SUPREME AUDIT INSTITUTION OF INDIA

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

for the period ended 31 March 2023

Government of West Bengal

Report No. 4 of 2024

(Compliance Audit - Commercial)

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PREFACE

This Report for the period ended March 2023, has been prepared for submission to the Governor of West Bengal under Article 151 of the Constitution of India.

The Report contains significant results of audit of SPSEs under Departments of the Government of West Bengal.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2022-23 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports. Matters relating to the period subsequent to 2022-23 have also been included, wherever pertinent.

The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

Overview

The Report contains two chapters:

Chapter – I deals with functioning of 84 State Public Sector Enterprises under the Government of West Bengal.

Chapter – II deals with Compliance Audit Observations.

A synopsis of the important findings contained in the Report is presented below:

Chapter-I

Functioning of State Public Sector Enterprises

As on 31 March 2023, there were 84 State Public Sector Enterprises (SPSEs) under the administrative control of Government of West Bengal. Of these 19 SPSEs are inactive including one statutory corporation *i.e.,* Great Eastern Hotel Limited. The SPSEs registered a total turnover/ revenue from operation, of ₹ 66,756.78 crore during the year 2022-23 as per their latest finalised accounts as of 30 September 2023. This turnover is equal to 4.29 *per cent* of State Gross Domestic Product for 2022-23.

(Paragraph 1.1.5.1)

As of 31 March 2023, there were 65 working SPSEs with total investment of ₹47,774.40 crore and 19 inactive SPSEs, which were non-operative for the last one to 17 years, with total investment of ₹ 1,487.23 crore. Out of 19 inactive SPSEs, two SPSEs are under the process of liquidation in the National Company Law Tribunal (NCLT). The contribution of SPSEs to GSDP ranged between 3.95 and 4.65 *per cent* during the last five years.

(Paragraph 1.1.5.2)

As per the latest finalised accounts as of 30 September 2023, out of 65 working SPSEs, 34 SPSEs earned profit of ₹ 1,714.37 crore whereas 31 SPSEs had suffered losses of ₹ 832.43 crore. The major contribution in profit during 2022-23 was from West Bengal State Electricity Transmission Company Limited (₹ 970.25 crore), West Bengal Power Development Corporation Limited (₹ 347.45 crore) and West Bengal Text Book Corporation Limited (₹ 59.59 crore), whereas the major loss incurring SPSEs are Calcutta State Transport Corporation (₹ 135.05 crore), South Bengal State Transport Corporation (₹ 109.43 crore) and West Bengal Transport Corporation (₹ 91.71 crore).

(Paragraph 1.3.1 & 1.6.1)

Corporate Governance and Corporate Social Responsibility

Certain provisions of the Companies Act, 2013 and Companies Rules 2014, though mandatory, were not being complied with by some of the SPSEs. During the year, the following significant departures from prescribed norms were noticed :

- In 16 SPSEs, the intervening period between two Board meetings was more than the prescribed time limit of 120 days.

(Paragraph 1.11.4)

- 46 SPSEs were required to have an Independent Director, however, only 13 SPSEs had appointed an Independent Director.

(Paragraph 1.11.5)

- 46 SPSEs were required to have an Audit Committee, however, only 12 SPSEs had constituted an Audit Committee.

(Paragraph 1.12.1)

- 22 SPSEs were required to appoint an Internal Auditor to conduct Internal Audit, however, only 17 SPSEs had conducted internal audit.

(Paragraph 1.13.2)

- 16 SPSEs were to spend ₹ 37.66 crore towards CSR activities, against which 10 SPSEs had spent ₹ 25.98 crore.

(Paragraph 1.14.3)

Chapter-II

Compliance Audit Observations

Erroneous assumptions by the West Bengal Power Development Corporation Limited, while analysing requirements for renovation and modernisation of electrostatic precipitators, led to infructuous expenditure of ₹ 4.64 crore.

(Paragraph 2.1)

West Bengal Power Development Corporation Limited incurred expenditure of ₹ 52.89 crore, on a coal block that had been surrendered by the preceding allottee, for being commercially unviable.

(Paragraph 2.2)

The West Bengal State Electricity Distribution Company Limited set up a Solar Dome at Eco Park, New Town, Rajarhat, but did not claim agency fees of ₹ 2.58 crore on project implementation, as provided under the West Bengal Financial Rules, 1979.

(Paragraph 2.3)

The West Bengal State Electricity Distribution Company Limited failed to properly monitor the orders placed for supply of pre-stressed cement concrete poles, which led to loss of ₹ 3.38 crore.

(Paragraph 2.4)

The West Bengal State Electricity Distribution Company Limited supplied electricity to a consumer, without obtaining adequate security under the extant provisions, and then delayed the disconnection of supply, which led to non-realisation of electricity charges of ₹ 6.76 crore.

(Paragraph 2.5)

West Bengal State Electricity Distribution Company Limited delayed raising energy bills for centralised bulk consumers, due to delay in revamping of the Meter Data Acquisition System (M-DAS), leading to loss of interest of ₹ 4.59 crore.

(Paragraph 2.6)

West Bengal State Electricity Distribution Company Limited incurred wasteful expenditure of ₹ 39 crore, towards capacity and other charges, due to non-drawal of allocated power from the Kanti Bijlee Utpadan Nigam Limited, during FY 2017-18.

(Paragraph 2.7)

The West Bengal Industrial Development Corporation Limited incurred loss of ₹12.86 crore, due to incorrect computation of the Base Price of land, in deviation from its pricing policy for land.

(Paragraph 2.8)

Due to non-adherence to the decision of the Cabinet Committee to effect stake sale of Durgapur Chemicals Limited and suspension of operations of the plant on the recommendations of the Expert Committee of the West Bengal Pollution Control Board, the Public Enterprises and Industrial Reconstruction Department had to bear an avoidable expenditure of ₹ 42.37 crore, towards the salaries and wages of idle manpower.

(Paragraph 2.9)

Non-collection / preservation of Tax invoices, by the West Bengal Small Industries Development Corporation Limited and mismatches in VAT returns, led to disallowance of Input Tax Credit of ₹ 5.99 crore and resultant loss of ₹ 1.59 crore.

(Paragraph 2.10)

Chapter I

Functioning of State Public Sector Enterprises

Chapter-I

1. Functioning of State Public Sector Enterprises

1.1. Introduction

1.1.1 Purpose of the Report

This Chapter presents the summary of financial performance of State Public Sector Enterprises (SPSEs) of the Government of West Bengal for the year 2022-23, which comprise Government Companies, Statutory Corporations and Government controlled other Companies of the Government of West Bengal (GoWB) that fall within the audit jurisdiction of the Comptroller and Auditor General of India. These State Public Sector Enterprises were established to carry out activities of commercial nature keeping in view the welfare of people and boost the growth of Gross State Domestic Product (GSDP).

In this Chapter, the term State Public Sector Enterprises (SPSEs) encompasses those Government companies in which the direct holding of GoWB is 51 *per cent* or more, as well as the subsidiaries of such Government companies. The Statutory Corporations set up under Statutes enacted by the Parliament and the West Bengal Legislative Assembly, as well as other companies owned or controlled, directly or indirectly, by GoWB, have also been categorized as SPSEs.

The financial performance of SPSEs depicted in the Report has been taken from their financial statements as well as from the information received from the SPSEs. Impact of revision of accounts as well as significant comments issued as a result of sole audit/ supplementary audit conducted by the Comptroller and Auditor General of India (C&AG) on the financial statements of the SPSEs for the year 2022-23 (or of earlier years which were finalised during the current year) have also been covered in this Report. Moreover, the Report also contains the status of the compliance with provisions of the Companies Act, 2013 on Corporate Governance and Corporate Social Responsibility.

1.1.2 Definition of Government Companies/Corporations

According to Section 2(45) of the Companies Act, 2013, a Government Company is any company in which not less than 51 *per cent* of the paid-up share capital is held by the Central Government, or by any State Government/Governments, or partly by the Central Government and partly by one or more State Governments. This includes a company which is a subsidiary company of such a Government Company. Further, any company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, are referred to in this Report as Government controlled other companies.

1.1.3 Mandate of Audit

Audit of 'Government Companies' and 'Government controlled other Companies' is conducted by the C&AG under the provisions of section 143(5) to 143(7) of the Companies Act, 2013, read with Section 19 of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971, and the regulations made thereunder. Under the Companies Act, 2013, the C&AG appoints chartered accountants as statutory auditors for companies and gives directions on the manner in which the accounts are to be audited. In addition, C&AG conducts supplementary audit of the company's financial statements after the audit of Statutory Auditors. The statutes governing some statutory corporations require their accounts to be audited only by C&AG.

1.1.4 Accountability framework

The process of auditing Government companies is governed by respective provisions of Section 139 and 143 of the Companies Act, 2013 (Act). According to Section 2 (45) of the Act, Government Company means a company in which not less than 51 *per cent* of the paid-up share capital is held by the Central Government, or by any State Government/Governments, or partly by the Central Government and partly by one or more State Governments. This includes a company, which is a subsidiary company of such a Government company.

Further, as per Section 143(7) of the Act, the C&AG may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, if he considers necessary, by an order, cause test audit to be conducted on the accounts of such Company. The provisions of Section 19(A) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit. Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government/Governments or partly by Central Government and partly by one or more State Governments, is subject to audit by the C&AG. An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014, shall continue to be governed by the provisions of the Companies Act, 1956.

1.1.5 Name of SPSEs & their introduction to their activities including contribution of turnover of the SPSEs to the GSDP of the State.

1.1.5.1 Number of SPSEs

As on 31 March 2023, there were 84 SPSEs in West Bengal (***Appendix-1***) including 16 SPSEs under the jurisdiction of Office of the PAG (Audit-I), West Bengal. Of these 19 SPSEs are inactive including one statutory corporation *i.e.,* Great Eastern Hotel Limited. The details of the SPSEs in West Bengal as on 31 March 2023 are depicted in **Table 1.1**.

Table 1.1: Total number of SPSEs as on 31 March 2023

Type of SPSEs	Working SPSEs	Inactive SPSEs	Total
Government Companies	56	18	74
Statutory Corporations	8	1	9
Government controlled other Companies	1	-	1
Total	**65**	**19**	**84**

The SPSEs registered a total turnover/ revenue from operation, of ₹ 66,756.78 crore during the year 2022-23, as per their latest finalised accounts as of 30 September 2023. This turnover was equal to 4.29 *per cent* of

Gross State Domestic Product (GSDP)[1] for 2022-23. Only one SPSE[2] was listed under the Calcutta Stock Exchange Limited.

1.1.5.2 Contribution to the GSDP of the State

As of 31 March 2023, there were 65 working SPSEs with total investment of ₹47,774.40 crore and 19 inactive[3] SPSEs, which were non-operative for the last one to 17 years, with total investment of ₹ 1,487.23 crore. Out of 19 inactive SPSEs, two SPSEs[4] are under the process of liquidation in the National Company Law Tribunal (NCLT). Sector-wise details of turnover and percentage of turnover to GSDP of SPSEs are given in **Table 1.2**.

Table 1.2: Details of Turnover of Working and Inactive SPSEs

Sectors	Government Companies		Statutory Corporations		Total	Turnover of SPSEs (₹ in crore)	Percentage of Turnover to GSDP
	Working	Inactive	Working	Inactive			
(1)	(2)	(3)	(4)	(5)	(6) = (2+3+4+5)	(7)	(8)
Agriculture & Allied	10	01	01	-	12	723.46	0.05
Finance	06	01	03	-	10	624.20	0.04
Infrastructure	11	-	01	-	12	1,332.22	0.09
Manufacturing	09	16	-	-	25	147.56	0.01
Power	06	-	-	-	06	43,042.56	2.77
Service	11	-	03	01	15	20,099.56	1.29
Others	04	-	-	-	04	787.22	0.05
Total	**57**	**18**	**08**	**01**	**84**	**66,756.78**	**4.29**

*(**Source:** Latest finalised accounts of SPSEs.)*

It is evident from **Table 1.2** that the SPSEs in the Power Sector and Service sector had contributed 2.77 and 1.29 *per cent* respectively to GSDP in 2022-23.

A ratio of the turnover of the Government Companies and Corporations to the GSDP shows the extent of their activities in the State Economy. The Compounded Annual Growth Rate (CAGR) is a useful method to measure growth rate over multiple periods. The trend of contribution of SPSEs' turnover to GSDP during 2018-23, is given in **Table 1.3**.

Table 1.3: Contribution of SPSEs' turnover to GSDP

(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
SPSEs' Turnover	51,264.41	53,805.82	54,521.69	60,649.56	66,756.78
Percentage change of Turnover over previous year	16.78	4.96	1.33	11.24	10.10
GSDP at current prices	11,02,283	12,07,823	13,01,017	15,36,681	15,54,992
Percentage change of GSDP over previous year	7.98	9.57	7.72	18.11	1.19
Percentage of Turnover to GSDP	4.65	4.45	4.19	3.95	4.29

*(**Source:** Latest finalised accounts of SPSEs.)*

1 *Gross State Domestic Product at current prices - ₹ 15,54,992 crore. (Source: Economic Review, West Bengal: 2022-23).*

2 *WEBFIL Limited, the shares of which had not been traded for the last nine years i.e., from 2013-14 to 2022-23.*

3 *Inactive SPSEs are those which have ceased to carry on their operations.*

4 *West Bengal Tea Development Corporation Limited and Pulver Ash Projects Limited.*

As can be seen from **Table 1.3**, the contribution of SPSEs to GSDP ranged between 3.95 and 4.65 *per cent* during the last five years. The major contribution during 2022-23 was from West Bengal State Electricity Distribution Company Limited (WBSEDCL) ₹ 28,608.78 crore (42.85 *per cent*), West Bengal State Beverages Corporation Limited (WBSBCL) ₹ 15,298.89 crore (22.91 *per cent*) and West Bengal Power Development Corporation Limited (WBPDCL) ₹ 11,181.28 crore (16.74 *per cent*).

The Compounded Annual Growth Rate[5] of GSDP during 2018-19 to 2022-23 was 8.78 *per cent*, while during the same period the compounded annual growth of turnover was 8.75 *per cent*. This has resulted in decrease in share of turnover of SPSEs to the GSDP from 4.65 *per cent* to 4.29 *per cent*.

1.2 Investment in Government Companies and Corporations and Budgetary Support

The Government of West Bengal (GoWB) had investment in the SPSEs by way of Share capital and Loans. Besides, Grants and Subsidies are also given to SPSEs as a measure of financial support. The GoWB also gives guarantees on loans raised by SPSEs from Financial Institutions.

1.2.1 Equity holding in SPSEs

The details of equity investment in SPSEs pertaining to different sectors are given in **Table 1.4**.

Table 1.4: Investment of State Government in Equity of SPSEs

Sectors	Number of SPSEs	Equity holdings (₹ in crore) of			Total Paid Up Capital (₹ in crore)	Equity of GoWB as % of Total Paid Up Capital
		GoWB	GoI	Others		
(1)	(2)	(3)	(4)	(5)	(6)=(3+4+5)	(7)=(3/6)* 100
Agriculture & Allied	12	113.25	0.95	3.84	118.04	95.94
Finance	10	1,325.78	132.21	6.65	1,464.64	90.52
Infrastructure	12	1,973.17	-	5.15	1,978.32	99.74
Manufacturing	25	417.18	-	12.34	429.53	97.12
Power	6	13,467.36	-	5.14	13,472.45	99.96
Service	15	240.45	5.82	0.67	246.94	97.37
Others	4	5.78	-	0.81	6.59	87.71
Total	**84**	**17,542.97**	**138.98**	**34.60**	**17,716.55**	**99.02**

*(**Source:** Compiled from the accounts provided by SPSEs.)*

It is evident from **Table 1.4** that the equity investment of GoWB (₹17,542.97 crore) in SPSEs consists of 99 *per cent* of the total paid up capital. The equity investments of the GoWB were mainly concentrated (95.58 *per cent*) in the three sectors *viz.* Power (76.77 *per cent*), Infrastructure (11.25 *per cent*) and Finance (7.56 *per cent*). Government of India had equity investment of ₹ 138.98 crore, mainly in the Finance

5 *Rate of Compounded Annual Growth is [{(Value of 2022-23/ Value of 2017-18)^(1/5years)}-1]*100. The SPSEs' turnover and State GDP for the year 2017-18 was ₹ 43,900.12 crore and ₹ 10,20,868 crore respectively.*

sector (95.13 *per cent*). Others[6] had contributed equity holding of ₹ 34.60 crore in SPSEs, mainly in the Manufacturing sector (35.68 *per cent*).

1.2.2 Loans given to SPSEs

The details of loans given by GoWB, GoI and Others (financial institutions) in respect of SPSEs pertaining to different sectors are given in **Table 1.5**.

Table 1.5: Details of loan given to SPSEs

Sectors	Number of SPSEs	Loan holdings (₹ in crore) of			Total Long Term Borrowing (₹ in crore)	Loan of GoWB as % of Total Borrowings
		GoWB	GoI	Others		
(1)	(2)	(3)	(4)	(5)	(6)=(3+4+5)	(7)=(3/6)* 100
Agriculture & Allied	12	143.26	0.27	36.80	180.33	79.44
Finance	10	54.85	153.27	5,894.79	6,102.91	0.90
Infrastructure	12	178.82	-	0.12	178.94	99.93
Manufacturing	25	1,983.18	-	37.89	2,021.07	98.13
Power	6	607.81	-	19,791.56	20,399.37	2.98
Service	15	2,285.35	-	289.50	2,574.85	88.76
Others	4	87.13	-	0.48	87.61	99.45
Total	**84**	**5,340.40**	**153.54**	**26,051.14**	**31,545.08**	**16.93**

*(**Source:** Compiled from the accounts provided by SPSEs.)*

The total long-term borrowings of 84 SPSEs as of 31 March 2023 were ₹ 31,545.08 crore **(Table 1.5)**. Of the total borrowings, 16.93 *per cent* was from GoWB while the remaining 82.58 *per cent* was sourced from 'Others'.

The GoI invested ₹ 153.54 crore as loans which were primarily invested in West Bengal Schedule Castes, Schedule Tribes and Other Backward Classes Development and Finance Corporation.

Out of 84 SPSEs, 27 SPSEs had availed long-term borrowings of ₹ 26,204.68 crore from 'Other than GoWB'[7]. These included borrowings from Banks (₹7,795.59 crore), from GoWB undertakings (₹4,205.54 crore) and other financial institutions (₹14,203.55 crore[8]). Of these, two[9] SPSEs are under liquidation with unpaid long-term borrowings of ₹ 13.41 crore.

Out of total long-term borrowings (₹ 26,204.68), the share of Power sector was ₹ 19,791.56 crore (64.08 *per cent*), which included loan of ₹ 2,600.79 crore from Banks and ₹ 17,190.77 crore from other financial institutions.

1.2.3 Adequacy of Assets

The asset coverage ratio is a solvency ratio whereby a company's ability to repay its debt/ obligations by selling its assets is evaluated. A company that has assets exceeding its short-term debt and liability obligations indicates to the

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6 *Companies which had invested equity share capital in SPSEs, in addition to the equity share capital invested by GoI and GoWB.*

7 *Includes GoI and Others(Refer Table 1.5).*

8 *Includes Non-SLR Bonds of ₹ 62.48 crore issued by West Bengal Financial Corporation, ₹ 2,171.15 crore Bonds issued by West Bengal State Electricity Distribution Company Limited and ₹ 153.54 crore from GoI.*

9 *Lily Products Limited (₹ 0.41 crore) and Pulver Ash Projects Limited (₹ 13.0 crore).*

lender that the company has a better chance of paying back the funds it lends in the event of its liquidation or closure of business. Therefore, a company with a high asset coverage ratio is considered to be less risky than a company with a low asset coverage ratio[10].

The Asset Coverage Ratio is calculated as ((Total Assets – Intangible Assets) – (Current Liabilities – Short-term Portion of Long-term Debt))/Total Debt. **Table 1.6** shows the Asset Coverage ratio of SPSEs, as per the latest finalised accounts as of 30 September 2023.

Table 1.6: Asset Coverage ratio of SPSEs, as per the latest finalised accounts as of 30 September 2023

Sector	Number of SPSEs	Assets	Intangible assets	Current Liabilities	Short Term portion of Long-Term Debts	Long Term Borrowings	Asset Coverage Ratio
		(₹ in crore)					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)= {(3-4)-(5-6)}/7
Agriculture & Allied	12	1817.59	1.44	1,619.01	-	180.33	1.09
Finance	10	14,353.60	0.38	3,469.04	-	6,102.91	1.78
Infrastructure	12	9,107.69	4.84	1,808.40	35.59	178.94	40.96
Manufacturing	25	2,167.94	0.04	3,291.81	15.61	2,015.07	(-) 0.55
Power	6	97,368.78	1,420.21	42,443.14	6,015.64	20,399.37	2.92
Service	15	9,242.55	1.96	9,449.56	162.33	2,574.85	(-) 0.02
Others	4	748.46	0.13	493.20	3.05	87.61	2.95
Total	**84**	**1,34,806.61**	**1,429.00**	**62,574.17**	**6,232.22**	**31,539.08**	**2.44**

*(**Source:** Latest finalised accounts of SPSEs.)*

As can be seen from **Table 1.6**, the asset coverage ratio of SPSEs, in the manufacturing and service sectors is negative, indicating that the SPSEs in these sectors are not financially solvent and will not be able to repay their debts in the event of their closure or liquidation. The 'Infrastructure' sector, which comprises mainly three SPSEs– WBHIDCL[11], WBHDCL and WBEIDCL[12], had a good assets coverage ratio of 40.96, followed by the 'Others' and 'Power' sectors, at 2.95 and 2.92, respectively.

