Report of the
Comptroller and Auditor General of India
(Public Sector Undertakings)

for the year ended 31 March 2012

Government of Uttar Pradesh
Report No.1 of 2013

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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 (General and Social Sector Audit), 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. The Audit Reports on the annual accounts of all these corporations 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 2011-12 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 2011-12 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 State Public Sector Undertakings

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 2012, the State of Uttar Pradesh had 85 working PSUs (78 companies and seven Statutory corporations) and 43 non-working PSUs (all companies), which employed 0.79 lakh employees. The working PSUs registered a turnover of ₹ 42,987.46 crore for 2011-12 as per their latest finalised Accounts. This turnover was equal to 6.25 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 ₹ 6,489.58 crore in 2011-12 and had Accumulated losses of ₹ 27,742.12 crore.

Investments in PSUs

As on 31 March 2012, the Investment (Capital and Long Term Loans) in 128 PSUs was ₹ 97,867.69 crore. It grew by over 238.05 per cent from ₹ 28,950.50 crore in 2006-07 to ₹ 97,867.69 crore in 2011-12 mainly because of increase in Investment in Power Sector which accounted for 93.38 per cent of the total Investment in 2011-12. The Government contributed ₹ 7,446.16 crore towards Equity, Loans and Grants/Subsidies during 2011-12.

Performance of PSUs

The losses incurred by working PSUs increased from ₹ 499.50 crore in 2006-07 to ₹ 6,489.58 crore in 2011-12. During the year 2011-12, out of 85 working PSUs, 32 PSUs earned Profit of ₹ 1,201.57 crore and 23 PSUs incurred Loss of ₹ 7,691.15 crore. Five working PSUs had not submitted their first Accounts whereas 25 companies maintained their Accounts on "No Profit No Loss" basis. The major contributors to Profit were Uttar Pradesh Avas Evam Vikas Parishad (₹ 358.80 crore), Uttar Pradesh Rajkiya Nirman Nigam Limited (₹ 225.46 crore), Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (₹ 126.38 crore) and Uttar Pradesh Forest Corporation (₹ 125.17 crore). The heavy losses were incurred by four Power Sector companies (total ₹ 6,849.96 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 ₹ 16,879.05 crore and infructuous Investments of ₹ 132.80 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 60 Accounts of 50 working companies finalised during October 2011 to September 2012, qualified certificates were issued for 47 Accounts, adverse certificates for three Accounts, disclaimer for one account and unqualified certificates for nine Accounts. There were 109 instances of non-compliance with Accounting Standards. Of the six Accounts finalised by the six Statutory corporations during October 2011 to September 2012, we conducted audit of three Accounts and issued qualified certificate for two Accounts and adverse certificate was issued in one Accounts. The audit of rest of three corporations was under finalisation (September 2012).

Arrears in Accounts

Out of the 85 working PSUs, only four PSUs finalised their Accounts for the year 2011-12 while 81 PSUs had arrear of 234 Accounts as of September 2012 with extent of arrear ranging from one to 16 years. The arrear needs to be cleared in a time bound manner by setting targets for PSUs. Out of 43 non-working PSUs (all companies), 12 have gone into liquidation process and the remaining 31 had arrear of Accounts for one to 37 years. Government needs to expedite closing down of the non-working PSUs.

2. Performance Audit relating to State Public Sector Undertakings

Performance Audit relating to working of Uttar Pradesh Power Transmission Corporation Limited and Uttar Pradesh State Industrial Development Corporation Limited were conducted. Executive summary of our audit findings is given below:

2.1 Uttar Pradesh Power Transmission Corporation Limited

Introduction

Transmission of electricity and Grid operation in Uttar Pradesh are managed by Uttar Pradesh Power Transmission Corporation Limited (Company) and State Load Dispatch Centre. As on 31 March 2007, the Company had a transmission network of 21,619 Circuit Kilometer (Ckm) and 276 Extra High Tension Sub-stations (SSs) which rose to 25,064.90 Ckm lines and 357 SSs with installed capacity of 53,338 Mega Volt Ampere (MVA), by 31 March 2012. The quantity of energy transmitted increased from 51,472.14 MUs in 2007-08 to 70,029.47 MUs in 2011-12.

Planning and Development

The Company prepared the Annual Plan for capacity addition and augmentation. The capacity addition of SSs and lines did not meet the targets, as only 81 SSs and 3,445.90 Ckm lines were constructed during the period of five years against the planned addition of 222 SSs and laying of 12,877 Ckm of lines. The shortfall was due to delay in completion of the projects.

Project management

The Company could not complete its projects as per schedule due to time overrun ranging between one month and 216 months resulting into cost overrun of ₹ 105.02 crore during the period 2007-12. The time overruns were attributable to delay in land acquisition, getting approval from railways and in getting forest clearance etc.

The Company failed to assess load requirement and constructed two SSs of under capacity. Subsequently, capacity of SSs, was increased by incurring extra expenditure of ₹13.75 crore.

Procurement

The Company incurred extra expenditure of ₹ 4.73 crore due to failure to enforce vital clause of contract in two cases. Further, due to wrong calculation of equated price for counter offer the Company incurred extra expenditure of ₹17.12 crore.

Implementation of projects

Construction of SSs as well as lines was generally awarded on turnkey basis through open tenders. The Company incurred extra expenditure of ₹ 158.78 crore due to inclusion of supply of transformer in turnkey contract in contravention of Best Practices in Transmission System as notified by Ministry of Power, Government of India, award of contracts at higher rates, splitting of tender in two packages and non-standardisation of tower design.

The Company did not recover supervision charges of ₹63.66 crore in two cases.

Performance of the transmission system

The overall transmission capacity of the Company (excluding 30 per cent towards redundancy) was in excess of the requirement for every year except 2007-08. The Company failed to ensure maximum and minimum voltages as per norms. Out of 255 feeders in four Zones, 68 feeders were loaded above 366 ampere. Out of 67 SSs of 220KV (49 single bus bar SSs and 18 double bus bar SSs), Bus Bar Protection Panel was provided at 18 SSs out of which only three were in working condition.

Adequacy of Sub-stations

The Company exceeded the permissible maximum capacity of transformers in five numbers of 220 KV and one numbers of 132 KV SSs. The Company was having four numbers 220 KV SSs and 48 numbers 132 KV SSs with single transformer against the norms of at least two transformers.

Grid Management

Out of 357 SSs and nine generators, only 93 SSs (26.05 per cent) and nine generators were provided Remote Terminal Units. Further, the Company received 122 (A type), 107 (B type) and 21 (C type) messages from Northern Regional load Dispatch Centre for violation of Grid norm during August 2010 to March 2012. Violations of the Grid discipline led to levy of penalty of ₹9.10 crore by CERC.

Financial Management

The Company incurred losses in all the five years and accumulated losses increased from ₹ 991.08 crore to ₹ 1,183.82 crore during the period of

Performance Audit. Further, the debt equity ratio increased from 1.11:1 to 1.23:1.

Tariff Fixation

The Annual Revenue Requirement (ARRs) were filed by the Company with delay ranging between 117 and 482 days during the period of Performance Audit except 2008-09.

Material Management

Despite decision of the Board of Directors, the Company did not dispose off 51 damaged and uneconomical transformers lying since 2001. The closing stock of the Company increased from ₹290.17 crore in 2007-08 to ₹606.51 crore in 2011-12. The closing stock was equal to 13 months to 21 months of the consumption.

Conclusion and Recommendations

The Company failed to achieve its planned capacity addition registering huge shortfall, completed the projects with time and cost overruns, failed to synchronise construction of evacuation system with generation plan and managed evacuation of power through exiting transmission system, constructed SSs and lines without proper load requirement resulting in under utilisation, constructed SSs with single transformers which was contrary to the provisions of Manual of Transmission Planning Criteria. The voltage management system did not correspond to the norms prescribed in Grid Code and Grid Discipline was not followed and the Company did not have adequate safety measures and the infrastructure for disaster management.

We made six recommendations to ensure implementation of annual plan for capacity addition and timely completion of projects as planned, plan for evacuation system to synchronise with that of the generation system, ensure adherence to the standards/norms fixed in MTPC/Best Practices in Transmission Systems for effective functioning and maintenance of transmission network, ensure adequate disaster management and install recommended system to protect the lines and SSs, and maintain SLDC as per Grid Code and ensure that all generators and SSs are connected to SLDC through RTUs on real time basis for safety and security of the Grid. The frequency levels should be adhered to avoid Grid indiscipline.

2.2 Uttar Pradesh State Industrial Development Corporation Limited

Introduction

The Uttar Pradesh State Industrial Development Corporation Limited (Company) was incorporated in March 1961 as a wholly owned Government Company under the Companies Act, 1956 for development of industrial infrastructure and to promote industrial development in the State for which it was nodal agency.

Acquisition of land

The target of acquisition of land was not achieved due to delays at the level of District Authorities and Government. The failure of the Company to develop the available land not only led to blockade of fund in subsequent acquisition of land but also resulted in avoidable expenditure in the shape of Sollacium.

Physical possession of 1,200.483 acre land acquired in 1993 and 2,584.292 acre land acquired during April 1999 to April 2005 in Buland Shahar have not been obtained so far resulting in blockade of ₹ 297.29 crore.

The Company acquired 48,551.088 acre land against which the conveyance deed has been executed only for 27,745.588 acre land.

Development of infrastructure on acquired land

The Company executed 248 contracts for development out of which, 201 contracts were executed against short term tender notices without any justification and 33 contracts valuing ₹63.37 crore very short term tender notices although there was no provision in the Manual for issue of very short term tender notice.

Scrutiny of 40 contracts revealed that tenders were finalised by lower level staff and CE and MD did not sign the tender documents and comparative statements. The MD accorded approval separately on note sheets. The Company finalised 130 contracts by dividing the work in groups without any justification. The Company awarded 107 contracts to the same contractors against which 48 contracts remained incomplete up to March 2012 which defeated purpose of grouping.

The CE made payment of ₹25.51 crore to 19 contractors against 39 contracts although the bills of executed works were not available out of which ₹ 5.64 crore has not been recovered. The inadmissible payment resulted in loss of interest of ₹5.40 crore.

The penalty of only ₹ 1.07 lakh was recovered against recoverable penalty of ₹2.65 crore in 21 contracts.

Ten contracts remained incomplete despite lapse of four to six years leading to blockade of ₹21.17 crore and delaying the infrastructure development.

The payment of ₹3.03 crore was made for supply of material in nine contracts by the Company against the direction (June 2007) of MD. The physical verification revealed that the material of ₹2.21 crore was short at Chakeri-II and Mandhana sites.

Management of Industrial Area

The utilisation of allotted plots ranged between 48.77 per cent and 54.27 per cent during five years up to 2011-12. The Company suffered loss of additional revenue of ₹11.30 crore due to transfer of vacant plots.

In 212 cases, the plots were transferred without executing the lease deed leading to loss of stamp duty of ₹5.40 crore and in 303 cases stamp duty of ₹ 18.81 crore could not be recovered due to non-execution of lease deed.

The reserve price of five group housing plots was fixed in contravention of the rules which resulted in loss of ₹ 110.10 crore.

The allotment of eight Group Housing and 34 commercial plots was done against the prescribed system which resulted in loss of additional revenue of ₹152.29 crore at market rate which works out to ₹24.50 crore at the circle rate.

Internal control system

The monthly/quarterly accounts are not prepared due to which it could not ascertain its income due to which it paid penal interest of ₹ 5.45 crore to Income Tax department. Lack of annual inspection of subordinate offices and non follow up of Internal Auditors report makes the internal control system weak and resulted in fraudulent payment of ₹2.12 crore.

Conclusion and recommendations

The Company failed to achieve the targets of land acquisition and development, made excess payment towards land acquisition charges and compensation, blockade of funds with the District Authorities due to delay in acquisition of land, non-compliance of tendering process. Due to fixation of lower rates of reserve price and non-revision of premium rates led to deprival of earning additional revenue. The internal control system was deficient.

We made six recommendations for achievement of targets for its development, to follow the prescribed tendering process, to follow the rate fixation and revision policy.

3. 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 10 cases of avoidable Loss/Expenditure amounting to ₹ 16,015.34 crore.

(Paragraphs 3.1, 3.3 to 3.7 and 3.11 to 3.14)

There were three cases of non-recovery of dues amounting to ₹ 4.19 crore.

(Paragraphs 3.8 to 3.10)

Gist of some of the important paragraphs is given below:

- **U.P. Project Corporation Limited** showed undue favour to a firm and awarded the work for supply of Astroturf at higher rate.

(Paragraph 3.2)

- **Uttar Pradesh Power Corporation Limited** will incur recurring loss of ₹ 10,831.82 crore due to finalisation of bid at higher rate for power purchase.

(Paragraph 3.4)

- **Dakshinanchal Vidyut Vitran Nigam Limited** committed irregularities in the bid evaluation process and in the supplementary agreement as well as deviation from ETF's recommendations. This has already caused losses to the extent of ₹ 421.12 crore up to March 2012, and will lead to further losses of ₹ 4,601.12 crore in the remaining 18 years of the contract.

(Paragraph 3.6)

- **Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited** made ill-conceived planning for renovation and modernisation of Unit-8 of Obra Thermal Power Plant resulting in avoidable expenditure on procurement of materials valued at ₹ 31.88 crore.

(Paragraph 3.7)

- **Uttar Pradesh Jal Nigam** made systemic deficiencies in retrieval and disposal of surplus earth which led to avoidable expenditure of ₹ 7.84 crore and the Nigam also lost opportunity to earn sale proceeds to the extent of ₹ 3.22 crore

(Paragraph 3.12)

- **Uttar Pradesh Warehousing Corporation** failed to estimate accurately the amount of Advance Tax and also delayed the filing of return of income which led to loss of ₹ 3.01 crore.

(Paragraph 3.14)

CHAPTER-I

1. Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Uttar Pradesh, the State PSUs occupy a moderate place in the State economy. The State working PSUs registered a turnover of ₹ 42,987.46 crore for 2011-12 as per their latest finalised Accounts as of 30 September 2012. This turnover was equal to 6.25 *per cent* of State Gross Domestic Product (GDP) of ₹ 6,87,836.28 crore in 2011-12. Major activities of State PSUs are concentrated in Power Sector. The State working PSUs incurred a loss of ₹ 6,489.58 crore in the aggregate for 2011-12 as per their latest finalised Accounts as of 30 September 2012. They had at least 0.79 lakh* employees as of 31 March 2012. The State PSUs do not include six Departmental Undertakings♦ (DUs), which carry out commercial operations but are a part of Government departments. Audit findings of these DUs are incorporated in the Audit Report (General and Social Sector Audit) of the State.

1.2 As on 31 March 2012, there were 128 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∞	Total
Government companies♥	78	43	121
Statutory corporations	7	Nil	7
Total	**85**	**43**	**128**

1.3 During the year 2011-12, six companies named Western U.P. Power Transmission Company Limited, South East U.P Power Transmission Company Limited, Jawaharpur Vidyut Utapadan Nigam Limited, Meerut City Transport Services Limited, Allahabad City Transport Services Limited and Agra Mathura City Transport Services Limited were incorporated under the Companies Act, 1956 and one♠ company was privatised.

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,

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* As per the details provided by 71 PSUs. Remaining 57 PSUs did not furnish the details.

♦ 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.

∞ Non-working PSUs are those which have ceased to carry on their operations.

♥ Includes 619-B companies.

♠ Lalitpur Power Generation Company Limited.

who are appointed by CAG as per the provisions of Section 619(2) of the Companies Act, 1956. These Accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

1.6 Audit of Statutory corporations is governed by their respective legislations. Out of 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 2012, the Investment in 128 PSUs (including 619-B companies) was ₹ 97,867.69 crore as per details given below:

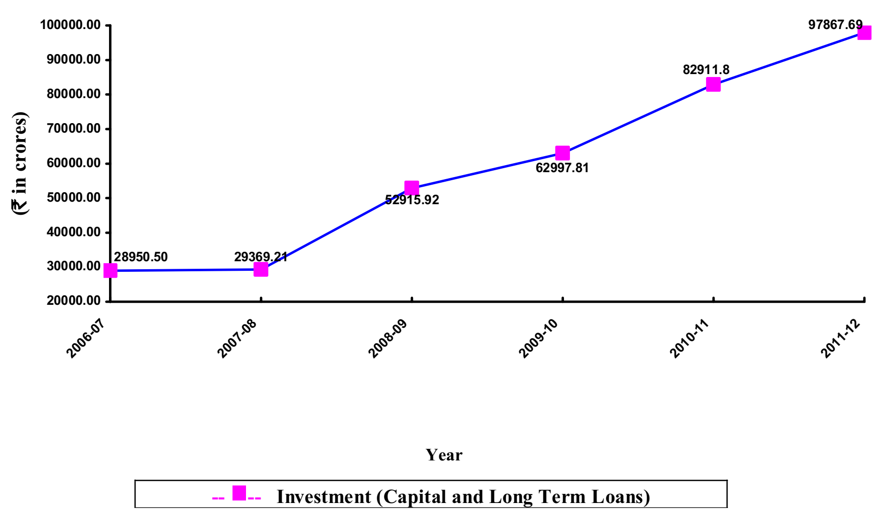
(₹ in crore)

Type of PSUs	Government companies			Statutory corporations			Grand total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	60617.05	34433.96	95051.01	601.30	1040.02	1641.32	96692.33
Non-working PSUs	696.56	478.80	1175.36	-	-	-	1175.36
Total	**61313.61**	**34912.76**	**96226.37**	**601.30**	**1040.02**	**1641.32**	**97867.69**

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

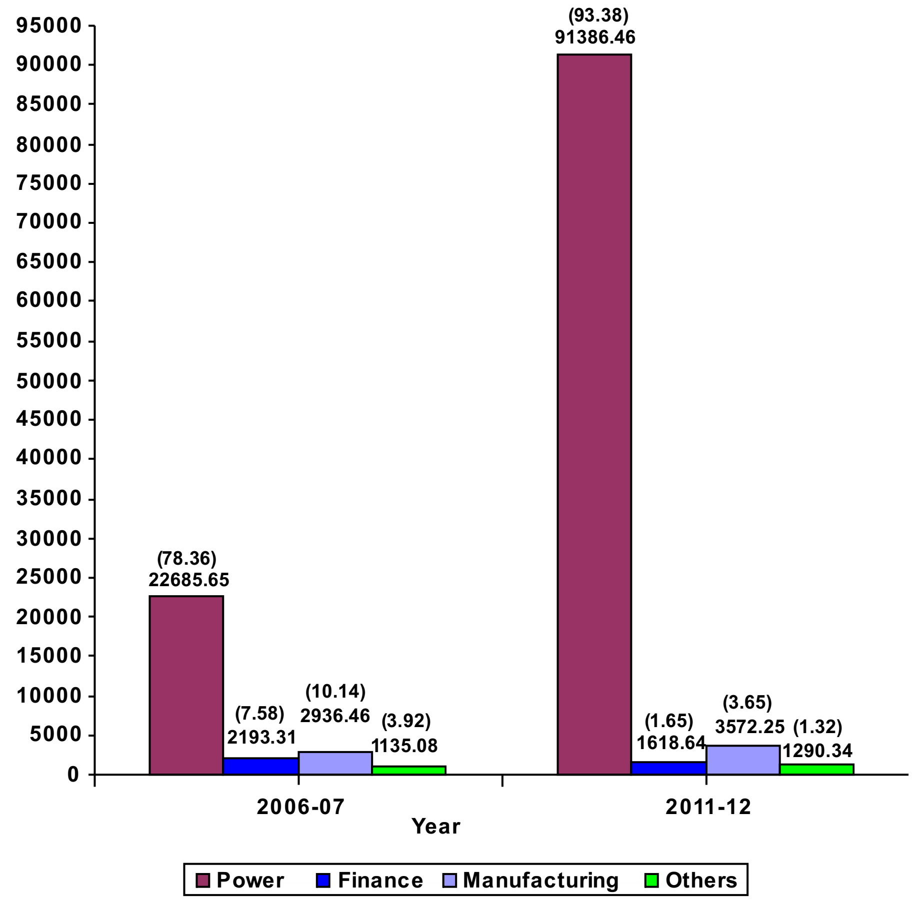
1.8 As on 31 March 2012, of the total Investment in State PSUs, 98.80 *per cent* was in working PSUs and the remaining 1.20 *per cent* in non-working PSUs. This total Investment consisted of 63.26 *per cent* towards Capital and 36.74 *per cent* in Long-Term Loans. The Investment has grown by 238.05 *per cent* from ₹ 28,950.50 crore in 2006-07 to ₹ 97,867.69 crore in 2011-12 as shown in the following graph.

(₹ in crore)



1.9 The Investment in various important sectors and percentage thereof at the end of 31 March 2007 and 31 March 2012 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 78.36 *per cent* in 2006-07 to 93.38 *per cent* in 2011-12 while the share of manufacturing sector decreased from 10.14 *per cent* in 2006-07 to 3.65 *per cent* in 2011-12.

(₹ 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 2011-12 are given below.

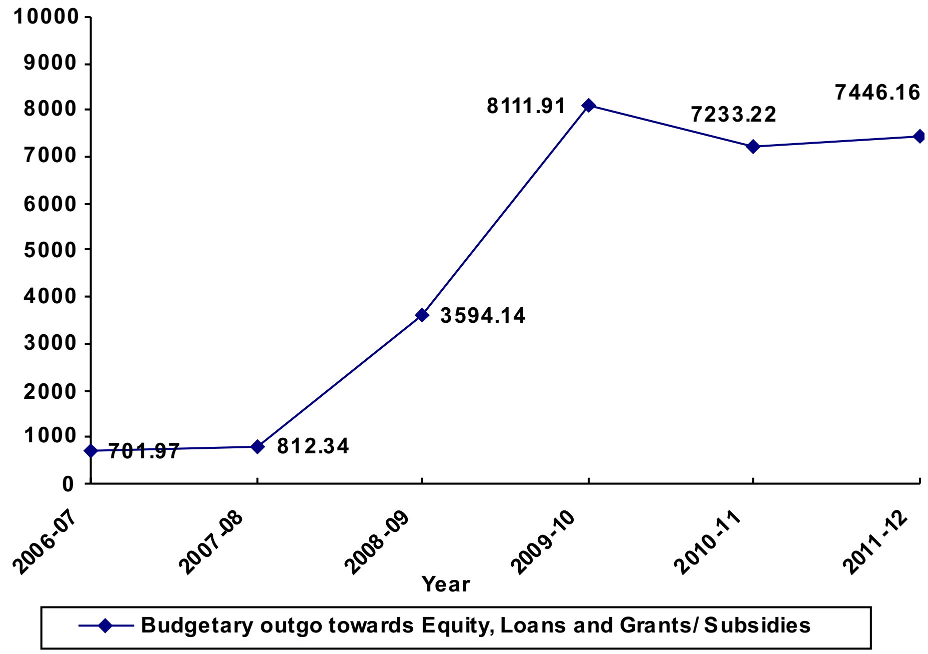
(Amount: ₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity capital outgo from budget	6	5146.82	6	3502.49	5	4325.50
2.	Loans given from budget	11	1021.96	8	113.20	1	11.85
3.	Grants/subsidy received	14	1943.13	11	3617.53	10	3108.81
4.	**Total Outgo (1+2+3)**	**26***	**8111.91**	**23***	**7233.22**	**15***	**7446.16**
5.	Loans converted into Equity	1	138.77	1	100.00	-	-
6.	Guarantees issued	2	6245.25	3	10549.50	4	1194.65
7.	Guarantee commitment	7	7380.11	8	17718.22	6	9578.49

***** *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.

(₹ in crore)



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 2006-07 to 2011-12. The budgetary outgo was ₹ 7,446.16 crore in 2011-12 mainly due to extension of financial support of ₹ 5,969.69 crore by the State Government to five Power Sector companies in the form of Equity (₹ 4,280.50 crore) and Grants/Subsidies (₹ 1,689.19 crore). The amount of guarantee outstanding increased from ₹ 7,380.11 crore in 2009-10 to ₹ 17,718.22 crore in 2010-11 and decreased to ₹ 9,578.49 crore in 2011-12. The amount of guarantee commission payable by three PSUs as on 31 March 2012 was ₹ 14.46 crore[∞]. During the year, two PSUs[♠] had paid guarantee commission of ₹ 3.92 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. We observed the differences occurred in respect of 24 PSUs as indicated in the table below:

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	32819.23	48439.44	15620.21
Loans	1286.94	1564.32	277.38
Guarantees	17691.67	9578.49	8113.18

∞ Uttar Pradesh Power Corporation Limited, Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited, and Uttar Pradesh Power Transmission Corporation Limited.

♠ Uttar Pradesh Power Corporation Limited and Uttar Pradesh Power Transmission Corporation Limited.

We noticed that some of the differences were pending for reconciliation since 2000-01. The Accountant General had regularly taken up the matter of reconciliation of 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 all the PSUs are given in **Annexure-2**. The financial position and working results of working Statutory corporations are indicated in **Annexures-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 2006-07 to 2011-12.

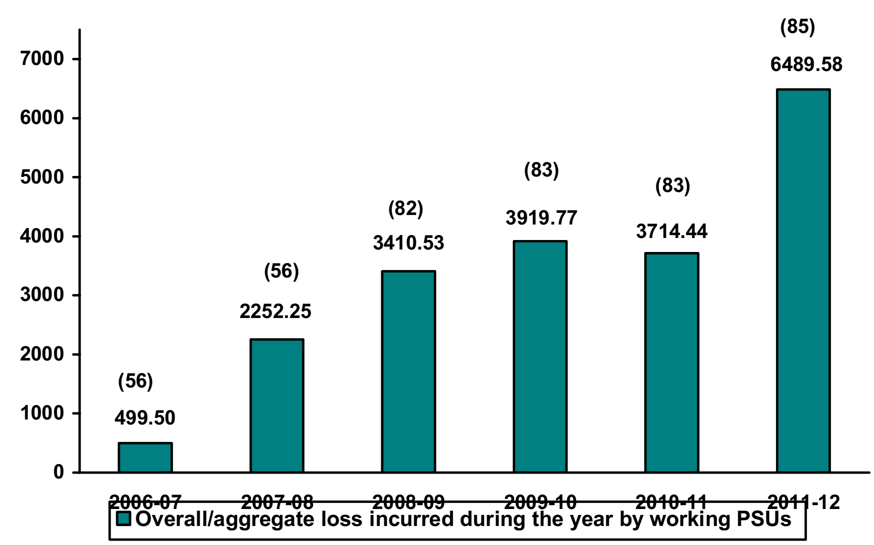
(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Turnover♣	18860.47	27261.62	31480.07	35541.61	39298.30	42987.46
State GDP	309834.00	344346.00	400711.00	357557.00	588466.53	687836.28
Percentage of Turnover to State GDP	6.09	7.92	7.86	9.94	6.68	6.25

The percentage of turnover to State GDP which was at 6.09 during 2006-07 increased to 9.94 in 2009-10 but decreased to 6.25 during 2011-12 mainly due to increase in State GDP.

1.14 Losses incurred by State working PSUs during 2006-07 to 2011-12 are given in bar chart below:

(₹ in crore)



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

The amount of loss incurred by working PSUs increased from ₹ 499.50 crore in 2006-07 to ₹ 6,489.58 crore during 2011-12. During the year 2011-12, out of 85 working PSUs, 32 PSUs earned profit of ₹ 1,201.57 crore and 23 PSUs incurred loss of ₹ 7,691.15 crore. Five working PSUs* had not submitted their

♣ Turnover as per the latest finalised accounts as of 30 September 2012.

* Sl. No. A-44, A-75, A-76, A-77 and A-78 in **Annexure-2**.

first Accounts whereas 25 companies remained at "no profit no loss". The major contributors to profit were Uttar Pradesh Avas Evam Vikas Parishad (₹ 358.80 crore), Uttar Pradesh Rajkiya Nirman Nigam Limited (₹ 225.46 crore), Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (₹ 126.38 crore) and Uttar Pradesh Forest Corporation (₹ 125.17 crore). The heavy Losses were incurred by Uttar Pradesh Power Corporation (₹ 3,893.55 crore), Purvanchal Vidyut Vitran Nigam Limited (₹ 1,189.04 crore), Dakshinanchal Vidyut Vitran Nigam Limited (₹ 1,061.38 crore), and Madhyanchal Vidyut Vitran Nigam Limited (₹ 705.99 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 ₹ 16,879.05 crore♥ and infructuous Investment of ₹ 132.80 crore which were controllable with better management. Year wise details from Audit Reports are stated below.

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	Total
Net loss	3919.77	3714.44	6489.58	14123.79
Controllable losses as per CAG's Audit Report	888.01	1789.57	16879.05♥	19556.63
Infructuous Investment	2.51	9.22	132.80	144.53

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	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Return on Capital Employed *(per cent)*	2.28	-	-	-	-	-
Debt	9192.09	9538.97	11656.61	14380.07	25081.29	35952.78
Turnover♦	18860.47	27261.62	31480.07	35541.61	39298.30	42987.46
Debt/ Turnover Ratio	0.49:1	0.35:1	0.37:1	0.40:1	0.64:1	0.84:1
Interest Payments	1055.11	1212.39	1058.32	1187.42	1273.00	1639.70
Accumulated losses	12305.62	14129.45	15520.04	19024.03	22598.81	29380.10

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

The Debt to Turnover ratio has deteriorated from 0.49:1 in 2006-07 to 0.84:1 in 2011-12. The amount of Accumulated losses increased from ₹ 12,305.62 crore (2006-07) to ₹ 29,380.10 crore (2011-12). 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

♥ ₹ 1,446.11 crore was incurred up to March 2012 and ₹ 15,432.94 crore will be incurred as per pre-existing rates during the next 25 and 18 years as referred in detail in paragraphs 3.4 and 3.6.

♦ Turnover of working PSUs as per the latest finalised Accounts as of 30 September 2012.

return of five *per cent* on the paid up Share Capital contributed by the State Government. As per their latest finalised Accounts, 32 PSUs earned an aggregate profit of ₹ 1,201.57 crore and eight PSUs* declared a dividend of ₹ 3.28 crore. The remaining profit earning PSUs did not comply with the State Government policy regarding payment of minimum dividend.

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 2012.

Sl. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
1.	Number of Working PSUs	56	60	83	83	85
2.	Number of Accounts finalised during the year	64	46	98	59	66
3.	Number of Accounts in arrears	180	197	182	206	234
4.	Average arrears per PSUs (3/1)	3.21	3.28	2.19	2.48	2.75
5.	Number of Working PSUs with arrears in Accounts	49	54	52	69	81
6.	Extent of arrears	1 to 14 years	1 to 14 years	1 to 15 years	1 to 15 years	1 to 16 years

1.20 The average number of Accounts in arrears per working PSUs ranged between 2.19 to 3.28 during 2007-08 to 2011-12. Out of the 85 working PSUs, only four PSUs finalised their Accounts for the year 2011-12 while 81 PSUs had arrear of 234 Accounts as of September 2012 with extent of arrear ranging from one to 16 years. 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 the accumulation of arrears.

1.21 In addition to above, there were also arrears in finalisation of Accounts by non-working PSUs. Out of 43 non-working PSUs, 12** had gone into liquidation process. The remaining 31 non-working PSUs had arrears of Accounts for one to 37 years.

1.22 The State Government had invested ₹ 7,445.69 crore (Equity: ₹ 4,325.50 crore, Loans: ₹ 11.85 crore, Grants: ₹ 558.50 crore and Subsidies: ₹ 2,549.84 crore) in 12 working PSUs during the years for which Accounts have not been finalised as detailed in **Annexure-4**. In the absence of Accounts

* Uttar Pradesh Police Avas Nigam Limited,, Uttar Pradesh Development Systems Corporation Limited, Uttar Pradesh Purva Sainik Kalyan Nigam Limited, Uttar Pradesh Samaj Kalyan Nigam Limited, Uttar Pradesh State Bridge Corporation Limited, Uttar Pradesh Electronics Corporation Limited, Uttar Pradesh State Industrial Development Corporation Limited and Uttar Pradesh Rajkiya Nirman Nigam Limited.

** Serial no. C-2, 3, 11, 13, 15, 18, 22, 23, 24, 26, 29 and 34 of **Annexure-2**.

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 at the end of every quarter. 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 the need to finalise the Accounts with special emphasis or to expedite clearance of the backlog of arrears in Accounts in a time bound manner.

Status of placement of Annual Report

1.24 As per Section 619 A(3) of the Companies Act, 1956 where State Government is a member of a company, the State Government shall cause an Annual Report on the working and affairs of the Company alongwith the Audit Report and comments or supplement of the Comptroller and Auditor General of India to be placed before the State Legislature within three months from the date of Annual General Meeting (AGM) of the Company in which the accounts have been adopted. The placing of the Annual Report before the State Legislature gives it an opportunity to have important information regarding the performance of a Government company, in which the State Government is the major shareholder.

We observed that in 22 Companies the Annual Report alongwith Audit Report and Comments of Comptroller and Auditor General have not been placed in the State Legislature.

Winding up of non-working PSUs

1.25 There were 43 non-working PSUs (40 Government companies and three deemed Government companies) as on 31 March 2012. 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	2007-08	2008-09	2009-10	2010-11	2011-12
No. of non-working PSUs	43	43	43	40	43

The non-working PSUs are required to be closed down as their existence is not going to serve any purpose. During 2011-12, five♥ non-working PSUs incurred an expenditure of ₹ 4.58 crore towards establishment expenditure.

♥ Out of 43 non-working PSUs only five PSUs (Uttar Pradesh Pashudhan Udhyog Nigam Limited -₹ 8.45 lakh, Uttar Pradesh Chalchitra Nigam Limited - ₹ 8.50 lakh, Uttar Pradesh Bundelkhand Vikas Nigam Limited- ₹ 20.41 lakh, Ghatampur Sugar Company Limited -₹ 394.30 lakh and Varansi Mandal Vikas Nigam Limited -₹ 26.00 lakh) furnished the information.

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

Sl. No.	Particulars	Companies
1.	Total no. of non-working PSUs	43
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 by the State Government but liquidation process not yet started.	31

1.27 During the year 2011-12, no company was finally wound up. The companies which have taken the route of winding up by Court order are under liquidation for a period ranging from eight years to 35 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 31 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

1.28 Fifty working companies forwarded their 60 Accounts to the Accountant General during the year 2011-12[∞]. Of these, 35 Accounts[♣] of 31 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	2009-10		2010-11		2011-12	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in Profit	15	352.49	14	160.90	15	107.12
2.	Increase in Loss	4	2.05	11	543.59	5	2165.60
3.	Non-disclosure of material facts	2	2.04	-	-	3	12.92
4.	Errors of classification	2	32.46	4	40.28	5	7.42
	Total		**389.04**		**744.77**		**2293.06**

The aggregate money value of total comments increased from ₹ 744.77 crore in 2010-11 to ₹ 2,293.06 crore in 2011-12 indicating deterioration in the quality of Accounts of the PSUs.

1.29 During the year, the Statutory Auditors had given unqualified certificates for nine Accounts, qualified certificates for 47 Accounts, adverse certificates (which means that Accounts do not reflect a true and fair position) for three Accounts of one Company[♦] and disclaimers (meaning the Auditors are unable to form an opinion on Accounts) for one Accounts in respect of latest Accounts finalised by 50 companies. The compliance to the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India remained poor as there were 109 instances of non-compliance with the AS in 26 Accounts during the year.

∞ October 2011 to September 2012.
♣ Twenty five accounts of 22 companies were not selected for supplementary audit.
♦ Uttar Pradesh Pichhra Varg Vitta Evam Vikas Nigam Limited.

1.30 Some of the important comments in respect of Accounts of the companies finalised during the year 2011-12 are stated below:

Uttar Pradesh Jal Vidyut Nigam Limited (2009-10, Revised Accounts)

- Accounting Policy {No.1 (A)(f)} in Schedule XII to the Accounts stating that "50 *per cent* of unrealised sales beyond last five years including current year (excluding of the years for which provision has been made, 50 *per cent* of which has been written off in previous years) is written off every year as these dues are not realisable." was not correct as writing off the debts on percentage basis and without any proper analysis and recovery action was not in the financial interest of the Company.

  Therefore, writing off ₹ 132.44 crore on account of dues against Uttar Pradesh Power Corporation Limited resulted in understatement of Sundry Debtors by ₹132.44 crore and overstatement of Accumulated Loss by ₹ 124.36 crore and also Loss for the year (before Prior Period Adjustment) by ₹ 8.08 crore.

Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (2010-11)

- The State Government directed (14 November 2011) to adjust loan of ₹ 154.71 crore payable by State Government to the Company from the loan of ₹ 219.09 crore payable to State Government by the Company and to convert balance amount of ₹ 64.38 crore into Share Capital. The Company neither passed necessary adjustments accordingly in the books of Accounts nor disclosed the fact in the Notes to the Accounts.
- The State Government decided (November 2011) to waive off up to date interest of ₹ 77.81 crore on above loans. The Company did not write back interest in its books nor the fact disclosed in the Notes to the Accounts.

Paschimanchal Vidyut Vitran Nigam Limited (2008-09, Revised)

- Current Assets included an amount of ₹ 25.32 crore representing theft of assets pending investigation. A provision of ₹ 2.52 crore, equivalent to 10 *per cent* of theft assets was made by the Company. Since most of the stolen assets were old ones and the chances of recovery were very remote, 100 *per cent* provision for the stolen Assets should have been made in the Accounts. Short provision to that extent resulted in overstatement of Current Assets and understatement of Loss for the year by ₹ 22.80 crore.

  Impact of Audit Comments on the Revised Accounts

- The original Accounts of the Company for the year ended 31 March, 2009 were received on 10 January 2012 and draft comment issued to the Statutory Auditors and Management. The Company carried out necessary corrections/amendments and submitted the revised Accounts on 17 August 2012. Based on our draft comments on the original Accounts, there was understatement of Loss by ₹ 22.34 crore, Assets by ₹ 0.32 crore and Liabilities by ₹ 22.66 crore.

Dakshinanchal Vidyut Vitran Nigam Limited (2008-09, Revised)

- Accounting Policy no. 3(b) regarding charging of Depreciation by the Company is in contravention of Schedule VI to the Companies Act 1956.

Therefore, non-charging of depreciation on additions to assets as per requirement of Schedule VI to the Companies Act, 1956 resulted into understatement of depreciation and overstatement of Fixed Assets by ₹ 27.60 crore (calculated on the basis of six months average).

Uttar Pradesh Power Corporation Limited (2007-08)

- In view of the Accumulated Losses of DISCOMs (Power Distribution Companies), a provision of ₹ 2,740.73 crore against the corresponding diminution in the value of investments of Company was made. While making the provision for diminution in the value of investments, the Company did not take into account the whole amount of share application money deposited with DISCOMs as on 31 March 2008, (except Madhyanchal Vidyut Vitran Nigam Limited) as the Accounts of the DISCOMs were certified up to 2007-08. Thus, taking into account the amount of share application money, the total diminution in the investment worked out to ₹ 5,283.34 crore against which provision of only ₹ 3,108.96 crore existed as on 31 March 2008 resulting in understatement of provision for Diminution in Investment for ₹ 2,174.38 crore with corresponding understatement of Loss for the year to the same extent.

Uttar Pradesh State Bridge Corporation Limited (2009-10)

- As per the Accounting Policy of the Company, the Gratuity liability in respect of Company's employees was covered through a policy taken from Life Insurance Corporation. The premium there against was charged to the Profit and Loss Account. In view of the enhancement of ceiling limit to ₹ 10 lakh, LIC of India demanded a premium of ₹ 15.63 crore for the years up to 2009-10. However, the Company charged an amount of ₹ 5.54 crore only in the Profit and Loss Account. This resulted in understatement of Provisions and overstatement of Profit for the year by ₹ 10.09 crore.

1.31 Similarly, six working Statutory corporations forwarded their six Accounts to the Accountant General during the year 2011-12*. Of these, four Accounts of four Statutory corporations pertained to sole audit by CAG of which audit of only two Accounts was completed and the audit of other two Accounts was in progress (September 2012). The remaining two Accounts of two Statutory corporations were selected for supplementary audit of which one Accounts was completed and the audit of other one Accounts was in progress (September 2012). 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.

(Amount: ₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in Profit	1	0.68	1	3.90	2	13.98
2.	Increase in Loss	-	-	2	59.37	1	87.84

* October 2011 to September 2012.

During the year, out of six Accounts received, audit of three Accounts was completed and qualified certificates were issued in two Accounts and adverse certificate was issued in one Accounts. The remaining three Accounts were under finalisation (September 2012). During the year, Statutory Auditors had given qualified certificates for two Accounts.

1.32 Important comment in respect of Accounts of the one Statutory corporation finalised during the year 2011-12 are stated below:

Uttar Pradesh Forest Corporation (2010-11)

- As per policy of the Corporation, premium payable to LIC under Group Gratuity Cash Accumulation Scheme is accounted for on accrual basis. The Annual Renewal date of premium is 1 March of every year. Taking into account the annual demand of premium by the LIC the total expenses for 2010-11 towards premium worked out to ₹ 9.63 crore against which the Corporation provided for only ₹ 5.37 crore. This resulted in understatement of Staff Gratuity and overstatement of Profit for the year by ₹ 4.26 crore.

1.33 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 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	4
1.	Non-fixation of minimum/ maximum limits of store and spares	16	A-5, 13, 14, 15, 17, 24, 25, 29, 35, 40, 41, 68, 70 and C-14, 17,19
2.	Absence of internal audit system commensurate with the nature and size of business of the company	25	A-2, 5, 8, 10, 12, 14, 17, 25, 35, 41, 46, 47, 49, 51, 53, 60, 61, 63, 65, 67,68,70 and C-8,19,41
3.	Non-maintenance of cost record	09	A-5,10,14,17,29,35,40,41 and C-17
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.	15	A-5, 12, 17, 23, 25, 29, 35, 40, 41, 70 and C-10,14,17,19,41

Recoveries at the instance of audit

1.34 During the course of propriety audit, recoveries of ₹ 288.17 crore were pointed out to the Management of various PSUs, of which, recoveries of ₹ 128.16 crore were admitted and ₹ 15.42 crore[♣] was recovered by PSUs during the year 2011-12.

Status of placement of Separate Audit Reports

1.35 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.

[♣] PuVVNL ₹ 1.09 crore, DVVNL: ₹ 39.99 lakh. and UPPCL ₹ 13.93 crore.

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	2009-10	2010-11	11 July 2012	Reasons not furnished by the Corporation
2.	Uttar Pradesh Financial Corporation	2007-08	2008-09 2009-10 2010-11	20 May 2011 13 April 2012 27 August 2012	Reasons not furnished by the Corporation
3.	Uttar Pradesh Forest Corporation♥	--	2008-09 2009-10 2010-11	9 March 2011 16 November 2011 21 September 2012	Reasons not furnished by the Corporation
4.	Uttar Pradesh Avas Evam Vikas Parishad	2002-03	2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 2009-10	8 February 2008 13 July 2010 8 February 2011 25 April 2011 1 July 2011 28 December 2011 18 July 2012	Reasons not furnished by the Corporation
5.	Uttar Pradesh Jal Nigam	2006-07	2007-08 2008-09	11 October 2010 3 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

1.36 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 ₹ 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.

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

♥ Uttar Pradesh Forest Corporation submitted its Account for the year 2008-09 after doing necessary amendment in UP Forest Corporation Act, 1974.

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 Uttar Pradesh State Sugar Corporation Limited (UPSSCL) including all its subsidiaries and directed UPSSCL to submit a proposal for privatisation /sale of sugar mills.

The sale of 10 Mills of UPSSCL and 11 mills of Uttar Pradesh Rajya Chinni Evam Ganna Vikas Nigam Limited was finalised in July 2010 - October 2010 and January 2011 – March 2011 respectively. The audit findings on the sale of these Sugar Mills featured in the stand-alone Report of the Comptroller and Auditor General of India for the year ended 31 March 2011.

CHAPTER-II

2. Performance Audit relating to State Public Sector Undertakings

2.1 Performance Audit of Uttar Pradesh Power Transmission Corporation Limited

Executive summary

Introduction

Transmission of electricity and Grid operation in Uttar Pradesh are managed by Uttar Pradesh Power Transmission Corporation Limited (Company) and State Load Dispatch Centre. As on 31 March 2007, the Company had a transmission network of 21,619 Circuit Kilometer (Ckm) and 276 Extra High Tension Sub-stations (SSs) which rose to 25,064.90 Ckm lines and 357 SSs with installed capacity of 53,338 Mega Volt Ampere (MVA), by 31 March 2012. The quantity of energy transmitted increased from 51,472.14 MUs in 2007-08 to 70,029.47 MUs in 2011-12.

Planning and Development

The Company prepared the Annual Plan for capacity addition and augmentation. The capacity addition of SSs and lines did not meet the targets, as only 81 SSs and 3,445.90 Ckm lines were constructed during the period of five years against the planned addition of 222 SSs and laying of 12,877 Ckm of lines. The shortfall was due to delay in completion of the projects.

Project management

The Company could not complete its projects as per schedule due to time overrun ranging between one month and 216 months resulting into cost overrun of ₹ 105.02 crore during the period 2007-12. The time overruns were attributable to delay in land acquisition, getting approval from railways and in getting forest clearance etc.

The Company failed to assess load requirement and constructed two SSs of under capacity. Subsequently, capacity of SSs, was increased by incurring extra expenditure of ₹13.75 crore.

Procurement

The Company incurred extra expenditure of ₹ 4.73 crore due to failure to enforce vital clause of contract in two cases. Further, due to wrong calculation of equated price for counter offer the Company incurred extra expenditure of ₹17.12 crore.

Implementation of projects

Construction of SSs as well as lines was generally awarded on turnkey basis through open tenders. The Company incurred extra expenditure of ₹ 158.78 crore due to inclusion of supply of transformer in turnkey contract in contravention of Best Practices in Transmission System as notified by Ministry of Power, Government of India, award of contracts at higher rates, splitting of tender in two packages and non-standardisation of tower design.

The Company did not recover supervision charges of ₹63.66 crore in two cases.

Performance of the transmission system

The overall transmission capacity of the Company (excluding 30 per cent towards redundancy) was in excess of the requirement for every year except 2007-08. The Company failed to ensure maximum and minimum voltages as per norms. Out of 255 feeders in four Zones, 68 feeders were loaded above 366 ampere. Out of 67 SSs of 220KV (49 single bus bar SSs and 18 double bus bar SSs), Bus Bar Protection Panel was provided at 18 SSs out of which only three were in working condition.

Adequacy of Sub-stations

The Company exceeded the permissible maximum capacity of transformers in five numbers of 220 KV and one numbers of 132 KV SSs. The Company was having four numbers 220 KV SSs and 48 numbers 132 KV SSs with single transformer against the norms of at least two transformers.

Grid Management

Out of 357 SSs and nine generators, only 93 SSs (26.05 per cent) and nine generators were provided Remote Terminal Units. Further, the Company received 122 (A type), 107 (B type) and 21 (C type) messages from Northern Regional load Dispatch Centre for violation of Grid norm

during August 2010 to March 2012. Violations of the Grid discipline led to levy of penalty of ₹9.10 crore by CERC.

Financial Management

The Company incurred losses in all the five years and accumulated losses increased from ₹ 991.08 crore to ₹ 1,183.82 crore during the period of Performance Audit. Further, the debt equity ratio increased from 1.11:1 to 1.23:1.

Tariff Fixation

The Annual Revenue Requirement (ARRs) were filed by the Company with delay ranging between 117 and 482 days during the period of Performance Audit except 2008-09.

Material Management

Despite decision of the Board of Directors, the Company did not dispose off 51 damaged and uneconomical transformers lying since 2001. The closing stock of the Company increased from ₹290.17 crore in 2007-08 to ₹606.51 crore in 2011-12. The closing stock was equal to 13 months to 21 months of the consumption.

Conclusion and Recommendations

The Company failed to achieve its planned capacity addition registering huge shortfall, completed the projects with time and cost overruns, failed to synchronise construction of evacuation system with generation plan and managed evacuation of power through exiting transmission system, constructed SSs and lines without proper load requirement resulting in underutilisation, constructed SSs with single transformers which was contrary to the provisions of Manual of Transmission Planning Criteria. The voltage management system did not correspond to the norms prescribed in Grid Code and Grid Discipline was not followed and the Company did not have adequate safety measures and the infrastructure for disaster management.

We made six recommendations to ensure implementation of annual plan for capacity addition and timely completion of projects as planned, plan for evacuation system to synchronise with that of the generation system, ensure adherence to the standards/ norms fixed in MTPC/Best Practices in Transmission Systems for effective functioning and maintenance of transmission network, ensure adequate disaster management and install recommended system to protect the lines and SSs, and maintain SLDC as per Grid Code and ensure that all generators and SSs are connected to SLDC through RTUs on real time basis for safety and security of the Grid. The frequency levels should be adhered to avoid Grid indiscipline.

Introduction

2.1.1 With a view to supply reliable and quality power to all by 2012, the Government of India (GoI) prepared the National Electricity Policy (NEP) in February 2005 which stated that the Transmission System required adequate and timely investment besides efficient and coordinated action to develop a robust and integrated power system for the country. It also, *inter-alia*, recognized the need for development of National and State Grid with the coordination of Central/State Transmission Utilities. Transmission of electricity and Grid operations in Uttar Pradesh are managed and controlled by Uttar Pradesh Power Transmission Corporation Limited (Company) which is mandated to provide an efficient, adequate and properly coordinated Grid management and transmission of energy. The Company was incorporated on 31 May 2004 under the Companies Act, 1956 as Uttar Pradesh Vidyut Vyapar Nigam Limited which was rechristened on 13 July 2006 as Uttar Pradesh Power Transmission Corporation Limited. It reports to the Energy Department of Government of Uttar Pradesh.

2.1.2 The Management of the Company is vested with a Board of Directors comprising five members appointed by the State Government. The day-to-day operations are carried out by the Managing Director who is the Chief Executive of the Company with the assistance of Director (Operation), Director (Works and Projects), Director (Commercial), Director (Finance), Director (Administration & Human Resources) and Company Secretary. During 2007-08, 51,472.14 MUs of energy was transmitted by the Company which increased to 70,029.47 MUs in 2011-12, i.e. an increase of 36 *per cent* during 2007-12. As on 31 March 2012, the Company had transmission network of 25,064.90 Circuit Kilometers (Ckm) and 357 sub-stations (SSs) with installed capacity of 53,338 MVA, capable of transmitting 1,55,266[*] MUs annually at 220 KV. The turnover of the Company was ₹ 1,028.55 crore in 2011-12, which was equal to 0.15 *per cent* of the State Gross Domestic Product (₹ 6,87,836.28 crore). It employed 5,852 employees (51 *per cent* against the sanctioned strength of 11,393) as on 31 March 2012.

A Performance Audit on Extra High Tension Lines (EHT) and connected Sub-stations in Uttar Pradesh Power Corporation Limited[ℵ] was included in the Report of the Comptroller and Auditor General of India (Commercial), Government of Uttar Pradesh for the year ended 31 March 2005. The Report was discussed by Committee on Public Undertakings (COPU) in April and July 2010. The recommendations of the COPU are yet to be received (February 2013).

Scope and methodology of audit

2.1.3 The present Performance Audit conducted during February 2012 to August 2012 covers performance of the Company during 2007-08 to 2011-12. Audit examination involved scrutiny of records of different wings at the Headquarters of the Company, State Load Despatch Centre (SLDC), all the four Zones[ℜ], each headed by Chief Engineer and 36 out of 137 Accounting Units each headed by Superintending/Executive Engineers.

The Company constructed 81 Sub-stations (SSs) (capacity: 6,020 MVA) and 147 lines (length: 3,445.90 Ckm) as well as augmented existing transformation capacity by 11,063 MVA during the period of Performance Audit. Out of these, records of 39 SSs (capacity: 4,820 MVA) and 41 lines (length: 591.33 Ckm) were examined.

Selection of the Accounting Units was done on random number basis by using Random Number Table of National Sample Survey Organisation and 36 Accounting Units out of 137 Accounting Units (26 *per cent* approx.) were selected for test check apart from the records of the Headquarters of the Company.

The methodology adopted for attaining audit objectives with reference to audit criteria consisted of explaining audit objectives to top Management, scrutiny of records at Head Office and selected Units, inter-action with the personnel of audited Units, 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/Government for comments.

Audit objectives

2.1.4 The objectives of the Performance Audit were to assess whether:

- Perspective Plan was prepared in accordance with the guidelines of the National Electricity Policy/ Plan and Uttar Pradesh Electricity Regulatory Commission (UPERC) and assessment of impact of failure to plan, if any;

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[*] 19,640 MVAx0.9x24x366/1000

[ℵ] Activities of transmission remained with Uttar Pradesh Power Corporation Limited till 31 March 2007 after unbundling of erstwhile Uttar Pradesh State Electricity Board.

[ℜ] Transmission East Zone, Allahabad, Transmission Central Zone, Lucknow, Transmission South Zone, Agra and Transmission West Zone, Meerut.

- the transmission system was developed and commissioned in an economical, efficient and effective manner;
- operation and maintenance of transmission system was carried out in an economical, efficient and effective manner;
- Disaster Management System was set up to safeguard its operations against unforeseen disruptions;
- effective failure analysis system was set up;
- there existed effective and efficient Financial Management system with emphasis on timely raising and collection of bills and filing of Annual Revenue Requirement (ARR) for tariff revision in time;
- efficient and effective system of procurement of material and inventory control mechanism was in place;
- efficient and effective energy conservation measures were undertaken in line with the National Electricity Plan (NEP) and establishment of Energy Audit System; and
- there was a monitoring system in place to review existing/ ongoing projects and to take corrective measures to overcome deficiencies.

