as per which FCI was liable to pay interest at the bank rate in case of delay in release of payment beyond the prescribed period of 24 hours after raising of bills by the Company. Delayed raising of bills by the Company and delay by FCI in making the payments resulted in a loss of Rs. 6.30 crore to the Company as detailed below:

Delayed raising of sales bills

3.10.2 To monitor the delay in raising of sales bills, the officials of the Company are required to record the reasons for the delay, if any. It was observed in audit that this system was not effective as no reasons for the delay were being recorded in the register, though out of 6,087 sales bills of wheat raised during the period 2003-08, 1249 bills (20.52 *per cent*) for Rs. 1,455.36 crore were not raised in time and the delay ranged between one and 100 days. The delayed submission of the bills resulted in loss of Rs. 1.65 crore[♣] on account of interest to the Company. The Company had neither analysed the reasons for delay nor fixed any responsibility against the officials who defaulted. The Company should strengthen the monitoring mechanism to ensure that dispatch documents in each case are received in time and sale bills are raised promptly.

Delayed raising of bills of wheat on FCI resulted in interest loss of Rs. 1.65 crore

Delayed receipt of payments from FCI.

3.10.3 The Company has not devised any system to monitor the delayed receipt of payments from FCI and raise interest claims accordingly. Of the 6,087 sales bills raised for Rs. 4,768.33 crore during 2003-08, it was noticed that payment by FCI was delayed in 1,463 bills (24.03 *per cent* of the total bills paid) for an amount of Rs. 1,698.63 crore. The delay ranged between one day and 321 days. However, the Company did not raise any claim for loss of interest of Rs. 3.03 crore[♣] on FCI for the delayed payments. The Company should evolve a system to monitor the working of its district offices to ensure that interest claims on FCI in respect of all the payments received late are raised and pursued.

Delayed receipt of payment from FCI against the wheat bills raised by the Company resulted in loss of Rs. 3.03 crore

Delayed reimbursement of bonus

3.10.4 The Government of India decided (April 2006) to pay an incentive bonus of Rs. 50 per quintal for procurement of wheat during the Rabi Marketing Season of 2006-07 over and above the MSP of Rs. 650 per quintal to the farmers. The payment of bonus was subject to the condition that the State Government would

[♣] Calculated at the rate of 9.10 *per cent* per annum, the lowest rate of interest on cash credit applicable during 2003-04 to 2007-08, as procurement activity is totally funded by availing cash credit from bank.

issue a notification exempting the bonus amount from all the state taxes/levies and the state agencies would certify that the amount had actually been paid to the farmers. As per instructions regarding payment of bonus on wheat during Rabi 2006 as conveyed by the Director, Food, Civil Supplies and Consumer Affairs Department, Punjab, FCI was liable to pay interest at rates fixed from time to time by the Government for delayed payments.

Delayed issue of notification by the State Government and delayed reimbursement of bonus by FCI resulted in loss of interest of Rs. 1.62 crore

The Company made (June and July 2006) payments of bonus of Rs. 25.89 crore to the farmers. However, the State Government issued (January 2007) the requisite notification after a delay of six months and thereafter the Company raised (February 2007 to July 2007) the bill to FCI against the bonus payment of Rs. 25.89 crore. This delay resulted in loss of interest of Rs. 1.62 crore[♠] (Rs. 1.12 crore from the date of payment to the date of notification by State Government and Rs. 0.50 crore from the date of notification to the date of realization of payments by the Company from FCI). The Company/State Government need to ensure timely compliance with the instructions of GOI to avoid the loss of interest to the Company.

Finalisation of the rates by GOI

3.10.5 The GOI finalises the rates and the procurement agencies claim/receive the differential amount between the provisional and final rates after the rates are finalised. As on May 2009, GOI had issued the final rates upto the crop year 2003-04. In the absence of any mechanism to check/analyse the final rates, the Company failed to notice discrepancies in the final rates which resulted in short realization of Rs. 9.47 crore as discussed below:

Finalisation of the rates for the Crop year 1999-2000

The discrepancy in computation of interest in the final rates of wheat resulted in short realization of Rs. 0.97 crore

3.10.6 Carryover charges[♦] included in the final rates for the crop year 1999-2000 approved (February 2004) by GOI included interest charges of Rs. 6.79 per quintal per month for the period 1 July 1999 to 9 April 2000 and Rs. 6.30 per quintal per month for the period 10 April 2000 onwards. It was observed that while calculating the interest charges per quintal (as per the formula for calculating interest charges given in the final rates), the cost of one 50 kg gunny bag was taken into account whereas two 50 kg bags were used for delivery of one quintal of wheat. Had the cost of two bags been taken into account, the interest would work out to Rs. 6.98 per quintal per month for the periods 1 July 1999 to 9 April 2000 and Rs. 6.47 per quintal per month from 10 April 2000 onwards i.e. an increase of Rs. 0.19 and Rs. 0.17 per quintal, respectively. This discrepancy in computation of interest resulted in short realization of Rs. 0.97[ℵ] crore by the Company. The Company should evolve a system to check correctness of the rates

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[♠] Calculated at the rate of 9.10 *per cent* per annum, from payment of bonus till reimbursement by FCI.

[♦] Charges paid for wheat delivered after 30 June of respective crop year, and comprise of interest and storage charges.

[ℵ] Worked out @ Re. 0.19 per quintal on 9,09,686 quintal of wheat supplied during 1 July 1999 to 9 April 2000 and @ Re. 0.17 per quintal on 22,81,347 quintal of wheat supplied from 10 April 2000 onwards.

conveyed by Government of India.

Finalisation of the rates for the Crop year 2000-01

Discrepancy in fixation of storage charges in final rates of wheat resulted in short realization of Rs. 8.50 crore

3.10.7 In the final rates for the crop year 2000-01, approved in February 2004 by GOI, the storage charges included in the incidental charges[Ψ] were Rs. 0.92 per quintal per month for CAP[♣] storage and Rs. 2.10 per quintal per month for covered storage. In the carry over charges, the same were, however, taken as Rs. 0.46 per quintal per month for CAP storage and Rs. 1.05 per quintal per month for covered storage. It was observed in audit that in the final rates of previous years and subsequent years, there was no difference in the storage charges included in the incidental charges and carry over charges. It was also noticed that in the final rates approved by GOI for the Haryana State for the crop year 2000-01, the rate of storage charges included in the incidental charges as well as carry over charges were the same. This discrepancy in fixation of the storage charges resulted in short realisation of Rs. 8.50 crore on 5.56 LMT of wheat delivered to FCI during the extended period of 2000-01.

The Company failed to notice the above mentioned discrepancies in the final rates and approach GOI/FCI for rectifications thereof. The Company should evolve a system to check correctness of the rates conveyed by Government of India.

To sum up, the Company has no effective system:

- **To monitor the timely submission of dispatch documents by its field staff and timely realization of sale proceeds from FCI.**
- **To check discrepancies in rates fixed by Government of India.**

The matter was referred to the Government/Management in May 2009; their reply had not been received (September 2009).

Statutory corporations

Punjab State Electricity Board

3.11 Non-utilisation of the vacant land

Failure of the Board to take decision in time to get the work of plantation done in the vacant land resulted in idling of the land valuing Rs. 12.68 crore.

Due to uncertainty in the construction of Sutluj Yamuna Link Project, 132 acres of land acquired in October 1995 for the Ropar Hydel Power project in three villages of the district Ropar remained vacant. As the land was not put to

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[Ψ] These include statutory charges, establishment & administration charges, and interest and storage charges up to 30 June for each crop year.

[♣] CAP storage means wheat stored at plinth.

use by the Punjab State Electricity Board (Board), it was encroached by the farmers from whom it was purchased. It was got vacated in May 2000 with the help of police. To check further encroachment of the land, the Board fixed drums filled with earth all along the boundary line (May/June 2000), but the farmers removed them gradually and encroached the land again by cultivating it from December 2000.

As the construction work for the project was not expected to re-commence soon and in order to avoid encroachment and utilize the land, the Chief Engineer (Civil), after consultation with the forest department, submitted (July 2001) proposals to the Whole Time Members (WTM) of the Board seeking approval for undertaking plantation of trees on the land. The proposals contained two alternatives: (i) to carry out plantation of trees through the forest department on revenue sharing basis, and (ii) get the plantation through the forest department as deposit work. The WTM of the Board approved (August 2001) the proposal to get the plantation carried out through the forest department on revenue sharing basis without incurring any expenditure. Accordingly, the Board requested (August 2001) the forest department to take over the land and start the work of plantation. The forest department, however, could not start the work of plantation for want of allocation of funds by the State Government. The Board, after a lapse of seven years decided (October 2008) to get the work of plantation and its maintenance done as deposit work through the forest department at an estimated expenditure of Rs. 0.79 crore, after getting the planned eviction of the farmers and providing peripheral fencing of the land. Such a long spell of indecisiveness does not augur well to the Board. It failed to review and revise the decision at an appropriate time.

Thus, abnormal delay in taking the decision by the Management had not only resulted in idling of the land valuing Rs. 12.68 crore (land compensation payments made to the farmers upto December 2007) for such a long period but also resulted in illegal encroachments depriving the Board to make use of the land at this point of time. Had the decision of plantation of trees on the acquired land been taken in time, the Board could have avoided the encroachment besides making productive use of the land.

The matter was referred to the Government/Board in May 2009; their replies had not been received (September 2009).

3.12 Undue favour to a consumer

The Board extended undue favour to a consumer by non clubbing of connections resulting in loss of Rs. 3.81 crore to the Board.

Electricity Supply Regulations (ESR) 1999 (amended upto December 2004) provide that wherever more than one industrial connection is running in the same premises in same or different names but industrial activities are carried out by one concern/proprietor, such consumer shall be asked to get the loads clubbed and get one connection in one name. The Board's instructions (July 2000) further provided that the supply to large supply consumers with contract demand above

2,500 KVA was to be given at 33 KV/66 KV and supply to such consumers at 11 KV, would attract voltage surcharge at 17.5 *per cent.* The Board revised (June 2003) the rate of levy of voltage surcharge at 10 *per cent* from those consumers having contract demand exceeding 2,500 KVA and up to 4,000 KVA and at 17.5 *per cent* from those consumers having contract demand exceeding 4,000 KVA. The Punjab State Electricity Regulatory Commission had approved the levy of the said surcharge in its tariff orders (2004-07). Further, Section 45 of the Electricity Act, 2003 requires the Board to recover the charges for supply of electricity as per tariff fixed by the State Electricity Regulatory Commission and prohibits the Board to favour any consumer.

Thapar Ispat Private Limited, Ludhiana (the consumer) under the Commercial Sub-division Focal Point, Ludhiana had two connections, each having sanctioned load of 1,800 KW (contract demand: 1,995 KVA) and was getting supply at 11 KV. These connections were running in the same premises, but the Board did not ask the consumer to get the loads clubbed. The consumer applied (December 2005) for extension of load by 450 KW (contract demand: 480 KV) in one of its connection. While considering the consumer's application, the feasibility Clearance Committee of the Board recommended (May 2006) to allow extension of load/contract demand subject to the condition that the consumer would pay the voltage surcharge at the rate of 17.5 *per cent* as per existing instructions or convert the supply voltage to 66 KV at his own cost as after the proposed extension the total clubbed load of these connections would be 4,050 KW (contract demand: 4,470 KVA). Accordingly, the Chief Engineer (Commercial) of the Board issued (25 May 2006) feasibility clearance to the consumer. On the representation of the consumer, the Whole Time Members of the Board decided (September 2006) to allow extension of load and waived off the condition for levying 17.5 *per cent* voltage surcharge or to convert the supply at 66 KV voltage.

The decision of the Whole Time Members tantamount to favour to the consumer and was in contravention of the provisions of Section 45 of the Electricity Act, 2003 which prohibits favour to any consumer. This decision resulted in loss of revenue to the Board from April 2004 to March 2009 to the extent of Rs. 3.81 crore.

In order to save the Board from recurring loss on this account, the two connections of the consumer should be clubbed and the tariff be recovered in accordance with provisions of the Electricity Supply Regulations.

The matter was referred to the Government/Management in December 2008; their replies had not been received (September 2009).

3.13 Avoidable payment due to failure to avail loan at lower rate of interest

Failure of the Board to take decision to avail a short term loan immediately after evaluation of the offers resulted in avoidable payment of interest of Rupees three crore.

The Board invited (16 July 2008) offers from banks to avail short term loan of Rs. 400 crore for making payments towards purchase of power, coal and freight to railway, etc. The tenure of the loan was to be one year and the loan was secured against post-dated cheques. The banks were asked to convey the sanction indicating therein the firm and final rate of interest by 25 July 2008. In response, the Board received offers from seven banks and the bids were opened on 25 July 2008. The Punjab National Bank (PNB), which offered Rs. 400 crore at variable rate of interest of 11.50 *per cent* per annum, after discussion with the Board, submitted (25 July 2008) an alternate offer of fixed rate of interest of 11.75 *per cent* per annum, which was the offer with lowest rate of interest. The Board did not take immediate decision, despite the fact that there was no validity period of offers available to the Board.

After evaluation of the offers, the Board of Directors (BOD) decided on 28 July 2008 to avail Rs. 400 crore from PNB at the fixed rate of interest of 11.75 *per cent* per annum. The Board asked (29 July 2008) the bank for sanctioning of the loan and requested for execution of documents. The PNB declined (1 August 2008) to sanction the loan and stated that the Board was required to respond on 25 July 2008 itself and the bank took up the matter over telephone on 25 July 2008 and again on 28 July 2008, but was informed that final decision in this regard was yet to be taken at the level of BOD. The bank offered the loan at the revised rate of interest (fixed) of 12.75 *per cent* per annum to which the Board did not agree.

However, the loan of Rs. 400 crore was subsequently got sanctioned from PNB on 25 August 2008 at the fixed rate of interest of 12.50 *per cent* per annum. The loan was drawn between 1 September and 26 September 2008. As compared to the offer of loan in July 2008, this loan led to an additional payment of interest of Rupees three crore.

Audit observed that the Board was aware of the increasing trend in the rate of interest on short term loans as the rate at which it was raising short term loans was increasing every month since February 2008. The Bank Prime Lending Rates of different banks were also expected to be revised upward in view of the hike in Cash Reserve Ratio (0.25 *per cent* on 5 July 2008 and 0.25 *per cent* on 19 July 2008). Even then, the Board did not decide acceptance of the loan immediately and to take *post facto* approval of BOD, which it had resorted to in the past.

Thus, failure of the Board to decide immediately after evaluation of the offers on 25 July 2008, particularly when the banks had not provided any validity period to avail the loan, resulted in subsequent availing of the loan at higher rate of interest and consequent avoidable payment of Rupees three crore.

The Board needs to evolve a system to make timely decisions on issues involving urgency to avoid losses in future.

The matter was referred to the Government/Management in May 2009; their replies had not been received (September 2009).

3.14 Undue favour to a consultant

Injudicious appointment of a consultant with the terms of sharing the expected waiver/reduction of surcharge and release of payments of Rs. 75 lakh did not bring any benefit to the Board.

As per the Railways rules, 15 *per cent* surcharge was leviable on the value of coal transported, when the freight was paid at destination. Since it was not possible to pay the freight at loading points of coal by the Punjab State Electricity Board (Board), it agreed (1992) to an 'Advance Deposit Scheme' with the Railways wherein the Board was required to maintain a deposit amount equivalent to the value of one month freight, which worked out to Rs. 83.00 crore. The freight of coal was to be deducted from this deposit and required to be recouped on 10 days basis failing which surcharge at the rate of 15 *per cent* was to be levied. The Board due to its financial crunch failed to maintain the minimum deposit during August 1998 and August and September 2000 and the Railways levied surcharge of Rs. 24.92 crore. The amount of surcharge continued to swell because of cascading effect and increased to Rs. 194.77 crore on 31 October 2000.