1.2.4 Information on Loans and Subsidy / Grants by Central/State Government

The State Government provides financial support to SPSEs in various forms through annual budget. The summarized details of budgetary outgo towards equity, loans and grants/ subsidies in respect of State PSEs for three years from 2020-21 to 2022-23 are given in **Table 1.7**. The Central Government also provided financial assistance to three[13] SPSEs amounting to ₹ 124.32 crore during 2022-23.

[10] *The 'Asset Adequacy Ratio' is also called the 'Asset Coverage Ratio'.*

[11] *West Bengal Housing Infrastructure Development Corporation Limited.*

[12] *West Bengal Highway Development Corporation Limited and West Bengal Electronics Industry Development Corporation Limited.*

[13] *West Bengal State Electricity Transmission Company Limited: ₹ 3.32 Crore, West Bengal Transport Corporation:₹ 23 crore and New Town Kolkata Green Smart City Corporation Limited: ₹ 98 crore.*

Table 1.7: Details regarding budgetary support to SPSEs

(₹ in crore)

Sl. No.	Particulars	2020-21		2021-22		2022-23	
		Number of SPSEs	Amount	Number of SPSEs	Amount	Number of SPSEs	Amount
(i)	Equity Capital	2	108.16	2	128.27	4	527.77
(ii)	Loans	10	136.31	12	164.46	14	1,171.40
(iii)	Grants/Subsidies	19	1,715.95	16	2,043.77	14	2,038.90
(iv)	**Total Outgo (i+ii+iii)**		**1,960.42**		**2,336.50**		**3,738.07**
(v)	Loan repayment written off	-	-	-	-	-	-
(vi)	Loans converted into equity	-	-	-	-	-	-
(vii)	Guarantees issued	-	-	-	-	1	1,000
(viii)	Guarantee Commitment	3	3,718.16	3	6,031.11	4	8,886.22

*(**Source:** Latest finalised accounts of SPSEs and Chapter-I information.)*

Table 1.7 indicates that there has been a significant increase in the infusion of equity in SPSEs, by GoWB, during the last three years, with the equity infusion having increased from ₹ 108.16 crore (2020-21) to ₹ 527.77 crore (2022-23). During the year GoWB made equity infusion of ₹ 100 crore and ₹ 386.45 crore, in West Bengal Power Development Corporation Limited (WBPDCL) and West Bengal State Electricity Distribution Company Limited (WBSEDCL), respectively. There has also been an increase in Grants/Subsidy, which have risen from ₹ 1,716 crore in 2020-21 to ₹ 2,039 crore in 2022-23.

1.2.5 Disinvestment, Restructuring and Privatisation of SPSEs and reforms in SPSEs

The Government of West Bengal had decided (February 2017) to restructure SPSEs for improving operational efficiency and optimally utilising their manpower/ assets. Accordingly, the merger of Britannia Engineering Limited (BEL) with Westinghouse Saxby Farmers Limited with effect from April 2016 was approved by the Ministry of Corporate Affairs, Government of India's Order dated 16 September 2022. Further, another SPSE *viz*, West Bengal Tea Development Corporation Limited (WBTDCL) was wound up by an order of the National Company Law Tribunal (NCLT) in November 2019 and the official liquidator, Kolkata High Court had taken over the assets and other affairs of WBTDCL on 02 January 2020. The NCLT had admitted the application of the Government to wind up another SPSE *viz.* Pulver Ash Projects Limited and a Provisional Liquidator was appointed on 14 September 2022.

1.3 Returns from Government Companies and Corporations

1.3.1 Profit earned by SPSEs

The financial position and working results of Government companies and Statutory Corporations are detailed in ***Appendix-1***. As per the latest finalised accounts as of 30 September 2023, out of 65 Working SPSEs, 34 SPSEs earned profit of ₹ 1,714.37 crore whereas 31 SPSEs had suffered losses of ₹ 832.43 crore. Profit earned by SPSEs, is shown in **Table 1.8**.

Table 1.8: Profit earned by SPSEs

(₹ in crore)

Sector	Number of Working SPSEs	Profit after Tax
Agriculture & Allied	8	78.41
Finance	5	64.13
Infrastructure	9	61.80
Manufacturing	1	1.89
Power	5	1,348.81
Service	4	57.79
Others	2	101.54
Total	**34**	**1,714.37**

*(**Source:** Latest finalised accounts of SPSEs.)*

The list of SPSEs which earned profit more than ₹50 crore during 2022-23, is given in **Table 1.9** below.

Table 1.9: List of SPSEs which earned profit more than ₹ 50 crore during 2022-23

(₹ in crore)

Sl.No	Name of SPSEs	Net Profit
1	West Bengal Infrastructure Development Finance Corporation Limited	53.13
2	West Bengal Text Book Corporation Limited	59.59
3	West Bengal Power Development Corporation Limited	347.45
4	West Bengal State Electricity Transmission Company Limited	970.25
	Total	**1,430.42**

*(**Source:** Latest finalised accounts of SPSEs.)*

It can be seen that these four SPSEs contributed 83.44 *per cent* of the total profit earned by 34 SPSEs during 2022-23.

1.3.2 Dividend paid by SPSEs

The Government of West Bengal does not have any stated dividend policy. Profit earned and Dividend paid by SPSEs, are shown in **Table 1.10**.

Table 1.10: Profit earned and Dividend paid by SPSEs

(₹ in crore)

Sector	Number of Working SPSEs	Net Profit after tax	Dividend paid to GoWB
Agriculture & Allied	8	78.41	-
Finance	5	64.13	-
Infrastructure	9	61.80	4.68
Manufacturing	1	1.89	-
Power	5	1,348.81	77.39
Service	4	57.79	-
Others	2	101.54	0.55
Total	**34**	**1,714.37**	**82.62**

*(**Source:** Latest finalised accounts of SPSEs.)*

It can be noticed from **Table 1.10** that, in spite of 34 working SPSEs having earned net profit of ₹ 1,714.37, dividend of only ₹ 82.62 crore (4.8 *per cent* of the profit earned) was received by the Government. SPSEs in the Finance sector, which had earned profit of ₹ 64.13 crore, had not paid dividend to the Government. Only West Bengal State Electricity Transmission Company Limited from the Power sector, Mackintosh Burn Limited from the Infrastructure sector and Saraswaty Press Limited from 'Others' sector, had paid dividend of ₹ 77.39 crore, ₹ 4.68 crore and 0.55 crore, respectively, to the State Government, during 2022-23.

1.4 Debt Servicing and legal compliances

1.4.1 Interest Coverage Ratio

Interest coverage ratio is used to determine the ability of an SPSE to pay interest on outstanding debt and is calculated by dividing earnings before interest and taxes (EBIT) of an SPSE by interest expenses of the same period. The lower the ratio, the lesser is the ability of the SPSEs to pay interest on debt. An interest coverage ratio below one indicated that the SPSEs were not generating sufficient revenues to meet their expenses on interest. The details of interest coverage ratio (ICR) in respect of SPSEs having interest burden as per their finalised latest accounts as of 30 September 2023 are shown sector-wise in **Table 1.11**.

Table 1.11: Interest Coverage Ratio relating to SPSEs

(₹ in crore)

Sector	Number of Working SPSEs having interest expenses	Earning before interest and taxes (EBIT)	Interest	Sector ICR
(1)	**(2)**	**(3)**	**(4)**	**(5)=(3/4)**
Agriculture & Allied	02	6.88	32.10	0.21
Finance	05	390.79	308.41	1.27
Infrastructure	05	(-) 7.67	9.81	(-) 0.78
Manufacturing	08	(-) 71.19	100.71	(-) 0.71
Power	04	4,894.07	3,310.78	1.48
Service	08	(-) 110.46	375.56	(-) 0.29
Others	04	132.35	12.02	11.01
Total	**36**	**5,234.77**	**4,149.39**	**1.26**

*(**Source:** Latest finalised accounts of SPSEs.)*

Out of the 65 working SPSEs, 36 SPSEs had liability of ₹ 4,149.39 crore during 2022-23 towards interest on loans as indicated in **Table 1.11** above. SPSEs in 'Others' sector generated sufficient revenues to meet their interest expenses followed by those in the Power sector. However, SPSEs under the Infrastructure Sector, Manufacturing sector and Service sector generated negative return and were unable to meet their interest cost.

1.4.2 Repayment of Principal Debt and Servicing of Interest charges

Table 1.12 shows the details of borrowings of SPSEs and repayments (including interest), as per their latest finalised accounts as of 30 September 2023.

Table 1.12: Repayment of Long-term Debt and Interest by SPSEs, as per their latest finalised accounts as of 30 September 2023

(₹ in crore)

Sector	Loans from sources other than the State Govt.			Loans from the State Govt.		
	Outstanding Loan	Repayment of Principal	Repayment of Interest	Outstanding Loan	Repayment of Principal	Repayment of Interest
Agriculture & Allied	37.07	10.00	10.00	143.26	-	-
Finance	6,048.06	-	-	54.85	-	-
Infrastructure	0.12	-	3.29	178.82	-	7.22
Manufacturing	37.89	-	6.12	1983.18	-	41.40
Power	19,791.56	814.30	2,995.05	607.81	53.73	44.18
Service	289.50	-	51.13	2,285.35	50.00	66.75
Others	0.48	-	-	87.13	-	0.78
Total	**26,204.68**	**824.30**	**3,065.59**	**5,340.40**	**103.73**	**160.33**

*(**Source:** Latest finalised accounts of SPSEs.)*

It can be seen from **Table 1.12** that the major portion of repayment of principal and interest on loans was from SPSEs in the Power sector, being ₹ 868.03 crore and ₹ 3,039.23 crore, which accounted for 93.53 *per cent* of the total repayments of principal and 94.21 *per cent* of the total repayments of interest, respectively. SPSEs in the Service sector paid interest of ₹ 117.88 crore which accounted for only 3.65 *per cent* of the total repayment of interest.

1.4.3 Outstanding loans disbursed by Government in respect of SPSEs

The latest accounts received from 84 SPSEs ranged for years from 2006-07 to 2022-23 (upto September 2023). As per these, repayments of loans were in arrear in respect of 47 SPSEs, with repayments of ₹ 12,881.17 crore (Principal: ₹ 5,340.40 crore and Interest: ₹ 7,540.77 crore) being in arrears (**Table 1.13**). This assumes significance since a majority (i.e. 56 *per cent*) of SPSEs have arrears in repayments. Due to non-availability of latest accounts (2022-23) of 62 out of 84 SPSEs, a comprehensive position of outstanding repayments could not be arrived at.

Table 1.13: Status of outstanding loans disbursed by Government to SPSEs

(₹ in crore)

Sl. No.	Accounts available upto	Number of SPSEs who had submitted their Accounts	Number of SPSEs against which repayments were in arrears	Outstanding Principal	Outstanding Interest
1.	2022-23	22	12	1,287.92	2,076.99
2.	2021-22	36	20	3,504.21	4,887.34
3.	2020-21	7	4	79.70	111.02
4.	2019-20	3	1	10.84	7.78
5.	2018-19	7	3	191.82	338.32
6.	2017-18	2	1	4.81	0.15

Sl. No.	Accounts available upto	Number of SPSEs who had submitted their Accounts	Number of SPSEs against which repayments were in arrears	Outstanding Principal	Outstanding Interest
7.	2016-17	3	3	124.84	10.18
8.	2015-16	1	-	-	-
9.	2012-13	1	1	26.78	25.99
10.	2007-08	1	1	26.69	47.43
11.	2006-07	1	1	82.79	35.57
Total		**84**	**47**	**5,340.40**	**7,540.77**

*(**Source:** Latest finalised accounts of SPSEs.)*

DPL stated that GoWB had approved the conversion of government loan of ₹ 391.69 crore into equity, which was returned to GoWB, as repayment of loan of same amount. Guarantee commission was not paid by WBPDCL and DPL. WBSEDCL had repaid principal of ₹ 5.23 crore, and ₹ 1.72 crore as interest, while WBSETCL had repaid ₹ 48.50 crore as principal, and ₹ 42.46 crore as interest, during 2022-23.

1.5 Operating efficiency of Government Companies

1.5.1 Analysis of Profit reported from Operating and Non-operating activities

Operating income is the income generated through the company's core business operations. Non-operating income includes gains and losses (expenses) generated by other activities or factors unrelated to its core business operations. **Table 1.14** shows the sector-wise details of operating income and non-operating income[14] of all working SPSEs, as per their latest finalised accounts as of 30 September 2023.

Table 1.14: Sector-wise details of Revenue from operations and other income of SPSEs

Sector	Number of Working SPSEs	Turnover/ Revenue from Operations	State Government Subsidy	Other Income	Total Revenue	Turnover as % of Total Revenue
		(₹ in crore)				
(1)	(2)	(3)	(4)	(5)	(6)=(3+4+5)	(7)=(3/6)*100
Agriculture & Allied	11	723.46	84.59	103.89	911.94	79.33
Finance	9	624.20	13.56	186.47	824.23	75.73
Infrastructure	12	1,332.22	-	166.55	1,498.77	88.89
Manufacturing	9	132.11	-	30.20	162.31	81.39
Power	6	43,042.56	770.96	2,032.22	45,845.74	93.89
Service	14	20,099.56	963.81	116.96	21,180.33	94.90
Others	4	787.22	-	7.04	794.26	99.11
Total	**65**	**66,741.33**	**1,832.92**	**2,643.33**	**71,217.58**	**93.72**

*(**Source:** Latest finalised accounts of SPSEs.)*

[14] *Operating Income is also known as "Revenue from Operations/Turnover" and Non-operating income refers to "Other Income".*

Table 1.14 indicates that SPSEs in the Finance, Agriculture & Allied, and Manufacturing sectors have lower percentage of operating income, ranging from 75.73 to 81.39 *per cent* of their total revenue, in comparison to other sectors like Infrastructure, Power and Service, which contributed around 88.89 to 94.90 *per cent*. Out of 65 working SPSEs, nine did not have revenue from operations, indicating that their core activities had been discontinued. This included two SPSEs from each of the Infrastructure, Service and Manufacturing as well as one each from the Agriculture, Finance and Power sectors. The Power and Service sectors have received a significant portion of subsidy, accounting for 42.06 and 52.58 *per cent,* respectively, of the total amount of subsidy disbursed. In the Service sector, a major portion of the subsidy was given to five transport corporations[15].

1.5.2 Return on Capital Employed

Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and efficiency with which its capital is employed. RoCE is calculated by dividing a company's Earnings before Interest and Taxes (EBIT) by its capital employed.

The Capital Employed is the total amount of money invested in the business of a Company. It is calculated as Total assets *minus* current liabilities or Shareholders' fund *plus* Long-term Liabilities. Negative Capital Employed refers to a situation where the current liability of a company is more than its total assets.

Details of RoCE of working SPSEs, as per their latest finalised accounts as of 30 September 2023, are shown in **Table 1.15**.

Table 1.15: Return on Capital Employed of working SPSEs

Sector	Number of Working SPSEs	EBIT	Capital Employed	RoCE
		(₹ in crore)		(in *per cent*)
(1)	(2)	(3)	(4)	(5)=(3/4)*100
Agriculture & Allied	11	79.41	250.74	31.67
Finance	9	399.16	9,410.47	4.24
Infrastructure	12	43.66	3,275.42	1.33
Manufacturing	9	(-)71.92	(-) 677.75	-
Power	6	4,894.08	39,527.73	12.38
Service	14	(-)54.93	(-) 5,465.09	-
Others	4	132.35	250.29	52.88
Total	**65**	**5,421.81**	**46,571.81**	**11.64**

*(**Source:** Latest finalised accounts of SPSEs.)*

From **Table 1.15** given above, it could be inferred that SPSEs in 'Others' sector (52.88 *per cent*) and agriculture & allied sector (31.67 *per cent*) generated high returns whereas those in the manufacturing and Service sectors yielded negative return on capital employed. RoCE in respect of the Manufacturing and Service sectors could not be worked out, as the capital employed therein, was negative.

15 *(i) Calcutta State Transport Corporation (ii) Calcutta Tramways Company Limited (iii) South Bengal State Transport Corporation (iv) North Bengal State Transport Corporation and (v) West Bengal Surface Transport Corporation Limited.*

1.5.3 Return on Equity by SPSEs

Return on equity (RoE) is a measure of financial performance, to assess how effectively management is using shareholders' funds to earn profits and is calculated by dividing net income (*i.e.* net profit after taxes) by shareholders' funds, expressed as a percentage.

Shareholders' funds of a Company are calculated by adding paidup capital including share application money and free reserves net of accumulated losses and deferred revenue expenditure. Shareholders' funds are also known as equity. A positive shareholders' fund implies that the company has adequate assets to cover its liabilities while negative shareholders' equity means that liabilities exceed assets. It is also known as net worth. If the accumulated loss of a company is more than its share capital, its shareholder's fund is negative.

Sector-wise RoE, computed in respect of all working SPSEs, as per their latest finalised accounts as of 30 September 2023, is shown in **Table 1.16**.

Table 1.16: Return on Equity

Sector	Number of Working SPSEs	Net Profit/Loss after tax	Shareholders fund[16]	Return on Equity
		(₹ in crore)		(in *per cent*)
(1)	(2)	(3)	(4)	(5)=(3/4)*100
Agriculture & Allied	11	16.38	178.13	9.20
Finance	9	59.75	3,312.37	1.80
Infrastructure	12	(-) 8.29	3,096.48	-
Manufacturing	9	(-) 172.86	(-) 1,500.18	-
Power	6	1,348.64	19,128.36	7.05
Service	14	(-) 446.87	(-) 8,023.09	-
Others	4	85.19	162.68	52.37
Total	**65**	**881.94**	**16,354.75**	**5.39**

*(**Source:** Latest finalised accounts of SPSEs.)*

The highest Return on Equity of SPSEs was in the 'Others' sector. This was due to the good performance of two SPSEs, *viz,* Saraswaty Press Limited (26.68 *per cent*) and West Bengal Text Book Corporation Limited[17] (24 *per cent*). RoE could not be worked out for three sectors *viz.* Infrastructure, Manufacturing and Service, as the shareholders' funds or net profit after tax was negative.

1.6 Loss incurring SPSEs

1.6.1 Losses incurred

Sector-wise details of working SPSEs which had incurred losses as per their latest finalised accounts as of 30 September 2023, are shown in **Table 1.17**.

[16] *Represents 'Paid-up share capital' plus 'free reserves and surplus' minus 'accumulated losses' minus 'deferred revenue expenditure'.*

[17] *Subsidiary of Saraswaty Press Limited.*

Table 1.17: SPSEs incurring losses, as per their latest audited accounts

Sector	Number of working SPSEs which had incurred losses	Loss after tax (₹ in crore)
Agriculture & Allied	5	(-) 36.72
Finance	2	(-) 29.69
Infrastructure	3	(-) 70.09
Manufacturing	8	(-) 174.75
Power	1	(-) 0.17
Service	10	(-) 504.66
Others	2	(-) 16.35
Total	**31**	**(-) 832.43**

*(**Source:** Latest finalised accounts of SPSEs.)*

Table 1.17 above depicts that SPSEs under the Service sector had incurred the maximum loss followed by those under the manufacturing and infrastructure sectors.

The SPSEs under Service sector which had incurred significant losses were CSTC[18] (₹ 135.05 crore), SBSTC[19] (₹ 109.43 crore) and WBTC[20] (₹ 91.71 crore). Similarly, Greater Calcutta Gas Supply Corporation Limited (₹ 65.83 crore) and The Shalimar Works (1980) Limited (₹ 34.78 crore) contributed most towards losses in the manufacturing sector. West Bengal Housing Infrastructure Development Corporation Limited (₹ 43.02 crore) and West Bengal Highway Development Corporation Limited (₹ 26.06 crore) contributed most towards losses in the infrastructure sector.

1.6.2 Erosion of Net worth/ capital in SPSEs

'Net worth' refers to the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially, it is a measure of what an entity is worth to the shareholders and is also referred to as shareholders' funds. A negative net worth indicates that the entire investment by the shareholders has been wiped out by accumulated losses and deferred revenue expenditure. **Table 1.18** indicates sector-wise details of the total paid-up capital, free reserves, reserve & surplus including accumulated losses and net worth of those SPSEs, whose net worth had turned negative.

