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## 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 and has been prepared for submission to the Government of Uttar Pradesh 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 six departmentally managed commercial undertakings are included in the Report of the Comptroller and Auditor General of India (Civil), Government of Uttar Pradesh.

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 Uttar Pradesh State Road Transport Corporation, Uttar Pradesh Avas Evam Vikas Parishad and Uttar Pradesh Jal Nigam, 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 Uttar Pradesh Financial Corporation in addition to the audit conducted by the Chartered Accountants appointed by the Corporation out of panel of auditors approved by the Reserve Bank of India. In respect of Uttar Pradesh 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 UP Government Employees Welfare Corporation and Uttar Pradesh Forest Corporation, audit is conducted under Section 19 (3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. In respect of Uttar Pradesh 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 our audit during the year 2010-11 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 2010-11 have also been included, wherever necessary.

6. The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department by the Comptroller and Auditor General of India.

## 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 2011, the State of Uttar Pradesh had 83 working PSUs (76 companies and seven Statutory corporations) and 40 non-working PSUs (all companies), which employed 0.74 lakh employees. The working PSUs registered a turnover of ₹ 39,298.30 crore for 2010-11 as per their latest finalised Accounts. This turnover was equal to 6.68 per cent of the State GDP indicating a moderate role played by the State PSUs in the economy. However, the working PSUs incurred overall Loss of ₹ 3,714.44 crore in 2010-11 and had Accumulated Losses of ₹ 21,448.03 crore.*

#### **Investments in PSUs**

*As on 31 March 2011, the Investment (Capital and Long Term Loans) in 123 PSUs was ₹ 82,911.80 crore. It grew by over 196.04 per cent from ₹ 28,007.35 crore in 2005-06 to ₹ 82,911.80 crore in 2010-11 mainly because of increase in Investment in Power Sector which accounted for 92.51 per cent of the total Investment in 2010-11. The Government contributed ₹ 7,233.22 crore towards Equity, Loans and Grants/Subsidies during 2010-11.*

#### **Performance of PSUs**

*During the year 2010-11, out of 83 working PSUs, 31 PSUs earned Profit of ₹ 1,003.75 crore and 24 PSUs incurred Loss of ₹ 4,718.19 crore. Two working PSUs, which were incorporated during 2006-07 had not submitted their first Accounts whereas 26 companies maintained their Accounts on “No Profit No Loss” basis. The major contributors to Profit were Uttar Pradesh Avas Evam Vikas Parishad (₹ 338.46 crore), Uttar Pradesh Rajkiya Nirman Nigam Limited (₹ 195.64 crore), Uttar Pradesh State Industrial Development Corporation Limited (₹ 97.01 crore) and Uttar Pradesh Forest*

*Corporation (₹ 115.67 crore). The heavy losses were incurred by three Power Sector companies (total ₹ 3025.58 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 ₹ 2,763.95 crore and infructuous Investments of ₹ 39.33 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 51 Accounts of working companies finalised during October 2010 to September 2011, qualified certificates were issued for 39 Accounts, adverse certificates for two Accounts, disclaimer for two account and unqualified certificates for eight Accounts. There were 46 instances of non-compliance with Accounting Standards. Of the eight Accounts finalised during October 2010 to September 2011 by the six Statutory corporations, we conducted audit of three Accounts and issued qualified certificate for three Accounts. The audit of rest of five corporations was under finalisation.*

#### **Arrears in Accounts and winding up**

*Sixty nine working PSUs had arrears of 206 Accounts as of September 2011. The arrears need to be cleared in a time bound manner by setting targets for PSUs. There were 40 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.*

## 2. Performance Audit relating to Government companies

Performance Audit relating to working of Power Distribution Utilities in the state of Uttar Pradesh was conducted. Executive summary of our audit findings is given below:

### *Power Distribution Utilities in Uttar Pradesh*

*Power is an essential requirement for all facets of life. The distribution system of the Power Sector constitutes the final link between the Power Sector and the consumer. The efficiency of the Power Sector is judged by the consumers on the basis of performance of this segment. National Electricity Policy aims to bring out reforms in the Power Distribution sector with focus on system up-gradation, controlling and reduction of sub-transmission and distribution losses and power thefts and making the sector commercially viable.*

*In Uttar Pradesh, distribution of power is carried out by the five Distribution Companies (DISCOMs) i.e. Kanpur Electricity Supply Company Limited (KESCO), Paschimanchal Vidyut Vitran Nigam Limited (PVVNL), Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), Purvanchal Vidyut Vitran Nigam Limited (PuVVNL) and Madhyanchal Vidyut Vitran Nigam Limited (MVVNL). We selected KESCO and PVVNL for the performance audit covering period from 2006-07 to 2010-11. The audit was conducted to ascertain whether the aims and objectives stated in the National Electricity Policy were adhered to and how far the distribution reforms were achieved. Besides, execution of Centrally Sponsored Schemes viz. RGGVY and APDRP/R-APDRP was test checked with reference to the contracts and payments made there against.*

#### *Financial position and working results*

*The DISCOMs were not able to recover their cost of operations and the Accumulated Losses increased year after year and mounted to ₹ 29,068.78 crore in 2010-11 against ₹ 9,521.94 crore in 2006-07. The realisation per unit ranged between ₹ 2.84 and ₹ 3.96 against the cost per unit of ₹ 4.06 to ₹ 5.37 during 2006-11.*

#### *Distribution network planning*

*Against the planned additions of 609 Sub-stations over the audit period, only 498 Sub-stations were actually added. The increase in transformation capacity was not commensurate with the increase in connected load. During the audit period,*

*the connected load increased from 23,730 MVA to 32,504 MVA (36.98 per cent) whereas transformation capacity increased from 19,842 MVA to 26,250 MVA (32.29 per cent). Due to delayed construction of 179 sub-stations, PVVNL could not get the financial benefit of ₹ 67.64 crore.*

#### *Implementation of Centrally Sponsored Schemes*

*RGGVY was launched (April 2005) with the objective to provide access to electricity for rural households by 2009. The DISCOMs received ₹ 1741.01 crore for electrification of 23,325 villages against which 22,062 villages were electrified at a cost of ₹ 1687.00 crore during the audit period leaving a gap of 1263 villages. The scheme was being executed at very high cost. Test check in audit revealed that extra expenditure of ₹ 186.52 crore was incurred due to award of work at exorbitant rates and excess payment of Trade Tax.*

*In execution of APDRP/R-APDRP schemes implemented for up-gradation of distribution system and establishment of IT enabled system, cases of cost overrun of ₹ 2.24 crore and procurement of sub-standard material of ₹ 1.89 crore was found in KESCO. Under R-APDRP, PVVNL drew loan of ₹ 132.02 crore in 2009-10 and 2010-11 for work of establishment of centers for IT enabled system, out of which only ₹ 27.78 crore was utilised*

#### *Operational efficiency*

*The overall sub transmission and distribution losses ranged between 23.41 and 29.11 per cent against the norm of 25.21 to 27.40 per cent during 2006-11. Against the ideal ratio of 1:1, the ratio of transformation capacity to the total connected load ranged between 0.77:1 and 0.86:1 during 2006-11. Percentage of failure of Distribution Transformers (DTRs) ranged between 15.45 and 17.15 per cent against norm of 5 per cent. The DISCOMs failed to devise proper internal control mechanism and effective managerial control to ensure timely return of damaged transformers after repair.*

*The DISCOMs also did not install required capacitor banks of 12,205.38 MVAR*

capacity, due to which saving of energy of 600.10 MU per year valued at ₹ 237.64 crore could not be done.

#### **Billing and revenue collection efficiency**

During audit period, energy billed on the basis of meter readings ranged between 47.75 and 55.45 per cent of the total energy available for sale within the State. Under/short billing of ₹ 8.97 crore on account of incorrect application of tariff, unmetered supply and defective meters etc. was done by the DISCOMs. In addition, the DISCOMs did not levy ₹ 39.58 crore on account of Electricity Duty, late payment surcharge, penalty and security deposit. Outstanding dues increased from ₹ 4,982.19 to ₹ 12,985.36 crore during 2006-11. The DISCOMs failed to initiate effective pursuance for recovery of outstanding dues.

#### **Tariff fixation**

The DISCOMs failed to file the Annual Revenue Requirement (ARR) petitions within the prescribed period of 120 days before the commencement of the respective

year. The delay ranged between 19 to 479 days, resulting in non-realisation of potential revenue of ₹550.90 crore.

#### **Conclusion and recommendations**

The DISCOMs were not able to recover its cost of operation and its accumulated losses increased by 205.28 per cent during 2006-11. Many schemes initiated for strengthening of distribution network in the State, started by the DISCOMs, had been abnormally delayed or remained incomplete. The DISCOMs consistently failed to achieve its performance parameters and the targets.

We have made six recommendations to improve the distribution segment of the Power Sector in the State. Making of plans for reduction of T&D losses and power theft, correct billing, ensure timely completion of all the schemes, achievement of performance parameters & targets and fixing yearly targets/ milestones for energy audit, etc. are some of these recommendations.

### **3. Performance Audit relating to Statutory corporation**

Performance Audit relating to working of Uttar Pradesh Avas Evam Vikas Parishad was conducted. Executive summary of our audit findings is given below:

#### **Uttar Pradesh Avas Evam Vikas Parishad**

Uttar Pradesh Avas Evam Vikas Parishad (Parishad) was established in April 1966 under the Uttar Pradesh Avas Evam Vikas Parishad Adhiniyam, 1965 (Adhiniyam) with the main objective of providing houses/plots at affordable prices in tune with the State and National Housing Policy towards solving the housing problems being faced by different sections of the society. The Parishad undertakes activities of acquisition of land, development of Land, construction of properties and allotment/sale of properties.

#### **Delay in acquisition of land**

There were delays at every stage of the land acquisition procedure. Though the sites for six schemes were selected during September 2006 to February 2010, the Parishad, however, could not notify the schemes under Section (u/s) 28 of the Adhiniyam despite lapse of 13 months to 54 months. In ten schemes, the Parishad had not taken the possession of land despite lapse of 35 months to 289 months from the date of notification u/s 32 of the Adhiniyam.

There was no system in the Parishad to monitor status of funds provided to the Special Land Acquisition Officer vis-à-vis actual acquisition/ possession of land.

The Parishad did not evolve any system to exercise the powers given in the Adhiniyam to restrict and/or remove unauthorized constructions. This resulted in encroachments/ disputes on 858.93 hectare land valued at ₹ 137.44 crore in 42 schemes of the Parishad.

#### **Development of land and construction of properties**

The Parishad failed to achieve the targets of land development and construction of properties. The target for development of land to total land available had been decreasing over the years. It decreased from 29 per cent in 2006-07 to 8.87 per cent in 2010-11. The percentage of actual land developed to the total land available also decreased from 18.33 per cent in 2006-07 to 4.17 per cent in 2010-11.



The achievement of target set for construction ranged between 38.82 per cent and 71.88 per cent except for the year 2007-08. Further, there was time overrun of more than six months in 70.01 per cent of the total works executed by the Parishad. The Parishad has not made provisions for rain water harvesting and ground water recharging in eight schemes as required in the Government order of April 2006.

**Costing of properties**

The Parishad deviated from the Costing Guidelines in fixing the sale price of properties which resulted in a loss of ₹ 13 crore in one project and enhancement of price by ₹ 30.63 crore in other two projects.

The Parishad also violated the Costing Guidelines as regard to costing of schemes which resulted in enhancement of cost of properties by ₹ 224.60 crore. This defeated the objective of the Parishad to provide housing solutions at affordable cost.

**Allotment of properties**

A lot of properties were lying unallotted. The Parishad did not frame any firm plan to liquidate its unsold properties resulting in locking up of Parishad's fund of ₹ 554.05 crore.

The Parishad failed to comply with the provisions of the Viniyam relating to allotment of properties, as a result refund of ₹ 2.09 crore was made in excess of the permissible amount on cancellation of two group housing plots in two schemes.

**Manyawar Shri Kashi Ram Ji Sahri Garib Avas Yojna**

For execution of the Yojna launched by the State Government, a major portion of the

Parishad's workforce was deployed. The Parishad, however, did not receive centage charges of ₹ 204.82 crore, met additional expenditure of ₹ 21.19 crore from its Infrastructure Fund and loaded the cost of land amounting to ₹ 41.02 crore provided free of cost for the Yojna on its own schemes.

**Internal Control System**

Internal control system of the company was weak as adequate control mechanism towards timely and smooth implementation of schemes did not exist. Internal audit wing was not commensurate with the size and volume of the business of the Parishad.

**Conclusion and Recommendations**

There were delays at every stage of land acquisition and failure in achieving targets. There had been deviations from the Costing Guidelines. Properties of huge value remained unsold due to non-marketability and encroachments. The market value of nearby plots were not considered for fixation of reserve price resulting in auction of properties at lower prices. The internal control system was weak in the Parishad.

We have made seven recommendations which include adherence to the fixed time frame and follow-up for land acquisition, development and construction activities, effective steps for liquidating unsold properties, to adhere to the provisions of the Costing Guidelines and strengthening the internal control system.

**4. Transaction Audit Observations**

Our Transaction Audit Observations included in this Report highlight deficiencies in the management of Public Sector Undertakings involving significant financial implications. The irregularities pointed out are broadly of the following nature:

There were six cases of avoidable Loss/Expenditure amounting to ₹ 43.64 crore.

(Paragraphs 4.2, 4.3 and 4.5 to 4.8)

There were three cases of non-recovery of dues amounting to ₹ 14.44 crore.

(Paragraphs 4.1, 4.4 and 4.9)

There were two cases of violation of Statutory/contractual obligations amounting to ₹ 1.31 crore.

(Paragraph 4.10 and 4.13)

There was one case of Loss of revenue of ₹ 0.70 crore.

*(Paragraph 4.12)*

Gist of some of the important paragraphs is given below:

- **The Pradeshiya Industrial & Investment Corporation of U. P. Limited** suffered loss of ₹ 1.27 crore due to making payment of collection charges to the District Collector before recovering it from the borrowers.

*(Paragraph 4.1)*

- **Madhyanchal Vidyut Vitran Nigam Limited** incurred excess expenditure of ₹ 36.93 crore on repair of transformers due to non-preparation of cost analysis for HV/LV leg coils and finalising the rates without referring prevalent market rates.

*(Paragraph 4.6)*

- **Uttar Pradesh Financial Corporation** suffered Loss of ₹ 10.44 crore due to change in OTS Guidelines de-linking valuation of mortgaged security in certain class of non-performing Loans.

*(Paragraph 4.9)*

- **Uttar Pradesh State Road Transport Corporation** incurred an avoidable expenditure of ₹ 97.70 lakh due to non recovery of compensation in accident cases from the private bus owners.

*(Paragraph 4.10)*

## CHAPTER-I

### 1. Overview of Government companies and Statutory corporations

#### 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 people. In Uttar Pradesh, the State PSUs occupy a moderate place in the State economy. The State working PSUs registered a turnover of ₹ 39,298.30 crore for 2010-11 as per their latest finalised Accounts as of 30 September 2011. This turnover was equal to 6.68 *per cent* of State Gross Domestic Product (GDP) of ₹ 5,88,466.53 crore in 2010-11. Major activities of State PSUs are concentrated in Power Sector. The State working PSUs incurred a loss of ₹ 3,714.44 crore in the aggregate for 2010-11 as per their latest finalised Accounts as of 30 September 2011. They had at least 0.74 lakh<sup>1</sup> employees as of 31 March 2011. The State PSUs do not include six Departmental Undertakings<sup>2</sup> (DUs), which carry out commercial operations but are a part of Government departments. Audit findings of these DUs are incorporated in the Civil Audit Report for the State.

**1.2** As on 31 March 2011, there were 123 PSUs as per the details given below. Of these, no company was listed on the stock exchange(s).

Type of PSUs	Working PSUs	Non-working PSUs <sup>3</sup>	Total
Government Companies <sup>4</sup>	76	40	116
Statutory Corporations	7	Nil	7
<b>Total</b>	<b>83</b>	<b>40</b>	<b>123</b>

**1.3** During the year 2010-11, two companies named as Lucknow City Transport Services Limited and Lalitpur Power Generation Company Limited were incorporated under the Companies Act, 1956, two<sup>5</sup> companies were privatised (July 2009) and three<sup>6</sup> companies were finally wound up.

#### 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, 1956.

**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 CAG as per the provisions of Section 619(2) of the

<sup>1</sup> As per the details provided by 52 PSUs. Remaining 71 PSUs did not furnish the details.

<sup>2</sup> Commissioner, Food and Civil Supplies, Government Press, State Pharmacy of Ayurvedic and Unani Medicines, Dy. Director-Animal Husbandry, Irrigation Workshops and Criminal Tribes Settlement Tailoring Factory, Kanpur.

<sup>3</sup> Non-working PSUs are those which have ceased to carry on their operations.

<sup>4</sup> Includes 619-B companies.

<sup>5</sup> Prayag Raj Power Generation Company Limited and Sangam Power Generation Company Limited were privatised on July 2009.

<sup>6</sup> Three companies named as Handloom Intensive Corporation (Gorakhpur & Basti), Handloom Intensive Development Project (Bijnore) and Uttar Pradesh Textile Printing Corporation Limited.

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 seven Statutory corporations, CAG is the sole auditor for Uttar Pradesh State Road Transport Corporation, Uttar Pradesh Avas Evam Vikas Parishad, Uttar Pradesh Forest Corporation, and Uttar Pradesh Jal Nigam. In respect of Uttar Pradesh State Warehousing Corporation, Uttar Pradesh Financial Corporation and Uttar Pradesh Government Employees Welfare Corporation, the audit is conducted by the Chartered Accountants and supplementary audit by the CAG.

The audit of Uttar Pradesh Electricity Regulatory Commission is entrusted to the CAG under Section 104 (2) of the Electricity Act, 2003.

### Investment in State PSUs

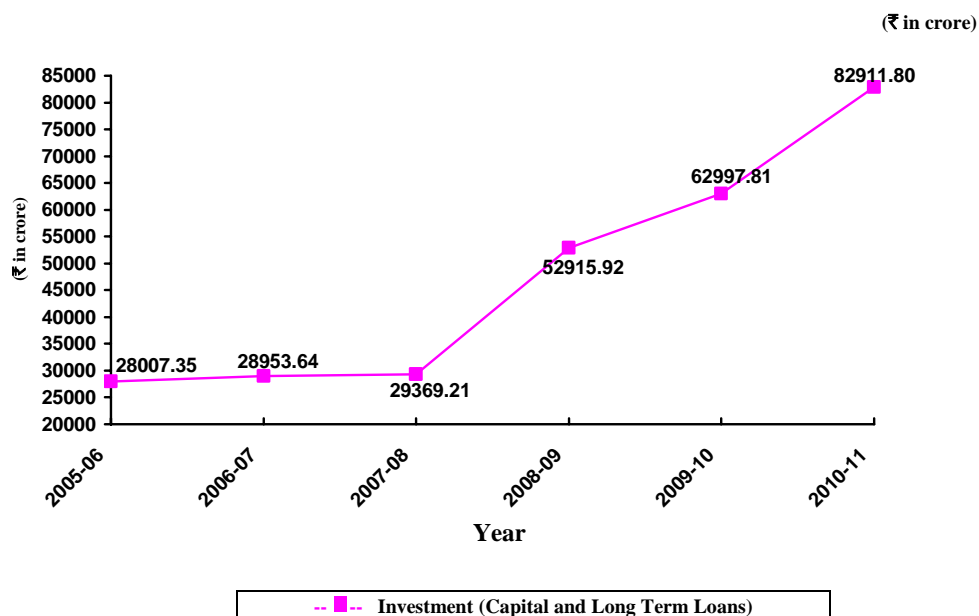
**1.7** As on 31 March 2011, the Investment in 123 PSUs (including 619-B companies) was ₹ 82,911.80 crore as per details given below:

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	56835.31	23794.54	80629.85	561.78	846.21	1407.99	82037.84
Non-working PSUs	433.42	440.54	873.96	-	-	-	873.96
<b>Total</b>	<b>57268.73</b>	<b>24235.08</b>	<b>81503.81</b>	<b>561.78</b>	<b>846.21</b>	<b>1407.99</b>	<b>82911.80</b>

(₹ in crore)

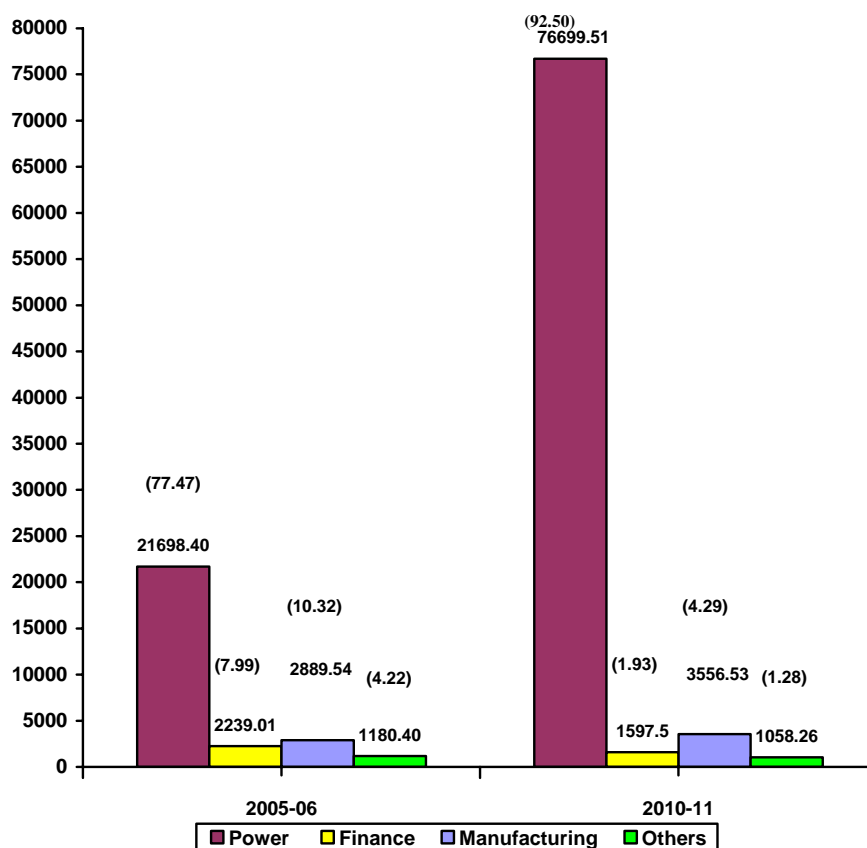
A summarised position of Government Investment in State PSUs is given in *Annexure-1*.

**1.8** As on 31 March 2011, of the total Investment in State PSUs, 98.95 per cent was in working PSUs and the remaining 1.05 per cent in non-working PSUs. This total Investment consisted of 69.75 per cent towards Capital and 30.25 per cent in Long-Term Loans. The Investment has grown by 196.04 per cent from ₹ 28,007.35 crore in 2005-06 to ₹ 82,911.80 crore in 2010-11 as shown in the following graph.



**1.9** The Investment in various important sectors and percentage thereof at the end of 31 March 2006 and 31 March 2011 are indicated below in the bar chart. The thrust of PSU Investment was mainly in Power Sector during the five years which has seen its percentage share rising from 77.47 per cent in 2005-06 to 92.51 per cent in 2010-11 while the share of manufacturing sector decreased from 10.32 per cent in 2005-06 to 4.29 per cent in 2010-11.

(₹ in crore)



(Figures in brackets indicate the Sector percentage to total Investment)

### Budgetary outgo, Grants/Subsidies, Guarantees and Loans

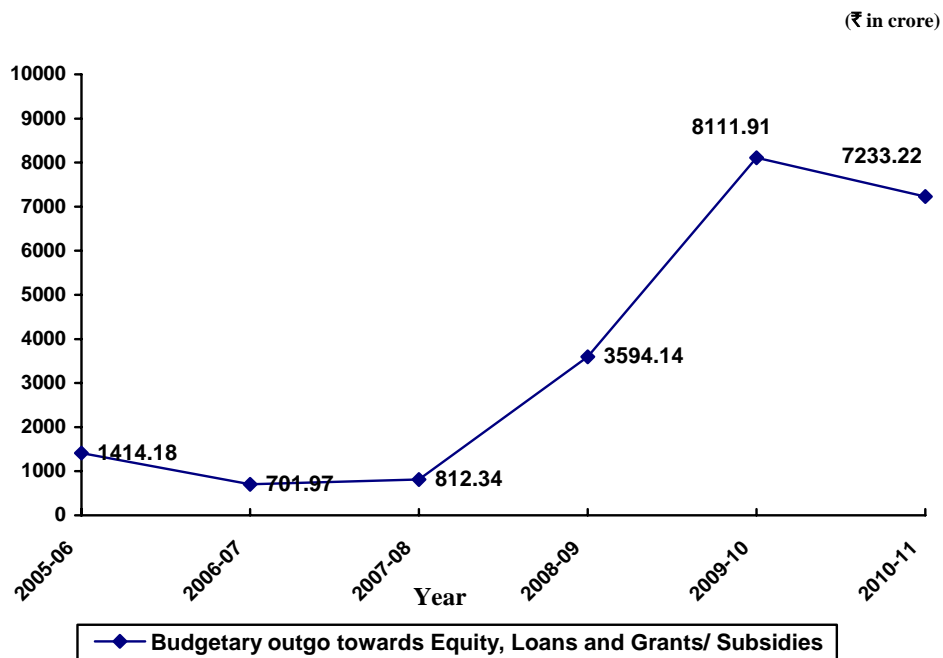
**1.10** The details regarding budgetary outgo towards Equity, Loans, Grants/ Subsidies, Guarantees issued, Loans written off, Loans converted into Equity and Interest waived in respect of State PSUs are given in *Annexure-3*. The summarised details for the three years ended 2010-11 are given below.

(Amount ₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity capital outgo from budget	5	2405.08	6	5146.82	6	3502.49
2.	Loans given from budget	4	90.53	11	1021.96	8	113.20
3.	Grants/subsidy received	9	1098.53	14	1943.13	11	3617.53
4.	<b>Total Outgo (1+2+3)</b>	<b>14*</b>	<b>3594.14</b>	<b>26*</b>	<b>8111.91</b>	<b>23*</b>	<b>7233.22</b>
5.	Loans converted into Equity	2	209.30	1	138.77	1	100.00
6.	Guarantees issued	2	20735.82	2	6245.25	3	10549.50
7.	Guarantee commitment	7	10525.81	7	7380.11	8	17718.22

\* These represent actual number of PSUs which received budgetary support.

1.11 The details regarding budgetary outgo towards Equity, Loans and Grants/Subsidies for past six years are given in the graph.



It can be seen that the budgetary outgo in the form of Equity, Loans and Grants/Subsidies to State PSUs was all time low in 2006-07 during the period from 2005-06 to 2010-11. The budgetary outgo was ₹ 7,233.22 crore in 2010-11 mainly due to extension of financial support of ₹ 5,124.54 crore by the State Government to seven Power Sector companies in the form of Equity (₹ 3,496.99 crore) and Grants/Subsidies (₹ 1,627.55 crore). The amount of guarantee outstanding decreased from ₹ 10,525.81 crore in 2008-09 to ₹ 7,380.11 crore in 2009-10 and increased to ₹ 17,718.22 crore in 2010-11. The amount of guarantee commission payable by five PSUs as on 31 March 2011 was ₹ 7.12 crore<sup>7</sup>. During the year, four PSUs<sup>8</sup> had paid guarantee commission of ₹ 7.65 crore.

#### Reconciliation with Finance Accounts

1.12 The figures in respect of Equity, Loans and Guarantees outstanding as per 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 differences. The position in this regard as at 31 March 2011 is stated below.

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	27284.59	44122.97	16838.38
Loans	1240.90	1875.97	635.06
Guarantees	17220.32	17718.22	497.90

We have observed that the differences occurred in respect of 22 PSUs and some of the differences were pending for reconciliation since 2000-01. The Accountant General had regularly taken up the matter of reconciliation of

<sup>7</sup> The Pradeshiya Industrial and Investment Corporation of U.P. Limited, Uttar Pradesh Power Corporation Limited, Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited, Uttar Pradesh Government Employees Welfare Corporation and Uttar Pradesh Power Transmission Corporation Limited.

<sup>8</sup> The Pradeshiya Industrial and Investment Corporation of U.P. Limited, Uttar Pradesh Power Corporation Limited, Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited and Uttar Pradesh Power Transmission Corporation Limited.

figures between Finance Accounts and Audit Report (Commercial) with the PSUs requesting them to expedite the reconciliation. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

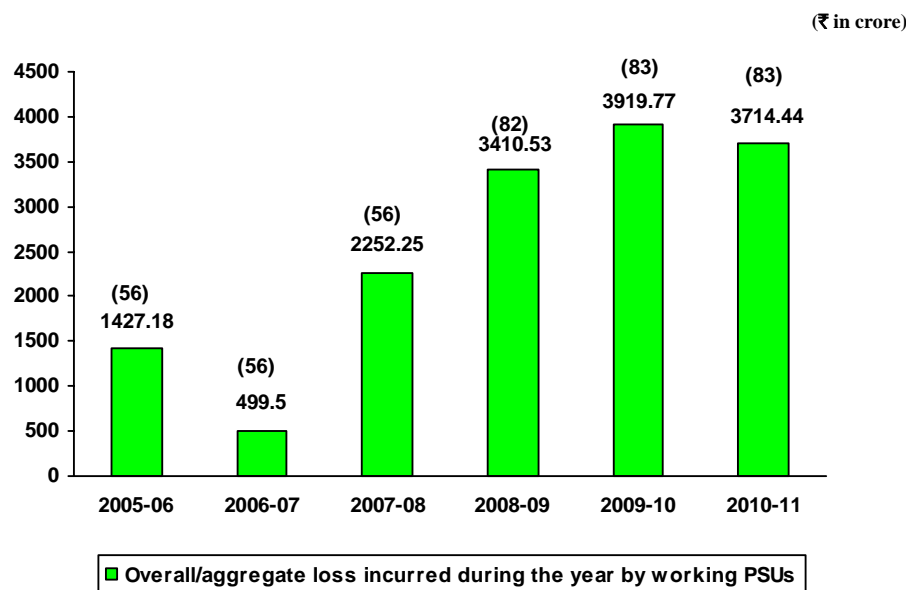
### Performance of PSUs

**1.13** The financial results of PSUs, financial position and working results of working Statutory corporations are indicated in *Annexures-2, 5 and 6* respectively. A ratio of PSUs turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSUs turnover and State GDP for the period 2005-06 to 2010-11.

(₹ in crore)						
Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Turnover <sup>9</sup>	18750.76	18860.47	27261.62	31480.07	35541.61	39298.30
State GDP	276969.00	309834.00	344346.00	400711.00	357557.00	588466.53
Percentage of Turnover to State GDP	6.77	6.09	7.92	7.86	9.94	6.68

The percentage of turnover to State GDP which was at 6.77 during 2005-06 increased to 9.94 in 2009-10 but decreased to 6.68 during 2010-11 mainly due to increase in State GDP.

**1.14** Losses incurred by State working PSUs during 2005-06 to 2010-11 are given in bar chart below:



(Figures in brackets indicate the number of working PSUs in respective years)

The amount of loss incurred by working PSUs increased from ₹ 1,427.18 crore in 2005-06 to ₹ 3,714.44 crore during 2010-11. During the year 2010-11, out of 83 working PSUs, 31 PSUs earned profit of ₹ 1,003.75 crore and 24 PSUs incurred loss of ₹ 4,718.19 crore. Two working PSUs\* had not submitted their first Accounts whereas 26 companies remained at “no profit no loss”. The major contributors to profit were Uttar Pradesh Avas Evam Vikas Parishad (₹ 338.46 crore), Uttar Pradesh Rajkiya Nirman Nigam Limited (₹ 195.64 crore), Uttar Pradesh State Industrial Development Corporation Limited (₹ 97.01 crore) and Uttar Pradesh Forest Corporation (₹ 115.67 crore). The

<sup>9</sup> Turnover as per the latest finalised accounts as of 30 September 2011.

\* Sl. No. A-44 and 76 in Annexure-2.

heavy Losses were incurred by Dakshinanchal Vidyut Vitran Nigam Limited (₹ 1,149.75 crore), Purvanchal Vidyut Vitran Nigam Limited (₹ 1,102.00 crore) and Madhyanchal Vidyut Vitran Nigam Limited (₹ 773.83 crore).

**1.15** The losses of PSUs were mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. A review of the latest Audit Reports of CAG shows that the State working PSUs incurred losses to the tune of ₹ 2763.95 crore and infructuous Investment of ₹ 39.33 crore which were controllable with better management. Year wise details from Audit Reports are stated below.

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	Total
Net loss	3410.53	3919.77	3714.44	11044.74
Controllable losses as per CAG's Audit Report	86.37	888.01	1789.57	2763.95
Infructuous Investment	27.60	2.51	9.22	39.33

**1.16** The above Losses pointed out in 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 substantially. 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.

**1.17** Some other key parameters pertaining to State PSUs are given below:

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Return on Capital Employed ( <i>per cent</i> )	-	2.28	-	-	-	-
Debt	8680.00	9192.09	9538.97	11656.61	14380.07	25081.29
Turnover <sup>10</sup>	18750.76	18860.47	27261.62	31480.07	35541.61	39298.30
Debt/ Turnover Ratio	0.46:1	0.49:1	0.35:1	0.37:1	0.40:1	0.64:1
Interest Payments	1166.79	1055.11	1212.39	1058.32	1187.42	1273.00
Accumulated losses	11141.45	12305.62	14129.45	15520.04	19024.03	22598.81

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

During the period 2005-06 to 2009-10 the Debt to Turnover ratio has deteriorated from 0.46:1 in 2005-06 to 0.64:1 in 2010-11 which indicates that there is a pressure on profit margin. The amount of Accumulated losses increased from ₹ 11,141.45 crore (2005-06) to ₹ 22,598.81 crore (2010-11). The Return on Capital Employed was also negative in all the six years except during 2006-07.

**1.18** The State Government had formulated (October 2002) a dividend policy under which all profit earning PSUs are required to pay a minimum return of five *per cent* on the paid up Share Capital contributed by the State Government. As per their latest finalised Accounts, 31 PSUs earned an aggregate profit of ₹ 1,003.75 crore and five PSUs<sup>11</sup> declared a dividend of ₹ 2.53 crore. Thus, the remaining profit earning PSUs did not comply with the State Government policy regarding payment of minimum dividend.

<sup>10</sup> Turnover of working PSUs as per the latest finalised accounts as of 30 September 2011.

<sup>11</sup> Uttar Pradesh Project Corporation Limited, Uttar Pradesh Police Avas Nigam Limited, Uttar Pradesh State Warehousing Corporation, Uttar Pradesh Development Systems Corporation Limited and Uttar Pradesh Purva Sainik Kalyan Nigam Limited.



**Arrears in finalisation of Accounts**

**1.19** 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 case of Statutory corporations, their Accounts are 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 working PSUs in finalisation of Accounts by 30 September 2011.

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Number of Working PSUs	56	56	60	83	83
2.	Number of Accounts finalised during the year	42	64	46	98	59
3.	Number of Accounts in arrears	195	180	197	182	206
4.	Average arrears per PSUs (3/1)	3.48	3.21	3.28	2.19	2.48
5.	Number of Working PSUs with arrears in Accounts	50	49	54	52	69
6.	Extent of arrears	1 to 15 years	1 to 14 years	1 to 14 years	1 to 15 years	1 to 15 years

**1.20** The average number of Accounts in arrears per working PSUs ranged between 3.48 and 2.19 during 2010-11. The PSUs having arrears of Accounts need to take effective measures for early clearance of back log 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 for the accumulation of arrears.

**1.21** In addition to above, there were also arrears in finalisation of Accounts by non-working PSUs. Out of 40 non-working PSUs, 12<sup>12</sup> had gone into liquidation process. The remaining 28 non-working PSUs, had arrears of Accounts for one to 36 years.

**1.22** The State Government had invested ₹ 7,205.25 crore (Equity: ₹ 3,502.49 crore, Loans: ₹ 85.43 crore, Grants: ₹ 1,989.78 crore and Subsidies: ₹ 1,627.55 crore) in 19 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 purposes for which the amount was invested have been achieved or not. Thus outcome of the Investment of the Government in such PSUs remained outside the scrutiny of the State Legislature. This delay in finalisation of Accounts apart from being a violation of the provisions of the Companies Act, 1956, may also result in risk of fraud and leakage of public money

**1.23** 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. The Accountant General brought the position of arrears of Accounts to the notice of the Administrative Departments concerned. No remedial measures were, however, taken. As a result of this the net worth of these PSUs could not be assessed in audit. The matter of arrears in Accounts was also brought to the attention of the Chief Secretary/Finance Secretary from time to time highlighting to need to finalise

<sup>12</sup> Serial no. C-2, 3, 11, 13, 14, 16,19, 20, 21, 23, 26 and 31 of Annexure-2.

the Accounts with special emphasis or to expedite clearance of the backlog of arrears in Accounts in a time bound manner.

### **Winding up of non-working PSUs**

**1.24** There were 40 non-working PSUs (37 Government companies and three deemed Government companies) as on 31 March 2011. Of these, 12 PSUs had gone into liquidation process. The numbers of non-working PSUs at the end of each year during past five years are given below.

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
No. of non-working PSUs	43	43	43	43	40

The non-working PSUs are required to be closed down as their existence is not going to serve any purpose. During 2010-11, four<sup>13</sup> non-working PSUs incurred an expenditure of ₹ 0.39 crore towards establishment expenditure.

**1.25** The stages of closure in respect of non-working PSUs are given below.

Sl. No.	Particulars	Companies
1.	Total no. of non-working PSUs	40
2.	Of (1) above, the no. under	
(a)	liquidation by Court (liquidator appointed)	12
(b)	Voluntary winding up (liquidator appointed)	-
(c)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started.	28

**1.26** During the year 2010-11, three Companies were 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 years to 32 years. The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/pursued vigorously. The Government may take a decision regarding winding up of 28 non-working PSUs where no decision about their continuation or otherwise has been taken after they became non-working. The Government may consider setting up a cell to expedite closing down the non-working companies.

### **Accounts Comments and Internal Audit**

**1.27** Forty two working companies forwarded their 51 Audited Accounts to the Accountant General during the year 2010-11<sup>14</sup>. Of these, 35 Accounts<sup>15</sup> of 28 Companies were selected for supplementary audit. The Audit Reports of Statutory Auditors appointed by CAG and the supplementary audit by us indicate that the quality of maintenance of Accounts needs to be improved substantially. The details of aggregate money value of our comments and those of Statutory Auditors are given below:

(Amount ₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in Profit	10	53.60	15	352.49	14	160.90
2.	Increase in Loss	8	843.84	4	2.05	11	543.59
3.	Non-disclosure of material facts	-	-	2	2.04	-	-
4.	Errors of classification	4	225.44	2	32.46	4	40.28
	<b>Total:</b>		<b>1122.88</b>		<b>389.04</b>		<b>744.77</b>

<sup>13</sup> Out of 40 non working PSUs only four PSUs (Uttar Pradesh Pashudhan Udhog Nigam Limited - ₹ 9.46 lakh, Uttar Pradesh Chalchitra Nigam Limited - ₹ 7.80 lakh, Uttar Pradesh Poultry and Livestock Specialities Limited- ₹ 1.37 lakh and Uttar Pradesh Bundelkhand Vikas Nigam Limited- ₹ 20.64 lakh) furnished the information.

<sup>14</sup> October 2010 to September 2011.

<sup>15</sup> Sixteen accounts of 16 companies were issued Non-Review Certificates.

The aggregate money value of total comments increased from ₹ 389.04 crore in 2009-10 to ₹ 744.77 crore in 2010-11 indicating deterioration in the quality of Accounts of the PSUs.

**1.28** During the year, the Statutory Auditors had given unqualified certificates for eight Accounts, qualified certificates for 39 Accounts, adverse certificates (which means that Accounts do not reflect a true and fair position) for two Accounts and disclaimers (meaning the auditors are unable to form an opinion on Accounts) for two Accounts of one Company<sup>16</sup> in respect of latest Accounts finalised by 42 companies. The compliance to the Accounting Standards (AS) by the Companies remained poor as there were 46 instances of non-compliance with the AS in 27 Accounts during the year.

**1.29** Some of the important comments in respect of Accounts of the companies finalized during the year 2010-11 are stated below:

***Madhyachal Vidyut Vitran Nigam Limited (2007-08)***

- The Current Liabilities and Provisions were understated by ₹ 99.30 crore due to non-provision of liability towards arrears of pay and allowances of Sixth Pay Commission from January 2006 to March 2008. This resulted in understatement of Current Liabilities as well as losses for the year by ₹ 99.30 crore.

***Paschimanchal Vidyut Vitran Nigam Limited (2007-08)***

- The Prior period income included an adjusted (Cr.) amount of ₹ 267.14 crore which was generated due to switching over from the rates prescribed by the Electricity (Supply) Act, 1948 to the rates prescribed by the Companies Act, 1956, though the method of depreciation, i.e. straight line method remained the same. As per AS-6, the depreciation was not required to be recalculated with retrospective effect if there was no change in the method of depreciation.

The recalculation of depreciation with retrospective effect had resulted in overstatement of Fixed Assets and understatement of loss by ₹ 267.14 crore.

***Dakshinanchal Vidyut Vitran Nigam Limited (2007-08)***

- The Employees Cost was understated by ₹ 45.03 crore due to non-provision of liability towards arrear of Sixth Pay Commission from 1 January 2006 to 31 March 2008. This had resulted in understatement of losses as well as current liabilities to the extent of ₹ 45.03 crore.

**1.30** Similarly, six working Statutory corporations forwarded their eight Accounts to the Accountant General during the year 2010-11<sup>17</sup>. Of these, three Accounts of three Statutory corporations pertained to sole audit by CAG of which audit of only one Account was completed and the audit of other two Accounts was in progress (September 2011). The remaining five Accounts of three Statutory corporations were selected for supplementary audit of which two Accounts were completed. The Audit Reports of Statutory Auditors and our sole/supplementary audit indicate that the quality of maintenance of Accounts needs to be improved substantially. The details of aggregate money value of our comments and those of Statutory Auditors are given below.

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in Profit	2	3.89	1	0.68	1	3.90
2.	Increase in Loss	1	0.68	-	-	2	59.37

<sup>16</sup> Uttar Pradesh Pichhra Varg Vitta Evam Vikas Nigam Limited.

<sup>17</sup> October 2010 to September 2011.

During the year, out of eight Accounts received, audit of three Accounts was completed and qualified certificates were issued and remaining five were under finalisation (September 2011). During the year, Statutory Auditors had given qualified certificate for three Accounts.

**1.31** Some of the important comments in respect of Accounts of the Statutory corporations finalised during the year 2010-11 are stated below:

***Uttar Pradesh Financial Corporation (2008-09)***

- The fund under Special Schemes of the State Government was understated by ₹ 57.20 lakh, being excess disbursement of fund by the Corporation on five schemes which were closed since 1984. As the chances of recovery of excess disbursement were remote, the Corporation should have made provisions for the same instead of deducting it from the available fund of other Government Schemes which resulted in understatement of liability and overstatement of profit of the year by ₹ 57.20 lakh.

***Uttar Pradesh State Road Transport Corporation (2008-09)***

- The Corporation had created 'Passenger Amenity Fund' and the direct administrative expenses relating to passengers amenities were to be met from these Fund. However, the Government banned (14 July 2006) to meet any administrative overheads from the funds.

During 2009-10, the Corporation had utilised an amount of ₹ 52.53 crore from the funds to meet administrative overheads including salaries of bus station staff. In view of the decision of the Government, the above adjustment had resulted in understatement of General Administrative Expenses as well as losses for the year by ₹ 52.53 crore on one hand and understatement of Passenger Amenity Fund by the corresponding amount.

***Uttar Pradesh State Warehousing Corporation (2009-10)***

- The tax payment includes an amount of ₹ 1.52 crore, being the interest on income tax for the year 2009-10 under Section 234 of Income Tax, 1961. This should have been disclosed separately.

**1.32** The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon 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 31 Companies<sup>18</sup> for the year 2009-10 and 14<sup>19</sup> Companies for the year 2010-11 are given below:

Sl. No.	Nature of comments made by Statutory Auditors	Number of Companies where recommendations were made	Reference to serial number of the Companies as per Annexure- 2
1		2	3
1.	Non-fixation of minimum/ maximum limits of store and spares	17	A3,5,7,18,19,20,27,33,35,36,37, 45,69,70,71, and C-4,25,
2.	Absence of internal audit system commensurate with the nature and size of business of the company	14	A5,7,10,11,35,38,69,70,71,73. C-4,5,25,38,
3.	Non-maintenance of cost record	11	A5,7,15,17,19,25,37,42,71,C-4,25
4.	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.	22	A3,5,7,10,11,18,19,20,26,36,37, 38,42,45,69,70,71,74. C-4,5,25,38.

<sup>18</sup> Sl. No. A2, 3, 7, 11 to 15, 17, 18, 20, 22, 27 to 29, 31, 33 to 37, 39, 44 to 46, 71, 73, 74, C16, 28 and 38 of Annexure-2.

<sup>19</sup> Sl. No. A5,7, 10,11,35,38,69,70,71,73,C-4,5,25 and 38 of Annexure-2.

### Recoveries at the instance of audit

**1.33** During the course of propriety audit in 2010-11, recoveries of ₹ 182.83 crore were pointed out to the Management of various PSUs, of which, recoveries of ₹ 137.44 crore were admitted and ₹ 0.66 crore<sup>20</sup> was recovered by PSUs during the year 2010-11.

### Status of placement of Separate Audit Reports

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

Sl No.	Name of Statutory corporation	Year up to which SAR placed in Legislature	Years for which SAR not placed in Legislature		Reasons for non-placement of SAR
			Year of SAR	Date of issue to the Government	
1	2	3	4	5	6
1.	Uttar Pradesh State Road Transport Corporation	2007-08	2008-09 2009-10	22 July 2010 20 June 2011	Reasons not furnished by the Corporation
2.	Uttar Pradesh Financial Corporation	2007-08	2008-09	20 May 2011	Reasons not furnished by the Corporation
3.	Uttar Pradesh State Warehousing Corporation	2006-07	2007-08 2008-09 2009-10	24 March 2009 20 August 2010 07 September 2011	Reasons not furnished by the Corporation
4.	Uttar Pradesh Forest Corporation <sup>21</sup>	--	1997-98 1998-99 2008-09	17 August 2000 23 May 2002 09 March 2011	Reasons not furnished by the Corporation
5.	Uttar Pradesh Avas Evam Vikas Parishad	2002-03	2003-04 2004-05 2005-06 2006-07 2007-08	08 February 2008 13 July 2010 08 February 2011 25 April 2011 01 July 2011	Reasons not furnished by the Corporation
6.	Uttar Pradesh Jal Nigam	2006-07	2007-08 2008-09	11 October 2010 03 August 2011	Reasons not furnished by the Corporation

Delay in placement of SAR weakens the legislative control over Statutory corporations and dilutes the latter's financial accountability. The Government should ensure prompt placement of SAR in the Legislature.

### Disinvestment, Privatisation and Restructuring of PSUs

**1.35** The policy of privatisation/disinvestment of PSUs formulated (June 1994) by the State Government provided for review of all enterprises (excluding those engaged in social and welfare activities and public utilities) whose annual loss was more than Rs 10 crore and which had eroded their net worth by 50 per cent or more.

An Empowered Committee (EC) was constituted (December 1995) to review and decide cases of privatisation/disinvestment/ reference to BIFR and to recommend other alternatives such as partial privatisation, management by private entrepreneurs, lease to private entrepreneurs, etc. The recommendations of the EC were not made available to Audit. On the recommendation of EC, the State Disinvestment Commission (DC) and a Central Committee (CC) were constituted (January 2000). The CC was entrusted to make reference to the DC on the matters relating to reform in working, merger, reorganisation, privatisation or closure of the PSUs. It was envisaged that DC would forward its recommendations to the CC.

In April 2003, a High Power Disinvestment Committee (HPDC) was also constituted for disinvestment of State PSUs.

<sup>20</sup> MVVNL: ₹ 30.57 lakh and DVVNL: ₹ 35.47 lakh.

<sup>21</sup> Audit entrusted from 1997-98.

The Government of Uttar Pradesh issued (June 2007) Guidelines for selection of consultants/advisors, developers for Public Private Partnership (PPP) projects and private partners for disinvestment in Uttar Pradesh. The guidelines provide for formation of various committees, process to be followed for disinvestment, appointment and functions of Lead Advisor, Legal Advisor, Accounting Advisors, Asset Valuers, procedure to be followed for bidding and methodologies of valuation of enterprise.

In June 2007, the Government decided to privatise/sell the sugar mills of UPSSCL including all its subsidiaries and directed UPSSCL to submit a proposal for privatization /sale of sugar mills.

The sale of 10 Mills of UPSSCL and 11 mills of UPRCGVNL was finalised in July 2010 - October 2010 and January 2011 – March 2011 respectively.

## CHAPTER-II

## 2. Performance Audit relating to Government companies

## Performance Audit on the Working of Power Distribution Utilities

## Executive summary

Power is an essential requirement for all facets of life. The distribution system of the Power Sector constitutes the final link between the Power Sector and the consumer. The efficiency of the Power Sector is judged by the consumers on the basis of performance of this segment. National Electricity Policy aims to bring out reforms in the Power Distribution sector with focus on system up-gradation, controlling and reduction of sub-transmission and distribution losses and power thefts and making the sector commercially viable.

In Uttar Pradesh, distribution of power is carried out by the five Distribution Companies (DISCOMs) i.e. Kanpur Electricity Supply Company Limited (KESCO), Paschimanchal Vidyut Vitran Nigam Limited (PVVNL), Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), Purvanchal Vidyut Vitran Nigam Limited (PuVVNL) and Madhyanchal Vidyut Vitran Nigam Limited (MVVNL). We selected KESCO and PVVNL for the performance audit covering period from 2006-07 to 2010-11. The audit was conducted to ascertain whether the aims and objectives stated in the National Electricity Policy were adhered to and how far the distribution reforms were achieved. Besides, execution of Centrally Sponsored Schemes viz. RGGVY and APDRP/R-APDRP was test checked with reference to the contracts and payments made there against.

**Financial position and working results**

The DISCOMs were not able to recover their cost of operations and the Accumulated Losses increased year after year and mounted to ₹ 29,068.78 crore in 2010-11 against ₹ 9,521.94 crore in 2006-07. The realisation per unit ranged between ₹ 2.84 and ₹ 3.96 against the cost per unit of ₹ 4.06 to ₹ 5.37 during 2006-11.

**Distribution network planning**

Against the planned additions of 609 sub-stations over the audit period, only 498

sub-stations were actually added. The increase in transformation capacity was not commensurate with the increase in connected load. During the audit period, the connected load increased from 23,730 MVA to 32,504 MVA (36.98 per cent) whereas transformation capacity increased from 19,842 MVA to 26,250 MVA (32.29 per cent). Due to delayed construction of 179 sub-stations, PVVNL could not get the financial benefit of ₹ 67.64 crore.

**Implementation of Centrally Sponsored Schemes**

RGGVY was launched (April 2005) with the objective to provide access to electricity for rural households by 2009. The DISCOMs received ₹ 1741.01 crore for electrification of 23,325 villages against which 22,062 villages were electrified at a cost of ₹ 1687.00 crore during the audit period leaving a gap of 1263 villages. The scheme was being executed at very high cost. Test check in audit revealed that extra expenditure of ₹ 186.52 crore was incurred due to award of work at exorbitant rates and excess payment of Trade Tax.

In execution of APDRP/R-APDRP schemes implemented for up-gradation of distribution system and establishment of IT enabled system, cases of cost overrun of ₹ 2.24 crore and procurement of sub-standard material of ₹ 1.89 crore was found in KESCO. Under R-APDRP, PVVNL drew loan of ₹ 132.02 crore in 2009-10 and 2010-11 for work of establishment of centers for IT enabled system, out of which only ₹ 27.78 crore was utilised

**Operational efficiency**

The overall sub transmission and distribution losses ranged between 23.41 and 29.11 per cent against the norm of 25.21 to 27.40 per cent during 2006-11. Against the ideal ratio of 1:1, the ratio of transformation capacity to the total connected load ranged between 0.77:1 and 0.86:1 during 2006-11. Percentage of failure of Distribution Transformers

(DTRs) ranged between 15.45 and 17.15 per cent against norm of 5 per cent. The DISCOMs failed to devise proper internal control mechanism and effective managerial control to ensure timely return of damaged transformers after repair.

The DISCOMs also did not install required capacitor banks of 12,205.38 MVAR capacity, due to which saving of energy of 600.10 MU per year valued at ₹ 237.64 crore could not be done.

#### **Billing and revenue collection efficiency**

During audit period, energy billed on the basis of meter readings ranged between 47.75 and 55.45 per cent of the total energy available for sale within the State. Under/short billing of ₹ 8.97 crore on account of incorrect application of tariff, unmetered supply and defective meters etc. was done by the DISCOMs. In addition, the DISCOMs did not levy ₹ 39.58 crore on account of Electricity Duty, late payment surcharge, penalty and security deposit. Outstanding dues increased from ₹ 4,982.19 to ₹ 12,985.36 crore during 2006-11. The DISCOMs failed to initiate effective pursuance for recovery of outstanding dues.

#### **Tariff fixation**

The DISCOMs failed to file the Annual Revenue Requirement (ARR) petitions within the prescribed period of 120 days before the commencement of the respective year. The delay ranged between 19 to 479 days, resulting in non-realisation of potential revenue of ₹ 550.90 crore.

#### **Conclusion and recommendations**

The DISCOMs were not able to recover its cost of operation and its accumulated losses increased by 205.28 per cent during 2006-11. Many schemes initiated for strengthening of distribution network in the State, started by the DISCOMs, had been abnormally delayed or remained incomplete. The DISCOMs consistently failed to achieve its performance parameters and the targets.

We have made six recommendations to improve the distribution segment of the Power Sector in the State. Making of plans for reduction of T&D losses and power theft, correct billing, ensure timely completion of all the schemes, achievement of performance parameters & targets and fixing yearly targets/ milestones for energy audit, etc. are some of these recommendations.

## **Introduction**

**2.1** The distribution system of the Power Sector constitutes the final link between the Power Sector and the consumer. The efficiency of the Power Sector is judged by the consumers on the basis of performance of this segment. However, it constitutes the weakest part of the sector, which is incurring large losses. In view of the above, the real challenge of reforms in the Power Sector lies in efficient management of the distribution system. The National Electricity Policy (NEP) in this regard *inter-alia* emphasises on the adequate transition from financing support to aid restructuring of distribution utilities, efficiency improvements and recovery of cost of services provided to consumers to make Power Sector sustainable at reasonable and affordable prices besides others.

As part of Power Sector reforms, the activities of the erstwhile Uttar Pradesh State Electricity Board were trifurcated (January 2000) into three Government companies viz. Uttar Pradesh Power Corporation Limited (UPPCL) for transformation and distribution functions, Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) for thermal power generation and Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) for hydro electric power generation. The business of distribution of power in Uttar Pradesh is carried out by five Power Distribution Companies (DISCOMs) i.e. Kanpur Electricity Supply Company Limited (KESCO), incorporated in July 1999 and Paschimanchal Vidyut Vitran Nigam Limited (PVVNL), Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), Purvanchal Vidyut Vitran Nigam Limited (PuVVNL), & Madhyanchal Vidyut Vitran Nigam Limited



(MVVNL), all incorporated in May 2003 under the Companies Act, 1956. These DISCOMs are working under functional control of UPPCL and administrative control of Energy Department. The Management of the respective DISCOM is vested with a Board of Directors comprising Chairman, Managing Director (MD) and two other Directors appointed by the State Government. The day-to-day operations are carried out by the MD, who is the Chief Executive of the DISCOM, with the assistance of Chief Engineers, Superintending Engineers and Executive Engineers. During 2006-07, 33,598 Million Units (MUs) of energy was sold by the all DISCOMs which increased to 48,771 MUs in 2010-11, i.e. an increase of 45.16 *per cent* during 2006-11. As on 31 March 2011, the State had distribution network of 13.74 lakh<sup>1</sup> circuit kilometers (CKM), 2,562 sub-stations and 6,03,904 transformers of various categories. The number of consumers was 1.12 crore. The turnover of all the DISCOMs was ₹ 19,312.03 crore in 2010-11, which was equal to 48.96 *per cent* and 3.28 *per cent* of the State Public Sector Undertakings (PSUs) turnover and State Gross Domestic Product, respectively. The DISCOMs employed 32,022 employees as on 31 March 2011.

National Electricity Policy (NEP) aims to bring out reforms in the Power Distribution Sector with focus on system up gradation, controlling and reduction of transmission and distribution (T&D) losses and power thefts and making the sector commercially viable besides financing strategy to generate adequate resources. It further aims to bring out conservation strategy to optimise utilisation of electricity with focus on demand side management and load management. In view of the above, a performance audit was conducted on the working of the Power Distribution Utilities in the State to ascertain whether they were able to adhere to the aims and objectives stated in the NEP and Plan and how far the distribution reforms have been achieved.

### **Scope and methodology of audit**

**2.2** The present performance audit conducted during January 2011 to May 2011 covers the operational performance of the DISCOMs during the period from 2006-07 to 2010-11. The performance audit mainly deals with Network Planning and Execution, Implementation of Central Schemes, Operational Efficiency, Billing and Collection Efficiency, Financial Management, Consumer Satisfaction, Energy Conservation and Monitoring. Two DISCOMs i.e. PVVNL (having highest turnover) & KESCO (having lowest turnover) out of five DISCOMs in the State had been selected for detailed audit examination.

In PVVNL, the audit examination involved scrutiny of records of Head Office along with 19 units<sup>2</sup> selected on systematic random sampling basis from a total of 115 units, covering all four zones and engulfing all sides of the geographical area.

In KESCO, the audit examination involved scrutiny of records of Head Office and 13<sup>3</sup> units selected on systematic random sampling basis from a total of 36 units, covering overall activities.

<sup>1</sup> Except MVVNL.

<sup>2</sup> One Workshop Division, two Test Divisions, three Store Divisions, two Urban Construction Divisions and 11 Distribution Divisions.

<sup>3</sup> Bulk, Store, Store Purchase, Construction, two Circles, two Test Divisions and five EUDDs.

Apart from above, the contracts and payments made there against relating to electrification and system improvement works under RGGVY and APDRP have been examined in respect of all DISCOMs.

The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of explaining scope of audit and 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 audit findings with the Management and issue of draft performance audit report to the Management for comments.

### **Audit objectives**

**2.3** The objectives of the performance audit were to assess:

- whether aims and objectives of National Electricity Policy/Plans were adhered to and distribution reforms achieved;
- adequacy and effectiveness of network planning and its execution;
- efficiency and effectiveness in implementation of the central schemes such as, Accelerated/Restructured Power Development & Reform Programme (APDRP/R-APDRP) and Rajiv Gandhi Gramin Vidyutikaran Yojna (RGGVY);
- operational efficiency in meeting the power demand of the consumers in the state;
- billing and collection efficiency of revenue from consumers;
- whether financial management was effective and surplus funds, if any, were judiciously invested;
- whether a system is in place to assess consumer satisfaction and redressal of grievances;
- that energy conservation measures were undertaken; and
- that a monitoring system is in place and the same is utilised in overall working of DISCOMs.

### **Audit criteria**

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

- provisions of Electricity Act 2003;
- National Electricity Policy, plans and norms concerning distribution network of DISCOMs and planning criteria fixed by the Uttar Pradesh Electricity Regulatory Commission (UPERC);
- terms and conditions contained in the Central scheme documents;
- standard procedures for award of contract with reference to principles of economy, efficiency and effectiveness;
- norms prescribed by various agencies with regard to operational activities;
- norms of technical and non-technical losses; and
- guidelines/instructions/directions of State Government/UPERC.

## Financial position and working results

**2.5** The financial position of the PVVNL, KESCO and all DISCOMs for the five years ending 2010-11 is given in *Annexure-7, 8 and 9* respectively:

It may be seen from Annexures that:

### PVVNL (*Annexure-7*)

- The accumulated losses increased by 210.65 *per cent* from ₹ 1,905.80 crore in 2006-07 to ₹ 5,920.46 crore in 2010-11.
- The debt-equity ratio declined from 1.62:1 in 2006-07 to 0.58:1 in 2010-11. The Net Worth remained negative during the audit period and it decreased from ₹ (-) 698.83 crore in 2006-07 to ₹ (-) 1,238.99 crore in 2010-11, despite increase in the Paid up Capital from ₹ 805.03 crore in 2006-07 to ₹ 3,600.30 crore in 2010-11.
- The current ratio ranged between 0.46:1 and 0.63:1 during the audit period against the ideal ratio of 2:1. The Working Capital remained negative during the audit period ranging between ₹ (-) 922.17 crore to ₹ (-) 3,963.77 crore, indicating that short term liquidity position was not sound.

### KESCO (*Annexure-8*)

- The accumulated losses increased by 77.28 *per cent* from ₹ 1,043.91 crore in 2006-07 to ₹ 1,850.64 crore in 2010-11.
- The debt-equity ratio decreased from 4.77:1 in 2006-07 to 2.03:1 in 2010-11. The Net Worth remained negative and decreased considerably from ₹ (-) 903.17 crore in 2006-07 to ₹ (-) 1,583.18 crore in 2010-11 despite increase in Paid up Capital.
- The current ratio ranged from 0.60:1 to 0.47:1 during the audit period. The Working Capital remained negative during the audit period ranging between ₹ (-) 827.85 crore and ₹ (-) 1,544.92 crore, which indicated unhealthy liquidity position.

Accumulated losses of the DISCOMs increased by 205.28 *per cent* from ₹ 9,521.94 crore in 2006-07 to ₹ 29,068.78 crore in 2010-11.

It may be seen from the *Annexure-9* that the accumulated losses of all DISCOMs increased by 205.28 *per cent* from ₹ 9,521.94 crore in 2006-07 to ₹ 29,068.78 crore in 2010-11. Further, the debt-equity ratio declined from 1.19:1 in 2006-07 to 0.46:1 in 2010-11 due to infusion of equity of ₹ 1,816.64 crore, ₹ 2,159.24 crore, ₹ 1,966.57 crore, ₹ 3,989.02 crore and ₹ 2,069.99 crore in 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 respectively by the State Government. The Net Worth indicated a decreasing trend and reached to ₹ (-) 11,264.57 crore in 2010-11 against ₹ (-) 3,629.72 crore in 2006-07. The Working Capital remained negative during the audit period reflecting unhealthy liquidity position. The current ratio ranged between 0.66:1 and 0.81:1 during the audit period indicating that the DISCOMs had not been able to meet out their short term obligations.

The particulars of cost of electricity *vis-à-vis* revenue realisation per unit there from in respect of PVVNL, KESCO and all DISCOMs are indicated in *Annexure-10, 11 and 12* respectively:

It may be seen from Annexures that:

**PVVNL (Annexure-10)**

- The loss per unit during the four years up to 2009-10 ranged between ₹ 0.56 per unit and ₹ 0.72 per unit and it sharply increased to ₹ 1.15 per unit in 2010-11.
- The main reasons of increase in loss by ₹ 916.48 crore in 2010-11 over the previous year were increase in employees cost by ₹ 135.06 crore and interest & finance charges by ₹ 573.40 crore.
- The revenue gap of ₹ 793.65 crore in 2006-07 increased to ₹ 1766.26 crore in 2010-11.

**KESCO (Annexure-11)**

- Though the realisation *per unit* increased from ₹ 3.91 to ₹ 4.25 during audit period (8.70 *per cent*), the cost per unit increased from ₹ 4.95 to ₹ 5.46 (10.30 *per cent*) during the corresponding period.
- Loss of ₹ 140.45 crore in 2006-07 increased to ₹ 233.67 crore in 2010-11 mainly due to increase in employee cost by ₹ 80.14 crore (187.20 *per cent*).
- The revenue gap of ₹ 156.75 crore in 2006-07 increased to ₹ 263.18 crore in 2010-11.

It may be seen from the **Annexure-12** that in respect of all the DISCOMs though the realisation *per unit* increased from ₹ 2.84 to ₹ 3.96 during the audit period, the cost per unit increased from ₹ 4.06 to ₹ 5.37, during the corresponding period. As a result, the contribution per unit remained negative during the period 2006-2011. Further, cost of power purchase, interest and financial charges and employee cost constituted the major elements of cost which represented 78.97, 8.32 and 5.21 *per cent* respectively of the total cost in 2010-11. The revenue gap increased from ₹ 4097.79 crore in 2006-07 to ₹ 6865.33 crore in 2010-11.

The steep increase in revenue gap needs immediate attention of the State Government for necessary remedial action. Our analysis revealed that the main reasons for high cost of sale of energy as compared to revenue from sale of power were attributable to high incidence of aggregate technical and commercial losses, un-metered supply, short billing, incorrect application of tariff, etc. as discussed in the succeeding paragraphs.

**Audit findings**

**2.6** We explained the audit objectives, audit criteria and scope of audit to the Management during an 'Entry Conference' held at PVVNL on 28 February 2011 and at KESCO on 23 March 2011. Subsequently, audit findings were reported to the Management and the State Government in August 2011 and discussed in an 'Exit Conference' held on 12 November 2011 at PVVNL and on 25 November 2011 at KESCO. The Exit Conference in PVVNL and KESCO was attended by Managing Director, Director (Finance)/Dy. Chief Accounts Officer and Chief Engineers. Replies from PVVNL and KESCO to audit findings were received in November/December 2011. The replies from the Government have so far (December 2011) not been received. The views expressed by the Management have been considered while finalising this performance audit report. The audit findings are discussed in subsequent paragraphs.

### Distribution network planning

**2.7** The Power Distribution Companies in the State are required to prepare long term/ annual plan for creation of infrastructural facilities for efficient distribution of electricity so as to cover maximum population in the State. Besides the upkeep of the existing network, additions in distribution network are planned keeping in view the demand/ connected load, anticipated new connections and growth in demand based on Electric Power Survey. Considering physical parameters, Capital Investment Plans are submitted to the Government/UPERC. The major components of the outlay include normal development and system improvement besides rural electrification and strengthening of IT enabled systems.

The particulars of consumers and their connected load during audit period is given below:

	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
PVVNL	Consumers (nos. in thousand)	2578	2766	2972	3144	3278
	Connected load (MVA)	7802	8912	9708	9959	11170
	Transformation capacity (MVA)	7044	7147	7445	8260	9095
KESCO	Consumers (nos. in thousand)	455	470	496	512	536
	Connected load (MVA)	1134	1249	1425	1568	1548
	Transformation capacity (MVA)	867	881	937	992	1020
All DISCOMs (including PVVNL and KESCO)	Consumers (nos. in thousand)	9415	10016	10757	11442	11186
	Connected load (MVA)	23730	26817	29549	30057	32504
	Transformation capacity (MVA)	20440	21186	22645	24258	26250

Source: Data submitted by the DISCOMs

It may be seen from the above table that:

- In PVVNL growth in the transformation capacity from 7044 MVA in 2006-07 to 9095 MVA (29 per cent) in 2010-11 did not match with the growth of connected load from 7802 MVA in 2006-07 to 11170 MVA (43 per cent) in 2010-11.
- In KESCO growth in the transformation capacity from 867 MVA in 2006-07 to 1020 MVA (18 per cent) in 2010-11 also did not match with the growth of connected load from 1134 MVA in 2006-07 to 1548 MVA (37 per cent) in 2010-11.

While the system improvement and rural electrification schemes have been dealt with separately under subsequent paragraphs, the particulars of distribution network planned *vis-à-vis* achievement there against in the State as a whole is depicted in **Annexure-13**. It may be seen from the Annexure that in DISCOMs, against the planned additions of 609 sub-stations, over the audit period, only 498 sub-stations were actually added. Further, as compared to the growth of connected load of 23730 Mega Volt Ampere (MVA) in 2006-07 to 32504 MVA (36.98 per cent) in 2010-11 as depicted in the table, the increase in transformation capacity was from 19842 MVA to 26250 MVA only (32.29 per cent). Thus, the increase in distribution capacity could not match with the pace of growth in consumer demand. At the connected load of 32504 MVA as at the end of March 2011, the requirement of transformers capacity would be 34,216 MVA after considering the requirement of spin reserve of 5 per cent. After giving allowance for the maximum load of 80 per cent at which transformers can function in normal manner, the required transformers capacity would work out to 42,770 MVA. However, the actual capacity by the end of March 2011 was only 26,250 MVA, i.e., 61.37 per cent of required capacity, which was not adequate to meet the projected load demand as per 17

In DISCOMs there was 36.98 per cent growth in connected load but the transformation capacity increased by only 32.29 per cent during 2006-11.

Electric Power Survey. This led to overloading of network and consequential rotational cuts in distribution of electricity.

