



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings
for the year ended March 2013**



**Government of Andhra Pradesh
Report No.5 of 2014**

**Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings**

for the year ended March 2013

**Government of Andhra Pradesh
*Report No. 5 of 2014***

TABLE OF CONTENTS		
SUBJECT	Reference to	
	Paragraph(s)	Page(s)
Preface	...	v
Overview		vii-xiii
Chapter I		
OVERVIEW OF STATE PUBLIC SECTOR UNDERTAKINGS		
Introduction	1.1	1
Audit Mandate	1.2	1-2
Investment in State PSUs	1.3	2-4
Budgetary outgo, grants/ subsidies, guarantees and loans	1.4	4-5
Reconciliation with Finance Accounts	1.5	5-6
Arrears in finalization of Annual Accounts	1.6	6-7
Performance of PSUs	1.7	7-8
Internal Audit and Internal Control System	1.8	8-9
Comments of the CAG of India on Accounts of PSUs	1.9	9-10
Placement of SARs	1.10	10
Follow up action on Audit Reports	1.11	11-13
Chapter II		
PERFORMANCE AUDIT RELATING TO GOVERNMENT COMPANIES		
Implementation of Rajiv Gandhi Grameen Vidyutikaran Yojana in Andhra Pradesh	2.1-2.14	19-32
Chapter III		
PERFORMANCE AUDIT RELATING TO STATUTORY CORPORATION		
Andhra Pradesh State Warehousing Corporation	3.1-3.6	37-52
Chapter IV		
COMPLIANCE AUDIT OBSERVATIONS		
GOVERNMENT COMPANIES		
Andhra Pradesh Mineral Development Corporation Limited		
Development of mineral resources and mineral based industries	4.1	55-67
Loss of revenue due to idling of prime office space	4.2	67-68
Andhra Pradesh Trade Promotion Corporation Limited		
Trade promotion and logistic activities	4.3	68-74

TABLE OF CONTENTS		
SUBJECT	Reference to	
	Paragraph(s)	Page(s)
Southern Power Distribution Company of Andhra Pradesh Limited & Northern Power Distribution Company of Andhra Pradesh Limited		
Implementation of High Voltage Distribution System	4.4	74-81
Central Power Distribution Company of Andhra Pradesh Limited		
Avoidable excess payment of ₹ 6.24 crore towards excise duty	4.5	81-82
Andhra Pradesh Power Generation Corporation Limited		
Expansion/ Construction of Thermal Power Generating units	4.6	82-90
Southern Power Distribution Company of Andhra Pradesh Limited & Eastern Power Distribution Company of Andhra Pradesh Limited		
Information technology Audit on High Tension billing systems	4.7	90-104
STATUTORY CORPORATION		
Andhra Pradesh State Road Transport Corporation		
Commuter Amenity Centres/ Bus Terminal Complexes constructed under JnNURM Scheme	4.8	104-110
Lack of policy and efforts to minimize expenditure on toll tax resulted in additional burden on the Corporation - ₹ 50.69 crore	4.9	110-111
ANNEXURES	1.1-4.5	115-168
GLOSSARY		169-173

List of Annexures		
Annexure No.	Subject	Page(s)
1.1	Statement showing particulars of upto-date capital, loans outstanding and manpower as on 31 March 2013 in respect of Government Companies and Statutory Corporations	115-124
1.2	Statement showing summarized financial results of Government Companies and Statutory Corporations which have finalised their accounts for 2012-13	125-128
1.3	Statement showing summarized financial results of Government Companies and Statutory Corporations whose accounts for 2012-13 are in arrears	129-136
1.4	Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2013	137-144
1.5	Statement showing investments made by State Government in PSUs whose accounts are in arrears	145-153
1.6	Statement showing the financial position of Statutory Corporations who have finalised accounts for the year 2012-13	154
1.7	Statement showing the financial position of Statutory Corporation whose accounts for the year 2012-13 are in arrears	155
1.8	Statement showing the working results of Statutory Corporations who have finalised accounts for the year 2012-13	156
1.9	Statement showing the working results of Statutory Corporations whose accounts for the year 2012-13 are in arrears	157
1.10	Statement showing reviews/ paragraphs for which explanatory notes were not received (as on 31 December 2013)	158
1.11	Statement showing department-wise break-up of outstanding Inspection Reports (IRs)	159
1.12	Statement showing the department-wise Performance audits and draft paragraphs to which replies are awaited	160
2.1	DISCOM-wise details of sanctioned/ revised cost, funds released and expenditure as claimed in closure reports incurred to the end of 31 March 2013	161

List of Annexures		
Annexure No.	Subject	Page(s)
3.1	Statement showing details of maintenance equipment as per norms and actual	162
4.1	Statement showing details of quantities as per DPRs, Agreements, actual and variance relating to HVDS works	163
4.2	Statement showing the Agreement wise performance in execution of HVDS	164-165
4.3	Statement showing Details of plan-wise proposed, completed and ongoing thermal projects	166
4.4	Statement showing Details of Purchase Orders placed, scheduled date of completion, actual date of completion, progress of ongoing works, etc.	167
4.5	Statement showing details of original, revised and actual areas, expenditure and status of JnNURM projects	168

Preface

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

- (i) Government companies,
 - (ii) Statutory corporations and
 - (iii) 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 Government of Andhra 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. Results of audit relating to departmentally managed commercial undertakings are presented separately.
 3. Audit of accounts of Government companies is conducted by the CAG under the provision of Section 619 of the Companies Act, 1956.
 4. In respect of Andhra Pradesh State Road Transport Corporation, which is a Statutory corporation, the CAG is sole auditor. The CAG also audits accounts of Andhra Pradesh Electricity Regulatory Commission, as sole auditor. As per The State Financial Corporation (Amendment) Act, 2000, the CAG has right to conduct audit of accounts of Andhra Pradesh State Financial Corporation in addition to audit conducted by Chartered Accountants appointed by the Corporation out of panel of auditors approved by the Reserve Bank of India. In respect of Andhra Pradesh State Warehousing Corporation, the CAG has right to conduct audit of accounts in addition to audit conducted by the Chartered Accountant appointed by State Government in consultation with the CAG. The Audit Reports on the annual accounts of all these corporations/ Commission are forwarded separately to State Government.
 5. Cases mentioned in this Report are those which came to notice in the course of audit during the year 2012-13 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 2012-13 have also been included, wherever necessary.
 6. Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

1. Overview of State Public Sector Undertakings

The State Public Sector Undertakings (PSUs), consisting of State government companies and Statutory corporations, are established to carry out activities of commercial nature, while keeping in view the welfare of the people. In Andhra Pradesh, the State PSUs occupy an important place in the State economy. Their accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956. Audit of Statutory corporations is governed by their respective legislations.

- As on 31 March 2013, the State of Andhra Pradesh had 52 working PSUs (49 companies and three Statutory corporations) and 24 non-working PSUs (all companies). As of the same date the investment (capital and long-term loans) in these 76 PSUs (including 619-B companies) was ₹ 64,426.77 crore. The investment has grown by 85.08 *per cent* from ₹ 34,809.43 crore in 2007-08 to ₹ 64,426.77 crore in 2012-13. Thrust of investment was mainly in the power sector PSUs.
- During 2012-13, the total outgo from the budget of the Government of Andhra Pradesh (GoAP) was ₹ 12,198.47 crore, of which equity capital outgo was ₹ 37.99 crore, loans outgo ₹ 1,868.70 crore and grants/subsidies ₹ 10,291.78 crore.
- There was a difference of ₹ 2,892.64 crore in equity, ₹ 2,145.56 crore in loans and ₹ 1,288.10 crore in guarantees as per the Finance Accounts and the records of PSUs, which needs to be reconciled.
- Out of 52 working PSUs, only 19 PSUs had finalised their annual accounts for 2012-13. The total number of annual accounts in arrears was 88, with arrears ranging from one to eight years.
- Out of the 19 PSUs that had finalised their accounts for 2012-13, nine PSUs earned an aggregate profit of ₹ 877.66 crore, five PSUs incurred a loss of ₹ 93.18 crore, two PSUs neither earned profit nor loss. Of the remaining three PSUs, two are preparing accounts on no profit/ no loss basis and one yet to commence commercial operation and, hence, has not prepared profit and loss account. The main profit earning PSUs were Singareni Collieries Company Limited (₹ 401.14 crore) and Transmission Corporation of Andhra Pradesh Limited (₹ 344.32 crore). The main loss-incurring PSU was Andhra Pradesh State Road Transport Corporation (₹ 80.71 crore).

(Chapter I)

2. Performance Audit relating to Government companies

Performance Audit relating to **Implementation of Rajiv Gandhi Grameen Vidyutikaran Yojana in Andhra Pradesh**

Introduction

Government of India launched in March 2005 Rajiv Gandhi Grameen Vidyutikaran Yojana with an objective of electrifying all villages and habitations (hamlets) and providing all Rural Households (RHHs) access to electricity by year 2009 and notified in August 2006 Rural Electrification Policy, which required the State Governments to prepare and notify their own Rural Electrification Plans. Rural Electrification Corporation was nodal agency for implementing RGGVY. GoI provided 90 *per cent* capital subsidy to State Government to meet overall cost of project, while 10 *per cent* would be a loan provided by REC to State Government. Four Distribution Companies (DISCOMs) were project implementing agencies. Seventeen projects and five projects were sanctioned under 10th and 11th plans respectively, in four DISCOMs.

Planning

Inordinate delay of more than four years in notifying the Rural Electrification Plan, inadequate initial survey for infrastructure to be provided and for identification of beneficiaries resulted in incorrect preparation of DPRs, which led to subsequent revision in quantities /number of beneficiaries with consequent increase in cost of projects

Contract and Project Management

Instances of excess rates claimed for material, short closure of contracts at the request of contractors (SPDCL) and use of other than approved material resulting in excess expenditure were noticed. These factors also contributed to revision of project costs.

Finance Management

DISCOMs paid Price variation claims of ₹ 6.04 crore in contravention of terms and conditions of agreement. NPDCL and SPDCL had not recovered Labour cess of ₹ 1.16 crore and ₹ 2.53 crore respectively from the Contractors, as a result, liability rests with the respective DISCOMs. Non-levy of penalties for delayed works resulted in undue favour to contractors. Non-adjustment of the interest earned on unspent RGGVY funds to the final project cost resulted in excess claim of ₹ 5.75 crore (SPDCL, NPDCL and EPDCL).

Monitoring and Impact Assessment

Lack of wide publicity about the scheme at block level resulted in poor response from Rural Households of Below Poverty Line. Non-compliance with provisions for releasing service connections like providing earth wire, providing service line connection free of cost, fixing of outmoded meters not covered under the scheme, lack of safeguard measures to provide fencing at danger points were noticed in audit. Non-convening of State Level Coordination committee meetings to ensure the effective implementation of RGGVY in four DISCOMs and non engagement of franchisees at block level as per RGGVY guidelines were noticed.

(Chapter II)

3. Performance Audit relating to Statutory corporation

Performance Audit relating to *Andhra Pradesh State Warehousing Corporation*

Introduction

Andhra Pradesh State Warehousing Corporation (APSWC) was established in August, 1958 under the provisions of the Warehousing Corporation Act, 1958. Government of Andhra Pradesh (GoAP) and Central Warehousing Corporation (CWC) have 50:50 share capital in APSWC. The major activities of the organisation are to construct warehouses within the State to facilitate storage and transportation of agricultural produce, seeds, manures, fertilisers, agricultural implements and notified commodities and to act as an agent of CWC or the State Government to help purchase these commodities.

Planning for construction of storage facilities

APSWC failed to prepare five-year Corporate Plan for the period 2008-13.

Though APSWC made proposals for implementation of galvalume roofing for godowns in June 2007, which offers economy in both time and energy taken to construct as compared to traditional roofing, it belatedly constructed (2011-13) 10 godowns of 1.32 lakh MT capacity with galvalume roofing. Re-roofing of old godowns in seven locations was carried out during 2010-12 by traditional roofing instead of galvalume roofing.

APSWC proposed in January 2006 to construct modern warehouse Container Freight Station (CFS) facilities at Visakhapatnam Port for bulk handling of exports and imports under new business, which was delayed because of poor initiatives of APSWC.

APSWC had earned profits continuously and the accumulated profit as at the end of March 2013 stood at ₹ 283.35 crore. There was no significant construction activity during the period 2008-11.

Scheme-wise Construction of godowns

Annual plans of APSWC for the years 2008-13 projected addition of their own warehousing capacity of 3.78 lakh Metric Tonnes (MT) but added only 1.32 lakh MTs capacity resulting in a shortfall of 2.46 lakh MTs.

Due to delay in submission of DPRs under NABARD's RIDF XVII scheme for construction of godowns, APSWC could not avail the loan under the scheme but availed under another scheme, RIDF XVIII, resulting in additional interest burden of ₹ 7.40 crore apart from additional investment of its own funds.

Godown constructed (December 2012) at Vemulapally under RIDF scheme with a guaranteed 100 *per cent* reservation by FCI was not taken over by FCI resulting in loss of revenue to the tune of ₹ 1.37 crore from the date of confirmation of reservation (February 2013) to December 2013.

Capacity utilisation

Average occupancy of own godowns ranged from 58 to 89 *per cent* during the period 2008-13, whereas the same was of full capacity in case of Hired godowns and investor godowns.

APSWC had not maintained separate data relating to utilization of storage space by farmers till May 2012. Utilisation of storage space by farmers from May 2012 to March 2013 was zero *per cent* to six *per cent* in eight Regions, defeating the main objective.

Operation & Maintenance of godowns

There were 56 units which incurred losses of ₹ 1.69 crore during 2008-13. Loss making godowns have progressively declined but six godowns consistently made losses. No action was taken to wind up the unviable godowns.

APSWC had not preferred the claims in respect of investor godowns with revised storage charges retrospectively inspite of Government directions, which resulted in a revenue loss of ₹ 40.96 crore.

Revision of rates was not effected in respect of goods other than food grains like fertilisers, cotton etc. since April 2002 and there is no rate revision policy framed by APSWC.

APSWC had written-off ₹ 2.65 crore towards storage losses in excess of norms during the period 2007-12. Audit scrutiny revealed that the capacity utilisation of the Investor Godowns was more than 100 *per cent* which resulted in higher storage losses as stocks were stored unscientifically.

Management Information System (MIS)

Implementation of online Warehouse Management System, to be completed by September 2012, was delayed. Monthly Business Report, which is main source of MIS has not been standardized.

(Chapter – III)

4. Compliance Audit Observations

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

Loss of ₹ 145.93 crore in five cases due to non-compliance with rules, directives, procedures, terms and conditions of contracts.

(Paragraphs 4.1.2.7, 4.3.2.2, 4.4.2.5, 4.5 and 4.6.2.5)

Loss of ₹ 173.80 crore in eight cases due to non-safeguarding the financial interests of organisation.

(Paragraphs 4.1.2.4, 4.1.2.8, 4.1.2.9, 4.4.2.7, 4.4.2.10, 4.7.5.3, 4.7.5.18 and 4.7.5.20)

Loss of ₹ 83.95 crore in four cases due to defective/deficient planning.

(Paragraphs 4.2, 4.3.2.1, 4.8.2.5 and 4.9)

Loss of ₹ 4.48 crore in one case due to inadequate/ deficient monitoring.

(Paragraph 4.1.2.15)

Unfruitful expenditure of ₹ 7.27 crore in two cases due to non-achievement/partial achievement of objectives.

(Paragraphs 4.3.2.3 and 4.3.2.4)

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

Andhra Pradesh Mineral Development Corporation Limited allotted subsequent leases to promoter firms who defaulted in payment of Mining Franchisee Fee and thus affecting transparency in selection of JV partners; consideration payable by the JV companies for mining of black galaxy granite was fixed at nominal rates. There was loss of revenue due to fixation of low rate for C+D+Waste grade barites. Value of bauxite mines was understated and price of bauxite to be supplied was fixed based on royalty without adopting the market price. Escot charges for limestone mining were fixed at nominal levels of ₹ 0.50 to ₹ 0.75 per tonne. JV company was formed for mining ilmenite without obtaining license from the Atomic Energy Regulatory Board.

The Company, keeping its own prime office space vacant, shifted its office to rented building resulting in loss of revenue.

(Paragraphs 4.1 & 4.2)

Andhra Pradesh Trade Promotion Corporation Limited failed to utilize facilities established at a cost of ₹ 26.88 crore due to lack of planning and proper synchronization; there were delays in land alienation, obtaining power connections and notifications from Customs Department; the Company's efforts in creation of trade promotional facilities suffered as the lone attempt to establish Trade Fair Centre at YSR district turned out to be a non-starter due to lack of proper planning/choice of location.

(Paragraph 4.3)

The DPRs prepared by **Southern Power Distribution Company of Andhra Pradesh Limited and Northern Power Distribution Company of Andhra Pradesh Limited** for conversion of Low Voltage Distribution System into High Voltage Distribution System were found deficient and not based on realistic data obtained through proper baseline survey, resulting in variance between estimated and actual quantities, abnormal delays in execution and shortfall in conversion of planned feeders. Estimates were not economical due to inflated cost of DTRs, which resulted in additional financial burden to DISCOMs. Non-stipulation of a Bid clause restricting payment of Price Variation Claims (PVC) to the scheduled delivery period, payment of PVC on ineligible components and without stipulated ceiling limit resulted in undue benefit to contractors and avoidable expenditure to DISCOMs. Excess payment was made to contractors towards Excise Duty and VAT. While Post-bid amendment made to pay mobilization advance vitiated bid process, levy of interest on mobilisation advance at half the borrowing cost lacked justification with undue benefit to contractors. Delay in execution of works and consequent slippage in loan resulted in payment of interest at higher rates and commitment charges.

(Paragraph 4.4)

Central Power Distribution Company of Andhra Pradesh Limited did not adhere to the Purchase Manual conditions relating to taxes and duties, in respect of HVDS phase III bids and incurred avoidable excess expenditure of ₹ 6.17 crore towards excise duty.

(Paragraph 4.5)

Andhra Pradesh Power Generation Corporation Limited delayed execution of thermal projects due to deficient planning and project management with consequent time and cost overruns and there were cases of non-levy/ short levy of liquidated damages. Due to non-completion of the projects as planned in DPRs, DISCOMs purchased expensive power from open market to tide over shortages, with consequent burden on consumers by way of Fuel Surcharge Adjustment.

(Paragraph 4.6)

Southern Power Distribution Company of Andhra Pradesh Limited and Eastern Power Distribution Company of Andhra Pradesh Limited did not formulate IT policy. SPDCL and EPDCL did not enable any audit trails and logging of critical activities in their HT billing applications and did not have an approved backup policy. SPDCL did not formulate Change management and password policies. Critical responsibilities of System Administrator and Data Base Administrator are being performed by a single official thus giving scope for unauthorized changes. Vulnerable ports were open on the computers connected to the network, exposing the system to attacks of viruses and hackers. The application is deficient of validation checks and input controls. HT billing components were excluded from the software necessitating manual calculations/ interference. EPDCL incurred an additional expenditure of ₹ 7.40 crore in procurement of a billing application software though the source code of same was already available with the Company. Non-creation of proper interface between HT billing and SAP by the HT billing application vendor

resulted in duplication of work. Critical activities like system administration and database administration were entrusted to contract employees in violation of the provisions of its Security Manual.

(Paragraph 4.7)

Andhra Pradesh State Road Transport Corporation prepared DPR without conducting basic field studies. Though construction of Commuter Amenities Centres/ Bus Terminals with borrowed funds was financially not viable, as per the financing pattern, for debt ridden Corporation, it went ahead without ensuring receipt of entire central and state share of grants under the scheme. The Corporation could not implement Pilot Project in toto even five years after sanction. Ultramodern passenger amenities envisaged in the DPR/ Scheme were not provided in completed Bus Terminals. Due to delay in both handing/ taking over of completed projects and leasing out commercial/ advertisement space after taking over the projects by Regional Manager/Depot, the Corporation was deprived of commercial revenue.

The Corporation lacks policy on collection of toll charges from the passengers and lack of efforts to minimise expenditure on toll tax resulted in additional burden of ₹ 50.69 crore on the Corporation during 2010-14 with recurring effect.

(Paragraphs 4.8 & 4.9)

(Chapter IV)

Chapter I

1. Overview of State Public Sector Undertakings

1.1 Introduction

1.1.1 The State Public Sector Undertakings (PSUs), consisting of State Government companies and Statutory corporations, are established to carry out activities of commercial nature, while keeping in view the welfare of the people. In Andhra Pradesh, the State PSUs occupy an important place in the State economy. As on 31 March 2013, there were 76 PSUs as per the details given in table 1.1. Of these, no Company was listed on the stock exchanges. They employed a total of 2.58 lakh employees as of 31 March 2013.

Table 1.1 - Total number of PSUs

Type of PSUs	Working PSUs	Non-working PSUs ¹	Total
Government companies	49 ²	24 ³	73
Statutory corporations	3	-	3
Total	52	24	76

Source: Information furnished by the State Government and PSUs

1.1.2 Out of 52 working State PSUs, 19 PSUs⁴ had finalised their annual accounts for 2012-13 as of October 2013, registering a turnover of ₹ 38,280.14 crore, which was equal to 5.13 *per cent* of the State Gross Domestic Product (GDP)⁵ for 2012-13. These 19 PSUs which earned an aggregate profit of ₹ 784.48 crore for 2012-13, had 1.94 lakh employees. Departmental Undertakings (DUs), which carry out commercial operations are part of Government Departments and hence not included in State PSUs. Audit findings in respect of these DUs are incorporated in other Audit Reports of the State under the respective departments.

1.1.3 During the year 2012-13, two PSUs, namely Ongole Iron Ore Mining Company Private Limited and Visakhapatnam Urban Transport Company Limited were added to audit jurisdiction.

1.2 Audit Mandate

1.2.1 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617 of the Companies Act, 1956, 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 not less than 51 *per cent* of the paid up capital is held in any combination by

¹ Non-working PSUs are those which have ceased to carry on their operations.

² Includes six working companies under Section 619-B of the Companies Act, 1956 (Sl. No. 6, 14, 15, 21, 30 and 41 of Part A of *Annexure-1.1*).

³ Includes six non-working companies under Section 619-B of the Companies Act, 1956 (Sl. No. 17 to 22 of Part C of *Annexure-1.1*).

⁴ 17 Government companies and 2 Statutory corporations.

⁵ Advance Estimate - ₹ 7,45,782 crore.

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.

1.2.2 Accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 619(2) of the 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.

1.2.3 Audit of Statutory corporations is governed by their respective legislations. Out of three Statutory corporations, CAG is the sole auditor for Andhra Pradesh State Road Transport Corporation. In respect of Andhra Pradesh State Warehousing Corporation and Andhra Pradesh State Financial Corporation, audit is conducted by Chartered Accountants and supplementary audit by CAG.

1.3 Investment in State PSUs

1.3.1 As on 31 March 2013, the investment (capital and long-term loans)⁶ in 76 PSUs (including 619-B companies) was ₹ 64,426.77 crore, as per details given below:

Table 1.2 - Investment in State PSUs

(₹ in crore)

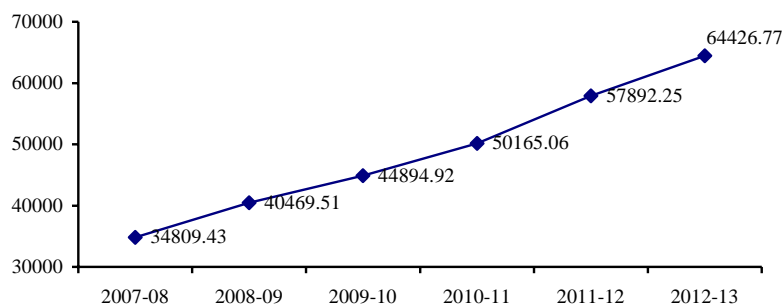
Particulars	Government companies			Statutory corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	8251.73	48785.42	57037.15	414.90	6697.32	7112.22	64149.37
Non-working PSUs	80.03	197.37	277.40	-	-	-	277.40
Total	8331.76	48982.79	57314.55	414.90	6697.32	7112.22	64426.77

Source: Audited accounts of State PSUs for 2012-13 where available, or information furnished by the PSUs

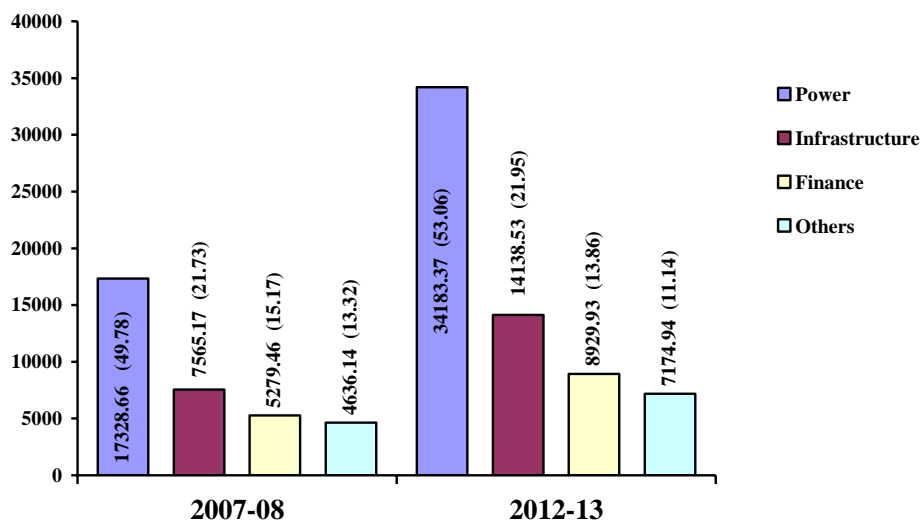
A summarised position of Government investment in State PSUs is detailed in **Annexure-1.1**.

1.3.2 As on 31 March 2013, of the total investment in State PSUs, 99.57 per cent was in working PSUs and the remaining 0.43 per cent in non-working PSUs. This total investment consisted of 13.58 per cent towards capital and 86.42 per cent in long-term loans. The investment has grown by 85.08 per cent from ₹ 34,809.43 crore in 2007-08 to ₹ 64,426.77 crore in 2012-13 as shown below.

⁶ Includes investment (capital and long-term loans) by the State Government, the Central Government and others.

Graph 1.1 Investment (Capital and long term loans) (₹ in crore)

1.3.3 The investment in various important sectors and percentage thereof at the end of 31 March 2008 and 31 March 2013 are indicated below in Graph 1.2. Thrust of PSUs investment was mainly on power sector during the last five years, with the investment in this sector increasing from 49.78 per cent in 2007-08 to 53.06 per cent in 2012-13. The investment in the infrastructure sector also increased in percentage terms from 21.73 in 2007-08 to 21.95 in 2012-13.

Graph 1.2 Sectoral Profile of increase in investment during 2007-13 (₹ in crore)

(Figures in brackets show sector percentage to total investment)

In absolute terms, during the period from 2007-08 to 2012-13, investment in power sector increased by ₹ 16,854.71 crore, primarily due to increase in investment in Andhra Pradesh Power Development Corporation Limited (₹ 7,820.07 crore), Andhra Pradesh Power Generation Corporation Limited (₹ 4,400.19 crore), Central Power Distribution Company of Andhra Pradesh Limited (₹ 2,365.94 crore), and Transmission Corporation of Andhra Pradesh Limited (₹ 1,502.68 crore). The investment in infrastructure sector increased by ₹ 6,573.36 crore, primarily due to increase in investment in Andhra

Pradesh State Housing Corporation Limited (₹ 4,878.73 crore) and Hyderabad Growth Corridor Limited (₹ 1,479.90 crore).

1.4 Budgetary outgo, grants/ subsidies, guarantees and loans

1.4.1 Details regarding budgetary outgo from Government of Andhra Pradesh (GoAP) 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- 1.4**. The summarised details for three years ended 2012-13 are given below.

Table 1.3 - Details of budgetary outgo

(Amount ₹ in crore)

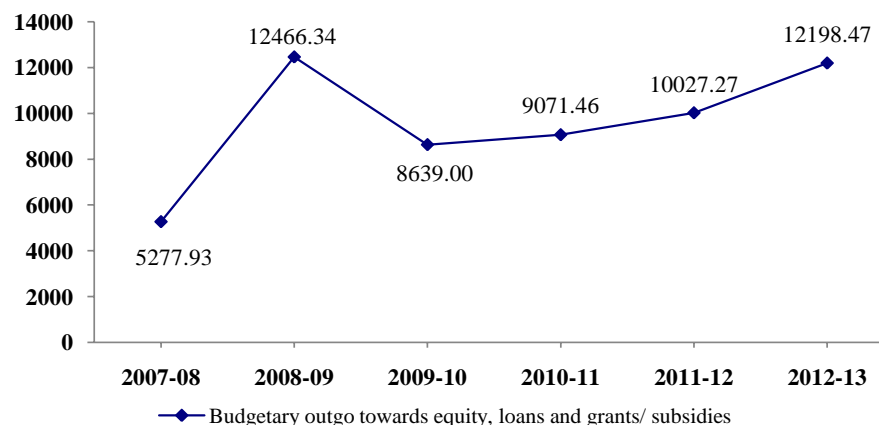
Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity capital outgo from budget	04	27.06	05	46.67	05	37.99
2.	Loans given from budget	05	1783.47	05	3035.07	04	1868.70
3.	Grants/Subsidy given from budget	16	7260.93	19	6945.53	17	10291.78
4.	Total Outgo	21⁷	9071.46	26⁷	10027.27	23⁷	12198.47
5.	Interest/Penal interest written off	--	--	--	--	--	--
6.	Guarantees issued	05	2638.05	04	4316.81	4	675.72
7.	Guarantee Commitment	14	14275.46	14	15279.62	13	14352.52

Source: As provided by PSUs concerned

⁷ The figure represent number of PSUs which have received outgo from the Budget under one or more heads i.e. equity, loans, grants and subsidies.

1.4.2 Details regarding budgetary outgo towards equity, loans and grants/subsidies for past six years are given below in graph 1.3.

Graph 1.3 - Budgetary outgo towards equity, loans and grants/ subsidies (₹ in crore)



1.4.3 Budgetary outgo towards equity, loans and grants/subsidies increased from ₹ 5,277.93 crore in 2007-08 to ₹ 12,198.47 crore in 2012-13. Main beneficiaries of subsidy and grants from GoAP's budget were power and service sectors, which received 58.45 per cent (₹ 6015.48 crore) and 30.21 per cent (₹ 3109.58 crore) of total amount of subsidy and grants (₹ 10,291.78 crore) respectively. Majority of loans given from budget was to manufacturing and infrastructure sectors, which received 62.56 per cent (₹ 1,169.08 crore) and 24.42 per cent (₹ 456.40 crore) of total amount of loans (₹ 1,868.70 crore) respectively.

1.4.4 The Government charges guarantee commission at concessional rate of half per cent to two per cent for term loans granted by Financial Institutions and Banks to various PSUs. Guarantee commission is payable as and when loans are guaranteed. Amount of guarantees outstanding decreased from ₹ 16,313.51 crore in 2007-08 to ₹ 14,352.52 crore in 2012-13, showing a decrease of 12.02 per cent. Guarantees mainly comprise amounts guaranteed for Central Power Distribution Company of Andhra Pradesh Limited, Northern Power Distribution Company of Andhra Pradesh Limited, Andhra Pradesh State Financial Corporation and Andhra Pradesh State Road Transport Corporation. During the year 2012-13, the State Government received ₹ 9.38 crore⁸ towards guarantee commission and ₹ 7.91 crore was due to be received.

1.5 Reconciliation with Finance Accounts

1.5.1 Figures in respect of equity, loans and guarantees outstanding of GoAP as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case figures do not agree, concerned

⁸ Andhra Pradesh State Financial Corporation, Andhra Pradesh Industrial Development Corporation Limited and Southern Power Distribution Company of Andhra Pradesh Limited.

PSUs and Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2013 is stated below:

Table 1.4 – Differences between Finance Accounts and Records of PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs ⁹	Difference
Equity	3376.54	6269.18	2892.64
Loans	17725.67	15580.11	2145.56
Guarantees	13064.42	14352.52	1288.10

Source: As per Finance Accounts and data as provided by respective PSUs.

1.5.2 Audit observed that amount as per records of PSUs was more than that of Finance Accounts in respect of equity, loans and guarantees. The differences occurred in respect of 48 PSUs, of which some were pending reconciliation since long. The matter regarding the difference in figures relating to equity, loans and guarantees as per Finance Accounts and as per records of PSUs was taken up from time to time with the Finance Department of GoAP. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

1.6 Arrears in finalization of Annual Accounts

1.6.1 Accounts of companies for every financial year are required to be finalised within six months from 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 September each year.

Table 1.5 – Arrears in finalization of annual accounts of PSUs

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13*
1.	Number of Working PSUs	43	45	48	50	52
2.	Number of accounts finalised during the year	46	51	46	54	56
3.	Number of accounts in arrears	70	64	70	78 ¹⁰	88
4.	Average arrears per PSU (3/1)	1.63	1.42	1.46	1.56	1.69
5.	Number of Working PSUs with arrears in accounts	26	25	30	28	33
6.	Extent of arrears	1 to 11 years	1 to 12 years	1 to 10 years	1 to 7 years	1 to 8 years

*Position up to October 2013 as given in Annexure 1.5.

1.6.2 As can be seen above, the number of PSUs with accounts in arrear increased from 26 in 2008-09 to 33 in 2012-13.

1.6.3 As regards non-working companies, out of 24 such PSUs, 11 had gone into liquidation process, two were wound up and one was under merger. The

⁹ Figures from annual accounts finalized for 2012-13 or information furnished by the State PSUs.

¹⁰ Includes arrears of two companies for eight years each viz., Andhra Pradesh Aviation Corporation Limited and Pashamylaram Textiles Park since incorporation (2005-06).

remaining 10 non-working PSUs were under closure/having no business activities. The accounts of these PSU were in arrears for four to 29 years. The Government may take action regarding winding up of non-working PSUs.

1.6.4 State Government had invested ₹ 16,919.75 crore (equity: ₹ 7.83 crore, loans: ₹ 2,867.68 crore, grants: ₹ 11,401.37 crore and subsidy: ₹ 2,642.87 crore) in 20 PSUs (17 working and three non-working PSUs) which had not finalized their accounts for a period ranging from two to 10 years as detailed in **Annexure-1.5**. In the absence of accounts and their subsequent audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not. Thus, Government's investment in such PSUs remains outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money, apart from violation of the provisions of the Companies Act, 1956.

1.6.5 Administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed of the arrears in finalisation of accounts regularly by audit, no remedial measures were taken.

1.6.6 *In view of the above state of arrears, it is recommended that the Government may monitor and ensure timely finalization of accounts of PSUs with special focus on liquidation of arrears and compliance with the provision of the Companies Act, 1956.*

1.7 Performance of PSUs

1.7.1 Out of 52 working PSUs, 19 PSUs (17 Government companies and 2 Statutory corporations) had finalised their annual accounts for 2012-13, as of October 2013. The investment (capital and long-term loans) in these 19 PSUs as on 31 March 2013 was ₹ 27,728.18 crore, which represented 43.04 per cent of the investment in all State PSUs.

1.7.2 Financial position and working results in respect of these 19 PSUs, who had finalised their annual accounts for 2012-13, are detailed in **Annexures – 1.2, 1.6 and 1.8**. The table below provides the details of working PSUs turnover and State GDP for the period 2011-12 and 2012-13.

Table 1.6 – Turnover vis-à-vis State GDP

Particulars	₹ in crore)	
	2011-12	2012-13
Turnover	68212.70	38280.14
State GDP	675798.00	745782.00
Percentage of turnover to State GDP	10.09	5.13
Net profit(+)/loss (-)	637.98	784.48

Source: Accounts of PSUs and as per Finance Accounts

1.7.3 According to the latest finalised accounts, out of the 19 PSUs who finalised their accounts for 2012-13 (**Annexure - 1.2**), nine PSUs earned an aggregate profit of ₹ 877.66 crore, while five PSUs incurred a loss of ₹ 93.18 crore and two Companies neither earned profit nor loss. Of the remaining

three PSUs, two PSUs i.e., Andhra Pradesh Power Finance Corporation Limited and Andhra Pradesh State Police Housing Corporation Limited are preparing accounts on no profit/ no loss basis and one PSU i.e., Andhra Pradesh Power Development Company Limited is yet to commence commercial operation and, hence, has not prepared profit and loss account. The main profit-earning PSUs were the Singareni Collieries Company Limited (₹ 401.14 crore) and Transmission Corporation of Andhra Pradesh Limited (₹ 344.32 crore). The main loss incurring PSU was Andhra Pradesh State Road Transport Corporation (₹ 80.71 crore).

1.7.4 Some other key parameters pertaining to the 19 PSUs, who have finalized their accounts for 2012-13 are given below:

Table 1.7 – Key parameters pertaining to State PSUs

(₹ in crore)

Particulars	2011-12	2012-13
Return on capital employed (<i>per cent</i>)	5405.49 (10.35)	1807.04 (6.47)
Debt	35611.18	23016.39
Turnover	68212.70	38280.14
Debt/ Turnover Ratio	0.52:1	0.60:1
Interest Payments	4767.51	1461.06
Accumulated Profits / (losses)	(18.47)	(777.11)

Source: Accounts of PSUs.

1.7.5 Out of 52 working PSUs, 33 PSUs (including one Statutory corporation) did not finalise their accounts for 2012-13. Financial position and working results of these 33 PSUs, based on the latest finalized annual accounts are indicated in **Annexures 1.3, 1.7 and 1.9**.

1.8 Internal Audit and Internal Control System

1.8.1 Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/ internal audit systems in companies audited in accordance with 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 Statutory Auditors on possible improvement in the internal audit/ internal control system for the year 2012-13 are given below:

Table 1.8: Deficiencies in internal control system

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Name of the Companies
1	Non-fixation of minimum/ maximum limits of store and spares	01	The Singareni Collieries Company Limited
2	Absence of internal audit system commensurate with the nature and size of business of the company	02	Andhra Pradesh Gas Distribution Corporation Limited (619-B) and Leather Industries Development Corporation of Andhra Pradesh Limited.

Source: Statutory Auditors' report of respective PSUs.

1.9 Comments of the CAG of India on Accounts of PSUs

1.9.1 Some of the important comments of the CAG of India in respect of accounts of companies finalised during the year, are as follows:

i) Andhra Pradesh Industrial Development Corporation Limited (2009-10)

- Non-provision of ₹ 1.56 crore towards interest accrued and due on Government Loan of ₹ 0.56 crore has resulted in understatement of provision for interest on Loan and overstatement of Profit by ₹ 1.56 crore.

ii) Andhra Pradesh Rajiv Swagruha Corporation Limited (2010-11)

- Non-exhibition of prior period expenditure of ₹ 31.11 crore, included in current year, as per the requirements of Schedule-VI of Company's Act 1956 resulted in overstatement of current year's Loss by the said amount.

iii) Andhra Pradesh State Civil Supplies Corporation Limited (2010-11)

- Short accountal of claim made by the Company from State Government towards cost of procurement and transportation of food grains resulted in understatement of Profit and Sundry Debtors by ₹ 19.36 crore.

iv) Andhra Pradesh Technology Services Limited (2010-11)

- Provision of ₹ 1.96 crore towards liability of Gratuity for its employees inspite of being covered under the Group Gratuity Policy from LIC of India for ₹ 1.96 crore has resulted in understatement of Profit for the year by ₹ 0.71 crore, Profit for Prior Period by ₹ 1.25 crore and Reserves & Surplus by ₹ 1.96 crore.

v) Andhra Pradesh Industrial Infrastructure Corporation Limited (2011-12)

- Non-provision of interest for the year 2009-10 on the loan amount given to Vishakhapatnam Industrial Water Supply Company Ltd. has resulted in understatement of Profit and understatement of long term loans and advances (Note 10) to the extent of ₹ 2.43 crore.
- The Company has not made a provision for the value of investment amounting to ₹ 25.03 crore to recognize the decline/ diminution in the value of its investment in a Private company resulting in overstatement of non-current investments and the Profit for the year by ₹ 25.03 crore and the tax expenses (current year) by ₹ 5.01 crore.

vi) The Singareni Collieries Company Limited (2012-13)

- Non provision of the Mine Closure Expenditure on the basis of revised estimated life of some of the mines has resulted in understatement of Provision for mine closure expenditure and overstatement of Profit for the year by ₹ 9.34 crore.

vii) Transmission Corporation of Andhra Pradesh Limited (2012-13)

- Actual deferred tax liability for the year was ₹ 348.07 crore against the liability of ₹ 309.56 crore resulting in understatement of deferred tax liability by ₹ 38.51 crore and profit after tax carried over to appropriation account by ₹ 42.95 crore (₹ 38.51 crore + ₹ 4.44 crore).

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

i) Andhra Pradesh State Warehousing Corporation (2011-12)

- Exhibition of Short terms Deposits under Investment has resulted in Overstatement of “Investments” and understatement of “Others –Term Deposits with banks” by ₹ 187.37 crore.
- Provision of depreciation instead of writing off cost of wooden crates used as dunnage in the year of purchase as per the Corporation’s Accounting Policy and Quality Control Manual has resulted in understatement of Depreciation/ Expenditure by ₹ 1.20 crore and Overstatement of Profits by ₹ 1.20 crore.
- Accountal of income of the previous years arising from adjustment of cost of supply of insecticides and fumigants to various investor godowns (IG) from monthly rental/storages payable has resulted in Overstatement of Miscellaneous income and Profits by ₹ 3.40 crore and Understatement of prior period income by ₹ 3.40 crore.

1.10 Placement of SARs

1.10.1 The following table shows the status of placement of various Separate Audit Reports (SARs), issued by the C&AG of India, on the accounts of Statutory corporations, in the Legislature by the Government.

Table 1.9 – Placement of SARs in the Legislature

Sl. No.	Name of the Statutory corporation	Year upto which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the PSU/Government	Reasons for delay in placement in Legislature
1	Andhra Pradesh State Financial Corporation	2011-12	2012-13	06-12-2013	Not furnished by the PSUs
2	Andhra Pradesh State Warehousing Corporation	2008-09	2009-10	17-12-2012	
			2010-11	17-12-2012	
			2011-12	25-10-2013	
3	Andhra Pradesh State Road Transport Corporation	2010-11	2011-12	11-07-2013	

Source: As provided by respective PSU.

1.11 Follow up action on Audit Reports

1.11.1 Outstanding departmental replies on paragraphs appeared in the Audit Reports

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 Government. It is, therefore, necessary that appropriate and timely response is elicited from the Executive on the Audit findings included in the Audit Reports. Finance Department, Government of Andhra Pradesh issued (June 2004) instructions to all Administrative Departments to submit explanatory notes indicating corrective/remedial action taken or proposed to be taken on paragraphs and Performance Audits (PAs) included in the Audit Reports within three months of their presentation to the Legislature, without waiting for any notice or call from the Committee on Public Undertakings (COPU).