Table 1.18: Sector-wise details of SPSEs having negative Net Worth

Sector	Number of SPSEs	Paid up Capital	Free Reserves	Reserve & Surplus	Shareholders' Funds/Net Worth
		(₹ in crore)			
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)=(3+4+5)**
Agriculture & Allied	5	85.99	0.61	(-) 750.80	(-) 664.20
Finance	2	51.96	-	(-) 182.51	(-) 130.55

[18] *Calcutta State Transport Corporation.*

[19] *South Bengal State Transport Corporation.*

[20] *West Bengal Transport Corporation.*

Sector	Number of SPSEs	Paid up Capital	Free Reserves	Reserve & Surplus	Shareholders' Funds/Net Worth
		(₹ in crore)			
(1)	(2)	(3)	(4)	(5)	(6)=(3+4+5)
Manufacturing	22	420.98	11.14	(-) 4,708.77	(-) 4,264.88[21]
Power	3	1,820.38	-	(-) 3,550.34	(-) 1,729.96
Service	7	53.81	813.96	(-) 9,583.51	(-) 8,715.74
Others	2	0.99	-	(-) 243.81	(-) 242.82
Total	**41**	**2,434.11**	**825.71**	**(-) 19,019.72**	**(-) 15,748.15**

*(**Source:** Latest finalised accounts of SPSEs.)*

It is evident from **Table 1.18** that 41 SPSEs (out of 84 SPSEs), had negative net worth aggregating (-) ₹ 15,748.15 crore. Out of 41 SPSEs, net worth of 24 working SPSEs was (-) ₹ 12,596.65 crore whereas net worth of 17 inactive SPSEs (out of total 19 inactive SPSEs in the State) stood at (-) ₹ 3,151.48 crore.

Of these 41 SPSEs having negative net worth, 22 SPSEs from the Manufacturing sector and seven SPSEs from the Service sector had eroded their net worth to the extent of (-) ₹ 4,264.88 crore and (-) ₹ 8,715.74 crore respectively.

The SPSEs which had the highest negative net worth were: (i) Calcutta State Transport Corporation {(-) ₹ 3,003 crore} (ii) West Bengal Transport Corporation {(-) ₹ 2,967 crore} and (iii) Durgapur Projects Limited {(-) ₹ 1,726 crore}.

In respect of these 41 SPSEs, the State Government had extended equity and loans of ₹ 2,415 crore and ₹ 4,383 crore, respectively.

The total assets and total liabilities of 19 SPSEs were ₹ 199.81 crore which have been arrived at after adjustment of negative reserves and surplus.

The net loss after tax of these 41 SPSEs aggregated to (-) ₹ 919.63 crore. Out of loss of (-) ₹ 919.63 crore, the two sectors viz. Manufacturing sector {(-) ₹ 361.89 crore} and Service sector {(-) ₹ 461.34 crore} contributed to a loss of (-) ₹ 823.23 crore.

OVERSIGHT ROLE OF COMPTROLLER & AUDITOR GENERAL OF INDIA

1.7 Statutory Audit of SPSEs

The financial statements of Government Companies (as defined in Section 2 (45) of the Companies Act, 2013) are audited by Statutory Auditors, appointed by C&AG as *per* the provisions of Section 139 (5) or (7) of the Act who shall submit a copy of the Audit Report to the C&AG including the financial statements of the Company under Section 143(5) of the Act. These financial statements are subject to supplementary audit to be conducted by the C&AG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

Audit of Statutory Corporations is governed by their respective legislations. Out of eight working Statutory Corporations, C&AG is the sole auditor for

[21] *Money Receipts against share warrants of ₹ 11.50 crore of the 'National Iron & Steel Company (1984) Limited' and ₹ 0.27 crore of the Infusion India Limited , under the Manufacturing sector, have been considered.*

six Corporations[22]. In respect of the remaining two[23] of the working statutory corporations, financial audit is conducted by Chartered Accountants and supplementary audit by C&AG. In case of one non-working corporation, *i.e.*, Great Eastern Hotel Authority, C&AG is not entrusted with financial audit as per statute.

1.8 Submission of Accounts by SPSEs

1.8.1 Need for timely submission of Accounts

According to Section 394 of the Companies Act, 2013, an annual report, on the working and affairs of a Government company, is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation, laid before the State Legislature, together with a copy of the audit report and any comments upon or supplement to the audit report, made by the C&AG. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the State budget.

Section 96 of the Companies Act, 2013, requires every company to hold an AGM of the shareholders, once every calendar year. It also states that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013, stipulates that the audited financial Statement for the financial year has to be placed in the said AGM, for its consideration.

Section 129(7) of the Companies Act, 2013, also provides for levy of penalty, such as fine and imprisonment, on the persons, including directors of the company, responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013. Despite the above, the annual accounts of various SPSEs were pending, and were in arrears, as on 30 September 2023, as discussed in **Paragraph 1.8.2**.

1.8.2 Timeliness in Preparation of Accounts by SPSEs

Accounts for the year 2022-23 were required to be submitted, by all the 84 SPSEs, by 30 September 2023. Details of arrears in submission of accounts of all SPSEs, as of 30 September, during the last five financial years, ending 31 March 2023, are given in **Table 1.19**.

Table 1.19: Details of arrears in submission of accounts of all SPSEs

Financial Year	Upto date Accounts		Accounts delayed upto 1 year		Accounts delayed for 2-3 years		Accounts delayed for 4-5 years		Accounts delayed for more than 5 years		Total number of SPSEs with Arrear Accounts	
	SPSEs	Accounts	SPSEs	Accounts	SPSEs	Accounts	SPSEs	Accounts	SPSEs	Accounts	SPSEs	Accounts
2018-19	35	35	30	30	08	17	05	21	06	52	49	120
2019-20	07	07	53	53	14	32	05	23	06	58	78	166
2020-21	25	28	32	32	16	38	06	26	07	69	61	165
2021-22	23	26	32	35	16	43	08	31	06	65	62	174
2022-23	22	22	36	36	10	23	09	38	07	66	62	163

(***Source:*** *Accounts of SPSEs.*)

[22] *(i) Calcutta State Transport Corporation (ii) South Bengal State Transport Corporation, (iii) North Bengal State Transport Corporation (iv) West Bengal Scheduled Castes, Scheduled Tribes & Other Backward Classes Development and Finance Corporation (v) West Bengal Minorities Development and Finance Corporation and (vi) West Bengal Industrial Infrastructure Development Corporation.*

[23] *West Bengal State Warehousing Corporation and West Bengal Financial Corporation.*

Table 1.19 above depicts that total 163 accounts are in arrear in respect of 62 SPSEs which includes 48 working and 14 inactive SPSEs. 48 working SPSEs had 89 accounts whereas 14 inactive SPSEs had 74 accounts in arrears. In absence of finalization of accounts for 2022-23 as well as for earlier years and their subsequent audit, in 62 out of 84 SPSEs ***(Appendix-1)***, assurance could not be given on whether the investment and expenditure incurred had been properly accounted for and the purpose for which the amount was invested was achieved. The investment of GoWB in these SPSEs, therefore, remained outside the oversight of State Legislature to that extent.

1.9 C&AG's Oversight- Audit of Accounts and Supplementary Audit

Financial Reporting Framework

Companies are required to prepare their financial statements in the format laid down in Schedule (iii) to the Companies Act, 2013, and in adherence to the mandatory accounting standards prescribed by the Central Government, in consultation with the National Advisory Committee on accounting standards. Statutory Corporations are required to prepare their accounts in the format prescribed under the rules framed in consultation with the C&AG and any other specific provision, relating to accounts, in the Acts governing such Corporations.

1.9.1 Audit of Accounts of Government Companies by Statutory Auditors

The statutory auditors appointed by the C&AG, under Section 139 of the Companies Act 2013, are required to conduct audit of accounts of government companies and submit their reports thereon, in accordance with Section 143 of the Companies Act, 2013.

The C&AG plays an oversight role by monitoring the performance of the statutory auditors in audit of the public sector enterprises, with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power to issue directions to the statutory auditors under Section 143(5) of the Companies Act, 2013, and to supplement or comment upon the statutory auditor's report under Section 143(6) of the Companies Act, 2013.

1.9.2 Supplementary Audit of Accounts of Government Companies

The prime responsibility for preparation of financial statements, in accordance with the financial reporting framework prescribed under the Companies Act, 2013, or other relevant Acts, is of the management of an entity. The statutory auditors appointed by the C&AG, under Section 139 of the Companies Act, 2013, are responsible for expressing an opinion on the financial statements, under Section 143 of the Companies Act, 2013, based on independent audit, in accordance with the standard auditing practices of the Institute of Chartered Accountants of India (ICAI) and directions given by the C&AG. The statutory auditors are required to submit their audit report to the C&AG, under Section 143 of the Companies Act, 2013.

The certified accounts of selected government companies, along with the reports of the statutory auditors, are reviewed by C&AG, by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143(6) of the Companies Act, 2013, to be placed before the Annual General Meeting.

1.10 Result of C&AG's oversight role

Audit of Accounts of SPSEs

As on 30 September 2023, 65 working Companies/Corporations had forwarded 66 accounts to the Office of the Principal Accountant General (Audit-I), West Bengal and Office of the Principal Accountant General (Audit-II), West Bengal. Supplementary audit of 43 accounts of 42 companies was conducted up to September 2023. The audit reports of statutory auditors appointed by the C&AG and the supplementary audit conducted by the C&AG, indicated that the quality of maintenance of SPSEs' accounts needs to be improved substantially.

Some of the significant comments, issued on supplementary audit of financial statements of the government companies, are detailed in ***Appendix-2***.

1.10.1 Instances of revision of Auditors' Reports, as a result of supplementary audit conducted by the C&AG

Instances of revision of Auditors' Reports as a result of supplementary audit conducted by the C&AG, are shown in **Table 1.20**.

Table 1.20: Instances of revision of Auditors' Report as a result of supplementary audit

Name of the Corporation	Year	Comment in brief	Brief of revision
West Bengal Small Industries Development Corporation Limited	2020-21	Service connection charges of ₹ 461.87 lakh were paid to WBSEDCL during 2020-21 and the expenditure was booked under assets and depreciation of ₹ 7.66 lakh was charged.	The booking of expenditure of ₹ 461.87 lakh in fixed assets, instead of being charges to the P&L A/c, resulted in overstatement of assets and understatement of other expenditure by ₹ 454.21 lakh (net of depreciation of ₹ 7.66 lakh). Consequently, profit for the year was overstated by an equal amount.
		The deferred tax, i.e. difference between carrying amount of fixed assets, as per the financial statements and the income tax return, was ₹ 2,783.41 lakh. It was booked, considering the Net Book Value of the property, plant and equipment, which included Assets by Grant and WDV thereon. However, for tax purposes, the amount shown under Assets by Grant should have been excluded from the Net Book Value of the said Assets. However, the same was not done, which resulted in excess balance of ₹ 330.13 lakh.	The difference between the carrying amount of fixed assets, as per the financial statements, and those as per the Income Tax Act, was arrived at, considering the assets by grant, while computing the net Book value of fixed assets, as per the financial statements, which should not have been included for tax purposes, resulting in excess computation of ₹ 330.09 lakh, under the sub-head, 'difference between the carrying amount of fixed assets in the financial statements and the income tax return', which, consequently, resulted in excess deferred tax credit of ₹ 330.09 lakh to the profit & loss statement, resulting in profit for the year, as well as the total comprehensive income being overstated by ₹ 330.09 lakh and the deferred tax liability (net) being understated by an equal amount.

Name of the Corporation	Year	Comment in brief	Brief of revision
The Durgapur Projects Limited	2022-23	For the year 2021-22, the Company had accounted for sale of fly ash of ₹ 13.25 crore, as income, under the head 'Other Operating Revenue', in deviation of the Ministry of Environment and Forest's Notification, which resulted in overstatement of 'Revenue from Operations' and understatement of 'Reserve for Fly Ash Utilisation', by ₹ 13.25 crore, each. Against the above, corrective entry was not passed by the Company in 2022-23.	As per Note 2(iii), the company had changed the accounting policy, from the financial year 2022-23, for accounting of sale of fly ash and had accounted for the amount so collected, net of expenses, for the year 2022-23, under the "Fly ash utilization reserve fund", in accordance with the guidelines issued by MOE&F dated 3rd November 2009. However, no accounting effect was given for the previous financial years.

The statutory auditors' reports, on Financial Statements of two SPSEs[24], were revised as a result of supplementary audit of the Financial Statements conducted by the C&AG as shown in **Table 1.20**.

1.10.2 Management Letters

One of the objectives of financial audit is to establish communication on audit matters, arising from the audit of financial statements, between the auditor and those charged with the responsibility of governance of the corporate entity.

The material observations on the financial statements of SPSEs, were reported as comments by C&AG, under Section 143(6) (b) of the Companies Act, 2013. Besides these comments on accounts, irregularities or deficiencies observed by C&AG, in the financial reports or in the reporting process, are also communicated to the management, through a 'Management Letter', for taking corrective action.

The broad nature of irregularities highlighted in these Management Letters were as under:

- Application and interpretation of accounting policies and practices;
- Adjustments arising out of audit;
- Non-reconciliation of old balances;
- Misclassifications of assets, liabilities, income and expenditures *etc*.;
- Inadequate/non-disclosures in 'Notes to Accounts';
- Non-reporting on C&AG's directions; and
- Non-maintenance of proper books of accounts.

[24] *West Bengal Small Industries Development Corporation Limited and The Durgapur Projects Limited.*

The Managements of the concerned SPSEs had given assurances that corrective action would be taken in the subsequent year. 23 such 'Management letters' were issued to 18 SPSEs till December 2023, drawing attention of the Management on the above issues, as shown in ***Appendix-3***.

1.11 Corporate Governance

1.11.1 Introduction

Corporate Governance focusses on building the confidence of various stakeholders including customers, suppliers, employees, shareholders, bankers and society at large. A company is directed and controlled with the system of rules, practices and processes of Corporate Governance. Further, the Corporate Governance framework of any SPSE depends upon four pillars namely transparency, full disclosure, independent monitoring and fairness to all. Adherence to the principles of Corporate Governance brings accountability, transparency in business and enhances confidence of the stakeholders.

1.11.2 Provisions contained in the Companies Act, 2013

The Companies Act, 2013 (Act) was enacted on 29 August 2013 replacing the Companies Act, 1956. In addition, the Ministry of Corporate Affairs has also notified (31 March 2014) Companies Rules 2014 on Management and Administration, Appointment and Qualification of Directors, Meetings of the Board and its powers and Accounts. The Companies Act, 2013 together with the Companies Rules provide a robust framework for corporate governance. The requirement *inter alia* provides for:

- Appointment of Independent Directors in Public Companies and Qualifications for Independent Directors along with the duties and guidelines for professional conduct {Section 149(6) of Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014}.
- Mandatory establishment of certain committees like Audit Committee {Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 and Section 177(1) of the Companies Act, 2013}, Nomination and Remuneration Committee {Section 178(1) of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its powers) Rules, 2014} and Whistle Blower Mechanism Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its power).
- Mandatory appointment of one woman director on the Board in Public Companies having paid-up share capital of ₹ 100 crore or more or turnover of ₹ 300 crore or more {Section 149(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014}.
- Holding of a minimum of four meetings of the Board of Directors every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board {Section 173(1) of the Companies Act, 2013}.

1.11.3 Review of compliance of the Corporate Governance provisions

As on 31 March 2023, there were 84 SPSEs (75 Government Companies and nine Statutory Corporations) under the audit jurisdiction of the C&AG of India in West Bengal. An analysis of compliance, of the provisions pertaining to Corporate Governance, by the SPSEs under administrative control of various Departments in West Bengal, based on information provided by these SPSEs, is discussed below:

1.11.4 Composition and Meetings of the Board of Directors

The Board of Directors (BoDs) is the instrument of Corporate Governance. It is the agency for the implementation of governance policies and practices. It is imperative that the BoDs devote attention to Corporate Governance and must be equipped with the requisite representation and its members should meet regularly. As per Section 173(1) of the Companies Act, 2013, every company shall hold the first meeting of the Board of Directors within thirty days of the date of its incorporation and thereafter hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board.

In light of this provision, it was seen that only 49 SPSEs in the State had complied with this requirement and have conducted four or more Board Meetings in 2022-23.

Further, in case of 16 SPSEs, it was observed that the intervening period between two BoD meetings was more than the prescribed time limit of 120 days, as depicted in the ***Appendix-4***.

1.11.5 Representation of Independent Director in the Board

According to Section 149 (6) of the Companies Act, 2013 an independent director means a director other than a managing director or a whole-time director or a nominee director, who is a person of integrity and possesses relevant expertise and experience.

The presence of independent directors on the Board, capable of taking an independent view on the decisions of the management is considered as a means of protecting the interests of shareholders and other stakeholders. As per rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, the following class or classes of companies shall have at least two directors as independent directors:

- Public Companies having paid up share capital of ₹ 10 crore or more; or
- Public Companies having turnover of ₹ 100 crore or more; or
- Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding ₹ 50 crore.

In light of the above provisions, it has been observed that out of 46 SPSEs which were required to have an Independent Director (ID), only 13 SPSEs had appointed an ID on their Board, whereas two SPSEs had not provided information ***(Appendix-5)***.

1.11.6 Representation of Woman Director (WD) in the Board

Section 149 (1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 provides that every public company fulfilling the following criteria shall have at least one Woman Director (WD) in its Board:

- Paid-up share capital of ₹ 100 crore or more, or
- Turnover of ₹ 300 crore or more.

Audit, however, has observed that out of 17 SPSEs who were required to have one WD on their respective Boards, only 11 SPSEs ***(Appendix-6)*** had appointed a WD, while two SPSEs did not provide the required information.

1.12 Audit Committee and Other Committees of the Board

1.12.1 Constitution and Composition of Audit Committee

Audit Committee is one of the important pillars of the Corporate Governance mechanism in the Company. It is charged with oversight of financial reporting and disclosures. It boosts confidence in the integrity of the Company's financial reporting, the internal control process and the risk management systems. It reviews and monitors the auditor's independence and performance and effectiveness of audit process. It examines the financial statements and the auditor's report thereon.

As per Section 177 (1) of the Act, 2013 and Rule 6 of the Companies (Meetings of Board and its powers) Rules, 2014, the BoD of every listed public company and all public companies with a paid up capital of ₹ 10 crore or more; or having turnover of ₹ 100 crore or more; or having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding ₹ 50 crore or more, except Joint Venture Companies and wholly owned subsidiary companies, shall constitute an Audit Committee.

Audit observed that out of 46 SPSEs ***(Appendix-5)***, who were required to have an Audit Committee, only 12 SPSEs had constituted an Audit Committee whereas two SPSEs had not provided required information ***(Appendix-5)***.

1.12.2 Nomination and Remuneration Committee

As per Section 178(1) of the Act, 2013 and Rule 6 of the Companies (Meetings of Board and its powers) Rules, 2014, the BoD of every listed public company and all public companies with a paid up capital of ₹ 10 crore or more; or having turnover of ₹ 100 crore or more; or having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding ₹ 50 crore or more, shall constitute a Nomination and Remuneration Committee (NRC). NRC should comprise at least three Directors, all of whom should be non-executive Directors and at least half shall be independent, while the Chairman of the Committee shall be an Independent Director. The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. The NRC shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

As per Section 178(8) of the Companies Act, 2013, in case of any contravention of the provisions of section 177 (Audit Committee) and section 178 (Nomination and Remuneration Committee), the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees, or with both.

Audit noticed that 46 SPSEs, as shown in ***(Appendix-5)***, were required to constitute the NRC. However, out of these, only nine SPSEs constituted the NRC as on 31 March 2023, whereas two SPSEs had not provided required information.

1.12.3 Whistle Blower Mechanism (WBM)

Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its power) rules provides that every listed company; Companies which accept deposits from the public; Companies which have borrowed money from banks and public financial institutions in excess of ₹ 50 crore, shall establish a Vigil Mechanism for their directors and employees to report genuine concerns and grievances about unethical behaviour, suspected fraud or violation of the Company's code of conduct or ethics policy. The Section also provides for adequate safeguards against victimization of persons who use such a mechanism.

Audit noticed that out of seven[25] SPSEs, which were required to establish the Whistle Blower Mechanism during 2022-23, one[26] SPSE had not established the Whistle Blower Mechanism.

1.13 Internal Audit Framework

1.13.1 Role of Internal audit

The Institute of Internal Auditors (IIA) defines Internal Auditing as: "An independent, objective assurance and consulting activity designed to add value and improve an organization's operations. The internal audit activity helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes." Accordingly, the role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively.

The framework governing internal audits issued (February 2009) by ICAI[27], defines internal audit as an independent assurance on the effectiveness of

[25] *The Durgapur Projects Ltd, West Bengal Power Development Corporation Ltd, West Bengal Essential Commodities Supply Corporation Ltd, West Bengal Infrastructure Development Finance Corporation Ltd, West Bengal State Electricity Distribution Company Ltd, West Bengal State Electricity Transmission Company Ltd and WEBFIL Ltd.*

[26] *West Bengal Essential Commodities Supply Corporation Ltd.*

[27] *Standards of Internal Audit (SIA) 120.*

internal controls and risk management processes to enhance governance and achieve organisational objectives.