Audit criteria

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

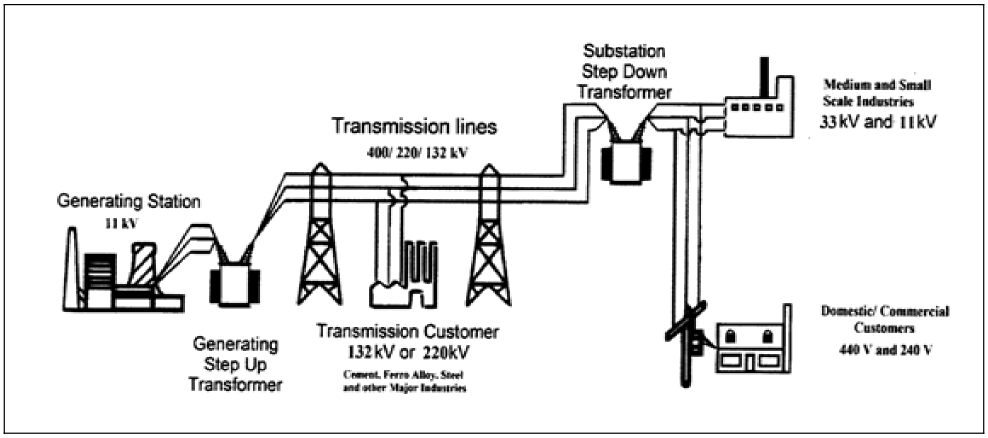
- Provisions of National Electricity Policy/Plan and National Tariff Policy;
- Standards set in Perspective Plan and Project Reports of the Company;
- Standard procedures prescribed for award of contracts with reference to principles of economy, efficiency, effectiveness and ethics;
- Time schedule prescribed for filing of Annual Revenue Requirement (ARR) with UPERC for tariff fixation, instructions/ provisions of Circulars, Manuals and reporting in MIS;
- Manual of Transmission Planning Criteria (MTPC);
- Codal provisions of Technical Interface (CTI)/ Grid Code consisting of planning, operation, connection codes;
- Directives of State Government / Ministry of Power (MoP);
- Norms/Guidelines issued by UPERC/Central Electricity Authority (CEA);
- Report of the Task force constituted by the Ministry of Power to analyse critical elements in transmission project implementation;
- Recommendations of the Committee constituted by the Ministry of Power recommending "Best Practices in Transmission"; and
- Reports of Regional Load Dispatch Centre (RLDC).

Brief description of transmission process

2.1.6 Transmission of electricity is defined as bulk transfer of power over long distances at high voltages, generally at 132 KV and above. Electric power generated at relatively low voltages in Power Plants is stepped up to high voltage power before it is transmitted to reduce the loss in transmission and to increase efficiency in the Grid. The sub-stations (SSs) are facilities within the high voltage electric system used for stepping-up/ stepping down voltages from one level to another, connecting electric systems and switching equipment in and out of the system. The step up transmission SSs at the generating stations use transformers to increase the voltages for transmission over long distances.

Transmission lines carry high voltage electric power. The step down transmission SSs, thereafter, decreases voltages to sub transmission voltage levels for distribution to consumers. The distribution system includes lines, poles, transformers and other equipment needed to deliver electricity at specific voltages.

Electrical energy cannot be stored; hence generation must be matched to need. Therefore, every transmission system requires a sophisticated system of control called Grid management to ensure balancing of power generation closely with the demand. A pictorial representation of the transmission process is given below:



Audit findings

2.1.7 We explained the audit objectives to the Company during an 'Entry Conference' held on 27 March 2012. Subsequently, audit findings were reported to the Company and the State Government in August 2012 and discussed in an 'Exit Conference' held on 03 January 2013. The Exit Conference was attended by Special Secretary, Energy Department of Government of Uttar Pradesh, Director (Finance), Director (Operation) and Director (Works and Projects) of the Company. While the replies of the Government were awaited, the replies from the Company were received. The views expressed by them have been considered while finalising this Performance Audit Report. The audit findings are discussed in subsequent paragraphs.

Planning and development

National Electricity Policy/Plan

2.1.8 The Central Transmission Utility (CTU) and State Transmission Utilities (STUs) have the key responsibility of network planning and development based on the National Electricity Plan in coordination with all the concerned agencies. At the end of Tenth Plan (March 2007), the transmission system in the country at 765/HVDC/400/230/220/KV stood at 1.98 lakh circuit kilometers (Ckm) of transmission lines which was planned to increase to 2.93 lakh Ckm by the end of Eleventh Plan i.e. March 2012. The National Electricity Plan assessed the total inter-regional transmission capacity at the end of 2006-07 as 14,100 MW and further planned to add 23,600 MW in Eleventh plan bringing the total inter-regional capacity to 37,700 MW.

Similarly, the Company's transmission network at the beginning of 2007-08 consisted of 276 Extra High Tension (EHT) SSs with a transmission capacity of 36,255 MVA and 21,619 Ckm of EHT transmission lines. The transmission network as on 31 March 2012 consisted of 357 EHT SSs with a transformation capacity of 53,338 MVA and 25,064.90 Ckm of EHT transmission lines.

The Company is responsible for planning and development of the intra-state transmission system. Assessment of demand is an important pre-requisite for planning capacity addition. The Company prepared annual State Electricity Plan (SEP) for transmission and submitted to the State Government who in turn incorporated it in the State Annual Plan.

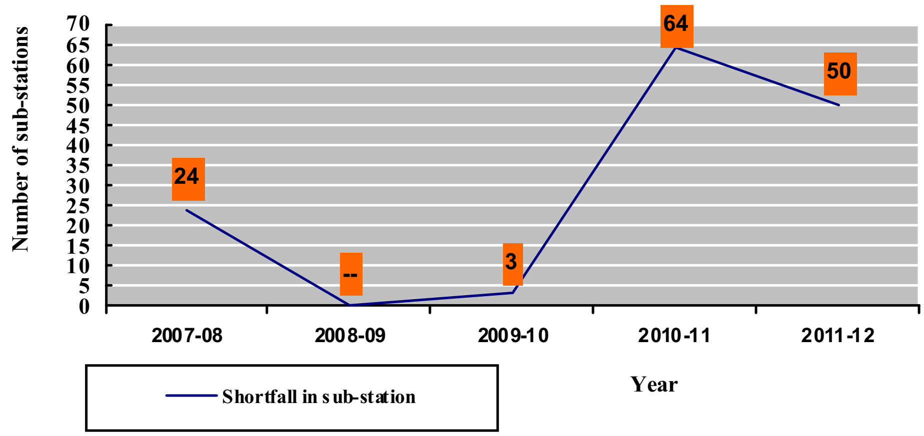
Transmission network and its growth

2.1.9 The transmission capacity of the Company at EHT level during 2007-08 to 2011-12 is given in the following table:

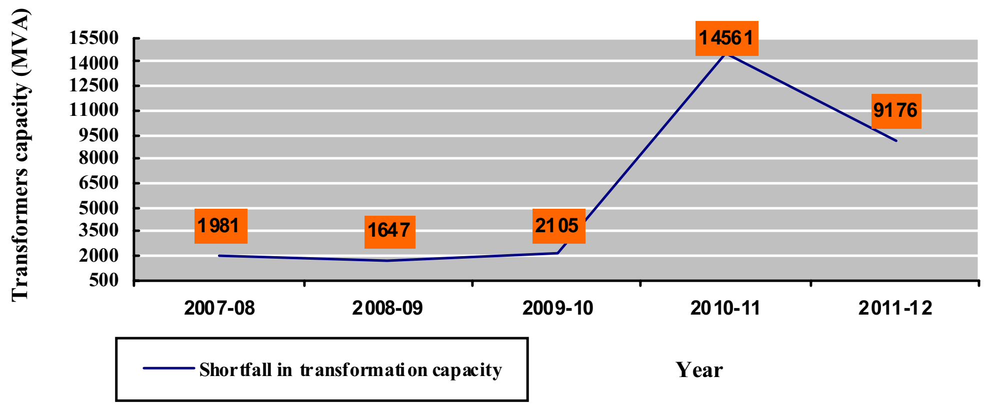
Sl. No	Description	2007-08	2008-09	2009-10	2010-11	2011-12	Total
A. Number of Sub-stations (Numbers)							
1	At the beginning of the year	276	285	310	331	346	-
2	Additions planned for the year	33	25	24	79	61	222
3	Added during the year	09	25	21	15	11	81
4	Total sub stations at the end of the year **(1+3)**	285	310	331	346	357	
5	Shortfall in additions **(2-3)** **(*percentage*)**	24 (73)	NIL (NIL)	03 (13)	64 (81)	50 (82)	141 (64)
B. Transformers capacity (MVA)							
1	Capacity at the beginning of the year	36255	38254	41717	44895	48984	
2	Additions/ augmentation planned for the year	3980	5110	5283	18650	13530	46553
3	Capacity added during the year	1999	3463	3178	4089	4354	17083
4	Capacity at the end of the year **(1+3)**	38254	41717	44895	48984	53338	
5	Shortfall in additions/ augmentation (*per centage*)	1981 (50)	1647 (32)	2105 (40)	14561 (78)	9176 (68)	29470 (63)
C Transmission lines (Ckm)							
1	At the beginning of the year	21619	22339	22956	23637	24474	
2	Additions planned for the year	1400	1596	1585	4090	4206	12877
3	Added during the year	720	617	681	837	590.90	3445.90
4	Total lines at the end of the year **(1+3)**	22339	22956	23637	24474	25064.90	
5	Shortfall in additions **(2-3)** **(*per centage*)**	680 (49)	979 (61)	904 (57)	3253 (80)	3615.10 (86)	9431.10 (73)

The particulars of voltage-wise capacity additions planned, actual additions, shortfall in capacity etc., during the period of Performance Audit are given in **Annexure-7.**

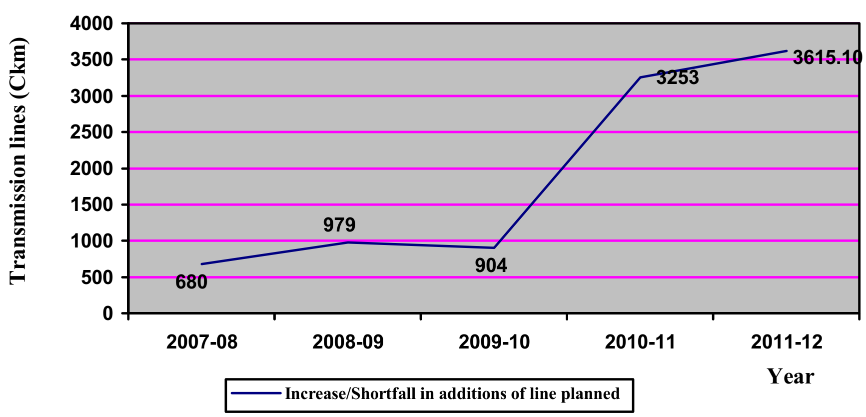
Line Graph: Trend of shortfall in addition of Sub-stations in numbers



Line Graph: Trend of shortfall in accretion to transformation capacity



Line Graph: Increasing trend in shortfall in addition of lines in Circuit Kilometers.



We noticed that the Annual Plans were made in isolation and not correlated with the projected annual growth of power demand and supply (including both generated capacity and power purchased). The Company, however, planned the capacity addition during the year in terms of SSs and associated lines in the respective years without considering the number of SSs and lines actually under construction.

We, further, noticed that against the targeted construction of 222 EHT SSs and laying of 12,877 Ckm of EHT lines, the Company constructed 81 EHT SSs and 3,445.90 Ckm EHT lines during the five year period with an achievement of 36 *per cent* and 27 *per cent* respectively. The transmission capacity of 17,083 MVA was added against 46,553 MVA planned for addition for the five year period ending 2011-12.

There was shortfall of 13 to 82 *per cent,* in construction of SS and 49 to 86 *per cent* in construction of lines.

There were short falls in achievement of addition of SS ranging between 13 and 82 *per cent* (except 2008-09), shortfall in transformation capacity ranging between 32 and 78 *per cent* and in addition of lines ranging between 49 and 86 *per cent* during the period of five years.

From the above, it is clear that planning of capacity addition for the year did not have any correlation with the actual capacity addition.

The Management stated (December 2012) that the plan for expansion was prepared on the basis of load growth in different areas and the Transmission Wing regularly interacts with Distribution Wing. It was further stated that while preparing the Plan Document, the number of new work was taken on the basis of past trend and future requirement but exact plan was not provided in the Plan Document. The reply is not acceptable as the Plan Document should be prepared in totality by linking with generation plan including power purchase to distribution requirement and power available for transmission.

Project management of transmission system

2.1.10 A transmission project involves various activities from concept to commissioning. Major activities in a transmission project are (i) Project formulation, appraisal and approval phase; and (ii) Project Execution Phase including Contract Management. For reduction in project implementation period, the Ministry of Power, Government of India constituted a Task Force on transmission projects (February 2005) with a view to:

- analyse the critical elements in transmission project implementation,
- implementation from the best practices of CTU and STUs, and
- suggest a model transmission project schedule for 24 months' duration.

The Task Force suggested and recommended (July 2005) the following remedial actions to accelerate the completion of Transmission systems.

- Undertake various preparatory activities such as surveys, design and testing, processing for forest and other statutory clearances, tendering activities etc. in advance/parallel to project appraisal and approval phase and go ahead with construction activities once Transmission Line Project sanction/approval is received;
- Break the transmission projects into clearly defined packages such that the packages can be procured and implemented requiring least coordination & interfacing and at same time it attracts competition facilitating cost effective procurement; and
- Standardise designs of tower fabrication so that time of 6 to12 months can be saved in project execution.

The shortcomings in execution of projects with regard to recommendations of the Task Force, as noticed, are discussed in succeeding paragraphs:

Time and cost overrun

2.1.11 We noticed that in variance with the guidelines issued by the Task Force, the transmission projects were broken into packages and the Company allotted the packages to different contractors but did not undertake various preparatory activities such as surveys, design and testing, processing for forest and other statutory clearances, tendering activities etc. in advance/parallel to project appraisal and approval phase which culminated in abnormal delays in execution of the projects. It was further noticed that the Company failed to execute several SSs and Lines during 2007-12 as per the details given in the table below:

Capacity in KV	Total Number Constructed		Number test checked by Audit		Delay in construction (Numbers)		Time overrun* (range in months)		Cost overrun (₹ in crore)	
	SSs	No. of Lines (Ckm)	SSs	No. of Lines (Ckm)	SSs	Lines	SSs	Lines	SSs	Lines
765	1	1 (1.9)	1	1 (1.9)	1	NIL	10	NIL	NIL	NIL
400	NIL	NIL (NIL)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
220	19	25 (976)	10	9 (133.45)	9	9	3-78	9-78	22.11	20.89
132	61	121 (2468)	28	31 (455.98)	27	28	1-216	4-216	19.72	42.30
Total	**81**	**147 (3445.9)**	**39**	**41 (591.33)**	**37**	**37**			**41.83**	**63.19**

(Source: Annual Plan of the Company and Status Report of the Project completed)

As could be seen from the above:

Delay of one to 216 months in construction of 37 SSs and 41 lines resulted in cost overrun of ₹ 105.02 crore.

- out of 39 SSs test checked in audit, 37 SSs (95 *per cent*) were completed with time overrun ranging between one month and 216 months which led to cost overrun of ₹ 41.83 crore.
- out of 41 lines test checked in audit 37 lines (90 *per cent)* were completed with time overrun between four months and 216 months which led to cost overrun of ₹ 63.19 crore.

Main reasons of time and cost overrun, as analysed by us, were delay in acquisition of land, slow progress of allotment of material, lack of coordination between civil and transmission wings, handing over of site, Right of Way (ROW) problems, delay in obtaining clearances from Ministry of Environment and Forest and delays by the Contractors in executing the works as detailed in **Annexure-8** and **9.**

The Management stated (December 2012) that the construction projects were generally undertaken on the basis of the design/drawing already available with the Company. The development of new design was required only in certain circumstances where the existing design/ drawing did not fulfill the requirement of the project. The tender process was initiated immediately after the approval of project accorded by Transmission Works Committee (TWC). In case of transmission lines, the processing of forest, road, railway and river crossing cases etc. could be taken up only after finalisation of economic route, detailed survey and profiling of line. The problem of ROW was more aggravated when survey of the line was carried out well in advance of actual construction work. Therefore, taking the date of approval of TWC as date of start of work was not correct. We do not agree as the proposal for TWC was prepared after survey of line and TWC itself mentioned the date of completion of the work in its reports. Thus, the necessary clearances could have been processed before start of work to reduce project implementation period as suggested by the MOP, Government of India.

Few interesting cases came to notice are discussed below:

Construction of under capacity sub-stations

2.1.12 We noticed that the Company failed to assess load requirement and constructed under capacity SSs due to deficient planning. Resultantly, it had to increase capacity of SSs subsequently, resulting in avoidable expenditure of ₹ 13.75 crore as detailed in the table below:

* Test checked in audit.

(Cost: ₹ in crore)

Name of SSs	Capacity required	Particulars of initially planned and constructed SSs				Particulars of Increasing Capacity				Avoidable Expenditure
		Capacity	DOS[±]	DOC[∝]	Cost	Capacity	DOS	DOC	Cost	
132/33KV SS, Hapur Road, Meerut	65MVA	2x20 MVA	September 2006	January 2009	8.19	2x40 MVA	August 2009	January 2011	5.62	0.63[⇔]
220/132KV SS Loni Ghaziabad	325MVA	2x100 MVA	July 2007	September 2008	22.60	2x160 MVA	August 2009	February 2011	17.22	13.12[⇐]

The Management stated (December 2012) that:

- the construction of 132/33 KV SS, Hapur (2x20 MVA) was completed in January 2009 but due to development done by Meerut Development Authority, increasing capacity of SS was planned in 2008-09. The reply is not acceptable as the planning for creation of SS should have been done to cater the load growth at least for next five year as envisaged in the Detailed Project Report.
- the construction of 220/132 KV SS, Loni was approved by TWC with standard transformation capacity of 220 KV SS i.e. 2x100 MVA to meet existing load of 132/33 KV SS, Loni and load growth of next five year. During the period 2005-10, demand of electricity rose exceptionally due to high industrial growth, therefore, increasing capacity was approved.

We are not convinced as high industrial growth of the area was started in 2005 and project was started in July 2007, the future load demand of the area should have been assessed with reference to upcoming development in the area rather to use standard transformation capacity.

Construction of 220/132KV SS at NOIDA

2.1.13 Transmission Works Committee (TWC) approved (August 2007) construction of 220KV SS at Sector-129, NOIDA with 2x160MVA (220/132KV) plus 2x40MVA (132/33KV) transformers at a cost of ₹ 59.87 crore under deposit work of NOIDA[*] along with 220 KV DC line (25Kms) from Greater NOIDA to Sector-129, NOIDA at a cost of ₹ 12.33 crore line with scheduled completion by December 2008. Construction of SS and line was completed in June 2011 with a delay of 30 months at a cost of ₹ 38.25 crore and ₹ 10.84 crore respectively. We noticed that, during the construction of line, forest clearance was required and a demand of ₹ 20.84 crore was raised by the Forest Department against which ETD-I, NOIDA paid ₹ 5.73 crore. While providing the estimate to NOIDA, ETD-I, NOIDA not only failed to include the estimated cost of forest clearance but also to mention that any amount spent on this account would be charged as per actual. As there was no mention of this cost in the estimate, NOIDA did not acknowledge any claim on this account. As a result, the Company had already suffered loss of ₹ 5.73 crore due to preparation of wrong estimate of work and has a further liability of ₹ 15.11 crore.

The Company suffered loss of ₹ 5.73 crore and further liability of ₹ 15.11 crore due to non-inclusion of forest clearance costs in the Deposit Work estimates.

± Date of start

∝ Date of completion

⇔ Cost of increasing capacity of ₹ 5.62 crore minus ₹ 4.99 crore {differential cost of 2 x 40 MVA S/S (₹ 14.61crore) and 2 x 20MVA S/S (₹ 9.62 crore)}

⇐ Cost of increasing capacity of ₹ 17.72 crore - ₹ 4.60 crore (Cost of 2 x 160MVA S/S ₹ 36.70 crore minus cost of 2 x 100 MVA S/S ₹ 32.10 crore =₹ 4.60 crore)

* NOIDA : New Okhla Industrial Development Authority

The Management stated (December 2012) that the demand for executed expenditure was under process with NOIDA. The reply, however, did not address the issue of non-inclusion of the forest clearance cost in the estimates.

Construction of 220KV SS, Jhansi

2.1.14 According to Circular No 3 of 1990 of Directorate of Air Route and Aerodromes (DARA) (Ops), High Tension/Low Tension lines could not be erected within 3 km from approach/take off, climb areas of the inner edge of the area of Airfield.

The Company, out of four available sites, selected (May 2005) the site at Simaradha, Jhansi for construction of 220KV SS located within the radius of 1.25 km from the Airfield of 664 Army Aviation Squadron.

The Company, without obtaining NOC, started construction of SS and incurred wasteful expenditure of ₹ 5.89 crore.

TWC, without obtaining No Objection Certificate, approved (July 2006) construction of 220/132KV SS[⇓] along with associated lines at an estimated cost of ₹ 41.07 crore. The Company started (August 2007) construction of SS and lines which was protested (December 2007) by the Army Aviation Squadron.

We noticed that even after the protest of Army Aviation Squadron in December 2007, the Company continued the work and incurred expenditure of ₹ 9.15 crore on SS for one year. The Company decided after one year i.e. December 2008 to shift the site. Due to shifting of SS from Simaradha to Dunara site, the expenditure of ₹ 5.89 crore[^] incurred on construction of SS at Simaradha proved wasteful.

The Management stated (December 2012) that the construction of SS with overhead lines was not permitted by Airport Authority and SS with underground cable was not financially viable, therefore, decision of shifting of SS was taken by the Company. The fact, however, remain that prior permission of Airport Authority should have been obtained before start of work and work should have been stopped immediately after the protest by Army Aviation Squadron.

Construction of SSs without assessing load requirements

2.1.15 For construction of SS, the load growth and anticipated increase of demand in future along with permissible limits of voltage regulations are required to be considered mandatory, prior to taking up of the project, so that unnecessary expenditure can be avoided. The load forecasts for the proposed new schemes should also consider the anticipated physical and financial benefit to be derived.

The Company constructed the following SSs without assessing load requirements properly as detailed in the table below:

(Amount: ₹ in crore)

Sl No	Name of SS and lines	Capacity (MVA)	Date of sanction	Sanctioned Amount	DOC	Amount of expenditure	Actual drawl of load	
							Peak Load in MVA	Period (in months)
1	220/33KV SS, Gomtinagar, Lucknow	3x60	September 2006	40.08	December 2008	31.48	0.02 – 31.07	41 (January 2009 to May 2012)
2	220/132KV SS, Sohawal, Faizabad	2x100	December 2001	24.25	December 2009	16.92	24 - 47	29 (January 2010 to May 2012)
3	220/132 KV SS Bithoor, Kanpur	2x160	July 2008	51.13	July 2011	51.75	8 – 21	13 (July 2011 to July 2012)

⇓ 2x100MVA plus 2x40MVA 132/33 KV

^ Irretrievable expenditure ₹ 4.15 crore and ₹ 1.29 crore on sub-station and line respectively plus expenditure of ₹ 0.45 crore on dismantling, transportation etc.

Above SSs remained under utilised which indicated that load on SSs was not assessed as discussed below:

- In compliance to direction of the State Government, Lucknow Development Authority (LDA) requested (June 2005) the Company to shift 132/33 KV SS located at Lohia Park, Gomtinagar to some other location. The Company constructed another SS of 220/33KV (3x60 MVA) on the land provided by LDA without shifting 132/33KV SS. The cost of SS (₹ 31.48 crore) and line (₹ 4.32 crore) was borne by the Company as nothing was decided by the Government in this regard. Thus, due to non-shifting of feeders of 132/33 KV SS, the SS remained under utilised as, during January 2009 to May 2012, peak load ranged between 0.02 MVA to 31.07 MVA against the installed capacity of 180 MVA because load of 132/33 KV SS was not shifted.

The Management stated (December 2012) that due to delay in construction of residences in Gomtinagar Extension by LDA, connected distribution SSs were underloaded; as a result, aforesaid SS remained underloaded. The reply itself indicates that the plan for construction of SS was made without proper assessment of the load requirement.

- Construction of 220/132 KV SS Sohawal, Faizabad was started in December 2006 after lapse of five years and completed in December 2009 at a cost of ₹ 16.92 crore with total delay of 78 months. The SS remained under utilised as, during the period January 2010 to May 2012, the peak load of the SS ranged between 24 MVA to 47 MVA against installed capacity of 200 MVA. The main reason for under utilisation was non-synchronisation of two outgoing lines[⊗] as these lines were incomplete even four years after incurring expenditure of ₹ 13.37 crore.

The Management accepted (December 2012) that due to delayed completion, three outgoing lines i.e. 132 KV SC Sohawal-Milkipur, Sohawal-RS Ghat and Sohawal-Darshannagar, the SS could not be taken on full load.

- Construction of 220/132 KV SS Bithoor, Kanpur with 2x160 MVA transformers and 2x40 MVA 132/33 KV transformers was completed in July 2011 at a cost of ₹ 51.75 crore. The SS remained under utilised as peak load ranged between 8 MVA to 21 MVA during July 2011 and July 2012 against installed capacity of 320 MVA (2.5 *per cent* and 6.5 *per cent*).

The Management did not offer any specific comment on the issue raised in audit.

Procurement and implementation of projects

2.1.16 The Company framed packages for implementation of transmission projects and allotted the packages to different contractors for execution of works as well as procured the material for new projects, augmentation of SSs and Operation and Maintenance (O&M) works. The procurement of material and execution of work was made through open tenders and tenders of above ₹ 10 crore (₹ one crore up to 25 November 2009) was evaluated and awarded by Corporate Store Purchase Committee (CSPC) of the Company. During 2007-08 to 2011-12, the Company executed contracts of ₹ 4,940.48 crore out of which high value contracts of ₹ 3,264.06 crore (66 *per cent*) were test

⊗ Sohawal- Milkipur line and Sohawal – darshannagar line.

checked by us. We noticed cases of non-observing the clauses of contacts for increase/decrease of ordered quantity, cases of wrong calculation of equated price for counter offer and award of work at higher rates etc. which are discussed in the succeeding paragraphs:

Procurement

2.1.17 The Company neither had any laid down procurement policy nor prepared any periodic procurement plan. The Company procured material in ad-hoc manner against requirement of material received from the field units for O&M works and new works. The procurement of material was made through open tender. Due to large quantity of purchases, the Company generally distributed tendered quantity among the qualified bidders by making counter offer to them at the awarded lowest rate.

Failure to enforce vital clause of contract

2.1.18 As per clause of the "Instruction to the tenderers" the quantity mentioned in the specification is subject to increase or decrease as per actual requirement of the purchaser at the unit prices mentioned in price schedule. This increase or decrease shall not be more than 50 *per cent*. Cases related to non-observance of the clause are given below:

Non-enforcing of the clause of increase/decrease of quantity up to 50 *per cent* resulted in extra expenditure of ₹ 4.73 crore.

- Price part of tender (TD-341/10) for procurement of 3,845 km ACSR Panther Conductor was opened (25 October 2010) wherein Anamika Conductors Limited was found lowest (L_1) with the Free-On-Rail destination (FOR) rate of ₹ 97,067.57 per km. During currency of above tender, price part of another tender (TD-355/11) for procurement of 9,000 km ACSR Panther conductor was opened (5 December 2011) and Venketshwara Wires Limited was found L_1 with FOR rate of ₹ 1,20,854.71 per km. Therefore, the ordered quantity of previous tender should have been increased by 1,922.50 km*. The Company did not apply the above provision of the contract and incurred avoidable expenditure of ₹ 4.57 crore⊕.

The Management stated (December 2012) that the provision of (+) / (-) 50 *per cent* clause was applicable only at the tendering stage i.e. before the contract was entered into. We do not agree with the reply as the validity of previous tender (No. 341/10) still existed and allotment of 1,536.55 km Panther conductor for supply was made in December 2011 and January 2012 i.e. after opening of price part of the new tender (No. 355/11) in December 2011.

- LOIs against tender TD-302/07 for supply of 360 MT and 240 MT respectively SC/DC 220 KV tower parts with nuts and bolts had been placed (August 2007) on Sangam Structurals, Allahabad (L_1) and N.L. Engineers, Mohali at the L_1 FOR rate of ₹ 57,147. On non-acceptance of LOI by N.L. Engineers, the balance quantity of 240 MT was also allotted (26 May 2008) to Sangam Structurals Limited. The price part of another tender TD-316/07 for procurement of 15,000 MT SC/DC tower parts with nuts and bolts was opened on 26 March 2008, wherein Unitech Power Trans. Limited was found L_1 with the FOR rate of ₹ 53,328 per MT. As the rate of new tender was lower by ₹ 3,819 per MT and the same was in notice of the Company on the date of opening of price part of the new tender, 50 *per cent* of allotted quantity i.e. 180 MT to Sangam Structurals should have been decreased and balance quantity of 240 MT also should

* Being 50 *per cent* of the first order.

⊕ (₹ 1,20,854.71 - ₹ 97,067.57 x1,922.50 km).

have been allotted to the L_1 of the new tender TD-316/07. Non-observance of above vital clause of the contract resulted in loss of ₹ 16.04 lakh (₹ 3,819 x 420 MT).

The Management stated (December 2012) that designs of towers of both tender specifications were different, hence, the rates were not comparable. We do not agree with the reply as the inputs of tower parts were same in both the designs.

Extra expenditure due to wrong calculation of equated price

2.1.19 As per the adopted practice, the Company, while inviting tender, asks bidders to quote their price in detail *viz.* ex-works price, Excise Duty (ED), packing and forwarding charges, transportation and insurance charges and Value Added Tax/Central Sales Tax (VAT/CST) and capitalised value of energy losses (no load loss, load loss and auxiliary loss) for procurement of transformers and other materials *viz.* conductor, circuit breakers, insulator etc. The Company works out lowest evaluated price after clubbing up all above the price components and distributes the quantities of materials of a tender among the various bidders of that tender by making counter offers at L_1 evaluated price. For counter offer, the Company works out equated price for respective bidders by calculating back the lowest equated price after de-loading the respective values of each price component including taxes as quoted by the particular bidder.

We observed that the above procedure adopted by the Company was incorrect as for calculating back the equated price for a particular bidder, tax components as included in the lowest evaluated price and other price component as quoted by the particular bidder should have been de-loaded from the lowest evaluated price.

Incorrect procedure adopted by the Company for calculating equated price for counter offer resulted in extra expenditure of ₹ 17.12 crore.

These errors in working out the equated price for counter offers to the bidders on procurement of material led to extra expenditure of ₹ 17.12 crore which are discussed in the succeeding paragraphs:

- Price part of tender (ESD/285) for procurement of 67 transformers of 40 MVA was opened (13 July 2010) wherein the evaluated rate of ₹ 3.29 crore as quoted by Accurate Transformers Limited was found lowest (L_1) with the liability of VAT (13.5 *per cent*). In addition to the L_1 firm, the Company issued (July 2010) LOIs to eight other firms having the liability of CST (two *per cent*). While working out the equated price for counter offer to above eight firms, the Company de-loaded CST (two *per cent*) instead of VAT (13.5 *per cent*) from the lowest evaluated price. As a result, extra expenditure of ₹ 8.04 crore was incurred on supply of 47 transformers as the impact of difference between VAT and CST was ignored.

The Management stated (December 2012) that the counter offer had been given on the basis of capitalisation cost of L_1 bidder. If we would have reduced the prices by the difference between ED and CST, the prices of the firms to whom counter offer was given, would have been less than L_1 price and became unworkable.

We do not agree with the reply in view of the fact that while preparing the de-loading statement, CST (as quoted by the concerned bidders to whom counter offer was made) was considered in place of the rate of VAT (as included in price of lowest bidder). As a result, difference of VAT (13.5 *per cent*) and

CST (two *per cent*) was passed on in counter offer. The Ex-works cost of L_1 was lower than the Ex-works cost passed on in counter offer. Hence, the price of counter offer cannot be unworkable.

- Price part of tender (ETD/08-09/10) for procurement of 5,200 kms Bersimis conductor was opened (26 November 2010) wherein Gammon India Limited was found L_1 with evaluated price of ₹ 2.73 lakh per km with liability of ED (10.30 *per cent*) and CST- Nil. LOI was issued (January 2011) to Terracom Limited having liability of ED-Nil and CST (one *per cent*) for supply of 3,200 kms Bersimis conductor at same price ₹ 2.73 lakh per km. Incorrect calculation of equated price for counter offer at the lowest evaluated price of Gammon India, resulted in extra expenditure of ₹ 7.82 crore.
- Price part of tender (ESD-303) for procurement of 21 nos. of 63 MVA transformer was opened (8 November 2011) wherein evaluated rate of ₹ 4.12 crore as quoted by ECE Limited, Haryana was found lowest rate with the liability of ED (10.30 *per cent*) and CST (two *per cent*). The Company issued (December 2011) an LOI to Accurate Transformer Limited, Greater Noida (ATL) works at Uttarakhand having liability of tax viz. ED-Nil and CST (one *per cent*) for supply of two transformers on counter offer at the lowest evaluated rate of ECE Limited. Similarly, another LOI was issued (December 2011) to IMP Power Limited, Mumbai (IMP) having liability of tax viz. ED (10.30 *per cent*) and CST Nil for supply of eight transformers. Incorrect calculation of equated price resulted in extra expenditure of ₹ 70.90 lakh (₹ 42.42 lakh to ATL and ₹ 28.48 lakh to IMP) against supply of 10 transformers.
- Price part of tender (ESD-297) for procurement of 17 transformers of 63 MVA was opened (23 December 2010) wherein the evaluated rate of ₹ 4.15 crore per transformer as quoted by BBL, Thane was found lowest with the liability of ED (10.30 *per cent*) and CST (two *per cent*). LOI was issued (March 2011) to IMP Power Limited, Mumbai having liability of ED (10.30 *per cent*) and CST-Nil for supply of three transformers on counter offer at the lowest evaluated rate of BBL. Incorrect calculation of equated price resulted into avoidable expenditure of ₹ 10.62 lakh against the order placed on IMP Power Limited for supply of three transformers.
- Price part of tender (ESD-241) for procurement of 55 transformers of 40 MVA was opened (4 October 2007) wherein the evaluated rate of ₹ four crore as quoted by Technical Associates Limited (TAL) Lucknow was found lowest with the liability of ED (16.48 *per cent*), trade tax (four *per cent* and development tax (one *per cent*). LOIs were issued (January 2008) to BBL, Thane having liability of ED (16.48 *per cent*) and CST (three *per cent*) at lowest evaluated price. Incorrect calculation of equated price resulted into extra expenditure of ₹ 30.88 lakh for purchase of eight transformers.
- Price part of tender (TD-359) for procurement of 3,011 kms earthwire was opened (18 November 2011) wherein Manohar Lal-Hira Lal, Ghaziabad was found to be L_1 with the lowest evaluated price of ₹ 39,550 per km including liability of ED (10.30 *per cent*) and VAT (four *per cent*). In addition to LOI to Manohar Lal-Hira Lal, Ghaziabad for supply of 807 kms earthwire, the Company issued LOIs to Nirmal Wire Limited, Kolkata and UIC Udyog Limited, Kolkata for the supply of 1,102 kms earthwire by each on counter offer at the lowest evaluated prices. These firms were

having the liability of ED (10.30 *per cent*) and CST (two *per cent*). Incorrect calculation of equated price resulted into avoidable expenditure of ₹ 13.98 lakh on procurement of 2,204 kms of earthwire.

The Management stated (December 2012) that the counter offer was given on the basis computed cost of L_1 bidder. If we would have reduced the prices by the difference of ED and CST, the prices of the firms to whom counter offer was given, would have been lower than L_1 price.

The reply is not acceptable as the amount of ED and CST involved in the computed cost of L_1 should have been passed on in the counter offer only to the extent of the liability of ED and CST of bidder to whom counter offer was made. However, the benefit on account of taxes which the firms were not liable to pay was passed on to these firms leading to avoidable expenditure.

Thus, in above cases, extra expenditure of ₹ 17.12 crore (**Annexure-10**) was incurred.

We recommend that while arriving at the price for counter offer, the benefits of the taxes should not be passed on to the other firms.

Award and execution of work through turnkey contracts

2.1.20 Best Practices in Transmission System (BPITS) in the country as notified (November 2001) by Ministry of Power, Government of India stipulated procurement practices of material and works for sub-station and transmission lines. Para 5 (i) of BPITS stipulated that in case of turnkey contracts, SS may be packaged for turnkey execution except transformer/ reactors which may be procured separately and erected by turnkey contractor under the supervision of the manufacturer, with due consideration that design philosophy is maintained.

In contravention to the recommendation of BPITS, the Company included supply of transformers in Turnkey contracts which resulted in extra expenditure of ₹ 15.42 crore.

We noticed that the Company awarded (October 2010 to August 2011), construction work of 31 SSs of 132/33KV on turnkey basis. The Company, however, had finalised the turnkey contracts including the cost of transformers also.

Thus, the Company not only contravened the recommendation of BPITS but also incurred extra expenditure to the extent of ₹ 15.42 crore as the transformers supplied by the turnkey contractors were costlier than the transformers which were purchased by the Company itself of the same capacity during the same period as shown in the table below:

(₹ in crore)

Capacity of transformers	Numbers	Cost (Range)	Reference tender	Rate of reference tender	Difference of rate (Range)	Amount
20 MVA	41	1.41 to 1.60	ESD-296[€]	1.26	0.15 to 0.34	9.26
40 MVA	19	2.09 to 2.26	ESD-285	1.80	0.29 to 0.46	6.16
Total						**15.42**

The Management stated (December 2012) that the turnkey projects are fixed price contract while the prices of tenders for supply of transformers are variable as per IEEMA. Therefore, the cost of transformer of open tender cannot be compared as such with cost of transformer of turnkey project. The reply is not acceptable as the Company invited turnkey tenders item- wise and the reasonability of rates of each items could be assessed. Further, the Company also did not adhere to the provisions of the BPITS for quality control in case of transformers/reactors recommended by the Government of India.

[€] Since no purchase of 20 MVA was being done therefore, updated rate of 20 MVA transformer for repair of transformer was used.

Award of work at higher rate

2.1.21 Two tenders ESD- 281 (seven sub-stations) and ESD-298 (four sub-stations) for construction of sub-stations on turnkey basis were invited (January 2010/October 2010). Price Part was opened (August 2010/February 2011) and LOIs were issued (October 2010/March 2011) after approval by CSPC. There were fall in the rate by 13 *per cent* from tender ESD-281 to ESD-298.

The CSPC approved (4 February 2011) the award of construction of SS at 132/33KV, 2x20 MVA Nathnagar at ₹12.57 crore at the rates of ESD-281 without inviting tender. LOI were issued on 7 February 2011. Price part of ESD-298 was opened on 4 February 2011 and the price in ESD-298 were lower by 13 *per cent* as compared to ESD-281, therefore, CSPC cancelled (8 March 2011) LOI for Nathnagar. At the same time, CSPC approved (8 March 2011) the award of construction of Nathnagar SS at the rates of ESD-281in place of Rudrapur SS (allotted for construction under ESD-281).

We observed that the decision of the CSPC to allot the work of construction of Nathnagar SS at the rates of ESD-281, on the pretext that it would be constructed in place of Rudrapur SS (covered under ESD-281) was not only contradictory but also award of contract at higher rate resulted in extra expenditure of ₹ 1.71crore.

The Management stated (December 2012) that CSPC decided (4 February 2011) to allot 132 KV, Nathnagar SS (at the rates of ESD-281). The reply is not acceptable as allotment of Nathnagar at the rates of ESD-281was cancelled (8 March 2011) due to lower rates of ESD-298 and at the same time, allotment of construction of Nathnagar SS at the rates of ESD-281 was imprudent decision.

Award of turnkey contract at higher cost

2.1.22 The Company invited (April 2009) open bids against tender (TD/329) for erection of Transmission lines (220 KV SC/DC and 132 KV SC/DC) with the requirement that the bidders shall quote their rates for various items which were common for line erection work for all type of the lines. The bidders were also to disclose their willingness to erect any particular line.

Thus, in accordance with the conditions of the bid document, the Company was required to evaluate the bids by arriving at the cost of various types of lines taking into account the item rates quoted by the bidders to find out L_1 cost for each type of lines. Then, L_1 rate derived for each type of line should have been counter offered to all the bidders as is in practice of the Company for deciding award of works.

The Company, however, evaluated the bids line wise by considering the rates of concerned bidders interested in a particular line; whereas, as per bid document, evaluation should have been done considering the lowest line wise rates irrespective of choice of bidder in particular line.

The Company finalised (January 2010) the above tender and awarded (February 2010) the erection of all types of lines aggregating 1,790 km[⇒] at the cost of ₹ 388.56 crore to three contractors[∝] on the basis of L_1 rate /counter offer at L_1 rates line wise on turnkey basis.

[⇒] 132KV SC (611kms), 132KV DC (262 kms), 220KV SC (642kms) and 220KV DC (275Kms)

[∝] 1. AIPL (L-1) -262 kms (132 DC line) at ₹ 15.92 lakh per km 2. PNC-275 kms (220 KV DC line) at ₹ 27.52 lakh per km and 611 kms (132 KV SC) line at ₹ 17.86 lakh per km 3. SEW-642 kms (220 KV SC Line) at ₹ 25.24 lakh per km.

The Company did not use the rates quoted by all bidders for all types of line to arrive at the lowest rates for each type of line, which resulted in extra expenditure of ₹ 61.56 crore.

We noticed that incorrect evaluation process adopted by the Company resulted in award of erection of 1,528 km lines at higher cost by ₹ 61.56 crore[Σ].

The Management stated (March 2012) that the rates of AIPL was lowest for 132KV DC and they were awarded full 262 kms of line as APIL bidded only for 132KV DC lines. We are not convinced as APIL quoted the rates for all lines and were lowest in all lines. Therefore, rates of APIL for all type of lines should have been used for allotment of award to other participating bidder by making counter offer.

Extra expenditure due to splitting of tender in two packages

2.1.23 Tender (ETD/08-03/09) was invited on 24 February 2009 by 765 and 400 KV Transmission Design Circle (Circle) for construction of 416 km 765 KV Single Circuit (S/C) transmission line from Anpara 'D' to Unnao on turnkey basis by bifurcating into two packages. Part II of the tender was opened on 10 November 2009. The CSPC approved (30 January 2010) the rates for award of work and accordingly two LOIs were issued (2 February 2010) to both the lowest (L_1) firms as detailed below:

Bifurcation of one Work in two packages in one tender	Package-I Anapara to Jhusi (182 kms)			Package-II Jhusi to Unnao (234 kms)			Consolidated Quantity and Amount of both the packages		Amount with Minimum Rate of both the packages		Differential Amount (₹ in crore)
Name of Firm	Jyoti Structural Ltd			Gammon Indial Ltd							
Contract Amount	₹ 201.30 crore			₹ 215.64 crore							
Supply of Material	Quantity (MT)	Rate (in ₹)	₹ in crore	Quantity (MT)	Rate (in ₹)	₹ in crore	Total Amount (₹ in crore)	Total Quantity	Rate (in ₹)	Total Amount (₹ in crore)	(8-11)
1	2	3	4	5	6	7	8	9	10	11	12
HT Steel	7830	63513	49.73	9070	66120	59.97	109.70	16900	63513	107.34	2.36
MS Steel	8990	60075	54.01	9920	57878	57.42	111.43	18910	57878	109.45	1.98
Total Erection Cost	₹ 53.74 crore	26604 per km		₹ 52.23 crore	22320 per km						4.34

The Company awarded two different rates for the same items (HT and MS steel) in the same line and incurred extra expenditure of ₹ 4.34 crore.

The Company, while evaluating the rates of both the packages, did not take cognizance of difference of the rates of HT and MS Steel (major item) in the packages. As a result, two rates in the same line on the same date were awarded. This resulted in extra expenditure of ₹ 4.34 crore.

We, further, noticed that under Package-I and Package -II, supply of 77,500 and 94,500 numbers, 120 KN disk insulators were ordered at FOR rate of ₹ 702 per piece and ₹ 705 per piece respectively, whereas, the same Circle placed (January 2010) an LOI to Aditya Birla Insulators for procurement of 10,000 nos. 120 KN disc insulators at FOR rate of ₹ 467 per piece. We observed that prevalent market rates of insulators were not considered by the CSPC while approving the L_1 rates. Thus, by ignoring the market rate of insulators, the Company suffered loss of ₹ 4.07 crore[⊄] .

The Management stated (December 2012) that tender was split into two packages due to nature of terrain i.e Anpara-Jhusi and Jhusi-Unnao portion. Therefore, the computation of both the packages was done separately and the lowest bidder in both the packages was awarded the work. We do not agree

Σ 132KV SC (611kms x ₹ 17.86 - ₹ 14.66 lakh), 220KV SC (642 kms x₹ 25.24 - ₹ 20.74 lakh) and 220KV DC (275 Kms x ₹ 27.52 - ₹ 22.75 lakh)

⊄ 77500 X ₹ 235 (₹ 702-₹ 467) + 94500X ₹ 238 (₹ 705- ₹467) with the reply as the nature of terrain has no relevance on the rates of supply of tower parts and it can only affect the erection rates, whereas our point is on different rates/ higher rates for supply of same materials.

Extra expenditure due to non-standardisation of design of tower

2.1.24 Para 4.4 of Best Practices of Transmission System stipulated that standardisation may be carried out and followed for future uses so as to:

- eliminate repeated type testing of towers, permit usage of tower of one line for other line and reduces spare requirement.
- make the data readily available for foundation design, and
- reduce engineering time, project gestation period / line construction period considerably.

The Company had constructed (1998) transmission line (409 km) from Anpara to Unnao for evacuation of power at 765 KV by using Moose conductor from Generating Station, Anpara- C (1,320 MW) on its own design. In order to evacuate the power from upcoming Generating Station, Anpara-D (1,000 MW), the Company had to construct another line from Anpara-D to Unnao almost parallel to the old line. We noticed the following:

The Company, instead of using its own design for construction of 765 KV line, purchased another design and incurred extra expenditure of ₹ 68.52 crore on construction of line.

- The Company, instead of using its own design, purchased (July 2009) a new design of tower at a cost of ₹ 3.16 crore from Power Grid Corporation of India Limited (PGCIL) for construction of the new line with Bersimis conductor. The expenditure of ₹ 3.16 crore could have been avoided by using its own design.
- In case of use of own design, moose conductor could have been used with lesser number of total tower to complete the same length of line. In the new design, Bersimis conductor was used which was costlier than the moose conductor. Further, total number of towers of the almost same length of line was more than the old own design. Thus, by not using own design, the Company incurred extra expenditure of ₹ 68.52 crore as worked out below:

Item	Exiting Design				New Design				Difference	
	Type	Qty	Rate (₹ in lakh per KM/MT)	Amount (₹ in crore)	Type	Qty	Rate (₹ in lakh per KM/MT)	Amount (₹ in crore)	Weight	Amount (₹ in crore)
Conductor	Moose	5200 km	2.29465	119.32	Bersimis	5200 km	2.73190	142.06		22.74
Tower	983Nos	27083 MT		159.81	1169 nos.	34944MT		205.59	7861	45.78
Total										**68.52**

The Management stated (December 2012) stated that it was decided to construct the line on PGCIL's designs mainly due to the fact that the tower designed by PGCIL require lesser width of corridor than UPPTCL's designs. We are not convinced as at the time of purchase of drawing and design from PGCIL, the Company was of the view that new drawing and design would reduce the ROW problems due to the reduction of corridor. The reduction of corridor did not have any significance as ROW problems related to number of towers which was increased in new drawing and design.

The Company was deprived of supervision charges of ₹ 63.66 crore due to non preparation of estimate for the Deposit Works.

Non-recovery of supervision charges on deposit works

2.1.25 As per orders (April 2002) of Uttar Pradesh Power Corporation Limited, supervision charges were to be recovered at the rate of 15 *per cent* on the value of works to be executed under Deposit Works. We noticed (April 2012) that supervision charges amounting to ₹ 63.66 crore were not recovered in two cases as discussed below:

- A consent document was signed (July 2007) by the UPPCL, UPRVUNL, HINDALCO and UPPTCL for the award of work of diversion of the lines[µ] passing through the project site of Anapara 'D' (2X500 MW) to UPPTCL on deposit basis. The consent document provided for sharing of cost (rough estimation of ₹ 55 crore) to be incurred on diversion of line by UPRVUNL and HINDALCO in the ratio of 60: 40. The Company got the above works executed (August-September 2009) against turnkey tender no. 306/07 and 307/07.

  The Company incurred expenditure of ₹ 42.54 crore (without supervision charges of ₹ 6.38 crore) and received ₹ 42.31 crore (₹ 25.04 crore from UPRVUNL and ₹ 17.27 crore from HINDALCO) only. We observed that the Company did not prepare estimate/executed estimate; as a result, it was deprived of supervision charges of ₹ 6.38 crore. Further, it did not claim the short receipt amount of ₹ 23 lakh.

The Management stated (December 2012) that claim of ₹ 6.38 crore had been lodged (18 April 2012) with UPRVUNL. The reply is not acceptable because as per the consent document, UPRVUNL was to bear only 60 *per cent* of supervision charges and 40 *per cent* was to be charged from HINDALCO.

- UPRVUNL requested (August 2007) the Company to construct a new 765 KV SS at Anpara'D' for evacuation of Power from ongoing 2X500 MW Anpara 'D' Power Project of UPRVUNL as deposit work of UPPTCL. The Company awarded (January 2010) the work to Areva T&D Limited for the contract value of ₹ 396.75 crore (cost of work: ₹ 381.86 crore and cost of O&M: ₹ 14.89 crore).

  The Company, however, did not prepare estimate and as a result thereof, supervision charges of ₹ 57.28 crore (15 *per cent* of ₹ 381.86 crore being cost of work) could not be levied.

The Management stated (December 2012) that the Managing Director, UPRVUNL has been requested (1 December 2012) to release the amount of ₹ 57.28 crore. We are not convinced as the Company made a request to deposit the amount of supervision charges after five year only after being pointing it out by Audit. Further, the amount was yet to be received. This also indicated the lack of internal control mechanism in the Company.

Performance of transmission system

2.1.26 The performance of the Company mainly depends on efficient maintenance of its EHT transmission network for supply of quality power with minimum interruptions. In the course of operation of SSs and lines, the supply-demand profile within the constituent sub-systems is identified and system improvement schemes are undertaken to reduce line losses and ensure reliability of power by improving voltage profile. These schemes are for augmentation of existing transformer capacity, installation of additional transformers, laying of additional lines and installation of capacitor banks. The performance of the Company with regard to O&M of the system is discussed in the succeeding paragraphs.

Transmission capacity

2.1.27 The Company, in order to evacuate the power from the Generating Stations and to meet the load growth in different areas of the State, constructs

[µ] 132 KV Renu Sagar-Renukoot line (ckt 1 & 2), 132 KV Renu Sagar-Renukoot line (ckt-3 & 4), 132 KV Renusagar-Renukoot line (ckt- 5 & 6) and 132 KV Renu Sagar-Renukoot multi circuit line (ckt- 7,8,9 and 10).

lines and SSs at different EHT voltages. A Transformer converts AC voltage and current to a different voltage and current at a very high efficiency. The voltage levels can be stepped up or down to obtain an increase or decrease of AC voltage with minimum loss in the process. The evacuation is normally done at 400KV/220 KV SSs. The transmission capacity (220 KV) created *vis-à-vis* the transmitted capacity (peak demand met) at the end of each year by the Company during the five years ending March 2012 were as follows:

Transmission capacity (in MVA)				
Year	Installed (220KV SSs)	After leaving 30 *per cent* towards margin	Peak demand including non- coincident demand	Excess(+)/ shortage(-)
2007-08	13230	9261	9520	(-) 259
2008-09	14730	10311	9164	1147
2009-10	15850	11095	9500	1595
2010-11	18120	12684	11858	826
2011-12	19640	13748	12990	758

(Source : Information furnished by the Management)

From the above table, it is observed that the overall transmission capacity was in excess of the requirement for every year except 2007-08. The existing transmission capacity excluding 30 *per cent* towards redundancy worked out to an excess of 758 MVA to the end of March 2012. Existence of extra/idle capacity in the transmission network and prevalence of overloads, high voltages on certain places reflects unscientific planning in creation of transmission network.

The Management stated (December 2012) that capacity of SS at 220 KV level depends upon the capacity of connected 132 KV and 33 KV SSs. Because of uneven load demand, comparison of installed capacity and peak load demand is technically not right as peak demand is reflection of restricted demand and unscheduled rostering on account of grid conditions. We have, however, compared the installed capacity with peak demand after leaving 30 *per cent* towards margin.

Sub-stations

Adequacy of Sub-stations

2.1.28 Manual on Transmission Planning Criteria (MTPC) of Central Electricity Authority stipulates the permissible maximum capacity for different SSs i.e., 320 MVA for 220 KV and 150 MVA for 132 KV SSs. Scrutiny of the maximum capacity levels of SSs revealed that five numbers of 220 KV and one number of 132 KV SS exceeded the permitted levels. The SS of 132 KV capacity and above should have at least two transformers and the MTPC indicated that the size and number of transformers in the SS shall be planned in such a way that in the event of outage of any single transformer the remaining transformer(s) could still supply 80 *per cent* of the load. However, it was observed that one number 400KV SSs, four numbers 220 KV SSs and 48 numbers 132 KV SSs had single transformer as on 31 March 2012.

We further noticed that during April 2007 to March 2012 the Company ignoring the MTPC norms, constructed 10 SSs of 132KV with single transformers at a cost of ₹ 48.22 crore.

The Management accepted (December 2012) that due to construction of lower capacity SS primarily, the permissible maximum capacity level of SSs were violated. In case of construction of SSs with single transformer, the Management stated that the SSs were constructed according to the load demand of the area. The SS were connected in grid system and in case of problem in one SS, the load was managed through nearby SSs. The fact, however, remained that the Company violated the norms of MTPC. It was noticed that the supply of Hardoi was disturbed for five days as there was only one transformer at 220/132 KV SS, Hardoi.