Though the Audit Reports for the years 1992-93 to 2011-12 were presented to the State Legislature between March 1994 and June 2013, 13 departments did not submit explanatory notes on 100 out of 397 paragraphs/PAs as on September 2013 as indicated below:

Table 1.10 – Non-submission of Explanatory Notes

Year of the Audit Report (Commercial)	Date of presentation to State Legislature	Total Paragraphs/ PAs in Audit Report	No. of Paragraphs/ PAs for which explanatory notes were not received
1993-94	28-04-1995	25	1
1995-96	19-03-1997	28	4
1997-98	11-03-1999	29	8
1998-99	03-04-2000	29	8
1999-2000	31-03-2001	24	8
2000-01	30-03-2002	21	3
2001-02	31-03-2003	23	1
2002-03	24-07-2004	16	2
2003-04	31-03-2005	21	2
2004-05	27-03-2006	23	4
2005-06	31-03-2007	23	4
2006-07	28-03-2008	29	13
2007-08	05-12-2008	25	5
2008-09	30-03-2010	27	11
2009-10	29-03-2011	21	3
2010-11	29-03-2012	25	15
2011-12	21-06-2013	8	8
Total		397	100

Source: As compiled by office of AG (E&RSA)/AP

Department-wise analysis of PAs/ paragraphs for which explanatory notes are awaited is given in **Annexure-1.10**. Majority of the cases of non-submission of explanatory notes relate to PSUs under the Departments of Industries & Commerce (51) and Energy (20).

1.11.2 Outstanding action taken notes on the Reports of the Committee on Public Undertakings (COPU)

Action Taken Notes (ATNs) on recommendations of the COPU are required to be furnished within six months from the date of presentation of the Report to the State Legislature. ATNs on 607 recommendations pertaining to 37 Reports of the COPU, presented to the State Legislature between April 1991 and March 2013, not received as of September 2013 are indicated below:

Table 1.11 – Non-receipt of Action Taken Notes

Year of COPU Report	Total number of Reports involved	No. of Recommendations where ATNs were not received
1991-92	1	3
1992-93	6	239
1993-94	5	136
1995-96	1	30
1996-97	1	2
1997-98	2	38
1998-99	2	16
2000-01	8	72
2001-02	2	6
2004-05	3	23
2005-06	2	17
2006-07	4	25
Total	37	607

Source: As compiled by office of AG (E&RSA)/AP

The ATNs/ replies to recommendations were required to be furnished within six months from the date of presentation of the Reports to the State Legislature.

1.11.3 Response to inspection reports, draft paragraphs and Performance Audits

Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and departments concerned of State Government through inspection reports. Heads of PSUs are required to furnish replies to inspection reports through respective heads of departments within a period of four weeks. Inspection reports issued up to March 2013 pertaining to 52 PSUs disclosed that 3018 paragraphs relating to 793 inspection reports remained outstanding at the end of September 2013. Department wise break-up of Inspection reports and audit paragraphs outstanding as on 30 September 2013 is given in **Annexure-1.11**. In order to expedite settlement of outstanding paragraphs, seven Audit Committee meetings were held during 2012-13 wherein position of outstanding paragraphs was discussed with executive/ administrative departments.

Similarly, PAs and draft paragraphs are forwarded to the Principal Secretary/ Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period

of six weeks. It was, however, observed that one PA and two draft paragraphs forwarded to various departments during June 2013 to September 2013 as detailed in **Annexure- 1.12** had not been replied to so far (February 2014).

It is recommended that (a) the Government should ensure that procedure exists for action against officials who failed to send replies to inspection reports/draft paragraphs/PAs and ATNs on recommendations of COPU as per the prescribed time schedule, (b) action is taken to recover loss/ outstanding advances/ overpayments in a time-bound schedule, and (c) the system of responding to audit observations is revamped.

CHAPTER II

PERSONNEL ADMINISTRATION

GOVERNMENT OF INDIA

IREM RAJ

GANGRAN

VIKRANT IN

AND PRAESH

Chapter II

2. Performance Audit relating to Government Companies

Implementation of Rajiv Gandhi Grameen Vidyutikaran Yojana in Andhra Pradesh

Executive Summary

Introduction

Government of India launched in March 2005 Rajiv Gandhi Grameen Vidyutikaran Yojana with an objective of electrifying all villages and habitations (hamlets) and providing all Rural Households (RHHs) access to electricity by year 2009 and notified in August 2006 Rural Electrification Policy, which required the State Governments to prepare and notify their own Rural Electrification Plans. Rural Electrification Corporation was nodal agency for implementing RGGVY. GoI provided 90 per cent capital subsidy to State Government to meet overall cost of project, while 10 per cent would be a loan provided by REC to State Government. Four Distribution Companies (DISCOMs) were project implementing agencies. Seventeen projects and five projects were sanctioned under 10th and 11th plans respectively, in four DISCOMs.

Planning

Inordinate delay of more than four years in notifying the Rural Electrification Plan, inadequate initial survey for infrastructure to be provided and for identification of beneficiaries resulted in incorrect preparation of DPRs, which led to subsequent revision in quantities /number of beneficiaries with consequent increase in cost of projects.

Contract and Project Management

Instances of excess rates claimed for material, short closure of contracts at the request of contractors (SPDCL) and use of other than approved material resulting in excess expenditure were noticed. These factors also contributed to revision of project costs.

Finance Management

DISCOMs paid Price variation claims of ₹ 6.04 crore in contravention of terms and conditions of agreement. NPDCL and SPDCL had not recovered Labour cess of ₹ 1.16 crore and ₹ 2.53 crore respectively from the Contractors, as a result, liability rests with the respective DISCOMs. Non-levy of penalties for delayed works resulted in undue favour to contractors. Non-adjustment of the interest earned on unspent RGGVY funds to the final project cost resulted in excess claim of ₹ 5.75 crore (SPDCL, NPDCL and EPDCL).

Monitoring and Impact Assessment

Lack of wide publicity about the scheme at block level resulted in poor response from Rural Households of Below Poverty Line. Non-compliance with provisions for releasing service connections like providing earth wire, providing service line connection free of cost, fixing of outmoded meters not covered under the scheme, lack of safeguard measures to provide fencing at danger points were noticed in

audit. Non-convening of State Level Coordination committee meetings to ensure the effective implementation of RGGVY in four DISCOMs and non engagement of franchisees at block level as per RGGVY guidelines were noticed.

2.1 Introduction

Government of India (GoI) launched (March 2005) the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) aimed at electrifying all villages and habitations (hamlets) and providing all Rural Households (RHHs) with access to electricity by year 2009 and notified (August 2006) the Rural Electrification Policy which required the State Governments to prepare and notify their own Rural Electrification Plan (REP) incorporating goal of quality and reliable power supply. RGGVY provided for creation of Rural Electricity Distribution Backbone (REDB¹¹), village electrification infrastructure and rural household electrification of below poverty line (BPL) households free of cost.

The Rural Electrification Corporation (REC) New Delhi was the nodal agency for implementing the RGGVY. GoI provided 90 *per cent* capital subsidy to the State Government through REC to meet the overall cost of the project concerned while 10 *per cent* would be a loan provided by REC to State Government. REC released the required amounts of grants for each project with a condition that the works are to be carried out in accordance with the REC guidelines.

The four Distribution Companies¹² (DISCOMs) of the State were the project implementing agencies for formulating, developing and implementing the projects in the districts under their jurisdiction. For this, District-wise Detailed Project Reports (DPRs) were to be prepared by them and submitted to REC.

A total of 22 projects¹³ were sanctioned under 10th and 11th plans in four DISCOMs for implementation of the scheme in the State.

2.2 Organization Structure

The Chief General Manager (Projects) of each DISCOM monitors the implementation of sanctioned projects. The day to day execution of works was looked after by Superintending Engineer of the district assisted by Divisional Engineers, Additional Divisional Engineers and Assistant Engineers at block level. After completion of works in all aspects, the expenditure incurred has to be got certified by the Chartered Accountants and Closure Reports including final claim have to be submitted by DISCOMs to REC through State Government.

¹¹ REDB includes creation of 33 KV Sub-Station in those blocks where it does not exist. Village rural infrastructure includes drawing of HT and LT line, installation of Distribution transformer and rural household includes free connection to BPL households (one CFL bulb of 11 watt, one meter and internal wiring).

¹² Central Power Distribution Company of Andhra Pradesh Limited (CPDCL), Eastern Power Distribution Company of Andhra Pradesh Limited (EPDCL), Northern Power Distribution Company of Andhra Pradesh Limited (NPDCL) and Southern Power Distribution Company of Andhra Pradesh Limited (SPDCL).

¹³ Ranga Reddy, Medak, Kurnool, Ananthapur, Mahabubnagar, Nalgonda (CPDCL), Warangal, Khammam, Karimnagar, Nizamabad, Adilabad (NPDCL), Krishna, Prakasam, SPS Nellore, Guntur, Chittoor, YSR Kadapa (SPDCL), East Godavari, West Godavari, Vishakapatnam, Vizianagaram, and Srikakulam (EPDCL).

2.3 Audit objectives

The objectives of audit were to ascertain whether:

- Preparation of Detailed Project Reports (DPRs) and Revised Project Estimates were done on time and adequately covered the scheme;
- Contracts including tendering were executed in a proper manner and in accordance with the guidelines of the scheme;
- Targets as envisaged were achieved for both infrastructure creation and power supply; and
- Effective control mechanism was in place.

2.4 Audit Scope, Sampling and Methodology

Performance audit on implementation of RGGVY in the jurisdiction of four DISCOMs was conducted during the period from July 2012 to October 2012 and from April 2013 to May 2013 for the period 2007-08 to 2012-13.

Audit covered 10 Projects¹⁴ out of total 22 projects sanctioned in the State. In addition three mandals from each project, five villages from each selected mandal and five beneficiaries from each selected village in each project for field verification/ beneficiary survey, based on random sampling method were also covered in Audit. During performance audit, records of State Government, APTRANSCO, four DISCOMs, and REC were scrutinized. Infrastructure created and the services released to BPL rural households were verified in the presence of concerned DISCOM officials.

Audit scrutiny involved

- Study of Board's agenda and minutes, minutes of meetings of the coordination committees and terms and conditions of turnkey contracts;
- Scrutiny of provisions/ guidelines of REC with reference to formulation, execution, and monitoring;
- Analysis of the monthly progress of Project wise RGGVY works;
- Review of utilisation of funds received from REC under RGGVY;
- Examination of monitoring system in implementation of RGGVY scheme;
- Beneficiary survey and field verification in presence of DISCOM officials
- Interaction with the management and issue of audit queries.

2.5 Audit Criteria

Main sources of criteria were:

- Provisions of the Electricity Act, 2003, the National Electricity Policy (February 2005), RGGVY guidelines and Rural Electricity Policy of the GoI (August 2006);
- Terms and Conditions of Tripartite Agreements entered into among

¹⁴ Rangareddy, Mahaboobnagar and Anantapur projects in CPDCL, Prakasam and Kadapa projects in SPDCL, Khammam and Adilabad in NPDCL and Vizianagaram, West Godavari and East Godavari projects in EPDCL.

- Government of Andhra Pradesh (GoAP), REC and DISCOMs;
- Laid down procedures and policies of REC for procurement of material/ execution of works;
- Terms and conditions of the contracts/agreements, Purchase Orders;
- Agenda notes and minutes of the meetings of Board of Directors; and
- Co-ordination committee meetings with respect to RE works.

2.6 Entry and Exit Conferences

Audit objectives, criteria and scope of the performance audit were explained to the Government and DISCOMs in an 'Entry Conference' held on 24 August 2012. Audit findings were reported to the Government/ DISCOMs in March 2013 and discussed in 'Exit Conference' held on 7 August 2013. Exit conference was attended by the Special Chief Secretary, Energy Department, GoAP and the senior officials of the DISCOMs. Views/ reply of the Government/ Management, wherever received, have been considered while finalizing report.

2.7 Audit findings

The State had by and large achieved intensive electrification of villages as per the revised sanctions in all the DISCOMs as depicted in the table given below:

Table 2.1: Details of number of approved villages and BPL service connections as per DPR, RCE and actual execution as on December 2012

Name of DISCOM	As per DPR		As per RCE		Actual Execution		% of Execution to RCE	
	Villages	BPL RHHs	Villages	BPL RHHs	Villages	BPL RHHs	Villages	BPL RHHs
EPDCL	8341	881974	8045	672746	8045	636968	100	94.68
SPDCL	6121	697002	6121	813214	6121	880718	100	108.30*
CPDCL	6383	534371	6390	543959	6363	639616	99.58	117.59*
NPDCL	5993	386170	5993	367334	5440	446017	90.77	121.42*
Total	26838	2499517	26549	2387633	25969	2603319		

Source: DPRs, RCEs and Completions Reports of DISCOMs

* The actual execution was more than 100 *per cent* due to release of more number of BPL connections than envisaged in the RCEs during implementation of the Scheme.

However, lacunae in planning and execution were noticed in audit as explained in succeeding paragraphs.

2.8 Planning

Out of 22 projects, 17 projects under 10th Plan¹⁵ and 5 projects under 11th Plan¹⁶ were sanctioned in four DISCOMs for implementation of RGGVY in the State. For effective implementation of scheme, proper planning was

¹⁵ Xth plan period 2002-07.

¹⁶ XIth plan period 2007-12.

required to avoid cost and time overrun.

2.8.1 *Inordinate delay in notification of REP by the State Government*

As per the National Rural Electrification Policy (NRE policy) notified in August 2006, State Government was to prepare and notify a Rural Electrification (RE) Plan within six months of notification of NRE policy i.e., by February 2007, but State Government notified RE plan on 2 July 2011 after a delay of more than four years. Projects were either near completion/ or completed by the time Plan was notified, making it irrelevant for RGGVY projects.

2.8.2 *Preparation of DPRs without survey*

For preparing the Detailed Project Reports (DPRs) for each project, data regarding provision of infrastructure and number of beneficiaries were to be worked out in preliminary survey at field office levels by each DISCOM. However, audit observed that DPRs were prepared based on data available from Revenue Department and field offices without conducting detailed survey. Consequently, during the course of execution, there were variations in quantities of infrastructure and number of BPL RHHs estimated.

State Government stated that to avoid delay in getting the projects sanctioned, DPRs were prepared based on both data available i.e., with the Revenue Department and field offices of DISCOMs who had conducted preliminary/ walk-down surveys.

2.9 Contract and Project Management

As per REC guidelines, works were to be carried out economically, efficiently and effectively and in a timely manner without any cost and time overrun.

2.9.1 *Deviation in execution of works*

As per RGGVY guidelines the works are to be carried out on a turnkey basis. REC, however, on the request of DISCOMs, permitted them to carry out the works under semi-turnkey basis subject to their maintaining a separate inventory account for RGGVY material. It was noticed that in practice all material procured under RGGVY were being accounted for in regular stores and in the absence of a separate inventory account for RGGVY, the procurement and subsequent utilisation of material for the scheme could not be ascertained.

In the Exit conference, the Government accepting audit comment opined that separate inventory account should have been maintained/ operated for RGGVY works to know the actual/ correct utilization of material and to arrest the diversion of material.

2.9.2 Excess rates claimed

Cases of excess rates claimed, noticed in audit, are discussed below:

- Though meters were specifically procured for RGGVY, while calculating the cost of meters, average cost was worked out based on the total meters procured which included high cost meters (LCD type meters procured for urban areas). This resulted in excess claim of ₹ 7.40 crore¹⁷ and ₹ 7.93¹⁸ crore from REC by EPDCL and CPDCL respectively.

Government stated that in EPDCL general purpose meters and counter type meters procured for RGGVY were interchangeably used. However, audit noticed that meters procured under RGGVY were used in all villages test checked by audit team.

Government further stated that in CPDCL unit cost was arrived at duly considering the average of 5 years material cost. However, reasons for including high cost meters, not utilised for RGGVY, while working out the average procurement cost for meters was not explained.

- Similarly in case of DTRs, by working out the average cost based on DTRs procured at higher rates, which were not actually used for RGGVY works, resulted in excess claim of ₹ 2.41 crore (EPDCL: ₹ 1.13crore; CPDCL: ₹ 1.28 crore).
- As against REC approved 15 KVA capacity DTRs, CPDCL installed old and used 10 KVA DTRs (502 in Nalgonda project and 517 in Mahaboobnagar project) and claimed ₹ 29,800 and ₹ 22,295 per DTR respectively, while the depreciated value of the 10 KVA DTRs (procured in 2000) is now nil. This resulted in excess claim of ₹ 2.65 crore.

Government and Management confirmed that as per load requirement and availability, 10 KVA DTRs were erected for release of BPL services within time schedule and the same would be replaced by 15 KVA DTRs as and when the load on existing DTR is increased. This does not explain the justification for raising claim for new DTRs when only old 10 KVA DTRs were used.

2.9.3 Use of other than approved material

In SPDCL, the DPRs of YSR Kadapa and Chittoor districts provided for use of Pre-stressed Cement Concrete (PSCC) poles with working load of 140 kgs for providing infrastructure facilities. However, the DISCOM awarded the contracts for two projects under Phase I and Phase II, which *inter alia* contained provision for supply and erection of PSCC Poles with working load of 200 Kgs involving higher cost, resulting in extra expenditure of ₹ 5.74 crore.

Management replied that common tenders were floated for all the districts

¹⁷ Difference in average rate of EPDCL = ₹ 152 per meter (average including LCD meters: ₹ 590 per meter - average excluding LCD meters: ₹ 438 per meter).

¹⁸ Difference in average rate of CPDCL = ₹ 139.25 per meter (average including LCD meters: ₹ 779.05 per meter - average excluding LCD meters: ₹ 639.80 per meter).

with 8 metres PSCC poles having working load of 200 Kgs including for Kadapa and Chittoor Districts.

However, floating of a common tender, for coastal areas which require 8 metres PSCC poles with working load of 200 Kgs and non coastal areas where the requirement is 8 metres PSCC poles with working load of 140 Kgs as per DPRs, was not justified.

2.9.4 Short closure of Contracts

SPDCL short closed 22 works, awarded earlier, on the request of contractors as they expressed inability to complete works due to steep increase in prices of material in the absence of price variation condition¹⁹ and decided for retendering the left over works. Audit noticed that by awarding these works at higher rates under new contracts (including five previous contractors), an additional expenditure of ₹ 11.23 crore was incurred. Though the contracts were short closed at the request of the Contractors, liquidated damages of ₹ 6.70 crore were not recovered as per the terms of agreements and thus undue favour was extended to Contractors.

In NPDCL also the contractors have not completed the RGGVY works as per the quantity stipulated in the contracts. However, NPDCL did not levy any penalty or taken any punitive action for breach of contract. On the other hand the Company awarded (August 2008) balance works at higher rates to same contractors and incurred an additional expenditure of ₹ 5.02 crore. Further, contractors were extended undue financial benefit by not levying any penalty, not invoking the bank guarantee of ₹ 1.87 crore (Adilabad: ₹ 95.87 lakh + Khammam: ₹ 90.93 lakh) and releasing retention amount (₹ 1.29 crore) even before expiry of defect liability period of 12 months.

NPDCL stated (April 2013) that works could not be completed within agreement period as all BPL beneficiaries had not registered by then and the contractors were not willing to continue the work beyond the agreement period with the same price. However, even the infrastructure works, which did not depend on beneficiary registration, were not completed within the agreement period.

2.9.5 Non providing of infrastructure

As per RGGVY the BPL RHHs families were to be provided the infrastructure like meters, service wire, wooden board and fixation thereof, free of cost. Audit observed that 10,48,351 BPL RHHs had incurred ₹ 62.35 crore (EPDCL: 42,723 Nos. – value ₹ 3.06 crore in five projects; SPDCL: 5,47,854 Nos. value ₹ 24.11 crore in all projects; and CPDCL: 4,57,804 Nos. – value ₹ 35.18 crore in four projects) for infrastructure including its fixation, however, only meters were provided free of cost defeating the very objective of the RGGVY scheme.

State Government stated that the cases will be reviewed and appropriate action taken to ensure that no BPL RHHs be deprived of benefit under the scheme.

¹⁹ Price Variation clause not incorporated in RGGVY agreements.

2.9.6 Excess expenditure over the Estimated Revised Cost

Incurring expenditure in excess of the revised project cost approved by REC resulted in cost over-run to an extent of ₹ 22.25 crore (SPDCL: ₹ 14.69 crore; EPDCL: ₹ 4.52 crore; NPDCL: ₹ 1.8 crore; and CPDCL: ₹ 1.24 crore), mainly on DTRs, Conductor and AB Cable. This was due to variations in quantities and acceptance of price variation amounts due to hike in prices. DISCOMs claimed that the variation in quantities occurred mainly due to geographical elements and also due to incorrect estimation of revised cost. CPDCL, where work contracts were split up piece-meal incurred ₹ 1,689 to ₹ 2,349 per service connection (as against prescribed limit of ₹ 1500 per connection) in respect of 1,27,799 connections in Anantapur, Kurnool, Mahaboobnagar and Nalgonda Districts resulting in excess claim of ₹ 5.74 crore.

Government stated that the cost of service depends on the length of the line, labour and length of service wire.

Reply is not relevant as cost of service wire was met by consumers.

2.10 Finance Management

As per REC guidelines, the interest earned on the deposits made out of unspent amount of subsidy should be passed on to the project cost. DISCOMs should necessarily adhere to the terms and conditions of agreements as regards levy of taxes, levy of penalty etc.

The DISCOMs prepared estimated cost based on the then existing cost data for material (rates at which the material was procured by Purchase wing) and existing Standard Schedule of Rates (SSRs) for carrying out the works. The works were awarded on one to two years term. The actual position of revised sanctioned cost, funds actually received and actual expenditure incurred in respect of each DISCOM and for the selected 10 projects are given in **Annexure-2.1**.

2.10.1 Incorrect payment of Price variation amounts

No price variation clause was incorporated in the agreements executed for RGGVY works. The rates were fixed and bound to be followed throughout the contract period. Despite the fact, three DISCOMs paid a price variation of ₹ 6.04 crore (EPDCL: ₹ 3.31 crore; SPDCL: ₹ 1.23 crore; and NPDCL: ₹ 1.50 crore - Khammam, Adilabad and Nizamabad projects) in contravention to terms and conditions of agreements.

State Government accepted the audit observation and stated that EPDCL and NPDCL are now providing price variation clause in the existing agreements.

2.10.2 Un-authorized claim

EPDCL claimed ₹ 96 lakh towards pending bills of West Godavari Project which was not supported by check measurement details.

Government accepted that check measurement details were not available and

the contractor had not come forward with the bills for balance quantities as yet.

2.10.3 Non recovery of Labour cess

As per Section 3 of the Cess Act, read with rule 4 (3) of the cess rules, one *per cent* cess has to be deducted from the bills paid for works which are covered by the definition of “Building and other construction work” and remitted by way of crossed demand draft in favour of Andhra Pradesh Building and other Construction workers’ Welfare Board. Audit noticed that NPDCL and SPDCL had not recovered ₹ 1.16 crore and ₹ 2.53 crore respectively from the Contractors.

State Government (SPDCL) replied that though a clause was incorporated, the same was not followed as it was not incorporated in the estimated rates while preparing tender schedules.

The fact remains that the liability of depositing the required statutory cess now lies with the DISCOMs.

2.10.4 Non levy of penalty

Audit observed that the works under RGGVY were delayed beyond the two years period in all the DISCOMs. However, no liquidated damages were levied, though provided for as per the terms and conditions of agreement. The contractors were given retrospective benefit and exemption from payment of penalties amounting to ₹ 9.97 crore (Four projects²⁰ in EPDCL: ₹ 3.66 crore; six projects²¹ in SPDCL: ₹ 3.32 crore; and two projects²² in NPDCL ₹ 2.99 crore).

2.10.5 Non adjustment of interest earned to the project cost

DISCOMs earned an interest amount of ₹ 5.75 crore (SPDCL: ₹ 2.06 crore; NPDCL: ₹ 2.32 crore; and EPDCL: ₹ 1.37 crore) on RGGVY funds which was, however, treated as their own income as against the requirement of the scheme to pass on the benefit to the Project cost.

2.10.6 Excess claim

2.10.6.1 In NPDCL, the actual expenditure towards execution of Khammam project was ₹ 29.07 crore as per the expenditure details submitted to audit against which the claim was preferred for ₹ 33.75 crore. The reasons for excess claim were not on record.

State Government stated that the actual expenditure incurred was ₹ 32.30 crore as per actual verification carried out by Chartered Accountant and to this Price variation, Service tax and 10 *per cent* overhead charges were added.

The reply is not corroborated by the System Application Product (SAP) report which gives the actual expenditure as ₹ 29.07 crore.

²⁰ Srikakulam, Vizianagaram, Visakhapatnam and West Godavari Projects.

²¹ Chittoor, Kadapa, Nellore, Prakasam, Guntur and Krishna Projects.

²² Khammam and Adilabad projects.

2.10.6.2 REC sanctioned 10 per cent of project cost, excluding cost of release of BPL services, as service charges to the DISCOM. CPDCL, however, claimed 10 per cent service charges on the project cost, including cost of BPL services, in respect of Anantapur project resulting in excess claim of ₹ 1.81 crore (for ₹ 18.08 crore).

2.10.7 *Unilateral recovery of service charges not refunded*

An amount ₹ 21.64 lakh pertaining to Visakhapatnam project was withheld by REC towards service charges contrary to the conditions of sanction of RGGVY projects. EPDCL failed to pursue for refund of the withheld amount till August 2013.

2.10.8 *Non-opening of separate bank account*

As per the directions of REC, DISCOMs should open a separate bank account for each project so as to ensure that the subsidy given is utilized for RGGVY works only. Audit observed that DISCOMs opened a single account for RGGVY. It is further observed that the funds deposited in the special RGGVY accounts were retained for few days, and then transferred back to the DISCOM's general accounts (by keeping minimum balance in RGGVY accounts).

State Government has accepted the fact.

2.10.9 *Incorrect accounting of assets created under RGGVY*

Audit observed that in two DISCOMs (SPDCL and CPDCL), assets created under RGGVY were being taken under fixed assets account of the companies whereas in the other two DISCOMs (NPDCL and EPDCL), these were not being taken into books of account on the ground that these were the property of the State Government.

In the Exit conference, Government confirmed that all DISCOMs have been directed to bring the value of RGGVY assets into books of account of respective DISCOM.

2.11 Monitoring and Control Mechanism

DISCOMs are responsible for quality control and to engage third party inspection to ensure that execution is according to prescribed specifications. As per RGGVY guidelines, wide publicity was to be given about release of cost free service connections and the works were to be supervised to ensure effective, efficient and economic implementation.

2.11.1 *Delay in completion of projects*

None of the test-checked projects were completed within the prescribed period of two years and delay in completion ranged from 2 to 56 months. Main reasons for the delay cited by the DISCOMs were on account of (a) Scarcity of labour particularly during rainy and harvest seasons, (b) migration of labour (all DISCOMs) (c) working in hazardous locations, and (d) non availability of certain material viz., PSCC poles, cable, etc. This indicates lack of effective

planning and manpower & material management.

2.11.2 Non laying of earthing wires

Earthing wires were not found in many of the households in CPDCL and NPDCL. On enquiry, CPDCL management accepted and replied that the beneficiaries refused to get the earthing done because of fears of shocks. NPDCL/ State Government stated that earthing wires were replaced where the consumers removed them for fear of shock. CPDCL/ State Government stated that in most of the cases, consumers have not allowed carrying out earthing with bare GI wire in the house premises fearing it would carry current leading to accidents to children etc. In NPDCL the TPIA observed that the consumers were not allowing executing pit for fixing GI pipe and running GI wire for earthing in the room or verandah. Thus, the awareness/ safety issues have remained un- addressed due to inability of the DISCOMs to bring proper awareness among the beneficiaries.

2.11.3 Discrimination in supply of power

As per RGGVY guidelines, there should not be any discrimination in supply of power between urban and rural areas. Audit survey revealed that beneficiaries in rural areas were receiving only 6-10 hours of power supply indicating discrimination.

2.11.4 Ineffective State/ District Level Co-ordination Committees

State Government constituted District Level and State Level Co-ordination Committees in March 2005 and August 2008, respectively, for monitoring and evaluation of RGGVY outcomes. These committees were required to hold meetings quarterly/ monthly. However, Audit observed that not even a single meeting took place at State level to monitor the works carried out by all DISCOMs. Even District level co-ordination meetings were held as and when review on implementation of RGGVY works took place, instead of every quarter.

2.12 Impact Assessment

Beneficiary survey and field verification of infrastructure provided under RGGVY was conducted during November/ December 2012, in the presence of concerned DISCOM officials, to check whether the works were executed in compliance with RGGVY guideline. As many as 750 BPL RHHs (5 RHHs in each village) were covered in 150 villages (5 villages in each Mandal) and 30 mandals (three mandals in each selected project) pertaining to selected 10 projects. Audit teams interacted with the consumers and shared their experience and views. The following are the results of beneficiary survey and field verification.

a) Inadequate awareness

- In response to audit query regarding reason for obtaining the service connection belatedly, 100 BPL beneficiaries were of the impression that

only connection line would be provided free of cost and the cost of meters (₹ 500 - ₹ 600 at that time) had to be borne by them and 60-70 beneficiaries opined that they have to pay high amount of current consumption charges.

Audit observed that DISCOMs took up awareness generation (pamphlets, public announcement through speakers) for BPL beneficiaries only after observing lack of registration by beneficiaries for the RGGVY scheme.

b) Installation of inferior quality meters, non-replacement of defective meters and erection of DTRs against safety norms

- Audit observed that outmoded Mechanical meters were installed by three DISCOMs.

In the Exit conference, Government directed DISCOM authorities to take corrective action forthwith to replace them with recommended meters (electro-digital meters).

- Some pole mounted DTRs were found erected at lower height i.e., 2-5 feet where fencing and danger boards were not provided.



K Rajupalem Village, Ulavapadu Mandal, Prakasam Project, SPDCL

State Government stated that corrective action is being taken.

- Audit noticed from selected five beneficiaries in Bojjalagudem village, Kothagudem Mandal of Khammam Project (NPDCL) that non-replacement of defective meters resulted in direct connection and incorrect billing of consumed units. This indicated laxity on the part of NPDCL to attend repairs and maintenance works.



Bojjalagudem Village, Kothagudem Block, Khammam Project NPDCL

NPDCL/ State Government stated sufficient meters have been procured for replacing the defective meters

c) Direct tapping of power

- Failure to conduct regular inspections by DPE to detect pilferage of power led to direct tapping from the main line in Bojjalagudem in Kothagudem Mandal, Khammam Project of NPDCL.



In the Exit conference, the Government directed the authorities of DISCOM to remove direct tapping immediately.

d) Non-release/ discrepancies in release of services

- NPDCL failed to release service connections to intended BPL beneficiaries in Polepally village of Khammam rural Mandal due to non creation of infrastructure under RGGVY.

NPDCL/ State Government stated that the BPL beneficiaries have not come forward for registration and hence the households were not electrified.

- During beneficiary survey/ field verification Audit observed that 197 BPL service connections stated to have been released in NPDCL (Bapanakunta of Manuguru Mandal: 35, Naidupet of Khammam rural: 82 and Rupalatanda of Kothagudem Mandal: 80) were not found in the said villages.

State Government stated that the BPL connections were shown in the closure proposals by inclusion of neighboring villages/ hamlets. However, the names of these villages were not furnished to audit for verification.

- In Kadapa district of SPDCL, list of BPL households provided with service connection under RGGVY in the closure report varied from 58 to 84 *per cent* with the lists provided during field verification of the same villages as detailed below:

Table 2.2: Statement showing the variation in number of services released as per field verification and closure reports

Sl. No.	Name of the Mandal	Name of the village	BPL SCs released as per Closure report	BPL SCS released as per the list during field verification	Difference	Percentage Variation
1	LR Palli	Maddirevula	476	161	315	66
2	-do-	Dappepalli	480	92	388	81
3	-do-	Dinnepadu	401	66	335	84
4	Rayachoti	Sibyala	384	161	223	58

Source: Field verification reports.

Reason for above variation in number of BPL service connection released, as per closure report and list provided at the time of field verification, though called for by Audit, was not furnished by Company.

e) Shortfall in electrification of habitations

- In SPDCL, electrification of all habitations could not be achieved as per Revised Cost Estimate and shortfall was 7.70 per cent (Nellore Project), 41.70 per cent (Chittoor), 55.15 per cent (Kadapa) and 55.71 per cent (Guntur Project) in four²³ out of six projects.

State Government replied (August 2013) that since more number of BPL HHs had come forward to avail the scheme, targets relating to electrification of habitations could not be achieved in Guntur, Kadapa, Chittoor and Nellore projects.

f) Beneficiary response

- Some of 750 beneficiaries covered in Audit (in three DISCOMs: CPDCL, SPDCL and NPDCL) complained about lack of power supply during day time (evening time in respect of EPDCL). School teachers and doctors at schools and health centers expressed dissatisfaction over the quality of supply of power resulting in inability to use advanced electrical appliances, computers, testing equipments due to unreliable power supply during day time (NPDCL). Some beneficiaries desired to have supply of power at subsidized tariff as the present tariff was beyond their capacity.

State Government stated that appropriate steps are being taken to meet the requirements subject to availability of power in the state.

The associated benefits like rural development, generation of employment is not ascertainable in the absence of any study by DISCOMs/ State Government.

2.13 Non engagement of Franchisee

As per RGGVY guidelines and conditions of tripartite agreements, franchisees who could be Non-Governmental Organizations are to be engaged for rural

²³Guntur, Nellore, Chittoor and Kadapa Projects except Krishna and Prakasam Projects.

distribution management. The State Government, under the Electricity Act, is required to provide the requisite revenue subsidies to the State Utilities and determine bulk supply tariff for franchisee in a manner that ensures their commercial viability.

DISCOMs requested (2006-12) REC for exemption from appointment of franchisees. REC had not responded to this request. However GoAP has not appointed any franchisees.

2.14 Acknowledgement

Audit acknowledges the co-operation and assistance extended by the staff and the Management of APTRANSCO and four DISCOMs at various stages of conducting the performance audit.

Conclusion

- Detailed Project Reports were not realistically prepared. There were variations between projected quantities and actually executed quantities;
- State Government notified Rural Electrification Plan only in July 2011 by which time RGGVY implementation was nearing completion.
- Incorrect claims were preferred towards cost of meters and DTRs by adopting higher prices;
- DISOMS failed to open a separate bank account for RGGVY. Interest earned on fixed deposit amounts out of the scheme funds were not passed on to the project;
- Contrary to REC directions, DISCOMs failed to open a separate inventory account for the material procured under RGGVY;
- BPL beneficiaries expressed their difficulty in availing full benefit of RGGVY schemes due to the high tariff; and
- Discrepancy in supply of power between urban and rural areas continued even after implementation of the RGGVY scheme.

Recommendations

It is recommended that

- ***DPRs should be based on detailed field survey;***
- ***Proper planning should be done to ensure implementation of GoI schemes for rural electrification within the time schedule and as per norms to contain cost and time overruns;***
- ***Strengthen monitoring and control mechanism to ensure effective implementation of the scheme and transfer of benefits to the intended population; and***
- ***Consider conducting consumer response survey to assess consumer satisfaction over the scheme benefits and take corrective steps.***

CHAPTER III

PERFORMANCE AUDIT RELATING TO STATUTORY CORPORATION

ANDHRA PRADESH STATE WAREHOUSING CORPORATION

Chapter III

3. Performance Audit relating to Statutory Corporation

Andhra Pradesh State Warehousing Corporation

Executive Summary

Introduction

Andhra Pradesh State Warehousing Corporation (APSWC) was established in August, 1958 under the provisions of the Warehousing Corporation Act, 1958. Government of Andhra Pradesh (GoAP) and Central Warehousing Corporation (CWC) have 50:50 share capital in APSWC. The major activities of the organisation are to construct warehouses within the State to facilitate storage and transportation of agricultural produce, seeds, manures, fertilisers, agricultural implements and notified commodities and to act as an agent of CWC or the State Government to help purchase these commodities.

Planning for construction of storage facilities

APSWC failed to prepare five-year Corporate Plan for the period 2008-13.

Though APSWC made proposals for implementation of galvalume roofing for godowns in June 2007, which offers economy in both time taken to construct and energy as compared to traditional roofing, it belatedly constructed (2011-13) 10 godowns of 1.32 lakh MT capacity with galvalume roofing. Re-roofing of old godowns in seven locations was carried out during 2010-12 by traditional roofing instead of galvalume roofing.

APSWC proposed in January 2006 to construct modern warehouse Container Freight Station (CFS) facilities at Visakhapatnam Port for bulk handling of exports and imports under new business, which was delayed because of poor initiatives of APSWC.

APSWC had earned profits continuously and the accumulated profit as at the end of March 2013 stood at ₹ 283.35 crore. There was no significant construction activity during the period 2008-11.

Scheme-wise Construction of godowns

Annual plans of APSWC for the years 2008-13 projected addition of their own warehousing capacity of 3.78 lakh Metric Tonnes (MT) but added only 1.32 lakh MTs capacity resulting in a shortfall of 2.46 lakh MTs.

Due to delay in submission of DPRs under NABARD's RIDF XVII scheme for construction of godowns, APSWC could not avail the loan under the scheme but availed under another scheme, RIDF XVIII, resulting in additional interest burden of ₹ 7.40 crore apart from additional investment of its own funds.

Godown constructed (December 2012) at Vemulapally under RIDF scheme with a guaranteed 100 per cent reservation by FCI was not taken over by FCI resulting in loss of revenue to the tune of ₹ 1.37 crore from the date of confirmation of reservation (February 2013) to December 2013.

Capacity utilisation

Average occupancy of own godowns ranged from 58 to 89 per cent during the period 2008-13, whereas the same was of full capacity in case of Hired godowns and investor godowns.

APSWC had not maintained separate data relating to utilization of storage space by farmers till May 2012. Utilisation of storage space by farmers from May 2012 to March 2013 was zero per cent to six per cent in eight Regions, defeating the main objective.

Operation & Maintenance of godowns

There were 56 units which incurred losses of ₹ 1.69 crore during 2008-13. Loss making godowns have progressively declined but six godowns consistently made losses. No action was taken to wind up the unviable godowns.

APSWC had not preferred the claims in respect of investor godowns with revised storage charges retrospectively in spite of Government directions, which resulted in a revenue loss of ₹ 40.96 crore.

Revision of rates was not effected in respect of goods other than food grains like fertilisers, cotton etc. since April 2002 and there is no rate revision policy framed by APSWC.

APSWC had written-off ₹ 2.65 crore towards storage losses in excess of norms during the period 2007-12. Audit scrutiny revealed that the capacity utilisation of the Investor Godowns was more than 100 per cent which resulted in higher storage losses as stocks were stored unscientifically.

Management Information System (MIS)

Implementation of online Warehouse Management System, to be completed by September 2012, was delayed. Monthly Business Report, which is main source of MIS has not been standardized.

3.1 Introduction

Andhra Pradesh State Warehousing Corporation (APSWC) was established in August, 1958 under the provisions of Warehousing Corporation Act, 1958 (Central Amended Act of 1962) enacted by Parliament. Government of Andhra Pradesh (GoAP) and Central Warehousing Corporation (CWC) have 50:50 share capital in APSWC. It has its Corporate Office at Hyderabad with eight Regional Offices and 159 Warehouses as of March 2013 in the state. APSWC is under the administrative control of Agriculture and Cooperation (Marketing- I) Department (GoAP). Major activities of the organisation are to construct warehouses within the State to facilitate storage and transportation of agricultural produce, seeds, manures, fertilisers, agricultural implements and notified commodities and to act as an agent of CWC or the State Government to help purchase these commodities. The main objectives of corporation are:

- Promote and develop scientific storage facilities in order to minimize wastage and losses in storage.
- Provide a Negotiable Instrument by way of Warehouse Receipt to farmers for securing credit from the Banks.
- Help farmers to store their stocks for better realization, by avoiding distress sale, simultaneously availing credit.
- Assist orderly Marketing and Price support/ Control measures of the Government.
- To insure all warehouses against Fire, Riot, Strike & Malicious Damages (RSMD), Storm, Tempest, Flood and Inundation (STFI).
- To undertake construction of godowns on Turnkey basis for various clients viz., Food Corporation of India (FCI), AP State Civil Supplies Corporation Limited, Cotton Corporation of India and other State/ Central Fertilizers companies.
- Providing handling and transportation to depositors, if requested, through approved contractors.

3.2 Organisational Structure

Management of APSWC is vested in the Board of Directors consisting of Managing Director (MD), five (5) Directors nominated by GoAP and five (5) Directors nominated by CWC, headed by a Chairman, appointed by the GoAP.

At Corporate level the Managing Director is assisted by Secretary, four General Managers and an Executive Engineer while the field activities of Corporation are managed by 8 Regional Managers assisted by Warehouse Managers.

GoAP had not nominated any Director to the Board from January 2008 to August 2013, thus only five (5) Directors (nominated by CWC) were in the Board.

3.3 Audit Objectives

To check whether APSWC was able to

- Meet the demands for sustainable, scientific storage facilities within the State after proper assessment of needs by construction and/ or acquisition from private investors/ contractors;
- Maintain the warehouses and godowns owned and operated by them in an economic and efficient manner;
- Provide services to the farmers as per the objectives defined by it, viz.
 - i. Provide a Negotiable Instrument by way of Warehouse Receipt to farmers for securing credit from the Banks.
 - ii. Help farmers to store stocks for better realization, by avoiding distress sale, simultaneously availing credit.
 - iii. Assist orderly Marketing and Price support/ Control measures of the Government.
- To insure all warehouses against Fire, Riot, Strike & Malicious Damages (RSMD), Storm, Tempest, Flood and Inundation (STFI).

3.4 Audit Criteria

- Warehousing Corporations Act 1962 and AP State Warehousing Corporation Rules 1965, Warehousing Development and Regulations Act 2007 (WDRA).
- Corporate Plan (2012) and MoUs between APSWC and State Government; directions of Government with reference to construction of godowns.
- Agenda and Minutes of Meetings of Board of Directors of APSWC.
- Schemes' guidelines funded for construction of godowns.
- Agreements, godown rent proposals.

3.5 Scope and Methodology of Audit

Performance of APSWC was reviewed for the five years period 2008-13 covering activities relating to construction of godowns, capacity utilisation, insurance and storage losses etc. Audit findings are based on test check of records maintained at the Head office of the Corporation and four warehouses viz., Kadapa, Yerpedu, Karimnagar and Raghavapur in two Regions (Kadapa and Karimnagar) out of eight Regions of the State.