Narayan Consultancy, Baroda (a consultant firm) working with the Board for dealing the Railways matters since 1997, offered (January 2001) their services to get the surcharge waived off by the Railways. The Board entrusted (March 2001) the work to the consultant at the service charge of 3.5 *per cent* of the surcharge amount expected to be reduced by the Railways. On the advice of the consultant, a writ petition against the Railways was filed in February 2002 in the Punjab and Haryana High Court. The consultant approached (May 2002) the Board for release of 50 *per cent* of the service charges as *ad hoc* payment which the Board declined as it was not permissible in terms of the agreement. Though the case was still pending in the Court, the Consultant again approached (August 2005) the Board for release of advance of Rs. 50.00 lakh, if the Board was interested to go ahead with the matter with the stipulation that if the case was lost, it would not be recoverable by the Board. The Board agreed and released Rs. 25 lakh (December 2005 and March 2006). The Consultant again approached (February 2008) the Board for release of two instalments of Rs. 50 lakh each on the plea of expenditure already made. The Board further released (March 2008) Rs. 50.00 lakh with the same stipulation of the consultant agreed earlier.

Audit observed that since the Railways is also a government agency like the Board, it should have explored the possibility of settling the issue mutually and in case of dispute, higher authorities in Government could have been involved. Thus, due to the injudicious appointment of a consultant and subsequent release of advance payments in disregard to the terms of agreement, the Board had extended undue favour to the consultant to the tune of Rs. 75.00 lakh, without any fruitful results and the dispute remained unresolved (July 2009).

The Management admitted (July 2009) that as per the terms and conditions of the contract, no payment was payable to the consultant and further stated that the amount was released to the consultant to keep its interest alive in the case. The reply is not convincing as the consultant was not entitled for any payment till the Board received any relief/waiver from the Railways.

The matter was referred to the Government in May 2009; their reply had not been received (September 2009).

3.15 Avoidable expenditure in the purchase of transformer oil

Failure on the part of Management to take note of the upward trend in base price of transformer oil resulted in avoidable expenditure of Rs. 72.90 lakh.

The Board invited (November 2007) short term tenders for procurement of 1,800 kilo litres (KL) of EHV grade transformer oil. In response, the Board received four offers and the bids were opened on 17 December 2007. All the firms quoted variable rate with base date of 1 November 2007 and the offers were valid up to 14 May 2008. The offer of Apar Industries Limited, Mumbai of Rs. 38,000 per KL ex-works (Rs. 46,762.40 per KL FOR destination) was the lowest. While evaluating the bids, the Board observed that there was wide fluctuation in the prices of transformer oil base stock. It noted that the price of base stock oil decreased from Rs. 38,661 as on 1 March 2007 to Rs. 35,827 per KL as on 1 November 2007 but all the bidders had quoted higher rates against this tender. It was noticed in audit that the price of base stock oil showed an increasing trend after November 2007 and reached to Rs. 36,319 per KL in December 2007.

Ignoring the increasing trend in the price of base stock oil since December 2007, the Board decided (January 2008) to procure only 900 KL of transformer oil against the tendered quantity of 1,800 KL at the quoted rate of Rs. 46,762.40 per KL FOR destination. The Board limited the ordered quantity on the grounds of higher rates quoted by the bidders *vis-a-vis* the falling trend in price till November 2007. The Board placed the purchase order in February 2008 and the firm supplied the oil between February and July 2008.

Meanwhile, in March 2008 the Board invited another short term tender for procurement of 1,300 KL of transformer oil and placed (September 2008) the purchase order on Savita Chemicals Limited, Mumbai at variable rate of Rs. 58,837.90 FOR destination per KL (ex-works price of Rs. 49,500 per KL with base date of 1 March 2008).

Audit observed that the Board failed to take cognizance of the upward trend in base stock rate of transformer oil during December 2007 i.e. just before the time (January 2008) of finalising the tender. When the Board was aware of wide fluctuation in the price, it should have taken into consideration the trend of price for deciding the purchase. Had the Board procured the full tendered quantity of 1,800 KL of oil from Apar Industries, it could have avoided the extra expenditure resulting from the subsequent purchase at higher price.

Thus, failure on the part of Management to take note of the latest upward trend in base price of transformer oil, particularly when the offer of the firm was valid up to 14 May 2008, resulted in avoidable expenditure of Rs. 72.90 lakh.

The Board needs to consider the updated price of base stock oil at the time of taking decision to procure the transformer oil.

The matter was referred to the Government/Management in April 2009; their replies had not been received (September 2009).

Punjab Financial Corporation

3.16 Loss due to non-leasing of premises

Non-acceptance of the offer for leasing out the vacant premises resulted in a loss of Rs. 38.75 lakh to the Corporation.

With a view to provide office accommodation for its District Office at Amritsar, the Punjab Financial Corporation (Corporation) constructed (April 2001) an office building comprising 8,167 square feet (sq. ft) at ground floor and 1,947 sq. ft. at basement at a cost of Rs. 48 lakh. However, due to decline in lending activity of the Corporation, the basement and 2,178 sq. ft. at ground floor could not be put to use. The Corporation did not initiate any action till April 2006 to let out the vacant space except that it submitted an offer (March 2004) to Industrial Development Bank of India and another offer (March 2005) to State Bank of India in response to their advertisements which could not be matured. The Corporation advertised (May and July 2006) to lease out the vacant space and received (July 2006) an offer for taking over the premises on 30 years lease at monthly rental of Rs. 24 per sq. ft. for ground floor and Rs. 10 per sq. ft. for basement. The District Manager, Amritsar of the Corporation reviewed the prevailing rentals in the area and observed (July 2006) that the then prevailing lease rental varied between Rs. 22 and Rs. 25 per sq. ft. In August 2006, Reliance Industries Limited (RIL) approached the District Manager for taking over the premises on lease and offered (September 2006) Rs. 35 per sq. ft. for ground floor with escalation of 10 *per cent* every three years. However, the District Manager, Amritsar informed (September 2006) that the rentals in the area had gone up to Rs. 50 per sq. ft. Accordingly, negotiations were held and RIL offered (October 2006) the rent of Rs. 40 per sq. ft. with escalation of 15 *per cent* after every three years. Thereafter, RIL also offered (November 2006) to take over both ground floor and basement at maximum lease rental of Rs. 1.25 lakh per month. Despite the fact that this offer was for the maximum lease rent and there was no other better offer available, the Corporation, instead of accepting the offer (November 2006), made a counter offer of Rs. 1.64 lakh per month. The RIL did not respond to it. The Corporation issued further advertisements (March 2007, June 2007 and September 2007) but no response was received. The building was still lying vacant (August 2009). As the Corporation was running in huge losses, renting out the building would have helped in improving its overall liquidity position.

Thus, non-acceptance of the offer of RIL and failure to act in the best financial interest of the Corporation resulted in loss of revenue of Rs. 38.75 lakh (January 2007 to July 2009).

The Management stated (January 2009) that RIL was paying lower rates in comparison to the prevailing rent in the market. The reply is not convincing as the RIL's offer was the highest one and there was no other better alternative offer available with the Corporation.

The matter was referred to the Government in December 2008; their reply had not been received (September 2009).

General

3.17 Opportunity to recover money ignored

Six Public Sector Undertakings did not either seize the opportunity to recover their money or pursue the matters to their logical end. As a result, recovery of money amounting to Rs. 28.38 crore remained outstanding.

A review of unsettled paras from Inspection Reports (IRs) pertaining to periods upto 2003-04 showed that there were 19 paras in respect of six Public Sector Undertakings (PSUs) involving recovery of Rs. 28.38 crore. The provisions of Manual of Standing Orders (Audit) *inter alia* provided that every query or observation made by Audit in relation to accounts or transactions should be promptly taken into consideration and returned with necessary documents to the Accountant General concerned within such period as may be prescribed by him. As per the extant instructions, the PSUs are required to furnish annotated replies to an IR within four weeks of issue and take necessary remedial action. However, in the case of 19 paras mentioned *ibid*, no effective action has been taken to take the matters to their logical end, i.e., to recover the money from the concerned parties. As a result, these PSUs have so far lost the opportunity to recover their money which could have augmented their finances.

The PSU wise details of paras and recovery amount are given below. The list of individual paras is given in the ***Annexure 14***.

Sl. No.	PSU Name	No. of Paras	Amount for Recovery (Rupees in crore)
1	Punjab State Electricity Board	14	27.64
2	Punjab Agro Foodgrains Corporation Limited	1	0.45
3	Punjab State Grains Procurement Corporation Limited	1	0.16
4	Punjab State Forest Development Corporation Limited	1	0.02
5	Punjab Small Industries and Export Corporation Limited	1	0.05
6	Punjab State Handloom and Textiles Development Corporation Limited	1	0.06
	Total	**19**	**28.38**

The paras mainly pertain to recovery on account of shortages (Rs. 0.81 crore), sale of energy to consumers (Rs. 5.88 crore), theft of energy by consumers (Rs. 1.18 crore), overpayments (Rs. 0.08 crore) and non-receipt of old dues from other organizations (Rs. 20.43 crore).

The above cases point out the failure of respective PSU authorities to safeguard their financial interests. Audit observations and their repeated follow up by Audit, including bringing the pendency to the notice of the Administrative/Finance Department and PSU Management periodically have not yielded the desired results in these cases.

The PSUs should initiate immediate steps to recover the money and complete the exercise in a time bound manner.

3.18 Lack of remedial action on audit observations

Six Public Sector Undertakings did not either take remedial action or pursue the matters to their logical end in respect of 51 IR paras resulting in foregoing the opportunity to improve their functioning.

A review of unsettled paras from Inspection Reports (IRs) pertaining to periods upto 2003-04 showed that there were 51 paras in respect of six Public Sector Undertakings (PSUs), which pointed out deficiencies in the functioning of the PSUs. The provisions of Manual of Standing Orders (Audit) *inter alia* provided that every query or observation made by Audit in relation to accounts or transactions should be promptly taken into consideration and returned with necessary documents to the Accountant General concerned within such period as may be prescribed by him. As per the extant instructions, the PSUs are required to furnish annotated replies to an IR within four weeks of issue and take necessary remedial action. However, in the case of 51 paras mentioned *ibid,* no effective action has been taken to take the matters to their logical end, i.e., to take remedial action to address these deficiencies. As a result, these PSUs have so far lost the opportunity to improve their functioning in this regard.

The PSU wise details of paras are given below. The list of individual paras is given in the ***Annexure 15***.

Sl. No.	PSU Name	No. of Paras
1	Punjab State Electricity Board	43
2	Punjab Agro Foodgrains Corporation Limited	1
3	Punjab State Grains Procurement Corporation Limited	1
4	Punjab State Forest Development Corporation Limited	1
5	Punjab Small Industries and Export Corporation Limited	2
6	Punjab State Warehousing Corporation	3
	Total	**51**

The paras mainly pertain to non-finalisation of cases of shortages of material against employees; undue benefits extended to material suppliers, consumers and employees; non-recovery of energy charges; non-finalisation /non-reconciliation of material at site accounts; misappropriation of materials; theft of energy and materials; loss of interest; delay in raising of bills; loss on disposal of damaged wheat and non recovery of sales tax from contractors, etc.

Above cases point out the failure of respective PSU authorities to address the specific deficiencies and ensure accountability of their staff. Audit observations and their repeated follow up by Audit, including bringing the pendency to the notice of the Administrative/Finance Department and PSU management periodically, have not yielded the desired results in these cases.

The PSUs should initiate immediate steps to take remedial action on these paras and complete the exercise in a time bound manner.

3.19 Follow-up Action on Audit Reports

Explanatory Notes Outstanding

3.19.1 The Audit Reports of the Comptroller and Auditor General of India, represent the culmination of the process of scrutiny, starting with initial inspection of accounts and records maintained in various offices and departments of the Government. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The State Finance Department issued instructions (August 1992) to all the administrative departments to submit detailed notes, duly vetted by Audit indicating the corrective/remedial action taken or proposed to be taken on paragraphs and reviews included in the Audit Reports, within three months of their presentation to the Legislature, without waiting for any notice or call from the Committee on Public Undertakings (COPU).

The Audit Reports for the years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 featuring 145 paragraphs/reviews relating to PSUs under the administrative control of 13 departments were placed in the State Legislature on the dates indicated in the following table. No replies in respect of 52 paras/reviews have been received from seven departments of the State Government by 30 September 2009.

Year of the Audit Report (Commercial)	Date of Presentation	Total no. of paragraphs/ reviews in the Audit Report	Number of paragraphs/ reviews for which detailed notes were not received.
2002-03	June 2004	23	2
2003-04	March 2005	22	3
2004-05	March 2006	23	10
2005-06	March 2007	28	2
2006-07	March 2008	25	12
2007-08	March 2009	24	23
Total		**145**	**52**

The department-wise analysis is given in ***Annexure 16***. The departments largely responsible for non-submission of detailed notes were Power, Finance, Agriculture Food and Supplies and Industries. The Government did not respond to important reviews that highlighted delay in taking action against defaulting millers/loanees, performance of workshops, purchase and inventory control in power sector, loss in sale of damaged wheat, one time settlement to profit making units and sanctions/disbursement/recovery of loans.

Action Taken Notes on Reports of Committee on Public Undertaking (COPU)

3.19.2 As per rule 25 of the Internal Working Rules of COPU, Punjab Legislative Assembly, replies to the recommendations in the form of Action Taken Notes (ATNs) are to be submitted by the administrative department of the PSU within six months from the date of placement of Report of COPU in the State Legislature. Replies to 10 paragraphs pertaining to two Reports of COPU (84^{th} and 85^{th}) presented to State Legislature on 24^{th} March 2008 and 9 paragraphs pertaining to two Reports of COPU (88^{th} and 89^{th}) presented to State Legislature on 6^{th} March 2009 had not been received as on 30 September 2009.

Action taken on the persistent irregularities

3.19.3 With a view to assist and facilitate discussions of the irregularities of persistent nature by the State COPU, an exercise had been carried out to verify the extent of corrective action taken by the concerned auditee organisations. The results thereof in respect of Government companies and Statutory corporations are included in the ***Annexure 17***.

Irregularities having financial implication of Rs. 20.69 crore (Punjab State Civil Supplies Corporation Limited) and Rs. 40.24 crore (Punjab State Grains Procurement Corporation) were included in the Reports of Comptroller and Auditor General of India for the years 2005-06 to 2007-08 (Commercial) - Government of Punjab. These irregularities had been persisting for periods ranging between two and three years.

Response to Inspection Reports, Draft Paras and Reviews

3.19.4 Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned departments of the State Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through respective heads of departments within a period of four weeks. Inspection Reports issued up to March 2009 revealed that 2,546 paragraphs relating to 873 Inspection Reports pertaining to 40 PSUs were outstanding at the end of 30 September 2009. The department-wise break up of Inspection Reports and audit observations outstanding as on 30 September 2009 is given in ***Annexure 18***.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. However, 19 draft paragraphs and three draft performance reviews forwarded to the various departments during January 2009 to August 2009 as detailed in ***Annexure 19*** had not been replied so far (September 2009).

It is recommended that the Government should ensure that: (a) procedure exists for action against the officials who fail to send replies to inspection reports/draft paragraphs/reviews as per the prescribed time schedule; (b) action to recover loss/outstanding advances/overpayment is taken within prescribed period and (c) the system of responding to audit observations is revamped.