Instances of irregularities in implementation of developmental work, award of work and delay in execution of work which led to avoidable extra expenditure besides postponing the envisaged benefits to the consumers are discussed below:

***Delayed construction of sub-stations***

**2.8** PVVNL planned construction of 226 sub-stations of 33/11 kV at different places during 2006-07 to 2010-11. As per the Detailed Project Reports (DPRs), the works were to be completed within one year. The cost benefit analysis of 179 sub-stations undertaken for execution during 2006-07 to 2009-10, envisaged an annual financial benefit of ₹ 0.37 lakh to ₹ 9.81 crore per sub-station.

PVVNL could not get envisaged financial benefit of ₹ 67.64 crore during the period 2007-08 to 2010-11.

We noticed that these sub-stations could not be completed within their scheduled period of one year and delay ranged from one month to 48 months. The delay was attributable to delay in sanction of work, preparation of line-chart, clearances from various Government departments, road/communication crossings, cutting of trees, etc. The Management failed to address these factors and was deprived of envisaged financial benefit of ₹ 67.64 crore during the period 2007-08 to 2010-11.

The Management stated (November 2011) that financial benefits envisaged are based on theoretical calculations. The progress of work was also regularly monitored to complete the work within minimum time. The reply is not acceptable as financial viability of the construction of sub-stations was considered by the Management itself on the above financial assumptions. Further, the factors responsible for delay in execution of work were controllable and the Management failed to check these bottlenecks.

**2.9** KESCO planned to construct 18 new 33/11 KV Sub-stations and to augment the capacity of existing 13 Sub-stations during 2006-07 to 2010-11.

Our examination of records revealed that four new sub-stations were constructed with a delay of 48 to 326 days and augmentation of seven sub-stations was completed after a delay of 94 to 485 days. The delay was mainly on account of delay in acquisition of land, shifting of transformers, procurement of material, construction of 33 kV bay by transmission wing, construction of control room by Civil Division and delay in execution of work.

The Management accepted (November 2011) the delay and stated that delay was unavoidable. The reply is not acceptable as the Company could have avoided delay by proper planning, co-ordination with Transmission Wing and Civil Division to get the work completed within scheduled period. Delay in construction and augmentation of sub stations resulted in overloading of distribution net work.

***Excess provision of material in DPR***

**2.10** DPR of any work forms basis for execution of the work which *inter-alia* provides details of the different component/item required for the execution of work along with their quantity and value. The cost arrived at on this basis becomes the benchmark for ascertaining quantity as well as value of the work to be executed. PVVNL prepared 20 DPRs on the basis of norms

**Incorrect preparation of DPRs led to excess provision of materials of ₹ 28.84 crore.**

prescribed in cost schedule of RESSPO<sup>4</sup> rates for construction of 33 KV lines during 2009-10 and 2010-11.

We noticed that the quantity of PCC poles and ST poles, etc. were taken in the DPRs on higher side by 33 to 100 *per cent* when compared with the norms of RESSPO. The value of such excess material (9292 PCC and 11537 ST poles) included in DPRs of construction of 33 kV line during 2009-10 and 2010-11 worked out to ₹ 28.84<sup>5</sup> crore. The actual consumption of materials could, however, not be verified as the related records were not provided to audit.

The Management stated (November 2011) that RESSPO provides cost schedules to be used for formulation of schemes/projects only and the estimates are prepared on actual basis which was done by PVVNL. The reply is not acceptable as cost schedule of RESSPO provides the quantity as well as value of material to be consumed. Further, the DPRs did not contain any reason for deviation from the RESSPO norms.

### ***Extra Expenditure due to discriminate purchase policy***

**Change in purchase policy in PVVNL led to extra expenditure of ₹ 2.26 crore on purchase of 400 transformers.**

**2.11** PVVNL had evaluated tenders floated for procurement of material on the basis of Free On Rail (FOR) price which included packing, forwarding and all taxes and duties. This policy was, however, not adopted for purchase of transformers *w.e.f.* June 2009. These were evaluated on the basis of ex-works prices and packing and forwarding charges but excluded taxes and duties. Resultantly, landed cost of transformers so purchased by PVVNL was more than the lowest FOR price quoted by the tenderers against the same tenders in 2009-10. Due to this, PVVNL had to incur extra expenditure of ₹ 2.26 crore on purchase of 400 transformers<sup>6</sup> of various capacities.

The Management stated (November 2011) that the evaluation of tenders for purchase of transformers was done as per the orders of UPPCL (20 June 2009). The Management, however, failed to furnish justification for evaluation of tenders for purchase of other items on FOR basis and purchase of transformers on ex-works price basis.

## **Implementation of Centrally Sponsored Schemes**

**2.12** We examined implementation of Centrally Sponsored Schemes viz. Rajiv Gandhi Gramin Vidyutikaran Yojna and Accelerated/Restructured Power Development and Reforms Programme (APDRP/R-APDRP). We found that the Management overlooked the cannons of financial propriety in implementation of the scheme. As a result, the schemes were being implemented at much higher cost. Scheme wise deficiencies and irregularities are being discussed *infra*.

### **Rajiv Gandhi Gramin Vidyutikaran Yojna**

**2.13** The National Electricity Policy (NEP) states that the key objective of development of the Power Sector is to supply electricity to all areas including rural areas for which the Government of India (GoI) and the State Governments would jointly endeavor to achieve this objective. Accordingly, the Rajiv Gandhi Gramin Vidyutikaran Yojna (RGGVY) was launched in April 2005, which aimed at providing access to electricity for all households in five years for which the Government provides 90 *per cent* capital subsidy.

<sup>4</sup> Rural Electrification & Secondary System Planning Organisation.

<sup>5</sup> PCC poles: ₹ 7.17 crore *plus* ST poles: ₹ 21.67 crore.

<sup>6</sup> 50 nos. 10 MVA, 200 nos. 250 kVA and 150 nos. 400 kVA transformers.

Besides, the GoI notified the Rural Electrification Policy (REP) in August 2006. The REP *inter-alia* aims at providing access to electricity for all households by 2009 and Minimum lifeline consumption of one unit per household per day as a merit good by the year 2012. The other Rural Electrification schemes *viz.*, Accelerated Electrification of One lakh villages and one crore household, Minimum Needs Programme were merged into RGGVY. The features of the erstwhile 'Kutir Jyoti Programme' were also suitably integrated into this scheme.

As on 31 March 2006, out of 97,942 villages in the State (as per 2001 Census), 57,638 villages were electrified<sup>7</sup> (59 per cent). The year-wise target *vis-à-vis* achievement of electrification under RGGVY scheme during the audit period is shown in the table below:

Year	Villages electrified in the beginning of the year	Villages targeted for electrification during the year	Villages electrified during the year	Villages electrified up to the end of the year	Percentage of achievement against target during the year
2006-07	57638	9621	8910	66548	92.61
2007-08	66548	10593	10327	76875	97.49
2008-09	76875	2891	2638	79513	91.25
2009-10	79513	187	165	79678	88.24
2010-11	79678	33	22	79700	66.67
<b>Total</b>	-	<b>23325</b>	<b>22062</b>	-	-

From the above table, it may be seen that against 40,304<sup>8</sup> un-electrified villages at the beginning of 2006-07, electrification of only 23,325 villages were planned up to the year 2010-11 under the scheme leaving a gap of 16,979 villages.

The DISCOMs received funds under RGGVY for rural electrification. The position of the funds available *vis-à-vis* utilised under the schemes during the five years ending 31 March 2011 is depicted in the table below.

(₹ in crore)

Year	Opening Balance	Funds received during the year	Total funds available	Funds Utilised	Unspent funds at the end of the year
2006-07	6.88	1119.06	1125.94	1088.79	37.15
2007-08	37.15	353.62	390.77	232.42	158.35
2008-09	158.35	101.30	259.65	219.61	40.04
2009-10	40.04	113.20	153.24	94.56	58.68
2010-11	58.68	46.95	105.63	51.62	54.01
<b>Total</b>		<b>1734.13</b>		<b>1687.00</b>	

Source: Data submitted by the DISCOMs

It is evident from the above tables that 23,325 villages were targeted for electrification for which ₹ 1,734.13 crore were released by Rural Electrification Corporation Limited (REC) for the electrification during 2006-11. Funds of ₹ 54.01 crore available at the end of 2010-11 was insufficient<sup>9</sup> for electrification of 1,263 uncovered villages. This indicated that the expenditure incurred on electrification of villages was in excess of their sanctioned cost.

Our further analysis of the implementation of the scheme is discussed as under:

### ***Works awarded without adherence to cannons of financial propriety***

**2.14** Our test check of the contracts awarded to various private contractors for rural electrification works under the RGGVY revealed that the Management did not observe the cannons of financial propriety while

<sup>7</sup> As per RGGVY scheme, a village would be declared as electrified if, at least 10 per cent of the households be electrified, electricity is provided to public places as schools, community centres and distribution networks are provided in inhabitat localities as well as dalit bastis.

<sup>8</sup> (97,942-57,638=40,304)

<sup>9</sup> Average electrification cost per village = ₹ 1741.01 crore/ (₹ 1734.13 + ₹ 6.88 crore)/23325 villages = ₹ 7.46 lakh. Fund required for 1,263 unelectrified villages = ₹ 7.46 lakh x 1,263 villages = ₹ 94.22 crore.



finalising the contracts and the DISCOMs incurred extra expenditure as discussed in succeeding paragraphs.

**Profit Margin: supply of materials**

**2.15** Three DISCOMs<sup>10</sup> invited open tenders for electrification of villages under the scheme of RGGVY and executed (July to September 2005) 21 contracts with seven contractors<sup>11</sup> for rural electrification of 33 districts<sup>12</sup> on turnkey basis. The turnkey contracts were divided in two parts viz, supply of materials, erection and commissioning with their price break up for which Letter of Awards (LOAs) were issued separately to contractors. DISCOMs issued LOAs to contractors for supply of materials at FOR destination prices in July-September 2005. Payments were made for supply of materials against the purchase vouchers of the contractors.

We compared the rates awarded to the contractors with their own purchase rates, market rates and UPPCL purchase rates and found that for the rates of only five major items<sup>13</sup>, the contractors had quoted and received profit percentages ranging from 16 to 430 which were between one to 28 times higher than the accepted DSR<sup>14</sup> profit of 15 per cent. We found that the above DISCOMs, obviously, had not conducted any due diligence like market survey and comparison with UPPCL purchase rates for the main material components of the contracts in order to examine genuineness of the rates quoted by the contractors, before award of the rates for supply of materials to them. This resulted in extra expenditure of ₹ 49.84 crore (MVVNL: ₹ 11.45 crore, PuVVNL: ₹ 18.11 crore, DVVNL: ₹ 20.28 crore) as per **Annexure-14** in purchase of these items alone under RGGVY.

Contractors charged a profit margin of 16 to 430 per cent. This resulted in extra expenditure of ₹ 49.84 crore.

The Management stated (November/December 2011) that tenders had been evaluated as a whole being turnkey projects rather than on the basis of rates of individual item/work. The reply is not acceptable as the cost of material in the turnkey contracts constituted major portion (71.12 to 94.65 per cent) of the contract value. Hence, financial prudence called for examination of market value of main material components, which was not adhered to prior to evaluation of the tenders to verify the genuineness of the item rates quoted by the contractors.

**Supply of materials at higher rates**

**2.16** The four DISCOMs excluding KESCO invited open tenders for electrification of villages selected under the scheme. Due to the high value of the tenders, invited by the DISCOMs, approval of the short listed tenders was accorded by the Corporate Store Purchase Committee (CSPC) of UPPCL. Agreements were executed between July and September 2005 by the DISCOMs with the successful bidders.

We noticed that the DISCOMs, while short listing the tenders and CSPC while finalising the rates for different tenders, did not consider the rates obtained against tenders invited across the DISCOMs/ within the same DISCOM for

<sup>10</sup> MVVNL, PuVVNL and DVVNL

<sup>11</sup> Nagarjuna Construction Company Limited:2, IVRCL Infrastructure and Projects Limited:4, Reliance Energy Limited:7, Kalptaru Power Transmission Limited:1, ABB Limited:3, Vijay Electricals Limited:2 and KEC International Limited:2.

<sup>12</sup> Faizabad, Ambedkarnagar, Bahraich, Shrawasti, Shahjahanpur, Hardoi, Unnao, Badaun, Allahabad, Mirzapur, Chandauli, Ghazipur, Sonbhadra, S. Ravidas Nagar, Jaunpur, Gorakhpur, Kaushambi, Fatehpur, Pratapgarh, Etawah, Auraiya, Kanpur Nagar, Kanpur Dehat, Banda, Hamirpur, Lalitpur, Jhansi, Farrukhabad, Kannauj, Agra, Aligarh, Hathras and Mathura.

<sup>13</sup> 2.5 sq mm x 2 core PVC cables, 10 kVA & 16 kVA distribution transformers, 5 MVA, 8 MVA power transformers.

<sup>14</sup> Delhi Schedule of Rates.

similar RGGVY works. We analysed the rates awarded and payments made for construction (supply of materials consisting of 32 items) of 159 number of 33/11 kV sub-stations of 5 MVA capacity awarded by three DISCOMs<sup>15</sup> to 11 contractors.<sup>16</sup> Our analysis revealed that the rates awarded ranged between ₹ 99.88 lakh and ₹ 184.22 lakh per sub-station across three DISCOMs ((MVVNL, PUVVNL, DVVNL). When compared with the lowest rate of ₹ 99.88 lakh quoted by Reliance Energy Limited (REL), the rates of other contractors were higher by ₹ 1.12 lakh to ₹ 84.34 lakh per sub-station. Thus, award of the works at higher rates resulted in extra expenditure of ₹ 38.97 crore as shown in *Annexure-15*.

**Due to not considering the rates obtained against tenders invited across the DISCOMs, extra expenditure was incurred to the extent of ₹ 68.72 crore.**

We further noticed that PUVVNL awarded similar work (33/11 kV sub-station of 5 MVA capacity) to Jitco Overseas Projects Limited (JOPL) in July 2005. The JOPL had, however, quoted the rates for 25 items only. We considered the rates of remaining seven items of the lowest bidder viz. REL and loaded the rate of these items on the Jitco contracts. The resultant lowest rate per sub-station worked out to ₹ 81.17 lakh across the four DISCOMs concerned with RGGVY work. When compared to this lowest rate, the extra expenditure for supply of materials of 159 Sub-stations, worked out to ₹ 68.72 crore (MVVNL: ₹ 22.24 crore, PuVVNL: ₹ 27.61 crore, DVVNL: ₹ 18.87 crore) as detailed in *Annexure-16*.

The Management stated (November/December 2011) that the tenders were finalised by the competent authority i.e. CSPC in favour of the lowest bidder considering the composite rate of the turnkey contracts. We feel that, while finalising the contracts, the rates quoted by the contractors across the DISCOMs should have been compared and considered.

#### ***Excess payment due to incorrect calculation***

**2.17** MVVNL entered (July/August 2005) into agreements<sup>17</sup> with IVRCL Infrastructure Limited and S.T. Electricals, Pune for supply of equipment and material for rural electrification works in Bahraich-Shrawasti and Lucknow-Balrampur districts respectively on turnkey basis under RGGVY. The turnkey contracts were divided into two parts viz. supply of materials and erection and commissioning with their price break up for which Letters of Award (LOAs) was issued separately to the contractors. For arriving at FOR price of the items of supply, the Excise Duty, Trade Tax against Form III D and freight charges were added in ex-works prices. Payments were made for supply of materials against the purchase vouchers of the contractors.

Our analysis of FOR prices of the items of supply as mentioned in the agreement and payment vouchers relating to the supply revealed that:

- S.T. Electricals, while quoting its rates under the agreement added the element of Excise Duty and Trade Tax at the rate of 18 *per cent* and 14 *per cent* against the prevailing rates of Excise Duty of 16.32 *per cent* and Trade Tax of 4 *per cent* respectively. Thus, due to application of incorrect rates, the contractor was awarded the supply of each item at higher FOR rates by 1.68 *per cent* and 10 *per cent* in respect of

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<sup>15</sup> MVVNL, PuVVNL and DVVNL.

<sup>16</sup> Nagarjuna Construction Company Limited, IVRCL Infrastructure and Projects Limited, Reliance Energy Limited, Kalptaru Power Transmission Limited, ABB Limited, Vijay Electricals Limited, KEC International Limited, S T Electricals Limited, L&T Limited, Subhash Projects and Marketing Limited and Accurate Transformers Limited.

<sup>17</sup> ST Electricals Agreement no. C-274/MVVNL/RGGVY/Lucknow/Balrampur dt: 01.08.2005 against tender specification no.131/Medco/AREP/Lucknow/Balrampur/2005 and IVRCL Agreement no. C-249/MVVNL/ RGGVY/130/Bahraich/shrawasti/2005 against tender specification no. 130/MEDCO/AREP/Bahraich/ Shrawasti/ 2005.

Excise Duty and Trade Tax respectively. As a result of higher FOR rates, MVVNL made excess payment of ₹ 1.53 crore (Excise Duty: ₹ 0.19 crore and Trade Tax: ₹ 1.34 crore) against executed quantities up to February 2009.

- S.T. Electricals supplied 15,235 PCC poles to MVVNL during the period January 2006 to February 2009. Out of those, 10,090 poles were procured by S.T. Electricals from local manufacturers<sup>18</sup> who did not pay Excise Duty because of exemption from Excise Duty under the provisions of the Central Excise Act. MVVNL was, therefore, not required to pay the element of Excise Duty on the supply of the PCC poles procured from the local manufacturers. MVVNL did not ensure the adherence to clause 3.4 (iii) of the agreement which would have enabled the examination of invoices of the contractor as proof of Excise Duty paid. As a result, the MVVNL paid Excise Duty of ₹ 67.55 lakh to the contractor.
- MVVNL made payment to IVRCL Infrastructure Limited for 1,155 transformers of 10 kVA and 610 transformers of 16 kVA at the rate of ₹ 31,393 and ₹ 36,440 per transformer respectively without deducting 15 per cent erection charges. Though MVVNL deducted 15 per cent from June 2006 and onward supplies but it did not recover the excess paid amount of ₹ 94 lakh on supplies prior to June 2006, even after a lapse of more than five years.

Due to release of payment at incorrect rate, the MVVNL had made excess payment of ₹ 3.15 crore.

Thus, due to incorrect computation of rates of Excise Duty, Trade Tax and release of payment at incorrect rate, MVVNL had made excess payment of ₹ 3.15 crore.

The Management stated (December 2011) that they have started the process of recovery of excess payment from pending retention money bills of the contractors. The fact remains that there is a complete lack of internal control and managerial oversight which led to these over payments.

### ***Excess payment of Trade Tax***

**2.18** Section 3 (3) (a) of the U.P. Trade Tax Act, 1948 provides that a dealer shall be liable to pay Tax on the sale of goods imported by him from outside Uttar Pradesh, the turnover whereof is liable to Tax under sub-Section (1) of Section 3-A. Subsequently, the State Government vide notification No. 1283 dated 13 July 2006 exempted the UPPCL and DISCOMs<sup>19</sup> from the payment of Tax on materials imported from outside the State for implementation of RGGVY and APDRP schemes. The UPPCL and DISCOMs were, therefore, required to make payment to suppliers at the reduced rates on account of exemption in Tax on the material imported from other States and supplied on or after 13 July 2006.

We noticed that the DISCOMs<sup>20</sup> received material valued at ₹ 558.81 crore during 13 July 2006 to June 2010 against agreements executed during 2004-05 and 2005-06 wherein the contractors quoted their rates for materials inclusive of Excise Duty and Trade Tax. The DISCOMs made payment to the suppliers without reducing the element of Tax exempted by the Government from 13

<sup>18</sup> Anand Industrial Enterprises (Pole Division) and Kalbaniya Electricals Pvt. Ltd., Faizabad, Rohit Enterprises, Nadarganj, Lucknow and Raj Product Co. Pallia Kalan, Lakhimpur Khiri.

<sup>19</sup> MVVNL, PVVNL, PuVVNL, DVVNL, and KESCO.

<sup>20</sup> MVVNL, DVVNL, PuVVNL and PVVNL.

The DISCOMs made excess payment of ₹ 21.49 crore to contractors on account of Trade Tax exempted by the Government.

July 2006. As a result, the DISCOMs made excess payment of ₹ 21.49 crore (MVVNL: ₹ 8.02 crore, PuVVNL: ₹ 7.86 crore, DVVNL: ₹ 5.32 crore and PVVNL: ₹ 29.19 lakh) as depicted in *Annexure-17*.

The Management stated (November/December 2011) that they have started the process of recovery of Trade Tax from the pending bills of the contractors. The fact remains that there is a complete lack of internal control and managerial oversight which led to over payment.

#### ***Non deduction of Trade Tax***

**2.19** Section 8 D(1) of the U.P. Trade Tax Act, 1948 stipulates that every person responsible for making payment to any dealer for discharge of any liability on account of valuable consideration payable for the transfer of property in goods in pursuance of a works contract shall, at the time of making such payment to the contractor, deduct an amount equal to four *per cent* of such sum towards part or, as the case may be, full satisfaction of the Tax payable under this Act on account of such works contract. Sub-section 6 of the Section 8 D of the Act further stipulates that if any such person fails to make the deductions, the assessing authority may direct that such person shall pay by way of penalty a sum not exceeding twice the amount deductible but not so deducted. The DISCOMs<sup>20</sup> entered into 25 turnkey agreements with the contractors for erection works during May 2005 to September 2006 and made payment of ₹ 201.85 crore to the contractors during 2004-05 to 2009-10 on execution of erection works as detailed in *Annexure-18*.

Due to non-deduction of TDS of Trade Tax amounting to ₹ 8.02 crore, the DISCOMs became liable for payment of penalty of ₹ 16.04 crore.

We noticed (November 2010) that, while making payment to the works contractors, the DISCOMs did not deduct Trade Tax amounting to ₹ 8.02 crore (PuVVNL: ₹ 5.81 crore, DVVNL: ₹ 1.11 crore, MVVNL: ₹ 90.64 lakh and PVVNL: ₹ 19.38 lakh). Since the DISCOMs failed to deduct Tax while making payments as required in the Act, they became liable for payment of penalty of ₹ 16.04 crore being twice the amount of Tax not deducted.

The Management of MVVNL had started the process for recovery of Trade Tax from the bills of the contractors at the instance of audit. The Management of other three DISCOMs<sup>21</sup> stated (November/December 2011) that the provision of section 8(D) of the Trade Tax Act, 1948 are applicable only to the non-divisible contracts; therefore, TDS has not been made under the contracts.

The reply is not acceptable in view of the clear position of the UPTT/UPVAT Act. Also some of the Divisions of all DISCOMs had correctly made TDS deductions amounting to ₹ 3.30 crore (MVVNL: ₹ 3.18 crore and PVVNL: ₹ 11.06 lakh) from the bills of the contractors in respect of similar seven contracts under the scheme. The contracts under the scheme were turnkey contracts which were not divisible; therefore, TDS should have been made from the bills of the contractors. UPPCL did not issue any clear directives to its subsidiaries for compliance of Statutory provisions despite a similar case decided in November 2006, after which Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (a subsidiary of UPPCL) had to pay a penalty of ₹ 8.85 crore on its failure to deduct Trade Tax at source.

#### ***Award of work of BPL connections at higher rates***

**2.20** The guidelines issued by the REC/GoI under RGGVY, inter-alia, provided for releasing electricity connection to Below Poverty Line (BPL) households free of charge in the villages electrified. It was also provided that

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<sup>21</sup> DVVNL, PuVVNL and PVVNL.

100 per cent subsidy would be given to the implementing agency as per norms of *Kutir Jyoti* Scheme which was ₹ 1,500 per connection including initial security of ₹ 300. This implied that expenditure on release of BPL connections should have been limited to the admissible limit.

Award of the works of BPL connections at higher rates resulted in extra expenditure of ₹ 43.32 crore.

We noticed that the DISCOMs<sup>22</sup> did not retain the security amount of ₹ 12.08 crore and awarded the work to the turnkey contractors at the higher rates ranging between ₹ 1,670 and ₹ 8,000 per connection against the sanctioned rate of ₹ 1,500 per connection. Prior to award of work at such higher rates, the DISCOMs, did not make efforts to get the subsidy amount enhanced from GOI to the extent of expenditure to be incurred on release of connections to BPL households. This resulted in extra expenditure of ₹ 43.32 crore worked out at differential rate for release of 4,02,807<sup>23</sup> connections in 56 districts of the state under the scheme.

The Management stated (May/November 2011) that the tenders were evaluated on total package basis and not item wise under the turnkey contracts. The reply is not acceptable.

#### ***Extra expenditure on account of price adjustment***

**2.21** The DISCOMs entered into (July to September 2005) 33 agreements with various contractors for the work of rural electrification on turnkey basis with stipulation to complete the works by 31 March 2007. According to price adjustments clause of the supply orders, ex-works prices of Aluminum Conductor Steel Reinforced (ACSR) conductor, power and distribution transformers (DTRs) and Cross Link Poly Ethylene (XLPE) cables were variable in accordance with the Indian Electrical and Electronics Manufacturers Association (IEEMA) formulae.

Similarly, these DISCOMs also entered into (November 2004 to April 2009) various agreements with various contractors under APDRP on turnkey basis with price break up for supply of materials and erection and commissioning. The prices for supply of materials were firm and no price adjustment was admissible under these contracts.

We examined seven agreements of two contractors<sup>24</sup> made (July to September 2005) under RGGVY and three agreements<sup>25</sup> of these same contractors made (June/July 2005 and June 2006) under APDRP; compared the rates of the items for which price variation was allowed under RGGVY with the rates of those items under APDRP and found that the basic rates awarded under RGGVY were already 5 to 113 per cent higher than the basic rates awarded under APDRP. Despite this, a further price variation of ₹ 11.13 crore was also allowed on these higher basic rates under RGGVY to these two contractors.

Price variation factor should be identical for the same supply month for the same base month; we noticed that different price variation factors were applied in payments of price variation for the supplies made in the same month.

Since all these agreements were finalised by CSPC, there was a clear lack of managerial oversight which led to two different types of agreements being finalised by the DISCOMs during the same time i.e. firm prices for APDRP and with price variation for RGGVY scheme.

<sup>22</sup> MVVNL, DVVNL, PVVNL and PuVVNL.

<sup>23</sup> MVVNL: 167854 households in 15 districts, PuVVNL: 107306 households in 15 districts, DVVNL: 115935 households in 20 districts and PVVNL: 11712 households in six districts.

<sup>24</sup> ABB Limited and IVRCL Infrastructure Limited.

<sup>25</sup> MVVNL/APDRP/05-06/1/BDN, 2699/PVVNL-MT/501-2005 and 3175 & 3177/PVVNL-MT/520/547-2004.

The Management stated (December 2011) that work completion period was six months and 18 months under APDRP and RGGVY schemes respectively. Works under RGGVY were to be executed in rural areas, whereas, under APDRP scheme, works were to be executed in urban areas. Accordingly, rates in the RGGVY scheme were higher as compared to that of APDRP and price adjustment clause was incorporated in the agreements of RGGVY in accordance with directions of the REC. We feel that as the FOR rates under RGGVY were already higher by five to 113 *per cent* in comparison of the rates of APDRP; hence, price variations should have not been allowed. Further, REC had indicated that price variation may be allowed if completion period was more than one year, but in case of APDRP too, the actual completion period was always more than one year, yet the APDRP prices were firm.

***Irregular utilisation of interest earned on loan funds***

**2.22** According to the provisions of the tripartite agreement entered into (January 2005) among State Government, REC and DVVNL, the REC directly released loan to DVVNL for implementation of projects under RGGVY on behalf of the State Government. The State Government undertook to repay the loan and interest accrued thereon and other charges to REC.

We noticed (September 2010) that out of the funds of ₹ 528.14 crore from REC, DVVNL invested (during April 2005 to November 2005) ₹ 116.88 crore in fixed deposits (FDR) and earned interest of ₹ 3.87 crore. DVVNL, however, did not give credit of ₹ 3.87 crore to the loan fund in terms of the State Government order of December 1993 which stipulates that interest earned on Government funds shall not be the income of PSU and shall be added to the funds provided by the Government. Instead, DVVNL diverted the interest amount for its own capital work, operation and maintenance and for mobilisation advance. Thus, utilisation of interest amount of ₹ 3.87 crore on work of DVVNL was irregular.

The Management stated (July 2011) that the REC had been apprised that interest was earned on the funds provided by them and REC will adjust the interest amount while releasing the final installment of loan to DVVNL. The reply is not convincing as the fact remains that diversion of interest amount by DVVNL for its own work was not regular.

**Accelerated/Restructured Accelerated Power Development Reforms Programme**

**Accelerated Power Development Reforms Programme (APDRP)**

**2.23** The GoI approved in June 2003 the Accelerated Power Development Reforms Programme (APDRP) to leverage the reforms in Power Sector through the State Governments. This scheme was implemented by the Power Sector companies through the State Government with the objective of up-gradation of sub-transmission and distribution system including energy accounting and metering. Under the scheme 25 *per cent* of the project cost was provided as grant and 25 *per cent* as loan by the GOI and remaining 50 *per cent* was to be arranged by the DISCOMs from Power Finance Corporation or other Financial Institutions.



**Financial performance**

**2.24** The year wise details of the funds released by GoI, mobilized from other agencies (including REC/Power Finance Corporation (PFC)/Commercial Banks) under APDRP, utilisation there against and balances in respect of the all the DISCOMs in the State are depicted below:

(₹ in crore)

Year	Opening balance	Funds released by		Funds available	Funds utilised	Balance	Percentage of balance to funds available
		GoI	Others (loan from PFC)				
2006-07	2.06	348.29	728.21	1078.56	1008.03	70.53	6.54
2007-08	70.53	74.05	522.46	667.04	579.94	87.10	13.06
2008-09	87.10	36.41	922.37	1045.88	985.89	59.99	5.74
2009-10	59.99	52.95	936.51	1049.45	809.93	239.52	22.82
2010-11	239.52	18.20	348.04	605.76	394.48	211.28	34.88

Source: Data submitted by the DISCOMs

For execution of the projects under APDRP, DISCOMs borrowed funds from PFC at an interest rate of 8.5 per cent to 14 per cent per annum besides release of funds from Government of India as grant.

Unspent fund increased from ₹ 70.53 crore in 2006-07 to ₹ 211.28 crore in 2010-11.

We noticed that DISCOMs had no system of linking the requirement of funds with reference to physical progress of work. As a result, actual amount of loan taken from PFC was in excess of the requirement of fund. As would be seen from the above table, unspent balance of fund increased from ₹ 70.53 crore in 2006-07 to ₹ 211.28 crore in 2010-11 which was kept either in current account carrying no interest or in short term deposit carrying lower rate of interest.

Irregularities noticed in execution of work under APDRP are discussed in succeeding paragraphs.

**Supply of materials at higher rates**

**2.25** PVVNL executed turnkey agreements with Naresh Kumar Agrawal (NKA), Ghaziabad in January 2005 and Jyoti Buildtech (P) Limited (JBPL), New Delhi in July 2005 for supply of material and erection work of new LT Sub-stations and Augmentation of Distribution Transformers (DTRs) in Muzaffarnagar and Ghaziabad respectively under APDRP scheme.

We compared (September 2011) the unit rate of supply of material quoted by the above two contractors for 10 common items (comprised 67 to 76 per cent of the total value of the material supply) and found that the item rates quoted by JBPL for 10 common items were higher by 5.71 per cent to 241 per cent as compared to that quoted by NKA.

Award of higher rates for the same items at the same time resulted in extra expenditure of ₹ 4.06 crore

Thus, the Company, while finalising the agreement with JBPL, did not consider the available lowest rate for each item of materials of total supply which resulted in extra expenditure of ₹ 4.06 crore.

The Management stated (November/December 2011) that the tenders were finalised by the competent authority i.e. CSPC in favour of the lowest bidder considering the composite rate of the turnkey contracts. We feel that award of higher rates for the same items at the same time was not justified and the rates of NKA should have been taken into consideration which was much lower than the rates offered by JBPL.

**Excess payment of Trade Tax**

**2.26** Section 3 (3) (a) of the U.P. Trade Tax Act, 1948 provides that a dealer shall be liable to pay Tax on the sale of goods imported by him from outside Uttar Pradesh, the turnover whereof is liable to Tax under sub-Section (1) of

Section 3-A. Subsequently, the State Government vide notification No. 1283 dated 13 July 2006 exempted the UPPCL and DISCOMs<sup>26</sup> from the payment of Tax on materials imported from outside the State for implementation of APDRP. The UPPCL and DISCOMs were, therefore, required to make payment to supplier at the reduced rates on account of exemption in Tax on the material imported from other States and supplied on or after 13 July 2006.

The DISCOMs made excess payment of ₹ 6.08 crore to contractors on account of Trade Tax exempted by the Government.

We noticed that the DISCOMs received material valuing ₹ 158.16 crore during 13 July 2006 to September 2010 against agreements executed during 2004-05 and 2009-10 wherein the contractors quoted their rates for materials inclusive of Excise Duty and Trade Tax. The DISCOMs made payment to the suppliers without reducing the element of Tax exempted by the Government from 13 July 2006. As a result, the DISCOMs made excess payment of ₹ 6.08 crore (DVVNL: ₹ 3.91 crore, PVVNL: ₹ 1 crore, KESCO: ₹ 63.45 lakh and MVVNL: ₹ 53.53 lakh) as detailed in *Annexure-19*.

The Management stated (November/December 2011) that they have started the process of recovery of Trade Tax from the pending bills of the contractors. The fact remains that there is a complete lack of internal control and managerial oversight which led to over payment.

#### *Non deduction of Trade Tax*

**2.27** Similar to the details narrated at Paragraph 2.19 above, the DISCOMs entered into 60 agreements with the contractors for erection works during March 2004 to March 2008 and made payment of ₹ 80.25 crore to the contractors during 2004-05 to 2009-10 on execution of erection works as detailed in *Annexure-20*.

Due to non- deduction of TDS of Trade Tax amounting to ₹ 3.18 crore, the DISCOMs became liable for payment of penalty of ₹ 6.36 crore.

While making payment to the works contractors, the DISCOMs did not deduct Trade Tax amounting to ₹ 3.18 crore (DVVNL: ₹ 1.41 crore, PuVVNL: ₹ 0.87 crore, PVVNL: ₹ 0.70 crore and MVVNL: ₹ 19.85 lakh). Since the DISCOMs failed to deduct Tax while making payments as required in the Act, they became liable for payment of penalty of ₹ 6.36 crore being twice the amount of Tax not deducted.

The Management of MVVNL had started the process for recovery of Trade Tax from the bills of the contractors at the instance of audit. The Management of other three DISCOMs<sup>27</sup> stated (November/December 2011) that the provision of section 8(D) of the Trade Tax Act, 1948 are applicable only to the non-divisible contracts; therefore, TDS has not been made under the contracts.

The reply is not acceptable as the Company failed to comply with the Statutory provisions.

The observations noticed in selected DISCOMs are discussed below:

#### **PVVNL**

##### *Incorrect DPRs led to non-recovery of expenditure*

**2.28** Due to preparation of DPRs of seven projects<sup>28</sup> on incorrect assumptions/basis like adoption of old issue rate of material, short-provision of work, non-provision of certain items, etc., the expenditure of ₹ 42.89 crore spent beyond the sanctioned cost could not be recouped as detailed below:

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<sup>26</sup> MVVNL, PVVNL, PuVVNL, DVVNL, and KESCO.

<sup>27</sup> DVVNL, PuVVNL and PVVNL.

<sup>28</sup> 1.Meerut 2. Ghaziabad 3. Saharanpur 4. Baghpat 5. Amroha 6. Bulandshshr 7. Sambhal.



Preparation of incorrect DPRs led to non-recovery of expenditure of ₹ 42.89 crore incurred beyond sanctioned cost.

I	No. of projects	7
II	Original sanctioned cost	₹ 130.08 crore
III	Revised estimated cost	₹ 222.77 crore
IV	Percentage of escalation to sanctioned cost	71
V	Actual expenditure incurred (projects short closed)	₹ 172.97 crore
VI	Expenditure beyond sanctioned cost	₹ 42.89 crore

Source: Financial progress submitted by PVVNL

### KESCO

#### *Cost overrun due to delayed execution of work*

**2.29** KESCO proposed six projects consisting of 18 works valuing ₹ 94.66 crore under the APDRP. The works were scheduled to be completed during March to August 2006.

We noticed that three works<sup>29</sup> having sanctioned cost of ₹ 16.34 crore were completed (December 2006/March 2007) at a cost of ₹ 18.58 crore after a delay of 166 to 400 days. This was mainly due to delay in handing over of sites to the contractors, approval of drawings and inspection of power transformers. All these factors delayed the completion of work with cost overrun of ₹ 2.24 crore.

#### *Incorrect inclusion of work under APDRP*

**2.30** As per Clause 4.9 of Uttar Pradesh Electricity Supply Code, 2005 (Supply Code), the DISCOM had to recover the cost of distribution system to be created in the colony developed by the Development Authority.

The KESCO constructed (December 2006) one 2 x 5 MVA sub-station and line at a cost of ₹ 2.58 crore in the colony developed by Kanpur Development Authority (KDA). In terms of the supply code, the cost of such sub-station and line should have been recovered from the KDA. The Company as such should have undertaken the work only after recovering the cost of work in advance from KDA.

KESCO constructed a sub-station without receipt of advance from KDA (in deposit scheme) at a cost of ₹ 2.58 crore.

We noticed that the Company incorrectly included the work under APDRP and constructed the sub-station without recovering the cost from KDA. Thus, inclusion of construction of above sub-station and line under APDRP deprived the Company of creating additional distribution system to the extent of ₹ 2.58 crore under the scheme.

The Management stated (November 2011) that KDA was requested to deposit the cost of sub-station and line but it did not deposit the same. It was further stated that apart from Indira Nagar, New Azad Nagar and Dayanand Vihar areas are also being fed through this sub-station.

The reply is not acceptable as the work should not have been taken up without receipt of advance from KDA. Moreover, there was no restriction to emanate feeder for feeding adjacent areas.

#### *Restructured Accelerated Power Development Reforms Programme (RAPDRP)*

**2.31** In order to carry on the reforms further, the GoI launched the Restructured APDRP (R-APDRP) in July 2008 as a central sector scheme for XI plan (2007-08 to 2011-12). The R-APDRP scheme comprises Part A and

<sup>29</sup> 1. Laying of ABC –Dee Control Ele. Pvt. Ltd.  
2. Construction of 33 kV sub-station at Indira Nagar & Mandi Parisar- Sanchaem Engineers  
3. Supply and erection & commissioning of 400 kVA sub-station –Anand Transformers.

B. Part A was dedicated to establishment of IT enabled system for achieving reliable and verifiable baseline data system in all towns besides installation of SCADA<sup>30</sup>/Distribution Management System. For this, 100 per cent loan is provided, and was convertible into grant on completion and verification of same by third party independent evaluating agencies. The Part B of the scheme deals with strengthening of regular sub-transmission and distribution system and up-gradation projects.

R-APDRP was not implemented in KESCO.

The year-wise details of funds released by GOI, mobilized from other agencies (PFC/Commercial banks), utilization their against and balance in respect of PVVNL is given below:

Year	Funds released by		Funds available	Funds utilized	Balance	Percentage of balance to funds available
	GOI	Others				
2009-10	--	60.90	60.90	--	60.90	100
2010-11	--	71.12	132.02	27.78	104.25 <sup>31</sup>	78.96

### ***Establishment of IT enabled system***

**2.32** PVVNL, after a delay of 11 months, got sanctioned (June 2009) a loan of ₹ 203.01 crore by PFC for establishment of IT enabled system. The work was awarded (February 2010) to HCL Technologies Limited after a delay of 18 months. Due to delayed arrangement of fund and award of work to contractor, the objective of the scheme regarding establishment of centre remained unachieved so far (November 2011).

Though the work was awarded in February 2010, PVVNL drew the loan of ₹ 60.90 crore as early as in October 2009, i.e., four months before the award of work to the contractor. Out of it, ₹ 20.59 crore only could be utilised as advance payment to contractor during June 2010 to November 2010. Thus, due to delay in award of work and drawal of loan in excess of requirement, the whole amount of ₹ 60.90 crore remained idle in current account for a period of more than seven months (November 2009 to May 2010) and ₹ 40.31 crore for another seven months (June 2010 to December 2010) thereby resulting in avoidable interest liability of ₹ 3.88 crore.

**Drawal of loan without requirement resulted in avoidable interest liability of ₹ 3.88 crore.**

The specific reply to the audit observation was not furnished by the Management (December 2011).

### **Aggregate technical & commercial losses**

**2.33** One of the prime objectives of APDRP scheme was to strengthen the distribution system with the focus on reduction of AT&C losses on sustainable basis. The table below depicts the AT&C losses over the audit period in the DISCOMs:

Year	PVVNL		KESCO		ALL DISCOMs	
	Target	Actual	Target	Actual	Target	Actual
2006-07	29.10	26.73	30.47	40.00	27.40	29.11
2007-08	22.40	28.14	28.97	40.77	27.40	28.76
2008-09	22.40	24.95	25.00	29.07	27.40	23.41
2009-10	24.00	26.77	21.27	27.26	25.21	25.46
2010-11	24.00	24.05	21.27	28.01	25.21	24.08

*Sources: figures of 2006-07 and 2007-08 are as per audited accounts and 2008-09 to 2010-11 are provisional as furnished by the DISCOMs.*

Analysis revealed the following:

<sup>30</sup> Supervisory Control And Data Acquisition – It generally refers to industrial control systems: computer systems that monitor and control industrial, infrastructure, or facility-based processes.

<sup>31</sup> Including ₹ 71.12 crore transferred to UPPCL.

AT&C losses of the PVVNL and KESCO ranged between 24.05 to 28.14 per cent and 27.26 to 40.77 per cent respectively during the audit period.

- In PVVNL, 12 nos. of projects valuing ₹ 297.28 crore were implemented under APDRP scheme. In spite of such huge investments, the targets of AT&C losses fixed by UPERC could not be achieved during 2007-08 to 2010-11 and the actual losses ranged between 24.05 and 28.14 per cent during the audit period. The Management stated (November 2011) that R-APDRP scheme was yet to be implemented and that the norms for energy losses were fixed by the UPERC for an ideal situation.
- In KESCO, six projects valuing ₹ 94.66 crore were implemented under APDRP scheme. The AT&C losses ranged between 27.26 and 40.77 per cent during the audit period, but it was more than the target of 30.47 per cent to 21.27 per cent as fixed by UPERC. The Management stated (November 2011) that achieving the norm of 21.27 per cent loss was not possible in such a short period.
- The actual AT&C losses in all DISCOMs ranged between 23.41 and 29.11 per cent during audit period which were even higher than the targets of AT&C losses fixed by UPERC.

### **Consumer metering**

**2.34** Attainment of 100 per cent metering was one of the requirements of Uttar Pradesh Electricity Supply Code, 2005. Accordingly, the work of metering of un-metered consumers and replacement of defective meters was to be under taken. Metering position of consumers in the State is indicated in the **Annexure-21**. The following observations are made:

- against targeted installation of 98.20 lakh meters in the State, the DISCOMs installed only 18.83 lakh (19.18 per cent) meters during audit period which indicated poor planning and monitoring.
- PVVNL did not fix any target for metering and it installed 4.30 lakh meters during audit period. Against total 32.78 lakh consumers at the end of 2010-11, only 18.96 lakh were metered consumers (57.84 per cent). As a result, number of un-metered consumers remained 13.82 lakh (42.16 per cent) at the end of 2010-11.
- KESCO planned to install 2.63 lakh meters during the audit period, against which it installed only 0.96 lakh meters thereby registering a shortfall of 1.67 lakh meters (63.50 per cent). As a result, the number of un-metered consumers could not be reduced and was 1.32 lakh<sup>32</sup> at the end of 2010-11.

The detailed analysis of the selected Units/ Circles in PVVNL and KESCO revealed the following:

### **Expenditure on installation of double meters without adequate planning and monitoring**

**2.35** PVVNL installed 25138 double meters during 2008-09 to 2010-11 outside the premises of the consumers having a contracted load of 10 kVA to 56 kVA. The purpose of installation of a double meter in addition to the main meter, was to locate the deviation in consumption of energy recorded by both the meters and take corrective action accordingly to check theft of energy. PVVNL incurred cost of installation of such meters at the rate of ₹ 7,000 per meter for load up to 27 kVA and ₹ 15,000 per meter for load beyond 27 kVA and up to 56 kVA. We noticed that Meter Reading Instrument (MRI) reports of these meters could not be taken up to 2010-11. No arrangement had been

<sup>32</sup> Total number of consumers:536079 – Meters installed :404050.

**Expenditure of ₹ 29.71 crore incurred on installation of double meters proved to be futile as PVVNL did not make arrangement for taking meter reading of double meters.**

made for taking meter reading of such double meters installed in respect of consumers having load up to 56 kVA. As a result, the purpose of installation of double meters was defeated and expenditure of ₹ 29.71 crore incurred thereon, also proved to be futile.

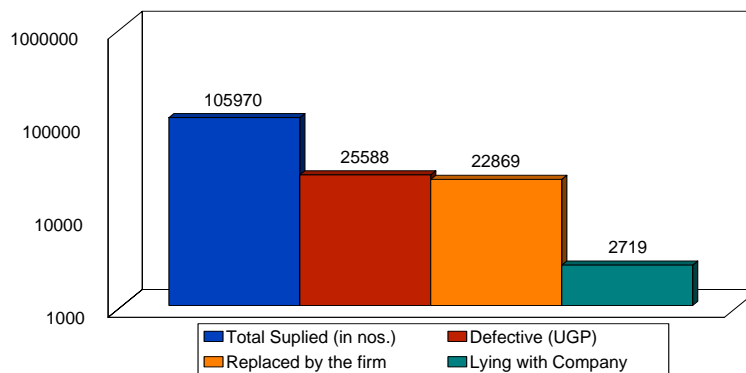
The Management stated (November 2011) that the double metering was done in order to put mental pressure on the consumers, compare the readings, for emergency conditions and energy audit purpose. It was further stated that an agreement had been entered (April 2011) into in Noida Circle for meter reading. PVVNL took corrective action only after lapse of three years of installation of double meters which indicated poor planning and monitoring system of PVVNL.

**Procurement of substandard material**

**Energy meters**

**2.36** The DISCOMs are required to provide 100 *per cent* metered supply to its consumers which requires installation of meters of sound quality and high standard at metering point.

KESCO procured 1,05,970 single phase electronic meters (10-60 amp.) at the rate of ₹ 739 during August 2006 to June 2008 from Elymer International Pvt. Limited. In case of 50,000 meters, KESCO waived the condition of inspection prior to despatch of meters. The meters supplied by the firm were installed at the premises of the consumers without checking and the majority of installed meters were subsequently found defective.



Source: Data as furnished by KESCO.

**Waiver of condition of pre-dispatch inspection facilitated the firm to supply defective meters leading to wasteful expenditure of ₹ 1.89 crore on procurement of 25,588 defective meters.**

Out of 50,000 meters, 22,869 meters replaced by the firm were also found defective, just after installation. The waiver of condition of pre-dispatch inspection facilitated the firm to supply defective meters leading to wasteful expenditure of ₹ 1.89 crore on procurement of 25,588 defective meters. It further resulted in under realisation of revenue from the consumers with defective meters as they were being billed on assessment basis which was on the lower side as discussed in the Paragraph 2.55 *infra*.

The Management accepted (November 2011) the fact and stated that no meters were available in stores. The reply is not acceptable as 2,719 meters were lying in Test Divisions of the Company.

### **Power transformers**

**2.37** KESCO purchased (December 2005) one 10 MVA transformer (T/F) for ₹ 41.29 lakh from PM Electronics Limited, Noida. The T/F damaged (February 2007) within one month of its installation. This T/F was got repaired in May 2007 and it again damaged in July 2008. KESCO ignoring the poor performance of T/F supplied by the firm, again procured one T/F of the same capacity from the same firm in August 2007. This also damaged four times during August 2008 to February 2010. Repeated failure of the T/Fs indicated manufacturing defect in the T/Fs which could not be removed despite several repair of these T/Fs. Thus, KESCO purchased sub-standard T/Fs giving unsatisfactory performance which entailed disturbance in supply of power to the consumers.

### **Slow/non replacement of defective meters of consumers**

**2.38** As per Clause 5.7 of the Supply Code, in case a meter is found defective; the same shall be replaced within 15 days. Further, as per clause 6.2 of the Supply Code, the provisional billing should not be extended for more than two billing cycles.

The test check of billing data of KESCO for the period July 2009 to December 2010 revealed the followings:

- Out of 4,26,864 meters installed in the premises of consumers of various categories, 1,26,196 meters (29.56 *per cent*) were lying defective (IDF/ADF/RDF<sup>33</sup>) at the end of December 2010 which was abnormally higher.
- Out of 1,26,196 defective meters, 80,851 meters (approx 64 *per cent*) were lying defective since July 2009. Thus, the defective meters could not be replaced for one and half years against prescribed replacement time of 15 days. This indicated lackadaisical approach of the Management towards replacement of defective meters.
- The defective meters and line loss in Aaloo Mandi Division was 58 *per cent* and 43.39 *per cent* respectively (December 2006) which was highest among the Divisions of KESCO. This indicated that non-replacement of defective meters attributed to high percentage of line loss as the actual consumption being not recorded in defective meters could be more than the billed amount.
- Delay in installation of meters of new consumers ranged from 18 to 673 days.

The Management stated (November 2011) that they have started replacement of meters and replaced 71,042 meters so far (October 2011).

### **Operational efficiency**

**2.39** The operational performance of the DISCOMs is judged on the basis of availability of adequate power for distribution, adequacy and reliability of distribution network, minimising line losses, detection of theft of electricity, *etc.* These aspects have been discussed below.

<sup>33</sup>

IDF=Identified Defective; ADF=Appeared Defective; RDF=Reading Defective.

### Sub-transmission & distribution losses

**2.40** The distribution system is an important and essential link between the power generation source and the ultimate consumer of electricity. For efficient functioning of the system, it must be ensured that there are minimum losses in sub-transmission and distributing the power. While energy is carried from the generation source to the consumer, some energy is lost in the network. The losses at 33 kV stage are termed as sub-transmission losses while those at 11 kV and below are termed as distribution losses. These are based on the difference between energy received (paid for) by the DISCOMs and energy billed to consumers. The percentage of losses to available power indicates the effectiveness of distribution system. The losses occur mainly on two counts, *i.e.*, technical and commercial. Technical losses occur due to inherent character of equipment used for transmitting and distributing power and resistance in conductors through which the energy is carried from one place to another. On the other hand, commercial losses occur due to theft of energy, defective meters and drawl of un-metered supply, etc.

The table below indicates the energy losses for all DISCOMs for last five years up to 2010-11:

(In Million Units)						
SL. No.	Particulars	2006-07	2007-08	2008-09 (Prov.)	2009-10 (Prov.)	2010-11 (Prov.)
1.	Energy purchased	47395	51031	54605	58616	64244
2.	Energy sold	33598	36357	41824	43695	48771
3.	Energy losses (1 – 2)	13797	14674	12781	14921	15473
4.	Percentage of energy losses ( <i>per cent</i> ) {(3 / 1) x 100}	29.11	28.76	23.41	25.46	24.08
5.	Percentage of losses allowed by UPERC ( <i>per cent</i> )	27.40	27.40	27.40	25.21	25.21
6.	Excess losses (in MUs)	810	694	-	147	-
7.	Average realisation rate per unit (in ₹)	2.84	3.17	2.88	3.36	3.96
8.	Value of excess losses (₹ in crore) (6 x 7)	230.04	220.00	-	49.39	-

Source: Data as furnished by the DISCOMs.

It would be seen from the above table that losses ranged between 23.41 and 29.11 *per cent* during the last five years ending 31 March 2011. We observed that though there was a decreasing trend in energy losses, these were still on the higher side as compared to the maximum level of 15.5 *per cent* fixed by the Central Electricity Authority. Reduction in these losses is the most significant step towards making the DISCOMs financially self-sustaining. The importance of reducing losses can be gauged from the fact that one *per cent* decrease in losses could have added ₹ 254.41<sup>34</sup> crore to the revenue of the DISCOMs.

The main reasons for such high energy losses were insufficient transformation capacity, inadequate working capacity of capacitor banks, low power factor, heavy quantum of un-metered consumers and theft of electricity etc. as discussed below:

#### **Inadequate transformation capacity**

**2.41** Transformer is a static device installed for stepping up or stepping down voltage in transmission and distribution of electricity. The energy received at

<sup>34</sup> One *per cent* of energy purchased in 2010-11 x average realisation rate per unit.

high voltage (132 kV, 66 kV, 33 kV) from primary sub-stations of the Transmission Companies is transformed to lower voltage (11 kV) at 33/11 kV sub-stations of the DISCOMs to make it usable by the consumers. In order to cater to the entire connected load, the transformation capacity should be adequate. The ideal ratio of transformation capacity to connected load is considered as 1:1. The table below indicates the details of transformation capacity at 33/11 kV sub-stations and connected load of the consumers in PVVNL, KESCO and all DISCOMs during the period 2006-11.

Particulars	Year	Transformation capacity (in MVA)	Connected load (in MVA)	Gap in transformation capacity	Ratio of transformation capacity to connected load
PVVNL	2006-07	7044	7802	758	0.90
	2007-08	7147	8912	1765	0.80
	2008-09	7445	9708	2263	0.77
	2009-10	8260	9959	1699	0.83
	2010-11	9095	11170	2075	0.81
KESCO	2006-07	867	1134	267	0.76
	2007-08	881	1249	368	0.71
	2008-09	937	1425	488	0.66
	2009-10	992	1568	576	0.63
	2010-11	1020	1548	528	0.66
ALL DISCOMs	2006-07	20440	23730	3290	0.86
	2007-08	21186	26817	5631	0.79
	2008-09	22645	29549	6904	0.77
	2009-10	24258	30057	5799	0.81
	2010-11	26250	32504	6254	0.81

Source: Data as furnished by the DISCOMs.

It can be seen from the table above that:

### **PVVNL**

- The ratio of transformation capacity to total connected load was 0.90:1 in 2006-07 which declined to 0.81:1 in 2010-11.

### **KESCO**

- The ratio of transformation capacity to total connected load declined from 0.76:1 to 0.66:1 in 2010-11.

The ratio of transformation capacity to total connected load in all DISCOMs ranged between 0.77:1 and 0.86:1.

The above indicated that there was a gap of transformation capacity. Such a gap of transformation capacity led to overloading of the system resulting in frequent tripping and adverse voltage regulation with consequential higher quantum of energy losses.

### ***Performance of distribution transformers***

**2.42** The UPERC had fixed the norm of failure of DTRs in its tariff orders. The details of norms fixed, actual DTRs failed and the expenditure incurred on their repairs in respect of PVVNL, KESCO and all DISCOMs is depicted in the table below:

Particulars	Year	Existing DTRs at the close of the year (in Nos.)	DTRs failure (in Nos.)	Percentage of failures	Norms allowed by DISCOMs (in percentage)	Excess failure percentage over norms	Expenditure on repair of failed DTRs (in crore)
PVVNL	2006-07	121625	16225	13.34	5	8.34	61.07
	2007-08	125343	15321	12.22	5	7.22	77.45
	2008-09	134555	22387	16.64	5	11.64	81.13
	2009-10	150908	28174	18.67	5	13.67	67.51
	2010-11	161516	24634	15.25	5	10.25	85.67
KESCO	2006-07	2924	1014	34.68	5	29.68	3.05
	2007-08	3251	962	29.59	5	24.59	3.33
	2008-09	3323	1158	34.85	5	29.85	4.82
	2009-10	3603	1282	35.58	5	30.58	4.07
	2010-11	3760	1258	33.46	5	28.46	4.10
ALL DISCOMs	2006-07	388932	66707	17.15	5	12.15	158.09
	2007-08	422917	66672	15.76	5	10.76	202.53
	2008-09	472369	73045	15.46	5	10.46	219.42
	2009-10	565147	95245	16.85	5	11.85	196.59
	2010-11	603904	93279	15.45	5	10.45	229.19

Sources: *Tariff orders issued by UPERC, figures of 2006-07 & 2007-08 are as per audited accounts and 2008-09 to 2010-11 are provisional as furnished by the DISCOMs.*

It may be seen from the above table that:

#### **PVVNL**

- The percentage of failures of DTRs increased from 13.34 *per cent* in 2006-07 to 15.25 *per cent* in 2010-11.

#### **KESCO**

- The percentage of failures of DTRs decreased from 34.68 *per cent* in the year 2006-07 to 33.46 *per cent* in the year 2010-11.

Against the norm of 5 *per cent*, the failure of transformers was 15.45 *per cent* to 17.15 *per cent* in all DISCOMs.

It may be seen from the table that the failure of DTRs in all DISCOMs also remained as high as 15.45 *per cent* to 17.15 *per cent* and were not within the norm of DISCOMs even after implementation of various schemes for system improvement.

Failure of DTRs could be minimised by taking adequate steps for preventive maintenance and avoiding over-loading of the same. It was noticed that PVVNL and KESCO had not evolved any system for preventive maintenance of DTRs. Cause-wise analysis of failure of DTRs revealed that the percentage of failure due to over-loading in PVVNL ranged between 54.30 and 63.20 *per cent* and in all DISCOMs it ranged between 48 and 58 *per cent*. The other reasons being leakage of oil, fire, absence of lightening arrestors and internal defects, etc. during the years (2006-11) as shown in the table below:

Year	Total Number of DTRs failed during the year		Number of failures due to over-loading		Percentage of failures due to over-loading	
	PVVNL	All DISCOMs	PVVNL	All DISCOMs	PVVNL	All DISCOMs
2006-07	16225	66707	10254	31746	63.20	48
2007-08	15321	66672	9392	33747	61.30	51
2008-09	22387	73045	13186	37551	58.90	51
2009-10	28174	95245	15834	54907	56.20	58
2010-11	24634	93279	13376	54367	54.30	58

Source: *Data as furnished by the DISCOMs.*

The above shows alarming position of failure of DTRs due to overloading which could have been controlled by proper checking of consumers' load, timely preventive maintenance and installation of DTRs of appropriate capacities.

PVVNL did not offer any comment for excessive failure of DTRs due to overloading.



In KESCO, the position of failure of DTRs due to overloading was not maintained. However, test check of damage reports of 195 transformers revealed that 48 DTRs were damaged due to overloading, 13 due to shortage of oil, 91 due to internal defect, 27 due to fire and 16 due to other reason which were, by and large, controllable.

The Management of KESCO stated (November 2011) that the reason for damage of transformers were over loading, poor quality, lack of proper protection system, proper maintenance and unbalanced load and theft of energy. The facts remains as all these reasons could have been controlled with better management.

#### ***Delay in repair of distribution transformers***

**2.43** DISCOMs undertake repair of damaged transformers both in-house and through outside agencies also. The DTRs repairable in own workshops are retained by the DISCOMs and in respect of other, intimation to repairing firms are sent immediately to lift the damaged DTRs for repair. However, no time limit was prescribed for lifting of DTRs by the repairing firms. A period of three months was prescribed for return of repaired transformers by outside agencies but no time limit was prescribed for in-house repairs of the damaged DTRs. Further, as per the general terms and conditions of purchase order, the suppliers were required to guarantee the performance of DTRs for 42/36 months from the date of supply/ installation. These were required to be replaced/ repaired in one month. In house repaired transformers were guaranteed for six months.

We noticed the following points:

#### **PVVNL**

- In Electricity Store Divisions (ESD) at Ghaziabad, Meerut and Moradabad, 302 DTRs failed within guarantee period which were lying in the Divisions awaiting repairs/replacement. No action was, however, taken by PVVNL to repair these transformers damaged under guarantee period. This indicated lack of effective management control over the same.
- In Workshop Division Meerut, 1,085 DTRs (10 kVA to 16 kVA) damaged during April 2008 to December 2010 were lying in the divisions which could not be repaired due to not making arrangement for repair of these transformers.

#### **KESCO**

- Out of 2,841 DTRs repaired in-house, 1,362 DTRs (48 per cent) were damaged under guarantee period of six months during the audit period. This indicated poor performance of in-house workshop which warrants for taking corrective action to improve the quality of repair of DTRs.
- The Company got repaired 734 damaged DTRs from outside agencies during last five years ending March 2011. Among these repaired DTRs, there occurred 788 incidences of damages within the guarantee period. Frequent failure of repaired DTRs within the guarantee period indicated poor performance of the repairing firms. Though, the DTRs damaged under guarantee period were repaired by the firms free of cost, frequent damage of DTRs had an adverse effect on quality of supply of energy to the consumers.
- It issued 34 DTRs<sup>35</sup> valuing ₹ 1.09 crore to six firms during July 1999 to February 2010, which had not been returned back after repair and were lying with the firms (April 2011).

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<sup>35</sup> Two number 25 kVA, two numbers 160 kVA, five numbers 250 kVA, two numbers 630 kVA & 23 numbers 400 kVA.

### ***Avoidable purchase of transformers***

**2.44** In KESCO, 69 repairable transformers of 100 kVA to 630 kVA capacity valued at ₹ 1.92 crore were transferred from Khalasi line store to RPH store during January/February 2009. The Company did not take any action to get these transformers repaired and were lying in the RPH store for more than two years. In the mean time, copper coil (5,985 kg) and transformer oil (8,260 liters), valued at ₹ 20.43 lakh was stolen from 37 transformers. KESCO procured 204 transformers of the same capacity during March 2009 to September 2010.

Non-repair of 69 transformers led to avoidable purchase of new transformers valuing ₹ 1.92 crore.

We noticed that, at the time of procurement of transformers, availability of repairable transformers in RPH store was not considered. Had KESCO got repaired these damaged transformers, purchase of 69 transformers valuing ₹ 1.92 crore and theft of material amounting to ₹ 20.43 lakh could have been avoided.

### ***Capacitor banks***

**2.45** Capacitor bank improves power factor by regulating the current flow and voltage. In the event of voltage falling below normal, the situation can be set right by providing sufficient capacity of capacitor banks to the system as it improves the voltage profile and reduces dissipation of energy to a great extent thereby saving loss of energy.

According to the scheme framed (July 1993) by erstwhile UPSEB one capacitor bank of 2.4 MVAR<sup>36</sup> capacity at 5 MVA secondary sub-station (33/11 kV sub-station) saves energy of 0.118 MU per annum.

### **PVVNL**

- Capacitor banks of 56.66 MVAR were installed against required 3,381 MVAR in 2006-07. Despite such a major gap, PVVNL did not plan for installation of capacitor banks and it installed meager number of capacitor banks of 26.40 MVAR only in last five years and thus installed capacity of capacitor banks aggregated to 83.06 MVAR against 4,365.80 MVAR required at the end of 2010-11. This led to loss of energy of 210.50 MU valuing ₹ 68.20 crore.

The Management stated (November 2011) that provision of installation of automatic capacitor banks has been made in the new agreements executed for construction of sub-stations.

### **KESCO**

- The Company did not install capacitor banks at its sub-stations of 1020 MVA capacity despite the directives (February 2003) of UPERC. This led to loss of energy of 24.07 MU valuing ₹ 9.53 crore in 2010-11.

The Management stated (November 2011) that the investment on this account from its own sources was not possible. The reply is not acceptable as despite UPERC directives for installation of capacitor banks, the work was not included in APDRP scheme which was funded by PFC/MoP.

It may be seen from the **Annexure-22** that capacitor banks of only 13.14 MVAR capacity were targeted in all DISCOMs and 234.31 MVAR installed during 2006-11. The total capacity of capacitor banks, thus, aggregated to 394.616 MVAR at the end of 2010-11 as against the requirement of 12,600

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<sup>36</sup> Mega Volt Ampere Reactive.

Non-installation of capacitor banks of 12205.35 MVAR resulted in loss of energy of 600.10 MU valuing ₹ 237.64 crore.

MVAR worked out considering the total capacity of (26,250 MVA) sub-station in the State. This indicated a wide gap of 12,205.38 MVAR capacity of capacitor banks which led to non-saving of energy of 600.10 MU valued at ₹ 237.64 crore in 2010-11.

### **Commercial losses**

**2.46** The majority of commercial losses relate to consumer metering and billing besides pilferage of energy. While the metering and billing aspects have been covered under implementation of R-APDRP scheme and billing efficiency, respectively; the other observations relating to commercial losses are discussed below:

### **Implementation of LT less system**

**2.47** High voltage distribution system is an effective method of reduction of technical losses, prevention of theft, improved voltage profile and better consumer service. The GoI had also stressed (February 2001) the need to adopt LT less system of distribution through replacement of existing LT lines by HT lines to reduce the distribution losses. The HT-LT ratios of PVVNL and KESCO over the audit period have been depicted in the table below:

Year	PVVNL			KESCO		
	HT Lines	LT Lines	Ratio of HT/LT	HT Lines	LT Lines	Ratio of HT/LT
2006-07	67370	149581	0.45	1220	2351	0.52
2007-08	68884	151647	0.45	1220	2351	0.52
2008-09	71005	15569	0.46	1320	2416	0.55
2009-10	72908	158483	0.46	1320	2416	0.55
2010-11	75220	160934	0.47	1340	2466	0.54

In order to reduce the losses it was required to switch to LT less system, we noticed that:

### **PVVNL**

- The Company constructed 10,419 km of HT lines and 12,342 km of LT lines during last five years up to 2010-11. This reflected that the focus of PVVNL was not on the LT less system. Resultantly, HT-LT ratio could not be improved and it remained between 0.45:1 and 0.47:1 during the audit period. In reply the Management stated that from 2010-11 and 2011-12 the work of LT less system and new lines was being taken up under feeder segregation work.

### **KESCO**

- HT-LT Ratio remained constant at the level of 0.52:1 in 2006-07 and 2007-08 and increased to 0.55:1 in 2008-09 but again dropped to 0.54:1 in 2010-11. KESCO had projected (2005) to increase the ratio up to 0.63:1 by 2008-09 but investment of ₹ 6.52 crore made by it for conversion of LT into HT lines under APDRP scheme did not yield the desired results.

### **Conversion of LT conductors into Aerial Bunch Cables**

**2.48** Aerial Bunch Cables (ABC) prevent illegal tapping of low voltage distribution lines and help in reducing overloading of DTRs and maintain voltage of supply. KESCO received a loan<sup>37</sup> of ₹ 40.22 crore during 2008-09 and 2009-10 from PFC and further ₹ 6.47 crore as budgetary support for laying of 1,190 km ABC. Against this it incurred an expenditure of ₹ 43.18 crore on laying of 1021.65 km ABC till January 2011.

<sup>37</sup>

At the interest rate 11.75% per cent after rebate of 0.25 per cent for timely payment.

We observed that:

as per project report of the scheme for laying of ABC, the work was to be completed by April 2009. After implementation of the scheme annual benefit of ₹ 71.80 crore was projected. There was a delay of 21 months in completion (January 2011) of work due to delay in procurement of material, award of contract and execution of work. As a result, KESCO suffered a loss of ₹ 125.65<sup>38</sup> crore due to non reduction of targeted line losses by 11 *per cent* during the delayed period.

Due to short-closure of the scheme for laying of ABC, KESCO did not utilise loan of ₹ 3.51 crore on which it paid interest of ₹ 41.24 lakh per annum (March 2011).

#### ***Avoidable expenditure on laying of ABC***

**2.49** KESCO placed (September 2008) an order for ₹ 4.36 crore on Datagen Power System for replacement of 1000 km LT overhead lines by ABC. The scope of the work, *inter-alia*, consisted of replacement of LT line with ABC, fixing of distribution boxes and strengthening of damaged ST Poles etc.

KESCO, against tender invited in June 2008, also awarded (October 2008) work of replacement of 30 km LT line by ABC to Radha Traders with same scope of work. The rates awarded to Radha Traders were higher as compared to the rates awarded to Datagen Power System. We noticed that KESCO did not invite fresh tenders and awarded (during September 2008 to March 2009) 13 orders to six firms at the rates of Radha Traders which were higher as aforesaid. This led to extra expenditure of ₹ 70.88 lakh worked out at the differential rates for replacement of 245.5 km line by the six firms.

Extra expenditure of ₹ 70.88 lakh was incurred due to award of work at higher rates.

The Management stated (November 2011) that the award of higher rates to Radha Traders was due to “Performance guarantee of 12 months” and better quality of work. The reply is not acceptable as the same performance guarantee was offered by Datagen Power System also.

#### ***High incidence of theft***

**2.50** Substantial commercial losses are caused due to theft of energy by tampering of meters by the consumers and unauthorised tapping/hooking by the non-consumers. As per section 135 of Electricity Act 2003, theft of energy is an offence punishable under the Act. The numbers of checking, theft cases, assessed amount and amount realised there against are given in ***Annexure-23***.

An analysis of the annexure revealed that DISCOMs had never fixed any target for checking of the connections.