Scope, methodology and objectives of performance audit were explained by Audit in entry conference (July 2013) to Managing Director, APSWC. Audit findings were also discussed in Exit conference held on 10 March 2014 and the views expressed by Management have been considered while finalizing the report.

3.6 Audit Findings

The audit findings are as discussed below

3.6.1 Planning for construction of storage facilities

3.6.1.1 Delay in preparation of Corporate Plan

As per GoAP directions (October 2005) APSWC entered into MoU for 2007-08 according to which five year Corporate Plan for the period 2008-13 was to be submitted by 31 March 2008, duly committing itself to a time bound programme to dispose off three unviable godowns and three unutilized lands, to initiate immediate action to modernize existing warehouses wherever required, to initiate action for expansion of godown capacity at potentially viable places so as to increase market share and also make manpower assessment to rationalize staff strength commensurate with the level of activities of the Corporation. APSWC could not submit five year Corporate Plan by 31 March 2008.

Management replied (October 2013) that Corporate Plan for 2012-17 was prepared and submitted to Government in April 2012.

3.6.1.2 Delay in implementation of galvalume roofing (new technology) for construction of godowns under scientific storage

Galvalume roofing without support of trusses was being provided in industrial/ agricultural warehouses for wide benefits viz., leakage & temperature control, better air circulation, prevention of bird menace, economy in construction and corrosion resistance.

Audit observed that out of the existing 64 godowns having 5.91 lakh MT capacity as of 2012-13, only 10 godowns of 1,31,800 MT capacity, which were constructed during 2011-13, had galvalume roofing even though a proposal for implementation of galvalume roofing for godowns was mooted in June 2007. Audit scrutiny further revealed that in seven locations²⁴ re-roofing of old godowns was carried out during 2010-12 by traditional roofing instead of galvalume technology which offers economy in both time and energy taken to construct/ install the roof as compared to traditional roofing.

Management replied (October 2013) that there was no delay in implementation of galvalume roofing as no massive construction was taken up upto 2009-10. However, APSWC should have taken up re-roofing of existing godowns with galvalume roofing in view of its better results.

3.6.1.3 Diversification and New business

APSWC proposed (January 2006) to construct modern warehouse Container Freight Station (CFS) facilities at Visakhapatnam Port for bulk handling of exports and imports under new business. Audit noticed, there was delay of five years in taking possession of port land (May 2011) and Detailed Project

²⁴Amadalavalasa, Eluru, Tanuku, Bapatla, Nadikudi, Gudur and Kothagudem.

Report (DPR) had not been finalised till October 2013. This indicated lack of timely initiatives for land acquisition and preparation of DPRs.

Management replied (October 2013) that certain clarifications were sought (October 2013) from Visakhapatnam Port Trust and the same are awaited.

However, Management has not coordinated/ taken up the matter with appropriate authorities.

3.6.1.4 Financial Position and Working results

The financial position of APSWC for the five years period 2008-13 is given below:

Table 3.1: Financial position of APSWC

(₹ in crore)						
Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13 ²⁵
A. Liabilities						
01	Paid-up Capital	7.61	7.61	7.61	7.61	7.61
02	Reserves & Surplus (incl. Subsidy)	98.16	116.16	130.51	249.48	283.35
03	Secured Loan	8.06	7.14	5.98	4.96	3.44
04	Current Liabilities & Provisions	71.99	82.41	97.55	159.63	186.23
	Total - A	185.82	213.32	241.65	421.68	480.63
B. Assets						
01	Fixed Assets	24.69	27.45	32.16	32.95	49.01
02	Current Assets, Loans and Advances	161.13	185.87	209.49	388.73	431.62
	Total - B	185.82	213.32	241.65	421.68	480.63
C.	Debt-Equity Ratio	1.06	0.94	0.79	0.65	0.45
D.	Net worth	105.77	123.77	138.12	257.09	290.96
E.	Capital employed ²⁶	113.83	130.91	144.10	262.05	294.40

Source: Annual Reports

The working results of APSWC for the five years period 2008-13 are given below:

Table 3.2: Working results of APSWC

(₹ in crore)						
Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
01	Income					
	(a) Warehousing Charges	61.03	77.73	99.16	237.82	160.06
	(b) Other Income	8.77	9.47	10.45	36.88	32.35
	Total - 1	69.80	87.20	109.61	274.70	192.41
02	Expenses					
	(a) Establishment Charges	12.52	15.33	27.13	20.85	22.57
	(b) Other Expenses	35.93	44.57	58.83	92.26	96.41
	Total - 2	48.45	59.90	85.96	113.11	118.98
03	Profit (+)/ Loss (-) before tax	21.35	27.30	23.65	161.58	73.43
04	Provision for tax	6.50	9.00	8.00	52.44	24.97
05	Prior Period Adjustments	0.00	0.04	0.01	0.00	0.00
06	Other appropriations	1.01	0.30	2.30	2.77	0.75
07	Amount available for dividend	13.84	17.96	13.34	106.37	47.71
08	Dividend for the year	1.52	1.52	1.52	10.00	1.52
09	Total Return on Capital employed ²⁷	21.96	27.92	24.16	162.01	73.66
10	Percentage of return on Capital employed	19.29	21.33	16.77	61.82	25.02

Source: Annual Reports

²⁵2012-13 figures are provisional.

²⁶Capital employed represents net fixed assets (including works-in-progress) plus working capital.

²⁷Total return on capital employed represents net surplus/ deficit plus total interest charged to Profit and Loss Account (less interest capitalised).

It can be seen from the above tables that APSWC had continuously earned profit and had accumulated profit of ₹ 283.35 crore as at the end of March 2013. Though the Corporation had surplus cash (in term deposits with banks), there was no significant construction activity during the period 2008-09 to 2010-11 as discussed in subsequent paragraphs.

3.6.1.5 Warehousing capacity

APSWC operates three types of godowns i.e. own godowns, hired godowns and investor godowns. Hired godowns are contracted by APSWC from private sector based on requirement/ demand of clients i.e., FCI, Civil Supplies, Cotton Corporation, Fertiliser Companies. On the other hand Investor godowns operated by APSWC are solely contracted to FCI after entering into tripartite agreement with private investors and FCI. Storage charges paid by FCI are shared between investors and APSWC (64 per cent and 36 per cent respectively).

Year-wise average capacity in all categories i.e., own, hired, investor, planned and added by APSWC during the period 2008-13 is as under:

Table 3.3: Total capacity of warehousing during 2008-13

(Capacity in MTs)

Year	Total No. of godowns (Owned, Hired and Investor)	Total capacity	Additions planned in owned godowns	Actually added	Short fall
2008-09	129	2173191	10000	0	10000
2009-10	129	1991440	2400	5000	-2600
2010-11	136	2170414	160500	2400	158100
2011-12	154	2356935	125500	43300	82200
2012-13	159	2634899	79300	81000	-1700
		Total	377700	131700	246000

Source: Monthly Business Reports of APSWC

During the five-years from 2008-09 to 2012-13, against planned addition of 3.78 lakh Metric Tonnes (MT), APSWC added only 1.32 lakh MTs to its own warehousing capacity with no addition in capacity during the year 2008-09 and meagre addition during 2009-10 and 2010-11.

Reason for shortfall in capacity additions during 2008-09 to 2010-11 were attributed to unavailability of suitable land at proposed locations by management (October 2013). However, records did not reveal any initiative for surveys to be conducted, pursuance with State Government, identification/ allotment of lands for construction of warehouses.

3.6.2 Scheme-wise construction of godowns

Apart from APSWC's own funds, funds were also allotted under other agriculture related schemes for construction of godowns by APSWC. The following Central/ State schemes contributed funds to APSWC for construction of godowns:

- a) **Rashtriya Krishi Vikas Yojana (RKVY):** National Development Council, GOI launched (August 2007) an additional central assistance scheme with 100 per cent grant by GoI under RKVY. Food storage & warehousing is one of the allied sectors of the scheme.
- b) **Rural Infrastructure Development Fund (RIDF):** National Bank for Agriculture and Rural Development (NABARD) provides loan for construction of warehouses under RIDF schemes²⁸.
- c) **Private Entrepreneur Guarantee (PEG) Scheme:** PEG 2008 Scheme envisaged construction of godowns by private entrepreneurs for FCI storage requirement. Storage charges are guaranteed by FCI for nine/10 years under this scheme.

Details of godowns constructed under various schemes/own funds are as under:

Table 3.4: Scheme-wise capacity addition during 2008-13

(Capacity in MTs)

Name of the Scheme	2008-09	2009-10	2010-11	2011-12	2012-13	Total
RKVY	-	-	-	43300	31000	74300
RIDF	-	-	-	-	50000	50000
Own funds	-	5000	2400	-	-	7400
Total	-	5000	2400	43300	81000	131700

Source: Information furnished by APSWC

Review of construction of godowns under above schemes revealed the following:

3.6.2.1 **Delay in submission of proposals for construction of godowns**

RIDF XVII Scheme (2011-12) envisages 95 per cent Project cost as loan by NABARD²⁹ at 6.5 per cent interest repayable in 5 equal annual instalments after a moratorium of two years. APSWC was asked by State Government in the review meeting held on 7 July 2011 to submit the DPRs by 20 July 2011 for construction of 1,43,000 MTs capacity godowns. However, APSWC submitted the DPRs to NABARD in November 2011 with a delay of four months. Due to delay in submission of DPR the Corporation could not avail loan under the scheme as funds were exhausted.

Subsequently APSWC submitted proposals to Government (November 2012) for construction of 2,52,500 MTs capacity in 26 locations at a cost of ₹ 141.12 crore in 2012-13, under the RIDF XVIII scheme (2012-13) wherein rate of interest was increased to 7.5 per cent and loan amount reduced to 75 per cent of the project cost on guarantee by GoAP. NABARD sanctioned (February 2013) ₹ 105.69 crore, (75 per cent of the project cost) for construction of these

²⁸RIDF XVII (2011-12): 95 per cent Project cost as loan with 6.5 per cent interest and repayable in 5 equal annual instalments after a moratorium of 2 years. RIDF XVIII (2012-13): 75 per cent Project cost as loan with 7.5 per cent interest.

²⁹ National Bank for Agriculture and Rural Development

godowns. However, loan amount was not released (August 2013) by NABARD due to non-submission of guarantee by GoAP. APSWC started construction of godowns in selected 26 locations and incurred ₹ 27.96 crore during 2012-13 from own funds against 25 per cent margin money of the project cost.

Thus, due to non-availment of loan under RIDF XVII (2011-12) the Corporation will have to bear extra interest burden of ₹ 7.40 crore (one per cent) apart from additional investment of 20 per cent of the project cost out of their own funds on projects.

3.6.2.2 Delay in taking over of Vemulapally godown by FCI

Corporation proposed (August 2011) to construct a godown at Vemulapally (East Godavari) and 9.58 acres of land was allotted (August 2011) by GoAP, proposed under RIDF scheme,

Corporation constructed (December 2012) Vemulapally godown under RIDF scheme with guaranteed storage charges for 10 years under PEG 2009 from the date of taking over of godown by FCI. The godown, though ready, has not been taken over by FCI (December 2013) despite FCI confirming space reservation in February 2013. Lack of pursuance with FCI resulted in foregoing of anticipated revenue to the tune of ₹ 1.37 crore from the date of confirmation of reservation (February 2013) up to December 2013.

Management replied (October 2013) that FCI was committed to utilize the godowns after filling their available capacity.

As FCI had guaranteed utilisation of the space under PEG 2009, Corporation should have pursued the matter with FCI.

3.6.3 Capacity utilisation

3.6.3.1 Low occupancy in own godowns

Year-wise details of total capacities with break-up of owned, hired, investor godowns and percentage of average utilisation for the period 2008-13 is as under:

Table 3.5: Percentage of occupancy in Owned, hired and investor godowns during 2008-13

Year	Capacity in MTs			Occupancy in MTs			Percentage of occupancy		
	Owned	Hired	Investor	Owned	Hired	Investor	Owned	Hired	Investor
2008-09	522543	28058	1622590	304559	31639	1641530	58	113	101
2009-10	528980	117646	1344814	391990	117450	1392028	74	100	104
2010-11	533680	167673	1469061	431786	170264	1524896	81	102	104
2011-12	545272	477959	1333704	467449	504886	1404174	86	106	105
2012-13	590813	742989	1301097	527498	778002	1353586	89	105	104

Source: Monthly Business Reports of APSWC

It could be seen from the above that average occupancy of own godowns of APSWC increased from 58 per cent in 2008-09 to 89 per cent in 2012-13.

However, occupancy rate of hired and investor godowns was more than 100 per cent in all the five years during 2008-13.

Utilisation of more than 100 per cent capacity in Hired godowns/ Investor godowns indicates possible storage of stocks outside covered area, increased stack height, etc., which amounts to unscientific storage, defeating the objective of APSWC.

Management replied (October 2013) that hired and investor godowns were being fully utilized by bulk depositors, whereas own godowns were being utilized by both private traders/ farmers and bulk depositors resulting in occupancy of less than 100 per cent. However, APSWC should have managed the allocation to prioritise utilisation of own godowns over hired godowns. Own godowns, where occupancy is less, should have been offered instead of allowing more than 100 per cent occupancy of hired/ investor godowns.

3.6.3.2 Utilisation of storage facilities of APSWC by farmers

One of the main objectives of APSWC, besides providing storage to FCI, is to help farmers to store their stocks for better realization, by avoiding distress sale, simultaneously availing credit. A rebate of 35 per cent in storage charges is, thus, allowed to eligible small farmers. Year-wise percentage of utilisation by FCI and other various depositors in warehouses of APSWC (own, hired and investor godowns) is detailed below:

Table 3.6: Depositor-wise capacity utilisation

Sl. No.	Name of the Depositor	Percentage of utilisation				
		2008-09	2009-10	2010-11	2011-12	2012-13
1	Fertiliser Companies	2.10	1.30	0.40	0.20	0.60
2	FCI	88.00	89.00	91.20	92.80	89.00
3	APSCSCL	0.30	0.80	1.90	2.40	5.20
4	Cooperatives	0.30	0.40	0.50	0.90	1.30
5	Govt. undertakings & others	5.00	4.50	2.00	1.20	1.60
6	Private (including farmers)	4.30	4.00	4.00	2.50	2.30

Source: Annual Reports of APSWC

It was observed in Audit that:

- Major clients of APSWC are FCI, Fertiliser Companies and Government undertakings, which on an average occupy 96 per cent of total space during 2008-13.
- APSWC had not maintained separate data relating to utilization of storage space by farmers till May 2012. Region-wise utilisation of storage space by farmers during the period May 2012 to March 2013 is as under.

Table 3.7: Region-wise capacity utilisation by farmers during May 2012 to March 2013

Sl. No.	Name of the Region	Average (May 2012 to March 2013)		
		Capacity (MT)	Occupancy by farmers (MT)	Percentage of occupancy by farmers
1	Vizianagaram	48100	0	0
2	Kakinada	30373	0	0
3	Tadepalligudem	53375	0	0
4	Vijayawada	128930	7827	6
5	Kadapa	117380	5081	4
6	Hyderabad	24682	25	0
7	Nalgonda	95114	1617	2
8	Karimnagar	94118	0	0
Total		592072	14550	2

Source: Data furnished by APSWC

Above table indicates that utilisation of godowns by farmers was zero per cent in five Regions and low at six per cent or less in three Regions. Overall utilisation by farmers was only two per cent. Thus the objective of APSWC to assist farmer was not achieved. Further no special efforts were made by APSWC to create awareness among farmers about the warehousing facilities for their farm produce.

Management replied (October 2013) that Corporation is pursuing accreditation of own warehouses under WDRA to issue negotiable instrument which facilitates the farmers and small traders to take loans from Banks to increase utilisation of storage space by farmers. There is no specific reply to the observation about very low utilisation by farmers and non-maintaining of data of storage utilisation by farmers.

3.6.4 Operation & Maintenance of godowns

Operation

3.6.4.1 Recurring loss making godowns of APSWC

During 2008-09 to 2012-13, fifty six godowns, out of a total of 159 godowns, incurred losses to the tune of ₹ 1.69 crore as detailed below:

Table 3.8: Year-wise details of loss making godowns

Year	Number of loss making godowns during the year	Amount of loss (₹ in lakh)
2008-09	17	48.58
2009-10	10	29.91
2010-11	13	35.85
2011-12	10	32.40
2012-13 (Provisional)	6	22.43
Total	56	169.17

Source: Annual Reports, Profit and Loss accounts of godowns and monthly business reports

Six godowns (5 own and one hired) have consistently made losses. Despite GoAP directions (October 2005) APSWC did not review the working of loss making godowns and appropriate action for revival/ closure was not taken.

Management replied (October 2013) that steps are being taken to improve loss making godowns as Board of Directors in their meeting (May 2006) resolved not to wind up these godowns in view of development of business and Government was intimated accordingly.

However, further action in this regard needs to be done in a time bound programme.

3.6.4.2 Loss due to non-revision of Storage charges by FCI in case of Investor Godowns

Investor godowns were solely contracted by FCI after entering into an agreement with private investors and godowns were handed over to APSWC for operation. Government Order of December 2008 clarified that any subsequent enhancement in rate of storage charges by FCI would be applicable to APSWC's own as well as investor godowns at par with CWC after December 2008.

FCI revised (October 2012) its storage charges to ₹ 2.73 per 50 kg bag per month retrospectively from April 2009 for own godowns of APSWC and prospectively from October 2012 for investor godowns. APSWC had not preferred the claims with revised storage charges for investor godowns retrospectively from April 2009, inspite of Government directions which resulted in a revenue loss of ₹ 40.96³⁰ crore.

Management replied (October 2013) that the matter is being pursued with FCI.

3.6.4.3 Non-revision of Storage charges for private stocks (other than food grains) in respect of Own Godowns

APSWC revised (October 2006) storage charges, other than those occupied by FCI, for food grains by 10 per cent (from ₹ 1.80 to ₹ 2.00 per 50 Kg bag per month) considering general escalation in service costs, rentals, insurance premium and other administrative costs. However, no revision of rates was effected in respect of the goods other than food grains since May 2002 indicating lack of rate revision policy.

Management replied (October 2013) that on receipt of audit observation the rates were revised from 1 August 2013.

Maintenance

Maintenance of godowns including keeping stocks in good condition without damages and losses and insuring against all damages is the responsibility of APSWC. While scrutiny of insurance documents revealed that emergencies

³⁰Working for loss: Total stock stored between April 2009 and September 2012 – 60242406 MTs or 1204848120 bags of 50 Kg each x (36 per cent of ₹ 2.73 – ₹ 1.79 per bag/ month = ₹ 0.34) = ₹ 40.96 crore.

are covered by insurance and premiums are regularly paid, there were no claims made during the audit period. Corporation had to bear storage losses, stocks were stored for longer period and there were quality control issues as discussed below:

3.6.4.4 Storage losses in excess of norms

As per norms, the storage losses up to 0.5 per cent for storage up to one year and 0.75 per cent beyond one year is allowed and regularized as normal storage losses. FCI deducts storage losses beyond norms from storage charge bills. The storage losses deducted by FCI to the extent of ₹ 2.49 crore were written-off during the period 2008-12 in the books of accounts of APSWC.

Details of godowns where range of storage losses, exceeded norms during the last 5 years are as under:

Table 3.9: Details of range of storage losses during 2008-13

Year	Investor Godowns		Own Godowns	
	Nos.	Range of storage losses (percentage)	Nos.	Range of storage losses (percentage)
2008-09	3	0.81 to 1.24	-	-
2009-10	9	0.61 to 1.54	-	-
2010-11	18	0.64 to 1.69	3	0.65 to 1.47
2011-12	45	0.54 to 2.46	9	0.55 to 1.58
2012-13	83	0.51 to 2.98	19	0.57 to 2.48

Source: Data furnished by APSWC

During 2008-13 storage losses ranged from 0.51 per cent to 2.98 per cent in Investor Godowns which is beyond the norms and number of units involved in storage losses also showed an increasing trend during the period. Audit observed that capacity utilisation of Investor Godowns was more than 100 per cent which increases the storage losses as the stocks were stored unscientifically.

Management replied (October 2013) that capacity utilisation of Investor godowns was above 100 per cent in all the years due to increase in height of stack and there was no incidence of damages in bottom layer food grain bags.

However, increase in stack height is in violation of norms as per quality control manual.

3.6.4.5 Registration of godowns under Warehousing Development and Regulations Act (WDRA), 2007

WDRA enacted in 2007 effective from 25 October 2010 stipulates warehouses register their storage capacity, which would entail them to issue negotiable warehouse receipts. Main objective of the Corporation was to provide a Negotiable Instrument by way of Warehouse Receipt to farmers for securing credit from the Banks and help farmers to store their stocks for better realization, by avoiding distress sale.

It was observed in Audit that SWC registered storage capacity of 42,850 MTs

along with a proposal to get eligibility to issue Negotiable Warehouse Receipts, as against warehousing capacity of 1,73,080 MTs.

The issue of negotiable warehousing receipt was to help farmers in availing financing facilities against the receipt, thus encouraging them to use warehousing facility.

Management replied (October 2013) that in one godown at Kavali negotiable warehouse receipts were issued for 998 MT during the years 2011-12 & 2012-13. Thus, issue of warehouse receipts for a meagre quantity of 998 MT only in one warehouse indicates non achievement of the objective of providing support to farmer community.

3.6.4.6 *Insufficient infrastructure for upkeep of storage facilities at own godowns of Kadapa & Karimnagar regions*

As per quality control manual, norms were fixed for providing necessary infrastructure for proper upkeep of the stocks in godowns by providing required number of wooden crates, bamboo mats, sprayer, etc., for every godown. Food grains are to be stacked on wooden crates of 5” height and stocks are to be maintained infestation free by periodical spraying of chemicals and fumigation are to be done as soon as infestation is noticed. Details of infrastructure provided/ available in own godowns with reference to norms fixed in quality control manual as on 30 June 2013 at own godowns of Kadapa and Karimnagar Regions, are given in **Annexure-3.1**.

Details given in annexure revealed that the essential maintenance equipment were not provided as per norms.

Kadapa Region

Out of 16 godowns (i) wooden crates were not provided in 11 godowns and less quantity (6 to 23 *per cent*) was provided in three godowns, (ii) no bamboo mats were provided in 10 godowns and less quantity (9 to 45 *per cent*) of bamboo mats were provided in six godowns against the norms and (iii) no polythene covers were provided in seven godowns.

Karimnagar Region

Out of 15 godowns (i) no wooden crates were provided in Narsannapally godown and in six godowns less quantity (one to 31 *per cent*) were provided, (ii) no bamboo mats were provided in eight godowns and less quantity (5 to 40 *per cent*) of bamboo mats were provided in four godowns against the norms.

Thus, non-availability of essential maintenance equipment for storage of food grains was not only unscientific but subject to damage by moisture.

Management replied (October 2013) that in the newly constructed godowns wooden crates are being used as dunnage.

The fact remains that infrastructure facilities in existing godowns were not provided as per the norms.

Quality Control

As per quality control manual, food grains were to be preserved without infestation. For this purpose periodical spraying of pesticides viz., Malathion and DDVP should be done as soon as stacking completes. Further in case of infestation, stocks should be fumigated with Aluminium Phosphide under Proof covers. Scrutiny of inspection reports, chemical consumption and fumigation reports show some deficiencies as under:

3.6.4.7 Issue of stocks

It is desirable to follow FIFO method to avoid losses due to long storage and Preservation and Maintenance expenditure for disinfections. A test check of primary records viz. Daily Stock Register, Depositors ledger and Priority Register maintained for receipts and issue of stock revealed that FIFO method is not being followed in Kadapa (own) and Yerpedu (IG) godowns, thereby resulting in long storage of old stocks while the fresh stocks get released early.

In the entry conference the Managing Director, APSWC stated (July 2013) that FCI is not following FIFO method inspite of several requests and meetings, which is the main reason for storage losses. But no such records of persuasion were made available to audit.

Management replied (October 2013) that FIFO is being followed but it sometimes deviates due to baby stacks and collapsible stacks.

Fact remains that due to long storage the Corporation is faced with risk of storage losses which especially in case of old stock tends to be in excess of norms.

3.6.4.8 Stocks lying in storage for long periods

Records of Regional Manager, APSWC, Kadapa and Karimnagar revealed that Paddy, Jaggery, Fertilisers, Coriander, Redgram were lying in various warehouses for a long time, as indicated in the table below.

Table 3.10: Details of stocks lying in long storage in Kadapa and Karimnagar regions

Sl. No.	Name of the warehouse	Commodity	Quantity (in MT)	Period of storage
Kadapa Region				
1	Chittoor	Jaggery	1234.300	more than four years
		Fertilisers	1348.000	one to two years
2	Kadapa Own	Pvt. Fertilisers	44.000	one to two years
3	Prodattur	Pvt. Paddy (O)	22.500	more than two years
		Pvt. Paddy (O)	193.875	one to two years
		Pvt. Coriander (O)	24.560	one to two years
		Pvt.Redgram (O)	37.000	more than two years
4	Kurnool Own	Fertilisers	2337.000	one to two years
5	Allagadda	Fertilisers	237.800	one to two years
Karimnagar Region				
1	Raghavapur I.G.	B.R. Gr.A	9668.000	one to two years
		B.R. Common	640.000	one to two years
2	Mancherial I.G.	B.R. Gr.A	324.000	one to two years

Source: Information furnished by regional offices against audit query

It could be seen from the above that the long storage of stocks include food grains and perishable items. Such stocks, when lying for longer period are subject to damage; infestation and requires heavy fumigation. Long storage would also affect the stacks which will entail additional expenditure to rebuild them.

Management stated (October 2013) that notices were issued to depositors for liquidation of stocks.

The management needs to formulate a policy for time to time review of the stock in possession to either get the stock released by the depositor or liquidate the stock before it gets damaged beyond salvage.

3.6.4.9 *Disposal of empty chemical containers*

As per quality control manual the Agency/ Contractor have to maintain record of insecticides consumed from time to time and also dispose the empty container/ tubes with the prior approval and in the presence of competent authority to prevent environmental hazards.

During detailed check of Regional offices, Kadapa and Karimnagar it was observed that in contravention of manual provisions, no record was maintained for empty container/ tubes or of their disposal in Kadapa (Own)/ Yerpedu (IG) Godowns in Kadapa Region and Raghavapur (Hired) Godown in Karimnagar Region even in case of poisonous chemicals of hazardous nature.

Management accepted the audit observation and stated (October 2013) that instructions were issued to all the Regional Managers and Warehouse Managers to maintain record for empty containers.

3.6.4.10 *Non-providing of Isolation shed*

Indian Standard Code of Practice for construction of 'bagged food grain storage structures' prescribed that isolation shed preferably with RCC flat roof should be provided at the site of godowns. Size of sheds would depend upon storage capacity at each site. It should be partitioned into a number of compartments so as to afford keeping of infested and damaged stock separately.

However, audit noticed that isolation sheds were not provided in any of the godowns.

Management replied (October 2013) that since monthly requirement of pesticides are drawn from the Regional Manager there is no need for separate isolation shed.

Fumigation prevents infested stocks from further deterioration but does not rule out the possibility of the infestation from spreading to other stock. Accordingly construction of isolation shed, as mandated by IS code, is desirable.

3.6.5 Management Information System (MIS)

APSWC is organized in three tier system- Head office, Regional offices and Warehousing centres and has its website maintained by third party vendor (Centre for Good Governance). Work relating to MIS is being handled manually instead of using website. Short comings noticed in MIS are discussed as under:

3.6.5.1 Delay in computerization of online Warehouse Management

For better efficiency of website and to develop new applications for making all warehousing online, to expedite the activities of all modules in a single application, APSWC proposed to develop software modules viz., Finance & Accounts (F&A), Personnel & Administration (P&A), Business & Logistics (B&L), Conference Section, Engineering Section and Material & Quality Control.

An agreement was entered into (August 2011) with Centre for Good Governance (CGG) a State Government organization for 'Design & Development of Comprehensive IT Solutions at a total cost of ₹ 65.95 lakh, of which ₹ 15.66 lakh was paid (October 2011) as advance. The project was to be completed by September 2012. The project is still under implementation even after lapse of over a year.

Management stated (October 2013) that due to various reasons the implementation of online warehouse management was not completed within time and presently 33 warehouse managers have started to feed data in IWMS (Integrated Warehouse Management System) and the remaining warehouses will also be implemented shortly.

As only 33 out of 159 warehouses have started utilising the online system, MIS system cannot be operationalised yet (October 2013).

3.6.5.2 Defective Business Report as MIS

Business & Logistics Section in Corporate Office prepares a monthly Business Report in the prescribed proforma on the godown-wise activity indicating details of capacity, occupancy (depositor-wise utilization) and vacancy position of each godown based on the reports of Warehouse Managers. The monthly Business Report is submitted to Managing Director as MIS.

It was observed in audit that

- There was variation in calculation of percentage of capacity utilization of godowns. Out of 88 godowns in five regions test checked in audit, in 24 godowns reserved capacity was taken, whereas in remaining 64 godowns actual utilization was taken (irrespective of reservation) for working out the percentage of capacity utilisation.
- The Business Report does not indicate information on registration of godown under WDRA, extent of issue of negotiable warehouse receipts, utilisation of facility by farmers etc., resulting in deficient/

insufficient information to Management.

- Though information in different proforma was required to be forwarded online, it was being sent through hard copies with incomplete details.

Management stated that variations in reporting by the warehouse managers are corrected at corporate level based on averages.

The fact indicates that the norms for filling in MIS has not been standardised for proper submission of data by the warehouse managers.

Conclusion

- Re-roofing of old godowns was carried out during 2010-12 by traditional roofing instead of galvalume roofing despite its proven advantages.
- Capacity addition by own godowns was nil/ meager during 2008-11 despite availability of surplus funds both internal as well as funding from various central and state schemes.
- Though average occupancy of own godowns of APSWC progressively increased from 58 *per cent* in 2008-09 to 89 *per cent* in 2012-13, it was less than the occupancy of hired and investor godowns.
- Utilisation of warehousing facility by farmers was low thereby indicating non awareness among farmers and non-fulfilment of the main objective of providing security from distress sales, negotiable instrument in the form of warehouse receipt, marketing, etc., to the farmers.
- There is no rate revision policy in place and APSWC did not revise the storage charges in respect of other than food grains even after 11 years resulting in revenue loss.
- Storage losses were in excess of the fixed norms, Quality control norms not adhered to in respect of infrastructure for proper upkeep of the stock in the godowns and construction isolation sheds to store infested stocks.
- FIFO method was not followed in issue of stocks.
- Computerization is not completed according to schedule, MIS data was not standardized for effective utilization by management.

Recommendations

APSWC should

- *Take up conversion of old godowns due for re-roofing with galvalume roofing to provide sustainable, scientific storage and avoid wastage and losses;*
- *Take steps to encourage farmers by awareness programmes, of facilities available for storage as well as for availing credit facility from banks;*
- *Formulate rate revision policy in respect of storage charges for commodities other than food grains;*
- *Pursue with FCI to follow FIFO method while issuing stocks to avoid long storage of stocks;*
- *Provide infrastructure including construction of isolation sheds as per Quality Control Manual.*

CHAPTER IV

COMPLIANCE AUDIT OBSERVATIONS

Chapter IV

4. COMPLIANCE AUDIT OBSERVATIONS

GOVERNMENT COMPANIES

Andhra Pradesh Mineral Development Corporation Limited

4.1 Development of Mineral Resources and Mineral Based Industries

4.1.1 Introduction

Andhra Pradesh Mineral Development Corporation Limited (APMDC) was incorporated in February 1961 under the Companies Act 1956, as a wholly owned undertaking of Government of Andhra Pradesh with main objectives to develop mineral resources and mineral-based industries with private participation.

Important minerals exploited by APMDC are Barites, black galaxy granite, high grade limestone, ball clay etc. APMDC carries out exploration and marketing activities of barites on its own while Joint Venture Companies³¹ (JVs) carry out exploration and marketing activities of other minerals by paying consideration as per terms and conditions of each JV agreement.

APMDC selects promoters for its JV companies by inviting Expressions of Interest and global tenders. Final selection is made based on evaluation of responses received and taking into consideration recommendations of State Government, if any.

4.1.2 Audit findings

Audit of transactions was conducted (October 2012 and May 2013) to ensure whether process of selection of JV partner was transparent, equitable and in accordance with established procedures; consideration for exploitation and sale price of minerals was fixed properly and consistently in accordance with prudent financial principles; and terms and conditions of MOUs and agreements were adhered to. Audit revealed the following.

Black Galaxy Granite

APMDC held Black Galaxy Granite mineral bearing area of 330.80 Acres in Prakasam District. APMDC sub-leased (November 2000/ February – March 2001) 169.89 Acres to seven Joint Venture companies for Mining Franchise Fee (MFF) ranging from ₹ 10,100 to ₹ 44,900 per cu.m after inviting financial

³¹ The successful bidders (Promoter companies) form joint venture companies in collaboration with APMDC and conduct the mining activities. In such JV companies, APMDC is a stakeholder and owner of the leasehold area.

bids³² (August 2000/ January 2001) for black galaxy granite. As all JV companies defaulted in payment of MFF (between January and July 2002) and had discontinued mining operation, APMDC cancelled (June 2003) their quarry leases. Though these promoters failed to pay MFF they were allowed to participate in the subsequent bid.

APMDC invited (April 2006) Expression of Interest (EoI) from promoters on global basis for development of black galaxy granite deposits over an extent of 102.104 Ha (252.30 Acres) in four blocks (Block I to IV) for establishment of 100 *per cent* export oriented cutting and polishing units in Joint Venture mode. The objective was to encourage export of value added products and also to make raw material available for local units. Audit reviewed the sequence of events with reference to terms and conditions of agreements and observed the following.

4.1.2.1 *Defaulting firms re-allotted lease*

State Government constituted (October 2005) a High Power Committee³³ (HPC) for evaluation of responses to EoI which in turn constituted a technical committee for this purpose³⁴. Evaluation of the EoI responses was based on various non-financial parameters to rank the bidders on the basis of the Organisations' capability and experience.

Based on the ranking, in April 2007 one of the defaulting Joint venture was allotted Block IV while second-ranked bidder, (a new entrant in the black galaxy granites field) was allotted Block I. However, in April 2008, Block I allottee surrendered a portion of the block (14.17 Ha out of 37.03 Ha) which was re-allotted immediately to another JV company(third rank bidder) which was also a defaulting firm in the earlier allotment. APMDC should have restrained the defaulting parties in the earlier allotment from participating in the subsequent bidding.

4.1.2.2 *Deviation from existing practice*

Instead of adopting a bidding process based on revenue generation/ MFF under commercial bidding which would have protected the financial interests of APMDC and the State Government (particularly in view of the international renown attached to black galaxy granite from Cheemakurthy), the evaluation of the EoI responses and ranking were done based on various non-financial parameters i.e. existing core team, financial resources, expertise in mining (with specific reference to black galaxy granite), track record in the State, etc.

4.1.2.3 *Reduction in free equity*

In lieu of transfer of mining lease rights to JV partners, they have to allot free equity to APMDC. As per the 2001 agreement the sublease partner was to form a joint venture with APMDC holding 26 *per cent* free equity. However in

³² This was justified on the grounds of the policy of the State Government for development of mineral industry with private participation and to encourage joint operations.

³³ Headed by Secretary, Industries & Commerce and including Secretary, Finance, VC & MD, APIIC, DMG, and VC&MD, APMDC.

³⁴ In turn, the High Power Committee constituted a Technical Evaluation Committee consisting of Director, NIT Warangal, Regional Controller of Mines, IBM-Hyderabad and VC&MD, APMDC.

the subsequent bid documents, free equity to be allotted to APMDC in the JV was reduced from 26 *per cent* (earlier JVs) to 11 *per cent* (current JVs) and consequently deprived APMDC from business share by 15 *per cent*.

4.1.2.4 Short fixation of consideration

As against the MFF of ₹ 10,100 to ₹ 44,900 quoted in earlier bids (2001), the consideration amount per cu. m under the bid agreement of 2006 worked out to ₹ 3500 to ₹ 4000 as the consideration was fixed at one and half times of the prevailing seigniorage fee payable to the State Government per cu. m of blocks produced. Thus due to change in the criteria for fixing MFF, APMDC suffered a loss of revenue of ₹ 89.93 crore³⁵ till March 2013 with the loss continuing for the period of the agreement which is upto 2027.

APMDC replied (May 2013) that the selection process was done as per the orders of the Government on the basis of the recommendations of the High Power Committee. The payment of MFF proved unsuccessful as the rates quoted were prohibitively high and unviable since galaxy granite business does not involve huge profits.

MFF was quoted by the JV companies themselves on previous occasions in the process of competitive bidding. Hence fixing low consideration without calling competitive bids was not justified.

4.1.2.5 Non/ Delayed establishment of EOU Cutting and Polishing Units

As per the agreement, while the three JV companies were allowed to export raw blocks in the first two years and from third year onwards they were required to export processed blocks for which export-oriented cutting and polishing units with annual capacity of 5 lakh MTs were required to be established by each JV within the first two years. APMDC was to earn 10 *per cent* of the turnover as consideration from the concerned JV company.

Audit observed that as the polishing units are yet to commence production, the JV Companies were selling the blocks without polishing thereby foregoing opportunity to earn higher revenue. As APMDC was to earn 10 *per cent* of the turnover of the JV, this translated into loss of additional consideration³⁶ to an extent of ₹ 21.39 crore³⁷. APMDC issued show cause notices (April/December 2011) to all the three JV companies for non setting up of EOU plant to terminate MOUs with them.

³⁵ Actual dispatched quantity in cu. m x Lowest rate per cu. m of previous bid (i.e., ₹10100) – Actual Consideration received {(116142cu. m x ₹10100 – ₹ 48.71crore in r/o first rank bidder JV company) + (24588 cu. m x ₹10100 – ₹22.57 crore in r/o second rank bidder JV company) + (34691cu. m x ₹10100 – ₹15.97 crore in respect of third rank bidder JV company)}.

³⁶ Consideration calculation criteria - turnover calculated by applying rates of polished blocks on the 50 *per cent* of raw blocks and polished material sold for third year and 100 *per cent* polished blocks (considering 30 *per cent* wastage during processing) approved by Mines Engineers Association of India.

³⁷ Second rank bidder JV company - ₹ 19.22 crore and third rank bidder JV company - ₹ 2.17 core, being the difference between 10 *per cent* of the turnover and actual consideration paid to the end of March 2013.No loss to APMDC in the case of first rank JV company since entire land was handed over.

APMDC in its reply (March/May 2013) accepted that none of three JV companies had commenced production though two of the JV companies had established EOU plants belatedly i.e., beyond specified time. Delay was condoned by the State Government in the case of these two JV companies and APMDC was directed to take action against third JV Company.

Audit observed that no action was initiated against third JV company despite such directions. Further, APDMC also allowed (December 2013) the establishment of polishing units with less than the previously agreed minimum capacity. This decision of APMDC resulted in extension of undue favour to JV companies.

4.1.2.6 *Default on Infrastructure Development (ID) Fee*

As per the agreement, the JV companies were required to pay five *per cent* of the amount of consideration paid to APDMC for development of infrastructure and other facilities in villages around the allotted mining blocks. Audit observed that the JV companies had defaulted on ID Fee payments of ₹ 63.19 lakh (₹ 38.19 lakh from second rank bidder JV company, ₹ 22.39 lakh from third rank bidder JV company and ₹ 2.61 lakh from first rank bidder JV company) as on 31 March 2012. Further, out of ₹ 2.30 crore ID fee received by APMDC from three JV companies till 31 March 2012, APMDC, which maintains this fund, utilised only ₹ 39 lakh for development of infrastructure and other facilities in mining villages. Thus, the objective for which the ID fee was collected could not be attained.

4.1.2.7 *Loss of Revenue due to surrender of Lease Area*

As per clause-20 of JV agreement “investor shall not assign, transfer or otherwise create any interest of any kind on any part of the lease area in favour of third parties. However, in the eventuality that the investor intends to surrender part of the area, APMDC shall have the right to reallocate the same to another entrepreneur duly obtaining the consent of Government of Andhra Pradesh”. However, no specific mention in JV agreement was made about the loss of production/ revenue during the period subsequent to surrender of part of land by the JV companies till the allotment to a new JV Company.

One of the successful bidders who was allotted 37.03 Ha in May 2007 for extracting black galaxy granite surrendered the allotted land in four stages during period from April 2008 to March 2013 as shown in table No. 4.3.

Table 4.3: Details of area surrendered by allottee

SL. No.	Month of surrender	Extent of Area (Ha)	Nature of area	Status of surrendered area
1	April 2008	14.17	Unexploited	Allotted to another bidder (discussed in Para 4.1.2.1)
2	November 2011	9.00	Unexploited	Not allotted (December 2013)
3	January 2013	5.49	Exploited	Not allotted (December 2013)
4	March 2013	8.37	Unexploited	Not allotted (December 2013)

Source: Agenda and Board minutes of the company

Audit noticed that:

- While no action was taken on the surrender of area by the allottee during November 2011 to January 2013, APMDC, in March 2013, took a decision to charge consideration on the entire land till the date of surrender of the entire allotted area. APMDC, however, did not recover consideration charges of ₹ 2.98 crore³⁸ (₹ 2.70 crore on 9 Ha, ₹ 0.28 crore on 5.49 Ha) for part surrender as per the above decision.
- No action has been taken to take possession of the mines and initiate process for re-allotment resulting in loss of opportunity to earn recurring revenue of ₹ 4.57 crore³⁹ per annum.

Barites

From 1993, APMDC is exclusively mining and marketing the barites in the State. For this purpose, APMDC enters into raising and sales agreements with private parties. Major operations in barites mining activity are (i) removal of overburden, (ii) extraction of barite ore, (iii) dewatering of the mine, (iv) stacking of ore at stockyard, (v) determination of quality/ specific gravity and (vi) dispatch of the material to different buyers.

Under marketing activity, APMDC invites tenders through competitive bidding for sale of A and B grade barite ore⁴⁰ once in two years and price is decided based on the highest bid received. The sale price for C+D+Waste grade is generally fixed based on marketability and is about 25 *per cent* of the price of A grade barites.

Audit scrutiny of the records and documents revealed the following:

4.1.2.8 Loss of Revenue due to fixation of low rate For C+D+W Grade of Barites

In November 2010 APMDC decided that price fixed for C+D+Waste should not be less than 25 *per cent* of the offer price received for “A grade” barites and that in future Expressions of Interest (EOIs) would be called for with this condition.