CHANDIGARH
The

(S. Murugiah)
Principal Accountant General (Audit), Punjab

Countersigned

NEW DELHI
The

(Vinod Rai)
Comptroller and Auditor General of India

Annexure – 1
(Referred to in paragraph 1.7)

Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower as on 31 March 2009 in respect of Government companies and Statutory corporations

(Figures in column 5 (a) to 6(c) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Name of the Depart ment	Month and year of incorporation	Paid-up Capital♣				Loans♦ outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)	Man power (No .of employees) (as on 31.3.2009)
				State Govern ment	Central Govern ment	Others	Total	State Govern ment	Central Govern ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6(d)	(7)	(8)
A. Working Government Companies													
Agriculture & Allied													
1.	Punjab Agro Foodgrains Corporation Limited	Agriculture	8 July 2002	-	-	5.00	5.00	-	-	-	-	-	- (all employees are on deputation)
2.	Punjab Agro Industries Corporation Limited	-do-	11 February 1966	45.46	1.25	2.50	49.21	5.50	-	-	5.50	0.11:1 (0.11:1)	599
3.	Punjab Agro Juices Limited	-do-	1 February 2006	50.00	-	-	50.00	-	-	23.24	23.24	0.46:1 (0.38:1)	107
4.	Punjab Agro Power Corporation Limited	-do-	8 July 2005	-	-	0.05	0.05	-	-	-	-	-	-
5.	Punjab State Forest Development Corporation Limited	Forest	23 May 1983	0.25	-	-	0.25	-	-	-	-	-	312
6.	Punjab State Grains Procurement Corporation Limited	Food and Supplies	10 March 2003	1.05	-	-	1.05	-	-	-	-	-	18 (remaining staff is on deputation)
7.	Punjab State Seeds Corporation Limited	Agriculture	27 March 1976	4.51	-	1.02	5.53	-	-	7.00	7.00	1.27:1 (1.27:1)	89
8.	Punjab Water Resource Management & Development Corporation Limited	Irrigation	26 December 1970	259.36	-	-	259.36	222.26	-	-	222.26	0.86:1 (0.97:1)	2,449
Sector wise Total				**360.63**	**1.25**	**8.57**	**370.45**	**227.76**	**-**	**30.24**	**258.00**	**0.70:1**	**3574**
Financing													
9.	Punjab State Industrial Development Corporation Limited	Industries	31 January 1966	78.21	-	-	78.21	-	-	570.33	570.33	7.29:1 (7.42:1)	99
10.	Punjab Venture Capital Limited	-do-	4 December 1998	-	-	0.05	0.05	-	-	-	-	-	5
11.	Punjab Venture Investors Trust Limited	-do-	4 December 1998	-	-	0.05	0.05	-	-	-	-	-	-
Sector wise Total				**78.21**	**-**	**0.10**	**78.31**	**-**	**-**	**570.33**	**570.33**	**7.28:1**	**104**

Sl. No.	Sector & Name of the Company	Name of the Depart ment	Month and year of incorporation	Paid-up Capital♣				Loans♦ outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)	Man power (No .of employees) (as on 31.3.2009)
				State Govern ment	Central Govern ment	Others	Total	State Govern ment	Central Govern ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6(d)	(7)	(8)
Infrastructure													
12.	Punjab Police Housing Corporation Limited	Home	30 March 1989	0.05	-	-	0.05	-	-	1.14	1.14	22.8:1 (76:1)	160
13.	Punjab Small Industries and Export Corporation Limited	Industries	17 March 1962	49.86	0.15	-	50.01	-	-	-	-	-	568
Sector wise Total				**49.91**	**0.15**	**-**	**50.06**	**-**	**-**	**1.14**	**1.14**	**0.02:1**	**728**
Manufacture													
14.	Consumer Electronics (Punjab) Limited	Industries	12 January 1978	-	-	0.21	0.21	-	-	-	-	-	5
15.	Electronic Systems Punjab Limited	-do-	22 September 1980	-	-	3.00	3.00	-	-	6.09	6.09	2.03:1 (2.03:1)	-
16.	Punjab Communications Limited	-do-	21 July 1981	-	-	12.05	12.05	-	-	1.06	1.06	0.09:1	291
17.	Punjab Recorders Limited	-do-	4 January 1977	-	-	0.71	0.71	-	-	0.79	0.79	1.11:1 (1.12:1)	15
Sector wise Total				**-**	**-**	**15.97**	**15.97**	**-**	**-**	**7.94**	**7.94**	**0.50:1**	**311**
Power													
18.	Nabha Power Limited	Power	9 April 2007	-	-	0.05	0.05	-	-	459.59	459.59	9,191.8:1 (168.93:1)	Staff is on deputation from PSEB
19.	Punjab Genco Limited	Industries	5 March 1998	22.90	-	-	22.90	15.69	-	0.12	15.81	0.69:1 (0.74:1)	18
	Sector wise Total			**22.90**	**-**	**0.05**	**22.95**	**15.69**	**-**	**459.71**	**475.40**	**20.71:1**	**18**
Service													
20.	Amritsar Hotel Limited	Tourism	9 July 2003	0.02	-	-	0.02	-	-	-	-	-	-

Sl. No.	Sector & Name of the Company	Name of the Depart ment	Month and year of incorporation	Paid-up Capital♣				Loans♦ outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)	Man power (No .of employees) (as on 31.3.2009)
				State Govern ment	Central Govern ment	Others	Total	State Govern ment	Central Govern ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6(d)	(7)	(8)
21.	Gulmohar Tourist Complex (Holiday Home) Limited	-do-	9 July 2003	0.02	-	-	0.02	-	-	-	-	-	4
22.	Neem Chameli Tourist Complex Limited	-do-	9 July 2003	0.02	-	-	0.02	-	-	-	-	-	-
23	Punjab Information & Communication Technology Corporation Limited	Industries	27 March 1976	19.23	-	-	19.23	-	-	-	-	-	39
24	Punjab Police Security Corporation Limited	Home	18 January 2008	0.05	-	-	0.05	-	-	-	-	-	-
25.	Punjab State Bus Stand Management Company Limited	Transport	7 March 1995	56.15	-	-	56.15	-	-	52.21	52.21	0.93:1 (1.21:1)	- (additional duties have been assigned to the DST staff in regard to PUNBUS)
26.	Punjab State Civil Supplies Corporation Limited	Food and Supplies	14 February 1974	3.73	-	-	3.73	-	-	-	-	-	2,093
27.	Punjab State Container and Warehousing Corporation Limited	Agriculture	26 April 1995	25.00	-	-	25.00	-	-	-	-	-	6
28.	Punjab Tourism Development Corporation Limited	Tourism	26 March 1979	6.66	-	-	6.66	-	-	-	-	- (0.91:1)	45
Sector wise Total				**110.88**	**-**	**-**	**110.88**	**-**	**-**	**52.21**	**52.21**	**0.47:1**	**2,187**
Total A (All sector wise working Government Companies)				**622.53**	**1.40**	**24.69**	**648.62**	**243.45**	**-**	**1,121.57**	**1,365.02**	**2.10:1 (1.51:1)**	**6,922**

Sl. No	Sector & Name of the Company	Name of the Depart ment	Month and year of incorporation	Paid-up Capital♣				Loans♦ outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)	Man power (No .of employees) (as on 31.3.2009)
				State Govern ment	Central Govern ment	Others	Total	State Govern ment	Central Govern ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6(d)	(7)	(8)
B. Working Statutory Corporations													
Agriculture & Allied													
1.	Punjab State Warehousing Corporation	Agriculture	November 1967	4.00	4.00	-	8.00	-	-	43.57	43.57	5.45:1 (7.37:1)	1,436
Sector wise Total				**4.00**	**4.00**	**-**	**8.00**	**-**	**-**	**43.57**	**43.57**	**5.45:1 (7.37:1)**	**1,436**
Financing													
2.	Punajab Financial Corporation	Industries	February 1953	29.31	-	11.08	40.39	16.54	-	257.06	273.60	6.77:1 (6.86:1)	251
3.	Punjab Scheduled Castes Land Development and Finance Corporation	Social Welfare	January 1971	28.32	26.85	-	55.17	-	-	12.55	12.55	0.23:1 (0.17:1)	243
Sector wise Total				**57.63**	**26.85**	**11.08**	**95.56**	**16.54**	**-**	**269.61**	**286.15**	**2.99:1**	**494**
Power													
4.	Punjab State Electricity Board	Power	May 1967	2,946.11	-	-	2,946.11	2,297.86	89.82	7,565.13	9,952.81	3.38:1 (2.99:1)	66,886
Sector wise Total				**2,946.11**	**-**	**-**	**2,946.11**	**2,297.86**	**89.82**	**7,565.13**	**9,952.81**	**3.38:1 (2.99:1)**	**66,886**
Service													
5.	PEPSU Road Transport Corporation	Transport	7 January 1956	86.82	24.36	-	111.18	46.29	-	33.48	79.77	0.72:1 (0.61:1)	4,715
Sector wise Total				**86.82**	**24.36**	**-**	**111.18**	**46.29**	**-**	**33.48**	**79.77**	**0.72:1 (0.61:1)**	**4,715**
Total B (All sector wise working Statutory Corporations)				**3,094.56**	**55.21**	**11.08**	**3,160.85**	**2,360.69**	**89.82**	**7,911.79**	**10,362.30**	**3.28:1 (2.92:1)**	**73,531**
Grand Total (A+B)				**3,717.09**	**56.61**	**35.77**	**3,809.47**	**2,604.14**	**89.82**	**9,033.36**	**11,727.32**	**3.08:1 (2.69:1)**	**80,453**

Sl. No.	Sector & Name of the Company	Name of the Depart ment	Month and year of incorporation	Paid-up Capital♣				Loans♦ outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)	Man power (No .of employees) (as on 31.3.2009)
				State Govern ment	Central Govern ment	Others	Total	State Govern ment	Central Govern ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6(d)	(7)	(8)
C. Non working Government companies													
Agriculture & Allied													
1.	Punjab Land Development and Reclamation Corporation Limited	Agriculture	22 March 1965	1.45	-	-	1.45	3.53	-	0.50	4.03	2.78:1 (2.78:1)	-
2.	Punjab Micro Nutrients Limited	Agriculture	1 February 1983	-	-	0.25	0.25	0.36	-	-	0.36	1.44:1 (1.42:1)	-
3.	Punjab Poultry Development Corporation Limited	Animal Husbandry	15 September 1964	3.09	-	-	3.09	-	-	-	-	-	-
Sector wise Total				**4.54**	**-**	**0.25**	**4.79**	**3.89**	**-**	**0.50**	**4.39**	**0.92:1 (0.91:1)**	
Financing													
4.	Punjab Film and News Corporation Limited	Cultural Affairs	26 June 1973	1.51	-	-	1.51	0.14	-	-	0.14	0.09:1 (0.09:1)	- (On contract basis)
Sector wise Total				**1.51**	**-**	**-**	**1.51**	**0.14**	**-**	**-**	**0.14**	**0.09:1 (0.09:1)**	**- (On contract basis)**
Manufacturing													
5.	Intermagnetic India Limited	Industries	6 June 1991	-	-	0.20	0.20	-	-	-	-	-	1
6.	Punjab Bio-Medical Equipments Limited	-do-	4 January 1977	-	-	0.43	0.43	-	-	0.41	0.41	0.95:1 (0.95:1)	-
7.	PCL Telecom Limited	-do-	6 April 1993	-	-	0.20	0.20	-	-	-	-	-	-
8.	Punjab Digital Industrial Systems Limited	-do-	4 January 1977	-	-	0.25	0.25	-	-	0.26	0.26	1.04:1 (1.07:1)	-
9.	Punjab Electro Optics Systems Limited	-do-	12 January 1978	-	-	0.12	0.12	-	-	0.87	0.87	7.25:1 (7.39:1)	-
10.	Punjab Footwears Limited	Industries	15 July 1969	-	-	0.15	0.15	-	-	0.04	0.04	0.27:1 (0.27:1)	-
11.	Punjab Power Packs Limited	-do-	28 September 1981	-	-	1.55	1.55	0.65	-	7.39	8.04	5.19:1 (5.19:1)	-

Sl. No.	Sector & Name of the Company	Name of the Depart ment	Month and year of incorporation	Paid-up Capital♣				Loans♦ outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)	Man power (No .of employees) (as on 31.3.2009)
				State Govern ment	Central Govern ment	Others	Total	State Govern ment	Central Govern ment	Others	Total		
(1)	**(2)**	**(3)**	**(4)**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6 (a)**	**6 (b)**	**6 (c)**	**6(d)**	**(7)**	**(8)**
12.	Punjab Power Products Limited	Industries	13 March 1979	-	-	0.31	0.31	-	-	0.66	0.66	2.13:1 (2.17:1)	-
13.	Punjab State Handloom and Textile Development Corporation Limited	Industries	27 March 1976	3.63	-	-	3.63	1.08	1.71	-	2.79	0.77:1 (0.77:1)	2
14.	Punjab State Hosiery and Knitwear Development Corporation Limited	Industries	21 February 1977	3.91	-	-	3.91	9.64	-	0.49	10.13	2.59:1 (0.003:1)	-
15.	Punjab State Leather Development Corporation Limited	-do-	23 February 1981	3.42	-	-	3.42	-	-	-	-	-	2
16.	Punjab Tanneries Limited	-do-	29 October 1969	-	-	0.52	0.52	-	-	1.41	1.41	2.71:1 (2.46:1)	-
Sector wise Total				**10.96**	**-**	**3.73**	**14.69**	**11.37**	**1.71**	**11.53**	**24.61**	**1.68:1**	**5**
Service													
17.	Punjab Export Corporation Limited	Industries	17 June 1963	0.09	-	0.01	0.10	0.52	-	-	0.52	5.20:1 (5.19:1)	-
Sector wise Total				**0.09**	**-**	**0.01**	**0.10**	**0.52**	**-**	**-**	**0.52**	**5.20:1 (5.19:1)**	**-**
Total C (all sector wise non working Government companies)				**17.10**	**-**	**3.99**	**21.09**	**15.92**	**1.71**	**12.03**	**29.66**	**1.41:1 (0.92:1)**	**5**
Grand (A+B+C)				**3,734.19**	**56.61**	**39.76**	**3,830.56**	**2,620.06**	**91.53**	**9,045.39**	**11,756.98**	**3.07:1 (2.68:1)**	**80,458**

Above includes three Section 619B companies at Sr. No…A-10,11and 18

♣Paid-up capital includes share application money.

♦Loans outstanding at the close of 2008-09 represent long-term loans only and do not include interest accrued and due.

Annexure – 2

(Referred to in paragraphs 1.15, 1.39, 1.43 and 1.51)

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Figures in column 5(a) to (10) are Rupees in crore)

Sl. No	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss(-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/Loss(-)	Capital employed @	Return on capital employed ♦	Percentage return on capital employed
				Net Profit/Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	**(2)**	**(3)**	**(4)**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**
A. Working Government Companies														
Agriculture & Allied														
1.	Punjab Agro Foodgrains Corporation Limited	2006-07	2008-09	3.20	1.98	0.23	0.99	1,805.64	(-)106.26	5.00	4.03	1,222.40	2.97	0.24
2.	Punjab Agro Industries Corporation Limited	2007-08	2008-09	2.63	1.04	0.07	1.52	-	(-) 3.98	49.21	(-)3.19	73.78	2.56	3.47
3.	Punjab Agro Juices Limited	2007-08	2008-09	0.46	1.89	2.14	(-)3.57	0.16	-	50.00	(-)3.57	76.91	(-)1.68	-
4.	Punjab Agro Power Corporation Limited	2007-08	2008-09	D	D	D	D	D	-	0.05	D	0.01	D	-
5.	Punjab State Forest Development Corporation Limited	2008-09	2009-10	1.30	-	0.09	1.21	25.60	Under Audit	0.25	18.75	19.00	1.21	6.37
6.	Punjab State Grains Procurement Corporation Limited	2004-05	2008-09	12.14	81.88	0.03	(-)69.77	2,546.54	(-)2.42	1.00	(-)146.90	(-)75.80	12.11	-
7.	Punjab State Seeds Corporation Limited	2006-07	2008-09	0.98	0.11	0.10	0.77	15.48	-	5.62	(-)2.34	13.76	0.88	6.39
8.	Punjab Water Resource Management & Development Corporation Limited	2006-07	2009-10	2.29	0.01	4.44	(-) 2.16	5.61	Under Audit	202.15	(-) 70.14	354.26	(-) 2.15	-
Sector wise Total				**23.00**	**86.91**	**7.10**	**(-)71.01**	**4,399.03**	**(-)112.66**	**313.28**	**(-) 203.36**	**1,684.32**	**15.90**	**0.94**
Financing														
9.	Punjab State Industrial Development Corporation Limited	2006-07	2008-09	(-)1.97	46.74	0.22	(-)48.93	9.15	-	78.21	(-)396.17	264.33	(-)2.19	-
10.	Punjab Venture Capital Limited	2004-05	2008-09	0.09	-	0.01	0.08	0.40	-	0.05	0.12	0.17	0.08	47.06