1.13.2 Legal Framework

Section 138(1) of the Companies Act, 2013 read with Rule 13 of Companies (Accounts) Rules, 2014, provides that (a) every listed company; (b) every unlisted public company having paid up share capital of ₹ 50 crore or more; or turnover of ₹ 200 crore or more during the preceding financial year; or outstanding loans or borrowings from banks or public financial institutions exceeding ₹ 100 crore or more; or outstanding deposits of ₹ 25 crore or more at any point of time during the preceding financial year, shall be required to appoint an internal auditor, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company. Section 138 (2) of the Companies Act, 2013 provides that the Central Government may, by rule, prescribe the manner and the intervals in which the internal audit shall be conducted and reported to the Board.

Audit observed that out of 22 SPSEs ***(Appendix-7)***, who were required to appoint an Internal Auditor as per provisions of the Act referred above, 15 SPSEs had conducted internal audit through Chartered Accountant firms and two SPSEs had conducted internal audit through their internal audit wing ***(Appendix-7)***. Further, two SPSEs had not provided required information and three SPSEs had not conducted internal audit during 2022-23.

1.14 Corporate Social Responsibility

1.14.1 Introduction

Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the local community at large. It recognizes the interests of its stakeholders and the general community at large by covering sustainability, social impact and ethics. The concept of CSR rests on the ideology of give and take. Companies take resources in the form of raw materials, human resources *etc*., from society. By performing CSR activities, the companies are giving something back to the society.

India is the first country in the world to make CSR mandatory, with the coming into force of Section 135 and schedule VII of the Companies Act, 2013 in April 2014. The Companies Act, 2013 and the Companies CSR Rules 2014 mandate and regulate social spending by Companies. The inclusion of the CSR mandate under the Companies Act, 2013 is an attempt to supplement the Government's efforts of equitably delivering the benefits of growth and to engage the Corporate Sector with the State's development agenda.

1.14.2 Legal Framework

Section 135 of Companies Act, 2013 (hereafter referred to as the Act), deals with the subject of Corporate Social Responsibility (CSR), lays down the qualifying criteria based on net worth, turnover and net profit during any financial year for companies which are required to undertake CSR activities and *inter alia* specifies the broad modalities of selection, implementation and monitoring of CSR activities by the Board of Directors of the Company. The activities which may be included by the Companies in their CSR policies are listed in Schedule VII of the Act. The provisions of Section 135 of the Act and Schedule VII of the Act are applicable to all Companies including SPSEs.

The Act makes it mandatory for any Company to spend annually, at least two *per cent* of average net profit (calculated as per section 198 of the Act) of three immediate preceding financial years towards CSR activities. If the company fails to spend such amount, the unspent amount be transferred to Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, as per provisions of sub-section (5) or sub-section (6) of Section 135 of the Companies Act, 2013. If a company is in default in complying with the provisions of sub-section (5) or sub-section (6), the company shall be liable to a penalty of twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, or one crore rupees, whichever is less, and every officer of the company who is in default shall be liable to a penalty of one-tenth of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or two lakh rupees, whichever is less.

In February 2014, Ministry of Corporate Affairs of India (MCA) issued Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Rules were made applicable to all Companies w.e.f. 1 April 2014. The compliance of the provisions of CSR under the Act i.e., constitution of CSR Committee, formulation of CSR Policy and spending of prescribed amount on CSR activities came into force from April 2014.

1.14.3 Applicability of CSR

As per section 135(1) of Companies Act 2013, every company having net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of ₹ 5 crore or more during any financial year shall constitute a CSR Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. Moreover, section 135(9) of the Act states that where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the CSR Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.

19 SPSEs meet the criteria stipulated in section 135(1) of the Companies Act as per their latest finalised accounts, of which only nine SPSEs are to frame CSR Committee. Three SPSEs incurred losses and remaining 16 SPSEs were to spend ₹ 37.66 crore towards CSR activities calculated @ two *per cent* of average net profit of three immediate preceding financial years against which 10 SPSEs had spent only ₹ 25.98 crore ***(Appendix-8)***.

Chapter II

Compliance Audit Observations

Chapter-II

Compliance Audit Observations

Power Department

West Bengal Power Development Corporation Limited

2.1 Infructuous expenditure and blocking of funds due to deficient planning

Erroneous assumptions by the West Bengal Power Development Corporation Limited (WBPDCL), while analysing requirements for Renovation and Modernisation of electrostatic precipitators, led to infructuous expenditure of ₹ 4.64 crore.

As per Schedule I of the Environment (Protection) Rules[28], 1986, which had prescribed (January 1989) the standards for emission of environmental pollutants by thermal power stations (TPS), the standard, for particulate matter (PM) emissions, was 150 milligrams per normal cubic metre (mg/ Nm^3). Subsequently, in December 2015, the standard was reduced to 100 mg/ Nm^3, for TPS, that had been installed till December 2003.

The West Bengal Power Development Corporation Limited (WBPDCL), a power generating State Public Sector Enterprise, had been operating a TPS at Kolaghat (KTPS), having capacity of 1,260 MW, consisting of six units of 210 MW each. These included Units 1, 2 and 3, commissioned[29] between October 1984 and September 1990, with designed PM emission levels not exceeding 750mg/Nm^3. In September 2011, the Central Pollution Control Board (CPCB) inspected KTPS and issued (December 2011) a notice on WBPDCL, to submit an action plan (with firm timelines), for fulfilling the prescribed norms. WBPDCL intimated (September 2012) CPCB that the work for all the units would be completed in FY 2018-19. However, CPCB, not being satisfied with the reply, issued (October 2012) a show cause notice. Consequently, WBPDCL approved (February 2014)[30] 'in-principle' investment, in renovation and modernisation (R&M) of the electrostatic precipitators (ESPs[31]) of the three units.

WBPDCL awarded (March 2017) the work to M/s K.C. Cottrell India Private Limited (Vendor), at a price of ₹ 137.03 crore. The work was scheduled to be completed within 240 days from the shutdown of each unit. It was to lead up to the conduct of a successful performance guarantee (PG) test, which was to be followed by 30 days of observation *i.e.* total 270 days[32] from shutdown to observation. The shutdown of Unit 3 was in April 2017. Subsequently, it was re-commissioned in September 2019 and the PG test was held in June 2021. Thereafter, Units 1 and 2 were shut down, in June 2018 and July 2020, respectively.

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[28] *Issued under Sections 6 and 25 of the Environment (Protection) Act, 1986 (29 of 1986).*

[29] *Unit # 1: 09 September 1990, Unit # 2: 09 March 1986 and Unit # 3: 12 October 1984.*

[30] *157th Meeting of the Board of Directors of WBPDCL.*

[31] *Electrostatic Precipitators (ESP) are installed in the power station to arrest fly ash and reduce suspended particulate matter within the prescribed emission norms.*

[32] *240 Days+ 30 Days.*

The variable cost of running these units was high, in comparison to other, more efficient units. During the financial years 2016-17 to 2019-20, WBPDCL had incurred average annual loss of ₹ 81.46 crore, towards operating Units 1 and 2. Subsequently, WBPDCL decided (September 2020) to decommission and dismantle both Units 1 and 2, as the units were not running efficiently and could not meet the pollution norms. Government of West Bengal approved (February 2022) the proposal to decommission both Units.

Meanwhile, WBPDCL issued (October 2020), short closure notice to the vendor, in regard to ESP work related to Units 1 and 2. Thereafter, it constituted (December 2020) a committee to look into the issues arising out of the contract closure and settlement of dues to the vendor. As recommended (December 2020) by the Committee, an amendment in the purchase order was undertaken, with a total negotiated cost of ₹ 20.47 crore, for supply and Service for Units 1 and 2.

Audit observed that:

- WBPDCL had commissioned (February 2015) a Detailed Project Report (DPR) through M/s Steag Energy Service (India) Private Limited, for ESPs, coal mills and associated systems, to achieve the emission norms. However, the DPR had considered (April 2016) a designed calorific value of coal (3,800 Kcal/ Kg), whereas the actual average calorific value, of the coal received at KTPS, had been lower, *i.e.* between 3,040.42 Kcal/ Kg and 3,201.77 Kcal/ Kg, from FY 2014-15 to FY 2016-17.
- The ESP work had been awarded in March 2017, when both Units 1 and 2 had been in operation[33] for over 25 years. In addition, against the cost of ₹ 20.47 crore, for supply and Service executed towards Units 1 and 2, WBPDCL had paid ₹ 14.83 crore and the balance of ₹ 5.64 crore was pending (as of April 2022).

In response, WBPDCL stated (February 2023) that:

1. The Central Electricity Authority's Study Report on Reduction of Barriers to Renovation and Modernisation Intervention in Thermal Power Stations in India, had observed (November 2013) that, after the fatigue life of about 25 years for a thermal plant, preventive measures, such as R&M work, can be taken, for safe, reliable and economical operations, for another 15 to 20 years. Accordingly, it had decided (February 2018)[34] to take up R&M Units 1 to 3.
2. WBPDCL's plan to undertake renovation and modernisation (R&M) had assumed receipt of coal with gross calorific value of 4,500 Kcal/ Kg and operations of all six coal mills at the full capacity of 26 MT/ hour. These assumptions, were however, unrealistic. Consequently, without upgrading the coal milling system, the desired results could not have been achieved.
3. Hence, WBPDCL had decided (September 2020) to retire Units 1 and 2, since both units were running inefficiently and could not meet the pollution norms. However, as ESP work at Unit 3 had already been completed, it had not been considered for retirement.

[33] *Unit-1 was 26 years 06 month 13 days and Unit-2 was 31 years 13 days.*

[34] *Item No. 14 of the 187th Board Meeting, held on 07 February 2018.*

4. Against the negotiated value of ₹ 20.47 crore, ₹ 15.83 crore was for useful material, which could be used at KTPS, and the balance of ₹ 4.64 crore was towards the cost of labour.

WBPDCL's admission that the assumptions considered, while proposing renovation and modernisation work, were unrealistic, supports the audit observation that erroneous assumptions and deficient planning had led to infructuous expenditure of ₹ 4.64 crore.

Government replied (August 2023) that, initiative was taken by WBPDCL to run the Units 1, 2 and 3 for another period of 15-20 years and R&M contract work was awarded with an assumption of availability of captive coal with 4,500 kcal GCV. The precondition of availability of 4,500 kcal GCV was unrealistic and desired results could not be achieved without upgradation of milling system which involved significant capital expenditure. As Unit 1 & 2 both were running inefficiently and could not meet the pollution norms, WBPDCL decided (September 2020) for retirement of both the units.

Thus, Government accepted the fact about unrealistic assumption and deficient planning which led to WBPDCL's proposal for renovation and modernisation work of aging units, which finally led to infructuous expenditure of ₹ 4.64 crore.

West Bengal Power Development Corporation Limited

2.2 Infructuous expenditure on an unviable coal block

West Bengal Power Development Corporation Limited (WBPDCL) incurred expenditure of ₹ 52.89 crore, on a coal block that had been surrendered by the preceding allottee, for being commercially unviable.

The Hon'ble Supreme Court of India cancelled (August/ September 2014) allotment of 204 coal blocks, which included the Kasta[35] (East) coal block. Thereafter, the Ministry of Coal (MoC), Government of India (GoI), offered (18 February 2015), 42 of these cancelled blocks, to Government Companies/ Statutory Corporations, for end-use in the power sector. Accordingly, the West Bengal Power Development Corporation Limited (WBPDCL), an electricity generating company, owned by the Government of West Bengal, entered (30 March 2015) into an agreement with MoC, for allotment of the Kasta (East) coal block and deposited (31 March 2016) upfront fees of ₹ 25 crore, as provided for under the said agreement.

Ministry of Coal, GoI, allotted (May 2016) the Kasta (East) coal block to WBPDCL. The responsibility of developing the coal block, as per the prescribed guidelines and milestone chart attached with the allocation letter, lay entirely with WBPDCL. Further, as required under the allotment agreement, WBPDCL submitted (December 2017) a Bank Guarantee (BG) of ₹ 20.50 crore, to MoC, GoI.

For development of the block, WBPDCL then appointed (March 2017), the Central Institute of Mining and Fuel Research (CIMFR)[36], as consultant, to, *inter-alia*, prepare the Mining Plan that was due for submission to MoC, GoI within six months from the date of Allotment Order *i.e.*, by November 2016.

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[35] *Kasta (East) coal block is located in the Birbhum district of West Bengal.*

[36] *Functioning under the aegis of the Council for Scientific and Industrial Research (CSIR).*

Moreover, the preparation of the Mining Plan got further delayed, since CIMFR's certification for the purpose of preparation of Mining Plans had expired. Therefore, WBPDCL appointed (August 2018) Indian Mine Planners and Consultants (IMPCON) as consultant to prepare the mining plan. The mining plan was then submitted[37] (September 2018) by WBPDCL to the Central Mine Planning & Design Institute Limited (CMPDI), which observed a discrepancy in Geological Co-ordinates and suggested to the MoC, GOI for their revision. Accordingly, MoC, GoI, issued (December 2018) a corrigendum to the allotment order.

Consequently, WBPDCL submitted the mining plan to MoC, GoI, in February 2019, against the scheduled date of November 2016, *i.e.* with a delay of 28 months.

In this regard, Audit observed, that:

- After preparation of the mining plans, WBPDCL had concluded (February 2019), that the coal block was economically unviable. It then applied (February 2019) to MoC, GoI, for surrender of the block and followed up in March 2019, with a similar proposal to the GoWB. In May 2021, MoC, GoI, terminated the agreement and the allotment order for the Kasta (East) coal block.
- Damodar Valley Corporation (DVC) (the previous allottee) had a Geological report for the said block, prepared through the Mineral Exploration Corporation Limited (MECL)[38], at a cost of ₹ 5.28 crore which was subsequently obtained by WBPDCL on payment of ₹ 5.28 crore to MoC, GoI, in April 2016. It was seen that the Kasta (East) was part of a contiguous block, comprising two other coal blocks. DVC had found (September 2008) that exploitation of the Kasta (East) block was unviable, unless the two adjoining blocks were assigned to the same allottee, for development and operation of an integrated coal mining project. Subsequently, MoC, GoI, had cancelled (May 2009) the allocation to DVC. Despite this, WBPDCL applied for the same coal block, in 2015.
- MoC, GoI, had encashed (August 2020/ May 2021) the entire BG (August 2020: ₹ 13.33 crore, May 2021: ₹ 7.17 crore).
- Moreover, between March 2016 and March 2020, WBPDCL had incurred expenditure of ₹ 32.39 crore[39], on the Kasta (East) coal block.

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37 *As per directives of Ministry of Coal vide no. 34011/ (48)/2009-CPAM dated 15th July 2015, a certificate from CMPDI was required to the effect that the Geological Co-ordinates (Longitude and Latitude) used in the preparation of New Mining Plan are in accordance with the vesting order and Geological Co-ordinates covered by Mining Plan do not encroach into any other / adjacent block.*

38 *MECL functions under the Ministry of Mines, Govt. of India, for systematic exploration of minerals "to provide high quality, cost effective and timebound geo-scientific Service for exploration and exploitation of minerals".*

39 *The amount of ₹ 32.39 crore comprised upfront fees (₹ 25 crore) to MoC, GoI; Geological Report cost (₹ 5.28 crore) paid to MoC, GoI; guarantee fees (₹ 1.11 crore) to GoWB; consultancy fees (₹ 93.89 lakh) to CIMFR, for preparation of Mining Plan; and certification fees (₹ 5.90 lakh) to CMPDI, for certificate regarding the Geological Co-ordinates used in preparation of New Mining Plan.*

The State Government stated (April 2023) that the Kasta (East) coal block had earlier been offered to Coal India Limited (CIL) and DVC, successively, but had been returned by them as being technically and economically unviable. Moreover, WBPDCL had applied for the coal block as a commercial venture, implying a degree of commercial risk, which may not fructify into a profitable venture. Therefore, WBPDCL decided to cut its losses and surrender the coal block.

The reply confirms the fact that the two preceding allottees, *viz*. CIL and DVC, had concluded that the block was commercially unviable. However, WBPDCL had still applied for it and had been allotted the coal block. Further, a Geological report, which showed that the single block was not viable independently, was already available. Despite this, WBPDCL had applied for the Kasta (East) block only, even though it was a portion of a contiguous block, comprising two other coal blocks.

The State Government further replied (September 2023) that technically as per the information based on Geographical Report, it cannot be concluded that the mines were economically viable or not. WBPDCL only after preparation of the Mining Plan could establish that the block is not viable and immediate action of surrender has been taken. It also stated that none of the previous allottees had prepared the Mining Plan and hence the decision of surrender by them was at their wish/ discretion.

The reply of WBPDCL needs to be viewed in light of the fact that coal blocks are identified after following a due process and it is for the applicants to evaluate whether it is viable for them or not before applying for the same. In the instant case, WBPDCL applied for the block without duly considering the fact of de-allocation of the Kasta (East) coal block for the previous allottee. Further, WBPDCL should have obtained the Geological Survey report prepared by DVC earlier and also analysed the tenth Report of Standing Committee on Energy properly. Lack of proper and prior due diligence resulted in allotment of the coal block to WBPDCL and its subsequent surrender, leading to infructuous expenditure[40] of ₹ 52.89 crore.

West Bengal State Electricity Distribution Company Limited

2.3 Non-levy of agency fees for development of Solar Dome at Eco Park

The West Bengal State Electricity Distribution Company Limited (WBSEDCL) set up a Solar Dome at Eco Park, New Town, Rajarhat, but did not claim agency fees of ₹ 2.58 crore on project implementation, as provided under the West Bengal Financial Rules, 1979.

According to the provisions[41] of West Bengal Financial Rules, 1979 (WBFR), designated entities, nominated as an agency of the Government of West Bengal, for execution of works, are, *inter alia*, permitted charging of agency fees, at

[40] *₹ 32.39 crore (Total Expenditure on Mine)+ ₹ 20.50 crore (encashed BG) = ₹ 52.89 crore.*

[41] *Rule 47D, Clauses 4 and 6 of Notification No. 5400F(Y) dated 25 June 2012, of Audit Branch, Finance Department, GoWB.*

prescribed rates, on the estimated cost of works. These agency fees are applicable towards invitation of tender, evaluation of bids, award of work, supervision, monitoring, checking of bills, releasing payments, as well as submission of utilisation and completion certificates.

The Power and Non-conventional Energy Sources Department, Government of West Bengal[42] (GoWB), submitted (February 2014) a proposal to the Municipal Affairs and Urban Development Department, GoWB (MAUDD), for setting up a Solar Dome at Eco Park, New Town, Rajarhat. The project, funded by the West Bengal Housing Infrastructure Development Corporation Limited (WBHIDCO) and MAUDD, was to be implemented by the West Bengal State Electricity Distribution Company Limited (WBSEDCL), at an estimated cost of ₹ 38.05 crore[43]. The project intended to create public awareness about solar energy and was also envisaged as a tourist attraction.

WBSEDCL awarded (November 2014) the work of initial planning, design, engineering, preparing architectural/ structural specifications, tender documents/ drawings, bills of quantities *etc*., to M/s DCPL (Consultant). Subsequently, WBSEDCL appointed[44] (December 2016) M/s Bridge and Roof Co. (India) Limited (Contractor), for the design, engineering, supply, construction, installation and commissioning of the project, at a price of ₹ 41.52 crore. WBSEDCL estimated (April 2021) the final project cost as ₹ 53.29 crore, including taxes and had released an amount of ₹ 46.97 crore[45] to the Contractor till October 2022.

Audit observed (February 2023) that:

- WBSEDCL had to engage its officers and it had provided infrastructure support, round the clock, for supervision of the project, as it monitored each stage of the Project, between February and December 2017.
- As an implementing agency, WBSEDCL had undertaken activities in connection with the floating of tender, appointment of Consultant/ Contractor, checking of bills, releasing of payments to the Contractor, submission of utilisation certificates etc., for which it was entitled to agency charges @ 5.50 *per cent*[46] on the cost of the project, as per WBFR.
- As an agency, WBSEDCL had not entered into Contract/ Memorandum of Understanding (MOU), detailing the terms and conditions and the agency fees to be allowed. Consequently, WBSEDCL had not claimed agency fees of ₹ 2.58 crore[47] for the project.

The Government stated (May 2023) that the Solar Dome had been constructed to increase public awareness on renewable energy. Further, the emphasis was

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42 *The Power and Non-conventional Energy Sources Department, Government of West Bengal, was renamed as the Department of Power, vide notification No. 858-Home (Cons)/R2R(Cons)-08/20l6 dated 15 November 2019.*

43 *Including consultancy cost of ₹ 1.45 crore (Phase I: ₹ 57.98 lakh, Phase II: ₹ 86.97 lakh).*

44 *Through open tender, floated in May 2016.*

45 *Up to the 22nd Running Account bill.*

46 *Two per cent of the estimated cost of the works, for invitation of tender, evaluation of bids, award of work and 3.50 per cent, on supervision, monitoring, checking of bills, payment and submission of utilisation certificate and completion certificate.*

47 *@ 5.5 per cent of ₹ 46.97 crore.*

more on the educational rather than the commercial aspects of the project. Moreover, WBSEDCL had set up the Solar Dome as per the direction of the Hon'ble Power Minister, Government of West Bengal. Hence, applicable charges were not considered for this project.