APMDC had received (July 2011) an offer of ₹ 4,059 per MT for A grade barites quoted by a private company with effect from 8 August 2011. For C+D+W grade of barites, APMDC without inviting EoI, however, approved a price of ₹ 800 per MT as against ₹ 1015 (25*per cent* of ₹ 4059). Thus, APMDC suffered loss of revenue of ₹ 23.03 crore on sale of 10.23 lakh MTs (8.29 lakh MTs at ₹ 215 per MT + 1.93 lakh MTs at ₹ 268.75 per MT) from October 2011 to October 2012.

APMDC replied (January 2012) that though one export buyer had quoted the price at 26.37 *per cent* of A grade sale price before finalization of the price for

³⁸ 9 Ha x 500 Cu. m x ₹4000 x 1.5years + 5.49 Ha x 500 Cu. m x ₹4000 x 3/12 months

³⁹ 22.86 Ha x 500 Cu. m x ₹4000 per Cu. m (average price)

⁴⁰ Grading is done based on the specific gravity measured. A grade is considered as superior grade with specific gravity at 4.25 and over, B grade is considered as next superior grade with specific gravity between 4.25 and 4 and C+D+Waste is considered as lower grade.

A grade, the same buyer did not come forward to buy C+D+W material at the revised price i.e. 25 per cent of the new A grade price, which was higher than the finally fixed price by ₹ 215 per MT (₹ 1015-₹ 800).

Audit noticed (May 2013) that APMDC, for the year 2013-14, had invited bids for sale of C+D+W by fixing the minimum price as ₹ 1,066 per MT (being 25 per cent of prevailing A grade rate ₹ 4,264 per MT) and got an offer of ₹ 1,926 per MT which was higher by 80.68 per cent. Thus it is evident that the market was strong enough to absorb the higher rate.

4.1.2.9 Irregular raising of Invoices due to incorrect computation of Specific Gravity

As per the procedure in existence, on receipt of Delivery Orders (DOs) from Head office, dispatches are made and invoices raised by applying the rate for the grade supplied/ dispatched. The Lab Assistants/ Sampling Assistants are responsible for computing the specific gravity⁴¹ by testing the samples taken from the lots supplied. For sampling and testing, a manual procedure based on Le Chatelier's principle is used.

As per agreements concluded with the main buyers namely first buyer and second buyer for sale of A grade barites, APMDC had to ensure that the barites with a specific gravity of 4.25 (or density of 4.25 g/cu. cm) was supplied. If the density was more than 4.25 g/cu. cm, for increase of every 0.01 g/cu. cm in density, ₹ 21 per MT would be collected whereas when there is decrease of 0.01 g/cu. cm in density, ₹ 10 per MT would be passed on to the buyer, if the buyer agreed to take the delivery.

Audit checked the records related to 2010-11 and 2011-12 and noticed (December 2011) that APMDC resorted to raising the invoices at the end of the year by taking the 12 months' average which resulted in short realisation of revenue of ₹ 48 lakh during the period from April 2010 to 7 August 2011 (first buyer: ₹ 38 lakh and second buyer: ₹ 10 lakh).

Audit further noticed that the records available at laboratory did not provide buyer-wise information of specific gravity of the lots dispatched to check against the invoices.

Measurement of specific gravity is carried out manually and there is considerable lacuna in selecting the sample, in measuring the quantity, in checking the level of specific gravity and there is a possibility of occurrence of error while recording the measurements.

Audit noticed a trend of differential recording of specific gravity in respect of export buyers and other buyers, though the material taken for testing was excavated from the same area of the mine. Occurrences of these variations could possibly be reduced by exploring possibility of introducing digital based automatic recording technology for measuring specific gravity so that accuracy in measurement of specific gravity can be ensured and variations in recording avoided by way of storing the data for a specific period in data base.

⁴¹ Specific gravity is the ratio of density of the material to density of water which is 1 g/cu.cm.

APMDC replied specific gravity checks are being conducted for the past several years using a procedure accepted in all barite mines in the world and new equipment available would be looked into for better computation of specific gravity. No explanation for taking the yearly average was however given.

Bauxite

4.1.2.10 MOUs for supply of Bauxite

State Government entered into Memoranda of Understanding (MOUs) with two private parties (2005 and 2007) to set up alumina and aluminium refineries and smelters with APMDC being given equity stake in these companies. As per the terms of MOUs, APMDC had to mine and supply 240 million tonnes and 224 million tonnes of bauxite to first party and second party⁴² respectively for their aluminium plants. Accordingly, APMDC entered (October 2008) into a bauxite supply agreement with second party. In respect of first party, the bauxite supply agreement is yet to be entered into (December 2013).

Audit observed that these MOUs were entered into by the State Government on the basis of negotiations. Audit is unable to verify that the financial interests of the Government and the public interest have been properly safeguarded through such MOUs.

As per instructions⁴³ of Ministry of Mines, Government of India, APMDC should hold the mining lease and carry out the mining operations at its own cost and should enter into bauxite supply agreement with downstream mineral processing plants ensuring that the entire profit from mining would accrue to APMDC.

APMDC was given a nominal equity of 1.5 *per cent* which was worked out on the basis of valuation of the mines and the investment required for establishment of the Aluminium companies. Audit observed that the value of all the mines was taken at ₹ 258 crore only as against the value of the mines of ₹ 11,400 crore indicated by the Government in September 2004 during a general review meeting of Principal Secretary. Besides, in case of other minerals like Granite, Beach sands etc., APMDC has obtained 11 *per cent* free ride equity.

APMDC accepted (May 2013) the audit observation and stated that the issue will be renegotiated.

As per Clause 9 of the agreement concluded with second party, if APMDC decides to hire machinery and other equipment required for mining and decides to award a raising contract, the first right of refusal is to be given to party. Thus, APMDC lost the opportunity of selecting the raising contractors/mine development operators through competitive bidding process.

APMDC acknowledged (May 2013) that Clause 9 of agreement does give preferential rights to the party but also added that Ministry of Tribal Welfare,

⁴² Second party was Government of foreign country for implementation of the Aluminium project.

⁴³ Letter No.4/116/2006-MIV dated 30 August 2007.

Government of India has sent orders for cancellation of leases. Matter has been taken up with GoI for reconsideration after which decision on renegotiation of agreement terms would be taken up.

Audit observed that State Government informed Government of India that entire profit from sales of bauxite will accrue only to APMDC. Contrary to this, sale price of bauxite was fixed based on royalty method (based on the report of the consultant) and profit was limited to 1.25 times royalty charged for bauxite.

Audit further noticed that APMDC sought permission (April 2012) of GoAP for renegotiating the terms and conditions of MOU/ agreement with second party for revision of Bauxite pricing. APMDC informed GoAP that additional profit of ₹ 12,451 crore⁴⁴ could be earned by increasing Bauxite price in line with prevailing market rate.

Limestone

4.1.2.11 Irregular allotment of Mining Rights

Lessee held a mining lease for mining of limestone for use in the manufacture of cement at their plant located at Devapur, Adilabad District from 21 March 1980 to 20 March 2000 over an area of 798.26 Ha. When the lease became due for renewal in the year 2000, Lessee's application was rejected citing the A.P. Scheduled Areas Land Transfer Regulations, 1959, which specified that a lease lying in a scheduled reserve forest could be held only by persons belonging to Scheduled Tribes or a Government Instrumentality. Lessee approached (2000) the Government and the Government issued (March 2000) directions to APMDC to hold lease rights and permit Lessee to extract limestone for its captive consumption to manufacture cement. Accordingly, APMDC entered into an Agreement (August 2001) to allot the whole of the mining lease area in Rally Reserve Forest of Devapur Village on exclusive basis for mining, raising and captive consumption to Lessee.

Audit reviewed the Government orders and terms of agreement and observed that:

- Action of State Government/ APMDC in allotting mining rights to Lessee for mining and raising for captive consumption was irregular and in violation of A.P. Scheduled Areas Land Transfer Regulations 1959.
- No validity period of lease was indicated in the agreement, which is almost equivalent to handing over the mine outright to Lessee for unlimited period.

APMDC should have taken up the excavation works of limestone on its own through separate raising agreements and sold the quantity at prevailing market rates to Lessee.

⁴⁴ Based on cost of production, present sale value as per criteria adopted by GMDC and total reserves in Jerrela, Araku & Sapparla group of mines.

4.1.2.12 Fixing of nominal Escot Charges

Initially, nominal 'Escot charges'⁴⁵ at 75 paisa per tonne for production up to 16 lakh tonnes per annum (₹ 12 lakh per annum) and 50 paisa per tonne over and above 16 lakh tonnes of limestone was fixed. APMDC did not provide for any increase of Escot Charges during tenure of Agreement, which is detrimental to the financial interest of APMDC.

Realising the fact that Lessee was making profits by commercial exploitation of limestone mine, APMDC revised (May 2008) Escot Charges to an annual minimum fixed charge of ₹ two crore and a varying charge of ₹ 10 per MT produced over and above 20 lakh MT. Lessee paid revised Escot Charges at ₹ 10 per MT under protest and represented to APMDC as well as State Government to restore original rates of 75/50 paisa per MT and to return extra amount paid.

Later, in view of increase in commercial production and use of huge quantity of limestone in manufacturing cement by Lessee, APMDC approved (October 2010) increase of Escot Charges from ₹ 10 per MT to ₹ 90 per MT with effect from 1 November 2010. Lessee went in for arbitration. Subsequent to commencement of arbitration proceedings, APMDC decided (October 2011) to further examine rates of limestone for increase of Escot Charges which would have a reasonable stand. No further progress was made in this regard (December 2013).

Audit observed that APMDC had fixed Escot charges without any basis on the first and second occasions while on the third occasion raised them to ₹ 90 per MT considering price of limestone declared by the Indian Bureau of Mines. Escot Charges which were now being paid at ₹ 10 per MT represents merely 0.40 *per cent* of net sales income of limestone unit⁴⁶ of Lessee and was not even equal to royalty paid to Government on quantity used for captive consumption at ₹ 63 per MT. Had the Escot Charges been fixed equal to royalty rate, APMDC would have earned an additional revenue of ₹ 2.08 crore (3,92,000 MT x ₹ 53) in 2011-12 and ₹ 2.39 crore (4,50,000 MTs x ₹ 53) in 2012-13 and would have continued to earn more income during subsequent years also.

Beach Sand Heavy Minerals

Andhra Pradesh has a long coastline of about 960 km and is endowed with large reserves of beach sand heavy minerals like ilmenite, rutile, zircon, monazite, garnet, sillimanite, etc.

4.1.2.13 Irregular allotment of mining lease violating Atomic Energy Rules

APMDC called for (March 2005) Expression of Interest (EoI) for mining lease of 26.10 sq. km in Srikakulam district and received 16 applications. One of the applicants (foreign origin), for both stretches, approached Government of

⁴⁵ The actual word 'Scot' means a share in a payment, a tax, levy.

⁴⁶ Net sales ₹ 1,393.28 crore in 2011-12 and Escot charges paid ₹ 4.50 crore worked out to 0.33 *per cent*.

Andhra Pradesh to allot the areas to them, citing their tie up with the world's major producers of Titanium in another foreign country.

The applicant submitted a revised proposal (April 2006) stating that they have selected another partner in tie-up instead of first foreign company to form a Joint Venture with APMDC for the purpose of establishing Titanium Project in Andhra Pradesh. Government of Andhra Pradesh entered into MOU (18 April 2006) with the new foreign company partner, who had provided tie up.

Audit scrutiny revealed the following:

- JV Company was formed and mining rights were shared with JV Company without obtaining licence from AERB under Rule 3 of Atomic Energy (Radiation and Protection) Rules 2004.
- Even after lapse of six years, there was no progress towards the objective of mining heavy beach mineral from beach sand. In the absence of termination clause in agreement, APMDC could not terminate the contract owing to which the agreement is still in force, blocking the stretches from mining activities (December 2013). Though review has to be done within a period of five years from the date of agreement, no such review was done (December 2013).

APMDC replied (May 2013) that license from Atomic Energy Regulatory Board (AERB) is to be obtained after the mining lease is granted by the State Government but prior to setting up Mineral Separation plants.

However, letter of approval for grant of mining lease received (1 February 2010) from Government of India stipulates that mining lease for beach sand shall not be granted unless a license is obtained from AERB.

4.1.2.14 Irregularities in entering in to Joint Venture with Private Partner for Beach Sand Mining

APMDC called for (August 2005) EoIs to establish mineral separation plant and value addition industry for processing ilmenite and other important minerals in Gara Mandal, Srikakulam District and 14 EoIs were received.

State Government (vide GO No. 204 dated 25 July 2006) constituted a High Power Committee (HPC)⁴⁷ to scrutinize and evaluate the EoIs and to recommend the JV Partner. The offers submitted by two firms viz. First Private Party⁴⁸ and Second Private Party were evaluated by the committee and First Private Party was selected as JV Partner. Audit scrutiny of the selection of First Private Party as JV partner revealed the following:

- In response to the invitation of EoI, in their application First Private Party indicated the year of establishment as 1989 whereas First Private Party was a partnership firm of three individuals registered under Indian Partnership Act in April 2000. The HPC without verifying the status of

⁴⁷ High Power Committee consisting of Secretary to Government, Industries and Commerce Dept. as Chairman, Secretary to Government, Finance Dept., VC&MDs of APIIC and APMDC, Director of Mines and Geology as members.

⁴⁸ A partnership firm.

the applicants, selected First Private Party as JV Partner by accepting the incorrect information provided by them.

- The State Government has not framed any guidelines for state PSUs for entering into JVs with private partners.
- After it was selected as JV partner (Sep 2006), First Private Party requested (Nov 2006) APMDC for assigning additional area of 709.60 Ha to the already notified area of 768.26 Ha to the JV. APMDC agreed to the request and Government also agreed for assigning these additional areas without negotiating any additional compensation/ free equity for assigning additional areas resulting in undue benefit to partner.
- Partner was to offer free equity of 26 *per cent* in the Joint Venture Company as done by other JV companies established for beach sands. However, free equity was reduced to 11 *per cent* without justification. No papers were made available to audit relating to fixing of free equity as 11 *per cent*. Further, profitability of JV company depends to a large extent on the debt-equity ratio of project. APMDC would stand to benefit most with low debt level and high equity stake and equity amount. The Corporation failed in negotiating fair terms in respect of equity stake and the total equity to be contributed by the JV partner. The total equity contribution made by the JV Partners is only ₹ 8.90 lakh.
- The Law Department of State Government approved the agreement which did not have time limit; APMDC does not have any other option but to extend the lease period in case the JV Company opts for it. Providing option of renewal to one party and the obligation to extend on the other party indicates arbitrariness.
- In the absence of any clause in the agreement to restrict the JV partner from engaging in similar kind of business, APMDC could not take any action on the JV partner which had business interest in a company which was competing with JV company.
- There was no mention of inducting local partner in EoI, however, APMDC allowed JV partner to transfer 26 *per cent* of equity in the JV to a local Partner (whose earlier unsolicited direct proposal to APMDC was rejected during tendering process). Thus, allowing induction of local partner was irregular as it deprived other parties of similar opportunity.

State Government and APMDC need to review all aspects of the case since interests of State Government/ APMDC do not appear to have been safeguarded.

Iron Ore

4.1.2.15 Low Grade Iron Ore in Joint Venture with Private party

APMDC invited Expression of Interest (EoI) in April 2004 for grant of Mining Lease in Tanguturu and Ongole mandals of Prakasham district, from interested parties for mining of iron ore deposits and establishment of beneficiation plant for the production of iron ore concentrate under joint venture. APMDC

received EoI from five parties and sought commercial bids in prescribed format and four parties submitted their commercial offers in February 2005. The offer of a Private party was selected (March 2005) and an MOU was entered into on 4 March 2005.

The salient features of the MOU were that

- Private party being a promoter shall take necessary steps to form joint Venture Company by allotting 11 *per cent* equity to APMDC, within three months and should commence commercial production in 36 months. In the event of not doing so within the time limit the allotment would be terminated.
- JV Company shall pay Escot charges of ₹ 45 per MT of Iron Ore concentrate with a minimum guaranteed income of ₹ 1.13 crore per annum from the date of commercial operations.

JV was created (September 2005) for establishing a plant for beneficiation of iron ore with 11 *per cent* free ride equity shares to APMDC. Mining lease with surface rights was transferred in May 2009 to the partner and APMDC paid ₹ 42 lakh towards the Stamp Duty and Registration Fee on behalf of it. An agreement (July 2009) with JV partner was executed to form two separate JV Companies as Special Purpose Vehicles (SPVs), one for mining and the other for beneficiation plant. As such, in addition to first JV, another JV Company was formed (May 2009) for undertaking the mining of low grade iron ore with allotment of 51 *per cent* free ride equity shares to APMDC.

In this connection Audit observed that

- APMDC has transferred mining lease only in May 2009 that is after four years by which time the JV companies should have commenced commercial production.
- Even after three years of grant of mining licence the JV companies did not initiate action either to extract the mineral or to set up beneficiation plant till date (December 2013). As the land leased to JV company was lying without intended use for more than 4 years after transfer of mining lease rights, APMDC could not earn the expected revenue i.e. ₹ 4.48 crore (at ₹ 1.12 crore per year i.e., the minimum guaranteed amount). Even the performance guarantee of ₹ one crore was not forfeited.
- In addition the amount of ₹ 42 lakh incurred by APMDC on stamp duty for execution of mining lease deed was yet to be reimbursed by partner (December 2013).

In their reply, APMDC has not given any reason for the delay of more than four years in transferring the mining lease or termination of the agreement with JV Company. However, about reimbursement of the Stamp Duty and Registration Fee, APMDC stated that the partner requested for making the payment and after receipt of this amount, permission would be given to commence the mining operations.

Conclusion

- The promoter firms whose JV companies defaulted in payment of MFF were allotted subsequent leases. The process of selection of JV partners was not transparent. The consideration payable by the JV companies for mining of black galaxy granite was fixed at low rates. There was also delay in establishment of polishing units.
- There was loss of revenue due to fixation of low rate for C+D+Waste grade barites.
- MOUs for bauxite were entered into based on negotiations without following the process of EoI. The value of bauxite mines was understated. The price of bauxite to be supplied was fixed based on royalty without adopting the market price.
- Escot charges for limestone mining were fixed at nominal levels.
- The process of selection of JV partner for beach sand minerals was not transparent. Deficiencies like low free equity in JV, allotment of additional land without additional compensation etc., were noticed in the JV agreements. JV company was formed for mining ilmenite without obtaining license from the Atomic Energy Regulatory Board.

Recommendations

- *State Government should formulate guidelines for PSUs entering into joint venture agreements with private entities.*
- *Government/APMDC should consider terminating agreements to protect the financial interests of the State as per applicable rules and statutory provisions.*

4.2 Loss of revenue due to idling of prime office space

The Company, keeping its own prime office space vacant, shifted its office to rented building resulting in loss of revenue.

Andhra Pradesh Mineral Development Corporation Limited (Company) has its own office space admeasuring 15,920 Square Feet (Sft) at prime location in Hyderabad. Due to expansion of activities like Bauxite, Heavy Mineral Beach Sand, Coal Blocks, etc., the Company moved (January 2010) a proposal to renovate their office space to bring it up to corporate standards, at an estimated cost of ₹ two crore. Vice-Chairman & Managing Director (VC&MD) of the Company approved (March 2010) initially taking up important renovations at an estimated cost of ₹ 50 lakh, which it was noticed were not carried out but recorded reasons were not available. Company shifted its office to a rented building of Hyderabad Metro Water Works and Sewerage Board (HMWSSB) duly entering (September 2010) into an agreement with HMWSSB for 5 years at monthly rent of ₹ 5.25 lakh (15000 Sft at ₹ 35 per Sft) and incurred capital expenditure of ₹ 2.78 crore on internal works in the rented building. Further the Company entered into another agreement with HMWSSB, without Board's approval, in January 2013, for additional space of 4314 Sft at 4th floor in the same building.

It incurred ₹ 2.38 crore towards rent and maintenance charges till September 2013.

Audit observed that though the Board approved partial shifting of office, the Company shifted (February 2011) entire office to rented building leaving their own building located in prime commercial locality, unused for the last 3 years resulting in loss of rental income of ₹ 95.52 lakh (15,920 Sft at the rate of ₹ 20 per Sft⁴⁹ for 30 months) from March 2011 to September 2013.

Government replied (December 2013) that the Company decided to let out its own office building to Government organisations only. However, no concrete action was taken so far (December 2013) to rent out vacant building in prime locality.

Thus, keeping its own prime office space vacant for three years resulted in loss of revenue and shifting office to rented building, involving additional financial burden, lacked financial prudence.

Andhra Pradesh Trade Promotion Corporation Limited

4.3 Trade promotion and Logistics activities

4.3.1 Introduction

Andhra Pradesh State Export Import Corporation Limited, originally incorporated on 05 June 1970 under the Companies Act, 1956 was renamed as Andhra Pradesh State Trading Corporation Limited (APSTC) on 31 January 1972 and was converted into AP Trade Promotion Corporation Limited (APTPCL) with effect from 14 September 2007, to act as a catalyst in promoting trade, commerce and industry in the state. Its objectives were promoting, designing, developing and maintaining infrastructure facilities meant for trade promotion. For this, along with Trade Centers and Convention Centers, the Company had to develop and provide facilities like cargo handling, cold storage, warehousing and other trade related services.

4.3.2 Audit Findings

The Company undertook setting up of the following four logistic facilities during 2008 to 2013:

- Container Freight Station (CFS), Begumpet, Hyderabad;
- Logistic Facility, Visakhapatnam;
- CFS, Mamidipally, Hyderabad; and
- Common Aseptic Packaging Unit⁵⁰ (APU) for Mango pulp and developing an Agri Export Zone (AEZ) at Chittoor.

Audit of trade promotion activities, efficacy and effectiveness of the infrastructure facilities developed by the Company was conducted and the following observations are made.

⁴⁹ Offer received from one organisation

⁵⁰ **Aseptic processing** is the process by which a sterile (aseptic) product (typically food or pharmaceutical) is packaged in a sterile container in a way that maintains sterility.

Logistics Activity

The logistic facilities are common user facilities offering services for handling and temporary storage of import/ export containers (laden or empty) with or without custom bonding.

4.3.2.1 Conversion of Air Cargo Complex (ACC) into Container Freight Station (CFS) at Begumpet without assessment of feasibility

The Company had constructed (November 2005) Air Cargo Complex (ACC) at Begumpet Airport, Hyderabad on land leased from the Airports Authority of India (AAI) and commenced operations, but due to coming up of new international airport at Shamshabad (August 2007), it lost a major volume of its business at ACC. In order to utilize available facilities it decided to convert the ACC into CFS exclusively for Air Cargo without conducting any demand survey and without taking into account already existing facilities for cargo handling available at new international airport, Inland Container Depot at Sanathnagar and two CFSs at Patancheru and Kukatpally. Traffic restriction in the city, on movement of heavy vehicles during daytime, which affects delivery of cargo was ignored. Consequently volume of air cargo handled was minimal during the years 2008-13 resulting in loss of ₹ 3.28 crore during the same period.

The Company in order to reduce losses, awarded (October 2010) Operation & Maintenance (O&M) contract to a contractor, for a period of 15 years for an annual license fee of ₹ 11.20 lakh in the first year and royalty⁵¹ determined on profit after Tax. In addition, the contractor was to reimburse amount payable to AAI (lease rentals) and customs department (establishment expenditure) also. However, the Company failed to hand over CFS to contractor (October 2013).

Management replied (October 2013) that it was expected that on account of strategic location, CFS would become cost effective. It was further stated that CFS would be handed over to O&M Contractor.

However, considering locational advantage alone for establishment of CFS is not justified. O&M contract entered in December 2010 was also not made operational due to non-handing over of the facility, by December 2012, as scheduled.

Thus, conversion of ACC into CFS was a failure due to erroneous planning on the part of the Company that led to wasteful expenditure.

4.3.2.2 Non-utilization of Cold Storage Plant (CSP) at CFS Begumpet

The Company was operating (Agreement period 2001 to 2006) a Cold Storage Plant (CSP) at ACC, Begumpet, for which license fee at the rate of ₹ 91,000 per month was being paid to AAI. Even though volume of cargo handled

⁵¹ Royalty subject to minimum of ₹ 5 lakh during the first 5 years, ₹ 10 lakh for 6 to 10 years and ₹ 15 lakh for 11-15 years

therein was minimal⁵² giving negligible returns, the Company continued to operate the CSP even after expiry of its agreement in September 2006. Further, though there were no operations at CSP after closure of Begumpet Airport (2008), only in December 2011 did it finally request AAI to take over the CSP immediately, and requested to waive lease rentals from 1 April 2010, stopping payment of license fee from then on. However, CSP was not handed over so far (March 2013) to AAI due to dispute with AAI regarding area utilized by the Company.

Management replied (October 2013) that agreement was not extended as CSP was not viable and that CSP was retained for the benefit of trade and industry. It was further stated that AAI was being pursued not to charge lease rentals for CSP from 1 April 2010.

In view of low business, the Company ought to have surrendered the CSP on expiry of Agreement in September 2006 itself and thereby could have avoided payment of lease premium of ₹ 56.90 lakh (from 06 July 2006 to 06 April 2010), besides possible liability of payment of lease premium beyond April 2010 (₹ 33.02 lakh), which was as yet unsettled (November 2013).

4.3.2.3 Unfruitful expenditure due to idling of the Logistic facility constructed at a cost of ₹ 5.73 crore

The Company acquired (July 2009) 3.5 acres of land (cost ₹ 1.42 crore) from Andhra Pradesh Industrial Infrastructure Corporation (APIIC) at the Apparel Export Park (AEP), Visakhapatnam, for setting up of logistics facility at a cost of ₹ 8.55 crore. The construction works awarded (November/ December 2009/ August 2010) to four contractors at a cost of ₹ 4.44 crore commenced in December 2009 and were completed in April 2011 at a cost of ₹ 5.73 crore, of which ₹ 4.10 crore was released (June 2011/ June 2012) by the GoAP towards ASIDE⁵³ grant.

Though Company had invited bids for Operation and Maintenance (O&M) of the facilities in September 2010, actual award of O&M contract was held up till March 2012 due to non-settlement of land cost payable to APIIC. The O&M contract was finally awarded (April 2012) to a contractor for 15 years on payment of lease rent at ₹ 43.50 lakh per annum with an enhancement of five *per cent* each year besides royalty of ₹ 2 lakh every year. The allotted land could be registered in the name of the Company only in December 2012 when its cost was settled.

The Company requested (January 2013) Customs Authorities to notify the facility as a Bonded area and applied for power connection in February 2013 which was still pending (March 2013). The O&M contractor could not take possession of the facility due to these reasons and so far had not paid any lease rental to the Company (November 2013).

Audit observed that due to failure of Company to settle the land cost expeditiously and get custom notification/ power connection, logistics

⁵² Cargo handled from 2003-04 to 2006-07 ranged between 237 and 269 tonnes per annum as against estimated cargo of 1000 tonnes per annum.

⁵³ Assistance to States for Development of Infrastructure and Allied Activities.

facilities created at a cost of ₹ 5.73 crore had remained unproductive (November 2013).

Management replied (October 2013) that the facility would be handed over to Contractor on complying with conditions of contract on or before 15 November 2013.

4.3.2.4 Delay in completion of CFS, Mamidipally, depriving trading community of benefits

The Company decided (December 2008) to utilize 7.3 acres of land at Mamidipally near Shamshabad, Hyderabad, for creating a logistics facility for warehousing and submitted (February 2009) a project proposal of ₹ 16.43 crore to the Commissioner of Industries (CoI), GoAP, Hyderabad for approval and release of project cost under ASIDE scheme. The Company obtained approval (April 2009) of the Ministry of Commerce, GoI, for setting up a CFS at Mamidipally.

a) Delay in completion of construction: After inviting tenders (August 2009/ January 2010/ March 2010) for various works⁵⁴, for an aggregate contract value of ₹ 11.30 crore, works were awarded (October/November 2009, March/April/ May 2010) to 10 lowest bidders. It was observed that works were delayed for more than two years. Reasons for delays were stated to be incessant rains, encountering hard rock and cutting the rocks manually as blasting was prohibited, additional works undertaken, disputes with villagers during construction, non-clearance of site, delay in obtaining power supply etc. The facility was completed at a cost of ₹ 11.99 crore in April 2011.

b) Delay in handing over Container Freight Stations to O&M Contractor: Company after inviting tenders (November 2009/ October 2010) awarded O&M contract of the CFS to a contractor, who quoted lease rent of ₹ 65 lakh per annum for a period of 20 years with periodical annual enhancement. The Company issued Letter of Intent (June 2011). Letter of Award for O&M of CFS facility could not be given till February 2013 and the O&M contractor could not start their activities on account of non-possession / non-availability of the facility. The Concession Agreement has not yet been (March 2013) finalized, due to which the Company could not receive amounts as per terms of contract. Though the Company requested (July 2011) the Commissioner of customs to notify it as the custodian of CFS operating through O&M contractor, notification was not issued so far (March 2013).

Audit observed that

- Non-completion of works and non-issue of notification by the Customs Department resulted in idling of the facility created at a cost of ₹ 11.99 crore for 2 years.

⁵⁴ Construction of Admin Building, Security Room; Sub-Structure of Pre-Engineered Building (PEB) and Miscellaneous Works; 100 tonne Weigh Bridge, compound wall & miscellaneous civil works and provision of M-50 Cement Concrete paver blocks; supply and erection of Fire fighting equipment, installation of CCTV system, optical fibre cable and external electrification works.

- Company had to forego revenue of ₹ 1.14 crore⁵⁵ due to non-execution of concession agreement besides non-collection of success fee of ₹ 40 lakh and security deposit of ₹ 81.25 lakh (March 2013). Proper and comprehensive planning and monitoring of project execution could have avoided this loss.

Management replied (October 2013) that agreement with O&M contractor was entered into in August 2013 and that the facility would be taken over on or before 31 December 2013.

The fact remains that after completion of the construction, the facility remained idle without generating revenue as envisaged.

4.3.2.5 Delay in utilization of the facility constructed at a cost of ₹9.16 crore

In order to establish an 'Agri. Export Zone'⁵⁶ (AEZ), as per directives of GoAP, the Company acquired (September 2007) 13.76 acres of land in Chittoor District but could not make any progress in implementing the project till January 2010 due to failure of Joint Venture partner to mobilize equity contribution. The Company invited (February 2010) tenders for Design, Supply, Installation, Testing, commissioning and Training of the plant and machinery for setting up Aseptic Packing Unit (APU) for Mango pulp at Chittoor on Turnkey basis, as a part of AEZ project. Bids were evaluated (March 2010) and a contract company was awarded (March 2010) the work at a cost of ₹ 7.99 crore, to be completed by August 2010.

Audit observed that the contract company completed works by July 2011 with a delay of more than one year due to reasons of hard rock conditions, non-availability of ground water, delay in getting HT power connection, delay in getting permission from the Directorate of factories and boilers, etc., which are avoidable by proper planning and coordinated efforts.

The Company had, after inviting bids (September 2010), entered into agreement (July 2011) with a private O&M contractor, for operating APU for 10 years and developing rest of the land as AEZ investing ₹ 5 crore over a period of three years and for managing the AEZ for a period of 33 years. However, it was observed that the Plant was handed over to O&M contractor in July 2012, after a delay of one year due to dispute with construction contractor on issues of raw materials and other consumables used during trial runs.

Thus, due to avoidable delays in implementation of the project, the plant scheduled to be completed by August 2010 was not commissioned even during 2011 and 2012 mango seasons, delaying the availability of the facility and depriving packaging and marketing benefits to the processing industry.

Management replied (October 2013) that that the APU was run during mango season 2013. It was also stated that Contract Company was directed to forward

⁵⁵ Quarterly lease rentals of ₹ 16.25 lakh for 7 quarters from July 2011 to March 2013.

⁵⁶ Agri. Export Zone is meant for facilitating production, processing of fruits and vegetables in a contiguous area and sourcing the raw materials, their packaging leading to final exports.

detailed proposals for development of agri-projects and pay lease rentals due.

Lease and license premium remains unrealized and also the development of AEZ was not progressing as envisaged.

4.3.2.6 Trade Promotion Activities

The Company has planned (August 2011) to develop

- World-class venues with state-of-the-art facilities for International/National exhibitions, conferences, trade shows and corporate events in different cities of Andhra Pradesh; and comprehensive trade promotion facilities manned by professionals and offer services of high standards to members of trade and commerce.
- The Company recruited (June 2011) a Manager (Trade promotion) on contract basis, at a salary of ₹ 33,600 per month, to develop a knowledge base and tie up with trade Promotional organizations like India Trade Promotion Organisation (ITPO). Though the Board approved (September 2012) an Export Guidance & Documentation Cell (EGDC) and Computerised Trade Information Centre (CTIC), they are still in the process of establishment. It only participated in India International Trade Fair (IITF), New Delhi consecutively for four years (2009-12) and conducted Hyderabad Jewellery, Pearl & Gem fair at Hyderabad International Convention Centre (HICC) in partnership with a private company during 2010. No concrete proposals were formalized towards achievement of other Trade promotional activities.

4.3.2.7 Non-utilisation of land purchased for establishment of Trade Fair Centre at Kadapa

To meet its objective to establish Trade Fair Centres (TFCs), the Company selected (August 2007) YSR⁵⁷ district in first phase for development of TFC without any feasibility study. On request of the Company, the District Collector, YSR district allotted and handed over (December 2007) land admeasuring 20.01 acres and the Company paid ₹ 40.02 lakh (February 2010) towards cost of land.

Notice Inviting Tender was issued (September 2009) for obtaining Expression of Interest (EoI) for commercial exploitation of the land, which did not get proper response. Efforts to explore possibilities of development of the land by Government organizations like APIIC, APIDC, AP MARKFED etc. also did not evoke any response (March 2013).

Audit observed that the Company had not conducted any demand survey or feasibility study. The selection of location of TFC at YSR district was merely on the basis of location of the land abutting ring road connecting to National Highway and proximity to industrial area, which resulted in blocking of funds of ₹ 40.02 lakh on purchase of land.

Management replied (October 2013) that there were scant chances of developing the land into a trade fair centre as expected development did not

⁵⁷ Formerly Cuddapah/ Kadapa

take place. It was also stated that the Company would further explore the possibility of creation of a facility for use of trade and industry and make it viable.

The fact is that land acquired for creation of TFC was still idle without any concrete action for its development.

Conclusion

- Facilities established at a cost of ₹ 26.88 crore were not put to productive use due to lack of planning and proper synchronization;
- There were delays in land alienation, obtaining power connections and notifications from Customs Department;
- The Company's efforts in creation of trade promotional facilities suffered as the lone attempt to establish Trade Fair Centre at YSR district turned out to be a non-starter due to lack of proper planning/choice of location.

Southern Power Distribution Company of Andhra Pradesh Limited & Northern Power Distribution Company of Andhra Pradesh Limited

4.4 Implementation of High Voltage Distribution System

4.4.1 Introduction

Four Distribution Companies⁵⁸ (DISCOMs) in Andhra Pradesh decided (2004-06) to convert the existing Low Voltage Distribution System (LVDS), in rural areas, into High Voltage Distribution System (HVDS) to reduce the distribution losses.

Conversion of existing LVDS to HVDS included the following broad items viz., replacement of existing high capacity Distribution Transformers (DTRs of 50 KVA to 100 KVA) with low capacity DTRs (16 KVA and 25 KVA); conversion of existing 3 phase Low Tension (LT) line into 11KV High Tension (HT) line; laying of Aerial Bunched (AB) cables to prevent unauthorised tapping; etc.

The purpose of conversion of LVDS into HVDS was envisaged as – reduction of line losses, theft and DTR failures.

4.4.2 Audit findings

Audit of transactions relating to implementation of HVDS in two DISCOMs, viz. SPDCL and NPDCL (in Chittoor & Kadapa circles and in Karimnagar & Nizamabad circles, respectively) during 2006-13 (in two phases i.e., Phase-I: October 2005 to December 2012 and Phase-II: March 2007 to July 2013) was conducted to ascertain whether Detailed Project Reports (DPRs)/ estimates

⁵⁸Southern Power Distribution Company of Andhra Pradesh Limited (SPDCL); Northern Power Distribution Company of Andhra Pradesh Limited (NPDCL); Central Power Distribution Company of Andhra Pradesh Limited (CPDCL) and Eastern Power Distribution Company of Andhra Pradesh Limited (EPDCL).

were prepared based on field studies and economical market rates/cost data; and project execution was managed efficiently and economically with proper monitoring, and the following observation are made.

4.4.2.1 Deficiencies in DPRs

The details of project cost as per DPRs, loan sanctioned by REC and actual expenditure incurred there against are as given below:

Table 4.4

(₹ in crore)

Name of the DISCOM	Phase-I			Phase-II		
	Scheme Cost as per DPRs	Loan sanctioned by REC	Expenditure	Scheme Cost as per DPRs	Loan sanctioned by REC/Foreign Bank	Expenditure
SPDCL	349.72 (March 2005)	311.10	350.79	556.50 (August 2006)	556.50	565.53
NPDCL	61.85 (June 2005)	58.26	36.74	241.59	222.74	209.29
Total	411.57	369.36	387.53	798.09	779.24	774.82

Source: DPRs, REC loan sanction orders and progress reports of DISCOMs

A comparative position of quantities projected in the DPRs, quantities included in the bid documents and actually executed are detailed in **Annexure-4.1**.

- Before preparation of Phase-I DPR a detailed survey was not conducted by SPDCL, due to which there were variations between quantities projected in the DPR and those actually used. In SPDCL, conversion of LT to HT was less by 36.91 per cent in Phase I and 37.58 per cent in Phase II. Installation of 25 KVA DTRs was 101 and 243 per cent more than DPR projections, in Phase I and Phase-II, respectively, which indicates that the DPRs were not prepared with proper survey.
- In respect of Phase-II DPR, SPDCL got a limited pilot study conducted in five villages of Chittoor district through a Consultancy covering 568 pump sets under 37 DTRs, which was extrapolated to 1,10,549 agricultural services. This extrapolation resulted in non-identification of varying ground conditions of work field at different locations, which led to delay in execution.
- NPDCL projected 11,375 Nos. 16 KVA DTRs in Phase-II DPR, while the agreement was entered for erection of 18,280 DTRs, however, the actual installation was 16,442 DTRs which also indicates lack of initial field survey.
- Audit further observed that SPDCL & NPDCL planned to implement HVDS in 817 and 169 LT feeders respectively. However, SPDCL executed only 163 feeders under Phase-I against 261 awarded. Details of feeders executed in Phase-II against awarded 375 feeders were not provided to Audit. NPDCL completed 79 feeders out of 169 planned in both Phases. Thus, there was shortage in implementation of HVDS in LT feeders in both the DISCOMS.

The Government/SPDCL/NPDCL stated (November/ October 2013) that the

DPRs were prepared after conducting detailed survey by field officers. However, work of detailed route survey was included in the scope of work awarded to the contractors.

Deficiencies in Estimates

SPDCL indicated that estimate data for each item of work (HVDS) was prepared as per the rates of latest purchase orders, cost data of 2004-05 and Standard Schedule of Rates (SSR) 2006-07 of SPDCL. However, the following deficiencies and irregularities in preparation of estimates for the HVDS works were noticed.

4.4.2.2 Excess expenditure of ₹ 51.52 crore due to inflated estimated cost of DTRs

DTR is the most significant element of HVDS works and is about 63 per cent of the estimated cost of the works. Thus correct estimation of cost of DTR is essential to achieve economy in execution of HVDS works.

Audit observed that cost estimates were prepared by SPDCL at high rates of ₹ 77,308 and ₹ 58,130 for 25 & 16 KVA DTRs each, respectively, as against the rate of ₹ 52,488 and ₹ 38,477 each, as per purchase orders placed during the same period for their regular O&M works in the distribution network. This has resulted in additional financial burden of ₹ 44.87 crore on supply of 61,656 Nos. 25 & 16 KVA DTRs under Phase-II works (after adjusting tender percentage).

The Government/SPDCL stated (November 2013) that cost as per IEEMA⁵⁹ rate was directly considered in order to avert calculation of price variation while arranging payment. However price of DTRs could increase/ decrease in future and could be dealt as per applicable provisions on actual supplies, instead of inflating cost estimates for future increase.

Similarly, for Phase-I works, NPDCL adopted ₹ 59,696 for each 25 KVA DTR being the estimated rate of SPDCL, while its own purchase cost during the same period was ₹ 36,806. This has resulted in excess expenditure of ₹ 6.65 crore being the differential rates on supply and erection of 2,906 DTRs.

The Government/NPDCL stated (November/ October 2013) that the DTR rates of SPDCL were adopted instead of the purchase order rates existing at that time. However company should have adopted their own purchase rate of DTR for HVDS works.

4.4.2.3 Execution of the Scheme

SPDCL divided the HVDS works into 26 schemes in respect of Chittoor and Kadapa Districts. After inviting open tenders, the works were awarded to 13 contractors under 27 agreements during the period from October 2005 to August 2007 at total aggregate contract value of ₹ 894.70 crore (Phase-I: ₹ 354.13 crore and Phase-II: ₹ 540.57 crore).

⁵⁹Indian Electrical & Electronics Manufacturers Association

APNPDCL divided the works into 16 schemes in Karimnagar and Nizamabad Districts. After inviting open tenders, the works were awarded to 9 contractors under 15 agreements during March 2006 to May 2007 at total aggregate value of ₹ 255.40 crore (Phase-I: ₹ 36.84 crore and Phase-II: ₹ 218.56 crore).

As per the terms of the contract all the works were to be completed within 12 months from the date of award. However, Audit observed that the contractors actually completed the works with delay (including extensions) ranging from 5 to 42 months (SPDCL) and 43 to 69 months (NPDCL) as per the details in **Annexure-4.2**. Both DISCOMs accorded extensions against each agreement, sometimes up to 10 times.

The Government/SPDCL/NPDCL stated (November/ October 2013) that extension were accorded due to seasonal problems, field conditions and objections by farmers to carry out work in the fields with standing crops.

These are routine and seasonal problems inherent in line works, which could have been overcome had the works been properly planned/ monitored to be executed during non-crop/ non-seasonal period.

4.4.2.4 Price variation claims (PVC)

As per the terms of the Purchase Manual of APTRANSCO adopted by DISCOMs, in case of variable prices 'the bidders would be informed that the price variation would be on the basic price of raw materials only and price variation would be regulated as per the scheduled delivery/ actual delivery whichever is less'. However, Audit observed that the bid condition did not contain any provisions in this regard and there were no recorded reasons for the deviation from the Manual provisions.