#### ***Performance of Raid Team***

**2.51** In order to minimise the cases of pilferage/loss of energy and to save the DISCOMs from sustaining heavy financial losses on this account, Section 163 of Electricity Act 2003 provides that the licensee may enter in the premises of a consumer for inspection and testing the apparatus. Vigilance team of DISCOM headed by the officer of the rank of Inspector General of Police at its headquarters was entrusted with the work of conducting raids for checking the premises of the consumers with the assistance of Assistant Engineer and other departmental officer of the DISCOMs concerned. Executive engineers of the concerned Divisions were supposed to prepare work plan to conduct raids by identifying such consumers/areas where large scale theft was suspected. Due to lack of coordination between the vigilance

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<sup>38</sup> Annual benefit: ₹ 71.80 crore x 21 months/ 12.

wing and the concerned Divisions, raids did not yield the desired results. Following was the position of raids conducted in PVVNL, KESCO and in all DISCOMs during audit period:

(₹ in lakh)

Particulars	Year	Total Nos. of consumers as on 31 March	Nos. of consumers checked	Assessed amount (₹ in lakh)	Realised amount (₹ in lakh)	Unrealized amount (₹ in lakh)	Percentage of unrealized amount to assessed amount	Percentage of checking to total Nos. of consumers.
1	2	3	4	5	6	7	8	9
PVVNL	2006-07	2577706	126276	3101.22	2472.06	629.16	20.29	4.90
	2007-08	2765751	120068	4856.33	3626.16	1230.17	25.33	4.34
	2008-09	2971675	128276	2967.27	2393.95	573.32	19.32	4.32
	2009-10	3144046	268152	1376.72	1153.80	222.92	16.19	8.53
	2010-11	3277919	216335	1645.46	1202.56	442.90	26.92	6.60
KESCO	2006-07	455468	8296	584.30	488.89	95.41	16.33	1.82
	2007-08	470061	41448	1280.42	462.02	818.40	63.92	8.82
	2008-09	496485	61713	690.96	207.99	482.97	69.90	12.43
	2009-10	512245	119577	662.90	165.37	497.53	75.05	23.34
	2010-11	536079	13742	952.60	605.27	347.33	36.46	2.56
ALL DISCOMs	2006-07	9414869	298037	10260.32	7749.28	2511.24	24.47	3.17
	2007-08	10016271	661903	9075.75	6457.57	2618.18	28.85	6.61
	2008-09	10757109	835436	5992.93	5147.28	845.65	14.11	7.77
	2009-10	11442402	1183103	4350.40	3107.15	1243.25	28.58	10.34
	2010-11	11185566	936378	5508.06	4014.51	1493.55	27.12	8.37

Source: Data as furnished by the DISCOMs.

It may be seen from the above table that:

#### PVVNL

- The percentage of checking to total number of consumers ranged between 4.32 and 8.53 during the audit period. The percentage of unrealised amount increased from 20.29 in 2006-07 to 26.92 in 2010-11 which indicated that recovery actions were inadequate.

#### KESCO

- The percentage of checking to total number of consumers increased from 1.82 per cent to 23.34 per cent during 2006-07 to 2010-11. The increase in percentage of unrealised amount ranged between 16.33 and 75.05 during 2006-07 to 2010-11. The lack of concerted efforts towards this resulted in non-realisation of revenue to the extent of ₹ 22.31 crore.

The Management stated (November 2011) that the main reason of non-realisation was due to pending court cases. The reply is not acceptable as recovery of dues may be affected after proper pursuance of court cases.

The percentage of checking to total number of consumers in all DISCOMs increased from 3.17 in 2006-07 to 8.37 in 2010-11, the percentage of unrealised to assessed amount increased from 24.47 in 2006-07 to 27.12 in 2010-11.

#### Billing efficiency

**2.52** As per procedure prescribed in the Supply Code, DISCOMs are required to take the reading of energy consumption of each consumer at the end of the notified billing cycle. After obtaining the meter readings, the DISCOMs issue bill to the consumers for consumption of energy. Sale of energy to metered categories consists of two parts viz., metered and assessed units. The assessed units refer to the units billed to consumers in case meter reading is not available due to meter defects, door lock etc. Billing of all the consumers were being done at Division level. Domestic rural consumers were

being billed bi-monthly basis, while other consumers were being billed on monthly basis.

The efficiency in billing of energy lies in distribution/sale of maximum energy by DISCOMs to its consumers and realisation of revenue from them in time.

The table below indicates the billing efficiency in DISCOMs:

(Figures in MUs)

Particulars	Year	Energy available for sale	Energy billed	Metered energy billed	Un-metered energy billed	Metered sales as percentage of energy available for sale(5*100/3)	Un-metered sales as percentage of metered sales (6*100/5)	Percentage of energy billed to energy available for sale(4*100/3)
1	2	3	4	5	6	7	8	9
PVVNL	2006-07	15086	11054	7265	3789	48.16	52.15	73.27
	2007-08	16652	11966	8303	3663	49.86	44.12	71.86
	2008-09	16699	12532	8843	3689	52.96	41.72	75.05
	2009-10	17766	13010	9410	3600	52.97	38.26	73.23
	2010-11	20068	15241	11293	3948	56.27	34.96	75.95
KESCO	2006-07	2511	1506	1471	35	58.58	2.38	59.98
	2007-08	2633	1560	1521	39	57.77	2.56	59.25
	2008-09	2632	1867	1817	50	69.03	2.75	70.93
	2009-10	2722	1980	1931	49	70.74	2.54	72.54
	2010-11	3027	2179	1739	440	57.45	25.30	71.99
ALL DISCOMs	2006-07	47395	33598	22629	10969	47.75	48.47	70.89
	2007-08	51031	36357	25621	10736	50.21	41.90	71.24
	2008-09	54605	41824	30281	11543	55.45	38.12	76.59
	2009-10	58616	43695	31734	11961	54.14	37.69	74.54
	2010-11	64244	48771	33334	15437	51.89	46.31	75.92

Source: Data as furnished by the DISCOMs.

It would be seen from the above table that:

#### PVVNL

- The percentage of energy billed to energy available for sale ranged between 71.86 and 75.95 during the audit period. The percentage of metered sale to energy available for sale, however, ranged between 48.16 and 56.27 during the same period.
- The Supply Codes stipulates that new connection should not be released without meter and all un-metered connections be installed with meters. As on March 2011, out of 33.70 lakh consumers in PVVNL, there were only 19.96 lakh (59.23 per cent) metered consumers. This indicated lack of proper planning for assessment of requirement of meters, its procurement and installation at the consumers' premises to ensure the correct assessment of energy consumed. In test check of records of six<sup>39</sup> Divisions, we found that 89,851 consumers of domestic rural categories were being given un-metered supply and were billed at flat rate per connection per month whereas in case of metered supply, the bills were to be raised at the rate per unit of energy consumed plus fixed charges per KW. This resulted in loss of revenue of ₹ 3.99 crore<sup>40</sup>, worked out on 114.15 MU supplied during 2010-11.

**Loss of revenue of ₹ 3.99 crore due to un-metered supply to 89851 rural domestic consumers.**

#### KESCO

- The percentage of energy billed to energy available for sale ranged between 59.25 and 72.74 during the audit period. The percentage of

<sup>39</sup> EDD-I & II Rampur, EDD Hapur, EDD Khurja, EDD-II Bulandshahar and EDD-I Moradabad.

<sup>40</sup> Chargeable ₹ 14.04 crore (value of 114.15 MU = ₹11.41 crore plus fixed charges ₹ 2.63 crore), charged ₹10.05 crore.

metered sale to energy available for sale, however, ranged between 57.45 and 70.94 during the same period.

It would be seen from the above table that energy billed by all DISCOMs (State) ranged between 70.89 and 76.59 *per cent* of the total energy available for sale. The metered sales ranged between 47.75 and 55.45 *per cent* of the total energy available for sale during the audit period. The un-metered supply ranged between 37.69 and 48.47 *per cent* to metered sales during the audit period.

Instances of deficiencies in billing are illustrated below:

***Incorrect application of tariff***

**2.53** Due to not raising the bills as per rate schedule by two Distribution Divisions of PVVNL and KESCO, the consumers were under charged to the tune of ₹ 1.64 crore as detailed in following table:

Sl. No	Company/ Division	Nature of Consumer	No. of consumers (Load)	Period	Amount (₹ in lakh)	Incorrect application of tariff
<b>PVVNL</b>						
1.	EUDD-I Noida	Public Lamp (LMV-3)	06 ( 2485 KW)	May 2010 to March 2011	80.02	Instead of charging at the rate of ₹1800/ KW/ month consumer billed on the basis of assessed units.
2.	EUDD-II Noida	Public Lamp (LMV-3)	02 ( 2765 KW)	May 2010 to March 2011	70.96	Instead of charging at the rate of ₹1800/KW / month consumer billed on the basis of assessed units.
3.	KESCO	Public Institutions (LMV-4(a))	02	February 2005 to April 2011	10.05	Consumers billed under LMV 4(a) instead of LMV-2
		Public Institutions (LMV-4(a))	01(88 kVA)	July 2008 to March 2011	2.68	Supply connected at 11 kV but billed under LMV-4(a) instead of HV-1
<b>Total</b>					<b>163.71</b>	

*Sources: Billing records of the DISCOMs.*

***Under assessment of revenue***

**2.54** General Provision 1(i) of Rate Schedule 2008-09 and 2009-10 provided that fractional load (kW) of consumer shall be taken as next higher kW for billing purpose. We noticed that in KESCO, 10,316 cases of consumers were billed on the basis of fractional load which resulted in under billing of ₹ 13.88 lakh during July 2009 to December 2010.

***Short assessment against consumers having defective meters***

**2.55** According to General provision (4) of tariff order 2009-10 read with Clause 5.7 (d) & (e) of Supply Code modified, billing in case of defective meter is to be done on the basis of average consumption of previous three billing cycles prior to period when meter became defective.

In KESCO, we observed that, in 41,435 cases, consumers were billed under defective category during October 2009 to December 2010 on the basis of fixed units instead of average consumption of previous three billing cycles available for the period up to September 2009. This resulted in short assessment to the extent of 7.83 MU valuing ₹ 2.82 crore.

The Management accepted the fact and stated (November 2011) that short assessment was due to faulty software. The corrective action needs to be urgently taken to prevent further short assessment.

***Under charge/ non levy of initial/additional security***

**2.56** The initial security is required to be deposited by various consumers for getting electricity connection as per details indicated below in accordance

**In KESCO, 41,435 consumers were billed under defective category on the basis of fixed units instead of average consumption of previous three billing cycles resulting in short assessment of ₹ 2.82 crore.**



with order of UPPCL (April 2010).

Category of Consumers	Rate
Private Tubewell	₹ 300 per HP
Industrial Consumers	₹ 1,000 per KW
Commercial	₹ 1,000 per KW
Public Water Works	₹ 1,200 per kVA

Sources: Cost Data Book of UPERC.

Scrutiny of the records in respect of 10 Divisions<sup>41</sup> of PVVNL and KESCO revealed that additional security to the extent of ₹ 20.43 crore from Government / Non Government consumers had not been realised.

#### ***Non-levy of late payment surcharge***

**2.57** Tariff order issued from time to time by UPERC provides levy of late payment surcharge (LPS) at the rate of 1.25 per cent per month for first three months and at 1.50 per cent per month thereafter on the amount of bill remaining unpaid.

Late payment surcharge of ₹ 6.28 crore was not levied.

In KESCO, the LPS of ₹ 6.28 crore was not levied on 21 consumers for delayed payment of bills during April 2009 to March 2011.

#### ***Non-levy of Electricity Duty***

**2.58** Notification (January 1997) of Energy Department of the State Government provides that Electricity Duty (ED) should be charged at the rate of 3 to 9 paise per unit of energy supplied to the consumer having metered supply and at the rate of 20 per cent of rate of charge in case of un-metered supply.

Electricity Duty amounting to ₹ 6.92 crore was not charged.

Scrutiny of billing files in respect of seven Distribution<sup>42</sup> Divisions of PVVNL revealed that ED amounting to ₹ 6.92 crore relating to the period from April 2006 to March 2011 was not charged by them.

The Management stated (November 2011) that bills for ₹ 6.98 crore has been issued. The fact remains that, since the consumers relate to State Tube Wells and outstanding dues relate to very old period; the chances of recovery are remote.

#### ***Inadmissible load factor rebate***

**2.59** According to para 5 of rate schedule HV-2 effective from 17 April 2008 read with clarification issued (October 2008) by UPERC, load factor rebate was not admissible to the consumers against whom there was outstanding arrears on account of additional security.

We noticed that KESCO allowed load factor rebate of ₹ 38.02 lakh during August 2008 to March 2011 to eight consumers who had defaulted in payment of additional security.

The Management stated (November 2011) that there was no provision in tariff orders in this regard. The reply is not acceptable as according to UPERC clarification (6 October 2008), non deposition of additional security is within the meaning of terms of "Arrear" and such consumers have been debarred from the eligibility of load factor rebate.

#### ***Non levy of penalty in cases whose meters is "Not Accessible" or "Not Read"***

**2.60** According to Clause 3 of the General provision of tariff order 2008-09 & 2010-11 read with Clause 6.2 (b) & (C) of the Supply Code, if the meters are

<sup>41</sup> 1. EDD -1 Moradabad 2. EDD-1 Rampur 3. EDD-II Rampur 4. EDD Khurja 5. EDD Hapur 6. EDD-1 Bulandshshar 7. EDD-II Bulandshshar 8. EUDD-1 Moradabad 9. EUDD-1 Noida 10. EUDD-II Noida.

<sup>42</sup> 1. EDD-1 Moradabad- ₹ 260.35 lakh 2. EDD-1 Rampur - ₹ 77.19 lakh 3. EDD-II Rampur - ₹ 179.00 lakh, 4. EDD Hapur - ₹ 54.27 lakh, 5. EDD-1 Bulandshshar - ₹ 21.57 lakh, 6. EDD-II Bulandshshar- ₹ 39.35 lakh, 7. EDD Khurja- ₹ 60.44 lakh.



KESCO billed 6136 consumers on NA/NR basis continuously but neither notice of penalty was issued nor the penalty of ₹ 5.95 crore was charged.

not made accessible by the consumers to get the meter read in two consecutive billing cycles and even after issue of 7 days notice by the licensee, a penalty at the rate of ₹ 300/kW/month from third monthly billing cycle was to be imposed on such consumers.

We noticed that KESCO billed to 6136 consumers for load of 12399 kW on NA/NR basis continuously during July 2009 to December 2010. It, however, neither issued notice of penalty nor charged the penalty of ₹ 5.95 crore (12,399 \*16\*300).

The Management stated (November 2011) that concerning Divisions have been directed to locate such consumers and issue notice of penalty.

#### **Delay in issue of bills**

**2.61** Clause 6.1 (e) of the Supply Code stipulates that, whenever the bills are generated with the help of metering data downloaded by MRI, the licensee shall deliver the bill to the consumer within seven days.

Test check of records of the five bulk consumers of KESCO, where bills were generated with the help of metering data downloaded by MRI, revealed that during July 2008 to February 2011, there was delay of three to 15 days in issuing the bills in 64 cases resulting in delayed receipt of revenue.

The Management stated (November 2011) that due to scattered position of consumers, the bills were issued belatedly. The reply is not acceptable as the bill data was computerized, the data of such cases could be easily checked in a centralized report form and bills issued timely.

#### **Revenue collection efficiency**

**2.62** As revenue from sale of energy is the main source of income of DISCOMs, prompt collection of revenue assumes great significance.

The *Annexures-24, 25 & 26* indicate the balance outstanding at the beginning of the year, revenue assessed during the year, revenue collected and the balance outstanding at the end of the year in respect of PVVNL, KESCO and all DISCOMs respectively during last five years ending 2010-11.

It may be seen from Annexures that:

#### **PVVNL**

- Outstanding dues increased from ₹ 430.41 crore to ₹ 1181.96 crore and dues ranged between 2.49 and 2.77 months during the audit period.

#### **KESCO**

- Outstanding dues of ₹ 973.65 crore increased to ₹ 1494.71 crore and dues were as high as 19.37 to 25.01 months during the audit period.
- As per provision of U.P. Transfer of KESA Zone (now KESCO) Electricity Distribution Undertaking Scheme 2000, total debtors were ₹ 630 crore. Out of this ₹ 60 crore pertained to KESCO and ₹ 570 crore to UPPCL. Realisation made against the dues of UPPCL was to be remitted to them after deduction of collection charges at the rate of 15 per cent of the amount realised. KESCO, however, did not maintain records relating to recovery made by it against dues of the UPPCL.

The Management stated (November 2011) that due to non availability of list of debtors of UPPCL under Transfer scheme; recovery against these debtors could not be ascertained. The reply is not acceptable as these debtors pertain to erstwhile KESA (now KESCO), the list of such debtors should have been with KESCO itself and not with the UPPCL.

The balance dues outstanding in respect of all DISCOMs at the end of the year increased from ₹ 4,982.19 crore in 2006-07 to ₹ 12,985.36 crore in 2010-11 and dues in terms of number of months ranged between eight and 11.

Percentage of amount realised to total dues ranged between 46 and 58 during 2006-11.

Heavy unrealised dues were noticed despite launching of One Time Settlement (OTS) scheme to clear the arrears every year by DISCOMs. This indicated that special drives undertaken by DISCOMs to realise dues, did not yield desired results.

The age wise analysis of the debts was not being done in DISCOMs for pursuing recovery of old debts.

#### ***Non realisation of dues***

**2.63** We noticed lackadaisical approach of the Management in recovering the dues from consumers as discussed below:

- The connection of J.K. Jute Mills (load 2,000 kVA) was disconnected (April 2010) against the dues of ₹ 21.60 lakh which accumulated to ₹ 53.55 lakh at the end of October 2010. Besides, the consumer did not deposit additional security amounting ₹ 49.44 lakh. KESCO neither took any action to realise the dues nor initiated action for permanent disconnection of the consumer. Consequently, dues amounting to ₹ 1.03 crore remained unrealised (April 2011).

The Management stated (November 2011) that ₹ 40.12 lakh has been recovered. The fact remains that an amount of ₹ 62.87 lakh still remains unrecovered.

- The consumer (Vinod Mehta) found (November 2008) indulged in theft of energy, was assessed (January 2010) for ₹ 17.67 lakh. The consumer filed a case in the High Court against the assessment but the Court declined (May 2010) to interfere in the matter. On being pointed out by audit, the Company has issued Recovery Certificate in October 2011 but no recovery has been made so far (November 2011).

#### ***Non-disconnection of supply of consumers with heavy arrears***

**2.64** As per Supply Code, in case the electricity dues are not deposited by the consumer within due date, the supply shall be disconnected temporarily within a maximum period of 15 days of notice. Further, the supply shall be disconnected permanently if the cause for which the supply was temporarily disconnected is not removed within six months period. Analysis of outstanding dues in PVVNL and KESCO revealed the following:

#### **PVVNL**

- In three Divisions<sup>43</sup>, 3,922 consumers, having arrears of more than ₹ one lakh each, did not make payment of electricity dues for more than 12 months but their supply was not disconnected. Non-

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<sup>43</sup> EDD Khurja, Hapur & EDD-1 Bulandshahr.

Non-  
disconnection  
of supply  
resulted in  
arrears of  
revenue of  
₹ 846.94 crore.

disconnection of supply of these defaulting consumers resulted in accumulation of arrears to the extent of ₹ 114.48 crore.

### KESCO

- 39,647 consumers having arrears of more than ₹ one lakh each, did not make payment of electricity dues for one to 52 months during November 2006 to March 2011 but their supply was not disconnected as per the above provisions. Non-disconnection of supply of these defaulting consumers resulted in accumulation of arrears to the extent of ₹ 732.46 crore (March 2011).

The Management stated (November 2011) that rigorous efforts were being made to recover the dues. The reply is not relevant as the action for disconnection of supply of 37,030 (93 per cent) consumers has not been taken so far.

#### *Failure to finalise permanent disconnection cases*

**2.65** Forty one consumers in four Divisions<sup>44</sup> of PVVNL and 13 consumers in KESCO having arrear of more than ₹ 1 lakh, did not deposit their dues for more than 12 months. The supply of these consumers was disconnected temporarily and billing was stopped. The Companies neither disconnected supply permanently nor finalised the accounts of these consumers. This resulted in non-realisation of arrears amounting to ₹ 1.87 crore (PVVNL: ₹ 0.92 crore and KESCO: ₹ 0.95 crore).

#### *Un-cashed cheques*

**2.66** In five Divisions<sup>45</sup> of PVVNL, cheques amounting to ₹ 14.52 crore deposited in bank during June 2005 to June 2010 were not credited into the accounts of PVVNL by the banks. In the absence of details of these cheques, reversal entries could not be made in the accounts of respective consumers. Resultantly, recovery of dues of ₹ 14.52 crore from the consumers could not be ensured by the Division.

The reply (November 2011) of the Management was silent on this issue.

#### *Delay in transfer of funds*

**2.67** PVVNL could not utilise the available funds for the intended purpose and kept the funds in current account/short term deposits from time to time. Some instances of imprudent financial management noticed were as follows:

- The daily collections of revenue were deposited in a non-operating account on day-to-day basis in the specified branches of the banks. These funds were being transferred thrice in a week in Revenue Receipt Accounts and fortnightly basis in Capital Receipt Accounts, both being maintained at the Company's Headquarters. As with the overall development of IT system and advancement in the banking system, the remittances from Divisions to Headquarters could have been on daily basis to avoid keeping the fund idle at the Divisional bank accounts carrying no interest.

In test check of transfer of funds by three Divisions<sup>46</sup> to Headquarters account, we noticed that, had divisions transferred funds to Headquarters account on daily basis which ranged from ₹ 2,532 to ₹ 2.20 crore during the period 2009-10 and 2010-11, PVVNL could have drawn lesser amount of loans to that

<sup>44</sup> EDD Khurja, Hapur, EDD-I Bulandshar, Moradabad.

<sup>45</sup> EUDD-I Noida, Moradabad, EDD - Hapur, Khurja, EDD-I Buland shahar.

<sup>46</sup> EDD Hapur, EDD-I & II Bulandshahr.

extent and, thereby, could have saved payment of interest of ₹ 38.88 lakh worked out at the rate of 10 per cent<sup>47</sup> per annum on the daily bank balances for the above period.

- The funds transferred from Headquarters to the Divisions of PVVNL for expenditure were being kept in non-interest bearing current accounts in the banks.

The Management stated (November 2011) that Headquarter had made arrangement with the bank for transfer of funds leaving ₹ 1,000 thrice in a week. Reply is not correct as the funds retained by the bank were more than permissible limit. Further, for operating the expenditure account as Current Account at division level, the Management did not offer any comment.

#### **Tariff fixation**

**2.68** The financial viability of DISCOMs depends upon generation of surplus (including fair returns) from the operations to finance their operating needs and future capital expansion programme by adopting prudent financial practices. Revenue collection is the main source of generation of funds for the DISCOMs. While other aspects relating to revenue collection have been discussed in preceding paragraphs, the issues relating to tariff are discussed here under.

The tariff structure of the Power Distribution Companies, subject to revision approved by the UPERC after the objections, if any, received against Annual Revenue Requirement (ARR) petition filed by them within the stipulated date. The DISCOMs was required to file the ARR for each year; four months before the commencement of the respective year. The ARR is to be accompanied with audited accounts of the DISCOMs for validation of data of ARR. The DISCOMs, so far, have finalised their accounts only up to 2007-08. The UPERC accepts the application filed by the DISCOMs with such modifications/conditions as may be deemed just and appropriate and after considering all suggestions and objections from public and other stakeholders. The table below shows the due date of filing ARR, actual date of filing, date of approval of tariff petition and the effective date of the revised tariff.

Year	Due date of filing	Actual date of filing	Delay in days	Date of approval	Effective date
2006-07	30 November 2005	05 July 2006	217	10 May 2007	13 August 2007
2007-08	30 November 2006	04 October 2007	308	19 October 2007	11 November 2007
2008-09	30 November 2007	19 December 2007	19	15 April 2008	27 April 2008
2009-10	30 November 2008	30 July 2009	242	31 March 2010	15 April 2010
2010-11	30 November 2009	25 March 2011	479	N.A.	N.A.

Sources: Data as furnished by the UPPCL.

From the above it may be seen that a delay of 19 to 479 days was observed in filing of ARR during 2006-11. The main reasons for delay in filing of ARR were pendency of annual accounts of the DISCOMs, frequent revisions in the data of ARR by the DISCOMs/ UPPCL and delay in receipt of directions from Government of U.P. regarding tariff and related matters (subsidy). This resulted in non-realisation of potential revenue of ₹ 550.90<sup>48</sup> crore during 2006-07 to 2009-10 (*Annexure-27*) due to delayed implementation of new tariff rates.

**Delayed implementation of new tariff rates due to delay in filing of ARRs resulted in non-realisation of potential revenue of ₹ 550.90 crore.**

<sup>47</sup> At an average rate ranging between seven and 14 per cent at which loans were taken from REC/PFC.  
<sup>48</sup> Increase in the approved Average rate of revenue per unit x Energy sold during respective period of delay.

Detailed analysis revealed that the extent of tariff was lower (11 to 23 per cent) than breakeven levels of revenue from sale of power at the present level of operations and efficiency for the last five years ending 31 March 2011 as shown in the table given below:

(₹ in crore)

Year	Sales (excluding subsidy)	Variable costs	Fixed costs	Contribution	Deficit in recovery of fixed costs	Deficit as percentage of sales
(1)	(2)	(3)	(4)	(5) = (2) – (3)	(6) = (4) – (5)	(7) = {(6)/ (2)} X 100
2006-07	7997.40	11938.77	1703.80	(3941.37)	5645.17	70.59
2007-08	9652.48	13568.49	2062.29	(3916.01)	5978.30	61.94
2008-09	10472.24	14961.29	2158.24	(4489.05)	6647.29	63.48
2009-10	12846.76	16985.58	3148.67	(4138.82)	7287.49	56.73
2010-11	17272.04	21629.65	4547.71	(4357.61)	8905.32	51.56

Sources: Data furnished by the DISCOMs.

It may be seen from above table that, during the audit period, contribution remained negative and it decreased from ₹ 3,941.37 crore to ₹ 4,357.61 crore reason being that the sales of the Companies were less than the variable cost. The percentage of deficit to sales ranged between 51.56 and 70.59 mainly due to delayed filing of ARR by DISCOMs and consequently, non-revision of the tariff led to realisation of revenue on the older tariff.

Though it appears that the tariff was on lower side and needs to be revised for recovery of the costs, the same can be brought in by improving operational efficiency, viz., reduction in/control of AT & C losses, conversion of LT lines to HT lines, metering of un-metered connections/ defective meters, improving billing and collection efficiency, etc., which have been discussed *supra*.

We also observed from the tariff orders (2007-08 to 2009-10) for KESCO, that ₹ 196.80 crore, ₹ 104.83 crore and ₹ 54.30 crore were disallowed by the UPERC on account of purchase of power, provision for bad and doubtful debts and returns on equity on the ground of lower approval norm of distribution losses, absence of clear cut bad debts policy and non performance in areas of reduction in distribution losses and capital expenditure respectively.

### Consumer satisfaction

**2.69** One of the key elements of the Power Sector Reforms was to protect the interest of the consumers and to ensure better quality of service to them. The consumers often face problems relating to supply of power such as non-availability of the distribution system for the release of new connections or extension of connected load, frequent tripping on lines and/ or transformers and improper metering and billing.

The DISCOMs was required to introduce consumer friendly actions like introduction of computerised billing, online bill payment, establishment of customer care centres, etc. to enhance satisfaction of consumers and reduce the advent of grievances among them. The redressal of grievances is discussed below:

#### Redressal of grievances

**2.70** The UPERC specified the mode and time frame for redressal of grievance in UPERC (Consumer Grievance Redressal Forum and Ombudsman) Regulations, 2003, in pursuance of the Electricity Act 2003.

- The standards of performance for DISCOMs in which the time limit for rendering services to the consumers and compensation payable for not adhering to the same.

- The nature of services contained in the Standards *inter-alia* included line breakdowns, DTR failures, period of load shedding/ scheduled outages, voltage variations, meter complaints, installation of new meters/ connections or shifting thereof, etc.
- The system in place provides that any aggrieved consumer may file a complaint with the Licensee, who on non-settlement within time limits/ or on being dissatisfied by the decision of the Licensee, may file a complaint in the forum as per specified procedures.
- Any consumer, aggrieved by non-redressal of his grievances by the forum may make a representation for the redressal of his grievance to an Ombudsman as designated/appointed by the Commission in accordance with the procedure specified in the regulations.

To enable the compilation of complaints for assessing the performance on this account, separate registers were maintained by the DISCOMs. The overall position<sup>49</sup> as regard receipt of complaints and their clearances is depicted in the table below:

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Total complaints received	1086082	1063834	1049593	1089288	1079569
2.	Complaints redressed within time	992062	1060069	1046366	1086213	1073006
3.	Complaints redressed beyond time	93548	3386	2936	2068	3537
4.	Pending complaints	472	379	291	1007	3026
5.	Percentage of complaints redressed beyond time to total complaints	8.61	0.32	0.28	0.19	0.33

Sources: Data as furnished by the DISCOMs.

It may be seen from the above table that total complaints received remained more or less the same but there was gradual improvement in redressal in time. The UPERC also had directed (September 2006) the DISCOMs to submit quarterly information on registration and redressal of complaints. We noticed that KESCO did not maintain any information / records relating to grievance redressal up to 2008-09 and PVVNL up to 2009-10.

### **Energy conservation**

**2.71** Recognising the fact that efficient use of energy and its conservation is the least-cost option to mitigate the gap between demand and supply, the GoI enacted the Energy Conservation Act, 2001. The conservation of energy being a multi-faceted activity, the Act provides both promotional and regulatory roles on the part of various organisations. The promotional role includes awareness campaigns, education and training, demonstration projects, R & D and feasibility studies. The regulatory role includes framing rules for mandatory audits for large energy consumers, devising norms of energy consumption for various sectors, implementation of standards and provision of fiscal and financial incentives.

We observed that PVVNL and KESCO had not taken effective steps towards above said promotional activities except publicity regarding use of CFL.

### **Energy audit**

**2.72** A concept of comprehensive energy audit was put in place with the objective to identifying the areas of energy losses and take steps to reduce the same through system improvements besides accurately accounting for the

<sup>49</sup> Information not furnished by KESCO for 2006-07 to 2008-09, PVVNL for 2006-07 to 2009-10 and MVVNL for 2006-07 to 2007-08.

units purchased/ sold and losses at each level. The UPERC directed (March 2010) the DISCOMs to carry out the energy audit with voltage wise break up of distribution losses into technical loss and commercial loss.

We observed that:

- no energy audit was in place in PVVNL.
- for purpose of energy accounting, auditing and checking commercial losses, KESCO procured 2,820 DTRs meters from Secure Meters Limited at a cost of ₹ 5.18 crore till February 2007. Out of these, only 2,352 meters had been installed and 468 meters valuing ₹ 83.93 lakh were lying (November 2011) in the stores of KESCO. Further, transformer wise energy accounting, auditing and checking of losses was not being done. Thus, very purpose of procurement and installation of DTRs meters for energy accounting was defeated and expenditure of ₹ 6.34 crore (value of DTRs meters: ₹ 5.18 crore and Installation charges: ₹ 1.16 crore) became wasteful.

Due to non-conducting of transformer wise energy accounting and auditing, expenditure of ₹ 6.34 crore incurred on installation of DTRs meters became wasteful.

The Management accepted the fact and stated (November 2011) that, in case of damage of such DTRs meters, the transformers also damaged. It indicates that installation of DTRs meters was not feasible as damage of DTRs meters (CT failure) causes failure of transformers.

#### Monitoring by top Management

**2.73** The Power Distribution Companies play an important role in the State economy. For such a giant organisation to succeed in operating economically, efficiently and effectively, there has to be a Management Information System (MIS) for monitoring by top Management.

During scrutiny of records in PVVNL and KESCO selected for performance audit, we observed that:

- regular information in the prescribed proforma were being submitted containing monthly as well as progressive information such as number of consumers, connected load, billing details, revenue realisations, waiver, arrears, energy account, etc. to top Management. However, our observation showed that it is not being effectively used otherwise the losses as pointed out in the performance audit could have been checked/ reduced.
- MIS regarding physical progress of construction works, repair of DTRs, replacement / installation of meters, inventory and court cases etc. are not being prepared on monthly basis.

#### Conclusion

**Performance audit of distribution of power by the DISCOMs disclosed that:**

- **The DISCOMs failed to recover the cost of operation. The accumulated losses increased by 205.28 per cent from ₹ 9,521.94 crore in 2006-07 to ₹ 29,068.78 crore in 2010-11 and the entire capital including reserves and surplus was eroded.**
- **Could not achieve capacity addition plans as against the addition of 609 Sub-stations planned over audit period, only 498 Sub-stations were added.**
- **Full benefits of the Centrally Sponsored Schemes introduced for electrification and strengthening of distribution system could not**

be derived and the DISCOMs failed to implement them economically, efficiently and effectively.

- The performance parameters regarding AT&C losses, failure of distribution transformers, implementation of LT less system, installation of meters & capacitor banks and replacement of defective meters were not achieved.
- DISCOMs failed to raise the energy bills correctly and in realisation of revenue and also failed to adhere the time schedule prescribed for filing of ARR petition which led to loss of potential revenue.
- The targets/milestones for carrying out the energy conservation, energy audit were not fixed annually.

#### **Recommendations**

The DISCOMs need to:

- make the plans to bring out the system upgradation, ensure timely implementation of various schemes, reduction of T&D losses and power thefts to generate sources of additional revenue to make the power distribution commercially viable.
- adhere to cannons of financial propriety while finalising the contracts so as to get the work done economically and at the genuine rates.
- strive to achieve performance parameters and targets set by UPERC.
- strengthen the internal control mechanism so as to avoid/minimize leakage of revenue, incorrect application of tariff or rates, and non-levy of Electricity duty, late payment surcharges.
- submit Annual Revenue Requirement (ARR) petition to UPERC timely.
- fix yearly targets/milestones for energy conservation and energy audit.

The matter was reported to the Government in August 2011, their reply is awaited (December 2011).



## Chapter - III

### Performance Audit relating to Statutory Corporation

#### 3. Performance Audit on the Working of Uttar Pradesh Avas Evam Vikas Parishad

##### Executive Summary

Uttar Pradesh Avas Evam Vikas Parishad (Parishad) was established in April 1966 under the Uttar Pradesh Avas Evam Vikas Parishad Adhiniyam, 1965 (Adhiniyam) with the main objective of providing houses/plots at affordable prices in tune with the State and National Housing Policy towards solving the housing problems being faced by different sections of the society. The Parishad undertakes activities of acquisition of land, development of Land, construction of properties and allotment/sale of properties.

##### *Delay in acquisition of land*

There were delays at every stage of the land acquisition procedure. Though the sites for six schemes were selected during September 2006 to February 2010, the Parishad, however, could not notify the schemes under Section (u/s) 28 of the Adhiniyam despite lapse of 13 months to 54 months. In ten schemes, the Parishad had not taken the possession of land despite lapse of 35 months to 289 months from the date of notification u/s 32 of the Adhiniyam.

There was no system in the Parishad to monitor status of funds provided to the Special Land Acquisition Officer vis-à-vis actual acquisition/possession of land.

The Parishad did not evolve any system to exercise the powers given in the Adhiniyam to restrict and/or remove unauthorized constructions. This resulted in encroachments/ disputes on 858.93 hectare land valued at ₹ 137.44 crore in 42 schemes of the Parishad.

##### *Development of land and construction of properties*

The Parishad failed to achieve the targets of land development and construction of properties. The target for development of land to total land available had been decreasing over the years. It decreased from 29 per cent in 2006-07 to 8.87 per cent in 2010-11. The percentage of actual land developed to the total land available

also decreased from 18.33 per cent in 2006-07 to 4.17 per cent in 2010-11.

The achievement of target set for construction ranged between 38.82 per cent and 71.88 per cent except for the year 2007-08. Further, there was time overrun of more than six months in 70.01 per cent of the total works executed by the Parishad.

The Parishad has not made provisions for rain water harvesting and ground water recharging in eight schemes as required in the Government order of April 2006.

##### *Costing of properties*

The Parishad deviated from the Costing Guidelines in fixing the sale price of properties which resulted in a loss of ₹ 13 crore in one project and enhancement of price by ₹ 30.63 crore in other two projects.

The Parishad also violated the Costing Guidelines as regard to costing of schemes which resulted in enhancement of cost of properties by ₹ 224.60 crore. This defeated the objective of the Parishad to provide housing solutions at affordable cost.

##### *Allotment of properties*

A lot of properties were lying unallotted. The Parishad did not frame any firm plan to liquidate its unsold properties resulting in locking up of Parishad's fund of ₹ 554.05 crore.

The Parishad failed to comply with the provisions of the Viniyam relating to allotment of properties, as a result refund of ₹ 2.09 crore was made in excess of the permissible amount on cancellation of two group housing plots in two schemes.

##### *Manyawar Shri Kashi Ram Ji Sahri Garib Avas Yojna*

For execution of the Yojna launched by the State Government, a major portion of the Parishad's workforce was deployed. The Parishad, however, did not receive centage charges of ₹ 204.82 crore, met additional expenditure of ₹ 21.19 crore from its Infrastructure Fund and loaded the cost of

land amounting to ₹ 41.02 crore provided free of cost for the Yojna on its own schemes.

#### **Internal Control System**

Internal control system of the company was weak as adequate control mechanism towards timely and smooth implementation of schemes did not exist. Internal audit wing was not commensurate with the size and volume of the business of the Parishad.

#### **Conclusion and Recommendations**

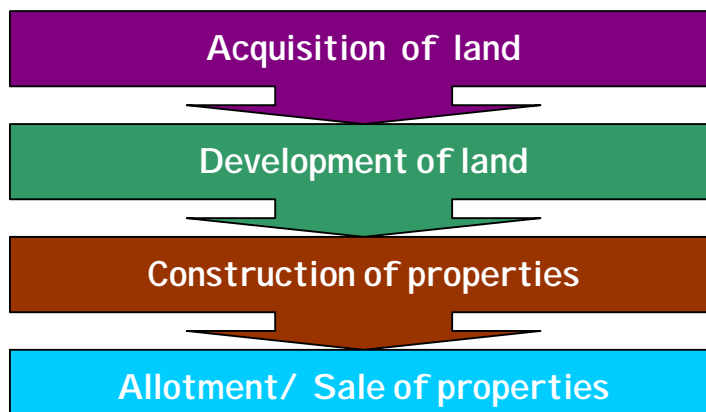
There were delays at every stage of land acquisition and failure in achieving targets. There had been deviations from the

Costing Guidelines. Properties of huge value remained unsold due to non-marketability and encroachments. The market value of nearby plots were not considered for fixation of reserve price resulting in auction of properties at lower prices. The internal control system was weak in the Parishad.

We have made seven recommendations which include adherence to the fixed time frame and follow-up for land acquisition, development and construction activities, effective steps for liquidating unsold properties, to adhere to the provisions of the Costing Guidelines and strengthening the internal control system.

### **Introduction**

3.1 Uttar Pradesh Avas Evam Vikas Parishad (*Parishad*) was established in April 1966 under the Uttar Pradesh Avas Evam Vikas Parishad Adhiniyam, 1965 (*Adhiniyam*) with the main objective of providing houses/plots at affordable prices in tune with the State and National Housing Policy towards solving the housing problems being faced by different sections of the society. Besides normal housing projects, the *Parishad* also carries out activities relating to planning, designing, construction and development of almost all types of urban development projects throughout the State of Uttar Pradesh. The *Parishad* undertakes the following stage-wise activities:



The *Parishad* diversified (December 1993) its activities in execution of deposit works for various State/Central Government Departments/Undertakings on turnkey basis. To achieve this objective, a Global Construction & Consultancy Cell was created in the year 1993.

3.2 The Management of the *Parishad* is vested in a Board comprising 14 members. The Minister, Housing and Urban Planning Department, Government of Uttar Pradesh is the ex-officio Chairman of the Board. The Housing Commissioner is the Chief Executive and a Member of the Board who looks after day-to-day affairs of the *Parishad* with the assistance of an Additional Housing Commissioner-cum-Secretary, four Joint Housing Commissioners, three Deputy Housing Commissioners, a Finance Controller, a Chief Engineer, a Chief Architect and Planner and a Legal Advisor at the

Headquarters. At the field level, there are 40 Construction Divisions and three Electrical Divisions headed by Executive Engineers, 17 Construction Units headed by Project Managers and six Zones of Estate Management Offices headed by Joint/Deputy Housing Commissioners.

#### **Audit objectives**

**3.3** The objectives of the performance audit were to ascertain whether:

- the suitability of land was properly assessed, process of acquisition of land was completed in time and adequate measures were taken to prevent encroachments;
- adequate planning for development of land was made and effective pollution control measures were adopted;
- construction works carried out by the *Parishad* were cost effective and qualitative;
- costing of the properties was done as per the laid down guidelines of the *Parishad*;
- the process of allotment of developed plots (residential, commercial and institutional) and constructed houses was transparent and fair so as to achieve the objective of providing plots/houses to the society at affordable price;
- construction and allotment activities relating to Government schemes were carried out with strict adherence to the conditions laid therein; and
- adequate and effective internal control system exists.

#### **Audit criteria**

**3.4** The audit criteria adopted for assessing the achievement of the audit objectives were as follows:

- Provisions of Uttar Pradesh Avas Evam Vikas Parishad Adhiniyam, 1965 (*Adhiniyam*), Land Acquisition Act, 1894 (LAA) and Land Acquisition Karar Niyamavali, 1997 (LAKN);
- National Housing Policy, State Housing Policy and plan documents of the *Parishad*;
- Orders, Circulars and Manuals of the *Parishad*;
- Costing Guidelines of the *Parishad*;
- Uttar Pradesh Avas Evam Vikas Parishad Bhukhandon Tatha Bhawano ke Panjikan Evam Pradeshan Sambandhi Viniyam, 1979 and Uttar Pradesh Avas Evam Vikas Parishad ki Sampatti ke Nistaran Sambandhi Viniyam, 1980; and
- Guidelines for implementation of the schemes issued by the Government.

#### **Scope and methodology of audit**

**3.5** A performance audit on “Construction and Allotment of Properties” by Uttar Pradesh Avas Evam Vikas Parishad covering the period 2000-01 to 2005-06 was featured in the Report of the Comptroller and Auditor General of India (Commercial), Government of Uttar Pradesh for the year 2005-06 which has been partially discussed by the Committee on Public Undertakings (December 2011).

The present performance audit conducted during January 2011 to June 2011 covered overall activities of the *Parishad* relating to acquisition and

development of land, construction and allotment of properties and implementation of Government schemes for the period 2006-07 to 2010-11.

We examined the records of Head Office, 10 Construction Divisions<sup>1</sup>, three Construction Units<sup>2</sup>, one Electrical Division<sup>3</sup> and two Zones of Estate Management Offices<sup>4</sup> which were selected based on Simple Random Sampling Method.

The methodology adopted for attaining the audit objectives with reference to audit criteria consisted scrutiny of records at Head Office and selected units, interaction with the audited entity's personnel, analysis of data with reference to audit criteria, raising of audit queries, discussion of audit findings with the Management and issue of draft performance audit report to the Management for comments.

### **Financial position and working results**

**3.6** Financial position and working results of the *Parishad* for the last five years up to 2010-11<sup>5</sup> has been depicted in *Annexure-28 & 29* respectively.

Our analysis of the financial position and working results of the *Parishad* revealed the followings:

- The system of accounting was found to be deficient and the financial statements did not reflect a true and fair view for which negative opinions were issued by the C&AG to the *Parishad* on its Financial Statements for the years 2006-07, 2007-08 and 2008-09. No corrective action was taken by the *Parishad* to improve the maintenance of Accounts.
- The percentage of establishment expenses to the cost of property stock sold ranged between 31.41 *per cent* and 90.18 *per cent* during the period 2006-07 to 2010-11. Such high percentage of establishment expenses to the cost of property stock sold indicated the under performance of the *Parishad* in relation to the available manpower resources.
- The Money-in-Transit/Inter-Unit transactions were not reconciled. The balance of ₹ 5.11 crore as on 31 March 2007 increased to ₹ 26.95 crore as on 31 March 2011. The reasons for such increase were non-reconciliation of remittances made by various units to Headquarters and differences between bank account balance of Finance Section and balances as per Bank Statements.

### **Audit findings**

**3.7** We explained the audit objectives, audit criteria and scope of the performance audit to the Management during an 'Entry Conference' held on 24 February 2011. Subsequently, audit findings were reported to the *Parishad* and the State Government in August 2011 and discussed in an 'Exit Conference' held on 13 September 2011. Replies of the Management to some of the audit findings were received in October/November 2011. The views expressed by the Management have been considered while finalising the performance audit report. The audit findings are discussed in subsequent paragraphs.

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<sup>1</sup> CDs 2,3,7,15 and 31 of Lucknow, CDs 1 and 22 of Ghaziabad, CD-6 of Muzaffarnagar, CD-30 of Agra and CD-32 of Saharanpur.

<sup>2</sup> CU-3 of Lucknow, CUs of Jhansi and Meerut.

<sup>3</sup> ED-1 of Lucknow.

<sup>4</sup> Zones of Lucknow and Meerut.

<sup>5</sup> Figures for the year 2010-11 are provisional.

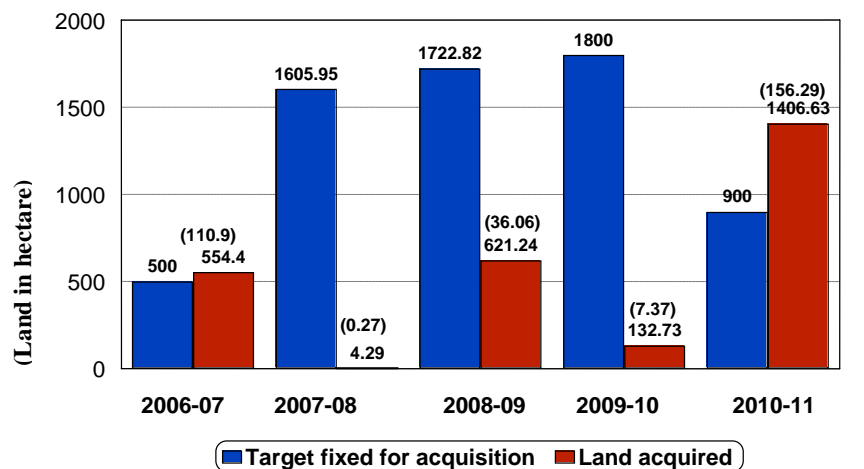
### Acquisition of land

3.8 Land is acquired from landowners for which the following procedure is followed by the *Parishad*:

- The *Parishad* selects suitable land for housing schemes and publishes notification under section (u/s) 28 of the *Adhiniyam* to acquire the selected land specifying the boundaries of the area comprised in the housing scheme.
- Notices for proposed acquisition are issued to the landowners' u/s 29 of the *Adhiniyam*; the landowners may file objections against the scheme or proposed acquisition u/s 30 of the *Adhiniyam*.
- After considering objections of the landowners, the *Parishad*, u/s 31 (1) may either abandon the scheme or submit it to the State Government for its sanction u/s 31 (2).
- With the State Government's approval the scheme is notified u/s 32 of the *Adhiniyam* in Government's Gazette. Proposal along with compensation rate settled with landowners under Land Acquisition Karar Niyamavali, 1997 (LAKN) is sent to the District Administration for acquisition of land under Land Acquisition Act, 1894 (Act).

#### Targets and achievements

3.9 The targets for acquisition of land are fixed on the basis of proposals received from field offices. The targets and achievements of land acquisition during the five years up to 2010-11 are depicted in the bar chart given below:



(Figures in brackets indicate percentage of land acquired to target fixed for acquisition)

Source: Data furnished by *Parishad*.

It would be seen from the above that:

- *Parishad* could achieve the targets only in the years 2005-06 and 2010-11 and there was shortfall during the remaining *three* years.
- There was no consistency in the targets fixed by the *Parishad*. The main reason for such inconsistency was that the targets were fixed on the basis of proposals received from the field offices with no analysis by the *Parishad*'s Headquarters.
- The achievement vis-à-vis targets fixed ranged between 0.27 *per cent* and 156.29 *per cent* during the period 2006-07 to 2010-11. Such huge variations in achievement were due to inadequate follow-up action by the

*Parishad* to get the possession of the notified land which resulted in huge shortfalls in some years and higher achievements in the years in which the backlog created due to shortfall of earlier years were cleared.

The main reasons for shortfall in achievement of the targets of acquisition of land during 2007-08 to 2009-10 were delay in acquisition of land, failure in getting possession of the notified land due to encroachments, lack of co-ordination between the field offices and Headquarters of the *Parishad* etc. as discussed in succeeding paragraphs.

#### ***Delay in acquisition of land***

**3.10** Systemic deficiencies noticed in respect of land acquisition are discussed below:

Despite lapse of 13 months to 54 months from the date of site selection the *Parishad* could not publish notification u/s 28 of the *Adhiniyam*.

- As per the Process Manual of the *Parishad* for Land Acquisition (effective from 01 September 2009), notification u/s 28 of the *Adhiniyam* is to be published within five months from the visit of the Site Selection Committee and its approval of the proposal of the selected site. We noticed that in six schemes<sup>6</sup> for which sites were inspected by the Site Selection Committee during September 2006 to February 2010, the *Parishad* could not notify the schemes u/s 28 of the *Adhiniyam* despite lapse of 13 months to 54 months (up to March 2011). The main reasons for delay in publication of notification u/s 28 of the *Adhiniyam* were lack of adequate follow-up action and monitoring by the *Parishad* Headquarters and lack of co-ordination between the field offices and the *Parishad* Headquarters as discussed below:
  - In Mahoba Yojna, Mahoba, the site was inspected by the Site Selection Committee on 19 July 2008. However, the Report of the Committee along with proposal for notification u/s 28 of the *Adhiniyam* has not yet been submitted (March 2011) by the concerned field office. Thus due to lack of effective follow-up action by the *Parishad* the notification u/s 28 of the *Adhiniyam* could not be published despite lapse of more than three years from the date of site inspection.
  - In Allahabad Jaunpur Marg BVEG Yojna, Allahabad, site was inspected by the Site Selection Committee on 5 December 2006. The concerned field office repeatedly requested the Headquarters for release of funds for preparation of proposal for notification u/s 28 of the *Adhiniyam* instead of meeting it from its own Land Acquisition Budget. The Headquarter belatedly (April 2009) clarified that the same may be paid and adjusted by making a provision in the Land Acquisition Budget. Even after clarifications, the field office failed to submit a proposal for notification u/s 28 of the *Adhiniyam*. During a review meeting held on 11 February 2011 under the chairmanship of the Housing Commissioner, it was decided to inspect the site again and check the viability of the scheme after constituting a committee. This rendered the whole exercise done till date futile.
  - The maximum time limit prescribed in the *Adhiniyam* for submission of the schemes to the State Government u/s 31(1) of the *Adhiniyam* is eight and a half months from the date of issue of first notification u/s 28 of the *Adhiniyam*. We noticed that there was a delay of 19 months to 71 months (up to March 2011) in submitting seven schemes to the

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<sup>6</sup> Bhumi Vikas Evam Grihasthan (BVEG) Yojna No. 2 Extension (Pahasu Marg)-Bulandshahar, BVEG Yojna No. 6-Agra, Allahabad Jaunpur Marg BVEG Yojna-Allahabad, Mahoba Yojna-Mahoba, BVEG Bareilly Shahjahanpur National Highway Yojna-Bareilly, BVEG Bareilly Shahjahanpur By-pass Yojna-Bareilly.

State Government u/s 31(1) of the *Adhiniyam* for its sanction. Eight schemes had not yet been submitted (March 2011) despite a delay of 11 months to 99 months. The *Parishad*, however, did not fix responsibility for the lapses causing undue delays.

- No time limit has been prescribed in the *Adhiniyam* for Government's approval u/s 31(2) and publication of notification u/s 32 of the *Adhiniyam*. We noticed that notification u/s 32 of the *Adhiniyam* for 14 schemes were published after 26 months to 175 months from the date of publication of notifications u/s 28 of the *Adhiniyam*. In case of seven schemes, notifications u/s 32 were not published (March 2011) even after lapse of 20 months to 103 months from the date of publication of notification u/s 28 of the *Adhiniyam*. Such inordinate delay in publication of notifications u/s 32 of the *Adhiniyam* was due to lack of proper follow-up action by the *Parishad* with the State Government.
- After publication of notification u/s 32 of the *Adhiniyam*, the *Parishad* decides the rates of compensation on the basis of agreement with the landowners in the presence of a Committee headed by the District Magistrate. The rates are then approved by the Commissioner. Once the rates of compensation are approved by the Commissioner, the *Parishad* deposits the required amount with the SLAO for its disbursement to the landowners and executes agreements in the prescribed format with the land owners. As per the Process Manual for Land Acquisition (effective from 1 September 2009) the maximum time for obtaining possession of land is one year and eight months from the date of publication of notification u/s 32 of the *Adhiniyam*.

We noticed that in 10 schemes, the *Parishad* could not take possession of the land despite lapse of 35 months to 289 months from the date of notifications u/s 32 of the *Adhiniyam*. Out of the said 10 schemes the *Parishad* could not get possession of 324.63 hectare land in seven schemes even after deposit of ₹ 41.99 crore with SLAO between March 2001 and September 2010. The main reasons for delay in getting possession of the land was that the *Parishad* did not take adequate measures viz., conduct of frequent meetings with the landowners to settle the rates of compensation with the landowners, execution of agreements with the landowners and absence of any system in the *Parishad* to monitor the status of funds provided to the SLAO vis-à-vis actual acquisition/ possession of land. Two interesting cases are discussed below:

- Notification u/s 32 of the *Adhiniyam* for acquisition of 49.66 acres land for Lohramau BVEG Yojna, Sultanpur was published in February 1987. The area of the scheme was later (September 1995) reduced to 26.867 acres. The possession of the scheme could not be taken by the *Parishad* due to differences between the *Parishad* and the SLAO on the rates determined by the SLAO. The *Parishad* later decided (2006) to acquire the land on the basis of agreement with the landowners. However, only two meetings with the landowners were held by the *Parishad* till March 2011 for settlement of the rates of compensation and that too in the year 2006 itself. This indicates inadequate efforts by the *Parishad* for finalization of the rates of compensation and getting possession of the land.
- Notification u/s 32 of the *Adhiniyam* for acquisition of 157.551 hectare land for Vrindavan Yojna No. 4 (Kalli Paschim), Lucknow was published in



February 2004. The Parishad deposited (September 2009) ₹ 13.06 crore with the SLAO and settled the rates of compensation (August 2010) in consensus with the land owners. However, the Parishad failed to execute agreements in the prescribed formats with the concerned landowners. As a result the possession of the land could not be obtained by the Parishad.

The Management accepted (October 2011) that there was delay in the process of acquisition of land but further stated in general that reason for delay was consistent resistance of farmers in the matter. Their reply was, however, silent on specific scheme wise delays pointed out by us.

***Failure in getting possession of the notified land due to encroachment/ disputes***

**3.11** Section 35 of the *Adhiniyam* empowers the *Parishad* to prevent any person from constructing any building or developing any area in contravention of a scheme notified u/s 28 of the *Adhiniyam*. Further Section 73 and Section 82 of the *Adhiniyam* empower the Parishad to levy fine on any person who constructs any building in contravention of Section 35 of the *Adhiniyam* and alter or demolish any such unauthorised construction.

We observed that there was no mechanism in the *Parishad* for exercising the powers given in the *Adhiniyam* which resulted in encroachments/disputes on 858.93 hectare land valued at ₹ 137.44 crore out of total 4294.271 hectare in 42 schemes of the *Parishad* as on March 2011. As a result of encroachments on about 20 per cent area of the said schemes, the *Parishad* could neither implement the schemes in a planned manner nor complete developmental activities within scheduled time. A few cases of encroachment/disputes are discussed below:

**3.12** The *Parishad* issued (December 1983) notification u/s 28 of the *Adhiniyam* for acquisition of 797 acre land for Pilibhit By-pass Road Bhumi Vikas Evam Grihasthan Yojna No.7, Bareilly. Out of the above area, 200 acres of land was to be developed by the Bareilly Development Authority and remaining 597 acre land was to be developed by the *Parishad*. The *Parishad* inspected the site after thirteen years (June 1996) and acquired (April 2000) only 71.77 acre land as there were numerous unauthorised constructions in the area. The area of the scheme was divided into two parts viz. Pocket 'A' comprising an area of 61.08 acre and Pocket 'B' comprising area of 10.69 acre. An amount of ₹ 1.59 crore was deposited by the *Parishad* with the SLAO (January 2003) for acquisition of 71.11 acre land. Possession of only 10.45 acre land of Pocket 'B' was handed over to the *Parishad* in October 2003. Subsequently, Pocket 'A' was de-notified by the Government (October 2008) on *Parishad's* proposal (July 2006) due to unauthorised constructions and disputes. We noticed that:

- No efforts were made by the *Parishad* to restrain unauthorised constructions due to which the area of the scheme got reduced from 597 acres to 10.69 acre.
- Section 50 of the *Adhiniyam* provides that where any area comprised in a scheme is not required for execution of the scheme, the same may be exempted by the *Parishad* after levying betterment charges from the occupants of the exempted land. The *Parishad* levies betterment charges at the rate of 20 per cent of the prevailing land rate. The *Parishad* though de-notified (October 2008) the area of Pocket-A has not yet levied the betterment charges on the occupants.

The *Parishad* could not utilise 858.93 hectare land valuing ₹ 137.44 crore due to encroachments and disputes.

Betterment charges have not yet been levied despite de-notification of 61.08 acre land in October 2008.



- Award of 10.45 acre land worth ₹ 20.93 lakh was made in favour of the *Parishad* in August 2007 against the deposit of ₹ 1.59 crore with SLAO. The *Parishad* has not preferred any claim for return of ₹ 1.38 crore lying with SLAO for 61.32 acre land.

The Management accepted (October 2011) the audit findings and stated that the area of Pocket-A was de-notified after approval of the Government. The reply was silent about inaction to prevent unauthorised constructions, reasons for non-levy of betterment charges despite recommendations of the High Power Committee and not claiming refund of excess amount lying with SLAO.

Land valuing ₹ 3.60 crore was lying unutilised as the *Parishad* failed to restrict unauthorised constructions in the area of the scheme.

**3.13** Notification u/s 28 of the *Adhiniyam* for acquisition of 1760 acres land for Indira Nagar (Second) Extension Scheme, Lucknow was published in May 1984. The *Parishad* deposited (February/April 2003) ₹ 8.60 crore towards compensation for acquisition of 172.93 acre land in the first phase. Possession of 87.54 acre land was handed over to the *Parishad* during March to June 2004. SLAO returned an amount of ₹ five crore in December 2007, after deducting ₹ 3.60 crore being the compensation paid for the land already handed over to the *Parishad*, as there was no action on part of the *Parishad* for acquisition of remaining land.

We noticed that no efforts were made by the *Parishad* to restrict unauthorised constructions on the land notified u/s 28 of the *Adhiniyam* resulting into large scale unauthorised occupancy in the area of the scheme. Besides, as the unauthorised constructions were in a haphazard way, even the land acquired by the *Parishad* could not be utilised till date (March 2011) resulting into blockade of ₹ 3.60 crore.

Thus, lack of efforts and co-ordination among different wings of the *Parishad* and lack of effective pursuance with the State Government were the main reasons for delay in acquisition of land at various stages. This delay in getting the possession of notified land led to unauthorised constructions and encroachments in the area of the scheme which adversely affected the future development process of these areas.

The Management did not offer any comments (December 2011).

#### Development of land and construction of properties

**3.14** The *Parishad*, after acquisition of land, starts development activities on the land so acquired which includes external and internal development. External development includes construction of main roads, trunk drains, water supply system, sewerage system and external electrification of the scheme. Internal development includes construction of internal roads, internal drains, internal water and sewerage system. Further, the *Parishad* develops plots of various categories viz. commercial, group housing, residential and institutional and constructs houses for people of various income groups.

#### Targets and achievements

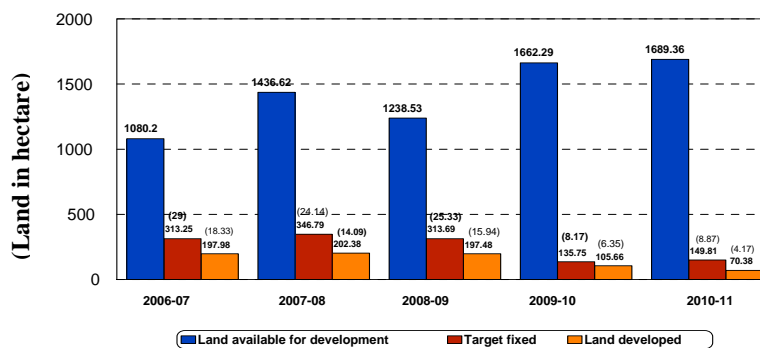
**3.15** The *Parishad* fixes the targets for development of land and construction of properties on the basis of proposals received from field offices.

The targets and achievements of development of land during the five years up to 2010-11 are indicated in the table below:

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Land available for development (Area in hectare)	1080.20	1436.62	1238.53	1662.29	1689.36
2.	Target fixed for development of land (Area in hectare)	313.25	346.79	313.69	135.75	149.81

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
3.	Land developed during the year (Area in hectare)	197.98	202.38	197.48	105.66	70.38
4.	Percentage of target fixed for development to total land available for development	29.00	24.14	25.33	8.17	8.87
5.	Percentage of land developed to total land available for development	18.33	14.09	15.94	6.35	4.17
6.	Percentage of land developed to target fixed	63.20	58.36	62.95	77.83	46.98

The target and achievements are depicted in the chart below:



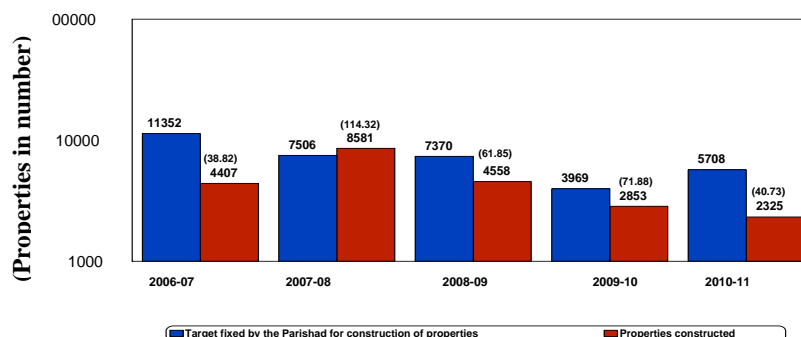
(Figures in brackets indicate percentage of land developed to land available for development and target fixed for development of land)

Source: Data furnished by Parishad.

It would be seen from the above that:

- the target fixed by the *Parishad* for development of land to total land available for development had decreasing trend year to year. It decreased from 29 per cent in 2006-07 to 8.87 per cent in 2010-11. Consequently, the percentage of actual land developed to the total land available for development also decreased from 18.33 per cent in 2006-07 to 4.17 per cent in 2010-11.
- the *Parishad* failed to achieve even its lower targets during the five years and the percentage of achievement of target ranged between 46.98 and 77.83 per cent.

**3.16** The targets and achievements of construction of properties during the five years up to 2010-11 have been depicted in the bar chart below:



(Figures in brackets indicate percentage)

Source: Data furnished by Parishad.

It would be seen from the above that:

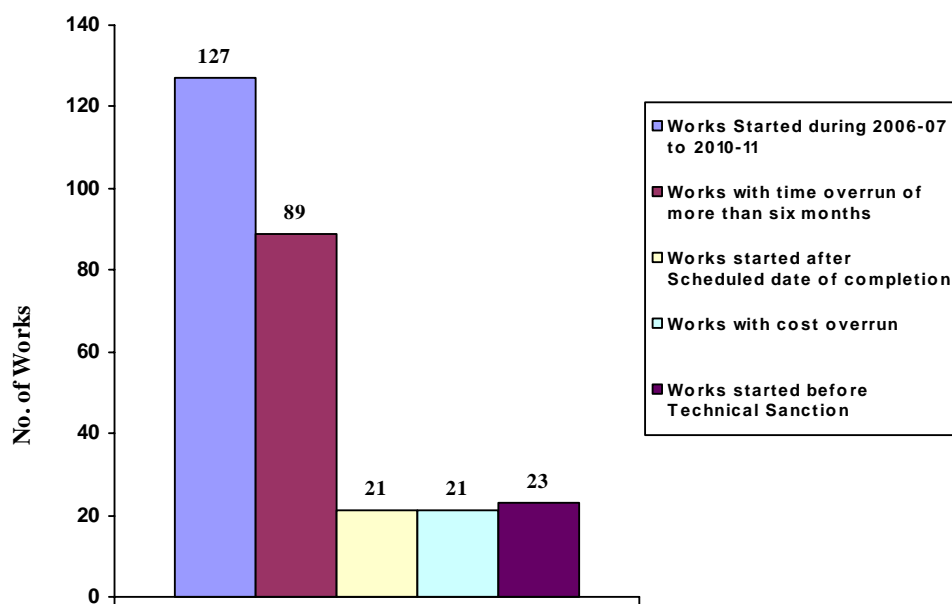
- the *Parishad* could not achieve the targets set for construction except for 2007-08. The achievement ranged between 38.82 *per cent* and 71.88 *per cent* during the last five years up to 2010-11 except in the year 2007-08 when the achievement was higher than the target.
- the number of properties constructed by the *Parishad* had also seen a steady decline from 2008-09.

Thus, the declining trend in planning and execution of the land development activities and steady decline in construction of houses indicated lackadaisical approach of the Management towards the social objective of providing affordable dwellings to the public. The main reason for non-achievement of targets was lack of monitoring and follow up action to complete the works in time. These attributable and other deficiencies in development of land and construction of houses are discussed in succeeding paragraphs.

***Time and cost overrun due to delayed execution of works***

3.17 The Financial Hand Book of the State Government stipulates that no work shall be started without obtaining the administrative approval on the basis of preliminary estimates. After getting the administrative approval, detailed estimates are to be prepared and sanctioned by the competent authority of *Parishad* which amounts to technical sanction of the work. After obtaining the technical sanction, the field offices of the *Parishad* execute the sanctioned works through contractors. To achieve the objective of providing houses/plots at affordable prices to the urban population of the State, effectively, it is necessary that the projects initiated by the *Parishad* are completed within scheduled time and sanctioned cost.

The status of time and cost overrun in *Parishad* works and commencement of works before obtaining technical sanction is depicted in the bar chart below:



Source: Data furnished by *Parishad*.

It would be seen from the above that the *Parishad* undertook 127 works during 2006-07 to 2010-11. In execution of these works/projects, we noticed that:

- there was time overrun ranging between six months to 48 months in 89 works (70.01 per cent) out of total 127 works. Out of the total works, 21 works (16.54 per cent) were started by the *Parishad* after the scheduled date of completion.
- in 21 works (16.54 per cent), there was cost overrun to the extent of ₹ 1.88 crore.
- twenty three (18.11 per cent) works were started before obtaining technical sanctions which indicates that estimates were not accurately calculated and are based on inadequate data.

The *Parishad* failed to complete 95.28 per cent works within scheduled time.

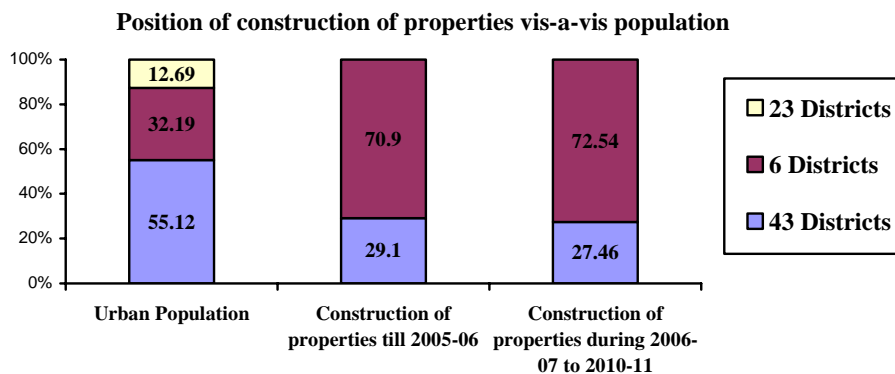
Time overrun in 95.28 per cent works, cost overrun in 16.54 per cent and start of 18.11 per cent works before obtaining technical sanction indicate poor planning, monitoring and control by the Management.

The Management's reply was not received (December 2011).

### **Construction activities in selected districts**

**3.18** The *Parishad* was established (April 1966) for providing houses/plots at affordable prices to all of the urban population of the State. Therefore, it was required to plan and co-ordinate various housing activities in the whole State in a planned manner to ensure expeditious and efficient implementation of housing and improvement schemes in the State.

The position of construction of properties *vis-à-vis* urban population of the State is depicted in the bar chart below:



*Source: Data furnished by Parishad.*

It would be seen from the above that:

The activities of the *Parishad* were largely concentrated in only six districts of the State.

- The activities of the *Parishad* were mainly confined to only six districts<sup>7</sup> of the State which constitute only 32.19 per cent of the total urban population of the State. In these six districts 70.90 per cent of the total properties constructed up to 2005-06 and 72.54 per cent of the properties constructed during 2006-07 to 2010-11 were situated.
- In 23 districts<sup>8</sup> of the State which constitute 12.69 per cent of the total urban population of the State, the *Parishad* has not undertaken any housing development activities till March 2011.