The reply of the Government is not acceptable, since WBSEDCL, being a commercial undertaking, should have realised the agency charges, under WBFR.

Government further replied (August 2023) that since WBSEDCL was a company registered under the Companies Act, 1956, having its own Civil Works Policy, the provisions of WBFR were not applicable to it. Government also replied that, in respect of whatever resources have been utilized for the project, the corresponding cost, in any case, would have been considered through the tariff mechanism.

The reply has to be seen in light of GoWB's notification (June 2012) stating that it may select State Organisations / Corporations for execution of Government works as agency of the Government. In the instant case, WBSEDCL was the implementing agency, responsible for monitoring and supervising the work. Hence, it was incumbent on WBSEDCL to claim agency charges in this regard.

Thus, non-collection of ₹ 2.58 crore, by way of applicable agency charges, for the development of the Solar Dome at Eco Park, New Town, Rajarhat, had resulted in avoidable burden on consumers, to the same extent.

West Bengal State Electricity Distribution Company Limited

2.4 Loss due to deficiencies in internal control

The West Bengal State Electricity Distribution Company Limited (WBSEDCL) failed to properly monitor the orders placed for supply of pre-stressed cement concrete poles, which led to loss of ₹ 3.38 crore.

The West Bengal State Electricity Distribution Company Limited (WBSEDCL) undertakes physical verification of store items and other allied activities, at different store units of WBSEDCL, on an annual basis. It also undertakes reconciliation between the stock figures appearing in the annual physical verification reports and the stock figures appearing in the Enterprise Resource Planning (ERP) Stock Balance. Such physical verification was, however, restricted to WBSEDCL's material stored at the Chord Road Central Store, other Zonal/ Divisional Stores, Hydel Store, Rural Electrification Project Stores and Purulia Pumped Storage Project Store and did not include WBSEDCL's material that was in the custody of contractors and suppliers (which had not been physically verified, up to FY 2021-22).

The Procurement and Contracts Department (P&C) of WBSEDCL is responsible for co-ordinating and undertaking physical verification of store items, by engaging the Service of Chartered and Cost Accountants firms. In addition, P&C also issues purchase orders and work orders. These orders include manufacture, supply, and ex-works deliveries of 8 metre pre-stressed cement concrete (PCC) poles and 9 metre PCC poles.

During March 2012 to December 2013, P&C had issued 11 purchase[48] orders on a casting centre[49] (Manufacturer), for manufacture, supply, and ex-work deliveries of 8 metre PCC (5,700 Nos.) and 9 metre PCC (4,184 Nos.) poles.

Audit observed (September 2022), from the relevant provisions[50] of the orders and scrutiny of related records, that:

- The Regional Manager, Paschim Medinipur Region, WBSEDCL (RM), was the designated Administrative Controlling Officer, on behalf of WBSEDCL.
- After manufacturing the poles, the Manufacturer was required to intimate the RM, with the advice that the necessary programme for testing be drawn up.
- The accepted poles were to remain in the stockyard of the Manufacturer and the Manufacturer was responsible for any loss or damage to these poles, till they were lifted by WBSEDCL.
- Following testing and acceptance of the poles, they were to be accounted for in the books of WBSEDCL. The RM was required to maintain accounts, in regard to storage of PCC poles at the Manufacturer's premises.
- The Manufacturer was required to submit, within the fifth working day of the succeeding month to the RM, the Monthly Progress Report of the preceding month, along with the division-wise lifting details for verification, failing which, testing of poles/ issue of test certificates/ processing of bills, was to be kept in abeyance. The available records, however, did not include such monthly progress reports.
- After issue of test certificates, the accepted poles were accounted for through stores receipt vouchers (SRVs), drawn up from June 2012 to May 2014, even though the poles continued to be physically stored in the Manufacturer's stockyard. WBSEDCL released (September 2012 to November 2014) the full payment of ₹ 3.77 crore to the manufacturer, without actual delivery of the material.
- WBSEDCL did not take physical delivery of the Poles and took up the issue with the manufacturer in August 2015. However, it could not succeed in getting physical custody of the Poles and finally lodged (July 2018) an FIR[51] against the manufacturer for non-cooperation.
- Moreover, the Chief Engineer (Distribution) had directed (March 2018) that physical verification of the poles be undertaken at the manufacturers' premises. This was, however, complied with only in FY 2022-23.
- WBSEDCL's Legal Adviser opined (April 2021) that WBSEDCL's failure to lodge a claim within three years of the amount falling due, had rendered the claim time barred. Moreover, the right to sue accrues only when someone has refused to pay the amount of dues, which is not time-barred.

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48 *Four Purchase Orders, from December 2012 to December 2013, for eight MTR PCC Poles and seven Purchase Orders, from March 2012 to December 2013, for nine MTR PCC Poles.*

49 *M/s Anadi PCCP Manufacturing Company, a sole proprietorship, at Rajbasa, Khemasuli, P.S. Kharagpur Local, Paschim Medinipur.*

50 *Clauses 6, 8 and 9, read with Clause 18.*

51 *F.I.R. No. 378/18 dated 13 July 2018, of Kharagpur Local Police Station.*

Consequently, any attempt at taking legal action against the manufacturer was futile.

WBSEDCL had provided an amount of ₹ 3.38 crore, in the accounts of FY 2022-23, towards non-supply of Poles.

Government replied (April 2023) that all bills had been paid based on the Stores Receipt Voucher (SRV) and other documents, according to the terms and conditions of the purchase orders.

The reply, however, did not address the deficiencies in internal control process, *i.e.* (a) payments being disbursed in full, without obtaining monthly progress reports or actual delivery of material (b) not undertaking periodic verification of physical stocks lying at virtual stores, in the custody of contractors and suppliers and (c) failure to raise claims against the manufacturer for non-delivery of materials.

Government stated (January 2024) that repeated attempts were made to recover the Poles from the said factory including lodging of FIR to the local police station, but the PCC Poles could not be recovered from the agency. It also stated that due to absence of SAP-ERP system at that time there was no visibility from Head Quarter Level regarding the physical stock of PCC Poles at various pole casting centres across the State. Apart from the above, physical verification of stock at every pole casting centre is also being executed at the year end.

Response of the Government confirms deficiencies in internal control system *i.e.* not taking action to obtain monthly progress reports from the manufacturer, not undertaking physical verification of poles at the Manufacturer's premises and non-pursuit of claims against the manufacturer, whereby WBSEDCL had to bear loss to the tune of ₹ 3.38 crore.

West Bengal State Electricity Distribution Company Limited

2.5 Failure to realize revenue from a permanently disconnected consumer

The West Bengal State Electricity Distribution Company Limited (WBSEDCL) supplied electricity to a consumer, without obtaining adequate security under the extant provisions, and then delayed the disconnection of supply, which led to non-realisation of electricity charges of ₹ 6.76 crore.

The applicable regulations[52] (April 2013) of the West Bengal Electricity Regulatory Commission (WBERC), permit a distribution licensee to require that all consumers furnish security deposits (SDs), of three months' estimated consumption, at prevailing rates. Further, the licensees are required to notify the consumers to increase their SD, as and when it becomes insufficient. The consumers are then required to deposit the additional amount of SD, within a period of one month from the notice. The licensees are also permitted to recover the additional amount, or its instalment amount, through the energy bills of the consumers. Moreover, Extra High Voltage (EHV), High Voltage (HV) and Low

[52] *Clauses 4.1, 4.2 and 4.2.6 of WBERC's (Miscellaneous Provisions) Regulations, 2013, vide notification No. 52/ WBERC dated 02 April 2013.*

& Medium Voltage (L&MV) consumers, having contract demand of 50 KVA and above, have the option of depositing the SD either in cash, or through an irrevocable Bank Guarantee (BG). Further, security deposits were required to be updated, in a phased manner, within March 2015.

Audit scrutiny of records showed (February 2023) that the West Bengal State Electricity Distribution Company Limited (WBSEDCL) had outstanding dues of ₹ 6.76 crore, from M/s Rohit Ferro Tech Limited[53] (RFTL), a permanently disconnected[54] consumer, as of March 2023.

RFTL, a consumer since March 2010, had a contract demand of 11,500 KVA, with supply voltage of 33 KV. Accordingly, based on its electricity consumption for the financial year 2019-20, RFTL was required to maintain SD of ₹ 10.47 crore, for the financial year 2020-21. RFTL had, however, maintained ₹ 1.17 crore only, as SD. RFTL had been irregular in making payment of electricity charges and had defaulted in payment of electricity charges from the month of December 2019 onwards.

Thereafter, RFTL went in for the Corporate Insolvency Resolution Process (CIRP)[55] in February 2020, with creditors being called upon to submit their claims by 21 February 2020. WBSEDCL belatedly submitted its claim on 29 August 2020, for ₹ 5 crore, against dues of ₹ 5.52 crore (from 01 December 2019 to 06 February 2020). The Resolution Professional (RP), under CIRP, paid WBSEDCL's energy charges only intermittently, during March 2020 to October 2021 and stopped paying the energy bills from November 2021 onwards.

In the meantime, WBSEDCL issued (30 March 2021) a notice for deposit of SD, but the same was denied by RFTL, citing that CIRP had already started in February 2020 and the Hon'ble National Company Law Tribunal (NCLT) had declared a moratorium, in terms of Section 14 of the Insolvency & Bankruptcy Code (IBC), 2016.

Power supply to RFTL was disconnected on 01 December 2021 and the agreement[56] was terminated on 19 January 2022. WBSEDCL raised (19 January 2022) the final bill for ₹ 9.71[57] crore, after adjustment of SD on RFTL. Thereafter, WBSEDCL issued (02 February 2022) a demand notice for ₹ 10.74 crore (energy dues: ₹ 10.23 crore; penalty and cost of recovery: ₹ 51.25 lakh) on RFTL.

M/s Tata Steel Mining Limited (TSML) acquired (07 April 2022) RFTL, under the order of NCLT. M/s TSML took over the plant (11 April 2022) and made payment of ₹ 5.67 crore[58], to WBSEDCL, on 12 April 2022. M/s TSML claimed

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53 *Consumer ID: 932324100.*

54 *The Electricity Act, 2003, permits a licensee, after prior notice, to cut off electricity supply or disconnect any electric supply line, to any person, for non-payment of any charge of electricity or any other charge due.*

55 *Under the Provisions of the Insolvency and Bankruptcy Code, 2016.*

56 *The Power Supply Agreement, between RFTL and WBSEDCL, had been signed in March 2010.*

57 *Pertaining to the months of January 2020, February 2020, May 2021 and July 2021 to December 2021.*

58 *₹ 5.36 crore for the Post-CIRP period (inclusive of LPSC) + ₹0.31 crore for the Pre-CIRP Period.*

(July 2022) that the unpaid Pre-CIRP amount of ₹ 6.76 crore[59], including the late payment surcharge (LPSC), as claimed by WBSEDCL, stood extinguished, in terms of NCLT order dated 07 April 2022[60].

In this regard, Audit observed that:

- WBSEDCL had supplied electricity to RFTL, despite having insufficient SD, in contravention of Clause no 4.2.1 of Regulation 52 of WBERC[61].
- Although RFTL had defaulted in making payment of energy charges since December 2019 onwards, WBSEDCL had disconnected the power supply only in December 2021, *i.e.* 24 months after the default. This had led to accumulation of outstanding dues, with concomitant contravention of clause 4.1.1 of Regulation 55 of WBERC, which, *inter-alia,* stated that disconnection would be effected if payment had not been made within 30 days after the due date provided in the bill.
- Despite RFTL having gone in for CIRP in February 2020, WBSEDCL had continued to supply energy till November 2021.

Government, in its reply (June 2023), accepted that the Pre-CIRP outstanding dues (OSD) of ₹ 6.76 crore, were pending till date. The reply also stated that there had been a moratorium on disconnection of supply, under Section 14 (2) of the IBC, 2016.

Regarding the moratorium on disconnection of supply, Audit observed that, with effect from 28 December 2019, Section 14 (2A) of the IBC, 2016, had permitted disconnection of supply, if dues had not been paid for supply during the moratorium period. In the instant case, the RP had not been regular in making payments during the moratorium period. Despite this, WBSEDCL had not disconnected supply to the consumer.

Government further replied (August 2023) that disconnection had not been effected apprehending loss of employment in the event of permanent disconnection. It also stated that the Pre-CIRP OSD of ₹ 6.76 crore was pending and the same had been claimed through Form B.

The reply of Government is an admission of the fact that electricity had been supplied to the consumer, despite having insufficient SD and disconnection had not been effected, in contravention of Clause No. 4.2.1 of Regulation 52 of WBERC.

Thus, WBSEDCL had extended undue advantage to the consumer, by allowing power supply, despite not having sufficient SD and had also delayed disconnection of power supply, which led to loss of revenue of ₹ 6.76 crore, towards unrealised energy charges.

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[59] *As on 07 February 2020, the Pre-CIRP amount stood at ₹ 6.76 Crore (Principal OSD ₹ 4.56 Crore+ LPSC ₹ 2.20 crore).*

[60] *NCLT order dated 07 April 2022 related to the matter of TSML vs. RP of RFTL, wherein the resolution plan submitted by TSML for acquiring RFTL had been accepted. By virtue of the said order, TSML took over the plant of RFTL on 11 April 2022.*

[61] *A consumer, on his/her licensee's demand, through a notice, may replenish the deposit, as and when it becomes insufficient and the same is to be done within a period of one month from the date of service of the notice. The notice is also required to mention that, on failure to deposit the replenishing amount of security deposit, the disconnection will be effected on completion of 30 days from the date of service of the notice.*

West Bengal State Electricity Distribution Company Limited

2.6 Loss of interest, due to delays in raising of energy bills on consumers

West Bengal State Electricity Distribution Company Limited (WBSEDCL) delayed raising energy bills for centralised bulk consumers, due to delay in revamping of the Meter Data Acquisition System (M-DAS), leading to loss of interest of ₹ 4.59 crore.

Regulations 36/55 (September 2007/August 2013), of the West Bengal Electricity Regularity Commission (WBERC), specified that, where the meter reading is taken through Meter Reading Instruments/ an Automated Meter Reading System and it is not feasible to record such meter reading on a card/ book/ document, then the licensee would, after the meter reading is taken, raise the bill as early as possible. In case of monthly billing, meter reading was normally to be taken between a period of 28 and 32 days of the last meter reading, unless specifically exempted by the Commission, in deserving cases. Consumers receiving electricity at High Voltage (HV) and Extra High Voltage (EHV), were to be issued monthly bills, with the due dates of payment being within 30 days of closure of the billing months.

In this regard, Paragraph Nos. 3.4 and 2.1.8.2 of the Reports of the Comptroller and Auditor General of India for the years ended 31 March 2015 and 31 March 2016, Government of West Bengal on Public Sector Undertakings, respectively, had brought out cases of undue delay in raising of energy bills by WBSEDCL. It was seen that WBSEDCL had been taking meter readings for centralised bulk consumers (HV & EHV)[62], through the remote access Meter Data Acquisition System (M-DAS)[63]. Spot meter reading was resorted to when meter reading through M-DAS failed. Further, the Government had stated (September 2018) that the time lag between reading the meters and raising of bills had been brought to almost 'Nil', with all consumers being brought under the ambit of modem-based meter reading.

Audit however, observed (February 2023) that, during the years 2019-22, 15,017 bills, out of 31,384 bills (*i.e.*, 48 *percent* of the bills), had been raised belatedly. This was mainly due to not recording meter readings through MDAS, within the due dates and taking spot meter readings later. These delays ranged from one day to 110 days. It was also noticed that the delays were mainly attributable to the obsolescence of modems and DCUs; lack of spares for repairs/ maintenance; non-resolution of connectivity problems of modem ports with meters *etc*. Despite the criticality of timely revenue collection, the problem of delays had not been adequately addressed. Consequently, delays in raising bills led to due dates for receipt of payments getting extended, which

62 *Bulk consumers having connected load in excess of 1,499 KVA.*

63 *M-DAS: The Meter Data Acquisition System is an automated system, implemented by WBSEDCL, to gather meter data from meters installed at different areas of West Bengal, under the jurisdiction of WBSEDCL. The gathering or fetching of data from remote places is achieved by retrofitting a modem to a meter or by daisy chaining several meters with a DCU (Data Concentrator Unit).*

delayed realization of income by WBSEDCL. This delayed realization meant that WBSEDCL sustained loss of interest of ₹ 4.59 crore[64], from April 2019 to March 2022.

Government, in its reply (June 2023), stated that: (i) when bulk reading was not available in M-DAS, physical meter reading was taken (ii) sometimes, due to certain anomalies, rectification of some of the billing parameters was done, which needed regeneration of bills.

Government in its further reply (March 2024) accepted the delays, stating that they were due to revision / regeneration of energy bills, shifting payment posting as per normal procedure of WBSEDCL and physical readings taken by site offices in remote areas / locations. It also replied that contracts for maintenance of modems could not be entered into and attempts to purchase new modems during 2022 and 2023 were not successful. WBSEDCL has decided to install smart meters instead of modem procurement to avoid double expenditure, expecting that they would be able to raise monthly bills of HV and EHV consumers by 6th day of the next month.

Thus, reply confirms that delays in finalisation of bills and deferred realization of revenue, led to loss of interest of ₹ 4.59 crore and consequential increase in the requirement of working capital.

West Bengal State Electricity Distribution Company Limited

2.7 Wasteful expenditure due to non-drawal of allocated power

West Bengal State Electricity Distribution Company Limited (WBSEDCL) incurred wasteful expenditure of ₹ 39 crore, towards capacity and other charges, due to non-drawal of allocated power from the Kanti Bijlee Utpadan Nigam Limited, during FY 2017-18.

The West Bengal State Electricity Distribution Company Limited (WBSEDCL), is the only State-owned electricity distribution company (DISCOM) in West Bengal. During FYs 2008-09 and 2009-10, West Bengal had experienced shortfall in energy availability, of 3.19 *per cent* and 2.76 *per cent*, respectively. Accordingly, to meet the electricity requirements of West Bengal, the Ministry of Power (MoP), Government of India (GoI), at the instance[65] of the Department of Power, Government of West Bengal (GoWB), had allocated (December 2010) 34-Megawatt (MW) power, from the Kanti Bijlee Utpadan Nigam Limited[66] (KBUNL), to WBSEDCL.

KBUNL was to source energy from National Thermal Power Corporation Limited, which had planned (April 2007) for completion of the two Units of the Muzaffarpur Thermal Power Station (MTPS, Stage-II) by October 2012/ January 2013. WBSEDCL entered (December 2010) into a 25-year Power

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64 *Considering interest paid on cash credit availed at the rate of 7.95 per cent, 6.85 per cent and 6.50 per cent for the years 2019-20, 2020-21 and 2021-22 respectively.*

65 *Reply of MoP-GoI of 08 January 2016, to the Central Electricity Regulatory Commission, referred to in Paragraph 16 of Order dated 31 March 2017, in Petition No. 182/MP/2015.*

66 *KBUNL is a joint venture between the National Thermal Power Corporation Limited (NTPC) and the Bihar State Power Generation Company Limited.*

Purchase Agreement (PPA) with KBUNL, for purchase of 34 MW power from MTPS, Stage-II, on mutually agreed terms and conditions.

According to the PPA[67], in the event of default by WBSEDCL, KBUNL had the right to re-allocate a part or full allocated capacity to other bulk consumers. Moreover, KBUNL had the right to terminate the agreement, if WBSEDCL failed to comply with the terms of the PPA. In both scenarios, WBSEDCL would continue to be liable to pay the monthly capacity charges, until a firm arrangement, for sale of WBSEDCL's allocated share, to alternative customers, was tied up.

In this regard, an audit observation was issued to WBSEDCL (March 2023) mentioning the following points:

- Against the planned commissioning of the two Units of MTPS, Stage-II, in October 2012 and January 2013, commercial operations had commenced in March 2017 and July 2017, respectively.
- Meanwhile, WBSEDCL served (December 2015), a notice for termination of the PPA with KBUNL, for delay in the commissioning and commencement of supply of power. Subsequently WBSEDCL, through the Department of Power, Government of West Bengal (GoWB), approached (June 2016), MoP, GoI to de-allocate the power from KBUNL, due to delay in commissioning of the projects.
- KBUNL requested (January 2017) WBSEDCL to enter into necessary agreements with Central Transmission Utility[68], for wheeling of electricity from the bus bars[69] of KBUNL.
- Instead, WBSEDCL responded (February 2017) that the PPA executed between them stood terminated in December 2015 and GoWB had approached GoI to de-allocate the power from MTPS, Stage-II, in June 2016. KBUNL responded (March 2017) that the PPA obligation could not be unilaterally terminated and WBSEDCL was contractually bound to pay applicable charges under the PPA.
- After commencement of commercial operations of both units of MTPS, on 18 March 2017 and 01 July 2017, respectively, KBUNL started raising bills on WBSEDCL, towards capacity charges, from March 2017 onwards.
- Subsequently, WBSEDCL decided (February 2018) to revive the PPA and started drawing power from KBUNL, from April 2018 onwards.