Price variation allowed beyond scheduled execution period: SPDCL paid an amount of ₹ 65.64 crore to the contractors towards price variation claims on DTRs as per IEEMA variance formula throughout the contract execution period, even though majority of the DTR supplies took place after the original contractual schedule of 12 months. NPDCL also paid an amount of ₹ 20.48 crore towards price variation claims on DTRs supplied beyond scheduled date of completion.

DISCOMs' failure to include a suitable clause for restricting the Price variation claims to the contractual delivery schedule (in accordance with provisions of purchase manual) resulted in undue benefit of ₹ 86.12 crore to the contractors.

Price variation allowed on inadmissible items: Audit also observed that price variation was allowed on inadmissible items viz., manufacturing, administration and Profit elements and in excess of the ceiling limit of 30 per cent (upto 62 per cent).

The Government/SPDCL stated (November 2013) that there is no policy for limiting the price variation upto the material cost and for restricting the price variation to the upper limit, however the suggestion given by audit would be taken into consideration. However price variation would be on the base price of raw materials only subject to maximum ceiling of 30 per cent as per the

Purchase Manual.

The Government/NPDCL stated (November/ October 2013) that the IEEMA formula takes care of proportion of material cost only. But the fact remains that company admitted price variation on manufacturing, administrative expenses and profit elements also.

4.4.2.5 Excess payment of taxes and Duties in work bills

Audit scrutiny of work bills with reference to the terms of Agreement/ Purchase Manual relating to taxes and duties (Excise Duty (ED) and VAT on material) revealed that excess payments were made resulting in undue-benefit to contractors.

- Though Purchase Manual specified that either increase or decrease in rates of taxes and duties shall be to purchasers' account, a clause to this effect was not included in agreements. As a result, both the DISCOMs paid ED on material at an uniform rate of 16.32 *per cent* inspite of the fact that rates of ED decreased and ranged between 8.24 to 14.42 *per cent* during the execution period, resulting in avoidable excess expenditure of ₹ 40.71 crore. Thus failure to include proper clause has resulted in excess payment of ED.

The Government/ SPDCL stated (November 2013) that while entering into agreement the clause for ED did not specify whether the variations in the ED is applicable from time to time, hence the ED was allowed with the rate mentioned at the time of agreement.

Reply is an admission of non-incorporation of safeguarding clause in the Agreement.

- In SPDCL, agreements of Phase-I works specified that VAT at 4 *per cent* on the estimated rates will be paid extra. However, during the execution stage, Government revised the rate of VAT to 2.80 *per cent*. Audit observed that even after revision, the DISCOM continued to deduct VAT at 4 *per cent* from contractors and remitted it to the Sales Tax Department. Based on Contractors' objection to deduction at higher rate, SPDCL refunded the excess recovered tax portion of 1.20 *per cent* amounting to ₹ 4.25 crore, without obtaining refund of the same from the Sales Tax Department.

Thus failure to include necessary clause in the Bid Document in accordance with the provisions of Purchase Manual resulted in excess payment of VAT.

4.4.2.6 Short levy of liquidated damages

Management of both DISCOMs accorded extensions of time indiscriminately, against each agreement (extensions from two to 10 times) without any recorded justification for recommending them. Audit observed as under:

- Despite delays by contractors in completion of works, SPDCL levied ₹ 3.30 crore towards Liquidated Damages (LD) as against leviabale LD of ₹ 72.81 crore as per the terms of agreement (levy of LD for delay at 0.05 *per cent* on the estimated cost per day against prescribed milestone

subject to a maximum of 10 *per cent* of the Contract value). Further, LD of ₹ 2.86 crore in 16 cases was refunded to contractors after condoning the delays.

- In NPDCL, delay in execution of works ranged between 43 to 69 months. The company levied and deducted LD of ₹ 2.29 crore only against leviable LD of ₹ 18.47 crore.

Payment of price variation during the delay period, non-levy of LD at prescribed rate and refund of penalty in spite of inordinate delays in execution of turnkey works indicate absence of financial prudence and improper contract management.

The Government/SPDCL/NPDCL stated (November/ October 2013) that to save delay in execution of the work, the agreements were not short closed and the LD could not be imposed on the contractors.

4.4.2.7 Post bid amendment to pay mobilization advance

The Central Vigilance Commission (CVC) Guidelines (June 2004) on mobilization advance, *inter alia* stipulated that if advance is to be given, it should be expressly stated in the NIT/BID documents, indicating the amount, rate of interest and submission of Bank Guarantee of equivalent amount. The bid for Phase-II works of HVDS in NPDCL did not provide any clause for payment of mobilization advance. However, Audit observed that NPDCL decided (July 2007) to issue post bid amendment to the agreements with various contractors, enabling payment (September 2007) of 15 *per cent* mobilization advance. Accordingly, an amount of ₹ 12.29 crore was released (August 2007 to April 2008) as mobilization advance to nine contractors.

Further, in the amendment order interest clause was not mentioned. The CMD, NPDCL directed (December 2007) recovery of 25 *per cent* of the running bill amount towards adjustment of mobilization advance with REC rate of interest applicable from time to time.

The Board of Directors of NPDCL accorded approval (February 2008) to levy of interest on mobilization advance at 5.825 *per cent* i.e., half of the interest rate charged by REC (11.65 *per cent*). Audit observed that charging of interest at lower rate was detrimental to the financial interest of the company and resulted in undue financial benefit of ₹ 1.05 crore to the contractors.

The Government/ NPDCL stated (November/ October 2013) that mobilization advance clause was not stipulated in the tender document of HVDS works as the tenders were floated in May 2006 i.e., prior to issue of CVC guidelines in April 2007. Further the Board of Directors of NPDCL took the decision to pay mobilization advance to contractors in order to mobilize more workers and speed up the works.

But CVC guidelines existed prior to floating tenders of HVDS works (June 2004).

4.4.2.8 Non-submission of closure proposals to REC

NPDCL had not submitted the closure reports as it did not obtain work

completion certificates and final payment bills are still pending (December 2013).

4.4.2.9 Additional interest burden due to increase in rates of interest

Audit observed that due to delay in execution of works DISCOMs could not adhere to REC Loan drawal schedules. As per the REC Loan sanction terms, the rates of interest for repayment of loan would be those prevailing at the time of first tranche drawal of that instalment. The interest rates prevailing during REC permitted execution period (24 months), ranged from 8.75 to 10.75 *per cent* (Phase-I) and 9.6 to 10.4 *per cent* (Phase-II), whereas the same increased subsequently and ranged from 11 to 14 *per cent* (Phase-I) and 10.75 to 12 *per cent* (Phase-II) during the delayed period of execution. DISCOMs had to bear the additional interest burden of ₹ 11.50 crore (SPDCL - Phase-I: ₹ 5.06 crore + Phase-II ₹ 6.44 crore) and ₹ 8.24 crore in APNPDCL (Phase-I - ₹ 1.15 crore + Phase II - ₹ 7.09 crore) over the loan repayment period of 10 years due to fluctuation of interest rates.

Timely execution of works could have avoided the additional interest burden.

4.4.2.10 Excess payment of interest on foreign bank loan by SPDCL

A loan of ₹ 556.50 crore was sanctioned by a foreign bank (August 2006) to SPDCL through REC. As per terms and conditions of the loan, foreign bank would provide finance for only cost of material and erection, all other expenditure (general and administrative expenses and taxes and duties) would be financed by REC. Out of the total sanctioned loan of ₹ 556.50 crore, ₹ 418.00 crore was foreign bank portion and ₹ 138.50 crore was REC portion. foreign bank loans carry interest rate of 9.25 *per cent* and REC loans carry 9.75 *per cent*, which is subject to revision.

Audit observed that REC was charging interest rate ranging between 9.6 and 13.5 *per cent* on the entire loan, instead of charging 9.25 *per cent* for foreign bank portion and 9.75 *per cent* for REC portion, which was paid as per demand without verifying the correctness of applicable rate of interest. This resulted in excess payment of interest of ₹ 15.81 crore⁶⁰.

Conclusion

- The DPRs were found deficient and not based on realistic data obtained through proper baseline survey, resulting in variance between estimated and actual quantities, abnormal delays and shortfall in conversion of planned feeders.
- Estimates were not economical due to inflated cost of DTRs, which resulted in additional financial burden to DISCOMs.
- Non-stipulation of a Bid clause restricting payment of Price Variation Claims (PVC) to the scheduled delivery period, payment of PVC on

⁶⁰ Worked out by Audit, being the differential rate between 9.25 *per cent*(applicable) and 9.6 to 13.5 *per cent*(actually paid) on foreign bank portion of loan for the period from April 2008 to February 2013.

ineligible components and without stipulated ceiling limit resulted in undue benefit to contractors and avoidable expenditure to DISCOMs.

- Excess payment was made to contractors towards Excise Duty and VAT.
- Indiscriminate time extensions were accorded to contractors and LD was not levied as per the provisions of agreement.
- While Post-bid amendment to pay mobilization advance vitiated bid process, levy of interest on mobilisation advance at half the borrowing cost lacked justification with undue benefit to contractors.
- Delay in execution of works and consequent slippage in loan draws resulted in payment of interest at higher rates.

Recommendations

The DISCOMs should ensure

- *effective detailed survey before preparation of DPRs;*
- *preparation of estimates based on available economic rates;*
- *inclusion of enabling clauses in the Bids to safeguard financial interest with regard to interest on advance, Price Variation and various taxes and duties.*

Central Power Distribution Company of Andhra Pradesh Limited

4.5 Avoidable excess payment of ₹6.17 crore towards Excise Duty

Due to non-adherence to the purchase manual conditions in respect of HVDS phase III bids, CPDCL incurred expenditure of ₹ 6.17 crore, in excess of actual, towards excise duty with corresponding undue enrichment of the contractors.

In order to convert the Low Voltage Distribution System in five districts⁶¹, into High Voltage Distribution System (HVDS), Central Power Distribution Company of Andhra Pradesh Limited (CPDCL/Company) entered into five contracts during 2008-09 and 2009-10 for HVDS Phase-III works on turnkey basis for an aggregate value of ₹ 250 crore (₹ 50 crore each). The scope of works *inter alia* included supply and erection of 16 & 25 KVA Distribution Transformers (DTRs), Pre-stressed Cement Concrete (PSCC) Poles, AAA conductors, etc.

As per the Provisions of Purchase Manual of CPDCL, payment of taxes and duties will be regulated as per actual paid, subject to a maximum of what is quoted by the bidder. Any variation in taxes and duties or new levies introduced after signing of the contract and during the delivery period will be to the account of purchaser.

⁶¹ i) Kurnool; ii) Medak; iii) Mahabubnagar; iv) Nalgonda; and v) Rangareddy.

The Company, contrary to its own purchase manual provision, framed the following bid conditions relating to 'Bid Prices' without recording reasons for such deviations:

- All duties, taxes and other levies payable by the contractor under the contract, or for any other cause are included in the estimated prices. The bidder shall verify the correctness and quote his price.
- Any variations in the taxes & duties during the contract period will be borne by the bidder.

Audit observed further that the Company had not included any clause in the bid documents, to ascertain the actual payments of the taxes made by the contractor.

Audit observed that the Excise Duty on DTRs and other material decreased from 14 *per cent* (March 2008) to 10 *per cent* (with effect from December 2008) and further reduced to 8 *per cent* (with effect from February 2009) and increased to 10 *per cent* (with effect from February 2010). However, the Company paid the contractors claims at 14 *per cent*, resulting in excess expenditure of ₹ 6.17 crore during 2009-12 and undue enrichment of the contractor to that extent.

The Government replied (December 2013) taxes and duties component is kept constant in order to avoid additional payments over and above the scheme cost and increase in taxes and duties cannot be foreseen, but did not give any reasons/ justification for deviating from the Purchase Manual conditions.

But increase in statutory levies cannot be treated as additional expenditure and reimbursement to the contractor should have been made on actuals.

Thus, due to non-adherence to the Purchase Manual conditions in respect of HVDS phase III bids CPDCL incurred avoidable excess expenditure of ₹ 6.17 crore towards excise duty with corresponding undue enrichment of the contractors by the same amount.

Andhra Pradesh Power Generation Corporation Limited

4.6 *Expansion/ Construction of Thermal Power Generating Units*

4.6.1 *Introduction*

Andhra Pradesh Power Generation Corporation Limited (GENCO) is wholly owned Government Company engaged in generation of power in the state. GENCO set up (March 2006) a Subsidiary company named as Andhra Pradesh Power Development Company Limited (APPDCL) for development of Coal based Super Critical Thermal Power Station near Krishnapatnam in Nellore Dist (2 X 800 MW). GENCO held 51 *per cent* equity of APPDCL remaining 49 *per cent* is contributed by four distribution companies of AP (DISCOMs) and Government of AP.

National Electricity Policy (NEP), February 2005, envisaged that power

demand should be met fully by 2012, energy and peaking shortages⁶² should be overcome, adequate spinning reserve⁶³ be made available and per capita availability of electricity⁶⁴ to be increased to over 1000 units by 2012.

4.6.2 Audit findings

Audit of execution, of two⁶⁵ out of five completed/ commissioned projects and four⁶⁶ ongoing projects, during the period 2008-13, was conducted to assess whether planning for capacity addition of thermal units was done keeping in view power shortages in the State; tendering processes were followed and works awarded as per specifications, terms and conditions of contracts in a transparent manner; and execution and monitoring was done economically, efficiently and effectively. The following observations are made.

4.6.2.1 Shortfall in meeting peak demand

Data of Peak demand⁶⁷, peak demand met and actual generation including share of GENCO for last five years is as follows:

Table 4.5 Statement of peak demand from 2008-09 to 2012-13

Year	Peak Demand (MW)	Peak demand met (MW)	Shortfall (MW)	Actual generation (MU)		
				GENCO	Others	Total
2008-09	10866	9997	869	31111 (46)	36511	67622
2009-10	12010	10880	1130	29691 (40)	45168	74859
2010-11	12734	11829	905	34749 (45)	43152	77901
2011-12	14361	11972	2389	39237 (46)	46631	85868
2012-13	14736	11630	3106	38040 (46)	45088	83128

Source: Information furnished by GENCO MU: Million Units; MW: Mega Watts
Figures in brackets indicate percentage of total generation.

Above data indicates that shortfall in meeting peak demand increased from 869 MW in 2008-09 to 3106 MW in 2012-13, leading to power shortage. Further, share of GENCO out of total generation remained stagnant between 40 to 46 per cent. Due to delay in commissioning of completed projects and implementation of ongoing projects, the State was compelled to purchase power from open market at higher cost.

Planning

4.6.2.2 Preparation of DPRs and obtaining approvals

Main objective of NEP was to meet power demand by 2012, State Electricity Plan was required to be prepared (December 2006) by Transmission Corporation of Andhra Pradesh Limited (TRANSCO) and approved by AP

⁶² Peaking shortage is defined as shortfall in generation capacity during the time when the electricity consumption is at the maximum.

⁶³ The **spinning reserve** is the extra generating capacity that is available by increasing the power output of generators that are already connected to the power system.

⁶⁴ Per household, per annum.

⁶⁵ Kothagudem Thermal Power Station (KTPS) Unit 11: 500MW; Rayalaseema Thermal Power Plant (RTPP) Unit 5: 210 MW.

⁶⁶ Kakatiya Thermal Power Project (KTPP) Unit 2: 600 MW, RTPP Unit 6: 600 MW, Sri Damodaram Sanjeevaiah Thermal Power Station (SDSTPS) - Krishnapatnam Unit 1 & 2: 800 MW each.

⁶⁷ The term **peak demand** refers to the highest amount of electricity being consumed at any one point in time across the entire net work system.

Electricity Regulatory Commission (APERC). However, as plan was not finalized so far (December 2013), GENCO planned for capacity addition of thermal units on *ad-hoc* basis.

Government of India and State Government have established policy and regulatory frameworks for setting up of electricity generation stations and accordingly certain permits and clearances (statutory and non-statutory) are required to be obtained from different Government and Statutory Agencies at various stages of development phase of the project.

Audit observed that there were delays in obtaining statutory clearances such as clearance from MoE&F (KTPP – Unit 2), Ministry of Coal, AP Pollution Control Board (KTPS – Unit 11, KTPP – Unit 2 and RTPP – Unit 6) etc. at various stages of development phase, which also contributed to time and cost overruns and ultimate delay in achievement of Commercial Operation Date (COD).

As against 4,720 MW of energy capacity planned to be added through thermal power projects during 11th Five Year State Plan (2007-12) only 2130⁶⁸ MW was added. Further, 9,382 MW of thermal capacity was proposed to be added during 12th Five Year State Plan (2012-17) by GENCO (800 MW was to be added in first year i.e., 2012-13). GENCO could not add any thermal capacity during 2012-13 as Krishnapatnam (Unit 1) project was not completed in time. Details of Plan-wise proposed, completed and ongoing thermal projects are given in **Annexure – 4.3**.

4.6.2.3 Funding of construction/ expansion projects

As per financial structure indicated in DPRs, projects were proposed to be financed by loan and equity of 80 and 20 *per cent* respectively. Loan capital of 80 *per cent* would be financed from Power Finance Corporation (PFC), REC (Rural Electrification Corporation) and Scheduled banks as follows:

Table 4.6: Project-wise details of cost, loan and equity mobilized by GENCO

(₹ in crore)

Name of Unit	Estimated/ Revised cost	Loan		Equity		
		PFC/REC	Scheduled Banks	Required	Internal	Bank Loan
KTPS/Unit 11	2801.00	1762.00	462.45	560.20	331.91	200.00
RTPP/Unit 5	1322.00	796.80	200.00	264.40	238.45	0.00
RTPP/Unit 6	3028.86	2423.00	0.00	605.77	122.77	0.00
KTPP/Unit 2	3652.51	2170.00	500	593.73	224.22	0.00
SDSTPS/Unit 1 & 2	10450.00	6868.52	1827.48 [#]	2090.00	1458.90	0.00
Total	21254.37	14020.32	2989.93	4114.10	2376.25	200.00

Source: Information furnished by GENCO

[#]Externally Aided Project loan from foreign bank, Germany

It could be seen that GENCO availed loan from PFC/REC/Scheduled banks. However, with regard to equity requirement amounting to ₹ 4,114.10 crore, GENCO could mobilize only ₹ 2,376.25 crore (58 *per cent*) till end of March 2013, out of which the State government contributed ₹ 80 crore; DISCOMs contributed ₹ 594.06 crore in SDSTPS and GENCO could invest ₹ 1,702.19

⁶⁸ Including RTPP Stage-II Unit-3(210 MW) of 10th Plan commissioned in August 2007

crore from internal resources.

Audit observed that while State government contribution to the equity was less, GENCO could not mobilise equity from internal sources as envisaged and had to go for more borrowings with consequent higher interest burden.

GENCO replied (October 2013) that the GoAP did not allocate any equity for new projects as a result GENCO has to meet equity through borrowing from Scheduled banks/ internal resources.

4.6.2.4 Awarding and Execution of Projects

Works of a thermal generation project include Boiler, Turbine and Generator (BTG) works comprising design, engineering, manufacturing, supply and erection of manufactured main equipment; Balance of Plant (BOP) works comprising Civil works, Mechanical viz., Coal/ Ash/ Fuel oil handling systems; water treatment plant/system; cooling towers, etc., Electrical viz., switchyard, transformers, cabling/ lighting system, etc., Instrumentation & Controls viz., Communication system, control panels, Uninterrupted power supplies, etc.

In view of huge expenditure and critical technology involved in establishing power plants, it is desirable to award the works on International Competitive Bidding (ICB) route to have transparency and competitive offers. GENCO, however, had not followed ICB route except in SDSTPS on the ground that ICB route requires a lot of time for preparation of tender documents and finalization of contracts (it was contemplated that ICB may take about 9 to 10 months), instead it followed negotiated route with BHEL.

GENCO awarded BTG works of four projects to BHEL on negotiated route (two completed projects: KTPS - Unit 11 and RTPP - Unit 5; two ongoing projects: RTPP- Unit 6 and KTPP- Unit 2). Audit observed that even though the main reason for not following ICB route was to save the time and cost, in contracts finalised through negotiated route also there were abnormal delays which ultimately resulted in time and cost overrun, defeating main objective of reduction of costs and saving time as discussed in subsequent paragraphs.

4.6.2.5 Time overrun

The details of Purchase Orders (POs) placed, scheduled date of completion, actual date of completion in respect of completed projects and progress achieved in respect of ongoing projects are given in **Annexure – 4.4**

It can be seen from Annexure – 4.4 that both completed projects (KTPS – Unit 11 and RTPP – Unit 5) did not achieve Commercial Operation Date (COD) as per schedule resulting in time overrun of 17 and 15½ months, respectively. Main reasons attributed for delay in execution of project works were

- Delays by BHEL in supply of equipment and rectification of defects in equipment supplied;
- Delays by BOP contractor in completion of mechanical and civil works;
- Delays in providing work fronts by GENCO.

- In respect of KTPS Unit 11 GENCO awarded BOP works to a contractor in March 2008 i.e., after 13 months after award of contract for BTG to BHEL due to delay in finalization of technical consultancy contract. This gap as against CEA norm of six months from zero date⁶⁹ contributed to delay in completion of the project.
- Lack of adequate monitoring at top management level and non-adherence of schedules/ milestones as per DPR/PO conditions at Unit level.
- In case of BTG works of KTPS – Unit 11, only ₹17.47 crore out of ₹ 108.72 crore of Liquidated Damages (LD) leviable, was recovered from BHEL and balance of ₹ 91.25 crore was not recovered.

GENCO replied (October 2013) that delay was due to shortage of skilled/unskilled manpower consequent to overloading of contractors, BHEL was also overloaded with many orders, incessant rains and local disturbances.

The reply is very general. Since works were awarded to BHEL/ contractors considering their capabilities to execute such works, with an objective to achieve intended COD within scheduled time. GENCO should have ensured timely execution of works by various contractors in accordance with agreement conditions.

Delays in completion of ongoing projects

GENCO awarded (September 2008 to December 2010) four thermal projects of 2800 MW capacity namely RTPP-Unit 6, SDSTPS unit 1 & 2 and KTPP-Unit 2. Construction works of all the four units were however delayed due to which three units which were to be already commissioned (except RTPP - Unit 6) by January 2013 were still under construction as discussed below.

(a) *Delay in completion of KTPP/UNIT 2 due to belated award of BOP contract*

- BOP contract was awarded with a delay of 16 months (November 2010) as against CEA norm of within 6 months from Zero date (January 2009)
- BOP works are in slow progress due to insufficient deployment of manpower by BOP contractor and shortage of good quality sand.
- Though 223 hectares (ha) of existing land, where infrastructure facilities were available was planned and identified as against required land of 263 ha, balance 40 ha land for Coal Conveyor from Tadicherla coal block (Captive mining) is yet to be acquired.

GENCO replied (October 2013) that due to litigation there was delay in placing BOP order, which affected overall project schedule. It was also replied that civil works were delayed *inter alia* due to lack of proper planning and insufficient deployment of manpower and materials by BOP contractor. However, the fact remains that contractor was selected based on capabilities to carry out such projects.

⁶⁹Zero date is either date of payment of advance to contractor or date of handing over site to contractor or date of issue of Letter of Intent, as the case may be.

Availability of total required land is a prerequisite for grounding project works. Failure to ensure the same also led to delays in implementation in above case.

(b) Delay in completion of SDSTPS (800 MW x 2) project at Krishnapatnam due to inadequate pre project site investigation

APPDCL took up Mega Thermal Power Project at Krishnapatnam (unit 1 and 2) with an estimated project cost of ₹ 8,432 crore, which was subsequently revised to ₹ 10,450 crore (August 2012). Tenders were called on ICB basis for three major packages, viz; Boiler, Turbine Generator and BOP packages and works were awarded to BHEL and two private contractors respectively, to be completed by August 2012 and February 2013 (Unit 1 and 2). However all three contract companies have delayed their respective works, due to which scheduled completion dates were revised twice⁷⁰.

Reasons for delay were attributed to -

- Delay in supply and commissioning of major equipment and finalizing designs of Boiler and related equipment by BHEL.
- Poor site specific soil conditions resulting in increase of number of piles and depth of piles, which has taken more time for designing of structure like Chimney, TG foundations, etc.
- Change in location of Ash Pond, to avoid contamination of water.
- Delay in exchange of inputs among main contractors
- Above indicate deficient pre-project site investigations and lack of effective project monitoring.

(c) Delay in completion of RTPP/UNIT 6 due to delay in land acquisition

Even after three years after placing POs, works were still under execution/ initial stage (50.87 and 22.15 *per cent* completion of BTG and BOP works, respectively). For this unit, GENCO had planned to acquire 595.38 acres⁷¹ of land out of which 348.22 acres was acquired (November 2010) and remaining 247.16 acres is still to be acquired (December 2013).

GENCO replied (October 2013) that civil works were delayed due to non-availability of inputs/ design changes from BHEL, delay in providing work fronts, agitation/ disturbances, etc.

However, these are incidental to any project and GENCO failed to overcome these routine obstacles due to lack of proper plan and monitoring. Further, out of four thermal units which were under construction, only KTRP Unit 2 comes under Region affected by disturbances.

Regarding land acquisition GENCO replied (October 2013) that Dharakastpatta (DKT) lands⁷² of 104.14 acres required for RTPP are under

⁷⁰Initially to March and June 2013 and subsequently to February and June 2014 for Unit 1 and 2, respectively.

⁷¹ Total land of 595.38 acres consist of Patta land: 358.87 acres; DKT land:142.31 acres and Government land 94.20 acres.

⁷² The lands being given on applications to the poor and downtrodden, who are landless at free of cost.

their control obtained by convincing farmers and made available to BOP contractor in March 2012. However, audit noticed that as per progress report of Civil Circle of December 2012, Revenue authorities were requested to prepare necessary acquisition proposals for DKT lands. In the absence of actual payment of required compensation and completion of formal acquisition process, contractor may not be able to commence construction work.

4.6.2.6 Cost overrun

For two completed projects (KTPS – Unit 11 and RTPP – Unit 5) the project cost of ₹ 3121.17 crore was revised to ₹ 4123.20 crore, with cost overrun of ₹ 1,002.03 crore, mainly due to increase in Interest During Construction (IDC - ₹ 363.25 crore), addition of new items (₹ 234.09 crore) apart from increase in Electrical & Mechanical works, civil works, establishment and administrative costs (₹ 404.93 crore).

Similarly in respect of ongoing project of SDSTPS, project cost increased by ₹ 2,018 crore mainly on account of increase in IDC (₹ 737 crore), exchange rate variation (₹ 529 crore), Taxes & duties (₹ 308 crore), etc.⁷³.

GENCO replied (October 2013) that there was revision of cost of the projects due to execution of works which were not originally envisaged, increase in interest rates, etc.

However, main contributors for cost overrun were IDC and cost escalations due to time overrun, which could have been avoided by timely comprehensive planning and better monitoring of the project works.

4.6.2.7 Avoidable purchase of expensive power from open market due to delayed commissioning of thermal units

Due to abnormal delays in completion of new thermal projects, GENCO could not generate power to the extent of 12,731 MU in respect of five thermal stations consisting of 5 units during 2009-10 to 2012-13.

In the Aggregate Revenue Requirement (ARR) proposals submitted to APERC, the DISCOMs project purchase of power from various Generators (GENCO, Central Generating Stations, Private Generators) and open market. As the quantum of power projected to be purchased from GENCO was based on planned generation, delay in completion of projects and consequent non availability of projected power from GENCO units compelled DISCOMs to

⁷³ Price Variation Claims (₹ 66 crore), Construction & Supervision Charges (₹ 87 crore), Sea Water Intake and Outfall system – new item (₹ 268 crore), External coal conveying System (₹ 81 crore), Township – new item (₹ 135 crore) and Land cost and Development Charges (₹ 40 crore), Transmission Lines (₹ 22 crore) and Initial Spares (₹ 255 crore).

purchase power from open market from different traders as indicated below.

Table 4.7: Details of market purchase of power by DISCOMs

Financial Year	Market purchases (MU)		Difference (MU)
	APERC approval	Actual	
2008-09	(-) 2.98	7881.18	7884.16
2009-10	0.00	4046.09	4046.09
2010-11	860.33	5169.54	4309.21
2011-12	1375.84	8846.10	7470.26
2012-13	13281.36	10714.39	-*
Total	-	-	23709.72

Source : Tariff Orders of APERC and information furnished by GENCO

*During 2012-13, Company did not exceed the APERC approval.

It can be seen that GENCO resorted to market purchases of 23709.72 MU power in excess of sanction by APERC during 2008-12.

Audit observed that market purchases were made at higher rates, which ranged between ₹ 4.49 and ₹ 6.95 per unit for the period 2009-12 and at ₹ 5.17 per unit during 2012-13 as compared to GENCO's cost of power ranging between ₹ 2.23 to ₹ 3.54 per unit during the same period. Extra expenditure on market purchases for delayed periods was passed on to consumers in the form of Fuel Surcharge Adjustment (FSA) by DISCOMs.

4.6.2.8 Allocation of captive coal block

GENCO was allotted (December 2005) Tadicherla 1 coal block (Karimnagar district) by Ministry of Coal for captive mining to be matched with commissioning of Unit 2 of KTPP (July 2012). As per original milestones, land acquisition was to be completed by December 2008 and coal production to be commenced by June 2009 in line with scheduled commissioning of KTPP Unit 2. Out of 2,318.66 acres of land required, GENCO acquired 2,113.44 acres of land and only 72.89 acres of assigned land and 132.33 acres of forest land remained un-acquired.

GENCO signed (August 2010) an MOU with SCCL for mining and agreed to provide access to coal block to SCCL within six months from date of signing MOU. However, access to SCCL was provided in November 2011, with a delay of nine months due to problems in land acquisition. SCCL revised the programme of mining operations which would commence by April 2013. However till date (December 2013) coal production has not started.

GENCO replied (October 2013) that all out efforts are being made for development of the coal block to match with commissioning of KTPP Unit 2.

However, draft feasibility report submitted by SCCL (June 2013) was not yet approved by GENCO (December 2013) and Environmental clearance is still awaited.

Conclusion

- There were abnormal delays in execution of projects due to deficient planning and project management with consequent time and cost overruns.
- There were cases of non-levy/ short levy of liquidated damages.
- As GENCO could not complete the projects as planned in DPRs, DISCOMs purchased expensive power from open market to tide over shortages.

Recommendations

- *Possibility of entrusting major works like boiler, turbine and generator to more than one agency by calling ICBs be explored;*
- *Land acquisition, all statutory clearances from forest and mining; ensuring availability of raw water, timely development of captive coal blocks should be done well before awarding contracts for supply and erection of plant and machinery to avoid delays and escalation of costs as well as timely completion of projects as planned;*
- *Put in place a mechanism for effective, efficient and timely completion of projects to avoid cost and time overrun.*

Southern Power Distribution Company of Andhra Pradesh Limited & Eastern Power Distribution Company of Andhra Pradesh Limited

4.7 *Information Technology Audit on High Tension billing systems*

4.7.1 *Introduction*

Electricity consumers are divided into two categories i.e. Low Tension⁷⁴(LT) consumers and High Tension⁷⁵(HT) consumers. Majority of HT consumers represent industries and commercial establishments. HT consumers are classified into various categories⁷⁶ as per the provisions of the Tariff Orders issued by Andhra Pradesh Electricity Regulatory Commission (APEREC) from time to time and are being billed through computerised billing applications. In view of the significance of the HT revenue in overall finances (comprising 50 *per cent*) of the distribution companies (DISCOMs) and complexity involved in the HT billing, IT audit of HT billing was taken up. As the two DISCOMs viz., Central Power Distribution Company of Andhra Pradesh Limited (APCPDCL) and Northern Power Distribution Company of Andhra Pradesh Limited (APNPDCL) were already covered by audit and results included in the Audit Report for the year ended 31 March 2007, IT audit of HT billing in

⁷⁴ Low Tension consumer means a consumer who is supplied electricity at a voltage up to 440 volts;

⁷⁵ High Tension consumer means a consumer who is supplied electricity at a voltage higher than 440 volts but not exceeding 33000 volts

⁷⁶Category IA (Industry-general), IB (Ferro Alloys), II (Others),III (Aviation Activity at Airports), IV A (Government lift irrigation schemes), IV B (Agricultural), IV C (Composite Water Supply schemes), V (railway traction) and VI (Townships and residential colonies), VII (Green Power), VIII (RESCOs) and IX (Temporary).

the remaining two DISCOMs viz., Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL⁷⁷) and Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL⁷⁸), have been taken up.

The HT revenue as percentage of total revenue during the last five years ranged from 38.11 *per cent* to 45.88 *per cent* in APSPDCL and from 55.70 *per cent* to 60.73 *per cent* in APEPDCL.

4.7.2 IT Organisational set up

General Manager (IT), who heads IT Organisation, directly reports to the Chairman & Managing Director in APSPDCL while in APEPDCL, reports to Chief General Manager (Operations). The Senior Accounts Officer (assisted by Junior Accounts Officers) at each circle office is responsible for billing the HT consumers in both the DISCOMs.

Apart from HT Billing, both the DISCOMs have implemented SAP –ERP with Finance & Controlling (FICO), Material Management (MM), Human Resources (HR) and Asset Management (AM) modules.

4.7.3 HT billing applications

HT billing was developed by erstwhile APSEB on SunOS (renamed later as Solaris) with Oracle 7.3 at the backend, SQL*Forms 3 at the front end and Pro*C as programming language.

APSPDCL

The DISCOM continued using the same legacy system for generation of bills of HT consumers. APSPDCL has opted (2009) to implement MBC (Metering, Billing, Collection) application offered by IT Implementing Agency (ITIA) selected by Ministry of Power for implementation of R-APDRP programme in Andhra Pradesh. The R-APDRP program plans to covers 32 towns which consist of 26 percent of the total HT consumers billed by the DISCOM. Thus remaining 74 *per cent* HT consumers will continue to be billed using legacy system. The MBC application is still under implementation.

APEPDCL

The DISCOM had switched over (March 2010) to a new billing application (Revenue Assurance System -RAS) offered by an IT Solutions firm (firm) for both HT and LT billing. An agreement was entered into with the firm for implementation of RAS application on a “Software as a Service” (SaaS) model under which ₹ 0.32 per service connection (i.e. per consumer – both LT & HT consumers) per billing month was payable for a period of three years from March 2010 to the firm by APEPDCL.

The RAS application is a Web based open architecture running on RED HAT Linux Enterprise version 5.2 Operating System with Jboss 4.2.2 application using Oracle 11g RAC environment as Database.

⁷⁷Chittoor, Nellore, Kadapa, Guntur, Ongole and Krishna Circles

⁷⁸Vishakhapatnam, Vizianagaram, Srikakulam, East Godavari and West Godavari Circles

RAS system consists of Metering, Billing, Collections, remittances and accounting activities pertaining to both LT and HT billing. HT billing module was an application with centralised processing at corporate office and decentralised data feeding at Circles offices. LT Billing module was a fully decentralised application with both data feeding and processing located at the numerous Electricity Revenue Offices (ERO) across the DISCOM.

4.7.4 Scope of Audit, Audit objectives, Audit Criteria and Audit Methodology

Billing data pertaining to the period from 2008-09 to 2012-13 for both DISCOMs were examined in audit during October 2012 to June 2013.

The HT billing databases of APSPDCL and of APEPDCL were analysed using CAATs⁷⁹. The results of queries on the databases were cross verified with physical records at Circle offices, to evaluate the adequacy of IT controls, to identify loss/leakage of revenue and to examine comprehensiveness of the System.

The objectives of Audit were to:

- Examine whether proper checks and controls were adhered to during acquisition and development of applications;
- Verify whether adequate operational controls exist at various stages of the System, to ensure Confidentiality, Integrity and Availability of information to all stakeholders;
- Examine whether business rules were properly mapped and all required functionalities provided in the billing applications, to ensure correct billing.

The audit criteria adopted for ensuring the achievement of audit objectives were:

- Provisions of Electricity Act, 2003;
- Retail Supply Tariff Orders, Regulations and Directives issued by APERC from time to time;
- General Terms and Conditions of Supply (GTCS) of Distribution and Retail Supply Licensees approved by APERC; and
- Comparison with other DISCOMs in the State.

The methodology adopted for attaining the audit objectives with reference to the audit criteria were:

- Examination of documents i.e. System Development, Agreement with the Contractor at APEPDCL;
- Test check of network vulnerabilities using utilities like NS Auditor in APSPDCL.

The audit findings were reported to the Management and the Government in

⁷⁹Computer Assisted Audit Techniques.

September 2013 and the replies of the Government were received in December 2013.

4.7.5 Audit Findings

The audit findings of the two DISCOMs with relevance to each of the audit objectives are discussed in the succeeding paragraphs. The findings of similar nature across the two DISCOMs are combined wherever feasible.

Acquisition and Development

An IT policy/ strategy is desirable for guidance in acquisition and development of new software and their integration with other existing software for improved decision-making.

4.7.5.1 Lack of formulated and documented IT policy

Both DISCOMs are utilising automated applications like HT billing, LT billing, SAP ERP etc. However, they are yet to formulate and document a formal IT policy and long/ medium-term IT strategy incorporating the time frame, key performance indicators and cost benefit analysis for developing and integrating these applications.

Both the DISCOMs replied that formulation of an IT policy / strategy is under process.

Design Issues

4.7.5.2 Duplication of work due to lack of integration between SAP and HT billing system

In APEPDCL, HT consumer accounts are maintained in both HT Billing system and the SAP ERP. Interface for transferring monthly demand data from HT billing system to SAP was created. However, interface was not created in APSPDCL between HT Billing system and SAP to transfer payments received from the consumers and journal entries (JEs) thereof and the same is being fed into the HT billing system and SAP ERP separately leading to duplication of work and wastage of several man-hours while leaving scope for variations in the data, thus affecting the integrity of the databases.

Management/ Government replied (December 2013) that proper integration/ interface between SAP and billing applications would be provided during development of a new billing application that has been proposed.

4.7.5.3 Undue advantage to an IT Solutions firm

The Board of Directors of APEPDCL decided (22 June 2011) to continue with RAS application till the finalization of MBC application under R-APDRP⁸⁰. Subsequently when MBC application was ready for implementation APEPDCL decided (30 March 2012) to continue with RAS instead of opting for the MBC solution. It was further decided to change the existing distributed

⁸⁰Restructured Accelerated Power Development and Reforms Programme under which funds (grant/loan) were provided to DISCOMs for implementing IT applications.

architecture of LT billing module of RAS to a centralized architecture.

Accordingly, a quote was obtained from the same firm, which was operating the RAS, for outright purchase and implementation of RAS on a centralized architecture. The firm after negotiations quoted ₹ 3.45 crore for software, ₹ 0.90 crore for implementation and AMC of 18 *per cent* on software cost.

The Board, however, decided (29 September 2012) to go for tender for implementing a new billing application. The only quote received was from the existing firm and agreement for implementation of the new billing system was entered with the firm for an amount of ₹ 8.30 crore on 23 January 2013 and the same is under implementation (September 2013).

In this regard, audit observed the following:

- In the tender document, the Company did not inform prospective bidders about the availability of Source code of the existing RAS application with the Company.
- The original offer of the firm was ₹ 4.35 crore which included ₹ 3.45 crore towards software cost. The DISCOM, however, already owned the software as per the agreement of March 2010. Thus DISCOM under this arrangement was required to only bear the additional cost of ₹0.90 crore towards its implementation.
- By entering into fresh agreement with the same firm for the same software DISCOM ended up incurring additional cost of ₹ 7.40 crore (i.e., ₹ 8.30 crore – ₹ 0.90 crore).

Management / Government replied (December 2013) that APEPDCL is not the owner of RAS HT application.

However, DISCOM had source code, for exclusive and unlimited use, provided by the firm as per the agreement of March 2010.

General Controls

Proper general controls ensure the integrity of the programs, data files and computer operations.

4.7.5.4 Data Integrity Issues

Change in tariff of HT consumers requires changes in master data table containing tariffs and changes in categories require changes to the HT Billing application. These changes are required to be documented, adequately tested and properly controlled to ensure the correctness and accuracy of billing.

4.7.5.5 Deficiencies in Master Data Changes

In APSPDCL, modifications made to both master data and the application to accommodate the changes in business rules were not documented. Further, a formal policy for authorising such changes and for testing their accuracy does not exist.

Management/ Government replied (December 2013) that sample bills are

verified by revenue wing before issue and that necessary modifications are done in co-ordination with HT revenue wing at Corporate Office.

Audit noted that though the changes were verified by IT wing using test data, the accuracy of the same was not ensured in the absence of concurrence from the Finance Wing/ Circles.

4.7.5.6 *Categorisation of a consumer under different categories for regular billing and R&C penalties simultaneously*

A HT consumer in APEPDCL was categorized as Category II for regular billing while the same consumer was categorized as Category I A for levy of R&C⁸¹ penalties during the billing month of February 2013, indicating maintenance of duplicate master data which may give scope for incorrect billing.

Management/ Government did not furnish reply.

4.7.5.7 *Master Data quality issues*

Queries on the data dump pertaining to October 2012 provided by APSPDCL revealed that the database contained invalid or inconsistent data pointing towards lack of validation checks and input controls as evident from the following:

- Contracted Maximum Demand (CMD) of a consumer, which is an essential element for the purpose of billing, was blank in one case resulting in excess levy of ₹ 0.90 lakh. This indicates inadequate control over completeness of master data.
- In 192 cases, “Date of commencement of supply” was prior to “Agreement date” ranging from 1 day to 43 years 7 months and 19 days which is inconsistent ;
- In respect of 36 HT consumers, address details were not available in the master table;
- In respect of 30 HT consumers, subdivision code was not filled in the master table;
- In the master table, in respect of 350 SCs, ‘specified KV’ was not filled in;
- In 541 SCs, specified KV did not match with Actual KV in the master table;
- Date of commencement of supply and date of agreement in respect of 73 SCs and 1402 SCs is respectively left blank in the master table;
- Likewise, analysis of data for the period April 2008 to September 2012 revealed that in 1,043 cases relating to 733 consumers, the Power Factor was recorded more than maximum possible Unity i.e., 1 and ranged from 1.01 to 20565.00;

⁸¹ Restriction & Control measures impose restriction on power consumption by HT consumers. If consumption exceeds allowed limit, penalties ranging from two to six times of normal tariff are leviable.

- The fields “bill issue date” and “bill due date” in the monthly bills were left blank in respect of 37,249 records.

Further, it was noticed that though the date of changes were being recorded the time was not being indicated.

Management/ Government replied (December 2013) that necessary action would be taken to incorporate validation checks and input controls in the proposed new software.

4.7.5.8 Lack of Backup Policy

It was noticed that both DISCOMs did not have an approved backup policy.

Management/ Government replied (December 2013) that backup strategy would, henceforth, be followed scrupulously.