2.1.29 Jaiprakash Associates Limited (JAL) proposed to set up 4x60 MW Captive Power Plant at Churk and requested (June 2010) the Company for permission of Open Access for 160 MW. The same was sanctioned (July 2010) with the condition that the cost of infrastructure required for transmission would be borne by JAL. The Company provided estimate for ₹ 25.45 crore plus supervision charges of ₹ 3.82 crore for construction of 220/132 KV SS with single transformer. The supervision charges were deposited by JAL with the Company and construction of the SS was to be made by JAL.

We observed that the construction of 220/132KV SS with only one 160MVA transformer was in contravention to the provision of MTPC as two 160MVA transformers were to be installed as per norms. Besides, the loading factor of 0.70 of transformation capacity of transformer required for evacuation of power was not adhered to.

The Management stated (December 2012) that 160 MVA transformer was sufficient for evacuation of 160 MW power. The reply is not acceptable in view of the fact that as per the provision of MTPC, two 160MVA transformers were to be installed as per the norms.

Voltage management

2.1.30 The licensees using intra-state transmission system should make all possible efforts to ensure that grid voltage always remain within limits. As per Indian Electricity Grid code STUs should maintain voltages ranges between 380-420 KV, 198-245 KV and 119-145 KV in 400 KV, 220 KV and 132 KV line respectively. Our examination of the 220/132 KV bus voltages in 30 Divisions of the four Zones for the period April 2011 to March 2012 revealed that in 34 SSs of 220 KV, the voltages recorded ranged between 162 KV and 278 KV (with worst position in Transmission West Zone) while in 143 SSs of 132 KV, voltage recorded ranged between 90 KV and 185 KV (with worst position in Transmission East Zone). To provide quality power and reduce the transmission losses the Company should ensure that the maximum and minimum voltages are maintained as per the norms.

Lines

EHT lines

2.1.31 As per MTPC permissible line loading cannot normally be more than the Thermal Loading Limit[⊗] (TLL). The TLL limits the temperature attained by the energized conductors and restricts sag and loss of tensile strength of the lines. The TLL limits the maximum power flow of the lines. As per MTPC the TLL of 132 KV line with ACSR[&] Panther 210 sq. mm. conductor was 366 amps. Scrutiny of the line loadings on the 132 KV feeders revealed that, 68 numbers of feeders out of 255 numbers of feeders (27 *per cent*) in four Zones were loaded above 366 amps with Transmission West Zone having the maximum (34 *per cent*) of these overloaded feeders. Loading of the lines beyond capacity resulted in voltage fluctuations, higher transmission losses and frequent interruptions/breakdowns.

⊗ The maximum temperature limit at which a conductor can operate continuously by maintaining the minimum tensile properties established by the manufacturer.

& Aluminium Conductor Steel Reinforced

Bus Bar Protection Panel (BBPP)

2.1.32 Bus bar is used as an application for inter connection of the incoming and outgoing transmission lines and transformers at an electrical SS. BBPP limits the impact of the bus bar faults on the entire power network which prevents unnecessary tripping and selective to trip only those breakers necessary to clear the bus bar fault. As per Grid norms and Best Practices in Transmission System, BBPP is to be kept in service for all 220 KV SSs to maintain system stability during Grid disturbances and to provide faster clearance of faults on 220 KV buses. We observed that out of 67 numbers of 220 KV SSs (49 were single bus bar SSs and 18 were double bus bar SSs) where BBPP was required to be installed, the Company provided the panel at 18 SSs and in the remaining 49 SSs the BBPP was not yet provided. It was observed that out of 18 SSs where BBPP were available; only three were in working condition and 12 out of the remaining 15, had become old and obsolete, not repairable/yet to be repaired. The Transmission East Zone Allahabad and South Zone Agra did not have any working BBPP.

The Management stated (December 2012) that action was being taken for installation/replacement of BBPP.

Maintenance

Working of hot lines Division/Sub-divisions

2.1.33 Regular and periodic maintenance of transmission system is of utmost importance for its un-interrupted operation. Apart from scheduled patrolling of lines following techniques are prescribed in the para 9.1 of the Report of the Committee for updating the Best practices of Transmission in the country for maintenance of lines:

- Hot Line Maintenance
- Hot Line Washing.
- Hot line Puncture Detection of Insulators.
- Preventive Maintenance by using portable earthing hot line tools.
- Vibration Measurement of the line.
- Thermo-scanning.
- Pollution Measurement of the equipment.

The Hot Line Technique (HLT) envisages attending to maintenance works like hot spots, tightening of nut and bolts, damages to the conductor, replacement of insulators etc. of SSs and lines without switching off. This includes thermo scanning of all the lines and SSs towards preventive maintenance. HLT was introduced in India in 1958. As on March 2012, there were no hotline Division and SSs in the Company. We observed that the Company maintained the SSs and lines by using traditional methods of maintenance and did not adopt hot line maintenance technique.

The Management stated (December 2012) that Hot Line Maintenance work would be carried out through outsourcing, whenever required.

Transmission losses

2.1.34 While energy is carried from the generating station to the consumers through the Transmission & Distribution (T&D) network, some energy is lost which is termed as T&D loss. Transmission loss is the difference between energy received from the generating station/Grid and energy sent to DISCOMs. The details of transmission losses from 2007-08 to 2011-12 are given below:

Particulars	Unit	Year				
		2007-08	2008-09	2009-10	2010-11	2011-12
Power received for transmission	MUs	53670.43	54580.10	58656.19	64116.61	72697.45
Net power transmitted	MUs	51472.14	52471.24	56413.62	61831.49	70029.47
Actual Transmission loss	MUs	2198.29	2108.86	2242.57	2285.12	2667.98
	percentage	4.09	3.86	3.82	3.56	3.67
Target Transmission loss as per the CEA norm	percentage	4.00	4.00	4.00	4.00	4.00
Target Transmission loss as per UPERC norms	percentage	5.00	5.00	4.00	Tariff order awaited	Tariff order awaited

(Source : Information furnished by the Management)

The Company, under the commitment with UPERC in 2001-02 to reduce the transmission loss, proposed to reduce transmission losses to four *per cent* in 2009-10 which was approved by the UPERC. *It could be seen from the above that the transmission losses were decreased and were within the CEA norm of four per cent in all the five years except 2007-08 and also the yearly norm fixed by the UPERC up to 2009-10.*

Grid management

Maintenance of Grid and performance of SLDC

2.1.35 Transmission and Grid Management are essential functions for smooth evacuation of power from generating stations to the DISCOMs/consumers. Grid Management ensures moment-to-moment power balance in the inter connected power system to take care of reliability, security, economy and efficiency of the power system. Grid management in India is carried out in accordance with the standards/directions given in the Grid Code issued by CEA. National Grid consists of five regions viz., Northern, Eastern, Western, North Eastern and Southern Grids, each of these having a Regional Load Despatch Centre (RLDC), an apex body to ensure integrated operation of the power system in the concerned region. The Uttar Pradesh State Load Despatch Centre (SLDC), a constituent of Northern Regional Load Despatch Centre (NRLDC), Lucknow ensures integrated operation of power system in the State. The State Government notified (January 2011) that the SLDC shall be operated by the Company. The SLDC is assisted by four Area Load Despatch Centres⇔ (ALDCs) for data acquisition and transfer to SLDC and supervisory control of 132 KV and 33 KV equipments. The SLDC levies and collect such fees and charges from the generating companies and licensees engaged in intra-state transmission of electricity as specified by the UPERC.

Infrastructure for load monitoring

Out of 357 SSs only 93 SSs (26.05 *per cent*) were provided with RTUs for recording real time data.

2.1.36 Remote Terminal Units/Sub-station Management Systems (RTUs/ SMSs) are essential for monitoring the efficiency of the transmission system and the loads during emergency in Load Dispatch Centres as per the Grid norms for all SSs. We observed that there were 357 numbers of 765KV/400KV/220KV/132KV SSs and nine generators, out of which 93 (26.05 *per cent*) of 765KV/400KV/220KV/132KV SSs and all the nine generators were provided with RTUs for recording real time data for efficient Energy Management System.

The Management stated (December 2012) that process of installation of RTUs at various SSs was in progress.

⇔ Moradabad Control, Sarnath Control, Panki Control and Modipuram Control.

Grid discipline by frequency management

2.1.37 As per Grid Code, the transmission utilities are required to maintain Grid discipline for efficient functioning of the Grid. All the constituent members of the Grid are expected to maintain a system frequency between 49 and 50.5 Hertz (Hz) (49.2 and 50.3 Hz with effect from 1 April 2009). Due to various reasons such as shortages in generating capacities, high demand, Grid indiscipline in maintaining load generation balance, inadequate load monitoring and management, Grid frequency goes below or above the permitted frequency levels. To enforce the Grid discipline, the SLDC issues three types of violation messages (A, B, C). Message A is issued when the frequency is less than 49.2 Hz and over-drawl is more than 50 MW or 10 *per cent* of schedule whichever is less. Violation B message is issued when frequency is less than 49.2 Hz and over-drawl is between 50 and 200 MWs for more than ten minutes or 200 MW for more than five minutes. Message C (serious nature) is issued 15 minutes after the issue of message B when frequency continues to be less than 49.2 Hz and over drawl is more than 100 MW or 10 *per cent* of the schedule whichever is less. We observed that messages A, B & C type received were 103 (A-42, B-40 and C-21) in 2010-11(August 2010 to March 2011) and had increased to 147 (A-80, B-67 & C-0) during the period from April 2011 to March 2012®.

Increase in A, B & C messages indicated violation of Grid Discipline which led to penalty.

Thus, increase in the receipt of type A & B type of messages led to levy of penalty by CERC as detailed below:

Grid discipline

2.1.38 For maintenance of Grid discipline, the CERC takes up *suo-motu* petition on over drawl of power from the Grid at a lower frequency thus putting the Grid to the risk. The Company had violated the Grid discipline resulting in payment of penalty of ₹ 9.10 crore as detailed below:

Sl. No.	Month and Year of violation	Number of occasions of violation	Penalty levied (₹ in crore)
1	30 September 2008 to 26 October 2008	Not Furnished to audit	1.75
2	13 April 2009 to 10 May 2009	Not Furnished to audit	2.57
3	11 June 2009 to 19 June 2009	Not Furnished to audit	4.62
4	1 April 2010 to 9 April 2010	Not Furnished to audit	0.16

(Source : Information furnished by the Management)

The Company did not put in place MIS system of apprising the Board of Directors (BOD) regarding yearly performance of the Grid/number of messages received or the fines/penalties levied.

The Management stated (December 2012) that due to large gap in availability and demands of power, messages were received but now it was in decreasing trend. Further, there is already MIS system to apprise Directors on daily basis regarding performance of grid and number of message received but as the fax paper could not be retained for more than two months, hence, details of messages received before August 2009 could not be furnished to audit. We are not convinced as receipt of messages amounted to grid indiscipline and MIS did not report to BOD.

Backing Down Instructions (BDI)

2.1.39 When the frequency exceeds the ideal limits i.e. situation where generation is more and drawl is less (at a frequency above 50 Hz) SLDC takes action by issuing Backing down instructions (BDI) to the Generators to reduce

® No records for the period April 2007 to July 2010 was furnished to Audit the generation for ensuring the integrated Grid operations and for achieving maximum economy and efficiency in the operation of the power system in the State. Failure of the generators to follow the SLDC instructions would constitute violation of the Grid code and would entail penalties. The Company issued BDI for 117.559 MUs on 32 occasions during the Performance Audit period for compliance which was followed by generators.

Disaster Management

2.1.40 Disaster Management (DM) aims at mitigating the impact of a major break down on the system and restoring it in the shortest possible time. As per the Best Practices, DM should be set up by all power utilities for immediate restoration of transmission system in the event of a major failure. It is carried out by deploying Emergency Restoration System, DG sets, vehicles, fire fighting equipments, skilled and specialised manpower.

Disaster Management Centre, National Load Dispatch Centre, New Delhi will act as a Central Control Room in case of disasters. As a part of DM programme mock drill for starting up generating stations during black start[*] operations was being carried out by the Company as and when required by the Control Room. During the period of Performance Audit, there was no such call. However, mock drills at 400KV sub- station were being carried out on weekly basis.

The Management stated (December 2012) that effective measures were taken for speedy recovery during transmission breakdown. Emergency Restoration System (ERS) for attending failure of towers was under procurement.

Inadequate facilities for Disaster Management

2.1.41 The SLDC identified nine major generating stations in the State out of which black start facilities were available only in one generating station (Anapara Thermal Power Project through Rihand hydro Power Station) indicating the inadequacy in the preparedness for Disaster Management.

Diesel generating (DG) sets and synchroscopes[&] form part of Disaster Management facilities at EHT SSs connecting major generating stations. The Company identified (March 2012) that in 67 numbers 220 KV SSs only six DG sets were available in working condition while only eleven synchroscopes were available. Further, the Company did not identify vulnerable installations for provision of metal detectors and handing over the security of the sites to the Security Force to meet crisis arising due to terrorist attacks, sabotage and bomb threats. By not providing adequate Disaster Management facilities, the Company has placed its assets at a risk, in case of disaster or threat/attack.

The Management stated (December 2012) that black start facilities were available at Anpara-Obra complex through Rihand Hydro Power station and at Parichha Thermal Power station through Matatila Hydro Station. It was further stated that no synchronisation required at 220 KV SSs and all synchronisation was done at generating stations or higher voltage SSs.

Non-implementation of the recommendation of the CEA

2.1.42 Central Electricity Authority, Ministry of Power, Government of India recommended (January 2002) the proposals of the Committee of Best Practices in Transmission System to be followed by the State/Central power

[*] The procedure necessary to recover from partial or a total black out.

[&] In an AC electrical power system it is a device that indicates the degree to which two systems generators or power networks are synchronised with each other.

utilities. As per recommendations of the Committee, fire walls between transformers/reactors were to be constructed, if the free space between them is less than the specified limit, to protect each other from the effect of another in case of fire.

We noticed (April 2012) that an incidence of fire occurred (23 June 2009) in 132/33 KV SS, Chandpur, Bijnore due to damage of 11 KV bushing of 33/11 KV 5 MVA (of distribution wing) transformer. One 20 MVA 132/33 KV surplus transformer kept near the 5 MVA transformer, also caught fire and the 40 MVA 132/33 KV running transformer, also caught fire. As no fire wall was constructed in between the 5 MVA, 20 MVA and 40 MVA transformers, these transformers were completely burnt. Had the Division constructed the fire walls between the transformers as provided in Best Practices in Transmission System, the damage of two transformers of 20 MVA and 40 MVA could have been avoided.

Energy accounting and audit

2.1.43 Energy accounting and audit is necessary to assess and reduce the transmission losses. The transmission losses are calculated from the Meter Reading Instrument (MRI) readings obtained from Generation to Transmission (GT) and Transmission to Distribution (TD) Boundary metering points. As on 31 March 2012 there were 853 interface Boundary metering points between TD (774) and GT (79). All the GT and TD points were provided with 0.2 accuracy class meters. *We found that these were adequate.*

Financial management

2.1.44 One of the major objectives of the National Electricity Policy 2005 was to ensure financial turn-around and commercial viability of Power Sector. The financial position of the Company for the five years ending 2011-12 was as under:

(₹ in crore)

Particulars	2007-08	2008-09	2009-10 (Provisional)	2010-11 (Provisional)	2011-12 (Provisional)
A. Liabilities					
Paid up Capital (including share application money)	2213.34	2641.89	3533.45	4033.45	4442.51
Reserves & Surplus(including Capital Grants)	283.30	322.13	380.43	386.77	406.92
Borrowings (Loan Funds)	2466.18	2382.61	2805.08	3448.92	5477.33
Current Liabilities & Provisions	1061.06	1355.58	1814.19	2346.06	3126.27
Total	6023.88	6702.21	8533.15	10215.20	13453.03
B. Assets					
Gross Block	5786.28	6422.93	7131.51	7412.78	7952.30
Less: Depreciation	2192.48	2476.59	2731.05	3020.23	3361.92
Net Assets	3593.80	3946.34	4400.46	4392.55	4590.38
Capital Works-in-Progress (CWIP)	798.36	979.46	1062.60	2167.40	4105.48
Current Assets, Loans and Advances (CA) including preliminary expenses	640.64	775.20	1998.53	2480.00	3573.35
Profit and Loss (Debit Balance)	991.08	1001.21	1071.56	1175.25	1183.82
Total	6023.88	6702.21	8533.15	10215.20	13453.03
Debt equity ratio	1.11:1	0.90:1	0.79:1	0.86:1	1.23:1
Interest (net of IDC* capitalised)	161.89	161.40	167.54	209.65	244.30
Profit/Loss before tax	(-) 14.42	(-) 9.81	(-) 70.35	(-) 103.69	(-) 8.56
Total return	(-)829.19	(-)840.05	(-)904.02	(-)965.60	(-) 939.52
Capital Employed	3971.74	4345.42	5647.41	6693.90	9192.94
Return on Capital Employed *(percentage)*	(-)20.88	(-)19.33	(-)16.01	(-)14.43	(-) 10.22

(*Source: Annual Accounts of the Company*)

As would be seen, the Company has incurred losses in all the five years from 2007-08 to 2011-12. The accumulated losses increased from ₹ 991.08 crore in 2007-08 to ₹ 1183.82 crore in 2011-12. Further, the debt-equity ratio of the

* Interest during construction period.

Company increased from 1.11:1 to 1.23:1 during the same period. The Company's borrowings stood at ₹ 5,477.33 crore as at 31 March 2012.

We also observed that:

- Sundry Debtors abnormally increased by 800.67 *per cent* from 2007-08 to 2011-12. The main reason of abnormal increase in Sundry Debtors was realisation based on works memo credit (WMCR) i.e. accountal adjustments from Sundry Debtors. Such accountal adjustments were not being done timely.
- Due to poor realisation of Sundry Debtors, the dependence on the borrowed funds increased by 122.10 *per cent* with resultant increase in interest and finance charges by 50.90 *per cent* during 2007-08 to 2011-12.

2.1.45 The details of working results like revenue realisation, net surplus/loss and earnings and cost per unit of transmission for the five years ending 2011-12 are given below:

(₹ in crore)

Sl.No	Description	2007-08	2008-09	2009-10 (provisional)	2010-11 (provisional)	2011-12 (provisional)
1	**Income**					
	Revenue	680.22	758.17	744.30	790.39	1028.55
	Other income including interest/subsidy	11.34	22.78	24.54	40.30	31.24
	Total Income	691.56	780.95	768.84	830.69	1059.79
2	**Transmission**					
(a)	Installed capacity (MVA)	38254	41717	44895	48984	53338
(b)	Power received from generation units (MUs)♦	53670.43	54580.10	58656.19	64116.61	72697.45
(c)	Loss in transmission (MUs)	2198.29	2108.86	2242.57	2285.12	2667.98
	Net power transmitted (b)-(c) in MUs	51472.14	52471.24	56413.62	61831.49	70029.47
3	**Expenditure**					
(a)	**Fixed cost**					
(i)	Employees cost	193.53	256.10	261.82	266.31	236.63
(ii)	Administrative and General Expenses	9.92	7.03	7.28	3.57	12.24
(iii)	Depreciation	253.79	278.26	285.50	310.93	358.48
(iv)	Interest and Finance charges (net after capitalisation)	161.89	161.40	168.45	209.65	244.30
	Total fixed cost	619.13	702.79	723.05	790.46	851.65
(b)	**Variable cost**					
(i)	Repairs &Maintenance	66.53	64.12	86.06	101.74	127.92
(ii)	Bad debts and provision	13.79	8.45	31.23	39.92	87.94
	Total variable cost	80.32	72.57	117.29	141.66	215.86
(c)	**Total cost 3 (a+b)**	699.45	775.36	840.34	932.12	1067.51
4	Realisation (₹ per unit)	0.1322	0.1445	0.1319	0.1278	0.1469
5	Fixed cost (₹ per unit)	0.1203	0.1339	0.1282	0.1278	0.1216
6	Variable cost (₹ per unit)	0.0156	0.0138	0.0208	0.0229	0.0308
7	Total cost (₹ per unit) (5+6)	0.1359	0.1477	0.1490	0.1507	0.1524
8	Contribution (₹ per unit) (4-6)	0.1166	0.1307	0.1111	0.1049	0.1161
9	**Profit (+)/Loss(-) (4-7) (₹ per unit)**	(-)0.0037	(-)0.0032	(-)0.0171	(-)0.0229	(-) 0.0055

(Source: Annual Accounts of the Company)

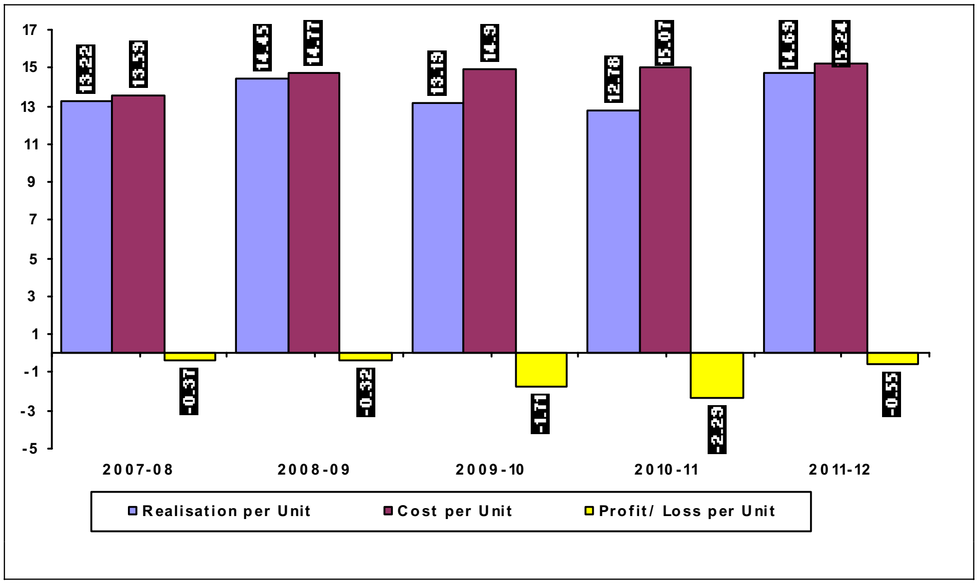
It may be seen from the above that the realisation per unit increased from *13.22 paise* to *14.69 paise* during 2007-08 to 2011-12 (11.12 *per cent*) and the cost per unit increased from 13.59 *paise* to 15.24 *paise* (12.14 *per cent*) during the corresponding period. Further, the contribution per unit had also decreased by 1.28 *per cent* during the period 2007-12.

♦ Including private generation.

It was also evident from the above table that Employee cost, Depreciation, Interest and finance charges and repair and maintenance charges constituted the major elements of cost in 2011-12 which represented 22.17, 33.58, 22.89 and 11.98 *per cent* of the total cost in that year respectively. On the other hand, revenue from wheeling of power and other income constituted the major elements of revenue in 2011-12 which represented 97.05 and 2.95 *per cent* of the total revenue respectively.

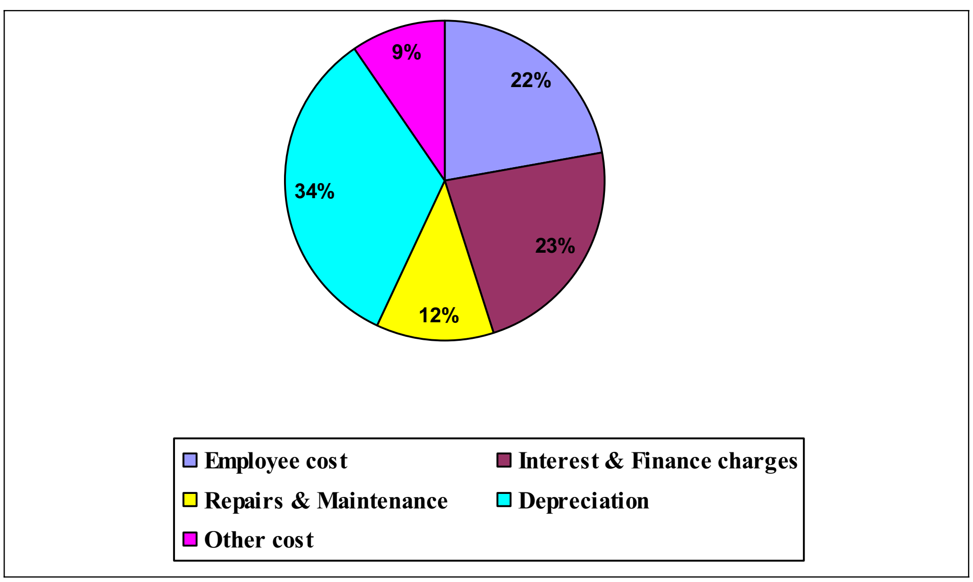
Recovery of cost of operations

2.1.46 During the last five years ending 2011-12, the Company was not able to recover its cost of operation as given in the graph below:



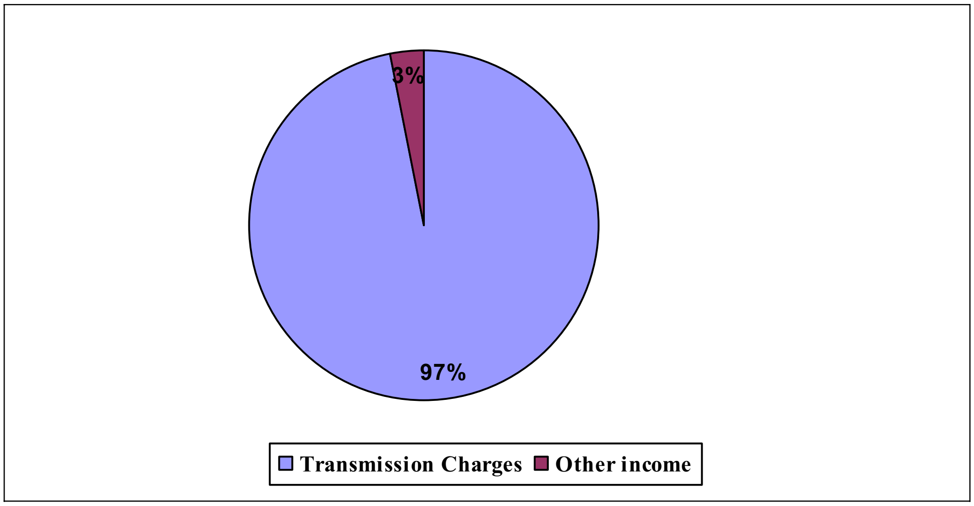
Elements of Cost

2.1.47 The percentage break-up of major elements of costs for 2011-12 is given below:



Elements of revenue

2.1.48 Transmission charges constitute the major element of revenue. The percentage break-up of revenue for 2011-12 is given below in the pie chart**.**



Tariff Fixation

2.1.49 The financial viability of the Company 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 Company.

As per the UPERC (Terms and Condition for Determination of Transmission Tariff) Regulation 2006, the Company files an Annual Revenue Requirement (ARR) with the Uttar Pradesh Electricity Regulatory Commission (UPERC) for the revenue required to meet the cost pertaining to the transmission business for each financial year which would be permitted to be recovered through tariffs and charges by the UPERC. Thus, the main source of revenue of the Company is the transmission and SLDC charges.

The tariff structure of the Company is subject to revision approved by the UPERC after the objections, if any, received against ARR petition filed by them within the stipulated date. The Company was required to file the ARR for each year 120 days before the commencement of the respective year. The UPERC accepts the application filed by the Company 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
2007-08	30 November 2006	4 October 2007	307	15 April 2008	1 April 2007
2008-09	30 November 2007	4 October 2007	No delay	15 April 2008	1 April 2008
2009-10	30 November 2008	31 July 2009	242	31 March 2010	1 April 2009
2010-11	30 November 2009	28 March 2011	482	To be approved	NA
2011-12	30 November 2010	28 March 2011	117	To be approved	NA

(Source : Information furnished by the Management)

ARR filed with a delay between 117 and 482 days in all five years except 2008-09.

From the above it may be seen that there were delays in filing ARR ranging between 117 and 482 day in all the five years except 2008-09.

The Management stated (December 2012) that since preparation of ARR requires lot of data relating to the Company's assets, liabilities, loans, investment etc, the task of compiling and finalising these data could not be achieved due to the fact the power sector was undergoing a major restructuring. The reply is not acceptable as the work of filing ARR for transmission was being done by UPPCL since inception. All the related data was available with UPPCL and it had no relevance with the restructuring of the power sector.

2.1.50 The ARR proposals made by the Company and approved by the Commission are given below:

Transmission Tariff						
Year	Submitted by UPPTCL			Approved by UPERC		
	Total Energy wheeled (MUs)	Revenue Requirement (₹ in crore)	Tariff, ₹/Kwh	Total Energy wheeled (MUs)	Revenue Requirement (₹ in crore)	Tariff, ₹/Kwh
2007-08	53026	1015.31	0.191	51573	679.44	0.132
2008-09	55064	1272.09	0.231	55411	1195.12	0.216
2009-10	54345	746.47	0.137	54183	680.51	0.126
2010-11	61217	942.37	0.154	Tariff order awaited		
2011-12	69788	1069.77	0.153	Tariff order awaited		

(Source : Tariff Orders)

Further, as per the Regulation, whenever there is a gain or loss (excess/short) in the controllable items (O&M, Return on capital employed, Depreciation and non-tariff income) the Company shall file True –up of the Tariff Order before the Commission. The Commission on the basis of the audited accounts, may increase or decrease in the rates of wheeling charges.

At the instance of Government, the Company did not include return on equity of ₹ 278.24 crore in true up of Tariff Order 2007-08. The claim for the same was not lodged with the Government.

We noticed that the Company filed true up[∇] only up-to 2007-08 which was provisionally approved by UPERC as true-up filed by the Company was on the basis of unaudited Accounts. The Company did not file final true up for 2007-08 even after availability of audited accounts for 2007-08. Further, it was noticed that though UPERC allowed the return on equity (RoE) of ₹ 278.24 crore in Tariff Order for 2007-08, the Company did not include the same in true up for 2007-08 at the instance of Government. The claim for the same was also not lodged with the Government. In 2008-09 and 2009-10, the UPERC disallowed the employee cost, repair and maintenance expenses and interest and finance charges of ₹ 71.39 crore and ₹ 31.34 crore respectively without assigning any reason in the Tariff Order.

The Management stated (December 2012) that Energy task Force (ETF) of the State Government had taken decision in its meeting dated 18 September 2010 that due to charging of RoE in the ARRs, transmission tariff will increase which will ultimately the distribution tariff. Hence, the ETF had decided not to charge RoE in transmission ARRs. We are of the view that as the amount of RoE was excluded at instance of ETF of the State Government, it should have been demanded from the State Government.

Material management

2.1.51 The key functions in material management are laying down inventory control policy, procurement of materials and disposal of obsolete inventory.

∇ Petition filed by the Company for approval of final tariff.

Best Practices in transmission Systems suggested that on the basis of experience and consumption rate of the spares, the Company should have developed the norms for procurement and storage of spares. The spares should have been procured and stored on the basis of line and SS levels and regional level. The Company had not formulated any procurement policy and inventory control mechanism for economical procurement and efficient control over inventory.

2.1.52 Scrutiny of the records of the Company revealed the following:

The details of Opening stock, purchases, issues and closing stocks for the period from 2007-08 to 2011-12 are detailed below:

(₹ in crore)

Year	Consumption (per annum)	Consumption (per month)	Net Closing stock (as per Balance sheet)	Closing stock in terms of months to consumption
2007-08	237.61	19.80	290.17	15
2008-09	262.10	21.84	348.76	16
2009-10	218.72	18.23	383.03	21
2010-11	331.88	27.66	456.29	16
2011-12	552.91	46.08	606.51	13

(Source : Annual Accounts of the Company)

It may be seen from the table above that:

- the closing stock increased by 109.02 *per cent* from ₹ 290.17 crore (2007-08) to ₹ 606.51 crore (2011-12). The above balances indicated availability of material for consumption ranging from 13 months to 21 months.
- The Company did not dispose off 51 transformers having capacity ranging from 5 MVA to 150 MVA lying damaged and uneconomical since 2001even after the order (October 2009) of Board of Directors (BOD).
- the Company had not conducted any analysis for fixation of standard for inventory and re-order level of their material requirement before making decision for procurement of material. Thus, the Company blocked its capital in stock by making purchases over and above the requirement of material.

The Management stated (December 2012) that all the procurements were done as per requirement which increased due to increasing the transmission network. The reply is not acceptable as the closing stock ranged between 13 to 21 months' consumption which itself indicated that the procurement was not done in planned manner.

Inventory management

2.1.53 There is no Area Store at Zone level under the control of the Company. The Physical Verification (PV) of the stores of Junior Engineers (JE) at sub-division level was being conducted annually.

The value of non-moving, surplus, obsolete, unserviceable and scrap material as furnished by 28 Divisions in four Zones in the last five years is given below:

(₹ in crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Surplus/obsolete/unserviceable/ scrap	9.59	6.64	7.74	9.56	11.64
Non-moving	2.63	2.33	3.21	4.71	1.69
Total	**12.22**	**8.97**	**10.95**	**14.27**	**13.33**

(Source: Information furnished by the Management)

As would be observed from the above, the value of the surplus, obsolete and non-moving stock was on increasing trend during 2007-08 to 2011-12. The Company had not taken action to conduct survey reports and dispose of the scrap/obsolete material, which could have earned revenue and resulted in creation of space for stocking of other materials.

Conclusion

- **The Company failed to achieve its planned capacity addition registering huge shortfall ranging between 13 and 82 *per cent*.**
- **The capacity addition projects were completed with time and cost overruns which indicated that projects were not executed economically, efficiently and effectively.**
- **The Company failed to synchronise construction of evacuation system with generation plan, evacuation of power was managed through existing transmission system putting an extra load on the same.**
- **Sub-stations and lines were constructed without proper load requirement resulting in underutilisation of Sub-stations.**
- **Despite provision of Manual of Transmission Planning Criteria, the Company constructed Sub-stations with single transformers and Sub-station beyond permissible capacity.**
- **The voltage management system did not correspond to the norms prescribed in Grid code and Grid discipline was not followed.**
- **The Company did not have adequate safety measures and infrastructure for disaster management.**
- **The Company filed Annual Revenue Requirements with delays ranging between 117 and 482 days.**

Recommendations

- **The Company should ensure implementation of annual plan for capacity addition and timely completion of the planned projects with effective monitoring,**
- **Efforts should be made to synchronise evacuation system with that of the generation system so as to avoid gap arrangement of evacuating through exiting system,**
- **The standards/norms fixed in Manual of Transmission Planning Criteria/Best Practices in Transmission Systems should be adhered for effective functioning and maintenance of transmission network,**

- **The Company should ensure adequate disaster management system and install recommended systems to protect SSs, lines and transformers,**
- **State Load Despatch Centre (SLDC) should be maintained as per Grid Code and all generators and SSs should be connected to SLDC through Remote Terminal Units on real time basis for safety and security of the Grid. The frequency levels should be adhered to avoid Grid indiscipline, and**
- **The Annual Revenue Requirement should be submitted within prescribed time.**

2.2 Performance Audit on the Working of Uttar Pradesh State Industrial Development Corporation Limited

Executive summary

Introduction

The Uttar Pradesh State Industrial Development Corporation Limited (Company) was incorporated in March 1961 as a wholly owned Government Company under the Companies Act, 1956 for development of industrial infrastructure and to promote industrial development in the State for which it was nodal agency.

Acquisition of land

The target of acquisition of land was not achieved due to delays at the level of District Authorities and Government. The failure of the Company to develop the available land not only led to blockade of fund in subsequent acquisition of land but also resulted in avoidable expenditure in the shape of Sollacium.

Physical possession of 1,200.483 acre land acquired in 1993 and 2,584.292 acre land acquired during April 1999 to April 2005 in Buland Shahar have not been obtained so far resulting in blockade of ₹ 297.29 crore.

The Company acquired 48,551.088 acre land against which the conveyance deed has been executed only for 27,745.588 acre land.

Development of infrastructure on acquired land

The Company executed 248 contracts for development out of which, 201 contracts were executed against short term tender notices without any justification and 33 contracts valuing ₹ 63.37 crore very short term tender notices although there was no provision in the Manual for issue of very short term tender notice.

Scrutiny of 40 contracts revealed that tenders were finalised by lower level staff and CE and MD did not sign the tender documents and comparative statements. The MD accorded approval separately on note sheets. The Company finalised 130 contracts by dividing the work in groups without any justification. The Company awarded 107 contracts to the same contractors against which 48 contracts remained incomplete up to March 2012 which defeated purpose of grouping.

The CE made payment of ₹25.51 crore to 19 contractors against 39 contracts although the bills of executed works were not available out of which ₹ 5.64 crore has not been recovered. The inadmissible payment resulted in loss of interest of ₹5.40 crore.

The penalty of only ₹ 1.07 lakh was recovered against recoverable penalty of ₹2.65 crore in 21 contracts.

Ten contracts remained incomplete despite lapse of four to six years leading to blockade of ₹21.17 crore and delaying the infrastructure development.

The payment of ₹3.03 crore was made for supply of material in nine contracts by the Company against the direction (June 2007) of MD. The physical verification revealed that the material of ₹2.21 crore was short at Chakeri-II and Mandhana sites.

Management of Industrial Area

The utilisation of allotted plots ranged between 48.77 per cent and 54.27 per cent during five years up to 2011-12. The Company suffered loss of additional revenue of ₹11.30 crore due to transfer of vacant plots.

In 212 cases, the plots were transferred without executing the lease deed leading to loss of stamp duty of ₹5.40 crore and in 303 cases stamp duty of ₹ 18.81 crore could not be recovered due to non-execution of lease deed.

The reserve price of five group housing plots was fixed in contravention of the rules which resulted in loss of ₹ 110.10 crore.

The allotment of eight Group Housing and 34 commercial plots was done against the prescribed system which resulted in loss of additional revenue of ₹ 152.29 crore at market rate which works out to ₹24.50 crore at the circle rate.

Internal control system

The monthly/quarterly accounts are not prepared due to which it could not ascertain its income due to which it paid penal interest of ₹ 5.45 crore to Income Tax department. Lack of annual inspection of subordinate offices and non-follow up of Internal Auditors report makes the internal control system weak and resulted in fraudulent payment of ₹2.12 crore.

Conclusion and recommendations

The Company failed to achieve the targets of land acquisition and development, made excess payment towards land acquisition charges and compensation, blockade of funds with the District Authorities due to delay in acquisition of land, non-compliance of tendering process. Due to fixation of lower rates of reserve price and non-revision of premium rates led to deprival of earning additional revenue. The internal control system was deficient.

We made six recommendations for achievement of targets for its development, to follow the prescribed tendering process, to follow the rate fixation and revision policy.

Introduction

2.2.1 Uttar Pradesh State Industrial Development Corporation Limited (UPSIDC) was incorporated in March, 1961 as a wholly owned Government Company under the Companies Act, 1956. The administrative control of the Company is with the Department of Industrial Development, Government of Uttar Pradesh (GoUP). The main objects of the Company *inter alia* are to promote industry, companies, projects or enterprises for manufacture and production, acquire tracts of land, develop acquired land to provide basic facilities like aid, assist and finance the industries.

The Company undertakes following stage-wise activities for developing Industrial Areas and implement infrastructure projects sponsored by the Government within the ambit of Central and State industrial policy:

- Acquisition of land;
- Development of infrastructure on the acquired land;
- Allotment of developed land/plots in industrial areas;
- Maintenance of industrial areas.

Organisational set up

2.2.2 The Management of the Company is vested in a Board of Directors comprising 10 Directors including a Managing Director (MD) and a Chairman appointed by the State Government. The MD is the Chief Executive of the Company who looks after day-to-day activities with the assistance of Joint Managing Director (JMD), Finance Controller (FC), General Manager (GM) Administration, Dy. GM (Project), Chief Manager Industrial Area (CMIA), Chief Engineer (CE) and a Senior Land Acquisition Officer (SLAO) and a Company Secretary at the Headquarters.

The land acquisition and construction activities are carried out by 10 Construction Divisions (CD) and two Electrical Divisions (ED) each headed by an Executive Engineer (EE) under overall supervision of CE who is responsible for development of the Industrial Areas (IA). The marketing of developed plots is done by the CMIA through fifteen Regional Offices spread throughout the State. These Regional Offices are headed by the Regional Managers (RM) and are responsible for allotment, transfer, cancellation, and restoration of plots and to ensure utilisation of plots developed in Industrial Areas (IAs). The organisational set up has been indicated in a flow chart (**Annexure-11)**.

Scope of audit

2.2.3 The activities of the Company were last reviewed and featured in the Audit Report (Commercial) of the Comptroller and Auditor General of India for the year 1998-99. Subsequently, a review on Development of Industrial Infrastructure by UPSIDC was incorporated in the Audit Report (Commercial) of the Comptroller and Auditor General of India for the year 2004-05. The review incorporated in the Audit Report for the year 1998-99 has been partly discussed and review incorporated in the Audit Report for the year 2004-05 has not been discussed by the Committee on Public Undertakings (COPU) so far (February 2013).

The present Performance Audit was conducted during October 2011 to July 2012 covering the main activities of the Company *viz.* acquisition, development of land and management of Industrial Areas for the period of five years from 2007-08 to 2011-12.

The Company has developed 144 IAs (52 very fast moving, 61 fast moving and 31 slow moving). The IAs located in Ghaziabad, Varanasi, Kanpur, Lucknow, Surajpur and Project Office, Tronica were selected to cover very fast moving, fast moving and slow moving IAs and related Construction and Electrical Divisions so as to include IAs of all geographical locations.

Audit objectives

2.2.4 The objectives of Performance Audit were to assess whether:

- compliance with the provisions of Acts and Government orders was done by the Company in acquisition of land;
- land acquired by the Company was developed promptly;
- payments were made to the District Authorities as required under the provisions;
- allotment process was fair, transparent and in line with the guidelines;
- allotted plots had been utilised by the allottees for setting up industries;
- Internal control mechanism was efficient and effective;

Audit criteria

2.2.5 The audit criteria for aforesaid audit objectives were:

- Provisions of State Industrial Policy 1998, decisions taken in the meetings of Board of Directors;
- Provisions of Land Acquisition Act, 1894, Land Acquisition Manual, Land Acquisition Karar Niyamawali, 1997 and Government orders and orders issued by the Company;
- Physical and financial targets fixed by Company;
- Provisions of Working Manual of Engineering Wing;
- Provisions of Operating Manual of Industrial Area Wing;

Specific provisions have been mentioned in the related paragraphs of Audit findings.

Audit methodology

2.2.6 A mix of the following methodology was adopted to analyse data and records for deriving audit conclusions:

- Study of State Industrial Policy, Agenda Notes and Minutes of meetings of the Board of Directors, Working Manual of Engineering Wing and Operating Manual of Industrial Area Wing, physical and financial progress reports, Project Reports and Delegation of powers.
- Case-wise scrutiny of land acquisition including Survey and Viability Reports and payments made to the District Authorities.
- Scrutiny of Plot-wise register, case-wise study of allotment, restoration, transfer and sub-division of the plots in the industrial areas.
- Study of premium revision policy of the Company and premium revision done during the last five years.
- Scrutiny of estimates, tender documents, contracts, Measurement Books and payments made for execution of development works.
- Obtaining competent, relevant and reasonable evidences in order to support the audit judgment and conclusion.

- Issue of Audit queries and discussions with Management.

Audit findings

2.2.7 We explained the Audit Objectives to the Management in 'Entry Conference' held on 16 January 2012. Subsequently, Audit findings were reported to the Management and Government in September 2012 and discussed in an 'Exit Conference' held on 11 October 2012**.** The 'Exit Conference' was attended by the Managing Director, Joint Managing Director, Finance Controller, Chief Manager Industrial Area, Chief Engineer, Senior Land Acquisition Officer and other officers of the Company. No representative of the State Government participated in the Exit Conference. While the reply from the State Government was awaited, the views expressed by the Management have been considered while finalising the Performance Audit Report. The audit findings are discussed in the succeeding paragraphs:

Acquisition of land

2.2.8 The Company acquires land from Gram Sabhas and private land owners under the provisions of Land Acquisition Act, 1894 (LAA) as given below:

Sections of LAA	Requirement
	Submissions of land acquisition proposal* with necessary documents and checking thereof by the District Authorities
Section 4	Issue of preliminary notification by the State Government for acquisition of land.
Section 5A	Hearing of objections of the land owners by the Collector.
Section 6	Issue of notification by the State Government for acquisition of land within one year of issue of notification u/s 4.
Section 9	Issue of notice by the State Government for taking possession of the land.
Section 11	Issue of award and declaration of compensation by the State Government.
Section 17	In case of urgency, possession of land can be taken on the expiry of 15 days from the publication of notice under section 9.
Section 2 of Land Acquisition Karar Niyamawali, 1997 (LAKN)	The body acquiring the land can fix the rate of compensation by mutual agreement with land owners and submit the agreement to the Collector for approval.

Targets and achievements

2.2.9 The table below depicts the position of land available for development at the beginning of the year, land acquired and developed during the year and land available for development at the end of the year during five years up to 2011-12:

(Land in acre)

Sl. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
1	Land available for development at the beginning of the year	701*	1208.00	877.51	1584.79	2254.79
2	Target fixed for acquisition of land	1800.00	1500.00	1000.00	600.00	300.00
3	Land acquired	802.00	3.51	1034.48	830.00	38.04
4	Total land available (1+3)	1503.00	1211.51	1911.99	2414.79	2292.83
5	Land developed	295.00	334.00	327.20	160.00	391.00
6	Land available for development at the end of the year (4-5)	1208.00	877.51	1584.79	2254.79	1901.83
7	Percentage of land acquired to target fixed	44.56	0.23	103.45	138.33	12.68
8	Percentage of land developed to total land available for development	19.63	27.57	17.11	6.63	17.05

Source: Progress Report and Action Plan of the Company.

* The proposal for acquisition of land under LAA is sent to Collector and it should contain prescribed Proforma for acquisition of land, Preliminary Investigation Report, Khasara/Khatauni of land under acquisition, Calculation sheet of compensation, Certificate for non-inclusion of Government and ceiling land, Certificate of acceptance of District land Utilisation Committee for acquisition of agricultural land, Certificate of acceptance of Land Utilization Parishad, Certificate of Collector for acquisition of land under Section 17, Village wise survey report of affected families, Certificate to the effect that provision for expenditure for rehabilitation of affected families has been done, Certificate that no dues are pending on the body acquiring the land, Certificate that no religious building e.g. mosque, temple, graveyard etc. is situated on the land, Certificate and order of Collector for acquisition of land, List of assets on the land, Proforma of notification for acquisition of land, Public Notice/ Munadi, Tamila Report.

* Remaining undeveloped land as per Action Plan for the year 2007-08 against acquisition of land during 2006-07.

We noticed the following:

- The target of acquisition of land was not achieved in 2007-08, 2008-09 and 2011-12 due to delays at the level of District Authorities and Government for which effective pursuance on the part of Company was not done.
- Although entire land was acquired under the urgency clause of section 17 of LAA, percentage of land developed to the total land available for development ranged between 6.63 *per cent* and 27.57 *per cent*. The failure of the Company to develop the available land not only led to blockade of fund in subsequent acquisition of land but also resulted in avoidable expenditure in the shape of Sollacium. Further, this indicated that the assessment of requirement of land was done arbitrarily.

Our examination of land acquisition records revealed cases of wasteful expenditure due to land acquisition under urgency clause, excess payment of compensation, loss due to acquisition of land for private entrepreneurs, blockade of fund and non-execution of conveyance deed which have been discussed in succeeding paragraphs.

Wasteful expenditure on land acquisition under urgency clause

2.2.10 As per section 17(1) of LAA, in case of urgency, whenever the Government directs the Collector, he may take possession of any land needed for public purpose on the expiry of 15 days from the publication of notice u/s 9 of LAA, though no such award has been made.

As per Government order No. 2623/10(LA/93A/04 dated 7 December 2004 (issued by Director, Land Acquisition Directorate, Board of Revenue, Uttar Pradesh), Proformae 5 and 21 have been prescribed for computation of estimated compensation, acquisition charges, Sollacuim** and additional compensation. These proformae indicate that 10 *per cent* acquisition charges are payable only on estimated compensation.

The Company submitted following land acquisition proposals u/s 17 of LAA:

(₹ in crore)

Name of villages	Land in acres	Date of proposal, notification, final award and possession				Payment of compensation				Total compen-sation
		Proposal for acquisition	U/s 4	U/s 6	Final award	Compe-nsation	Sollacium	Additional compen-sation	Interest	
Aliabad	240.331	October 2005	December 2008	December 2009	--	18.44	5.53	2.21	-	26.18
Pavi Sadikpur	122.516	October 2005	September 2008	August 2009	--	17.24	5.17	2.06	-	24.47
Chandauli	65.90	February 2001	July 2005	August 2006	July 2010	3.18	0.95	1.19	0.68	6.00
Total	**428.747**					**38.86**	**11.65**	**5.46**	**0.68**	**56.65**

The above table indicates inordinate delay in acquisition of land and the Company could not take physical possession of land so far (December 2012) leading to defeat of purpose of land acquisition under urgency clause.

Payment of Sollacium of ₹ 11.65 crore under urgency clause remained wasteful as the land could not be acquired despite lapse of six to 11 years.

Thus, payment of ₹ 11.65 crore as Sollacium for acquiring 428.747 acre land under urgency clause proved wasteful as the land could not be acquired despite lapse of six to 11 years from the date of submission of the proposals.

The Management stated (4 December 2012) that the Sollacium of 30 *per cent* amounting to ₹ 11.65 crore u/s 23(2) was paid due to compulsory acquisition and additional compensation of ₹ 5.46 crore u/s 1 (1-A) had been paid as per rules. The fact remains that the payment of ₹ 11.65 crore was wasteful as the land has not been acquired despite delay of six to 11 years although it was paid due to acquisition of land under the urgency clause of section 17 LAA.

** Sollacium is award of 30 *per cent* on the estimated compensation in every case of compulsory acquisition.

Non-adjustment of acquisition charges

2.2.11 The Company paid (May 2008) ₹ 5.54 crore towards acquisition expenses against estimated compensation of ₹ 55.43 crore to the District Authorities for acquisition of 274.43 acre land of three villages to develop Leather Park in Agra. The estimated compensation was revised to ₹ 49.52 crore on which acquisition expenses of ₹ 4.95 crore was payable. The District Authorities demanded (20 April 2010) ₹ 3.17 crore as payment of ₹ 46.68 crore only was made by the Company against the revised acquisition cost of ₹ 49.85 crore. The Company paid (10 May 2010) full amount of ₹ 3.17 crore without adjusting excess acquisition charges already deposited to the extent of ₹ 59.10 lakh. This resulted in blockade of funds of ₹ 59.10 lakh.

The Management stated (December 2012) that request has been made to the District Authorities for refund. The same has, however, not been received/adjusted so far (December 2012).

Excess payment of compensation

The Company deposited excess compensation of ₹ 24.67 crore.

2.2.12 The Company in the meeting held (5 June 2007) with the land owners decided that it will give five *per cent* developed land against 10 *per cent* undeveloped land to the land owners of Pachaira and Lutfullapur village. Accordingly, the Company decided (14 June 2007) that compensation for aforesaid 10 *per cent* undeveloped land shall not be paid to the land owners. The Company took (28 March 2008) possession of 115.539 hectare land of Pachaira village and 32.326 hectare land of Lutfullapur village. We observed that the payment of compensation of ₹ 141.92 crore was made as per demand of the District Authorities for the total land acquired without deducting 10 *per cent* compensation of undeveloped land. The payable compensation after deducting 10 *per cent* undeveloped land worked out to ₹ 117.25 crore. Thus excess payment of ₹ 24.67 crore was made to the District Authorities.

The Management stated (December 2012) that the excess payment of ₹ 24.67 crore shall be transferred in other schemes of the district**.** The reply does not explain the reasons for making payment without verifying the accuracy of the demand of the District Authorities and the amount payable as per the decision of the Company.

Loss due to acquisition of land for private entrepreneur

2.2.13 The Company was declared (27 January 2005 and 31 July 2008) nodal agency for acquiring the land for the Entrepreneurs. We noticed that the land was acquired for following entrepreneur without compliance of the provisions of LAA.

The Company acquired land for TATA Motors without executing agreement with them and deposited compensation with District Authorities resulting in loss of interest of ₹ 0.79 crore and blockade of ₹ 1.65 crore.

The Infrastructure and Industrial Development Commissioner (IIDC) in a meeting (July 2006) with the Company and Tata Motors decided to acquire 100 acre land for Tata Motors for their expansion project. Accordingly, the Company submitted (November 2006) a proposal for acquisition of 93.81 acre land in Lucknow without executing any agreement with Tata Motors for payment of acquisition cost which was violation of LAA. The Company paid an amount of ₹ 3.31 crore to the District Authorities during September 2007 to December 2008 and GoUP issued notification (23 June 2009) u/s 4 of LAA for acquisition of land. During the land acquisition process the vendors of Tata Motors encroached the notified land. The Company decided (6 October 2010) to drop land acquisition proposal as per the report of District Magistrate (DM) (16 September 2010) that land was encroached and law and order problem would arise on handing over the possession of land. The Commissioner on the request of the Company decided (15 December 2010) that deduction of acquisition charges shall not be made. However, a sum of ₹ 1.65 crore was only refunded (31 January 2011) to the Company and amount of ₹ 1.65 crore was retained by District Authorities. Thus, the Company suffered loss of interest of ₹ 0.79* crore on the fund remained blocked with District Authorities besides an amount of ₹ 1.65 crore remained blocked in the absence of any agreement with TATA Motors.