Sl. No	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss(-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/Loss(-)	Capital employed @	Return on capital employed ♦	Percentage return on capital employed
				Net Profit/Loss before Interest & Depreciation	Interest	Depreci-ation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
11.	Punjab Venture Investors Trust Limited	2007-08	2009-10	0.01	-	-	0.01	0.01	-	0.05	0.02	0,07	0.01	14.29
Sector wise Total				**(-) 1.87**	**46.74**	**0.23**	**(-) 48.84**	**9.56**	**-**	**78.31**	**(-) 396.03**	**264.57**	**(-) 2.10**	**-**
Infrastructure														
12.	Punjab Police Housing Corporation Limited	2008-09	2009-10	B	B	B	B	B	Under Audit	0.05	B	1.19	B	-
13.	Punjab Small Industries and Export Corporation Limited	2006-07	2008-09	7.95	2.63	0.36	4.96	203.83	(-) 10.29	50.01	54.83	116.76	7.59	6.50
Sector wise Total				**7.95**	**2.63**	**0.36**	**4.96**	**203.83**	**(-) 10.29**	**50.06**	**54.83**	**117.95**	**7.59**	**6.43**
Manufacturing														
14.	Consumer Electronics (Punjab) Limited	2005-06	2006-07	B	B	B	B	B	-	0.21	B	0.69	B	-
15.	Electronic Systems Punjab Limited	2005-06	2009-10	7.98	18.55	0.15	(-)10.72	0.22	-	3.00	(-)141.67	(-)3.20	7.83	-
16.	Punjab Communications Limited	2008-09	2009-10	4.38	0.17	1.04	3.17	129.71	-	12.05	22.40	108.94	3.34	3.07
17.	Punjab Recorders Limited	2003-04	2008-09	(-)0.85	-	0.07	(-)0.92	0.04	(-)6.42	0.71	(-)5.80	(-)0.10	(-)0.92	-
Sector wise Total				**11.51**	**18.72**	**1.26**	**(-)8.47**	**129.97**	**(-)6.42**	**15.97**	**(-)125.07**	**106.33**	**10.25**	**9.64**
Power														
18.	Nabha Power Limited	2008-09	2009-10	D	D	D	D	D	-	0.05	D	459.63	D	-
19.	Punjab Genco Limited	2008-09	2009-10	15.55	1.28	2.97	11.30	18.41	Under Audit	22.90	50.11	89.97	12.58	13.98
Sector wise Total				**15.55**	**1.28**	**2.97**	**11.30**	**18.41**	**-**	**22.95**	**50.11**	**549.60**	**12.58**	**2.29**
Service														
20.	Amritsar Hotel Limited	2004-05	2008-09	(-)0.35	-	0.01	(-)0.36	0.82	(-)0.08	0.02	(-)1.24	(-)1.22	(-)0.36	-
21.	Gulmohar Tourist Complex (Holiday Home) Limited	2004-05	2008-09	(-)0.14	-	0.06	(-)0.20	0.04	-	0.02	(-)0.60	1.46	(-)0.20	-
22.	Neem Chameli Tourist Complex Limited	2004-05	2008-09	(-)0.01	-	-	(-)0.01	0.01	-	0.02	(-)0.03	0.04	(-)0.01	-

Sl. No	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss(-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/Loss(-)	Capital employed @	Return on capital employed ♦	Percentage return on capital employed
				Net Profit/Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
23.	Punjab Information & Communication Technology Corporation Limited	2008-09	2009-10	0.96	-	0.16	0.80	1.67	-	19.23	23.06	52.74	0.80	1.52
24.	Punjab Police Security Corporation Limited	First Account not yet received	-	-	-	-	-	-	-	-	-	-	-	-
25.	Punjab State Bus Stand Management Company Limited	2007-08	2009-10	32.11	4.90	26.29	0.92	204.99	Under Audit	56.15	(-) 3.55	606.99	5.82	0.96
26.	Punjab State Civil Supplies Corporation Limited	2008-09	2009-10	609.98	605.35	0.72	3.91	4,460.56	Under Audit	3.73	(-) 450.43	4,580.84	609.26	13.30
27.	Punjab State Container and Warehousing Corporation Limited	2008-09	2009-10	13.40	-	3.28	10.12	15.95	Under Audit	25.00	22.21	55.49	10.12	18.24
28.	Punjab Tourism Development Corporation Limited	2005-06	2008-09	0.42	-	0.07	0.35	19.38	-	6.66	(-)12.89	(-)1.25	0.35	-
Sector wise Total				**656.37**	**610.25**	**30.59**	**15.53**	**4,703.42**	**(-)0.08**	**110.83**	**(-)423.47**	**5,295.09**	**625.78**	**11.82**
Total A (All sector wise working Government companies)				**712.51**	**766.53**	**42.51**	**(-) 96.53**	**9,464.22**	**(-) 129.45**	**591.40**	**(-) 1,042.99**	**8,017.86**	**670.00**	**8.36**
B. Working Statutory corporations														
Agriculture & Allied														
1.	Punjab State Warehousing Corporation	2006-07	2008-09	73.56	144.03	9.20	(-)79.67	1,511.33	(-)30.53	8.00	(-)162.79	1,077.32	64.36	5.97
Sector wise Total				**73.56**	**144.03**	**9.20**	**(-)79.67**	**1,511.33**	**(-)30.53**	**8.00**	**(-)162.79**	**1,077.32**	**64.36**	**5.97**
Financing														
2.	Punjab Financial Corporation	2007-08	2008-09	(-)6.19	16.85	0.10	(-)23.14	14.26	(-)25.18	40.39	(-)289.62	332..63	(-)6.29	-

Sl. No	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss(-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/Loss(-)	Capital employed @	Return on capital employed ♦	Percentage return on capital employed
				Net Profit/Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
3.	Punjab Scheduled Castes Land Development and Finance Corporation	2006-07	2008-09	0.26	0.10	0.03	0.13	4.84	(-)7.50	44.41	17.22	70.34	0.23	0.33
Sector wise total				**(-)5.93**	**16.95**	**0.13**	**(-)23.01**	**19.10**	**(-)32.68**	**84.80**	**(-)272.40**	**402.97**	**(-)6.06**	
Power														
4.	Punjab State Electricity Board	2007-08	2008-09	145.91	868.59	666.92	(-)1,389.60	7,913.14	(+)126.24	2,946.11	(-)7,370.13	12,789.68	(-)521.01	-
Sector wise Total				**145.91**	**868.59**	**666.92**	**(-)1,389.60**	**7,913.14**	**(+)126.24**	**2,946.11**	**(-)7,370.13**	**12,789.68**	**(-)521.01**	**-**
Service														
5.	PEPSU Road Transport Corporation	2007-08	2008-09	11.04	8.13	4.69	(-)1.78	230.81	(+) 0.43	111.18	(-)332.91	(-)153.64	6.35	-
Sector wise Total				**11.04**	**8.13**	**4.69**	**(-)1.78**	**230.81**	**(+) 0.43**	**111.18**	**(-)332.91**	**(-)153.64**	**6.35**	**-**
Total B (All sector wise working Statutory corporations)				**224.58**	**1,037.70**	**680.94**	**(-)1,494.06**	**9,674.38**	**(+)63.46**	**3,150.09**	**(-)8,138.23**	**14,116.33**	**(-)456.36**	**-**
Grand Total (A+B)				**937.09**	**1,804.23**	**723.45**	**(-) 1,590.59**	**19,138.60**	**(-) 65.99**	**3,741.49**	**(-) 9,181.22**	**22,134.19**	**213.64**	**0.96**
C. Non working Government companies														
Agriculture & Allied														
1.	Punjab Land Development and Reclamation Corporation Limited	1994-95	2000-01	1.60	0.40	0.13	1.07	9.85	(-)0.48	1.45	0.65	5.56	1.47	26.44
2.	Punjab Micro Nutrients Limited*	1991-92	1994-95	(-)0.07	0.05	-	(-)0.12	0.05	-	0.25	(-)0.61	0.13	(-)0.07	-
3.	Punjab Poultry Development Corporation Limited	2004-05	2007-08	(-)1.71	-	-	(-)1.71	-	-	3.09	(-)8.03	4.14	(-)1.71	-
Sector wise Total				**(-)0.18**	**0.45**	**0.13**	**(-)0.76**	**9.90**	**(-)0.48**	**4.79**	**(-)7.99**	**9.83**	**(-)0.31**	**-**
Financing														
4.	Punjab Film and News Corporation Limited	1998-99	2007-08	0.01	-	-	0.01	-	-	1.51	(-)2.00	(-)0.25	0.01	-
Sector wise Total				**0.01**	**-**	**-**	**0.01**	**-**	**-**	**1.51**	**(-)2.00**	**(-)0.25**	**0.01**	**-**
Manufacturing														
5.	Intermagnetic India Limited	1999-00	2009-10	E	E	E	E	E	-	0.21	E	0.28	E	-

Sl. No	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss(-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/Loss(-)	Capital employed @	Return on capital employed ♦	Percentage return on capital employed
				Net Profit/Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
6.	Punjab Bio-Medical Equipments Limited*	1996-97	2001-02	(-)0.03	-	-	(-)0.03	-	-	0.43	(-)1.12	0.19	(-)0.03	-
7.	PCL Telecom Limited*	2004-05	2005-06	-	-	-	-	-	-	0.20	(-)0.59	(-)0.39	-	-
8.	Punjab Digital Industrial Systems Limited*	2006-07	2007-08	(-)0.71	-	-	(-)0.71	-	-	0.25	(-)0.78	(-)1.12	(-)0.71	-
9.	Punjab Electro Optics Systems Limited*	1996-97	1997-98	(-)0.01	-	-	(-)0.01	-	-	0.12	(-)1.28	(-)0.70	(-)0.01	-
10.	Punjab Footwears Limited	1990-91	1995-96	(-)0.05	0.05	-	(-)0.10	0.18	-	0.15	(-)0.83	(-)0.39	(-)0.05	-
11.	Punjab Power Packs Limited*	1997-98	1999-00	(-)1.03	0.09	-	(-)1.12	1.97	-	1.55	(-)5.53	3.63	(-)1.03	-
12.	Punjab Power Products Limited*	1982-83	1983-84	(-)0.06	0.06	-	(-)0.12	Not Available	-	0.26	(-)0.27	1.05	(-)0.06	-
13.	Punjab State Handloom and Textile Development Corporation Limited	2006-07	2007-08	0.51	-	-	0.51	-	-	3.63	(-)8.18	(-)0.67	0.51	-
14.	Punjab State Hosiery and Knitwear Development Corporation Limited	2005-06	2006-07	(-)0.02	-	0.04	(-)0.06	-	-	3.91	(-)16.84	0.88	(-)0.06	-
15.	Punjab State Leather Development Corporation Limited	2000-01	2007-08	(-)0.03	-	-	(-)0.03	-	-	3.42	(-)7.53	0.30	(-)0.03	-
16.	Punjab Tanneries Limited	1991-92	1993-94	(-)0.06	0.84	0.03	(-)0.93	0.08	-	0.52	(-)4.98	0.33	(-)0.09	-
Sector wise Total				**(-)1.49**	**1.04**	**0.07**	**(-)2.60**	**2.23**	**-**	**14.65**	**(-)47.93**	**3.39**	**(-)1.56**	
Service														
17.	Punjab Export Corporation Limited*	1977-78	1979-80	(-)0.06	0.03	-	(-)0.09	-	-	0.10	(-)0.27	0.07	(-)0.06	-

Sl. No	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss(-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/Loss(-)	Capital employed @	Return on capital employed ♦	Percentage return on capital employed
				Net Profit/Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Sector wise Total				**(-)0.06**	**0.03**	**-**	**(-)0.09**	**-**	**-**	**0.10**	**(-)0.27**	**0.07**	**(-)0.06**	**-**
Total C (all sector wise non working Government companies)				**(-)1.72**	**1.52**	**0.20**	**(-)3.44**	**12.13**	**(-)0.48**	**21.05**	**(-)58.19**	**13.04**	**(-)1.92**	**-**
Grand (A+B+C)				**935.37**	**1,805.75**	**723.65**	**(-) 1,594.03**	**19,150.73**	**(-) 66.47**	**3,762.54**	**(-) 9,239.41**	**22,147.23**	**211.72**	**0.96**

\# Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/decrease in losses (-) decrease in profit/increase in losses.

@ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

♦ Return on capital employed has been worked out by adding interest to net profit.

B Two companies (Sl. Nos. A-12 and 14) functioning on ‘no profit no loss’ basis.

D Two Companies (Sl. No. A-4 and A-18) are under construction.

E One Company (Sl. No. C-5) has not started commercial activity.

* Eight non-working companies (Serial No.C-2, 6, 7, 8, 9, 11 12 & 17) are under liquidation.

Annexure – 3

(Referred to in paragraph 1.10)

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2009

(Figures in column 3(a) to 6 (d) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Equity/Loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3(a)	3(b)	4 (a)	4 (b)	4 (c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
A. Working Government Companies													
Agriculture & Allied													
1.	Punjab Agro Foodgrains Corporation Limited	-	-	-	-	-	-	2,780.29	2,408.33	-	-	-	-
2.	Punjab State Grains Procurement Corporation Limited	-	-	-	-	-	-	6,231.47	2,999.16	-	-	-	-
3.	Punjab State Seeds Corporation Limited	-	-	-	-	-	-	-	7.00	-	-	-	-
4.	Punjab Water Resource Management & Development Corporation Limited	29.67	-	-	44.11	-	44.11	-	-	-	-	-	-
Sector wise Total		**29.67**	**-**	**-**	**44.11**	**-**	**44.11**	**9,011.76**	**5,414.49**	**-**	**-**	**-**	**-**
Financing													
5.	Punjab State Industrial Development Corporation Limited	-	-	-	-	-	-	-	520.33	-	-	-	-
Sector wise Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**520.33**	**-**	**-**	**-**	**-**
Infrastructure													
6.	Punjab Police Housing Corporation Limited	-	-	-	-	-	-	-	1.14	-	-	-	-
Sector wise Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.14**	**-**	**-**	**-**	**-**

Sl. No.	Sector & Name of the Company	Equity/Loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3(a)	3(b)	4 (a)	4 (b)	4 (c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
7.	Punjab State Civil Supplies Corporation Limited	-	-	-	42.00	-	42.00	5,754.56	3,998.94	-	-	-	-
Sector wise Total		**-**	**-**	**-**	**42.00**	**-**	**42.00**	**5,754.56**	**3.998.94**	**-**	**-**	**-**	**-**
Total A (All sector wise working Government companies)		**29.67**	**-**	**-**	**86.11**	**-**	**86.11**	**14,766.32**	**9,934.90**	**-**	**-**	**-**	**-**
B. Working Statutory corporations													
Agriculture & Allied													
1.	Punjab State Warehousing Corporation	-	-	-	-	-	-	3,236.35	2,731.44	-	-	-	-
Sector wise Total		**-**	**-**	**-**	**-**	**-**	**-**	**3,236.35**	**2,731.44**	**-**	**-**	**-**	**-**
Financing													
2.	Punajab Financial Corporation	-	-	-	0.85	-	0.85	-	189.16	-	-	-	-
3.	Punjab Scheduled Castes Land Development and Finance Corporation	2.50	-	5.00	-	-	5.00	4.20	12.55	-	-	-	-
Sector wise Total		**2.50**	**-**	**5.00**	**0.85**	**-**	**5.85**	**4.20**	**201.71**	**-**	**-**	**-**	**-**
Power													
4.	Punjab State Electricity Board	-	-	-	2,601.81	-	2,601.81	2,548.06	5,454.32	-	-	-	-
Sector wise Total		**-**	**-**	**-**	**2,601.81**	**-**	**2,601.81**	**2,548.06**	**5,454.32**	**-**	**-**	**-**	**-**
Total B (All sector wise working Stautory corporations)		**2.50**	**-**	**5.00**	**2,602.66**	**-**	**2,607.66**	**5,788.61**	**8,387.47**	**-**	**-**	**-**	**-**
Grand Total (A+B)		**32.17**	**-**	**5.00**	**2,688.77**	**-**	**2,693.77**	**20,554.93**	**18,322.37**	**-**	**-**	**-**	**-**

@ Figures indicate total guarantees outstanding at the end of the year

Annexure – 4

(Referred to in paragraph 1.40)

Statement showing investment made by State Government in PSUs, whose accounts are in arrears

(Amount: Rupees in crore)