4.7.5.9 Lack of ‘Business Continuity and Disaster Recovery Plan’

While APEPDCL had prepared a business continuity plan as part of ISO certification, it did not have a disaster recovery plan outlining identities of personnel and their roles/ responsibilities, plan/procedure to support such a critical IT system in the event of a failure. APSPDCL, however, neither had a business continuity nor a disaster recovery plan (BCDRP).

Management/ Government replied (December 2013) that steps would be taken to implement and document the disaster recovery plan.

Logical Access Controls

4.7.5.10 Outsourcing of critical activities

APEPDCL entrusted critical activities like system administration and database administration to contract personnel without defining and documenting roles and responsibilities and screening the third party personnel in violation of provisions of its Security Manual. Assignment of important tasks like System administration and Database Administration of critical business application, like RAS-HT to contract personnel, in the absence of adequate recording and monitoring of logs of System Administrator / DBA access makes RAS vulnerable to unauthorised changes.

Management/ Government replied (December 2013) that as activities of System administration and Database administration require special skills, DISCOM assigned the facility management services to third party agencies.

However, appropriate checks in terms of confidentiality agreement, generation and periodic review of access logs and onsite access control are to be built up.

4.7.5.11 Lack of maintenance of Audit Trails

DISCOMs did not enable any audit trails and logging of critical activities like changes to master data and transaction data thereby leaving no scope for verification of changes made or authorisation thereof. Risk is enhanced in APEPDCL where the system is outsourced.

Management/ Government replied (December 2013) that audit trails and activity logs will be maintained in the proposed HT billing system.

4.7.5.12 Weak User authentication

Passwords are used as a mechanism for user identification, authentication and non-repudiation. It was noticed that APSPDCL neither has password policy approved by competent authority nor has it imposed restrictions on password usage by users/ administrators. Therefore, there was a risk of unauthorized access and data modification that could not be traced. Further, there is no option in APSPDCL to change the password allotted to a user, thus forcing the user to use perpetually same password allotted by the administrator. In the event of a violation of security policy under a user ID, it would be difficult to fix responsibility. The same could have been avoided by requiring the user to change his password compulsorily, after logging in for the first time.

Management/ Government replied (December 2013) that password policy would be framed and enforced and password change option would be provided to users.

4.7.5.13 Lack of Confidentiality - Usage of single User ID by more than one person

It was noticed in APSPDCL that user IDs allotted to Senior Accounts Officers of Circles are being shared by section staff of the Circle concerned for various activities like feeding of meter readings, generation of bills etc. Sharing of privileges and perpetuation of same passwords increases the risk of unauthorised change and would lead to difficulty in locating it.

Management/ Government replied (December 2013) that additional user IDs are being created for miscellaneous transactions.

SOD violations

4.7.5.14 Lack of segregation of duties between Database Administrator and System Administrator

A clear Segregation of Duties (SoD) between a **Database administrator (DBA) and System administrator** is very important. Further, activities of these users must be logged and the log files must be preserved permanently to ensure confidentiality, integrity and availability of database. However, it was noticed that both responsibilities of System Administrator and DBA are being performed by a single official along with access to the Oracle super-user "SYS", thus giving complete access to the Database from back-end. This coupled with non-maintenance of logs and audit trail rendered the system vulnerable to unauthorized changes.

Management/ Government replied (December 2013) that the guidelines would be followed during the development of the new system.

Security Controls

Proper security controls are necessary to minimise security risks relating to IT Assets.

4.7.5.15 Network Security Issues

APSPDCL is still using TELNET protocol to connect to the server, which is not a secure protocol, thus providing scope for interception of the data including passwords.

Management/ Government replied (December 2013) that SSH protocol would be adopted by using open source terminal emulator application (PuTTY client).

4.7.5.16 Open ports-Risk of susceptibility to malware

A scan of the LAN of APSPDCL (using a software “Free IP tools”) revealed that vulnerable ports were open on the computers connected to the network, exposing the system to attacks of malware like viruses and worms and intrusion by hackers. These vulnerabilities coupled with unencrypted transfer of data by TELNET protocol exposed the entire system and data residing in the server at risk.

Management/ Government replied (December 2013) that action would be taken to close/ hide all unused ports both on end user systems and server, based on the recommendations of the IT Security consultants of APSPDCL.

4.7.5.17 Improper configuration of Access Control List

It was noticed that APSPDCL instead of configuring an Access Control List (ACL) of its Router and Firewall to restrict access to the server to the IP addresses allotted to the authorised users, had allowed access from any of the IP addresses on their Local Area Network (LAN). This coupled with unencrypted data transfer of the TELNET protocol, makes the system vulnerable to unauthorized access.

Management/ Government replied (December 2013) that ACL was modified to permit access to only circle level users. It was also replied that SSH protocol was adopted in place of TELNET.

Application Controls

Application controls ensure that input data is valid (input controls/ validation checks) and data is processed correctly (processing controls), calculations are accurate; process errors are logged and corrected in timely manner; and that sufficient audit trails were in place.

Non Mapping of Business rules

4.7.5.18 Failure to compare kWh and kVAh readings to ensure application of business rules

APSPDCL started billing its HT Consumers (3533 nos.) on kVAh basis since 2011-12. As per the norms, kVAh⁸² consumption should not be less than

⁸²Kilo Volt Ampere Hour. $kWh = kVAh * PF$. kVAh and kWh are equal when Power Factor =1. As PF reduces, consumption in kWh units also reduce thus resulting in lower realization to DISCOMs. Under kVAh tariff, DISCOMs get full amount irrespective of PF. The burden will be on the consumer to improve PF at his premises. kVAh represents the amount of power supplied while kWh represents the amount of power actually used by the Consumer.

kWh⁸³consumption. An analysis of the data dump for the month of October 2012 revealed that the kWh consumption was more than the kVAh consumption in case of 676 records of 476 HT consumers during the period from May 2011 to August 2012 indicating lack of proper input controls/validation checks. Failure of the system to ensure that the kWh readings are not more than kVAh readings resulted in short billing of ₹ 35.32 crore.

Management/ Government replied (December 2013) that consumption data of above cases is referred to field for verification and correction. Action will be initiated once the verification is completed.

4.7.5.19 Incorrect levy of low Power Factor surcharge

APERC provided for levy of low Power Factor (LPF) surcharge for consumers with PF less than 0.95 so as to ensure that the PF does not fall below threshold level. However, this rule was found to be incorrectly mapped leading to instances of wrong levy of LPF surcharge.

LPF surcharge of ₹ 0.53 lakh during the period 2009-10 and 2010-11 was short-levied by APEPDCL due to such mapping of rule.

Management/ Government replied (December 2013) that the shortfall will be collected from the consumers

4.7.5.20 Short levy of LPF surcharge

As per the provisions of tariff order 2008-09, LPF surcharge had to be levied on the actual energy consumed or on the minimum energy billed for that month, whichever is higher. However, failure to levy LPF surcharge on minimum billed energy in cases where actual energy consumed is less than the minimum energy billed, had resulted in short levy of ₹ 77.62 lakh in APEPDCL.

Management/ Government replied (December 2013) that the billing was carried out as per the clarification issued (15 November 1999) by APTRANSCO. However clarification was issued prior to APERC tariff order. The billing should have been carried out as per the tariff order.

4.7.5.21 Failure to levy LPF Surcharge and Customer Charges on RESCO consumer

APSPDCL started billing its HT Consumers on kVAh basis since 2011-12. However, RESCOs were continued to be billed under Kwh basis for which low power factor (LPF) surcharge was applicable. LPF surcharge was not levied on RESCO, Kuppam in APSPDCL as per the Tariff Order resulting in shortfall of ₹ 36.42 lakh for the period from December 2011 to February 2013.

Though RESCOs were classified as Consumers under a new HT Category – VIII from the year 2012-13, the customer charges were not levied on RESCO, Kuppam resulting in a shortfall of ₹ 0.14 lakh for the period April 2012 to March 2013. This indicated incorrect mapping of categories for levy of customer charges in the system.

⁸³Kilo Watt Hour.

Management/ Government replied (December 2013) that the demand has been raised for the shortfall.

4.7.5.22 Non adherence to APERC provisions in HT Billing system in APSPDCL

As per Regulation 5 of 2004 of APERC, Payments received from consumers have to be adjusted in order of priority of previous year arrears, Current year arrears, Current month bill respectively. In APSPDCL payments made by the consumers are not being adjusted in the order of priority.

Management/ Government replied (December 2013) that action is being taken to incorporate the same in new software being developed.

4.7.5.23 Incorrect billing of Ferro Alloy consumers

Tariff Order for the year 2009-10 stipulated that in the event of non-segregation of lights and fan loads in the factory premises by a HT category I (B) consumer i.e. Ferro Alloy Units, 15 per cent of the total energy consumption shall be billed at 440 paise per unit and the balance units shall be charged at the corresponding energy tariff under HT Category I (A). However, in two cases, the balance units were not billed at HT – IA category resulting in short billing of ₹ 20.17 lakh.

Management/ Government replied (December 2013) that demand has been raised for shortfall for the balance units.

4.7.5.24 Deficiencies in the criteria for computing LF Incentive

The DISCOMs, with the approval of APERC, introduced a scheme (2001-02) of allowing incentive (discount on tariff) for HT-I (A) consumers with Load Factor (LF) above a stipulated threshold limit which was 50 per cent for the tariff years 2006-07 to 2009-10. The incentive scheme was withdrawn from the tariff year 2010-11.

An analysis of incentives allowed to consumers during the period from April 2008 to March 2010 revealed the following discrepancies:

A scrutiny of database, in APSPDCL, revealed that contrary to the scheme, incentive amounting to ₹ 4.77 lakh (August 2010) was allowed to one consumer other than HT Category I-A, who was otherwise not eligible for such incentives.

Management/ Government replied (December 2013) that the incentive allowed to ineligible consumers will be recovered.

In APSPDCL, it was noticed that there were 2 cases from April 2008 to March 2010 where incentives amounting to ₹ 0.91 lakh were allowed to consumers even though their LF was lesser than the threshold limit of 50 per cent (applicable during the period).

Management/ Government replied (December 2013) that the audit comment is accepted and action will be initiated after detailed study.

4.7.5.25 Failure to segregate Aviation and Non-Aviation loads

As per the provisions of Tariff Order for the year 2012-13, in case of non-segregation of airport loads into aviation and non-aviation related activities by the end of July 2012, entire load shall be billed under HT Category II (others) from 01 August 2012 till date of such segregation. It was noted that changes were not made to map this business rule in the application that had impact on revenue / billing.

Two service connections catering to airport loads were under APSPDCL. In one case though segregation was not done, energy was not billed under HT category II while in another case, though segregation was done, non-aviation loads were billed under LT category IB instead of HT category II resulting in a total short billing of ₹ 4.79 lakh. These indicate lack of implementation of business rules/ provisions of tariff orders in the HT billing software.

Management / Government replied (December 2013) that a demand of ₹ 3.44 lakh was raised towards shortfall on the ground of non-segregation.

Processing Controls

Lack of Functionalities

It was observed that certain components of HT billing were excluded from the HT billing application due to which manual operations were depended upon.

4.7.5.26 Lack of functionality to raise demand for excess drawing of energy by RESCOs

No subsidy is available for the power drawn by the RESCOs, in excess of the quantum approved by the APERC. The DISCOMs would bear the loss of revenue, if any, for the excess quantum of power drawn. Thus, to protect its financial interests, APSPDCL has to watch the drawal of power by the RESCO and address RESCO if it was likely to exceed the allotted quantum. Any excess drawal beyond that quota should be billed at a rate derived from RESCO's additional sales weighted average revenue realisation.

In this context, it was observed that:

- The system did not generate any warning or prompt even though RESCO had exceeded its quota by 26.43 MU during the tariff years 2008-09 to 2011-12; and
- The software also does not provide for billing the excess power drawn at an enhanced rate as per the methodology approved by APERC.

Management / Government replied (December 2013) that the functionality will be included in the new billing software being developed.

4.7.5.27 Lack of functionality resulting in manual intervention

Audit noticed that certain HT billing components were excluded from the software necessitating manual calculations/ interference, thereby affecting the

integrity of the system and completeness of the database as detailed below:

Component excluded	Reply
In APSPDCL, temporary HT service connections are being billed manually till they are regularised and not routed through the HT billing application resulting in lack of completeness of the database.	The management of both companies stated (April 2013 & June 2013) that action would be taken to include the said functionality in the proposed new software.
In case of APEPDCL, billing of temporary HT connections is being carried out through the system. However, users cannot differentiate between a temporary service and a regular service as there is neither an indication on the bill nor reports generated due to which billing of a temporary connection at normal tariff cannot be identified, thus making the system vulnerable to fraud.	
The HT billing system in APSPDCL does not provide for billing of HT services on proportionate basis where the number of days to be billed is less than a complete month. Bills for new consumers for the first month from the date of supply are being prepared manually or incorrectly prepared through the HT billing system. In one case an excess demand of ₹ 4.25 lakh was raised.	The system is not configured to issue demand for a part of month and that action would be taken to include the said functionalities in the proposed new software.
APSPDCL did not automate the process of calculation of banking charges of banked energy ⁸⁴ but is doing it manually.	Will be incorporated in the new HT billing software being developed.
APSPDCL did not provide any functionality in the HT billing system to pursue the receipt of the SD demanded and to automatically levy surcharge in the event of default. This resulted in dependence on manual calculations thereby leading to non-adherence to the instructions in vogue, undue favour to the consumers, postponement of surcharge of ₹ 84.65 lakh for the year 2012-13 and an incomplete database.	Will be incorporated in the new HT billing software being developed.
Non-provision of functionality to generate demand for minimum agreement period in spite of disconnection led to belated raising of demand of ₹ 51.63 lakh (March 2013) for the period from March 2012 to March 2013, resulting in loss of interest of ₹ 4.65 lakh	Will be incorporated in the new HT billing software being developed.

Further, the following functionalities/ features are not provided in the HT billing systems of both the DISCOMs:

- provision for billing of malpractice or theft cases;
- provision to capture billing data pertaining to short-billed units, change in CMD etc. As a result, data generated for calculation of Fuel Surcharge Adjustment (FSA) and Additional Consumption Deposit is incomplete;
- provision for maintaining consumer history i.e., changes in load, contracted demand, multiplying factor, meter changes etc.

The above changes are being recorded by way of posting a Rectification Journal Entry (RJ) due to lack of required functionality. The revised billing particulars are not incorporated in the original data/tables. The database

⁸⁴Banking means keeping in reserve, the delivered energy supplied to the Company by a scheduled generator, in any billing month(s), in excess of the energy required to be wheeled by the Company to the scheduled consumers in that month, with the purpose of wheeling such excess energy in any succeeding month(s) to the scheduled consumers.

continues to depict the old and incorrect data and do not show the revised billing particulars. In the absence of non incorporation of changes in the database, the reports generated will be incorrect and the database continues to carry the incorrect data.

Management/ Government replied (December 2013) that manual mode is used for calculations, which are then fed into the system to prepare a complete bill to the consumer and that action would be taken to incorporate above features in the proposed software.

As manual processing results in lesser transparency and may lead to errors, action should be taken to automate the above processes in the billing system covering all HT services of APSPDCL.

Manual Interventions

Audit observed that the data processed through the applications are being modified manually thereby affecting the integrity of database as observed below:

4.7.5.28 Manual withdrawal of DPS

Delayed Payment Surcharge (DPS) of ₹ 2.02 crore on a consumer of Tirupati Circle of APSPDCL, for the period from April 2010 to February 2013, though correctly levied by the system, was subsequently withdrawn from the billing application every month at Circle with the approval of Corporate office. As against this, an amount of ₹ 44.20 lakh was raised subsequently (November 2011) leaving balance of ₹ 1.58 crore (February 2013).

Management/ Government replied (December 2013) that the notice to the consumer had been issued for payment of surcharge due.

4.7.5.29 Lack of restrictions on manual entry of data

Though users of the RAS were authorised to enter metering data manually, restrictions on usage of the same continuously for several months for a consumer were not built-in in the system leading to leakage of revenue as illustrated in case of a Ferro Alloys consumer of APEPDCL where the lights and fans meter was malfunctioning for more than five years. However, the system allowed feeding of average meter reading of 446000 units per month for the above period in spite of instructions in GTCS to recalibrate the HT meters once a year.

Management/ Government replied (December 2013) that defective meter was replaced on 20 May 2013.

Conclusion

- Lack of interface between the billing systems and SAP ERP led to duplication of work in both DISCOMs;
- APEPDCL did not ensure the implementation of provisions of the agreement with the software provider;

- Both DISCOMs have neither adequate backup policy nor a disaster recovery plan;
- The billing systems had poor general information technology controls especially regarding the security features such as access controls, network protocol, passwords and audit trails etc. Thus the system was vulnerable to unauthorised access and data manipulation;
- Excess rights to the administrators and lack of segregation of duties exposed the system of APSPDCL to unauthorised data manipulation;
- The application of APSPDCL contained various design deficiencies and a number of billing components were not automated but continued manually leading to incomplete and inaccurate database;
- The application of APSPDCL lacked input controls resulting in inconsistent and meaningless data residing in the database affecting the quality of master data;
- Some business rules framed by APERC were either not incorporated or improperly incorporated into the billing applications of both DISCOMs. This led to incorrect billing of the consumers, especially in cases of changes in the consumer parameters leading to financial loss to the Company.

Recommendations

DISCOMs should

- *Formulate and document an information technology and backup policy;*
- *Document all amendments made to the software and bring all aspects of HT billing into the application;*
- *Maintain activity logs and audit trails;*
- *Address the security vulnerabilities and implement access controls keeping in view "Segregation of Duties" requirements;*
- *Formulate and implement a comprehensive Business Continuity Plan.*

STATUTORY CORPORATION

Andhra Pradesh State Road Transport Corporation

4.8 *Commuter Amenity Centers/ Bus Terminal Complexes constructed under JnNURM Scheme*

4.8.1 *Introduction*

Government of India (GoI), Ministry of Urban Development (MoUD) launched 'Jawaharlal Nehru National Urban Renewal Mission' (JnNURM) scheme, in December 2005 for planned development of urban infrastructure, which includes Urban transport projects in the mission cities. Hyderabad, Visakhapatnam and Vijayawada cities in Andhra Pradesh qualify for financial assistance under JnNURM. Andhra Pradesh State Road Transport Corporation (Corporation) initially formulated proposal for Hyderabad city.

The Corporation, as an implementing agency, proposed to set up Commuter Amenity Centers (CACs) under JnNURM scheme as a part of improved measures to increase use of Public Transport by commuters. CAC is a structure having a Bus Depot and centrally air-conditioned Bus Terminal (BT) with ultra-modern facilities⁸⁵.

4.8.2 Audit findings

Audit of implementation of above scheme in the Corporation was conducted (February to May 2013) to assess efficiency and effectiveness in implementation and the following are audit findings.

Planning

4.8.2.1 Detailed Project Report

DPR was to be prepared considering all the important aspects concerning the project viz. land requirement, built up area details, project cost, source of funds, projected expenditure/ income, market potential, investment details, mode of implementation etc.

Corporation prepared (May 2007) a vision plan 2006-2010 for Hyderabad followed by submission (October 2007) of a Detailed Project Report (DPR) to GoI, MoUD for creation of Transport Infrastructure⁸⁶ under JnNURM and other Auxiliary infrastructure⁸⁷ items at an estimated cost of ₹ 3,547.94 crore⁸⁸ spread over four year period 2007-2011. Proposed sources of project cost were Central Grant (₹ 720.23 crore), loan under the scheme (₹ 496.71 crore) and capital contribution from the Corporation (₹ 2,331 crore).

The above DPR was prepared to gear up for the increased transportation needs of citizens of Hyderabad city arising out of development of ambitious projects of State Government⁸⁹. However, since it would not be possible for the Corporation to invest huge capital for this project and development of proposed State Government projects would likely take some more time to materialise, the Corporation included a pilot project in DPR for ₹ 206.06 crore for development of immediate Infrastructure.

Audit noticed that the Corporation prepared DPR without considering important aspects like market potential, financial feasibility, viability, etc., for each CAC and not backed by any professional Consultant Study. The DPR was not exclusively prepared for each of the CAC for submission to MoUD.

⁸⁵Facilities like Banking, e-seva, Cafeteria, Pass issue counter, Reservation Counters, Waiting Hall, Toilets, Medical Assistance, Drinking Water, Internet Cafe, 'Park and Ride' facility and passenger information on arrival and departure of buses through electronic passenger information boards.

⁸⁶consisting of 20 new depots, 66 Inter-Modal Transit Centres (IMTCs), 46 major Bus Terminals, 700 Bus shelters, 41 Commuter Amenity Centres, 25 Nodal points, 4 Workshops, 2684 Buses.

⁸⁷Employee Development Centres, Solar lights, Environment, Water Harvesting, Global Positioning System, Passenger Information System & Interactive Voice Response System, Electronic destination boards, Electronic Ticket Issuing Machines, Computerisation, Surveillance System.

⁸⁸Infrastructure: ₹ 2,046.30 crore; Land cost: ₹ 681.51 crore and Vehicles/ Rolling stock: ₹ 820.13 crore.

⁸⁹viz., Bus Rapid Transit System, Outer Ring Road project and New Satellite Townships

Central Sanctioning and Monitoring Committee (CSMS), GoI sanctioned (February 2008) the Pilot Project for creation of 11 infrastructure projects at a cost of ₹ 162.13 crore, to be completed by March 2010, as detailed below:

- Five CACs with new depots and air conditioned Bus Terminals (₹ 86 crore) of 50000 Sft. plinth area at Musheerabad; Hayathnagar; Bandlaguda; Turkayamzal; and Shamshabad.
- Two CACs (₹ 26 crore) at existing depots i.e., creation of air conditioned BTs of 50000 Sft. plinth area at Kukatpally and Mehdipatnam.
- Four BTs (₹ 40 crore) of 50000 Sft. plinth area at Koti; Patancheru; ECIL X roads; and Farooqnagar.
- Creation of Auxiliary infrastructure (₹ 10.13 crore).

However, the Corporation could not construct even a single integrated CAC (Bus depot and BT in one premises) and went ahead with construction of seven Bus depots and nine BTs at different locations including two Bus depots in place of BTs. Two Bus depots in place of BTs was disallowed by MoUD (January 2013), who reduced the above sanctioned cost to ₹ 123.92 crore (Auxiliary infrastructure cost was also reduced to ₹ 8.41 crore). Thus, the Corporation deviated from the main objective of constructing integrated CACs.

Audit observed that there were delays and deviations in implementing the project as discussed in Paragraph 4.8.2.4, mainly in selection and acquisition of land, lack of response to tenders for construction, etc., which could have been better addressed had DPRs been prepared on the basis of proper field studies.

The State Level Steering Committee also stated (April 2011) that DPRs are being prepared by project implementing agencies without paying adequate attention to availability of land and without obtaining necessary clearances from Line Departments, resulting in inordinate delays and revision of DPRs.

Thus, planning for JnNURM projects is defective as DPR is deficient with regard to site availability and suitability, commercial viability, etc., resulting in delays and deviations in implementation as discussed in following paragraphs.

4.8.2.2 *Engagement of consultant for preparation of project-wise DPRs*

The Corporation after inviting quotations from shortlisted consultants, entered into an agreement with a Consultant in September 2008 for preparation of DPRs for seven CACs and four BTs including Architectural Services and Bid Process Management for submission within 18 months from date of agreement for a consultancy fee of ₹ 2.60 crore. DPRs for six projects⁹⁰ were submitted by Consultant in July 2009, after which the Corporation disengaged services of Consultant as Consultant did not follow timelines as per agreement and paid

⁹⁰Mehdipatnam, Kukatpally, Koti, ECIL X roads, Patancheru & Farooqnagar.

₹ 97 lakh towards consultancy charges.

Audit observed that by the time Corporation engaged Consultant for preparation of DPRs (September 2008), the pilot project was already sanctioned by GoI, based on consolidated DPR submitted by Corporation, and first instalment of grant was received (March 2008). Further the Corporation entered into agreements for construction of four BTs⁹¹ (December 2008 to January 2009) prior to receipt of DPRs from consultant. Thus, six DPRs provided by Consultant could not be submitted to MoUD, rendering the expenditure unfruitful.

4.8.2.3 Funding

As per funding pattern of JnNURM, project cost would be funded by Central Assistance (35 per cent), State Assistance (15 per cent) and balance 50 per cent was to be arranged by implementing agency.

Audit observed that:

- the State Government has not contributed its share of assistance of 15 per cent of project cost and AP Urban Finance Infrastructure Development Corporation, nodal agency for JnNURM, converted 40 per cent of central share into loan with 7.5 per cent interest and also deducted 2 per cent of central share towards Administrative & other expenses. Thus, in effect only 21 per cent of project cost is received as grant and remaining 79 per cent is loan, which would be a burden on debt ridden Corporation.
- the Corporation implemented the project without analysing financial viability of the projects and apprising the Board of the fact of non-availability of State Government grant and partial conversion of Central grant as loan by nodal agency, which would adversely affect the availability of financial support.

Corporation received ₹ 22.24 crore against central assistance and incurred ₹ 65.86 crore till end of March 2013. Initially JnNURM scheme was up to March 2012 but extended up to March 2014 for completion of already commenced projects.

4.8.2.4 Delay and deviations in implementation of Pilot Project

As per schedule, Pilot Project should have been completed by March 2010. Audit observed that even after more than three years after scheduled completion date the Corporation could not implement Pilot Project in toto. After more than five years of first sanction (March 2008), the Corporation could spend only ₹ 65.86 crore (up to March 2013), which is 53 per cent of revised pilot project cost (₹ 123.92 crore). Details/ status of sanctioned projects are given in **Annexure-4.5**. It can be seen from Annexure that:

- Not even a single integrated CAC was constructed;

⁹¹Koti; ECIL X roads; Patancheru and Kukatpally.

- Delays for eight out of 10 completed projects (five Depots and five BTs) ranged from 7 to 36 months, works of two BTs are still in progress and work of two BTs is yet to start (June 2013);
- Locations of three BTs and two Depots were changed; and
- Plinth area was reduced by 9 to 37 per cent in respect of five BTs.⁹²

Main reason for deviation was non-availability of suitable and adequate land for construction of Depot/BT. Thus, the Corporation failed to implement the project as proposed in original DPRs and thereby envisaged amenities were not provided to the commuters.

4.8.2.5 *Delay in taking over completed projects and invitation of bids for leasing out commercial space by user department*

Audit scrutiny of four out of five completed BTs revealed substantial delay in utilisation of commercial space as indicated in table 4.8.

Table 4.8

Particulars	Kothi	ECIL	Patancheru	Kukatpally	Total
Actual date of completion of civil and allied works	20.4.2011	5.12.2010	31.3.2011	30.4.2011	
Date of handing over to operating Department	07.1.2013	18.12.2010	29.6.2011	22.3.2012	
Date of issue of NIT for leasing commercial space	30.10.2012	17.6.2011	19.1.2012	30.10.2012	
No. of months delay in handing over	20	0	3	11	
No. of months delay in issue of NIT from date of handing over	0	6	6	6	
No. of months delay in issue of NIT from date of completion of civil and allied works	18	6	9	18	
No. of months from date of NIT, to 31 March 2013	5	21	14	5	
Total Commercial Space (Sft.)	20643	7567	23748	20877	72835
Commercial space leased out (Sft.)	0	162	595	515	1272
Average lease rent per month (₹/ Sft)	257	352	417	42	
Loss of revenue (₹ in crore)	9.55	1.60	8.91	1.58	21.64
Commercial space not advertised (Sft.)	0	4053	7328	5234	16615
Loss of revenue till date (₹ in crore)	0	2.99	4.28	0.11	7.38

Source: Information/ data furnished by Corporation

Audit observed that only one BT at ECIL was taken over by concerned Regional Manager/ Depot within a month of its completion while remaining three projects were taken over after a gap of three to 20 months. BT at Koti, which was completed in April 2011 was taken over by user department in January 2013 only after a gap of 20 months, for which no recorded reasons were found. In addition to this, there was substantial delay in inviting bids for

⁹²Kukatpally; Midhani; Koti; ECIL X Road; and Farooqnagar.

leasing out commercial space even after taking over by user department. Out of 72,835 Sft. commercial spaces available in four completed projects, the Corporation could let out 1,272 Sft. commercial space (1.75 *per cent*) only up to March 2013. Non-letting of commercial space resulted in loss of revenue of ₹ 29.02 crore to the Corporation up to end of March 2013.

4.8.2.6 *Loss due to non leasing of space identified for advertisements at BTs/CACs*

Corporation had identified 4,378 Sft. for advertisement space in three CACs/BTs already completed viz., Kukatpally, Patancheru and Koti. However, even after a delay of more than two years efforts were not made to lease out space by inviting bids.

4.8.2.7 *Defective penalty clause*

Out of 12 projects for which contracts were awarded, in six projects, delays in completion of work ranged from 10 to 20 months against stipulated time of nine to 12 months. As per Clause 12 read with Clause 20.3 of agreements entered into with contractors, penalty would be imposed for delays as per Clause 60 – Preliminary Specifications to AP Standard Specifications (APSS), subject to a maximum of five *per cent* of contract value. However, audit observed that agreements did not specify percentage/ amount of penalty to be levied for different periods of delay in execution. Consequently, Corporation levied penalty of ₹ two lakh only (ranging from ₹ 5000 to ₹ 1,35,000; 0.01 to 0.25 *per cent* of contract value) as against leviable amount of ₹ 1.69 crore (at five *per cent* of contract value). Thus, agreements are deficient in specifying method of calculation of penalty, due to which Corporation levied meagre penalties not commensurate with the delays.

4.8.2.8 *Non achievement of scheme objectives*

As per scheme, availability of commuter facilities like Park and Ride, ATMs, Mall centres, internet café, cafeteria etc., in CACs/BTs would improve patronising of public transport and curtailment of personal motor transport trips besides revenue to the Corporation to meet O&M expenditure to achieve creation of self-sustainable assets. But, it was observed that the Corporation failed to provide ultra-modern facilities in any of the BTs completed. Parking areas provided are small and most of the commercial areas are vacant resulting in non-provision of benefit to the commuters as envisaged in JnNURM objectives and DPR.

The Corporation incurred expenditure of ₹ 48 lakh against sanction of ₹ 8.41 crore on auxiliary infrastructure, thereby depriving commuters of information and safety arrangements at CACs/BTs.

Conclusion

- DPR was prepared without conducting basic field studies, ensuring availability of suitable land and assessing commercial and financial viability.
- The Corporation could not completely implement Pilot Project even five years after sanction.

- Due to delay in both handing/ taking over of completed projects and leasing out commercial/ advertisement space after taking over the projects by Regional Manager/Depot, the Corporation was deprived of commercial revenue.
- Ultramodern passenger amenities envisaged in DPR/ Scheme were not provided in BTs, thus DPR/ scheme objectives were not fully achieved.

Recommendations

- *The Corporation should take action to complete all projects without further delay and provide all envisaged commuter amenities to achieve the objective of improved patronising of public transport and curtailment of personal motor transport trips besides earning revenue.*
- *For future projects, the Corporation should prepare DPRs after ensuring availability of adequate land, financial/ commercial viability and source of funds.*

4.9 Lack of policy and efforts to minimise expenditure on toll tax resulted in additional burden on the Corporation - ₹ 50.69 crore

Lack of policy on collection of toll charges from the passengers and lack of efforts to minimise expenditure on toll tax resulted in additional burden of ₹ 50.69 crore on Corporation.

Andhra Pradesh State Road Transport Corporation (Corporation) has been paying toll tax to private toll plazas, for their buses, as per the notifications issued by National Highway Authority of India (NHAI) from time to time. NHAI revises toll charges annually. The expenditure incurred on toll tax was being borne by the Corporation till December 2005. However, from January 2006 the Corporation decided to recover the toll tax by imposing user fee from passengers.

Following deficiencies were noticed in audit which led to additional burden on the Corporation.

- In the absence of any policy, the Corporation had not revised user fees to be collected from passengers corresponding to annual revision of toll tax by NHAI during the period 2010-13, which resulted in additional burden of ₹ 50.69 crore (April 2010 to May 2013) being borne by the Corporation.
- Corporation did not avail facility of monthly pass for vehicles, which is cheaper by 32 to 40 per cent compared to daily payment.
- Commercial vehicles registered in districts are allowed 50 per cent concession in toll tax since 2012. However, as all vehicles of Corporation are registered in Hyderabad, this concession could not be availed by the Corporation even though most of these buses were based and ply within various districts. The Corporation had not made any efforts to overcome this simple technical issue, which would reduce toll tax expenditure by 50 per cent.

The Corporation replied (August 2013) that it has been submitting proposals to Government of AP from time to time seeking permission to enhance the toll plaza charges, for recommending to Government of India to exempt the Corporation from payment of toll fee and putting all efforts to reduce losses on account of payment of toll fee.

Fact remained that Corporation had incurred additional expenditure due to non-recovery of toll tax from passengers and lack of conclusive efforts to minimize expenditure on toll tax.

Hyderabad
The

(LATA MALLIKARJUNA)
Accountant General
(Economic & Revenue Sector Audit)
Andhra Pradesh

Countersigned

New Delhi
The

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

ANNEXES

Annexure - 1.1

Statement showing particulars of up-to-date capital, loans outstanding and manpower as on 31 March 2013 in respect of Government Companies and Statutory Corporations
(Referred to in paragraph 1.3.1)

(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 2012-13*				Debt-equity ratio for 2012-13 (Previous year)	Man Power (No. of employees) (as on 31-03-13)	
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	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	Andhra Pradesh State Agro Industries Development Corporation Limited	Agriculture and Co-operation	05 .03.1968	18.81	2.69	0.00	21.50	25.07	0.00	0.00	25.07	1.17:1 (1.17:1)	228
2	Andhra Pradesh Forest Development Corporation Limited	Forest, Environment science and Technology	16.06.1975	21.32	0.50	0.00	21.82	22.99	0.00	39.00	61.99	2.84:1 (2.97:1)	623
3	Andhra Pradesh State Irrigation Development Corporation Limited	Irrigation and CAD	07.09.1974	132.86	0.95	0.00	133.81	48.08	0.00	0.00	48.08	0.36:1 (0.36:1)	436
4	Andhra Pradesh Meat Development Corporation Limited	Animal Husbandry, Dairy Development and Fisheries	31.10.1977	29.02	1.41	0.00	30.43	0.00	0.00	0.00	0.00	-	0
5	Indira Gandhi Centre for Advanced research on Live Stock private Limited	Animal Husbandry, Dairy Development and Fisheries	11.11.2008	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00	-	0
6	Andhra Pradesh State Seeds Development Corporation Limited (619-B)	Agriculture and Co-operation	30.03.1976	1.01	0.90	0.85	2.76	133.62	0.00	0.00	133.62	48.46:1 (47.37:1)	247
	Sector total			203.03	6.45	0.85	210.33	229.76	0.00	39.00	268.76	1.28:1 (1.29:1)	1534

Report No.5 of 2014 (Public Sector Undertakings)

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 2012-13*				Debt-equity ratio for 2012-13 (Previous year)	Man Power (No. of employees) (as on 31-03-13)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7	8
	FINANCE												
7	Andhra Pradesh State film Television and Theatre Development Corporation Limited	General Administration	10.10.75	6.22	0.00	0.00	6.22	0.00	0.00	0.00	0.00	0	34
8	Andhra Pradesh Handicrafts Development Corporation Limited	Industries and Commerce	10.11.1981	1.50	0.50	0.00	2.00	0.49	0.00	0.00	0.49	0.24:1 (0.25:1)	127
9	Andhra Pradesh State Minorities Finance Corporation Limited	Minorities Welfare	19.01.1985	139.85	0.00	0.00	139.85	6.18	0.00	0.00	6.18	0.04:1 (0.07:1)	74
10	Andhra Pradesh State Christian Minorities Finance Corporation Limited	Minorities Welfare	11.02.2010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	12
11	Andhra Pradesh Power Finance Corporation Limited	Energy	12.07.2000	29.00	0.00	0.00	29.00	0.00	0.00	5928.60	5928.60	204.42:1 (100.87:1)	0
	Sector total			176.57	0.50	0.00	177.07	6.67	0.00	5928.60	5935.27	33.52:1 (15.39:1)	247
	INFRASTRUCTURE												
12	Andhra Pradesh Industrial Development Corporation Limited	Industries and Commerce	16.12.1960	131.75	1.04	0.00	132.79	15.56	1.48	0.00	17.04	0.13:1 (0.13:1)	68
13	Andhra Pradesh Industrial Infrastructure Corporation Limited	Industries and Commerce	26.09.1973	16.33	0.00	0.00	16.33	0.70	0.00	393.95	394.65	24.17:1 (24.77:1)	359
14	Andhra Pradesh Gas Infrastructure Corporation Private Limited (619-B)	Industries and Commerce	02.09.2009	0.00	0.00	40.00	40.00	0.00	0.00	0.00	0.00	0	1

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 2012-13*				Debt-equity ratio for 2012-13 (Previous year)	Man Power (No. of employees) (as on 31-03-13)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7	8
15	Andhra Pradesh Gas Distribution Corporation Limited (619-B)	Infrastructure and Investment	10.01.2011	0.00	0.00	10.00	10.00	0.00	0.00	0.00	0.00	0	4
16	Andhra Pradesh State Housing Corporation Limited	Housing	05.07.1979	0.25	0.00	0.00	0.25	11578.41	0.00	444.72	12023.13	48092.52:1 (44227.16:1)	6873
17	Andhra Pradesh State Police Housing Corporation Limited	Home	20.05.1971	1.81	0.00	0.00	1.81	0.00	0.00	0.00	0.00	0 (11.41:1)	193
18	Andhra Pradesh Rajiv Swagraha Corporation Limited	Housing	27.08.2007	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0	168
19	Andhra Pradesh Urban Finance and Infrastructure Development Corporation Limited	Municipal Administration and Urban Development	12.01.1993	0.15	0.00	0.00	0.15	0.00	0.00	0.00	0.00	0	4
20	Fab City (India) Pvt. Limited (S)	Industries and Commerce	02.05.2006	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0	0
21	Hyderabad Growth Corridor Limited (619-B)	Municipal Administration and Urban Development	25.12.2005	0.00	0.00	0.15	0.15	787.90	691.85	0.00	1479.75	9865.00:1 (14988.47:1)	43
22	Infrastructure Corporation of Andhra Pradesh Limited	Infrastructure and Investment	31.05.2005	22.12	0.00	0.00	22.12	0.00	0.00	0.00	0.00	0	36
23	Pashamylaram Textile Park	Industries and Commerce	29.06.2005	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0	2
24	Andhra Pradesh Aviation Corporation Limited	Infrastructure and Investment	31.03.2006	0.25	0.00	0.00	0.25	0.00	0.00	0.00	0.00	0	18
	Sector total			172.76	1.04	50.16	223.96	12382.57	693.33	838.67	13914.57	62.13:1 (61.03:1)	7769

Report No.5 of 2014 (Public Sector Undertakings)

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 2012-13*				Debt-equity ratio for 2012-13 (Previous year)	Man Power (No. of employees) (as on 31-03-13)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7	8
	MANUFACTURING												
25	Andhra Pradesh Beverages Corporation Limited	Revenue	23.07.1986	8.34	0.00	0.00	8.34	0.00	0.00	0.00	0.00	0	825
26	Andhra Pradesh Heavy Machinery and Engineering Limited (S)	Energy	01.09.1976	0.15	0.00	17.12	17.27	1.00	0.00	0.00	1.00	0.06:1 (0.06:1)	487
27	Andhra Pradesh Mineral Development Corporation Limited	Industries and Commerce	24.02.1961	6.31	0.00	0.00	6.31	0.00	0.00	0.00	0.00	0	205
28	Damodhara Minerals Private Limited(S)	Industries and Commerce	28.01.2000	0.00	0.00	0.04	0.04	0.00	0.00	0.00	0.00	0	0
29	Leather Industries Development Corporation of Andhra Pradesh Limited	Industries and Commerce	04.10.1973	3.90	0.00	0.00	3.90	9.50	0.00	0.00	9.50	2.44:1 (0.25:1)	74
30	Krishnapatnam International Leather Complex Private Limited (619-B)	Industries and Commerce	19.08.2008	0.00	0.00	0.10	0.10	0.00	0.00	0.00	0.00	0	8
31	The Nizam Sugars Limited	Industries and Commerce	17.04.1937	33.49	0.00	0.51	34.00	35.94	0.00	0.00	35.94	1.06:1 (2.82:1)	16
32	The Singareni Collieries Company Limited	Energy	18.11.1920	885.60	847.56	0.04	1733.20	0.00	265.34	0.00	265.34	0.15:1 (0.19:1)	64600
33	Ongole Iron Ore Mining Company Pvt. Limited	Department of Mines and Geology	11.05.2009	0.00	0.00	0.11	0.11	0.00	0.00	0.00	0.00	0	
	Sector total			937.79	847.56	17.92	1803.27	46.44	265.34	0.00	311.78	0.17:1 (0.24:1)	66215

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 2012-13*				Debt-equity ratio for 2012-13 (Previous year)	Man Power (No. of employees) (as on 31-03-13)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7	8
	POWER												
34	Andhra Pradesh Power Generation Corporation Limited	Energy	29.12.1998	2106.80	0.00	0.00	2106.80	0.00	0.00	11434.85	11434.85	5.43:1 (5.31:1)	10751
35	Central Power Distribution Company of Andhra Pradesh Limited	Energy	30.03.2000	728.48	0.00	0.00	728.48	25.97	0.00	3239.89	3265.86	4.48:1 (4.48:1)	14275
36	Eastern Power Distribution Company of Andhra Pradesh Limited	Energy	30.03.2000	121.23	0.00	0.00	121.23	41.04	0.00	271.91	312.95	2.58:1 (3.17:1)	7432
37	Northern Power Distribution Company of Andhra Pradesh Limited	Energy	30.03.2000	274.76	0.00	0.00	274.76	15.91	0.00	1185.54	1201.45	4.37:1 (4.24:1)	8660
38	New & Renewable Energy Development Corporation of Andhra Pradesh Limited	Energy	20.10.1969	0.19	0.00	0.03	0.22	0.00	0.00	0.00	0.00	0.00 (0.00:1)	150
39	Southern Power Distribution Company of Andhra Pradesh Limited	Energy	30.03.2000	358.72	0.00	0.00	358.72	28.10	0.00	2273.48	2301.58	6.42:1 (6.03:1)	12135
40	Transmission Corporation of Andhra Pradesh Limited	Energy	29.12.1998	779.22	0.00	0.00	779.22	574.78	0.00	2902.40	3477.18	4.46:1 (4.11:1)	4110
41	Andhra Pradesh Power Development Company Limited (619-B)	Energy	01.03.2006	80.00	0.00	1378.90	1458.90	1820.93	0.00	4540.24	6361.17	4.36:1 (5.52:1)	76
	Sector total			4449.40	0.00	1378.93	5828.33	2506.73	0.00	25848.31	28355.04	4.87:1 (4.92:1)	57589
	SERVICE												