The Management stated (December 2012) that the Tata Motors neither submitted application for acquisition of 93.81 acre land nor gave consent on the conditions. Therefore, the proposal was submitted for acquisition of land in the name of the Company for expansion of Chinhat IA and payments were made as per demand of the District Authorities. The DM intimated law and order problems in handing over the land and therefore, decision was taken to drop the proposal. The efforts were being made for recovery of ₹ 1.65 crore. We do not agree as the reply is contrary to the decision of IIDC wherein it was decided that the acquisition of land shall be done for expansion project of Tata Motors. Therefore, the agreement should have been executed with Tata Motors and acquisition cost recovered from them.

Blockade of funds due to inadequate action under LAKN

The Company could not settle the dispute with land owners by entering into agreements with them. Due to this land could not be acquired resulting in blockade of funds of ₹ 297.29 crore.

2.2.14 A reference is invited to paragraph 2.1.21 regarding acquisition of land for Growth Centre, Khurja featured in Audit Report (Commercial) for the year ended 31 March 2005. We further observed that the Company acquired 1,200.483 acre land in Khurja in 1993 under urgency clause for setting up Growth Centre. The payment of compensation of ₹ 10.29 crore had been made to the land owners up to January 2011. Similarly, acquisition of 2,584.292 acre land of ten villages of Buland Shahar was done during April 1999 to April 2005 under urgency clause. The payment of compensation of ₹ 287 crore has been made up to September 2012. The Company could not obtain physical possession of the land in both cases due to dispute with the land owners on compensation. The Company could not settle the disputes with land owners under LAKN which not only delayed the infrastructure development on 3,784.775 acre land but also led to blockade of ₹ 297.29 crore.

The Management stated (December 2012) that action was being taken to execute agreements with the land owners in case of land acquired in Khurja and in case of Buland Shahar, agreements have been executed at compensation of ₹ 650 per sqm with 1,359 land owners out of 1,855 land owners of six villages. We do not agree with the reply as the Company has delayed the process up to eight to 15 years although land was acquired against urgency clause.

Non-execution of conveyance deed

2.2.15 The Company has acquired 48,551.088 acre land (March 2012) out of which conveyance deeds of only 27,745.588 acre land (57.15 *per cent*) has been executed (up to March 2009 as per finalised Accounts for the year 2008-09). In one case DM, Chatrapati Sahuji Nagar intimated (July 2011) the Company that 123.15 acre land was allotted to Samrat Bicycles Limited on lease which irregularly executed conveyance deed in their name and the allottee may proceed to sell the land. We are of the opinion that a delay in

* Calculated at the rate of seven *per cent* being lowest rate on fixed deposit.

execution of conveyance deeds is a risk that could lead to misappropriation of land by the allottees.

The Management stated (December 2012) that action was being taken for execution of conveyance deed of remaining land. The action for cancellation of conveyance deed of land allotted to Samarat Bicycles Limited and execution of conveyance deed of the aforesaid land in the name of the Company was being done by Executive Engineer, Construction Division-VI. We do not agree as the reply is silent about the reasons for the delay in the execution of conveyance deed by the Company.

Development of infrastructure in acquired land

2.2.16 High quality infrastructure developed in industrial area not only plays a pivotal role in industrialisation but also provides competitive edge to industry as it increases productivity of capital employed in the industry and reduces the cost of production. The State Industrial Policy, 1998 and 2004 emphasised the need for creation of high quality infrastructure facilities like sewerage, roads, drains, culverts, common facility centers and provision of water, electricity etc. for attracting entrepreneur to establish industries in the State.

Targets and achievements

2.2.17 The table below indicates the targets fixed for land development and achievements there against during the last five years up to 2011-12:

Year	Development of land (in acres)		Excess (+) Shortfall (-) (in acres)	Allotment of developed land (in acres)	Percentage of allotment to developed land
	Target	Achievement			
2007-08	1300.00	295.00	(-)1005.00	349.00	118.31
2008-09	1082.00	334.00	(-)748.00	362.99	108.68
2009-10	1202.00	327.20	(-)874.80	413.82	126.47
2010-11	200.00	160.00	(-)40.00	442.93	276.83
2011-12	519.00	391.00	(-)128.00	262.11	67.04

Source: Progress Reports for the period 2007-08 to 2011-12.

As evident from the above:

- targets have been fixed without assessment of demand of developed land from the entrepreneurs.
- Company failed to achieve the targets of development of land during the period of five years up to 2011-12.

The percentage of allotment of land against land developed ranged between 67.04 and 276.83 which indicate that there has been huge demand of plots from entrepreneurs.

Execution of contracts for development works

2.2.18 Para 20.7.6 of the Working Manual for Development and Maintenance of Industrial Areas (WMDMIA) prescribes that the Tender notice shall normally be issued at least 21 days in advance of the date of receipt of Tender, so as to provide adequate publicity to it for competitive bidding. The advertisement of Tender should also appear in newspaper at least 15 days in advance of the date of receipt of Tender. However, a Short tender notice of eight days may be issued in case of urgency for which prior approval of CE is required. Where re-tendering for the "Same Work" becomes necessary or when there is "unavoidable" urgency of work, short term tender of eight days may be issued giving complete justification for it.

Para 20.8.1 of the WMDMIA prescribes that for tenders above ₹ 75 lakh and up to ₹ 150 lakh, tender shall be approved by a Committee consisting of CE

(Chairman), DGM (Project), EE nominated by CE and Manager/Dy. Manager (Accounts) nominated by MD as member. The tender above ₹ 150 lakh shall be approved by a Committee comprising of MD (Chairman), CE as member convener, FC as member and officer nominated from PM/Project section.

The Company executed 248 contracts at the Headquarters during five years up to 2011-12 as detailed below:

Sl. No.	Year	Contracts executed (Number)	Value of contracts (₹ in crore)	Payment made (₹ in crore)
1.	2007-08	10	22.10	17.46
2.	2008-09	84	126.94	122.36
3.	2009-10	74	122.86	109.67
4.	2010-11	36	48.75	30.21
5.	2011-12	44	79.74	21.50
	Total	**248**	**400.39**	**301.20**

Out of 248 contracts, four contracts were executed against full term tender notices, 201 contracts were executed against short term tender notices and 33 contracts of the value of ₹ 63.37 crore were executed against very short term tender notices[*] and the case files of 10 contracts were not available with the Company as these were in custody of Special Investigation Team (SIT). We examined 40 contracts of the value of ₹ 61.67 crore which revealed following:

- Nineteen tenders of the value of each above ₹ 1.50 crore and 21 tenders of the value of each up to ₹ 1.50 crore were required to be approved by the Committee under chairmanship of MD and by the Committee under chairmanship of CE respectively. However all the tenders were opened and scrutinised by either Junior Engineers (JE) or Assistant Engineers (AE).
- The comparative chart and tender documents were not signed by the CE and MD and the approval was accorded by them separately on the note sheet.
- Twenty five contracts were finalised against short term notices and the general approvals for short term tender notices were obtained in five cases only. Further, the reasons for inviting tenders against short term notices were not on records.
- In three contracts of value of ₹ 3.39 crore finalised by the Committee under chairmanship of Chief Engineer, approval of the MD was not obtained.
- We further observed that in contravention to the Para 21.1 of the WMDMIA, payment of ₹ 5.24 crore against four contracts[&] (each valuing more than ₹ one crore) was made without approval of the MD.

The Management stated (December 2012) that the explanation was being called for from the officers responsible for inviting tenders against very short term notices. It further stated (13 February 2013) that all the very short term tenders were invited with the approval of the MD to achieve to annual targets due to Lok Sabha elections. Thus, the Management's replies are contrary to each other.

[*] There is no rule for issue of very short term tender notice.

[&] ₹ 1.19 crore against CB No. 57/CE/2008-09 dated 31 March 2009, ₹ 1.16 crore against CB No. 60/CE/ 2008-09 dated 21 March 2009, ₹ 1.45crore against CB No. 61/CE/2008-09 dated 21 March 2009 and ₹ 1.44 crore against CB No. 62/CE/2008-09 dated 21 March 2009.

Grouping of work

2.2.19 Para 20.1 of WMDMIA prescribes that the sanctioned works can be arranged in one or more groups as deemed suitable keeping in view the requirement of site/progress, after approval of Chief Engineer (CE).

We observed that, during the period of Performance Audit, CE executed 130 contracts of ₹ 197.73 crore against 55 sanctioned estimates of ₹ 245.72 crore for development works by dividing the works of these estimates in groups. Justifications for requirement of site/progress for grouping of the works of these 55 estimates were, however, not on records. Out of these, 74 contracts of ₹ 104.60 crore were completed and 56 contracts of ₹ 93.13 crore remained incomplete of which ₹ 47.61 crore have been paid as of 31 March 2012**.** Further, out of 130 contracts, 107 contracts pertaining to 44 estimates were awarded to same contractors. Against 107 contracts, 48 contracts remained incomplete as of 31 March 2012 which defeated the purpose of grouping of the works.

The Management did not furnish any reply.

Undue favour to contractors

2.2.20 Clause 21.1 of WMDMIA provides that payment against the contracts of more than ₹ one crore shall be made by the CE and final bill shall be paid after approval of the MD.

In this connection following points were noticed:

- The CE made (November 2005 to July 2007) payment of ₹ 25.51 crore to the 19 contractors against 39 contracts against the running bills; although the running bills were not available on record. Thus, the payment was undue favour to the contractors and amounted to financing of the contractors by the Company. The bills against executed works were also not available in CE office as detailed in **Annexure-12.** Thus, the payment of ₹ 25.51 crore to the contractors was irregular.

The Management stated (February 2013) that the payment was made under provisions of para 21.2.3 of WMDMIA which prescribed for payment of advance to contractors in contracts above ₹ 100 lakh by the CE on his own assessment where the work has not been measured. The payment has been made on the recommendation of concerned EE on demand of the contractors and amount paid has been adjusted. We do not agree with the reply, as the recommendations of EE, demand of the contractors and assessment done by the CE were not available on records.

- As against payment of ₹ 25.51 crore, an amount of ₹ 19.87 crore paid to the contractors was adjusted during April 2006 to August 2009 from the subsequent bills and a sum of ₹ 5.64 crore remained unrecovered as on 31 March 2012. The Company charges interest from the allottees at the rate of 14 *per cent* in fast moving and 13 *per cent* in slow moving industrial areas. The Company suffered loss of interest of ₹ 5.40 crore due to irregular and inadmissible payments made to the contractors as detailed in **Annexure-12.**

The Management stated (February 2013) that the payment was made against executed works and loss of interest was not justified. We do not agree as the payment had been made prior to execution of works.

- As per terms of clause 2 and 3 of the general conditions of the contract if contractors fail to complete work within scheduled time, penalty is to be levied at rates ranging from 0.5 *per cent* per week of the value of contract subject to the extent of security deposit available. It was noticed that penalty amounting to ₹ 2.65 crore was leviable in 21 contracts as the time extension was either not applied by the contractors or not approved by the CE against which penalty of ₹ 1.07 lakh only was levied and recovered. Thus, penalty of ₹ 2.64 crore was not levied extending undue favour to the contractors.

The Management stated (December 2012) that the time extension had been allowed on the recommendation of concerned EE. We have, however, excluded the cases where extension has been granted. The penalty of ₹ 2.64 crore has not been levied in the cases where either contractors had not applied for extension of time or applied but not approved by the CE.

- The Company's office order (14 August 2007) provided that each work should be inspected at three stages or on critical stage, if any. The first stage will be in the first quarter of start i.e. at 15 to 20 *per cent*, second stage at 50 to 70 *per cent* and last stage at 80 to 99 *per cent* of the progress of work.

  We noticed that out of 39 contracts, prescribed three checking were done in five contracts only; no checking was done in nine contracts, in 20 contracts one checking was done and in five contracts two quality checking were done against prescribed three quality checking.

The Management stated (December 2012) that the quality checking by external agency had been done. We do not agree as no third party checking reports were available.

- The value of work awarded through 39 contracts was ₹ 88.06 crore; out of which the work of ₹ 34.17 crore was awarded against 10 contracts. Despite lapse of more than four to six years, these works were still incomplete against which payment of ₹ 21.17 crore had been made and the works of ₹ 13.00 crore had not been completed so far (March 2012). This not only led to blockade of fund of ₹ 21.17 crore **(Annexure-13)** but also delayed the infrastructure facility for industrial development. No action was initiated against these contractors.

The Management stated (February 2013) that action had been initiated to complete the works. Action shall be taken against the contractors who fail to complete the works.

2.2.21 Besides the above 39 contracts, the Company paid (19 November 2009) a sum of ₹ 1.11 crore to Gupta Associates (contract no. 54/CE/2009-10 of 30 October 2009). We noticed that the bill against executed work was not available with the CE section. The work was lying incomplete as of July 2012. No action has been initiated against the contractor.

The Management stated (February 2013) that the payment had been made in terms of para 21.2.3 of the manual on recommendation of the EE and demand of the contractor. It further stated that the bill had been sent by the concerned EE and efforts were being made to complete the work. We do not agree as the payment was made without assessment of the executed work. The recommendation of the EEs and demand of the contractor were not available on record.

Non-utilisation of material

2.2.22 The Managing Director directed (June 2007) that the payment should be made only on completion of item of work as per bill of quantity. We observed that an estimate for construction of six metre span of 16 meter roadway, RCC culvert on pipeline of Indian Oil Corporation (IOC) in Industrial Area, Chakeri II was sanctioned (16 October 2008) for ₹ 1.95 crore. The Construction Division, Kanpur executed (28 January 2009 and 26 February 2009) three contracts for construction work against short term tender notice. We observed that the contractors supplied material and payment of ₹ 90.58 lakh was made against the material. The contracts were rescinded (3 November 2010) as the IOC did not permit for execution of work. It was decided (3 November 2010) that the material shall be utilised for the development work of Mandhana Industrial Area.

There was no physical existence of the material valuing ₹ 2.21 crore.

Subsequently, the Company executed eight contracts during December 2010 and January 2011 for development work of Mandhana, Industrial Area against short term tender notice. The payment of ₹ 2.83 crore was made (January 2011 to June 2011) to the contractors which included the material cost of ₹ 2.12 crore against six contracts. We noticed that despite decision of the MD, earlier supplied material of ₹ 90.58 lakh was not utilised by the Division in development work of IA Mandhana. The work of IA Mandhana was also stopped (25 July 2011) due to protest of land owners. The physical verification conducted (31 March 2012) by the Divisional Engineer revealed that the material of ₹ 2.21 crore pertaining to Industrial Area Chakeri and Mandhana was not available on the work site. The Division neither lodged FIR with the police for shortage of material nor responsibility for aforesaid lapses was fixed so far (December 2012).

The Management stated (December 2012) that the concerned Executive Engineer, Assistant and Junior Engineer have been suspended.

Management of Industrial Area

Marketing of plots

2.2.23 The Company, in its Order dated 21 November 2005, streamlined the procedure for allotment of plots as below:

- The RM shall submit detailed time bound programme and cost estimate of marketing to Headquarters for approval. The applications shall be invited by making wide publicity through National level newspapers, Internet/web-site, magazines and journal.
- The details of experience, elaborated Project Report and documents in support of financial strength and technical expertise shall also be obtained to examine the interest of allottee in setting up of project.
- The Industrial plots shall be allotted after conducting interview of applicants at Regional Office by a Committee comprising RM, concerned EE, representative of Headquarters and an Expert member.
- Decision for allotment of plots above one acre shall be taken by a Committee of the Headquarters.

Residential/Commercial/Group Housing/Institutional plots

- The residential plots up to 500 sqm were to be allotted by the Region level Committee and above 500 sqm by the Headquarters level Committee.
- Allotment of commercial/group housing/institutional plots shall be made under bid system for which RM shall submit clear proposal to the Headquarters for approval for marketing *viz.* reserve price, application

money to be demanded, uses to be allowed, date of starting and closing for bids and cost estimate.

The bids shall be invited by the Headquarters for plots (other than residential) above one acre and decision shall be taken by the Headquarters level Committee. The Region level Committee shall finalise the allotment of plots up to one acre with the approval of the Headquarters.

After development of infrastructure in Industrial Area (IA), the plots developed by the Construction Divisions are transferred to RM for allotment. The details of development, allotment and utilisation of plots during the five years up to 2011-12 are depicted in the table below:

Sl no.	Particulars	Plot in number and area in acre	2007-08	2008-09	2009-10	2010-11	2011-12
1	Land (including undeveloped land) available for allotment	Plots	38838	35258	31343	35553	34715
		Area	28090.1	29927.02	31187	33656.18	32717.78
2	Land allotted	Units	27503	24288	21868	24673	24098
		Plot	37100	30845	27998	31574	30663
		Area	25189	27523.05	26196.57	28343.72	27360.16
3	Land not available for allotment due to encroachment/litigation	Plots	1139	1154	1027	1427	808
		Area	766.14	570.44	1028.95	882.37	747.41
4	Balance land as per land utilisation statement	Plots	2610	1881	2194	2480	3282
		Area	3286.48	2867.46	3406.12	3846.94	4129.94
5	Actual Balance (1-(2+3)	Plots	599	3259	2318	2552	3244
		Area	2134.96	1833.53	3961.48	4430.09	4610.21
6	Difference (5-4)	plot	-2011	1378	124	72	-38
		Area	-1151.52	-1033.93	555.36	583.15	480.27
7	Land under production	Units	6375	8412	8157	9095	9841
		Area	12285.4	13679.12	13529.08	14370.7	14847
8	Land with sick/closed units	Units	2169	1912	1752	1945	2421
		Area	2940.79	5312.55	3380.97	3751.45	3951
9	Land under construction by allottee	Units	2557	2489	2583	2807	2722
		Area	3196.41	3766.99	3663.25	4103.49	3177.99
10	Utilised land (7+8+9)	Units	11101	12813	12492	13847	14984
		Area	18422.6	22758.66	20573.3	22225.64	21975.99
11	Unutilised land (2-10)	Units	16402	11475	9376	10826	9114
		Area	6766.4	4764.39	5623.27	6118.08	5384.17
12	*Per cent* of allotment to developed plots	Area	89.67	91.97	84.00	84.22	83.62
13	*Per cent* of land under production against allotment	Area	48.77	49.70	51.64	50.70	54.27
14	*Per cent* of sick/closed units to allotted units	Area	11.67	19.30	12.91	13.24	14.44

Source: Land Utilisation Statement for the period 2007-08 to 2011-12.

It is seen from the above table that:

- The balance land at the end of the year has difference with the balance as worked out in audit ranging between (-) 1151.52 acre and 583.15 acre during the period of five years up to 2011-12 which has not been reconciled by the Management.
- The utilisation of allotted plots by units under production ranged between 48.77 *per cent* and 54.27 *per cent* during the period of five years up to 2011-12. This indicated that allottees were not entrepreneurship centric and were, rather, interested in speculative business of the plots as discussed in subsequent paragraph 2.2.24.
- The plots having area of 747.41 acre valued at ₹ 440.10 crore were not available for allotment (at the end of March 2012) due to litigation/encroachment. Plot-wise details showing reasons for litigation/encroachment were not available on records.

The Management stated (December 2012) that the land was not actually in litigation but the tracing of plots have not been made available by Divisions for which action would be taken. We do not agree with the reply as the information made available to Audit indicated that the plots were not available due to not remitting tracing of plots by the Construction Divisions and also due to construction of temples and graveyards on the developed plots.

Industrial plots

In allotment of industrial plots we noticed various irregularities as discussed in succeeding paragraphs:

2.2.24 The plots are allotted for establishing the industrial units within two years failing which the allotment was to be cancelled. As per policy detailed in Chapter 6 of the Operating Manual, no lessee can transfer the allotted plot without prior approval of the Company. The permission for transfer is accorded after charging transfer levy ranging from five to 15 *per cent* except in case of transfer in case of inheritance, death of allottee. The Board of Directors in its 258 meeting (17 October 2007) prohibited the transfer of vacant plots with effect from 1 April 2008 on the ground that transfer of vacant plots leads to speculative business and affects the industrialisation process. The Board of Directors in its subsequent meeting (February 2010) removed the ban on the transfer of plots on the ground that the Company will receive the transfer levy which would strengthen its financial strength and the Entrepreneurs will get the plots easily which will induce the industrial development of the state.

We observed in audit of one industrial area each of Tronica City, Surajpur and Lucknow regions that 131 vacant plots were transferred as detailed below:

Region	Number of IA	Allotted plots up to 31 March 2012		Plot transferred during 2007-08 to 2011-12	IA checked	Plot in IA	Plots transferred in IA	Loss* Of revenue (₹ in crore)
		No.	Area in acres					
Tronica City	3	2412	455.71	1677	Tronica	2302	25	5.26
Surajpur	9	4466	2683.74	1940	Site- 4	339	31	4.77
Lucknow	22	1880	2970.65	277	Agro Park	294	75	1.27
Total	**34**	**8758**	**6110.10**	**2204**		**2933**	**131**	**11.30**

Source: Plot-wise Registers and Plot Transfer Registers

- Twenty one plots were transferred irregularly during period from August 2008 to January 2010 when the ban was in force.
- 110 vacant plots were transferred during five years instead of cancelling and making afresh allotments.

Permission of transfer of vacant plots resulted in depriving the additional revenue of ₹ 11.30 crore besides leading the speculative business.

We observed that there was a clear demand for these plots and, as such, the prudent option would have been to cancel them for non-utilisation and allot afresh at prevailing rates instead of allowing the transfer. This would have strengthened the financial position of the Company by way of earning additional revenue of ₹ 11.30 crore. Further, it would have stopped the speculative business and ensured the entrepreneurs get plots easily.

The Management stated (December 2012) that the Company always keeps in view the speculative business of plots, but transfer of plots cannot be banned because transfer of plots is a facility to those allottees who wants easy exit due to their financial problem or due to death etc. By transfer, the Company is managing better utilisation of plots and fast growth of industrialisation. If Company disallows the transfer and cancel the allotted plots, it may lead to litigation and plots shall not be available for re-allotment. The purpose of industrialisation would be forfeited. Therefore, the logic of cancellation without giving opportunity of exit is not correct. We do not agree with the reply as it is contrary to the condition of the allotment letter which states that if

* Premium at prevailing rate – ₹ 29.49 crore *minus* (premium received at the time of allotment–₹ 14.64 crore *plus* transfer levy received – ₹ 3.55 crore).

the plot is not utilised within two years, allotment shall be cancelled. Further, facility of time extension is available to the allottee for utilisation of plot beyond period of two years. Therefore, in case of non-utilisation, the allotment should have been cancelled to allot the plot to potential entrepreneurs. Further, the transfer of plots by the allottees leads to speculative business of plots which affects the industrialisation of the State.

Non-revision of rates

2.2.25 The Company fixed (14 January 2010) premium of ₹ 6,000 per sqm for allotment of industrial plots in Pocket-I of newly developed Sector A-7 of Tronica City which was valid till 31 March 2010 and it was *inter alia* stated that thereafter, it will to be revised as per established procedure which prescribes that the premium rate in very fast, fast moving and slow moving areas would be revised adding 10 *per cent* and five *per cent* respectively.

The premium rate was not revised after 31 March 2010. The Project office received 423 applications against 166 plots advertised (16 January 2010) for allotment in Sector A-7. Interview of the applicants was conducted during 5 March 2010 to 18 March 2010. The 164 plots were allotted in June 2010 at the rate of ₹ 6,000 per sqm. According to Chapter-III of the Operating Manual of industrial area, rate of premium prevailing on the date of allotment was applicable. We noticed that the premium rate was not revised to ₹ 6,600 per sqm after 31 March 2010 by adding 10 *per cent* on it as per prescribed procedure. Since premium at the old rate of ₹ 6,000 per sqm was recovered from these allottees, it could not earn additional revenue of ₹ 3.29 crore.

The Management stated (December 2012) that the rate of ₹ 6,000 per sqm was fixed on 14 January 2010. The costing section again confirmed (15 September 2010) the premium of ₹ 6,000. Thus, there was no loss. The reply was not in consonance with order of January 2010 which envisaged that the rate shall be revised after 31 March 2010 as per prevailing procedure.

Non-creation of buffer area for schools in Industrial Areas

2.2.26 The State Government directed (August 2004) that the plots may not be allotted for operation of schools in IAs and where permission has already been granted, a buffer area may be demarcated around the schools and permission may be given for establishment of only non-polluting industries to save the children from pollution. The Pollution Control Board (PCB) also directed (31 August 2005) for compliance of directions of the State Government.

We observed that six schools[*] were running in the Industrial Areas of Ghaziabad Region since long back despite directions of GoUP. The Company has not taken any action for creating buffer area around the schools despite lapse of more than eight years.

The Management stated (December 2012) that the point has been noted for compliance. Strong notices shall be issued to the schools for shifting or to create pollution free environment outside the schools. Request shall be made to PCB to provide new technologies to make pollution free environment around the schools. We do not agree with the reply as the Company was responsible for making buffer area around the schools for which no action had been taken.

[*] Silver line Public School Ghaziabad, Delhi Public School, Ghaziabad, Abhudaya School, Sahibabad, New Era School, Shankar School, Buland shahar Road- Ghaziabad, Ryan International School, Ghaziabad.

Loss to exchequer due to transfer of plots without executing lease deed

2.2.27 As per provision in allotment letters issued by the Company, the allottees are required to execute lease deed of the plot with the Stamp and Registration Department within 90 days of the allotment.

We observed that the allottees had, however, not executed lease deed within time. The Company has not developed any system to ensure compliance of this condition by the allottees. This led to loss to the exchequer to the extent of ₹ 24.21 crore in 515 cases out of 3490 checked by us:

Permission of transfer of plots without lease deed resulted in loss to the exchequer of ₹ 5.40 crore. Further, non-execution of lease deed led to non-recovery of stamp duty of ₹ 18.81 crore.

- 212 plots (6 *per cent)* were irregularly transferred by the original allottees who had not executed lease deed. This resulted in loss of ₹ 5.40 crore to the exchequer**.**
- In 303 cases (who were allotted plots during January 1970 to February 2012), original allottees did not execute lease deeds even after lapse of 90 days from the date of allotment. This led to non-recovery of stamp duty of ₹ 18.81 crore.

The Management stated (December 2012) that the observation has been noted and strict view has been taken for executing lease deed within six months after allotment of plots for new allottees and 90 days after transferring of plot to new transferee.

Housing plots

Allotment of group housing plots

2.2.28 The Uttar Pradesh State Industrial Development Authority (UPSIDA) in its 16th Board meeting, decided (February 2009) that for Tronica City and Ghaziabad region the norms of Ghaziabad Development Authority (GDA), for Surajpur region and other Industrial Areas of National Capital Region the norms of Greater Noida Authority (GNA) and for other areas the norms of concerned Development Authorities shall be applicable.

Para 2.09 (VI) of the Operating Manual of Industrial Area of the Company prescribed that the reserve price of land for commercial uses in residential areas in fast and in very fast moving area shall be fixed by multiplying the plot by 2.50 of residential rate.

The Company allotted (June 2011 to August 2011) three Group Housing plots (HRA 9, 10, 11) in Site-C extension of Surajpur Industrial Area through bidding at the rates of ₹ 7,950 to ₹ 7,965 per sqm against the reserve price of ₹ 7,850 per sqm and two other Group Housing plots (HRA 12, 14) in November 2011 at the rates of ₹ 8,090 and ₹ 8,080 per sqm against the reserve price of ₹ 8,000 per sqm. We observed that the Company followed all other norms of GNA except system of pricing. The GNA determines rate of housing plots by applying the factor of 1.91 to 5.12 of the rate of industrial land[&].

The Company fixes the premium rates of the Group Housing plots taking the factor of 1 of residential plot. The Company fixed reserve price of ₹ 7,850 per sqm against costing of ₹ 7,827 per sqm and ₹ 8,000 per sqm was fixed against ₹ 7,950 per sqm against highest quoted rates of preceding bid.

[&] As discussed in 264th Board meeting of Company held on 12 November 2008.

Fixation of reserve price at lower side for Group Hosing plots resulted in deprival of additional revenue of ₹ 110.10 crore.

The Group Housing plots were allotted to the private builders who were in business of construction of flats for sale to public which was a commercial activity. The premium of commercial plot located in residential area should have been fixed by taking cost of residential plots in the area and the factor of 2.50 in very fast/fast moving area as prescribed by the Company. Since the cost of the developed land was ₹ 7,827 per sqm, the reserve price should have been fixed at ₹ 19,567.50 per sqm. Thus, fixation of reserve price at lower side led the bidder to quote lower rate which deprived the Company from additional revenue of ₹ 110.10 crore* in allotment of five Group Housing plots.

The Management stated (December 2012) that the residential rate and Group Housing rate of GNA for all sectors was ₹ 10,500 per sqm and the 2.75 FAR was given against prescribed FAR of 2.50 for parity with GNA as Surajpur housing was in the Greater Noida Area. We do not agree with the reply as the Company did not adopt the system of GNA completely nor fixed the reserve price as per its own working manual. The plots were allotted to the builders for construction of flat and its sale. Since activity of the builder is of commercial nature, reserve price should have been fixed accordingly.

Allotment of commercial and group housing plots in Tronica City

2.2.29 The Board of Directors prescribed (26 June 1992) that the premium rate should be fixed considering the prevailing market rate in the vicinity of the industrial area. Para 2.06 of the Operating Manual also prescribed for sale of plots at prevailing market rate.

The Company allotted (August 2006 and March 2007) 96,600 sqm plots of Group Housing and 76,640 sqm of Commercial plots in Tronica City. The MD pointed out (May 2007) following irregularities in the allotment of land:

- Bids received were examined by a Committee and submitted to CE for approval. The approval from MD and JMD was not obtained as the unlimited powers were delegated to the CE by the then MD vide order of 6 August 2005**.** The order of delegation of unlimited powers to CE was irregular**.**
- The Media plan for the advertisement was not got approved from the competent authority.
- The allotment of plots was not widely circulated as advertisements were released only in Financial Express and Dainik Bhaskar which had limited circulation.
- The reserve price fixed at Headquarter was ₹ 3,200 per sqm to ₹ 4,475 per sqm for Group Housing and ₹ 5,500 per sqm to ₹ 11,500 per sqm for commercial against market rate ranging between ₹ 12,000 and ₹ 13,000 per sqm for Group Housing and up to ₹15,000 per sqm for commercial.
- The condition for submission of commercial and technical experience of applicant was not incorporated as a condition in bid document.

In view of the above, MD recommended for investigation by CBI. The State Government initiated (22 June 2007) the inquiry by Special Investigation Team (SIT) of the UP Police in the matter which was still in progress (December 2012). The scrutiny of records made available to Audit revealed that the Headquarters Committee invited bids, selected allottees and sent the

* Plot No. HRA-9: ₹13.83 crore, HRA-10: ₹ 40.80 crore, HRA-11: ₹ 15.91 crore, HRA-12: ₹ 26.26 crore and HRA-14: ₹ 13.30 crore.

selection letters of allottees to the Project Office. Accordingly, the Project Office allotted 8 Group Housing plots and 34 commercial plots during October 2006 to March 2007. During scrutiny of records we observed that:

- the original bids submitted by the allottees, records relating to fixation of reserve price and media plan for sale of plots were not made available to Audit.
- the plots were allotted at the rates lower than the then prevailing market rates and circle rates in contravention of Para 2.06 of the Operating Manual and approval (26 June 1992) of the Board of Directors.

Due to allotment at lower rates, the Company suffered loss of additional revenue of ₹ 152.29 crore worked out at the market rates. This worked out to ₹ 24.50 crore at the circle rate.

- the matter was placed in the meeting (27 May 2009) of the Board of Directors. The Board was apprised that the plots were allotted on the basis of advertisement given in the local news papers which had limited circulation and allotments were done at the lower rates of ₹ 3,200 to ₹ 4,475 per sqm in Group Housing and ₹ 5,500 to ₹ 11,500 per sqm in commercial plots against prevailing market rate of ₹ 12,000 to 13,000 per sqm for Group Housing and ₹ 15,000 per sqm for commercial plots. Due to allotment of plots at lower rates the Company suffered loss of additional revenue of ₹ 152.29 crore at the market rates which at the circle rate works out to ₹ 24.50 crore as shown in **Annexure-14**.
- Para 2.16 of the Working Manual provided that if the area is increased up to *10 per cent*, the matter shall be decided by the RM, otherwise, the case shall be referred to the Headquarters for approval. The allotments were made without finalisation of tracing of plots due to which allotment of 41,134 sqm was done in excess of the area approved by the Headquarters for allotment. In 14 cases, the excess area was more than 10 *per cent* which was finalised by the Project Office itself without approval of the Headquarters**.**
- construction plan and map had been sanctioned only in eight cases and rest of the allottees had not submitted these documents for sanction as of May 2012.
- premium of ₹ 43.30 crore and interest of ₹ 29.31 crore was accumulated against 34 allottees at the end of January 2012 but action had not been taken for cancellation of plots in terms of the allotment letters.

The Management stated (December 2012) that the allotment was made to the highest bidder keeping in view corresponding rate of the Company against reserve price. No basis was available in the files for market price of ₹10,000 per sqm for Group Housing and ₹12,000 per sqm for commercial plots. It is a fact that SIT enquiry in 44 allotments has impeded the development, growth, allotment and habitation of Tronica City and no Group Housing plot could be allotted even after fixing the reserve rate of ₹ 7,000 per sqm since 2007 which puts a big question mark on the assumption of market price wise calculating loss. It was further stated that the works were allocated to Class-I officers vide order of 6 August 2005. On posting of General Manager (D) on deputation, the powers of General Manager were assigned to CE.

We do not agree with the reply as reserve price was fixed at lower side than the market price which was assessed by the Company itself. Further, the order of delegation of powers (6 August 2005) prescribed reporting officer for the each officer allocated with power. The allotments have been done without approval of the JMD/ MD who were the Reporting Officer. The CE was held responsible (6 August 2009) for violating the power, procedural irregularities and supervision lapse in enquiry conducted by JMD and two increments were withheld permanently and has been censured. The investigation against CE has been reopened (6 January 2012) and the AMD has been appointed enquiry officer against which CE has filed a writ in the High Court Allahabad.

Internal control mechanism and Internal audit

Internal control is a process designed for providing reasonable assurance for efficiency of operation, reliability of financial reporting and compliance with applicable laws and statutes. Audit analysis of internal control procedures/mechanisms revealed the following deficiencies:

Inadequacy of manpower leading to lack of internal control

2.2.30 The Company did not conduct any analysis for requirement of manpower with reference to quantum of work since inception. The State Government, however, sanctioned (11 January 2002)* 801 posts of staff and officers and further sanctioned 514 posts of staff on temporary basis for appointments to clear the backlog of reserve categories. The working strength of the manpower against the sanctioned strength at the end of the year 2011-12 are detailed below:

Class	Posts sanctioned in			Total sanctioned strength	Actual strength	Vacant posts
	2002	2007 and 2008	2011			
A	79	5	-	84	53	31
B	81	2	-	83	50	33
C	444	2	95	541	421	120
D	197	-	410	607	443	164
Total	**801**	**9**	**505**	**1315**	**967**	**348**

We noticed the following:

- As evident from the above table, there was shortage of 348 staff. There was shortage of 31 class 'A' and 33 class 'B' officers responsible for direction and monitoring of the work which resulted inadequate monitoring. Further, shortage of 284 lower staff affected the performance level and led to delayed execution of work resulting in avoidable expenditures and losses.
- The Company deployed (1 October 2011 to 31 March 2012) 35 staff on fixed pay basis for which approval of the Board of Directors/State Government has not been obtained (February 2013).
- The appointments against the posts sanctioned to clear the backlog were made on the basis of fake documents / certificates. We pointed out eight such cases in Audit Inspection Report for the period from February 2010 to January 2011& and recommended to the Management to investigate the process of appointment. The Management, however, did not take action on recommendations of the audit. However, the State Government directed the Company (10 May 2012) to investigate the whole process of appointments and appointed Commissioner, Kanpur to conduct enquiry on the matter. The records relating to appointments made by the Company have been sealed. Further progress in the matter had not been intimated to Audit (November 2012).

Lack of follow up of supervision and monitoring control

2.2.31 As per chapter 16 of Working Manual, CE shall conduct annual inspection of the Construction Divisions (CDs)/Electrical Divisions (EDs). We

* Forty years after incorporation of Company vide letter no.4477(1)/77-4-2001 dated 11 January 2002, 3396/88-2007-312 N/07 dated 14 November 2007, 4408 (i)/86-08 dated 21 February 2008, 3576/86-11-338/2010 dated 1 April 2011.

& Audit Inspection Report issued to Management vide letter no..CAW/DMU/Lekha Paricha Prativedan/14 dated 19 April 2011.

observed that annual inspection of CDs/EDs was not being done by the CE. Similarly, inspection of the subordinate offices by the MD, FC and CMIA was also not done despite order (25 June 2010) of the Managing Director.

The Management Stated (December 2012) that the monitoring is done by the MD and FC every month and the officers visits the field offices regularly but the inspection report have not been issued. We do not agree with the reply as the compliance of the established system of inspection has not been documented and, therefore, it does not provide assurance of compliance of the system.

Deficiencies in financial controls

2.2.32 The following indicates weak internal control in the area of financial reporting**:**

- The Company had finalised Annual Accounts up to 2008-09 only and the accounts for the years 2009-10 to 2011-12 were in arrears.
- As per Section 207 of the Income Tax Act, 1961 (Act), every assessee is required to pay advance tax on estimated current income for the financial year in accordance with the provisions of Section 208 to 219 of the Act in four advance instalments* at the prescribed rates, in case the amount of Income tax payable is ₹ 10,000 or more. Failure to deposit minimum 90 *per cent* of the tax in advance as well as shortfall in depositing tax as per the prescribed slab attracts interest at the rate of one *per cent* per month separately as prescribed under Section 234B and 234C of the Act. This calls for proper estimation of taxable income to ensure deposit of advance tax as required to avoid the incidence of interest payment.

We noticed that as the Company had not devised system of preparation of monthly/quarterly accounts, they failed to estimate profit for filing Income Tax Return (ITR) in time. The estimated income shown in the ITR during the period 2007-08 to 2010-11 was less than the actual income; therefore, Company paid penal interest of ₹ 5.45* crore under Section 234 (B) and (C) of the Income Tax Act, 1961. The Management failed to take corrective action in subsequent years despite penal interest levied in 2007-08.

Lack of Management Information System

2.2.33 The Company initiated in the year 2000 the development work of software modules packages. Despite an expenditure of ₹ 2.15 crore, it could not implement software operation successfully *viz* online plot allotment, cancellation, transfer, restoration, land accounting, Balance sheet, personnel information system, lottery system for industrial/housing plot allotment, file tracking system, public grievances system, legal information system, Management Information System, land acquisition system, land costing system and net banking, training of users and assessment of requirement of hardware and manpower.

The control records such as Allotment Register, Party Ledger, Lease Deed Register, Plot wise Register, Transfer Register, Legal Notice Register etc. were not completed and updated regularly by the Regional offices. Similarly, the Work Register, Measurement Book Issue and Receipt Register, Advance

* On or before 15 June (not less than 15 *per cent* of such advance tax), 15 September (not less than 45 *per cent* of such advance tax as reduced by the amount paid in earlier instalment), 15 December (not less than 75 *per cent* of such advance tax as reduced by the amount paid in earlier instalments) and 15 March of the financial year (the whole amount of such advance tax as reduced by the amounts paid in the earlier instalments).

* For the year 2007-08: ₹ 10 lakh, 2008-09: ₹ 71.47 lakh, 2009-10: ₹ 3.87 crore and 2010-11: ₹ 76.15 lakh.

Register, etc. in CDs/EDs were not maintained. This made the internal control and management information system weak.

The Management stated (December 2012) that the software modules are utilised partially by the field office and the data was being transferred through CD/e-mails. Due to change in development and marketing policies new software is being developed and the instructions have been issued for maintaining the records. We do not agree with the reply as the unit wise details submitted indicated that non-availability of hard ware and lack of proficiency of knowledge led to non-utilisation of software.

The lack of internal control system led to fraudulent payments in a case as discussed below:

Construction Division-X, Kanpur executed (28 March 2009) two contracts bonds[♣] for widening and Up- gradation of approach road of Industrial Area Chakeri-II against Job No. 309 sanctioned on 12 February 2009. We observed the following irregularities:

- The bids were invited (10 February 2009) against short term tender notice although the estimate was not sanctioned.
- The bids submitted by the contractors were accepted although the bids were not filled up and signed by the contractors.
- Works were awarded and payment of ₹ 1.06 crore against contract Bond no. 81 and ₹ 1.06 crore against Bond no. 82 was made. These payments were made against fake measurement as the aforesaid work had already been executed by the Public Works Department. Thus, a sum of ₹ 2.12 crore was misappropriated.

The Management stated (December 2012) that the Departmental Enquiry has now been conducted and FIR lodged. The reply does not explain the method to recover the fraudulent payment of ₹ 2.12 crore and interest loss of ₹ 45.76 lakh sustained by the Company.

2.2.34 We observed that evidence of quality checking at the level of Executive Engineer in works was not available in any of the contracts. This was the violation of Para 15.1.1 of WMDMIA which prescribed that for works up to ₹ 50 lakh, complete quality checking of the works shall be got carried by concerned EE at his level.

Internal audit

2.2.35 The Company does not have its own internal audit wing. The internal audit is being conducted by the firms of the Chartered Accountants. We reviewed 46 internal Audit Reports containing 713 audit observations. In this connection following audit observations are made:

- The internal audit of the Company was in arrear as it had been conducted only up to 2008-09. The Internal Auditors submit their reports to the FC instead of to the MD who is the Chief Executive of Company.
- There was no follow up and corrective action on the audit observations.
- Company does not have a system of verification of compliance to the audit observations of the Internal Auditors. The control record of audit observations issued, settlement and pending for settlement is not maintained for better monitoring and effective control over deficiencies.

[♣] 81/CE/2008-09 and 82/CE/2008-09 with Kartik Enterprises.

The Management stated (December 2012) that internal audit is done by firms of Chartered Accountants which has been completed up to 2009-10. The instruction has been issued to auditors for submission of report to MD. Action is being taken for verification of compliance and updating the records which was not considered necessary after computerisation. We do not agree with the reply as the verification of compliance should have been done by the auditors.

Conclusion

The Performance Audit of the Company revealed the following:

- **There was shortfall in achievement of the target of acquisition of land due to delay. Further, payment of Sollacium for urgent acquisition of land proved wasteful due to inordinate delays in acquisition of land.**
- **There were cases of excess payments of acquisition charges and compensation and blockade of funds, non-execution of conveyance deeds of acquired land in the name of the Company which may lead to mis-utilisation of land.**
- **Non-compliance of tendering process, inadmissible payments to contractors, delayed execution of work, and undue favour to contractors in awarding the contracts in execution of developmental works.**
- **Transfer of vacant/unutilised plots by the allottees instead of setting up industries adversely affected industrial development in the State.**
- **Fixation of reserve prices at lower side and non-revision of premium rates led to deprival of additional revenue, and**
- **Internal control mechanism was deficient due to lack of supervision and monitoring by higher authorities and statutes and inadequacy of internal audit.**

Recommendations

The Company should:

- **strive for achievement of targets of acquisition of land and it should acquire the land under urgency clause only when it is required, to avoid payment of Sollacium;**
- **accurately assess and pay the acquisition charges and compensation to avoid excess payment on this account and invariably execute agreements with private entrepreneurs. It should expedite execution of lease/conveyance deeds to fetch Government revenue and avoid chances of misuse of land;**
- **formulate a transparent and competitive tendering system to obtain competitive rates;**
- **formulate a sound marketing policy and strengthen its monitoring mechanism so that the developed plots are allotted and utilised within scheduled time frame;**
- **strictly follow the rate fixation and revision policy and Board's decision; and**
- **strengthen the internal control mechanism.**

CHAPTER-III

3. 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

U.P. Projects Corporation Limited

3.1 Unintended benefit to the Architects

The Company extended unintended benefit of ₹ 61.57 lakh to architects on payment of Service Tax on architects fees.

U.P. Projects Corporation Limited (UPPCL) executes works of the State Government on deposit basis i.e. actual cost *plus* centage at prescribed rate thereon and has adopted the procedure followed by Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN) for the same. The State Government issued (February 1997) orders which provides for centage at the rate of 12.5 *per cent* which includes 1.5 *per cent* towards architect's fee. As the UPPCL does not have a separate architect wing, it appoints external architects for preparation of drawing/design and estimates in respect of the works being executed by the UPPCL. As per section 68 of Chapter V of the Finance Act, 1994 (Act) regarding Service Tax, every person providing taxable service to any person shall pay Service Tax at the rate specified in section 66 of the Act. Architect Services were made taxable under Service Tax from 16 October 1998.

As per the Government Order of February 1997, the admissible portion of architect's fee was to be kept within the prescribed limit of 1.5 *per cent* of the cost of project. We noticed that the UPPCL paid architect fee at the rate of 1.5 *per cent* and additionally Service Tax thereon; whereas, other construction agencies[*] of the State Government restricted the payment of architect fees up to 1.5 *per cent* (inclusive of Service Tax) of the project cost. Thus, the Company by doing so, passed on unintended benefit of ₹ 61.57 lakh[⊕] in respect of works executed by the UPPCL. As the element of Service Tax was not included and sanctioned in the estimates, the UPPCL could not get it reimbursed from State Government's Departments.

The Management stated (August 2012) that Service Tax on Architect Services was not there in February 1997 and was later imposed since 16 October 1998; hence, the payment of Service Tax on Architect Services was made. The reply further stated that the payment to architects was now restricted to 1.5 *per cent* (inclusive of the Service Tax) of the project cost.

We are not convinced with the reply as the UPPCL prior to making payment for architect services, should have checked with UPRNN (whose procedure has been adopted by UPPCL) which restricts payment of architect's fees to 1.5 *per cent* including Service Tax. By not doing so the UPPCL passed unintended benefit to the architects.

The matter was reported to the Government (June 2012); the reply has not been received (February 2013).

[*] Uttar Pradesh Rajkiya Nirman Nigam Limited and Construction & Design Services, Uttar Pradesh Jal Nigam.
[⊕] This represents figures in respect of 16 units audited.

3.2 Unjustifiable cost of installation of Astroturf for hockey

The UPPCL showed undue favour to a firm and awarded the work for supply of Astroturf at higher rate.

The Government of Uttar Pradesh awarded the work of reconstruction of Astroturf hockey field at Guru Govind Singh Sports College (GGSSC), Lucknow to the UPPCL. The UPPCL split work into five different work items♣, prepared an estimate for ₹ 2.42 crore, for which administrative approval was accorded by the State Government. The UPPCL collected quotations from three firms and awarded (April 2011) all five items of work to Snap Sports India (SSI)♦, for ₹ 2.18 crore. The work scheduled to be completed by 25 December 2011 was completed in April 2012.

In our scrutiny we noticed the following points:

- Central Vigilance Commission (CVC) guidelines (February 2011) provide that in case of purchase of plant/equipments of complex nature where the procuring organisation may not possess full knowledge of the various technical solutions available in the market, it would be prudent to invite expression of interest and finalise specifications based on technical specifications/presentations with the experienced manufacturer/supplier in a transparent manner. Though the Company had no prior experience/domain knowledge regarding the installation of Astroturf, it did not go in for the well established procedure♥ and the laid down CVC guidelines for open tendering for high value contracts. The Company awarded all five items of work to a single firm on the basis of Purchase Committee♠ Report (PCR), obtaining quotations from three firms. Open tendering would have ensured the best specifications and competitive rates.
- No rate analysis or market survey documentation was on record to justify the estimated cost of work. The item-wise cost break-ups did not tally with the cost abstract. Consequently, the genuineness of the item-wise cost of work could not be ascertained in audit.
- The work of supply of 6,400 m^2 imported Astroturf was awarded (2 April 2011) to SSI for ₹ 1.70 crore, at the rate of ₹ 2,650/m^2. We found that the Astroturf was actually purchased by SSI at ₹ 1,018/m^2. Interestingly, the Company was aware of the actual purchase rate on 12 June 2011 as it had sought duty exemption from Customs for the actual purchase rate and had also granted time extension on 25 June 2011. Since the firm had not made the supply and completed the installation within time, the Company should have negotiated with the firm to reduce the price of supply or cancel the contract. However, the Company granted the extension of time without attempting to get the price reduced to a realistic level.
- As per specifications displayed on the website of the manufacturer-ACT Global, the International Hockey Federation (FIH) approved turf *NFH-12* has pile weight of 1,780 gms/m^2 and secondary backing of

♣ (a) Dismantling of existing Astroturf and stacking in site store, (b) Supply of 20 mm thick bituminous layer at site, (c) Leveling of sub base by 20mm thick bituminous layer complete work, (d) Supply of Xtreme Astroturf NFH-12 approved by International Hockey Federation (FIH) at site and (e) Laying of Astroturf with emulsion coat including carriage of bundles in local site, laboratory testing charges etc. and required labour & T&P.

♦ Also called Snap Sports, operating from three offices-two in Lucknow and one in Delhi

♥ As per para 360 of Financial Hand Book (FHB) vol VI

♠ consisting of (1) Project Manager (2) Assistant Project Manager (3) Junior Engineer and (4) Accountant.

1,000 gms/m^2, but, the supply order issued to SSI for the same brand of turf *NFH-12*, inexplicably under-specified the pile weight as 1,250 gms/m^2 and that of secondary backing as 1,080 gms/m^2.

- There was no testing done to ensure that the turf was installed properly as Field Test Report purported to be by FIH, dated 6 February 2012, submitted by the contractor to the Company, was not genuine as confirmed by Head of Sports, FIH to us vide letter dated 30 July 2012.
- The installation was not up to the standard which was evident from the facts that the Committee constituted* for checking the field observed (January 2012) that the Astroturf fixed was not as per international standards. Further, the Principal, GGSSC had also complained (February 2012) regarding the poor quality of Astroturf and lack of logo of manufacturer on the Astroturf.
- There was no provision of Performance Bank Guarantee from the SSI to ensure that the seven year warranty clause could be enforced.

Thus, on account of award of work without tenders, at higher rates without analysis of market trends, and on account of paying for 'testing' without any credible output, the Company showed undue favour to the firm.

The Management stated (September 2012) that the order for execution of the work was awarded after market survey by the Purchase Committee and the work was awarded to the firm offering the lowest rate. The fact remains that the Company did not go in for open tendering as laid down in Financial Hand Book (FHB) and Central Vigilance Commission guidelines. The Management, however, did not intimate reason as to why negotiation to reduce the rate of Astroturf, with the supplier prior to allowing the time extension, was not done despite knowing that the supplier had purchased Astroturf at much lower rate.

The matter was reported to the Government (July 2012); the reply has not been received (February 2013).

Uttar Pradesh Jal Nigam and U. P. Projects Corporation Limited

3.3 Avoidable expenditure on procurement of cement

The Nigam/UPPCL incurred avoidable expenditure of Rupees two crore due to non-execution of Rate Contracts for procurement of Cement.

The Construction and Design Services, Uttar Pradesh Jal Nigam (Nigam) and U.P. Projects Corporation Limited (UPPCL) are apex construction agencies of the Government of Uttar Pradesh along with other agencies viz. Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN) and Uttar Pradesh State Bridge Corporation Limited (UPSBCL). In order to ensure quality in execution of the projects, procurement of vital inputs such as cement is of utmost importance. Both the Companies *viz.* UPRNN and UPSBCL had been entering into Rate Contract with the manufacturers for procurement of cement.

We observed that there was no system in the Nigam and UPPCL to procure the cement on the basis of Rate Contracts. As a result, the rates of procurement of cement varied from Unit to Unit and were on higher side when compared with the procurement rates of cement of UPRNN and UPSBCL during the same period.

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* Consisting of Shri Sayed Ali, Olympian Hockey Player; Shri Mukul Shah, International Hockey Player; and Shri Rashid Aziz, Trainer, Hockey, Sports Authority of India.

We found that two units of the Nigam[♣], during the period from June 2009 to February 2012, procured 2,42,122 bags of cement (PPC) at the rates ranging between ₹ 244 per bag and ₹ 334 per bag on the basis of Purchase Committee Report (PCR) from local suppliers; whereas, during the same period UPRNN procured cement at the contracted rate ranging between ₹ 167 per bag and ₹ 277 per bag.

Similarly it was observed that three units of UPPCL[♦], during the period from June 2010 to December 2011, procured 2,52,322 bags of cement (PPC) at the rates ranging between ₹ 231 per bag and ₹ 295 per bag on the basis of PCR from local suppliers; whereas, during the same period UPRNN procured cement at the contracted rate ranging between ₹ 171 per bag and ₹ 270 per bag and UPSBCL procured cement at the contracted rate ranging between ₹ 170 per bag and ₹ 240 per bag. By entering into similar Rate Contracts, the extra expenditure of Rupees two crore[♥] incurred by the Nigam and UPPCL on procurement of Cement could have been avoided.

The UPPCL Management stated (September 2012) that Company mainly handles small projects situated mainly in rural areas and payment was made after supply of cement, and there was no provision of storage. Also rates are fixed by producers every week, hence purchase for three months at a single rate was impractical as the supplier would create hurdles in supply and Company would also have to pay at higher rate. The Management's reply is an afterthought and not acceptable. Further, the Company did not make any endeavour to procure cement on Rate Contract either on its own or adopting the Rate Contract of UPSBCL.

We recommend that all the Companies/Corporations engaged in civil construction should co-ordinate and evolve a system of procuring material directly from manufacturers through a Rate Contract/Joint Rate Contract so as to gain benefit of most economic prices.

The matter was reported to the Nigam and Government (July 2012); their reply has not been received (February 2013).

Uttar Pradesh Power Corporation Limited

3.4 Recurring loss due to finalisation of bid at higher rate for power purchase

Introduction

3.4.1 Prayagraj Power Generation Company Limited (PPGCL) was incorporated on 12 February 2007 as Special Purpose Vehicle (SPV) for setting up Thermal Power Station (TPS) at Bara (3x660MW) in district Allahabad. Feedback Ventures Limited was appointed as consultant to evaluate the bids and to perform task relating to finalisation of bidding process. The Consultant had computed the expected tariff of ₹ 2.60 to ₹ 2.70 per Kwh on levelised basis which was apprised to Energy Task Force (ETF) in its meeting held on 5 May 2008.