<sup>7</sup> Agra, Ghaziabad, Kanpur, Lucknow, Meerut and Moradabad.

<sup>8</sup> Ambedkarnagar, Bahraich, Balrampur, Chandauli, Chitrakoot, Deoria, Etah, G.B. Nagar, Hamirpur, Jaunpur, Kaushambi, Kushinagar, Lalitpur, Maharajganj, Mahoba, Mau, Ramabai Nagar, Sant Kabir Nagar, Sant Ravidas Nagar, Shravasti, Siddharthnagar, Sonbhadra and Sultanpur.

- In the remaining 43 districts of the State which constitute 55.12 per cent of the total urban population of the State 29.10 per cent of the total properties constructed up to 2005-06 and 27.46 per cent of the properties constructed during 2006-07 to 2010-11 were situated.

Thus due to *Parishad's* orientation towards the solution of housing needs of only a selected few districts and ignoring the housing needs of other districts, the *Parishad* has failed to achieve its objective of providing housing solutions to all urban areas of the State.

The Management did not offer any reply (December 2011).

#### **Architectural plan for Sultanpur Road Yojna**

**3.19** The *Parishad* has a Chief Architect Planner along with a separate well equipped Architecture Wing to prepare the layout plans and integrated designs of the housing schemes. We noticed that the *Parishad*, despite having its own architecture wing, appointed private architects and incurred avoidable expenditure of ₹ 2.31 crore as discussed below:

Despite having its own architectural wing the *Parishad* appointed private architects and paid ₹ 2.31 crore.

- The *Parishad* planned (August 2008) to develop a housing scheme at Sultanpur Road, Lucknow with similar attractions as the nearby Hi-tech city of a private builder<sup>9</sup> and decided to take the services of private Architects. Sajag Consultants, Delhi was awarded (March 2010) the work for preparation of layout plan and integrated design consultancy for ₹ 17.51 lakh.
- The *Parishad* invited (March 2010) quotations for preparation of Detailed Project Report (DPR) of services in respect of above scheme. Sertech Consultants, New Delhi was awarded (August 2010) the work of DPR for ₹ 2.13 crore.

The expenditure of the above architects services could have been avoided by getting it done by its own architectural wing as the scheme had similar features to other *Parishad's* schemes and there was no need to appoint private architect.

Management stated (November 2011) that decision of appointment of private architect was taken with the approval of Housing Commissioner after forming a panel of architects. The reply of the Management is not acceptable as it does not address the audit issue that works could have been done in *Parishad's* architecture wing.

#### **Quality control system**

**3.20** The Building materials (bricks, stone grit, stone ballast, coarse sand etc.) purchased by the CDs/CUs or supplied by the contractors are tested in laboratories of the Divisions/Units. Test results showing status of their quality is reported in *Form-Kha* (report). In case the materials are not of specified standards, remarks are given in the report that materials require grading with stipulation, inter alia, to furnish compliance within seven days.

Scrutiny of reports of 10 CDs/CUs revealed that in samples tested during the period 2006-07 to 2010-11, grading of under/oversize materials was required in 4.34 per cent to 100 per cent of test reports. Further in case of execution of work under Manyavar Shri Kanshiram Ji Shahri Garib Avas Yojna, 35.41 per cent samples (collected up to October 2009) were found to be below standard.

<sup>9</sup> Ansal Properties and Infrastructure.

We noticed that there was nothing on record to establish that materials were tested in laboratories after grading, as compliances of grading were not being reported. In the absence of documentation of testing, after grading as required; reliability of the use of building materials of the specified standard could not be vouchsafed in audit.

Management's reply to the audit observation was not received (December 2011).

#### ***Non deduction of penalty***

**3.21** As per the general conditions of contract, a penalty of one *per cent* or such smaller amount of the estimated cost of the whole work as mentioned in the tender is to be levied for every day that the work remains incomplete after the scheduled date of completion subject to a maximum limit of 10 *per cent* of the total value of the contract bond.

**The Parishad failed to deduct penalty of ₹ 9.95 crore on delayed execution of work.**

We noticed that in case of 105 contract bonds, penalty of ₹ 4.03 crore for delayed execution of work was not levied and in case of 103 contract bonds penalty was short levied to the tune of ₹ 5.92 crore.

The Management did not offer any comments (December 2011).

#### ***Non-construction of Sewage Treatment Plant***

**3.22** As per para no. 14 of State Housing Policy 1995, the *Parishad* has to ensure a pollution free environment to the residents of its schemes. Thus, it was mandatory for the *Parishad* to ensure the discharge of sewage of its housing scheme after treatment.

**The Parishad started construction of two sumpwells at a cost of ₹ 1.55 crore in place of envisaged STPs.**

We noticed that the *Parishad* had developed an area of 210.38 hectare in Vrindavan Yojna No. 1&2, where 5,037 properties have been sold (March 2011) out of the 5,344 properties. Instead of constructing the planned STPs, the *Parishad* started construction of two sumpwells at the cost of ₹ 1.55 crore as a temporary arrangement for disposal of sewage of the schemes. We further noticed that one of the sumpwells was being constructed in a park situated in the mid of the residential area of Sector-6C, Vrindavan Yojna No.1, Lucknow.



**Sumpwell under construction in Sector-6C, Vrindavan Yojna No.1, Lucknow**

The disposal of waste from the sumpwells amounts to disposal of untreated waste which was contrary to the provisions of the State Housing Policy and non-compliance of the Environmental rules.

The Management's reply was not received (December 2011).

#### ***Disposal of garbage***

**3.23** The *Parishad* did not develop any infrastructure for disposal of garbage of its developed residential colonies. The garbage dumped in open places adversely affects the quality of environment creating health hazards.

The Management did not furnish any reply to the observation (December 2011).



**Rain water harvesting**

**3.24** According to the Government order (April 2006), a provision for construction of water reservoirs is required to be made in at least five *per cent* of the total area of the scheme having area of more than 20 acres, to arrest declining groundwater level and for recharging. We noticed that provision for rain water harvesting and ground water recharging systems as required in the Government order was not made by the *Parishad* in any of its eight schemes<sup>10</sup> for which information was furnished by the *Parishad*.

The Management's reply was not received (December 2011).

**Costing of properties**

**3.25** The *Parishad* formulated the Costing Guidelines, 1986 to decide the prices of all types of residential and commercial properties, houses and plots. These guidelines were amended in the years 1988, 1992 and 2001. We noticed deficiencies in observing the Costing Guidelines in deciding the prices of various types of properties as discussed below:

**Inconsistencies in costing**

**3.26** As per Clause 25 of the Costing Guidelines of the *Parishad*, in case of group housing projects of the *Parishad*, land cost should be worked out by dividing the total value of the plot calculated at prevalent land rate of the scheme by the total covered super area of the flats. Further, as per Clause 5.4 of the Costing Guidelines of the *Parishad* the construction cost of houses under self-financing schemes is calculated in the following manner:

Basic construction cost	(A)
Add: Contingencies at the rate of 6 <i>per cent</i> on (A)	(B)
Sub-Total (A+B)	(C)
Add: Supervision/ Centages at the rate of 12 <i>per cent</i> on (C)	(D)
Sub-Total (C+D)	(E)
Add: Maintenance charges at the rate of 2 <i>per cent</i> on (E)	(F)
Sub-Total (E+F)	(G)
Add: Other Centages at the rate of 6 <i>per cent</i> of (G)	(H)
Total construction cost	(I)

The *Parishad* invited applications for 216 multi-storied flats in Shikhar Enclave, Vasundhara Yojna Ghaziabad (January 2011), 896 multi-storied flats in Himalaya Enclave, Vrindavan Yojna No. 4, Lucknow (January 2011) and 616 multi-storied flats in Akash Enclave, Vrindavan Yojna No. 1, Lucknow (September 2009 and July 2010).

We noticed that:

- In Shikhar Enclave the land cost was calculated by adding 10 *per cent* corner charges, 12 *per cent* freehold charges and 16 *per cent* enhancement to 1.5 times the prevalent land rate of scheme instead of calculating it at the prevalent land rate of the scheme. Contingencies at the rate of six per cent of the basic construction cost were not included in the construction cost. These inconsistencies resulted in irregular enhancement in the cost of the flats by ₹ 15.63 crore.
- In Himalaya Enclave the land cost was calculated by adding 16 *per cent* enhancement to 1.5 times the prevalent land rate of the scheme instead of calculating it at the prevalent land rate of the scheme. Contingencies on basic construction cost were charged at the rate of 6.5 *per cent* instead of

**Incorrect calculation of land led to enhancement of cost of flats by ₹ 30.63 crore.**

<sup>10</sup> Vrindavan Yojna No. -1, 2, 3 and 4-Lucknow, Saharanpur-Delhi Road Yojna No. 8-Saharanpur, Vasundhara Yojna-Ghaziabad, Jalaun Yojna-Jalaun and Talpura Yojna-Jhansi.

at 6 *per cent*. Maintenance charges were charged without including administrative charges. These inconsistencies resulted in irregular enhancement of the flats by ₹ 15 crore.

Thus due to incorrect calculation of land cost and construction cost, the cost of flats was irregularly enhanced by ₹ 30.63 crore which adversely affected the objective of the Parishad to provide housing solutions to the urban population of the State at affordable prices.

The Management's reply was not received (December 2011).

- In Akash Enclave administrative charges and other centages were charged at the rate of 7.5 *per cent* and 5 *per cent* instead of at 12 *per cent* and 6 *per cent*. Maintenance charges at the rate of 2 *per cent* were not included. Contingencies at the rate of 6 *per cent* were not included in the first phase whereas it was charged at 6.5 *per cent* of the basic construction cost in the second phase. These inconsistencies resulted in fixation of the sale prices of the flats on the lower side resulting in a loss of ₹ 13 crore.

Lower cost  
fixation led to loss  
of ₹ 13 crore.

Thus due to incorrect calculation of construction cost, the cost of flats was under-charged by ₹ 13 crore resulting in loss to the *Parishad*.

Management's reply to the audit observation was not received (December 2011).

#### ***Incorrect costing***

**3.27** The initial costing of the schemes is done as per provisions contained in Clause 5.1 to 5.3 of the Costing Guidelines of the Parishad. The initial costing of Vrindavan Yojna No. 3, Lucknow (Vrindavan-3); Vrindavan Yojna No. 4, Lucknow (Vrindavan-4) and Majhola Yojna No. 4 (Part-II), Moradabad (Majhola-4) was done during the year 2008-09 wherein the land rates of the scheme were determined at ₹ 4,500, ₹ 4,500 and ₹ 5,610 per sqm respectively.

We noticed that the *Parishad* violated the costing guidelines, 1986 (as amended to date) in the costing of the said schemes as discussed below:

- In Vrindavan-3, 16 *per cent* on acquisition cost and development expenditure was charged towards payment of interest on borrowings even though there were no borrowings as per *Parishad's* accounts. Provision at the rate of 25 *per cent* of the amount payable to the landowners was not made for enhancement in rate of compensation. Besides, contingencies at the rate of six *per cent* on anticipated expenditure on development were not charged. Administrative charges and excess cost of houses built for economically weaker sections was charged on the remaining saleable area of the land. Saleable area was calculated at 40 *per cent* for educational plots instead of at 50 *per cent*, at nil for plots for public utilities instead of at 50 *per cent* and at nil for economically weaker section houses instead of at 80 *per cent*. As a result of the aforesaid inconsistencies, the land rate of the scheme was fixed on the higher side by ₹ 340 per sqm which resulted in enhancement of the cost of the properties of the scheme by ₹ 22.43 crore.
- In Vrindavan-4, 16 *per cent* on acquisition cost and development expenditure was charged towards payment of interest on borrowings even though there were no borrowings as per *Parishad's* accounts. Contingencies at the rate of 6 *per cent* on anticipated expenditure on development were not charged. Administrative charges of houses built for economically weaker sections were charged on the remaining



saleable area of the land. The layout plan of the scheme was not available; hence, the saleable area of the scheme was calculated on the basis of saleable area of Vrindavan-3. As the calculation of saleable area of Vrindavan-3 itself was incorrect (*Parishad* calculated the saleable area at 38.95 per cent whereas as per our calculations it worked out to 40.51 per cent) as discussed in the previous paragraph the effect of such incorrect calculation was also passed in the costing of Vrindavan-4. Due to the aforesaid inconsistencies the land rate of the scheme was fixed on the higher side by ₹ 335 per sqm which resulted in enhancement of the cost of the properties of the scheme by ₹ 52.55 crore.

- In Majhola-4, 16 per cent on acquisition cost and development expenditure was charged towards payment of interest on borrowings even when there were no borrowings as per *Parishad's* accounts. Contingencies were charged at the rate of 6.5 per cent on anticipated expenditure on development instead of at 6 per cent. Saleable area of educational/religious plots was calculated at 40 per cent instead of at 50 per cent of economically weaker section houses at nil instead of at 80 per cent. As a result of the aforesaid inconsistencies the land rate of the scheme was fixed on the higher side by ₹ 1985 per sqm which resulted in enhancement of the cost of the properties of the scheme by ₹ 149.62 crore.

Fixation of land rates at higher side resulted in enhanced cost of flats by ₹ 224.60 crore.

Thus, incorrect costing in case of the aforesaid has resulted in enhancement of the cost of properties of the schemes by ₹ 224.60 crore<sup>11</sup> (*Annexure-30*) which was against the objective of the *Parishad* to provide houses at affordable prices.

The Management's reply was not received (December 2011).

#### **Annual enhancement of land rate**

**3.28** Para 5.3.6 of the Costing Guidelines of the *Parishad* provides for annual enhancement in land rates of the schemes to be fixed by the Housing Commissioner on the recommendations submitted by Superintending Engineers and Joint Housing Commissioner.

No scientific procedure has been evolved by the *Parishad* for annual enhancement of land rates.

We observed that the *Parishad* has not framed any guidelines regarding the factors to be considered or the methodology to be adopted by the Superintending Engineers and Joint Housing Commissioner for recommending the rate of annual enhancement. As a result the land rates were determined without uniform consideration of any of the external factors, such as, circle rates of nearby area, market rates of the land and demand for properties which led to huge differences in enhancement of land rates of the schemes during the period 2006-07 to 2010-11. The enhancement of land rates of various schemes ranged between zero to 300 per cent with no uniformity in enhancement either within the same scheme in different years or in different schemes within the same year.

The Management did not offer any comments (December 2011).

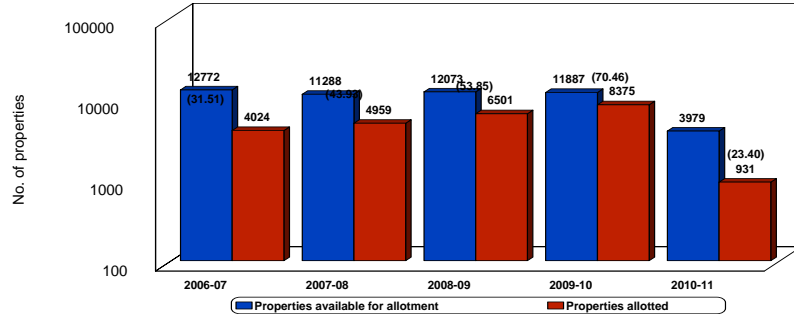
#### **Allotment of properties**

**3.29** The Construction Divisions, after completion of construction of properties, offer it to the Estate Management Offices for allotment/sale according to the rules<sup>12</sup> framed by the *Parishad*. The position of allotment/sale

<sup>11</sup> Vrindavan 3 – ₹ 22.43 crore + Vrindavan 4 – ₹ 52.55 crore + Majhola 4 – ₹ 149.62 crore = ₹ 224.60 crore (*Annexure-30*).

<sup>12</sup> Sampatti Ke Nistarani Sambandhi Viniam, 1980 and Bhukhandon Tatha Bhawano, Panjikanan Evam Pradeshani, Viniam, 1979.

of properties *vis-à-vis* properties available with the Estate Management Offices for the five years up to 2010-11 is depicted in the bar chart below:



(Figures in brackets indicates percentage of properties allotted to properties available for allotment)

As can be seen from the above, the percentage of properties allotted by the *Parishad* to properties available for allotment ranged between 23.40 per cent and 70.46 per cent during the period 2006-07 to 2010-11. This indicated that the *Parishad* has failed to allot its constructed properties timely.

### ***Non-marketability of properties***

**3.30** We noticed that there were various bottlenecks in sale of properties resulting in locking up of funds, as discussed below:

- In 33 schemes, 1,068 properties (institutional/commercial/residential plots and houses of various categories) valued at ₹ 554.05 crore remained unsold for one to 21 years. Out of the above, 132 properties valued at ₹ 20.96 crore remained unsold for more than 10 years and 233 properties valued at ₹ 201.81 crore remained unsold for 5 to 10 years. The main reason for non-marketability of these properties was lack of demand due to location at inconvenient places, rates in excess of market price, unauthorised occupancy etc.



**Un-allotted shops in Sector-20, Indira Nagar Yojna, Lucknow**

This has resulted in locking up of *Parishad*'s funds to the extent of ₹ 554.05 crore<sup>13</sup> as well as deterioration of properties with the passage of time.

- In two housing schemes<sup>14</sup>, 58 properties valued at ₹ 1.59 crore could not be allotted by the *Parishad* due to encroachments. No action was taken by

<sup>13</sup> As per Management's calculation of present sale price of the properties.

<sup>14</sup> Indira Nagar Yojna-Lucknow and Obri Yojna-Barabanki.

the Management to get these properties vacated. This deprived the Management of potential revenue of ₹ 1.59 crore.

The Management stated (October 2011) that as compared to the properties constructed and allotted, the numbers of un-allotted properties were nominal. Reply neither justified the construction of these properties nor spells out any future plan to sell the unsold properties.

Loss of potential revenue of ₹ 3.97 crore on two plots which could not be sold in the absence of numbering plan and

- Fifty four<sup>15</sup> shops could not be sold for 18 years despite several attempts. Hence, the *Parishad*, in Board's meeting held in June 2009, decided to sell the area of these shops as two different sizes of commercial plots. We noticed that the *Parishad* could not sell these two plots even after a lapse of two years from the decision as the numbering plan and technical norms of these plots were not made available by the Architect Planner, Meerut who functions under the *Parishad's* own architectural wing. As a result, the *Parishad* was deprived of the potential revenue of ₹ 3.97 crore<sup>16</sup>.

The Management stated (October 2011) that after approval of the layout plan and parameters of the plots, the plots shall be sold through auction. The reply of the Management is not acceptable as the fact remains that even after a lapse of two years from the decision; the *Parishad* had not been able to sell the plots.

LDA constructed parking place in the land of the *Parishad* valued at ₹ 76.90 crore.

- The Lucknow Development Authority (LDA) started constructing (October 2008) a parking place for Ramabai Ambedkar Rally Sthal on *Parishad's* land measuring 32.20 acre valued at ₹ 76.90 crore located in Sector-9 of Vrindavan Yojna No. 2, Lucknow without obtaining legal possession of the land and making payment of the cost of land. The *Parishad* did not resist this construction and also did not take any action for recovery of the cost of land from the LDA. The property, as such, remained in unauthorised possession of LDA.

The Management did not offer any comments (December 2011).

### **Fixation of reserve price**

**3.31** The *Parishad* sells commercial and group housing plots through auction after fixing a reserve price based on the provisions of the Costing Guidelines. Para 16 of the Costing Guidelines provides that while fixing the reserve price of the land which is to be sold for commercial purposes, the price obtained in the auction of nearby plots is to be kept in view. The land rate is to be fixed at double the rate of the prevalent land rate of the residential plots where auction of properties in nearby plots had not taken place. Thus the reserve price of plots for commercial purpose is to be fixed at twice the prevalent land rate or price obtained in the auction of nearby plots whichever is higher.

We noticed the following:

- The *Parishad* fixed reserve price ranged between ₹ 12,320 and ₹ 13,893 per sqm for commercial plots of two schemes<sup>17</sup> at twice the normal rates, whereas, nearby plots were auctioned for ₹ 13,400 to ₹ 15,650 per sqm. Non consideration of these auctioned rates while fixing reserve price was contrary to the Costing Guidelines. This resulted in a loss of ₹ 50.04 lakh.

<sup>15</sup> In Jagriti Vihar Yojna No.6, Meerut.

<sup>16</sup> Calculated on the basis of land rate ₹ 7500 per sqm (7500x2x1.12x2363=₹ 3.97 crore).

<sup>17</sup> Amrapali Yojna-Lucknow and Madhavpuram Yojna-No.10, Meerut.

The Management stated (November 2011) that reserve price of commercial plots were fixed at twice the prevalent land rate of the schemes. The reply of the Management is not acceptable as reserve price of commercial plots was fixed without considering the prices obtained in earlier auctions, in terms of the Costing Guidelines.

**Incorrect fixation of reserve price for sale of group housing residential plots resulted in short realisation of ₹ 30.47 crore.**

- The *Parishad* fixed reserve price for group housing plots of five schemes<sup>18</sup> at one and half times of normal land rate. The costing guidelines of the *Parishad* do not contain any specific provision for fixing of reserve price of group housing plots. The guidelines only provide for fixing of reserve price of plots sold for commercial purposes and as the group housing plots are sold to builders who further construct and sell flats to others the activity of the builders is of a commercial nature, hence the reserve price of group housing plots should also have been fixed at twice the normal prevalent land rate. Thus, due to fixing the reserve price of group housing plots on the lower side the *Parishad* was deprived of potential revenue of ₹ 30.47 crore.

The Management stated (November 2011) that reserve price of group housing plots is fixed at 1.5 times of the normal land rate of the schemes. The reply of the Management is not acceptable as the plots were sold to builders for group housing purpose which is a commercial activity; therefore, reserve price should have been fixed as applicable for commercial plots.

#### ***Excess refund on cancellation of plots***

**3.32** As per Clause 9 of “U.P. Avas Evam Vikas Parishad ki Sampatti Ke Nistarani Sambandhi Viniyam 1980” (*Viniyam*), in case of commercial properties disposed of through auction, the amount of 10 *per cent* of the highest bid which includes token money (equal to 10 *per cent* of reserve price) shall be deposited by the allottee in the first phase. Clause 9 of the *Viniyam* also provides that if the allottee refuses to accept the allotment after issue of allotment letter, allotment would be cancelled after deducting the amount deposited in first phase.

**The *Parishad* refunded an amount of ₹ 2.09 crore in excess of the prescribed amount.**

We noticed that the *Parishad*, in violation of the provisions of the *Viniyam*, deducted only token money and refunded an amount of ₹ 2.09 crore in excess of the permissible amount on cancellation of two group housing plots in two schemes<sup>19</sup> during November 2009 to March 2010. As a result, the *Parishad* sustained a loss of ₹ 2.09 crore.

The Management stated (November 2011) that as per the *Viniyam*, amount deposited in the first phase includes 10 *per cent* of the reserve price of the plot, which has been duly deducted in the said cases.

The reply of the Management is not acceptable as the *Viniyam* provides that amount deposited in the first phase includes 10 *per cent* of the actual sale price of the plots.

#### ***Undue favour to allottee***

**3.33** The *Parishad*'s orders (April/December 2004) provide that in case of increase in land due to unforeseen reasons or incorrect measurement, value of the land will be increased at the rate of accepted bid together with interest at the rate applicable at the time of sale of land.

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<sup>18</sup> Transport Nagar Yojna No.2-Meerut, Shastri Nagar Yojna No.3-Meerut, Jagriti Vihar Yojna-No.6-Meerut, Amrapali Yojna-Lucknow, Vrindavan Yojna-Lucknow.

<sup>19</sup> Amrapali Yojna-Lucknow and Vasundhara Yojna-Ghaziabad.

The *Parishad* offered (December 2006) four commercial plots with an area of 8,513.75 sqm in Vrindavan Yojna for sale through auction. Bids for the four plots were finalised (January 2007) for total sale value of ₹ 8.69 crore to the Pranam Builders (Private) Limited (PBPL) being highest bidder. The *Parishad* while handing over the possession (January 2007) found that actual area of plots sold to PBPL was in excess by 1,893.88 sqm. The *Parishad* decided (August 2010) to charge the differential amount of plot and interest thereon from 1 January 2008.

Thus, the *Parishad* considered 1 January 2008 instead of January 2007 as base date for charging the interest on excess area of land giving relaxation of 11 months to the allottee. This has given a benefit of ₹ 31.90 lakh to the allottee with consequent loss of revenue to the *Parishad*.

The Management accepted (November 2011) that delay was on part of engineering section of the *Parishad* and further action was pending.

#### **Non execution of rent agreement**

**3.34** In Transport Nagar Yojna No. 2, Meerut, ten shops and one office complex constructed by the *Parishad* were occupied by the Police Department since March 1982. The Government accorded approval (November 1995) for payment of rent for the same by executing agreement.

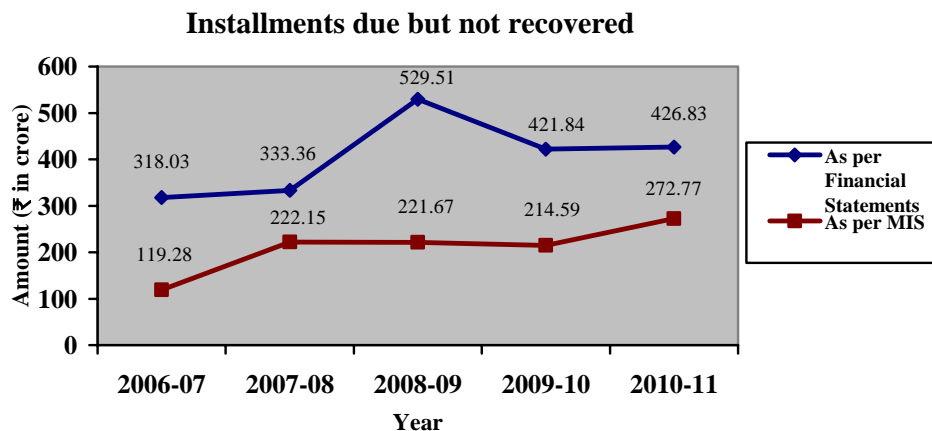
**The *Parishad* failed to execute rent agreement which resulted in non-realisation of rent amounting to ₹ 98.77 lakh.**

We noticed that even after a lapse of almost 16 years of the Government's approval for payment of rent, the *Parishad* had not provided draft agreement to the Police Department for its execution. In the absence of any agreement, the *Parishad's* claim (October 2007) for ₹ 94.23 lakh on account of rent up to August 2007 was not settled by the Police Department. This inaction has caused loss of rental income of ₹ 98.77 lakh<sup>20</sup> up to December 2011.

The Management's reply was not received (December 2011).

#### **Non-recovery of outstanding dues from allottees**

**3.35** The *Parishad* allots properties to people through lottery and/or auction. Thereafter, the sale proceeds are recovered from the allottees in installments according to pre-determined payment schedule which includes the principal amount and interest thereon. The position of outstanding installments during the period 2006-07 to 2010-11 as per Financial Statements and Management Information System (MIS) of the *Parishad* is depicted in the chart below:



As can be seen from above, installments due but not recovered had gone up to

<sup>20</sup> ₹ 94.23 lakh up to August 2007 and ₹ 4.54 lakh [(50 months x (5572+3514))] since September 2007 to December 2011.



₹ 426.83 crore in 2010-11 from ₹ 318.03 crore in 2006-07 as per the financial statements of the *Parishad*; whereas, as per MIS of the *Parishad*, it had gone up to ₹ 272.77 crore in 2010-11 from ₹ 119.28 crore in 2006-07. The main reason for non-recovery of the amount of installments was lack of adequate follow up action *viz.*, issue of recovery certificates, cancellation of plots etc., by the *Parishad*. The mis-match of the figures of outstanding installments in two sets of documents i.e., MIS and financial statements is indicative of weak internal control system.

The Management did not offer any comments (December 2011).

### **Manyavar Shri Kanshiram Ji Shahri Garib Avas Yojna**

**3.36** Government of Uttar Pradesh launched (June 2008) Manyavar Shri Kanshiram Ji Shahri Garib Avas Yojna (Yojna) to provide residential facilities free of cost to the urban poor population. The Yojna was to be implemented by the respective District Magistrate. State Urban Development Authority/District Urban Development Authority, *Parishad* and respective Development Authorities were made the executing agencies of the Yojna. The construction of these residential units was to be done on 'No Profit No Loss' basis. No overheads and any other expenses were admissible to any executing agency. The maximum cost of one residential unit was ₹ 1.75 lakh for first phase and ₹ 2.45 lakh for second phase including expenditure on infrastructure development. Deficiencies noticed in the execution of the Yojna are discussed below:

#### ***Execution of work without recovering administrative charges***

The *Parishad* implemented the scheme without recovering administrative charges amounting to ₹ 204.82 crore.

**3.37** The *Parishad* is a self-sustained Board and depends on the administrative charges or centage recovered from the clients for whom it executes the work. Under the Yojna, the *Parishad* has worked as an executing agency without charging any centage though a major portion of its workforce was deployed for execution of the works of this Yojna. This resulted in deficit of ₹ 204.82 crore<sup>21</sup>.

The Management stated (October 2011) that the Yojna was to be implemented without any centage. However, the *Parishad* had requested the Government to sanction the centage.

The reply is not tenable as the *Parishad* is a self-sustained autonomous body with no financial aid from the Government; hence, it should have demanded the centage at the initial stage.

#### ***Expenditure from Infrastructure Fund***

The *Parishad* incurred expenditure of ₹ 21.19 crore from its Infrastructure fund in violation of the provision of the scheme.

**3.38** The Yojna was to be implemented in a time bound manner and no price escalation was allowed in the first phase. In the second phase, where the site conditions were such that construction could not be completed within the sanctioned cost, expenditure incurred in excess of sanctioned cost was allowed to be met from Infrastructure Fund<sup>22</sup>.

We noticed that while implementing the first phase of the Yojna, the *Parishad* adopted frequent changes in specification and structure of houses, executed excessive earth fillings and site development work and, thus, failed to exercise effective cost control measures. As a result, the construction of the envisaged residential units in 20 districts could not be completed within the sanctioned

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<sup>21</sup> (Phase I : 67444 residential units X ₹ 1.75 lakh =1180.27 crore + Phase II : 18704 residential units X ₹ 2.45 lakh = ₹ 458.25 crore) x 12.5 per cent = 204.82 crore.

<sup>22</sup> Funds created out of *Parishad*'s share of Additional Stamp Duty.

cost and additional expenditure amounting to ₹ 21.19 crore was incurred from the Infrastructure Fund which was irregular.

The Management stated (October 2011) that these works were executed according to the directions of the Government against the money received for it and no money was made available by the *Parishad*.

The reply is not acceptable as Infrastructure Fund was utilised to carryout the work in addition to funds received from the State Government.

#### ***Utilisation of Parishad's land for the Yojna***

**3.39** The *Parishad* allots land to Government, Semi-Government departments and public institutions under the State Government for residential and/or official use through bulk sale and recovers the value of land from the concerned department/institutions as per the prevalent rules.

The 35.15 acre land valued at ₹ 41.02 crore was provided by the *Parishad* free of cost and loaded its cost on the land allotted to public.

We noticed that 35.15 acre land valued at ₹ 41.02 crore in seven own schemes of the *Parishad* was utilised (November 2008 to August 2010) for the purpose of construction of residential units under the Yojna. The *Parishad*, however, did not recover the value of such land and provided the same free of cost to the Yojna and loaded this cost of land on other unsold properties of the schemes.

The Management stated (October 2011) that the *Parishad* charged the value of such land on the schemes and no loss has been incurred by the *Parishad*.

The reply of the Management is not acceptable as the *Parishad* should have demanded the cost of land from the Government instead of loading this cost in the land allotted to public. Recovery of the cost of land from public was against the social justice.

#### **Other interesting cases**

##### ***Undue favour to architects***

**3.40** The State Government (February 1997) has authorised the construction agencies of the State to charge centage at the rate of 12.5 *per cent* on the deposit works which includes one and half *per cent* towards the services relating to preparation of drawing, design and estimates. We noticed that:

- The *Parishad* arbitrarily appointed six architects<sup>23</sup> for preparation of drawings, designs and estimates for the various deposit works during December 2007 to April 2010, without inviting competitive bids.
- Conditions of the appointment included payment of two *per cent* of the cost of the work to the architect against one and half *per cent* admissible to the *Parishad*. This resulted in excess payment of ₹ 87.34 lakh to the architects which was borne by the *Parishad* from its own funds.
- The *Parishad* paid for repetitive works at the rate of 0.50 *per cent* of the cost of work as against 0.25 *per cent* paid by other State Construction Companies<sup>24</sup>. This resulted in excess payment of ₹ 26.82 lakh to the architects.

The Management stated (October 2011) that due to non-availability of sufficient staff in the Architecture wing of the *Parishad*, the architectural and

<sup>23</sup> Rajeev Kumar & Associates, Astro Archineers, Super Traders, Shilanyas, Gems India Designers and Mrudunajali.  
<sup>24</sup> U.P. Rajkiya Nirman Nigam Limited and U. P. Projects Corporation Limited.

structural designing services were outsourced to private architects for which payment at the rate of two *per cent* of the project cost in case of original work and 0.50 *per cent* in case of repetitive works was being made after approval of the Housing Commissioner. As the scope of work of private architects also includes structural designing services, there was no excess payment.

The reply of the Management is not acceptable as only one and half *per cent* of the cost of work was admissible by the Government for Structural drawing and design services.

#### ***Non-levy of Service Tax on construction of residential complex***

**3.41** Construction of residential complex was brought under the Service Tax net with effect from 1 June 2005. An explanation was inserted in the Finance Act, 2010 with effect from 1 July 2010 that construction of a complex which is intended for sale before grant of completion certificate by the competent authority shall be deemed to be service provided by the builder to the buyer (except in case for which no sum is received from the prospective buyer by the builder before the grant of completion certificate). Thus, all money received by the builder in respect of ongoing or future projects, on or after 1 July 2010, was to be treated as money received by the builder against the service provided by the builder to the buyer and hence was taxable.

The *Parishad* opened registration for 216 flats (21 January 2011) in Vasundhara Yojna, Ghaziabad (Shikhar Enclave), 168 flats (31 August 2010) in Vrindavan Yojna No. 1 (Akash Enclave- Phase II) and 896 flats (15 January 2011) in Vrindavan Yojna No. 4 (Himalaya Enclave) after 1 July 2010.

Service tax amounting to ₹ 9.85 crore was not included in the cost of residential flats.

We noticed that the sale prices of the flats were fixed without considering the amount of Service Tax leviable as per explanation to the Finance Act. This resulted in non-inclusion of the amount of ₹ 9.85 crore. As the service tax of ₹ 9.85 crore on the cost of the flats was leviable, this had made the *Parishad* liable to bear it from its own sources.

The Management's reply was not received (December 2011).

#### ***Avoidable payment of Service Tax***

**3.42** Commercial or industrial construction services were covered under Service Tax with effect from September 2004. Service Tax was applicable on the construction of building/civil structure used or to be used for commercial activities. Services on construction of building/civil structure for educational, religious, charitable, health, sanitation or philanthropic purposes were, however, not taxable. Thus, the construction activities not intended for commerce or industry would not attract Service Tax.

The *Parishad* committed for avoidable payment of Service Tax of ₹ 43 lakh on non-taxable services.

The *Parishad* was awarded the work of construction of Hi-Tech Floriculture and Research Centre (2 March 2009) and 200 capacity single seated boys hostel (29 June 2009) at Sardar Vallabh Bhai Patel University of Agriculture and Technology, Meerut at a sanctioned cost of ₹ 9.73 crore and ₹ 10.27 crore respectively. For execution of the above works, the unit entered (6 July 2009, 6 July 2009 and 15 September 2009) into three contract bonds amounting to ₹ 12.95 crore (including service tax ₹ 43 lakh).

The construction of both, Hi-Tech Floriculture & Research Centre and 200 capacity single seated boys hostel does not attract service tax as they are not intended for commerce or industry, hence, no Service Tax was payable to the contractors. Thus, the *Parishad* has committed for avoidable payment of



service tax amounting to ₹ 43 lakh out of which payment of ₹ 26.25 lakh has already been made.

The Management did not offer any comments (December 2011).

#### ***Delay in deposit of statutory deductions***

**3.43** While making payment of bills of contractors/ suppliers deduction at source in respect of income tax and State Value Added Tax (VAT) is made at the prescribed rates from their bills. The taxes so deducted are to be deposited with the concerned tax authorities within the period<sup>25</sup> stipulated in the respective legislations. Non-deposit of Taxes so deducted in time also attracts penalty.

We noticed that the field units of the *Parishad* were not regular in depositing the statutory deductions of income tax and State VAT deducted at source due to which a penalty of ₹ 24.06 lakh had already been imposed (May 2007 to December 2010) by the Tax authorities on the *Parishad*.

The Management's reply was not received (December 2011).

#### **Avoidable expenditure on maintenance**

**3.44** Section 41(1) of the *Adhiniyam* provides that the *Parishad* may hand over any street, laid out or altered by and vested in it to the local authority within whose jurisdiction it lies, after giving it one month's notice when;

- any such street has been duly leveled and metalled;
- lamp posts necessary for the lighting of such street have been provided; and
- water drains and sewers have been provided in such street, in the manner provided in the scheme.

After the scheme is handed over to the local authority, the responsibility of maintenance of the streets is of the respective local authority.

We noticed that six schemes<sup>26</sup> were handed over (1997 to 2006) by the *Parishad* to the concerned local authorities. Even after handing over the schemes, the *Parishad* incurred expenditure of ₹ 3.55 crore on maintenance of these schemes during the period 2006-07 to 2010-11 which was not its obligation.

Management's reply to the audit observation was not received (December 2011).

#### **Monitoring**

**3.45** Proper monitoring is essential for effective and efficient allocation and utilisation of available resources in achieving the predetermined objectives. Deficiencies noticed in monitoring of various activities are discussed in the succeeding paragraphs:

<sup>25</sup> As per Rule 30 of the Income Tax Rules, 1962 the due date for deposit of income tax deducted at source is 7<sup>th</sup> of the next month in which deduction has been made. As per Section 34(6) of the UPVAT Act, 2008 the due date for deposit of VAT deducted at source is 20<sup>th</sup> of the next month in which deduction is made.

<sup>26</sup> Nehru Nagar Yojna No. 1 & 2 -Dehradun, Rajpur Road Yojna-Dehradun, Indira Nagar Yojna-Dehradun, Vasundhara Yojna-Ghaziabad, Talpura Yojna-Jhansi and Indira Nagar Yojna-Lucknow.

### ***Adjustment of Material-at-Site***

**3.46** As per *Parishad's* order (April 2004), balance of 'Material at Site' on account of employees should be adjusted immediately.

We noticed that material of ₹ 8.06 crore issued to 69 Engineers of the *Parishad* between October 2007 and January 2011 was lying unadjusted (March 2011) indicating ineffective monitoring and inaction against the defaulting Engineers.

The Management stated (October 2011) that instructions have been issued to the field offices regarding adjustment of pending material-at-site within 15 days and to adjust the same as per the provisions of FHB-VI.

### ***Non-adjustment of temporary/permanent imprest***

**3.47** As per para 170 of FHB-VI, the temporary/permanent imprest should be adjusted immediately against passed vouchers. Temporary/permanent imprest should not be released to any employee without adjusting the existing imprest.

We noticed that temporary/permanent imprest of ₹ 36.15 lakh was lying unadjusted against 56 officers/officials indicating ineffective monitoring and inaction against the defaulting officers/officials.

The Management stated (October 2011) that instructions have been issued to the field offices regarding adjustment of pending imprest within 15 days and to adjust the same as per the provisions of FHB-VI.

### ***Non recovery of betterment/development charges***

**3.48** Section 50 of the *Adhiniyam* provides that where any area comprised in a scheme is not required for execution of the scheme, the same may be exempted by the *Parishad* after levying betterment charges. The *Parishad* levied betterment/development charges of ₹ 77.07 crore on the owners/occupants in 12 schemes but could recover only ₹ 4.97 crore. The balance amount of ₹ 72.10 crore remained un-recovered as yet (March 2011). The main reasons for non-recovery of betterment/development charges was issue of demand letters to incorrect persons and lack of follow up action like issue of notices and recovery certificates by the *Parishad*.

The Management stated (November 2011) that efforts were being made to realise the betterment/ development charges.

The *Parishad* failed to realise betterment/development charges amounting to ₹ 72.10 crore.

### **Internal control system and internal audit**

**3.49** Internal Control is a management tool designed for providing reasonable assurance for efficiency of operation, reliability of financial reporting and compliance with applicable laws and statutes. Our analysis of internal control procedures/mechanism and internal audit system of the *Parishad* revealed the following deficiencies:

#### ***Physical verification of stock***

**3.50** Physical verification of stock is a tool of internal control for inventory management. Regular physical verification of stock helps management in detection of shortages and misappropriation of stock, segregation of excess and unserviceable stock. Para 230 of the FHB-VI provides that stock should be verified at least once in a year.

We noticed that out of 13 units, physical verification of stock was not conducted for the last two to five years in four units.

The *Parishad* failed to conduct regular physical verification of stock.

The Management stated (October 2011) that instructions have been issued to the field offices to conduct physical verification of stock within 15 days according to the provisions of FHB-VI.

**Weak control mechanism**

**3.51** The following further deficiencies in control mechanism were noticed:

- There was lack of follow-up and monitoring which resulted in non-achievement of targets and delay in acquisition of land, development of land and construction of properties.
- Lack of preventive measures resulted in encroachments and disputes on *Parishad's* land.
- Non-adjustment of material-at-site and temporary/permanent imprest.
- Non recovery of betterment and development charges.
- Non-reconciliation of dues on account of installment due but non-recovered as per financial statement and as per MIS.
- Lack of adequate follow-up action for recovery of dues from allottees.

**Internal audit**

**3.52** The following deficiencies were noticed in the internal audit:

- Audit and Accounting Manuals have not been prepared by the *Parishad*.
- The strength of Internal Audit Wing (IAW) was not commensurate with the size and volume of business of the *Parishad*. Serious findings of special internal audit remained pending for action.
- IAW had not conducted audit of the Headquarters, Chief Architect and Planning Cell, Quality Control Cell and Global Construction and Consultancy Cell of the *Parishad*.

**Conclusion**

Performance audit of the *Parishad* disclosed:

- **There were delays at every stage of issuing notifications for acquisition of land which impacted adversely on the objective of providing housing solution to urban population;**
- **Targets for land acquisition, development of land and construction of properties were not achieved;**
- **Provisions of the Costing Guidelines were not strictly adhered to in costing of schemes and sale price of properties;**
- **Properties of huge value remained unallotted due to non-marketability and encroachments;**
- **Reserve prices were fixed on lower side and market value of nearby plots were not considered for fixing reserve price of plots resulting in auction of properties at lower prices;**
- **Excess refunds were made in the cases of cancellation of allotments;**
- **The monitoring and internal control system were found to be deficient.**

### **Recommendations**

- **The *Parishad* needs to adhere the fixed time frame at every step involved in acquisition of land and regularly reconcile position of acquisition process with SLAO to minimise the delays in acquisition of land;**
- **The *Parishad* should strive for achievement of the targets of land acquisition, development and construction of properties;**
- **Provisions of the Costing Guidelines regarding costing of schemes and fixing of reserve/sale price of properties should be adhered to strictly;**
- **Effective action required to liquidate the unsold properties;**
- **In the cases of cancellation of allotments, refunds should be made according to rules;**
- **The *Parishad* needs to ensure that provisions of the Costing Guidelines and Allotment Rules are strictly adhered to;**
- **An effective monitoring and sound internal control mechanism is needed.**

## CHAPTER-IV

### 4. Transaction Audit Observations

Important audit findings noticed as a result of test check of transactions made by the State Government companies/Statutory corporations are included in this Chapter.

#### Government companies

#### The Pradeshiya Industrial & Investment Corporation of U. P. Limited

#### 4.1 Loss due to non-recovery of collection charges

**The Company suffered loss of ₹ 1.27 crore due to making payment of collection charges to the District Collector before recovering it from the borrowers.**

As per Section 32G of the State Financial Corporation Act, 1951, where any amount is due to the Financial Corporation in respect of any industrial concern, the Financial Corporation may make an application to the State Government for the recovery of the amount due. The State Government may issue a certificate for that amount to the Collector who shall proceed to recover that amount in the same manner as an arrear of land revenue.

The Government order (21 June 2004) provides for levy of collection charges of ten *per cent* on the amount recovered by the District Collector (DC) against Recovery Certificate (RC) issued in respect of loans provided by financial institutions and interest thereon or on amount recovered in One Time Settlement Scheme (OTS) finalised after issuance of RCs. Thus, the collection charges were payable to the DC on actual realisation of amount of loan or OTS.

The Company sanctioned OTS to eight borrowers during September 2003 to March 2007 for ₹ 13.28 crore in respect of whom RCs had been issued. The sanction letters of OTS, *inter alia*, provided that the borrowers would be required to pay collection charges of ten *per cent* of OTS amount directly to DC against their demand.

We noticed (June 2010) that:

- in respect of three<sup>1</sup> out of the eight borrowers, the Company paid (March 2010) ₹ 64.58 lakh as collection charges to DC before recovering the same from the borrowers in terms of the Government order of June 2004 and issued “No Dues Certificate” to the borrowers.
- in respect of two borrowers<sup>2</sup>, the Company paid (March 2010) ₹ 19.70 lakh as collection charges to the DC although the OTS in respect of these two borrowers had already been cancelled in May 2009 and December 2009 respectively. In these two cases, the Company had shown the collection charges as recoverable, from the borrowers in the books of

<sup>1</sup> Sakambri Paper Mills (₹ 0.53 lakh), Orphic Resorts Limited (₹ 56.55 lakh) and Technology Parks Limited (₹ 7.50 lakh)

<sup>2</sup> Twin Pack Limited (₹ 9.80 lakh) and Himgiri Cement Co. (P) Ltd (₹ 9.90 lakh).

accounts; even though, no RC had been issued again so far (September 2011) for recovery of the dues.

- in respect of remaining three borrowers<sup>3</sup>, to whom “No Dues Certificate” had not been issued, the Company paid (March 2010) collection charges of ₹ 42.82 lakh but had not taken action to recover these from the borrowers.

Thus, the Company suffered loss of ₹ 1.27 crore by payment of collection charges to the DC before recovering it from the borrowers.

The Management stated (April 2011) that efforts were being made to recover the entire amount of collection charges from the borrowers.

We are of the view that recovery of collection charges from the borrowers, after issuance of No Dues Certificate, would not be possible. Further, no recovery could be affected till date from the borrowers to whom “No Dues Certificate” had not been issued. Thus, the fact remains that payment of collection charges without recovering the same from borrowers was not justified.

The matter was reported to the Government in March 2011; their reply has not been received (December 2011).

#### **Uttar Pradesh Projects Corporation Limited**

#### **4.2 Avoidable payment of interest on delayed payment of Service Tax**

**The Company failed to recover Service Tax in time from the service recipients and paid it from its own resources along with interest of ₹ 41.90 lakh due to delayed payment of the Service Tax.**

The Company is engaged in erection, commissioning or installation of tube wells. Service Tax is applicable on erection, commissioning or installation services from 1 July 2003 vide Government notification dated 20 June 2003. Service provider (the Company) has been entrusted with the responsibility to collect Service Tax from the service recipients (Departments of the State Government) and deposit with the Central Government.

We noticed (January 2011) that:

- the Company belatedly issued (August 2007) instructions to its field offices to initiate action for registration (for Service Tax purpose), filing tax Returns, recovering applicable tax from service recipients and depositing it in time with the Central Government; and
- even after issue of instructions in August 2007, the field units of the Company did not collect Service Tax from the service recipients in respect of services of erection and commissioning of tube wells during 2007-08 (from August 2007) and 2008-09.

The Company, thus, failed to recover Service Tax of ₹ 1.16 crore from service recipients on erection and commissioning of tube wells between 2003-04 and 2008-09. The Company deposited the Service Tax of ₹ 1.16 crore with the Central Government from its own resources in 2008-09 along with interest of ₹ 41.90 lakh for delayed payment. The Company could have avoided payment

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<sup>3</sup> Kanan Steels Limited (₹ 19.58 lakh), Kings Coatings Limited (₹ 14.19 lakh) and Sidh Industries Limited (₹ 9.05 lakh).

of interest in case the Service Tax had been paid in time. No responsibility for the lapses has been fixed.

The Management stated (August 2011) that provision for Service Tax in the estimates did not exist as these were old, an amount of ₹ 91.92 lakh had been adjusted from the deposits of the concerned departments and letters had been issued to the concerned departments for payment of remaining amount of ₹ 66.61 lakh. It further stated that, in the case of non-receipt of the remaining payment, it would be adjusted from the amount of interest earned on funds provided by these Departments for works in terms of the Government order of 31 July 2002.

The fact remains that the payment of interest of ₹ 41.90 lakh could have been avoided by timely payment of the Service Tax. Further, the Company failed to comply with the statutory provisions.

We recommend that the Company should comply with statutory provisions.

The matter was reported to the Government in June 2011; their reply has not been received (December 2011).

#### **4.3 Extra expenditure on Architect's fee**

**The Company paid architects fee at higher rates for the repetitive work of drawings and designs of Community Health Centres/Primary Health Centres, resulting in extra expenditure of ₹ 60.15 lakh.**

The Company has adopted its system of working for civil construction works as per the Manual of Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN). The Managing Director of the Company, accordingly, directed (January 2008) to fix fee of architects according to the procedure adopted by UPRNN. UPRNN engaged architects at the fee of 1.5 *per cent* of the cost of work for architectural work (detailed architectural drawings, detailed structural drawings, detailed sanitary/electrical drawings and detailed estimates) and 0.25 *per cent* for its repetitive use.

The Company was awarded (November 2007) the work of construction of Community Health Centres (CHCs) and Primary Health Centres (PHCs) at different locations by the Health and Family Welfare Department, Government of Uttar Pradesh and most of the works were executed up to June 2011. For these works, the Company engaged outside architects<sup>4</sup>, on the basis of market survey conducted by its units, at the fee of 1.5 *per cent* of the cost of work. The architects prepared uniform drawings and designs for the CHCs/PHCs. Since the architectural work of the CHCs/PHCs were uniform or repetitive, the architects were required to be paid fee at the rate of 1.5 *per cent* inclusive of service tax for first CHC/PHC and at the rate of 0.25 *per cent* for repetitive drawings and designs. The Managing Director of the Company had also emphasised (July 2007) to use same drawings and designs for repetitive work.

We noticed (August 2009) from the payment details of the period July 2008 to March 2009 that architects were irregularly paid fee at the rates higher than 0.25 *per cent* of the cost of work even for the repetitive drawings and designs

<sup>4</sup> Rajeev Kumar and associates for Siddhartha Nagar, Sitapur and Behraich unit & Design Center for Hardoi unit.

which resulted in extra expenditure of ₹ 60.15 lakh<sup>7</sup>. It was also observed that different units were following different methods of payment of fee to the architects. This indicates lack of co-ordination and control in the Company.

The Management stated (June 2011) that drawings and designs of all CHCs/PHCs were not similar as variations existed in nature of soil and its load bearing capacity on different sites. The Management further stated that revised cost of most of the CHCs/PHCs were sanctioned. If payment of Architects' fee is calculated on revised costs, there would be no loss to the Company.

The reply of the Management is not acceptable as the drawings and designs of all CHC/PHC were similar and also the costing<sup>8</sup> of each unit was the same. Further, in case of any slight change in load bearing due to soil test results, the foundation design could be done departmentally by the Company. Moreover, in case of sanction of revised cost, the Company was liable to pay architects' fee at the revised cost under the provisions of the agreement/MOU signed with Architects which would further enhance the losses.

The matter was reported to the Government in April 2011; their reply has not been received (December 2011).

#### **Uttar Pradesh State Industrial Development Corporation Limited**

#### **4.4 Non-recovery of enhanced premium from Private Entrepreneur**

**The Company suffered loss of ₹ 2.73 crore due to allowing lower rate of premium despite issue of the notification for enhanced premium well before accepting the delayed payment of additional premium.**

The Company transferred (December 2002) an industrial plot (Loni Road, Ghaziabad) admeasuring 16063.50 sqm to Meenal Steels (P) Limited (MSL) on payment of transfer levy of ₹ 36.33 lakh for establishment of a manufacturing unit of Mild Steel Ingots. MSL requested (July 2006) for change in project for setting up a multiplex and hotel project on the plot. The Company conveyed (26 March 2007) approval for the change in use of the plot with the condition of payment of additional premium of ₹ 4.50 crore (at the premium rate of ₹ 2800 per sqm) within 30 days from the date of issue of the approval letter.

MSL neither deposited the additional premium within 30 days nor made any request for extension of time for deposit of the premium. On 12 June 2007, i.e. after a delay of 47 days, they deposited 25 per cent of the premium and requested the Company to allow them to pay the balance 75 per cent in installments. The Headquarters of the Company conveyed (28 June 2007) approval for acceptance of premium together with interest for delay at the rate of 15 per cent per annum. MSL had not deposited the balance of ₹ 2.12 crore (Principal: ₹ 1.95 crore and Interest: ₹ 0.17 crore) so far (June 2011).

We noticed (May 2010) that:

- MSL deposited 25 per cent of the additional premium on 12 June 2007 which was the date on which decision to form a Committee for

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<sup>7</sup> Siddhartha Nagar and Hardoi units of the Company paid architects' fee amounting to ₹ 42.39 lakh at the rate of 1.5 per cent of the cost of work as well as Service Tax for repetitive drawings and designs in respect of 44 CHCs/PHCs. Similarly, Behraich and Sitapur units paid architects' fee amounting to ₹ 17.76 lakh at the rate of 0.375 per cent of the cost of work as well as Service Tax to the Architects for repetitive drawings and designs unit in respect of 45 CHCs/PHCs.

<sup>8</sup> ₹ 3.03 crore for each CHC and ₹ 77.18 lakh for each PHC.



revision in prices of plots in industrial areas was taken by the Management.

- the rate of premium in respect of plot was increased from ₹ 2800 per sqm to ₹ 4500 per sqm from 20 June 2007. The Company, however, accepted the delayed deposit of only 25 per cent of additional premium at the rate of ₹ 2800 per sqm, whereas the entire additional premium of ₹ 4.50 crore was to be deposited within 30 days.
- the acceptance of delayed deposit by the Management indicates a favour to the MSL as the approval for change of project was automatically liable for cancellation for breach of condition for payment of additional premium.
- the Company also issued an order (22 March 2010) to include a clause for application of new rates in case of non-deposit of demanded premium within allotted time in the demand/approval letter. This indicates that non-inclusion of specific condition for cancellation of approval in the approval letter was the mistake of the Management.

Thus, it is evident from the above facts that the Management failed to exercise financial prudence in the case and accepted the part payment in contravention to the conditions in the approval letter. Non-recovery of enhanced premium, as such, led to loss of ₹ 2.73 crore<sup>9</sup> to the Company for which no responsibility has been fixed.

The Management stated (September 2011) that there were two options available with the Management: (i) disallow the deposit and withdraw the offer for change of project but the payment was not at all connected with the basic cost, hence, question of cancellation of allotment had not arisen at that time (ii) accept delayed payment and allow installment which was as per rule and generally allowed in all such cases. Second option was chosen by the Management to allow quicker utilisation of the plot and to obtain the payment including interest for the period.

The reply of the Management is not convincing as:

- when the payment was not made within 30 days by MSL and no request for time extension was received, the approval of change of project was automatically liable for cancellation due to breach of condition, which was not done.
- the allotment rules were silent in this regard and the Management should have taken the decision in the best financial interest of the Company.
- the fact, that MSL deposited the 25 per cent additional premium on the day the Committee decided to revise the rates upwards was constituted, shows that MSL was trying to take advantage of the lower rates.

We recommend that Management should act as per the provisions of allotment rules and protect interest of the Company.

The matter was reported to the Government in June 2011; their reply has not been received (December 2011).

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<sup>9</sup> 16063.50 sqm. X ₹ 1700 (₹ 4500 - ₹ 2800).

#### 4.5 Wasteful expenditure on unauthorised construction

**The Company incurred wasteful expenditure of ₹ 2.15 crore on execution of civil works of road for which no permission was granted by the Irrigation Department.**

The Company sought (November 2005) permission from Irrigation Department to construct bitumen road on Alipur Bundh from Tronica city to Panchaira village along with construction of side drains and parapet etc. The Irrigation Department permitted (November 2005) for construction of only 5 meter wide road in the existing Bund.

The Company awarded construction work of road and civil works like RCR masonry, protection wall, KC drain, Chute to S. K. Builders for ₹ 4.17 crore in November 2005 and Electrical illumination work to Kanti Prasad Mittal for ₹ 32.80 lakh in April 2006. The commencement and completion dates for road and civil works were 23 November 2005 and 22 May 2006 respectively and; for illumination work, were 16 April 2006 and 15 October 2006 respectively.

We noticed (April 2010) that permission was given by the Irrigation Department for construction of only 5 meter wide road on the existing Bund but the Company unauthorisedly executed the RCR masonry, protection wall, KC drain, Chute and Electrical illumination work. The Company continued the construction of road and civil works up to June 2007 and Electrical illumination work up to September 2006. The road and civil works were left incomplete by incurring expenditure of ₹ 3.24 crore and Electrical illumination work was completed at the cost of ₹ 32.91 lakh. Later, Electrical illumination work was dismantled due to widening of Bundh and electrical items valued at ₹ 22.29 lakh were received back by the Company.

It had also been noticed that the payments were made for earth work without obtaining and cancelling the original copy of the Form MM-10 (permission of the District Magistrate for earth excavation) which left room to the contractor for use of photocopies of the same MM-10 Form for the earth supplies to many sites.

Thus, the unauthorised construction of civil works and avoidable expenditure on electrical illumination work resulted in loss of ₹ 2.15<sup>10</sup> crore to the Company for which no responsibility has been fixed so far.

The matter was reported to the Government and Management in November 2011; their replies have not been received (December 2011).

#### Madhyanchal Vidyut Vitran Nigam Limited

#### 4.6 Loss due to allowing higher rates for HV/LV leg coils

**The Company incurred excess expenditure of ₹ 36.93 crore on repair of transformers as it did not prepare any cost analysis for HV/LV leg coils and finalised the rates without referring prevalent market rates.**

As per instructions issued (March 2002) by the Uttar Pradesh Power Corporation Limited (UPPCL) for repairing of aluminium and copper wound

<sup>10</sup> Expenditure on civil works: ₹ 2.04 crore plus expenditure on electrical illumination work ₹ 10.62 lakh: (₹ 32.91 lakh minus receipt back of electrical works: ₹ 22.29 lakh)= ₹ 2.15 crore.

damaged transformers by private repairers, only core assembly and tank of damaged transformers were to be given to private repairers after dismantling. All components recovered after dismantling of damaged transformers like Oil, High Voltage/Low Voltage (HV/LV) leg coils etc. were to be accounted for by the concerned officer properly. Private repairers were required to fill fresh transformer oil as per capacity and new HV/LV coils of the same weight and turns as retrieved from dismantled damaged transformers.

The Corporate Store Purchase Committee (CSPC) of UPPCL finalised (December 2005) package rates, applicable to all DISCOMs, for repairing of aluminium and copper wound transformers of different capacity and stated that rates of transformer oil and HV/LV leg coils in package rates were variable taking base rate of November 2003. The above rates were applicable up to two years which was further increased up to maximum limit of one year. We examined the records relating to repair of transformers by Madhyanchal Vidyut Vitran Nigam Limited and found that the Company had not finalised any rates for repairing of transformers after expiry of above package rates. Hence, such rates were applicable in the Company up to 2010-11 with price variation with the same repairing agencies.

The Company got repaired 69,759 damaged transformers<sup>11</sup> of 25 kVA to 1,000 kVA from private repairers during last five years up to 2010-11. We noticed that the Company had not prepared any cost analysis for HV/LV leg coils and finalised the rates without referring prevalent market rates of HV/LV leg coils. The Company awarded rates<sup>12</sup> of ₹ 216.10 per kg and ₹ 290.97 per kg for HV/LV leg coils in respect of aluminium and copper wound damaged transformers respectively as compared to market rate of ₹ 111.20 per kg<sup>13</sup> and ₹ 154.69 per kg<sup>14</sup> for HV/LV leg coils in respect of aluminium and copper wound transformers respectively.

Thus, the Company allowed excess rates for HV/LV leg coils by ₹ 104.90 per kg and ₹ 136.28 per kg for aluminium and copper wound transformers respectively, resulting in excess expenditure of ₹ 36.93 crore<sup>15</sup> and consequential loss to the Company.

The Management stated (July 2011) that suggestions of Audit will be put up to higher authorities for making change in the procedure of deciding rates of repairs of transformers.

We recommend that the UPPCL/DISCOMs should take care of the canons of financial propriety and conduct periodical review of the system of deciding the rates for repairing of transformers.

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<sup>11</sup> Electricity Store Division, Lucknow: 27612 transformers, Electricity Store Division, Faizabad: 24309 transformers and Electricity Store Division, Bareilly: 17838 transformers.

<sup>12</sup> It has been worked out dividing package rate of HV/LV leg coils by average weight of HV/LV leg coils actually used in the repairing of transformers of 25 kVA (₹ 5355/24.78 kg) and 400 kVA (₹ 71017/244.07 kg) being lowest.

<sup>13</sup> Market rate of Aluminium HV/LV leg coil has been worked out by adding quoted costs of Aluminium rods (₹ 92.50 per kg.) by other supplier/repairer as on November 2003, processing cost of ₹ 8.70 per kg and ₹ 10 per kg for transportation expenses. The amount of excise duty and sales tax has not been taken to arrive at such market rate as the company finalised the package rates excluding above taxes.

<sup>14</sup> Market rate of Copper HV/LV leg coil has been worked out by adding quoted costs of Copper rods (₹ 118.50 per kg.) as on November 2003, processing cost of ₹ 26.19 per kg and ₹ 10 per kg for transportation expenses. The amount of excise duty and sales tax has not been taken to arrive at such market rate as the company finalised the package rates excluding above taxes.

<sup>15</sup> Total weight of aluminium coils of repaired transformer: 2460565 kg X ₹ 104.90/kg= ₹ 25.81 crore plus total weight of copper coils of repaired transformer: 815873 kg X ₹ 136.28/kg= ₹ 11.12 crore.

The matter was reported to the Government in May 2011; their reply has not been received (December 2011).

#### **4.7 Unfruitful expenditure on engagement of RITES**

##### **The Company incurred unfruitful expenditure of ₹ 99.33 lakh on checking of distribution transformers.**

UPPCL issued (February 2002) directives for regular maintenance and upkeep of distribution transformers (DTs), as under, to avoid excessive damages.

- To restrain leakage of oil by proper maintenance.
- Fixing fuse of proper ratings on LT side.
- Regular checking of load on phases, neutral earthing and radiator coil to avoid fire and tank blast due to electric fault.
- To ensure availability of oil for safety of transformers.

The Company executed (July 2008) an agreement with RITES Limited for checking of 2,500 DTs of capacity from 250 kVA to 1,000 kVA installed in the jurisdiction of Lucknow Electricity Supply Administration (LESA) at the rate of ₹ 4,000 per transformer actually inspected plus Service Taxes as applicable. The RITES checked 2,265 DTs and reported (October 2008 to February 2009) the following discrepancies:

- Load on phases unbalanced, balancing required,
- Transformer oil short, topping up required,
- Body and neutral not properly earthed, proper earthing required,
- Improper position of fuses, suggested fuses of appropriate ratings,
- Cables connected without lugs, lugs to be provided.

We noticed the following:

- The Managing Director, UPPCL decided (7 June 2008) to engage RITES on single offer basis for detailed examination of installed transformers. Subsequently, LESA invited offer (10 June 2008) from RITES for the job and RITES submitted their offer on 17 June 2008. On 18 June 2008, the proposal for engaging RITES was approved by the Board of Directors of the Company. This shows that RITES was engaged for the job in unusual hasty manner and without following the defined tender procedure for the selection of Consultants/Agencies.
- Findings and recommendations of RITES were same which were already part of the directives issued by the UPPCL in February 2002 and RITES did not add anything qualitative to its Report.

As the Management was already aware of the reasons for excessive damages of DTs and also had issued guidelines to avoid excessive damages, the engagement of RITES lacked justification and amounted to extending benefit to the firm. Thus, payment of ₹ 99.33 lakh to RITES proved unfruitful.

The Management stated (July 2011) that the recommendations of RITES were different from the directives issued in February 2002 by the UPPCL and the field units have been issued directives to implement the recommendations of RITES.

The reply of the Management is not acceptable as the recommendations given by the RITES were already covered in the directives issued (February 2002)

by the UPPCL. Further, the damage rate of transformers in LESA increased from 12.57 per cent in 2008-09 to 15.15 per cent in 2010-11.

We recommend that the Company should strictly follow the directives of UPPCL which well addresses the reasons for excessive damages of transformers.

The matter was reported to the Government in May 2011; their reply has not been received (December 2011).

#### **4.8 Construction activities of electricity lines and sub-stations carried out by Lucknow Electricity Supply Administration**

**4.8.1** Lucknow Electricity Supply Administration (LESA), one of the four distribution Zones of the Company, is engaged in distribution of electricity to the consumers of the District of Lucknow.

The construction works being carried out by Divisions are Deposit Works which are funded by consumer/client/Government and System Improvement Works (SI) which are funded through the internal resources of the Company.

We conducted audit of construction activities of electricity lines and sub-stations during November 2010 to April 2011 in five Divisions<sup>16</sup> of three circles out of 20 divisions of five circles in LESA excluding procurement of centralised material. During 2006-10, the five Divisions incurred expenditure of ₹ 112.20 crore on capital works against the total expenditure of ₹ 393.07 crore in the LESA as a whole.

Our audit scrutiny revealed deficiencies in tendering process, award of works, execution and accounting of expenditure relating to construction of electricity lines and sub-stations during 2006-11.

#### **Tendering process and award of work**

**4.8.2** Open tenders for various composite works (supply and erection) and supply of materials are invited by Circles and finalised by Committees formed for this purpose according to delegation of powers.

We noticed instances of non-fixation of bench marks for ascertaining reasonableness of rates of labour and materials, award of work at higher rates, large variations in rates of same items in different accepted tenders, cartel of bidders, irregularities in tender process etc. as discussed in succeeding paragraphs.

#### ***Absence of bench marks leading to award of works at higher rates***

**4.8.3** Para 523 of Financial Hand Book, Volume-VI (FHB-VI)<sup>17</sup> provides that to facilitate the preparation of estimates and to serve as a guide in setting rates in connection with Contract agreements, Schedule of Rates (SOR) for each kind of work commonly executed should be maintained in the Divisions and kept up-to-date. UPPCL also issued (August 2001) instructions that Superintending Engineer (SE) in each Circle would issue SOR for labour items and decentralised material.

<sup>16</sup> Electricity Urban Construction Division-II (EUCD-II), Electricity Urban Construction Division-III (EUCD-III), Electricity Urban Distribution Division-Aishbagh (EUDD-Aishbagh), Electricity Urban Distribution Division-Kanpur Road (EUDD-Kanpur Road) and Electricity Distribution Division-Rahimnagar (EUDD-Rahimnagar).

<sup>17</sup> References have been taken from Accounting Rules and Procedure in State Sector Electricity Undertakings of Uttar Pradesh and Uttarakhand.

We noticed that SOR was not prepared by any Circle and labour component in Cost analysis were prepared in terms of *per cent* instead of mandays during 2006-10. Thus, no benchmark was available with the Divisions to ensure reasonableness of tendered and awarded rates for works due to absence of SOR and analysis of mandays.

The Management stated (September 2011) that there was no practice in Power Sector across the State due to reason that the Estimates of work were being prepared on the basis of Stock Issue Rates (centralised items) being provided by the Department and on the prevailing rate for decentralised items by adding 12 *per cent* for cartage and labour charges as per practice in UPPCL. Reply is not acceptable as cost component of material and labour could have been analysed and SOR could have been framed.

Further, the lacunae in the system *viz.* non-preparation of SOR/rate analysis led to award of works at largely varied and higher rates as discussed below:

- During 2007-11, Circle-IV invited and finalised 37 tenders at the cost of ₹ 3.40 crore for replacement of existing conductor by Aerial Bunch Conductor (ABC).

We noticed that there were large variations in rates of individual items ranging from 110 *per cent* to 295 *per cent* when compared to minimum awarded rates among these tenders. In absence of SOR for comparison and defining base price, the works were awarded at varied rates for same items without ensuring the reasonableness of the rates.

The Management stated (September 2011) that quoting the rates of various items of tender was concern of bidder and Circle awarded the overall lowest in each tender. Reply is not acceptable as the abnormal variation of the rates could have been avoided by comparing the offered rates with the SOR.