Sl. No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Arrear years in which investment received	Investment made by State Government during the year in which accounts are in arrear		
A. Working PSUs					**Equity**	**Loan**	**Grants/Subsidy**
1	Punjab Water Resource Management and Development Corporation Limited	2006-07	202.15	2007-08	27.54	-	34.74
				2008-09	29.67	-	44.11
2	Punjab State Industrial Development Corporation Limited	2006-07	78.21	2007-08	-	-	1.91
3	Punjab State Electricity Board	2007-08	2946.11	2008-09	-	-	2,601.81
4	Punjab Scheduled Castes Land Development and Finance Corporation	2006-07	44.41	2007-08	2.50	-	-
				2008-09	2.50	-	-
5	Punjab Financial Corporation	2007-08	40.39	2008-09	-	-	0.85
	Total A		**3,311.27**		**62.21**	**-**	**2,683.42**
B. Non Working PSU							
6	Punjab Land Development and Reclamation Corporation Limited	1994-95	1.45	1995-96	-	-	4.98
				1996-97	-	-	-
				1997-98	-	-	-
				1998-99	-	-	2.50
				1999-00	-	-	1.12
				2000-01	-	-	-
				2001-02	-	-	1.30
				2002-03	-	-	5.85
	Total B		**1.45**		**-**	**-**	**15.75**
	Total A + B		**3,312.72**		**62.21**	**-**	**2,699.17**

Annexure – 5

(Referred to in paragraph 1.15)

Statement showing financial position of Statutory Corporations

1. ***Punjab State Electricity Board***

(Rupees in crore)

	Particulars	**2006-07**	**2007-08**	**2008-09 (Provisional)**
A	**Liabilities**			
	Equity Capital	2,946.11	2,946.11	2,946.11
	Loans from State Government	3,712.26	2,350.26	2,297.86
	Loans from Central Government	97.43	94.05	89.82
	(a) Other long term loans (including bonds)	5,149.89	6,373.18	7,565.13
	(b) Other loans	4,918.78	7,371.48	9,132.19
	Reserves and Reserve Funds	1,714.29	1,762.21	1,876.23
	Current liabilities and provisions	2,590.28	3,497.89	3,331.27
	Total A	**21,129.04**	**24,395.18**	**27,238.61**
B	**Assets**			
	Gross fixed assets	15,413.59	16,420.74	17,144.07
	Less: Depreciation	6,770.84	7,414.33	8,076.03
	Net fixed assets	8,642.75	9,006.41	9,068.04
	Capital works-in-progress	3,281.49	3,784.79	4,906.62
	Deferred cost	4.01	4.06	10.84
	Current assets	2,860.96	3,428.76	3,879.08
	Investments	278.08	709.54	1,233.30
	Assets not in use	46.36	67.61	106.61
	Subsidy receivable	12.37	12.38	12.38
	Accumulated losses (Deficit)	5,980.52	7,370.13	8,010.24
	Intangible Assets	22.50	11.50	11.50
	Total B	**21,129.04**	**24,395.18**	**27,238.61**
C	**Capital employed**[1]	**12,241.28**	**12,789.68**	**14,629.08**

[1] Capital employed represents net fixed assets including capital work-in-progress and assets not in use plus working capital.

2. PEPSU Road Transport Corporation

(Rupees in crore)

	Particulars	2006-07	2007-08	2008-09 (Provisional)
A	**Liabilities**			
	Capital (including capital loan and equity capital)	111.18	111.18	111.18
	Borrowings:			
	Government	46.29	46.29	46.29
	Others	20.70	21.31	33.48
	Funds*	0.02	0.02	NA
	Trade dues and other current liabilities (including provisions)	210.78	227.25	NA
	Grant in aid	0.69	0.50	NA
	Total	**389.66**	**406.55**	-
B	**Assets**			NA
	Gross Block	86.25	92.59	NA
	Less: Depreciation	52.69	52.98	NA
	Net fixed assets	33.56	39.61	-
	Capital works-in-progress (including cost of chassis)	4.24	2.57	NA
	Investments	0.03	0.03	NA
	Current assets, loans and advances	20.70	31.43	NA
	Accumulated losses	331.13	332.91	NA
	Total	**389.66**	**406.55**	-
C	**Capital employed@**	**(-)152.28**	**(-)153.64**	-

* Excluding Depreciation funds.

@ Capital employed represents net fixed assets including capital work-in- progress plus working capital.

3. Punjab Scheduled Castes Land Development and Finance Corporation

(Rupees in crore)

	Particulars	2006-07	2007-08 (Provisional)	2008-09 (Provisional)
A	**Liabilities**			
	Paid-up capital	44.42	50.27	55.17
	Reserves and surplus	22.82	27.15	22.55
	Borrowings:			
	(a) Government	-	-	-
	(b) Others	4.36	8.35	12.55
	Trade dues and current liabilities (including provisions)	18.33	11.51	26.83
	Total A	**89.93**	**97.28**	**117.10**
B	**Assets**			
	Gross Block	1.06	1.07	1.15
	Less: Depreciation	0.80	0.78	0.82
	Net Fixed Assets	0.26	0.29	0.33
	Capital works-in-progress	-	-	-
	Investments	0.05	0.05	0.05
	Current assets, loans and advances	89.62	96.94	116.72
	Total B	**89.93**	**97.28**	**117.10**
C	**Capital employed***	**70.34**	**78.68**	**88.02**

* Capital employed represents mean of aggregate of opening and closing balances of paid-up capital, borrowings and reserves and surplus.

4. Punjab Financial Corporation

(Rupees in crore)

	Particulars	2006-07	2007-08	2008-09 (Provisional)
A	**Liabilities**			
	Paid-up capital	40.39	40.39	40.39
	Share application money	-	-	-
	Reserve fund and other reserves and surplus	10.71	10.71	10.71
	Borrowings			
1	Bonds and Debentures	194.29	190.16	189.16
2	Fixed Deposits	-	-	-
3	Industrial Development Bank of India and Small Industries Development Bank of India	93.04	70.32	67.90
4	Reserve Bank of India	-	-	-
5	Loan in lieu of share capital			
(a)	State Government	-	-	-
(b)	Industrial Development Bank of India	-	-	-
6	Others (including State Government)	9.84	16.54	16.54
	Other liabilities and provisions	22.03	14.79	18.74
	Total A	**370.30**	**342.91**	**343.44**
B	**Assets**			
	Cash and bank balances	27.91	16.61	9.60
	Investments	0.82	0.82	0.72
	Loans and advances	67.02	28.43	17.24
	Net fixed assets	0.81	0.73	0.73
	Other assets	7.27	6.70	6.79
	Accumulated loss (including miscellaneous expenditure)	266.47	289.62	308.36
	Total B	**370.30**	**342.91**	**343.44**
C	**Capital employed**[+]	**349.55**	**332.63**	**321.73**

[+] Capital employed represents the mean of aggregate of opening and closing balances of paid up capital, loan in lieu of capital, debentures, reserves (other than those which have been funded specifically and backed by investments outside), bonds, deposits and borrowings (including refinance).

5. Punjab State Warehousing Corporation

(Rupees in crore)

	Particulars	2006-07	2007-08 (Provisional)	2008-09 (Provisional)
A	**Liabilities**			
	Paid-up capital	8.00	8.00	8.00
	Reserves and surplus	26.48	26.48	NA
	Borrowings			
	(a) Government:	-	-	NA
	(b) Others:	1,236.16	1,747.26	NA
	Trade dues and current liabilities (including provisions)	411.27	418.99	NA
	Total A	**1,681.91**	**2,200.73**	**-**
B	**Assets**			
	Gross Block	256.94	257.12	NA
	Less: Depreciation	88.35	93.99	NA
	Net fixed assets	168.59	163.13	-
	Capital works-in-progress	-	-	NA
	Investments	-	-	NA
	Current assets, loans and advances	1,320.00	1,696.57	NA
	Accumulated losses	162.79	333.40	NA
	Miscellaneous Expenditure	30.53	7.63	NA
	Total B	**1,681.91**	**2,200.73**	**-**
C	**Capital employed**[$]	**1,077.32**	**1,440.71**	**-**

[$] Capital employed represents net fixed assets including capital work-in-progress plus working capital.

Annexure – 6

(Referred to in paragraph 1.15)

Statement showing working results of Statutory Corporations

1 Punjab State Electricity Board

(Rupees in crore)

Sl. No.	Particulars	2006-07	2007-08	2008-09 (Provisional)
1	(a) Revenue receipts	7,284.99	8,234.47	9,301.49
	(b) Subsidy/Subvention from Government	1,423.81	2,848.42	2,601.81
	Total	**8,708.80**	**11,082.89**	**11,903.30**
2	Revenue expenditure (net of expenses capitalised) including write off of intangible assets but excluding depreciation and interest	8,861.56	11,049.87	10,657.17
3	Gross surplus(+)/deficit(-) for the year (1-2)	(-) 152.76	33.02	1,246.13
4	Adjustments relating to previous years	19.00	111.12	(-)116.96
5	Final gross surplus(+)/deficit(-) for the year (3+4)	(-)133.76	144.14	1,129.17
6	Appropriations			
(a)	Depreciation (less capitalised)	603.79	665.15	678.43
(b)	Interest on Government loans	375.91	85.99	0.00
(c)	Interest on others, bonds, advance, etc., finance charges and provision for tax	686.54	1,004.37	1,396.18
(d)	Total interest on loans and finance charges (b+c)	1,062.45	1,090.36	1,396.18
(e)	Less: Interest capitalised	173.61	221.77	305.34
(f)	Net interest charged to revenue (d-e)	888.84	868.59	1,090.84
(g)	Total appropriations (a+f)	1,492.63	1,533.74	1,769.27
7	Net surplus(+)/deficit(-) {5-6(g)}	(-)1,626.39	(-)1,389.60	(-)640.10
8	Surplus(+)/deficit(-) before accounting for subsidy from State Government{5-6(g)-1(b)}	(-) 3,050.20	(-)4,238.02	(-)3,241.91
9	Total return on capital employed[$]	(-) 737.55	(-)521.01	(+)450.74
10	Percentage of return on capital employed	-	-	3.08

[$] Total return on capital employed represents net surplus/ deficit plus total interest charged to profit and loss account (less interest capitalised).

2 PEPSU Road Transport Corporation

(Rupees in crore)

Sl. No.	Particulars	2006-07	2007-08	2008-09 (Provisional)
	Operating			
(a)	Revenue	220.08	221.82	217.36
(b)	Expenditure	229.69	225.36	219.39
(c)	Surplus (+)/Deficit(-)	(-) 9.61	(-)3.54	(-)2.03
	Non operating			
(a)	Revenue	9.01	8.99	9.31
(b)	Expenditure	7.61	8.13	14.86
(c)	Surplus(+)/Deficit(-)	(+) 1.40	0.86	(-)5.55
	Total			
(a)	Revenue	229.09	230.81	226.67
(b)	Expenditure	237.30	233.49	234.25
(c)	Profit(+)/Loss (-)	(-) 8.21	(-) 2.68	(-)7.58
(d)	Prior period adjustment	(+)0.22	(+)0.90	-
(e)	Net profit (+)/loss(-)	(-)7.99	(-)1.78	(-)7.58
	Interest on capital and loans	7.60	8.13	9.10
	Total return on capital employed[$]	(-) 0.39	(+)6.35	(+)1.52

[$] Total return on Capital employed represents net surplus/ deficit plus total interest charged to profit and loss account (less interest capitalised).

3. Punjab Scheduled Castes Land Development and Finance Corporation

(Rupees in crore)

Sl. No.	**Particulars**	**2006-07**	**2007-08 (Provisional)**	**2008-09 (Provisional)**
1	Income	6.26	17.59	6.40
	Total-1	**6.26**	**17.59**	**6.40**
2	Expenses			
(a)	Establishment charges	5.45	6.16	6.48
(b)	Other expenses	0.68	0.87	0.96
	Total-2	**6.13**	**7.03**	**7.44**
3	Profit(+)/Loss(-) (1-2)	0.13	10.56	(-)1.04
4	Other appropriations	0.53	2.26	0.50
5	Amount available for dividend	-	-	-
6	Dividend for the year	-	-	-
7	Total capital employed	70.34	78.68	88.02
8	Return on capital employed [$]	0.23	10.71	-
9	Percentage of return on capital employed	0.33	13.61	-

[$] Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

4 Punjab Financial Corporation

(Rupees in crore)

Sl. No.	Particulars	2006-07	2007-08	2008-09 (Provisioanl)
1	**Income**			
(a)	Interest on loans	21.69	14.26	9.77
(b)	Other income	2.28	2.40	1.58
	Total-1	**23.97**	**16.66**	**11.35**
2	**Expenses**			
(a)	Interest on long-term loans and short-term loans	14.91	16.85	16.79
(b)	Provision for non-performing assets	19.31	10.63	-
(c)	Other expenses	10.15	12.32	13.30
	Total-2	**44.37**	**39.80**	**30.09**
3	Profit(+)/Loss(-) before tax (1-2)	(-)20.40	(-)23.14	(-)18.74
4	Prior period adjustments	-	-	-
5	Provision for tax	(-)0.02	(-)0.02	-
6	Profit(+)/Loss(-) after tax	(-)20.42	(-)23.16	(-)18.74
7	Other appropriations			
	(i) Reserve for bad and doubtful debts	-	-	-
	(ii)Transfer to statutory reserve	-	-	-
8	Amount available for dividend	-	-	-
9	Dividend paid/payable	-	-	-
10	Total return on capital employed[#]	(-)5.49	(-)6.29	(-)1.95
11	Percentage of return on capital employed	-	-	-

[#] Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

5 Punjab State Warehousing Corporation

(Rupees in crore)

Sl. No.	**Particulars**	**2006-07**	**2007-08 (Provisional)**	**2008-09 (Provisional)**
1	**Income**			
(a)	Warehousing charges	164.00	83.99	168.49
(b)	Other income	13.59	17.32	4.19
	Total-1	**177.59**	**101.31**	**172.68**
2	Expenses			
(a)	Establishment charges	37.43	41.54	36.06
(b)	Other expenses	219.83	172.69	74.05
	Total-2	**257.26**	**214.23**	**110.11**
3	Profit(+)/Loss(-) before tax	(-)79.67	(-)112.92	62.57
4	Provision for tax	-	-	-
5	Prior period adjustments	(+)1.92	(-)1.21	-
6	Other appropriations	0.15	0.99	-
7	Amount available for dividend	-	-	-
8	Dividend for the year	-	-	-
9	Total return on capital employed[#]	64.36	(-)104.93	65.94
10	Percentage of return on capital employed	-	-	-

[#] Total return on capital employed represents profit before tax plus interest charged in P&L Account.