Report No.5 of 2014 (Public Sector Undertakings)

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 2012-13*				Debt-equity ratio for 2012-13 (Previous year)	Man Power (No. of employees) (as on 31-03-13)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7	8
42	Andhra Pradesh State Civil Supplies Corporation Limited	Consumer Arrairs, Food and Civil Supplies	31.12.1974	3.00	0.00	0.00	3.00	0.00	0.00	0.00	0.00	0	1074
43	Andhra Pradesh Tourism Development Corporation Limited	Youth advancement, Tourism & Culture	18.02.1976	3.76	0.00	0.00	3.76	0.00	0.00	0.00	0.00	(9.84:1)	717
44	Andhra Pradesh Technology Services Limited	Information Technology & Communications	17.01.1985	0.31	0.00	0.00	0.31	0.00	0.00	0.00	0.00	0	109
45	Andhra Pradesh Trade Promotion Corporation Limited	Industries and Commerce	05.06.1970	0.85	0.00	0.01	0.86	0.00	0.00	0.00	0.00	0	37
46	Hyderabad Metro Rail Limited	Municipal Administration and Urban Development	18.05.2007	0.57	0.00	0.00	0.57	0.00	0.00	0.00	0.00	0	140
47	Visakhapatnam Urban Transport Company Limited	Municipal Administration and Urban Development	19-01-2012	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0	0
48	Vizag Apparel Park for Export	Handlooms & Textiles	31.03.2004	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0	1
	Sector total			8.54	0.00	0.02	8.56	0.00	0.00	0.00	0.00	0 (1.81:1)	2078
	MISCELLANEOUS												
49	Overseas Manpower Company of Andhra Pradesh Limited	Employment and Training	10.01.2006	0.21	0.00	0.00	0.21	0.00	0.00	0.00	0.00	0	11
	Sector total			0.21	0.00	0.00	0.21	0.00	0.00	0.00	0.00	0.00	11
	Total Government Companies: A			5948.30	855.55	1447.88	8251.73	15172.17	958.67	32654.58	48785.42	5.91 (5.42:1)	135443
B.	Working Statutory Corporations												

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 2012-13*				Debt-equity ratio for 2012-13 (Previous year)	Man Power (No. of employees) (as on 31-03-13)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7	8
	AGRICULTURE AND ALLIED												
1	Andhra Pradesh State Warehousing Corporation	Agriculture and Co-operation	05.08.1985	3.81	0.00	3.81	7.62	0.00	0.00	3.35	3.35	0.44:1 (0.62:1)	296
	Sector total			3.81	0.00	3.81	7.62	0.00	0.00	3.35	3.35	0.44:1 (0.62:1)	296
	FINANCE												
2	Andhra Pradesh State Financial Corporation	Industries and Commerce	01.11.1956	176.87	28.87	0.27	206.01	1.94	11.40	2574.67	2588.01	12.56:1 (10.82:1)	456
	Sector total			176.87	28.87	0.27	206.01	1.94	11.40	2574.67	2588.01	12.56:1 (10.82:1)	456
	SERVICES												
3	Andhra Pradesh State Road Transport Corporation	Transport, Roads and Buildings	11.01.1958	140.20	61.07	0.00	201.27	406.00	56.33	3643.63	4105.96	20.40:1 (18.91:1)	122287
	Sector total			140.20	61.07	0.00	201.27	406.00	56.33	3643.63	4105.96	20.40:1 (18.91:1)	122287
	Total Statutory Corporations: B			320.88	89.94	4.08	414.90	407.94	67.73	6221.65	6697.32	16.14:1 (14.56:1)	123039
	Total working PSUs: (A+B)			6269.18	945.49	1451.96	8666.63	15580.11	1026.40	38876.23	55482.74	6.40:1 (5.89:1)	258482
C.	Non-working Govt. Companies												
	AGRICULTURE AND ALLIED												
1	Andhra Pradesh Dairy Development Corporation Limited	Animal Husbandry, Dairy Development and Fisheries	07.02.1974	18.72	0.00	0.00	18.72	0.00	0.00	0.00	0.00	0	0

Report No.5 of 2014 (Public Sector Undertakings)

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 2012-13*				Debt-equity ratio for 2012-13 (Previous year)	Man Power (No. of employees) (as on 31-03-13)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7	8
2	Andhra Pradesh Fisheries Corporation Limited	Animal Husbandry, Dairy Development and Fisheries	05.07.1974	4.67	0.00	0.00	4.67	8.67	0.00	0.00	8.67	1.86:1 (1.86:1)	0
3	Proddutur Milk Foods Limited	Animal Husbandry, Dairy Development and Fisheries	23.10.1978	0.02	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0	8
	Sector total			23.41	0.00	0.00	23.41	8.67	0.00	0.00	8.67	0.37:1 (0.34:1)	8
	FINANCE												
4	Andhra Pradesh Small Scale Industries Development Corporation Limited	Industries and Commerce	18.03.1961	9.62	0.00	0.00	9.62	13.92	0.00	0.00	13.92	1.45:1 (0.48:1)	
5	Andhra Pradesh Tourism Finance Limited	Youth advancement, Tourism & Culture	07.03.2001	0.03	0.00	0.00	0.03	0.00	0.00	0.00	0.00		
	Sector total			9.65	0.00	0.00	9.65	13.92	0.00	0.00	13.92	1.44:1 (0.48:1)	
	MANUFACTURING												
6	Allwyn Auto Limited	Industries and Commerce	31.05.1993	0.15	0.00	0.00	0.15	14.45	0.00	0.00	14.45	96.33:1 (96.27:1)	
7	Allwyn Watches Limited	Industries and Commerce	19.03.1993	0.15	0.00	0.00	0.15	64.93	0.00	0.00	64.93	432.87:1 (432.58:1)	

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 2012-13*				Debt-equity ratio for 2012-13 (Previous year)	Man Power (No. of employees) (as on 31-03-13)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7	8
8	Andhra Pradesh Electronics Development Corporation Limited (S)	Industries and Commerce	21.11.1980	12.62	0.00	0.10	12.72	0.68	0.00	0.00	0.68	0.05:1 (0.05:1)	
9	Andhra Pradesh Steels Limited (S)	Industries and Commerce	16.11.1973	0.00	0.00	2.03	2.03	2.12	0.00	0.00	2.12	1.04:1 (1.04:1)	
10	Andhra Pradesh Scooters Limited	Industries and Commerce	21.08.1974	6.47	0.00	4.64	11.11	5.59	0.00	5.60	11.19	1.01:1 (1.01:1)	
11	Andhra Pradesh State Textile Development Corporation Limited	Industries and Commerce	31.05.1974	3.77	0.03	0.00	3.80	12.79	0.00	0.00	12.79	3.37:1 (3.09:1)	
12	Apronix Communications Limited (S)**	Industries and Commerce	27.02.1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
13	Hyderabad Chemicals and Fertilizers Limited (S)	Agriculture and Co-operation	September, 1942	0.26	0.00	0.53	0.79	8.25	0.00	0.00	8.25	10.44:1 (10.45:1)	
14	Marine and Communication Electronics (India) Limited (S)	Industries and Commerce	29.08.1974	0.00	0.00	1.89	1.89	4.77	0.00	0.00	4.77	2.52:1 (2.52:1)	
15	Republic Forge Company Limited	Industries and Commerce	15.04.1957	7.07	0.00	0.70	7.77	54.77	0.00	0.00	54.77	7.05:1 (7.05:1)	
16	Southern Transformers and Electricals Limited (S)	Industries and Commerce	21.09.1976	0.00	0.00	0.58	0.58	0.78	0.00	0.00	0.78	1.34:1 (1.34:1)	
17	Andhra Pradesh Automobile Tyres & Tubes Ltd (619-B)	Industries and Commerce	20.07.1972	0.73	0.00	0.02	0.75	0.00	0.00	0.00	0.00	0	
18	Golkonda Abrasives Ltd (619-B)	Industries and Commerce	NA	0.38	0.00	0.17	0.55	0.00	0.00	0.00	0.00	0	
19	Krishi Engineering Ltd (619-B)	Engineering	NA	0.29	0.10	0.13	0.52	0.00	0.00	0.00	0.00	0	
20	PJ Chemicals Ltd (619-B)	Industries and Commerce	NA	0.16	0.22	0.00	0.38	0.00	0.00	0.00	0.00	0	

Report No.5 of 2014 (Public Sector Undertakings)

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 2012-13*				Debt-equity ratio for 2012-13 (Previous year)	Man Power (No. of employees) (as on 31-03-13)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7	8
21	Suganthy Alloy castings Ltd (619-B)	Industries and Commerce	NA	0.10	0.04	0.06	0.20	0.00	0.00	0.00	0.00	0	
22	Vidyut Steels Ltd (619-B)	Industries and Commerce	NA	0.29	0.31	0.28	0.88	0.00	0.00	0.00	0.00	0	
	Sector total			32.44	0.70	11.13	44.27	169.13	0.00	5.60	174.73	3.95:1 (3.94:1)	0
	SERVICE												
23	Andhra Pradesh Essential Commodities Corporation Limited	Food, Civil Supplies and Consumer Affairs	21.04.1984	1.13	0.00	0.00	1.13	0.00	0.00	0.00	0.00	0	
24	Andhra Pradesh State Non Resident Indian Investment Corporation Limited	Industries and Commerce	18.03.1981	1.57	0.00	0.00	1.57	0.05	0.00	0.00	0.05	0.03:1 (0.03:1)	1
	Sector total			2.70	0.00	0.00	2.70	0.05	0.00	0.00	0.05	0.02:1 (0.03:1)	1
	Total non-working PSUs:C			68.20	0.70	11.13	80.03	191.77	0.00	5.60	197.37	2.47:1 (2.28:1)	17
	Total PSUs: A+B+C			6337.38	946.19	1463.09	8746.66	15771.88	1026.40	38881.83	55680.11	6.37:1 (5.86:1)	258499

Notes:

- 1 Sl.No.6,14,15,21,30 and 41 of Part-A are 619-B working companies and Sl.Nos.17 to 22 of Part-C are 619-B non -working Companies.
- 2 * Loans outstanding at the close of 2012-13 represent long term loans only
- 3 ** no activity since inception
- 4 @ paid up capital includes share application money of ₹ 724.00 crore in respect of the companies against Sl.No.4,9,12,22,25,41 and 49 of working PSUs except in respect of companies and corporations which finalised their accounts for 2012-13 figures are provisional and as provided by the respective company and corporation

Annexure 1.2
Statement showing summarised financial results of Government Companies and Statutory Corporations which have finalised their accounts for 2012-13

(Referred to in paragraph 1.7.2)

Sl. No.	Sector and Name of the Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumulated profit(+)/ loss(-)	Capital employed ^	Return on capital employed \$	Percentage of return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A	Working Government Companies													
	AGRICULTURE AND ALLIED													
1	Andhra Pradesh Forest Development Corporation Limited	2012-13	2013-14	53.73	7.12	1.02	45.59	94.86	0.00	21.82	178.02	321.02	52.71	16.42
2	Andhra Pradesh State Irrigation Development Corporation Limited	2012-13	2013-14	19.56	6.18	3.37	10.01	54.04	0.00	133.81	-78.10	104.61	16.19	15.48
3	Andhra Pradesh Meat Development Corporation Limited	2012-13	2013-14	0.00	0.00	0.00	0.00	0.00	0.00	30.43	17.82	-8.14	0.00	0.00
4	Andhra Pradesh State Seeds Development Corporation Limited (619-B)	2012-13	2013-14	5.59	0.00	0.38	5.21	543.02	0.00	2.76	2.81	205.02	5.21	2.54
	Sector total			78.88	13.30	4.77	60.81	691.92	0.00	188.82	120.55	622.51	74.11	

Report No.5 of 2014 (Public Sector Undertakings)

Sl. No.	Sector and Name of the Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumulated profit(+)/ loss(-)	Capital employed ^	Return on capital employed \$	Percent age of return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	FINANCE													
5	Andhra Pradesh Power Finance Corporation Limited	2012-13	2013-14	450.90	450.90	0.00	0.00	454.57	0.00	29.00	0.00	5923.60	450.90	7.61
	Sector total			450.90	450.90	0.00	0.00	454.57	0.00	29.00	0.00	5923.60	450.90	
	INFRASTRUCTURE													
6	Andhra Pradesh Gas Infrastructure Corporation Private Limited (619-B)	2012-13	2013-14	0.00	0.00	0.00	0.00	0.00	0.00	40.00	0.00	40	0	0.00
7	Andhra Pradesh Gas Distribution Corporation Limited (619-B)	2012-13	2013-14	0.03	0.00	0.01	0.02	0.00	0.00	10.00	-0.20	9.8	0.02	0.20
8	Andhra Pradesh State Police Housing Corporation Limited	2012-13	2013-14	2.21	1.83	0.38	0.00	144.27	0.00	1.81	0.01	1.82	1.83	100.55
	Sector total			2.24	1.83	0.39	0.02	144.27	0.00	51.81	-0.19	51.62	1.85	
	MANUFACTURING													
9	Andhra Pradesh Beverages Corporation Limited	2012-13	2013-14	1.06	0.00	0.80	0.26	18280.23	0.00	8.34	0.87	9.92	0.26	2.62
10	Andhra Pradesh Heavy Machinery and Engineering Limited (S)	2012-13	2013-14	8.87	0.91	0.20	7.76	91.39	0.00	17.27	24.69	42.96	8.67	20.18
11	Damodhara Minerals Private Limited(S)	2012-13	2013-14	-0.01	0.00	0.00	-0.01	0.00	0.00	0.04	-0.07	-0.03	-0.01	0.00

Sl. No.	Sector and Name of the Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumulated profit(+)/ loss(-)	Capital employed	Return on capital employed %	Percentage of return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
12	Leather Industries Development Corporation of Andhra Pradesh Limited	2012-13	2013-14	-3.42	1.12	0.27	-4.81	0.01	0.00	3.90	-73.09	-6.72	-3.69	0.00
13	The Nizam Sugars Limited	2012-13	2013-14	2.81	10.44	0.01	-7.64	0.00	0.00	34.00	-228.83	-193.21	2.80	0.00
14	The Singareni Collieries Company Limited	2012-13	2013-14	840.63	45.38	394.11	401.14	10231.75	-9.34	1733.20	738.90	4460.98	446.52	10.01
	Sector total			849.94	57.85	395.39	396.70	28603.38	-9.34	1796.75	462.47	4313.90	454.55	
	POWER													
15	Transmission Corporation of Andhra Pradesh Limited	2012-13	2013-14	1125.77	364.93	416.52	344.32	1497.85	-38.51	779.22	1140.32	4821.94	709.25	14.71
16	Andhra Pradesh Power Development Company Limited (619-B)	2012-13	2013-14	0.00	0.00	0.00	0.00	0.00	0.00	1458.90	0.00	7532.37	0.00	0.00
	Sector total			1125.77	364.93	416.52	344.32	1497.85	-38.51	2238.12	1140.32	12354.31	709.25	
	SERVICE													
17	Visakhapatnam Urban Transport Company Limited	2012-13	2013-14	-0.01	0.00	0.00	-0.01	0.00	0.00	0.01	-0.01	0.01	-0.01	0.00
	Sector total			-0.01	0.00	0.00	-0.01	0.00	0.00	0.01	-0.01	0.01	-0.01	
	Total: A			2507.72	888.81	817.07	801.84	31391.99	-47.85	4304.51	1723.14	23265.95	1690.65	

Report No.5 of 2014 (Public Sector Undertakings)

Sl. No.	Sector and Name of the Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumulated profit(+)/ loss(-)	Capital employed ^	Return on capital employed \$	Percent age of return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
B.	Working Statutory Corporations													
	FINANCE													
1	Andhra Pradesh State Financial Corporation	2012-13	2013-14	267.54	202.33	1.86	63.35	369.68	0.00	206.01	149.56	2760.00	265.68	9.63
	Sector total			267.54	202.33	1.86	63.35	369.68	0.00	206.01	149.56	2760.00	265.68	
	SERVICES													
2	Andhra Pradesh State Road Transport Corporation	2012-13	2013-14	2448.28	369.92	2159.07	-80.71	6518.47	0.00	201.27	-2649.81	1902.78	289.21	15.20
	Sector total			2448.28	369.92	2159.07	-80.71	6518.47	0.00	201.27	-2649.81	1902.78	289.21	
	Total: B			2715.82	572.25	2160.93	-17.36	6888.15	0.00	407.28	-2500.25	4662.78	554.89	
	Total Working PSUs: (A+B)			5223.54	1461.06	2978.00	784.48	38280.14	-47.85	4711.79	-777.11	27928.73	2245.54	

Notes:Sl.Nos. 4,6,7,10 and 16 of Part A are 619-B Companies.

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

^ Capital employed represents 'Shareholders'fund + Long term borrowings as per revised formula except incase of Andhra Pradesh State Financial Corporation, where the capital employed is worked out as a mean of aggregate value of 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.

Annexure - 1.3
Statement showing summarised financial results of Government Companies and Statutory Corporations whose accounts for 2012-13 are in arrears
(Referred to in paragraph 1.7.5)

(Figures in columns 5 (a) to 11 are ₹ in crore)

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Profit/Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumulated profit(+)/loss(-)	Capital employed @	Return on capital employed \$	Percentage return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A.	Working Government Companies													
	AGRICULTURE AND ALLIED													
1	Andhra Pradesh State Agro Industries Development Corporation Limited	2011-12	2013-14	8.05	1.42	0.13	6.50	436.16	0.00	21.50	-2.29	94.95	7.92	8.34
2	Indhira Gandhi Centre for Advanced Research on Livestock Private Limited	First accounts not submitted												
	FINANCE													
3	Andhra Pradesh Film and Television and Theatre Development Corporation Limited	2011-12	2012-13	0.41	0.21	0.15	0.05	10.07	0.00	6.22	1.67	7.95	0.26	3.27
4	Andhra Pradesh Handicrafts Development Corporation Limited	2009-10	2011-12	1.59	0.00	0.81	0.78	67.50	3.83	2.00	7.30	17.12	0.78	4.56

Report No.5 of 2014 (Public Sector Undertakings)

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumulated profit(+)/ loss(-)	Capital employed @	Return on capital employed \$	Percentage return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
5	Andhra Pradesh State Minorities Finance Corporation Limited	2009-10	2011-12	0.57	0.46	0.19	-0.08	0.00	-143.79	139.85	-12.03	138.12	0.38	0.28
6	Andhra Pradesh State Christian Minorities Finance Corporation Limited	First accounts not submitted												
INFRASTRUCTURE														
7	Andhra Pradesh Industrial Development Corporation Limited	2009-10	2013-14	26.32	0.23	0.12	25.97	14.17	0.00	130.87	43.93	116.18	26.20	22.55
8	Andhra Pradesh Industrial Infrastructure Corporation Limited	2011-12	2012-13	31.60	0.00	2.60	29.00	117.13	-25.76	16.33	444.30	971.46	29.00	2.99
9	Andhra Pradesh State Housing Corporation Limited	2009-10	2013-14	-61.08	598.43	2.47	-661.98	74.09	0.00	0.25	-4213.86	7855.02	-63.55	0.00
10	Andhra Pradesh Rajiv Swagruha Corporation Limited (No profit/loss)	2010-11	2013-14	75.85	86.97	0.08	-11.20	42.25	-59.50	0.05	-11.20	928.57	75.77	8.16
11	Andhra Pradesh Urban Finance and Infrastructure Development Corporation Limited	2009-10	2013-14	0.01	0.00	0.01	0.00	0.58	0.00	0.15	0.00	0.15	0.00	0.00

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Profit/Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumulated profit(+)/loss(-)	Capital employed @	Return on capital employed \$	Percentage return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
12	Fab City SPV (India) Pvt. Ltd. (Subsidiary to APIIC w.e.f.19-07-2007)	2009-10	2013-14	1.18	0.00	0.10	1.08	1.77	0.00	0.01	1.36	1.64	1.08	65.85
13	Hyderabad Growth Corridor Limited (619-B)	2009-10	2011-12	-0.76	0.00	0.04	-0.80	0.62	0.00	0.15	-3.71	-3.56	-0.80	0.00
14	Infrastructure Corporation of Andhra Pradesh Limited	2011-12	2012-13	-0.30	0.00	0.08	-0.38	0.68	0.00	19.62	-1.30	18.32	-0.38	0.00
15	Pashamlaram Textile Park	First accounts not submitted		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16	Andhra Pradesh Aviation Corporation Limited	First accounts not submitted		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	MANUFACTURING													
17	Andhra Pradesh Mineral Development Corporation Limited	2009-10	2012-13	57.44	1.63	0.83	54.98	199.64	0.00	6.31	203.44	207.74	56.61	27.25
18	Krishnapatnam International Leather Complex Private Limited (619-B)	2011-12	2013-14	0.01	0.00	0.01	0.00	0.00	0.00	0.01	0.00	25.10	0.00	0.00

Report No.5 of 2014 (Public Sector Undertakings)

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumulated profit(+)/ loss(-)	Capital employed @	Return on capital employed \$	Percentage return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
19	Ongole Iron Ore Mining Company Pvt. Limited	2009-10	2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.11	0.00	0.10	0.00	0.00
	POWER													
20	Andhra Pradesh Power Generation Corporation Limited	2011-12	2012-13	3152.90	1649.36	1102.02	401.52	11438.51	0.00	2106.80	940.65	18905.15	2050.88	10.85
21	Central Power Distribution Company of Andhra Pradesh Limited	2011-12	2012-13	1329.90	935.50	390.35	4.05	11928.90	-22.85	728.48	-110.57	4325.36	939.55	21.72
22	Eastern Power Distribution Company of Andhra Pradesh Limited	2011-12	2012-13	482.64	266.33	191.51	24.80	3982.81	0.00	121.23	121.95	4318.51	291.13	6.74
23	Northern Power Distribution Company of Andhra Pradesh Limited	2011-12	2012-13	532.85	333.80	195.84	3.21	2566.28	0.00	274.76	-12.80	2145.18	337.01	15.71
24	Southern Power Distribution Company of Andhra Pradesh Limited	2011-12	2012-13	933.36	551.98	377.93	3.45	6039.17	-2463.23	358.72	146.97	4548.17	555.43	12.21
25	New & Renewable Energy Development Corporation of Andhra Pradesh Limited (No profit/ loss)	2011-12	2013-14	24.15	0.64	1.37	22.14	48.00	0.00	0.22	18.52	18.74	22.78	121.56

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumulated profit(+)/loss(-)	Capital employed @	Return on capital employed \$	Percentage return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	SERVICE													
26	Andhra Pradesh State Civil Supplies Corporation Limited	2010-11	2013-14	21.97	11.78	0.95	9.24	2219.47	21.55	3.00	121.62	418.10	21.02	5.03
27	Andhra Pradesh Trade Promotion Corporation Limited	2010-11	2012-13	-4.23	0.00	0.68	-4.91	25.17	0.00	0.86	62.53	76.58	-4.91	0.00
28	Andhra Pradesh Technology Services Limited	2010-11	2012-13	2.54	0.00	0.26	2.28	15.38	0.00	0.20	24.85	24.64	2.28	9.25
29	Andhra Pradesh Tourism Development Corporation Limited	2009-10	2013-14	10.48	1.67	10.75	-1.94	114.60	-4.08	3.55	19.86	106.01	-0.27	0.00
30	Hyderabad Metro Rail Limited	2011-12	2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.57	0.00	0.75	0.00	0.00
31	Vizag Apparel Park for Exports*	2007-08	2012-13	-0.04	0.00	0.04	-0.08	0.04	0.00	0.05	-0.15	10.53	-0.08	0.00
	MISCELLANEOUS													
32	Overseas Manpower Company of Andhra Pradesh Limited	2010-11	2013-14	0.17	0.00	0.02	0.15	0.68	0.02	0.21	0.25	0.47	0.15	31.91
	TOTAL: A			6627.58	4440.41	2279.34	-92.17	39343.67	-2693.81	3942.08	-2208.71	45277.05	4348.24	

Report No.5 of 2014 (Public Sector Undertakings)

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumulated profit(+)/ loss(-)	Capital employed @	Return on capital employed \$	Percentage return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
B.	Working Statutory Corporations													
	AGRICULTURE AND ALLIED													
1	Andhra Pradesh State Warehousing Corporation	2011-12	2013-14	163.72	0.43	1.71	161.58	237.82	0.00	7.61	223.06	266.07	162.01	60.89
	TOTAL:B			163.72	0.43	1.71	161.58	237.82	0.00	7.61	223.06	266.07	162.01	
	TOTAL A+B			6791.30	4440.84	2281.05	69.41	39581.49	-2693.81	3949.69	-1985.65	45543.12	4510.25	
C	Non-working Government Companies													
	AGRICULTURE AND ALLIED													
1	Andhra Pradesh Fisheries Corporation Limited	1.4.02 to 9.5.02	2003-04	0.00	0.00	0.00	0.00	0.00	0.00	4.67	-21.75	-7.24	-0.13	0.00
2	Proddutur Milk Foods Limited	1983-84	1990-91	0.00	0.00	0.00	0.00	0.00	0.00	1.96	0.00	0.00	0.00	0.00
3	Andhra Pradesh Dairy Development Corporation Limited	2001-02	2006-07	0.00	0.00	0.00	0.00	0.00	0.00	18.72	-5.23	20.51	0.00	0.00
	FINANCING													
4	A.P Small Scale Industrial Development Corporation Limited	2001-02	2003-04	2.18	0.00	0.00	2.18	0.02	0.00	9.62	-20.03	2.93	3.25	110.92
5	Andhra Pradesh Tourism Finance Limited	2002-03	2004-05	0.11	0.00	0.00	0.11	0.11	0.00	2.00	0.07	2.05	0.11	5.37

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumulated profit(+)/loss(-)	Capital employed @	Return on capital employed \$	Percentage return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	MANUFACTURING													
6	Allwyn Auto Limited	1994-95	1997-98	-6.46	0.00	0.00	-6.46	0.00	0.00	0.15	-13.54	-2.97	-5.24	0.00
7	Allwyn Watches Limited	1998-99	2002-03	-70.69	0.00	0.00	-70.69	13.00	0.00	0.15	-248.70	95.75	-30.03	0.00
8	Andhra Pradesh Electronics Development Corporation Limited	2002-03	2006-07	-0.75	0.00	0.00	-0.75	0.00	0.00	12.72	-10.74	3.68	-0.75	0.00
9	Andhra Pradesh Scooters Limited	1992-93	1993-94	-3.70	0.00	0.00	-3.70	0.00	0.00	11.11	-34.49	-3.79	-2.26	0.00
10	Andhra Pradesh State Textile Development Corporation Limited	1997-98	2010-11	-0.07	0.12	0.02	-0.21	6.77	-0.53	3.80	-4.01	3.68	-0.09	0.00
11	Andhra Pradesh Steels Limited (S)	1991-92	1993-94	-2.09	0.00	0.00	-2.09	0.00	0.00	2.03	-6.51	-2.51	-1.68	0.00
12	Apronix Communications Limited (S)*			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Hyderabad Chemicals and Fertilizers Limited (S)	1984-85	1986-87	0.62	0.00	0.00	0.62	0.00	0.00	0.78	-0.63	-1.34	-0.28	0.00
14	Marine and Communication Electronics (India) Limited (S)	1992-93	1994-95	-4.70	0.00	0.00	-4.70	0.00	0.00	1.89	-4.21	7.23	-3.29	0.00
15	Republic Forge Company Limited	1991-92	1993-94	-3.34	0.00	0.00	-3.34	0.00	0.00	7.77	-23.41	8.82	-0.26	0.00
16	Southern Transformers and Electricals Limited	1993-94	1996-97	-0.57	0.00	0.00	-0.57	0.00	0.00	0.58	-5.78	-1.45	-0.21	0.00

Report No.5 of 2014 (Public Sector Undertakings)

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumulated profit(+)/ loss(-)	Capital employed @	Return on capital employed \$	Percentage return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	(S)													
17	Andhra Pradesh Automobile Tyres & Tubes Limited	1992-93	NA	0.00	0.00	0.00	0.00	0.00	0.00	0.75	-0.77	0.00	-0.02	0.00
18	Golkonda Abrasives Limited	1997-98	NA	-0.01	0.00	0.00	-0.01	0.00	0.00	0.55	-7.44	0.00	-0.01	0.00
19	Krishni Engineering Limited	1984-85	NA	-0.52	0.00	0.00	-0.52	0.00	0.00	0.52	-3.54	0.00	-0.52	0.00
20	PJ Chemicals Limited	1989-90	NA	-0.51	0.00	0.00	-0.51	0.00	0.00	0.38	-3.56	0.00	-0.51	0.00
21	Suganthy Alloy Castings Limited	1983-84	NA	-0.16	0.00	0.00	-0.16	0.00	0.00	0.20	-0.26	0.00	-0.16	0.00
22	Vidyut Steels Limited	1985-86	NA	-0.40	0.00	0.00	-0.40	0.00	0.00	0.88	-1.55	0.00	-0.40	0.00
	SERVICE													
23	Andhra Pradesh Essential Commodities Corporation Limited	2003-04	2007-08	0.00	0.00	0.00	0.00	0.00	0.00	1.13	9.61	10.75	0.00	0.00
24	Andhra Pradesh Non-Resident Indian Investment Corporation Limited	2002-03	2006-07	0.00	0.00	0.00	0.00	0.00	0.00	1.57	-3.53	-2.16	0.00	0.00
	TOTAL : C			-91.06	4440.96	0.02	-91.20	19.90	-0.53	83.93	-410.00	133.94	-42.48	
	TOTAL A+B+C			6700.24	4440.96	2281.07	-21.79	39601.39	-2694.34	4033.62	-2395.65	45677.06	4467.77	

Notes: 1. Sl. No. 13 of Part A and Sl. No. 17 to 22 of Part C are 619-B Companies.

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

3. @Capital employed represents 'Shareholders'fund + Long term borrowings as per revised formula.

4.\$ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

Annexure 1.4

Statement showing subsidy and grants received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2013

(Referred to in paragraph 1.4.1)

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

Sl. No.	Sector & Name of the Company	Equity/loans received out of budget during the year		Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year				Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment @	Loans repayment written off	Loans converted into equity	Interest / Penal interest waived	Total		
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)		
A.	Working Government Companies														
	AGRICULTURE AND ALLIED														
1	Andhra Pradesh State Agro Industries Development Corporation Limited	0.00	0.00	0.00	0.00	24.61	24.61	0.00	0.00	0.00	0.00	0.00	0.00		
2	Andhra Pradesh Forest Development Corporation Limited	0.00	0.00	0.17	0.00	0.00	0.17	0.00	0.00	0.00	0.00	0.00	0.00		
3	Indira Gandhi Centre Advanced Research on Livestock Private Limited	0.00	0.00	0.00	37.50	0.00	37.50	0.00	0.00	0.00	0.00	0.00	0.00		

Report No.5 of 2014 (Public Sector Undertakings)

Sl. No.	Sector & Name of the Company	Equity/loans received out of budget during the year		Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment @	Loans repayment written off	Loans converted into equity	Interest / Penal interest waived	Total
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
4	Andhra Pradesh State Seeds Development Corporation Limited	0.00	0.00	25.63	0.00	0.00	25.63	0.00	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	25.80	37.50	24.61	87.91	0.00	0.00	0.00	0.00	0.00	0.00
	FINANCE												
5	Andhra Pradesh State Film Television and Theatre Development Corporation Limited	0.00	0.00	0.00	5.54	0.00	5.54	0.00	0.00	0.00	0.00	0.00	0.00
6	Andhra Pradesh Handicrafts Development Corporation Limited	0.00	0.00	1.06	2.99	0.00	4.05	0.00	0.00	0.00	0.00	0.00	0.00
7	Andhra Pradesh State Minorities Finance Corporation Limited	0.00	0.00	37.43	233.88	0.00	271.31	0.00	6.18	0.00	0.00	0.00	0.00

Sl. No.	Sector & Name of the Company	Equity/loans received out of budget during the year		Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment @	Loans repayment written off	Loans converted into equity	Interest / Penal interest waived	Total
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
8	Andhra Pradesh State Christian Minorities Finance Corporation Limited	0.00	0.00	0.00	8.23	0.00	8.23	0.00	0.00	0.00	0.00	0.00	0.00
9	Andhra Pradesh Power Finance Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5928.60	0.00	0.00	0.00	0.00
	Total	0.00	0.00	38.49	250.64	0.00	289.13	0.00	5934.78	0.00	0.00	0.00	0.00
	INFRASTRUCTURE												
10	Andhra Pradesh Industrial Development Corporation Limited	0.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Andhra Pradesh Industrial Infrastructure Corporation Limited	0.00	0.00	2.75	2.50	2.50	7.75	0.00	393.95	0.00	0.00	0.00	0.00
12	Andhra Pradesh State Housing Corporation Limited	0.00	1169.08	469.58	658.21	0.00	1127.79	0.00	444.72	0.00	0.00	0.00	0.00

Report No.5 of 2014 (Public Sector Undertakings)

Sl. No.	Sector & Name of the Company	Equity/loans received out of budget during the year		Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment @	Loans repayment written off	Loans converted into equity	Interest / Penal interest waived	Total
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
13	Hyderabad Growth Corridor Limited (619-B)	0.00	456.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Infrastructure Corporation of Andhra Pradesh Limited	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Andhra Pradesh Aviation Corporation Limited	0.00	0.00	0.00	17.87	0.00	17.87	0.00	0.00	0.00	0.00	0.00	0.00
	Total	2.88	1625.48	472.33	678.58	2.50	1153.41	0.00	838.67	0.00	0.00	0.00	0.00
	MANUFACTURING												
16	Andhra Pradesh Beverages Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00
17	Leather Industries Development Corporation of Andhra Pradesh Limited	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Sl. No.	Sector & Name of the Company	Equity/loans received out of budget during the year		Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment @	Loans repayment written off	Loans converted into equity	Interest / Penal interest waived	Total
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
18	The Singareni Collieries Company Limited	0.00	0.00	0.00	0.00	59.06	59.06	0.00	0.00	0.00	0.00	0.00	0.00
	Total	5.00	0.00	0.00	0.00	59.06	59.06	0.00	100.00	0.00	0.00	0.00	0.00
	POWER												
19	Andhra Pradesh Power Generation Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4830.41	0.00	0.00	0.00	0.00
20	Central Power Distribution Company of Andhra Pradesh Limited	0.00	0.00	0.00	1798.72	0.00	1798.72	116.91	362.44	0.00	0.00	0.00	0.00
21	Eastern Power Distribution Company of Andhra Pradesh Limited	0.00	0.00	0.00	124.09	0.00	124.09	0.00	1.37	0.00	0.00	0.00	0.00
22	Northern Power Distribution Company of Andhra Pradesh Limited	0.00	0.00	7.86	2049.72	0.00	2057.58	58.81	420.52	0.00	0.00	0.00	0.00

Report No.5 of 2014 (Public Sector Undertakings)

Sl. No.	Sector & Name of the Company	Equity/loans received out of budget during the year		Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment @	Loans repayment written off	Loans converted into equity	Interest / Penal interest waived	Total
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
23	New & Renewable Energy Development Corporation of Andhra Pradesh Limited	0.00	0.00	21.57	3.41	0.00	24.98	0.00	0.00	0.00	0.00	0.00	0.00
24	Southern Power Distribution Company of Andhra Pradesh Limited	0.00	0.00	0.00	2039.54	0.00	2039.54	0.00	1.30	0.00	0.00	0.00	0.00
25	Transmission Corporation of Andhra Pradesh Limited	0.00	136.55	0.00	0.00	0.00	0.00	0.00	564.84	0.00	0.00	0.00	0.00
26	Andhra Pradesh Power Development Company Limited	30.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	30.00	136.55	29.43	6015.48	0.00	6044.91	175.72	6180.88	0.00	0.00	0.00	0.00
27	SERVICE Andhra Pradesh State Civil Supplies Corporation Limited	0.00	0.00	229.32	2500.00	0.00	2729.32	0.00	0.00	0.00	0.00	0.00	0.00

Sl. No.	Sector & Name of the Company	Equity/loans received out of budget during the year		Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment @	Loans repayment written off	Loans converted into equity	Interest / Penal interest waived	Total
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
28	Andhra Pradesh Tourism Development Corporation Limited	0.00	0.00	79.75	9.58	0.00	89.33	0.00	0.00	0.00	0.00	0.00	0.00
29	Andhra Pradesh Technology Services Limited	0.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Hyderabad Metro Rail Limited	0.00	0.00	0.00	600.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total A	0.11	0.00	309.07	3109.58	0.00	3418.65	0.00	0.00	0.00	0.00	0.00	0.00
	Total A	37.99	1762.03	875.12	10091.78	86.17	11053.07	175.72	13054.33	0.00	0.00	0.00	0.00
B	Working Statutory Corporations												
	FINANCE												
1	Andhra Pradesh State Financial Corporation	0.00	0.00	0.00	0.00	0.00	0.00	320.00	870.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00	0.00	320.00	870.00	0.00	0.00	0.00	0.00

Report No.5 of 2014 (Public Sector Undertakings)

Sl. No.	Sector & Name of the Company	Equity/loans received out of budget during the year		Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment @	Loans repayment written off	Loans converted into equity	Interest / Penal interest waived	Total
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
	SERVICE												
2	Andhra Pradesh State Road Transport Corporation	0.00	106.67	6.30	200.00	0.00	206.30	180.00	428.19	0.00	0.00	0.00	0.00
	Total	0.00	106.67	6.30	200.00	0.00	206.30	180.00	428.19	0.00	0.00	0.00	0.00
	Total B	0.00	106.67	6.30	200.00	0.00	206.30	500.00	1298.19	0.00	0.00	0.00	0.00
	Grand Total A+B	37.99	1868.70	881.42	10291.78	86.17	11259.37	675.72	14352.52	0.00	0.00	0.00	0.00

© Figures indicate total guarantees outstanding at the end of the year.