- In the absence of SOR/rate analysis, we worked out the rates on the basis of drawings and applicable SOR of Public Works Department (PWD) 2007 in respect of construction of pacca trench under two tenders<sup>18</sup> and; analysed the rates based on available technical specification of Bill of Quantity (BOQ) and cost analysis of LESA in respect of double circuit cable laying<sup>19</sup>. By comparing the awarded rates with rates analysed by us, we found that rates were higher by 29.65 to 107.83 *per cent* and, thus, extra expenditure of ₹ 54.90 lakh had been incurred in these works as detailed in the table given below:

Name of the Circle/ Division	Name of work	Details of cable laying/ trench	Quantity executed (Metre)	Tentative rate analysed by circle	Rate awarded	Amount (₹ in lakh)	Rate analysed by us (₹) <sup>20</sup>	Difference (in ₹) and percentage	Amount (₹ in lakh)
1	2	3	4	5	6	7	8	9=6-8	10
Circle-V	Construction of pacca trench under two works <sup>21</sup>	60x60 cm	980	4312	2575	25.23	1239	1336 (107.83)	13.09
		60x100 cm	920	4505	4020	36.98	2093	1927 (92.07)	17.73
Circle-III	Laying of 33 kV cable and construction of 33/0.4 kV sub-station	Kachha Road	2200	NA	3520	77.44	2696	824 (30.56)	18.13
		Pacca Road	500	NA	3530	17.65	2696	834 (30.93)	4.17
		Hume pipe	200	NA	3900	7.80	3008	892 (29.65)	1.78
<b>Total</b>									<b>54.90</b>

<sup>18</sup> Tender number 04/EUCC-V/07-08 and 16/EUCC-V/07-08.

<sup>19</sup> In respect of tender number 22/2007-08.

<sup>20</sup> Rates were analysed by us using analysis of Division, issue rates of Company, PWD SOR for civil material and quantities as per drawing as enclosed in tender document.

<sup>21</sup> Replacement of old/damaged electrical system by laying of underground cable at (1) Lareto X-ing-Anexee to DSO X-ing and (2) Hazratganj X-ing to Halwasia X-ing.

The Management, in case of construction of pucca trench stated (September 2011) that due to restriction of working hours i.e. work could be done only in nights by PWD, the cost of labour was higher and justified and; in case of cable laying and sub-station work, the rates were decided by the MD's Works Committee after negotiation and counter offer. Reply is not acceptable as, while analysing and awarding the rate, working condition of labourers in night was not considered and proper rate analysis should have been prepared to ascertain genuineness of the rates during negotiation by the works committee.

#### ***Procedural irregularities***

**4.8.4** Other irregularities which were noticed in tendering process were as follows:

- Price bids in respect of three finally accepted tenders of value ₹ 1.96 crore were opened before due date of opening.

The Management stated (September 2011) that there was no financial loss in opening price bid a day before. Reply is not acceptable as opening of tender before a day was irregular.

- Letters of intent to start the work of value ₹ 13.09 lakh were issued in respect of six tenders before opening of tenders.

The Management stated (September 2011) that concerned employee on contract was displaced and new employee on contract was engaged. Reply is not acceptable as giving such important works to a contract employee lacked justification.

- Tender forms were sold after due date in case of all nine successful tenders of total value of ₹ 15.18 lakh and Date of opening of seven tenders of total value of ₹ 12.40 lakh was extended without publishing notices in the news papers.

The Management did not offer any comment on the audit observation.

#### **Execution of work**

**4.8.5** After tendering and award of contracts by the Circle, work was executed by distribution/construction Divisions. Centralised materials were made available by the Store Division to the executing Division on the basis of sanctioned package. Junior Engineer/ Assistant Engineer supervise execution of works.

Irregularities noticed in execution of works and Management's reply thereon are indicated in details in ***Annexure-31*** and summarised in succeeding paragraphs:

#### ***Undue advantage to contractors***

- In respect of work (awarded in May 2008) of cable laying, the executing unit issued 1,900 metre cable of value of ₹ 18.85 lakh to the work though it was required to be supplied by the Contractor as per the Agreement, thus giving undue benefit to the contractor.

***(Annexure-31 Sl. No. 1a)***

- In respect of the work of laying of underground cable from TRT sub-station to Rani Laxmi Bai Hospital, Rajajipuram executed during May to October 2008, cable laying was measured 2,734 metre (excluding

156 metre loop for 26 Straight Through (ST) and 40 metre for 8 hoisting) against the total cable route of 2,326 metre, resulting in excess measurement of cable laying by 408 metre valued at ₹ 14.37 lakh and resultant extra payment to the contractor to that extent.

*(Annexure-31 Sl. No. 1b)*

- In the work of cable laying at 49 sites during 2007-11, measurement of cable laying was recorded in excess of cable issued/ carried to work sites, resulting in excess payment of ₹ 21.40 lakh to the contractors.

*(Annexure-31 Sl. No. 1c)*

- During 2006-11, EUDD-Kanpur Road and EDD-Rahimnagar did not deduct works tax of ₹ 11.72 lakh from the bills of contractors, rendering itself liable for penalty of ₹ 23.44 lakh.

*(Annexure-31 Sl. No. 1d)*

***Excess issue/short receipt of materials***

- Materials shown issued against 17 works during 2007-11 were in excess of the consumption recorded in measurement books by 2353 metre of 11 kV cable and 1206 metre of 33 kV cable valued at ₹ 45.72 lakh.

*(Annexure-31 Sl. No. 2a)*

- There were short receipts of 59111 kg old conductor valued at ₹ 29.56 lakh in replacement of 178.829 km line out of total 202.458 km line replaced during 2007-11.

*(Annexure-31 Sl. No. 2b)*

***Short/ non recovery of cost of lines etc.***

- EUDD Aishbagh sanctioned (January 2008) and recovered ₹ 2.28 crore for providing connection to Rani Laxmi Bai Hospital against the recoverable amount of ₹ 2.59 crore as per the Cost Data book, resulting in short realisation of ₹ 0.31 crore from the consumer. Similarly, Circle-III sanctioned (December 2008) a load of 170 kW to Irrigation Department and recovered ₹ 1.25 crore against the recoverable amount of ₹ 1.77 crore as per the Cost Data Book, resulting in short realisation of ₹ 0.52 crore.

*(Annexure-31 Sl. No. 3a)*

- During 2008-09 to 2010-11, EUDD Kanpur Road constructed temporary line and substation for Lucknow Mahotsava but did not recover the estimated cost of ₹ 31.23 lakh for line and sub-station from the consumer. Similarly, the Division did not recover cost of ₹ 20.12 lakh on account of temporary construction of line and sub-stations along with five numbers of 400 kVA sub-station to provide supply at Manyavar Kanshi Ram Sanskritik Sthal for a rally during 12-15 March 2010, resulting in short realisation of ₹ 51.35 lakh from the consumer.

*(Annexure-31 Sl. No. 3b)*

- The Company, without receipt of funds from the Government, started (May 2008) the work of Manyavar Kanshi Ram Ji Sahari Samgra



Vikas Yojna launched by the Government of Uttar Pradesh in October 2007. As a result, the Company's own fund of ₹ 3.45 crore incurred on the work was blocked.

(Annexure-31 Sl. No. 3c)

***Extra/ wasteful expenditure***

- Instead of using sand in bedding and bricks as cover (as specified in IS Code 1255) the Company used bricks and stone pad respectively for laying 77628 metre cable during 2007-11. This unnecessary increase in specifications caused an extra expenditure of ₹ one crore.

(Annexure-31 Sl. No. 4a)

- The Company executed (September-December 2007) unplanned work of replacement of HT/LT lines by underground cable for beautification of the Hazratganj, Lucknow at own cost of ₹ 0.91 crore although it was not covered under the System Improvement Work. Subsequently, entire work was discarded by the Government when the work of beautification of Hazratganj was taken up rendering the entire expenditure as wasteful.

(Annexure-31 Sl. No. 4b)

- The work of replacement of overhead lines by underground cable around Secretariat, Babu Bhawan and Yojana Bhawan, Lucknow was stopped in May 2008 after incurring an expenditure of ₹ 0.87 crore as the Company did not deposit road cutting charges with the PWD. Thus, the objective of the work was not fulfilled.

(Annexure-31 Sl. No. 4c)

***Accounting of expenditure on works in the books of account***

**4.8.6** The FHB-VI (Paras 399, 511 and 512) provides for preparation of completion report, executed estimates on completion of works and accounting of expenditure in Works Register which should be closed when work is completed.

We noticed that expenditure against various works was not recorded in the Works Register. Completion reports/executed estimates along with executed single line diagram were not prepared during 2006-11.

Management stated (September 2011) that Works register and executed estimates were now being prepared.

**Recommendations:**

**We recommend that the Company should:**

- **maintain Schedule of Rates (SOR) for each kind of work and analyse rates accordingly;**
- **execute works according to sound designs and relevant IS Code;**
- **keep watch over issue and consumption of materials in works and to ensure correct measurement of work; and**
- **ensure recovery of total cost of regular and temporary connections as per Cost Data Book.**

The matter was reported to the Government in August 2011; their reply has not been received (December 2011).

**Statutory corporations**

**Uttar Pradesh Financial Corporation**

**4.9 Loss in One Time Settlement with loanees**

**The Corporation suffered loss of ₹ 10.44 crore due to change in OTS guidelines delinking valuation of mortgaged security in certain class of non-performing loans.**

In order to liquidate Non Performing Assets (NPAs)<sup>22</sup>, the Uttar Pradesh Financial Corporation (Corporation) evolved a policy of one time settlement (OTS) with borrowers and issued comprehensive Guidelines in March 1999 and modified it from time to time. As per the Guidelines of OTS effective up to November 2009, amount of OTS was to be arrived at on the basis of matrix<sup>23</sup> or realistic realisable value of mortgaged security *plus* net worth of the Promoters/Guarantors, whichever was higher. The Corporation modified its OTS guidelines in November 2009 in which it deviated from the principle of linking amount of OTS with the value of mortgaged security *plus* net worth of Promoters/Guarantors in dealing such loan assisted units.

As a result of not linking the OTS amount with the available security of the Promoters/Guarantors, the Corporation settled OTS amount lesser than available security value. The Corporation, thus, suffered loss of ₹ 10.44 crore as detailed in the table below:

(₹ in lakh)

Sl No.	Name of the borrower	Outstanding amount	Valuation of security (without net worth)	Amount of OTS <sup>24</sup>	Difference	
					6 (3-5)*	7 (4-5)▼
1	2	3	4	5	6 (3-5)*	7 (4-5)▼
1.	Panchsheel Beeds Industries	348.95	684.63	275.40	73.55	0
2.	M.B. Oil Mills, Noida	179.48	192.64	19.88	159.60	0
3.	Capital Ice Factory (P) Ltd., Noida	203.30	171.00	21.46	0	149.54
4.	Krishna Crafts (India), Noida	359.36	262.96	106.76	0	156.20
5.	Electrica Electrical (India), Noida	276.36	291.00	71.16	205.20	0
6.	Soti Engineering Industries, Noida	107.51	48.60	22.25	0	26.35
7.	Decent Polymers Enterprises Pvt. Ltd., Noida	312.10	392.58	38.67	273.43	0
	<b>Total</b>				<b>711.78</b>	<b>332.09</b>

<sup>22</sup> Non Performing assets (NPA) are loans and advances in respect of which interest and /or installment of principal amount is overdue for a period of 90 days.

<sup>23</sup> Outstanding amount of principal on the date of account becoming NPA + Interest (Simple Interest (SI) + Cumulative Interest (CI) + Default Interest (DI))

<sup>24</sup> Amount of OTS arrived at the total of Outstanding Principal + Expenses + Outstanding Simple Interest.

\* Cases in which total outstanding amount could be recovered, as the value of security was more than the outstanding amount of dues.

▼ Cases in which the outstanding amount could be recovered to the extent of the value of security.

We further noticed that the Corporation revised its OTS guidelines again in March 2010 in which amount of OTS was linked to score obtained on the parameters of status of unit, prime/ collateral security, net worth of guarantors and amount paid by borrower. It appears from the above that the Corporation had revised its OTS guidelines in November 2009 by delinking valuation of mortgaged security to provide undue benefit to few firms.

The Management stated (August 2011) that OTS was done as per prevailing guidelines of OTS approved by the Board of Directors. We feel that the change in existing OTS guidelines was detrimental to the interest of the Corporation as the value of security was totally ignored in the categories of cases mentioned above.

We recommend that OTS should be done with linking valuation of mortgaged security and net worth of the Promoters/Guarantors.

The matter was reported to the Government in May 2011; their reply has not been received (December 2011).

### **Uttar Pradesh State Road Transport Corporation**

#### **4.10 Non recovery of compensation in accident cases**

##### **The Corporation incurred an avoidable expenditure of ₹ 97.70 lakh due to non recovery of compensation in accident cases from the private bus owners**

The Uttar Pradesh State Road Transport Corporation (Corporation) operates own buses as well as hired buses. Agreements entered into with owners of hired buses, generally for the period of five years, stipulate that:

- possession and control of the vehicle shall be with the Corporation. The bus owner shall take insurance coverage and registration of the bus and shall appoint driver for smooth operation of bus;
- the bus owner/Insurance Company shall be liable for payment of any amount arising due to carelessness, accidents etc. by the driver. If the Corporation makes payment of any amount in compliance of the orders of the Hon'ble Court, the same will be adjusted from the dues of the bus owner along with interest;
- the bus owner shall produce a certificate to the effect that the Insurance Company has no objection in hiring out the buses to the Corporation and in case of accident by the hired buses during the period of contract; liability to pay the compensation shall be of the owner/Insurance Company.

The Corporation paid ₹ 1.02 crore during the period from April 2006 to December 2010 as compensation as decided by the Motor Accidental Claims Tribunal (MACT) in 78 cases of accidents of hired buses being operated in 11 Regions out of 20 regions of the Corporation.

We noticed (July 2010) that the Corporation neither obtained “No Objection Certificate” (NOC) issued by the insurance company from the bus owners nor recovered the compensation amount from their bills in terms of the agreement.

On being pointed out in audit, the Corporation recovered ₹ 3.81 lakh from the bus operators only in four cases, in which compensation was paid. In remaining 74 cases, no recovery was made by the Corporation.

Thus, the Corporation suffered loss of ₹ 97.70 lakh by not enforcing the provisions of the agreements for hired buses.

The Management stated (August 2011) that presently they were obtaining NOC of Insurance Companies in respect of hired buses. Further, on the basis of judgment of the Hon'ble Supreme Court, the Corporation started adjustments of compensation paid by it from the dues of the bus owners and in those cases where compensation was paid by the Corporation but no bus was in existence with the Corporation; Recovery Certificate has been issued for recovery of compensation paid by the Corporation.

While the Corporation has taken some corrective action, the fact remains that failure of Management to adhere to the provisions of the agreement led to the Corporation making non-recovery of ₹ 97.70 lakh. The Corporation also has not fixed responsibility for the managerial failures.

The matter was reported to the Government in July 2011; their reply has not been received (December 2011).

#### **4.11 Information Technology Support System of Electronic Ticket Issuing Machines in Uttar Pradesh State Road Transport Corporation, Lucknow**

**4.11.1** The Uttar Pradesh State Road Transport Corporation (Corporation) incorporated in June 1972 provides service for passenger road transport in the state of Uttar Pradesh and adjoining areas. It operates through 20 regions having 106 depots. As of 31 March 2011, it had a fleet strength of 8719 buses carrying average 13 lakh passengers per day.

The Corporation implemented electronic ticketing system at depot level on the software platform of SQL server 2000 as back end and Visual Basic as front end by entering into a tripartite agreement, effective from 24 October 2008, with Indian Telephone Industries Limited (ITI) and Micro Fx, Bangalore, (a consortium partner of ITI). Accordingly, it purchased 8800 Electronic Ticket Issuing Machines (ETIMs) to ensure cent *per cent* electronic ticketing in 7231 operating buses. The cost of Information Technology (IT) assets of the Corporation was ₹ 7.29<sup>25</sup> crore at the end of March 2011.

Information Technology Support System of the Corporation consists electronic ticketing through ETIMs and Management Information System (MIS) which runs on dbase IV. IT wing of the Corporation was headed by a General Manager (MIS) at the Headquarters, who was assisted by one Assistant Manager (EDP) and supporting staff.

We conducted IT audit of six<sup>26</sup> depots of Lucknow Region for the period from November 2009<sup>27</sup> to March 2011 to ensure as to whether:

- IT strategy and IT policy existed in the Corporation;
- System Requirement Specification (SRS) was documented;
- ETIMs were functioning and its control system delivered desired results;
- data bank generated through ETIMs was reliable; and
- centralised ETIMs data was being evaluated at headquarters for effective use of MIS.

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<sup>25</sup> ETIMs: ₹ 5.27 crore and computer systems: ₹ 2.02 crore.

<sup>26</sup> Alambagh, Awadh, Barabanki, Charbagh, Kaisarbaghand Raebareli.

<sup>27</sup> The Government revised the basic fare structure from 24 November 2009.

The findings, as a result of examination of IT Support System of ETIMs, are discussed in succeeding paragraphs.

***Absence of documented IT strategy and policy***

**4.11.2** A formulated and documented IT policy is essential to assess the time frame, key parameter indicators and cost benefit analysis for developing and integrating various functions.

We noticed that the Corporation did not formulate policies for implementation of IT system, computer security policy, change management control<sup>28</sup>, storage of back-up data, disaster recovery and business continuity plan.

The Management stated (November 2011) that, in the absence of central server, ticket data was stored at depot level. Efforts were being made to install a server at Headquarters of the Corporation and effective control system was being developed to ensure completeness of field data. The reply is not convincing as the Management had not, *ab-initio*, defined parameters for data integration and interlinking of all depots and its monitoring at Headquarters level.

***Absence of System Requirement Specification (SRS)***

**4.11.3** Introduction of IT system requires that SRS is well defined. The SRS guides the system design work so that only requisite hardware and software are purchased to avoid unnecessary expenditure.

The ITI suggested (2007-08) specific requirement of software designed on the platform of SQL server 2000, supported with Windows XP as back-end and Visual basic as front-end. The Corporation procured five computers with Windows XP operating system and 400 computer with Windows Vista pre loaded operating system. As other than Windows XP based systems were not fully compatible with SQL Server 2000, the Corporation formatted all Vista preloaded systems and re-installed unlicensed version of Windows XP operating system in all the 400 computers. Thus, the cost of Window Vista included in the cost of the systems became infructuous and the Corporation had to run its systems on unlicensed version of Windows XP which might attract penalty under the Indian Copyright Act, 1957.

The Management stated (November 2011) that Windows XP was lower version than the Windows Vista; therefore, the manufacturer had no objection to use Windows XP. It was further stated that after centralisation of software data, Windows Vista would be used. The fact, however, remains that the Corporation was using unlicensed version of Windows XP.

***Implementation of IT system***

**4.11.4** The Board of Directors (BOD) had approved (September 2007) the tender documents containing condition that minimum average turnover during 2005-06 to 2007-08 of the partner firm of bidder should not be less than ₹ five crore. The Tender Committee, however, did not include this condition in the tender documents issued to bidders. As a result, the partner firm i.e. Micro Fx, Bangalore of ITI (the lowest bidder) having average turnover of only ₹ 2.55 crore got place for implementation of IT system in the Corporation who proved financially as well as technically weak.

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<sup>28</sup> Change Management Control is to ensure that changes to a product or system are introduced in a controlled and coordinated manner.

The Management stated (November 2011) that the BOD had authorised the Tender Committee to review the terms and conditions of the tender. Therefore, it had revised the terms and conditions to get benefit of lowest rate through optimum competition. The reply is not convincing as deletion of the condition of turnover by the Tender Committee led to induction of financially and technically weak firm which could not deliver desired results of ETIM. The failures of partner vendor and inaction of the Corporation are discussed below:

- The vendor though did not supply 8,800 DC chargers valued at ₹ 13.20 lakh, the Corporation, however, had not recovered its cost from the vendor.
- The vendor had not maintained reserve of 10 *per cent* ETIMs at the centers and did not post two IT skilled persons in the Corporation for three years to handle all IT related problems as per terms of the Agreement. Thus, the vendor kept aside themselves from investing ₹ 52.52<sup>29</sup> lakh by not keeping reserve of 10 *per cent* ETIMs; saved expenses of two IT personnel and posed problems in maintenance.

As a result, 150 ETIMs remained out of order during June 2008 to March 2011, for repairing of these ETIMs; the vendor took more than 48 hours to 164 days against 48 hours as provided in the agreement. The Corporation, however, did not impose penalties of ₹ 14.26 lakh.

The Management in its reply (November 2011) did not render plausible explanation for ensuring availability of extra 10 *per cent* of ETIMs at service centers. In respect of not providing two IT skilled persons at Headquarters level and not imposing penalties, it was stated that recovery shall be made from the bills of vendor. The reply of the management is not convincing as the vendor failed to carry out the maintenance work by keeping 10 *per cent* reserve ETIMs and also did not deploy IT skilled persons which substantiates the fact that the vendor was financially and technically weak.

No specific reply had been submitted by the Management.

#### ***Input control and Validation checks***

**4.11.5** The system design and its operation should be adequate to capture the data from the inputs. In case of deficiencies in the input control and validation checks, there are possibilities of generation of incorrect tickets and the related data bank.

We checked the databank of 1,56,83,225 tickets and noticed that:

- Date of issue of tickets were not available in 88,635 tickets; date field indicated incorrect date format in 73,720 tickets. Date-field indicated that the tickets were generated between 1 January 01 and 1 January 51 in 3,964 tickets, which were not realistic. In numerous tickets, time field (HH:MM:SS) were indicated incorrect. Thus, the date, time and issue of tickets could not be identified from the database.
- Route numbers were not indicated in the field of route number in 6,179 tickets. In the absence of route numbers, routes on which buses plied cannot be known from the databank.
- Name of conductor and their ID numbers were missing in 255 and 15,79,550 cases respectively. The name of conductor who issued the tickets could not be identified from the data bank.

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<sup>29</sup> 880 ETIMs at the rate of ₹ 5,968.18 per ETIM.

- Against issue of 11,09,686 regular tickets, a total fare of ₹ 6,11,33,801 were charged; while in passengers field (adults and child), number of passengers was shown as zero. The exact number of passengers travelled could not be extracted from the data bank.

Thus, the data bank was not reliable and the Management could not get the correct information relating to movement of buses between the stages on routes; actual time being taken by the bus between origin and destination points; and exact numbers of tickets issued between a particular period and revenues collected from the passengers cannot be ascertained.

The Management stated (November 2011) that incorrect recording of date and time values were due to non-working of Real Time Clock Battery of the machines and non-storage of data in the specific data filed due to memory problem. Efforts were being made for early correction of such defects. The fact remains that the Management had not devised system of validation of data at the time of capturing ticketing data from ETIMs.

#### ***Application control***

**4.11.6** To ensure correctness, completeness and reliability of the database, it is necessary to ensure application of appropriate controls during the data entry. Such controls ensure that the data received for processing is genuine, complete, valid, accurate and properly authorised and the data transfer is done accurately without duplication of fields and all the fields are duly filled in before the data is committed in the system.

In accordance with the Government order (23 November 2009) for revision of basic fare, the Corporation revised (24 November 2009) its fare structure along with surcharges<sup>30</sup>.

We noticed that:

- out of 90,38,801 tickets issued to adult passenger in ordinary services, basic fare were charged short by ₹ 3,91,818 in 52,663 tickets and excess by ₹ 1,39,79,396 in 2,06,778 tickets,
- fare amounting to ₹ 1,32,72,674 from 4,29,705 passengers in ordinary and Janta services was charged extra, and ₹ 11,99,301 from 4,63,471 passengers in Express and Janta services was charged less.

The Management accepted (November 2011) the facts and stated that excess/short charging of fare by ETIM was due to error of machine. The short fare charged was less than excess fare charged, so there was no financial loss. The reply of the Management is not acceptable as the Management has not indicated to make any efforts for rectification in software so as to calculate correct fare because motive of the Corporation is to charge accurate fare from the passengers.

- The Corporation decided to levy uniform toll tax of ₹ 1 per passenger from 24 November 2009 except passengers of Janta/sub-urban Bus Services. We noticed that, toll tax at the rate of ₹ 1 per ticket was not charged from 8,70,146 passengers out of 1,04,91,880 passengers

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<sup>30</sup> Other than basic fare, Corporation levies surcharge for passenger accident funds, amenities, toll taxes. The surcharge was charged per passenger at the rate of ₹ 3 (up to 85 kilometers), ₹ 4 (86 to 100 kilometers), ₹ 6 (101 to 200 kilometers) and ₹ 8 (above 200 kilometers) up to 4 November 2009. The surcharge was increased by ₹ 1 due to induction of IT surcharge with effect from 5 November 2010 excluding distance covered up to 40 kilometers.

during the period from November 2009 to March 2011. This resulted in loss of ₹ 8,70,146 as the Corporation paid the toll tax.

The Management stated (November 2011) that necessary rectification in the software has been made by ITI. The reply of the Management is not acceptable as the Management did not notice the deficiencies in the software and get it rectified which led to loss to the Corporation for which no responsibility has been fixed.

- Amount involving fraction of 50 *paise* and above is rounded off to next higher rupee and fraction of less than 50 *paise* is ignored. We noticed in scrutiny of data bank for the period June 2008 to March 2011 that the software wrongly calculated fare at lower integer in 27,226 cases (tickets) when fare was in fraction of 50 *paise*. It calculated correctly in higher integer in 44,528 cases when fare was in fraction of 50 *paise* or more.

The Management accepted (November 2011) the facts and stated that suitable directions have been issued to concerned depots.

The Corporation plied different types of buses on various routes. Each route contains various stages (stoppage) between the origin station and end station. We noticed in scrutiny of master route files that, 69 stages which were common in two or more routes but showed different distances in different routes. The discrepancy in distances of common stages was seen not only in routes of different depots but also in routes of the same depot. Due to existence of different distances for common stages in master route file, the Corporation issued tickets of value less by ₹ 84,630 for 27,837<sup>31</sup> passenger kilometers.

The Management assured that rectification of distances of stages/ routes shall be done by the concerned Regional Managers.

#### ***Internal Control System***

**4.11.7** Audit trails ensure storage of sufficient operations logs to enable reconstruction, review and examination of the time sequences of the operations and other activities surrounding or supporting operations in the IT based applications before adopting any IT related function.

We noticed that the Corporation did not ensure adequate internal control and monitoring mechanism as discussed in the preceding paragraphs. Central server was not installed at headquarter level for centralisation of ticket data of all depots and storage of entire data in a systematic manner. In the absence of centralisation of data, the Corporation was unable to use the data for planning, coordination and control purposes. Internal Audit Wing of the Corporation is not professionally skilled in respect of IT.

The Management stated (November 2011) that employees of Internal Audit Wing are being got acquainted with the working of computerized system to make internal control system more effective.

#### **Recommendations**

**We recommend that the Management should:**

- **formulate and document an IT Policy, IT security policy and business continuity plan to prevent changes/modifications in database without authorisation and recovery/immediate operation of data processing on occurrence of a disaster;**

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<sup>31</sup> Data shows that Corporation buses covered 11,71,719 passenger kilometers instead of 11,99,556 passenger kilometers during November 2009 to March 2011.



- strengthen input control and validation checks;
- use only licensed version of software;
- ensure compliance of fare structure issued by the Government/Corporation and its application in the software and survey of routes to ensure correct distance between two stations; and
- ensure compliance of terms and conditions of the agreement.

The matter was reported to the Government in August 2011; the reply has not been received (December 2011).

#### Uttar Pradesh Forest Corporation

#### 4.12 Loss due to non recovery of tree roots

**The Corporation suffered loss of ₹ 70.02 lakh due to its failure to ensure return of root of trees felled for widening of national highways.**

The Uttar Pradesh Forest Corporation (Corporation) was directed (January 2007) by the Government of Uttar Pradesh to supervise the work of cutting of trees causing obstruction in the work of widening of National Highways and transportation of produced timber, firewood and roots to the nearest depots of the Corporation. For this purpose, Forest Department allotted (2004-05 to 2009-10) 786 lots comprising 1,07,376 trees to the Corporation. National Highways Authority of India (NHAI) submitted (March 2007) to the Corporation the list of stretches of National Highways where the tree-cutting was to be done by them. The Corporation allotted felling of 52,664 trees to NHAI and remaining 54,712 trees were to be felled by the Corporation itself.

We noticed the following points:

- NHAI felled 52,664 trees<sup>32</sup> up to March 2010 for widening the National Highways under the jurisdiction of nine units of the Corporation and returned only 460 roots to the Corporation which were sold for ₹ 24,100. Remaining 52,204 roots were not returned by NHAI for which no action was taken by the Corporation.
- The Corporation felled 54,712 trees<sup>33</sup> up to March 2010 but no roots were received back to its depots. Only in one case of Lucknow logging Unit, where instruction for uprooting the root of 10 trees was given in the allotment letters of Forest Department, recovery had been made from Divisional Logging Manager due to non-collection of above roots.
- In case of felling of 8,346 trees in Gonda District, Divisional Forest Officer, Faizabad (Forest Department) uprooted and collected the roots and accounted for in its own stock. The above roots were to be uprooted by the Corporation and it should have taken as its own stock. No action had, however, been taken to recover its sale value from Forest Department by the Corporation.

<sup>32</sup> Lucknow- 1936, Gonda- 1804, Allahabad- 1029, Jhansi- 12673, Gorakhpur- 27317, Padrauna- 7445, Meerut- 460: Total- 52664 trees

<sup>33</sup> Lucknow-11814, Gonda-6542, Jhansi-804, Gorakhpur-9512, Padrauna-7845, Hardoi-1010, Kanpur-9264, Meerut-7921: Total- 54712 trees

As a result of above, the Corporation suffered loss of ₹ 70.02 lakh<sup>34</sup> due to non recovery of 1,06,906<sup>35</sup> roots.

The Management stated (April 2011) that roots were uprooted only where the Forest Department had specifically mentioned to do so. Where specific mention for uprooting the roots was not made, Corporation had not uprooted the roots and, therefore, it did not suffer any financial loss. The reply of the Management is not acceptable as, in the Government order, it was clearly stated that roots were to be uprooted and transported to the nearest depots of the Corporation. Further, in the absence of any specific mention about uprooting the roots in sale letter of Forest Department, the specific permission for uprooting the roots should have been taken by the Corporation from the Forest Department so as to make the terms and conditions clear to avoid financial losses.

The matter was reported to the Government in April 2011; their reply has not been received (December 2011).

**Uttar Pradesh Avas Evam Vikas Parishad and Uttar Pradesh State Industrial Development Corporation**

**4.13 Non recovery of Trade Tax/VAT**

**UPAVP and UPSIDC became liable to pay Trade Tax/VAT of ₹ 32.87 lakh along with interest and penalty of ₹ 32.24 lakh from own sources due to not recovering and depositing Trade Tax/VAT on sale of tender, application forms and brochures for allotment of land/ houses.**

As per the Government of Uttar Pradesh letter dated 12 February 1997 and the decision (22 August 2006) of Hon'ble Trade Tax Tribunal, Noida, sale of application forms/brochures for allotment of land/house and tender forms was taxable under U.P. Trade Tax Act, 1948 (UPTT Act). After enactment of Uttar Pradesh Value Added Tax, 2008 (UPVAT Act), the Trade Tax Commissioner, Government of Uttar Pradesh vide circular dated 26 March 2008, further clarified that printed material and tender forms were taxable<sup>36</sup>. Section 8 of the UPTT Act 1948 and Section 33 of UPVAT Act, 2008 provides that simple interest at the rate of 24 per cent per annum (14 per cent per annum from 12 August 2004) and 15 per cent per annum respectively shall become due and be payable on the unpaid amount of Tax. In addition to above, penalty at the rate of 50 per cent and 20 per cent of the Tax payable under UPTT Act and UPVAT Act respectively shall be charged by the competent authority for non deposit of Tax due for any period within the prescribed time.

We noticed (March 2011) that Uttar Pradesh Avas Evam Vikas Parishad<sup>37</sup> (UPAVP) and Uttar Pradesh State Industrial Development Corporation Limited<sup>38</sup> (UPSIDC) sold tender, application forms and brochures for allotment of land/ houses to individuals/ entrepreneurs but did not recover Trade Tax/ VAT applicable on sale of those printed materials. As a result,

<sup>34</sup> calculated at the rate of ₹ 65.50 per root (After excluding expenditure of cutting, transportation, storage etc.) as worked out by the Sitapur Forest Division

<sup>35</sup> 107376 tress minus 470 trees.

<sup>36</sup> Sale of tender/application forms/brochures attracts Trade Tax @ 10 per cent up to December 2007 under U.P. Trade Tax Act 1948 and @ 4 per cent up to May 2009, 4.5 per cent (including 0.5 per cent Additional Tax) up to 18 February 2010 and thereafter 5 per cent (including 1 per cent Additional Tax) under VAT Act, 2008.

<sup>37</sup> Through its 36 divisions, 19 Estate Management Offices and Headquarters office.

<sup>38</sup> Through its Regional Offices (Agra, Tronica City, Lucknow, Ghaziabad, EPIP, Aligarh, Bareilly, Gorakhpur, Allahabad, Moradabad, Jhansi, Varanasi and Meerut) and Headquarters office.

UPAVP and UPSIDC became liable to pay the Tax from own sources besides interest and penalty on unpaid amount of Tax as detailed below in the table:

(Amount in ₹)

Name of Company	Period	Amount recovered from sale of tender/application forms/ brochures	Recoverable amount of Trade Tax/VAT on sale	Amount of Trade Tax/VAT recovered	Unpaid amount of Tax	Amount of additional liability of interest	Amount of penalty leviable	Total (6+7+8)
1	2	3	4	5	6	7	8	9
UPAVP	2005-06 to 2009-10	26486169	1823081	356161	1466920	745157	641482	2853559
UPSIDC	2003-04 to 2010-11	21925815	1820578	Nil	1820578	1013791	823548	3657917
<b>Total</b>		<b>48411984</b>	<b>3643659</b>	<b>356161</b>	<b>3287498</b>	<b>1758948</b>	<b>1465030</b>	<b>6511476</b>

Since there is no possibility of recovering the Tax from the purchasers of these forms, the UPAVP and UPSIDC are liable for payment of Trade Tax/VAT of ₹ 32.87 lakh along with interest and penalty of ₹ 32.24 lakh.

The Management of UPAVP did not furnish reply to our observation. The Management of UPSIDC stated (March 2011) that as per Commercial Tax Department letter (4 January 1981), Trade Tax was not applicable on tender forms and tender and application forms both were of similar type of printed material, hence, Tax was not recovered on sale of application forms. It further stated that Tax was recovered on sale of printed material after implementation of UPVAT Act.

The reply of the Management is not acceptable because Tax was applicable on sale of tender, application forms and brochures with effect from September 1985 as clarified in the Government letter of February 1997 read with the decision (22 August 2006) of Hon'ble Trade Tax Tribunal. Further, the UPSIDC had not recovered Tax on sale of printed material up to 2010-11 as shown in the statements provided by the UPSIDC to us.

We recommend that the UPAVP and UPSIDC should adhere to the provisions of the UPVAT Act and recover and deposit Trade Tax/VAT on printed materials and tender forms so as to avoid payment of interest and penalty.

The matter was reported to the Government in July 2011; their reply is awaited.

## General

### 4.14 Follow up action on Audit Reports

**4.14.1** 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.

Audit Reports for the years 2005-06 to 2009-10 were placed in the State Legislature in May 2007, February 2008, February 2009, February 2010 and August 2011 respectively. Out of 153 paras/Performance Audit involving PSUs under 27 Departments featured in the Audit Reports (Commercial) for the years from 2005-06 to 2009-10, no replies in respect of 104 paras/Performance Audit have been received from the Government by 30 September 2011 as indicated below:

<b>Year of Audit Report</b>	<b>Total Paragraphs/ Performance Audit in Audit Report</b>	<b>No. of departments involved</b>	<b>No. of paragraphs/ Performance Audit for which replies were not received</b>
2005-06	40	17	28
2006-07	37	13	26
2007-08	33	9	16
2008-09	27	22	22
2009-10	16	7	12
<b>Total</b>	<b>153</b>		<b>104</b>

Department wise analysis is given in *Annexure-32*. The Power Department was largely responsible for non-submission of replies.

***Compliance with the Reports of Committee on Public Undertakings (COPU)***

**4.14.2** In the Audit Reports (Commercial) for the years 1999-2000 to 2009-10, 333 paragraphs and 46 Performance Audit were included. Out of these, 122 paragraphs and 21 Performance Audit had been discussed by COPU up to 30 September 2011. COPU had made recommendations in respect of 102 paragraphs and 20 Performance Audit of the Audit Reports for the years 1978-79 to 2005-06.

As per the working rules of the COPU, the concerned departments are required to submit Action Taken Notes (ATNs) to COPU on their recommendations within three months. The ATNs are, however, furnished by the departments to us, only at the time of discussion of ATNs by COPU.

***Action taken on the cases of persistent irregularities featured in the Audit Reports***

**4.14.3** With a view to assist and facilitate discussions of the irregularities of persistent nature by the COPU, an exercise has been carried out to verify the extent of corrective action taken by the concerned audited entity. The results thereof in respect of Government Companies are given in *Annexure-33* and in respect of Statutory corporations are given in *Annexure-34*.

***Response to Inspection Reports, Draft Paragraphs and Performance Audit***

**4.14.4** Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned administrative departments of the State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through the respective heads of departments within a period of six weeks. Inspection reports issued up to March 2011 pertaining to 56 PSUs disclosed that 11306 Paragraphs relating to 2897 Inspection Reports remained outstanding at the end of September 2011. Department-wise break-up of Inspection Reports and audit observations outstanding at the end of 30 September 2011 are given in *Annexure-35*.

Similarly, Draft Paragraphs and Performance Audit on the working of PSUs are forwarded to the Principal Secretary, Finance and 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. Out of 13 Draft Paragraphs and two Performance Audit Reports forwarded to the various departments between

March and November 2011, the Government had not replied to any draft paragraphs/performance audit reports so far (December 2011), as detailed in *Annexure-36*.

We recommend that the Government should ensure that (a) procedure exists for action against the officials who failed to send replies to inspection reports/draft paragraphs/Performance Audit and Action Taken Notes on recommendation of COPU as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayment in a time bound schedule, and (c) the system of responding to audit observations is revamped.

**Lucknow  
The**

**(SMITA S. CHAUDHRI)  
Accountant General (Commercial and Receipt Audit),  
Uttar Pradesh**

**Countersigned**

**New Delhi  
The**

**(VINOD RAI)  
Comptroller and Auditor General of India**

**Annexure-1**

**Statement showing particulars of up to date paid up capital, loans outstanding and manpower as on 31 March 2011 in respect of Government companies and Statutory corporations  
(Referred to in paragraph 1.7)**

(Figures in column 5 (a) to 6(d) are ₹ in crore)

Sl No	Sector and name of the company	Name of the Department	Month and year of incorporation	Paid up capital\$				Loans* outstanding at the close of 2010-11				Debt Equity ratio for 2010-11 (previous year)	Manpower (No of employees as on 31-03-2011)
				State Government	Central Government	Others	Total	State Government	Central Government	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	<b>Working Government companies</b>												
	<b>AGRICULTURE AND ALLIED</b>												
1	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	Sugar Industry & Cane Development	27.08.1975	0.15	-	0.10	0.25	-	-	-	-	-	21
2	Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Limited	Sugar Industry & Cane Development	27.08.1975	0.51	-	0.14	0.65			-	-	-	08
3	Uttar Pradesh Beej Vikas Nigam Limited	Agriculture	15.02.2002	1.25	-	0.67	1.92	-	-	-	-	-	370
4	Uttar Pradesh Bhumi Sudhar Nigam	Agriculture	30.03.1978	1.50	-	-	1.50	-	-	-	-	-	903
5	Uttar Pradesh Matsya Vikas Nigam Limited	Matysa & Pashudhan	27.10.1979	1.07	-	-	1.07	-	-	-	-	-	216
6	Uttar Pradesh Projects Corporation Limited	Irrigation	26.05.1976	5.40	1.00	-	6.40	-	-	-	-	-	642
7	Uttar Pradesh State Agro Industrial Corporation Limited	Agriculture	29.03.1967	46.78	-	-	46.78	5.00	-	-	5.00	0.11:1 (0.11:1)	829
	<b>Sector wise total</b>			<b>56.66</b>	<b>1.00</b>	<b>0.91</b>	<b>58.57</b>	<b>5.00</b>	<b>-</b>	<b>-</b>	<b>5.00</b>	<b>0.09:1 (0.13:1)</b>	<b>2989</b>
	<b>FINANCING</b>												
8	The Pradeshiya Industrial and Investment Corporation of U.P. Limited	Industrial Development	29.03.1972	110.58	-	25.00	135.58	155.11	-	-	155.11	1.14:1 (1.09:1)	240
9	Uttar Pradesh Alpsankhyak Vitya Avam Vikas Nigam Limited	Alpsankhyak kalyan & Waqf	17.11.1984	30.00	-	-	30.00	7.52	-	82.68	90.20	3.01:1 (3.01:1)	--
10	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited	Pichhara Varg Kalyan	26.04.1991	12.23	-	-	12.23	-	-	25.94	25.94	2.12:1 (3.96:1)	17
11	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	Samaj Kalyan	25.03.1975	117.00	-	100.00	217.00	-	-	71.42	71.42	0.33:1 (0.37:1)	445
12	Uttar Pradesh State Industrial Development Corporation Limited	Mineral and Mining	29.03.1961	24.08	-	-	24.08	1.98	-	-	1.98	0.08:1 (0.08:1)	647
	<b>Sector wise total</b>			<b>293.89</b>	<b>-</b>	<b>125.00</b>	<b>418.89</b>	<b>164.61</b>	<b>-</b>	<b>180.04</b>	<b>344.65</b>	<b>0.82:1 (0.90:1)</b>	<b>1349</b>

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
	<b>INFRASTRUCTURE</b>												
13	Uttar Pradesh Police Avast Nigam Limited	Home	27.03.1987	3.00	-	-	3.00	-	-	-	-	-	158
14	Uttar Pradesh Rajkiya Nirman Nigam Limited	Public Works	01.05.1975	1.00	-	-	1.00	-	-	-	-	-	3604
15	Uttar Pradesh Samaj Kalyan Nirman Nigam Limited	Samaj Kalyan	25.06.1976	0.15	-	-	0.15	-	-	-	-	-	589
16	Uttar Pradesh State Bridge Corporation Limited	Public works	09.01.1973	15.00	-	-	15.00	2.50	-	-	2.50	0.17:1 (0.30:1)	6111
	<b>Sector wise total</b>			<b>19.15</b>	-	-	<b>19.15</b>	<b>2.50</b>	-	-	<b>2.50</b>	<b>0.13:1 (0.23:1)</b>	<b>10462</b>
	<b>MANUFACTURE</b>												
17	Almora Magnesite Limited(619-B Company)		27.08.1971	-	-	2.00	2.00	-	-	0.31	0.31	0.16:1 (0.05:1)	441
18	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry and Cane Development	18.04.1975	-	-	81.38	81.38	-	4.00	0.23	4.23	0.05:1 (0.05:1)	525
19	Ghatampur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry and Cane Development	30.05.1986	-	-	147.72	147.72	-	-	17.79	17.79	0.12:1 (0.07:1)	20
20	Nandganj-Sihori Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry and Cane Development	18.04.1975	-	-	34.04	34.04	-	-	7.69	7.69	0.23:1 (0.11:1)	80
21	Shreetron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics & information Technology	10.02.1979	-	-	7.22	7.22	-	-	2.63	2.63	0.36:1 (0.36:1)	10
22	UPSIC Potteries Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Laghu Udyog	27.04.1976	-	-	0.76	0.76	0.86	-	1.84	2.70	3.55:1 (2.67:1)	-
23	Uptron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics & information Technology	18.10.1974	-	-	57.93	57.93	-	-	9.70	9.70	0.17:1 (0.17:1)	-
24	Uptron Powertronics Ltd. (subsidiary of Uttar Pradesh Electronics Corporation)	Electronics and information technology	10.04.1977	-	-	4.07	4.07	-	-	5.67	5.67	1.39:1 (1.45:1)	30
25	Uttar Pradesh Drugs and Pharmaceuticals Limited	Health	-	1.10	-	-	1.10	-	-	-	-	-	308
26	Uttar Pradesh Electronics Corporation Limited.	Electronics and information technology	20.03.1974	91.54	-	-	91.54	113.16	-	-	113.16	1.24:1 (0.88:1)	39
27	Uttar Pradesh Rajya Chini Avam Ganna Vikas Nigam Limited	Sugar Industry and cane Development	16.05.2002	553.03	-	327.00	880.03	-	-	-	-	-	61
28	Uttar Pradesh Small Industries Corporation Limited	Laghu Udhog	01.06.1958	5.96	-	-	5.96	6.32	-	3.92	10.24	1.72:1 (1.72:1)	-
29	Uttar Pradesh State Handloom Corporation Limited	Hathkargha evam vastra Udhog	09.01.1973	36.44	10.63	-	47.07	106.05	-	5.00	111.05	2.36:1 (2.31:1)	321

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
30	Uttar Pradesh State Leather Development and Marketing Corporation Limited	Niryat Protshahan	12.02.1974	5.74	-	-	5.74	1.91	-	-	1.91	0.33:1 (0.33:1)	2
31	Uttar Pradesh State Spinning Company Limited	Hathkargha evam vastra Udhog	20.08.1976	93.24	-	-	93.24	65.31	-	-	65.31	0.70:1 (0.49:1)	2479
32	Uttar Pradesh State Sugar Corporation Limited	Sugar Industry & Cane Development	26.03.1971	1103.72	-	-	1103.72	-	-	-	-	- (0.21:1)	226
33	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Hathkargha evam vastra Udhog	20.08.1974	53.67	-	-	53.67	37.29	-	4.72	42.01	0.78:1 (0.96:1)	1096
	<b>Sector wise total</b>			<b>1944.44</b>	<b>10.63</b>	<b>662.12</b>	<b>2617.19</b>	<b>330.90</b>	<b>4.00</b>	<b>59.50</b>	<b>394.40</b>	<b>0.15:1 (0.22:1)</b>	<b>5638</b>
	<b>POWER</b>												
34	Dakshinanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	1.05.2003	-	-	3264.14	3264.14	77.98	-	1056.35	1134.33	0.35:1 (0.24:1)	5243
35	Kanpur Electricity Supply Company Limited	Energy	21.07.1999	-	-	177.99	177.99	4.04	-	283.93	287.97	1.62:1 (1.62:1)	2051
36	Madhyanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	01.05.2003	-	-	2100.72	2100.72	-	-	617.57	617.57	0.29:1 (0.32:1)	9193
37	Paschimanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	01.05.2003	-	-	3203.58	3203.58	-	-	805.36	805.36	0.25:1 (0.49:1)	8393
38	Purvanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	01.05.2003	-	-	3953.59	3953.59	-	-	109.93	109.93	0.03:1 (0.05:1)	9507
39	Sonebhadra Power Generation Company Limited	Energy	14.02.2007	-	-	0.07	0.07	-	-	-	-	--	-
40	UCM Coal Company Limited	Energy	16.02.2008	-	-	0.16	0.16	0.25	-	0.25	0.50	3.13:1 (117.69:1)	-
41	UPSIDC Power Company Limited (Subsidiary of Uttar Pradesh State Industrial Corporation Limited)	Energy	11.04.2000	-	-	0.05	0.05	-	-	-	-	-	-
42	Uttar Pradesh Jal Vidyut Nigam Limited	Energy	15.04.1985	431.74	-	-	431.74	64.65	-	85.21	149.86	0.35:1 (0.35:1)	628
43	Uttar Pradesh Power Corporation Limited	Energy	30.11.1999	30198.74	-	-	30198.74	322.25	-	9760.74	10082.99	0.33:1 (0.14:1)	-
44	Uttar Pradesh Power Transmission Corporation Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	13.07.2006	4028.46	-	5.00	4033.46	-	-	2354.87	2354.87	0.58:1 -	-



(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
45	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Energy	22.08.1980	6310.56	-	-	6310.56	219.09	-	7262.24	7481.33	1.19:1 (0.99:1)	8776
46.	Lalitpur Power Generation Company Limited	Energy	04.09.2009	-	-	-	-	-	-	-	-	-	-
	<b>Sector wise total</b>			<b>40969.50</b>	<b>-</b>	<b>12705.30</b>	<b>53674.80</b>	<b>688.26</b>	<b>-</b>	<b>22336.45</b>	<b>23024.71</b>	<b>0.43:1 (0.28:1)</b>	<b>43791</b>
	<b>SERVICE</b>												
47	Abhyaranya Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
48	Adyhasasai Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
49	Awadh Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
50	Bithpur Paripath Paryatan Ltd.	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
51	Braj Darshan Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
52	Braj Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
53	Bundelkhand Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
54	Ganga Saryu Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
55	Garhmukteshwar Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
56	Gyanodaya Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
57	Hastinapur Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
58	Hindon Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
59	Madhyanchal Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
60	Paanchal Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
61	Pachimanchal Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
62	Sangam Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
63	Satyadarshan Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
64	Shajhanpur Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
65	Siddhartha Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
66	Taj Shilp Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
67	Taj Virasat Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
68	Triveni Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
69	Uttar Pradesh Development Systems Corporation Limited	Electronics & information Technology	15.03.1977	1.00	-	-	1.00	--	-	-	-	-	94
70	Uttar Pradesh Export Corporation Limited	Niryat Protsahan	20.01.1996	6.34	0.90	-	7.24	7.44	-	-	7.44	1.03:1 (1.03:1)	142
71	Uttar Pradesh Food and Essential Commodities Corporation Limited	Food & Civil Supplies	22.10.1974	5.50	-	-	5.50	13.47	-	-	13.47	2.45:1 (2.45:1)	835

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
72	Uttar Pradesh State Tourism Development Corporation Limited	Tourism	05.08.1974	18.75	-	-	18.75	2.37	-	-	2.37	0.13:1 (0.13:1)	569
	<b>Sector wise total</b>			<b>31.59</b>	<b>0.90</b>	<b>1.10</b>	<b>33.59</b>	<b>23.28</b>	-	-	<b>23.28</b>	<b>0.69:1 (0.69:1)</b>	<b>1640</b>
	<b>MISCELLANEOUS</b>												
73	Uttar Pradesh Mahila Kalyan Nigam Limited	Mahila Kalyan	17.03.1988	4.71	0.48	-	5.19	-	-	-	-	-	22
74	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	Samaj Kalyan	23.05.1989	0.43	-	-	0.43	-	-	-	-	-	124
75	Uttar Pradesh Waqf Vikas Nigam Limited	Waqf & Alpsankhyak	27.04.1987	7.50	-	-	7.50	--	--	-	-	-	24
76	Lucknow City Transport Services Limited	Transport	01.02.2010	-	-	-	-	-	-	-	-	-	-
	<b>Sector wise total</b>			<b>12.64</b>	<b>0.48</b>	-	<b>13.12</b>	-	-	-	-	-	<b>170</b>
	<b>Total A ( All sector wise working Government companies)</b>			<b>43327.87</b>	<b>13.01</b>	<b>13494.43</b>	<b>56835.31</b>	<b>1214.55</b>	<b>4.00</b>	<b>22575.99</b>	<b>23794.54</b>	<b>0.42:1 (0.28:1)</b>	<b>66039</b>
<b>B</b>	<b>Working Statutory Corporations</b>												
	<b>AGRICULTURE &amp; ALLIED</b>												
1	Uttar Pradesh State Warehousing Corporation	Cooperative	19.03.1958	7.79	5.58	-	13.37	-	-	-	-	-	1320
	<b>Sector wise total</b>			<b>7.79</b>	<b>5.58</b>	-	<b>13.37</b>	-	-	-	-	-	<b>1320</b>
	<b>FINANCING</b>												
2	Uttar Pradesh Financial Corporation	Industry Development	01.11.1954	114.51	-	64.78	179.29	271.43	-	376.59	648.02	3.61:1 (3.39:1)	697
	<b>Sector wise total</b>			<b>114.51</b>	-	<b>64.78</b>	<b>179.29</b>	<b>271.43</b>	-	<b>376.59</b>	<b>648.02</b>	<b>3.61:1 (3.39:1)</b>	<b>697</b>
	<b>INFRASTRUCTURE</b>												
3	Uttar Pradesh Avas Evam Vikas Parishad	Housing & Urban Planning	03.04.1966	-	-	-	-	-	-	-	-	-	3700
4	Uttar Pradesh Jal Nigam	Urban Development	06.06.1975	-	-	-	-	98.68	-	-	98.68	-	-
	<b>Sector wise total</b>			-	-	-	-	<b>98.68</b>	-	-	<b>98.68</b>	-	<b>3700</b>
	<b>SERVICE</b>												
5	Uttar Pradesh State Road Transport Corporation	Transport	01.06.1972	309.11	60.01	-	369.12	-	-	90.00	90.00	0.24:1 (-)	-
6	Uttar Pradesh Government Employees Welfare Corporation	Food & Civil Suplies	05.05.1965	-	-	-	-	9.51	-	-	9.51	-	889
	<b>Sector Wise total</b>			<b>309.11</b>	<b>60.01</b>	-	<b>369.12</b>	<b>9.51</b>	-	<b>90.00</b>	<b>99.51</b>	<b>0.27:1 (0.03:1)</b>	<b>889</b>
	<b>Miscellaneous</b>												
7	Uttar Pradesh Forest Corporation**	Forest	25.11.1974	-	-	-	-	-	-	-	-	-	847
	<b>Sector Wise total</b>			-	-	-	-	-	-	-	-	-	<b>847</b>
	<b>Total B (All Sector wise working statutory corporations)</b>			<b>431.41</b>	<b>65.59</b>	<b>64.78</b>	<b>561.78</b>	<b>379.62</b>	-	<b>466.59</b>	<b>846.21</b>	<b>1.51:1 (1.27:1)</b>	<b>7453</b>
	<b>Total (A+B)</b>			<b>43759.28</b>	<b>78.60</b>	<b>13559.21</b>	<b>57397.09</b>	<b>1594.17</b>	<b>4.00</b>	<b>23042.58</b>	<b>24640.75</b>	<b>0.43:1 (0.29:1)</b>	<b>73492</b>

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
<b>C</b>	<b>Non working Companies</b>												
	<b>AGRICULTURE &amp; ALLIED</b>												
1	Command Area Poultry Development Corporation Limited ( 619-B company)	Matsya & Pashudhan		-	-	0.24	0.24						
2	Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Limited	Sugar Industry & Cane development	27.08.1975	0.23	-	0.08	0.31	1.69	-		1.69	5.45:1 (5.45:1)	19
3	Uttar Pradesh (Rohilkhand Tarai) Ganna Beej Evam Vikash Nigam Limited	Sugar Industry & Cane development	27.08.1975	0.38	-	0.33	0.71	6.55	-	-	6.55	9.23:1 (9.23:1)	-
4	Uttar Pradesh Pashudhan Udyog Nigam Limited	Matsya & Pashudhan	05.03.1975	2.10	0.63	-	2.73	0.71	-	-	0.71	0.26:1 (0.26:1)	-
5	Uttar Pradesh Poultry and Livestock Specialties Limited	Matsya & Pashudhan	07.12.1974	1.66	1.28	-	2.94	1.10	-	-	1.10	0.37:1 (0.37:1)	-
6	Uttar Pradesh State Horticultural Produce Marketing & Processing Corporation Limited	Food Processing	06.04.1977	6.41	-	0.64	7.05	1.22	-	-	1.22	0.17:1 (0.17:1)	330
	<b>Sector wise Total</b>			<b>10.78</b>	<b>1.91</b>	<b>1.29</b>	<b>13.98</b>	<b>11.27</b>	<b>-</b>	<b>-</b>	<b>11.27</b>	<b>0.81:1 (0.81:1)</b>	<b>349</b>
	<b>FINANCING</b>												
7	Uplease Financial Services Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics & Information Technology	05.01.1988	-	-	1.06	1.06	--	-	4.15	4.15	3.92:1 (3.92:1)	--
8	Uttar Pradesh Panchayati Raj Vitta Evam Vikas Nigam Limited	Panchyati Raj	24.04.1973	0.78	-	0.66	1.44	--	-	-	-	-	52
	<b>Sector Wise Total</b>			<b>0.78</b>	<b>-</b>	<b>1.72</b>	<b>2.50</b>	<b>-</b>	<b>-</b>	<b>4.15</b>	<b>4.15</b>	<b>1.66:1 (1.66:1)</b>	<b>52</b>
	<b>INFRASTRUCTURE</b>												
9	Uttar Pradesh Cement Corporation Limited	Industry Development	19.03.1972	66.28	-	-	66.28	124.77	-	-	124.77	1.88:1 (1.88:1)	
10	Uttar Pradesh State Mineral Development Corporation Limited	Industry Development	23.03.1974	59.43	-	-	59.43	18.24	-	1.50	19.74	0.33:1 (0.33:1)	
11	Vindhyachal Abrasives Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	Industry Development	05.12.1985	-	-	0.08	0.08	-	-	0.84	0.84	10.50:1 (10.50:1)	-
	<b>Sector wise Total</b>			<b>125.71</b>	<b>-</b>	<b>0.08</b>	<b>125.79</b>	<b>143.01</b>	<b>-</b>	<b>2.34</b>	<b>145.35</b>	<b>1.16:1 (1.16:1)</b>	<b>-</b>
	<b>MANUFACTURE</b>												
12	Auto Tractors Limited	Industry Development	28.12.1972	5.63	-	1.87	7.50	0.38	-	-	0.38	0.05:1 (0.05:1)	-
13	Bhadohi Woollens Limited (Subsidiary of Uttar Pradesh State Textile Corporation Ltd.)	HatKargha & Vastra Udyog	14.06.1976	-	-	3.76	3.76	-	-	-	-	-	-
14	Continental Float Glass Limited	Industry Development	12.04.1985	-	-	46.24	46.24	-	-	138.85	138.85	3.00:1 (3.00:1)	-
15	Electronics and Computers (India) Limited ( 619-B Company)				-			-	-	-	-	-	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
16	Kanpur Components Limited (Subsidiary of Uttar Pradesh Electronics Corporation Ltd.)	Electronic & Information Technology	31.03.1978	-	-	0.05	0.05	-	-	-	-	-	-
17	Steel and Fasteners Limited (619-B Company)		-	-	-	1.90	1.90	-	-	-	-	-	-
18	The Indian Turpentine and Rosin Company Limited	Industry Development	22.02.1974	0.19	-	0.03	0.22	5.33	-	1.88	7.21	32.77:1 (24.23:1)	-
19	Uptron Sempack Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronic & Information Technology	23.05.1977	-	-	0.03	0.03	-	-	0.03	0.03	1:1 (1:1)	-
20	Uttar Pradesh Abscott Private Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Laghu Udyog	18.6.1972	-	-	0.05	0.05	-	-	-	-	-	-
21	Uttar Pradesh Carbide and Chemicals Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Ltd.)	Industry Development	23.04.1979	-	-	6.59	6.59	11.02	-	-	11.02	1.67:1 (1.67:1)	-
22	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industry Development	1.01.1975	0.09	-	1.93	2.02	5.55	-	11.49	17.04	8.44:1 (8.44:1)	259
23	Uttar Pradesh Plant Protection Appliances (Private) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Laghu Udyog	28.6.1972	-	-	0.02	0.02	-	-	-	-	- (1.50:1)	-
24	Uttar Pradesh State Brassware Corporation Limited	Niryat Protsahan	12.02.1974	5.28	0.10	-	5.38	1.94	-	-	1.94	0.36:1 (0.36:1)	-
25	Uttar Pradesh State Textile Corporation Limited	HatKargha & Vastra Udyog	02.12.1969	197.10	-	-	197.10	95.78	-	-	95.78	0.49:1 (0.47:1)	-
26	Uttar Pradesh Tyre and Tubes Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industry Development	14.01.1976	-	-	1.83	1.83	-	-	-	-	-	-
	<b>Sector Wise Total</b>			<b>208.29</b>	<b>0.10</b>	<b>64.30</b>	<b>272.69</b>	<b>120.00</b>	<b>-</b>	<b>152.25</b>	<b>272.25</b>	<b>1:1 (0.98:1)</b>	<b>259</b>
	<b>SERVICE SECTOR</b>												
27	Agra Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	1.00	-	-	1.00	0.05	-	-	0.05	0.05:1 (0.05:1)	-
28	Allahabad Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	0.67	-	-	0.67	0.66	-	-	0.66	0.99:1 (0.99:1)	-
29	Bareilly Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	1.25	-	-	1.25	-	-	-	--	-	-
30	Bundelkhand Concrete Structurals Limited (Subsidiary of Uttar Pradesh Bundelkhand Vikas Nigam Ltd.)	Bhumi Vikas & Jal Sansadhan	1986-87	-	-	0.01	0.01	-	-	-	-	-	-
31	Gandak Smadesh Kshetriya Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	1976-77	0.46	-	-	0.46	-	-	--	-	-	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
32	Gorakhpur Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	0.94	-	0.32	1.26	0.88	-	-	0.88	0.70:1 (0.70:1)	-
33	Lucknow Mandaliya Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	0.70	-	-	0.70	0.86	-	-	0.86	1.23:1 (1.23:1)	-
34	Meerut Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	1.00	-	-	1.00	-	-	-	-	-	-
35	Moradabad Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	30.03.1978	0.25	-	-	0.25	0.65	-	-	0.65	2.60:1 (2.60:1)	-
36	Tarai Anusuchit Janjati Vikas Nigam Limited	Samaj Kalyan	2.08.1975	0.45	-	-	0.45	1.25	-	-	1.25	2.78:1 (2.78:1)	-
37	Uttar Pradesh Bundelkhand Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	30.03.1971	1.23	-	-	1.23	0.05	-	-	0.05	0.04:1 (0.05:1)	-
38	Uttar Pradesh Chalchitra Nigam Limited	Tax and Institutional Finance	10.09.1975	8.18	-	-	8.18	2.47	-	-	2.47	0.30:1	-
39	Uttar Pradesh Poorvanchal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	30.03.1971	1.30	-	-	1.30	0.35	-	-	0.35	0.27:1 (0.27:1)	-
40	Varanasi Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	0.70	-	-	0.70	0.30	-	-	0.30	0.43:1 (0.43:1)	-
	<b>Sector wise Total</b>			<b>18.13</b>	<b>-</b>	<b>0.33</b>	<b>18.46</b>	<b>7.52</b>	<b>-</b>	<b>-</b>	<b>7.52</b>	<b>0.41:1 (0.41:1)</b>	<b>-</b>
	<b>Total C (All sector wise non working companies)</b>			<b>363.69</b>	<b>2.01</b>	<b>67.72</b>	<b>433.42</b>	<b>281.80</b>	<b>-</b>	<b>158.74</b>	<b>440.54</b>	<b>1.02:1 (1.00:1)</b>	<b>660</b>
	<b>Grand Total (A+B+C)</b>			<b>44122.97</b>	<b>80.61</b>	<b>13626.93</b>	<b>57830.51</b>	<b>1875.97</b>	<b>4.00</b>	<b>23201.32</b>	<b>25081.29</b>	<b>0.43:1 (0.30:1)</b>	<b>74152</b>

Note 1: Above includes Section 619-B companies at Sr. no- A-17,C-1, 15 and 17.

Note 2: Companies at Sl No. A-47 to A-68 are subsidiaries of Uttar Pradesh State Tourism Development Corporation Limited.

\$ Paid up capital includes share application money.

\* Loans outstanding at the close of 2010-11 represents long term loans only.

\*\* The audit of Accounts for the periods 1999-2000 to 2007-08 was conducted by Local Audit and Audit for the year 2008-09 has been entrusted to this Office as per order of the corporation dated 31 July 2010 after doing necessary amendment in the UP Forest Corporation Act, 1974.