ANNEXURE–7

(Referred to in paragraph No. 2.3.16)

Statement showing financial position of PRTC and PUNBUS

(Amount: Rupees in crore)

Particulars		**2004-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09***
A. Liabilities						
Paid up Capital	PRTC	111.18	111.18	111.18	111.18	NA
	PUNBUS	6.15	6.15	56.15	56.15	56.15
Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	PRTC	0.58	0.59	0.71	0.52	NA
	PUNBUS	-	0.57	491.18	485.23	487.16
Borrowings (Loan Funds)	PRTC	58.71	65.93	66.99	67.60	NA
	PUNBUS	18.02	53.15	65.68	69.16	52.21
Current Liabilities & Provisions	PRTC	181.04	199.43	210.78	227.25	NA
	PUNBUS	0.30	16.32	19.77	20.88	12.80
Total	PRTC	**351.51**	**377.13**	**389.66**	**406.55**	NA
	PUNBUS	**24.47**	**76.19**	**632.78**	**631.42**	**608.32**
B. Assets						
Gross Block	PRTC	76.29	86.26	86.25	92.59	NA
	PUNBUS	39.20	79.43	654.05	684.65	606.99
Less: Depreciation	PRTC	48.32	51.92	52.69	52.98	NA
	PUNBUS	38.05	48.62	66.09	92.38	27.32
Net Fixed Assets	PRTC	27.97	34.34	33.56	39.61	NA
	PUNBUS	1.15	30.81	587.96	592.27	579.67
Capital works-in-progress (including cost of chassis)	PRTC	1.09	2.41	4.24	2.57	NA
	PUNBUS	-	-	-	-	-
Investments	PRTC	0.03	0.03	0.03	0.03	NA
	PUNBUS	-	-	-	-	-
Current Assets, Loans and Advances	PRTC	16.21	17.21	20.70	31.43	NA
	PUNBUS	18.64	41.71	40.35	35.60	28.03
Accumulated losses	PRTC	306.21	323.14	331.13	332.91	NA
	PUNBUS	4.68	3.67	4.47	3.55	0.62
Total	PRTC	**351.51**	**377.13**	**389.66**	**406.55**	NA
	PUNBUS	**24.47**	**76.19**	**632.78**	**631.42**	**608.32**

* Figures of PRTC for 2008-09 are not available (September 2009)

ANNEXURE 8

(Referred to in paragraph No. 2.3.17)

Statement showing STU wise working results

(Amount: Rupees in crore)

Sl. No.	Description	2004-05	2005-06	2006-07	2007-08	2008-09
1.	**Total Revenue**					
	Roadways	190.10	153.64	124.93	103.15	59.12
	PRTC	189.63	209.79	229.09	230.81	226.67
	PUNBUS	-	70.05	142.61	206.91	249.20
	Total	**379.73**	**433.48**	**496.63**	**540.87**	**534.99**
2.	**Operating Revenue**ϕ					
	Roadways	175.65	141.51	115.74	84.69	56.83
	PRTC	181.22	202.01	220.08	221.82	217.36
	PUNBUS	-	69.18	133.02	198.68	242.19
	Total	**356.87**	**412.70**	**468.84**	**505.19**	**516.38**
3.	**Total Expenditure**					
	Roadways	289.69	260.30	203.88	163.02	134.76
	PRTC	200.74	226.72	237.08	232.59	234.25
	PUNBUS	-	69.04	143.41	205.99	246.26
	Total	**490.43**	**556.06**	**584.37**	**601.60**	**615.27**
4.	**Operating Expenditure**ψ					
	Roadways	223.58	197.78	160.70	134.99	114.97
	PRTC	194.36	219.48	229.69	225.36	219.39
	PUNBUS	-	55.02	115.29	164.08	198.54
	Total	**417.94**	**472.28**	**505.68**	**524.43**	**532.90**
5.	**Operating Profit/ Loss**					
	Roadways	-47.93	-56.27	-44.96	-50.30	-58.14
	PRTC	-13.14	-17.47	-9.61	-3.54	-2.03
	PUNBUS	-	14.16	17.73	34.60	43.65
	Total	**-61.07**	**-59.58**	**-36.84**	**-19.24**	**-16.52**
6.	**Profit/ Loss for the year**					
	Roadways	-99.59	-106.66	-78.95	-59.87	-75.64
	PRTC	-11.11	-16.93	-7.99	-1.78	-7.58
	PUNBUS	-	1.01	-0.80	0.92	2.94
	Total	**-110.70**	**-122.58**	**-87.74**	**-60.73**	**-80.28**
7.	**Accumulated Profit/ Loss**					
	Roadways	Not Available	Not Available	Not Available	Not Available	Not Available
	PRTC	-306.21	-323.14	-331.13	-332.91	-340.49
	PUNBUS	-	-3.67	-4.47	-3.55	-0.61
	Total	**-306.21**	**-326.81**	**-335.60**	**-336.46**	**-341.10**

ϕ Operating revenue includes traffic earnings, passes and season tickets, re-imbursement against concessional passes, fare realised from private operators under KM Scheme, etc.

ψ Operating expenditure include expenses relating to traffic, depreciation on fleet, repair and maintenance, electricity, welfare and remuneration, licences and taxes and general administration expenses.

Sl.No.	Description		2004-05	2005-06	2006-07	2007-08	2008-09
8.	**Fixed Cost**						
	Personnel Cost	Roadways	125.48	107.21	88.03	85.33	88.25
		PRTC	67.42	74.64	79.23	82.78	84.33
		PUNBUS	-	19.92	47.44	60.08	67.64
		Total	**192.90**	**201.77**	**214.70**	**228.19**	**240.22**
	Depreciation	Roadways	5.40	5.30	3.81	0.02	0.08
		PRTC	3.78	4.39	4.29	4.69	5.76
		PUNBUS	-	10.57	17.47	26.29	27.32
		Total	**9.18**	**20.26**	**25.57**	**31.00**	**33.16**
	Interest	Roadways	3.35	4.09	4.06	7.78	7.35
		PRTC	6.75	7.24	7.60	8.13	9.10
		PUNBUS	-	1.71	3.59	4.90	5.74
		Total	**10.10**	**13.04**	**15.25**	**20.81**	**22.19**
	Other Fixed Cost	Roadways	4.04	4.60	3.60	5.81	0.82
		PRTC	15.41	17.01	9.00	16.28	15.08
		PUNBUS	-	1.46	4.24	4.94	5.71
		Total	**19.45**	**23.07**	**16.84**	**27.03**	**21.61**
	Total Fixed Cost	Roadways	138.27	121.20	99.50	98.94	96.50
		PRTC	93.36	103.28	100.12	111.88	114.27
		PUNBUS	-	33.66	72.74	96.21	106.41
		Total	**231.63**	**258.14**	**272.36**	**307.03**	**317.18**
9.	**Variable Cost**						
	Fuel & Lubricants	Roadways	63.34	52.28	44.00	28.70	20.55
		PRTC	53.24	65.52	73.23	71.55	77.86
		PUNBUS	-	22.41	43.97	67.29	89.24
		Total	**116.58**	**140.21**	**161.20**	**167.54**	**187.65**
	Tyres & Tubes	Roadways	3.15	3.62	2.54	2.59	1.26
		PRTC	3.35	4.28	5.52	4.93	4.53
		PUNBUS	-	0.43	3.57	5.19	6.22
		Total	**6.50**	**8.33**	**11.63**	**12.71**	**12.01**
	Other Items/ Spares	Roadways	6.02	7.92	3.90	1.99	2.31
		PRTC	4.68	5.57	5.03	4.84	4.74
		PUNBUS	-	0.61	0.97	2.18	3.46
		Total	**10.70**	**14.10**	**9.90**	**9.01**	**10.51**
	Taxes (MV Tax, Passenger Tax, etc.)	Roadways	62.76	58.43	39.12	20.25	12.44
		PRTC	32.64	34.27	40.38	28.37	26.44
		PUNBUS	-	11.93	22.16	35.12	40.93
		Total	**95.40**	**104.63**	**101.66**	**83.74**	**79.81**
	Other Variable Costs	Roadways	16.15	16.85	14.82	10.55	1.70
		PRTC	13.47	13.80	12.80	11.02	6.41
		PUNBUS	-	NIL	NIL	NIL	NIL
		Total	**29.62**	**30.65**	**27.62**	**21.57**	**8.11**
	Total Variable Costs	Roadways	151.42	139.10	104.38	64.08	38.26
		PRTC	107.38	123.44	136.96	120.71	119.98
		PUNBUS	-	35.38	70.67	109.78	139.85
		Total	**258.80**	**297.92**	**312.01**	**294.57**	**298.09**

Sl.No.	Description	2004-05	2005-06	2006-07	2007-08	2008-09
10.	**Effective KMs operated (in Lakh)**					
	Roadways	1,290.18	874.44	643.05	417.34	264.47
	PRTC	1,139.70	1,187.18	1,203.41	1,173.69	1,128.04
	PUNBUS	-	353.04	634.92	989.66	1,208.66
	Total	**2,429.88**	**2,414.66**	**2,481.38**	**2,580.69**	**2,601.17**
11.	**Earnings *per* KM (Rs.) (1/10)**					
	Roadways	14.73	17.57	19.43	24.72	22.35
	PRTC	16.64	17.67	19.04	19.67	20.09
	PUNBUS	-	19.85	22.46	20.91	20.61
	Total	**15.63**	**17.95**	**20.01**	**20.96**	**20.57**
12.	**Fixed Cost *per* KM (Rs.) (8/10)**					
	Roadways	10.72	13.86	15.47	23.70	36.49
	PRTC	8.19	8.70	8.32	9.53	10.13
	PUNBUS	-	9.53	11.46	9.72	8.80
	Total	**9.54**	**10.69**	**10.98**	**11.90**	**12.19**
13.	**Variable Cost *per* KM (Rs.) (9/10)**					
	Roadways	11.74	15.91	16.23	15.35	14.47
	PRTC	9.42	10.40	11.38	10.29	10.64
	PUNBUS	-	10.03	11.13	11.09	11.57
	Total	**10.65**	**12.34**	**12.57**	**11.41**	**11.46**
14.	**Cost *per* KM (Rs.) (3/10)**					
	Roadways	22.45	29.77	31.71	39.06	50.95
	PRTC	17.61	19.10	19.70	19.82	20.77
	PUNBUS	-	19.56	22.59	20.81	20.37
	Total	**20.19**	**23.03**	**23.55**	**23.31**	**23.65**
15.	**Net Earnings *per* KM (Rs.) (11-14)**					
	Roadways	-7.72	-12.20	-12.28	-14.34	-28.60
	PRTC	-0.97	-1.43	-0.66	-0.15	-0.68
	PUNBUS	-	0.29	-0.13	0.10	0.24
	Total	**-4.56**	**-5.08**	**-3.54**	**-2.35**	**-3.08**
16.	**Traffic Revenue**[§]					
	Roadways	154.83	111.89	95.67	62.42	39.06
	PRTC	157.35	174.37	190.18	186.16	186.92
	PUNBUS	-	62.18	118.76	179.55	220.34
	Total	**312.18**	**348.44**	**404.61**	**428.13**	**446.32**
17.	**Traffic revenue *per* KM (Rs.) (16/10)**					
	Roadways	12.00	12.80	14.88	14.96	14.77
	PRTC	13.81	14.69	15.80	15.86	16.57
	PUNBUS	-	17.61	18.70	18.14	18.23
	Total	**12.85**	**14.43**	**16.31**	**16.59**	**17.16**

§ Traffic revenue represents sale of tickets, advance booking, reservation charges and contract services earnings.

ANNEXURE –9

(Referred to in paragraph No. 2.3.21)

Statement showing operational performance of STUs

Particulars		2004-05	2005-06	2006-07	2007-08	2008-09
Average number of vehicles held	Punjab Roadways	1,712	1,323	976	837	691
	PRTC	1,019	1,025	1,013	1,007	997
	PUNBUS	-	222	401	660	849
Average number of vehicles on road	Punjab Roadways	1,290	1,017	821	728	654
	PRTC	970	977	965	965	957
	PUNBUS	-	218	389	648	828
Percentage of utilisation of vehicles	Punjab Roadways	75.35	76.87	84.12	86.98	94.65
	PRTC	95.19	95.32	95.83	95.83	95.99
	PUNBUS	-	98.20	97.01	98.18	97.53
Number of employees	Punjab Roadways	9,256	7,337	5,674	4,265	3,455
	PRTC	4,669	5,017	4,893	4,600	4,715
	PUNBUS	-	1,231	2,331	3,363	4,245
Employee vehicle ratio	Punjab Roadways	5.41	5.55	5.81	5.10	5.00
	PRTC	4.58	4.89	4.83	4.57	4.73
	PUNBUS	-	5.55	5.81	5.10	5.00
Number of routes operated at the end of the year	Punjab Roadways	932	682	682	682	600
	PRTC	528	561	589	594	600
	PUNBUS	-	NA	NA	NA	512
Route kilometers	Punjab Roadways	1,926.50	1,568.58	1,180.46	772.16	545.27
	PRTC	1,181.64	1,194.29	1,219.68	1,271.24	1,284.26
	PUNBUS	-	356.60	642.00	1,009.77	1,230.71
Kilometers operated (in lakh)						
Gross	Punjab Roadways	1,311.40	887.33	652.48	424.55	267.80
	PRTC	1,154.95	1,204.24	1,222.44	1,204.90	1,154.37
	PUNBUS	-	358.02	646.24	1,006.17	1,231.27
Effective	Punjab Roadways	1,290.18	874.44	643.05	417.34	264.47
	PRTC	1,139.70	1,187.18	1,203.41	1,173.69	1,128.04
	PUNBUS	-	353.04	634.92	989.66	1,208.66
Dead	Punjab Roadways	21.22	12.89	9.43	7.21	3.33
	PRTC	15.25	17.06	19.03	31.21	26.33
	PUNBUS	-	5.00	11.32	16.51	22.61
Percentage of dead kilometers to gross kilometers	Punjab Roadways	1.62	1.45	1.45	1.70	1.24
	PRTC	1.32	1.42	1.56	2.59	2.28
	PUNBUS	--	1.40	1.75	1.64	1.84
Average kilometers covered per bus per day	Punjab Roadways	206	181	181	136	105
	PRTC	306	317	325	318	310
	PUNBUS	-	435	434	410	390
Average revenue per kilometer (Rs.)	Punjab Roadways	14.73	17.57	19.43	24.72	22.35
	PRTC	16.64	17.67	19.04	19.67	20.09
	PUNBUS	-	19.85	22.46	20.91	20.61

Particulars		2004-05	2005-06	2006-07	2007-08	2008-09
Average expenditure per kilometer (Rs.)	Punjab Roadways	22.45	29.77	31.71	39.06	50.95
	PRTC	17.61	19.10	19.70	19.82	20.77
	PUNBUS	-	19.56	22.59	20.81	20.37
Loss (-)/Profit (+) per kilometre (Rs.)	Punjab Roadways	-7.72	-12.20	-12.28	-14.34	-28.60
	PRTC	(-)0.97	(-)1.43	(-)0.66	(-)0.15	(-)0.68
	PUNBUS	-	0.29	(-)0.13	0.10	0.24
Number of operating depots	Punjab Roadways	18	18	18	18	18
	PRTC	9	9	9	9	9
	PUNBUS	-	18	18	18	18
Average number of break-down per lakh kilometers	Punjab Roadways	8.60	8.60	4.60	3.50	5.60
	PRTC	0.06	0.08	0.06	0.05	0.04
	PUNBUS	-	0.1	0.2	0.4	1.18
Average number of accidents per lakh kilometers	Punjab Roadways	0.07	0.06	0.05	0.04	0.03
	PRTC	0.24	0.30	0.24	0.23	0.21
	PUNBUS	-	0.05	0.06	0.05	0.07
Passenger kilometre operated (in crore)	Punjab Roadways	415.95	309.20	240.76	173.61	115.52
	PRTC	426.70	450.65	450.44	445.53	445.80
	PUNBUS	-	141.85	253.59	393.73	508.92
Occupancy ratio (Load Factor)	Punjab Roadways	62	68	72	80	84
	PRTC	72	73	72	73	76
	PUNBUS	-	82	81	79	83
Kilometres obtained per litre of:						
Diesel Oil	Punjab Roadways	4.38	4.41	4.37	4.36	4.60
	PRTC	4.50	4.62	4.69	4.66	4.62
	PUNBUS	-	4.67	4.59	4.65	4.49

ANNEXURE – 10

(Referred to in paragraph No. 2.3.31)

Statement showing age-profile of the buses held by STUs

S.No.	Particulars[Π]	2004-05	2005-06	2006-07	2007-08	2008-09
1	Total No. of buses at the beginning of the year					
	Punjab Roadways	1,591	1,591	1,216	884	728
	PRTC	900	920	950	902	922
	PUNBUS	-	-	360	574	806
	Total	**2,491**	**2,511**	**2,526**	**2,360**	**2,456**
2	Additions during the year					
	Punjab Roadways	-	-	-	-	-
	PRTC	92	97	12	79	99
	PUNBUS	-	360	214	232	81
	Total	**92**	**457**	**226**	**311**	**180**
3	Buses scrapped during the year					
	Punjab Roadways		375	332	156	11
	PRTC	72	67	60	59	80
	PUNBUS	-	-	-	-	02
	Total	**72**	**442**	**392**	**215**	**93**
4	Buses held at the end of the year (1+2-3)					
	Punjab Roadways	1,591	1,216	884	728	717
	PRTC	920	950	902	922	941
	PUNBUS	-	360	574	806	885
	Total	**2,511**	**2,526**	**2,360**	**2,456**	**2,543**
5	Of (4), No. of buses more than 8 years old					
	Punjab Roadways	1,397	1,065	884	728	717
	PRTC	495	503	519	552	493
	PUNBUS	Nil	Nil	Nil	Nil	Nil
	Total	**1,892**	**1,568**	**1,403**	**1,280**	**1,210**
6	Percentage of overage buses to total buses					
	Punjab Roadways	87.81	87.58	100	100	100
	PRTC	53.80	52.95	57.54	59.87	52.39
	PUNBUS	-	-	-	-	-
	Total	**75.35**	**62.07**	**59.45**	**52.12**	**47.58**

Π Excludes hired buses.