Audit also observed that WBSEDCL had not paid the outstanding dues of ₹ 33.46[70] crore, for the period March 2017 to March 2018, which had

67 *Clause Nos. 6.2.9 and 12.4.*

68 *As per clause 3.0 of the PPA, Sale of electricity shall be at the bus bars of the stations and it shall be the obligation and responsibility of WBSEDCL to make the required arrangements for evacuation of electricity. For timely evacuation of Power, KBUNL shall initially make an application for connectivity and long term access to the Central Transmission Utility on behalf of the beneficiaries.*

69 *The conductor material, acting as a junction, for collecting electricity from the turbo-generators of the generating units and distributing it to various output circuits of the transmission systems.*

70 *Arrear capacity and compensation charges, for the period from 18.03.2017 to 31.03.2018.*

accumulated to ₹ 64.25[71] crore in June 2022. KBUNL, thereafter, agreed for (June 2022) one time settlement of outstanding dues, on payment of ₹ 39 crore by WBSEDCL, without reopening further claims/counter claims. WBSEDCL paid ₹ 39 crore, in six instalments, between July and December 2022.

The State Government replied (June 2023) that WBSEDCL had entered into PPA with KBUNL during '*deficit installed capacity*' period. Therefore, there was monopoly of generators like KBUNL and beneficiaries like WBSEDCL were helpless in ensuring that the terms and conditions were balanced, as it affected the supply of power from them.

However, the reply is not acceptable, as WBSEDCL had entered into an agreement with KBUNL, that could not have been unilaterally cancelled and, therefore, WBSEDCL's attempt, to unilaterally withdraw from the PPA, was not valid. Moreover, WBSEDCL had belatedly decided (February 2018) to honour the PPA, which had resulted in payment of charges, for the period during which power had not been drawn from KBUNL.

The State Government further replied (September 2023) that it was not mentioned in the PPA that agreement cannot be cancelled / terminated in any circumstances and capacity charges in case of delayed commissioning and resulted termination to be paid by the beneficiaries. This was only established after the order of CERC of March 2018. It further stated that average energy purchase rate from KBUNL was ₹ 6.03 *per* KWH. By not drawing such power from KBUNL and replacing the same through short term power purchase resulted into gain even after incurring expenditure of ₹ 39 crore.

The reply of the Government is not acceptable, as allocation of power from the Central Sector Generating Stations, which have been set up considering the long-term PPAs entered into by the procurers, is made at the instance of the State Government/procurers and the procurers are not entitled to unilaterally terminate the PPAs. The procurer has a right to the allocated capacity under the PPAs at all times and correspondingly, has the obligation to pay the fixed charges for the power allocated even in case of non-scheduling of power of its own violation. Further, the contention of Government that WBSEDCL gained from short term power purchase instead of buying power from KBUNL, needs to be viewed in light of the fact that, since 2017-18, the average short term power purchase cost of WBSEDCL was ₹ 3.89 *per* KWH whereas the average variable cost of power by KBUNL was only ₹ 2.26 *per* KWH. Further, fixed charges were also payable by WBSEDCL, indicating that short term power purchase was not beneficial to WBSEDCL.

Thus, unilateral cancellation of the agreement and non-drawal of allocated power from KBUNL had resulted in wasteful expenditure of ₹ 39 crore towards capacity and other charges.

[71] *Arrear capacity and compensation charges of ₹ 33.46 crore plus late payment surcharge of ₹ 30.79 crore.*

Industry, Commerce & Enterprises Department

West Bengal Industrial Development Corporation Limited

2.8 Loss due to incorrect fixation of price for land allotted to a private party

The West Bengal Industrial Development Corporation Limited (WBIDCL) incurred loss of ₹ 12.86 crore, due to incorrect computation of the Base Price of land, in deviation from its pricing policy for land.

According to Section 17 A (1) (b) of the West Bengal Inland Fisheries (Amendments) Act, 1993, "*No person shall fill up any water area including embankment or artificially depressed land holding as aforesaid, with a view to converting it into solid land for the purpose of construction of any building thereon or for any other purpos*e".

As per Section 9 of the said Act, "*No water area including embankment or naturally or artificially depressed land holding shall be put to use other than fishery except with the prior approval of the State Government*".

Further, as per Section 8.2 of the National Water Policy (2012), *encroachments and diversion of water bodies (like rivers, lakes, tanks, ponds etc.) must not be allowed*. Also, as per Para no. 22 of Supreme Court's Judgement (November 2019)[72], *schemes which extinguish local waterbodies albeit with alternatives are violative of Constitutional principles and are liable to be struck down.*

The West Bengal Industrial Development Corporation Limited (WBIDCL) was established under the Industry, Commerce and Enterprises (ICE) Department, to provide necessary infrastructure for development of Industries. The functions of WBIDCL include: (i) acquiring land for setting up Industrial Parks (IPs) (ii) development of these plots, built-up industrial sheds and common facilities and (iii) allotting plots/ sheds for industrial/ commercial purposes.

According to the pricing policy of land and modules, of the Industrial Parks (IPs) of the West Bengal Industrial Development Corporation Limited (WBIDCL), the price of land and modules *inter alia* included the amount paid by WBIDCL for acquisition of the land and administrative cost @ 10 *per cent,* charged on all items, excluding infrastructure. Further, the price of such land was to be arrived at by distributing the above expenditure (acquisition cost + administrative cost) within the allocable land [73] *i.e.*, within the portion of land which is eligible or suitable for industrial use only.

The Government of West Bengal (GoWB) decided (August 2017), to transfer 1,326.93 acres[74] of Government land, in favour of WBIDCL, for industrial purposes. The total value of land was calculated on the Present Market Value

[72] *Civil Appeal No. 5109 of 2019 (Jitendra Singh vs. Ministry of Environment &Ors) dated 25 November 2019.*

[73] *"Allocable land" is a portion of land which is eligible or suitable for industrial use. It represents the land that is designated for industrial development or falls within the specific zoning category for industries.*

[74] *Haringhata (Nadia): 358.19 acres, Goaltore (Paschim Medinipur): 950.16 acres, Budge Budge (South 24 Pgs): 9.85 acres and Domjur (Howrah): 8.73 acres.*

assessed by IGR, West Bengal, plus the capitalized value, which is 50 *per cent* of the present market value. Thus, the total value of land is to be derived as Present Market Value + Capitalised Value. For development of industrial infrastructure, WBIDCL decided (September 2017) to set up an Industrial Park (IP), on approximately 130 acres of land (out of 358.19 acres), at Haringhata, Nadia in first phase.

The total cost of procurement (market value, along with capitalized value) of such land, amounting to ₹ 206.73 crore, was allotted (February 2018) by the GoWB, as Grant, to WBIDCL. WBIDCL paid an amount (March 2018), of ₹ 206.73 crore to L&LR&RR[75] Department, for acquisition of 358.19 acres of land, at Haringhata, Nadia.

WBIDCL acquired (October 2018) and received possession of the 358.19 acres of land (Freehold), from the L&LR&RR Department, GoWB, for setting up of IPs.

WBIDCL floated (August 2018), an advertisement (on the WBIDCL website), seeking expression of interest (EOI), from prospective entrepreneurs, for investment in the Haringhata Industrial Park, Nadia (HIP). The price of land, in this IP, was fixed at ₹ 63.49 lakh[76] per acre, for allotment on a long-term lease basis, for a period of 99 years, on as-is-where-is basis.

In response to WBIDCL's advertisement, M/s Instakart Service Pvt Ltd (ISP) applied (September 2018), for 107.35 acres of land, for setting up a Regional Distribution Centre, in HIP, with a proposed investment of ₹ 991.00 crore. The BoD of WBIDCL, in its 337th meeting, approved (October 2018) the allotment of 107.35 acres, to ISP, in HIP. Further, the Standing Committee of the Cabinet on Industry approved (December 2018), the proposal for allotment of land, to ISP, in HIP.

WBIDCL allotted (January 2019) 107.35 acres of land, to ISP, at a value of ₹ 68.16 crore[77]and handed over physical possession of the said land, in April 2019. An additional 1.77 acres[78] of land was allotted to ISP, in March 2020, at a value of ₹ 1.07 crore[79]and handed over in June 2020. WBIDCL entered (9 February 2021) into a deed of lease, with ISP, for 109.12 acres of land, at HIP, for 99 years.

Audit observed (December 2022) that, the layout plan of HIP, comprised 54.56 acres of *jheel* and 1.331 acres of pond *i.e.* water bodies. Thus, the total area available for development was only 302.299 acres[80]. Hence, as per the Pricing Policy of land and modules of WBIDCL, the Base Price of total allocable land, should have been ₹ 75.23 lakh per acre[81]. Thus, the lease premium to be collected from ISP, on the basis of the total area available for development,

75 *Land & Land Reforms and Refugee Relief and Rehabilitation Department, GoWB.*

76 *(₹206.73 crore/358.19 acres + 10 % administrative cost) As per the decision of the 336th meeting of WBIDC Board on 3rd July 2018.*

77 *(107.35 acres × ₹63.49 lakh per acre).*

78 *Cabinet approval for additional allotment of 1.77 acres of land was not found available on records.*

79 *The land value was deposited with WBIDC, on 11 March 2020.*

80 *358.19 acres – (54.56 acres + 1.331 acres).*

81 *₹206.73 crore/302.299 acres + 10 % administrative cost.*

amounted to ₹ 82.09 crore[82]. However, the lease premium actually collected by WBIDCL, from ISP, was ₹ 69.23 crore[83] only.

Thus, WBIDCL sustained loss of ₹ 12.86 crore (₹ 82.09 crore – ₹ 69.23 crore), due to incorrect computation of the Base Price of land, without considering the area available for development, in deviation from the pricing policy.

Government replied (May 2023) that the base price of land, of the Haringhata Industrial Park, had been approved (July 2018) by the Board of Directors of WBIDCL as ₹ 63.49 lakh per acre after detailed discussion on the matter and the Cabinet had also approved (December 2018) the allotment of land to the private party, on the basis of which the allotment letter had been issued to the organization.

The reply did not elaborate the reasons for not following WBIDCL's pricing policy for computation of the base price of land at the time of allotment to a private party. Further, as per the layout plan of HIP, 55.89 acres of land was under water, which was not allocable for industrial development.

Thus, computation of the base price of land, without consideration of the actual allocable area for development, had resulted in loss of ₹12.86 crore.

Public Enterprises and Industrial Reconstruction Department

Durgapur Chemicals Limited

2.9 Lack of action despite Cabinet Decision led to avoidable expenditure

Due to non-adherence to the decision of the Cabinet Committee to effect stake sale of Durgapur Chemicals Limited and suspension of operations of the plant on the recommendations of the Expert Committee of the West Bengal Pollution Control Board, the Department had to bear an avoidable expenditure of ₹ 42.37 crore, towards the salaries and wages of idle manpower.

Durgapur Chemicals Limited (the Company) was incorporated in July 1963, as a public sector company wholly owned by the Government of West Bengal (GoWB). The Company had a Chlor-Alkali Plant and was the prime supplier of products such as Caustic Soda Lye, Liquid Chlorine, Hydrogen Gas *etc*., to Steel Plants. Despite financial-cum-operational restructuring and business optimization efforts, undertaken (February 2004 to July 2010) by GoWB, the company continued to incur losses since the financial year 2007-08. GoWB, in its Cabinet Meeting dated 17 August 2016, decided on a stake-sale of State Government's share in the business of the Company, in such a way that the commercial interests of the Government would be protected.

In this connection, Audit observed (January 2022) the following:

- GoWB had directed (August 2016) the Public Enterprises & Industrial Reconstruction Department (the Department) to take up the process of stake-sale in the business of DCL, following legal procedures enunciated

[82] *109.12 acres x ₹75.23 lakh.*

[83] *₹68.16 crore (107.35 acres) +₹1.07 crore (1.77 acres).*

under the Companies Act, 2013. In the Cabinet Committee meeting (August 2016) it was also proposed by the Department to appoint a Transaction Advisor, for undergoing the process of stake-sale, until the time the share transfer had taken place and requisite funds had been deposited in the state exchequer.

- The West Bengal Pollution Control Board (WBPCB) conducted (June 2019) inspection of the plant of DCL and observed overall non-maintenance of safety codes and Standard Operational Practices (SoP), which could lead to explosions, uncontrolled fires and major catastrophe, inside the plant and surrounding area *etc*.
- On the basis of the report[84] of the WBPCB in regard to the said inspection, the Expert Committee (constituted by WBPCB) recommended (December 2019) temporary suspension of the operations of DCL. It also recommended (16 December 2019) that the status in this regard be reviewed after at least after one year.
- The Department belatedly decided (in December 2019, *i.e.* more than three years after the Cabinet decision) to: (a) suspend the operations of DCL and (b) reimburse full salaries and emoluments of all the 439 employees[85] of DCL. The Department issued the suspension order[86] and the operations of the plant were suspended with effect from December 2019.
- Audit observed that DCL was dependent on plan fund assistance of the GoWB, for meeting its electricity bills and committed expenditure towards loans. Although the Company had continued to incur losses[87] in most years, it was able to pay/ meet the salaries of its employees out of the income from operations[88] earned by it. During FYs 2016-17 to 2019-20, the company utilised 12 *per cent* to 16 *per cent*[89] of its net income earned from operations, for paying salaries to employees. After temporary suspension of operations, DCL demanded (January 2020) financial assistance of ₹ 6.91 crore, for compliance with Environmental Safety issues, in terms of the recommendations of the WBPCB. The Department did not release the same. However, it paid financial assistance to DCL, amounting to ₹ 63.69 crore[90], from June 2020 to March 2023, towards Salary, Electricity Bills, Water Bills, re-payment of loans and replacement of equipment and machinery.

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84 *Reviewed the status of plant of DCL during 20 & 21 November 2019.*

85 *Permanent employees: 186, Contractual employees; 10 and Employees engaged through contractors: 243.*

86 *Memo No.747/ PE&IR/ SM-21/ 2019 dated 26.12.2019.*

87 *FY 2016-17: loss of ₹ 26.74 crore, FY 2017-18: Profit of ₹ 7.73 crore, FY 2018-19: loss of ₹ 16.41 crore, FY 2019-20: loss of ₹ 16.81 crore and FY 2020-21: loss of ₹30.79 crore.*

88 *FY 2016-17: ₹ 88.73 crore, FY 2017-18: ₹ 66.92 crore, FY 2018-19: ₹ 81.68 crore, FY 2019-20:₹ 68.74 crore and FY 2020-21: Nil.*

89 *FY 2016-17: 12%, FY 2017-18: 16%, FY 2018-19: 14%, FY 2019-20: 16% and FY 2020-21: Nil.*

90 *Salaries & wages: ₹ 48.87 crore (from June 2020 to March 2023) and Electricity & Water Bills: ₹ 14.82 crore (from January 2021 to March 2023).*

- Thus, the Department had failed to take concrete steps to implement the Cabinet decision of August 2016, *i.e.* it had not appointed a transaction advisor for implementing the process of stake sale till March 2023. It had also not reviewed the status of the plant after one year of temporary suspension in this regard, although it was required to do so, in terms of the recommendations of WBPCB's expert committee. Consequently, the Department had borne avoidable expenditure of ₹ 42.37 crore[91], on the salaries and wages of idle manpower, from Government funds.

Government replied (May 2023) that, after the decision of the Cabinet in August 2016, the Department had been relocated several times from December 2016 to March 2021, adding that, during the pandemic outbreak (COVID), the Department could hardly sustain its routine activities. Before embarking to implement the Cabinet Decision on 100% stake sale, attempts were made to keep DCL operational. It was only in December 2019 that suspension of operations was done, on the direction of the WBPCB, for non-maintenance of stringent pollution norms. Discontinuation of salaries and wages would have led to a precarious situation in the families of such employees. It further replied that the process of implementation of the Cabinet decision on stake sale had been initiated by the Department and Transaction Advisor had been appointed (April 2023) to complete the process of stake sale within a period of nine months.

The reply of the Department is not acceptable, as mergers/demergers/re-locations are administrative decisions, which should be carried out in a timely and proper manner. Further, the Government had functioned during the pandemic outbreak also. Non-review of the status of WBPCB's expert committee recommendations in December 2020, coupled with non-release of financial assistance by the Department, to DCL, towards ensuring compliance with environmental safety issues, had prevented revival of operations of DCL. There was undue delay in appointment of the Transaction Advisor, which was indicative of the delayed implementation of the Cabinet decision, leading to incurring of avoidable expenditure.

Thus, due to delay in implementing the decision of the Cabinet and not reviewing the status of recommendations of WBPCB's expert committee, the Department had to bear avoidable expenditure of ₹ 42.37 crore, towards salaries and wages of idle manpower.

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91 *From December 2020 to March 2023 (considering one-year review period from December 2019).*

Micro, Small & Medium Enterprises and Textiles Department

West Bengal Small Industries Development Corporation Limited

2.10 Disallowance of ITC and interest payment thereon

Non-collection / preservation of Tax invoices, by the West Bengal Small Industries Development Corporation Limited (WBSIDCL) and mismatches in VAT returns, led to disallowance of Input Tax Credit of ₹ 5.99 crore and resultant loss of ₹ 1.59 crore.

The West Bengal Value Added Tax Act, 2003 (Act) was enacted to levy tax on: (i) sale of goods in West Bengal, on the basis of the value added to such goods, at each stage of their sale and (ii) purchases of certain goods in West Bengal, in specified circumstances.

Section 22 of the Act *inter alia* prescribes the following conditions and restrictions, whereby a registered dealer becomes entitled to claim input tax credit (ITC) or input tax rebate:

(a) ITC is allowed to a registered dealer who has purchased taxable goods ('purchasing dealer'), during a tax period, for use by him in West Bengal.

(b) ITC is allowed to the extent of the amount of tax paid or payable by the purchasing dealer, on his purchase of taxable goods *[Section 22(4)]*.

(c) ITC is not to be claimed by the purchasing dealer until he receives the original tax invoice, evidencing the amount of tax, from the registered dealer *[Section 22(5)]*.

Chapter VI of the Act provides for scrutiny and verification of the returns and statements and documents furnished by a dealer/casual dealer[92], as also for audit of accounts and other documents, maintained by a dealer. Section 33 of the Act deals with *"Interest for non-payment or delayed payment of net tax payable or for non-reversal of input tax credit of input tax rebate"*.

The West Bengal Small Industries Development Corporation Limited (WBSIDCL) is engaged in the business of purchasing and selling goods in West Bengal, due to which it had been filing quarterly VAT returns (under Section 32), as a registered dealer. On scrutiny of its VAT returns and Assessment Orders, Audit observed (April 2022) that WBSIDCL had claimed ITC of ₹ 24.83 crore[93], u/s 22 of the Act, during April 2014 to June 2017, but the Department of Commercial Tax, Dharmatala Circle (Tax Authority) had disallowed ITC of ₹ 5.99 crore[94], due to the inability of WBSIDCL to substantiate its claims, by producing proper documentation and invoices, as detailed below:

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[92] *'Casual dealer' means a person other than a dealer who, whether as principal, agent or in any other capacity, has occasional transaction involving buying, selling, supplying or distributing goods in West Bengal, whether for cash or deferred payment, or for commission, remuneration or other valuable consideration, whether he has fixed place of business in West Bengal or not (extract from Section 2(7) of the WBVAT Act, 2003.*

[93] *FY 2014-15: ₹ 4.73 crore; FY 2015-16: ₹ 9.08 crore; FY 2016-17: ₹10.73 crore; FY 2017-18: ₹ 0.29 crore (Total: ₹ 24.83 crore).*

[94] *FY 2014-15: ₹ 4.73 crore; FY 2015-16: ₹ 0.84 crore; FY 2016-17: ₹0.42 crore; FY 2017-18: Nil (Total: ₹ 5.99 crore).*

FY 2014-15: WBSIDCL was allowed time, by the Tax Authority, to reconcile its claim for ITC, but it had neither reconciled the claim, nor had it produced the required documents before the Tax Authority. Its entire claim for ITC of ₹ 4.73 crore was disallowed[95] (July 2017) by the Tax Authority and demand, of ₹ 8.70 crore (including interest of ₹ 3.08 crore u/s 33 of the Act), was raised. WBSIDCL deposited (September 2017) ₹ 0.91 crore and preferred (October 2017) an appeal against the Assessment Order. Subsequently, the Board of Directors of WBSIDCL decided (February 2019) to opt for settlement under the 'Settlement of Disputes' Act 1999 offered by the Government of West Bengal and further paid (March 2019) ₹ 1.04 crore, as final settlement.

FY 2015-16: ITC claim of ₹ **0**.84 crore was disallowed (June 2018) by the Tax Authority, due to ITC mismatch[96] (₹ 0.78 crore) and unauthorized ITC report[97] (0.06 crore). The Tax Authority further raised a VAT demand of ₹ 0.29 crore, which was paid (August 2018).