## Annexure-2

### Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised (Referred to in paragraph 1.13)

(Figures in column 5 (a) to 11 are ₹ in crore)

Sl No	Sector and name of the company	Period of accounts	Year in which finalised	Net Profit/Loss				Turnover	Impact of Account comments#	Paid up Capital	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed\$	Percentage return on capital employed
				Net Profit / loss before interest and 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	<b>Working Government companies</b>													
	<b>AGRICULTURE AND ALLIED</b>													
1	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	2010-11	2011-12	(-) 0.07	-	-	(-)0.07	0.20	IL 0.10	0.25	(-) 0.71	2.29	(-) 0.07	-
2	Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Limited	2010-11	2011-12	0.10	-	-	0.10	0.10	-	0.65	0.65	1.30	0.10	7.7
3	Uttar Pradesh Beej Vikas Nigam Limited	2007-08	2011-12	11.71	4.17	0.52	7.02	187.66	-	1.92	30.88	135.19	11.19	8.28
4	Uttar Pradesh Bhumi Sudhar Nigam	2007-08	2010-11	0.09	-	-	0.09	9.19	-	1.50	0.21	22.61	0.09	0.40
5	Uttar Pradesh Matsya Vikas Nigam Limited	2004-05	2010-11	0.27	-	0.10	0.17	3.74	DP 1.13	1.07	(-)0.29	5.57	0.17	3.05
6	Uttar Pradesh Projects Corporation Limited	2009-10	2011-12	18.98	-	0.39	18.59	733.98	IP 29.31	6.40	68.02	74.49	18.59	24.96
7	Uttar Pradesh State Agro Industrial Corporation Limited	2007-08	2010-11	14.13	8.79	0.10	5.24	383.90	-	40.00	(-)51.68	73.68	14.03	19.04
	<b>Sector wise total</b>			<b>45.21</b>	<b>12.96</b>	<b>1.11</b>	<b>31.14</b>	<b>1318.77</b>	<b>-</b>	<b>51.79</b>	<b>47.08</b>	<b>315.13</b>	<b>44.10</b>	<b>13.99</b>
	<b>FINANCING</b>													
8	The Pradeshiya Industrial and Investment Corporation of U.P. Limited	2009-10	2010-11	33.88	19.60	0.31	13.97	44.01	DP 0.56	135.58	(-) 366.40	297.32	33.57	11.29
9	Uttar Pradesh Alpsankhyak Vitya Avam Vikas Nigam Limited	1995-96	2010-11	0.70	0.45	0.01	0.24	1.14	DP 5.29	14.23	0.12	20.94	0.69	3.30
10	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited	2006-07	2011-12	2.29	1.92	0.02	0.35	2.73	-	11.98	6.47	62.33	2.27	3.64
11	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	2008-09	2011-12	15.77	2.14	0.05	13.58	23.53	DP 0.13	102.83	56.97	313.85	15.72	5.01
12	Uttar Pradesh State Industrial Development Corporation Limited	2007-08	2010-11	102.73	0.01	5.71	97.01	140.31	-	24.08	0.01	179.58	97.02	54.03
	<b>Sector wise total</b>			<b>155.37</b>	<b>24.12</b>	<b>6.10</b>	<b>125.15</b>	<b>211.72</b>	<b>-</b>	<b>288.70</b>	<b>(-) 302.83</b>	<b>874.02</b>	<b>149.27</b>	<b>17.08</b>

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	<b>INFRASTRUCTURE</b>													
13	Uttar Pradesh Police Avas Nigam Limited	2009-10	2010-11	2.12	-	0.17	1.95	55.59	-	3.00	13.13	16.03	1.95	12.16
14	Uttar Pradesh Rajkiya Nirman Nigam Limited	2008-09	2010-11	200.60	0.02	4.94	195.64	2947.52	-	1.00	264.85	282.02	195.66	69.38
15	Uttar Pradesh Samaj Kalyan Nirman Nigam Limited	2009-10	2010-11	9.99	-	0.38	9.61	541.81	IP 1.18	0.15	31.68	46.54	9.61	20.65
16	Uttar Pradesh State Bridge Corporation Limited	2008-09	2010-11	30.57	1.64	4.36	24.57	608.84	IP 0.29	15.00	37.80	71.56	26.21	36.63
	<b>Sector wise total</b>			<b>243.28</b>	<b>1.66</b>	<b>9.85</b>	<b>231.77</b>	<b>4153.76</b>	<b>-</b>	<b>19.15</b>	<b>347.46</b>	<b>416.15</b>	<b>233.43</b>	<b>56.09</b>
	<b>MANUFACTURE</b>													
17	Almora Magnesite Limited (619-B Company)	2010-11	2011-12	0.88	0.10	0.33	0.45	27.40	-	2.00	1.03	3.13	0.55	17.57
18	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2009-10	2010-11	(-)12.34	0.69	0.19	(-)13.22	7.72	-	81.38	(-)93.99	11.84	(-) 12.53	-
19	Ghatampur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2008-09	2010-11	3.34	10.73	0.10	(-)7.49	14.90	DP 0.79	8.95	(-) 138.28	13.54	3.24	23.92
20	Nandganj-Sihori Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2009-10	2011-12	(-)12.09	-	0.11	(-)12.20	4.96	-	34.04	(-) 239.30	11.68	(-)12.20	-
21	Shretron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	2009-10	2010-11	1.61	-	0.55	1.06	30.92	DP 4.52	7.22	-	10.47	1.06	10.12
22	UPSIC Potteries Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	1995-96	2010-11	(-)0.21	0.49	0.02	(-) 0.72	0.04	-	0.76	(-)5.84	(-)0.35	(-)0.23	-
23	Uptron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	1995-96	1997-98	(-)1.99	28.06	2.07	(-)32.12	97.15	-	53.16	(-) 196.73	52.06	(-)4.06	-
24	Uptron Powertronics Ltd. (Subsidiary of U. P. Electronics Corporation Ltd)	2009-10	2010-11	0.26	-	0.06	0.20	5.96	DP 0.81	4.07	(-)5.60	9.26	0.20	2.16
25	Uttar Pradesh Drugs and Pharmaceuticals Limited	2008-09	2010-11	(-)2.18	0.21	0.25	(-)2.64	21.40	-	1.10	(-)18.06	(-)5.49	(-)2.43	-
26	Uttar Pradesh Electronics Corporation Limited.	2009-10	2010-11	1.76	-	0.94	0.82	35.60	DP 63.04	87.66	0.39	90.63	0.82	0.90
27	Uttar Pradesh Rajya Chini Avam Ganna Vikas Nigam Limited	2009-10	2011-12	(-)13.55	0.01	0.25	(-)13.81	5.72	IL 16.89	8.44	(-) 862.84	65.78	(-)13.80	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
28	Uttar Pradesh Small Industries Corporation Limited)	2002-03	2010-11	(-)2.02	0.93	0.06	(-)3.01	15.50	IL 0.80	5.96	(-)16.70	7.17	(-)2.08	-
29	Uttar Pradesh State Handloom Corporation Limited	1996-97	2010-11	(-)7.88	1.38	0.42	(-)9.68	29.18	DP 0.01	24.38	(-)47.83	31.59	(-)8.30	-
30	Uttar Pradesh State Leather Development and Marketing Corporation Limited	2000-01	2002-03	0.42	0.05	0.11	0.26	3.60	-	573.94	(-)6.85	4.81	0.31	6.44
31	Uttar Pradesh State Spinning Company Limited	2010-11	2011-12	0.60	1.50	1.25	(-)2.15	102.33	-	93.24	(-) 168.50	51.50	(-)0.65	-
32	Uttar Pradesh State Sugar Corporation Limited	2008-09	2010-11	(-)12.47	26.27	5.13	(-)43.87	668.80	DP 281.77	1103.71	(-) 249.04	341.59	(-)17.60	-
33	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	2010-11	2011-12	(-)0.25	3.01	0.27	(-)3.53	34.09	IL 2.59	31.91	(-)154.52	(-)33.89	(-)0.51	-
	<b>Sector Wise total</b>			<b>(-)56.11</b>	<b>73.43</b>	<b>12.11</b>	<b>(-)141.65</b>	<b>1105.27</b>	<b>-</b>	<b>2121.92</b>	<b>(-) 2202.66</b>	<b>665.32</b>	<b>(-)68.22</b>	<b>-</b>
	<b>POWER</b>													
34	Dakshinanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2007-08	2011-12	(-)1009.74	17.74	122.27	(-) 1149.75	2257.01	IL 69.31	370.07	(-) 3814.71	(-)899.54	(-) 1132.01	-
35	Kanpur Electricity Supply Company Limited	2007-08	2010-11	(-)224.64	17.47	10.04	(-) 252.15	596.85	IL 0.32	60.00	(-) 1300.54	(-)784.98	(-)234.68	-
36	Madhyanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2007-08	2010-11	(-)541.57	100.47	131.79	(-) 773.83	2082.85	IL 159.88	190.85	(-) 2491.31	626.46	(-)673.36	-
37	Paschimanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2007-08	2011-12	(-)414.81	129.83	120.89	(-)665.53	3940.87	IL 298.87	559.95	(-) 2570.52	272.65	(-)535.70	-
38	Purvanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2007-08	2011-12	(-)915.15	97.15	89.70	(-) 1102.00	2698.83	-	165.41	(-) 3290.55	142.50	(-) 1004.85	-
39	Sonebhadra Power Generation Company Limited	2008-09	2011-12	-	-	-	-	-	-	0.16	(-)0.07	0.35	-	-
40	UCM Coal Company Limited	2010-11	2011-12	-	-	-	-	-	-	0.16	-	1.11	-	-
41	UPSIDC Power Company Limited (subsidiary of Uttar Pradesh State Industrial Corporation Limited)	2009-10	2010-11	(-)0.02	-	-	(-)0.02	0.02	-	0.05	(-)0.16	(-)0.06	(-)0.02	-



(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
42	Uttar Pradesh Jal Vidyut Nigam Limited	2009-10	2011-12	4.77	22.77	13.79	(-)31.79	98.59	-	427.25	(-) 233.63	615.44	(-)9.02	-
43	Uttar Pradesh Power Corporation Limited	2006-07	2008-09	81.32	380.24	206.50	(-) 505.42	11587.25	IL 810.89	470.74	(-) 7169.89	(-)710.43	(-)125.18	-
44	Uttar Pradesh Power Transmission Corporation Limited (Subsidiary Uttar Pradesh Power Corporation Limited)	Account not finalised	-	-	-	-	-	-	-	-	-	-	-	-
45	Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd	2009-10	2011-12	650.04	296.62	394.63	(-) 41.21	5076.65	DP 0.22	5527.01	(-) 578.23	5476.71	255.41	4.66
46	Lalitpur Power Generation Company Limited	2009-10	2011-12	-	-	-	-	-	-	0.05	-	(-)0.64	-	-
	<b>Sector wise total</b>			<b>(-)2369.80</b>	<b>1062.29</b>	<b>1089.61</b>	<b>(-) 4521.70</b>	<b>28338.92</b>	<b>-</b>	<b>7771.70</b>	<b>(-) 21449.61</b>	<b>4739.57</b>	<b>(-) 3459.41</b>	<b>-</b>
	<b>SERVICE</b>													
47	Abhyaranya Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
48	Adyhasai Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
49	Awadh Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
50	Bithpur Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
51	Braj Darshan Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
52	Braj Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
53	Bundelkhand Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
54	Ganga Saryu Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
55	Garhmukteshwar Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
56	Gyanodaya Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
57	Hastinapur Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
58	Hindon Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
59	Madhyanchal Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
60	Paanchal Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
61	Pachimanchal Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
62	Sangam Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
63	Satyadarshan Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
64	Shajhanpur Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
65	Siddartha Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
66	Taj Shilp Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
67	Taj Virasat Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
68	Triveni Paripath Paryatan Limited	2009-10	2010-11	-	-	-	-	-	-	0.05	-	0.05	-	-
69	Uttar Pradesh Development Systems Corporation Limited	2008-09	2011-12	1.11	-	0.05	1.06	4.43	DP 0.55	1.00	3.12	4.46	1.06	23.77
70	Uttar Pradesh Export Corporation Limited	2005-06	2011-12	0.08	0.02	0.07	(-)0.01	6.47	-	7.24	21.92	0.61	0.01	1.64
71	Uttar Pradesh Food and Essential Commodities Corporation Limited	2002-03	2011-12	17.46	2.20	0.20	15.06	580.88	DP 4.51	5.00	3.29	87.81	17.26	19.66
72	Uttar Pradesh State Tourism Development Corporation Limited	2009-10	2010-11	1.76	0.01	1.01	0.74	25.46	-	18.75	(-)14.31	9.87	0.75	7.60
	<b>Sector wise total</b>			<b>20.41</b>	<b>2.23</b>	<b>1.33</b>	<b>16.85</b>	<b>617.24</b>	<b>-</b>	<b>33.09</b>	<b>14.02</b>	<b>103.85</b>	<b>19.08</b>	<b>18.37</b>
	<b>MISCELLANEOUS</b>													
73	Uttar Pradesh Mahila Kalyan Nigam Limited	2010-11	2011-12	0.97	-	0.06	0.91	2.11	DP 0.63	5.19	(-)0.52	8.45	0.91	10.77
74	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2007-08	2010-11	8.74	-	0.19	8.55	73.64	DP 1.01	0.43	38.09	38.51	8.55	22.20
75	Uttar Pradesh Waqf Vikas Nigam Limited	1998-99	2007-08	0.01	-	0.01	-	0.28	IL 0.002	3.50	0.02	2.11	-	-
76.	Lucknow City Transport Services Limited	Accounts not finalised												
	<b>Sector wise total</b>			<b>9.72</b>	<b>-</b>	<b>0.26</b>	<b>9.46</b>	<b>76.03</b>	<b>-</b>	<b>9.12</b>	<b>37.59</b>	<b>49.07</b>	<b>9.46</b>	<b>19.28</b>
	<b>Total A ( All sector wise working Government companies)</b>			<b>(-)1951.92</b>	<b>1176.69</b>	<b>1120.37</b>	<b>(-)4248.98</b>	<b>35821.71</b>	<b>-</b>	<b>10295.47</b>	<b>(-) 23508.95</b>	<b>7163.11</b>	<b>(-) 3072.29</b>	<b>-</b>
B	<b>Working Statutory Corporations</b>													
	<b>AGRICULTURE &amp; ALLIED</b>													
1	Uttar Pradesh State Warehousing Corporation	2009-10	2011-12	72.63	0.49	7.72	64.42	218.45	-	11.17	-	312.80	64.91	20.75
	<b>Sector wise total</b>			<b>72.63</b>	<b>0.49</b>	<b>7.72</b>	<b>64.42</b>	<b>218.45</b>	<b>IP 7.35</b>	<b>11.17</b>	<b>-</b>	<b>312.80</b>	<b>64.91</b>	<b>20.75</b>
	<b>FINANCING</b>													
2	Uttar Pradesh Financial Corporation	2009-10	2011-12	0.84	0.48	-	0.36	14.61	DP 90.45	179.28	(-)951.35	1008.23	0.84	0.08
	<b>Sector wise total</b>			<b>0.84</b>	<b>0.48</b>	<b>-</b>	<b>0.36</b>	<b>14.61</b>	<b>179.28</b>	<b>(-) 951.35</b>	<b>1008.23</b>	<b>0.84</b>	<b>0.84</b>	<b>0.08</b>
	<b>INFRASTRUCTURE</b>													
3	Uttar Pradesh Avas Evam Vikas Parishad	2009-10	2010-11	340.79	-	2.33	338.46	690.08	-	-	2916.12	1283.34	338.46	26.37
4	Uttar Pradesh Jal Nigam	2008-09	2010-11	88.14	21.29	0.31	66.54	481.06	-	-	(-)84.44	6321.53	87.83	1.39
	<b>Sector wise total</b>			<b>428.93</b>	<b>21.29</b>	<b>2.64</b>	<b>405.00</b>	<b>1171.14</b>	<b>-</b>	<b>-</b>	<b>2831.68</b>	<b>7604.87</b>	<b>426.29</b>	<b>5.61</b>
	<b>SERVICE</b>													
5	Uttar Pradesh State Road Transport Corporation	2009-10	2010-11	108.11	24.27	135.81	(-)51.97	1600.67	IL 53.48	369.13	(-) 867.56	(-)205.54	(-)27.70	-
6	Uttar Pradesh Government Employees Welfare Corporation	2009-10	2011-12	1.90	0.79	0.05	1.06	131.27	-	-	(-)4.08	33.78	1.85	5.48
	<b>Sector Wise total</b>			<b>110.01</b>	<b>25.06</b>	<b>135.86</b>	<b>(-) 50.91</b>	<b>1731.94</b>	<b>-</b>	<b>369.13</b>	<b>(-) 871.64</b>	<b>(-)171.76</b>	<b>(-)25.85</b>	<b>-</b>

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	<b>Miscellaneous</b>													
7	Uttar Pradesh Forest Corporation*	2009-10	2011-12	116.53	-	0.86	115.67	340.45	-	-	1052.23	1013.08	115.67	11.42
	<b>Sector Wise total</b>			<b>116.53</b>	<b>-</b>	<b>0.86</b>	<b>115.67</b>	<b>340.45</b>	<b>-</b>	<b>-</b>	<b>1052.23</b>	<b>1013.08</b>	<b>115.67</b>	<b>11.42</b>
	<b>Total B (All sector wise statutory corporations)</b>			<b>728.94</b>	<b>47.32</b>	<b>147.08</b>	<b>534.54</b>	<b>3476.59</b>	<b>-</b>	<b>559.58</b>	<b>2060.92</b>	<b>9767.22</b>	<b>581.86</b>	<b>5.96</b>
	<b>Total (A+B)</b>			<b>(-)1222.98</b>	<b>1224.01</b>	<b>1267.45</b>	<b>(-) 3714.44</b>	<b>39298.30</b>	<b>-</b>	<b>10855.05</b>	<b>(-) 21448.03</b>	<b>16930.33</b>	<b>(-)2490.43</b>	<b>-</b>
<b>C</b>	<b>Non working Companies</b>													
	<b>AGRICULTURE &amp; ALLIED</b>													
1	Command Area Poultry Development Corporation Limited ( 619-B company)	1994-95	-	0.02	-	0.01	0.01	0.96	-	0.24	-	-	0.01	-
2	Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Limited	2002-03 (UL from 01-07-03)	2004-05	(-)0.14	0.04	-	(-)0.18	0.04	-	0.31	(-)0.55	1.53	(-)0.14	-
3	Uttar Pradesh (Rohilkhand Tarai) Ganna Beej Evam Vikash Nigam Limited	2006-07 (UL from 01-07-03)	2008-09	0.06	1.10	0.01	(-)1.05	0.11	-	0.71	(-)8.01	3.31	0.05	1.51
4	Uttar Pradesh Pashudhan Udyog Nigam Limited	2007-08	2011-12	0.08	0.11	-	(-)0.03	0.19	-	2.79	(-)8.37	1.33	0.08	6.02
5	Uttar Pradesh Poultry and Livestock Specialties Limited	2007-08	2011-12	(-)0.04	0.16	-	(-)0.20	0.01	IL 0.31	0.50	(-)3.65	(-)1.42	(-)0.04	-
6	Uttar Pradesh State Horticultural Produce Marketing & Processing Corporation Limited	1984-85	1994-95	(-)0.51	0.15	0.01	(-)0.67	0.27	-	1.90	(-)2.55	80.72	(-)0.52	-
	<b>Sector wise Total</b>			<b>(-)0.53</b>	<b>1.56</b>	<b>0.03</b>	<b>(-)2.12</b>	<b>1.58</b>	<b>-</b>	<b>6.45</b>	<b>(-)23.13</b>	<b>85.47</b>	<b>(-)0.56</b>	<b>-</b>
	<b>FINANCING</b>													
7	Uplease Financial Services Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	1997-98	1998-99	0.37	0.54	0.23	(-)0.40	1.29	-	1.05	(-)0.40	5.34	0.14	2.62
8	Uttar Pradesh Panchayati Raj Vitta Evam Vikas Nigam Limited	1992-93	2007-08	0.08	-	-	0.08	0.28	-	1.37	(-)0.14	138.65	0.08	0.06
	<b>Sector Wise Total</b>			<b>0.45</b>	<b>0.54</b>	<b>0.23</b>	<b>(-)0.32</b>	<b>1.57</b>	<b>-</b>	<b>2.42</b>	<b>(-)0.54</b>	<b>143.99</b>	<b>0.22</b>	<b>0.15</b>
	<b>INFRASTRUCTURE</b>													
9	Uttar Pradesh Cement Corporation Limited	1995-96	1996-97	(-)20.07	24.84	2.84	(-)47.75	113.01	-	68.28	(-) 425.99	(-)239.80	(-)22.91	-
10	Uttar Pradesh State Mineral Development Corporation Limited	2008-09	2010-11	1.24	1.83	0.06	(-)0.65	1.60	-	59.43	(-)79.68	(-)3.12	1.18	-
11	Vindhyachal Abrasives Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	1987-88 (UL from 28.11.02)	1995-96	(-)0.11	0.01	-	(-)0.12	-	-	-	(-)0.11	0.01	(-)0.11	-
	<b>Sector wise Total</b>			<b>(-)18.94</b>	<b>26.68</b>	<b>2.90</b>	<b>(-)48.52</b>	<b>114.61</b>	<b>-</b>	<b>127.71</b>	<b>(-) 505.78</b>	<b>(-)242.91</b>	<b>(-)21.84</b>	<b>-</b>
	<b>MANUFACTURE</b>													
12	Auto Tractors Limited	1991-92	1995-96	0.37	0.26	-	0.11	6.31	-	7.50	-	11.14	0.37	3.32

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
13	Bhadoli Woollens Limited (Subsidiary of Uttar Pradesh State Textile Corporation Ltd.)	1994-95 (UL from 20.02.96)		0.85	2.51	-	(-1.66)	0.27	-	3.76	(-11.95)	(-0.49)	0.85	-
14	Continental Float Glass Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	1997-98 (UL from 01-04-02)	2002-03	-	-	-	-	-	-	46.24	-	83.87	Company went into liquidation (since inception)	-
15	Electronics and Computers (India) Limited ( 619-B Company)	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Kanpur Components Limited (Subsidiary of Uttar Pradesh Electronics Corporation Ltd.)	Under liquidation from 10-06-96	-	-	-	-	-	0.05	-	--	-	-	-	-
17	Steel and Fasteners Limited (619-B Company)	1978-79	-	-	-	-	-	0.90	-	-	-	-	-	-
18	The Indian Turpentine and Rosin Company Limited	2009-10	2011-12	(-0.37)	0.10	0.01	(-0.48)	0.03	-	0.22	(-32.33)	(-26.64)	(-0.38)	-
19	Upton Sempack Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	1979-80 (UL from 10.06.96)	1983-84	(-0.01)	-	-	(-0.01)	-	-	0.03	(-0.03)	0.02	(-0.01)	-
20	Uttar Pradesh Abscott Private Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	1975-76 (UL from 19-04-96)		(-0.01)	0.01	-	(-0.02)	-	-	0.05	-	0.12	(-0.01)	-
21	Uttar Pradesh Carbide and Chemicals Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Ltd.)	1992-93 (UL from 19.02.94)	-	(-0.15)	5.67	0.36	(-6.18)	2.26	-	6.58	(-35.32)	(-18.45)	(-0.51)	-
22	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	2001-02	2005-06	(-0.26)	0.02	0.01	(-0.29)	0.16	-	1.93	(-38.75)	0.35	(-0.27)	-
23	Uttar Pradesh Plant Protection Appliances (Private) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	1974-75 (UL from 11/2003)	1984-85	(-0.01)	-	-	(-0.01)	0.04	-	0.01	0.01	(-0.34)	(-0.01)	-
24	Uttar Pradesh State Brassware Corporation Limited	1997-98	2007-08	2.52	0.12	0.01	2.39	0.53	-	5.38	(-6.04)	3.59	2.51	69.92
25	Uttar Pradesh State Textile Corporation Limited	2010-11	2011-12	(-0.27)	6.71	0.40	(-7.38)	-	-	160.79	(-465.52)	(-139.98)	(-0.67)	-
26	Uttar Pradesh Tyre and Tubes Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	1992-93 (UL from 09.01.96)	-	2.10	4.27	-	(-2.17)	1.38	-	1.83	(-9.96)	(-4.06)	2.10	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	<b>Sector Wise Total</b>			<b>4.76</b>	<b>19.67</b>	<b>0.79</b>	<b>(-)15.70</b>	<b>11.93</b>	<b>-</b>	<b>234.32</b>	<b>(-) 599.89</b>	<b>(-)90.87</b>	<b>3.97</b>	<b>-</b>
	<b>SERVICE SECTOR</b>													
27	Agra Mandal Vikas Nigam Limited	1988-89	2007-08	(-)0.08	-	0.01	(-)0.09	3.91	-	1.00	(-)0.35	0.92	(-)0.09	-
28	Allahabad Mandal Vikas Nigam Limited	1983-84	1992-93	(-)0.03	0.01	0.07	(-)0.11	2.74	-	0.55	(-)0.11	0.99	(-)0.10	-
29	Bareilly Mandal Vikas Nigam Limited	1988-89	2011-12	(-)0.22	0.12	0.05	(-)0.39	3.33	-	1.00	(-)1.52	4.63	(-)0.27	-
30	Bundelkhand Concrete Structural Limited (Subsidiary of Uttar Pradesh Bundelkhand Vikas Nigam Ltd.)	1986-87	1993-94	-	-	-	-	-	-	0.02	(-)0.01	0.04	-	-
31	Gandak Smadesh Kshetriya Vikas Nigam Limited	1976-77 (UL from 1976-77)	-	-	-	-	-	-	-	0.46	-	0.46	-	-
32	Gorakhpur Mandal Vikas Nigam Limited	1987-88	2011-12	(-)0.15	0.01	0.03	(-)0.19	1.30	-	1.26	(-)1.52	1.32	(-)0.18	-
33	Lucknow Mandaliya Vikas Nigam Limited	1981-82	1992-93	0.54	-	0.53	0.01	1.70	-	0.50	1.49	0.61	0.01	1.64
34	Meerut Mandal Vikas Nigam Limited	2008-09	2010-11	(-)0.03	-	-	(-)0.03	-	-	1.00	(-)1.50	(-)0.01	(-)0.03	-
35	Moradabad Mandal Vikas Nigam Limited	1990-91	2007-08	(-)0.19	-	0.01	(-)0.20	1.07	-	0.25	(-)0.59	0.31	(-)0.20	-
36	Tarai Anusuchit Janjati Vikas Nigam Limited	1982-83	1990-91	(-)0.04	-	-	(-)0.04	0.01	-	0.25	-	0.70	(-)0.04	-
37	Uttar Pradesh Bundelkhand Vikas Nigam Limited	2008-09	2010-11	0.25	-	-	0.25	0.20	-	1.23	(-)1.57	(-)0.29	0.25	-
38	Uttar Pradesh Chalchitra Nigam Limited	2008-09	2010-11	0.12	0.40	0.01	(-)0.29	0.09	-	8.18	(-)14.42	1.35	0.11	8.15
39	Uttar Pradesh Poorvanchal Vikas Nigam Limited	1987-88	1994-95	(-)0.11	-	0.03	(-)0.14	1.30	-	1.15	(-)1.08	0.19	(-)0.14	-
40	Varanasi Mandal Vikas Nigam Limited	1987-88	1993-94	(-)0.02	-	0.01	(-)0.03	1.47	-	0.70	(-)0.26	0.88	(-)0.03	-
	<b>Sector wise Total</b>			<b>0.04</b>	<b>0.54</b>	<b>0.75</b>	<b>(-)1.25</b>	<b>17.12</b>	<b>-</b>	<b>17.55</b>	<b>(-)21.44</b>	<b>12.10</b>	<b>(-)0.71</b>	<b>-</b>
	<b>Total C (All sector wise non working companies)</b>			<b>(-)14.22</b>	<b>48.99</b>	<b>4.70</b>	<b>(-)67.91</b>	<b>146.81</b>	<b>-</b>	<b>388.45</b>	<b>(-) 1150.78</b>	<b>(-)92.22</b>	<b>(-)18.92</b>	<b>-</b>
	<b>Grand Total (A+B+C)</b>			<b>(-)1237.20</b>	<b>1273.00</b>	<b>1272.15</b>	<b>(-) 3782.35</b>	<b>39445.11</b>	<b>-</b>	<b>11243.50</b>	<b>(-) 22598.81</b>	<b>16838.11</b>	<b>(-) 2509.35</b>	<b>-</b>

**Note:** *IL indicates increase in loss, DL indicates decrease in loss, IP indicates increase in profit and DP indicates decrease in profit.*

# Impact of accounts comments include the net impact of comments of Statutory Auditor and CAG.

@ Capital employed represents net fixed assets (including capital work 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 profit and interest charged to profit and loss account.

\* The audit of Accounts for the periods 1999-2000 to 2007-08 was conducted by Local Audit and Audit for the year 2008-09 has been entrusted to this Office as per order of the Corporation dated 31 July 2010 after making necessary amendment in the UP Forest Corporation Act, 1974.

**Annexure-3**

**Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted in to equity during the year and guarantee commitment at the end of March 2011  
(Referred to in paragraph 1.10)**

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

Sl No	Sector and 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 @	Loan repayment written off	Loans converted into equity	Interest / penal interest waived	Total
1	2	(3a)	(3b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
<b>A</b>	<b>Working Government companies</b>												
	<b>AGRICULTURE AND ALLIED</b>												
1.	Uttar Pradesh Beej Vikas Nigam Limited				9.18		9.18	-	-	-	-	-	-
2.	Uttar Pradesh Bhumi Sudhar Nigam	-	-	-	85.15	-	85.15	-	-	-	-	-	-
	<b>Sector wise total</b>	-	-	-	<b>94.33</b>	-	<b>94.33</b>	-	-	-	-	-	-
	<b>FINANCING</b>												
3.	The Pradeshiya Industrial and Investment Corporation of U.P. Limited	-	9.08	-	-	-	-	-	0.15	-	-	-	-
4.	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited								22.65				
5.	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	5.00	-	-	111.82		111.82	-	-	-	-	-	-
	<b>Sector wise total</b>	<b>5.00</b>	<b>9.08</b>	-	<b>111.82</b>	-	<b>111.82</b>	-	<b>22.80</b>	-	-	-	-
	<b>MANUFACTURE</b>												
6.	UPSIC Potteries Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	-	0.58	-	-	-	-	-	-	-	-	-	-
7.	Uttar Pradesh Electronics Corporation Limited.	-	32.70	-	0.20	-	0.20	-	-	-	-	-	-
8.	Uttar Pradesh State Handloom Corporation Limited	-	2.09	-	-	-	-	-	6.40	-	-	-	-
9.	Uttar Pradesh State Spinning Company Limited	-	19.67	-	-	-	-	-	-	-	-	-	-
10.	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile corporation Limited)	-	7.63	-	-	-	-	-	-	-	-	-	-
	<b>Sector Wise total</b>	-	<b>62.67</b>	-	<b>0.20</b>	-	<b>0.20</b>	-	<b>6.40</b>	-		-	-

1	2	(3a)	(3b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
	<b>POWER</b>												
11.	Dakshinanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	-	-	-	364.16*	-	364.16	-	-	-	-	-	-
12.	Paschimanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	-	-	-	579.69	-	579.69	-	-	-	-	-	-
13.	Purvanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	-	-	-	683.70	-	683.70	-	-	-	-	-	-
14.	Uttar Pradesh Jal Vidyut Nigam Limited	1.00	-	-	-	-	-	-	-	-	-	-	-
15.	Uttar Pradesh Power Corporation Limited	2212.44	-	-	-	-	-	9036.00	10206.19	-	100.00	-	100.00
16.	Uttar Pradesh Power Transmission Corporation Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	500.00	-	-	-	-	-	-	144.48	-	-	-	-
17.	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	783.55	-	-	-	-	-	1493.50	7255.24	-	-	-	-
	<b>Sector wise total</b>	<b>3496.99</b>	<b>-</b>	<b>-</b>	<b>1627.55</b>	<b>-</b>	<b>1627.55</b>	<b>10529.50</b>	<b>17605.91</b>	<b>-</b>	<b>100.00</b>	<b>-</b>	<b>100.00</b>
	<b>SERVICE</b>												
18.	Uttar Pradesh Development Systems Corporation Limited	-	-	-	2.50	-	2.50	-	-	-	-	-	-
19.	Uttar Pradesh Food and Essential Commodities Corporation Limited	-	-	-	-	-	-	20.00	-	-	-	-	-
	<b>Sector wise total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.50</b>	<b>-</b>	<b>2.50</b>	<b>20.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>MISCELLANEOUS</b>												
20.	Uttar Pradesh Waqf Vikas Nigam Limited	0.50	-	-	-	-	-	-	-	-	-	-	-
	<b>Sector wise total</b>	<b>0.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total A ( All sector wise working Government companies)</b>	<b>3502.49</b>	<b>71.75</b>	<b>-</b>	<b>1836.40</b>	<b>-</b>	<b>1836.40</b>	<b>10549.50</b>	<b>17635.11</b>	<b>-</b>	<b>100.00</b>	<b>-</b>	<b>100.00</b>
B	<b>Working Statutory Corporations</b>												
	<b>FINANCING</b>												
1.	Uttar Pradesh Financial Corporation	-	40.98	-	-	-	-	-	80.11	-	-	-	-
	<b>Sector wise total</b>	<b>-</b>	<b>40.98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>INFRASTRUCTURE</b>												
2.	Uttar Pradesh Jal Nigam	-	-	-	1780.63	-	1780.63	-	-	-	-	-	-
	<b>Sector wise total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1780.63</b>	<b>-</b>	<b>1780.63</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>SERVICE</b>												
3.	Uttar Pradesh Government Employees Welfare Corporation	-	-	-	0.30	-	0.30	-	3.00	-	-	-	-
	<b>Sector Wise total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.30</b>	<b>-</b>	<b>0.30</b>	<b>-</b>	<b>3.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

1	2	(3a)	(3b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
	Miscellaneous												
	Sector Wise total	-	-	-	-	-	-	-	-	-	-	-	-
	Total B (all sector wise Statutory corporations)	-	40.98	-	1780.93	-	1780.93	-	83.11	-	-	-	-
	Total (A+B)	3502.49	112.73	-	3617.33	-	3617.33	10549.50	17718.22	-	100.00	-	100.00
C	Non working Companies												
	MANUFACTURE												
1	Uttar Pradesh State Textile Corporation Limited		0.47	-	-	-	-	-	-	-	-	-	-
	Sector Wise Total	-	0.47	-	-	-	-	-	-	-	-	-	-
	SERVICE SECTOR												
2.	Uttar Pradesh Bundelkhand Vikas Nigam Limited	-	-	-	0.20	-	0.20	-	-	-	-	-	-
	Sector wise Total	-	-	-	0.20	-	0.20	-	-	-	-	-	-
	Total C (All sector wise non working companies)	-	0.47	-	0.20	-	0.20	-	-	-	-	-	-
	Grand Total (A+B+C)	3502.49	113.20	-	3617.53	-	3617.53	10549.50	17718.22	-	100.00	-	100.00

@ Figures indicate total guarantee outstanding at the end of the year.

\* It includes subsidy.



#### Annexure-4

**Statement showing investment made by the Government in form of equity, loans, grants/subsidies to the working Government companies / Statutory corporations during the years for which accounts have not been finalised**

**(Referred to in paragraph 1.22)**

(₹ in crore)

Sl. No.	Name of company/corporation	Year up to which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by state Government during the years for which accounts were not finalised			
				Equity	Loans	Grants	Subsidies
<b>A. Working Government Companies</b>							
1	Uttar Pradesh Beej Vikas Nigam Limited	2007-08	1.92	-	-	9.18	-
2	Uttar Pradesh Bhumi Sudhar Nigam	2007-08	1.50	-	-	85.15	-
3	The Pradeshiya Industrial and Investment Corporation of U.P. Limited	2009-10	135.58	-	9.08	-	-
4	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	2008-09	102.83	5.00	-	111.82	-
5	UPSIC Potteries Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	1995-96	0.76	-	0.58	-	-
6	Uttar Pradesh Electronics Corporation Limited	2009-10	87.66	-	32.70	0.20	-
7	Uttar Pradesh State Handloom Corporation Limited	1996-97	24.38	-	2.09	-	-
8	Dakshinanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2007-08	370.07	-	-	-	364.16
9	Paschimanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2007-08	559.95	-	-	-	579.69
10	Purvanchal Vidyut Vitran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2007-08	165.41	-	-	-	683.70
11	Uttar Pradesh Jal Vidyut Nigam Limited	2009-10	427.25	1.00	-	-	-
12	Uttar Pradesh Power Corporation Limited	2006-07	470.74	2212.44	-	-	-
13	Uttar Pradesh Power Transmission Corporation Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	-	-	500.00	-	-	-
14	Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd.	2009-10	5527.01	783.55	-	-	-
15	Uttar Pradesh Development Systems Corporation Limited	2008-09	1.00	-	-	2.50	-
16	Uttar Pradesh Waqf Vikas Nigam Limited	1998-99	3.50	0.50	-	-	-
<b>Total A</b>			<b>7879.56</b>	<b>3502.49</b>	<b>44.45</b>	<b>208.85</b>	<b>1627.55</b>
<b>B. Working Statutory Corporations</b>							
1.	Uttar Pradesh Financial Corporation	2009-10	179.28	-	40.98	-	-
2.	Uttar Pradesh Jal Nigam	2008-09	-	-	-	1780.63	-
3.	Uttar Pradesh Government Employees Welfare Corporation	2009-10	-	-	-	0.30	-
<b>Total B</b>			<b>179.28</b>	<b>-</b>	<b>40.98</b>	<b>1780.93</b>	<b>-</b>
<b>Grand Total (A+B)</b>			<b>8058.84</b>	<b>3502.49</b>	<b>85.43</b>	<b>1989.78</b>	<b>1627.55</b>

**Annexure-5**  
**Statement showing financial position of Statutory corporations**  
**(Referred to in paragraph 1.13)**

**Working Statutory corporations**

**1. Uttar Pradesh State Road Transport Corporation**

(₹ in crore)

Particulars	2007-08	2008-09	2009-10
<b>A. Liabilities</b>			
Capital (including capital loan and equity capital)	359.13	369.13	369.13
Borrowings:			
Government:			
Central	-	-	-
State	3.47	-	-
Others	165.47	239.17	258.13
Funds	33.17	23.19	8.35
Trade dues and other current liabilities (including provisions)	811.02	808.81	906.34
Uttar Pradesh and Uttaranchal State Road Transport Corporation reorganisation settlement account	26.41	26.41	26.41
<b>Total A</b>	<b>1398.67</b>	<b>1466.71</b>	<b>1568.36</b>
<b>B. Assets</b>			
Gross Block	974.42	1096.27	1162.46
Less: Depreciation	596.84	649.49	711.67
Net fixed assets	377.58	446.78	450.79
Capital work in progress (including cost of chassis)	8.06	11.56	46.41
Investments	0.52	-	-
Current Assets, Loans and Advances	200.75	204.08	203.60
Accumulated Losses	811.76	804.29	867.56
<b>Total B</b>	<b>1398.67</b>	<b>1466.71</b>	<b>1568.36</b>
<b>C. Capital employed<sup>1</sup></b>	<b>(-)224.63</b>	<b>(-)146.39</b>	<b>(-)205.54</b>

**2. Uttar Pradesh Financial Corporation**

(₹ in crore)

Particulars	2007-08	2008-09	2009-10
<b>A. Liabilities</b>			
Paid-up capital	179.28	179.28	179.28
Share application money	-	-	-
Reserve fund and other reserves and surplus	19.62	19.50	19.36
Borrowings:			
(i) Bonds and debentures	382.07	309.75	217.32
(ii) Fixed deposits	1.38	0.10	0.03
(iii) Industrial Development Bank of India and Small Industries Development Bank of India	387.56	382.28	374.94
(iv) Reserve Bank of India			
(v) Loans in lieu of share capital:			
(a) State Government	124.51	139.69	228.25
(b) National Handicapped Finance and Development Corporation	0.60	0.57	0.53
(vi) Others (including State Govt.)	11.69	5.56	
Other Liabilities and Provisions	426.45	411.40	407.38
<b>Total A</b>	<b>1533.16</b>	<b>1448.13</b>	<b>1427.09</b>
<b>B. Assets</b>			
Cash and Bank balances	46.50	8.06	9.49
Investments	15.19	15.10	15.10
Loans and Advances	483.24	438.02	414.88
Net Fixed Assets	13.14	10.77	10.42
Other Assets	12.39	24.48	25.85
Misc. Expenditure	-	-	-
Profit and Loss Account	962.70	951.70	951.35
<b>Total B</b>	<b>1533.16</b>	<b>1448.13</b>	<b>1427.09</b>
<b>C. Capital Employed<sup>2</sup></b>	<b>1115.64</b>	<b>1046.00</b>	<b>1008.23</b>

<sup>1</sup> Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

<sup>2</sup> Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, seed money, debentures, reserves (other than those which have been funded specifically and backed by Investment outside), bonds, deposits and borrowings (including refinance).

### 3. Uttar Pradesh State Warehousing Corporation

(₹ in crore)

Particulars	2007-08	2008-09	2009-10
<b>A. Liabilities</b>			
Paid up capital <sup>3</sup>	13.37	13.37	13.37
Reserves and surplus	217.24	252.31	299.43
Subsidy	-	-	-
Borrowings:			
Government	-	-	-
Others	30.03	21.05	-
Trade Dues and Current Liabilities (including provisions)	56.54	56.72	74.59
<b>Total A</b>	<b>317.18</b>	<b>343.45</b>	<b>387.39</b>
<b>B. Assets</b>			
Gross Block	289.23	295.37	274.34
Less Deprecation	72.54	77.81	52.80
Net Fixed Assets	216.69	217.56	221.54
Capital work-in-progress	(-)2.02	(-)2.02	(-)0.82
Current Assets, Loans and Advances	102.51	127.91	166.67
Profit and Loss Account	-	-	-
<b>Total B</b>	<b>317.18</b>	<b>343.45</b>	<b>387.39</b>
<b>Capital Employed<sup>4</sup></b>	<b>260.64</b>	<b>286.73</b>	<b>312.80</b>

### 4. Uttar Pradesh Forest Corporation

(₹ in crore)

Particulars	1998-99	2008-09	2009-10
<b>A. Liabilities</b>			
Reserve and Surplus	352.45	936.56	1052.23
Borrowings	0.16	10.71	14.87
Current Liabilities (including provisions)	147.54	129.76	141.74
Other Liabilities	7.00	-	-
<b>Total A</b>	<b>507.15</b>	<b>1077.03</b>	<b>1208.84</b>
<b>B. Assets</b>			
Net Fixed Assets	11.16	11.24	16.44
Current Assets, Loans and Advances	493.94	1011.77	1138.38
Accumulated loss	-	-	-
Uttaranchal Forest Development Corporation, Dehradun. (Net assets under its possession)	-	53.77	53.77
Miscellaneous Expenditure	2.05	0.25	0.25
<b>Total B</b>	<b>507.15</b>	<b>1077.03</b>	<b>1208.84</b>
<b>C. Capital employed<sup>4</sup></b>	<b>357.56</b>	<b>893.25</b>	<b>1013.08</b>

### 5. Uttar Pradesh Avas Evam Vikas Parishad

(₹ in crore)

Particulars	2007-08	2008-09	2009-10
<b>A. Liabilities</b>			
Parishad Fund	2155.38	2577.66	2916.12
Surplus	-	-	-
Borrowings	-	-	-
Deposits	139.14	215.83	121.13
Reserve for maintenance of unsold property	-	-	-
Current Liabilities (including Registration Fee)	2338.57	2719.92	3242.65
Excess of assets over liabilities	-	-	-
<b>Total A</b>	<b>4633.09</b>	<b>5513.41</b>	<b>6279.90</b>
<b>B. Assets</b>			
(i) Net Fixed Assets	34.90	33.50	31.96
(ii) Investments	1639.61	1835.39	1753.91
(iii) Current Assets, Loans and Advances	2958.58	3644.52	4494.03
<b>Total B</b>	<b>4633.09</b>	<b>5513.41</b>	<b>6279.90</b>
<b>C. Capital employed<sup>4</sup></b>	<b>654.91</b>	<b>958.10</b>	<b>1283.34</b>

<sup>3</sup> Including share capital pending allotment ₹ 2.20 crore.

<sup>4</sup> Capital employed represents the net fixed assets (including capital work-in-progress) plus working capital.

## 6. Uttar Pradesh Jal Nigam

(₹ in crore)

Particulars	2006-07	2007-08	2008-09
<b>A. Liabilities</b>			
Borrowings			
Loans fund			
(i) From LIC	-	-	-
(ii) From UP Government	392.90	393.14	393.14
(iii) From Banks	-	-	-
Grants from Government	5001.47	5416.22	6150.13
Deposits	-	-	-
Current Liabilities:			
Centage on material unconsumed	51.11	57.86	73.67
Other liabilities	3473.87	3724.37	4952.03
(i) Deposits (deposit received for project)	2004.50	2403.86	3088.47
(ii) Provision for gratuity	7.74	6.50	6.50
Project transferred from LSGED to Jal Nigam	9.45	9.50	9.47
<b>Total A</b>	<b>10941.04</b>	<b>12011.45</b>	<b>14673.41</b>
<b>B. Assets</b>			
Gross Block	25.55	25.65	23.49
Less: Depreciation	9.79	9.77	9.20
Net Fixed Assets	15.76	15.88	14.29
Investments	--	--	-
PF Invested	162.43	144.48	144.19
Project:			
(i) Material	390.54	469.92	725.74
(ii) Work in progress	4574.52	5098.39	6329.45
(iii) Completed rural water project maintained by UP Jal Nigam	756.77	774.46	735.04
(iv) Rural water work project cost of LSGED transferred to UP Jal Nigam	9.08	9.08	9.08
Current Assets	4080.03	4613.00	5824.90
Loans and advances	810.24	750.67	806.28
Deficit	141.67	135.57	84.44
<b>Total B</b>	<b>10941.04</b>	<b>12011.45</b>	<b>14673.41</b>
<b>C. Capital employed<sup>5</sup></b>	<b>5098.38</b>	<b>5536.22</b>	<b>6321.53</b>

<sup>5</sup> Capital employed represents the net fixed assets (including capital work-in-progress) plus working capital.

**Annexure-6**  
**Statement showing working results of Statutory corporations**  
**(Referred to in paragraph 1.13)**

**A. Working Statutory corporations**

**1. Uttar Pradesh State Road Transport Corporation**

(₹ in crore)

Particulars	2007-08	2008-09	2009-10
<b>Operating</b>			
(a) Revenue	1198.66	1260.56	1602.22
(b) Expenditure	1182.24	1381.02	1684.71
(c) Surplus (+)/Deficit (-)	16.42	(-)120.46	(-)82.49
<b>Non operating</b>			
(a) Revenue	42.08	153.30	54.79
(b) Expenditure	17.79	22.17	24.27
(c) Surplus (+)/Deficit (-)	24.29	131.13	30.52
<b>Total</b>			
(a) Revenue	1240.74	1413.86	1657.01
(b) Expenditure	1200.03	1403.19	1708.98
(c) Net Profit (+)/Loss (-)	40.71	10.67	(-)51.97
Interest on Capital and Loans	17.79	22.17	24.27
Total return on Capital employed	58.5	32.84	(-)27.70

**2. Uttar Pradesh Financial Corporation**

(₹ in crore)

Particulars	2007-08	2008-09	2009-10
<b>1 Income</b>			
(a) Interest on loans	21.51	25.91	14.61
(b) Other Income	1.68	2.65	1.68
(c) Interest Provision written back	-	-	-
(d) NPA Provision written back	-	13.09	6.51
(e) Depreciation investment written back	-	-	-
<b>Total 1</b>	<b>23.19</b>	<b>41.65</b>	<b>22.80</b>
<b>2. Expenses</b>			
(a) Interest on long term loan	2.41	1.39	0.48
(b) Provision for non performing assets	114.53	5.00	1.44
(c) Other expenses	21.25	23.08	20.52
(d) Loss on sale of fixed assets	-	1.19	-
<b>Total 2</b>	<b>138.19</b>	<b>30.66</b>	<b>22.44</b>
3. Profit (+)/Loss (-) before tax (1-2)	(-)115.01	10.99	0.36
4. Other appropriations	-	-	-
5. Amount available for dividend*	-	-	-
6. Dividend paid/payable	-	-	-
7. Total return on capital employed	(-) 112.60	12.38	0.84
8. Percentage of return on capital employed	-	1.18	0.08

**3. Uttar Pradesh State Warehousing Corporation**

(₹ in crore)

Particulars	2007-08	2008-09	2009-10
<b>1. Income:</b>			
(a) Warehousing charges	125.91	177.50	214.37
(b) Other Income	3.45	4.16	4.35
<b>Total 1</b>	<b>129.36</b>	<b>181.66</b>	<b>218.72</b>
<b>2. Expenses:</b>			
(a) Establishment charges	37.79	44.14	46.86
(b) Interest	2.61	1.90	0.49
(c) Other expenses	48.81	95.80	106.95
<b>Total 2</b>	<b>89.21</b>	<b>141.84</b>	<b>154.30</b>
3. Profit (+)/Loss (-) before tax	40.15	39.82	64.42
<b>4 Appropriations:</b>			
(i) Payment of income tax	12.42	10.12	28.41
(ii) Provision for tax:			

\* Represents profit of current year available for dividend after considering the specific reserves and provision for taxation.

Particulars	2007-08	2008-09	2009-10
(a) Income tax			
(b) Dividend tax	0.28	0.28	0.28
(iii) Profit after tax (Amount available for dividend)	27.45	29.42	35.73
(iv) Dividend proposed for the year	1.67	1.67	1.67
(v) Other appropriations	25.78	27.75	34.06
<b>5 Profit transferred to Balance Sheet<sup>1</sup></b>			
Total return on capital employed	42.76	41.72	64.91
Percentage of return on capital employed	16.41	14.55	20.75

#### 4. Uttar Pradesh Forest Corporation

(₹ in crore)

Particulars	1998-99	2008-09	2009-10
1. Income:			
Sales	162.84	215.80	283.16
Other Income	35.43	55.22	57.06
Closing Stock	147.67	105.55	123.36
<b>Total 1</b>	<b>345.94</b>	<b>376.57</b>	<b>463.58</b>
2. Expenditure:			
Purchases	124.25	95.16	120.14
Other Expenses	85.62	94.99	122.22
Opening Stock	106.77	84.83	105.55
<b>Total 2</b>	<b>316.64</b>	<b>274.98</b>	<b>347.91</b>
Net Profit	29.30	101.59	115.67
Total return on capital employed	29.30	101.59	115.67
Percentage of return on capital employed	8.19	11.37	11.42

#### 5. Uttar Pradesh Avas Evam Vikas Parishad

(₹ in crore)

Particulars	2007-08	2008-09	2009-10
1 Income:			
(a) Income from property	276.79	426.06	508.44
(b) Other Income	252.55	379.34	326.33
<b>Total 1</b>	<b>529.34</b>	<b>805.40</b>	<b>834.77</b>
2. Expenditure:			
(a) Cost of property sold	239.41	260.08	332.62
(b) Establishment	76.74	75.09	119.95
(c) Interest	-	-	-
(d) Other expenses	34.61	46.10	43.74
<b>Total 2</b>	<b>350.76</b>	<b>381.27</b>	<b>496.31</b>
3. Excess of income over expenditure	178.58	424.13	338.46
4. Total return on capital employed	178.58	424.13	338.46
5. Percentage of total return on capital employed	27.27	44.27	26.37

#### 6. Uttar Pradesh Jal Nigam

(₹ in crore)

Particulars	2006-07	2007-08	2008-09
1. Income:			
Centage	97.24	97.97	164.34
Survey and project fee	0.56	0.28	4.20
Receipt from consumers for scheme maintained by Jal Nigam	23.78	23.09	23.60
Other income	8.95	6.41	19.18
Income from financing activities	30.24	34.42	43.64
Revenue grant:			
(i) From UP Government for maintenance	72.98	102.27	153.28
(ii) From Government for HRD	-	-	-
Income of C&DS	33.81	41.49	69.90
Income of Nalkoop wing	1.44	1.47	2.91
Interest	---	-	-

<sup>1</sup> Profit transferred to balance sheet is only ₹ 295, 714 and 734 in 2006-07, 2007-08 and 2008-09 respectively.

<b>Particulars</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
Grant	-	-	-
Others	-	-	-
<b>Total 1</b>	<b>269.00</b>	<b>307.41</b>	<b>481.05</b>
2. Expenditure			
Establishment charges/operating expenses	169.12	187.50	237.59
Expenditure on maintenance	62.20	78.82	122.34
Interest	15.64	16.32	21.29
Other expenses	-	-	-
Depreciation	0.33	0.30	0.31
Expenditure of C&DS	20.72	22.72	31.38
Expenditure of Nalkoop Nigam	0.95	1.14	1.60
Grant to Jal Sansthan	-	-	-
Grant to Irrigation Department	-	-	-
<b>Total 2</b>	<b>268.96</b>	<b>306.80</b>	<b>414.51</b>
Deficit (-)/Surplus (+)	<b>0.04</b>	<b>0.61</b>	<b>66.54</b>
Total return on capital employed	<b>15.68</b>	<b>16.92</b>	<b>87.83</b>

Source: Latest finalised accounts of the PSU

**Annexure-7**  
**Statement showing Financial Position of PVVNL for the years 2006-07 to 2010-11**  
**(Referred to in Paragraph 2.5)**

(₹ in crore)

PVVNL					
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
	(Audited)		(Provisional)		
<b>A. Liabilities</b>					
Paid up Capital	805.03	1268.56	1978.70	2751.32	3600.30
Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	401.94	551.45	683.67	865.60	1081.17
Borrowings (Loan Funds)					
Secured	388.04	286.15	197.41	238.18	2101.08
Unsecured	915.31	750.19	977.63	1315.08	0.00
Current Liabilities & Provisions	2513.02	3869.66	4852.41	5395.20	7392.17
<b>Total</b>	<b>5023.34</b>	<b>6726.01</b>	<b>8689.82</b>	<b>10565.38</b>	<b>14174.72</b>
<b>B. Assets</b>					
Gross Block	3019.53	3476.07	3978.33	4550.83	5491.90
Less: Depreciation	1706.02	1564.65	1662.96	1755.78	1913.99
<b>Net Fixed Assets</b>	<b>1313.51</b>	<b>1911.42</b>	<b>2315.37</b>	<b>2795.05</b>	<b>3577.91</b>
Capital works-in-progress	213.18	157.48	379.58	416.00	1247.95
Current Assets, Loans and Advances	1590.85	2086.59	2652.73	3181.28	3428.40
Accumulated losses	1905.80	2570.52	3342.14	4173.05	5920.46
<b>Total</b>	<b>5023.34</b>	<b>6726.01</b>	<b>8689.82</b>	<b>10565.38</b>	<b>14174.72</b>
<b>Debt : Equity</b>	<b>1.62:1</b>	<b>0.82:1</b>	<b>0.59:1</b>	<b>0.56:1</b>	<b>0.58:1</b>
<b>Net Worth</b>	<b>-698.83</b>	<b>-750.51</b>	<b>-679.77</b>	<b>-556.13</b>	<b>-1238.99</b>
<b>Working Capital</b>	<b>-922.17</b>	<b>-1783.07</b>	<b>-2199.68</b>	<b>-2213.92</b>	<b>-3963.77</b>
<b>Current ratio</b>	<b>0.63:1</b>	<b>0.54:1</b>	<b>0.55:1</b>	<b>0.59:1</b>	<b>0.46:1</b>

Sources: figures of 2006-07 & 2007-08 are as per audited accounts and 2008-09 to 2010-11 are provisional as furnished by the DISCOMs.



**Annexure-8**  
**Statement showing Financial Position of KESCO for the years 2006-07 to 2010-11**  
**(Referred to in Paragraph 2.5)**

(₹ in crore)

KESCO					
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
	(Audited)		(Provisional)		
<b>A. Liabilities</b>					
Paid up Capital	66.54	106.54	177.99	177.99	177.99
Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	74.20	79.04	79.23	89.47	89.47
Borrowings (Loan Funds)					
Secured	291.31	305.22	429.64	350.40	335.40
Unsecured	26.36	26.36	26.36	26.36	26.36
Current Liabilities & Provisions	2066.19	2342.65	2462.38	2868.98	2918.98
<b>Total</b>	<b>2524.60</b>	<b>2859.81</b>	<b>3175.60</b>	<b>3513.20</b>	<b>3548.20</b>
<b>B. Assets</b>					
Gross Block	305.45	318.38	313.88	346.81	371.81
Less: Depreciation	128.23	142.46	185.67	191.61	209.91
<b>Net Fixed Assets</b>	<b>177.22</b>	<b>175.92</b>	<b>128.21</b>	<b>155.20</b>	<b>161.90</b>
Capital works-in-progress	65.13	107.17	150.67	176.60	161.60
Current Assets, Loans and Advances	1238.34	1276.18	1484.30	1564.42	1374.06
Accumulated losses	1043.91	1300.54	1412.42	1616.98	1850.64
<b>Total</b>	<b>2524.60</b>	<b>2859.81</b>	<b>3175.60</b>	<b>3513.20</b>	<b>3548.20</b>
<b>Debt : Equity</b>	<b>4.77:1</b>	<b>3.11:1</b>	<b>2.56:1</b>	<b>2.12:1</b>	<b>2.03:1</b>
<b>Net Worth</b>	<b>-903.17</b>	<b>-1114.96</b>	<b>-1155.20</b>	<b>-1349.52</b>	<b>-1583.18</b>
<b>Working Capital</b>	<b>-827.85</b>	<b>-1066.47</b>	<b>-978.08</b>	<b>-1304.56</b>	<b>-1544.92</b>
<b>Current ratio</b>	<b>0.60:1</b>	<b>0.54:1</b>	<b>0.60:1</b>	<b>0.55:1</b>	<b>0.47:1</b>

Sources: figures of 2006-07 & 2007-08 are as per audited accounts and 2008-09 to 2010-11 are provisional as furnished by the DISCOMs.

**Annexure-9**  
**Statement showing Financial Position of all DISCOMs for the years 2006-07 to 2010-11**  
**(Referred to in paragraph 2.5)**

(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
	(Audited)		(Provisional)		
<b>A. Liabilities</b>					
Paid up Capital	4323.97	6483.21	8449.78	12438.80	14508.79
Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	1568.25	2026.00	2678.85	2895.40	3295.42
Borrowings (Loan Funds)					
Secured	1610.40	1257.86	1450.08	1785.81	6711.92
Unsecured	3526.46	2938.35	3412.47	4201.41	
Current Liabilities & Provisions	18540.09	25500.08	45592.81	56363.13	63275.65
<b>Total</b>	<b>29569.17</b>	<b>38205.50</b>	<b>61583.99</b>	<b>77684.55</b>	<b>87791.78</b>
<b>B. Assets</b>					
Gross Block	9669.29	10898.72	11520.13	12692.43	15580.26
Less: Depreciation	5007.38	5120.99	5601.48	5887.92	6491.22
Net Fixed Assets	4661.91	5777.73	5918.65	6804.51	9089.04
Capital works-in-progress	1919.53	2113.71	2134.28	2964.69	4292.20
Current Assets, Loans and Advances	13465.79	16846.43	35935.32	45519.68	45341.76
Accumulated losses <sup>5</sup>	9521.94	13467.63	17595.74	22395.67	29068.78
<b>Total</b>	<b>29569.17</b>	<b>38205.50</b>	<b>61583.99</b>	<b>77684.55</b>	<b>87791.78</b>
<b>Debt-Equity Ratio</b>	<b>1.19:1</b>	<b>0.65:1</b>	<b>0.58:1</b>	<b>0.48:1</b>	<b>0.46:1</b>
<b>Net Worth</b>	<b>( 3629.72)</b>	<b>(4958.42)</b> <b>4958.42</b>	<b>(6467.11)</b>	<b>(7061.47)</b>	<b>(11264.57)</b>
<b>Working capital</b>	<b>(5074.30)</b>	<b>(8653.65)</b>	<b>(9657.49)</b>	<b>(10843.45)</b>	<b>(17933.89)</b>
<b>Current ratio</b>	<b>0.73:1</b>	<b>0.66:1</b>	<b>0.79:1</b>	<b>0.81:1</b>	<b>0.72:1</b>

Sources: Figures of 2006-07 & 2007-08 are as per audited accounts and 2008-09 to 2010-11 are provisional as furnished by the DISCOMs.

<sup>5</sup> Including miscellaneous expenditure.

**Annexure-10**  
**Statement showing Working Result of PVVNL for the years 2006-07 to 2010-11**  
**(Referred to in Paragraph 2.5)**

(₹ in crore)

PVVNL						
Sl.No.	Description	2006-07	2007-08	2008-09	2009-10	2010-11
		(Audited)		(Provisional)		
<b>1</b>	<b>Income</b>					
(i)	Revenue from Sale of Power	2926.17	3405.85	3985.07	4521.27	5661.06
(ii)	Revenue subsidy & grants	481.12	561.45	495.58	549.46	520.27
(ii)	Other income	65.06	58.87	57.95	49.48	18.86
	<b>Total Income</b>	<b>3472.35</b>	<b>4026.17</b>	<b>4538.60</b>	<b>5120.21</b>	<b>6200.19</b>
<b>2</b>	<b>Distribution (In MUs)</b>					
(i)	Total power purchased	15086.007	16652.160	16699.000	17766.000	20068.000
(ii)	Less: Transmission losses,	0.000	0.000	0.000	0.000	0.000
(iii)	Net Power available for Sale	15086.007	16652.160	16699.000	17766.000	20068.000
(iv)	Less: Sub-transmission & distribution losses	4032.037	4686.150	4167.000	4756.000	4827.000
	<b>Net power sold</b>	<b>11053.970</b>	<b>11966.01</b>	<b>12532.00</b>	<b>13010.000</b>	<b>15241.000</b>
<b>3</b>	<b>Expenditure on Distribution of Electricity</b>					
<b>(a)</b>	<b>Fixed cost</b>					
(i)	Employees cost	119.22	111.71	152.32	208.93	343.99
(ii)	Administrative and General expenses	18.46	18.34	20.17	24.75	35.55
(iii)	Depreciation	189.91	120.89	136.40	142.18	158.21
(iv)	Interest and finance charges	91.64	124.14	128.96	136.00	709.40
(v)	Other Expenses	1.06	2.09	2.33	4.01	23.64
	<b>Total fixed cost</b>	<b>420.29</b>	<b>377.17</b>	<b>440.18</b>	<b>515.87</b>	<b>1270.79</b>
<b>(b)</b>	<b>Variable cost</b>					
(i)	Purchase of Power	3635.73	4093.05	4682.72	5236.51	6460.15
(ii)	Electricity Duty	74.20	85.32	94.29	103.86	109.05
(iii)	Transmission/ Wheeling Charges	0.00	0.00	0.00	0.00	0.00
(iv)	Repairs & Maintenance	70.72	84.57	93.02	94.89	107.60
	<b>Total variable cost</b>	<b>3780.65</b>	<b>4262.94</b>	<b>4870.03</b>	<b>5435.26</b>	<b>6676.80</b>
<b>(c)</b>	<b>Total cost 3 (a) + (b)</b>	<b>4200.94</b>	<b>4640.11</b>	<b>5310.21</b>	<b>5951.13</b>	<b>7947.59</b>
4	Realisation (₹ per unit)	3.08	3.32	3.58	3.90	4.06
5	Fixed cost (₹ per unit)	0.38	0.32	0.35	0.40	0.83
6	Variable cost (₹ per unit)	3.42	3.56	3.89	4.18	4.38
7	Total cost per unit (in ₹) (5+6)	3.80	3.88	4.24	4.58	5.21
8	Contribution (4-6) (₹ per unit)	(0.34)	(0.24)	(0.31)	(0.28)	(0.32)
<b>9</b>	<b>Profit (+)/Loss(-) per unit</b>	<b>(0.72)</b>	<b>(0.56)</b>	<b>(0.66)</b>	<b>(0.68)</b>	<b>(1.15)</b>
<b>10</b>	<b>Revenue Gap 1 (i)+ 1(ii) - 3 (c)</b>	<b>(793.65)</b>	<b>(672.81)</b>	<b>(829.56)</b>	<b>(880.40)</b>	<b>(1766.26)</b>
<b>11</b>	<b>Profit (+)/Loss(-)</b>	<b>(728.59)</b>	<b>(613.94)</b>	<b>(771.61)</b>	<b>(830.92)</b>	<b>(1747.40)</b>

Sources: figures of 2006-07 & 2007-08 are as per audited accounts and 2008-09 to 2010-11 are provisional as furnished by the DISCOMs.

**Annexure-11**  
**Statement showing Working Result of KESCO for the years 2006-07 to 2010-11**  
**(Referred to in Paragraph 2.5)**

(₹ in crore)

KESCO						
Sl.No.	Description	2006-07	2007-08	2008-09	2009-10	2010-11
		(Audited)		(Provisional)		
<b>1</b>	<b>Income</b>					
(i)	Revenue from Sale of Power	588.34	581.16	671.67	751.01	925.90
(ii)	Revenue subsidy & grants	0.00	0.00	0.00	0.00	0.00
(ii)	Other income	16.30	28.94	45.70	6.79	29.51
	<b>Total Income</b>	<b>604.64</b>	<b>610.10</b>	<b>717.37</b>	<b>757.80</b>	<b>955.41</b>
<b>2</b>	<b>Distribution (In MUs)</b>					
(i)	Total power purchased	2510.623	2633.266	2632.000	2722.000	3027.000
(ii)	Less: Transmission losses,	0.000	0.000	0.000	0.000	0.000
(iii)	Net Power available for Sale	2510.623	2633.266	2632.000	2722.000	3027.000
(iv)	Less: Sub-transmission & distribution losses	1004.300	1073.563	765.000	742.000	848.000
	<b>Net power sold</b>	<b>1506.323</b>	<b>1559.703</b>	<b>1867.000</b>	<b>1980.000</b>	<b>2179.000</b>
<b>3</b>	<b>Expenditure on Distribution of Electricity</b>					
<b>(a)</b>	<b>Fixed cost</b>					
(i)	Employees cost	42.81	90.64	49.00	111.77	122.95
(ii)	Administrative and General expenses	3.05	3.77	6.13	11.92	12.88
(iii)	Depreciation	10.20	10.05	15.76	17.43	18.30
(iv)	Interest and finance charges	22.92	22.83	42.40	44.09	22.50
(v)	Other Expenses	33.89	22.61	22.32	15.89	22.00
	<b>Total fixed cost</b>	<b>112.87</b>	<b>149.90</b>	<b>135.61</b>	<b>201.10</b>	<b>198.63</b>
<b>(b)</b>	<b>Variable cost</b>					
(i)	Purchase of Power	605.06	671.48	711.92	751.93	966.00
(ii)	Electricity Duty*	12.48	13.25	NA	NA	NA
(iii)	Transmission/ Wheeling Charges	0	0	0	0	0
(iv)	Repairs & Maintenance	14.68	31.39	21.76	22.64	24.45
	<b>Total variable cost</b>	<b>632.22</b>	<b>716.12</b>	<b>733.68</b>	<b>774.57</b>	<b>990.45</b>
<b>(c)</b>	<b>Total cost 3(a) + (b)</b>	<b>745.09</b>	<b>866.02</b>	<b>869.29</b>	<b>975.67</b>	<b>1189.08</b>
4	Realisation (₹ per unit)	3.91	3.73	3.60	3.79	4.25
5	Fixed cost (₹ per unit)	0.75	0.96	0.73	1.02	0.91
6	Variable cost (₹ per unit)	4.20	4.59	3.93	3.91	4.55
7	Total cost per unit (in ₹) (5+6)	4.95	5.55	4.66	4.93	5.46
8	Contribution (4-6) (₹ per unit)	(0.29)	(0.86)	(0.33)	(0.12)	(0.30)
<b>9</b>	<b>Profit (+)/Loss(-) per unit</b>	<b>(1.04)</b>	<b>(1.82)</b>	<b>(1.06)</b>	<b>(1.14)</b>	<b>(1.21)</b>
<b>10</b>	<b>Revenue Gap 1 (i)+ 1(ii) - 3 (c)</b>	<b>(156.75)</b>	<b>(284.86)</b>	<b>(197.62)</b>	<b>(224.66)</b>	<b>(263.18)</b>
<b>11</b>	<b>Profit (+)/Loss(-)</b>	<b>(140.45)</b>	<b>(255.92)</b>	<b>(151.92)</b>	<b>(217.87)</b>	<b>(233.67)</b>

\*ED in respect of 2008-09 to 2010-11 are not provided by the company.

Sources: figures of 2006-07 & 2007-08 are as per audited accounts and 2008-09 to 2010-11 are provisional as furnished by the DISCOMs.

**Annexure-12**  
**Statement showing Working Result of all DISCOMs for the years 2006-07 to 2010-11**  
**(Referred to in paragraph 2.5)**

(₹ in crore)

Sl.No.	Description	2006-07	2007-08	2008-09	2009-10	2010-11
		(Audited)		(Provisional)		
<b>1.</b>	<b>Income</b>					
(i)	Revenue from sale of power	7997.40	9652.48	10472.24	12846.76	17272.04
(ii)	Revenue subsidy & grants	1547.38	1854.72	1581.24	1816.14	2039.99
(ii)	Other income	332.83	338.34	351.47	542.76	192.21
	<b>Total income</b>	<b>9877.61</b>	<b>11845.54</b>	<b>12404.95</b>	<b>15205.66</b>	<b>19504.24</b>
<b>2.</b>	<b>Distribution (In MUs)</b>					
(i)	Total power purchased	47394.91	51031.33	54605.00	58616.00	64244.00
(ii)	Less: Transmission losses, if applicable	N/A	N/A	N/A	N/A	N/A
(iii)	Net Power available for Sale	47394.91	51031.33	54605.00	58616.00	64244.00
(iv)	Less: Sub-transmission & distribution losses	13796.74	14674.77	12781.00	14921.00	15473.00
	<b>Net power sold</b>	<b>33598.17</b>	<b>36356.56</b>	<b>41824.00</b>	<b>43695.00</b>	<b>48771.00</b>
<b>3.</b>	<b>Expenditure on distribution of electricity</b>					
<b>(a)</b>	<b>Fixed cost</b>					
(i)	Employees cost	645.34	819.95	763.14	1021.83	1363.26
(ii)	Administrative and general expenses	101.52	112.50	97.42	130.82	171.44
(iii)	Depreciation	525.68	474.70	581.96	485.25	603.30
(iv)	Interest and finance charges	360.43	566.04	604.52	794.43	2178.91
(v)	Other expenses	70.83	89.10	111.20	716.34	230.80
	<b>Total fixed cost</b>	<b>1703.80</b>	<b>2062.29</b>	<b>2158.24</b>	<b>3148.67</b>	<b>4547.71</b>
<b>(b)</b>	<b>Variable cost</b>					
(i)	Purchase of power	11422.18	12898.51	14215.71	16115.48	20672.36
(ii)	Electricity duty	224.56	269.15	275.83	322.88	343.74
(iii)	Transmission & wheeling charges	-	-	-	-	-
(iv)	Repairs & maintenance	292.03	400.83	469.75	547.22	613.55
	<b>Total variable cost</b>	<b>11938.77</b>	<b>13568.49</b>	<b>14961.29</b>	<b>16985.58</b>	<b>21629.65</b>
<b>(c)</b>	<b>Total cost 3(a) + (b)</b>	<b>13642.57</b>	<b>15630.78</b>	<b>17119.53</b>	<b>20134.25</b>	<b>26177.36</b>
4.	Realisation (₹ per unit) (including revenue subsidy)	2.84	3.17	2.88	3.36	3.96
5.	Fixed cost (₹ per unit)	0.51	0.57	0.52	0.72	0.93
6.	Variable cost (₹ per unit)	3.55	3.73	3.58	3.89	4.44
7.	Total cost per unit (in ₹) (5+6)	4.06	4.30	4.10	4.61	5.37
8.	Contribution (4-6) (₹ per unit)	(0.71)	(0.56)	(0.70)	(0.53)	(0.48)
<b>9.</b>	<b>Profit (+)/Loss(-) per unit (in ₹) (4-7)</b>	<b>(1.22)</b>	<b>(1.13)</b>	<b>(1.22)</b>	<b>(1.25)</b>	<b>(1.41)</b>
<b>10.</b>	<b>Revenue gap<sup>6</sup></b>	<b>(4097.79)</b>	<b>(4123.58)</b>	<b>(5066.05)</b>	<b>(5471.35)</b>	<b>(6865.33)</b>
<b>11.</b>	<b>Profit (+)/Loss(-)</b>	<b>(3764.96)</b>	<b>(3785.24)</b>	<b>(4714.58)</b>	<b>(4928.59)</b>	<b>(6673.12)</b>

Sources: figures of 2006-07 & 2007-08 are as per audited accounts and 2008-09 to 2010-11 are provisional as furnished by the DISCOMs.