ANNEXURE– 11

(Referred to in paragraph No. 2.3.49)

Statement showing loss of contribution due to cancellation of schedule kilometres

S.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	**Scheduled kilometres**[µ]					
	Punjab Roadways	1,926.50	1,568.58	1,180.46	772.16	545.27
	PRTC	1,181.64	1,194.29	1,219.68	1,271.24	1,284.26
	PUNBUS	-	356.60	642.00	1,009.77	1,230.71
	Total	**3,108.14**	**3,119.47**	**3,042.14**	**3,053.17**	**3,060.24**
2.	**Effective kilometres**					
	Punjab Roadways	1,290.18	874.44	643.05	417.34	264.47
	PRTC	1,139.70	1,187.18	1,203.41	1,173.69	1,128.04
	PUNBUS	-	353.04	634.92	989.66	1,208.66
	Total	**2,429.88**	**2,414.66**	**2,481.38**	**2,580.69**	**2,601.17**
3.	**Kilometres cancelled**					
	Punjab Roadways	636.32	694.14	537.41	354.82	280.80
	PRTC	41.94	7.11	16.27	97.55	156.22
	PUNBUS	-	3.56	7.08	20.11	22.05
	Total	**678.26**	**704.81**	**560.76**	**472.48**	**459.07**
4.	**Percentage of cancellation**					
	Punjab Roadways	33.03	44.25	45.53	45.95	51.50
	PRTC	3.55	0.60	1.33	7.67	12.16
	PUNBUS	-	0.99	1.10	1.99	1.79
	Total	**21.82**	**22.59**	**18.43**	**15.48**	**15.00**
5.	Contribution *per* KM (in Rs.)	2.20	2.09	3.74	5.18	5.70
6.	Loss of contribution (3X5) (Rs. in lakh)	1,492.17	1,473.05	2,097.24	2,447.45	2,616.70

µ including hired buses

ANNEXURE–12

(Referred to in paragraph No. 2.3.57)

Statement showing Repairs and Maintenance expenses of STUs

Sl. No.	Particulars		2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total buses (No.)[µ]	Roadways	1,591	1,216	884	728	717
		PRTC	920	950	902	922	941
		PUNBUS	-	360	574	806	885
		Total	**2,511**	**2,526**	**2,360**	**2,456**	**2,543**
2.	Over-age buses (more than 8 years old)	Roadways	1,397	1,065	884	728	717
		PRTC	495	503	519	552	493
		PUNBUS	-	-	-	-	-
		Total	**1,892**	**1,568**	**1,403**	**1,280**	**1,210**
3.	Percentage of over age buses	Roadways	87.81	87.58	100	100	100
		PRTC	53.80	52.95	57.54	59.87	52.39
		PUNBUS	-	-	-	-	-
		Total	**75.35**	**62.07**	**59.45**	**52.12**	**47.58**
4.	R&M Expenses (Rs. in crore)	Roadways	36.05	35.36	26.44	24.55	24.22
		PRTC	21.22	23.96	26.06	26.38	NA
		PUNBUS	-	5.51	14.84	19.90	23.05
		Total	**57.27**	**64.83**	**67.34**	**70.83**	
5.	R&M Expenses per bus (Rs. in lakh) (4/1)	Roadways	2.27	2.91	2.99	3.37	3.38
		PRTC	2.31	2.52	2.89	2.86	NA
		PUNBUS	-	1.53	2.59	2.47	2.60
		Total	**2.28**	**2.57**	**2.85**	**2.88**	**NA**
6.	Percentage of manpower cost in R&M expenses	Roadways	74.56	67.36	75.64	81.34	85.26
		PRTC	56.79	53.80	52.88	55.76	NA
		PUNBUS	-	80.40	68.87	61.26	55.97
		Total	**67.98**	**63.46**	**65.34**	**66.17**	**70.98**

µ excluding hired buses

ANNEXURE – 13

(Referred to in paragraph No. 2.3.62)

Statement showing STU-wise manpower cost

Sl. No.	Particulars		2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total Manpower (Nos.)	Roadways	9,256	7,337	5,674	4,265	3,455
		PRTC	4,669	5,017	4,893	4,600	4,715
		PUNBUS	-	1,231	2,331	3,363	4,245
		Total	**13,925**	**13,585**	**12,898**	**12,228**	**12,415**
2.	Manpower Cost (Rs. in crore)	Roadways	125.48	107.21	88.03	85.33	88.25
		PRTC	67.42	74.64	79.23	82.78	84.33
		PUNBUS	-	19.92	47.44	60.08	67.64
		Total	**192.90**	**201.77**	**214.70**	**228.19**	**240.22**
3.	Effective KMs (in lakh)	Roadways	1,290.18	874.44	643.05	417.34	264.47
		PRTC	1,139.70	1,187.18	1,203.41	1,173.69	1,128.04
		PUNBUS	-	353.04	634.92	989.66	1208.66
		Total	**2,429.88**	**2,414.66**	**2,481.38**	**2,580.69**	**2,601.17**
4.	Cost per effective KM (Rs.)	Roadways	9.73	12.26	13.69	20.45	33.37
		PRTC	5.92	6.29	6.58	7.05	7.48
		PUNBUS	-	5.64	7.47	6.07	5.60
		Total	**7.94**	**8.36**	**8.65**	**8.84**	**9.24**
5.	Productivity *per* day *per* person (KMs)	Roadways	38.08	32.65	31.05	26.81	20.91
		PRTC	66.88	64.83	67.38	69.71	65.55
		PUNBUS		78.57	74.62	80.40	78.01
		Total	**47.81**	**48.70**	**52.71**	**57.66**	**57.40**
6.	Total Buses (No.)[λ]	Roadways	1,591	1,216	884	728	717
		PRTC	920	950	902	922	941
		PUNBUS	-	360	574	806	885
		Total	**2,511**	**2,526**	**2,360**	**2,456**	**2,543**
7.	Manpower *per* bus	Roadways	5.82	6.03	6.42	5.86	4.82
		PRTC	5.08	5.28	5.42	4.99	5.01
		PUNBUS	-	3.42	4.06	4.17	4.80
		Total	**5.55**	**5.38**	**5.47**	**4.98**	**4.88**

λ excluding hired buses

Annexure –14

(Referred to in paragraph 3.17)

PSU wise details of paras and amount of recovery

Punjab State Electricity Board					
Sr. No.	**Name of auditee unit**	**Para**	**Year of Inspection Report**	**Amount (Rs. in lakh)**	**Remarks**
1.	Resident Engineer, Operation & Maintenance, Upper Bari Doab Canal, Malikpur	Non recovery of license fee (1995-98) for residential accommodation not vacated by the employee even after transfer to another station.	1997-98	0.43	The Board intimated (September 2007) that efforts were being made to recover the penal rent. However, no recovery had been made yet (July 2009).
2	City Sub Division, Jagraon	Non-recovery of electricity charges from Ram Murti Oil Mills, Jagraon	1999-2000	1.31	Latest status of recovery was awaited (July 2009).
3.	Central Billing Cell, Jalandhar	Non- recovery on account of theft (March 1998) of energy by Narinder Jain (A/C No. LS-31) falling under Distribution East Division, Amritsar	2000-01	15.96	Though case was decided by Dispute Settlement Authority on 5.03.2007. Recovery of Rs. 15.96 lakh had not been received by the Board (July 2009).
4.	Director, Sales-I, Patiala	Undue favour to J. R. Processors Amritsar-repeated relaxations allowed in payment of energy charges by the board resulted in non recovery of dues.	2001-02	22.05	Status of recovery was awaited (July 2009).
5.	Director/Design, Sub Station, Patiala	The NGEF, New Delhi neither repaired the transformer nor refunded the advance payment of Rs. 2.76 lakh made by Board.	2002-03	2.76	The Board intimated (September. 2007) that firm had gone into liquidation in August 2004 and claim for recovery had been lodged with the Official Liquidator. No payment has been received by the Board (June 2009).
6.	Distribution Division, Dhariwal	Short recovery due to non-clubbing of connections running within the same premises.	2002-03	7.66	The Board stated (July 2009) that efforts are being made to recover the amount by filing the recovery suit.
7.	Director, Sales-I, Patiala	Non-filing of recovery suit on account of theft against. Agni Casting Pvt. Ltd., Mandi Gobindgarh under the control of distribution Sub-division, Gobindgarh.	2003-04	101.87	Despite repeated reminders, no reply had been received from the Board. Reminder was issued in July 2009.
8.	Director, Sales-I, Patiala	Non recovery from Irrigation Department for supply of electricity to auxiliaries at Ranjit Sagar Power Plant	2003-04	557.00	Despite understanding given in the meeting held in April 2004, the Irrigation Department did not pay Rs. 557.00 lakh (July 2009).

Sr. No.	Name of auditee unit	Para	Year of Inspection Report	Amount (Rs. in lakh)	Remarks
9.	Director, Inter State Billing, Patiala	Non-recovery of wheeling and operation & management (O & M) charges from Haryana Vidhyut Prasaran Nigam (HVPN).	2003-04	1945.70	The Board intimated (July 2009) that efforts were being made for recovery of wheeling and O & M charges.
10.	Director, Sales-II, Patiala	Non filing of suit against Punjab Fibers Limited, Nawanshahar for recovery of energy charges	2003-04	96.35	The Board intimated (August. 2005) that the recovery suit shall be filed shortly. Latest status of the case was enquired by audit but had not been intimated by the Board (July 2009).
11.	Distribution Division, Ropar	Non-recovery of shortage of material from nine employees of the Board.	2003-04	1.63	The Board stated (July 2009) that efforts were being made to clear the amount.
12.	Distribution Division, Adda Dakha	Non-recovery of installation charges (September 2002) of diesel generating sets.	2003-04	1.07	Latest status of recovery was awaited (July 2009).
13	Distribution special Division,Gobindgarh	Non-recovery of shortage of material from two Junior Engineers who had since retired	2003-04	9.98	Latest status of recovery was awaited (July 2009).
14.	Distribution West Special Division, Ludhiana.	Non-recovery on account of shortage of material (March 2000) from a Junior Engineer.	2003-04	0.70	Latest status of recovery was awaited (July 2009).
Other PSUs					
15	Punjab State Handloom and Textiles Development Corporation Limited	Shortage of stores & stocks detected during physical verification conducted in 1992	1991-92	5.59	The Management stated (July 2009) that the Company is under winding up stage since 1991, working with skeleton staff and the record pertaining to the year 1981-82 to 1991-92 is presently not available as the same had been mixed with other documents at the time of shifting the office .Inaction on the part of the management has resulted in non-recovery of Rs. 5.59 lakh
16	Punjab Small Industries & Export Corporation Limited	Over payment of Rs 5.25 lakh on account of payment of higher daily allowance during foreign tour between 1995 and 2000	1999-2000	5.25	The Company is yet to effect the recovery of overpayments (July 2009)
17	Punjab Agro Foodgrains Corporation Limited	Non initiation of action for recovery of shortage of paddy relating to the period 1998-99	2002-03	45.22	Status of recovery was awaited (July2009)
18	Punjab State Forest Development Corporation Limited	Shortage of trees of Rs. 1.77 lakh relating to period 1996-97.	2002-03	1.77	Status of recovery was awaited (July 2009)
19	Punjab State Grains Procurement Corporation Limited	Shortage of wheat relating to period 2003-04.	2003-04	15.85	Status of recovery was awaited (July 2009)
		Sub total		**73.68**	
		Grand total		**2838.15**	

Annexure – 15
(Referred to in paragraph 3.18)

PSU wise details of paras

Punjab State Electricity Board					
Sl. No.	**Name of auditee Unit**	**Para**	**Year of IR**	**Amount (Rupees in lakh)**	**Remarks**
1	Executive Engineer, Arrear cell, Talwara	Non settlement of accounts of officials/officers.	1996-97	34.50	The Board intimated (December 2005) that controlling offices had been asked to effect the recoveries. Latest status was sought by Audit but had not been intimated by the Board (July 2009)
2	Executive Engineer, Arrear cell, Talwara	Non settlement of accounts with officials/officers who had since been repatriated to their parent departments and retired from service	1996-97	6.22	The Board intimated (December 2005) that controlling administrative department had been asked to effect the recovery. Thereafter no reply has been received from the Board.
3	Distribution Division, Ropar	Shortage of material (non-rendering of accounts by concerned J.E's).	1997-98	3.05	Latest position sought by Audit had not been intimated by the Board (July 2009).
4.	Distribution Division, Gurdaspur	Non-deposit of electricity duty resulting in levy of penalty	1997-98	40.17	Latest position sought by Audit had not been intimated by the Board (July 2009).
5	Distribution Civil Lines Division, Amritsar	Recoverable amount from Municipal Corporation, Amritsar	1997-98	1005.55	The Board stated (July 2002) that recovery could not be effected as assessed value of assets and liabilities transferred from the Municipal Corporation was yet to be adopted by the Board. Latest status sought by Audit had not been intimated by Board (July 2009).
6	Distribution Sub Division, Aanandpur Sahib	Improper fixing of metering equipment by Board employees for supply of energy to Railways resulted in non acceptance of Board's claim on account of energy consumed by the Railways.	1997-01	140.47	Latest position sought by Audit had not been intimated by the Board (July, 2009)
7	Transmission Lines and Sub Station Construction Division, Patiala	Payment of wages to an idle worker due to non-issue of further posting orders after abolition of Transmission Lines and Sub Station Construction Division, Sirhind	1998-99	3.03	The Board in their reply (July 2005) had admitted the facts. Final action was awaited (July 2009).

Sl. No.	Name of auditee Unit	Para	Year of IR	Amount (Rupees in lakh)	Remarks
8	Director Industrial Relations, Patiala	Avoidable loss due to non payment of lump sum compensation under the Workmen Compensation Act, 1923 with in the prescribed time limit of one month.	1998-99	1.54	The Board in its reply (July 2009) stated that the matter regarding effecting recovery from delinquent officers / officials or for writing off the loss in question was still under consideration of the competent authority.
9.	Distribution Construction Division, Khanna	Pending Material at site accounts (MAS) due to non-submission of accounts by field staff.	1999-00	277.00	Latest position sought by audit had not been intimated by the Board (July 2009).
10.	Distribution Construction Division, Ferozepur	Theft of conductors from the store.	1999-00	0.25	Latest position sought by Audit had not been intimated by the Board (July 2009).
11	Metering Equipment Division, Patiala	Undue benefit to the firm by not levying recalibration charges	2000-01	1.14	The Board stated (July 2009) that recovery had been effected from the concerned firm. However, documents/records for the same have not been shown to Audit
12	Transmission Lines and Sub Station Construction Division Patiala	Shortage of material during physical verification of stores at S & T store, Sangrur	2000-01	43.48	The Board stated (July 2005) that the store keeper responsible for shortage had died in June 1999 and case for writing off the loss has been prepared. Final action awaited (July 2009)
13	Controller of Stores & Disposal Patiala	Laxity in decision for finalizing the cases relating to shortages of material detected during physical verification of stores during 1996-97 to 1999-2000	2000-01	46.68	As per reply (January 2009) of the Board , the concerned authority was yet to take action in these cases.
14	Director Personnel, Patiala	Unfruitful Expenditure incurred on foreign tours during October 1997 to August 2000.	2000-01	7.74	The Board in its reply (July 2009) admitted that the foreign tour from 30 June-2000 to 4-August-2000 undertaken for study of transmission & distribution losses could not fructify because the technical member viz. Chairman. PSEB could not accompany the visiting dignitary. Regarding foreign tour undertaken in October 1997 for attracting foreign investment, the Board stated (July 2009) that its benefits will accrue to the Board when the programme of foreign investment matures. The reply was not convincing because even after lapse of 12 years, the Board had not been able to attract any foreign investment The Board needs to streamline its policy regarding foreign tours.