FY 2016-17: ITC claim of ₹ 0.42 crore was disallowed[98] (July 2019) by the Tax Authority, and demand, for ₹ 1.24 crore (which included interest of ₹ 0.24 crore u/s 33 of the Act), was raised. WBSIDCL availed of the 'Settlement of Disputes Scheme, 2020' and settled the dispute by paying ₹ 0.25 crore[99] on 31.03.2021.

Audit observed that concealment of sales, by suppliers, for evading taxes, had been a regular feature since FY 2011-12. During FY 2013-14, 47 supplying units had understated sales, while filing VAT returns, due to which WBSIDCL had been unable to claim ITC.

Further, the summarised position of annual tax liability, for the financial years 2014-15 to 2016-17, *vis-a-vis* the tax paid/settled, is given in **Table-2.1**.

Table 2.1: Annual tax liabilities for the financial years 2014-15 to 2016-17

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	Total
(A) Taxes paid/ TCS/ ITC allowed	46.28	982.81	1,246.48	2,275.57
(B) Amount paid after Demand Order / under Settlement of Disputes scheme	195.51	29.29	24.91	249.71
(C) Tax paid to suppliers but ITC disallowed	473.44	84.15	41.71	599.30
(D) Total expended by WBSIDCL {(A)+(B)+(C)}	715.23	1,096.25	1,313.10	3,124.58
(E) Tax payable as per Demand Order	607.73	1,012.09	1,346.13	2,965.95
(F) Net Loss (+) / Gain (-) of WBSIDCL {(D) – (E)}	(+) 107.50	(+) 84.16	(-) 33.03	(+) 158.63

95 *The claim was disallowed due to lack of supporting documents.*

96 *ITC mismatch means the unreconciled difference between the ITC claimed by the dealer and the corresponding tax liability reported by the concerned supplier of goods.*

97 *The 'Unauthorized ITC' report shows the ITC claimed by the dealer but disallowed by the VAT Authority, for want of proper explanation.*

98 *Disallowed due to no online reconciliation having been done by the seller.*

99 *25 per cent of the net tax payable of ₹ 1.0 crore (i.e. ₹ 1.24 crore less ₹ 0.24 crore) was paid.*

Thus, the inability of WBSIDCL, to collect and preserve original tax invoices, for production at the time of assessment, to the Tax Authority, along with mismatches in VAT returns, led to disallowance of the ITC of ₹ 5.99 crore, due to non-compliance with Sections 22 (4) & (5) of the Act, *ibid*, and resultant loss of ₹ 1.59 crore to WBSIDCL.

The matter was reported to the Government (September 2022 and July 2023); reply was awaited (June 2024).

(BIBHUDUTTA BASANTIA)
Principal Accountant General
(Audit-II)
West Bengal

KOLKATA
The 08 November 2024

Countersigned

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

NEW DELHI
The 11 November 2024

Appendices

Appendix-1

(Refer Paragraphs-1.1.5.1, 1.3.1 and 1.8.2)

Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts for 2022-23 (as on 30 September 2023)

(Figures in Col. (5) to (11) are ₹ in crore)

Sl. No.	Sector/Name of the SPSEs	Period of Accounts	Year in which Accounts finalised (upto Sep'23)	Paid up Capital	Total Shareholder's Funds/Net Worth	Total Long Term Borrowings	Turnover/ Revenue from Operation	EBIT (Earnings before interest & tax)	Profit/ Loss after tax	Capital Employed	Return on Capital Employed (in %)	Return on Equity (in %)
				(₹ in crore)							(in *per cent*)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(A) Working Government Companies												
Agriculture & Allied												
1	Banglar Dairy Limited	2021-22	2022-23	10.00	12.83	-	-	0.43	0.32	12.83	3.35	2.49
2	Paschimbanga Agri Marketing Corporation Limited	2020-21	2022-23	4.62	13.36	29.00	21.75	1.98	1.56	42.36	4.67	11.68
3	The State Fisheries Development Corporation Limited	2020-21	2022-23	3.06	(-) 24.21	2.64	20.77	(-) 0.44	(-) 0.19	(-) 21.57	-	-
4	West Bengal Agro-Industries Corporation Limited	2022-23	2023-24	8.41	(-) 224.84	2.00	139.60	4.58	(-) 27.23	(-) 222.84	-	-
5	West Bengal Biotech Development Corporation Limited	2015-16	2022-23	0.05	31.36	-	0.04	(-) 1.88	(-) 1.88	31.36	-	-
6	West Bengal Forest Development Corporation Limited	2021-22	2022-23	6.30	163.00	-	68.58	1.67	(-) 2.61	163.00	1.02	-
7	West Bengal Livestock Development Corporation Limited	2021-22	2022-23	15.64	(-) 4.08	0.57	161.31	(-) 4.92	(-) 4.81	(-) 3.51	-	-
8	West Bengal State Food Processing and Horticulture Development Corporation Limited	2016-17	2023-24	0.97	5.48	2.33	5.49	2.30	1.48	7.81	29.45	27.01
9	West Bengal State Minor Irrigation Corporation Limited	2018-19	2022-23	11.65	(-) 31.69	-	1.05	0.98	1.04	(-) 31.69	-	-
10	West Bengal State Seed Corporation Limited	2020-21	2022-23	2.50	194.48	36.07	193.81	10.46	4.16	230.55	4.54	2.14
	Total			**63.20**	**135.69**	**72.61**	**612.40**	**15.16**	**(-) 28.16**	**208.30**	**7.28**	**-**

Sl. No.	Sector/Name of the SPSEs	Period of Accounts	Year in which Accounts finalised (upto Sep'23)	Paid up Capital	Total Shareholder's Funds/Net Worth	Total Long Term Borrowings	Turnover/ Revenue from Operation	EBIT (Earnings before interest & tax)	Profit/ Loss after tax	Capital Employed	Return on Capital Employed (in %)	Return on Equity (in %)
				(₹ in crore)							(in *per cent*)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Finance												
11	Webel Venture Capital Limited	2022-23	2023-24	0.05	0.72	-	0.03	0.02	0.01	0.72	2.86	1.39
12	West Bengal Film Development Corporation Limited	2020-21	2022-23	5.20	(-) 124.95	43.60	-	(-) 1.27	(-) 7.04	(-) 81.35	-	-
13	West Bengal Handicrafts Development Corporation Limited	2021-22	2022-23	46.60	61.17	5.68	112.37	12.42	9.12	66.85	18.58	14.91
14	West Bengal Industrial Development Corporation Limited	2021-22	2022-23	435.93	779.38	-	83.30	2.59	1.77	779.38	0.33	0.23
15	West Bengal Infrastructure Development Finance Corporation Limited	2021-22	2022-23	225.30	1,246.69	4,978.79	347.14	334.97	53.13	6,225.48	5.38	4.26
16	West Bengal Women Development Undertaking	2019-20	2021-22	0.10	0.95	-	0.92	0.10	0.10	0.95	10.53	10.53
	Total			**713.18**	**1,963.96**	**5,028.07**	**543.76**	**348.83**	**57.09**	**6,992.03**	**4.99**	**2.91**
Infrastructure												
17	Mackintosh Burn Limited	2021-22	2022-23	0.31	250.87	1.60	523.19	16.37	8.10	252.47	6.48	3.23
18	New Town Kolkata Green Smart City Corporation Limited	2021-22	2022-23	1.00	239.32	-	-	0.04	0.02	239.32	0.02	0.01
19	New Town Telecom Infrastructure Development Company Limited	2022-23	2023-24	1.05	47.02	-	15.06	14.57	10.53	47.02	30.99	22.39
20	Sundarban Infrastructure Development Corporation Limited	2017-18	2018-19	1.00	16.78	-	0.10	2.09	1.52	16.78	12.46	9.06
21	The West Bengal Small Industries Development Corporation Limited	2020-21	2021-22	190.86	340.39	-	131.80	8.79	13.8	340.39	2.69	4.05
22	Webel Electronics Infrastructure Development Limited	2022-23	2023-24	0.05	31.51	-	0.73	0.63	0.49	31.51	2.00	1.56

Sl. No.	Sector/Name of the SPSEs	Period of Accounts	Year in which Accounts finalised (upto Sep'23)	Paid up Capital	Total Shareholder's Funds/Net Worth	Total Long Term Borrowings	Turnover/ Revenue from Operation	EBIT (Earnings before interest & tax)	Profit/ Loss after tax	Capital Employed	Return on Capital Employed (in %)	Return on Equity (in %)
				(₹ in crore)							(in *per cent*)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
23	West Bengal Electronics Industry Development Corporation Limited	2022-23	2023-24	235.67	193.34	16.20	364.61	13.23	5.96	209.54	4.64	3.08
24	West Bengal Highway Development Corporation Limited	2021-22	2022-23	1,270.74	1,337.21	50.00	-	20.37	(-) 26.06	1,387.21	1.47	-
25	West Bengal Housing Infrastructure Development Corporation Limited	2020-21	2023-24	259.64	410.47	-	101.70	(-) 60.63	(-) 43.02	410.47	-	-
26	West Bengal Police Housing & Infrastructure Development Corporation Limited	2021-22	2022-23	10.40	47.20	-	175.88	6.53	4.83	47.2	13.83	10.23
27	West Bengal Transport Infrastructure Development Corporation Limited	2021-22	2022-23	7.60	43.27	-	4.23	(-) 1.01	(-) 1.01	43.27	-	-
	Total			**1,978.32**	**2,957.38**	**67.80**	**1,317.30**	**20.98**	**(-) 24.84**	**3,025.18**	**0.69**	**-**
Manufacturing												
28	Durgapur Chemicals Limited	2022-23	2023-24	253.04	(-) 64.15	72.33	-	(-) 21.41	(-) 25.81	8.18	-	-
29	Electro Medical & Allied Industries Limited	2021-22	2022-23	16.40	(-) 83.97	37.10	4.78	(-) 0.73	(-) 0.73	(-) 46.87	-	-
30	Greater Calcutta Gas Supply Corporation Limited	2021-22	2022-23	41.15	(-) 575.86	255.59	-	(-) 33.23	(-) 65.83	(-) 320.27	-	-
31	Mayurakshi Cotton Mills (1990) Limited	2021-22	2022-23	7.76	(-) 104.87	46.15	1.17	(-) 3.32	(-) 15.46	(-) 58.72	-	-
32	The Shalimar Works (1980) Limited	2021-22	2022-23	1.25	(-) 465.17	175.83	1.95	(-) 11.45	(-) 34.78	(-) 289.34	-	-
33	Webfil Limited	2022-23	2023-24	8.53	13.03	0.21	43.26	3.72	1.89	13.24	28.10	14.50
34	West Bengal Mineral Development & Trading Corporation Limited	2022-23	2023-24	4.43	(-) 100.59	137.85	28.68	7.09	(-) 7.66	37.26	19.03	-
35	West Bengal Pharmaceutical & Phytochemical Development Corporation Limited	2018-19	2022-23	24.00	(-) 12.28	12.35	3.02	(-) 2.46	(-) 4.29	0.07	-	-
36	Westinghouse Saxby Farmer Limited	2018-19	2021-22	7.74	(-) 106.32	85.02	49.25	(-) 10.13	(-) 20.19	(-) 21.30	-	-
	Total			**364.30**	**(-) 1,500.18**	**822.43**	**132.11**	**(-) 71.92**	**(-) 172.86**	**(-) 677.75**	**-**	**-**

Sl. No.	Sector/Name of the SPSEs	Period of Accounts	Year in which Accounts finalised (upto Sep'23)	Paid up Capital	Total Shareholder's Funds/Net Worth	Total Long Term Borrowings	Turnover/ Revenue from Operation	EBIT (Earnings before interest & tax)	Profit/ Loss after tax	Capital Employed	Return on Capital Employed (in %)	Return on Equity (in %)
				(₹ in crore)							(in *per cent*)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Others												
37	Basumati Corporation Limited	2021-22	2022-23	0.10	(-) 235.31	81.55	5.10	(-) 2.73	(-) 13.95	(-) 153.76	-	-
38	Saraswaty Press Limited	2021-22	2022-23	5.50	157.21	-	237.52	56.51	41.95	157.21	35.95	26.68
39	Silpabarta Printing Press Limited	2021-22	2022-23	0.89	(-) 7.51	6.06	0.53	(-) 1.62	(-) 2.40	(-) 1.45	-	-
40	West Bengal Text Book Corporation Limited	2021-22	2022-23	0.10	248.29	-	544.07	80.19	59.59	248.29	32.30	24.00
	Total			**6.59**	**162.68**	**87.61**	**787.22**	**132.35**	**85.19**	**250.29**	**52.88**	**52.37**
Power												
41	Bengal Birbhum Coalfields Limited	2022-23	2023-24	0.10	(-) 1.33	-	-	0.01	0.01	(-) 1.33	-	-
42	The Durgapur Projects Limited	2022-23	2023-24	1,815.29	(-) 1,726.44	2,621.37	1,172.41	315.24	10.09	894.93	35.23	-
43	The West Bengal Power Development Corporation Limited	2022-23	2023-24	7,679.26	10,213.87	6,431.81	11,181.28	1,313.33	347.45	16,645.68	7.89	3.40
44	West Bengal Green Energy Development Corporation Limited	2022-23	2023-24	4.99	(-) 2.19	8.18	0.46	(-) 0.01	(-) 0.17	5.99	-	-
45	West Bengal State Electricity Distribution Company Limited	2022-23	2023-24	2,867.34	3,622.71	8,267.71	28,608.78	1,873.95	21.01	11,890.42	15.76	0.58
46	West Bengal State Electricity Transmission Company Limited	2022-23	2023-24	1,105.52	7,021.74	3,070.30	2,079.63	1,391.55	970.25	10,092.04	13.79	13.82
	Total			**13,472.50**	**19128.36**	**20,399.37**	**43,042.56**	**4,894.07**	**1,348.64**	**39,527.73**	**12.38**	**7.05**
Service												
47	Biswa Bangla Marketing Corporation Limited	2021-22	2022-23	13.28	1.44	-	16.83	(-) 5.86	(-) 5.85	1.44	-	-
48	Webel Electronics Manufacturing Clusters Limited	2022-23	2023-24	0.05	31.45	-	0.84	0.78	0.60	31.45	2.48	1.91

Sl. No.	Sector/Name of the SPSEs	Period of Accounts	Year in which Accounts finalised (upto Sep'23)	Paid up Capital	Total Shareholder's Funds/Net Worth	Total Long Term Borrowings	Turnover/ Revenue from Operation	EBIT (Earnings before interest & tax)	Profit/ Loss after tax	Capital Employed	Return on Capital Employed (in %)	Return on Equity (in %)
				(₹ in crore)							(in *per cent*)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
49	Webel Technology Limited	2022-23	2023-34	1.20	75.84	-	488.85	6.44	4.78	75.84	8.49	6.30
50	West Bengal Essential Commodities Supply Corporation Limited	2016-17	2022-23	1.08	(-) 22.50	311.29	3,852.13	53.28	(-) 6.05	288.79	18.45	-
51	West Bengal Medical Services Corporation Limited	2021-22	2022-23	10.00	103.75	45.00	24.19	13.19	(-) 8.37	148.75	8.87	-
52	West Bengal State Beverages Corporation Limited	2021-22	2022-23	20.00	91.44	-	15,298.89	65.87	49.69	91.44	72.04	54.34
53	West Bengal Surface Transport Corporation Limited	2021-22	2022-23	1.01	(-) 801.06	302.17	25.45	(-) 25.06	(-) 75.61	(-) 498.89	-	-
54	West Bengal Swarojgar Corporation Limited	2021-22	2022-23	130.00	215.79	-	-	3.76	2.72	215.79	1.74	1.26
55	West Bengal Tourism Development Corporation Limited	2020-21	2022-23	18.00	145.25	5.07	43.40	(-) 12.79	(-) 13.64	150.32	-	-
56	West Bengal Trade Promotion Organisation	2021-22	2022-23	0.60	12.84	-	-	(-) 15.46	(-) 15.46	12.84	-	-
57	West Bengal Transport Corporation Limited	2022-23	2023-24	20.40	(-) 2,967.19	315.39	31.93	(-) 19.33	(-) 91.71	(-) 2,651.80	-	-
	Total			**215.62**	**(-) 3,112.95**	**978.92**	**19,782.51**	**64.82**	**(-) 158.90**	**(-) 2,134.03**	**-**	**-**
	Total- A: Working Government Companies			**16,813.71**	**19,734.94**	**27,456.81**	**66,217.86**	**5,404.29**	**1,106.16**	**47,191.75**	**11.45**	**5.61**

Sl. No.	Sector/Name of the SPSEs	Period of Accounts	Year in which Accounts finalised (upto Sep'23)	Paid up Capital	Total Shareholder's Funds/Net Worth	Total Long Term Borrowings	Turnover/ Revenue from Operation	EBIT (Earnings before interest & tax)	Profit/ Loss after tax	Capital Employed	Return on Capital Employed (in %)	Return on Equity (in %)
				(₹ in crore)							(in *per cent*)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(B) Working Statutory Corporations												
Agriculture & Allied												
58	West Bengal State Warehousing Corporation	2018-19	2021-22	7.61	42.44	-	111.06	64.25	44.54	42.44	151.39	104.95
	Total			**7.61**	**42.44**	**-**	**111.06**	**64.25**	**44.54**	**42.44**	**151.39**	**104.95**
Finance												
59	West Bengal Financial Corporation	2021-22	2022-23	227.34	239.27	63.24	52.30	3.48	(-) 22.65	302.51	1.15	-
60	West Bengal Minorities Development & Finance Corporation	2018-19	2022-23	150.00	486.16	853.52	27.71	41.19	19.65	1,339.68	3.07	4.04
61	West Bengal Schedule Castes, Scheduled Tribes and Other Backward Classes Development & Finance Corporation	2021-22	2022-23	327.36	622.98	153.27	0.43	5.66	5.66	776.25	0.73	0.91
	Total			**704.70**	**1,348.41**	**1,070.03**	**80.44**	**50.33**	**2.66**	**2,418.44**	**2.08**	**0.20**
Infrastructure												
62	West Bengal Industrial Infrastructure Development Corporation	2021-22	2022-23	-	139.10	111.14	14.92	22.68	16.55	250.24	9.06	11.90
	Total			-	139.10	111.14	14.92	22.68	16.55	250.24	9.06	11.90
Service												
63	Calcutta State Transport Corporation	2021-22	2022-23	9.62	(-) 3,003.08	637.72	49.31	(-) 83.22	(-) 135.05	(-) 2,365.36	-	-
64	North Bengal State Transport Corporation	2021-22	2022-23	10.69	(-) 1,107.09	499.87	133.02	15.15	(-) 43.49	(-) 607.22	-	-
65	South Bengal State Transport Corporation	2021-22	2023-24	11.01	(-) 799.97	441.49	134.72	(-) 51.68	(-) 109.43	(-) 358.48	-	-
	Total			**31.32**	**(-) 4,910.14**	**1,579.08**	**317.05**	**(-)119.75**	**(-) 287.97**	**(-) 3,331.06**	**-**	**-**
	Total- B: Working Statutory Corporations			**743.63**	**(-) 3,380.19**	**2,760.25**	**523.47**	**17.51**	**(-) 224.22**	**(-) 619.94**	**-**	**-**

Sl. No.	Sector/Name of the SPSEs	Period of Accounts	Year in which Accounts finalised (upto Sep'23)	Paid up Capital	Total Shareholder's Funds/Net Worth	Total Long Term Borrowings	Turnover/ Revenue from Operation	EBIT (Earnings before interest & tax)	Profit/ Loss after tax	Capital Employed	Return on Capital Employed (in %)	Return on Equity (in %)
				(₹ in crore)							(in *per cent*)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(C) Inactive Companies/Corporations												
Agriculture & Allied												
66	West Bengal Tea Development Corporation Limited *	2018-19	2019-20	47.23	(-) 379.38	107.72	-	(-) 34.91	(-) 51.59	(-) 271.66	-	-
	Total			**47.23**	**(-) 379.38**	**107.72**	**-**	**(-) 34.91**	**(-) 51.59**	**(-) 271.66**	**-**	**-**
Finance												
67	West Bengal Handloom & Powerloom Development Corporation Limited	2017-18	2022-23	46.76	(-) 5.58	4.81	-	0.02	(-) 0.15	(-) 0.79	-	-
	Total			**46.76**	**(-) 5.58**	**4.81**	**-**	**0.02**	**(-) 0.15**	**(-) 0.79**	**-**	**-**
Manufacturing												
68	Carter Pooler Engineering Company Limited	2007-08	2008-09	0.95	(-) 47.12	20.69	-	(-) 0.08	(-) 3.08	(-) 26.43	-	-
69	Eastern Distilleries & Chemicals Limited	2016-17	2021-22	0.20	(-) 16.83	26.63	15.45	(-) 5.20	(-) 6.51	9.80	-	-
70	Kalyani Spinning Mills Limited	2021-22	2022-23	14.63	(-) 1,397.42	571.82	-	(-) 37.23	(-) 105.28	(-) 825.60	-	-
71	Krishna Silicate and Glass (1987) Limited	2006-07	2021-22	-	0.02	82.79	-	(-) 0.18	(-) 6.90	82.81	-	-
72	Lily Products Limited	2021-22	2022-23	0.01	(-) 291.11	68.03	-	(-) 0.07	(-) 9.11	(-) 223.06	-	-
73	National Iron and Steel Company (1984) Limited	2022-23	2023-24	0.50	(-) 44.94	7.74	-	(-) 0.51	(-) 1.75	(-) 37.20	-	-
74	Neo Pipes & Tubes Co. Limited	2021-22	2022-23	2.20	(-) 18.93	5.39	-	(-) 0.21	(-) 1.06	(-) 13.54	-	-
75	Pulver Ash Projects Limited*	2019-20	2020-21	2.15	(-) 13.31	13.00	-	(-) 0.07	(-) 0.07	(-) 0.31	-	-
76	The Infusions (India) Limited	2022-23	2023-24	7.73	(-) 37.11	7.28	-	(-) 0.35	(-) 2.60	(-) 29.83	-	-