The U.P. Power Corporation Limited (UPPCL) on behalf of procurers (DISCOMs[*]) invited (June 2007) bids through its authorised representatives (PPGCL) for private sector participation to finance, develop, construct,

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♣ Kanpur Unit and Hardoi Unit

♦ Unit-13 Lucknow, Unit-14 Lucknow, Unit-17 Lucknow

♥ Uttar Pradesh Jal Nigam (₹ 1.43 crore compared with UPRNN); UPPCL (₹ 0.57 crore compared with UPSBCL). Comparison was made keeping in view the magnitude of the projects executed.

* DVVNL, MVVNL, PuVVNL, PVVNL & KESCO Limited

commission, own, operate and maintain at Bara TPS and supply of power to DISCOMs for a period of 25 years. The bidding documents comprised (i) Request For Qualification (RFQ) containing technical and financial criteria and (ii) Request For Proposal (RFP) which were to be issued to those bidders who qualify the technical and financial criteria.

The tariff was to be quoted in prescribed format comprising of Escalable capacity charge, Non-escalable capacity charge** and Heat rate (kcal/Kwh); Levelised Tariff was to be worked out on these basis. The bidder offering the lowest Levelised Tariff was to be selected as successful bidder.

Clause 2.7.1.3 of RFP provided that in case the bidder made a wrong statement, misrepresented facts or made a misleading statement in its bid in any manner-whatsoever, the bid was liable to be rejected by the Procurer/Authorised Representative.

Finalisation of bid

3.4.2 The events occurred are enumerated below:

- The bids were invited (June 2007) by UPPCL for Bara Power Project. Four♣ bids were received and all were found responsive; hence financial bids were opened (11 April 2008). As financial bids were found on higher side, best reduced prices were called for in May 2008.
- Four bidders submitted best reduced prices for the project. The rates quoted by lowest (L_1) i.e. Reliance Power Limited (RPL) were not found feasible, hence on recommendations of Bid Evaluation Committee (BEC) and Energy Task Force (ETF), GoUP decided (July 2008) to annul the bid and decided (August 2008) to invite fresh bid.
- Second fresh bids were invited in August 2008 for the project. Three♦ bids were received. The rates obtained were again found on higher side. The best reduced prices, therefore, were called in February 2009.
- Three bidders submitted best reduced price for Bara. The lowest rate of ₹ 3.020 per unit quoted by JaiPrakash Associates Limited (JAL) was finalised and letter of intents (LOI) was issued in March 2009.

A comparative position of L_1 and L_2 rates obtained against 1st bid and 2nd bid is depicted as under:

Bid/Date	Name of Bidder	Quoted levelised tariff per unit		Station Heat Rate (SHR) Quoted Initially/ best reduced
		Initial	Best Reduced	
1st bid/June 2007	LANCO	2.888(L_1)	2.651(L_2)	2394/2394
	Reliance Power Limited (RPL)	2.940(L_2)	2.640(L_1)	1805/05
2nd bid/August 2008	LANCO	3.091(L_1)	3.091(L_2)	2350/2350
	JAL	3.366(L_2)	3.020(L_1)	2350/2350

Audit findings

3.4.3 We examined the documents *viz.* preparation of Request for Qualification, Request for Proposal, Comparative rates, Tender Evaluation Reports and Power Purchase Agreements along with evaluation/ recommendations of the Bid Evaluation Committee and Energy Task Force and found lacunae in formation of Committees viz. BEC and ETF and award of higher rates for purchase of power as discussed in succeeding paragraphs.

** The capacity charges formed part of the tariff comprising of escalable and non-escalable (fixed) capacity charges. The escalable capacity charges were to be escalated at the annual escalation rate notified by the CERC and non-escalable capacity charges were fixed during the period of contract.

♣ LANCO, RPL,JSPL and NTPC.

♦ LANCO, RPL and JAL.

Role of Committees

3.4.4 As a matter of principle, in case any decision is to be taken by the Government after two-tier vetting at lower level; the composition of both tier system should, fundamentally, be different with different Chair-persons in order to ensure independent and objective evaluation at all levels.

The bids were to be finalised by the Government on the basis of evaluation of Bids Evaluation Committee (BEC)[♥]and recommendations of Energy Task Force (ETF)[♠]. We noticed that, in both BEC and ETF, most of the members were common[♣] and the Chair-person was the same officer holding charge of the Chief Secretary and IIDC of the State. Under such situation, fair and objective evaluation of the recommendations of BEC, by the ETF was not possible and ETF merely agreed with the BEC without examining the alternative available to the procurers during the evaluation of Best rate after the first bid.

Award of higher rates for power purchase

3.4.5 We noticed that against the first bid invited in June 2007, the rate (₹ 2.888 per Kwh) quoted by LANCO was lowest (L_1) but this was evaluated by the Consultant as higher by 5 to 10 *per cent* than the expected tariff (₹ 2.60 to ₹ 2.70 per Kwh). The best reduced price, therefore, were invited in May 2008. The best reduced rate (₹ 2.64 per Kwh) quoted by RPL was not accepted as this was not found feasible by ETF due to following:

- The quoted SHR of 5 Kcal/KWH against earlier quoted SHR of 1805 Kcal/Kwh was not practically viable.
- Based on the tariff analysis using Central Electricity Regulatory Commission (CERC) norms on quoted tariff of RPL, the bidder recovers its entire fixed cost in the initial 15 years of the contract period and after 18/19 years; the project will start incurring operational cash losses. Therefore, it carried risk of abandonment of the plant by the bidder.

The Consultant, therefore, appraised BEC following three options available as per terms of RFP:

- Invite " Best Reduced Financial Bid";
- Annul the bid process; or
- Take any such measure as may be deemed fit in the sole consideration of the procurer/authorised representative.

As first option had already been exercised, the ETF, on the basis of second option recommended by the BEC, decided (July 2008) to annul the bid. The ETF, however, did not discuss the course of action available under third option. It may be mentioned that L_2 rates offered by LANCO which were higher by only 1.10 paise per unit than L_1 and the bid was otherwise feasible on the following grounds:

- LANCO bid was responsive, fulfilling all qualifying criteria.
- Bid was unconditional.

♥ Composition of BEC : Infrastructure and Industrial Development Commissioner (IIDC),Chairman, Chairman UPPCL, Principal Secretary(Energy), Principal Secretary(Finance), Managing Director UPPCL, Representative of Central Electricity Authority, Director(Transmission), Director(Finance) UPPCL, Advisor UPRVUNL. Since July 2008 the Chief Secretary (CS), GOUP held both positions of CS and IIDC.

♠ Composition of ETF : Infrastructure and Industrial Development Commissioner (Chairman), Principal Secretary(Finance), Principal Secretary(Energy), Principal Secretary(Irrigation), Principal Secretary(Planning), Principal Secretary(Environment), Principal Secretary (Nyaya), Chairman UPPCL, Managing Director UPRVUNL, Managing Director UPPCL.

♣ Five out of nine members of BEC (including chair person) were also members of ETF.

- The tariff stream quoted by LANCO (₹ 2.651 per Kwh) was within the estimation (₹ 2.60 to ₹ 2.70 per Kwh) made by the Consultant.
- The tariff stream quoted by LANCO was found more appropriately comparable with the projects executed with coal linkage provided by the State utility in other States of the country.
- The rate difference between L_1 (RPL) and L_2 (LANCO) was only 1.10 paise per Kwh.

Thus, the BEC and ETF ignored the option of sole consideration of procurer to consider the available best alternative of selecting the responsive and financially feasible bid of LANCO. The annulling of the process and the subsequent rebid in August 2008 led to a massive hike in the levelised Tariff offered (₹ 0.369/Kwh) as compared to the available best alternative just one month earlier i.e., in July 2008. This will lead to a loss to the extent of ₹ 10,831.82 crore[♠] (**Annexure-15**) in 25 years of the period of contract of the Project which has already been handed over to JAL in March 2009.

The Management stated (September 2012) that Ministry of Power (MOP) does not provide any range for SHR value. Accordingly, RFP did not contain any clause that a bid can be rejected on the ground of any quoted value of the SHR. Therefore, bid of RPL could not be assumed as non-responsive to culminate into cancellation on this ground.

We do not agree with the reply of the Management because in compliance of the provisions of RFP, the bidder (RPL) had furnished an undertaking as prescribed in Annexure-6 of RFP that they had neither made any statement nor provided any information in the bid which to the best of their knowledge was materially inaccurate or misleading. Such undertaking was factually incorrect because 05 SHR quoted by the bidder was misleading and unworkable in view of prevailing SHR of the Power industry. Under such circumstances the bid of the RPL was liable to be rejected and bid submitted by LANCO being within the expected and workable tariff should have been finalised.

The matter was reported to the Government (August 2012); the reply has not been received (February 2013).

3.5 Irregular expenditure on publishing 'White Paper' books

The Company made payment of ₹ 29 lakh by bearing expenses of White Paper books without exercising the checks and balances for ensuring the genuineness of invoices.

The Uttar Pradesh Power Corporation Limited (Company), which is registered as a Public Limited Company under the Companies Act, 1956, is engaged in co-ordination of its subsidiary companies carrying generation, transmission and distribution of electrical energy in the State.

The State Government released (18 July 2009) a 'White Paper' relating to development, future targets and projects in the Energy sector for wide propagation. The Company, after obtaining *ex-post facto* approval of the Board of Directors, made payment (September 2009) of ₹ 29 lakh to three suppliers against four invoices indicating as printing of White Paper Books as detailed in the table below:

♠ Methodology adopted in calculation of Loss :
(Year wise Units to be purchased in contract period from JAL* per unit rate to be paid to JAL) *less* (Year wise Units to be purchased in contract period from LANCO* per unit rate to be paid to LANCO)
Units to be purchased= Contracted Capacity in MW(as per LOI) x KW x Hours x Days in Year.

Particulars	Description of work of Printing of White Paper Books	Quantity (Number)	Rate (₹)	Amount (₹)
Uttar Pradesh Sahkari Sangh Limited (UPSSL)	Inner papers in two colours on 90 GSM and Covers in four colours on 250 GSM Art Paper	1,50,500	4.32 (VAT extra)	679417
	Inner papers in two colours on 190 GSM and Covers in four colours on 300 GSM Art Paper	1,20,500	8.79 (VAT extra)	1106858
Prakash Packagers	Printing of White Paper Books- 8 inner pages and cover in four colours	3,00,000	2.18 (incl VAT)	654000
Solar Print Process (P) Limited (SPPL)	Printing of White Papers- Inner pages in two colours and Cover in four colours	1,50,000	2.95 (VAT extra)	460200
Total		**7,21,000**		**2900475**

We noticed various irregularities in placement of orders and payments made to suppliers which are discussed below:

- The description of work did not specify the number of pages of the White Paper Books printed by UPSSL and SPPL due to which genuineness of rates awarded could not be ensured in audit.
- The UPSSL sent 1,50,500 White Paper books vide their delivery challan No.401 dated 18 July 2009 and 1,20,500 books vide challan No.404 dated 22 July 2009. These delivery challans were not signed by any of official of the Energy Department acknowledging receipt of goods.
- Prakash Packagers did not submit any delivery challan in support of their bills; as such, we were not able to ensure as to whether the White Paper books were actually delivered. Further, delivery challan and bills of SPPL were not made available to us.
- The Energy Department also did not furnish any detail of quotation/tender called for, comparative chart of the participating parties, specimen of the White Paper books.
- The delivery challans furnished by UPSSL and bills of all suppliers did not contain name of authority and their work order number and date and actual supply and its proper accountal in the store ledgers were also not ensured at any level of the Energy Department.

Thus, the Company made payment of ₹ 29 lakh to the suppliers without exercising checks and balances for ensuring genuineness of payments.

The Management stated (November 2011) that the whole process was completed by the Energy Department. Since the Secretary (Energy) was holding charge of CMD, no documents were received and bills for payment were received from CMD office.

We do not agree with the reply due to following:

- Quotations invited and orders placed to suppliers for the aforesaid work were not made available to Audit. The bills/challans submitted by the suppliers did also not contain reference of supply orders number/date and name of authority.
- There were no orders of the Government to the Company for making payments. The reply also indicates that the Secretary of the Administrative Department, simultaneously holding charge of Chairman and Managing Director of the Company, ordered for making irregular payments.

The matter was reported to the Government in June 2012; their reply has not been received (February 2013).

Dakshinanchal Vidyut Vitran Nigam Limited

3.6 Irregularities in finalisation of Distribution Franchisee Agreement

Introduction

3.6.1 The Electricity Act, 2003, under 7th proviso to Section 14, opens new avenues for bringing in private participation in the distribution sector; which states that, in a case where a distribution licensee proposes to undertake distribution of electricity for a specified area within his area of supply through another person, that person shall not be required to obtain any separate license from the concerned State Commission and such distribution licensee shall be responsible for distribution of electricity in his area of supply.

The UPPCL, in an endeavourer to improve operational and commercial efficiency of the distribution system and quality of service to its consumers, sought (July 2008) approval from the State Government to bring in management expertise through public-private participation in distribution of electricity. For this purpose, the Government directed (December 2008) Uttar Pradesh Power Corporation Limited (UPPCL) to appoint a Consultant for preparation of Request for Proposal (RFP) and advisory work to finalise engagement of Distribution Franchisee (DF); and conveyed (January 2009) decision for implementing Input Based Distribution Franchisee System (IBDFS) in urban areas of the State.

In accordance with the decision of the Government, UPPCL appointed (January 2009) Feedback Ventures Private Limited as Consultant. The Consultant prepared RFP which was duly approved by Energy Task Force (ETF[*]). The RFP was issued (31January/1 February 2009) to prospective bidders and bids opened on 25 February 2009. Among three technically qualified bidders, Torrent Power Limited (TPL), being highest bidder, was appointed as DF for Agra city under Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL) for a period of 20 years. Letter of Intent was issued on 26 February 2009 which was agreed to by the DF. Agreement was entered into with the DF in May 2009.

There was a delay in completion of the pre-takeover formalities and satisfaction of conditions precedent to the DFA. After completion of these formalities, a Revised/Supplementary agreement was entered into with the DF in March 2010 and the Distribution network of Agra city was handed over to the DF on 1 April 2010.

Objective of IBDFS

3.6.2 It was set out in RFP that the DF shall be responsible for all the activities relating to distribution of power towards fulfillment of UPPCL's obligations under the Electricity Act, 2003 and the distribution license subject to the terms and conditions as stipulated from time to time by UPPCL, Government of India, Government of Uttar Pradesh and Uttar Pradesh Electricity Regulatory Commission (UPERC). The performance improvement indicators were as below:

- To minimise aggregate Distribution and Commercial Losses;
- To bring improvement in metering, billing and revenue collection;
- To minimise current assets on account of arrears; and
- To enhance customers satisfaction level by improving quality of service.

[*] Comprising of Secretaries of Energy Department, Infrastructure and Industrial Development Department, Finance Department, Law, Environment , Irrigation, Planning and Chairman & Managing Director of UPPCL and UPRVUNL.

Request for proposal and tender specifications

3.6.3 The Consultant, based on the data of the Commercial Statement (CS-3/4) for the year 2008-09 (up to December 2008), took 29.39 *per cent* T&D losses and 82.34 *per cent* collection efficiency for the base year (2008-09) and fixed the following main parameters:

- To supply 1902.38 MU Input Energy with zero increase for the period of 20 years.
- To reduce the current T&D losses of 29.39 *per cent* up to the level of 14 *per cent* within first five years and up to 11 *per cent* by the end of 20 years.
- To increase the current collection efficiency level of 82.34 *per cent* up to 90 *per cent* within five years and continue for 20 years.
- The project cost♦ of the DF was considered to be financed 70 *per cent* through debts and 30 *per cent* through equity. Accordingly expenses supposed to be incurred by DF included, interest on working capital and capital investment, depreciation, provision for bad debts and return on equity etc.

On the above data and parameters, the Consultant prepared projection for 20 years by computing the Indicative Reserve Input Rates (BST) and Expected Input Energy Rate (EIER) as below:

(₹ per unit)

Particulars	Computations made by Consultant for	
	First year	20th year
Revenue billed per unit of Sold Energy	2.82	3.03
Revenue billed per unit of Input Energy	2.12	2.70
Expenses of DF for distribution of energy	0.21	0.32
Indicative Reserve Input Rate (BST) for the first year	1.91	2.38
Levelised Rate of Indicative BST of 20 years	2.12	
Levelised Rate of Revenue billed per unit of Input Energy of 20 years	2.45	
Expected Input Energy Rate (EIER)	2.10	

The RFP alongwith tender specifications were issued on 31 January/1 February 2009 to the bidders which provided that the Minimum Reserve Price (MRP) shall be intimated to the bidders in a pre-bid meeting. Details of pre-bid meeting were not provided to Audit. The ETF, however, approved (6 February 2009) the above Indicative Reserve Input Rates (BST). The UPPCL also intimated (10 February 2009) to bidders the EIER of ₹ 2.10 per unit for first year and ₹ 2.45 per unit as Levelised Rate for 20th year. The bidders were required to quote their rates on the basis of these EIER.

Evaluation of bid

3.6.4 Among three technically qualified bidders, the TPL had quoted highest rate of ₹ 1.52 per unit for the first year and Levelised Rate at ₹ 1.95 per unit. After negotiation, the first year's rate was enhanced to ₹ 1.54 per unit and, accordingly the Levelised Rate worked out to ₹ 1.96 per unit. The ETF had reservations on the revised rates of TPL as these were lower than the desired Levelised Rate of ₹ 2.45 per unit and Bulk Tariff of ₹ 2.69 per unit due to which the DVVNL will have to incur always financial losses.

At the time of bid evaluation (24 February 2009), the Consultant in their Report had, however, considered EIER as ₹ 1.74 per unit based on the data of 2008-09 (December 2008). Out of this rate, the consultant had deducted ₹ 0.47♥ per unit on account of expenditures likely to be incurred based on

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♦ Working capital ₹ 39.94 crore to ₹ 128.48 crore and capital investment of ₹ 200 crore during 20 years period of contract

♥ Electricity Duty ₹ 0.09; Employee, Administration and O&M expenses: ₹ 0.21 and Arrears & Miscellaneous Charges on account of delayed payment surcharge and meter rental: ₹ 0.17.

discussion with DVVNL officials and arrived at the net revenue recovery rate of Agra city at ₹ 1.27 per unit. The quoted rate of ₹ 1.54 per unit was compared with the net revenue realisation rate of ₹ 1.27 per unit and justified the negotiated rate of ₹ 1.54 per unit to award to the TPL. This was approved by ETF in their meeting of 25 February 2009.

Audit findings

3.6.5 We examined (October 2011 to March 2012) the Request for Proposal and its supported data computations prepared by the Consultant, Distribution Franchise Agreement and its Supplementary Agreement, Billing Records for the period from 1April 2010 to February 2012. Our findings are discussed in succeeding paragraphs.

Finalisation of Input Energy Rate based on unrealistic data

3.6.6 The set of data intimated in RFP projection made by the Consultant, data considered at the time of tender evaluation and data later on reported by the Chief Engineer of DVVNL have been shown in the table given below:

Sl. No	Particulars	Data intimated in RFP For Base year 2008-09 (up to December 2008)	Projection made by Consultant in January 2009 for the first year of the contract	Data for 2008-09 (up to December 2008) considered at the time of finalization (24/25 February 2009) of the Tender		Data reported by CE of DVVNL in November 2009 for the year 2008-09	
				All category of consumers	Taking Non-Government consumers only	As per CS-3/4*	Corrected data
1	2	3	4	5	6	7	8
1.	Input Energy (MU)	1270.02	1902.38	1409.160	1368.511	1829.648	1829.648
2.	Energy sold (MU)	911.1	1431.05	1009.418	968.769	1317.395	1009.000
3.	Revenue billed for sold units (₹ in crore)	256.85	403.21		269.90	384.05	413.83
4.	Revenue realised against billed (₹ in crore)	211.49	345.67		238.24		331.66**
5.	T&D Losses (*Per cent*)	28.22	24.78	28.37	29.21	28.00	44.85
6.	Collection efficiency (*Per cent*)	82.34	85.73		88.27		77.24
7.	Revenue billed per unit sold energy	2.82	2.82		2.79		4.10
8.	Revenue billed per unit of Input Energy	2.02	2.12		1.97		2.26
9.	Revenue realised per unit sold	2.32	2.42		2.46		3.17
10.	Revenue realised per unit of Input Energy	1.67	1.82		1.74		1.75

As can be seen from the above, the current performance level (T&D losses: 28.22 *per cent* and collection efficiency: 82.34 *per cent*) of the Company were intimated in RFP as shown in column-3. The Consultant also had projected the indicative BST for 20 years by taking T&D losses of 29.39 *per cent* and collection efficiency of 82.34 *per cent* as shown in column-4. All these set of data were altogether not considered while finalsing the tender. Another set of data was redesigned to justify the Input Energy Rate of ₹ 1.54 per unit quoted by TPL by comparing with ₹ 1.74 per unit which was not correct on account of the following:

- The data in support of ₹ 1.74 per unit of revenue realised per unit of Input Energy was related to only Non-Government consumers; whereas, the Government consumers in the city were being billed and realised either directly by the DVVNL or through adjustments at the

* Commercial Statements
** Including Electricity Duty of ₹ 12.00 crore.

Government level. Hence, excluding this set of consumers was illogical, as revenue is also realised from them.

- As could be seen from the data given in the table above, the Chief Engineer of DVVNL had intimated (November 2009) that energy sold was 1317.395 MU as per CS-3/4 records of the Company which was corrected to 1009 MU. The energy sold up to December 2008 was also 1009.418 MU on the basis of which the rate of ₹ 1.54 per unit was finalised in February 2009. Taking the same figure for the whole year (2008-09) after correction is again a clear indication that the figures were adjusted to justify the awarded rate.
- The computations made by the Consultant were based on the parameters of reduction of T&D losses up to 14 *per cent* in first five years and 90 *per cent* collection efficiency. The bidders were required to quote their rates accordingly and in case of failure in achieving these targets, they themselves were supposed to bear on. The indicative rates derived on the basis of the computations of the Consultant were also approved by the ETF. While finalising the rates of TPL, bringing in concept of AT&C losses, which includes unrealized amount of revenue billed also, was contrary to the indicative rates approved by ETF itself and impacted on the EIER by reducing it to extent of ₹ 0.23[*] per unit at their own redesigned data.

Thus, consideration of data for only Non-Government consumers and bringing in concept of AT&C losses instead of T&D losses by the Consultant and DVVNL happened after opening the financial bid. Therefore, finalising the rate based on changed data was, *ab initio,* not correct and construed to extending undue favour to TPL.

We noticed that the Indicative Reserve Input Rate (BST) for the first year was ₹ 1.91[**] per unit against which ETF approved actual levelised rate for 20 years at ₹ 2.12 per unit. At this BST, the DVVNL would maintain the level of revenue which it was obtaining from sale of energy to consumers through own operation. Acceptance of bid below these BST would clearly cause additional losses to DVVNL; therefore, acceptance of rates below these rates was not prudent decision. We compared the rates of ₹ 1.54 per unit to ₹ 2.23 per unit awarded to TPL with the Indicative Reserve Input Rate (BST) of ₹.1.91 per unit to ₹ 2.38 per unit for 20 years period of contract as computed by the Consultant and found that the DVVNL has already incurred additional loss of ₹ 156.50 crore up to March 2012, this will go up to ₹ 636.39 crore (**Annexure-16**) on termination of the contract period.

The Management stated (September 2012) that very basis of expectation of first year Reserve price of ₹ 1.91 per unit and ₹ 2.12 per unit for 20th year was misconceived. It was also stated that as no bidder was willing to increase the input rate to the level worked out by the Consultant due to which the bid of TPL was accepted. We do not agree with the reply as, if the data/figures contained in RFP and computation of Reserve price worked out by the Consultant were false and misconceived, the whole process of bidding should have been scrapped by the Management and process for inviting fresh Tender based on corrected data should have been initiated. Furthermore, the Management had itself reported T&D losses of 25.65 *per cent* in accounts of

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[*] (Revenue billed for sold units/Input Energy minus Revenue realized against billed amount/Input Energy) i.e. ₹ 269.90 crore/1368.511 MU minus ₹ 238.24/1368.511 MU= ₹ 0.23

[**] (Average Input Energy per unit of revenue billed amount: ₹ 2.12 per unit *minus* Expenses expected to be incurred by DF: ₹ 0.21 per unit = ₹ 1.91 per unit).

the 2008-09 on 23 August 2012 and also reported to UPERC for finalization of the tariff for the subsequent years which confirms that parameters set by the consultant on the basis of CS-3/4 of the Company were very near to accuracy.

Non-absorption of Employees' cost

3.6.7 The RFP clause No. 3.3.4 provided that DVVNL shall permit deputation of its employees to the Distribution Franchisee subject to the condition that their employment terms and conditions shall be DVVNL's/ UPPCL's terms and conditions of deputation as attached at Annexure 6 to the DF Agreement. Article 12.1 of the DF Agreement provided that DVVNL will make list of such employees who wish to be on deputation. Thereafter, the DF shall have freedom to choose from the list of willing employees. The DF will have a right to accept/reject without assigning any reason thereof. We observed that the EIER of ₹ 1.91 to ₹ 2.38 per unit for 20 years computed by the Consultant was arrived at after deducting expenses of ₹ 0.21 per unit to ₹ 0.32 per unit allowed to DF during the span of 20 years included Employees cost (₹ 0.08 to ₹ 0.17 per unit) to the extent of ₹ 703.95 crore. The employees of DVVNL were, however, not absorbed by the TPL. Therefore, the DVVNL continues to bear their burden from its own sources. While finalising the rates, the DVVNL did not account for this aspect which has already placed financial burden to the extent of ₹ 31.99 crore up to March 2012, this will go up to ₹ 703.95 crore on completion of the contract period. Hence, this expense of ₹ 0.21 per unit to ₹ 0.32 per unit allowed to the DF was too high and needed a downward revision by ₹ 0.08 to ₹ 0.17 per unit on account of non-absorption of employees cost. We have been unable to quantify the amount in absence of the information on actual Employee cost of the DF. However, it is clear that this aspect was totally ignored in the calculations, leading to an undue favour to the DF and consequent recurring loss to DVVNL in addition to the burden of ₹ 703.95 crore as mentioned above.

The Management stated (September 2012) that the staff who was working in Agra city was transferred to other field units where they were required. We feel that the Management should have made efforts to accommodate its employee with the TPL so as to reduce the establishment burden, as the BST of ₹ 1.91 per unit to ₹ 2.38 per unit was arrived at by reducing establishment expenses to the extent of ₹ 703.95 crore in 20 years of the contract period. If employees could not be accommodated, the BST should have been negotiated upward.

Loss due to unjustified changes in ATR

3.6.8 Article-2.1.3.4 of the Agreement provided for determination of Average Tariff Rate (ATR) for the base year (2008-09) for the purpose of billing under Article-7. Accordingly, the joint team of the officers of DVVNL and the DF worked out (October 2009) ATR for base year at ₹ 4.10 per unit.

With the mutual consent of TPL and DVVNL, the ETF took following decisions in the meeting held in December 2009:

- After keeping in view the element of data error, the base year ATR was mutually agreed at ₹ 3.98 per unit. The distribution work was to be handed over to the DF on this basis.
- Further increase in ATR of ongoing years, benefit of increase in ATR shall be passed on to DVVNL in the Tariff Index Ratio (TIR[♦]).

[♦] TIR= Present ATR/Base Year ATR

- The increase in ATR of 2009-10 shall be computed in reference to the collection efficiency and will be added in the Input Energy Rates of each of 20 years to pass on to DVVNL.

Accordingly, the Supplementary Agreement between DF and DVVNL incorporated (in the clauses of the original agreement) these decisions as under:

- Article-2.1.3.4 provided that if the base year ATR is computed above ₹ 3.98 per unit, the amount of ₹ 3.98 per unit will remain unchanged but if the computed base year ATR is less than ₹ 3.98 per unit, the same shall be taken as ATR for the base year.
- Article-7.1.1 pertaining to monthly invoicing (billing) provided that ATR of billing month will be multiplied by TIR to arrive at the Effective Input Rate for that particular month.
- Further, in reference to the decision of the ETF, ATR for 2010-11 based on the Tariff approved by UPERC was to be considered for passing on benefit of Tariff revision, as it was not revised in the year 2009-10.

We noticed that the above decisions were incorrectly applied in the billing as discussed below:

- The ATR for the year 2009-10 was worked out to ₹ 4.73 per unit. This ATR was proportionally reduced to ₹ 4.59♣ per unit. This reduced ATR of ₹ 4.59 per unit had incorrectly been treated as base year ATR with effect from 15 April 2010, instead of ₹ 3.98 per unit violating Article 2.1.3.4 of the Supplementary Agreement.
- Taking higher amount of ATR of base year in the billing impacted that the TIR∞ would work out at lower side always leading to recurring losses for the whole period of contract to DVVNL.
- Tariff revision was pending with UPERC during the year 2009-10. The revised Tariff was made applicable with effect from 15 April 2010 by UPERC. Therefore, increase in ATR during 2010-11 i.e., ₹ 4.85 per unit should have been considered for computing increase in Input Energy Rate. We noticed that DVVNL had wrongly agreed to the increase of ₹ 0.26 per unit instead of ₹ 0.51 per unit as shown in the following table below:

Particulars	As per RFP clause	In (₹)	As per Supplementary Agreement	In (₹)
Increase in ATR	4.85-3.98	0.87	4.73-4.10♦	0.63
Less; T&D Losses (*Per cent*)	28.22	0.25	44.85	0.28
Increase in ATR after T&D Losses	--	0.62	--	0.35
Collection efficiency (*Per cent*)	82.34	--	74.77	--
Increase in ATR after efficiency	--	0.51	--	0.26

We noticed that:

- DVVNL had reported changed figures♥ of T&D losses of 44.85 *per cent* and collection efficiency of 74.77 *per cent* rather than figures of 28.22 *per cent* and 82.34 *per cent* originally given in the RFP. We noticed that 28.22 and 82.34 *per cent* are in conformity with the actual

♣ (4.73 x 3.98/4.10)=4.59.

∞ (4.85/4.59=1.06) and (4.85/3.98=1.22)

♦ ₹ 4.73 per unit is the ATR of 2009-10 and ₹ 4.10 per unit is the ATR of 2008-09 before considering data error; After applying data error, these have been taken respectively as ₹ 4.59 per unit and ₹ 3.98 per unit.

♥ On 4 November 2009.

T&D losses reported to UPERC and in the statement of accounts of the DVVNL and UPPCL.

They are also consistent with the figures reported to us during our audits. Hence the figures of 44.85 *per cent* of T&D losses and 74.77 *per cent* collection efficiency have no base and logic.

Adoption of these illogical and unsupported figures has impacted adversely on the calculated increase in ATR and led to losses.

- The Supplementary Agreement was signed in March 2010 and work handed over w.e.f. 1 April 2010. Hence adoption of ₹ 4.73 per unit was incorrect as it pertained to the year 2009-10 during which Tariff was not revised. The revised Tariff approved by UPERC was effective from 15 April 2010, therefore, ATR of ₹ 4.85 per unit for the year 2010-11 should have been taken into account for computation of increase in Tariff rate.

Thus, by accepting incorrect change of ATR of base year from ₹ 3.98 per unit to ₹ 4.59 per unit and by allowing increase in ATR by ₹ 0.26 per unit instead of ₹ 0.51 per unit; the DVVNL has incurred revenue loss of ₹ 232.63 crore up to March 2012; this would go up to ₹ 3,681.90 crore (**Annexure-17**) in next 18 years.

The Management stated (September 2012) that change in Base year ATR was affected in conformity to the Provision of Article 2.1.3.4 of the Supplementary Agreement. This was also provided in the Article 2.1.34 that since the tariff for financial year 2009-10 was to be revised and after revision, the base year tariff will be worked out on new rates and new base year tariff will be fixed for the entire contract period after adjusting the same in the ratio of ₹ 3.98 to revised tariff. We do not agree with the reply as the Article 2.1.3.4 of the Supplementary Agreement clearly stipulated that "if the Base year average tariff after the audit is computed above ₹ 3.98 per unit, the amount of ₹ 3.98 per unit will remain same and if the computed base year tariff is less than ₹ 3.98 per unit, the same shall be taken as Base year tariff". Further, computation of BST by the Consultant and actual rates awarded to TPL were fundamentally based on the ATR of ₹ 3.98 per unit. Any upward revision of base year ATR had impact that the billing will be done at lower rates for the whole period of the contract which is detrimental to the financial interest of the Company.

Performance evaluation of the DF

3.6.9 We evaluated the performance of the DF in terms of the objective envisaged in IBDFS and found that the objectives have not been fulfilled as discussed below:

Non-reduction in AT&C losses as envisaged

3.6.10 The Article-5.8 of the agreement provided that the DF shall achieve a level of 15 *per cent* AT&C♣ losses (Computed on the formulae♥) within seven years from the effective date. If the DF fails to achieve this based on year end AT&C losses at the end of seventh year, a penalty equivalent to 10 *per cent* of the revenue lost due to non-achievement of the target shall be recoverable from the DF.

♣ Aggregate of technical loss, commercial losses and shortage due to non-realisation of total billed amount.

♥ Total Energy Input less Energy Realised /Total Energy Input x 100. Where, Energy realised is the sale of energy x collection efficiency.

We noticed that due to the above condition, the DF would be able to incur any level of AT&C losses by paying penalty of merely 10 *per cent*. This condition is contrary to the interest of the DVVNL and the same is substantiated by the fact that the DF incurred AT&C losses of 61.44 *per cent* in 2010-11 as against the level of 58.77 *per cent* before operation by the DF.

We further observed that before handing over the distribution network, the T&D losses was considered at 44.85 *per cent* which itself is 58.93 *per cent* higher than 28.22 *per cent* in RFP. After operation of DF, the T&D loss as shown by DF to have been increased to 53.87 *per cent* in 2010-11 and 50.37 *per cent* in 2011-12 (up to October 2011) which is 90.89 *per cent* and 78.49 *per cent* more than 28.22 *per cent* in RFP. The figures of T&D losses contained in RFP were consistent with the figures reported to UPERC and Audit. This indicates that objective of reducing T&D losses was not achieved by the DF.

The Management stated (September 2012) that since the period of seven years has not elapsed, this issue should not be raised at present. We do not agree with the reply as the achievement of reduction in losses by the end of seventh year must be projected by reducing the losses every year which is the very purpose of appointing the DF.

Role of Consultant

3.6.11 The professional ethics call for that a Consultant should put forth fair view which is in the best interest of the Employer. Their Report should be independent based on the data and information authenticated by the Employer. It is irrespective whether the Employer takes decision based on the Report of the Consultant or overlooking any aspect.

We critically examined the reporting steps and its consonance with the objectives of IBDFS and found lacunae as discussed below:

- Computations were made by the Consultant to indicate Indicative Reserve Input Energy Rate (BST) of ₹ 1.91 per unit for the first year and ₹ 2.38 per unit for the 20th year. These rates were arrived at after deducting distribution expenses including Employees cost. The Employee cost taken was of DVVNL. No separate computation was made for Employee cost as envisaged by TPL without deputation of DVVNL staff to TPL. Since ultimately TPL did not opt for deputation of DVVNL staff, the non-computation of actual TPL employee cost has led to undue benefit to TPL as discussed in paragraph 3.6.7.

- The BST was computed assuming that T&D losses would be reduced to 11 *per cent* by the end of 20th year with the improved collection efficiency. By the end of the 20th year when the performance indicators would be achieved as envisaged in the projections reported by the Consultant, whether DVVNL would be able to recover purchase cost of energy or not have not been made clear in the Report.

- The bidders had quoted their rates based on the data and rates reported in RFP and tender specifications. While finalising the bids, fresh data were designed and taken into account to justify the rates quoted by TPL. The Consultant had neither analysed the pros and cons of the evaluation based on fresh data nor advised for cancellation of the bids and go for fresh bidding based on fresh data.

- The technical bids were opened on 24 February 2009 and financial bids on 25 February 2009 and approved by ETF on 25 February 2009. Three bidders had participated. We are of the opinion that one day was insufficient to complete the analysis of such depth and complexity. Hence, short time taken raises questions on the quality of evaluation made, the diligence exercised by the consultant. The flaws in the report of consultant have led to losses as have been pointed out in the paragraphs 3.6.5 to 3.6.8 *supra*.

Thus, it is evident that due to irregularities in the bid evaluation process and in the supplementary agreement as well as deviation from ETF's recommendations has already caused losses to the extent of ₹ 421.12 crore up to March 2012, which will lead to further losses of ₹ 4601.12 crore in the remaining 18 years[*] of the contract besides non-fulfillment of the objective of reduction of AT&C losses.

The matter was reported to the Government (August 2012); the reply has not been received (February 2013).

Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited

3.7 Avoidable expenditure on procurement of materials

Ill-conceived planning for renovation and modernisation of Unit-8 of Obra Thermal Power Plant resulted in avoidable expenditure on procurement of materials valued at ₹ 31.88 crore.

Under the National Action Plan on Climate Change, the Ministry of Power, Government of India had initiated National Mission on Enhanced Energy Efficiency and entrusted to a Working Group with the task of examination of the various aspects relating to the energy efficiency enhancement of existing thermal power plants. One of the recommendations of the Working Group was to consider retirement in the XI plan (2007-12), of the old small sized plants having very low level of operating efficiencies.

Accordingly, the Central Electricity Authority (CEA) initiated an exercise for identification of units to be retired during the XI plan and; in line with the recommendation of the Working Group, set criteria that all non- reheat units of rating of 100 MW or less should be retired in a phased manner in over a period of next 10 years. There was a condition that such units which were performing well after major Renovation & Modernization (R&M) activities may continue to operate for 10 years from the date of R&M.

In conformity with the above criteria, the CEA issued (August 2009) directives to the State Government/U.P Rajya Vidyut Utpadan Nigam Limited (Company) to close Unit-7 and 8 (each of 100 MW) of Obra Thermal Power Station in 2011-12 and sought comments/observations on this issue by 7 September 2009. In response, the Company intimated (22 September 2009) to CEA that Unit-7 and 8 were installed in the year 1973 and 1975 respectively. Although these units were non-reheat type and had outlived their useful life; but in view of power crisis in the State it was essential to carryout need based R&M on these units so that they might be able to generate electricity at 60 *per cent* Plant Load Factor for another five years or more.

Since need based R&M had been taken up on these units for which Letter of Intent (LOI) had been placed (May 2009) on Bharat Heavy Electrical Limited

[*] Which is a recurring per day loss of ₹ 0.72 crore in next 18 years.

(BHEL), it was not possible at that stage to consider these units for retirement during XI Plan.

The Company had, however, already placed (May 2009) orders on BHEL for carrying out the R&M works of both units (Unit 7&8) at an estimated cost of ₹ 130 crore with stipulation to complete the work in 23 months and 31 months respectively from the effective date of 4 December 2009. BHEL started supply of materials from October 2009 and material valuing ₹ 32.54 crore had been supplied for Unit 8 upto November 2012.

We noticed that:

- the Company placed orders for carrying out the R&M works in May 2009.
- it shut down the plant of Unit-7 for R&M work in July 2010 but failed to outline the schedule of shut down of plants of Unit-8 for its R&M.
- the Company could not satisfy the CEA and Central Pollution Control Board (CPCB) for the essentiality of carrying the R&M work for Unit-8.
- the techno-economic study of Unit-8 by a Consultant appointed by the State Government was in process even as late as May 2010. This indicates that the decision for placing orders for carrying R&M work in May 2009 was not based on any techno economic study.
- the Company closed the Unit-8 in June 2011 after the CPCB directed[♠] (24 February 2011) that since work relating to Unit-7 had been started, the R&M of Unit-7 with ESP be completed but Unit-8 should be phased out with immediate effect.

Thus, the taking up R&M of Unit-8 without conducting a techno economic study and planning resulted in avoidable expenditure on procurement of materials valued at ₹ 31.88 crore. This could have been avoided by cancelling the order of BHEL in August/September 2009, when CEA had intimated to phase out the unit.

The Management stated (September 2012) that the CEA was informed about the essentiality of carrying out the need based R&M of Unit- 7 & 8. CEA did not give any comment in this regard. Similarly, CPCB was also emphasized regarding need to carry out the R&M of Unit- 7 & 8. However, on the directives of CPCB, the Unit-8 was closed in June 2011. Further, in respect of utilisation of procured materials, correspondence with various TPSs was being made. It was further stated (September 2012) that these materials would be utilised in two units of 110 MW in Parichha and Panki TPSs.

We do not agree with the reply because when the CEA had intimated (August 2009) for phasing out the unit, the Management should have ascertained technical feasibility of R&M of Unit-8. It had, however, belatedly taken up with BHEL in February 2010 for cancellation of the orders and by that time BHEL had already started the supply of material. Moreover, out of material valuing ₹ 32.54 crore procured till November 2012, the material valuing ₹ 66.35 lakh could only be utilised in the other plants. Thus, planning for R&M without proper techno feasibility study and further the lackadaisical approach of the Management in cancellation of the LOI to BHEL in respect of Unit-8, caused unnecessarily procurement of materials worth of ₹ 31.88 crore.

The matter was reported to the Government (June 2012); the reply has not been received (February 2013).

♠ In compliance with Section-5 of Environment (Protection) Act, 1986,

3.8 Delay in entering agreements for sale of fly ash

Delay of the Company in enforcing a conditions of the contract in terms of revised guidelines of Government of India for fixing of sale price of fly ash resulted in loss of ₹ 2.04 crore.

In accordance with the Notification of Ministry of Environment & Forest (MoEF), Government of India (GOI) dated 14 September 1999, utilization of Dry Fly Ash for the purpose of manufacturing ash based products such as cement, bricks, panel, etc. by the end user, free of cost, was permitted by supplying Dry Fly Ash produced by the Power Stations. The said clause of the Notification was valid/ applicable for a period of ten years upto 13 September 2009 and thereafter the Power Stations were free to sell Dry Fly Ash on commercial basis.

In compliance of these instructions, Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (Company) entered into 10 contracts for lifting fly ash generated from all the five Thermal Power Stations (TPS) between September 2006 and August 2008. The contracts provided that any change in GOI guidelines regarding cost of fly ash shall be binding on both the parties.

The MoEF circulated draft Notifications on 3 April 2007 and 6 November 2008 for modification of Notification of 1999 and invited suggestions/ objections. These Draft Notifications envisaged disposing of the ash through competitive bids to the best advantage of the owners i.e. Thermal Power Companies. In November 2009, MoEF revised the earlier guidelines for providing fly ash free of cost. The Para 2 (1) of the revised guidelines *inter alia* provided that TPSs will be free to sell the fly ash.

It was noticed that:

- in case of Panki TPS[♠] and Paricha TPS[∞], the Company revised (October 2010 and November 2010 respectively) the earlier contracts after delay of 11 and 12 months respectively. This delay in revising the agreements deprived the Company of the opportunity to earn revenue of ₹ 0.74 crore[⊕] during the period April 2010 to October 2010.
- In case of Obra 'B' and Anpara TPS the Company did not enforce the provisions of the condition of the contract that any change in GOI guidelines will be binding and kept disposing fly ash free of cost. In addition to above, in violation of MoEF guidelines of November 2009, the Company has given a further approval (March 2010) to JaiPrakash Associates Limited (JAL) for lifting, free of cost, fly ash generated from Obra 'A' TPS, even though the Company is earning revenue by selling fly ash in other TPS. By doing so the Company lost the opportunity to earn revenue of ₹ 1.30 crore[⇒] during the period April 2010 to September 2012.

Due to the inaction of the Management to revise contracts in time and also to fix the sale price of the fly ash with respect to Obra and Anpara TPS, the Company lost the opportunity to generate revenue upto ₹ 2.04 crore[⊗]. The loss in respect of Obra and Anpara will continue till the period the conditions of the contract are revised.

♠ At the rate of ₹ 28 per MT in favour of ACC Limited

∞ Units 1 & 2 at the rate of ₹ 51 per MT in favour of Prism Cement Limited and units 3 & 4 at the rate of ₹ 75 per MT in favour of Diamond Cements Limited.

⊕ Calculated at the rate of ₹ 28 per MT (being the lowest rate for sale among all TPSs on July 2011) on free of cost lifting of 52,794 MT from Panki TPS and 2,11,430 MT from Parichha TPS for the delay of 6 and 7 months respectively.

⇒ Calculated at the rate of ₹ 28 per MT (being the lowest rate for sale among all TPSs on July 2011) on free of cost lifting of 4,01,379 MT fly ash from Obra TPS, 61,174 MT from Anpara TPS.

⊗ ₹ 0.74 crore plus ₹ 1.30 crore after allowing time of 5 months for revising the contracts after issue of revised guidelines

The matter was reported to the Company/Government in February 2013; their reply is awaited (February 2013).

Purvanchal Vidyut Vitran Nigam Limited

3.9 Non-realisation of revenue due to inaction in effecting scheduled rostering

In the absence of written option of consumer for protective load, the Division did not effect the scheduled rostering on its electric supply. As a result the consumer continued to draw energy during the scheduled rostering period and protective load charges amounting to ₹ 1.13 crore could not be realised.

As per Para 12 of Rate Schedule (effective from 27 April 2008), consumers getting supply on independent feeders at 11 kV and above voltage, emanating from sub-station, may opt for facility of protective load and avail supply during the period of scheduled rostering♣ imposed by the Licensee, except under emergency rostering♦. An additional charge at the rate of 100 *per cent* of base demand charges♥ fixed per month shall be levied on the contracted protective load each month.

Banaras Hindu University (BHU), a consumer of Electricity Urban Distribution Division-IV (Division) of Purvanchal Vidyut Vitran Nigam Limited, Varanasi (Company) had a contracted load of 10MVA on 11 KV rostering free supply. Once the provisions of the protective load became effective in April 2008, the Division requested (May 2008) the consumer for entering into agreement for protective load. The consumer did not enter into agreement for protective load for the period from April 2008 to 23 March 2009. It, however, requested for switching it supply from 33/11 KV to 132 KV sub-station and entered into an agreement on 24 March 2009. The supply of the consumer was connected from 132 KV sub-station from 27 May 2009. The Division raised (January 2010) the first bill of ₹ 1.83 crore against the protective load charges for the period of May 2008 to January 2010. The consumer paid protective load charges only from 27 May 2009 (date of connection from 132 Kv Sub-station) and requested the Division not to levy charges for protective load for the period prior to this date on the pretext that they could not utilise the said uninterrupted supply due to overloading.

We noticed (March 2011) that, despite the absence of written option of consumer for protective load, scheduled rostering was not effected on the consumer and as a result, consumer continued to draw energy for 24 hours during the scheduled rostering period∞ and the protective load charges amounting to ₹ 1.13 crore for the period from 27 April 2008 to 26 May 2009 could not be realised from the consumer.

The Management stated (December 2012) that rigorous efforts were made for executing the Protective Load agreement with the consumer for the period from April 2008 to May 2009, but the consumer did not execute the agreement so far.

♣ Load shedding carried out as per declared schedule of electricity supply hours imposed from time to time by the State government or the Licensee.

♦ Load shedding carried out by disconnecting at short notice for safety of personnel and equipment.

♥ Demand Charges for a billing period means a charge levied on the consumer based on maximum demand recorded or 75 *per cent* of contracted load, whichever is higher. Base Rate (to be read in reference to HV 2 Tariff) defines the basic Demand and Energy Charges based on which Time of Day (TOD) rates are applied.

∞ 17 hour supply for city per day.

We do not agree because instead of waiting for execution of protective load agreement, consumer should not have been given uninterrupted supply and put on routine rostering like all other consumers.

The matter was reported to the Government (June 2012); the reply has not been received (February 2013).

3.10 Non-recovery of cost of metering system

The Company suffered loss of ₹ 1.02 crore due to conversion of LT metering of the consumers in to HT metering from its own sources without recovering its cost from the consumers

Clause 5.3 (c) of the Uttar Pradesh Electricity Supply Code-2005 (Code) provides that for Low Tension (LT) loads, Miniature Circuit Breaker (MCB) and for High Tension (HT)/Extra High Tension (EHT) loads, Circuit Breaker (CB) of appropriate rating and specification, as approved by the licensee, shall be installed at the cost of consumer along with the meter. Further, Director (Finance) of Uttar Pradesh Power Corporation Limited had also clarified (July 2010) that the cost of meters to be installed at the premises of the consumers was to be recovered from the consumers.

We noticed (February 2011) that Mirzapur Circle of the Company sanctioned four packages under Business Plan for the year 2010-11 for change of LT metering of stone crusher consumers in Sonbhadra district to HT metering system. The work was got executed by the Electricity Test Division, Mirzapur during July to December 2010 by utilizing Company's own fund under Business Plan although the cost of conversion of consumer's metering system from LT to HT side was recoverable from respective consumer in terms of provision of the Code.

The Management stated (December 2012) that the work was carried out under Business Plan to prevent theft of electricity and to minimise the Aggregate Technical and Commercial (AT&C) losses. The reply is not acceptable in view of the following:

- Para 3.3 (b) of the Supply Code states that if the licensee so requires, may convert the existing services at their cost without benefit of higher voltage tariff to the consumer. To avail the benefit of higher voltage tariff, consumer shall bear the cost of conversion of existing services. Thus, work of conversion of metering system should have been executed only after deposit of cost by the respective consumers with the Company.
- Line loss position of the Division which ranged between 18 *per cent* to 32 *per cent* before the conversion was 14 *per cent* to 34 *per cent* after the conversion. Thus, there was no significant improvement in this regard also.
- As per the code and the clarification by UPPCL, these consumers were also benefited as they were not required to pay additional 15 *per cent* of amount of bill for LT metering after conversion from LT metering to HT metering.

Thus, due to execution of work of conversion of metering system from its own sources instead of realizing the cost of conversion from respective consumer, the Company suffered a loss of ₹ 1.02[♦] crore.

♦ Cost of materials: ₹ 79.06 lakh and cost of installation: ₹ 23.27 lakh.

The matter was reported to the Government (April 2012); the reply has not been received (February 2013).

Paschimanchal Vidyut Vitran Nigam Limited and Dakshinanchal Vidyut Vitran Nigam Limited

3.11 Store management

Introduction

3.11.1 Paschimanchal Vidyut Vitran Nigam Limited, Meerut (PVVNL) and Dakshinanchal Vidyut Vitran Nigam Limited, Agra (DVVNL) were incorporated in May 2003 with the objective of distribution of electricity in 35[♣] districts of Uttar Pradesh. These Companies[♦] are working under the functional control of Uttar Pradesh Power Corporation Limited (UPPCL) and administrative control of Energy Department. The Management 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 with the assistance of Chief Engineers, Superintending Engineers and Executive Engineers.

The Companies classify their procurement of materials into centralised and decentralised purchases. Procurement of centralised material in the Companies is looked after by the Superintending Engineer, Material Management (SE, MM) and Superintending Engineer, Electricity Stores Circle (SE, ESC) under the supervision of Chief Engineer, Material Management (CE, MM). Procurement function starts with the assessment of requirement by the Material Management (MM) on the basis of past consumption and targets of works. The ESC and Electricity Works Circle assess requirements for execution of works. After administrative approval of the Board of Directors[♥] tenders for purchase of required material are invited by SE, (MM). According to the value of purchases, approval of the shortlisted tenders is accorded either by Corporate Stores Purchase Committee (CSPC) of UPPCL or CSPC of the Company or the Managing Director Purchase Committee (MDPC) of the Company or the Director (Technical) Committee on the recommendation of CE, (MM).

As per delegation of powers, purchases with value of ₹ 10 crore and above are approved by CSPC of UPPCL, purchases with a value of ₹ one crore to ₹ 10 crore by the CSPC/MDPC of the Companies and purchases valuing ₹ 10 lakh each to ₹ one crore are approved by the Director (Technical) committee. After approval of the competent authority, orders are placed on the eligible firms. Despatch Instructions (DI) are issued after the inspection of material by the nominated officers of the respective Companies. Materials are received in the Electricity Store Divisions (ESDs) of the Companies which also make payments for the material purchased after deduction of penalties for late supplies, if any. ESDs are also responsible for storage and handling of materials.

During the period 2007-08 to 2011-12 these Companies finalised 200 tenders valued ₹ 1,638.83 crore on purchase of transformers, meters, cables and conductors, poles and vacuum circuit breakers. We examined 107 tenders valued ₹ 893.12 crore at CE (MM), ESDs and Electricity Workshop Division

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♣ PVVNL-14 Districts, DVVNL-21 Districts
♦ PVVNL and DVVNL
♥ Prior to January 2008 it was by Managing Director

of PVVNL[♠], Meerut and DVVNL[∞], Agra relating to store items procured centrally for the period from 2007-08 to 2011-12 and our findings are given in the succeeding paragraphs:

Planning

Assessment of requirement

3.11.2 The Companies have neither prepared any Manual for material management nor prescribed any procedure to assess reasonable requirement of material to be procured. The assessment of requirement of material was not being done keeping in view the available stock and magnitude of utilisation. The assessments were rather being done in piece-meal leading to frequent tendering. Resultantly, the materials were procured at higher rates causing extra expenditure.

In DVVNL, tenders were finalised within very short span of two to five months for procurement of the same material. We noticed that the subsequent tenders floated for the same item were finalised at the rates higher by 3.36 to 9.99 *per cent* as compared to the rates of the previous tenders. This resulted in extra expenditure of ₹ 2.15 crore (**Annexure-18**) on account of procurement of materials at higher rates as discussed below:

- In purchase of four different items[♣] the Company invited fresh tenders within four months of the previous tender and made agreements with the suppliers for fresh supplies at rates higher by 3.36 to 4.81 *per cent.* This resulted in extra expenditure of ₹ 44.27 lakh.