Annexure 1.5
Statement showing investments made by State Government in PSUs in whose accounts are in arrears
(Referred to in paragraph 1.6.4)

(Figures in Columns 4,6 to 9 are in ₹ in crore)

Sl. No.	Name of PSU	Year upto which account finalised	Paid up Capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears					No of accounts in arrears
				Year in which Equity Loans/Grants received	Equity	Loans	Grants	Subsidy	
1	2	3	4	5	6	7	8	9	10
A.	Working Government companies								
	AGRICULTURE AND ALLIED								
1	Andhra Pradesh State Agro Industries Development Corporation Limited	2011-12	21.50	2012-13	0.00	0.00	0.00	0.00	1
2	Indira Gandhi Centre for Advanced Research on Live Stock Private Limited (11.11.2008)	First account not finalised		2008-09	0.00	0.00	75.00	0.00	5
				2009-10	0.00	0.00	75.00	0.00	
				2010-11	0.00	0.00	37.50	0.00	
				2011-12	0.00	0.00	50.00	0.00	
				2012-13	0.00	0.00	37.50	0.00	
	TOTAL		21.50		0.00	0.00	275.00	0.00	6
	FINANCE								
3	Andhra Pradesh State Film Television and Theatre Development Corporation Limited	2011-12	6.22	2012-13	5.54	0	0	0.00	1

Sl. No.	Name of PSU	Year upto which account finalised	Paid up Capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears						No of accounts in arrears
				Year in which Equity Loans/Grants received	Equity	Loans	Grants	Subsidy		
1	2	3	4	5	6	7	8	9	10	
4	Andhra Pradesh State Minorities Finance Corporation Limited	2009-10	139.85	2010-11	0.00	0	199.73	0.00	3	
				2011-12	0.00	0	277.81	0.00		
				2012-13	0	0	233.88	0		
5	Andhra Pradesh State Christian Minorities Finance Corporation Limited	First accounts not finalised		2009-10	0.00	0.00	199.73	0.00	4	
				2010-11	0.00	0.00	8.00	0.00		
				2011-12	0.00	0.00	0.00	17.13		
				2012-13	0.00	0.00	8.23	0.00		
6	Andhra Pradesh Handicrafts Development Corporation Limited	2009-10	2.00	2010-11	0.00	0.00	0.00	1.56	3	
				2011-12	0.00	0.00	0.25	0.72		
				2012-13	0.00	0.00	2.99	0.00		
					5.54	0.00	930.62	19.41	11	
	INFRASTRUCTURE									
7	Andhra Pradesh Industrial Development Corporation Limited	2009-10	131.48	2009-10	0.26	0.00	0.00	0.00	4	
				2010-11	0.48	0.00	0.00	0.00		
				2011-12	0.56	0.00	0.00	0.00		
				2012-13	0.88	0.00	0.00	0.00		

Sl. No.	Name of PSU	Year upto which account finalised	Paid up Capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears					No of accounts in arrears
				Year in which Equity Loans/Grants received	Equity	Loans	Grants	Subsidy	
1	2	3	4	5	6	7	8	9	10
8	Andhra Pradesh State Police Housing Corporation Limited (No profit/loss)	2011-12	1.81	2012-13	0.00	0.00	0.00	0.00	1
9	Andhra Pradesh Rajiv Swagruha Corporation Limited	2010-11		2011-12	0.00	0.00	0.00	0.00	2
				2012-13	0.00	0.00	0.00	0.00	
10	Andhra Pradesh Urban finance and Infrastructure Development Corporation Limited	2009-10	0.15	2010-11	0.00	0.00	0.00	0.00	3
				2011-12	0.00	0.00	0.00	0.00	
				2012-13	0	0	0	0	
11	Andhra Pradesh Industrial Infrastructure Corporation Limited	2011-12	16.33	2012-13	0.00	0.00	2.50	0.00	1
12	Fab City SPV (India) Pvt. Ltd.(Date of incorporation: 02.05.2006)	2008-09	0.01	2009-10	0.00	0.00	0.00	0.00	4
				2010-11	0.00	0.00	0.00	0.00	
				2011-12	0.00	0.00	0.00	0.00	
				2012-13	0.00	0.00	0.00	0.00	

Report No.5 of 2014 (Public Sector Undertakings)

Sl. No.	Name of PSU	Year upto which account finalised	Paid up Capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears						No of accounts in arrears
				Year in which Equity Loans/Grants received	Equity	Loans	Grants	Subsidy		
1	2	3	4	5	6	7	8	9	10	
13	Andhra Pradesh State Housing corporation Limited	2008-09	0.25	2009-10	0.00	371.14	0.00	1130.00	4	
				2010-11	0.00	891.68	0.00	733.46		
				2011-12	0.00	939.63	0.00	524.58		
				2012-13	0.00	0.00	658.21	0.00		
14	Hyderabad Growth Corridor Limited	2009-10	0.15	2010-11	0.00	332.64	0.00	0.00	3	
				2011-12	0.00	331.50	0.00	0.00		
				2012-13	0.00	0.00	0.00	0.00		
15	Andhra Pradesh Aviation Corporation Limited	first accounts not submitted		2005-06	NA	NA	NA	NA	8	
				2006-07	NA	NA	NA	NA		
				2007-08	NA	NA	NA	NA		
				2008-09	NA	NA	NA	NA		
				2009-10	NA	NA	NA	NA		
				2010-11	NA	NA	NA	NA		
				2011-12	0.00	0.00	17.68	0.00		
				2012-13	0.00	0.00	17.87	0.00		

Sl. No.	Name of PSU	Year upto which account finalised	Paid up Capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears					No of accounts in arrears
				Year in which Equity Loans/Grants received	Equity	Loans	Grants	Subsidy	
1	2	3	4	5	6	7	8	9	10
16	Pashamylaram Textile Park	first accounts not submitted		2005-06	NA	NA	NA	NA	8
				2007-08	NA	NA	NA	NA	
				2007-08	NA	NA	NA	NA	
				2008-09	NA	NA	NA	NA	
				2009-10	NA	NA	NA	NA	
				2010-11	NA	NA	NA	NA	
				2011-12	0.00	0.00	0.00	0.00	
				2012-13	0.00	0.00	0.00	0.00	
	TOTAL		150.18	0.00	2.18	2866.59	696.26	2388.04	38
	MANUFACTURING								
17	Andhra Pradesh Mineral Development Corporation Limited	2009-10	6.31	2010-11	0.00	0.00	0.00	0.00	3
				2011-12	0.00	0.00	0.00	0.00	
				2012-13	0.00	0.00	0.00	0.00	
18	Krishnapatnam International Leather Complex Private Limited	2011-12	0.10	2012-13	0.00	0.00	0.00	0.00	1
	TOTAL		6.41	0.00	0.00	0.00	0.00	0.00	4

Report No.5 of 2014 (Public Sector Undertakings)

Sl. No.	Name of PSU	Year upto which account finalised	Paid up Capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears					No of accounts in arrears
				Year in which Equity Loans/Grants received	Equity	Loans	Grants	Subsidy	
1	2	3	4	5	6	7	8	9	10
	POWER								
19	Andhra Pradesh Power Generation Corporation Limited	2011-12	2106.80	2012-13	0	0	0	0	1
20	Central Power Distribution Company of Andhra Pradesh Limited	2011-12	728.48	2012-13	0	0	1798.72	0	1
21	Eastern Power Distribution Company of Andhra Pradesh Limited	2011-12	121.23	2012-13	0	0	124.09	0	1
22	Northern Power Distribution Company of Andhra Pradesh Limited	2011-12	274.76	2012-13	0	0	2049.72	0	1
23	Southern Power Distribution Company of Andhra Pradesh Limited	2011-12	358.72	2012-13	0	0	2039.54	0	1
24	New & Renewable Energy Development Corporation of Andhra Pradesh Limited	2010-11	0.22	2011-12	0.00	0.00	5.12	1.24	2
				2012-13	0.00	0.00	3.41	0.00	
	TOTAL		3590.21		0.00	0.00	6020.60	1.24	7
	SERVICE								
25	Andhra Pradesh Technology Services Limited	2010-11	0.20	2011-12	0.00	0.00	0.00	0.00	2
				2012-13	0.11	0.00	0.00	0.00	

Sl. No.	Name of PSU	Year upto which account finalised	Paid up Capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears						No of accounts in arrears
				Year in which Equity Loans/Grants received	Equity	Loans	Grants	Subsidy		
1	2	3	4	5	6	7	8	9	10	
26	Andhra Pradesh State Civil Supplies Corporation limited	2010-11	3.00	2011-12	0.00	0.00	0.00	228.00	2	
				2012-13	0		2500	0		
27	Andhra Pradesh Tourism Development Corporation Limited	2009-10	3.76	2010-11	0.00	0.00	0.00	2.50	3	
				2011-12	0.00	0.00	15.00	2.26		
				2012-13	0	0	9.58	0		
28	Andhra Pradesh Trade Promotion Corporation Limited	2010-11	0.86	2011-12	0.00	0.00	0.00	0.00	2	
				2012-13	0.00	0.00	0.00	0.00		
29	Hyderabad Metro Rail limited	2010-11	0.57	2011-12	0.00	0.00	350.00	0.00	2	
				2012-13	0.00	0.00	600.00	0.00		
30	Vizag Apparel Park for Exports (Date of Incorporation : 31.03.2004)	2004-05	0.05	2005-06	0.00	0.00	0.00	0.00	8	
				2006-07	0.00	0.00	1.00	0.67		
				2007-08	0.00	0.00	2.00	0.75		
				2008-09	0.00	0.00	0.00	0.00		
				2009-10	0.00	0.00	0.00	0.00		
				2010-11	0.00	0.00	1.25	0.00		
				2011-12	0.00	0.00	0.06	0.00		
				2012-13	0.00	0.00	0.00	0.00		
	TOTAL		8.44		0.11	0	3478.89	234.18	19	

Report No.5 of 2014 (Public Sector Undertakings)

Sl. No.	Name of PSU	Year upto which account finalised	Paid up Capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears						No of accounts in arrears
				Year in which Equity Loans/Grants received	Equity	Loans	Grants	Subsidy		
1	2	3	4	5	6	7	8	9	10	
	MISCELLANEOUS									
31	Overseas Manpower Company of Andhra Pradesh Limited	2010-11	0.21	2011-12	0.00	0.00	0.00	0.00	2	
				2012-13	0.00	0.00	0.00	0.00		
	TOTAL		0.21		0.00	0.00	0.00	0.00	2	
	TOTAL:A		3925.02	0.00	7.83	2866.59	11401.37	2642.87	87	
B	Working Statutory Corporation									
	AGRICULTURE AND ALLIED									
1	Andhra Pradesh State Warehousing Corporation	2011-12	7.61	2012-13	0.00	0.00	0.00	0.00	1	
	TOTAL		7.61		0.00	0.00	0.00	0.00	1	
	TOTAL :B		7.61		0.00	0.00	0.00	0.00	1	
	TOTAL: A+B		3932.63		7.83	2866.59	11401.37	2642.87	88	
C	Non-Working Government Companies									
	AGRICULTURE AND ALLIED									
1	Andhra Pradesh Fisheries Corporation Limited	1-4-02 to 9-5-02	4.67	2002-03	0.00	0.41	0.00	0.00		
	TOTAL		4.67	2002-03	0.00	0.41	0.00	0.00		

Sl. No.	Name of PSU	Year upto which account finalised	Paid up Capital as per latest finalised accounts	Investment made by Government during the years for which accounts are in arrears						No of accounts in arrears
				Year in which Equity Loans/Grants received	Equity	Loans	Grants	Subsidy		
1	2	3	4	5	6	7	8	9	10	
	MANUFACTURING									
2	Allwyn Watches Limited	1998-99	0.15	2002-03	0.00	0.25	0.00	0.00		
				2003-04	0.00	0.25	0.00	0.00		
3	Andhra Pradesh State Textile Development Corporation Limited	2000-01	3.80	2000-01	0.00	0.18	0.00	0.00		
	TOTAL		3.95		0	0.68	0	0		
	TOTAL: C		8.62		0	1.09	0	0		
	TOTAL: A+B+C		3941.25	0.00	7.83	2867.68	11401.37	2642.87	88	

Annexure -1.6
Statement showing the Financial position of Statutory Corporations
(Referred to in Paragraph 1.7.2)

(₹ in crore)

1. Andhra Pradesh State Road Transport Corporation			
Particulars	2010-11	2011-12	2012-13
A. Liabilities			
Capital (including capital loan and equity capital)	201.27	201.27	201.27
Borrowings – Government	612.42	711.95	462.33
Others	1908.55	3094.83	3643.63
Funds(Including expenditure from betterment fund, receipt on capital account and receipt under TGKP scheme)	105.96	137.15	246.24
Trade dues and other current liabilities (including provisions)	2367.69	2849.39	1534.52
Total – A	5195.89	6994.59	6087.99
B. Assets			
Gross Block	2753.13	3308.98	3446.71
Less: Depreciation	1919.80	1905.12	2159.07
Net Fixed Assets	833.33	1403.86	1287.64
Capital works-in-progress (including cost of chasis)	114.02	74.94	80.94
Investments	0.62	40.62	0.88
Current assets, loans and advances	2264.13	2906.07	2068.72
Accumulated loss	1983.79	2569.10	2649.81
Total – B	5195.89	6994.59	6087.99
C. Capital Employed*	843.79	1535.48	1902.78

* Capital employed represents net fixed assets (including works-in-progress) plus working capital. While working out working capital , the element of interest on loans is included in current liabilities.

2. Andhra Pradesh State Financial Corporation			
Particulars	2010-11	2011-12	2012-13
A. Liabilities			
Paid up Capital	206.01	206.01	206.01
Reserve fund and other reserves and surplus	183.17	211.40	235.67
Borrowings:			
(i) Bonds and Debentures	504.97	645.25	870.00
(ii) Fixed Deposits	68.10	36.47	26.68
(iii) SIDBI	1187.33	1203.42	1124.63
(iv) State Government	1.94	1.94	1.94
(v) Industrial Development Bank of India	11.40	11.40	11.40
(vi) Others	164.07	331.42	553.36
Other liabilities and provisions	233.68	279.24	247.23
Total – A	2560.67	2926.55	3276.92
B. Assets			
Cash and Bank Balances	157.27	215.51	247.08
Investments	5.86	22.25	77.60
Loans and Advances	2117.35	2384.39	2675.72
Net Fixed Assets	149.66	150.54	150.87
Other Assets	130.53	153.86	125.65
Accumulated loss	0.00	0.00	0.00
Total – B	2560.67	2926.55	3276.92
C. Capital Employed**	2157.55	2425.36	2760.00

** Capital employed represents a mean of aggregate of opening and closing balances of paid-up-capital, reserves (other than those which have been funded specially and backed by investments outside), bonds, deposits and borrowings (included refinance).

Annexure-1.7
Statement showing in the financial position of Statutory Corporations
Andhra Pradesh State Warehousing Corporation
(Referred to in paragraph 1.7.5)

Particulars	(₹ in crore)	
	2010-11	2011--12
A Liabilities		
Paid-up capital	7.61	7.61
Reserve and surplus (including subsidy)	134.03	253.49
Borrowings (others)	5.98	4.96
Trade due and current liabilities (including provision)	94.03	155.62
Total A	241.65	421.68
B Assets		
Gross Block	58.90	59.26
Less-Depreciation	27.84	28.74
Net fixed assets	31.06	30.52
Current assets loan and Advances.	210.59	391.16
Total B	241.65	421.68
C Capital employed[#]	144.10	266.06

[#] Capital employed represents net fixed assets (including works-in-progress) plus working capital.

Annexure - 1.8

Statement showing working results of Statutory Corporations

(Referred to in Paragraph 1.7.2)

(₹in crore)

1. Andhra Pradesh State Road Transport Corporation				
Sl.No.	Particulars	2010-11	2011-12	2012-13
1	Operating:			
	(a) Revenue	5210.77	5704.66	6518.47
	(b) Expenditure	6422.59	7031.68	7768.45
	(c) Surplus (+)/Deficit (-)	-1211.82	-1327.02	-1249.98
2	Non-Operating:			
	(a) Revenue	925.92	1044.00	1187.07
	(b) Expenditure	36.50	301.18	392.47
	(c) Surplus (+)/Deficit (-)	889.42	742.82	794.6
3	Total			
	(a) Revenue	6136.69	6748.66	7705.54
	(b) Expenditure	6459.09	7332.86	8160.92
	(c) Net of prior period adjustments	5.00	-1.11	374.67
	(d) Net Profit (+)/Loss(-)	-317.40	-585.31	-80.71
4	Interest on capital and loans	145.80	272.64	369.92
5	Total return on Capital Employed [§]	-171.60	-312.67	289.21
6	Percentage of return on Capital Employed	NIL	NIL	15.2
2. Andhra Pradesh State Financial Corporation				
1	Income			
	(a) Interest on loans	287.90	330.33	369.68
	(b) Other income	34.53	37.69	41.69
	Total -1	322.43	368.02	411.37
2	Expenses			
	(a) Interest on long term and short term loans	142.41	164.78	202.33
	(b) Other expenses	79.74	91.11	110.94
	Total - 2	222.15	255.89	313.27
3	Profit before tax (1-2)	100.28	112.13	98.1
4	Prior period adjustments	3.57	0	1.08
5	Provision for tax	28.16	30.18	25.31
6	Profit (+)/Loss (-) after tax	75.69	81.95	73.87
7	Other appropriations	-8.36	-13.63	-10.52
8	Profit (+)/Loss (-) after other appropriation	67.33	68.32	63.35
9	Total return on Capital Employed [§]	209.74	233.1	265.68
10	Percentage of return on Capital Employed	9.72	9.61	9.63

[§] Total return on capital employed represents net surplus/deficit plus total interest charged to Profit and Loss Account (less interest capitalised).

Annexure- 1.9
Statement showing working result of Statutory corporations
Andhra Pradesh state warehousing corporation
(Referred to in Paragraph 1.7.5)

(₹in crore)

S.No.	Particulars	2010-11	2011-12
1	Income		
	(a) Warehousing charges	99.16	237.82
	(b) Other income	10.45	36.88
	Total-1	109.61	274.70
2	Expenses.		
	(a) Establishment charges	27.13	20.85
	(b) Other expenses	58.83	92.27
	Total -2	85.96	113.12
3	Profit/loss before tax	23.65	161.58
4	Provision for tax	8.00	52.44
5	Prior period Adjustments	0.08	0
6	Other appropriations	2.31	2.77
7	Amount available for dividend	13.26	106.37
8	Dividend for the year	1.52	1.52
9	Total return on capital employed[^]	24.16	162.01
10	Percentage of return on capital employed	16.76	60.89

[^] Total return on capital employed represents net surplus/deficit plus total interest charged to Profit and Loss Account (less interest capitalised).

Annexure-1.11
Statement showing department-wise break-up of outstanding Inspection Reports and Paragraphs

(Referred to in paragraph 1.11.3)

Sl.No.	Name of the department	No. of PSUs	No. of IR Paras	No. of Paras	Year from which pending
1	Agriculture and Co-operation	3	17	145	2005-06
2	Animal Husbandry, Dairy Development and Fisheries	2	2	10	2009-10
3	Consumer Affairs, Food and Civil Supplies	1	4	50	2006-07
4	Energy	11	417	1281	2004-05
5	Environment, Forest, Science and Technology	1	6	28	2004-05
6	General Administration	1	4	19	2006-07
7	Handlooms & Textiles	1	2	10	2010-11
8	Home	1	4	15	2007-08
9	Housing	2	25	169	2005-06
10	Industry and Commerce	13	45	385	2004-05
11	Infrastructure and Investment	3	4	19	2009-10
12	Information Technology & Communications	1	3	14	2009-10
13	Irrigation and Command Area Development	1	7	47	2001-02
14	Labour, Employment, Training and Factories	1	3	5	2006-09
15	Minorities Welfare	2	16	77	2005-06
16	Municipal Administration and Urban Development	4	11	61	2003-04
17	Revenue	1	6	26	2005-06
18	Transport, Roads and Buildings	1	210	689	2005-06
19	Youth Advancement, Tourism & Culture	1	7	68	2005-06
20	Mines and Geology	1	0	0	
	Total:	52	793	3118	

Annexure –1.12

Statement showing the department-wise PAs and draft paragraphs to which replies are awaited

(Referred to in paragraph 1.11.3)

Sl. No.	Name of the department	No. of reviews	Period of issue	No. of draft paragraphs	Period of issue
1	Agriculture & Co-operation	1	September 2013	-	-
2	Transport, Roads and Buildings	-	-	1	Aug-13
3	Energy	-	-	1	Sep-13
	Total	1		2	

Annexure- 2.1

(Referred to in Paragraph No. 2.10)

- (I) The following table depicts the DISCOM-wise details of sanctioned cost, funds released and expenditure as claimed in closure reports incurred to the end of 31 March 2013.

(₹ in crore)

Name of DISCOM	Revised Sanctioned cost	Funds released	Funds utilized	Percentage of utilization to	
				Sanctioned cost	Funds released
1	2	3	4	5 (4/2)	6 (4/3)
EPDCL	284.15	249.37	255.23	90	102
SPDCL	191.03	171.18	192.84	101	113
CPDCL	224.47	195.50	242.80	108	124
NPDCL	161.62	142.25	184.74	114	130
Total	861.27	758.30	875.61		

- (II) The following table depicts revised sanction cost, funds released by REC and actual utilization of funds in respect of selected 10 projects.

Implementing Agency	District	Date of Sanction of DPR	Sanctioned Cost	Funds released by REC	Actual expenditure incurred	Percentage of	
			₹ in crore			Funds released to Sanctioned cost	Expenditure to Sanctioned cost
1	2	3	4	5	6	7 (5/4)	8 (6/4)
EPDCL	Vizianagaram	24.10.05	39.06	35.17	38.94	90	100
	W.Godavari	24.10.05	34.25	30.86	32.21	90	94
	E.Godavari	06.03.08	93.22	77.42	72.11	83	77
SPDCL	Prakasham	24.10.05	33.02	29.57	30.95	90	94
	Kadapa	24.10.05	31.16	25.33	40.09	81	129
CPDCL	Mahboobnagar	24.10.05	54.89	49.40	50.03	90	91
	Nalagonda	24.10.05	42.87	38.59	59.68	90	149
	Ananthapur	07.10.05	34.96	26.79	40.27	77	115
NPDCL	Khammam	07.10.05	37.67	33.39	33.75	89	90
	Adilabad	24.10.05	52.85	45.71	54.65	86	103
	Total		457.95	397.23	458.68		

Annexure – 3.1

(Referred to in paragraph 3.6.4.6)

Statement showing details of maintenance equipment as per norms and actual

Name of the Warehouse	Capacity	Wooden crates		Bamboo mats		Sand snakes		Sprayers		LDPE polythene covers		Beam scales	
		Norm	Actual	Norm	Actual	Norm	Actual	Norm	Actual	Norm	Actual	Norm	Actual
Kadapa Region													
Anantapur	10000	2600	0	2880	0	1600	0	2	1	24	16	2	0
Hindupur	5175	1346	0	1490	0	828	0	1	0	12	0	1	0
Guntakal	1000	260	0	288	0	160	0	0	0	2	0	0	0
Chittoor	5800	1508	0	1670	0	928	0	1	0	14	0	1	0
Piler	2150	559	0	619	0	344	0	0	0	5	0	0	0
Kadapa Own	14000	3640	0	4032	500	2240	0	3	2	34	34	3	0
Prodattur	10300	2678	167	2966	0	1648	0	2	2	25	40	2	2
Kurnool Own	13700	3562	810	3946	0	2192	0	3	3	33	10	3	2
Dhone	2100	546	0	605	0	336	0	0	0	5	0	0	0
Allagadda	11400	2964	0	3283	400	1824	0	2	1	27	14	2	0
Nellore	2900	754	0	835	100	464	0	1	0	7	0	1	0
Vedayapalem	17000	4420	300	4896	2000	2720	0	3	3	41	62	3	2
Gudur	8000	2080	0	2304	0	1280	0	2	2	19	26	2	2
Kavali	16000	4160	4160	4608	400	2560	0	3	1	38	39	3	1
Kandukur	2000	520	0	576	0	320	0	0	0	5	0	0	0
CS Puram	25000	6500	6500	7200	3240	4000	0	5	2	60	84	5	5
Karimnagar Region													
Kamareddy	15000	3900	2880	4320	0	2400	0	3	2	36	36	3	1
Sarangapur	10000	2600	24	2880	0	1600	0	2	1	24	37	2	3
Narsannapally	10000	2600	0	2880	300	1600	0	2	2	24	38	2	2
Khanapur	8500	2210	1500	2450	2450	3200	3200	3	3	36	48	3	3
Huzurabad	10000	2600	150	2880	1000	1600	0	2	1	24	35	3	3
Jagtial	9600	2496	1285	2765	1400	1536	500	2	1	23	45	2	2
Jammikunta	10000	2600	2750	2880	0	1600	0	2	1	24	45	2	3
Shalapally	20000	5200	1600	5760	0	3200	0	4	0	48	48	4	2
Karimnagar	15500	4030	980	4464	1800	2480	0	3	2	37	20	3	2
Korutla&Metpalli	13900	3614	1090	4003	200	2224	0	3	2	33	30	3	2
Peddapalli	8300	2158	197	2390	0	1328	0	2	1	20	28	2	2
Huzurabad (IG)	35000	9100	7804	10080	0	5600	350	7	2	84	48	7	4
Peddapalli-2 (IG)	25000	6500	6150	7200	0	4000	0	5	5	60	60	5	5
Suddala-I	30000	7800	7800	8640	8640	4800	0	6	3	72	72	6	6
Mancherial	20000	5200	5200	5760	0	3200	3200	4	4	48	48	4	4
Sultanabad PPP	15000	Construction completed on 15.02.2013 check list not yet prepared											

Annexure – 4.1

(Referred to in paragraph 4.4.3.1)

Statement showing details of quantities as per DPRs, Agreements, actual and variance relating to HVDS works

SPDCL

Item/Work	DPR				Quantities as per Agreement				Actual				Variance between DPR and Actual Excess(+)/Short(-)				Percentage of Variance		
	P-I*		P-II*		P-I		P-II		P-I		P-II		P-I		P-II		P-I	P-II	
	P-I*	P-II*	P-I	P-II	P-I	P-II	P-I	P-II	P-I	P-II	P-I	P-II	P-I	P-II	P-I	P-II	P-I	P-II	
Existing DTRs to be replaced	6253	7978	6179	7990	5230	7591													
New DTRs erection																			
16 Kva DTRs	31673	40231	25797	28101	23297	28596													
25 Kva DTRs	8382	9644	15456	32184	16890	33060													
Conversion of LT to HT line (Kms)	8366.48	11051	8200.80	7271.09	5273.30	6937.37													
Erection of LT AB cables in Km	3994.57	5644.10	3989	5887.53	3279.5	5793.94													
Feeders	251	566	261	375	163	NA													

NPDCL

Item/Work	DPR				Quantities as per Agreement				Actual				Variance between DPR and Actual				Percentage of Variance		
	P-I		P-II		P-I		P-II		P-I		P-II		P-I		P-II		P-I	P-II	
	P-I	P-II	P-I	P-II	P-I	P-II	P-I	P-II	P-I	P-II	P-I	P-II	P-I	P-II	P-I	P-II	P-I	P-II	
Existing DTRs to be replaced	623	2848	759	2762	433	2116													
New DTRs erection																			
16 Kva DTRs	2310	11375	3555	18280	2906	16442													
25 Kva DTRs	2433	5357	2462	8112	1815	6119													
Conversion of LT to HT line (Kms)	1082	2280	1309.38	4702.06	782.67	3719.71													
Erection of LT AB cable (Kms)	491.5	1158	771.09	3133.29	492.1	2251.70													
Feeders	39	130	34	128	11	68													

* P-I: Phase I; P-II: Phase II

Annexure – 4.2

(Referred to in Paragraph No.4.4.3.3)

Statement showing the Agreement wise performance in execution of HVDS

APSPDCL - HVDS Phase I

S. No.	Agreement No. & Date	Scheduled date of completion	Actual Date of completion	Delay in Months	Extension of time/date
1	17/05-06 dt.08.11.05	08.11.2006	26.04.2009	29	6 times upto 31.05.2009
2	18/05-06 dt.14.11.05	14.11.2006	20.06.2009	31	4 times upto 30.04.2009
3	21/05-06 dt.16.11.05	16.11.2006	30.09.2009	34	5 times upto 30.09.09
4	22/05-06 dt.16.11.05	16.11.2006	31.05.2010	42	10 times upto 31.5.2010
5	15/05-06 dt.24.10.05	24.10.2006	31.03.2007	5	2 times upto 31.03.2007
6	23/05-06 dt.16.11.05	16.11.2006	30.09.2008	22	3 times upto 30.09.2008
7	14/05-06 dt.18.10.05	18.10.2006	28.01.2009	27	4 times upto 30.09.2008
8	19/05-06 dt.14.11.05	14.11.2006	25.04.2008	17	2 times upto 31.01.2008
9	20/05-06 dt.14.11.05	14.11.2006	19.03.2009 *	28	5 times upto 31.10.2008
10	16/05-06 dt.31.10.05	31.10.2006	18.06.2009	31	6 times upto 31.07.2009
11	24/05-06 dt.25.11.05	25.11.2006	30.09.2009	34	7 times upto 30.09.2009

APSPDCL - HVDS Phase II

S. No.	Agreement No. & Date	Scheduled date of completion	Actual Date of completion	Delay in Months	Extension of time/date
1	04/07-08 dt.09.05.07	9/5/2008	31/5/2010	24	6 times upto 31.07.2010
2	05/07-08 dt.09.05.07	9/5/2008	28/3/2010	22	4 times upto 31.12.2009
3	27/07-08 dt.02.08.07	2/8/2008	20/3/2011	31	6 times upto 31.8.2010
4	06/07-08 dt.09.05.07	9/5/2008	31/3/2010	22	6 times upto 31.3.2010
5	14/07-08 dt.01.06.07	1/6/2008	30/4/2010	23	7 times upto 30.4.2010
6	16/07-08 dt.08.06.07	8/6/2008	30/9/2009	28	2 times upto 31.3.2009
7	07/07-08 dt.09.05.07	9/5/2008	25/8/2010	27	5 times upto 31.5.2010
8	08/07-08 dt.09.05.07	9/5/2008	29/3/2010	22	6 times upto 31.3.2010
9	19/07-08 dt.26.06.07	26/6/2008	31/3/2010	21	4 times upto 31.3.2010
10	03/07-08 dt.30.04.07	30/4/2008	31/7/2010	27	7 times upto 31.3.2010
11	20/07-08 dt.26.06.07	26/6/2008	15/3/2009	8	2 times upto 31.3.2009
12	09/07-08 dt.30.04.07	30/4/2008	31/12/2009	20	4 times upto 31.12.2009
13	10/07-08 dt.30.04.07	30/4/2008	31/3/2010	23	4 times upto 31.3.2010
14	18/07-08 dt.18.06.07	18/6/2008	31/3/2010	21	6 times upto 31.3.2010
15	22/07-08 dt.11.07.07	11/7/2008	31/3/2010	20	5 times upto 31.3.2010
16	21/07-08 dt.26.06.07	26/6/2008	31/3/2009	9	2 times upto 31.12.2009

APNPDCL - Phase I

S. No.	Agreement No. & Date	Scheduled date of completion	Actual Date of completion	Delay in Months	Extension of time/date
1	23/9.03.06	8/3/2007	30/11/2012	68	6 times upto 30-11-2012
2	24/9.03.2006	8/3/2007	31/12/2012	69	5 times upto 31-12-12
3	25/9.03.2006	8/3/2007	15/2/2012	59	6 times 15-02-12

APNPDCL - Phase II

S. No.	Agreement No. & Date	Scheduled date of completion	Actual Date of completion	Delay in Months	Extension of time/date
1	32/2006-07 dt 21.03.2007	20/3/2008	31.10.2011	43	5 times
2	31/2006-07 dt 21.03.2007	20/3/2008	31.03.2013	60	5 times
3	02/2007-08 dt 21.07.2007	20/7/2008	31.03.2013	56	5 times
4	1/2007.08 dt 19.04.2007	18/4/2008	7.07.2012	50	3 times
5	33/2006-07 dt 21.03.2007	20/3/2008	30.04.2012	49	2 times
6	03/2007-08 dt 24.04.2007	23/4/2008	31.03.2013	59	3 times
7	34/2006-07 dt 21.03.2007	20/3/2008	31.01.2012	46	1 time
8	36/2006-07 dt 21.03.2007	20/03/2008		Agreement terminated due to abnormal delay	
9	37/2006-07 dt 21.03.2007	20/3/2008	31.10.2012	55	2 times
10	35/2006-07 dt 21.03.2007	20/3/2008	31.03.2013	60	5 times
11	9/2007-08 dt 23.03.2007	22/3/2008	31.07.2013	64	5 times
12	8/2007-08 dt 23.05.2007	22/5/2008	31.01.2013	56	5 times

Annexure –4.3
(Referred to in Paragraph 4.6.2.2)
Details of plan-wise proposed, completed and ongoing thermal projects

11th Plan projects

SL. No.	Name of Project	Unit No.	Capacity	Synchroni-zation	Commercial Operation
1	Rayalaseema TPP Stage-II	Unit-4	210	20.11.2007	29.03.2008
2	Dr.Narla Tata Rao TPS Stage IV	Unit-7	500	06.04.2009	28.01.2010
3	Kakatiya TPP Stage I	Unit-1	500	31.03.2010	14.09.2010
4	Rayalaseema TPP stage-III	Unit-5	210	29.11.2010	10.02.2011
5	Kothagudem TPS Stage VI	Unit-11	500	30.03.2011	23.10.2011
	Completed total		1920		
6	SDSTPP (Krishnapatnam)	Unit 1 Unit 2	800 800	--	June, 2013* December 2013*
7	Kakatiya TPP Stage II	Unit 2	600		December 2013*
8	Rayalaseema TPP Stage-IV	Unit 6	600		August 2014
	Ongoing total		2800		
	Grand total		4720		

12th Plan projects

SL. No.	Name of Project	Unit No.	Capacity	Synchroni-zation	Commercial Operation
	Ongoing (from 11th Plan)				
1	SDSTPP (Krishnapatnam)	Unit 1 Unit 2	800 800	--	June, 2013* Dec, 2013*
2	Kakatiya TPP Stage II	Unit 2	600		Dec, 2013*
3	Rayalaseema TPP Stage-IV	Unit 6	600		Aug, 2014
	Ongoing total		2800		
	Under development				
4	Integrated Gasification Combined Cycle Plant, Dr. NTPPS, Vijayawada	-	182		2013-14
5	Vadarevu Ultra Mega Power Project, Stage I & II, Prakasam District		800 800 800 800		2014-15 2015-16 2015-16 2016-17
	Under development total		3382		
	Under Investigation				
6	Sathupally, Khammam		600		2015-16
7	Srikakulam		600 600 600		2015-16 2016-17 2016-17
8	Krishnapatnam, Stage II		800		2016-17
	Under investigation total		3200		
	Grand total		9382		

*Revised COD dates (Original COD dates July 2012, January 2013 and March 2011)

Annexure -4.4*(Referred to in paragraph 4.6.2.5)***Details of Purchase Orders placed, scheduled date of completion, actual date of completion, progress of ongoing works, etc.****Completed projects**

Contractor	Contract value (₹ in crore)	Date of PO	Completion date as per P.O.	Actual Commercial Operation Date	Time overrun
KTPS Unit 11					
BTG	1087.25	6.2.2007	21.5.2010*	23.10.2011	17 months
BOP	793.00	19.3.2008	1.7.2010*	23.10.2011	15 ½ months
RTPP Unit 5					
BTG	623.20	30.4.2007	24.10.2009 [#]	10.2.2011	15 ½ months
GENCO	BOP works done by GENCO				

* 39/26 months from date of release of advance i.e. 22.2.2007 and 2.5.2008 respectively.

[#] 33 months from zero date – date of handing over site i.e. 25.1.2007.**Ongoing projects**

contractor	Contract value	Date of PO	Completion date as per P.O.	Delay up to December 2013 (months)
KTPP/ Unit 2				
BTG	₹ 1365.00 crore	13-10-2008	20-07-2012 ¹	17
BOP	₹ 723.00 crore	25.11.2010	30-4-2013 ¹	8
SDSTPS/ Krishnapatnam/ Unit 1 & 2				
Boiler	₹ 824.30crore € 7.4 crore US\$ 26.17 crore	17-3-2010 (Unit 1 & 2)	28-07-2012 ² (Unit 1) 28-01-2013 ² (Unit 2)	17 (Unit 1) 11 (Unit 2)
Turbine& Generator	₹106.61crore € 0.95crore US\$ 4.10crore Japan Yen 1597.35	16-09-2008 (Unit 1 & 2)	22-08-2012 ² (Unit 1) 22-02-2013 ² (Unit 2)	16 (Unit 1) 10 (Unit 2)
BOP	₹2669.40 crore € 1.55crore	12-8-2009 Unit 1& 2	26-02-2012 ² (Unit 1) 26-05-2012 ² (Unit 2)	22 (Unit 1) 19 (Unit 2)
RTPP/ Unit 6				
BTG	₹ 1445.00 crore	18-11-2010	9-08-2014 ³	0
BOP	₹ 1255.00 crore	15-12-2010	29-04-2013 ³	8

¹ 42/30 months from date of release of advance for BTG, i.e.21.1.2009 and from date of issue of LOI for BOP contractor, i.e. 30.10.2010 respectively² 47/53 months for Unit 1 & 2 for Boiler and Contract company (Turbine & Generator works) from date of release of advance, i.e. 29.8.2008 and 23.9.2008, respectively and 36/39 months from date of Notice to Proceed for Contract company (BOP works), i.e. 27.2.2009.³ 42/30 months from date of release of advance for BHEL, i.e.10.2.2011 and from date of issue of LOI for BOP contractor, i.e. 30.10.2010.

Annexure-4.5

Statement showing details of original, revised and actual areas, expenditure and status of JnNURM projects
(Referred to in paragraph No.4.8.2.4)

(Amount ₹ in crore)

Project name BT/CAC/Depot	Revised Sanction	Actual Expenditure as on 31.03.2013	Revised Plinth area against planned plinth area of 50000 Sft. for each BT		Delay in completion against scheduled date of 31 March 2010	
			Actual area	Shortfall (Percentage)	Actual date of completion	Delay in number of months upto date of completion
Bus depots						
1. Musheerabad	4.20	3.80			30.1.2010	0
2. Hayathnagar	4.20	4.08			24.12.2009	0
3. Bandlaguda	4.20	4.25			26.3.2012	24
4. Kacheguda (Changed from Turkyamzal)	4.20	3.23			7.5.2012	25
5. Chengicherla (Changed from Shamshabad)	4.20	3.33			8.5.2012	25
BTs						
1. Kukatpally	11.76	7.56	45265	9	28.2.2011	11
2. Michani (Changed from Mehdipatnam)	11.24	4.93	43147	14	still in progress	--
3. Koti	8.88	7.70	44412	11	20.3.2011	11
4. Patancheru	9.97	7.94	49567	1	31.3.2011	12
5. ECIL X Roads	6.76	5.50	33535	33	30.10.2010	7
6. Farooqnagar	6.88	6.61	31431	37	still in progress	--
7. Hayatnagar	13.00	0	50000	--	Work not taken up	--
8. Kachiguda (Changed from Turkyamzal)	13.02	6.44	53953	--	16.6.2013	36
9. Tamaka (Changed from Bandlaguda)	13.00	0.01	53953	--	Work not taken up	--
Auxiliary Infrastructure	8.41	0.48				
Total	123.92	65.86	405263			

Glossary

AAI	Airports Authority of India
AB Cable	Aerial Bunched Cable
ABT	Availability Based Tariff
ACA	Additional Central Assistance
ACC	Air Cargo Complex
ACD	Additional Consumption Deposit
ACL	Access Control List
ADE	Assistant Divisional Engineer
AERB	Atomic Energy Regulatory Board
AEZ	Agri Export Zone
AM	Asset Management
AMC	Annual Maintenance Contract
AP TRANSCO	Transmission Corporation of Andhra Pradesh Limited
APCPDCL	Central Power Distribution Company of Andhra Pradesh limited
APEPDCL	Eastern Power Development Corporation Limited of Andhra Pradesh
APERC	Andhra Pradesh Electricity Regulatory Commission
APGENCO	Andhra Pradesh Power Generation Corporation
APGPCL	Andhra Pradesh Gas Power Corporation Ltd.
APIDC	Andhra Pradesh Industrial Development Corporation
APIIC	Andhra Pradesh Industrial Infrastructure Corporation
APMDC	Andhra Pradesh Mineral Development corporation
APNPDCL	Northern Power Distribution Company of Andhra Pradesh Limited
APPCB	Andhra Pradesh Pollution Control Board
APPDCL	Andhra Pradesh Power Development Corporation Limited
APSEB	Andhra Pradesh State Electricity Board
APSPDCL	Southern Power Distribution Company of Andhra Pradesh Limited
APSS	Andhra Pradesh Standard Specifications
APSTC	Andhra Pradesh State Trading Corporation Limited
APSWC	Andhra Pradesh State Warehousing Corporation
APTPCL	Andhra Pradesh Trade Promotion Corporation Limited
APU	Aseptic Packaging Unit
ARR	Aggregate Revenue Requirement
ASIDE	Assistance to States for Development of Infrastructure and Allied Activities
ATM	Automated Teller Machine
B&L	Business & Logistics
BCDRP	Business Continuity and Disaster Recovery Plan
BHEL	Bharat Heavy Electrical Limited

BoD	Board of Directors
BoP	Balance of Plant
BPL	Below Poverty Line
BT	Bus Terminal
BTG	Boiler, Turbine and Generator
C & MD	Chairman and Managing Director
CAAT	Computer Assisted Audit Techniques
CAC	Commuter Amenity Centre
CE	Chief Engineer
CEA	Central Electricity Authority
CEO	Chief Executive Officer
CFS	Container Freight Station
CGG	Centre for Good Governance
CGM	Chief General Manager
CMD	Contracted Maximum Demand
COD	Commercial Operation Date
CoI	Commissioner of Industries
COPU	Committee On Public Undertakings
CSMS	Central Sanctioning and Monitoring Committee
CSP	Cold Storage Plant
CTIC	Computerized Trade Information Centre
CVC	Central Vigilance Commission
CWC	Central Warehousing Corporation
DA	Development Agreement
DBA	Database Administrator
DDVP	Dichlorovinyl Diethyl phosphate
DISCOMs	Distribution Companies
DKT	Dharakast patta
DPRs	Detailed Project Reports
DPS	Delayed Payment Surcharge
DTRs	Distribution Transformers
ED	Excise Duty
EGDC	Export Guidance & Documentation Cell
EOI	Expression of Interest
EOUs	Export Oriented Processing Units
EPCCB	Eastern Power Customer Care & Billing
ERO	Electricity Revenue Office
F&A	Finance & Accounts
FCI	Food Corporation of India
FICO	Finance & Controlling
FIFO	First In First Out
FIRR	Financial Internal Rate of Return
FSA	Fuel Surcharge Adjustment
GI	Galvanised Iron
GMDC	Gujarat Mineral Development Corporation ltd

GoAP	Government of Andhra Pradesh
GoI	Government of India
GTCS	General Terms and Conditions of Supply
HICC	Hyderabad International Convention Centre
HPC	High Power Committee
HR	Human Resource
HT	High Tension
HVDS	High Voltage Distribution System
ICB	International Competitive Bidding
ID Fee	Infrastructure Development Fee
IEEMA	Indian Electrical & Electronics Manufacturers Association
IG	Investor Godown
IITF	India International Trade Fair
IMTC	Inter-Modal Transit Centre
IP	Internet Protocol
IS code	Indian Standard Code
IT	Information Technology
ITIA	Information Technology Implementation Agency
ITJ	Indian Trade Journal
ITPO	India Trade Promotion Organization
IWMS	Integrated Warehouse Management System
JE	Journal Entries
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
JV	Joint Venture
KTPP	Kakatiya Thermal Power Project
KTPS	Kothagudem Thermal Power Station
KV	Kilo Volt
KVA	Kilo Volt Ampere
KVAH	Kilo Volt Ampere Hour
KWH	Kilo Watt Hour
LAN	Local Area Network
LCD	Liquid Crystal Display
LD	Liquidated Damage
LF	Load Factor
LPF	Low Power Factor
LT	Low Tension
LVDS	Low Voltage Distribution System
MBC	Metering, Billing and Collection
MD	Managing Director
MFF	Mining Franchise Fee
MIS	Management Information System
MM	Material Management
MoE&F	Ministry of Environment & Forest
MoU	Memorandum of Understanding

MoUD	Ministry of Urban Development
MRI	Meter Reading Instrument
MT	Metric Tonne
MU	Million Units
MW	Mega Watt
NABARD	National Bank for Agriculture and Rural Development
NABL	National Accreditation Board for Testing and Calibration Laboratories
NALCO	National Aluminum Company Ltd
NEP	National Electricity Policy
NIT	Notice Inviting Tender
NML	National Metallurgical Laboratories
NRE Policy	National Rural Electrification Policy
NS	Network Security
O&M	Operation & Maintenance
P&M	Preservation & Maintenance
PEG	Private Entrepreneur Guarantee
PF	Power Factor
PFC	Power Finance Corporation
Pos	Purchase Orders
PSCC	Pre Stressed Cement Concrete
PSU	Public Sector Undertaking
PVC	Price Variation Clause
R&C	Restriction & Control
R&M	Repairs and Maintenance
R-APDRP	Restructured Accelerated Power Development and Reforms Programme
RAS	Revenue Assurance System
RCC	Reinforced Cement Concrete
RCE	Revised Cost Estimates
REC	Rural Electrification Corporation
REDB	Rural Electricity Distribution Backbone
REP	Rural Electrification Plan
RESCO	Rural Electric Co-operative Societies
RGVY	Rajiv Gandhi Grameen Vidyutikaran Yojana
RIDF	Rural Infrastructure Development Fund
RJ	Rectification Journal entry
RKVY	Rashtriya Krishi Vikas Yojana
RMD	Recorded Maximum Demand
RSMD	Riot, Strike & Malicious Damages
RTPP	Rayalaseema Thermal Power Plant
SAAS	Software As A Service
SAO	Senior Accounts Officer
SAP	System Application & Products
SAP-ERP	System Application & Products - Enterprise Resource Planning

SBH	State Bank of Hyderabad
SCCL	Singareni Collieries Company Limited
SD	Security Deposit
SDSTPS	Sri Damodaram Sanjeevaiah Thermal Power Station
SE	Superintending Engineer
SLDC	State Load Dispatch Centre
SLNA	State Level Nodal Agency
SoD	Segregation of Duties
SQL	Structured Query Language
SSRs	Standard Schedule of Rates
STFI	Storm, Tempest, Flood and Inundation
SYSDBA	System Database Administrator
TFC	Trade Fair Centers
ToD	Time of Day
TPIA	Third Party Inspection Agency
UB	Unaccompanied Baggage
UC	Utilization Certificates
UDC	Upper Division Clerk
ULB	Urban Local Body
VAT	Value Added Tax
VC&MD	Vice Chairman & Managing Director
WDRA	Warehousing Development and Regulations Act