Sl. No.	Name of auditee Unit	Para	Year of IR	Amount (Rupees in lakh)	Remarks
15.	Distribution Division, Samrala	Shortage of material against J.E's of Khanna sub-division relating to the period 1993-97.	2000-01	3.25	The Board in its reply stated (2004)that action was being taken for clearance of accounts/recoveries. Latest status of the cases was enquired by Audit (July 2009) but had not been intimated by the Board.
16.	Distribution Division. Muktsar	Non accountal of material drawn from the stores.	2000-01	5.21	The Board authorities promised (Dec.2008) to link up and show the records to Audit. However, no progress had (July 2009) been made.
17.	Distribution Division, Bagha Purana	Misappropriation of Board's material.	2000-01	0.62	Latest position sought by Audit had not been intimated by the Board (July 2009).
18	Chief Engineer, Transmision Lines, Patiala	Loss due to improper execution of work relating to laying of 220 KV line	2001-02	18.50	The Board stated (July 2009) that charge sheets had been issued to the delinquent officers officials and partial loss had been recovered. For remaining amount efforts are being made to place the case before full Board for write off. Thus even after lapse of nine years, the authorities had not finalized the case.
19	Distribution Focal Point Sub-division, Ludhiana	Non-recovery of demand surcharge due to allowing of full load against bogus test report.	2001-02	11.84	Latest position sought by Audit had not been intimated by the Board (July 2009).
20	Technical Unit-I, Ludhiana	Non recovery from consumers on account of theft of energy by tempering of meters.	2001-02	11.90	Latest position sought by Audit had not been intimated by the Board (July 2009).
21.	Distribution Construction Division, Muktsar	Non-submission of accounts of payments.	2001-02	0.78	Latest position sought by Audit had not been intimated by the Board (July 2009).
22.	Distribution Construction Division, Muktsar	Non-finalization of Material at Site accounts in the Divisional Office.	2001-02	3.40	Latest position sought by Audit had not been intimated by the Board (July 2009).
23.	Distribution Construction Division, Faridkot	Delay in finalization of disciplinary cases of shortages of material.	2001-02	12.81	Latest position sought by Audit had not been intimated by the Board (July 2009).
24.	Distribution Construction Division, Faridkot	Non-finalization of Material at Site accounts in the Divisional Office.	2001-02	97.89	Latest position sought by Audit had not been intimated by the Board (July 2009).
25.	Distribution Sub-division , Ghee Mandi, Amritsar	Loss due to non-production of Inspection Report before the Court and delayed filing of appeal against Mehra Textiles, Amritsar	2001-02	0.87	The Board had admitted the facts but has not taken any remedial action till date (July 2009).

Sl. No.	Name of auditee Unit	Para	Year of IR	Amount (Rupees in lakh)	Remarks
26.	Distribution Sub-division, Kathu Nangal	Loss due to non-utilization of building Complex.	2001-02	6.00	Latest position sought by Audit had not been intimated by the Board (July 2009).
27.	Distribution Sub-urban Division, Amritsar	Loss due to failure of Board to serve notices for the purposes of charging higher tariff.	2001-02	6.14	The Board stated (Sep. 2003) that action taken in the case would be intimated in due course. However, further reply was still awaited from the Board. (July 2009)
28	Central Store Patiala	Loss due to laxity and inaction for initiating legal action against the firm – SPA Electricals Ltd. Varanasi .	2002-03	7.40	The Board in its reply stated (July 2009) that the transformers were still lying with the firm.
29	Director Personnel, Patiala	Undue favour to an employee by the Board causing extra financial burden of the pay & allowance of the employee for the period she remained out of service after acceptance of her resignation.	2002-03	Not quantifiable	The Board stated (August 2005) that charge sheet had been issued to the delinquent employee. Latest status of the case was sought (July 2009) by Audit but had not been intimated by the Board.
30	Distribution Sub-division -I, Gobindgarh	Undue favour to Sh. Anil Kumar Aggarwal due to grant of repeated relaxations in payment of energy charges resulting in loss of revenue	2002-03	261.00	Latest position sought by Audit had not been intimated by the Board (July 2009).
31.	Distribution Division, Jalalabad	Theft of energy by consumers.	2002-03	1.14	Latest position sought by Audit had not been intimated by the Board (July 2009).
32.	Distribution Division, Bagha Purana	Non-rendering of accounts of material.	2002-03	315.96	Latest position sought by Audit had not been intimated by the Board (July 2009).
33	Distribution Division, Dhuri	Shortage of material detected after checking of accounts of works executed by the JEs.	2002-03	1.07	The Board stated (July 2009) that charge sheet issued to the official in July 2004 was still pending finalization with higher authorities.
34	Transmission Lines and Sub Station Construction Division, Jalandhar	Undue favour by shifting of 132 KV HT lines passing over Army Public School Beas at Board's Cost	2003-04	26.56	The Management stated (July 2009) that line was shifted as per decision of full Board. However, the rules and regulations of the Board do not permit such relaxation.
35	Transmission Lines and Sub Station Construction Division, Patiala	Mis-appropriation of stock of six. Towers	2003-04	7.20	The Board stated (July 2009) that the store keeper and S DO/ S&T had been held responsible for misappropriation of stock in December 2002 by the committee constituted for this purpose. However, action against delinquent officers had not yet (July 2009) been taken.

Sl. No.	Name of auditee Unit	Para	Year of IR	Amount (Rupees in lakh)	Remarks
36	Transmission Lines and Sub Station Construction Division, Patiala	Non recovery of cost of Tower from delinquent officers/officials	2003-04	Not quanitifiable	As per reply of the Board (July 2009) charge sheet had been issued to Shri M.G. Verma, JE in March 2005, but the case had not yet been finalized.
37	Central Billing Cell, Ludhiana	Non recovery of trans formation losses from Ranbaxy Laboratories, SAS Nagar, Mohali for the period 01-01-96 to 30-04-03	2003-04	169.00	Management stated (December 2006) that the case was pending with Board level Review Committee. Thus, against the stipulated period of 60 days for deciding the case, the Board did not decide the case even after lapse of six years.
38	Distribution sub-urban Division, Patiala	Loss of interest due to non-recovery of cost of line against deposit works from a private firm	2003-04	80.81	The Board in its reply (Jan.2009) stated that efforts would be made to get the amount deposited after reconciling accounts of the work.
39.	Distribution Division, Fazilka	Non accountal of meters drawn from the stores.	2003-04	1.42	Latest position sought by Audit had not been intimated by the Board (July 2009).
40	Distribution Division, Industrial Area, Amritsar	Suspected misappropriation of Board's revenue by Prem Nath, LDC.	2003-04	23.05	As per reply (July 2009) of the Board, charge sheet had been issued to the delinquent employee. Final action in the case was still awaited (July 2009).
41.	Distribution Division, Industrial Area, Amritsar	Non-sanctioning of contract demand resulting in loss of revenue by way of one time demand charges.	2003-04	0.87	The Board stated (July 2009) that the consumer in question were very old. The reply was not tenable because instructions issued by the Board were applicable to old as well as new consumers.
42	Distribution Divison, Mansa	Huge accumulation of amount under head 28.868 "Miscellaneous Advance pending investigation"	2003-04	10.35	The Board stated (July 2009) that efforts were being made to clear the amount
43	Distribution Division, Amloh	Undue favour to consumer by executing deposit work at Board's cost	2003-04	4.75	Latest status was sought by Audit but had not been intimated by the Board (July 2009).

Other PSUs					
Sl. No.	**Name of auditee Unit**	**Para**	**Year of IR**	**Amount (Rupees in lakh)**	**Remarks**
44	Punjab Agro Foodgrains Corporation Limited	Loss of interest due to delay in raising of sales bills. The delay ranged between two and 53 days.	2002-03	24.75	Reply of the Company was awaited (July 2009)
45	Punjab State Grain Procurement Corporation Limited	Loss on disposal of damaged wheat coupled with shortage of wheat stock	2003-04	510.93	Reply of the Company was awaited (July 2009)
46	Punjab State Forest Development Corporation Limited	Loss due to non recovery of sales tax from contractors.	2003-04	18.52	Reply of the Company was awaited (July 2009)
47	Punjab Small Industries and Export Corporation Limited	Unfruitful expenditure on development of unpopular growth centre	2003-04	131.00	Reply of the Company was awaited (July 2009)
48	-do-	Non transfer of Sports and Surgical Goods Complex Jallandhar to Municipal Corporation resulting in avoidable expenditure on maintenance of the complex.	2003-04	8.21	Reasons for delay in implementation of decision of January 2004 are awaited (July 2009).
49	Punjab State Warehousing Corporation	Loss of interest due to delay in release of differential amount between provision and final rates.	2003-04	13.89	Reply of the Corporation was awaited (July 2009)
50	-do-	Loss of interest due to delay of six to 35 days in raising bills coupled with delay of 14 to 33 days in transfer of funds to Head office.	2001-02	17.63	Reply of the Company was awaited (July 2009)
51	-do-	Injudicious setting up of Container Freight Station at Bathinda resulting in under utilization of the depot.	2002-03	50.12	Reply of the Company was awaited (July 2009)
		Grand Total		**3475.66**	

Annexure – 16

(Referred to in paragraph 3.19.1)

Statement showing paragraphs/reviews for which explanatory notes were not received as on 30 September 2009

Sl. No.	Name of the Department	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Total
1.	Agriculture	-	-	-	1	5	3	**9**
2.	Food and Supplies	-	-	-	-	3	4	**7**
3.	Industries	-	-	-	-	3	3	**6**
4.	Social Welfare	1	-	-	-	-	1	**2**
5.	Power	-	-	7	-	-	10	**17**
6.	Finance[♦]	1	2	3	1	1	2	**10**
7.	Animal Husbandry	-	1	-	-	-	-	**1**
	Total	**2**	**3**	**10**	**2**	**12**	**23**	**52**

[♦] These paragraphs relate to Agriculture, Animal Husbandry, Food & Supplies, Tourism, Industries, Transport and Social Welfare, reply of which is being coordinated by the Finance Department.

Annexure – 17

(Referred to in paragraph 3.19.3)

Statement showing persistent irregularities pertaining to Government companies appeared in the Reports of CAG of India for the years 2005-06 to 2007-08 (Commercial), Government of Punjab

Sl. No.	Nature of persistent irregularity	Year of Audit Report/Para No.	Money value (Rs. in crore)	Gist of audit observations	Actionable points/Action to be taken	Details of action taken
Punjab State Civil Supplies Corporation Limited						
1.	Avoidable payment of transportation charges	2006-07 4.2	13.85	Non-recovery of transportation charges from the millers in respect of paddy transported within eight kilometers resulted in loss of Rs. 13.85 crore to the Company.	The Company should have recovered this amount from the millers while settling their accounts for crop years 2003-06.	Reply awaited
		2007-08 4.2	6.84	Failure of the Company to direct its field officers not to incur expenditure on transportation of paddy within 8 km in first instance and effect recovery at the time of settling the millers' accounts resulted in avoidable loss of Rs. 3.58 crore to the Company and non-recovery of Rs. 3.26 crore from the millers	The Company should have recovered this amount from the millers at the time of settling their accounts for the crop year 2006-07	Reply awaited
	Total		**20.69**			

Punjab State Grains Procurement Corporation Limited

Sl. No.	Nature of persistent irregularity	Year of Audit Report/Para No.	Money value (Rs. in crore)	Gist of audit observations	Actionable points/Action to be taken	Details of action taken
1.	Avoidable payment of transportation charges	2006-07 4.5	5.25	Non-recovery of transportation charges from the millers in respect of paddy transported within eight kilometers resulted in loss of Rs. 5.25 crore to the Company.	The Company should have recovered this amount while making payment of milling charges at the time of settling the accounts of the millers.	Reply awaited
		2007-08 2.9	8.20	The Company did not recover transportation charges of Rs. 8.20 crore from the millers	The Company should have recovered this amount from the millers at the time of settling their accounts.	Reply awaited
2.	Loss of interest	2006-07 4.4	0.19	Failure of the field staff to submit despatch documents in time resulted in delayed submission of bills to FCI for payment with consequent interest loss of Rs. 18.52 lakh to the Company.	The COPU was not satisfied with the reply furnished by the Department/Corporation and desired to know the latest position of the action taken by the Department/Corporation.	Reply awaited
		2007-08 2.15	0.87	Delay in raising of sales bills for delivery of rice to FCI by the millers resulted in loss of interest of Rs. 86.86 lakh.	The Company should have maintained proper records and made provisions for payment of interest in the agreements with the millers.	Reply awaited
3.	Loss due to delay in raising claims of transportation charges	2005-06 4.5	3.97	Failure of the Company to promptly raise claims of transportation charges on Food Corporation of India resulted in blockage of Rs. 32.94 crore and consequential loss of interest of Rs. 3.97 crore.	The COPU was not satisfied with the reply furnished by the Company and desired (Dec, 2008) to know: a) The dates on which the bills were forwarded to FCI and the dates when these were returned by FCI. b) The reasons for short claim. c) The latest position of recovery of transportation charges and interest from FCI.	Reply awaited
		2007-08 2.10	6.28	Failure of the Company to devise any system to raise transportation claims immediately after the completion of paddy season resulted in loss of interest of Rs. 6.28 crore.	The Company should have raised such claims immediately after completion of paddy season and pursue the matter vigorously with FCI.	Reply awaited

Sl. No.	Nature of persistent irregularity	Year of Audit Report/Para No.	Money value (Rs. in crore)	Gist of audit observations	Actionable points/Action to be taken	Details of action taken
4.	Short reimbursement of cost of gunny bags	2005-06 4.6	2.49	Inclusion of depreciation of less quantity of gunny bags in the rate of rice resulted in short reimbursement of Rs. 2.49 crore to the Company.	The COPU desired (Dec, 2008) to know the latest position of revision/recovery of gunny bags depreciation.	Reply awaited
		2007-08 2.21	12.99	Inclusion of depreciation on lower number of gunny bags in rates of rice by GOI resulted in short recovery of Rs. 12.99 crore.	The Company should have taken the matter with GOI for fixation of correct cost of gunny bags retained with the millers	Reply awaited
	Total		**40.24**			

Annexure – 18

(Referred to in paragraph 3.19.4)

Statement showing department wise break up of Inspection reports/Paras outstanding as on 30 September 2009

Sr. No.	Department	No. of PSUs	No. of IRs outstanding	No. of Paras outstanding	Years for which observations outstanding
A	**Working PSUs**				
1.	Agriculture	6	39	284	1992-93 to 2008-09
2.	Food & Supplies	2	90	521	1992-93 to 2008-09
3	Irrigation	1	4	23	2004-05 to 2007-08
4.	Industries	11	48	194	1985-86 to 2008-09
5.	Forest	1	6	22	2002-03 to 2008-09
6.	Tourism	4	6	10	2005-06 to 2007-08
7.	Home	1	4	6	2004-05 to 2007-08
8.	Transport	2	32	146	1993-94 to 2008-09
9.	Social Welfare	1	2	9	2005-06 and 2007-08
10.	Power	2	627	1,305	1995-96 to 2007-08
	Total A	**31**	**858**	**2,520**	
B	**Non Working PSUs**				
1.	Agriculture	1	2	6	2004-05 to 2006-07
2.	Industries	6	11	17	1991-92 to 2008-09
3.	Animal Husbandry	1	1	2	2006-07
4.	Tourism	1	1	1	2002-03
	Total B	**9**	**15**	**26**	
	Grand Total (A+B)	**40**	**873**	**2,546**	

Annexure – 19

(Referred to in paragraph 3.19.4)

Statement showing the department wise draft paragraphs/reviews, replies to which are awaited

Sl. No.	Name of Department	No. of Draft Paragraphs/Long Draft Paragraphs	No. of reviews	Period of issue
1.	Power	5	2	January 2009 to July 2009
2.	Agriculture	5	-	February 2009 to June 2009
3.	Industries	5	-	March 2009 to May 2009
4.	Food and Supplies	2	-	June and August 2009
5.	Transport	-	1	July 2009
	Total	**17***	**3**	

*Besides this, two composite DPs have also been issued to six PSUs during July and August 2009, reply to which is awaited.