The Management of DVVNL stated (April 2012) that the subsequent tenders were invited to meet the target of Business Plan and VIP works.

The reply is not acceptable as the above purchases were not made for some specific scheme, but were meant for routine works like System Improvement. The works to be executed under Business Plan and the requirement of material for carrying out such works were already known to the Management. Thus, floating of two tenders for the same item in a short span of time substantiates the fact that the Management failed to make the assessment of the actual requirement of materials.

- In purchase of transformers (63 KVA and 10 MVA capacity) with variable price under price variation clause, where with the lapse of time the price payable to the suppliers is based on the price variation formula given in the tender document and the applicable rates being published monthly by the IEEMA[♥]; the Company resorted to fresh tendering within two months and made fresh agreements with the suppliers. We noticed that the new rates were higher by 3.43 to 9.99 *per cent* as compared to the updated price as on the base date of new tender, resulting in extra expenditure of ₹ 1.71 crore[♠].

The Management stated (April 2012) that the purchases were made as per directions of the then Energy Minister. The reply, however, does not justify incurring extra expenditure.

[♠] ESD at Meerut, Moradabad, Ghaziabad and Saharanpur and one Workshop Division at Meerut

[∞] SE, Store Circle, Store Divisions of Agra, Aligarh, Jhansi, and Kanpur, Workshop Division Agra and two Construction Divisions at Agra.

[♣] 3.15 mm/10SWG G.I.Wire, 4mm/8SWG G.I.Wire,5mm/6SWG G.I.Wire, 11KV V type Steel Cross Arms

[♥] Indian Electricals and Electronics Manufacturers Association

[♠] 1200 Transformers of 63 KVA and 50 Transformers of 10 MVA were procured at the rate higher by ₹ 7500 and ₹ 162249 per Transformer respectively in subsequent tender.

Procurement

Absence of system of comparing rates of materials

3.11.3 To ensure reasonableness of prices quoted by bidders, comparison of rates should be done with rates of similar items finalised by CSPC in respect of other Companies as well as their own executed orders and prevailing market rates. For this, a data bank of finalised rates in respect of each item should be maintained for reference at the time of finalisation of tender. We noticed that the Companies did not evolve a system of preparing a databank by obtaining rates of materials procured in previous years by the Companies themselves and other DISCOMs. The absence of such systems resulted in finalisation of rates of material on higher side and resulted in extra expenditure of ₹ 2.58 crore as detailed in **Annexure-19**.

Avoidable expenditure in procurement of Vacuum Circuit Breakers (VCBs)

3.11.4 DVVNL invited tender (November 2010) for procurement of Incoming V.C.Bs, Outgoing V.C.Bs and Bus Couplers. The price bids were opened on 17 January 2011. The lowest FOR (D) prices quoted by the firms were as under:

Name of Firms	Incoming V.C.B. (100 nos.) (₹)	Outgoing V.C.B. (350 nos.) (₹)	Bus Coupler (10 nos.) (₹)
Areva T&D India Limited (ATDIL)	**(L_1)**250113.15	230312.10	209948.51
Electroteknica	270014.40	**(L_1)**182259.72	156383.34
Bharat Heavy Electricals Limited (BHEL)	301440.66	196260.20	**(L_1)**155095.56

Sources: Tender file of DVVNL

It would be seen that ATDIL was the lowest for Incoming VCB, Electroteknica for Outgoing VCB and BHEL for Bus Coupler. DVVNL made agreement with Electroteknica for supply of Incoming VCBs and Outgoing VCBs at their quoted rates, and Bus Couplers at the rate of ₹ 1.55 lakh per coupler after negotiation based on the rates quoted by BHEL. We noticed that DVVNL did not negotiate with Electroteknica, being second lowest, to reduce their price of incoming VCB up to the level offered by ATDIL, i.e., ₹ 2.50 lakh per VCB. This resulted in procurement of incoming V.C.Bs (100 Nos.) at the rate higher ₹ 19,901 per V.C.B. resulting in extra expenditure of ₹ 19.90 lakh[♣] in procurement of the VCBs.

The Management stated (April 2012) that the Incoming and Outgoing VCBs could be used in combination of 1: 3 of the same make on technical ground. Comparison of price was made on that ground and on that basis rate of Electroteknica was lowest.

We do not agree as the tender was invited for individual component rates. Moreover, no efforts were made to negotiate and bring down to the level of L_1 (ATDIL) as done in the case of Bus Coupler. This is worth mentioning here that, in another case[∞], Electroteknica was L_2 and had accepted to supply of Incoming VCBs at the rate of L_1 bidder (Easun, Chennai), but in the instant case, no attempt was made to reduce the price.

Extra expenditure due to discriminate Purchase Policy

3.11.5 Prior to June 2009, DVVNL had been evaluating tenders floated for procurement of material on the basis of FOR price which included packing,

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♣ ₹ 2,70,014.40 *less* ₹ 2,50,113.15X 100 = ₹ 19,90,125

∞ vide quotation No. 682/2011

forwarding and all taxes and duties. This policy was, however, not adopted for purchase of transformers after June 2009. These were evaluated on the basis of ex-works price and packing and forwarding charges but taxes and duties were excluded. Resultantly, landed cost of transformers so purchased by DVVNL was more than the lowest FOR price quoted by the tenderers against the same tenders in 2009-10. Due to this, the Company had to incur extra expenditure of ₹ 6.44 crore on purchase of 9,368[⊕] transformers of various capacities in 11 cases.

The Management stated (April 2012) that evaluation of tenders for purchase of transformers was done as per orders (20 June 2009) of UPPCL.

The Management, however, failed to furnish justification for evaluation of tenders for purchase of other items on FOR basis and purchase of transformers alone on Ex-work price basis.

Loss due to improper price variation clause

3.11.6 Clause 2.18 of 'General Requirements of Specification' read with clause 1.5.3.1 of 'Instructions to Tenderers' specifies that in procurement of transformers, conductors and cables, where the ex-works price is variable, price variation admissible to the suppliers will be based on the price variation (PV) formula and circulars issued by the IEEMA[⇒] or CACMAI[♦] with reference to the base date mentioned in the supply orders. As per practice, the prices and indices as published by IEEMA/CACMAI are taken one month prior to the date of delivery in case of Transformer and 15 days in case of cables and conductors. The date of delivery is the date on which the material is notified as ready for inspection/despatch or the contracted delivery date (including any agreed extension), whichever is earlier.

DVVNL floated (2007-08) five tenders for procurement of cables and conductors. Agreements provided that for the purpose of calculating price variation, the ruling cost of EC grade Aluminium Wire Rod as prevailing on the date of offer for inspection within contracted delivery schedule shall be taken into consideration. Accordingly, the prices of cables and ACSR Conductors were updated by considering the prices prevailing on the date of offers for inspection and payments were made.

We noticed that the prevailing practice of taking into consideration the prices and indices as published by IEEMA/CACMAI 15 days prior to the date of offer for inspection was ignored in the agreements for supply of these conductors and cables. Therefore, the Company made an additional payment of ₹ 1.57 crore[♥].

The Management stated (April 2012) that both the practices were prevalent in the Company, price variation was charged from the date of offer for inspection as well as 15 days prior to date of offer of inspection of material. Uniform practice has now been adopted to charge the price variation 15 days advance prior date of inspection.

[⊕] 25 Nos. of 10 MVA (₹ 0.89 crore), 58 Nos. of 5 MVA (₹ 1.30 crore), 835 Nos. of 250 KVA(₹ 1.71 crore), 450 Nos. of 100 KVA(₹ 0.47 crore), 1200 Nos. of 63 KVA(₹ 0.95 crore) and 6800 Nos. of 10 KVA (₹ 1.12 crore)Transformers.

[⇒] Indian Electrical & Electronics Manufacturers' Association

[♦] Cable and Conductors Manufacturers Association of India

[♥] In Aerial Bunch Conductor ₹ 54.34 lakh, in ACSR Dog Conductor ₹ 11.26 lakh, in ACSR Weasal Conductor ₹ 70 lakh and in ACSR Racoon Conductor ₹ 21.08 lakh.

The fact, however, remains that due to adopting different method from the prevailing practice, the Company had to incur avoidable extra expenditure.

Loss due to allowing higher package rates of repairs

3.11.7 As per the changed (March 2002) procedure of repair of transformers, only core and tank are given to repairers after dismantling the damaged transformers and taking out HV and LV coils (insulated aluminium and copper coils). Repairers are required to install new HV/LV coils of the same weight and turns as retrieved from damaged transformers on dismantling.

CSPC of UPPCL recommended (December 2005) package rates of repair of transformers of different capacity vide Tender Specification No. 05/2003 and 06/2003 for Aluminium and Copper wound transformers respectively on the basis of rates of base date of November 2003. The package rate[⊕] for insulated aluminium coils was ₹ 229.33 per kg and for insulated copper coils ₹ 321.88 per kg. The package rates of repair were being applied in the Distribution Companies in subsequent years up to 2010-11 with price variation as per the defined formula.

During five years up to 2010-11, 1,43,836 damaged transformers (78,618 in PVVNL[∞] and 65,218 in DVVNL[⊗]) of 25 KVA to 1000 KVA capacities were got repaired through outside repairers. The Companies did not prepare any cost analysis for HV/LV coils and adopted the rates without referring prevailing market rates of HV/LV coils as on the base date (November 2003). Market rates of HV/LV coils, as on the base date worked out to ₹ 111.20 per kg[♣] and ₹ 154.69 per kg[⊗] for aluminium and copper coils respectively. The basis of verifying the prevailing rates was available with the Companies in the form of invoices which also formed our basis of working out market rates. Thus, the Companies allowed rates higher by ₹ 118.13 per kg and ₹ 167.19 per kg for aluminium and copper coils respectively, resulting in extra expenditure of ₹ 91.75 crore (PVVNL: ₹ 48.40 crore[**] and DVVNL: ₹ 43.35 crore) as per calculation made in **Annexure-20** on repair of 1,43,836 transformers.

The Management of DVVNL stated (April 2012) that cost of Aluminium and Copper Coil for repair of transformers cannot be compared with the market rates of base of Aluminium and Copper Rods. These coils are prepared after wrapping of insulation on them and as per size and shape of core Leg of the Transformers.

We do not agree in view of the fact that market rate has been worked out by adding quoted cost of Aluminium and Copper rods as on the base date and conversion cost of making insulated Aluminium and Copper wire has been added to the basic cost.

[⊕] 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 (₹ 5355/23.35 kg) and 400 kVA (₹ 71017/220.63 kg) being lowest..

[∞] (Store divisions at Ghaziabad, Saharanpur & Moradabad).

[⊗] (Store divisions at Agra, Aligarh, Kanpur & Jhansi).

[♣] 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.

[⊗] 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.

[**] The package rates of DVVNL were considered for PVVNL also as detailed information were not made available to audit.

Inventory Management

Inventory Upkeep

3.11.8 Upkeep of inventory is an important task of the Management. We noticed instances of lack of inventory upkeep which resulted in financial losses as discussed below:

Damage of transformers within guarantee period

3.11.9 As per clause 30, Form B of General Conditions of Contract, the suppliers were required to guarantee the performance of distribution Transformers for 18/12 months from the date of supply/ commissioning (later changed to 42/36 months by the companies respectively, for transformers with 3-star rating). In the event of failure within guarantee period, the supplier shall carry out repairs free of charge or replace the damaged transformer. In case the repair work/ replacement of transformer is not effected within three months from date of intimation, the consignee is to ensure deduction of amount equal to the price of new transformer from pending bill/ security of the firm. In case of failure, suitable penal action will be taken which may also include blacklisting of firm for a certain period.

We noticed that 133 transformers of various capacities were damaged within the guarantee period, which were lying either in the Store of the PVVNL or with the firms. We further observed that 74 out of 133 transformers worth ₹ 41.37 lakh remained at stores unlifted by the firms even after lapse of 3 months whereas 42 transformers worth ₹ 46.23 lakh were not returned by the firms even after passage of due time period and 17 transformers were lifted after a delay in intimation by the Company ranging from 41 to 246 days. Thus, 133 nos. of transformers remained unrepaired either with the company and/or with the supplier due to lackadaisical approach of the Management in this regard. In addition, delay in intimation by the Company to the supplier also affected the guarantee period.

Frequent transfer of materials

3.11.10 Once the material is ready at the suppliers premises, inspection is done by the Company. Despatch Inspection is issued by the Company to the supplier to deliver the material at the respective ESC according to requirement. We noticed that large quantities of material were frequently transferred from one ESC to another and also from one ESD to another. Transfer of material in such large quantities indicated that either the despatch instructions were not being issued as per actual requirement or requirements were incorrectly assessed by the ESCs. As a result, materials received in one ESC had to be re-transported to another to meet the requirement of that ESC. This resulted in avoidable expenditure of ₹ 5.05 crore during 2007-08 to 2011-12 (PVVNL[*]: ₹ 0.95 crore and DVVNL: ₹ 4.10 crore).

The Management of Companies stated (April 2012) that the work was executed in the Companies' interest due to urgent requirement of store materials. The reply is general in nature and does not justify the issue of incorrect despatch instructions not based on actual requirement of the ESCs. We feel that such practice should be eliminated to reduce the expenditure on avoidable transportation.

[*] ESD Ghaziabad, Moradabad, Saharanpur and Meerut

Delayed issue of electronic meters

3.11.11 Electricity Store Centre (ESC), Farrukhabad received (March 2005) 500 Secure- make Electronic meters which were issued after six years in October 2011 to the Test Division. On examination by Test Division, it was found that 25 *per cent* of the meters were showing 'No Display' and remaining, on installation at consumers premises were showing 'Error' in display of date and time due to corrupt software. The ESD, Kanpur requested Secure Meters Limited (Supplier) for replacement of these all 500 electronic meters in March 2012 i.e., after a lapse of more than six years. We noticed that test and issue of these meters was not ensured within the guarantee period of supply orders; and the fault could be detected only after a lapse of six years, when the guarantee period had lapsed.

Thus, delayed testing and issue of these meters on the part of the Management resulted in the defect remaining undetected and rendered the entire expenditure of ₹ 31.87 lakh[**] as wasteful.

Internal control

3.11.12 In PVVNL, we noticed that there was no proper internal control in the stores which led to misappropriation and wrong accounting of stores.

- **Physical Verification**: While instances of excess/shortage of stock were found in physical verification, no action has been taken, rendering the physical verification to being a paper exercise.
- **Safety Measures**: There was neither proper firefighting system at the stores nor were the stocks insured. This led to loss of material due to occurrence of fire incidences at stores.
- **Inter stores Reconciliation**: Advice Transfer Debit (ATD) remained unadjusted, material issued in emergency under 08B[♣] were not regularized for a long period.
- **Thefts/Misappropriations:** There was no proper arrangement for the security of the stocks at the Stores which led to cases of theft and misappropriation.

Accounting of material

3.11.13 As per existing accounting procedure in respect of receipt and issue of material, stock records[♠] are required to be maintained and compiled monthly at Junior Engineer level, six monthly at Sub-Divisional Officer level and yearly at Division level.

We noticed that these stock records were neither maintained nor reconciled at Sub-Divisional Level and Division Level for a long time. The figures shown in stock records for different months did not tally with the figures of stock shown in MIS indicating that there was no system of checking of figures shown in stock records and MIS.

The Management of DVVNL stated (April 2012) that due to acute shortage of staff, the stock records were incomplete and efforts were being made to update the stock records.

[**] ₹ 6375X 500.

[♣] A proforma under which materials are issued under emergency basis without any estimate and necessary formalities are completed after some time.

[♠] 1S and 2S at Junior Engineer level, 3S and 4S at Sub-divisional level, 5S and 6S at Divisional level. These documents are related to receipt and issue of material.

Non-maintenance of proper stock accounts on the pretext of shortage of staff cannot be justified, as it only opens up the possibility of misappropriation in the system.

Inventory Level

3.11.14 The Companies have not fixed any minimum, maximum and ordering/reordering levels even for major items like transformers, conductors, cables, meters, VCBs and Poles to ensure uniform flow of material of required quantity at appropriate time with minimum storage cost.

The matter was reported to the Government (July 2012); the reply has not been received (February 2013).

Uttar Pradesh Jal Nigam

3.12 Systemic deficiencies in retrieval and disposal of surplus earth leading to losses

Due to the systemic deficiencies the Nigam incurred an avoidable expenditure of ₹ 7.84 crore and lost opportunity to earn sale proceeds to the extent of ₹ 3.22 crore.

The Uttar Pradesh Jal Nigam (Nigam) was assigned by the Central and State Governments the work of execution of sewerage systems under the centrally sponsored schemes *viz.* Jawahar Lal Nehru National Urban Renewal Mission (JnNURM), Ganga Action Plan Phase-II (GAP-II), National Ganga River Basin Authority (NGRBA).

In execution of sewerage system, earth is excavated for making trenches for laying sewer pipes of different and large diameters underground at various depths. After the process of laying of sewer pipes and backfilling is completed, voluminous surplus earth remains for disposal.

The surplus earth, after used in land filling, being a saleable commodity, can be sold on the spot after deposit of due royalty. The sale of this surplus earth on spot serves a two fold purpose as it eliminates the need for incurring disposal costs and also could earn revenue. Even if given free of cost after deposit of due royalty, it will eliminate the cost of disposal from the total work estimate.

We test checked eight sewerage works executed during July 2008 to March 2012 by four Divisions[*] of the Nigam under JnNURM, GAP-II, NGRBA and found systemic deficiencies in computation and disposal of surplus earth leading to losses as discussed below:

Systemic deficiency in computation of surplus earth

3.12.1 The Management did not have system of computing the surplus earth scientifically/mathematically based on the volume of the underground inputs *viz.,* sewer pipes, specials, beddings and manholes. Instead, it used to ascertain the surplus earth without any formula/basis for its calculation or calculating detailed measurements and included in the DPRs of the respective sewerage works. We worked out the surplus earth on scientific/mathematically correct basis[**] and compared with the quantity of surplus earth provided in the contracts and we found large variations.

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[*] Project Manager-IV, Gomti Pollution Control Unit, Lucknow; Ganga Pollution Control Unit, Allahabad; Ganga Pollution Control Unit, Varanasi; Ganga Pollution Control Unit, Kanpur;

[**] Formula: Volume of earth for cylindrical pipes:$\pi r^2 l$ where π=22/7, r is outer radius of pipe, l is length of pipe; volume of earth for circular manholes; :$\pi r^2 h$xno. of manholes, where h is the depth of manhole; volume for bedding; as actually provided in the contracts

In the case of three works, separate provision for disposal of earth was made in the contract, whereas, no such provisions were included in case of five works. The computation of surplus earth as awarded in the contract for its disposal and computation made by us on the basis of scientific calculation by arriving at the volume of inputs *viz.,* the pipes, specials, beddings and manholes etc. detailed in **Annexure-21** are summarised in the table below:

Sl. No.	No. of works	Quantity of surplus earth for disposal (cum)		(Short)/ Excess surplus earth provided in contracts (cum)	Disposal cost (₹)			Expected sale proceeds of surplus earth at the rate♣ Col(4) x Rate
		Provided in contracts	Worked out by Audit		Provided in the contract	Worked out by Audit at AV ♦ (5) x AV	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	2♥	55086	234800	(179714)	11013505	--	11013505	15144600
2	1♠	287598	188566	99032	53108019	--	53108019	12162507
3	5∞	NA	76269	(76269)	NA	14271455	14271455	4919351
Total	**8**	**342684**	**499635**	**(255983) 99032**	**64121524**	**14271455**	**78392979**	**32226458**

We noticed that the incorrect computation and provision of surplus earth in the contracts led to financial losses as discussed below:

- Based on scientific formula, the quantity of surplus earth worked out by us comes to 2,34,800 cum in case of two works, whereas, the Management made provision of surplus earth of only 55,086 cum in the contracts. Thus, there were short provisions of 1,79,714 cum of surplus earth for disposal in the contracts, as quantity of surplus earth cannot be scientifically less than 2,34,800 cum. Further, if provisions of 55,086 cum surplus earth in the contracts are considered correct, then, the BOQ of laying of pipes as provided in the DPRs/contracts becomes scientifically incorrect, as the actually used pipes would be lower length/size than that mentioned in DPR/contracts and would affect the project adversely. Hence it is the provision of surplus earth that was incorrect.
- In the contract of one work*, provision for disposal of 2,87,598 cum of surplus earth was made, whereas, based on the systematic calculations made by us, the quantity of surplus earth cannot exceed 1,88,566 cum. Thus, this excess provision for disposal of 99,032 cum surplus earth has led to extra payment to the extent of ₹ 1.83 crore worked out at the rate of ₹ 184.66 per cum being disposal cost inbuilt in the composite rate awarded for laying of sewer pipes.
- In contracts for five works, quantity for disposal of surplus earth had not been separately mentioned, rather, the same had been merged with the bill of quantity i.e. excavation and disposal of surplus of earth. While we have worked out generation of 76,269 cum surplus earth, there was no way to verify the correctness of the quantity of surplus earth excavated and disposed.

Systemic deficiencies in disposal of surplus earth

3.12.2 The contracts for the works provided for disposal of displaced surplus earth within 8 km distance at the instructions of the Engineer-in-charge (EIC). We noticed that all the four Divisions did not maintain records of instructions

♣ At the lowest rate of ₹ 64.50 per cum provided for up to 1.5 m depth in DPR of Sewerage work in Trans Varuna, Varanasi for excavation of earth

♦ At the rate of ₹ 187.12 per cum being average rate of disposal of 3,42,684 cum surplus earth for ₹ 6.41 crore provided in three contracts where disposal of surplus earth was provided separately.

♥ Sewerage works in District III- Part II Lucknow, Inner Old area Part-I Kanpur

♠ Trans Varuna Sewerage Varanasi

∞ Relieving Trunk sewer Varanasi, Sewerage works in District A, E, B & E and D in Allahabad.

* Trans Varuna Sewerage, Varanasi.

of the EIC, if any, issued to the contractors. The Measurement Books also did not indicate distance and places where surplus earth was actually disposed off/thrown away by the contractors. This proves that the Management is not aware of the place and quantity of disposal of surplus earth which is a saleable commodity attracting payment of royalty to the Government.

The Management failed to make efforts to realise and conceptualize the sale of surplus earth on the spot. Due to this systemic deficiency, the Management, incurred an avoidable expenditure of ₹ 7.84 crore on disposal of 4,18,953[♣] cum surplus earth and simultaneously, lost the opportunity to earn sale proceeds to the extent of ₹ 3.22 crore in disposal of 4,99,635[♦] cum.

We recommend that the Management should compute the quantity of surplus earth on scientific formula for volume of inputs and issue orders to incorporate the reduction in cost of work by sale of the surplus earth on the spot to avoid incurring disposal cost and reduce the project cost. The Management should incorporate these corrective measures in the execution of the sewerage works by the Project Implementation Unit, Ghaziabad.

The matter was reported to the Nigam and Government (June 2012); their reply has not been received (February 2013).

3.13 Avoidable expenditure on construction of sewer lines

Construction of sewer lines in the flood prone river bank without taking adequate preventive control measures resulted in damage of sewer line and avoidable expenditure of ₹ 2.36 crore on restoration of damaged sewer line.

The Ganga Pollution Control Unit, Allahabad (Division) of the Nigam executed three projects[♥] of construction of sewerage system on the bank of Ganga river during June 2007 to March 2009 at the cost of ₹ 3.91 crore for carrying sewage from Amitabh Bachchan Culvert to the Salori Sewage Treatment Plant (STP) as detailed below:

(₹ in crore)

Sl No.	Name of projects	Sanctioned by GOI/U.P. Government		Actual expendi -ture	Date of completion	Percentage of Physical progress (March 2011)
		Date	Amount			
1.	Carrying waste water flow of Salori nala from Amitabh Bachchan Culvert to Salori Nala under GAP-II	June 2007	1.11	1.16	March 2008	100
2.	Laying of sewer line from **Gayatri Nagar to Sadiyabad village** for carrying sewage from Amitabh Bachhan culvert to 29 mld STP under State sector programme	January 2009	1.45	1.61	March 2009	100 (Damaged in flood in September 2009)
3.	Laying of sewer line to catch pit of ring bundh from Amitabh Bachchan culvert to 29 mld STP under State Sector program	June 2009	1.25	1.14	January 2010	100 (work started in September 2009)
	Total		**3.81**	**3.91**		

The Additional Secretary, Ministry of Environment and Forest, Government of India inspected (December 2008) the area of Salori and instantly directed the Commissioner, Allahabad to take effective steps to restrain erosion of bank of the Ganga river to protect the sewerage system including STP, Salori. In compliance, the Commissioner directed (December 2008) the Irrigation Department to take initiatives in this regard. An estimate for ₹ 36.62 crore for controlling the flood in the Ganga river was submitted in September 2009.

[♣] 3,42,684 cum provided in the contract for three works and 76,269 cum as worked out by Audit for five works

[♦] Worked out by Audit for all the eight works

[♥] First sewer line from Amitabh Bachchan Culvert to Gayatri Nagar-900 meter into Salori Nala.
Second sewer line from Gayatri Nagar to Sadiyabad village-1100 meter into Salori Nala
Third sewer line from Sadia bad village to catch pit of STP-1100 meter into salori Nala

We noticed the following;

- The Management of the Nigam was well aware that the river bank area, where above three sewer lines were proposed, was flood prone and this problem was also discussed in the DPRs of the projects. The works were taken up in haste without waiting for creation of flood control mechanism in the area as envisaged in the directions of the Administrative Authorities of the Central and State Government.
- The second sewer line project was sanctioned in January 2009 for ₹ 1.45 crore, when the need for flood control measures to restrain erosion of river bank* in order to protect the sewerage system was well known. The work was completed in March 2009 at the actual cost of ₹ 1.61 crore. This sewer line from Gayatri Nagar to Sadiabad village was subsequently damaged in flood in September 2009.
- Without restoring the second sewer line damaged in flood, the Division started, after the rainy season**, the construction of third sewer line from Salori Nala to catch pit of ring of Bund which was reported as completed (by January 2010) at the cost of ₹ 1.14 crore. Since this needed to be connected to the first two parts in order to be operational and the second part was damaged, the entire expenditure was rendered futile.

It was further noticed that the Nigam had incurred an expenditure of ₹ 2.36 crore on restoration of these sewer lines which could have been avoided if the Nigam had taken effective measures to restrain erosion of the bank of Ganga river for sewage system protection.

The Management stated (September 2012) that due to sudden change in river course; 800 meter sewer line was washed away in September 2010 during floods of river Ganges. Since the STP was constructed on the reclaimed land of flood plain of river Ganges due to scarcity of land, interconnecting sewer of STP to Salori Nala was bound to be laid in the flood plain of the river.

The fact, however, remains that despite knowing that the area was flood prone and no flood control measures were in place, the Management in undue haste took up the work in a routine manner without taking essential preventive measures keeping in view the site conditions. Further, the sewer line was damaged in September 2009 as per Nigam's records and not in September 2010 as indicated in the reply.

The matter was reported to the Government (June 2012); the reply has not been received (February 2013).

Uttar Pradesh State Warehousing Corporation

3.14 Failure in correct estimation of Advance tax resulted in loss

The Corporation failed to estimate accurately the amount of Advance Tax as well as filed return of income after due date resulting in loss of ₹ 3.01 crore.

As per the provisions of Section 139(1) of Income Tax Act 1961 (Act), every assessee whose Accounts are required to be audited under any law has to file return of income before 30 September. Section 208 of the Act provides that every assessee is required to pay Advance tax, if the amount of tax payable is more than ₹ 5000 (limit raised to ₹ 10,000 with effect from 1 April 2009).

* Ganga

** After September 2009.

Further, Section 210 of the Act provides that every person who is liable to pay Advance Tax under section (u/s) 208 shall of his own accord pay on or before each of due dates specified in Section 211♣ of the Act.

In case of failure of assessee in compliance of the aforesaid provisions, the Act provides u/s 234 that simple interest at the rate of one *per cent* is payable for every month:

- from 1 October to the date of filing of return, on amount of tax on total income as reduced by Advance Tax and Tax Deducted/Collected at Source (Section 234A).
- from 1 April to the date of determination of total income, on the amount by which the Advance Tax paid falls short of the Assessed Tax (Section 234B).
- if the assessee fails to pay instalments of Advance Tax as required u/s 211 of the Act, on the amount so deferred (Section 234C).

We noticed (February 2012) that the Uttar Pradesh State Warehousing Corporation (Corporation) had not devised any system of ascertaining accurately its income for estimating the liability on account of Advance Tax. This led to short assessment and deposit of Advance Tax to the extent of ₹ 17.26 crore. The Corporation also filed Income Tax Returns belatedly for the Financial Years 2006-07, 2008-09 and 2009-10. As a consequence, the Corporation paid interest of ₹ 3.83 crore (u/s 234A: ₹ 1.29 crore; section 234B: ₹ 1.66 crore and u/s 234C: ₹ 0.88 crore). This resulted in avoidable payment by the Corporation to the extent of ₹ 3.83 crore and consequential loss of ₹ 3.01 crore (₹ 3.83 crore less ₹ 0.82 crore♠).

The Management stated (July 2012) that due to increase in business, delay in getting the TDS certificates and shortage of staff, the estimation of income could not be done and due to delay in finalisation of accounts, the return of income was filed late. In respect of Financial year 2009-10, the Management stated that there was abnormal increase in the income of the Corporation due to realisation of revenue after March 2010, revision of storage rates by FCI and realisation of revenue of previous years as arrears etc. The total income could be ascertained only after finalisation of accounts for the year.

We do not agree with the reply as the constraints cited by the Management are of regular and foreseeable nature. Further, the reply for the Financial Year 2009-10 is also not acceptable, as the return of income tax can be filed with Statement of Accounts and the Corporation had the option to file the Return in time and revise it u/s 139(5) of the Act on realisation of arrear income. The income u/s 234 B could be reasonably assessed on monthly/quarterly basis by obtaining turnover from the field offices and payment of interest u/s 234A and 234C would have automatically been avoided.

We recommend that the Corporation should devise internal control system for proper assessment of income and expenditure on monthly/quarterly basis so as to estimate correctly the Advance Tax to be deposited to avoid payment of interest.

♣ Due Dates	Advance Tax Payable
On or before June 15 of the previous year	Not less than 15 *per cent* of Advance Tax payable
On or before September 15 of the previous year	Not less than 45 *per cent* of Advance Tax payable
On or before December 15 of the previous year	Not less than 75 *per cent* of Advance Tax payable
On or before March 15 of the previous year	Not less than 100 *per cent* of Advance Tax payable

♠ Interest earned on unpaid amount of the Advance Tax, calculated at the rate of 6 *per cent* per annum, 2006-07 (₹ 6.69 lakh), 2008-09 (₹ 12.95 lakh), 2009-10 (₹ 62.23 lakh) = ₹ 81.87 lakh i.e. ₹ 0.82 crore

The matter was reported to the Government (June 2012); the reply has not been received (February 2013).

General

3.15 Follow up action on Audit Reports

3.15.1 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 2006-07 to 2010-11 were placed in the State Legislature in February 2008, February 2009, February 2010, August 2011 and May 2012 respectively. Out of 129 Paragraphs/Performance Audit involving PSUs under 22 Departments featured in the Audit Reports (Commercial) for the years from 2006-07 to 2010-11, no replies in respect of 91 Paragraphs/Performance Audit have been received from the Government by 30 September 2012 as indicated below:

Year of Audit Report	Total Paragraphs/ Performance Audit in Audit Report	No. of departments involved	No. of paragraphs/ Performance Audit for which replies were not received
2006-07	37	13	26
2007-08	33	9	16
2008-09	27	22	22
2009-10	16	7	12
2010-11	16*	7	15
Total	**129**		**91**

Department wise analysis is given in **Annexure-22.** The Power Department was largely responsible for non-submission of replies.

Compliance with the Reports of Committee on Public Undertakings (COPU)

3.15.2 In the Audit Reports (Commercial) for the years 1999-2000 to 2010-11, 346 paragraphs and 49 Performance Audit were included. Out of these, 122 paragraphs and 21 Performance Audit had been discussed by COPU up to 30 September 2012. COPU had made recommendations in respect of 113 paragraphs and 20 Performance Audit of the Audit Reports for the years 1978-79 to 2006-07**.**

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

3.15.3 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-23** and in respect of Statutory corporations are given in **Annexure-24.**

Response to Inspection Reports, Draft Paragraphs and Performance Audit

3.15.4 Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned administrative

* Includes standalone Performance Audit Report on Sale of Sugar Mills of Uttar Pradesh State Sugar Corporation Limited.

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 2012 pertaining to 54 PSUs disclosed that 11,842 Paragraphs relating to 3,091 Inspection Reports remained outstanding at the end of September 2012. Department-wise break-up of Inspection Reports and audit observations outstanding at the end of 30 September 2012 are given in **Annexure-25**.

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 14 Draft Paragraphs and two Performance Audit Reports forwarded to the various departments between April and September 2012, the Government had not replied to any draft paragraphs/performance audit reports so far (February 2013), as detailed in **Annexure-26**.

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 **(SMITA S. CHAUDHRI)**
The **Accountant General (Economic and Revenue Sector Audit),**
Uttar Pradesh

Countersigned

New Delhi **(VINOD RAI)**
The **Comptroller and Auditor General of India**

Annexures

Annexure-1

Statement showing particulars of up to date paid up capital, loans outstanding and Manpower as on 31 March 2012 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 2011-12				Debt Equity ratio for 2011-12 (previous year)	Manpower (No of employees as on 31-03-2012)
				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	Working Government companies												
	AGRICULTURE AND ALLIED												
1	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	Sugar Industry & Cane Development	27.08.1975	0.15	-	0.10	0.25	-	-	-	-	-	17
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	-	-	-	-	-	853
5	Uttar Pradesh Matsya Vikas Nigam Limited	Matysa & Pashudhan	27.10.1979	1.07	-	-	1.07	-	-	-	-	-	216
6	U.P. Projects Corporation Limited	Irrigation	26.05.1976	5.40	1.00	-	6.40	-	-	-	-	-	618
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
	Sector wise total			**56.66**	**1.00**	**0.91**	**58.57**	**5.00**	**-**	**-**	**5.00**	**0.09:1 (0.09:1)**	**2911**
	FINANCING												
8	The Pradeshiya Industrial and Investment Corporation of UP 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 Vittya 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	-	-	36.72	36.72	3:1 2.12:1	17
11	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	Samaj Kalyan	25.03.1975	122.00	-	107.18	229.18	-	-	69.60	69.60	0.30:1 (0.33:1)	420
12	Uttar Pradesh State Industrial Development Corporation Limited	Industrial Development	29.03.1961	24.08	-	-	24.08	1.98	-	-	1.98	0.08:1 (0.08:1)	967
	Sector wise total			**298.89**	**-**	**132.18**	**431.07**	**164.61**	**-**	**189.00**	**353.61**	**0.82:1 (0.82:1)**	**1644**

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
	INFRASTRUCTURE												
13	Uttar Pradesh Police Avas Nigam Limited	Home	27.03.1987	3.00	-	-	3.00	-	-	-	-	-	154
14	Uttar Pradesh Rajkiya Nirman Nigam Limited	Public Works Department	01.05.1975	1.00	-	-	1.00	-	-	-	-	-	3545
15	Uttar Pradesh Samaj Kalyan Nirman Nigam Limited	Samaj Kalyan	25.06.1976	0.15	-	-	0.15	-	-	-	-	-	581
16	Uttar Pradesh State Bridge Corporation Limited	Public works Department	09.01.1973	15.00	-	-	15.00	1.25	-	-	1.25	0.08:1 (0.17:1)	5858
	Sector wise total			**19.15**	**-**	**-**	**19.15**	**1.25**	**-**	**-**	**1.25**	**0.07:1 (0.13:1)**	**10138**
	MANUFACTURE												
17	Almora Magnesite Limited(619-B Company)		27.08.1971	-	-	2.00	2.00	-	-	0.26	0.26	0.13:1 (0.16:1)	415
18	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
19	UPSIC Potteries Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Laghu Udyog	27.04.1976	-	-	0.76	0.76	0.86	-	1.93	2.79	3.67:1 (3.55:1)	07
20	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)	-
21	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 (1.39:1)	28
22	Uttar Pradesh Drugs and Pharmaceuticals Limited	Health	-	1.10	-	-	1.10	-	-	-	-	-	290
23	Uttar Pradesh Electronics Corporation Limited.	Electronics and information technology	20.03.1974	91.54	-	-	91.54	113.16	-	-	113.16	1.24:1 (1.24:1)	35
24	Uttar Pradesh Rajya Chini Avam Ganna Vikas Nigam Limited	Sugar Industry and cane Development	16.05.2002	553.03	-	327.00	880.03	-	-	-	-	-	20
25	Uttar Pradesh Small Industries Corporation Limited	Laghu Udhyog	01.06.1958	5.96	-	-	5.96	6.32	-	3.92	10.24	1.72:1 (1.72:1)	-
26	Uttar Pradesh State Handloom Corporation Limited	Hathkargha evam vastra Udhyog	09.01.1973	36.44	10.63	-	47.07	106.05	-	5.00	111.05	2.36:1 (2.36:1)	308
27	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
28	Uttar Pradesh State Spinning Company Limited	Hathkargha evam vastra Udhyog	20.08.1976	93.24	-	-	93.24	65.31	-	-	65.31	0.70:1 (0.49:1)	2479
29	Uttar Pradesh State Sugar Corporation Limited	Sugar Industry & Cane Devlopment	26.03.1971	1103.72	-	-	1103.72	-	-	-	-	- (-)	218
30	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Hathkargha evam vastra Udhyog	20.08.1974	53.67	-	-	53.67	49.14	-	-	49.14	0.92:1 (0.78:1)	587
	Sector wise total			**1944.44**	**10.63**	**398.98**	**2354.05**	**342.75**	**-**	**29.11**	**371.86**	0.16:1 (0.15:1)	**4399**

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
	POWER												
31	Dakshinanchal Vidyut Vitaran 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
32	Kanpur Electricity Supply Company Limited	Energy	21.07.1999	-	-	163.15	163.15	4.04	-	273.75	277.79	1.70:1 (1.62:1)	1881
33	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	01.05.2003	-	-	2984.61	2984.61	-	-	663.27	663.27	0.22:1 (0.29:1)	8366
34	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	01.05.2003	-	-	2095.18	2095.18	-	-	802.19	802.19	0.38:1 (0.25:1)	7861
35.	Purvanchal Vidyut Vitaran 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
36	Sonebhadra Power Generation Company Limited	Energy	14.02.2007	-	-	0.07	0.07	-	-	-	-	--	-
37.	UCM Coal Company Limited	Energy	16.02.2008	-	-	0.16	0.16	0.25	-	0.25	0.50	3.13:1 (3.13:1)	-
38.	UPSIDC Power Company Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Energy	11.04.2000	-	-	0.05	0.05	-	-	-	-	-	-
39.	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)	638
40.	Uttar Pradesh Power Corporation Limited	Energy	30.11.1999	33514.44	-	-	33514.44	-	-	17056.49	17056.49	0.51:1 (0.33:1)	-
41.	Uttar Pradesh Power Transmission Corporation Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	Energy	13.07.2006	4437.51	-	5.00	4442.51	-	-	4791.70	4791.70	1.08:1 (0.58:1)	5852
42.	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Energy	22.08.1980	6857.76	-	-	6857.76	219.09	-	8473.81	8692.90	1.27:1 (1.19:1)	8650
43.	Western U.P. Power Transmission Company Limited	Energy	11.09.2009	-	-	-	-	-	-	-	-	-	-
44.	South East U.P. Power Transmission Company Limited	Energy	11.09.2009	-	-	0.05	0.05	-	-	-	-	-	-
45.	Jawahar Vidyut Utpadan Nigam Limited	Energy	04.09.2009	-	-	0.05	0.05	-	-	-	-	-	1
	Sector wise total			**45241.45**	**-**	**12466.05**	**57707.50**	**366.01**	**-**	**33312.95**	**33678.96**	**0.58:1 (0.43:1)**	**47999**
	SERVICE												
46	Abhyaranya Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
47	Adyhavasai Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
48	Awadh Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
49	Bithpur Paripath Paryatan Ltd.	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
50	Braj Darshan Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
51	Braj Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
52	Bundelkhand Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
53	Ganga Saryu Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
54	Garhmukteshwar Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
55	Gyanodaya Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
56	Hastinapur Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
57	Hindon Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
58	Madhyanchal Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
59	Paanchal Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
60	Pachimanchal Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
61	Sangam Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
62	Satyadarshan Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
63	Shajhanpur Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
64	Siddartha Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
65	Taj Shilp Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
66	Taj Virasat Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
67	Triveni Paripath Paryatan Limited	Tourism	20.02.2009	-	-	0.05	0.05	-	-	-	-	-	-
68	Uttar Pradesh Development Systems Corporation Limited	Electronics & information Technology	15.03.1977	1.00	-	-	1.00	--	-	-	-	-	90
69	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
70	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)	770
71	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
	Sector wise total			**31.59**	**0.90**	**1.10**	**33.59**	**23.28**	**-**	**-**	**23.28**	**0.69:1 (0.69:1)**	**1571**

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
	MISCELLANEOUS												
72	Uttar Pradesh Mahila Kalyan Nigam Limited	Mahila Kalyan	17.03.1988	4.71	0.48	-	5.19	-	-	-	-	-	22
73	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	Samaj Kalyan	23.05.1989	0.43	-	-	0.43	-	-	-	-	-	130
74	Uttar Pradesh Waqf Vikas Nigam Limited	Waqf & Alpsankhyak	27.04.1987	7.50	-	-	7.50	--	--	-	-	-	24
75	Lucknow City Transport Services Limited	Transport	01.02.2010	-	-	-	-	-	-	-	-	-	-
76.	Meerut City Transport Services Limited	Transport	23.06.2010	-	-	-	-	-	-	-	-	-	-
77.	Allahabad City Transport Services Limited	Transport	27.04.2010	-	-	-	-	-	-	-	-	-	-
78.	Agra Mathura City Transport Services Limited	Transport	08.07.2010	-	-	-	-	-	-	-	-	-	-
	Sector wise total			**12.64**	**0.48**	**-**	**13.12**	**-**	**-**	**-**	**-**	**--**	**176**
	Total A (All sector wise working Government companies)			**47604.82**	**13.01**	**12999.22**	**60617.05**	**902.90**	**-**	**33531.06**	**34433.96**	**0.57:1 (0.42:1)**	**68838**
B	**Working Statutory Corporations**												
	AGRICULTURE & ALLIED												
1	Uttar Pradesh State Warehousing Corporation	Cooperative	19.03.1958	7.79	5.58	-	13.37	-	-	-	-	-	1205
	Sector wise total			**7.79**	**5.58**	**-**	**13.37**	**-**	**-**	**-**	**-**	**- (-)**	**1205**
	FINANCING												
2	Uttar Pradesh Financial Corporation	Industrial Development	01.11.1954	114.51	-	64.78	179.29	271.43	-	376.59	648.02	3.61:1 (3.39:1)	697
	Sector wise total			**114.51**	**-**	**64.78**	**179.29**	**271.43**	**-**	**376.59**	**648.02**	**3.61:1 (3.39:1)**	**697**
	INFRASTRUCTURE												
3	Uttar Pradesh Avas Evam Vikas Parishad	Housing and Urban Planning	03.04.1966	-	-	-	-	-	-	-	-	-	3700
4.	Uttar Pradesh Jal Nigam	Urban Development	06.06.1975	-	-	-	-	98.68	-	-	98.68	-	-
	Sector wise total			**-**	**-**	**-**	**-**	**98.68**	**-**	**-**	**98.68**		**3700**
	SERVICE												
5	Uttar Pradesh State Road Transport Corporation	Transport	01.06.1972	348.63	60.01	-	408.64	-	-	270.31	270.31	0.66:1 (0.24:1)	-
6	Uttar Pradesh Government Employees Welfare Corporation	Food & Civil Suplies	05.05.1965	-	-	-	-	9.51	-	-	9.51	-	889
	Sector Wise total			**348.63**	**60.01**	**-**	**408.64**	**9.51**	**-**	**270.31**	**279.82**	**0.68:1 (0.27:1)**	**889**
	Miscellaneous												
7	Uttar Pradesh Forest Corporation**	Forest	25.11.1974	-	-	-	-	-	-	13.50	13.50	-	2531
	Sector Wise total			-	-	-	-	-	-	**13.50**	**13.50**	-	**2531**
	Total B (All Sector wise working statutory corporations)			**470.93**	**65.59**	**64.78**	**601.30**	**379.62**	**-**	**660.40**	**1040.02**	**1.73:1 (1.51:1)**	**9022**
	Total (A+B)			**48075.75**	**78.60**	**13064.00**	**61218.35**	**1282.52**	**-**	**34191.46**	**35473.98**	**0.58:1 (0.43:1)**	**77860**

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
C	**Non working Companies**												
	AGRICULTURE & ALLIED												
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
	Sector wise Total			**10.78**	**1.91**	**1.29**	**13.98**	**11.27**	**-**	**-**	**11.27**	**0.81:1 (0.81:1)**	**349**
	FINANCING												
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
	Sector Wise Total			**0.78**	**-**	**1.72**	**2.50**	**-**	**-**	**4.15**	**4.15**	**1.66:1 (1.66:1)**	**52**
	INFRASTRUCTURE												
9	Uttar Pradesh Cement Corporation Limited	Industrial 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	Industrial 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)	Industrial Development	05.12.1985	-	-	0.08	0.08	-	-	0.84	0.84	10.50:1 (10.50:1)	-
	Sector wise Total			**125.71**	**-**	**0.08**	**125.79**	**143.01**	**-**	**2.34**	**145.35**	**1.16:1 (1.16:1)**	**-**
	MANUFACTURE												
12	Auto Tractors Limited	Industrial 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	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	15.65	19.65	0.24:1 (0.05:1)	07

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
15	Continental Float Glass Limited	Industrial Development	12.04.1985	-	-	46.24	46.24	-	-	138.85	138.85	3.00:1 (3.00:1)	-
16	Electronics and Computers (India) Limited (619-B Company)				-			-	-	-	-	-	-
17	Ghatampur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry and Cane Development	30.05.1986	-	-	147.72	147.72	-	-	10.92	10.92	0.07:1 (0.12:1)	18
18	Kanpur Components Limited (Subsidiary of Uttar Pradesh Electronics Corporation Ltd.)	Electronic & Information Technology	31.03.1978	-	-	0.05	0.05	-	-	-	-	-	-
19	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
20	Steel and Fasteners Limited (619-B Company)		-	-	-	1.90	1.90	-	-	-	-	-	-
21	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 (32.77:1)	-
22	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)	
23	Uttar Pradesh Abscott Private Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Laghu Udyog	18.6.1972	-	-	0.05	0.05	-	-	-		-	-
24	Uttar Pradesh Carbide and Chemicals Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	Industrial Development	23.04.1979	-	-	6.59	6.59	11.02	-	-	11.02	1.67:1 (1.67:1)	
25	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industrial Development	01.01.1975	0.09	-	1.93	2.02	5.55	-	11.49	17.04	8.44:1 (8.44:1)	259
26	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)	-
27	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)	
28	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)	-
29	Uttar Pradesh Tyre and Tubes Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industrial Development	14.01.1976	-	-	1.83	1.83	-	-	-	-	-	-
	Sector Wise Total			**208.29**	**0.10**	**327.44**	**535.83**	**120.00**	**4.00**	**186.51**	**310.51**	**0.58:1 (1:1)**	**364**

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
	SERVICE SECTOR												
30	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)	
31	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)	-
32	Bareilly Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	1.25	-	-	1.25	-	-	-	--	-	-
33	Bundelkhand Concrete Structurals Limited (Subsidiary of Uttar Pradesh Bundelkhand Vikas Nigam Limited)	Bhumi Vikas & Jal Sansadhan	1986-87	-	-	0.01	0.01	-	-	-	-	-	-
34	Gandak Smadesh Kshetriya Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	1976-77	0.46	-	-	0.46	-	-	--	-	-	-
35	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)	-
36	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)	-
37	Meerut Mandal Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	31.03.1976	1.00	-	-	1.00	-	-	-	-	- (-)	-
38	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)	
39	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)	
40	Uttar Pradesh Bundelkhand Vikas Nigam Limited	Bhumi Vikas & Jal Sansadhan	30.03.1971	1.23	-	-	1.23	0.05	-	-	0.05	0.04:1 (0.04:1)	1
41	Uttar Pradesh Chalchitra Nigam Limited	Tax and Institutional Finance	10.09.1975	8.18	-	-	8.18	2.47	-	-	2.47	0.30:1 (0.30:1)	-
42	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)	-
43	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)	-
	Sector wise Total			**18.13**	**-**	**0.33**	**18.46**	**7.52**	**-**	**-**	**7.52**	**0.41:1 (0.41:1)**	**1**
	Total C (All sector wise non working companies)			**363.69**	**2.01**	**330.86**	**696.56**	**281.80**	**4.00**	**193.00**	**478.80**	**0.69:1 (1.02:1)**	**765**
	Grand Total (A+B+C)			**48439.44**	**80.61**	**13394.86**	**61914.91**	**1564.32**	**4.00**	**34384.46**	**35952.78**	**0.58:1 (0.43:1)**	**78626**

Note 1: Above includes Section 619-B companies at Sr. no- A-17, C-1, 16, and 20.

Note 2: Companies at Sl No. A-46 to A-67 are subsidiaries of Uttar Pradesh State Tourism Development Corporation Limited.