Sl. No.	Sector/Name of the SPSEs	Period of Accounts	Year in which Accounts finalised (upto Sep'23)	Paid up Capital	Total Shareholder's Funds/Net Worth	Total Long Term Borrowings	Turnover/ Revenue from Operation	EBIT (Earnings before interest & tax)	Profit/ Loss after tax	Capital Employed	Return on Capital Employed (in %)	Return on Equity (in %)
				(₹ in crore)							(in *per cent*)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
77	The West Bengal Projects Limited	2018-19	2022-23	1.89	(-) 0.67	-	-	(-) 0.08	(-) 0.09	(-) 0.67	-	-
78	The West Dinajpur Spinning Mills Limited	2021-22	2022-23	12.75	(-) 539.13	230.33	-	(-) 16.10	(-) 50.50	(-) 308.80	-	-
79	West Bengal Ceramic Development Corporation Limited	2022-23	2023-24	2.93	(-) 74.18	74.31	-	(-) 0.25	(-) 0.25	0.13	-	-
80	West Bengal Industrial Land Holdings Private Limited	2022-23	2023-24	0.01	0.01	-	-	-	-	-	-	-
81	West Bengal Plywood and Allied Products Limited	2012-13	2023-24	0.09	(-) 53.28	26.78	-	-	-	(-) 26.50	-	-
82	West Bengal State Leather Industries Development Corporation Limited	2019-20	2021-22	3.95	(-) 10.27	10.84	-	(-) 0.09	(-) 0.42	0.58	-	-
83	West Bengal Sugar Industries Development Corporation Limited	2022-23	2023-24	15.23	(-) 207.37	47.01	-	(-) 0.09	(-) 6.39	(-) 160.36	-	-
	Total			**65.22**	**(-) 2,751.64**	**1,192.64**	**15.45**	**(-) 60.51**	**(-) 194.01**	**(-) 1,558.98**	**-**	**-**
	Total- C: Inactive Government Companies			**159.21**	**(-) 3,136.60**	**1,305.17**	**15.45**	**(-) 95.38**	**(-) 245.75**	**(-) 1,831.41**		
(D) Inactive Statutory Corporation												
Service												
84	Great Eastern Hotel Authority	2021-22	2022-23	-	(-) 14.85	16.85	-	0.01	(-) 0.04	2.00	-	-
	Total- D: Inactive Statutory Corporation			**-**	**(-) 14.85**	**16.85**	**-**	**0.01**	**(-) 0.04**	**2.00**	**-**	**-**
	Grand Total (A + B + C + D)			**17,716.55**	**13,203.30**	**31,539.08**	**66,756.78**	**5,326.44**	**636.19**	**44,748.38**	**11.90**	**4.82**

* The SPSEs are underway of liquidation under NCLT.

Appendix-2

(Refer Paragraph-1.10)

Gist of significant comments on the accounts of the SPSEs issued from 01.04.2022 to 31.03.2023

Name of SPSEs	Year of audit	Significant observations
Mackintosh Burn Limited	2021-22	Non-recognition of revenue ₹ 4.64 crore and expenditure ₹ 27.90 crore towards execution of construction contract resulted in understatement of construction expenses by ₹ 27.90 crore and understatement of Revenue from Operations by ₹ 4.64 crore, with corresponding overstatement of profit for the year by ₹ 23.26 crore.
Greater Calcutta Gas Supply Corporation Limited	2021-22	Share Capital was understated by ₹ 59.07 crore, due to non-accountal of Share Capital, with consequential overstatement of "Other Current Liabilities" to the same extent.
West Bengal Industrial Development Corporation Limited	2021-22	'Revenue from Contracts with customers' was overstated by ₹ 11.78 crore, due to non-consideration of the abandoned TATA Motors Limited, Singur Project. Consequently, "Other Current Liabilities" were understated by the same amount.
West Bengal Medical Services Corporation Limited	2020-21	Non-accounting of payable interest, accrued but not due on loan, as on 31.03.2021, resulted in understatement of other Current Liabilities and overstatement of Profit for the year 2020-21, by ₹ 17.75 crore.
West Bengal Minorities Development and Finance Corporation	2017-18	Wrong calculation of receivable accrued interest, resulted in overstatement of Interest Income, under the Profit & Loss account, by ₹ 12.95 crore. This resulted in overstatement of profit.

Appendix-3

(Refer Paragraph-1.10.2)

List of SPSEs where Management Letters were issued

Sl. No.	Name of the SPSEs (Accounts finalised during the year)
1	West Bengal Industrial Development Corporation Limited (2020-21)
2	West Bengal Essential Commodities Supply Corporation Limited (2016-17)
3	West Bengal State Warehousing Corporation (2017-18) (2018-19)
4	North Bengal State Transport Corporation (2018-19) (2019-20) (2020-21) (2021-22)
5	South Bengal State Transport Corporation (2019-20)
6	Calcutta State Transport Corporation (2021-22)
7	West Bengal Agro Industries Development Corporation Limited (2018-19)
8	West Bengal Minorities Development & Finance Corporation (2017-18)
9	West Bengal Medical Services Corporation Limited (2020-21)
10	West Bengal Swarojgar Corporation Limited (2019-20 & 2020-21)
11	Gluconate Health Limited (2019-20)
12	Electro Medical & Allied Industries Limited (2020-21)
13	West Bengal Women Development Undertaking (2019-20)
14	West Bengal Minor Irrigation Corporation Limited (2018-19)
15	WEBFIL Limited (2022-23)
16	Saraswaty Press Limited (2022-23)
17	West Bengal Industrial Land Holding Private Limited (2022-23)
18	Krishna Silicate and Glass (1987) Limited (2006-07)

Appendix-4

(Refer Paragraph-1.11.4)

List of SPSEs where intervening period between two Board Meetings was more than 120 days

Sl. No.	Name of SPSEs	Date of Board Meetings	Date of previous BM	Interval (in days)
1	Basumati Corporation Limited	27-02-2023	19-10-2022	131
2	Durgapur Projects Limited	29-03-2023	18-11-2022	131
3	Carter Pooler Engineering Company Limited	23-06-2022	16-12-2022	176
4	The Infusion India Limited	30-08-2022	11-04-2022	141
5	WB Green Energy Development Corporation Limited	20-12-2022	12-08-2022	130
6	WB Highway Development Corporation Limited	26-08-2022	05-04-2022	143
7	WB Livestock Development Corporation Limited	24-02-2023	15-09-2022	162
8	West Bengal Ceramic Development Corporation Limited	22-02-2023	01-09-2022	174
9	West Bengal Infrastructure Development Finance Corporation Limited	19-12-2022	10-08-2022	131
10	West Bengal Swarojgar Corporation Limited	28-02-2023	20-09-2022	161
11	Krishna Silicate and Glass (1987) Limited	23-06-2022	04-11-2022	134
12	West Bengal Plywood & Allied products Limited	23-06-2022	16-12-2022	176
13	West Bengal Tourism Corporation Limited	28-06-2022	22-11-2022	147
		22-11-2022	24-03-2023	122
14	West Bengal Pharmaceutical & Phytochemical Development Corporation Limited	25-07-2022	22-12-2022	150
15	West Bengal Handicrafts Development Corporation Limited	19-05-2022	23-09-2022	127
16	Silpabarta Printing Press Limited	06-04-2022	09-08-2022	125
		09-08-2022	01-03-2023	204

Appendix-5

(Refer Paragraphs-1.11.5, 1.12.1 and 1.12.2)

Analysis of presence of Independent Directors, Nomination and Remuneration Committee and Audit Committee

Sl. No.	Name of SPSEs	Independent Directors	Nomination and Remuneration Committee	Audit Committee
1	Banglar Dairy Limited	No	No	No
2	West Bengal Transport Corporation Limited	No	No	No
3	The Kalyani Spinning Mills Limited	No	No	No
4	Greater Calcutta Gas Supply Corporation Limited	Yes	No	Yes
5	The West Dinajpur Spinning Mills Limited	No	No	No
6	West Bengal Tea Development Corporation Limited	No	No	No
7	West Bengal Sugar Industries Development Corporation Limited	No	No	No
8	The Durgapur Projects Limited	Yes	Yes	Yes
9	Electro Medical & Allied Industries Limited	No	No	No
10	Durgapur Chemicals Limited	No	Yes	No
11	The West Bengal Power Development Corporation Limited	Yes	Yes	Yes
12	The West Bengal Small Industries Development Corporation Limited	Yes	Yes	Yes
13	West Bengal Electronics Industry Development Corporation Limited	No	No	No
14	West Bengal Pharmaceutical & Phytochemical Development Corporation Limited	No	No	No
15	West Bengal Handicrafts Development Corporation Limited	No	No	No
16	West Bengal Handloom & Powerloom Development Corporation Limited	No	No	No
17	West Bengal Livestock Development Corporation Limited	No	No	No
18	West Bengal Industrial Development Corporation Limited	Yes	No	No
19	West Bengal Infrastructure Development Finance Corporation Limited	Yes	Yes	Yes
20	Biswa Bangla Marketing Corporation Limited	No	No	No
21	West Bengal Police Housing & Infrastructure Development Corporation Limited	Not provided		
22	West Bengal State Beverages Corporation Limited	No	No	No

Sl. No.	Name of SPSEs	Independent Directors	Nomination and Remuneration Committee	Audit Committee
23	West Bengal State Electricity Distribution Company Limited	Yes	Yes	Yes
24	West Bengal State Electricity Transmission Company Limited	Yes	Yes	Yes
25	West Bengal State Minor Irrigation Corporation Limited	No	No	No
26	West Bengal Swarojgar Corporation Limited	Yes	Yes	Yes
27	West Bengal Medical Services Corporation Limited	No	No	No
28	West Bengal Tourism Development Corporation Limited	Yes	No	Yes
29	West Bengal Housing Infrastructure Development Corporation Limited	No	No	No
30	West Bengal Highway Development Corporation Limited	Yes	Yes	Yes
31	Mackintosh Burn Limited	Yes	No	Yes
32	West Bengal Agro Industries Corporation Limited	No	No	No
33	Saraswaty Press Limited	No	No	No
34	Webel Technology Limited	Not provided		
35	West Bengal Essential Commodities Supply Corporation Limited	Yes	No	No
36	West Bengal State Seed Corporation Limited	No	No	No
37	West Bengal State Warehousing Corporation	No	No	No
38	West Bengal Text Book Corporation Limited	No	No	Yes
39	West Bengal Surface Transport Corporation Limited	No	No	No
40	The Shalimar Works (1980) Limited	No	No	No
41	Lily Products Limited	No	No	No
42	Basumati Corporation Limited	No	No	No
43	Westinghouse Saxby Farmers Limited	No	No	No
44	West Bengal Mineral Development & Trading Corporation Limited	No	No	No
45	West Bengal Ceramic Development Corporation Limited	No	No	No
46	Krishna Silicate and Glass (1987) Limited	No	No	No

Appendix-6

(Refer Paragraph-1.11.6)

Analysis of presence of Woman Director in the Board

Sl No.	Name of SPSEs	Whether Women Director present in the Board
1	Durgapur Chemicals Limited	No
2	The Durgapur Projects Limited	Yes
3	The West Bengal Power Development Corporation Limited	Yes
4	The West Bengal Small Industries Development Corporation Limited	No
5	West Bengal Electronics Industry Development Corporation Limited	No
6	West Bengal Highway Development Corporation Limited	Yes
7	West Bengal Housing Infrastructure Development Corporation Limited	Not provided
8	West Bengal Industrial Development Corporation Limited	Yes
9	West Bengal Infrastructure Development Finance Corporation Limited	No
10	West Bengal State Electricity Distribution Company Limited	Yes
11	West Bengal State Electricity Transmission Company Limited	Yes
12	West Bengal Swarojgar Corporation Limited	Yes
13	Mackintosh Burn Limited	Yes
14	Webel Technology Limited	Not provided
15	West Bengal Essential Commodities Supply Corporation Limited	Yes
16	West Bengal State Beverages Corporation Limited	Yes
17	West Bengal Text Book Corporation Limited	Yes

Appendix-7

(Refer Paragraph-1.13.2)

SPSEs required to conduct Internal Audit

Sl. No.	Name of SPSEs	Whether SPSEs conducted Internal Audit and by whom
1	Mackintosh Burn Limited	Yes, CA firm
2	Webel Technology Limited	Information not provided
3	Durgapur Chemicals Limited	No
4	The Durgapur Projects Limited	Yes, CA firm
5	The West Bengal Power Development Corporation Limited	Yes, CA firm
6	The West Bengal Small Industries Development Corporation Limited	Yes, CA firm
7	West Bengal Electronics Industry Development Corporation Limited	Yes, CA firm
8	West Bengal Highway Development Corporation Limited	Yes, CA firm
9	West Bengal Housing Infrastructure Development Corporation Limited	Information not provided
10	West Bengal Industrial Development Corporation Limited	Yes, Internal Audit
11	West Bengal Infrastructure Development Finance Corporation Limited	Yes, Internal Audit
12	West Bengal State Seed Corporation Limited	No
13	West Bengal Agro Industries Corporation Limited	No
14	West Bengal Essential Commodities Supply Corporation Limited	Yes, CA firm
15	West Bengal State Beverages Corporation Limited	Yes, CA firm
16	West Bengal State Electricity Distribution Company Limited	Yes, CA firm
17	West Bengal State Electricity Transmission Company Limited	Yes, CA firm
18	Saraswaty Press Limited	Yes, CA firm
19	West Bengal Swarojgar Corporation Limited	Yes, CA firm
20	West Bengal Text Book Corporation Limited	Yes, CA firm
21	West Bengal Transport Corporation Limited	Yes, CA firm
22	Webfil Limited	Yes, CA firm

Appendix-8

(Refer Paragraph-1.14.3)

Expenditure on Corporate Social Responsibility

Sl. No.	Name of SPSEs	Latest finalised accounts	CSR obligation @ 2% of average profit of preceding three years (₹ in crore)	Exp on CSR (₹ in crore)
1	Mackintosh Burn Limited	2021-22	0.27	-
2	New Town Telecom Infrastructure Development Company Limited	2021-22	0.17	0.11
3	Saraswaty Press Limited	2021-22	0.60	-
4	The Durgapur Projects Limited	2022-23	-	-
5	The West Bengal Power Development Corporation Limited	2022-23	8.55	8.97
6	The West Bengal Small Industries Development Corporation Limited	2020-21	0.35	0.22
7	Webel Technology Limited	2022-23	0.12	-
8	West Bengal Electronics Industry Development Corporation Limited	2022-23	0.17	0.22
9	West Bengal Essential Commodities Supply Corporation Limited	2016-17	-	-
10	West Bengal Handicrafts Development Corporation Limited	2021-22	0.26	0.26
11	West Bengal Highway Development Corporation Limited	2021-22	-	-
12	West Bengal Industrial Development Corporation Limited	2021-22	0.66	-
13	West Bengal Infrastructure Development Finance Corporation Limited	2021-22	1.26	0.44
14	West Bengal Text Book Corporation Limited	2021-22	1.08	-
15	West Bengal Police Housing & Infrastructure Development Corporation Limited	2021-22	0.14	0.04
16	West Bengal State Beverages Corporation Limited	2021-22	1.58	1.58
17	West Bengal State Electricity Distribution Company Limited	2022-23	9.63	1.73
18	West Bengal State Electricity Transmission Company Limited	2022-23	12.19	12.41
19	West Bengal State Seed Corporation Limited	2020-21	0.63	-
Total			**37.66**	**25.98**

Glossary of Abbreviations

Glossary of Abbreviations

Sl. No.	Abbreviation	Description
1	AGM	Annual General Meeting
2	BoD	Board of Directors
3	BG	Bank Guarantee
4	C&AG	Comptroller & Auditor General of India
5	CA	Chartered Accountant
6	CMD	Chairman and Managing Director
7	CoPU	Committee on Public Undertaking
8	CSR	Corporate Social Responsibility
9	CSTC	Calcutta State Transport Corporation
10	CPCB	Central Pollution Control Board
11	CIRP	Corporate Insolvency Resolution Process
12	CIMFR	Central Institute of Mining & Fuel Research
13	CMPDI	Central Mine Planning & Design Institute
14	CIL	Coal India Limited
15	DPL	Durgapur Projects Limited
16	DCL	Durgapur Chemicals Limited
17	DoP	Department of Power
18	DPR	Detailed Project Report
19	DVC	Damodar Valley Corporation
20	DISCOM	Distribution Company
21	EBIT	Earnings before interest and taxes
22	EoI	Expression of Interest
23	ERP	Enterprise Resource Planning
24	ESPs	Electro Static Precipitators
25	EHV	Extra High Voltage
26	GoI	Government of India
27	GoWB	Government of West Bengal
28	GP	Guarantee Period
29	GSDP	Gross State Domestic Product
30	GCV	Gross Calorific Value
31	HV	High Voltage
32	HIP	Haringhata Industrial Park
33	ITC	Input Tax Credit
34	ICR	Interest Coverage Ratio
35	ID	Independent Director
36	IIA	Institute of Internal Auditor
37	ICE	Industry Commerce & Enterprises
38	IPs	Industrial Parks
39	ICAI	Institute of Chartered Accountants of India

Sl. No.	Abbreviation	Description
40	KTPS	Kolaghat Thermal Power Station
41	KBUNL	Kanti Bijlee Utpadan Nigam Limited
42	LPSC	Late Payment Surcharge
43	L&MV	Low & Medium Voltage
44	L&LR&RRD	Land & Land Reforms and Refugee Relief and Rehabilitation Department
45	LoI	Letters of Intent
46	MoP	Ministry of Power
47	MCA	Ministry of Corporate Affairs
48	MAUDD	Municipal Affairs and Urban Development Department
49	MoU	Memorandum of Understanding
50	M-DAS	Meter Data Acquisition System
51	MoC	Ministry of Coal
52	MECL	Mineral Exploration Corporation Limited
53	NRC	Nomination And Remuneration Committee
54	NCLT	National Company Law Tribunal
55	NIT	Notice Inviting Tender
56	O&M	Operation And Maintenance
57	PM	Particulate Matter
58	PCD	Procurement And Contracts Department
59	PG	Performance Guarantee
60	PCC	Pre-stressed Cement Concrete
61	PPA	Power Purchase Agreement
62	PE&IR	Public Enterprises & Industrial Reconstruction
63	RoCE	Return on Capital Employed
64	RoE	Return on Equity
65	SRV	Store Receipt Voucher
66	SD	Security Deposit
67	SPSE	State Public Sector Enterprises
68	SoP	Standard operating Practices
69	SPL	Saraswaty Press Limited
70	SRV	Store Receipt Voucher
71	SIA	Standards of Internal Audit
72	SBSTC	South Bengal State Transport Corporation
73	TPS	Thermal Power Station
74	VAT	Value Added Tax
75	WBERC	West Bengal Electricity Regulatory Commission
76	WBFR	West Bengal Financial Rules
77	WBPCB	West Bengal Pollution Control Board
78	WBSIDCL	West Bengal Small Industries Corporation Limited
79	WBSEB	West Bengal State Electricity Board

Sl. No.	Abbreviation	Description
80	WBSEDCL	West Bengal State Electricity Distribution Company Limited
81	WBSETCL	West Bengal State Electricity Transmission Company Limited
82	WBPDCL	West Bengal Power Development Corporation Limited
83	WBTDCL	West Bengal Tea Development Corporation Limited
84	WBTBCL	West Bengal Text Book Corporation Limited
85	WBWDCL	West Bengal Wasteland Development Corporation Limited
86	WD	Woman Director
87	WBM	Whistle Blower Mechanism
88	WBSBCL	West Bengal State Beverages Corporation Limited
89	WBHIDCL	West Bengal Housing Infrastructure Corporation Limited
90	WBHDCL	West Bengal Highway Development Corporation Limited
91	WBEIDCL	West Bengal Electronics Industry Development Corporation Limited
92	WBTC	West Bengal Transport Corporation
93	WBIDCL	West Bengal Industrial Development Corporation Limited

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