<sup>6</sup> (Revenue from Sale of Power + Revenue Grant & Subsidy) – (Total Cost)

**Annexure –13**

**Statement showing particulars of distribution network planned *vis-à-vis* achievement there against in the State as a whole during 2006-07 to 2010-11  
(Referred to in Paragraph 2.7)**

S.No.	Description	PVVNL					KESCO					All DISCOMs				
		2006-07	2007-08	2008-09	2009-10	2010-11	2006-07	2007-08	2008-09	2009-10	2010-11	2006-07	2007-08	2008-09	2009-10	2010-11
(A)	<b>No. of Substations (of various categories)</b>															
I	At the beginning of the year	580	587	593	603	639	62	67	67	72	72	2064	2114	2184	2268	2379
ii	Additions planned for the year	45	17	26	32	106	5	5	5	0	3	88	86	100	107	228
iii	Additions made during the year	7	6	10	36	64	5	0	5	0	0	50	70	84	111	183
iv	At the end of the year	587	593	603	639	703	67	67	72	72	72	2114	2184	2268	2379	2562
V	Shortage in addition (ii - iii)	38	11	16	0	42	0	5	0	0	3	38	16	16	(- 4)	45
(B)	<b>HT Lines (in CKM)</b>															
i	At the beginning of the year	64801	67370	68884	71005	72908	830	1220	1220	1320	1320	213151	226456	239399	264976	291660
ii	Additions planned for the year	3327	1742	2273	1825	3002	400	100	400	200	20	14073	13271	26029	26806	24954
iii	Additions made during the year	2569	1514	2121	1903	2312	390	0	100	0	20	13305	12943	25577	26684	24264
iv	At the end of the year	67370	68884	71005	72908	75220	1220	1220	1320	1320	1340	226456	239399	264976	291660	315924
v	Shortage in addition (ii - iii)	758	228	152	0	690	10	100	300	200	0	768	328	452	122	690
(C)	<b>LT Lines (in CKM)</b>															
I	At the beginning of the year	148592	149581	151647	155569	158483	1536	2351	2351	2416	2416	972696	997401	1030069	1040333	1050443
ii	Additions planned for the year	989	2066	3922	2914	2451	1000	200	200	200	50	24890	32868	10399	10310	7282
iii	Additions made during the year	989	2066	3922	2914	2451	815	0	65	0	50	24705	32668	10264	10110	7282
iv	At the end of the year	149581	151647	155569	158483	160934	2351	2351	2416	2416	2466	997401	1030069	1040333	1050443	1057725
V	Shortage in addition (ii - iii)	0	0	0	0	0	185	200	135	200	0	185	200	135	200	0
(D)	<b>Transformers Capacity (in MVA)</b>															
i	At the beginning of the year	6956	7044	7147	7445	8260	820	867	881	937	992	19842	20440	21186	22645	24258
ii	Additions planned for the year	363	352	373	895	1522	47	14	56	55	28	883	1015	1574	1848	2762
iii	Additions made during the year	88	103	298	815	835	47	14	56	55	28	598	746	1459	1613	1992
iv	At the end of the year	7044	7147	7445	8260	9095	867	881	937	992	1020	20440	21186	22645	24258	26250
v	Shortage in addition (ii - iii)	275	249	75	80	687	0	0	0	0	0	285	269	115	235	770

Sources: Data furnished by the DISCOMS.

**Annexure-14**  
**Statement showing extra expenditure on procurement of material under RGGVY**  
**(Referred to in Paragraph 2.15)**

(Amount in ₹)

Sl. No.	Agreement No. & Date	Name of the material with specification	Name of the firms from whom the contractor purchased the material	Quantity supplied (nos.)	Payment Rate after deducting 15% erection charges and applicable initial and additional discount	Average Price Variation Cost paid per transformer	Total cost paid per transformer	Ex-works Purchase cost of the contractor from local firms plus profit @ 15% as per Delhi Schedule of Rate (DSR)	Difference per unit	Total differential amount	Percentage of profit margin to ex-works purchase cost of the contractor
1	2	3	4	5	6	7	8	9	10 (8-9)	11 (5X10)	12
1.	C-249/ MVVNL/ RGGVY/130/ 2005 dt. 29.07.05	10 kVA Distribution Transformer single phase	M/s Kailash Transformers, Azamgarh	1155	26684*	1510*	28194	24152 <sup>2</sup>	4042	4668510	34
				234	26684	5950	32634	24152	8482	1984788	55
				410	26684	Yet to be paid	26684	24152	2532	1038120	27
2	C-249/ MVVNL/ RGGVY/130/ 2005 dt. 29.07.05	16 kVA Distribution Transformer single phase	M/s Kailash Transformers, Azamgarh	610	30974*	2637*	33611	28558 <sup>3</sup>	5053	3082330	35
				983	30974	7391	38365	28558	9807	9640281	54
3	C-249/ MVVNL/ RGGVY/130/ 2005 dt. 29.07.05	33/11 kV 5 MVA Transformer	M/s PME Transformer Ltd., Greater Noida,	8	4005603	940342	4945945	3340750 <sup>4</sup>	1605195	12841560	70
				3	4005603	Yet to be paid	4005603	3340750	664853	1329706	38
4	C-251/ MVVNL/ RGGVY/134/ 2005 dt. 29.07.05	10 kVA Distribution Transformer single phase	M/s Anand Transformers Pvt. Ltd., Faizabad	922	36671	Yet to be paid	36671	23589 <sup>5</sup>	13082	12061604	79
5	C-251/ MVVNL/ RGGVY/134/ 2005 dt. 29.07.05	16 kVA Distribution Transformer single phase	M/s Anand Transformers Pvt. Ltd., Faizabad	646	50564	Yet to be paid	50564	30729 <sup>6</sup>	19835	12813410	89
6	C-264/ MVVNL/ RGGVY/126/ 2005 dt. 01.08.05	10 kVA Distribution Transformer single phase	M/Technical Associates Ltd., Lucknow	1340	33744	0	33744	23892	9852	13201680	62
		16 kVA Distribution Transformer single phase		912	40882	0	40882	30747	10135	9243120	53
		2.5 sq. mm. X 2 core Service cable	NA	459832	22.76	0	22.76	12.65	10.11	4648902	107
7	C-310/ MVVNL/ RGGVY/123 dt. 25.08.05	10 kVA Distribution Transformer single phase	M/s International Transformers Pvt. Ltd.	2577	26488	Yet to be paid	26488	23320 <sup>8</sup>	3168	8163936	31
8	C-287/ MVVNL/ RGGVY/142 dt. 08.08.05	10 kVA Distribution Transformer single phase	M/s International Transformers Pvt. Ltd.	490	22194	3298	25492	23880 <sup>9</sup>	1600	784000	23
		16 kVA Distribution Transformer single phase		474	27192	3756	30948	30747 <sup>*</sup>	201	95274	16
		5 MVA Transformer	M/s Kotsons Pvt. Ltd., Agra	4	4327445	1537541	5864986	3145997	2718989	10875956	114

<sup>2</sup> Average purchase rate of contractor: ₹ 21002 + ₹ 3150 (profit @ 15 % as per DSR) = ₹ 24152.

<sup>3</sup> Average purchase rate of contractor: ₹ 24833 + ₹ 3725 (profit @ 15 % as per DSR) = ₹ 28558.

<sup>4</sup> Average purchase rate of contractor: ₹ 2905000 + ₹435750 (profit @ 15 % as per DSR) = ₹ 3340750

<sup>5</sup> Average purchase rate of contractor: ₹ 20512 + ₹ 3077 (profit @ 15 % as per DSR) = ₹ 23589.

<sup>6</sup> Average purchase rate of contractor: ₹ 26721 + ₹ 4008 (profit @ 15 % as per DSR) = ₹ 30729.

<sup>8</sup> Average purchase rate of contractor: ₹ 20278+ ₹ 3042 (profit @ 15% as per DSR) + ₹ 23320.

<sup>\*</sup> Average purchase rate of contractor: ₹ 20766+ ₹ 3114 (profit @ 15% as per DSR) + ₹ 23880.

<sup>♦</sup> Average purchase rate of contractor: ₹ 26737+ ₹ 4010 (profit @ 15% as per DSR) + ₹ 30747.

1	2	3	4	5	6	7	8	9	10	11	12
9	C-251/ MVVNL/ RGGVY/134/ 2005 dt. 29.07.05	2.5 sq. mm. X 2 core PVC cable	M/s Bala Traders, Lucknow	156776	30.45	Yet to be paid	30.45	6.61	23.84	3737539	429
10	C-280/ MVVNL/ RGGVY/133/ 2005 dt. 04.08.05	2.5 sq. mm. X 2 core PVC cable	NA	195100	34.78	0	34.78	12.65	22.13	4317563	216
	<b>Total</b>									<b>114534159</b>	
11	786/PuVVNL/P-1/EAV/ RGGVY dt. 05.08.05	10 kVA Distribution Transformer single phase	M/s Anand Transformers Pvt. Ltd., Faizabad	3592	35718	Yet to be paid	35718	25380 <sup>7</sup>	10338	37134096	62
12	788/PuVVNL/P-1/EAV/ RGGVY dt. 05.08.05	10 kVA Distribution Transformer single phase	M/s Vijay Electricals, Hyderabad	1981	46775	8547	55322	23612 <sup>8</sup>	31710	62817510	169
13	788/PuVVNL/P-1/EAV/ RGGVY dt. 05.08.05	5 MVA Transformer	M/s Vijay Electricals, Hyderabad	14	3371611	1313263	4684874	2858331 <sup>9</sup>	1826543	25571602	88
14	788/PuVVNL/P-1/EAV/ RGGVY dt. 05.08.05	8 MVA Transformer	M/s Vijay Electricals, Hyderabad	02	4773150	1592875	6366025	4120493 <sup>8</sup>	2245532	4491064	78
		2.5 sq. mm. X 2 core Service cable	NA	328424	44.88	0	44.88	12.65 <sup>2</sup>	32.23	10586419	308
15	790/PuVVNL/P-1/EAV/04 RGGVY dt. 05.08.05	2.5 sq. mm. X 2 core Service cable	NA	100000	44.88	0	44.88	12.65	32.23	3223000	308
16	794/PuVVNL/P-1/EAV/ RGGVY dt. 05.08.05	2.5 sq. mm. X 2 core Service cable	NA	88927	44.57	0	44.57	12.65	31.92	2838550	305
17	792/PuVVNL/P-1/EAV/09 RGGVY dt. 21.09.05	2.5 sq. mm. X 2 core Service cable	NA	93971	45.56	0	45.56	12.65	32.91	3092586	314
18	749/PuVVNL/P-1/EAV/ 09/RGGVY dt. 05.08.05	10 kVA Distribution Transformer single phase	M/s Technical Associates Ltd., Lucknow	602	35146	0	35146	23892	11254	6774908	69
		16 kVA Distribution Transformer single phase	M/s Technical Associates Ltd., Lucknow	14	46096	0	46096	30747	15349	214886	72
19	796/PuVVNL/P-1/EAV/ RGGVY dt. 05.08.05	10 kVA Distribution Transformer single phase	M/s Technical Associates Ltd., Lucknow	446	35434	0	35434	23892	11542	5147732	71
20	804/PuVVNL/P-1/EAV/ RGGVY dt. 06.08.05	5 MVA Transformer	M/s Kotsons Pvt. Ltd., Agra	15	2978230	1281070	4259300	3145997	1113303	16699545	56
		2.5 sq. mm. X 2 core Service cable	NA	85664	40.16	0	40.16	12.65	27.51	2356617	265
21	806/PuVVNL/P-1/EAV/02 RGGVY dt. 21.09.05	2.5 sq. mm. X 2 core Service cable	NA	31700	16.12	0	16.12	12.65	3.47	109999	47
	<b>Total</b>									<b>181058514</b>	
22	1639(A)/GM/MM/AGRA/ DVVNL-53 dt. 04.09.05	10 kVA Distribution Transformer single phase	M/s Technical Associates Ltd., Lucknow	1011	34222	0	34222	23892	10330	10443630	65
		16 kVA Distribution Transformer single phase	M/s Technical Associates Ltd., Lucknow	70	41409	0	41409	30747	10662	746340	55
		8 MVA Transformer	M/s Marsons Electrical industries, Agra	1	3572078	1080272	4652350	4051616	600734	600734	32
		2.5 sq. mm. X 2 core Service cable	NA	392344	16.77	0	16.77	12.65	4.12	1616457	52
	1425(A)/GM/MM/AGRA/ DVVNL-63 dt. 08.08.05	10 kVA Distribution Transformer single phase	NA	654	25850	0	25850	23892	1958	1280532	24
		5 MVA Transformer	NA	4	3341660	0	3341660	2858331	483329	1933316	34
		2.5 sq. mm. X 2 core Service cable	NA	302800	16.86	0	16.86	12.65	4.21	1274788	53

<sup>7</sup> Average purchase rate of contractor: ₹ 22070 + ₹ 3310 (profit @ 15 % as per DSR) = ₹ 25380

<sup>8</sup> Average purchase rate of contractor: ₹ 20532 + ₹ 3080 (profit @ 15% as per DSR) + ₹ 23612

<sup>9</sup> Average purchase rate of contractor: ₹ 2485505 + ₹ 372826 (profit @ 15% as per DSR) + ₹ 2858331

<sup>8</sup> Average purchase rate of contractor: ₹ 3583037 + ₹ 537456 (profit @ 15% as per DSR) + ₹ 4120493

<sup>2</sup> Purchase rate of M/s Kalptaru Transmission Power Ltd. Against agreement No. C-299/MVVNL/RGGVY/128 dt. 17.08.2005 (₹ 11 per metre+ 15 per cent profit margin)



1	2	3	4	5	6	7	8	9	10	11	12
24	1346/GM/MM/AGRA/ DVVNL-57 dt. 08.08.05	10 kVA Distribution Transformer single phase	M/s Kailash Transformers, Azamgarh	1069	54635	0	54635	23892	30743	32864267	163
		5 MVA Transformer	M/sTechnical Associates Ltd., Lucknow	7	3413707	0	3413707	3145997	267710	1873970	25
25	1344/GM/MM/AGRA/ DVVNL-57 dt. 23.07.05	10 kVA Distribution Transformer single phase	M/s Kailash Transformers, Azamgarh	1297	50836	8368	59204	23892	35312	45799664	185
		16 kVA Distribution Transformer single phase	M/s Kailash Transformers, Azamgarh	588	71143	14152	85295	30747	54548	32074224	219
		5 MVA Transformer	M/sTechnical Associates Ltd., Lucknow	3	2914429	579731	3494160	3145997	348163	1044489	28
		8 MVA Transformer	M/sTechnical Associates Ltd., Lucknow	1	4392745	1088272	5481017	4051616	1429401	1429401	56
26	1342/GM/MM/AGRA/ DVVNL-55 & 56 dt. 23.07.05	10 kVA Distribution Transformer single phase	M/s Kailash Transformers, Azamgarh	1283	52340	10577	62917	23892	39025	50069075	203
		5 MVA Transformer	M/sTechnical Associates Ltd., Lucknow	2	3449641	828903	4278544	3145997	1132547	2265094	56
		8 MVA Transformer	M/sTechnical Associates Ltd., Lucknow	1	4770779	1088272	5859051	4051616	1807435	1807435	66
27	1638(A)/GM/MM/AGRA/ DVVNL-52 dt. 04.09.05	10 kVA Distribution Transformer single phase	M/sTechnical Associates Ltd., Lucknow	1210	33680	0	33680	23892	9788	11843480	62
		16 kVA Distribution Transformer single phase	M/sTechnical Associates Ltd., Lucknow	211	40753	0	40753	30747	10006	2111266	52
		2.5 sq. mm. X 2 core Service cable	NA	173936	16.51	0	16.51	12.65	3.86	671393	50
28	1479(A)/GM/MM/AGRA/ DVVNL-50 dt. 13.08.05	2.5 sq. mm. X 2 core Service cable	NA	284004	16.39	0	16.39	12.65	3.74	1062175	49
		<b>Total</b>								<b>202811730</b>	
		<b>Grand Total</b>								<b>498404403</b>	

**Annexure-15**  
**Statement showing Differences of awarded rates across the DISCOMs**  
**(Referred to in paragraph-2.16)**

(₹ in lakh)

Supply of material for Construction of 33/11 kV, 1X5 MVA Sub-Station under RGGVY														
Name of the DISCOM: Madhyanchal Vidut Vitran Nigam Limited														
Sl. No.	DISCOM	Name of the Contractor	Agreement No.	Total value of Project	Letter of award No.	Date	Name of S/S	Contract ed Value for material Supply	Discount	Net value after discount	Minimum comparable value	Difference for one S/S	No. of S/Ss	Total differential value
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	MVVNL	M/s Reliance Energy Ltd Noida	124/MEDCO/AREP/ Pilibhit/2005 01.08.2005	5908.13	C-270/ MVVNL/RGGVY/124 /Pilibhit	01.08.05	Pilibhit	125.48	5 % on quoted price+ 12% on discounted price	104.9	99.88	5.02	4	20.08
2	MVVNL	M/s Kalptaru Power Transmission Ltd. Gandhinagar Gujrat	128/MEDCO/AREP/ Barabanki/2005 17.08.2005	8570.55	C- 299/MVVNL/RGGVY /128/Barabanki	17.08.05	Barabanki	172.3	11 % on quoted price+ 8% on discounted price	141.08	99.88	41.20	4	164.80
3	MVVNL	M/s Kalptaru Power Transmission Ltd. Gandhinagar	123/MEDCO/AREP/ Shahjahanpur/2005 25.08.2005	7970.48	C-310 MVVNL/RGGVY /123/Shahjahanpur	25.08.05	Shahjahanpur	172.3	7 % on quoted price+ 8% on discounted price	147.42	99.88	47.54	4	190.16
4	MVVNL	M/s Vijay Elec. Ltd. Haidrabad	133/MEDCO/AREP/ Badaun/2005 04.08.2005 Total Value: ` 6821.71	6821.71	C-280 MVVNL/RGGVY/133 /Badaun	04.08.05	Badaun	130.65	6 % on quoted price+ Rs. 65.43 for total s/s	101	99.88	1.12	3	3.36
5	MVVNL	M/s Reliance Energy Ltd Noida	126/MEDCO/AREP/ Hardoi/2005 01.08.2005 Total Value: ` 10292.09	10292.09	C- 264MVVNL/RGGVY/ 126/Hardoi	01.08.05	Hardoi	125.48	5 % on quoted price+ 12.55% on discounted price	104.25	99.88	4.37	5	21.85
6	MVVNL	M/s KEC International Ltd. New Delhi	132/MEDCO/AREP/ Barielly/ 2005 04.08.2005 Total Value: ` 5463.48	5463.48	C- 276MVVNL/RGGVY/ 132/Bareily	04.08.05	Bareilly	141.97	11 % on quoted price	126.35	99.88	26.47	4	105.88
7	MVVNL	M/s S.T. Elec. Pune	131/MEDCO/AREP/ Lucknow/Balrampur/ 05	2315.33	C- 274MVVNL/RGGVY/ 131/Balrampur	03.08.05	Balrampur	127.88	15.5 % on quoted price	108.06	99.88	8.18	1	8.18
8	MVVNL	M/s ABB Ltd. Lko.	142/MEDCO/AREP/ Unnao 08.08.2005	6574.06	C- 287MVVNL/RGGVY/ 142/Unnao	08.08.05	Unnao	121.99	10 % on quoted price	109.79	99.88	9.91	3	29.73
9	MVVNL	M/s L&T New Delhi	127/MEDCO/AREP/ Lakhimpur 08.08.2005	8225.69	C- 244MVVNL/RGGVY/ 127Lakhimpur	29.07.05	Lakhimpur	177.83	12 % on quoted price + 500000 on 5 MVA T/F	152.09	99.88	52.21	4	208.84
10	MVVNL	M/s I.V.R.C.L. Infrast. & Projects Ltd.	129/MEDCO/AREP/ Gonda/2005 29.07.2005	10292.88	C- 253/MVVNL/RGGVY / 129/Gonda/2005	29.07.2005	Gonda	207.56	8.5 % on quoted price +3% on dis. price	184.22	99.88	84.34	4	337.36
11	MVVNL	M/s I.V.R.C.L. Infrastructure & Projects Ltd.	130/MEDCO/AREP/ Bahraich/Shrawasti/20 05 29.07.2005	8881.53	C- 249/MVVNL/RGGVY / 130/Bahraich/Shrawasti/2005	29.07.2005	Bahraich & shrawasti	207.56	8 % on quoted price + 8.3% on discounted price	175.11	99.88	75.23	4	300.92

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
12	MVVNL	M/s Nagarjuna Construction Co. Ltd., Hyderabad	134/MEDCO/AREP/Faizabad/Ambedkarnagar/2005 -02.08.2005	4227.84	C-251/MVVNL/RGGVY / 134/Faizabad/Ambedkarnagar/2005	02.08.2005	Faizabad & Ambedkarnagar	195.2	13% on quoted price plus 5 lakh on 5 MVA T/F	165.47	99.88	65.59	1	65.59
		<b>Total</b>		<b>85543.77</b>										<b>1456.75</b>
<b>Purvanchal Vidyut Vitran Nigam Limited</b>														
13	PuVVNL	M/s ABB Ltd. Lko.	EAV/JNP/REC/VE/04-05/03 Dt.-06.08.2005	8660	804/PuVVNL/V/Planning/RGGVY/JNP/03/Supply/06.08.2005	06.08.2005	Jaunpur	180.26	18.35 % on quoted price+ 7.5% on discounted price	136.14	99.88	36.26	7	253.82
14	PuVVNL	M/s Vijai Electricals Limited, Hyderabad	EAV/SDN/REC/VE/04-05/08 Dt.-05.08.2005	14348	802/PuVVNL/V/P-1/EAV/RGGVY/SDN/08/Supply/05.08.2005	05.08.2005	Siddarthnagar	124.13	1% on quoted price+ 5.9% on discounted price	115.64	99.88	15.76	7	110.32
15	PuVVNL	M/s KEC International Ltd. New Delhi	EAV/MZP/REC/VE/04-05/04 Dt.-05.08.2005	6840	788/PuVVNL/V/P-1/EAV/RGGVY/MZP/04/Supply/05.08.2005	05.08.2005	Mirzapur	130.55	8.40% on quoted price	119.58	99.88	19.70	7	137.90
16	PuVVNL	M/s Reliance Energy Limited, New Delhi	EAV/CND-GZP/REC/VE/04-05/09 Dt.-05.08.2005	7062	794/PuVVNL/V/P-1/RGGVY/CND-GZP/04/Supply/05.08.2005	05.08.2005	Chandauli & Ghazipur	129.42	5% on quoted price+ 14.7% on discounted price	104.88	99.88	5.00	6	30.00
17	PuVVNL	M/s Reliance Energy Limited, New Delhi	EAV/SNB-SRN/REC/VE/04-05/10 Dt.-05.08.2005	6062	796/PuVVNL/V/P-1/EAV/RGGVY/SNB-SRN/10/Supply/05.08.2005	05.08.2005	Sonebhadra & S. Ravidasnagar	129.42	5% on quoted price+ 14% on discounted price	105.74	99.88	5.86	4	23.44
18	PuVVNL	M/s Reliance Energy Limited, New Delhi	EAV/BST/REC/VE/04-05/06 Dt.-05.08.2005	15619	798/PuVVNL/V/P-1/EAV/RGGVY/BST/06/Supply/05.08.2005	05.08.2005	Basti	129.42	5% on quoted price+ 11.52% on discounted price	108.79	99.88	8.91	11	98.01
19	PuVVNL	M/s Kalptaru Power Transmission Ltd. Gandhinagar Gujrat	EAV/SKN/REC/VE/04-05/07 Dt.-08.08.2005	6840	800/PuVVNL/V/Planning/RGGVY/SKN/07/Supply/06.08.2005	06.08.2005	Sant Kabir Nagar	129.9	11% on quoted price	115.61	99.88	15.73	4	62.92
20	PuVVNL	M/s Reliance Energy Limited, New Delhi	EAV/KSM-FTP/REC/VE/04-05/11 Dt.-21.09.2005	5959	792/PuVVNL/V/P-1/EAV/RGGVY/SDN/11/Supply/21.09.2005	21.09.2005	Kaushambi & Fatehpur	129.42	5 % on quoted price+ 12.8% on discounted price	107.21	99.88	7.33	4	29.32
21	PuVVNL	M/s A.B.B. Limited, Lucknow	EAV/MHG/REC/VE/04-05/12 Dt.-05.08.2005	3124.24	808/PuVVNL/V/Planning/RGGVY/MHG/12/Supply 06.08.2005	05.08.2005	Maharajganj	185.61	18% Plus Rs.1153357.61 Lump sum + 11.35% on discounted price	124.7	99.88	24.82	4	99.28
22	PuVVNL	M/s A.B.B. Limited, Lucknow	EAV/PTG/REC/VE/ 04-05/02 Dt.-21.09.2005	4818	806/PuVVNL/V/Planning/RGGVY/PTG/02/Supply 21.09.2005	21.09.2005	Pratapgarh	182.29	19.3% on quoted price+ 7.15% on discounted price	136.59	99.88	36.71	4	146.84
23	PuVVNL	M/s K.E.C. International Limited, New Delhi	EAV/GKP/REC/VE/04-05/05 Dt.-05.08.2005	9100	790/PuVVNL/V/P-1/EAV/RGGVY/GKP/05/Supply 05.08.2005	05.08.2005	Gorakhpur	129.85	8.4 % on quoted price	118.94	99.88	19.06	5	95.30

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
24	PuVVNL	M/s Nagarjuna Construction Company Limited, Haidrabad	EAV/ALD/REC/VE/04-05/01 Dt.-05.08.2005	10696	786/PuVVNL/V/P-1/EAV/RGGVY/ALD/01/Supply 05.08.2005	05.08.2005	Allahabad	177.2	9% on quoted price + 500000 on 5 MVA T/F + 8.4% on discounted price	143.13	99.88	43.25	8	346.00
		<b>Total</b>		<b>99128.24</b>										<b>1433.15</b>
<b>Dakshinanchal Vidut Vitran Nigam Limited</b>														
25	DVVNL	M/s IVRCL Infrastructure & Projects, Hyderabad	DVVNL-57/2005 Dt.-23.07.2005	5261.63	1346/GM(MM)/Agra/DVVNL-57/2005/IVRCL/AREP	23.07.2005	Banda & Chitrakoot	177.03	5% on quoted price+ 1.25% on discounted price	166.08	99.88	66.20	5	331.00
26	DVVNL	Reliance Energy Limited, Noida	DVVNL-53/2005 Dt.-04.09.2005 Place: Auraiya & Etawah	6303.5	1639(A)/GM(MM)/Agra/DVVNL-53/2005/REL/AREP	04.09.2005	Auraiya & Etawah	119.95	7% on quoted price+ 9.06668% on discounted price	101.44	99.88	1.56	4	6.24
27	DVVNL	Reliance Energy Limited, Noida	DVVNL-50/2005 Dt.-13.08.2005 Place: Agra, Aligarh, Hatrash & Mathura	8436	1479(A)/GM(MM)/Agra/DVVNL-50/2005/REL/AREP	13.08.2005	Agra, Aligarh, Hatrash & Mathura	124.64	6.194% on quoted price+ 11.9% on discounted price	103	99.88	3.12	9	28.08
28	DVVNL	M/s Subhash Projects and Marketing Limited, Kolkata	DVVNL-51/2005 dt. 8.7.05	7937.44	1424(A)/GM(MM)/Agra/DVVNL-51/2005/SPML/AREP	8.8.05	Firozabad and Mainpuri	113.48	5% on quoted price	107.81	99.88	7.93	8	63.44
29	DVVNL	M/s Reliance Energy Limited, Noida	DVVNL-52/2005 dt. 04.09.2005	7826.7	1638(A)/GM(MM)/Agra/DVVNL-52/2005/Rel/AREP	04.09.2005	Farukhabad and Kannauj	119.95	6% on quoted price+ 11.41256% on discounted price	<b>99.88</b>	99.88	0.00	5	0.00
30	DVVNL	M/s Accurate Transformers Limited, Delhi	DVVNL-49/2005 dt. 26.07.2005	6427.54	1348/GM(MM)/Agra/DVVNL-49/2005/ATL/AREP	26.07.2005	Etah	111.22	3.28% on quoted price	107.57	99.88	7.69	3	23.07
31	DVVNL	M/s IVRCL Infrastructure & Projects, Hyderabad	DVVNL-55/2005 dt. 23.07.2005	6133.94	1342/GM(MM)/Agra/DVVNL-55/2005/IVRCL/AREP	23.07.2005	Jhansi and Lalitpur	177.03	4% on quoted price+ 1.25% on discounted price	167.82	99.88	67.94	4	271.76
32	DVVNL	M/s IVRCL Infrastructure & Projects, Hyderabad	DVVNL-56/2005 Dt. 23.07.2005	6762.82	1344/GM(MM)/Agra/DVVNL-56/2005/IVRCL/AREP	23.07.2005	Jalaun, Hamirpur and Mahoba	177.03	11.607% on quoted price+ 1.25% on discounted price	154.53	99.88	54.65	4	218.60
33	DVVNL	M/s Vijai Electricals Limited, Hyderabad	DVVNL-63/2005 Dt/ 08.08.2005	5705.26	1425(A)/GM(MM)/Agra/DVVNL-63/2005/VEL/AREP	08.08.2005	Kanpur Nagar & Kanpur Dehat	113.83	0.8% on quoted price	112.92	99.88	13.04	5	65.20
		<b>Total</b>		<b>60794.83</b>										<b>1007.39</b>
		<b>G. Total</b>		<b>245466.84</b>										<b>3897.29</b>

**Annexure-16**  
**Statement showing Differences of awarded rates across the DISCOMs**  
**(Referred to in paragraph 2.16)**

(₹ in lakh)

Sl. No.	DISCOM	Name of the Contractor	Agreement No.	Total value of Project	Letter of award No.	Date	Name of S/S	Contracted Value for material Supply	Discount	Net value after discount	Minimum comparable value	Difference for one S/S	No. of S/Ss	Total differential value
<b>Supply of material for Construction of 33/11 kV, 1X5 MVA Sub-Station under Rajiv Gandhi Gramin Viduytikaran Yojana</b>														
<b>Name of the DISCOM: Madhyanchal Vidut Vitran Nigam Limited</b>														
1	MVVNL	M/s Reliance Energy Ltd Noida	124/MEDCO/ARE P/ Pilibhit/2005 01.08.2005	5908.13	C-270/ MVVNL/RGGVY/1 24/Pilibhit	01.08.05	Pilibhit	125.48	5 % on quoted price+ 12% on discounted price	104.9	81.17	23.73	4	94.92
2	MVVNL	M/s Kalptaru Power Transmission Ltd. Gandhinagar Gujrat	128/MEDCO/ARE P/ Barabanki/2005 17.08.2005	8570.55	C- 299/MVVNL/RGG VY/128/Barabanki	17.08.05	Barabanki	172.3	11 % on quoted price+ 8% on discounted price	141.08	81.17	59.91	4	239.64
3	MVVNL	M/s Kalptaru Power Transmission Ltd. Gandhinagar Gujrat	123/MEDCO/ARE P/ Shahjahanpur/2005 25.08.2005	7970.48	C-310 MVVNL/RGGVY /123/Shahjahanpur	25.08.05	Shahjahanpur	172.3	7 % on quoted price+ 8% on discounted price	147.42	81.17	66.25	4	265.00
4	MVVNL	M/s Vijay Elec. Ltd. Haidrabad	133/MEDCO/ARE P/ Badaun/2005 04.08.2005 Total Value: ` 6821.71	6821.71	C-280 MVVNL/RGGVY/1 33/Badaun	04.08.05	Badaun	130.65	6 % on quoted price+ Rs. 65.43 for total s/s	101	81.17	19.83	3	59.49
5	MVVNL	M/s Reliance Energy Ltd Noida	126/MEDCO/ARE P/ Hardoi/2005 01.08.2005 Total Value: ` 10292.09	10292.09	C- 264MVVNL/RGGV Y/126/Hardoi	01.08.05	Hardoi	125.48	5 % on quoted price+ 12.55% on discounted price	104.25	81.17	23.08	5	115.40
6	MVVNL	M/s KEC International Ltd. New Delhi	132/MEDCO/ARE P/ Barielly/ 2005 04.08.2005 Total Value: ` 5463.48	5463.48	C- 276MVVNL/RGGV Y/132/Bareily	04.08.05	Bareilly	141.97	11 % on quoted price	126.35	81.17	45.18	4	180.72
7	MVVNL	M/s S.T. Elec. Pune	131/MEDCO/ARE P/ Lucknow/Balrampur/ 2005 03.08.2005	2315.33	C- 274MVVNL/RGGV Y/131/Balrampur	03.08.05	Balrampur	127.88	15.5 % on quoted price	108.06	81.17	26.89	1	26.89
8	MVVNL	M/s ABB Ltd. Lko.	142/MEDCO/ARE P/ Unnao 08.08.2005	6574.06	C- 287MVVNL/RGGV Y/142/Unnao	08.08.05	Unnao	121.99	10 % on quoted price	109.79	81.17	28.62	3	85.86
9	MVVNL	M/s L&T New Delhi	127/MEDCO/ARE P/ Lakhimpur 08.08.2005	8225.69	C- 244MVVNL/RGGV Y/127Lakhimpur	29.07.05	Lakhimpur	177.83	12 % on quoted price + 500000 on 5 MVA T/F	152.09	81.17	70.92	4	283.68
10	MVVNL	M/s I.V.R.C.L. Infrac. & Projects Ltd.	129/MEDCO/ARE P/ Gonda/2005 29.07.2005	10292.88	C- 253/MVVNL/RGG VY/ 129/Gonda/2005	29.07.2005	Gonda	207.56	8.5 % on quoted price +3% on dis. price	184.22	81.17	103.05	4	412.20
11	MVVNL	M/s I.V.R.C.L. Infrastructure & Projects Ltd.	130/MEDCO/ARE P/ Bahraich/ Shrawasti/2005 29.07.2005	8881.53	C- 249/MVVNL/RGG VY/ 130/Bahraich/Shraw asti/2005	29.07.2005	Bahraich & shrawasti	207.56	8 % on quoted price + 8.3% on discounted price	175.11	81.17	93.94	4	375.76

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
12	MVVNL	M/s Nagarjuna Construction Co. Ltd., Haidrabad	134/MEDCO/ARE P/ Faizabad/Ambedkar nagar/2005 - 02.08.2005	4227.84	C- 251/MVVNL/RGGVY/ 134/Faizabad/Ambedkar nagar/2005	02.08.2005	Faizabad & Ambedkarnagar	195.2	13% on quoted price plus 5 lakh on 5 MVA T/F	165.47	81.17	84.30	1	84.30
												<b>Total</b>		<b>2223.86</b>
<b>Purvanchal Vidut Vitran Nigam Limited</b>														
13	PuVVNL	M/s ABB Ltd. Lko.	EAV/JNP/REC/VE/ 04-05/03 Dt.- 06.08.2005	8660	804/PuVVNL/V/Planni ng/RGGVY/JNP/ 03/Supply/06.08.2005	06.08.2005	Jaunpur	180.26	18.35 % on quoted price+ 7.5% on discounted price	136.14	81.17	54.97	7	384.79
14	PuVVNL	M/s Vijai Electricals Limited, Hyderabad	EAV/SDN/REC/VE /04-05/08 Dt.- 05.08.2005	14348	802/PuVVNL/V/P- 1/EAV/RGGVY/SDN/ 08/Supply/05.08.2005	05.08.2005	Siddarthnagar	124.13	1% on quoted price+ 5.9% on discounted price	115.64	81.17	34.47	7	241.29
15	PuVVNL	M/s KEC International Ltd. New Delhi	EAV/MZP/REC/V E/04-05/04 Dt.- 05.08.2005	6840	788/PuVVNL/V/P- 1/EAV/RGGVY/MZP/ 04/Supply/05.08.2005	05.08.2005	Mirzapur	130.55	8.40% on quoted price	119.58	81.17	38.41	7	268.87
16	PuVVNL	M/s Reliance Energy Limited, New Delhi	EAV/CND- GZP/REC/VE/04- 05/09 Dt.- 05.08.2005	7062	794/PuVVNL/V/P- 1/RGGVY/CND-GZP/ 04/Supply/05.08.2005	05.08.2005	Chandauli & Ghazipur	129.42	5% on quoted price+ 14.7% on discounted price	104.88	81.17	23.71	6	142.26
17	PuVVNL	M/s Reliance Energy Limited, New Delhi	EAV/SNB- SRN/REC/VE/04- 05/10 Dt.- 05.08.2005	6062	796/PuVVNL/V/P- 1/EAV/RGGVY/SNB- SRN/ 10/Supply/05.08.2005	05.08.2005	Sonebhadra & S. Ravidasnagar	129.42	5% on quoted price+ 14% on discounted price	105.74	81.17	24.57	4	98.28
18	PuVVNL	M/s Reliance Energy Limited, New Delhi	EAV/BST/REC/VE /04-05/06 Dt.- 05.08.2005	15619	798/PuVVNL/V/P- 1/EAV/RGGVY/BST/0 6/Supply	05.08.2005	Basti	129.42	5% on quoted price+ 11.52% on discounted price	108.79	81.17	27.62	11	303.82
19	PuVVNL	M/s Kalptaru Power Transmission Ltd. Gujrat	EAV/SKN/REC/VE /04-05/07 Dt.- 08.08.2005	6840	800/PuVVNL/V/Planni ng/RGGVY/SKN/07/Su pply/06.08.2005	06.08.2005	Sant Kabir Nagar	129.9	11% on quoted price	115.61	81.17	34.44	4	137.76
20	PuVVNL	M/s Reliance Energy Limited, New Delhi	EAV/KSM-FTP/ REC/VE/04-05/11 Dt.-21.09.2005	5959	792/PuVVNL/V/P- 1/EAV/RGGVY/SDN/ 11/Supply/21.09.2005	21.09.2005	Kaushambi & Fatehpur	129.42	5 % on quoted price+ 12.8% on discounted price	107.21	81.17	26.04	4	104.16
21	PuVVNL	M/s A.B.B. Limited, Lucknow	EAV/MHG/REC/V E/04-05/12 Dt.- 05.08.2005	3124.24	808/PuVVNL/V/Planni ng/RGGVY/MHG/ 12/Supply 06.08.2005	05.08.2005	Maharajganj	185.61	18% Plus Rs.1153357.61 Lump sum + 11.35% on discouted price	124.7	81.17	43.53	4	174.12
22	PuVVNL	M/s A.B.B. Limited, Lucknow	EAV/PTG/REC/VE / 04-05/02 Dt.- 21.09.2005	4818	806/PuVVNL/V/Planni ng/RGGVY/PTG/ 02/Supply 21.09.2005	21.09.2005	Pratapgarh	182.29	19.3% on quoted price+ 7.15% on discounted price	136.59	81.17	55.42	4	221.68
23	PuVVNL	M/s K.E.C. International Limited, New Delhi	EAV/GKP/REC/VE /04-05/05 Dt.- 05.08.2005	9100	790/PuVVNL/V/P- 1/EAV/RGGVY/GKP/ 05/Supply 05.08.2005	05.08.2005	Gorakhpur	129.85	8.4 % on quoted price	118.94	81.17	37.77	5	188.85

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
24	PuVVNL	M/s Nagarjuna Construction Company Limited, Hyderabad	EAV/ALD/REC/V E/04-05/01 Dt.-05.08.2005	10696	786/PuVVNL/V/P-1/EAV/RGGVY/ALD/01/Supply 05.08.2005	05.08.2005	Allahabad	177.2	9% on quoted price + 500000 on 5 MVA T/F + 8.4% on discounted price	143.13	81.17	61.96	8	495.68
												<b>Total</b>		<b>2761.56</b>
<b>Dakshinanchal Vidyut Vitran Nigam Limited</b>														
25	DVVNL	M/s IVRCL Infrastructure & Projects, Hyderabad	DVVNL-57/2005 Dt.-23.07.2005	5261.63	1346/GM(MM)/Agra/DVVNL-57/2005/IVRCL/AREP	23.07.2005	Banda & Chitrakoot	177.03	5% on quoted price+ 1.25% on discounted price	166.08	81.17	84.91	5	424.55
26	DVVNL	Reliance Energy Limited, Noida	DVVNL-53/2005 Dt.-04.09.2005 Place: Auraiya & Etawah	6303.5	1639(A)/GM(MM)/Agra/DVVNL-53/2005/REL/AREP	04.09.2005	Auraiya & Etawah	119.95	7% on quoted price+ 9.0668% on discounted price	101.44	81.17	20.27	4	81.08
27	DVVNL	Reliance Energy Limited, Noida	DVVNL-50/2005 Dt.-13.08.2005 Place: Agra, Aligarh, Hatrash & Mathura	8436	1479(A)/GM(MM)/Agra/DVVNL-50/2005/REL/AREP	13.08.2005	Agra, Aligarh, Hatrash & Mathura	124.64	6.194% on quoted price+ 11.9% on discounted price	103	81.17	21.83	9	196.47
28	DVVNL	M/s Subhash Projects and Marketing Limited, Kolkata	DVVNL-51/2005 dt. 8.7.05	7937.44	1424(A)/GM(MM)/Agra/DVVNL-51/2005/SPML/AREP	8.8.05	Firozabad and Mainpuri	113.48	5% on quoted price	107.81	81.17	26.64	8	213.12
29	DVVNL	M/s Reliance Energy Limited, Noida	DVVNL-52/2005 dt. 04.09.2005	7826.7	1638(A)/GM(MM)/Agra/DVVNL-52/2005/Rel/AREP	04.09.2005	Farukhabad and Kannauj	119.95	6% on quoted price+ 11.41256% on discounted price	99.88	81.17	18.71	5	93.55
30	DVVNL	M/s Accurate Transformers Limited, Delhi	DVVNL-49/2005 dt. 26.07.2005	6427.54	1348/GM(MM)/Agra/DVVNL-49/2005/ATL/AREP	26.07.2005	Etah	111.22	3.28% on quoted price	107.57	81.17	26.40	3	79.20
31	DVVNL	M/s IVRCL Infrastructure & Projects, Hyderabad	DVVNL-55/2005 dt. 23.07.2005	6133.94	1342/GM(MM)/Agra/DVVNL-55/2005/IVRCL/AREP	23.07.2005	Jhansi and Lalitpur	177.03	4% on quoted price+ 1.25% on discounted price	167.82	81.17	86.65	4	346.60
32	DVVNL	M/s IVRCL Infrastructure & Projects, Hyderabad	DVVNL-56/2005 Dt. 23.07.2005	6762.82	1344/GM(MM)/Agra/DVVNL-56/2005/IVRCL/AREP	23.07.2005	Jalaun, Hamirpur and Mahoba	177.03	11.607% on quoted price+ 1.25% on discounted price	154.53	81.17	73.36	4	293.44
33	DVVNL	M/s Vijai Electricals Limited, Hyderabad	DVVNL-63/2005 Dt/ 08.08.2005	5705.26	1425(A)/GM(MM)/Agra/DVVNL-63/2005/VEL/AREP	08.08.2005	Kanpur Nagar & Kanpur Dehat	113.83	0.8% on quoted price	112.92	81.17	31.75	5	158.75
								<b>Total</b>						<b>1886.76</b>
<b>Paschimanchal Vidyut Vitran Nigam Limited</b>														
34	PVVNL	M/s Jitco Overseas Projects, New Delhi	3132/PVVNL-MT/REC-5 ( R )-2004 dt. 09.07.2005	5720.73	3132/PVVNL-MT/REC-5 ( R )-2004	09.07.2005	Rampur	64.88	13.51% on quoted price	(56.12) 81.17 <sup>38</sup>	81.17	0	6	0
												<b>Total</b>		<b>0</b>
												<b>G. Total</b>		<b>6872.18</b>

<sup>38</sup> Cost recasted to the extent of cost of seven items as per agreement No. 52/2005 of DVVNL.

**Annexure-17**  
**Statement showing excess payment of trade tax**  
**(Referred to in paragraph 2.18)**

(Amount in ₹)

Sl. No.	Agreement No. & Date	Name of the Contractor	Net amount for Ex-works + Excise Duty + Sale Tax	Amount of UPTT paid @ 4 % on Ex-works + Excise duty	Name of the Circle/ Division	Name of the DISCOM
1	2	3	4	5	6	7
1	133/MEDCO/AREP/Badaun/2005 dt: 04.08.2005	M/s Vijay Electricals Ltd., Hyderabad	346597965	13330691	Electricity Distribution Circle, Bareilly	MVVNL, Lucknow
2	132/MEDCO/AREP/Bareilly/2005 dt: 01.08.2005	M/s K E C International Ltd.	102366058	3937156	Electricity Distribution Circle, Bareilly	MVVNL, Lucknow
3	134/MEDCO/AREP/Faizabad/ Ambedkarnagar/2005 dt: 02.08.2005	M/s Nagarjuna Const. Co. Ltd., Hyderabad	98815268	3800587	Electricity Distribution Circle, Faizabad	MVVNL, Lucknow
4	129/MEDCO/AREP/Gonda/ 2005 dt: 29.07.2005	M/s IVRCL Infrastructure Projects Ltd., Hyderabad	512442126	19709313	Electricity Distribution Circle, Gonda	MVVNL, Lucknow
5	130/MEDCO/AREP/Baharaich/ Srawasti/ 2005 dt: 29.07.2005	M/s IVRCL Infrastructure Projects Ltd., Hyderabad	355378034	13668386	Electricity Distribution Circle, Gonda	MVVNL, Lucknow
6	C-299/MVVNL dt: 17.08.2005	M/s Kalptaru Transmission Ltd.	30164898	1160188	Electricity Distribution Circle, Barabanki	MVVNL, Lucknow
7	C-287/MVVNL/RGGVY/142/ Unnao/2005 dt: 08.08.2005	M/s ABB Ltd., Bangalore	102182961	3930114	Electricity Distribution Circle, Unnao	MVVNL, Lucknow
8	C-310/MVVNL/RGGVY/123/ Shahjahanpur dt.25-08-05	Kalptaru Power Transformer Ltd. Gandhinagar	82024264	3154779	Electricity Distribution Circle, Shahjahanpur	MVVNL, Lucknow
9	C-264/MVVNL/RGGVY/126dt. 1.08.2005	M/s Reliance energy Ltd.,	456520287	17558473	Electricity Distribution Circle, Hardoi	MVVNL, Lucknow
	<b>Total</b>		<b>2086491861</b>	<b>80249687</b>		
10	798/PuVVNL/V/P-1/BAV/RGGVY/ Basti/06/Supply dt: 05.08.2005	M/s Reliance Energy Ltd.	512775325	19722128	Electricity Distribution Circle, Gorkhpur	PuVVNL, Varanasi
11	802/PuVVNL/V/P-1/BAV/RGGVY/ Basti/ 08/Supply dt: 25.08.2005	M/s Vijay Electricals Ltd., Hyderabad	287833900	11070535	Electricity Distribution Circle, Gorkhpur	PuVVNL, Varanasi
12	800/PuVVNL/V/P-1/BAV/RGGVY/ SDN/08/Supply dt: 06.08.2005	M/s KPTL International Ltd.	48827157	1877967	Electricity Distribution Circle, Gorkhpur	PuVVNL, Varanasi
13	808/PuVVNL/Planning/RGGVY/MHG/12/Supply dt: 06.08.2005	M/s ABB Ltd.	60812536	2338944	Electricity Distribution Circle, Gorkhpur	PuVVNL, Varanasi
14	790/PuVVNL/V/P-1/BAV/RGGVY/ Gorakhpur/05/Supply dt: 05.08.05	M/s K E C International Ltd.	251482693	9672411	Electricity Distribution Circle, Gorkhpur	PuVVNL, Varanasi
15	806/PuVVNL/Planning/RGGVY/PTG/02/Supply dt: 21.09.2005	M/s ABB Ltd.	86650775	3332722	Electricity Distribution Circle II, Allahabad	PuVVNL, Varanasi
16	792/PuVVNL/VIP-1/EAV/RGGVY/ KSM-FTP/11/Supply dt: 21.09.2005	M/s Reliance Energy Ltd.	46251736	1778913	Electricity Distribution Circle I, Allahabad	PuVVNL, Varanasi
17	792/PuVVNL/VIP-1/EAV/RGGVY/ KSM-FTP/11/Supply dt: 21.09.2005	M/s Reliance Energy Ltd.	72618377	2793014	Electricity Distribution Circle I, Allahabad	PuVVNL, Varanasi
18	804/PuVVNL/P/RGGVY/JNP/03/Supply dated 06.08.2005	M/s ABB Ltd.	175905478	6765595	Elec. Stores Division, Varanasi	PuVVNL, Varanasi
19	796/RGGVY/Sonbhadra & Sant Ravidas Nagar/10/Supply dt.05.08.05	M/s Reliance Energy Ltd.	85234567	3278253	Elec. Stores Division, Varanasi	PuVVNL, Varanasi
20	794/PuVVNL/P-1/RGGVY/ Chandoli & Ghazipur/Supply dated 05.08.2005	M/s Reliance Energy Ltd.	155495874	5980611	Elec. Stores Division, Varanasi	PuVVNL, Varanasi
21	788/PuVVNL/V/P-1/RGGVY/ Mirzapur/04/Supply dt. 05.08.2005	M/s K E C International Ltd.	259406231	9977163	Elec. Stores Division, Varanasi	PuVVNL, Varanasi
	<b>Total</b>		<b>2043294649</b>	<b>78588256</b>		



1	2	3	4	5	6	7
22	3130/PVVNL-MT/MM/REC-4(R)-2004 dated 09.07.2005	M/s UPRNN Ltd.	75901922	2919305	Elec. Stores Circle, Amroha	PVVNL, Meerut
23	1638(A)/GM/MM/Agra/DVVNL-52/2005/REL/AREP dt: 04.09.2005	M/s Reliance Energy Ltd.	299806716	11531028	Electricity Distribution Circle, Farukhabad	DVVNL, Agra
24	1424(A)/GM/MM/Agra/DVVNL-51/2005/SPML/AREP dt: 04.09.2005 (Firozabad)	M/s Subhas Projects & Marketing Ltd., Kolkatta	23255893	894457	Electricity Distribution Circle, Firozabad	DVVNL, Agra
25	1424(A)/GM/MM/Agra/DVVNL-51/2005/SPML/AREP dt: 04.09.2005 (Mainpuri)	M/s Subhas Projects & Marketing Ltd., Kolkatta	91480311	3518474	Electricity Distribution Circle, Mainpuri	DVVNL, Agra
26	1639/GM(MM)/Agra/DVVNL-53/2005/ATL/AREP	M/s Reliance energy Ltd., Noida	211052470	8117403	Electricity Distribution Circle, Banda	DVVNL, Agra
27	1479(A)/GM(MM)/Agra/DVVNL-50/2005/ATL/AREP	M/s Reliance energy Ltd., Noida	25457716	979143	Electricity Distribution Circle, Banda	DVVNL, Agra
28	1344/GM (MM)/Agra/DVVNL	M/s IVRCL Infrastructures Ltd.	97360574	3744637	Electricity Distribution Circle, Banda	DVVNL, Agra
29	1346/GM (MM)/Agra/DVVNL	M/s IVRCL Infrastructures Ltd.	41491913	1595843	Electricity Distribution Circle, Banda	DVVNL, Agra
30	1425(A)/GM/(MM)Agra/DVVNL dt.8.8.2005	M/s Vijay Electrical	274545000	10559423	Electricity Distribution Circle, Kanpur	DVVNL, Agra
31	1479(A)/GM(MM)/Agra/DVVNL-50/2005/REL/AREP	M/s Reliance energy Ltd., Noida	31014597	1192869	Electricity Distribution Circle, Hathras	DVVNL, Agra
32	1479(A) /GM(MM)Agra/ DVVNL - 50/2005/REL/AREP dt.13.08.05	M/s Reliance Energy Ltd; Noida	208379297	8014588	Electricity Distribution Circle, Aligarh	DVVNL, Agra
33	1342/GM(MM)/AGRA/DVVNL-55&56/IVRCL/AREP DTD 23.07.05	M/s IVRCL Infrastructures Ltd.	78579239	3022278	Electricity Distribution Circle, Jhansi	DVVNL, Agra
	<b>Total</b>		<b>1382423726</b>	<b>53170144</b>		
	<b>Grand Total</b>		<b>5588112158</b>	<b>214927391</b>		

**Annexure -18**  
**Statement showing non-deduction of trade tax under RGGVY**  
**(Referred to in paragraph 2.19)**

(Amount in ₹)

Sl. No.	Agreement No& date	Name of the Contractor	Total amount Paid for erection /test/ Commissioning	Amount of trade tax deductible @ 4%	Amount of trade tax deducted	Amount of trade tax non / short deducted	Name of Circle	Name of the Company
1	2	3	4	5	6	7	8	9
1.	795/PuVVNL/v/p-1/RGGVY/ Cnd-GZP/ 09/ Erection Dated 05.05.2005	M/s Reliance Infrastructure Ltd.	100167593	4006704	531594	3475110	Electricity Distribution Circle Varanasi	PuVVNL Varanasi
2.	789/PuVVNL/VIP-1/ RGGVY/ MZP/104 Erection Date -05.08.2005	M/s KEC Inter National Limited New Delhi	75274369	3010975	0	3010975	Electricity Distribution Circle Mirzapur	PuVVNL Varanasi
3	796/PuVVNL/VIPI/EAV/ RGGVY/ SNB-SRN/10/ Supply Date -05.08.2005	M/s Reliance Energy Limited (Mirzapur) (A)SNB	102126190	4822183	0	4822183	Electricity Distribution Circle Mirzapur	PuVVNL Varanasi
		(B) SRN	18428375					
4	799/PuVVNL/P-1/RGGVY/ BST/06/Erection	M/s Reliance Infrastructure Ltd.	183712020	7348481	0	7348481	Electricity Distribution Circle Basti	PuVVNL Varanasi
5	799/PuVVNL/V/P-1/EAV/ RGGVY/BST/06/Erection	M/s Kalptaru Power Transmission Ltd	149508680	5980347	0	5980347	Electricity Distribution Circle Basti	PuVVNL Varanasi
6.	803/PuVVNL/V/P-1/RGGVY/ SDN/08/ Erection	M/s Vijay Electrical Ltd	281920212	11276808	0	11276808	Electricity Distribution Circle Basti	PuVVNL Varanasi
7.	805/PuVVNL/V/P-1/Erection dt.06-08-05	M/s A.B.B	130890894	5235636	0	2431897	Electricity Distribution Circle Jaunpur	PuVVNL Varanasi
8.	793/PuVVNL/V/P-1/RGGVY/ KSM-FTP/11/erection dt: 21.09.2005	M/s Reliance Energy Ltd.	67818390	2712736	0	2712736	Electricity Distribution Circle I, Allahabad	PuVVNL, Varanasi
9.	787/PuVVNL/V/P-1/RGGVY/ ALT/01 dt: 05.08.2005	M/s Nagarjuna Construction Co. Ltd.	181631092	7265244	0	7265244	Electricity Distribution Circle I, Allahabad	PuVVNL, Varanasi
10.	791/PuVVNL/V/P-1/RGGVY/ GKP/05/erection dt: 05.08.2005	M/s K.E.C. International Ltd.	145187098	5807484	0	5807484	Electricity Distribution Circle, Gorakhpur	PuVVNL, Varanasi
11.	809/PuVVNL/V/P-1/RGGVY/ MHG/12/erection dt: 06.08.2008	M/s. A.B.B. Ltd.	29293683	1171747	0	1171747	Electricity Distribution Circle, Gorakhpur	PuVVNL, Varanasi
	<b>Total</b>		<b>1465958596</b>	<b>58638345</b>	<b>531594</b>	<b>58106751</b>		
12.	133/MEDCO/AREP/Badaun/ 2005 dt: 04.08.2005	M/s Vijay Electricals, Hyderabad	96895978	3875839	0	3875839	Electricity Distribution Circle, Bareilly	MVVNL, Lucknow
13.	130/MEDCO/AREP/Baharaich/ Srawasti/ 2005 dt: 29.07.2005	M/s IVRCL Infrastructure Projects Ltd., Hyderabad	25050878	1002035	0	1002035	Electricity Distribution Circle, Gonda.	MVVNL, Lucknow
14.	131/MEDCO/AREP/Balrampur/ Lucknow/2005 dt: 29.07.2005	M/s S. T. Electricals, Pune	32332143	1293286	0	1293286	Electricity Distribution Circle, Gonda	MVVNL, Lucknow
15.	142/MEDCO/AREP/Unnao/2005 dt: 28.08.2005	M/s. A.B.B. Ltd.	3019023	120761	0	120761	Electricity Distribution Circle, Raibareli	MVVNL, Lucknow
16.	134/MEDCO/AREP/Faizabad- Ambedkarnagar/2005 t:	M/s Nagarjuna Construction Co. Ltd.	69313283	2772531	0	2772531	Electricity Distribution Circle, Faizabad	MVVNL, Lucknow
			<b>226611305</b>	<b>9064452</b>	<b>0</b>	<b>9064452</b>		

1	2	3	4	5	6	7	8	9
17.	1638(B)/GM/MM/Agra/DVNNL-52/2005/REL/AREP dt: 04.09.2005	M/s Reliance Energy Ltd.	55397972	2215919	0	2215919	Electricity Distribution Circle, Farukhabad	DVVNL, Agra
18.	1424(B)/GM/MM/Agra/DVNNL-51/2005/spml/AREP dt: 04.09.2005	M/s Subhas Projects & Marketing Ltd., Kolkatta	23916591	956664	0	956664	Electricity Distribution Circle, Firozabad	DVVNL, Agra
19.	1479(B)/GM(M)/Agra/DVVNL-50/2005/REL/AREP dt: 13.08.2005	M/s Reliance energy Ltd., Noida	81069756	3242790	0	3242790	Electricity Distribution Circle, Aligarh	DVVNL, Agra
20.	1425 (B)GM (M)/AGRA/DVVNL-63/VEL/AREP dt: 08.08.2005	M/s Vijay Electricals, Ltd.	41305846	1652234	0	1652234	Electricity Distribution Circle, Kanpur	DVVNL, Agra
21.	1349/GM/Agra/DVVNL-49/2005/ATL/AREP dt: 26.07.2005	M/s Accurate Transformers Ltd., Delhi	19212844	768514	0	768514	Electricity Distribution Circle, Mainpuri	DVVNL, Agra
22.	1639/GM(MM)/Agra/DVVNL-53/2005/ATL/AREP	M/s Reliance energy Ltd., Noida	10471598	418864	0	418864	Electricity Distribution Circle, Mathura	DVVNL, Agra
23.	1346 & 1347 / dt: 23.07.2005	M/s IVRCL Infrastructures & Projects Ltd., Hyderabad	21452160	858086	0	858086	Electricity Distribution Circle, Banda	DVVNL, Agra
24.	1344 & 1345 / dt: 23.07.2005	M/s IVRCL Infrastructures & Projects Ltd., Hyderabad	24706749	988270	0	988270	Electricity Distribution Circle, Banda	DVVNL, Agra
			<b>277533516</b>	<b>11101341</b>	<b>0</b>	<b>11101341</b>		
25.	3129/PVVNL-MT/MM/ REC-1&2-2004 d: 09.07.2005	M/s UPRNN, Meerut	<b>48445230</b>	<b>1937809</b>	<b>0</b>	<b>1937809</b>	Zonal Chief Engineer, Meerut	PVVNL, Meerut
			<b>2018548647</b>	<b>80741947</b>	<b>531594</b>	<b>80210353</b>		

**Annexure-19**  
**Statement showing excess payment of trade tax under APDRP**  
**(Referred to in paragraph 2.26)**

(Amount in ₹)

Sl. No.	Agreement No. & Date	Name of the Contractor	Net amount for Ex-works + Excise Duty + Sale Tax	Amount of UPTT paid @ 4 % on Ex-works + Excise duty	Name of the Circle/ Division	Name of the Company
1	2	3	4	5	6	7
1	APDRP/03-04/39/Avadh dt.22.11.2004	M/s Avadh Transformer Pvt.Ltd; Sutanpur	5424991	208653	Faizabad	MVVNL, Lucknow
2	MVVNL /APDRP/05-06/1/BDN dt. 12.06.2006	M/s I.V.R.C.L Infrastructure& Projects Ltd. Hyderabad	133757205	5144508	Bareilly	MVVNL, Lucknow
	<b>Total</b>		<b>139182196</b>	<b>5353161</b>		
3	GMJ-304/AF-43 dt: 31.8.2006	M/s Secure Meters Ltd.Solan.H.P	38061498	1463904	KESCO	KESCO
4	172/CGM/KESCO/APDRP/2005-06/11DTD 13.8.2005	M/s Sanchem Engineers (P)Ltd. Kanpur	4753090	182811	KESCO	KESCO
5	540/CEO/KESCO/APDRP/ 2006-07/05 dt:10.11.06	M/s Harvitec Enterprises Private Ltd. Kanpur	9572321	368166	KESCO	KESCO
6	536/CEO/KESCO/APDRP/2006-07/04 dt:10.11.06	M/s Harvitec Enterprises Private Ltd. Kanpur	24960687	960026	KESCO	KESCO
7	538/CEO/KESCO/APDRP/2006-07/03 dt:10.11.07	M/s Harvitec Enterprises Private Ltd. Kanpur	9500429	365401	KESCO	KESCO
8	148/CEO/KESCO/APDRP/2006-08/01 dt: 02.7.07	M/s Harvitec Enterprises Private Ltd. Kanpur	30578501	1176096	KESCO	KESCO
9	169/DGM/KESCO/APDRP/2005-06/09 dt: 8.8.2005	M/s Infinite India, Kanpur	4707418	181055	KESCO	KESCO
10	170/DGM/KESCO/APDRP/2005-06/09 dt: 8.8.2005	M/s Infinite India, Kanpur	13224000	508615	KESCO	KESCO
11	1,544 DTD 21.01.2006&11200 ESCL/40/2005 DTD 27.12.05	M/s Elymer Internationl Pvt. Ltd., New Delhi	8074276	310549	KESCO	KESCO
12	754 ESCL/40/2005 DTD 18.10.2007	M/s Elymer Internationl Pvt. Ltd., New Delhi	8063188	310123	KESCO	KESCO
13	AF-18DTD 17.07.2007	M/s Elymer Internationl Pvt. Ltd., New Delhi	8063188	310123	KESCO	KESCO
14	118/CGM/KESCO/APDRP/ 2005-06/10 DTD 30.06.2005	M/s Sanchem Engineers (P)Ltd. Kanpur	5408000	208000	KESCO	KESCO
	<b>Total</b>		<b>164966596</b>	<b>6344869</b>		
15	2894-/PVVNL-MT/518-2005 DTD25-06-2005 (Supply)	M/s Absolute Project( India) Ltd; Dariyaganj, New Delhi	2407547	92598	Electricity Urban Distribution Circle, Saharanpur	PVVNL, Meerut
16	5188/PVVNL-MT/507-2005 dt:14.06.2006	M/s JSP Costrutions, Ghaziabad	4526842	174109	Electricity Distribution Circle, Bagpat	PVVNL, Meerut
17	2699/PVVNL-MT/501-2005 dt:04.06.2005	M/s ABB Ltd., New Delhi	1159902	44612	Electricity Urban Distribution Circle, Muzaffarnagar	PVVNL, Meerut
18	1462/PVVNL-MT/502-2005 dt:12.03.2006	M/s JSP Costrutions, Ghaziabad	5734434	220555	Electricity Urban Distribution Circle, Muzaffarnagar	PVVNL, Meerut
19	994(A)-APDRP U/EE-1/05-0666 ILK dt:16.11.2005	M/s Instrumentation Ltd., Kota	42791098	1645811	Electricity Urban Distribution Circle, Noida	PVVNL, Meerut
20	3175 and 3177/PVVNL-MT/520/547-2004 dt:11.07.2005	M/s ABB Ltd., New Delhi	13937508	536058	Electricity Urban Distribution Circle, Ghazibad	PVVNL, Meerut
21	2276/dt: 02.04.2009	m/S Dynamic Electrical & Switch Gear Pvt. Ltd., New Delhi	2448287	94165	Electricity Urban Distribution Circle, Ghazibad	PVVNL, Meerut
22	9323/PVVNL/APDRP-2004 dt: 20.12.2007	M/s JSP Costrutions, Ghaziabad	90007244	3461817	Electricity Urban Distribution Circle, Ghazibad	PVVNL, Meerut
23	3165/PVVNL-MT/MM/538-2004 dt: 11.07.2005	M/s Jyoti Build Tech Pvt. Ltd., Lucknow	3454223	132855	Electricity Urban Distribution Circle, Gzbd.	PVVNL, Meerut

1	2	3	4	5	6	7
24	3167/PVVNL-MT/MM/521-2004 dt: 11.07.2005	M/s Hythro Power Corporation, New Delhi	4813910	185150	Electricity Distribution Circle, Bulandsahar	PVVNL, Meerut
25	2975/PVVNL-MT/MM/530-2004 dt: 27.06.2005	M/s Absolute Project( India) Ltd; Dariyaganj, New Delhi	198088	7619	Electricity Distribution Circle, Bulandsahar	PVVNL, Meerut
26	265/PVVNL-MT/MM/557-2004 dt: 10.01.2005	M/s Elymer Internationl Pvt. Ltd., New Delhi	2602714	100104	Electricity Distribution Circle, Bulandsahar	PVVNL, Meerut
27	994(A)/APDRPU/EE-I/05-06/66/IL dt 16.11.2005	M/s Instrumentation Limited	86221985	3316230	Electricity Distribution Circle, NOIDA	PVVNL, Meerut
	<b>Total</b>		<b>260303782</b>	<b>10011683</b>		
28	1002 (A)/APDRPU/EE-II/05-06/59/GENUS dt: 17.11.2005	M/s Genus Overseas Electronics Ltd, Jaipur	21457834	825301	Electricity Distribution Circle, Firozabad	DVVNL, Agra
29	773/APDRPU/EE-I/05-06/57/GENUS	M/s Genus Overseas Electronics Ltd, Jaipur	22398965	861499	Electricity Distribution Circle, Firozabad	DVVNL, Agra
30	712(A)/GAMAZ-47/ APDRP/ 2004-05/04-05 dt:09.03.2006	M/s Secure Meters Ltd, Pratap Nagar Udaipur	7867235	302586	Electricity Distribution Circle, Mainpuri	DVVNL, Agra
31	711(A)/GAMAZ-47/ APDRP/ 2004-05/04-05 dt:09.03.2006	M/s Secure Meters Ltd, Pratap Nagar Udaipur	8610588	331176	Electricity Distribution Circle, Mainpuri	DVVNL, Agra
32	4934 & 4935/GMAZ/T-37/APDRP/2004-05	M/s ABB Ltd., New Delhi	2669806	102685	Electricity Urban Distribution Circle, Mathura	DVVNL, Agra
33	710(A)/GMAZ/T-45/APDRP/ 2004-05 dt: 09.03.2006	M/s Secure Meters Ltd, Pratap Nagar Udaipur	5644686	217103	Electricity Urban Distribution Circle, Mathura	DVVNL, Agra
34	704(A)/SE(MM)/DV UTTAR PRADESH 07 dt: 29.02.2008	M/s Secure Meters Ltd, Pratap Nagar Udaipur	6165696	237142	Electricity Urban Distribution Circle, Mathura	DVVNL, Agra
35	1006(A)/APDRP/EE-III/05-06/63 Genus dt. 17.11.2005	M/s Genus Overseas Electronics Ltd, Jaipur	61507706	2365681	Electricity Urban Distribution Circle, Jhansi	DVVNL, Agra
36	2515(A)/SE(MM) /DVVNL-MM/166-2007 DTD 22.07.08	M/s Pioneer Engineers Ltd, Lucknow	17042637	655486	Electricity Distribution Circle, Etah	DVVNL, Agra
37	4674(A)/GMAZ/T-32/APDRP/ 2004-05 Dt. 30.09.2005	M/s Pioneer Power Engineers Ltd,Newal Kishore Road Lucknow	4112410	158170	Electricity Distribution Circle, Aligarh	DVVNL, Agra
38	709(A)/GMAZ/T-44/APDRP/ 2004-05 DTD 9.03.2006	M/s Secure Meters Ltd, Pratap Nagar Udaipur	18975101	729812	Electricity Distribution Circle, Aligarh	DVVNL, Agra
39	219-08/TNO L65/2007	M/s Poneer Power	16436761	632183	Electricity Distribution Circle, Mainpuri	DVVNL, Agra
40	166(A)/APDRPU/EE-II/05-06/65 ILK dt. 07.02.2006	M/s Instrumentation Ltd., Kota	62954328	2421320	Electricity Distribution Circle, Agra	DVVNL, Agra
41	Assessment orders for 2006-07 and 2007-08	M/s Genus Overseas Electronics Limited	761321474	29281595		
	<b>Total</b>		<b>1017165227</b>	<b>39121739</b>		
	<b>Grand Total</b>		<b>1581617801</b>	<b>60831452</b>		

**Annexure -20**  
**Statement showing non-deduction of trade tax under APDRP**  
**(Referred to in paragraph 2.27)**

(Amount in ₹)