$ Paid up capital includes share application money. * Loans outstanding at the close of 2011-12 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 was entrusted to this Office as per order of the Forest 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, 1.21 and 1.33)

(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: Net Profit / loss before interest and depreciation	Net Profit/Loss: Interest	Net Profit/Loss: Depreciation	Net Profit/Loss: 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
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A	**Working Government companies**													
	AGRICULTURE AND ALLIED													
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	2011-12	2012-13	0.38	-	-	0.38	0.71	-	0.65	0.83	1.52	0.38	25.00
3	Uttar Pradesh Beej Vikas Nigam Limited	2008-09	2011-12	28.91	5.47	0.71	22.73	269.19	-	1.92	53.36	88.37	28.20	31.91
4	Uttar Pradesh Bhumi Sudhar Nigam	2008-09	2012-13	(-) 0.03	-	0.10	(-) 0.13	1.86	-	1.50	0.23	23.59	(-) 0.13	-
5	Uttar Pradesh Matsya Vikas Nigam Limited	2006-07	2011-12	0.37	-	0.11	0.26	3.54	(DP) 0.78	1.07	-	4.90	0.26	5.31
6	U.P. 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
	Sector wise total			**62.67**	**14.26**	**1.41**	**47.00**	**1393.38**	**-**	**51.79**	**70.05**	**268.84**	**61.26**	**22.79**
	FINANCING													
8	The Pradeshiya Industrial and Investment Corporation of UP Limited	2010-11	2011-12	11.10	6.94	0.46	3.70	37.27	(DP) 0.56	135.58	(-) 363.94	315.83	10.64	3.37
9	Uttar Pradesh Alpsankhyak Vittya 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	2009-10	2012-13	2.07	1.67	0.01	0.39	2.43	-	12.23	7.17	66.10	2.06	3.12
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	2008-09	2011-12	73.92	-	5.58	68.34	113.34	(DP) 3.40	24.08	-	218.25	68.34	31.31
	Sector wise total			**103.56**	**11.20**	**6.11**	**86.25**	**177.71**	**-**	**288.95**	**(-) 299.68**	**934.97**	**97.45**	**10.42**

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	INFRASTRUCTURE													
13	Uttar Pradesh Police Avas Nigam Limited	2010-11	2011-12	0.56	-	0.14	0.42	77.54	(DP) 2.65	3.00	13.26	16.16	0.42	2.60
14	Uttar Pradesh Rajkiya Nirman Nigam Limited	2009-10	2012-13	231.75	0.60	5.69	225.46	3670.58	(DP) 8.68	1.00	412.35	431.88	226.06	52.34
15	Uttar Pradesh Samaj Kalyan Nirman Nigam Limited	2010-11	2011-12	24.59	-	0.76	23.83	578.25	-	0.15	49.65	49.69	23.83	47.96
16	Uttar Pradesh State Bridge Corporation Limited	2009-10	2011-12	44.30	1.56	3.80	38.94	800.04	(DP) 13.14	15.00	68.37	95.03	40.50	42.62
	Sector wise total			**301.20**	**2.16**	**10.39**	**288.65**	**5126.41**	**-**	**19.15**	**543.63**	**592.76**	**290.81**	**49.06**
	MANUFACTURE													
17	Almora Magnesite Limited (619-B Company)	2011-12	2012-13	1.33	0.09	0.29	0.95	31.93	-	2.00	1.75	6.15	1.04	16.91
18.	Shreetron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	2011-12	2012-13	2.11	0.15	0.52	1.44	30.57	(DP) 2.44	7.22	1.57	12.28	1.59	12.95
19	UPSIC Potteries Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	1996-97	2011-12	(-)0.14	0.59	0.02	(-) 0.75	-	-	0.76	(-)6.59	(-)0.23	(-)0.16	-
20	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	-
21	Uptron Powertronics Ltd. (Subsidiary of Uttar Pradesh Electronics Corporation Limited	2011-12	2012-13	1.50	-	0.65	0.85	25.25	(DP) 0.56	4.07	(-)3.32	8.42	0.85	10.10
22	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	-
23	Uttar Pradesh Electronics Corporation Limited.	2010-11	2011-12	0.88	-	0.10	0.78	36.30	-	87.66	1.14	124.19	0.78	0.63
24	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	-
25	Uttar Pradesh Small Industries Corporation Limited)	2003-04	2011-12	1.02	0.54	0.84	(-)0.36	15.75	(DL) 6.67	5.96	(-)17.06	8.96	0.18	2.01
26	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	-
27	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
28	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	-
29	Uttar Pradesh State Sugar Corporation Limited	2009-10	2011-12	23.41	18.77	3.68	0.96	488.64	(DP) 59.85	1103.71	(-) 248.08	401.73	19.73	4.91

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
30	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	(-)0.52	-
	Sector Wise total			**5.28**	**54.36**	**10.72**	**(-)59.80**	**921.91**	**-**	**1997.55**	**(-) 1725.92**	**727.86**	**(-)5.44**	**-**
	POWER													
31	Dakshinanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2008-09 (Revised)	2012-13	(-)862.29	61.51	137.58	(-)1061.38	2537.35	-	370.07	(-) 4814.40	(-)1623.50	(-) 999.87	-
32	Kanpur Electricity Supply Company Limited	2008-09	2011-12	(-)25.00	41.59	14.11	(-) 80.70	845.86	(IL) 0.47	60.00	(-) 1381.30	(-)709.84	(-)39.11	-
33	Madhyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2008-09 (Revised)	2012-13	(-)469.95	140.14	95.90	(-) 705.99	2206.77	-	190.85	(-) 3197.30	328.76	(-)565.85	-
34	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2008-09 (Revised)	2012-13	(-)345.77	137.38	153.06	(-)636.21	4507.62	-	559.95	(-) 3206.74	(-) 177.59	(-)498.83	-
35	Purvanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2008-09	2012-13	(-)971.60	123.24	94.20	(-) 1189.04	2626.81	-	460.75	(-) 4479.59	(-) 865.12	(-) 1065.80	-
36.	Sonebhadra Power Generation Company Limited	2008-09	2011-12	-	-	-	-	-	-	0.16	(-)0.07	0.35	-	-
37.	UCM Coal Company Limited	2010-11	2011-12	-	-	-	-	-	-	0.16	-	1.11	-	-
38.	UPSIDC Power Company Limited (subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	2010-11	2011-12	(-)0.02	-	-	(-)0.02	0.02	-	0.05	(-)0.20	(-)0.07	(-)0.02	-
39.	Uttar Pradesh Jal Vidyut Nigam Limited	2009-10 (Revised)	2011-12	24.72	22.52	10.76	(-)8.56	97.44	(DL) 8.08	427.25	(-) 273.96	320.69	13.96	4.35
40.	Uttar Pradesh Power Corporation Limited	2007-08	2011-12	(-) 3465.08	427.31	1.16	(-) 3893.55	12203.90	(IL) 2179.49	470.74	(-) 10087.27	9374.12	(-)3466.24	-
41.	Uttar Pradesh Power Transmission Corporation Limited (Subsidiary Uttar Pradesh Power Corporation Limited)	2008-09	2012-13	474.82	206.69	278.26	(-) 10.13	780.95	-	5.00	(-) 1001.21	3495.36	196.56	5.62
42.	Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd	2010-11	2012-13	576.42	283.81	166.23	126.38	4752.30	-	6302.01	(-) 451.95	1494.67	410.19	27.44
43.	Western UP Power Transmission Company Limited	2010-11	2012-13	(-) 0.60	-	-	(-) 0.60	-	-	0.05	(-) 4.24	(-) 4.19	(-) 0.60	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
44.	South East UP Power Transmission Corporation Limited	Accounts not finalised	-	-	-	-	-	-	-	-	-	-	-	-
45.	Jawahar Vidyut Utpadan Nigam Limited	2009-10	2011-12	(-) 1.23	-	-	(-)1.23	-		0.05	(-) 1.23	(-) 1.18	(-) 1.23	-
	Sector wise total			**(-)5065.58**	**1444.19**	**951.26**	**(-) 7461.03**	**30559.02**	**-**	**8847.09**	**(-) 28899.46**	**11633.57**	**(-) 6016.84**	**-**
	SERVICE													
46	Abhyaranya Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
47	Adyhavasai Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
48	Awadh Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
49	Bithpur Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
50	Braj Darshan Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
51	Braj Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
52	Bundelkhand Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
53	Ganga Saryu Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
54	Garhmukteshwar Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
55	Gyanodaya Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
56	Hastinapur Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
57	Hindon Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
58	Madhyanchal Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
59	Paanchal Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
60	Pachimanchal Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
61	Sangam Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
62	Satyadarshan Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
63	Shajhanpur Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
64	Siddartha Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
65	Taj Shilp Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
66	Taj Virasat Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
67	Triveni Paripath Paryatan Limited	2010-11	2011-12	-	-	-	-	-	-	0.05	-	0.05	-	-
68	Uttar Pradesh Development Systems Corporation Limited	2009-10	2011-12	0.94	-	0.05	0.89	4.29	(DP) 2.44	1.00	0.54	3.69	0.89	24.12
69	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

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
70	Uttar Pradesh Food and Essential Commodities Corporation Limited	2003-04	2011-12	10.38	1.99	0.19	8.20	528.90	(DP) 4.46	5.00	11.37	73.44	10.19	13.88
71	Uttar Pradesh State Tourism Development Corporation Limited	2010-11	2011-12	2.76	0.01	1.58	1.17	24.03	-	18.75	(-)13.31	13.24	1.18	8.91
	Sector wise total			**14.16**	**2.02**	**1.89**	**10.25**	**563.69**	**-**	**33.09**	**20.52**	**92.08**	**12.27**	**13.33**
	MISCELLANEOUS													
72	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
73	Uttar Pradesh Purva Sainik Kalyan Nigam Limited	2008-09	2011-12	8.45	-	0.18	8.27	86.75	(DP) 1.43	0.43	46.36	63.64	8.27	13.00
74	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	-	-
75.	Lucknow City Transport services Limited	Accounts not finalised												
76.	Meerut City Transport Services Limited	Accounts not finalized												
77.	Allahabad City Transport Services Limited	Accounts not finalized												
78.	Agra Mathura City Transport Services limited	Accounts not finalised												
	Sector wise total			**9.43**	**-**	**0.25**	**9.18**	**89.14**	**-**	**9.12**	**45.86**	**74.20**	**9.18**	**12.37**
	Total A (All sector wise working Government companies)			**(-)4569.28**	**1528.19**	**982.03**	**(-)7079.50**	**38831.26**	**-**	**11246.74**	**(-) 30245.00**	**14324.28**	**(-) 5551.31**	**-**
B	**Working Statutory Corporations**													
	AGRICULTURE & ALLIED													
1	Uttar Pradesh State Warehousing Corporation	2009-10	2011-12	72.63	0.49	7.72	64.42	218.45	(IP) 7.35	11.17	-	312.80	64.91	20.75
	Sector wise total			**72.63**	**0.49**	**7.72**	**64.42**	**218.45**		**11.17**	**-**	**312.80**	**64.91**	**20.75**
	FINANCING													
2	Uttar Pradesh Financial Corporation	2010-11	2011-12	18.40	0.05	-	18.35	20.93	(DP) 9.49	179.28	(-)932.99	995.65	18.40	1.85
	Sector wise total			**18.40**	**0.05**	**-**	**18.35**	**20.93**		**179.28**	**(-) 932.99**	**995.65**	**18.40**	**1.85**
	INFRASTRUCTURE													
3	Uttar Pradesh Avas Evam Vikas Parishad	2010-11	2011-12	362.72	-	3.92	358.80	666.92	-	-	3275.04	1261.13	358.80	28.45
4	Uttar Pradesh Jal Nigam	2009-10	2012-13	91.02	40.16	0.35	50.51	536.33	-	-	(-)85.39	7913.99	90.67	1.15
	Sector wise total			**453.74**	**40.16**	**4.27**	**409.31**	**1203.25**	**-**	**-**	**3189.65**	**9175.12**	**449.47**	**4.90**
	SERVICE													
5	Uttar Pradesh State Road Transport Corporation	2010-11	2011-12	106.93	20.44	124.98	(-)38.49	2038.56	(IL) 87.84	369.13	(-) 934.83	(-)287.51	(-)18.05	-
6	Uttar Pradesh Government Employees Welfare Corporation	2010-11	2012-13	12.08	0.86	0.06	11.16	274.70	-	-	7.10	38.85	12.02	30.94
	Sector Wise total			**119.01**	**21.30**	**125.04**	**(-) 27.33**	**2313.26**	**-**	**369.13**	**(-) 927.73**	**(-)248.66**	**(-)6.03**	**-**
	Miscellaneous													
7	Uttar Pradesh Forest Corporation	2010-11*	2012-13	126.10	-	0.93	125.17	400.31	(DP) 4.49	-	1173.95	1135.72	125.17	11.02
	Sector Wise total			**126.10**	**-**	**0.93**	**125.17**	**400.31**	**-**	**-**	**1173.95**	**1135.72**	**125.17**	**11.02**
	Total B (All sector wise statutory corporations)			**789.88**	**62.00**	**137.96**	**589.92**	**4156.20**	**-**	**559.58**	**2502.88**	**11370.63**	**651.92**	**5.73**
	Total (A+B)			**(-)3779.40**	**1590.19**	**1119.99**	**(-) 6489.58**	**42987.46**	**-**	**11806.32**	**(-) 27742.12**	**25694.91**	**(-)4899.39**	**-**

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
C	**Non working Companies**													
	AGRICULTURE & ALLIED													
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	-
	Sector wise Total			**(-)0.53**	**1.56**	**0.03**	**(-)2.12**	**1.58**	**-**	**6.45**	**(-)23.13**	**85.47**	**(-)0.56**	**-**
	FINANCING													
7	Uplease Financial Services Limited (Subsidiary of Uttar Pradesh Electronics Corporation Ltd)	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	1993-94	2011-12	(-)0.10	-	-	(-)0.10	0.36	-	1.39	(-)0.24	1.10	(-)0.10	-
	Sector Wise Total			**0.27**	**0.54**	**0.23**	**(-)0.50**	**1.65**	**-**	**2.44**	**(-)0.64**	**6.44**	**0.04**	**0.62**
	INFRASTRUCTURE													
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	2009-10	2011-12	4.84	1.54	0.06	3.24	5.18	(DP) 3.19	59.43	(-)76.44	1.11	4.78	430.63
11	Vindhyachal Abrasives Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Ltd)	1987-88 (UL from 28.11.02	1995-96	(-)0.11	0.01		(-)0.12	-	-	-	(-)0.11	0.01	(-)0.11	-
	Sector wise Total			**(-)15.34**	**26.39**	**2.90**	**(-)44.63**	**118.19**	**-**	**127.71**	**(-) 502.54**	**(-)238.68**	**(-)18.24**	**-**
	MANUFACTURE													
12	Auto Tractors Limited	1991-92	1995-96	0.37	0.26	-	0.11	6.31	-	7.50	-	11.14	0.37	3.32
13	Bhadohi 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	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2010-11	2011-12	(-)0.41	0.70	0.16	(-)1.27	0.53	-	81.38	(-)95.26	4.18	(-)0.57	-
15	Continental Float Glass Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Ltd)	1997-98 (UL from 01-04-02)	2002-03	-	-	-	-	-	-	46.24	-	83.87	Company went into liquidation (since inception)	-

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
16	Electronics and Computers (India) Ltd. (619-B Company)	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Ghatampur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2010-11	2012-13	(-)1.98	-	-	(-)1.98	0.11	-	8.95	(-) 149.33	5.34	(-)1.98	-
18	Kanpur Components Limited (Subsidiary of Uttar Pradesh Electronics Corporation Ltd.)	Under liquidation from 10-06-96	-	-	-	-	-	0.05	-	--	-	-	-	-
19	Nandganj-Sihori Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	2010-11	2012-13	(-)5.81	-	0.09	(-)5.90	0.05	-	239.38	(-)245.18	12.82	(-)5.90	-
20	Steel and Fasteners Limited (619-B Company)	1978-79	-	-	-	-	-	0.90	-	-	-	-	-	-
21	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	-
22	Uptron 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	-
23	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	-
24	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	-
25	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	-
26	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	-
27	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
28	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	-
29	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	-
	Sector Wise Total			**(-)3.44**	**20.37**	**1.04**	**(-)24.85**	**12.62**	**-**	**564.03**	**(-) 1089.66**	**(-)68.53**	**(-)4.48**	**-**

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	SERVICE SECTOR													
30	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	-
31	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	-
32	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	-
33	Bundelkhand Concrete Structurals Limited (Subsidiary of Uttar Pradesh Bundelkhand Vikas Nigam Ltd.)	1986-87	1993-94	-	-	-	-	-	-	0.02	(-)0.01	0.04	-	-
34	Gandak Smadesh Kshetriya Vikas Nigam Limited	1976-77 (UL from 1976-77)	-	-	-	-	-	-	-	0.46	-	0.46	-	-
35	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	-
36	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
37	Meerut Mandal Vikas Nigam Limited	2008-09	2010-11	(-)0.03	-	-	(-)0.03	-	-	1.00	(-)1.50	(-)0.01	(-)0.03	-
38	Moradabad Mandal Vikas Nigam Limited	1991-92	2011-12	(-)0.08	0.11	-	(-)0.19	0.85	-	0.25	(-)0.78	0.12	(-)0.08	-
39	Tarai Anusuchit Janjati Vikas Nigam Limited	1982-83	1990-91	(-)0.04	-	-	(-)0.04	0.01	-	0.25	-	0.70	(-)0.04	-
40	Uttar Pradesh Bundelkhand Vikas Nigam Limited	2008-09	2010-11	0.25	-	-	0.25	0.20	-	1.23	(-)1.57	(-)0.29	0.25	-
41	Uttar Pradesh Chalchitra Nigam Limited	2009-10	2011-12	0.03	0.40	0.01	(-)0.38	0.12	(IL) 0.14	8.18	(-)14.80	(-)4.14	0.02	-
42	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	-
43	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	-
	Sector wise Total			**0.06**	**0.65**	**0.74**	**(-)1.33**	**16.93**	**-**	**17.55**	**(-)22.01**	**6.42**	**(-)0.68**	**-**
	Total C (All sector wise non working companies)			**(-)18.98**	**49.51**	**4.94**	**(-)73.43**	**150.97**	**-**	**718.18**	**(-) 1637.98**	**(-)208.88**	**(-)23.92**	**-**
	Grand Total (A+B+C)			**(-)3798.38**	**1639.70**	**1124.93**	**(-)6563.01**	**43138.43**	**-**	**12524.50**	**(-) 29380.10**	**25486.03**	**(-) 4923.31**	**-**

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 2012

(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)
A	**Working Government companies**												
	AGRICULTURE AND ALLIED												
1.	Uttar Pradesh Bhumi Sudhar Nigam				125.03		125.03						
	Sector wise total				**125.03**		**125.03**						
	FINANCING												
2.	UP Pichchara Varg Vitta Evam Vikas Nigam Limited	-	-	-	-	-	-	-	22.65	-	-	-	-
3.	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	5.00			141.85		141.85						
	Sector wise total	**5.00**			**141.85**		**141.85**		**22.65**	-	-	-	-
	MANUFACTURE												
4.	Uttar Pradesh State Yarn Company Limited		11.85	-	-	-	-	-	-	-	-	-	-
	Sector Wise total	**-**	**11.85**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	POWER												
5.	Madyanchal Vidyut Vitaran Nigam Limited	-			657.98	-	657.98	-	-				
6.	Paschimanchal Vidyut Vitaran Nigam Limited	-			1031.21	-	1031.21	-	-		-	-	-
7.	Uttar Pradesh Power Corporation Limited	3315.70	-	-	-	-	-	145.00	145.00	-	-	-	-
8.	Uttar Pradesh Power Transmission Corporation Limited	409.05	-			-	-	-	461.56	-	-	-	-
9.	UP Rajya Vidyut Utapadan Nigam Limited	555.75	-	-	-	-	-	1000.00	8899.63	-	-	-	-
	Sector wise total	**4280.50**	**-**	**-**	**1689.19**	**-**	**1689.19**	**1145.00**	**9506.19**	-	-	-	-
	SERVICE												
10.	UP Development Systems Corporation Limited	-	-	-	2.60	-	2.60	-	-	-	-	-	-
11.	Uttar Pradesh Food & Essential Commodities Corporation Limited							30.00	30.00	-	-	-	-
	Sector wise total	**-**	**-**	**-**	**2.60**	**-**	**2.60**	**30.00**	**30.00**	-	-	-	-

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												
12.	Uttar Pradesh Mahila Kalyan Nigam Limited		-	-	16.84	-	16.84	-	-	-	-	-	-
	Sector wise total				**16.84**		**16.84**	-	-	-			-
	Total A (All sector wise working Government companies)	**4285.50**	**11.85**	**-**	**1975.51**	**-**	**1975.51**	**1175.00**	**9558.84**	**-**			**-**
B	**Working Statutory Corporations**												
	INFRASTRUCTURE												
1.	Uttar Pradesh Jal Nigam	-	-	-	1132.83*	-	1132.83*	-	-	-	-	-	-
	Sector wise total				**1132.83***		**1132.83***						-
	SERVICE												
2.	Uttar Pradesh State Road Transport Corporation	40.00	-		-	-	-	-	-	-	-	-	
	Sector Wise total	**40.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-
	Total B (all sector wise statutory corporations)	**40.00**	**-**	**-**	**1132.83**	**-**	**1132.83**	**-**	**-**	**-**	-	-	-
	Total (A+B)	**4325.50**	**11.85**	**-**	**3108.34**	**-**	**3108.34**	**1175.00**	**9558.84**	**-**	**-**	**-**	**-**
C	**Non working Companies**												
	MANUFACTURE												
1.	Chhata Sugar Company Limited	-	-	-	-	-	-	19.65	19.65		-	-	
	Sector Wise Total							**19.65**	**19.65**	**-**	**-**	**-**	**-**
	SERVICE SECTOR												
2.	Gorakhpur Mandal Vikas Nigam Limited				0.01		0.01						
3.	UP Bundelkhand Vikas Nigam Limited				0.20		0.20						
4.	Varanasi Mandal Vikas Nigam Limited				0.26		0.26						
	Sector wise Total	**-**			**0.47**		**0.47**						
	Total C (All sector wise non working companies)	**-**			**0.47**	**-**	**0.47**	**19.65**	**19.65**	**-**	**-**	**-**	**-**
	Grand Total (A+B+C)	**4325.50**	**11.85**	**-**	**3108.81**	**-**	**3108.81**	**1194.65**	**9578.49**	**-**	**-**	**-**	**-**

@ Figures indicate total guarantee outstanding at the end of the year.

* It includes subsidy

Annexure-4

Statement showing investment made by the Government in the 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
A. Working Government Companies							
1.	Uttar Pradesh Bhumi Sudhar Nigam	2008-09	1.50	-	-	125.03	-
2.	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	2008-09	102.83	5.00	-	141.85	-
3.	UP State Yarn Company Limited	2010-11	31.91	-	11.85	-	-
4.	Madyanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2008-09 (Revised)	190.85	-	-	-	657.98
5.	Paschimanchal Vidyut Vitaran Nigam Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2008-09 (Revised)	559.95	-	-	-	1031.21
6.	Uttar Pradesh Power Corporation Limited	2007-08	470.74	3315.70	-	-	-
7.	Uttar Pradesh Power Transmission Corporation Limited (Subsidiary of Uttar Pradesh Power Corporation Limited)	2008-09	5.00	409.05	-	-	-
8.	UP Rajya Vidyut Utpadan Nigam Limited	2010-11	6302.01	555.75	-	-	-
9.	Uttar Pradesh Development Systems Corporation Limited	2009-10	1.00	-	-	2.60	-
10	Uttar Pradesh Mahila Kalyan Nigam	2010-11	5.19	-	-	16.84	-
	Total A		**7670.98**	**4285.50**	**11.85**	**286.32**	**1689.19**
B. Working Statutory Corporations							
1.	UP Jal Nigam	2009-10	-	-	-	272.18	860.65
2.	Uttar Pradesh Road Transport Corporation	2009-10	-	40.00	-	-	-
	Total B			**40.00**		**272.18**	**860.65**
	Grand Total (A+B)		**7670.98**	**4325.50**	**11.85**	**558.50**	**2549.84**

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	2008-09	2009-10	2010-11
A. Liabilities			
Capital (including capital loan and equity capital)	369.13	369.13	369.13
Borrowings:			
Government:			
Central	-	-	-
State	-	-	-
Others	239.17	258.13	243.09
Funds	23.19	8.35	8.69
Trade dues and other current liabilities (including provisions)	808.81	906.34	1012.24
Uttar Pradesh and Uttaranchal State Road Transport Corporation reorganisation settlement account	26.41	26.41	26.41
Total A	**1466.71**	**1568.36**	**1659.56**
B. Assets			
Gross Block	1096.27	1162.46	1189.61
Less: Depreciation	649.49	711.67	730.85
Net fixed assets	446.78	450.79	458.76
Capital work in progress (including cost of chassis)	11.56	46.41	13.13
Investments	-	-	-
Current Assets, Loans and Advances	204.08	203.60	252.84
Accumulated Losses	804.29	867.56	934.83
Total B	**1466.71**	**1568.36**	**1659.83**
C. Capital employed[1]	**(-)146.39**	**(-)205.54**	**(-)287.51**

2. Uttar Pradesh Financial Corporation

(₹ in crore)

Particulars	2008-09	2009-10	2010-11
A. Liabilities			
Paid-up capital	179.28	179.28	179.28
Share application money	-	-	-
Reserve fund and other reserves and surplus	19.50	19.36	19.25
Borrowings:			
(i) Bonds and debentures	309.75	217.32	167.16
(ii) Fixed deposits	0.1	0.03	0.009
(iii) Industrial Development Bank of India and Small Industries Development Bank of India	382.28	374.94	374.84
(iv) Reserve Bank of India			
(v) Loans in lieu of share capital:			
(a) State Government	139.69	228.25	269.27
(b) National Handicapped Finance and Development Corporation	0.57	0.53	0.43
(vi) Others (including State Govt.)	5.56	-	-
Other Liabilities and Provisions	411.40	407.38	390.67
Total A	**1448.13**	**1427.09**	**1400.91**
B. Assets			
Cash and Bank balances	8.06	9.49	26.41
Investments	15.10	15.10	15.10
Loans and Advances	438.02	414.88	387.76
Net Fixed Assets	10.77	10.42	10.08
Other Assets	24.48	25.85	28.57
Misc. Expenditure	-	-	-
Profit and Loss Account	951.70	951.35	932.99
Total B	**1448.13**	**1427.09**	**1400.91**
C. Capital Employed[21]	**1046.00**	**1008.23**	**995.65**

1 Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

2 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
A. Liabilities			
Paid up capital[3]	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
Total A	**317.18**	**343.45**	**387.39**
B. Assets			
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	-	-	-
Total B	**317.18**	**343.45**	**387.39**
Capital Employed[4]	**260.64**	**286.73**	**312.80**

4. Uttar Pradesh Forest Corporation

(₹ in crore)

Particulars	2008-09	2009-10	2010-11
A. Liabilities			
Reserve and Surplus	936.56	1052.23	1173.95
Borrowings	10.71	14.87	15.75
Current Liabilities (including provisions)	129.76	141.74	189.00
Other Liabilities	-	-	-
Total A	**1077.03**	**1208.84**	**1378.70**
B. Assets			
Net Fixed Assets	11.24	16.44	17.59
Current Assets, Loans and Advances	1011.77	1138.38	1307.13
Accumulated loss	-	-	-
Uttaranchal Forest Development Corporation, Dehradun. (Net assets under its possession)	53.77	53.77	53.77
Miscellaneous Expenditure	0.25	0.25	0.21
Total B	**1077.03**	**1208.84**	**1378.70**
C. Capital employed[4]	**893.25**	**1013.08**	**1135.72**

5. Uttar Pradesh Avas Evam Vikas Parishad

(₹ in crore)

Particulars	2008-09	2009-10	2010-11
A. Liabilities			
Parishad Fund	2577.66	2916.12	3275.04
Surplus	-	-	-
Borrowings	-	-	-
Deposits	215.83	121.13	137.64
Reserve for maintenance of unsold property	-	-	-
Current Liabilities (including Registration Fee)	2719.92	3242.65	3379.60
Excess of assets over liabilities	-	-	-
Total A	**5513.41**	**6279.90**	**6792.28**
B. Assets			
(i) Net Fixed Assets	33.50	31.96	30.31
(ii) Investments	1835.39	1753.91	2151.55
(iii) Current Assets, Loans and Advances	3644.52	4494.03	4610.42
Total B	**5513.41**	**6279.90**	**6792.28**
C. Capital employed[4]	**958.10**	**1283.34**	**1261.13**

3 Including share capital pending allotment ₹ 2.20 crore.

4 Capital employed represents the net fixed assets (including capital work-in-progress) *plus* working capital.

6. Uttar Pradesh Jal Nigam

(₹ in crore)

Particulars	2007-08	2008-09	2009-10
A. Liabilities			
Borrowings			
Loans fund			
(i) From LIC	-		
(ii) From UP Government	393.14	393.14	509.54
(iii) From Banks	-	-	-
Grants from Government	5416.22	6150.13	7626.65
Deposits		-	
Current Liabilities:			
Centage on material unconsumed	57.86	73.67	109.96
Other liabilities	3724.37	4952.03	4541.27
(i) Deposits (deposit received for project)	2403.86	3088.47	4132.16
(ii) Provision for gratuity	6.50	6.50	6.50
Project transferred from LSGED to Jal Nigam	9.50	9.47	9.49
Total A	**12011.45**	**14673.41**	**16935.57**
B. Assets			
Gross Block	25.65	23.49	23.51
Less: Depreciation	9.77	9.20	9.53
Net Fixed Assets	15.88	14.29	13.98
Investments	--	-	-
PF Invested	144.48	144.19	143.31
Project:			
(i) Material	469.92	725.74	862.56
(ii) Work in progress	5098.39	6329.45	7851.64
(iii) Completed rural water project maintained by UP Jal Nigam	774.46	735.04	823.17
(iv) Rural water work project cost of LSGED transferred to UP Jal Nigam	9.08	9.08	9.08
Current Assets	4613.00	5824.90	6131.37
Loans and advances	750.67	806.28	1015.07
Deficit	135.57	84.44	85.39
Total B	**12011.45**	**14673.41**	**1693.57**
C. Capital employed[5]	**5536.22**	**6321.53**	**7913.99**

[5] 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	2008-09	2009-10	2010-11
Operating			
(a) Revenue	1260.56	1602.22	2038.56
(b) Expenditure	1381.02	1684.71	2092.45
(c) Surplus (+)/Deficit (-)	(-)120.46	(-)82.49	(-)53.89
Non operating			
(a) Revenue	153.30	54.79	35.84
(b) Expenditure	22.17	24.27	20.44
(c) Surplus (+)/Deficit (-)	131.13	30.52	15.40
Total			
(a) Revenue	1413.86	1657.01	2074.40
(b) Expenditure	1403.19	1708.98	2112.89
(c) Net Profit (+)/Loss (-)	10.67	(-)51.97	(-)38.49
Interest on Capital and Loans	22.17	24.27	20.44
Total return on Capital employed	32.84	(-)27.70	(-)18.05

2. Uttar Pradesh Financial Corporation

(₹ in crore)

Particulars	2008-09	2009-10	2010-11
1 Income			
(a) Interest on loans	25.91	14.61	20.93
(b) Other Income	2.65	1.68	7.36
(c)Interest Provision written back	-	-	-
(d) NPA Provision written back	13.09	6.51	18.58
(e) Depreciation investment written back	-	-	-
Total 1	**41.65**	**22.80**	**46.87**
2. Expenses			
(a) Interest on long term loan	1.39	0.48	0.05
(b) Provision for non performing assets	5.00	1.44	0.003
(c) Other expenses	23.08	20.52	28.47
(d) Loss on sale of fixed assets	1.19	-	-
Total 2	**30.66**	**22.44**	**28.52**
3. Profit (+)/Loss (-) before tax (1-2)	10.99	0.36	18.35
4. Other appropriations	-	-	-
5. Amount available for dividend*	-	-	-
6. Dividend paid/payable	-	-	-
7. Total return on capital employed	12.38	0.84	18.40
8. Percentage of return on capital employed	1.18	0.08	1.85

3. Uttar Pradesh State Warehousing Corporation

(₹ in crore)

Particulars	2007-08	2008-09	2009-10
1. Income:			
(a) Warehousing charges	125.91	177.50	214.37
(b) Other Income	3.45	4.16	4.35
Total 1	**129.36**	**181.66**	**218.72**
2. Expenses:			
(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
Total 2	**89.21**	**141.84**	**154.30**
3.Profit (+)/Loss (-) before tax	40.15	39.82	64.42
4 Appropriations:			
(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
5 Profit transferred to Balance Sheet			
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	2008-09	2009-10	2010-11
1. Income:			
Sales	215.80	283.16	329.90
Other Income	55.22	57.06	69.62
Closing Stock	105.55	123.36	136.62
Total 1	**376.57**	**463.58**	**536.14**
2. Expenditure:			
Purchases	95.16	120.14	119.01
Other Expenses	94.99	122.22	168.60
Opening Stock	84.83	105.55	123.36
Total 2	**274.98**	**347.91**	**410.97**
Net Profit	101.59	115.67	125.17
Total return on capital employed	101.59	115.67	125.17
Percentage of return on capital employed	11.37	11.42	11.02

5. Uttar Pradesh Avas Evam Vikas Parishad

(₹ in crore)

Particulars	2008-09	2009-10	2010-11
1 Income:			
(a) Income from property	426.06	508.44	397.40
(b) Other Income	379.34	326.33	395.12
Total 1	**805.40**	**834.77**	**792.52**
2. Expenditure:			
(a) Cost of property sold	260.08	332.62	211.37
(b) Establishment	75.09	119.95	180.44
(c) Interest	-	-	-
(d) Other expenses	46.10	43.74	41.91
Total 2	**381.27**	**496.31**	**433.72**
3. Excess of income over expenditure	424.13	338.46	358.80
4. Total return on capital employed	424.13	338.46	358.80
5. Percentage of total return on capital employed	44.27	26.37	28.45

6. Uttar Pradesh Jal Nigam

(₹ in crore)

Particulars	2007-08	2008-09	2009-10
1.Income:			
Centage	97.97	164.34	229.10
Survey and project fee	0.28	4.20	-
Receipt from consumers for scheme maintained by Jal Nigam	23.09	23.60	25.28
Other income	6.41	19.18	22.16
Income from financing activities	34.42	43.64	30.17
Revenue grant:			
(i) From UP Government for maintenance	102.27	153.28	134.91
(ii) From Government for HRD			
Income of C&DS	41.49	69.90	92.35
Income of Nalkoop wing	1.47	2.91	2.36
Interest	-	-	-
Grant	-	-	-
Others	-	-	
Total 1	**307.41**	**481.05**	**536.33**

Particulars	2007-08	2008-09	2009-10
2. Expenditure			
Establishment charges/operating expenses	187.50	237.59	235.37
Expenditure on maintenance	78.82	122.34	169.31
Interest	16.32	21.29	40.16
Other expenses	-	-	-
Depreciation	0.30	0.31	0.35
Expenditure of C&DS	22.72	31.38	39.28
Expenditure of Nalkoop Nigam	1.14	1.60	1.35
Grant to Jal Sansthan	-	-	-
Grant to Irrigation	-	-	-
Total 2	**306.80**	**414.51**	**485.82**
Deficit (-)/Surplus (+)	**0.61**	**66.54**	**50.51**
Total return on capital employed	**16.92**	**87.83**	**90.67**

Source: Latest finalised accounts of the PSUs

Annexure-7

Statement showing voltage-wise capacity additions planned, actual additions and shortfall during five years up to 2011-12

(Referred to in paragraph 2.1.9)

Sl. No.	Description	2007-08	2008-09	2009-10	2010-11	2011-12	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
765 KV Sub-Stations (Numbers)							
1	At the beginning of the year	NIL	NIL	NIL	NIL	NIL	
2	Additions Planned for the year	NIL	NIL	NIL	01	01	02
3	Actual Additions during the year	NIL	NIL	NIL	NIL	01	01
4	At the end of the year (1+3)	NIL	NIL	NIL	NIL	01	
5	Shortfall in Additions (2-3)	NIL	NIL	NIL	01	NIL	01
765 KV Transformers Capacity (MVA)							
1	At the beginning of the year	NIL	NIL	NIL	NIL	NIL	
2	Additions/ augmentation Planned for the year	NIL	NIL	NIL	2000	2000	4000
3	Actual Additions during the year	NIL	NIL	NIL	NIL	1000	1000
4	Capacity at the end of the year (1+3)	NIL	NIL	NIL	NIL	1000	
5	Shortfall in Additions/ Augmentation (2-3)	NIL	NIL	NIL	2000	1000	3000
765 KV Lines (CKM)							
1	At the beginning of the year	409	409	409	409	409	
2	Additions Planned for the year	NIL	NIL	NIL	423	428	851
3	Actual Additions during the year	NIL	NIL	NIL	NIL	1.9	1.9
4	At the end of the year **(1+3)**	409	409	409	409	410.9	
5	Shortfall in Additions **(2-3)**	NIL	NIL	NIL	423	426.1	849.1
400 KV Sub-Stations (Numbers)							
1	At the beginning of the year	14	14	14	14	14	
2	Additions Planned for the year	NIL	NIL	02	06	04	12
3	Actual Additions during the year	NIL	NIL	NIL	NIL	NIL	NIL
4	At the end of the year **(1+3)**	14	14	14	14	14	
5	Shortfall in Additions **(2-3)**	0	0	02	06	04	12
400 KV Transformers Capacity (MVA)							
1	At the beginning of the year	7930	7930	7930	8785	8785	
2	Additions/ augmentation Planned for the year	NIL	390	2000	5370	2890	10650
3	Actual Additions during the year	NIL	NIL	855	NIL	75	930
4	Capacity at the end of the year **(1+3)**	7930	7930	8785	8785	8860	
5	Shortfall in Additions/ Augmentation **(2-3)**	0	390	1145	5370	2815	9720
400 KV Lines (CKM)							
1	At the beginning of the year	4259	4259	4259	4259	4259	
2	Additions Planned for the year	NIL	225	192	769	725	1911
3	Actual Additions during the year	NIL	NIL	NIL	NIL	NIL	NIL
4	At the end of the year **(1+3)**	4259	4259	4259	4259	4259	
5	Shortfall in Additions **(2-3)**	NIL	225	192	769	725	1911
220 KV Sub-Stations (Numbers)							
1	At the beginning of the year	48	49	54	57	63	
2	Additions Planned for the year	08	08	05	27	19	67
3	Actual Additions during the year	01	05	03	06	04	19
4	At the end of the year **(1+3)**	49	54	57	63	67	
5	Shortfall in Additions **(2-3)**	07	03	02	21	15	48
220 KV Transformers Capacity (MVA)							
1	At the beginning of the year	12570	13230	14730	15850	18120	
2	Additions/ augmentation Planned for the year	2480	2810	1780	7560	5920	20550
3	Actual Additions during the year	660	1500	1120	2270	1520	7070
4	Capacity at the end of the year **(1+3)**	13230	14730	15850	18120	19640	
5	Shortfall in Additions/ Augmentation **(2-3)**	1820	1310	660	5290	4400	13480
220 KV Lines (CKM)							
1	At the beginning of the year	6669	6809	6904	6996	7387	
2	Additions Planned for the year	125	868	853	1348	1697	4891
3	Actual Additions during the year	140	95	92	391	258	976
4	At the end of the year **(1+3)**	6809	6904	6996	7387	7645	
5	Shortfall in Additions **(2-3)**	(-)15	773	761	957	1439	3915
132 KV Sub-Stations (Numbers)							
1	At the beginning of the year	214	222	242	260	269	
2	Additions Planned for the year	25	17	17	45	37	141
3	Actual Additions during the year	08	20	18	09	06	61
4	At the end of the year **(1+3)**	222	242	260	269	275	
5	Shortfall in Additions **(2-3)**	17	(-)03	(-)01	36	31	80
132 KV Transformers Capacity (MVA)							
1	At the beginning of the year	15755	17094	19057	20260	22079	
2	Additions/ augmentation Planned for the year	1500	1910	1503	3720	2720	11353
3	Actual Additions during the year	1339	1963	1203	1819	1759	8083
4	Capacity at the end of the year **(1+3)**	17094	19057	20260	22079	23838	
5	Shortfall in Additions/ Augmentation **(2-3)**	161	(-)53	300	1901	961	3270
132 KV Lines (CKM)							
1	At the beginning of the year	10282	10862	11384	11973	12419	
2	Additions Planned for the year	1275	503	540	1550	1356	5224
3	Actual Additions during the year	580	522	589	446	331	2468
4	At the end of the year **(1+3)**	10862	11384	11973	12419	12750	
5	Shortfall in Additions **(2-3)**	695	(-)19	(-)49	1104	1025	2756

Annexure-8
Statement showing details of Time and Cost overrun in construction of sub-stations
(Referred to in paragraph 2.1.11)

Sl. No.	Name of Zone	Division	Particulars	Date of approval by TWC[ℜ]	Capacity (MVA)	Estimated Cost (₹ in lakh)	Scheduled Date of Start	Actual Date of Start	Scheduled Date of Completion	Actual Date of Completion	Qty executed	Actual Expenditure (₹ in lakh)	Time overrun (in months)	Cost Overrun(₹ in lakh)	Reasons for time and cost overrun
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	TW Meerut	ETD-Merrut	132/33KV Hapur Road SS	15.09.06	2x20	962.01	09/06	09/06	09/07	01/09	2x20	819.34	16	---	SS was delayed by 16 months due to slow allotment of material and indecision of headquarters.
2	TW Meerut	ETD-Muzarffarnagar	132/33KV Jolly Road SS (By pass road)	15.09.06	2x20	590.00	09/06	09/09	06/07	01/11	2x20	547.08	43	---	The Company took 40 months in finalisation of land though it was available ab-initio.
3	TW Meerut	Do	132KV Thana Bhawan SS	06.11.04	2x20	570.90	11/04	11/04	12/05	06/09	2x20	261.41	42	---	Possession of land could be obtained in October 2006 with delay of 24 month and slow progress of allotment of material layout, lack of coordination between civil wing transmission wing.
4	TW Meerut	ETD-I Ghaziabad	220/132KV Loni SS	25.07.06	2x100+1x40	1989.90	07/06	07/06	01/08	09/08	2x100+1x40	2260.27	08	270.37	Time overrun resulted in cost overrun.
5	TW Meerut	ETD-I Noida	220KV SS sector-129 Noida	30.08.07	2x160+ 2x40	5986.94	08/07	08/07	12/08	06/11	2x160+2x40	3824.75	30	---	No reasons on records
6	TW Meerut	Do	220KV SS sector-62 Noida	30.08.07	1x100+ 2x60	5723.00	08/07	08/07	12/08	03/09	1x100+2x60	2039.18	3	---	Do
7	TW Meerut	Do	132/33KV SS Sector-66	25.07.06	2x40	857.74	07/06	07/06	12/06	05/07	2x40	1117.02	5	259.28	Do

[ℜ] TWC stands for Transmission Works Committee

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
8	TW Meerut	ETD-I Moradabad	220KV SS Shambhal Moradabad	18.05.05	2x100	2134.06	05/05	05/05	11/06	05/10	2x100	2396.78	42	262.72	Delay in start of civil work and receipt of material for SS
9	TW Meerut	ETD, Bijnor	132 kV substation Kirat pur	Proposed in VIIth plan	2x40	1369	09/91	09/91	03/94	03/09	2x40	966.61	181	---	Time overrun due to delay in possession of land February 2006
10	TW Meerut	ETD II, Ghaziabad	132 KV substation Hapur-II	04/2002	2x20	1009.57	04/2002	03/04	03/04	07/09	1x40	623.47	64	---	Time run was due to delayed supply of required material from the headquarters.
11	TC, Lucknow	ETD-II Lucknow	220/33KV Gomtinagar SS	15.09.06	3x60	4008.35	09/06	09/06	10/07	12/08	3x60	3147.86	14	---	Delay in finalisation of site for SS
12	TC, Lucknow	Do	132/33 KV S/S Ram Sanehi Ghat, Barabanki	NA	1x20	404.31	N A	N A	N A	12/08	1x20	533.96	NA	129.65	No reasons on records
13	TC, Lucknow	ETD-Faizabad	220/132KV 132/33 KV Sohawal SS	11.12.01	2x100+2x40	2425.47	12/01	12/06	06/03	12/09	2x100+2x40	1691.72	78	---	No reasons on records
14	TC, Lucknow	ETD-Hardoi	132KV Chakalwansi SS,Unnao	17.01.08	2x20	923.29	01/08	03/08	01/09	02/12	1x20	696.61	37	---	No reasons on records
15	TC Lucknow	ETD-I Bareilly	132 kV SS Richha	Approved by CEA on 1990	1x20	296	11/90	11/90	1991	10/09	1x20	374.18	216	78.18	Main reason of time overrun was delay in possession of land.
16	TC Lucknow	ETD-II, Bareilly	220 kV SS Dohna	07/06	2X100 + 2X40	2860	07/06	12/06	12/07	10/08	2X100 + 2X40	3503	10	643.00	Main reason of cost overrun was non-inclusion of cost of dismantling work of residential colony in original estimate.
17	TC Lucknow	ETD-II Bareilly	132 KV SS Pooranpur	Approved by CEA on 11/90	1x20	270	11/90	11/90	11/91	01/08	1x20	205.90	193	---	Main reasons of time overrun was delayed possession of land i.e July 2004.
18	TC Lucknow	ETD I Bareilly	132 KV SS Faridpur	05.04.06	1x20 MVA	585	04/06	04/06	09/07	06/08	1x20	544.21	9	---	No reasons available on records.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
19	TC Lucknow	765KV Transmission Division Unnao	765KV sub-station	05/09	2x1000	55000	05/09	03/10	03/11	01/12	1x1000	17000	10	---	No reasons available on records.
20	TE Varanasi	ETD Basti	132 kV sub-station Mehdawal	01/07	2x20	640.04	01/07	02/07	12/07	08/11	2x20	455.93	44	---	No reasons available on records.
21	TE Varanasi	Do	132 kV SS Navgarh	01/07	2x20	640.04	01/07	02/07	12/07	11/09	2x20	628.04	23	---	SS was kept back energised 11/09 and put to commercial use in 03/11 after completion of associated line
22	TE Varanasi	ETD-I Varanasi	132KV Chauri, SR Nagar (Bhadoi)	April 1998	2x20	351.60	04/98	04/98	04/99	09/08	2x20	235.95	113	---	Funds for Construction of S/S and line was provided (2001) by Government which was returned back in 2002 as SS and line could not be constructed in time.
23	TE Varanasi	ETD-Jaunpur	132KV Mariyahaun SS	05.04.06	1x20	511.39	04/06	05/07	04/07	01/09	1x20	342.40	21	---	No reasons available on records.
24	TE Varanasi	Do	132KV badalapur SS	19.09.05	1x20	343.17	09/05	10/07	09/06	01/09	1x20	184.16	28	---	No reasons available on records.
25	TE Varanasi	ETD-Azamgarh	132KV Dighar SS Ballia	25.07.06	1x20	604.00	07/06	07/06	07/07	08/09	1x20	667.30	25	63.30	No reasons available on records.
26	TE Varanasi	ETD-II Allahabad	132KV SS Karchhana, Allahabad	05.04.06	2x20	679.64	04/06	04/06	04/07	11/08	2x20	1085.89	19	406.25	Delayed as 11KV line was passing through the land where switchyard was to be constructed
27	TE Varanasi	Do	132KV SS Manjhanpur Kaushambi	05.04.06	1x20	401.13	04/06	04/06	04/07	09/08	1x20	669.20	17	268.07	Do

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
28	TE Varanasi	Do	132KV SS Teliarganj Allahabad	25.07.06	2x40	923.36	07/06	07/06	07/07	09/10	2x40	1069.00	38	145.64	Delay in possession of land as it was defence land. SS was idle for 10 months for want of feeder line.
29	TE, Varanasi	ETD-I Allahabad	132 kV SS Patti, Pratapgarh	1999-2000	1x20	361.51	12/2000	12/2000	12/01	03/07	1x20	310.96	63	---	Main reasons of time overrun was delayed allotment required material by headquarter
30	TE, Varanasi	ETD-II, Varanasi	132 kV SS, Kasimabad	04/2006	2x20	685	04/06	04/06	04/07	10/10	2x20	778.80	42	93.80	Delayed start of work by contractor resulted in abnormal delay.
31	TS Agra	ETD-I Kanpur	220KV SS Bithoor	07/2008	2x160+ 2x40	5113.00	07/08	07/08	01/10	07/11	2x160+ 2x40	5175.00	18	62.00	No reasons available on the records
32	TS Agra	ETD-II Kanpur	220KV SS Kanpur South	10/2009	3x60	3692.00	10/09	10/09	04/11	04/11	3x60	4665.00	---	973.00	No reasons available on the records
33	TS Agra	Do	132KV SS MSKP	08/08	2x40	1560.66	08/08	08/08	08/09	12/10	2x40	1943.66	16	383.00	No reasons available on the records
34	TS Agra	ETD-I Agra	132KV SS Fatehabad	01/07	2x40	917.00	01/07	01/07	01/08	10/08	2x40	1061.25	09	144.25	No reasons available on the records
35	TS Agra	Do	132KV SS Bhimnagari	04/08	2x20	906.95	04/08	04/08	04/09	05/09	2x20	532.48	01	---	No reasons available on the records
36	TS Agra	Do	220KV SS Samshabad	01/08	2x160	3567.13	01/08	01/08	07/09	06/10	2x160	1658.73	11	---	No reasons available on the records
37	TS Agra	ETD-Mathura	132KV SS Mathura-II	08/08	2x40	1126.80	08/08	08/08	09/09	01/10	2x40	687.61	04	---	No reasons available on the records
38	TS Agra	Do	132KV SS Manth	07/08	2x20	1008.07	07/08	07/08	07/09	05/10	2x20	236.40	10	---	No reasons available on the records
39	TS Agra	Do	132KV SS Sasni	07/07	2x20	866.88	07/07	07/07	07/08	08/09	2x20	303.74	13	---	No reasons available on the records
			Total of cost over run/ range of time over run in months (lowest-highest)										**1 (at Sl No 35) - 216 (at Sl No 15)**	**4182.51**	

Annexure-9
Statement showing details of Time and Cost overrun in construction of line
(Referred to in paragraph 2.1.11)

Sl No	Name of Zone	Division	Particulars	Date of approval by TWC[ℜ]	Length of line (Km)	Estimated cost (₹ in lakh)	Scheduled Date of Start	Actual Date of Start	Scheduled Date of Completion	Actual Date of Completion	Qty executed	Actual expenditure (₹ in lakh)	Time overrun (in months)	Cost Overrun (₹ in lakh)	Reasons for time and cost overrun
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	TW Meerut	ETD-Muzaffarnagar	132KV LILO of Shamli-nanauta line	06.11.04	2	53.42	11/04	11/04	12/05	06/09	2	50.61	42	---	ROW problems and delay in permission of railway crossing.
2	TW Meerut	ETD-I Ghaziabad	220KV DC Loni-Muradnagar line(25Km) and 220KV SC line from DC tower of (on DC Tower) 220KV loni Muradnagar(near 400KV S/S Muradnagar) to 400KV Murad Nagar (5 Km)	25.07.06	2x25Km +1x5Km	873.59	07/06	07/06	07/07	10/08	30.03	2001.68	15	1128.09	Time overrun due to ROW problems led to cost overrun.
3	TW Meerut	ETD-I Ghaziabad	132Kv LILO line of 132KV Mohan Nagar-Meerut Road SC line at 220KV Loni	25.07.06	25	472.46 (376.8)	07/06	07/06	07/07	07/09	19.90	713.50	24	336.70	Time overrun resulted in cost overrun.
4	TW Meerut	ETD- Noida	220KV Greater Noida-Sector-129 DC line	30.08.07	25	1232.71 (1084.78)	08/07	08/07	12/08	06/11	22	1084.39	30	---	Time overrun due to ROW problems and forest clearance.
5	TW Meerut	ETD-Noida	132KV DC Noida Sector 62-Noida line	30.08.07	01	35.40	08/07	08/07	05/08	03/09	1	40.22	10	4.82	Time overrun due to ROW problems and forest clearance.
6	TW Meerut	ETD-Noida	132KV SC Noida (220KV)-Surajpur LILO at Noida-V	25.07.06	07	234.52	07/06	07/06	12/06	05/07	07	204.44	5	---	Time overrun due to ROW problems and forest clearance.