Sl. No.	Agreement No& date	Name of the Contractor	Total amount Paid for erection /test/ Commissioning	Amount of trade tax deductible @ 4%	Amount of trade tax deductible @ 4%	Amount of trade tax non / short deducted	Name of Circle	Name of the Company
1	2	3	4	5	6	7	8	9
1.	2767/PVVNL(V)/MM/APDRP/EAV-07/05-06/ erection/Genus/ Jaipur dt: 12.12.2005	M/s Genus Overseas Electronics Ltd., Jaipur	127919312	5116772	0	5116772	Electricity Urban Distribution Circle I, Varanasi	PuVVNL, Varanasi
2.	1098-APDRPU/EE-II/03-04/40/IL DT: 22.11.2004	M/s Instrumentation Ltd., Lucknow	37785931	1511437	0	1511437	Electricity Urban Distribution Circle I, Varanasi	PuVVNL, Varanasi
3.	1096-APDRPU/EE-II/03-04/40/IL DT: 22.11.2005	M/s Instrumentation Ltd., Lucknow	9061361	362454	0	362454	Electricity Urban Distribution Circle I, Varanasi	PuVVNL, Varanasi
4.	611/613/APDRPU/EE-II/02-03/08/IL dt: 1405.2004	M/s Instrumentation Ltd., Lucknow	21984022	879361	0	879361	Electricity Urban Distribution Circle, Gorakhpur	PuVVNL, Varanasi
5.	07/APDRP/03-04/16 & 08/APDRP/03-04/26 dt:31.03.2004	M/s Subhash Traders, Gorkhpur	19445872	777835	0	777835	Electricity Urban Distribution Circle, Gorakhpur	PuVVNL, Varanasi
			<b>216196498</b>	<b>8647859</b>	<b>0</b>	<b>8647859</b>		
6.	1006 (B)/APDRP/EE-III/05-06/63/GENUS dt: 17.11.2005	M/s Genus Overseas Electronics Ltd., Jaipur	51656219	2066249	0	2066249	Electricity Urban Distribution Circle, Jhansi	DVVNL, Agra
7.	5006 B/GMAZ/T40/APDRP/2004-05 dt: 31.10.2005	M/s Awadh Transformers Pvt. Ltd., Lucknow	25131276	1005251	0	1005251	Electricity Urban Distribution Circle, Aligarh	DVVNL, Agra
8.	48/05-06/RKI dt: 01.02.2006 & 06/03-04/15 dt: 31.03.2004	M/s R. K. Industries	20119838	804794	0	804794	Electricity Urban Distribution Circle, Aligarh	DVVNL, Agra
9.	03-04/12/MADAN dt: 18.05.2004	M/s Madan Construction & Co.	1623358	64934	0	64934	Electricity Urban Distribution Circle, Aligarh	DVVNL, Agra
10.	5002/GMAZ/T-29/APDRP/2004-05 dt: 31.10.2005	M/s Marson's Electrical Industries, Agra	8719853	348794	167095	181699	Electricity Urban Distribution Circle, Aligarh	DVVNL, Agra
11.	720 & 721/APDRP/EE-II/05-06/56/GENUS dt: 21.09.2005	M/s Genus Overseas Electronics Ltd.	26643128	1065725	0	1065725	Electricity Distribution Circle, Etawah	DVVNL, Agra
12.	1112(B)&©/APDRP/EE-II/05-06/64/GENUS dt: 28.12.2005	M/s Genus Overseas Electronics Ltd.	24470062	978802	26512	952290	Electricity Urban Distribution Circle, Agra	DVVNL, Agra
13.	1141/DVVNL/MM-01-2006(APDRP) dt: 12.04.2006	M/s IVRCL, Hyderabad	78580395	3143216	0	3143216	Electricity Distribution Circle, Mainpuri	DVVNL, Agra
14.	1140/DVVNL/MM-01-2006(APDRP) dt: 12.04.2006	M/s IVRCL, Hyderabad	25153072	1006123	0	1006123	Electricity Distribution Circle, Mainpuri	DVVNL, Agra
15.	616/SE(MM)/GMAZ/T-38/APDRP/2004-05	M/s IVRCL, Hyderabad	13103409	524136	0	524136	Electricity Distribution Circle, Mainpuri	DVVNL, Agra
16.	5004(A)/GMAZ/APDRP/T-34/2004-05 & 5005(A)GMAZ/APDRP/T-35	M/s Awadh Transformers Pvt. Ltd., Lucknow	3273810	130952	0	130952	Electricity Distribution Circle, Mainpuri	DVVNL, Agra
17.	774/APDRPU/EE-1/05-06/57/GENUS	M/s Genus Overseas Electronics Ltd.	45458688	1818348	0	1818348	Electricity Distribution Circle, Firozabad	DVVNL, Agra

1	2	3	4	5	6	7	8	9
18.	1002(B)/APDRPU/EE-11/05-06/59/GENUS dt: 17.11.2005	M/s Genus Overseas Electronics Ltd.	23901845	956074	0	956074	Electricity Distribution Circle, Firozabad	DVVNL, Agra
19.	712(B)/GMAZ/T-47/APDRP/2004-05 dt: 09.03.2006	M/s Secure Meters Ltd., Udaipur	534947	21398	0	21398	Electricity Distribution Circle, Mainpuri	DVVNL, Agra
20.	DVVNL-33/GMAZ/APDRP/2004-05 dt: 31.10.2005	M/s Awadh Transformers Pvt. Ltd., Lucknow	1702570	68103	0	68103	Electricity Urban Distribution Circle, Mathura	DVVNL, Agra
21.	4935/GMAZ/T-37/APDRP/2004-05 dt: 25.10.2005	M/s ABB Ltd., Delhi	2484024	99361	0	99361	Electricity Urban Distribution Circle, Mathura	DVVNL, Agra
22.	4996/GMAZ/T-41/APDRP/2004-05 dt: 31.10.2005	M/s ABB Ltd., Delhi	5760604	230424	0	230424	Electricity Urban Distribution Circle, Mathura	DVVNL, Agra
			<b>358317098</b>	<b>14332684</b>	<b>193607</b>	<b>14139077</b>		
23.	166(B)/APDRP/05-06/65/07.02.2006	Instrumentation Limited	17282311	691292	0	691292	Electricity Urban Distribution Circle, NOIDA	PVVNL, Meerut
24.	3176 & 3178/PVVNL-MT/MM/520/547-2004 dt: 11.07.2005	M/s ABB Ltd., Lucknow	18764345	750574	0	750574	Electricity Urban Distribution Circle, Gaziabad	PVVNL, Meerut
25.	4360/PVVNL-MT/MM/529/547-2004 dt: 22.09.2005	M/s Awadh Transformers Pvt. Ltd., Lucknow	1194902	47796	0	47796	Electricity Urban Distribution Circle, Gaziabad	PVVNL, Meerut
26.	9323/PVVNL/APDRP/97/07-08	M/s JSP Constructions, Ghaziabad	6089697	243588	0	243588	Electricity Urban Distribution Circle, Gaziabad	PVVNL, Meerut
27.	3165-3166/PVVNL-MT/MM/538-2004 dt: 11.07.2005	M/s Jyoti Build Tech Pvt. Ltd., Lucknow	3683661	147346	0	147346	Electricity Urban Distribution Circle, Gaziabad	PVVNL, Meerut
28.	994(B)-APDRP U/EE-1/05-0666 ILK	M/s Instrumentation Ltd., Lucknow	48140799	1925632	0	1925632	Electricity Urban Distribution Circle, Noida	PVVNL, Meerut
29.	3120/PVVNL-MT/MM/504-2004 dt: 09.07.2005	M/s JSP Constructions, Ghaziabad	2683007	107320	0	107320	Electricity Urban Distribution Circle, Muzaffarnagar	PVVNL, Meerut
30.	1879/PVVNL-MT/MM/505-2004 dt: 08.04.2005	M/s A T Electricals, Gaziabad	9791492	391660	0	391660	Electricity Urban Distribution Circle, Muzaffarnagar	PVVNL, Meerut
31.	1879/PVVNL-MT/MM/505-2004 dt: 08.04.2005	M/s Alstom Ltd., New Delhi	549477	21979	0	21979	Electricity Urban Distribution Circle, Muzaffarnagar	PVVNL, Meerut
32.	1463/PVVNL-MT/MM/502-2004 dt: 12.03.2005	M/s ABB Ltd., Lucknow	2536729	101469	0	101469	Electricity Urban Distribution Circle, Muzaffarnagar	PVVNL, Meerut
33.	660/PVVNL-MT/MM/503-2004 dt: 27.01.2006	M/s Naresh Kumar Agrawal, Ghaziabad	31009464	1240379	0	1240379	Electricity Urban Distribution Circle, Muzaffarnagar	PVVNL, Meerut
34.	3259/PVVNL-MT/MM/541-2004 dt: 15.07.2005	M/s Gupta Transformer Products	4996936	199877	0	199877	Electricity Distribution Circle, Bagpat	PVVNL, Meerut
35.	3169/PVVNL-MT/MM/550-2004 dt: 11.07.2005	M/s Satish Kumar	3100336	124013	0	124013	Electricity Distribution Circle, Bagpat	PVVNL, Meerut
36.	3180/PVVNL-MT/MM/532-2004 dt: 11.07.2005	M/s R P Electricals	1153040	46122	0	46122	Electricity Distribution Circle, Bagpat	PVVNL, Meerut
37.	2976/PVVNL-MT/MM/530-2004 dt: 27.06.2005	M/s Absolute Projects (India), New Delhi	1406307	56252	0	56252	Electricity Distribution Circle, Bulandshahar	PVVNL, Meerut
38.	3135/PVVNL-MT/MM/548-2004 dt: 09.07.2005	M/s Ashok Kumar & Co., Ghaziabad	1751184	70047	0	70047	Electricity Distribution Circle, Bulandshahar	PVVNL, Meerut

1	2	3	4	5	6	7	8	9
39.	3366/PVVNL-MT/MM/539-2004 dt: 25.07.2005	M/s Gupta Transformer Products, Muzaffarnagar	790024	31601	0	31601	Electricity Distribution Circle, Bulandshahar	PVVNL, Meerut
40.	3168/PVVNL-MT/MM/521-2004 dt: 11.07.2005	M/s Hythro Power Corporation, New Delhi	4030378	161215	0	161215	Electricity Distribution Circle, Bulandshahar	PVVNL, Meerut
41.	4674/PVVNL-MT/MM/542-2004 dt: 05.10.2005	M/s Kashmiri Lal Construction (P) Ltd., Ranikhet	3692410	147696	0	147696	Electricity Distribution Circle, Amroha	PVVNL, Meerut
42.	2281/PVVNL/APDRP/121/07-08-2004 dt: 26.03.2008	M/s Pioneer Power Engg. Ltd., Lucknow	1542013	61681	0	61681	Electricity Distribution Circle, Amroha	PVVNL, Meerut
43.	3007/PVVNL-MT/546-2004 dt: 29.06.2005	M/s Pioneer Power Engg. Ltd., Lucknow	2246916	89877	67355	22522	Electricity Urban Distribution Circle, Meerut	PVVNL, Meerut
44.	6519/PVVNL-MT/519-2004 dt: 17.12.2005	M/s Vijay Electricals, Hyderabad	2155945	86238	0	86238	Electricity Urban Distribution Circle, Meerut	PVVNL, Meerut
45.	457-APDRPU/EE-II/02-03/07/CROMPTON dt: 14.04.2004	M/s Crompton Greaves Ltd., Nasik	7907913	316317	0	316317	Electricity Urban Distribution Circle, Moradabad	PVVNL, Meerut
			<b>176499286</b>	<b>7059971</b>	<b>67355</b>	<b>6992616</b>		
46.	05-06 /11 SHJNP dt. 30.09.05	M/s Avadh Transformers Pvt. Limited	7370826	294833	0	294833	EDC Shahjahanpur	MVNNL, Lucknow
47.	56/05-06/14 dt.18-04-06	M/s Indo Power Project Limited	4082559	163302	0	163302	EDC Shahjahanpur	MVNNL, Lucknow
48.	MVVNL/APDRP/04-05/SHJNP dt.13.05.05	M/s Harvitec enterprises Kanpur	8131929	325277	0	325277	EDC Shahjahanpur	MVNNL, Lucknow
49.	49/05-06/13 dt. 21.02.06	M/s Power Fabricators (I) Pvt. Limited Lucknow	4664252	186570	0	186570	EDC Shahjahanpur	MVNNL, Lucknow
50.	17/ECC(D)L/05-06 dt. 10.03.06	M/s Hena Engineering work Lucknow	1035657	41426	23910	17516	EDC Shahjahanpur	MVNNL, Lucknow
51.	3ECC(D)/L6-7 Dt.25.05.06	M/s Chandra Enterprises Bareilly	815257	32610	15194	17416	EDC Shahjahanpur	MVNNL, Lucknow
52.	9/ECC(D)/L05-06 dt. 1.08.06	M/s Chandra Enterprises Bareilly	1095241	43810	34217	9593	EDC Shahjahanpur	MVNNL, Lucknow
53.	42/05-06/58genus/orderno.848/APDRP/EE-I/05-06 dt. 28.10.05	M/s Genus Oversead Electronics Ltd. Jaipur	3640654	145626		145626	EDC Hardoi	MVNNL, Lucknow
54.	849 dt.28.10.05 ©	M/s Genus Oversead Electronics Ltd. Jaipur	3417405	136696		136696	EDC Hardoi	MVNNL, Lucknow
55.	APDRP/33/Faizabad	M/s Awadh Transformers Pvt. Ltd.	782825	31313	0	31313	Electricity Distribution Circle, Faizabad	MVNNL, Lucknow
56.	APDRP/39/Faizabad	M/s Awadh Transformers Pvt. Ltd.	4379420	175177	0	175177	Electricity Distribution Circle, Faizabad	MVNNL, Lucknow
57.	APDRP/45/Faizabad	M/s Saurabh Enterprises	921073	36843	0	36843	Electricity Distribution Circle, Faizabad	MVNNL, Lucknow
58.	APDRP/51/Faizabad	M/s Singh Enterprises	1668275	66731	0	66731	Electricity Distribution Circle, Faizabad	MVNNL, Lucknow
59.	APDRP/42/Faizabad	M/s Singh Enterprises	719170	28767	0	28767	Electricity Distribution Circle, Faizabad	MVNNL, Lucknow
60.	APDRP/05-06/01BDN dt: 12.06.2006	M/s IVRCL, Hyderabad	8738473	349539	0	349539	Electricity Distribution Circle, Bareilly	MVNNL, Lucknow
			<b>51463016</b>	<b>2058520</b>	<b>73321</b>	<b>1985199</b>		
			<b>802475898</b>	<b>32099034</b>	<b>334283</b>	<b>31764751</b>		



Annexure –21

Statement showing progress of installation of meters in all DISCOMs during  
2006-07 to 2010-11  
(Referred to in Paragraph 2.34)

Year	Meters installed at the opening of the year	Targeted for metering during the year	Meters installed at the close of the year	Actual meters installed during the year	Percentage of achievement against the target
2006-07	4561117	1514428	4744342	183225	12.10
2007-08	4744342	1771698	5083796	339454	19.16
2008-09	5083796	2102609	5581430	497634	23.67
2009-10	5581430	2132527	5949674	368244	17.27
2010-11	5949674	2298617	6444245	494571	21.52
<b>Total</b>		<b>98199879</b>		<b>1883128</b>	

Sources: Data as furnished by the DISCOMs.

**Annexure – 22**  
**Statement showing progress of installation of capacitor banks in all DISCOMs during**  
**2006-07 to 2010-11**  
**(Referred to in Paragraph 2.45)**

(in MVAR)

Year	Installed capacity at the beginning of the year	Targeted addition during the year	Actual addition during the year	Installed capacity at the close of the year
2006-07	160.305	10.139	10.139	170.444
2007-08	170.444	0.00	0.00	170.444
2008-09	170.444	3.00	216.972	387.416
2009-10	387.416	0.00	2.40	389.816
2010-11	389.816	0.00	4.80	394.616

*Sources: Data as furnished by the DISCOMs.*

**Annexure –23**  
**Statement showing targets and actual performance of checking, theft cases detected, assessment made and amount realised in all DISCOMs during 2006-07 to 2010-11**  
**(Referred to in Paragraph 2.50)**

Year	No. of checking		Theft cases		Assessed amount (₹ in lakh)		Amount Realised (₹ in lakh)	
	Targets	Actual	Targets	Actual	Targets	Actual	Targets	Actual
2006-07	N.A.	298037	N.A.	25231	N.A.	10260.52	N.A.	7749.28
2007-08	N.A.	661903	N.A.	47738	N.A.	9075.75	N.A.	6457.57
2008-09	N.A.	835436	N.A.	40080	N.A.	5992.93	N.A.	5147.28
2009-10	N.A.	1183103	N.A.	39741	N.A.	4350.40	N.A.	3107.15
2010-11	N.A.	936378	N.A.	42224	N.A.	5508.06	N.A.	4014.51

Sources: Data as furnished by the DISCOMs.

**Annexure –24**  
**Statement showing Revenue Collection Efficiency of PVVNL during 2006-07 to 2010-11**  
**(Referred to in Paragraph 2.62)**

(₹ in crore)

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
		(Audited)		(Provisional)		
1	Balance outstanding at the beginning of the year	430.41	593.41	767.34	864.45	933.55
2	Revenue assessed/billed during the year	2859.63	3326.72	3890.79	4417.41	5552.01
3	Total amount due for realization (1+2)	3290.04	3920.13	4658.13	5281.86	6485.56
4	Amount realised during the year	2696.63	3152.79	3793.68	4348.31	5303.60
5	Balance outstanding at the end of the year	593.41	767.34	864.45	933.55	1181.96
6	Percentage of amount realised to total dues (4/3)	82	80	81	82	82
7	Arrears in terms of No. of months assessment ((6) *12months / (2))	2.49	2.77	2.67	2.54	2.55

Source: Data as furnished by the DISCOMs.

**Annexure –25**  
**Statement showing Revenue Collection Efficiency of KESCO during 2006-07 to 2010-11**  
**(Referred to in Paragraph 2.62)**

(₹ in crore)

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
		(Audited)		(Provisional)		
1	Balance outstanding at the beginning of the year	973.65	1091.70	1160.43	1399.95	1365.70
2	Revenue assessed/billed during the year	575.87	567.90	671.67	751.00	925.89
3	Total amount due for realization (1+2)	1549.52	1659.60	1832.10	2150.95	2291.59
4	Amount realised during the year	457.82	499.17	432.15	785.25	796.88
5	Balance outstanding at the end of the year	1091.70	1160.43	1399.95	1365.70	1494.71
6	Percentage of amount realised to total dues (4/3)	30	30	24	37	35
7	Arrears in terms of No. of months assessment ((6) * 12 months / (2))	22.75	24.52	25.01	21.82	19.37

Source: Data as furnished by the DISCOMs.

**Annexure –26**  
**Statement showing Revenue Collection Efficiency of all DISCOMs during 2006-07 to 2010-11**  
**(Referred to in Paragraph 2.62)**

(₹ in crore)

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
		(Audited)		(Provisional)		
1	Balance outstanding at the beginning of the year	4019.47	4982.19	8040.58	9786.17	10720.70
2	Revenue assessed/billed during the year	7838.17	9447.80	10407.70	12585.52	16876.30
3	Total amount due for realization (1+2)	11857.64	14429.99	18448.28	22371.69	27597.00
4	Amount realised during the year	6875.45	7960.68	8444.53	11282.73	14210.10
5	Amount written off during the year	-	-	217.61	368.30	401.54
6	Balance outstanding at the end of the year	4982.19	6469.31	9786.14	10720.66	12985.36
7	Percentage of amount realised to total dues (4/3)	58	55	46	50	51
8	Arrears in terms of No. of months assessment ((6) *12months / (2))	8	8	11	10	9

Source: Data furnished by the DISCOMs.

**Annexure -27**  
**Statement showing details of revenue loss due to delayed approval of Tariff Order**  
**(Referred to in paragraph 2.68)**

Year	Approved average rate of energy per unit	Increase in approved average rate over previous rate	Percentage of increase in approved average rate	Due date of implementation of tariff	Actual date of implementation of tariff	Delay in months	Revenue from sale of power (Rs. in crore)	Loss of revenue (Rs. In crore) $(8)*(4)*(7)/100$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2005-06	2.62	-	-	1 April 2005	-	-	-	-
2006-07	2.67	0.05	1.91	1 April 2006	13 August 2007	16	7997.40	203.67
2007-08	2.68	0.01	0.37	1 April 2007	11 November 2007	7	9652.48	20.83
2008-09	2.85	0.17	6.34	1 April 2008	27 April 2008	1	10472.24	55.33
2009-10	2.91	0.06	2.11	1 April 2009	15 April 2010	12	12846.76	271.07
<b>Total</b>								<b>550.90</b>

*Source: Data furnished by the DISCOMs and Tariff Orders.*

**Annexure-28**  
**Statement showing financial position of the Parishad**  
**(Referred to in paragraphs 3.6)**

(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
<b>A. Liabilities</b>					
Parishad Funds	2054.23	2155.38	2577.66	2916.12	3275.04
Borrowings	0.00	0.00	0.00	0.00	0.00
Self Finance Scheme Money/ Deposits	143.49	139.13	215.83	121.30	137.64
Registration Money/ Registration Deposits	19.36	40.82	36.27	37.00	43.27
Interest Payable on Registration Money	25.91	25.43	24.93	24.55	24.27
CPF Fund and GIS liabilities	155.02	189.06	208.07	241.28	279.12
Deposit Work Liabilities	198.10	249.63	380.52	501.97	593.23
Other Liabilities	29.19	34.04	41.55	46.07	56.30
Deferred Revenue and Provisioning	1127.57	1654.37	1784.47	2077.78	2060.23
Infrastructure Fund	107.16	134.35	233.26	302.14	310.45
VAMBAY Scheme Fund	12.46	9.84	9.80	10.52	12.09
Revolving Fund	1.05	1.03	1.05	1.16	0.64
<b>Total</b>	<b>3873.54</b>	<b>4633.08</b>	<b>5513.41</b>	<b>6279.89</b>	<b>6792.28</b>
<b>B. Assets</b>					
Cash & Bank Balances	339.68	349.51	505.87	758.62	310.46
Investments	1237.55	1452.21	1624.84	1512.34	1875.75
CPF and GIS Section FDRs and Bank Balances	152.73	187.51	210.60	241.62	275.85
Loans and Advances	26.35	139.67	233.12	339.32	426.83
Recoverables	108.53	27.41	3.59	0.09	0.09
Amount due but not received	326.07	505.29	548.54	429.48	480.83
Installment not yet due	976.62	1150.91	1237.61	1649.90	1580.95
Stock and Inventories	579.73	595.95	823.84	916.94	1383.16
Deposit Works	101.58	161.08	248.19	338.06	401.10
Fixed Assets	19.59	34.90	33.50	31.96	30.31
Money in Transit	5.11	28.64	43.71	61.56	26.95
<b>Total</b>	<b>3873.54</b>	<b>4633.08</b>	<b>5513.41</b>	<b>6279.89</b>	<b>6792.28</b>



**Annexure-29**  
**Statement showing working results of the Parishad**  
**(Referred to in paragraphs 3.6)**

(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
<b>A. Income</b>					
Income from properties	449.35	406.04	621.57	672.44	629.63
Interest on Public Loans	0.91	0.72	0.40	0.31	0.55
Share in 2% Additional Stamp Duty	0	6.28	15.29	15.40	15.33
Interest Income	117.32	111.08	156.25	125.66	125.60
Centage Charges	4.37	3.70	8.34	19.04	17.65
Miscellaneous Income	0.98	1.52	3.55	1.92	3.76
<b>Total</b>	<b>572.93</b>	<b>529.34</b>	<b>805.4</b>	<b>834.77</b>	<b>792.52</b>
<b>B. Expenditure</b>					
Cost of Property Stock Sold	208.03	239.41	260.08	332.62	211.37
Establishment Expenses	70.49	82.36	81.69	128.13	190.61
Administrative and General Expenses	13.74	13.37	15.47	16.75	16.88
Expenditure on Maintenance of Colonies and Houses	8.41	13.73	21.66	16.49	10.94
Depreciation	1.31	1.89	2.37	2.33	3.92
<b>Total</b>	<b>301.98</b>	<b>350.76</b>	<b>381.27</b>	<b>496.32</b>	<b>433.72</b>
<b>Excess of Income over Expenditure</b>	<b>270.95</b>	<b>178.58</b>	<b>424.13</b>	<b>338.45</b>	<b>358.80</b>

**Annexure-30**  
**Statement showing incorrect costing**  
**(Referred to in paragraph 3.27)**

**Vrindavan Yojna No. -3**

(₹ in lakh)

Sl. No.	Violation of costing Guidelines	Enhancement in cost	Reduction in cost
1.	Provided 16 per cent on acquisition cost and development expenditure on account of interest on borrowings. There were no borrowings as per Parishad's accounts.	2021.03	
2.	No provision made for enhancement in rate of compensation at the rate of 25 per cent of the amount payable to landowners as ordered by the Courts		344.85
3.	Non inclusion of contingencies at the rate of 6 per cent on anticipated expenditure on development		1255.56
4.	Loading of administrative charges on construction of EWS houses on remaining saleable area.	157.92	
5.	Loading of excess cost of EWS houses on remaining saleable properties	265.83	
6.	Calculation of saleable area of 02 sectors (232.07 acres) for which layouts were available was not done as per Parishad's laid down Proforma-3	1220.49	
7.	Layout of 02 sectors (100.61 acres) out of total 04 sectors (332.68 acres) was not available, saleable area of these sectors was assumed at 40 per cent without any basis.		
8.	Corresponding arithmetical effects of above violations in calculating other elements of cost	226.51	47.94
	<b>Total</b>	<b>3891.78</b>	<b>1648.35</b>
	<b>Net enhancement in cost</b>	<b>2243.43</b>	

(₹ in lakh)

Particulars	As per approved Costing	As calculated by Audit
Total Area (In Acres)	433.29	433.29
Total land compensation	3395.59	3395.59
Compensation for trees and constructions	17.54	17.54
Total Compensation	3413.13	3413.13
Additional claim for land acquisition @ 25%	0.00	344.85
<b>Sub-Total</b>	<b>3413.13</b>	<b>3757.98</b>
Administrative expenditure of SLAO @ 10%	341.31	375.80
Interest @ 16% p.a. for payment of interest on loan	1437.77	0.00
<b>Sub-Total</b>	<b>5192.21</b>	<b>4133.78</b>
Supervision charges @ 12%	623.07	496.05
<b>Sub-Total</b>	<b>5815.28</b>	<b>4629.83</b>
Maintenance Charges @ 2%	116.31	92.60
Total Expenditure on Acquisition	5931.58	4722.43
Expenditure on Development	20925.93	20925.93
Contingencies @ 6% of	0.00	1255.56
Interest @ 16% p.a. for payment of interest on loan	583.26	0.00
<b>Sub-Total</b>	<b>21509.19</b>	<b>22181.49</b>
Maintenance Charges @ 2%	430.18	443.63
Administrative charges of EWS houses	157.92	0.00
Excess cost of EWS plots	265.83	0.00
<b>Total expenditure on development</b>	<b>22363.12</b>	<b>22625.12</b>
Additional centage @ 8%	2263.58	2187.80
<b>Total expenditure including additional centage</b>	<b>30558.29</b>	<b>29535.34</b>
Saleable area of the Scheme	683045.77	710326.53
Normal Developed Land Rate	4473.83	4158.00
Rounded off to the next multiple of 5	4500.00	4160.00
Enhancement in cost due to incorrect saleable area as at Sl. No. 6 of previous table		1220.49
Enhancement in cost due to reasons at Sl. No. 1 to 5 of previous table		844.37
Enhancement due to after effects as at Sl. No. 8 of previous table		178.57
Enhancement in cost		2243.43

Particulars	Area in sqm	Saleable Area as calculated by Parishad	Saleable Area as calculated by Audit
<b>Sector- 11</b>			
Residential	173289	173289	173289
Commercial	7649.94	3824.97	3824.97
Educational	26839	10735.6	13419.5
Park	60077.37	0	0
Road	55175.56	0	0
Aabadi	8326	0	0
To be used in future	4160	1664	1664
OHT	2460	0	0
Electricity Sub Station	2871	0	0
Nursing Home	2816	1408	1408
Constructions	2285	0	0
<b>Sector-12</b>			
Residential	232308.7	232308.7	232308.7
Commercial	74798.02	37399.01	37399.01
Site and Services	39001	39001	39001
Police Station/Fire Station	21000	0	10500
Park	179282	0	0
Road	281138.68	0	0
Electricity Sub-Station	18339	0	0
To be used in future	95020.4	38008.16	38008.16
Aabadi	59183.12	0	0
<b>Sector 13 &amp; 14</b>	407478.84	162991.536	162991.536
<b>Total</b>	<b>1753498.63</b>	<b>700629.976</b>	<b>713813.876</b>
Land in 428 EWS houses	17436.72	17436.72	3487.344
<b>Total Area in sqm</b>	1736061.91	683045.77	710326.53
<b>Total Area in acres</b>	428.99	168.81	175.53
<b>Percentage of saleable area</b>		38.95	40.51

### Vrindavan Yojna No.4, Lucknow

(₹ in crore)

Sl. No.	Violations of costing Guidelines	Enhancement in cost	Reduction in cost
1.	Provided 16 per cent on acquisition cost and development expenditure on account of interest on borrowings. There were no borrowings as per the Parishad's accounts.	4665.68	
2.	Non inclusion of contingencies at the rate of 6 per cent on anticipated expenditure on development		2782.30
3.	Loading of administrative charges on construction of EWS houses on remaining saleable area.	212.53	
4.	Parishad calculated the saleable area percentage on the basis of saleable area percentage of another scheme (Vrindavan-3). Since the saleable area of any scheme is based on proportion of land available for different land uses, land available for Vrindavan-4 is 2.23 times that of Vrindavan-3, hence, the two are not comparable.	2666.60	
5.	Corresponding arithmetical effects of above violations in calculating other elements of cost	497.23	5.25
	<b>Total</b>	<b>8042.04</b>	<b>2787.55</b>
	<b>Net enhancement in cost</b>	<b>5254.49</b>	

(₹ in lakh)

Particulars	As per approved Costing	As calculated by Audit
Total Area (In Acres)	967.38	967.38
Total land compensation	7585.03	7585.03
Compensation for trees and constructions	3.78	3.78
Total Compensation	7588.81	7588.81
Additional claim for land acquisition @ 25%	1173.25	1173.25
Sub-Total	8762.06	8762.06
Administrative expenditure of SLAO @ 10%	876.21	876.21
Interest @ 16% p.a. for payment of interest on loan	2145.68	0.00
Sub-Total	11783.95	9638.27
Supervision charges @ 12%	1414.07	1156.59
Sub-Total	13198.02	10794.86
Maintenance Charges @ 2%	263.96	215.90
Total Expenditure on Acquisition	13461.98	11010.76
Expenditure on Development	46371.59	46371.59
Contingencies @ 6% of	0.00	2782.30
Interest @ 16% p.a. for payment of interest on loan	2520.00	0.00
Sub-Total	48891.59	49153.89
Maintenance Charges @ 2%	977.83	983.08
Administrative charges of EWS houses	212.53	0.00
Total expenditure on development	50081.95	50136.96
Additional centages @ 8%	5083.51	4891.82
Total expenditure including additional centages	68627.44	66039.54
Saleable area of the Scheme	1526555.00	1585871.12
Normal Developed Land Rate	4495.58	4164.24
Rounded off to the next multiple of 5	4500.00	4165.00
Enhancement in cost due to incorrect saleable area as at Sl. No. 4 of previous table		2666.60
Enhancement in cost due to reasons at Sl. No. 1 to 3 of previous table		2095.91
Enhancement due to after effects as at Sl. No. 5 of previous table		491.98
Enhancement in cost		5254.49

**Majhola Yojna No.4 (Part-II), Moradabad**

(₹ in crore)

Sl. No.	Violation of Costing Guidelines	Enhancement in cost	Reduction in cost
1.	Provided 16 per cent on acquisition cost and development expenditure on account of interest on borrowings. There were no borrowings as per the Parishad's accounts.	11358.37	
2.	Included contingencies at the rate of 6.5 per cent on anticipated expenditure on development instead of at 6 per cent	65.45	
3.	Calculation of saleable area was not done as per Parishad's laid down Proforma-3.	867.74	
4.	Corresponding arithmetical effects of above violations in calculating other elements of cost	2670.80	
	<b>Net Enhancement in cost</b>	<b>14962.36</b>	

(₹ in lakh)

Particulars	As per approved Costing	As calculated by Audit
Total Area (In Acres)	446.48	446.48
Total land compensation	4384.11	4384.11
Compensation for trees and constructions	20.00	20.00
Total Compensation	4404.11	4404.11
Other expenditure on acquisition	10.42	10.42
Sub-Total	4414.53	4414.53
Additional claim for land acquisition @ 25%	420.89	420.89
Sub-Total	4835.42	4835.42
Administrative expenditure of SLAO @ 10%	482.50	482.50
Interest @ 16% p.a. for payment of interest on loan	3392.17	0.00
Sub-Total	8710.09	5317.92
Supervision charges @ 12%	1045.21	638.15
Sub-Total	9755.30	5956.07
Maintenance Charges @ 2%	195.11	119.12
Total Expenditure on Acquisition	9950.41	6075.19
Expenditure on Development	15979.17	15979.17
Contingencies @ 6% of	850.86	785.41
Interest @ 16% p.a. for payment of interest on loan	7966.20	0
Sub-Total	24796.23	16764.58
Supervision charges @ 12%	2975.55	2011.75
Sub-Total	27771.78	18776.33
Maintenance Charges @ 2%	555.44	375.53
Total expenditure on development	28327.21	19151.86
Additional centages @ 8%	3062.21	2018.16
Total expenditure including additional centages	41339.83	27245.21
Saleable area of the Scheme	737089.00	752560.72
Normal Developed Land Rate	5608.53	3620.33
Rounded off to the next multiple of 5	5610.00	3625.00
Enhancement in cost due to incorrect saleable area as at Sl. No. 3 of previous table		867.74
Enhancement in cost due to reasons at Sl. No. 1 and 2 of previous table		11423.82
Enhancement due to after effects as at Sl. No. 4 of previous table		2670.80
Enhancement in cost		14962.36

Particulars	Area in sqm	Saleable Area as calculated by Parishad	Saleable Area as calculated by Audit
Residential	441565.96	426452.39	436712.91
Commercial	78799.42	39499.71	39499.71
Educational & Religious	52112.21	20844.91	26056.105
Park	154268.25	0	0
Road	441438.52	0	0
Other non-saleable	96287.75	0	0
Green Belt	91273.06	0	0
For Govt. Institutions	14516.8	7274.4	7274.4
Group Housing	111267.75	111267.75	111267.75
Community Centre	20289.39	20289.39	20289.39
Mixed land use	11999.78	11999.78	11999.78
Total	1513818.89	637628.33	653100.045
Layout not available	291963.35	99460.67	99460.67
Total	1805782.24	737089.00	752560.72
Percentage saleable area of the scheme		40.82	41.68

## Annexure-31

### Statement showing the cases of deficiencies in execution of works (Referred to in paragraph 4.8.5)

Sl. No.	Facts of the case	Management reply	Our further remarks
	<b>Undue advantage to contractors (₹ 78.06 lakh)</b>		
<b>1.</b>	<p><b>Excess issue of material and excess measurement</b></p> <p><b>(a) Irregular issue of 11 kV cable</b></p> <p>In respect of a work<sup>▼</sup> (awarded in May 2008) of cable laying, the executing unit (EUCD-III) issued 1900 metre cable valued at ₹ 18.85 lakh to the work though it was required to be supplied by the contractor as per the bill of quantity of the agreement. Thus, the Company incurred extra expenditure of ₹ 18.85 lakh on the work.</p>	The Management stated that this was typographical mistake which was corrected by issue of corrigendum on 31May 2008.	We are not convinced with the reply as the rates quoted by the bidders as per the descriptions of the BOQ of the tender which included cost of all material to be supplied by the contractor. Corrigendum dated 31May 2008 was made after award of the work
	<p><b>(b) Excess payment due to excess measurement of cable laying</b></p> <p>The work of laying of underground cable from TRT sub-station to Rani Laxmi Bai Hospital, Rajajipuram was executed during May 2008 to October 2008.</p> <p>We observed that against the total cable route of 2326 metre, measurement for cable laying was made for 2734 metre (excluding 156 metre loop for 26 ST and 40 metre for 8 hoisting). Thus, 408 metre cable laying valued at ₹ 14.37 lakh* was measured in excess of the cable route resulting in extra expenditure to that extent.</p>	The Management stated that during actual construction some deviations were made due to non clearance of straight route and it was not relevant to consider road cutting charges for ascertainment of length of cable route.	We are not convinced with the reply as no deviation of cable route was mentioned in measurement books or elsewhere in records.
	<p><b>(c) Excess measurement of cable laying</b></p> <p>We further observed in EUCD-II and EUCD-III that in the work of cable laying at 49 sites during 2007-11, 1546 metre 11 kV and 596 metre 33 kV in single circuit and 1615 metre 11 kV and 1061 metre 33 KV in double circuit, measurement of cable laying was recorded in excess of cable issued and carried to work sites. Thus, the Company made excess payment of ₹ 21.40 lakh to the contractors for cable laying.</p>	The Management stated that main reason for difference in consumption of cable to be hoisted was first laid till hoisting and cable hoisting was measured in number. Length of cable used in hoisting was varying on STP/Rail.	We are not convinced with the reply as measurement of cable laying cannot exceed the length of cable issued. However, actual consumption of cable against cable hoisting was not considered while measuring laying of cable.
	<p><b>(d) Non deduction of Works Tax</b></p> <p>Section 34 of Uttar Pradesh Value Added Tax Act (VAT) provides for deduction of tax equal to four <i>per cent</i> of gross payment being made to a works contractor.</p> <p>We noticed that during 2006-07 to 2010-11, EUDD-Kanpur Road and EDD-Rahimnagar paid gross amount of ₹ 2.93 crore against 63 electrical works contracts but works tax of ₹ 11.72 lakh deductible from the bills of contractors was not deducted and paid to Trade Tax Authority (TTA). As a result, the Company became liable to pay penalty of ₹ 23.44 lakh (being twice the amount of tax not deducted) in terms of Section 8 D of U. P. Trade Tax Act, 1948.</p>	EUDD- Kanpur Road issued notice to all concern contractor to deposit work tax with Trade Tax Authority (TTA).	The reply is confirming the fact of non deduction of tax at source and deposit of the same with TTA which is statutory responsibility of DDO.
<b>2.</b>	<p><b>Excess issue/ short receipt of materials (₹ 75.28 lakh)</b></p> <p><b>(a) Excess issue of cable</b></p> <p>Material shown issued in Stock Account (1-S) for execution of a work or carriage made to work site, whichever is less, denotes material consumed in a particular work.</p> <p>We observed in EUCD-II and EUCD-III that materials shown issued against 17 works during 2007-11 were in excess of the consumption recorded in measurement books by 2353 metre of 11 kV cable and 1206 metre of 33 kV cable resulting in extra expenditure of ₹ 45.72 lakh.</p>	The Management stated that as per site conditions only that much of material were issued to work which were required in measurement books and the balance material remains on the books of JE concerned..	The reply of the Management does not address our audit observation.

▼ Tender number 03/EUCC(V)/LESA/2008-09.

\* 270 metre in kachha road at the rate of ₹ 3520 per metre and 138 metre in pacca road at the rate of ₹ 3530 per metre.

	<p><b>(b) Short retrieval of conductor and non recovery of line material</b>  The Managing Director instructed that in replacement of existing LT lines by ABC, old conductor should be received back in approximately in same quantity and accounted for in stock account of the same month.  We noticed in three Divisions, that there were short receipts of 59111 kg conductor valued at ₹ 29.56 lakh in replacement of old conductor of 178.829 km line out of total 202.458 km line during 2007-11 as detailed below:</p> <table border="1" data-bbox="293 380 946 653"> <thead> <tr> <th>Division</th> <th>Length of ABC used for replacement (Km)</th> <th>Length of line dismantled (Km)</th> <th>Conductor which should have been received back * (kg)</th> <th>Conductor taken in stock account (Kg)</th> <th>Short receipt of conductor (Kg)</th> <th>Value of conductor short received (₹ in lakh)</th> </tr> </thead> <tbody> <tr> <td>EUDD-Aishbag</td> <td>109.853</td> <td>86.876</td> <td>44481</td> <td>11007</td> <td>33474</td> <td>16.74</td> </tr> <tr> <td>EUDD-Kanpur Rd.</td> <td>17.721</td> <td>17.069</td> <td>8740</td> <td>5963</td> <td>2777</td> <td>1.39</td> </tr> <tr> <td>EDD-Rahimnagar</td> <td>74.884</td> <td>74.884</td> <td>38341</td> <td>15481</td> <td>22860</td> <td>11.43</td> </tr> <tr> <td><b>Total</b></td> <td><b>202.458</b></td> <td><b>178.829</b></td> <td><b>91562</b></td> <td><b>32451</b></td> <td><b>59111</b></td> <td><b>29.56</b></td> </tr> </tbody> </table> <p>Further, other materials used in the replaced lines (value indeterminate) were also not received back.</p>	Division	Length of ABC used for replacement (Km)	Length of line dismantled (Km)	Conductor which should have been received back * (kg)	Conductor taken in stock account (Kg)	Short receipt of conductor (Kg)	Value of conductor short received (₹ in lakh)	EUDD-Aishbag	109.853	86.876	44481	11007	33474	16.74	EUDD-Kanpur Rd.	17.721	17.069	8740	5963	2777	1.39	EDD-Rahimnagar	74.884	74.884	38341	15481	22860	11.43	<b>Total</b>	<b>202.458</b>	<b>178.829</b>	<b>91562</b>	<b>32451</b>	<b>59111</b>	<b>29.56</b>	<p>The Management stated that in many areas there were no electric lines and consumers were connected with PVC cable. Further, there were single phase lines also.</p>	<p>We are not convinced with the reply because in measurement of dismantled materials, 4/5 wire line was recorded.</p>
Division	Length of ABC used for replacement (Km)	Length of line dismantled (Km)	Conductor which should have been received back * (kg)	Conductor taken in stock account (Kg)	Short receipt of conductor (Kg)	Value of conductor short received (₹ in lakh)																																
EUDD-Aishbag	109.853	86.876	44481	11007	33474	16.74																																
EUDD-Kanpur Rd.	17.721	17.069	8740	5963	2777	1.39																																
EDD-Rahimnagar	74.884	74.884	38341	15481	22860	11.43																																
<b>Total</b>	<b>202.458</b>	<b>178.829</b>	<b>91562</b>	<b>32451</b>	<b>59111</b>	<b>29.56</b>																																
<p>3.</p>	<p><b>Short/non recovery of cost of lines etc. (₹ 4.86 crore)</b>  <b>(a) Short realisation of cost of service line etc. from consumers</b>  Clause 4.21 of the Code provides that the consumer shall pay the cost of service line etc. and system loading charges as a cost of servicing a new connection to the licensee Company. These charges shall be either on the basis of the schedule of standard charges specified in the Cost Data book duly approved by UPERC, or in absence, the actual cost of works as given in the estimates prepared by the Licensee.  We noticed that:</p> <ul style="list-style-type: none"> <li>EUDD Aishbagh sanctioned (January 2008) an estimate of ₹ 2.28 crore. for providing connection to Rani Laxmi Bai Hospital and recovered it from them. As per the Cost Data book, ₹ 2.59 crore* was to be recovered from the consumer. Thus, there was short realisation of ₹ 30.64 lakh.</li> <li>Circle-III sanctioned (December 2008) a load of 170 kW on 11 kV independent feeder to Irrigation Department at estimated cost of ₹ 1.25 crore excluding ₹ 14.70 lakh on account of Rig Main Units. As per the Cost Data Book estimates should have been ₹ 1.77 crore*. Thus, the there was short realisation of ₹ 0.52 crore from the consumer.</li> </ul>	<p>The Management stated that estimates for providing connection were prepared according to execution of work and accordingly terms &amp; Conditions (TC) was offered. Expenditure on the work was within the amount of TC deposited by consumers.</p>	<p>We are not convinced with the reply as cost of service line is required to be recovered as per the rates specified in the Cost Data book or, in absence, the actual cost of works.</p>																																			
	<p><b>(b) Release of temporary connection without receiving cost for line</b>  Clause 4.10 of the Code provides that licensee may grant temporary connection after deposit of cost of service line, other charges and charges for electricity consumption. Note 11 of Chapter-V of the Cost Data book provides that the value of material received back from site of temporary connection should be reduced after deducting 10 per cent depreciation thereon.  We noticed in EUDD Kanpur Road that:</p> <ul style="list-style-type: none"> <li>During 2008-09 to 2010-11, the Division constructed temporary lines and substation for Lucknow Mahotsava but estimated cost of ₹ 31.23 lakh for lines and sub-station and ₹ 6.68 lakh on account of depreciation on materials used in temporary connection were not recovered from the consumer.</li> <li>The Division constructed temporary line along with five numbers of 400 kVA capacity sub-stations on mobile trolley to provide supply at Manyavar Kanshi Ram Sanskritik Sthal during 12-15 March 2010 for a rally without preparing estimates. The Division recovered only ₹ 62500 for five un-metered temporary connections of 30 kW each at the rate of ₹ 12500 per connection* but cost of ₹ 20.12 lakh for construction of line and sub-stations was not recovered. As a result, the Division short realised ₹ 20.12 lakh from the consumer.</li> </ul>	<p>In respect of Lucknow Mahotsava, the Management stated that due to immense pressure from district administration, temporary connection was released but consumer did not deposit any amount.  In respect of Manyavar Kanshi Ram Sanskritik Sthal, the Management stated that temporary connection was released from the existing lines and to provide uninterrupted supply for maintaining law and order in the area where temporary connection was given.</p>	<p>We are not convinced with the reply as the transformers were installed for the purpose of the consumers and therefore cost of lines and sub-stations should have been recovered in both the cases.</p>																																			

\* Calculated on the basis of 128 kg per km for 4 wires ACSR weasel conductor.

\* Fixed charges: ₹ 4.65 lakh, Variable charges for cable route 2734 metre: ₹ 206.26 lakh, Bay charges: ₹ 20.24 lakh and two numbers 33/4 kV of 250 kVA sub-station ₹ 27.77 lakh.

\* underground line: ₹ 170.72 lakh, fixed charges: ₹ 1.56 lakh and Circuit breaker and double pole: ₹ 4.46 lakh.

\* Fixed electricity charges: ₹ 10000, Electricity Duty: ₹ 2000, Reconnection/Disconnection Charges: ₹ 300 and Processing fees: ₹ 200.

	<p><b>(c) Execution of deposit works by using internal resources</b>  The Government of Uttar Pradesh launched (October 2007) Manyvar Kanshi Ram Ji Sahari Samgra Vikas Yojana (Scheme) for creation and development of infrastructure including electrical works in the Urban area. The Scheme was to be funded under District Plan/Special Component Plan of the District. The Company sanctioned three estimates of total cost of ₹ 15.56 crore as Deposit Works for the Scheme which was revised to ₹ 8.10 crore due to closure of the Scheme by the Government in January 2009. By that time the Company had incurred expenditure of ₹ 3.45 crore.  We noticed that the Company started (May 2008) work under the Scheme without receipt of funds from the Government. As a result, the Company's fund to the extent of ₹ 3.45 crore was blocked besides committed expenditure of ₹ 5.45 crore on the remaining work because the Company decided to complete the work as substantial expenditure had already been incurred.</p>	<p>The Management accepted that work was started with anticipation that fund would be made available by the Government but the Scheme was closed.</p>	<p>Accepted by the Management</p>
<b>4.</b>	<b>Extra/ wasteful expenditure (₹ 3.04 crore)</b>		
	<p><b>(a) Avoidable Expenditure on bricks and stone pad for cable laying</b>  The technical specifications of the work of cable laying provided for (i) making box with the bricks, (ii) laying cable in two continuous rows of bricks and (iii) filling of sand after laying of cable and covering box with bricks /stone pad. For this purpose, 18/27 numbers of bricks boxing (indicating that bedding was envisaged of bricks) and 1.67/2.10 number stone pad in single circuit (SC)/ double circuit (DC) was provided in the cost analysis.  We noticed that during 2007-11, 41117 metre cable in SC and 36511 metre in DC was laid by EUCD-II and EUCD-III using 9/18 bricks for bedding and 1.67/2.10 number stone (size: 450x600x50mm) pad at an expenditure of ₹ 1.77 crore and ₹ 2.12 crore respectively. As per IS code: 1255, sand for bedding and bricks for covering cable is allowed. The units used bricks for bedding and stone pads for covering the cable at higher cost for cable laying of 41117 metre in SC and 36511 metre in DC rather than the IS code specified sand for bedding and bricks for covering. This led to extra expenditure of ₹ 1 crore.</p>	<p>The Management stated that covering of cable with brick was not safe. Moreover, cable laying work was done as per specification /norms of UPPCL.</p>	<p>No reasons for this higher specifications vis. a vis. IS code specified specification were on record. Moreover, covering with the brick was prescribed by IS Code which was cheaper than the stone pad and the sand was also cheaper than the bricks.</p>
	<p><b>(b) Execution of work from own sources</b>  As per the clause 4.6 (h) of U.P. Electricity Supply Code 2005 (Code), cost of system improvement work (extension and upgradation of electricity distribution system for meeting demand of new/ existing consumers) is to be met by the Company.  We noticed that the Company executed (September-December 2007) the work of shifting of HT/LT lines to the underground cable for beautification of the Hazratganj, Lucknow at the own cost of ₹ 0.91 crore though it was not covered under the system improvement work. The expenditure, however, became wasteful as the whole work was discarded when the Government subsequently took up (2010) the beautification work of Hazratganj in planned manner.</p>	<p>The Management stated that work was sanctioned under System improvement after due approval of Managing Director and the expenditure was not wasteful.</p>	<p>We are not convinced with the reply as beautification of an area was not the responsibility of the Company. The system constructed by the Company was abandoned.</p>
	<p><b>(c) Stoppage of work due to non deposit of road cutting charges</b>  An estimate of ₹ 3.48 crore was sanctioned (February 2008) for the system improvement work of replacement of overhead lines by underground cable around Secretariat, Babu Bhawan and Yojana Bhawan, Lucknow.  We noticed that the work involved road cutting but the work was started without depositing road cutting charges, hence the work was stopped in May 2008 after the expenditure of ₹ 0.87 crore. Though the incomplete work was put to use but the desired objective was not achieved.</p>	<p>The Management stated that decision for the work was taken up by the higher Management and would restart after waiver of road cutting charges by UPPWD.</p>	<p>The fact remains that the work was incomplete due to not arranging fund for road cutting charges and depositing it with PWD.</p>



**Annexure-32**  
**Statement showing paragraphs/Performance Audit for which replies were not received**  
**(Referred to in paragraph 4.14.1)**

Sl. No	Name of Department	2005-06		2006-07		2007-08		2008-09		2009-10	
		No. of para in Audit Report	No. of para for which reply not received	No. of para in Audit Report	No. of para for which reply not received	No. of para in Audit Report	No. of para for which reply not received	No. of para in Audit Report	No. of para for which reply not received	No. of para in Audit Report	No. of para for which reply not received
1.	Energy (Power)	18	16	14	12	17	10	13	12	7	5
2.	Transport	--	--	5	4	2	--	1	1	--	--
3.	Co-operative	1	--	--	--	1	--	--	--	--	--
4.	Samaj Kalyan	2	--	--	--	--	--	2	1	---	--
5.	Waqf Avam Alpsankhyak	--	--	--	--	--	--	--	--	--	--
6.	Mahila Kalyan	--	--	--	--	--	--	--	--	--	--
7.	Agriculture	2	2	3	1	1	1	--	--	1	1
8.	Vastra Udyog	3	3	--	--	--	--	--	--	1	1
9.	Industrial Development	4	1	2	2	1	--	3	3	--	--
10..	Public Works	1	---	2	2	3	3	1	1	2	2
11.	Small Industries	--	--	2	2	--	--	--	--	--	--
12.	Sugar Industry and Cane Development	3	--	--	--	1	--	--	--	--	--
13.	Urban Development	--	--	1	--	--	--	1	1	2	1
14.	Housing and Urban Planning <sup>♥</sup>	1	1	3	3	2	2	1	--	--	--
15.	Irrigation	1	1	--	--	--	--	---	--	1	-
16.	Matsya Avam Pashudhan	--	--	--	--	--	--	1	1	--	--
17..	Electronics & IT	--	--	--	--	--	--	--	--	--	--
18	Public Enterprises <sup>♦</sup>	2	2	1	--	--	--	2 <sup>*</sup>	--	--	--
19.	Food and civil supplies	1	1	1	--	--	--	--	--	--	--
20.	Health	1	1	--	--	--	--	--	--	--	--
21.	Minerals and Mining	--	--	3	--	5	--	2	2	2 <sup>♥</sup>	2
	<b>Total</b>	<b>40</b>	<b>28</b>	<b>37</b>	<b>26</b>	<b>33</b>	<b>16</b>	<b>27</b>	<b>22</b>	<b>16</b>	<b>12</b>

\* In the group of Public Enterprises, there were three, five, three and thirteen departments in respect of which General paras were issued during 2004-05, 2005-06, 2006-07 and 2008-09 respectively.

♦ This relates to 13 departments including department of Niryat Protsahan, Tax and Institutional Finance, Forest, Panchayati Raj, Pichra Varg Kalyan and Tourism not appearing in column of name of department.

♥ This includes a para on non-recovery of trade tax/VAT on two entities under two different departments (Uttar Pradesh Avam Evam Vikas Parishad: Housing and Urban Planning Department and Uttar Pradesh Industrial Development Corporation Limited: Minerals and Mining Department). Hence, it is counted as one para.

**Annexure-33**  
**Statement showing persistent irregularities pertaining to Government Companies appeared in**  
**the Reports of the Comptroller & Auditor General of India (Commercial) - Government of**  
**Uttar Pradesh**  
**(Referred to in paragraph 4.14.3)**

Year of Audit Report	Paragraph No.	Money Value (in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
<b>1. Power Sector Companies</b>					
1997-98	3C.10.2(a)	2.37	Non-discontinuance of cheque facility after dishonour of cheques and non-disconnection of supply of electricity leading to accumulation of arrears.	Responsibility was required to be fixed on officials for not taking appropriate action.	Total dues against the consumer could not be recovered due to stay order of the court. The UPSEB/Company did not fix responsibility on any official for accumulation of dues.
1998-99	3A.6.2.3	8.99	-----do-----	-----do-----	Management's reply and further action were awaited.
	3A.6.2.6	16.66	-----do-----	-----do-----	-----do-----
1999-2000	4A.14	11.45	-----do-----	-----do-----	-----do-----
	4A.17	0.99	-----do-----	-----do-----	Management intimated the action taken for recovery of dues. Further action for recovery of balance amount of ` 0.99 crore was awaited. UPSEB did not fix responsibility on any official.
2001-02	3A.10	0.55	-----do-----	-----do-----	Management's reply and further action were awaited.
	3A.12	0.18	-----do-----	-----do-----	-----do-----
2002-03	2.2.25	0.79	-----do-----	-----do-----	-----do-----
2003-04	2.3.16	16.10	-----do-----	-----do-----	Management stated that action would be taken.
	3.11	0.51	-----do-----	-----do-----	Management stated that RC is pending in court.
2005-06	4.17	0.46	-----do-----	-----do-----	Management reply and further action is awaited.
1997-98	3C.12.1	61.39	Excessive damage of transformers (damage of transformers in excess of norm of 2 per cent) resulting in extra financial burden on repair	Examination for ascertaining reasons of excessive damage and adherence of schedule of preventive maintenance were required.	As remedial measures, Management issued instructions from time to time to zonal offices to reduce excessive damage of transformers and intimated that UPSEB was increasing the capacity of existing transformers and establishing new sub-station. The details of impact of remedial measures leading to reduction in damage of transformers were awaited.
1999-2000	3B.6.2	325.28	-----do-----	-----do-----	-----do-----
2002-03	2.2.21	0.43	-----do-----	-----do-----	Management's reply and further action were awaited.
1998-99	3A.5.17	3.17	Short billing and irregular waiver of minimum consumption guarantee/late payment surcharge.	Responsibility was required to be fixed in the cases of gross negligence on the part of official and where company sustained loss.	-----do-----
1999-2000	4A.13(a)	0.23	-----do-----	-----do-----	Government had directed to adjust the amount of outstanding dues from the loan of State Government to UPPCL. Intimation regarding adjustment of dues of UPPCL with the Government loan was awaited.
	4A.26	0.10	-----do-----	-----do-----	Management's reply and further action were awaited.
2001-02	3A.19	0.49	-----do-----	-----do-----	No responsibility was fixed by the Management so far.

Year of Audit Report	Paragraph No.	Money Value (in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
2002-03	2.2.21	0.52	-----do-----	-----do----- -	Management's reply and further action were awaited.
2004-05	3.3	171.15	-----do-----	-----do----- -	No responsibility was fixed by the Management so far.
2005-06	2.2.15	1.32	-----do-----	-----do----- -	Management stated that due to large number of consumers, billing in stipulated time is not possible.
2003-04	3.9	8.22	Irregular waiver of penalty for peak hour violation	Responsibility was required to be fixed in the cases of gross negligence on the part of official and where company sustained loss.	Management's reply and further action were awaited.
	3.13	0.44	-----do-----	-----do----- -	-----do-----
	3.18	0.18	-----do-----	-----do----- -	No responsibility was fixed by the Management so far.
2004-05	3.10	0.36	-----do-----	-----do----- -	Management's reply and further action were awaited.
2003-04	3.14	0.79	Non-levy of penalty for peak hour violation/ non-application of rate for unrestricted supply	Responsibility was required to be fixed on officials for not taking appropriate action.	-----do-----
	3.15	0.47	-----do-----	-----do----- -	-----do-----
	3.16	1.24	-----do-----	-----do----- -	-----do-----
2004-05	3.13	0.19	-----do-----	-----do----- -	-----do-----
1998-99	3A.6.2.1	68.95	Payment of monthly bills in instalments and waiver of late payment surcharge	Responsibility was required to be fixed on official violating the procedures of revenue collection.	Management replied that the instalment payment were allowed to consumers due to bad financial position of the consumers as a result of recession in the industry, after obtaining permission of competent authority/committee. UPPCL was taking action for recovery of balance amount of dues from consumer. Outcome of the action was awaited
2000-01	4A.22	2.80	-----do-----	-----do----- -	Management replied that the consumer was an important company of erstwhile KESA, decision taken by KESA had been adopted by the Corporation and recovery was made as per the decision of KESA.
2003-04	3.12	0.27	Short billing due to incorrect application of tariff.	Responsibility was required to be fixed on officials for not ensuring billing on the applicable tariff.	Management's reply and further action were awaited.
2004-05	3.7	1.12	-----do-----	-----do----- -	Management's reply and further action were awaited.
2005-06	4.25	0.10	-----do-----	-----do----- -	Management stated that bills of differential amount of ` 1.12 crore have been issued to the consumer. However, the recovery was awaited.
2006-07	4.15	1.53	-----do-----	-----do----- -	Bills were raised by the division but recovery was awaited.
2007-08	3.12	0.11	-----do-----	-----do----- -	The Management stated that the bill for difference amount has been raised. The recovery was however awaited.

Year of Audit Report	Paragraph No.	Money Value (in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
	3.17	0.81	-----do-----	-----do----- --	The Management stated that the bill for difference amount has been raised. The recovery was however awaited.
	3.18	0.25	-----do-----	-----do----- --	The Management stated that the bill for difference amount has been raised. The recovery was however awaited.
<b>2008-09</b>	4.17	0.12	-----do-----	-----do----- --	Management's reply was awaited.
	4.9	7.43	-----do-----	The Management was required to strengthen the Internal control system to avoid such lapses in future.	Management's reply was awaited.
<b>2008-09</b>	2.1.21	134.39	Excess consumption of coal.	The Management was required to take up measures to check loss of coal in transit, delay in unloading rakes, reduce consumption of coal and timely completion of R&M activities..	Management stated that units were very old and quality of coal was poor leading to consumption of excess coal and efforts were being made to reduce the consumption.
<b>2009-10</b>	2.2.34	1082.51	-----do-----	-----do----- --	Management stated that excess consumption of coal was due to poor quality of coal and non-completion of R&M activities.
	<b>Total</b>	<b>1935.41</b>			
<b>2. U.P. State Sugar Corporation Ltd.</b>					
<b>1999-2000</b>	4A.8	0.51	Improper storage leading to damage of sugar and consequential loss	Remedial action was required to be taken to avoid recurrence of loss due to improper storage.	Management stated that sugar became wet due to unavoidable circumstances and no official was responsible for it.
<b>2000-01</b>	4A.5	0.83	-----do-----	-----do----- ---	Government/Management explained that Sugar Directorate did not issue release order according to stock and sugar became wet due to excessive carryover of stock for longer period.
<b>2002-03</b>	3.1.6	1.19	-----do-----	-----do----- ---	Management's reply was awaited
	<b>Total</b>	<b>2.53</b>			
<b>Uttar Pradesh State Agro Industrial Corporation Limited</b>					
<b>2001-02</b>	2A.3.2.1	2.06	Sub-standard procurement of GI pipes for hand pumps	Management was required to adhere the prescribed procedure and standard of quality in procurement of materials.	Management stated that clarification have been sought from suppliers and Bureau of Indian Standard after which necessary action would be taken.
<b>2009-10</b>	2.1.10	3.26	-----do-----	-----do----- ---	Management stated that orders to field units have been issued not to accept sub-standard supplies and from 2007-08 supply orders of more than 10 MT were being placed.
<b>2001-02</b>	2A.3.3.1	0.69	Excess cost on consumption of casing pipes.	The Management was required to prepare estimates of installation of hand pumps as per the norm.	Management stated that the matter was being investigated.

Year of Audit Report	Paragraph No.	Money Value (in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
2009-10	2.1.12	0.40	-----do-----	-----do-----	Management stated that in future estimates for installation of hand pumps would be modified on written information of the Divisional Engineers.
2001-02	2A.3.3.2	3.93	Charging of excessive margin on installation of hand pumps.	The Management was required to strengthen the internal control system to avoid such lapses in future.	Management stated that cost estimates were approved by the Government.
2009-10	2.1.13	5.73	-----do-----	The Management was required to streamline the internal control mechanism to avoid such lapses in future	Management stated that the Company was preparing estimates as were being prepared by Uttar Pradesh Jal Nigam.
	<b>Total</b>	<b>16.07</b>			

### Annexure-34

#### Statement showing persistent irregularities pertaining to Statutory corporations appeared in the Reports of the Comptroller & Auditor General of India (Commercial), Government of Uttar Pradesh (Referred to in paragraph 4.14.3)

Year of Audit Report	Paragraph No.	Money Value ( in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
<b>1. Uttar Pradesh Financial Corporation</b>					
1997-98	3A.7.2.1	2.39	Faulty appraisal of proposal for sanction of loan where units were not viable from beginning leading to loss or non-recovery of the amount of loan.	Responsibility was required to be fixed on officials who appraised the proposal for sanction of loan besides strengthening of appraisal system and procedure.	Corporation could recover ₹ 36.32 lakh only from the Directors of the assisted unit and issued Personal Recovery Certificate (PRC) for recovery of balance amount. Responsibility was not fixed on any official.
	3A.7.2.3	1.66	-----do-----	-----do-----	Corporation could recover ₹ 28.53 lakh only from the Promoters. For recovery of balance amount PRC was issued. Responsibility was not fixed on any official.
1999-2000	4B.2	1.30	-----do-----	-----do-----	Corporation recovered ₹11.54 lakh by sale of assets. Corporation issued Recovery Certificate (RC)/ Personal recovery certificate (PRC) for recovery of dues against Directors and guarantors. Responsibility was not fixed on any official.
	4B.7	1.39	-----do-----	-----do-----	Corporation could recover ₹ 25.15 lakh only through sale of assets of assisted unit. PRC have been issued. Responsibility was not fixed on any official
2002-03	3.2.2	11.68	-----do-----	-----do-----	No recovery could be made. RC has been issued.
	3.2.3	7.09	-----do-----	-----do-----	Corporation recovered ₹ 44.13 lakh. PRC has been issued.
	3.2.4	4.85	-----do-----	-----do-----	Corporation approved OTS of ₹ 1.95 crore against which ₹ 1.45 crore had been deposited so far.
2004-05	3.16	5.65	-----do-----	-----do-----	Management's reply and further action were awaited.
1997-98	3A.8.2.1	2.82	Non-observance of pre-disbursement conditions leading to loss due to recovery of loans becoming impossible.	Responsibility was required to be fixed on officials who failed to ensure pre-disbursement conditions besides the strengthening of system and procedure for disbursement of loan.	Corporation could recover ₹ 75 lakh only under One Time Settlement (OTS) decision.
	3A.8.2.2	1.75	-----do-----	-----do-----	Corporation could recover ₹ 74.60 lakh (including ₹ 32.75 lakh against OTS of ₹ 51.10 lakh). Responsibility was not fixed on any official so far.
	3A.8.2.3	1.36	-----do-----	-----do-----	Corporation recovered ₹ 12 lakh through sale of assets. Corporation issued PRC and recovered ₹ 70.50 lakh from one promoter against PRC. Responsibility was not fixed on any official.

Year of Audit Report	Paragraph No.	Money Value (in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
	3A.8.2.4	2.14	-----do-----	-----do-----	Corporation could not recover the dues. Responsibility was not fixed on any official so far.
2003-04	3.21	2.21	-----do-----	-----do-----	Corporation could not recover the dues and further action was awaited.
2004-05	3.15	13.59	-----do-----	-----do-----	Management's reply and further action were awaited.
1999-2000	4B.6	0.56	Loss due to disbursement of loan on irregular legal documentation/forged documents.	Strengthening of procedure for fool proof verification/independent checking of documents were required.	Corporation approved OTS of ₹ 62.74 lakh against which borrower deposited ₹ 31.30 lakh so far.
2000-01	4B.3	4.44	-----do-----	-----do-----	Corporation could recover only nominal amount from the promoters. PRC has been issued.
	4B.5	0.97	-----do-----	-----do-----	Corporation could recover ₹ 28.80 lakh only. PRC was issued against promoters and guarantors.
	4B.6	0.62	-----do-----	-----do-----	Corporation could not recover any amount from the promoter. Further action was awaited.
2002-03	3.2.6	4.50	-----do-----	-----do-----	Corporation recovered ₹ 1.46 crore. RC has been issued. Management did not indicate any remedial action to avoid recurrence of such incidence.
2003-04	3.22	2.06	Loss due to delay in taking over possession of the unit.	Responsibility was required to be fixed on officials for delay in taking over the possession of the unit.	Management's reply and further action were awaited.
2004-05	3.18	10.79	-----do-----	-----do-----	-----do-----
2005-06	4.30	11.64	-----do-----	-----do-----	Possession was not taken to avoid huge security expenses.
	<b>Total</b>	<b>95.46</b>			
<b>2. Uttar Pradesh State Road Transport Corporation</b>					
1997-98	4B.2	0.32	Avoidable payment of damages on belated deposit of EPF.	Timely payment of EPF was required to ensure avoiding incidence of damages on delayed deposits	Management's reply was awaited
1998-99	4B.1	0.19	-----do-----	-----do-----	Management intimated that the amount of damages was adjusted in the wake of stay order of the court.
2000-01	4B.2	0.27	-----do-----	-----do-----	Management informed that a work plan had been prepared for deposit of tax. Further action was awaited
	<b>Total</b>	<b>0.78</b>			

**Annexure-35**  
**Statement showing the department-wise outstanding Inspection Reports**  
**(Referred to in paragraph 4.14.4)**

Sl. No.	Name of Department	No. of PSUs	No. of outstanding IRs	No. of outstanding Paragraphs	Year from which paragraphs outstanding
1.	Agriculture	4	13	40	2004-05
2.	Matsya and Pashudhan	1	6	25	--do--
3.	Sugar Industry and Cane Development	6	29	81	--do--
4.	Irrigation	1	20	69	--do--
5.	Small Industries	1	5	39	--do--
6.	Industrial Development	2	18	105	--do--
7.	Export Promotion	1	5	31	--do--
8.	Hathkargha & Vastra Udyog	3	13	47	--do--
9.	Electronics & IT	4	14	61	--do--
10.	Public Works	2	314	1054	--do--
11.	Samaj Kalyan	3	9	22	2006-07
12.	Mahila Kalyan	1	2	6	2006-07
13.	Pichhara Varg Kalyan	1	0	0	2006-07
14.	Home	1	5	10	2004-05
15.	Food and Civil Supplies	1	44	277	2005-06
16.	Tourism	1	5	12	2007-08
17.	Waqf Avam Alpsankhyak	2	8	30	2004-05
18.	Transport	1	80	436	--do--
19.	Co-operative	1	6	32	--do--
20.	Forest	1	8	38	--do--
21.	Energy	13	1436	5871	--do--
22.	Health	2	5	9	2005-06
23.	Housing and Urban Planning	2	828	2762	2004-05
24.	Minerals & Mining	1	24	249	2004-05
	<b>Total</b>	<b>56</b>	<b>2897</b>	<b>11306</b>	

Source: Progress register of AIRs.



### Annexure-36

**Statement showing the department-wise draft paragraphs/Performance Audit replies to  
which were awaited  
(Referred to in paragraph 4.14.4)**

Sl. No.	Name of Department	No of draft paragraphs	No of Performance Audit	Period of issue
1.	Industrial development	2	--	March and May 2011
2.	Forest	1	--	April 2011
3.	Irrigation	2	--	April and June 2011
4.	Minerals and mining	3 <sup>▼</sup>	--	June, July and November 2011
5.	Transport	2	--	July and August 2011
6.	Energy	3	1	May, August, September and October 2011
7.	Housing and Urban Planning	1 <sup>▼</sup>	1	August 2011
	<b>Total</b>	<b>14</b>	<b>2</b>	

▼ This includes a para on non-recovery of trade tax/VAT on two entities under two different departments (Uttar Pradesh Avas Evam Vikas Parishad: Housing and Urban Planning Department and Uttar Pradesh Industrial Development Corporation Limited: Minerals and Mining Department). Hence, it is counted as one para.