[ℜ] TWC stands for Transmission Works Committee

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
7	TW Meerut	ETD-I Moradabad	220KV LILO of Moradabad-NAPP	18.05.05	4	128.00 (52.48)	05/05	05/05	02/06	05/10	1.64	197.66	51	145.18	Delay due sever ROW problems
8	TW Meerut	ETD-I Moradabad	132KVSambahl-Chandausi	18.05.05	30	384.60 (333.32)	05/05	05/05	05/06	10/10	26	481.77	53	148.45	Delay due sever ROW problems
9	TW Meerut	ETD-I Moradabad	132KV SC line from 132KV S/S Shambhal to 220KV Shambhal	18.05.05	10	128.20 (123.97)	05/05	05/05	05/06	01/11	9.67	195.08	58	71.11	Delay due sever ROW problems
10	TW Meerut	ETD-Bijnore	132 kV Roorkee-Nehtaur Lilo Line	Proposed in VIIth Plan	1	33.07	09/91	09/91	03/94	03/09	4	NA	181	---	Do
11	TW Meerut	ETD-II Ghaziabad	132 kV SC Simbhauli-Hapur II line	04/2002	20	433.62	04/2002	03/04	03/04	07/09	20	350.05	64	---	Time run was due to delayed supply of required material from the headquarters.
12	TW Meerut	ETD-II Ghaziabad	132 kV S/C Hapur I-II line	04/2002	14	Included in above	04/2002	03/04	03/04	07/09	Included in above	Included in above	64	---	Do
13	TC, Lucknow	ETD-II Gomtinagar	220KV LILO of 220KV Chinhat-Sarojninagr line at 220KV Gomtinagar S/S	15.09.06	15	271.00	09/06	09/06	06/07	11/08	15	432.43	17	161.43	Delay in finalisation of site for SS
14	TC, Lucknow	ETD-II Gomtinagar	LILO of 132KV barabanki-Roza Goan Chinni Mill at R S Ghat S/S	27.08.08	1.25	79.17	08/08	08/08	05/09	01/09	1.25	89.80	----	10.63	No reasons on records
15	TC, Lucknow	ETD-Faizabad	220KV LILO from Sultanpur to Gonda line	11.12.01	30	860.40 (753.71)	12/01	05/07	12/02	12/09	26.28	1287.13	78	533.42	Due to Forest clearance
16	TC, Lucknow	ETD-Hardoi	132KV SC Bangarmau-Chakalwansi	17.01.08	35	656.60 (722.26)	01/08	09/08	01/09	10/11	38.50	778.96	32	56.70	Do
17	TC Lucknow	ETD-I Bareilly	132 KV LILO line (Dohan to Richha)	Approved by CEA on 1990	2	34 (102)	11/90	11/90	1991	10/09	6	201.83	216	99.83	Main reason of cost overrun was change in length of line.
18	TC Lucknow	ETD-II Bareilly	220 KV LILO C.B. Ganj-Bareilly line	07/06	5	245	07/06	12/06	03/07	10/08	5	268.25	19	23.25	No reasons available on records.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
19	TC Lucknow	ETD-II Bareilly	132 KV SC Pilibhit – Pooranpur line	Approved by CEA on 11/90	40	371 (361.73)	11/90	11/90	11/91	01/08	39	694.48	193	332.75	Main reasons of time overrun was delayed possession of land i.e July 2004 due to which cost was also escalated.
20	TE Varanasi	ETD-Basti	132 KV SC Basti-Naugarh line	01/07	30	612.93	01/07	01/07	03/08	03/11	30	623.86	36	10.93	Main reason of time overrun and cost overrun was addition requirement of 3 nos. of piles foundation of river crossing and also ROW problem.
21	TE Varanasi	ETD-I Varanasi	132KV DC line from Bhadoi to Aurai	April 1998	7.87	120.80 (115.12)	04/98	06/98	01/99	08/08	7.5	123.66	115	8.54	Do
22	TE Varanasi	ETD-Jaunpur	132KV DC LILO at SS Mariyahaun	05.04.06	10	268.80	04/06	04/06	04/07	05/08	0.2	NA	13	----	No reasons available on records.
23	TE Varanasi	ETD-Jaunpur	132 KV SC Jaunpur-Badlapur Line	19.04.06	30	384.60	04/06	10/07	04/07	03/09	24.77	26.28	23	----	No reasons available on records.
24	TE Varanasi	ETD-II Allahabad	132KV SC Ballia-Dighar Line	25.07.06	40	743.00	07/06	7/06	07/07	08/09	40	775.44	25	32.44	No reasons available on records.
25	TE Varanasi	ETD-II Allahabad	132KV SC Rewa Road – Karchhana	05.04.06	15	201.74 (321.04)	04/06	04/06	04/07	11/08	23.87	1096.09	19	775.05	No reasons were on the records
26	TE Varanasi	ETD-II Allahabad	132KV SC Sirathu-Manjhanpur	05.04.06	15	201.74 (231.60)	04/06	04/06	04/07	09/08	17.22	551.75	17	320.15	Do
27	TE Varanasi	ETD-II Allahabad	132KV DC Phoolpur Teliarganj and Special River X-ing	25.07.06	35	1494.26 (1402.04)	07/06	07/06	07/07	09/10	32.84	2841.18	38	1439.14	Main reason of cost overrun was delay in construction of river crossing and increase in cost.
28	TE, Varanasi	ETD-I Allahabad	132 KV Patti-Pratapgarh line	1999-2000	30	284.70	12/2000	12/2000	12/01	11/07	30	556.13	71	271.43	Main reasons of cost overrun of line was delayed payment of pending bills of contractor causing the work to stop by more than two years.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
29	TS Agra	ETD-I Kanpur	LILO of 220KV DC Panki-Unnoa line	07/2008	10	500.00 (250.00)	07/08	07/08	07/09	06/11	5	302.69	24	52.69	No reasons available on the records
30	TS Agra	ETD-II Kanpur	LILO of 220KV DC Panki-Fatehpur line	10/2009	3.5	166.14	10/09	10/09	07/10	04/11	3.5	211.00	09	44.86	No reasons available on the records
31	TS Agra	ETD-II Kanpur	132KV LILO of Panki-Naubasta line	08/2008	10	323.50 (10.45)	08/08	08/08	08/09	09/10	0.323	21.00	13	10.55	No reasons available on the records
32	TS Agra	ETD-I Agra	132KV DC Agra-Fatehabad line	01/2007	23	441.00	01/07	01/07	01/08	12/08	23	741.63	11	300.63	No reasons available on the records
33	TS Agra	ETD-I Agra	132KV DC LILO Agra-Samsabad line	04/2008	08	264.56	04/08	04/08	01/09	08/09	08	167.83	07	----	No reasons available on the records
34	TS Agra	ETD-I Agra	220KV LILO Agra-Firozabad line	01/2008	18	1201.45	01/08	01/08	01/09	11/10	25	440.48	22	----	No reasons available on the records
35	TS Agra	ETD- Mathura	132KV SC taping of Mathura Kosi line	08/2008	8	255.40	08/08	08/08	09/09	07/10	8.10	142.81	10	----	No reasons available on the records
36	TS Agra	ETD- Mathura	132KV DC LILO of 132KV Mathura Kosi line	08/2008	8	258.80	08/08	08/08	09/09	01/10	8.90	130.38	04	----	No reasons available on the records
37	TS Agra	ETD- Mathura	132KV DC Gokul – Meetai line	07/2008	25	808.75	07/08	07/08	03/09	05/10	16.80	420.25	14	----	No reasons available on the records
38	TS Agra	ETD- Mathura	132KV Mitai-Sasani line	07/2007	25	469.00	07/07	07/07	07/08	08/09	6.1	70.52	13	----	No reasons available on the records
			Total of cost over run/ range of time over run in months (lowest-highest)										**4 (at Sl No 36) – 216 (at Sl No 17)**	**6318.77**	

Note: *Figures in Col. No 7 as shown in brackets indicated the estimated cost of length of line actually constructed. In such cases, cost overrun has been worked out by taking estimated cost vis-a-vis actual expenditure of matching length of line.*

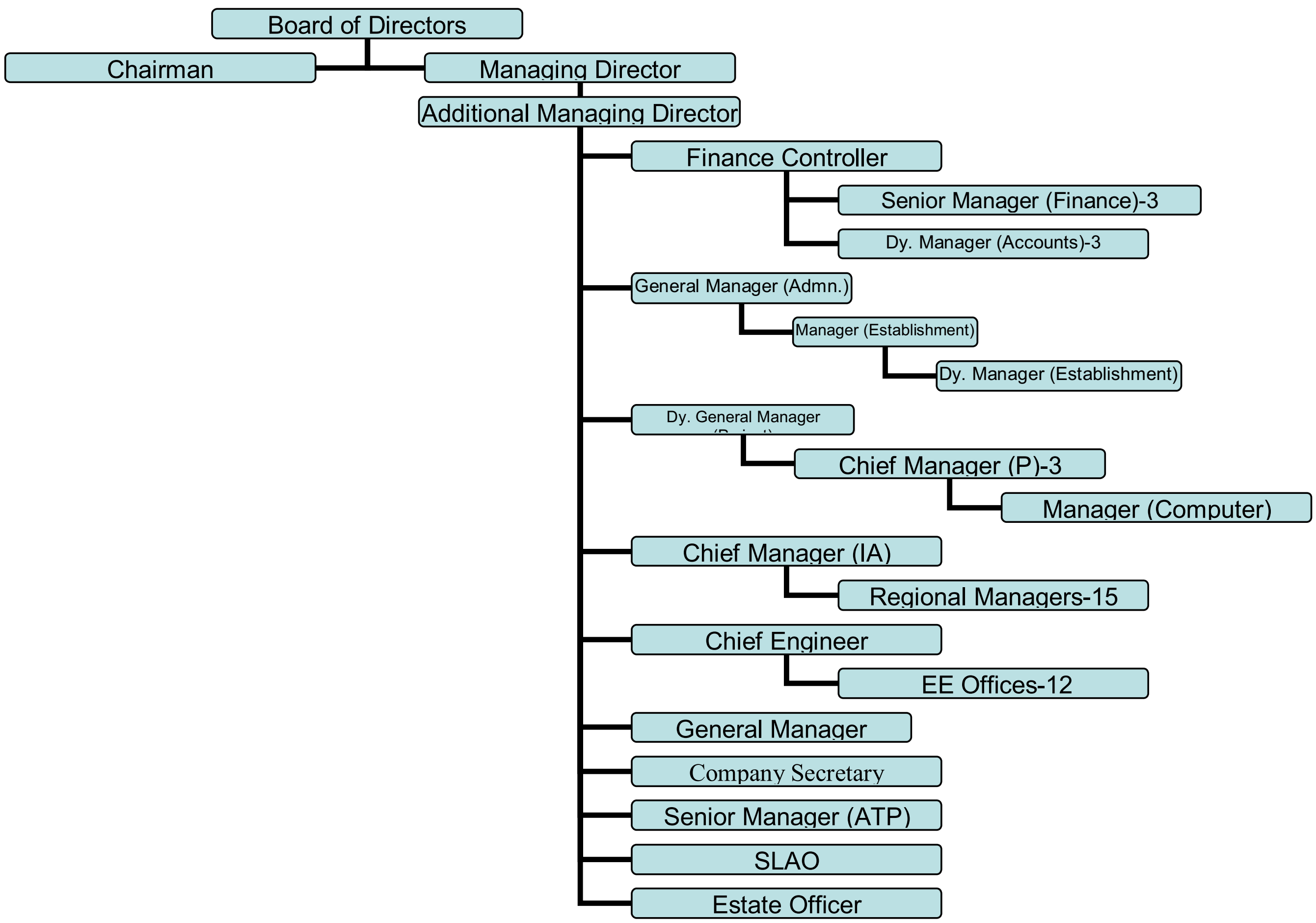
Annexure-10

Statement showing details of wrong calculation of equated price for counter offer

(Referred to in paragraph 2.1.19)

Sl. No	Material	Qty	Tender No	Date of opening of Part-II	Rate (₹ in lakh)	Name and Status of L_1 Firm (Within U P/Outside UP)	Qty offered to L_1	VAT/ CST /ED	VAT/CST/ED included in Rates	Name and Status of Firms (Within U P/Outside U P) for counter offer	Qty offered	VAT/CST/ED included in Rate in counter Offer	Differential Amount due to VAT/CST/ED	Amount (₹ in lakh)
	1	2	3	4	5	6		7	8	9	10	11	12	13(Col 10x12)
1	40MVA T/F	67	ESD-285	13.07.10	328.82	Accurate Transformer Ltd Lucknow (Within U P)	20	VAT	₹21.32 lakh (VAT 13.5 *per cent*)	TARIL	10	₹ 3.40 lakh (two *per cent* CST)	₹ 17.21 lakh	172.10
										ABB	9	₹ 3.33 lakh	₹ 16.86 lakh	151.74
										EMCO	7	₹ 3.35 lakh	₹ 16.96 lakh	118.72
										BBL, Thane	5	₹ 3.42 lakh	₹ 17.33 lakh	86.65
										IMP, Thane	5	₹ 3.40 lakh	₹ 17.23 lakh	86.15
										ADITYA	4	₹ 3.35 lakh	₹ 16.95 lakh	67.80
										ECE	5	₹ 3.43 lakh	₹ 17.38 lakh	86.90
										EURO	2	₹ 3.39 lakh	₹ 17.16 lakh	34.32
													Sub Total	**804.38**
2	ACSR Barsimis Conductor	5200 KM	ETD/08-09/10	26.11.10	2.73	Gammon India Ltd, Silwasa	2000 KM	ED/CST	₹24.39 lakh (ED-10.30 *per cent*) ₹ 0 (CST-NIL)	Terracom Ltd (Works at Uttarakhand)	3200 KM	0 (ED-NIL) ₹ 2616 (CST-one *per cent*)	24426	781.63
													Sub Total	**781.63**
3	63MVA T/F	21	ESD-303	08.11.11	411.71	ECE Ltd, Haryana	02	ED/CST	₹18.75 lakh (ED-10.30 *per cent*) ₹4.01 lakh (CST-two *per cent*)	Accurate Transformer Ltd (Works at Uttarakhand)	02	0 (ED NIL) ₹ 2.07 lakh (CST one *per cent*)	₹ 21.21 lakh	42.42
										IMP Power Ltd, Mumbai	08	0 (CST NIL)	₹ 3.56 lakh	28.48
													Sub Total	**70.90**
4	63MVA T/F	17	ESD-297	23.12.10	414.50	BBL Thane	06	ED/CST	₹19.00 lakh (ED-10.30 *per cent*) ₹4.07 lakh (CST-two *per cent*)	IMP Power Ltd, Mumbai	03	₹ 18.23 lakh (ED-10.30 *per cent*) 0(CST-NIL)	₹ 3.54 lakh	10.62
													Sub Total	**10.62**
5	40MVA T/F	55	ESD-241	04.10.07	400.42	Technical Associates Ltd	15	Trade Tax	₹12.73 lakh (TT-five *per cent*)	BBL Thane	08	₹ 7.09 lakh (CST-three *per cent*)	₹ 3.86 lakh	30.88
													Sub Total	**30.88**
6	Earth wire	3011 KM	TD-359	18.11.11	0.39550	Manoharlal-Hiralal, Ghaziabad	807 KM	VAT	₹1,431 (VAT- Four *per cent*)	Nirmal Wire Ltd, Kolkat	1102	₹ 726 (CST-two *per cent*)	₹ 634	6.99
										UIC Udyog Kolkata	1102	₹ 726 (CST-two *per cent*)	₹ 634	6.99
													Sub Total	**13.98**
													Grand Total	**1712.39**

Annexure-11
Flow chart showing the organisational Set up of the
Uttar Pradesh State Industrial Development Corporation Limited
(Referred to in paragraph 2.2.2)



Annexure-12
Statement showing loss of interest on payments made to contractors
(Referred to in paragraph 2.2.20)

(₹ in lakh)

Sl. No.	C.B. No.	Date	Name of Contractor	Cheque No.	Date	Amount paid	Amount adjusted	Date of adjustment	Amount unadjusted	Amount of Interest @ 10 *per cent* up to 31 March 2012
1	2	3	4	5	6	7	8	- 9	10	11
1	22/2004-05	24 January 2005	Gulshan Rai Jain-II	472589	03 May 2006	5.45	0	-	5.45	3.40
2	12/2005-06	28 September 2005	A-Z Technologies	472581	21 April 2006	56.70	56.70	27 November 2007	0	9.10
3	17/2005-06	22 October 2005	R.G. Buildwell (P) Ltd.	472599	15 May 2006	47.53	47.53	12 January 2009	0	12.67
4	18/2005-06	22 October 2005	Raj Shyama Construction (P) Ltd.	472553	24 March 2006	78.50	78.50	28 January 2009	0	22.39
5	21/2005-06	27 October 2005	Jyoti Buildtech (P) Ltd	472600	17 May 2006	200.15	0	-	200.15	117.63
	21/2005-06	27 October 2005	Jyoti Buildtech (P) Ltd	472602	26 May 2006	55.07	0	-	55.07	32.29
6	23/2005-06	18 November 2005	Gupta Associates	472608	31 May 2006	65.09	0	-	65.09	38.00
7	33/2005-06	09 January 2006	Gupta Associates	482154	24 November 2006	16.53	16.53	11 December 2007	0	1.73
8	01/2006-07	12 April 2006	Gupta Associates	482153	24 November 2006	83.53	4.70	18 January 2008	78.83	42.74
9	01/2007-08	05 April 2007	Gupta Associates	832556	17 April 2007	21.40	21.40	20 September 2007	0	0.92
10	04/2007-08	05 April 2007.	Gupta Associates	832564	26 April 2007	95.11	95.11	30 November 2007	0	5.71
11	08/2007-08	12 April 2007	Gupta Associates	832555	17 April 2007	85.46	85.46	20 September 2007	0	3.68
12	24/2005-06	23 November 2005	Kanti Prasad Mittal	472610	31 May 2006	63.45	1.48	18 January 2008	61.98	36.43
13	21/2006-07	15 November 2006	Kanti Prasad Mittal	832539	23 March 2007	78.32	78.32	18 September 2007	0	3.86
14	25/2006-07	27 November 2006	Kanti Prasad Mittal	482165	13 December 2006	62.71	62.71	25 October 2007	0	5.45
15	33/2006-07	20 December 2006	Kanti Prasad Mittal	832531	14 March 2007	26.61	26.61	16 March 2009	0	5.34
16	42/2006-07	28 March 2007	Kanti Prasad Mittal	832565	26 April 2007	26.92	26.92	26 September 2007	0	1.14
17	32/2005-06	16 December 2005	Royal Construction Co.	832522	01 March 2007	36.80	36.80	14 January 2008	0	3.23
18	04/2006-07	14 June 2006	Royal Construction Co.	482152	24 November 2006	20.44	20.44	24 July 2008	0	3.40
	04/2006-07	14 June 2006	Royal Construction Co.	832521	01 March 2007	21.45	21.46	24 July 2008	0	3.00
19	26/2006-07	27 November 2006	Royal Construction Co.	482199	24 January 2007	61.58	61.58	07 March 2008	0	6.88
20	05/2006-07	14 June 2006	D.B Garden Traders	832501	01 February 2007	35.97	35.97	17 December 2007	0	3.15
21	06/2006-07	10 July 2006	Chetan Associates	482156	24 November 2006	26.10	26.10	04 August 2009	0	7.04
22	15/2006-07	06 October 2006	Chetan Associates	482146	09 November 2006	70.75	43.00	06 June 2008	0	6.77
						0	27.76	10 October 2007 & 02 November 2007	0	2.62
	15/2006-07	06 October 2006	Chetan Associates	482155	24 November 2006	22.45	22.45	02 November 2007 & 14 January 2008	0	2.17
23	27/2006-07	27 November 2006	Chetan Associates	482187	18 January 2007	35.40	35.40	21 April 09	0	7.95
24	05/2007-08	12 April 2007	Chetan Associates	832558	23 April 2007	122.93	122.93	31 May 2008	0	13.61
25	07/2007-08	12 April 2007	Chetan Associates	832560	23 April 2007	50.61	50.61	18 October 2007	0	2.48
26	16/2006-07	10 October 2006	Siraj Construction Co.	832504	14 February 2007	21.02	21.02	28 January 2009	0	4.12
27	17/2006-07	30 October 2006	Indian Trading Co.	832523	01 March 2007	35.89	35.89	10 December 2008	0	6.39
	17/2006-07	30 October 2006	Indian Trading Co.	832536	23 March 2007	27.41	27.41	10 December 2008	0	4.72
28	19/2006-07	03 November 2006	Manohar Lal & Co.	832520	01 March 2007	21.51	21.51	02 April 2008	0	2.35
29	23/2006-07	27 November 2006	S.K. Builders	482190	23 January 2007	52.32	26.57	30 December 2008	0	5.15
						0	25.74	30 December 2008	0	4.99
30	24/2006-07	27 November 2006	S.K. Builders	482191	23 January 2007	62.99	62.99	30 December 2008	0	12.20
31	37/2006-07	02 January 2007	S.K. Builders	832514	15 February 2007	52.30	52.30	23 October 2007	0	3.60
32	28/2006-07	27 November 2006	M/s Paras Construction	482186	18 January 2007	40.50	40.50	21 April 2009	0	9.14

1	2	3	4	5	6	7	8	- 9	10	11
33	06/2007-08	12 April 2007	Paras Construction	832559	23 April 2007	51.40	51.40	20 July 2007	0	1.25
34	09/2007-08	12 April 2007	Paras Construction	832561	23 April 2007	98.40	98.40	04 October 2007	0	4.45
35	34/2006-07	02 January 2007	OP Gupta Construction (P) Ltd.	832532	14 March 2007	26.41	26.41	16 March 2009	0	5.30
36	35/2006-07	02 January 2007	OP Gupta Construction (P) Ltd.	832513	15 February 2007	62.60	62.60	21 January 2009	0	12.11
37	39/2006-07	15 February 2007	Kishore Enterprises	832537	23 March 2007	60.97	0	-	60.97	30.67
38	40/2006-07	23 February 2007	Maa Kela Enterprises	832527	12 March 2007	57.61	57.61	13 July 2007	0	1.96
39	43/2006-07	29 March 2007	Sun Grow Nursury	832566	01 May 2007	52.99	52.99	19 July 2007	0	1.16
40	21/2005-06	27 October 2005	Jyoti Buildtech (P) Ltd (Mob. Advance)		25 November 2005	188.56	152.28	13 April 2006	36.28	23.93
41	42/2006-07	28 March 2007	Kanti Prasad Mittal (Secured Advance)	832578	13 July 2007	65.18	65.18	26 September 2007 & 27 November 2007	0	1.95
			Grand Total			**2551.07**	**1987.27**		**563.82**	**540.22**

Annexure-13
Statement showing unexecuted works as on 31 March 2012
(Referred to in paragraph 2.2.20)

Sl. No.	C.B. No.	Date	Name of work	Value of contract (₹ in lakh)	Schedule date of completion (with extension)	Time over run (days)	value of Executed Work (₹ in lakh)	value of un-executed Work (₹ in lakh)
1	22/2004-05	24 January 2005	Construction of Admn. Block, Guest House, Director residence at NVBQCC, Baghpat	112.26	23 January 2006	2259	108.88	03.38
2	12/2005-06	28 September 2005	Construction of work related with infectious liquid waste water treatment plant at NVBQCC, Baghpat	83.00	27 June 2005	2469	70.55	12.45
3	18/2005-06	22 October 2005	Construction of Road, Drain & Culvert for Group A in Residential Sector C-10 at Tronica City, Gzb.	347.01	21 April 2005	2536	277.64	69.37
4	21/2005-06	27 October 2005	Supply, Erection & Commissioning of Pumping plant and all other related works for Sump well including its O&M up to 24 months at IA Tronica City, Gzb.	1257.09	26 October 2006	1983	826.84	430.25
5	23/2005-06	18 November 2005	Laying and jointing of Sewer line & other appurtent woks in Residential Sector C-10 at Tronica City, Gzb.	432.14	17 May 2006	2145	187.45	244.69
6	01/2006-07	12 April 2006	Construction of Tail race channel from Stilling Basin to river Yamuna for Tronica City, Gzb.	134.12	11 October 2006	1998	21.00	113.12
7	01/2007-08	05 April 2007	Construction of Roads, Drains & Culverts in C.D.F. Complex at IA Aligarh (Group-II)	252.51	04 January 2008	1548	242.78	9.73
8	08/2007-08	12 April 2007	Construction of Roads, Drains & Culverts in C.D.F. Complex at IA Aligarh (Group-I)	296.89	11 January 2008	1541	247.19	49.70
9	24/2005-06	23 November 2005	Laying and jointing of Sewer line & other appurtent woks in Residential Sector C-10 (Group-C) at Tronica City, Gzb.	348.89	22 May 2006	2140	135.02	213.87
10	39/2006-07	15 February 2007	Development of Roads, Drains & Culverts in industrial sector at growth center Dibiyapur (Group-A)	153.61	14 August 2007	1691	0	153.61
			Total	**3417.52**			**2117.35**	**1300.17**

Annexure-14

Statement showing loss in allotment of Group Housing and Commercial Plots in Tronica City

(Referred to in Paragraph 2.2.29)

(₹ in crore)

Sl. No.	Allottees Name	Plot No.	Area as per allotment letter in Sqm.	Actual area as per tracing in Sqm.	Date of Allotment	Rate of allotment	Market rate	Loss at market rate	Circle rate	Loss at circle rate
1	M/s M X S Infrastructure Pvt.Ltd.	GH /B-1	10000	12835.00	27 August 2006	3200	12000	11.29	5000	2.31
2	M/s Shyam Infrastructure (a unit of Ambika Real Estate)	GH-1/B-2	5600	6655.00	14 December 2006	3300	12000	5.80	5000	1.13
3	M/s Jantree Agro & Poultry Products Pvt.Ltd.	GH /B-5	7000	12020.90	27 September 2006	4210	12000	9.36	5000	0.95
4	M/s City Heart Developers	GH /B-6	8000	6404.20	27 September 2006	4475	12000	4.82	5000	0.34
5	M/s AMG Buildcon Pvt.Ltd.	GH-2/C-3	14000	13998.00	20 December 2006	3300	12000	12.18	5000	2.38
6	M/s Pratham Buildcon Pvt.Ltd.	GH-3/C-3	17000	17000.00	10 November 2006	3200	12000	14.96	5000	3.06
7	M/s Swarneem Real Estate Pvt.Ltd.	GH /C-5	27000	24663.00	13 October 2006	4251	12000	19.11	5000	1.85
8	M/s Shardha Builders & Developers	GH /C-6	17000	15356.00	27 September 2006	4225	12000	11.94	5000	1.19
9	Sh Anil Jain	Comml C-1/A-1	800	763.00	15 December 2006	6050	15000	0.68	8000	0.15
10	M/s Aditya International	Comml C-2/A-1	600	660.00	14 December 2006	6100	15000	0.59	8000	0.13
11	M/s Mukund Developers	Comml C-3/A-1	1000	1222.00	14 December 2006	6050	15000	1.09	8000	0.24
12	M/s V.T. Construction Pvt.Ltd.	BMM /B-1	2300	2820.00	01 December 2006	6043	15000	2.53	8000	0.55
13	M/s Shree Ram Build Tech	Comml 2/B-1 (I)	680	665.00	08 January 2007	6870	15000	0.54	8000	0.08
14	M/s Rameshwar Das Infraestate Pvt.Ltd.	Comml B-2/B-2	4300	4290.00	11 December 2006	6150	15000	3.80	8000	0.79
15	Sh Rajesh Kumar Jain	Comml 2/B-2	800	1047.00	08 December 2006	5800	15000	0.96	8000	0.23
16	M/s Gaytri Construction	VMI /B-2	1500	1669.00	01 December 2006	6050	15000	1.49	8000	0.33
17	M/s Durga Infraestate Pvt.Ltd.	Multiplex /B-3	7000	9658.00	14 December 2006	6020	15000	8.67	8000	1.91
18	M/s Swarneem Real Estate Pvt.Ltd.	Comml C-1/A-5&6	5000	6647.00	10 November 2006	5900	15000	6.05	8000	1.40
19	M/s Shardha Builder & Developers	Comml C-2/A-5&6	2500	2806.00	10 November 2006	5950	15000	2.54	8000	0.58
20	M/s Shristhi Builders & Developers	Comml C-3/A-5&6	6000	5495.00	17 November 2006	5800	15000	5.06	8000	1.21
21	Sh Hsrish Kumar	Comml 1/C-2 (K. E.)	800	921.00	01 August 2007	6700	15000	0.76	8000	0.12
22	M/s Akash Builders	Comml 2/C-2 (K. E.)	600	643.00	01 August 2007	6725	15000	0.53	8000	0.08
23	Sh Bhishm Tyagi	Comml 3/C-2 (K. E.)	600	800.00	01 August 2007	6810	15000	0.66	8000	0.10
24	Sh Devendra Kumar Tyagi	Comm 4/C-2 (K. E.)	1000	1227.00	01 August 2007	6815	15000	1.00	8000	0.15
25	M/s Yark International	Comm. C-5/C-2	450	441.00	02 December 2007	6500	15000	0.37	8000	0.06
26	Sh K K Ahuja	Comml2/C-7	2000	2009.00	01 April 2007	7001	15000	1.61	8000	0.20
27	M/s Gaytri Builders	Comml 3/C-7	2000	2117.00	01 August 2007	6760	15000	1.74	8000	0.26

Sl. No.	Allottees Name	Plot No.	Area as per allotment letter in Sqm.	Actual area as per tracing in Sqm.	Date of Allotment	Rate of allotment	Market rate	Loss at market rate	Circle rate	Loss at circle rate
28	Sh Rajesh Kumar Khanna	Comml 4/C-7	900	673.00	01 August 2007	6350	15000	0.58	8000	0.11
29	M/s V.T. Construction	Comml 5/C-7	2000	1805.00	01 August 2007	6900	15000	1.46	8000	0.20
30	Smt. Shweta Vats	NH-2/ B-1 (Res.)	500	500	23 March 2007	7220	15000	0.39	8000	0.04
31	M/s Swarneem Real Estate (P) Ltd.	Comm"F"/B-1(Res.)	5550	5548.00	02 December 2007	7000	15000	4.44	8000	0.55
32	Sh Sandeep Vij	Comml 3/B-1 (Res)	1200	1209.00	01 August 2007	6700	15000	1.00	8000	0.16
33	M/s Metro Infratech Pvt.Ltd	Comml 4/B-1 (Res)	1800	4328.00	01 August 2007	7555	15000	3.22	8000	0.19
34	M/s Explore Buildwell Pvt. Ltd.	CF-2/Sector-11	1000	1000.00	13 March 2007	11500	15000	0.35	8000	0
35	M/s Mayank Investment Pvt.Ltd	Comml 2/C-4 (Res)	1500	1500.00	01 November 2007	6600	15000	1.26	8000	0.21
36	M/s Ashadeep Infrastructure (P) Ltd.	Comm. 3/C-4	1500	1500.00	02 December 2007	6610	15000	1.26	8000	0.21
37	M/s R.N.P.M. Developers	Comm. 4/C-4	1500	1500.00	02 September 2007	7300	15000	1.16	8000	0.11
38	M/s M.S.X. Infocom (P) Ltd.	Comm. 5/C-4	1500	1500.00	02 December 2007	7200	15000	1.17	8000	0.12
39	M/s M.S.X. Infocom (P) Ltd.	Comm. 6/C-4	1500	1500.00	02 December 2007	7100	15000	1.19	8000	0.14
40	M/s Om Investment Pvt. Ltd.	Comml 7/C-4	1500	1500.00	03 August 2007	7400	15000	1.14	8000	0.09
41	M/s P.K.G. Estate Pvt. Ltd.	Comm. 12A/C-4	1500	4200.00	02 December 2007	6600	15000	3.54	8000	0.59
42	M/s P.K.G. Estate Pvt. Ltd.	Comm. 14/C-4	1500		02 December 2007	6550		0	8000	0
	Total							**152.29**		**24.50**

Annexure-15
Difference of Award of higher rates for power purchase
(Referred to in paragraph 3.4.5)

Contract Period	Units to be Purchased*	Rates of LANCO (₹/Kwh)	Amount (in ₹)	Amount ₹ in crore (column4 /10000000)	Contract Period	Units to be Purchased	Rates of JAL (₹ /Kwh)	Amount (in ₹)	Amount ₹ in crore(column 9/10000000)	Difference (in crore ₹)
1	2	3	4 =2x3	5	6	7	8	9=7x8	10	11=10-5
30.12.12 to 31.03.13	3638784000	1.886	6862746624	686.27	8.09.13 to 31.03.14	8108160000	2.069	16775783040	1677.58	991.31
01.04.13 to 31.03.14	14436480000	1.887	27241637760	2724.16	1.04.14 to 31.03.15	14436480000	2.556	36899642880	3689.96	965.8
1.04.14 to 31.03.15	14436480000	2.039	29435982720	2943.6	01.04.15 to 31.03.16	14436480000	2.542	36697532160	3669.75	726.15
01.04.15 to 31.03.16	14436480000	2.119	30590901120	3059.09	01.04.16 to 31.03.17	14436480000	2.565	37029571200	3702.96	643.87
01.04.16 to 31.03.17	14436480000	2.203	31803565440	3180.36	01.04.17 to 31.03.18	14436480000	2.588	37361610240	3736.16	555.8
01.04.17 to 31.03.18	14436480000	2.277	32871864960	3287.19	01.04.18 to 31.03.19	14436480000	2.621	37838014080	3783.8	496.61
01.04.18 to 31.03.19	14436480000	2.355	33997910400	3399.79	01.04.19 to 31.03.20	14436480000	2.66	38401036800	3840.1	440.31
01.04.19 to 31.03.20	14436480000	2.441	35239447680	3523.94	01.04.20 to 31.03.21	14436480000	2.709	39108424320	3910.84	386.9
01.04.20 to 31.03.21	14436480000	2.533	36567603840	3656.76	01.04.21 to 31.03.22	14436480000	2.768	39960176640	3996.02	339.26
01.04.21 to 31.03.22	14436480000	2.65	38256672000	3825.67	01.04.22 to 31.03.23	14436480000	2.896	41808046080	4180.8	355.13
01.04.22 to 31.03.23	14436480000	2.759	39830248320	3983.02	01.04.23 to 31.03.24	14436480000	3.031	43756970880	4375.7	392.68
01.04.23 to 31.03.24	14436480000	2.893	41764736640	4176.47	01.04.24 to 31.03.25	14436480000	3.175	45835824000	4583.58	407.11
01.04.24 to 31.03.25	14436480000	3.018	43569296640	4356.93	01.04.25 to 31.03.26	14436480000	3.32	47929113600	4792.91	435.98
01.04.25 to 31.03.26	14436480000	3.023	43641479040	4364.15	1.04.26 to 31.03.27	14436480000	3.473	50137895040	5013.79	649.64
1.04.26 to 31.03.27	14436480000	3.186	45994625280	4599.46	01.04.27 to 31.03.28	14436480000	3.639	52534350720	5253.44	653.98
01.04.27 to 31.03.28	14436480000	3.36	48506572800	4850.66	01.04.28 to 31.03.29	14436480000	3.819	55132917120	5513.29	662.63
01.04.28 to 31.03.29	14436480000	3.545	51177321600	5117.73	01.04.29 to 31.03.30	14436480000	3.998	57717047040	5771.7	653.97
01.04.29 to 31.03.30	14436480000	3.744	54050181120	5405.02	01.04.30 to 31.03.31	14436480000	4.202	60662088960	6066.21	661.19
01.04.30 to 31.03.31	14436480000	4.025	58106832000	5810.68	01.04.31 to 31.03.32	14436480000	4.419	63794805120	6379.48	568.8
01.04.31 to 31.03.32	14436480000	4.311	62235665280	6223.57	01.04.32 to 31.03.33	14436480000	4.641	66999703680	6699.97	476.4
01.04.32 to 31.03.33	14436480000	4.588	66234570240	6623.46	01.04.33to 31.03.34	14436480000	4.886	70536641280	7053.66	430.2
01.04.33to 31.03.34	14436480000	4.897	70695442560	7069.54	01.4.34 to 31.03.35	14436480000	5.148	74318999040	7431.9	362.36
01.4.34 to 31.03.35	14436480000	5.207	75170751360	7517.08	01.4.35 to 31.03.36	14436480000	5.428	78361213440	7836.12	319.04
01.4.35 to 31.03.36	14436480000	5.501	79415076480	7941.51	01.4.36 to 31.03.37	14436480000	5.723	82619975040	8262	320.49
01.4.36 to 31.03.37	14436480000	5.815	83948131200	8394.81	01.4.37 to 31.03.38	14436480000	6.042	87225212160	8722.52	327.71
01.4.37 to 30.12.37	10837248000	6.106	66172236288	6617.22	01.4.38 to 08.09.38	6367872000	6.636	42257198592	4225.72	-2391.5
				123338.14					**134169.96**	**10831.82**

Note: The loss has been worked out with reference to the original agreement with JAL effective from 30 December 2012 (without considering escalation admissible under the contract). The plant is, however, yet to be installed. The loss may undergo revision with the change in periodicity of the agreement.

* Contracted Capacity in MW x KW x Hours x Days in Year i.e 1648 x 1000 x 24 x 365

Annexure-16
Statement showing loss due to acceptance of rates below the Indicative Reserve Input Rates (BST)
(Referred to in paragraph 3.6.6)

Year	Indicative BST (₹per unit)	Negotiated rate quoted by TPL (₹ per unit)	Difference of Rate (₹ per unit)	Energy purchased (MU)	Loss of revenue (Amount: in ₹)
2010-11	1.91	1.54	0.37	2034.68	752831600
2011-12	1.96	1.55	0.41	1980.54	812021400
Sub-Total					**1564853000**
2012-13	2.00	1.71	0.29	1893	548970000
2013-14	2.06	1.89	0.17	1948	331160000
2014-15	2.1	2.00	0.1	2005	200500000
2015-16	2.13	2.1	0.03	2094	62820000
2016-17	2.15	2.11	0.04	2188	87520000
2017-18	2.17	2.14	0.03	2287	68610000
2018-19	2.19	2.16	0.03	2390	71700000
2019-20	2.21	2.17	0.04	2499	99960000
2020-21	2.23	2.2	0.03	2616	78480000
2021-22	2.25	2.2	0.05	2740	137000000
2022-23	2.27	2.2	0.07	2870	200900000
2023-24	2.28	2.2	0.08	3006	240480000
2024-25	2.3	2.2	0.1	3150	315000000
2025-26	2.32	2.21	0.11	3305	363550000
2026-27	2.33	2.22	0.11	3469	381590000
2027-28	2.35	2.22	0.13	3641	473330000
2028-29	2.36	2.22	0.14	3823	535220000
2029-30	2.38	2.23	0.15	4015	602250000
Grand Total					**6363893000**

Annexure-17

Statement showing loss of revenue due to unjustified changes in ATR and allowing lower benefit of increase in Tariff

(Referred to in paragraph 3.6.8)

(Figures in column 2 to6 and 9 to 12 are rates per unit in ₹)

Actual billing		Computation by Audit taking Base year ATR of ₹ 3.98 per unit and with increase of ₹ 0.51 per unit as first Tariff increase						Computation in billing taking Base year ATR of ₹ 4.59 per unit and with increase of ₹ 0.26 per unit in first ATR					
Month	ATR	Base year ATR	TIR	Input Rate	Effective Rate	Energy drawn (MU)	Bill amount (₹ in crore)	Base year ATR	TIR	Input Rate	Effective Rate	Energy drawn (MU)	Bill amount (₹ in crore)
1	2	3	4 (3/2)	5	6 (4x5)	7	8 (6x7)	9	10 (2/9)	11	12 (10x11)	13 (12x13)	14 (12x13)
1.4.10 to 14.4.10	4.22	3.98	1.06	1.54	1.63	79.50	12.96	3.98	1.06	1.54	1.63	79.50	12.96
15.4.10 to 30.4.10	4.81	3.98	1.21	1.54+0.51	2.48	89.52	22.20	4.59	1.05	1.80*	1.89	89.52	16.92
May 2010	4.77	3.98	1.20	1.54+0.51	2.46	188.174	46.29	4.59	1.04	1.80	1.87	188.174	35.19
June 2010	4.77	3.98	1.20	1.54+0.51	2.46	189.113	46.52	4.59	1.04	1.80	1.88	189.113	35.55
July 2010	4.79	3.98	1.20	1.54+0.51	2.46	199.198	49.00	4.59	1.04	1.80	1.88	199.198	37.45
Aug 2010	4.83	3.98	1.21	1.54+0.51	2.48	187.164	46.42	4.59	1.05	1.80	1.89	187.164	35.37
Sep 2010	4.84	3.98	1.22	1.54+0.51	2.50	174.19	43.55	4.59	1.05	1.80	1.90	174.19	33.10
Oct 2010	4.83	3.98	1.21	1.54+0.51	2.48	163.463	40.54	4.59	1.05	1.80	1.89	163.463	30.89
Nov 2010	4.82	3.98	1.21	1.54+0.51	2.48	140.941	34.95	4.59	1.05	1.80	1.89	140.941	26.64
Dec 2010	4.79	3.98	1.20	1.54+0.51	2.46	150.333	36.98	4.59	1.04	1.80	1.88	150.333	28.26
Jan 2011	4.85	3.98	1.22	1.54+0.51	2.50	166.063	41.52	4.59	1.06	1.80	1.90	166.063	31.55
Feb 2011	5.07	3.98	1.27	1.54+0.51	2.60	142.32	37.00	4.59	1.11	1.80	1.99	142.32	28.32
Mar 2011	4.79	3.98	1.25	1.54+0.51	2.56	164.695	42.16	4.59	1.08	1.80	1.95	164.695	32.12
2011-12	4.85	3.98	1.22	1.55+0.51	2.51	1980.54	**497.12**	4.59	1.06	1.55+0.26	**1.92**	1980.54	**380.26**
Sub-total for the year 2010-11& 2011-12 as per actual billing							**997.21**						**764.58**
2012-13	4.85	3.98	1.22	1.71+0.51	2.71	1893	**513.00**	4.59	1.06	1.71+0.26	**2.09**	1893	**395.64**
2013-14	4.85	3.98	1.22	1.89+0.51	2.93	1948	**570.76**	4.59	1.06	1.89+0.26	**2.28**	1948	**444.14**
2014-15	4.85	3.98	1.22	2.00+0.51	3.06	2005	**613.53**	4.59	1.06	2.00+0.26	**2.40**	2005	**481.20**
2015-16	4.85	3.98	1.22	2.1+0.51	3.18	2094	**665.89**	4.59	1.06	2.1+0.26	**2.50**	2094	**523.50**
2016-17	4.85	3.98	1.22	2.11+0.51	3.20	2188	**700.16**	4.59	1.06	2.11+0.26	**2.51**	2188	**549.19**
2017-18	4.85	3.98	1.22	2.14+0.51	3.23	2287	**738.70**	4.59	1.06	2.14+0.26	**2.54**	2287	**580.90**
2018-19	4.85	3.98	1.22	2.16+0.51	3.26	2390	**779.14**	4.59	1.06	2.16+0.26	**2.57**	2390	**614.23**
2019-20	4.85	3.98	1.22	2.17+0.51	3.27	2499	**817.17**	4.59	1.06	2.17+0.26	**2.58**	2499	**644.74**
2020-21	4.85	3.98	1.22	2.2+0.51	3.31	2616	**865.90**	4.59	1.06	2.2+0.26	**2.61**	2616	**682.78**
2021-22	4.85	3.98	1.22	2.20+0.51	3.31	2740	**906.94**	4.59	1.06	2.20+0.26	**2.61**	2740	**715.14**
2022-23	4.85	3.98	1.22	2.20+0.51	3.31	2870	**949.97**	4.59	1.06	2.20+0.26	**2.61**	2870	**749.07**
2023-24	4.85	3.98	1.22	2.20+0.51	3.31	3006	**994.99**	4.59	1.06	2.20+0.26	**2.61**	3006	**784.57**
2024-25	4.85	3.98	1.22	2.20+0.51	3.31	3150	**1042.65**	4.59	1.06	2.20+0.26	**2.61**	3150	**822.15**
2025-26	4.85	3.98	1.22	2.21+0.51	3.32	3305	**1097.26**	4.59	1.06	2.21+0.26	**2.62**	3305	**865.91**
2026-27	4.85	3.98	1.22	2.22+0.51	3.33	3469	**1155.18**	4.59	1.06	2.22+0.26	**2.63**	3469	**912.34**
2027-28	4.85	3.98	1.22	2.20+0.51	3.33	3641	**1212.45**	4.59	1.06	2.22+0.26	**2.63**	3641	**957.58**
2028-29	4.85	3.98	1.22	2.22+0.51	3.33	3823	**1273.06**	4.59	1.06	2.22+0.26	**2.63**	3823	**1005.45**
2029-30	4.85	3.98	1.22	2.23+0.51	3.34	4015	**1341.01**	4.59	1.06	2.23+0.26	**2.64**	4015	**1059.96**
Sub-total for the remaining 18 years as per projection of Consultant							**16237.76**						**12788.49**
Grand Total							**17234.97**						**13553.07**

Summary of computation of revenue losses for 20 years at the present level of Input Energy

	2010-11 to 2011-12	For remaining 18 years	Total
Computation by Audit taking Base year ATR of ₹ 3.98 per unit and with increase of ₹ 0.51 per unit in first ATR	₹ 997.21	₹ 16237.76	**₹ 17234.97**
Less: Computation in billing taking Base year ATR of ₹ 4.59 per unit and with increase of ₹ 0.26 per unit in first ATR	₹ 764.58	₹ 12788.49	**₹ 13553.07**
Revenue loss	**₹ 232.63**	**₹ 3449.27**	**₹ 3681.90**

* (Input Rate quoted by TPL: ₹ 1.54 + Increase in ATR: ₹ 0.26= ₹ 1.80).

Annexure-18
Statement showing frequent tendering done by DVVNL in procurement of materials
(Referred to in paragraph 3.11.2)

Sl. No.	Item	Particulars of First Tender			Particulars of subsequent Tender			Rate increase in *per cent*	Rate increase (₹)	Excess Expenditure (₹)
		Tender No. & Date	Quantity	Rate (₹)	Tender No. & Date	Quantity	Rate (₹)			
1	2	3	4	5	6	7	8	9	10=8-5	11=10x7
1	G.I.Wire 3.15mm/10SWG	DVVNL-MM/647-2011, 09.3.11	125 MT	50770	DVVNL-MM/711-2011, 02.7.11	270 MT	52627.70	3.66	1857.70	501579.00
2	G.I.Wire 4.00mm/8SWG	DVVNL-MM/652-2011, 08.3.11	150 MT	50260	DVVNL-MM/710-2011, 01.7.11	430 MT	52627.70	4.71	2367.70	1018111.00
3	G.I.Wire 5mm/6SWG	DVVNL-MM/651-2011, 09.3.11	150 MT	50211	DVVNL-MM/709-2011, 01.7.11	675 MT	52627.70	4.81	2416.70	1631272.50
4	11KV V TYPE Steel Cross Arm	DVVNL-MM/643-2011, 08.3.11	100000 No.	408.19	DVVNL-MM/712-2011, 01.7.11	93000 No.	421.91	3.36	13.72	1275960.00
Sub Total										4426922.50
5	63 KVA T/F	DVVNL-MM/333-2008, 16.8.08	700 No.	75110.00	DVVNL-MM/403-2008, 30.9.08	1200 No.	82610.00	9.99	7500.00	9000000.00
6	10 MVA T/F	DVVNL-MM/319-2008, 08.7.08	10 No.	4735751	DVVNL-MM/397-2008, 09.9.08	50 No.	4898000	3.43	162249.00	8112450.00
Sub Total										**17112450.00**
Grand Total										**21539372.50**

Sources: Tender files of DVVNL

Annexure-19
Statement showing excess expenditure due to procurement at higher rates
(Referred to in paragraph 3.11.3)

Sl.No	Tender No and Date	Material	L-1 rate (₹)	Quantity	Other Discoms/ Pole Manufacturing Units rate (₹)	Reasons for low rate	Difference (₹)	Excess Expenditure (₹)
1	2	3	4	5	6	7	8 (4-6)	9 (5 X 8)
1	PVVNL-MT/685(vs)/11-12 Dated.02.7.2011	8.5 mtr PCC poles	1702.50 (August 2011)	200000	1634.40 (August 2011)	Rate of poles manufactured in own unit	68.10	13620000
2	PVVNL-MT/261(s)/08-09 Dated.02.02.2009	Meters	1089.26 (August 2008)	50000	997.28 (August 2008)	Rate received by MVVNL	91.98	4599000
3	DVVNL/MM/479-2009 Dated.23.5.2009	8.5 mtr PCC poles	1656.40 (June 2009)	74800	1554.95 (August 2010)	Rates received by MVVNL	101.45	7588460
	Total							**25807460**

Sources: Tender files of DVVNL & PVVNL

Annexure-20

Statement showing loss due to repair of transformer at higher package rates during the year 2006-07 to 2010-11 by PVVNL, Meerut & DVVNL, Agra

(Referred to in paragraph 3.11.7)

	Capacity of transformers in KVA								
PVVNL	**25**	**63**	**100**	**160**	**250**	**400**	**630**	**1000**	**Total (Nos.)**
Ghaziabad	9062	6230	3795	269	522	643	135	17	20673
Moradabad	9287	5103	3040	303	994	966	249	11	19953
Saharanpur	11289	6871	4393	121	285	449	112	21	23541
Meerut	5850	4295	3155	128	411	515	83	14	14451
									78618
DVVNL									
Agra	12976	8449	4772	490	1469	1693	180	30	30059
Aligarh	1959	975	510	60	148	187	25	5	3869
Kanpur	6941	4312	1754	103	538	575	39	0	14262
Jhansi	6798	6145	2254	292	664	776	90	9	17028
									65218
Total Transformers repaired	**64162**	**42380**	**23673**	**1766**	**5031**	**5804**	**913**	**107**	**143836**
Capacity wise HV/LV coils used in repair of Transformer in KG (Average)	23.35	43.8	60.89	79.8	105.65	220.63	322.55	456.7	
Total HV/LV Coils used in repair of transformer (in KG)	1498182.7	1856244	1441449	140926.8	531525.15	1280536.52	294488.15	48866.9	
Total Wt of Aluminium HV/LV leg coils	5468327.62	(25 KVA to 250 KVA)							
Total Wt of Copper HV/LV leg coils	1623891.57	(400 KVA to 1000 KVA)							
Package rate of Alluminium/Market rate in ₹ per KG	229.33/ 111.20								
Package rate of Copper/Market rate in ₹ Per Kg	321.88/ 154.69								
Loss in repair of transformer by Aluminium HV/LV Leg coils	645973541.80	(229.33-111.2 X 5468327.62)							
Loss in repair of transformer by Copper HV/LV Leg coils	271498431.60	(321.88-154.69 X 1623891.57)							
Total Loss in ₹	917471973.40								

Source: Stage Inspection Report provided by DVVNL.

Annexure-21

Statement showing royalty payable on quantity of surplus earth generated vis-à-vis actual quantity of pipes laid, bedding and manhole constructed, (as on 31 March 2012)

(Referred to in paragraph 3.12.1)

Sl. No.	Name of the Division	Name of the scheme	Name of the sewerage work	As per Bond							As per actual executed quantity						Amount of royalty due on surplus earth but not paid (at the rate of ₹ 9/ cum on Col. 17)	Value of earth not realised by way of sale of surplus earth
				Quantity to be executed						Surplus earth to be generated (as worked out by Audit)	Quantity executed					Surplus earth generated (as worked ou by Audit)		
				Pipes	manholes	Bedding	Disposal of surplus earth	Rate for disposal of surplus earth (in ₹)	Amount payable for disposal of surplus earth (in ₹)		Pipes laid	manholes	Bedding	Disposal of surplus earth	Amount paid on disposal of surplus earth			
				(in m)	(in no.)	(in cum)	(in cum)			(in cum)	(in m)	(in no.)	(in cum)	(in cum)		(in cum)	(in ₹)	(in ₹)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
	Sewerage Works																	
	A. Works where separate provision for disposal is made (three works)																	
	(i) Works where short provision for disposal of surplus earth has been made (two works)																	
1	PM-IV, GPCU, Lko	JNNURM	District III, Part-II	355500	16496	59733	42256	208.69	8818405	104730	110486	4326	14263	21825	4554659	26837	241533	1730987
2	GPCU Kanpur	JNNURM	Inner old Area (Part-I)	70437	984	13713	12830	100 to 200	2195100	130070	54951	942	11869	31432	4552969	101639	914751	6555716
	Sub Total (two works)			**425937**	**17480**	**73446**	**55086**		**11013505**	**234800**	**165437**	**5268**	**26132**	**53257**	**9107628**	**128476**	**1156284**	**8286702**
	(ii) Works where excess provision for disposal of surplus earth has been made (one work)																	
3	GPCU Varanasi	JNNURM	Trans Varuna	142601	4243	82866	287598	184.66	53108019	188566	88351	2316	not stated separately		included in compo-site rate	112507	1012563	7256702
	Total of above 3 works			**568538**	**21723**	**156312**	**342684**	**185**	**64121524**	**423366**	**253788**	**7584**	**26132**	**53257**	**9107628**	**240983**	**2168847**	**15543404**
	B. Works where separate provision for disposal has not been made in contracts (five works)																	
4	GPCU Varanasi	GAP-2	Relieving Trunk sewer	5280	not stated separately					14576	5051	not stated separately				13071	117639	843079.5
5	GPCU, Allahabad	JNNURM	District D	140094	not stated separately					28144	87370	not stated separately				12157	109413	784126.5
6		NGRBA	District E	109378	not stated separately					11685	12991	not stated separately				1112	10008	71724
7		NGRBA	District A	9240	not stated separately					5296	2832	not stated separately				1149	10341	74110.5
8		NGRBA	District B & E	13123	not stated separately					16568	7303	not stated separately				1816	16344	117132
		Sub Total Allahabad		***271835***						***61693***	***110496***	not stated separately				***16234***	***146106***	***1047093***
	Total of 5 works			**277115**						**76269**	**115547**					**29305**	**263745**	**1890173**
	Grand Total (8 Sewerage Works)			**845653**	**21723**	**156312**	**342684**	**185**	**64121524**	**499635**	**369335**	**7584**	**26132**	**53257**	**9107628**	**270288**	**2432592**	**17433576**

Annexure-22
Statement showing paragraphs/Performance Audit for which replies were not received
(Referred to in paragraph 3.15.1)

Sl. No	Name of Department	2006-07		2007-08		2008-09		2009-10		2010-11	
		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 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)	14	12	17	10	13	12	7	5	4	4
2.	Transport	5	4	2	--	1	1	--	--	2	2
3.	Co-operative	--	--	1	--	--	--	--	--	--	--
4.	Samaj Kalyan	--		--	--	2	1	---	--	--	--
5.	Agriculture	3	1	1	1	--	--	1	1	--	--
6.	Vastra Udyog	--	--	--	--	--	--	1	1	--	--
7.	Industrial Development	2	2	1	--	3	3	--	--	2	2
8.	Public Works	2	2	3	3	1	1	2	2	--	--
9.	Small Industries	2	2	--	--	--	--	--	--	--	--
10.	Sugar Industry and Cane Development	--	--	1	--	--	--	--	--	1	--
11.	Urban Development	1	--	--	--	1	1	2	1	--	--
12.	Housing and Urban Planning	3	3	2	2	1	--	--	--	2	2[∞]
13.	Irrigation	--	--	--	--	---	--	1	-	2	2
14.	Matsya Avam Pashudhan	--		--	--	1	1	--	--	--	--
15.	Electronics & IT	--	--	--	--	--	--	--	--	--	--
16.	Public Enterprises[♣]	1	--	--	--	2[♦]	--	--	--	--	--
17.	Food and civil supplies	1	--	--	--	--	--	--	--	--	--
18.	Minerals and Mining	3	--	5	--	2	2	2[♥]	2	3	3
19.	Forest	--	--	--	--	--	--	--	--	1	1
	Total	**37**	**26**	**33**	**16**	**27**	**22**	**16**	**12**	**16**	**15**

[∞] 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.

[♣] In the group of Public Enterprises, there were three and thirteen departments in respect of which General paras were issued during 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.

Annexure-23

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 3.15.3)

Year of Audit Report	Paragraph No.	Money Value (₹ in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
1. Power Sector Companies					
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.
2002-03	2.2.21	0.52	------------do------------	------------do-------------	Management's reply and further action were 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
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.
2008-09	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.
2008-09	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.
2009-10	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.
	Total	**1935.41**			
2. U.P. State Sugar Corporation Ltd.					
1999-2000	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.
2000-01	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.
2002-03	3.1.6	1.19	------------do-----------	------------do-----------	Management's reply was awaited
	Total	**2.53**			
Uttar Pradesh State Agro Industrial Corporation Limited					
2001-02	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.
2009-10	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.
2001-02	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.
	Total	**16.07**			

Annexure-24

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 3.15.3)

Year of Audit Report	Paragraph No.	Money Value (₹ in crore)	Gist of Persistent Irregularities	Actionable points/action to be taken	Details of actions taken
1. Uttar Pradesh Financial Corporation					
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.
	Total	**95.46**			
2. Uttar Pradesh State Road Transport Corporation					
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
	Total	**0.78**			

Annexure-25
Statement showing the department-wise outstanding Inspection Reports
(Referred to in paragraph 3.15.4)

Sl. No.	Name of Department	No. of PSUs	No. of outstanding IRs	No. of outstanding Paragraphs	Year from which paragraphs outstanding
1.	Agriculture	3	13	56	2005-06
2.	Matsya and Pashudhan	1	6	29	2004-05
3.	Sugar Industry and Cane Development	5	34	95	--do--
4.	Irrigation	1	7	42	--do--
5.	Small Industries	1	7	53	--do--
6.	Industrial Development	3	56	351	--do--
7.	Export Promotion	2	12	75	--do--
8.	Hathkargha & Vastra Udyog	3	13	35	--do--
9.	Electronics & IT	4	17	45	--do--
10.	Public Works	2	324	1102	--do--
11.	Samaj Kalyan	3	11	37	2006-07
12.	Mahila Kalyan	1	1	5	2011-12
13.	Home	1	4	7	2004-05
14.	Food and Civil Supplies	2	12	54	2005-06
15.	Tourism	1	5	9	2007-08
16.	Waqf Avam Alpsankhyak	2	8	30	2004-05
17.	Transport	1	81	461	--do--
18.	Co-operative	1	7	45	--do--
19.	Forest	1	21	73	--do--
20.	Energy	13	1599	6347	--do--
21.	Health	1	2	4	2005-06
22.	Housing and Urban Planning	2	851	2887	2004-05
	Total	**54**	**3091**	**11842**	

Source: Progress register of AIRs.

Annexure-26

Statement showing the department-wise draft paragraphs/Performance Audit replies to which were awaited

(Referred to in paragraph 3.15.4)

Sl. No.	Name of Department	No of draft paragraphs	No of Performance Audit	Period of issue
1.	Energy	8	1	April 2012 to August 2012
2.	Cooperative	1	--	June 2012
3.	Urban Development	3	--	June 2012 and July 2012
4.	Irrigation	3[♣]	--	--do--
6.	Industrial Development	--	1	September 2012
	Total	**14**	**2**	

[♣] This includes a para on Excess expenditure on procurement of cement under two departments (U.P. Projects Corporation Limited: Irrigation Department and Uttar Pradesh Jal Nigam: Urban Development Department). This para is included at Sl. No. 3 hence, counted as two paragraphs.