

Annexure-13
(Referred to in paragraph 3.1.8)
Recovery performance of Rajasthan Financial Corporation

(Rupees in crore)

Sl. No.	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05
I.	Amount due at the beginning of the year	617.38	685.91	742.77	871.19	1004.20
2	Current Demand	309.11	318.16	336.73	366.60	385.01
2(a)	Amount rescheduled/ waived/ written off	28.48	38.25	39.10	54.91	73.56
3	Net recoverable during the year (1+2 – 2a)	898.01	965.82	1040.40	1182.88	1315.65
4	Recovery of old dues	44.96	37.41	39.77	45.71	60.21
5	Recovery of current demand	167.14	185.64	129.44	132.97	130.61
6	Total recovery during the year	212.10	223.05	169.21	178.68	190.82
	Prepayments received	-	-	55.25	73.59	64.33
7	Amount due at the end of year	685.91	742.77	871.19	1004.20	1124.83
8	Percentage of recovery of old dues to amount due at the beginning of the year. (4 to 1)	7.63	5.78	5.65	5.60	6.47
9	Percentage of recovery of current demand (5 to 2).	54.07	58.35	38.44	36.27	33.92
10	Percentage of recovery to net recoverable.	23.62	23.09	16.26	15.11	14.50
11	Targets of recovery.	230.00	250.00	250.00	247.55	255.00
12	Percentage of target to net recoverable (11 to 3)	25.61	25.88	24.03	20.93	19.38
13	Achievement	212.10	223.05	169.21	178.68	190.82
14	Percentage of achievement to	92.22	89.22	67.68	72.18	74.83

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Annexure-14

(Referred to in paragraph 3.1.12 to 3.1.15)

Deficiencies in sanction and disbursement of loan

Sl. No	Name of borrower	Amount and period of Disbursement	Default since	Account position as on 31 December 2004 (Rupees in lakh)		Audit observation
				Overdues	Outstanding	
Sanction of loan to unviable projects						
1.	Rajasthan Clinical Research Center. Udaipur	Rs.64.10 lakh upto February 2003	April 2003	45.81	87.45	Corporation failed to appraise projected income as well as source of promoter's contribution as the promoters brought its contribution by taking borrowings from the market.
2.	Shree Rakhi Broiler Farms, Dholpur	Rs.43 lakh Upto December 1998	January 1999	135.98	140.13	The Corporation sanctioned loan ignoring the unsuitability of location of the project.
3.	Krishna Industries, Jaipur	Rs.63.35 lakh upto December 2000	January 2001	18.90	70.23	Corporation disbursed the loan without analyzing the profitability of the existing project
4.	R.K. Beverages Kaladera, Jaipur	Rs.15.54 lakh Upto January 2003	April 2003	9.23	20.20	The Corporation did not consider the stiff competition of international brand in the existing market while sanctioning the loan.
5.	S.M.Bakers Bhiwadi	Rs.51.04lakh Upto July2003	October 2003	19.97	61.64	The Corporation ignored the failure of earlier financed similar industry due to lack of demand.
6.	H.B. Hatcheries	Rs.28.57lakh August 2000	Since beginning	27.93	36.50	Corporation ignored the failure of similar industry of uncommon nature (Poultry farm) financed earlier. No collateral security was obtained despite high risk involved.
7.	U.R. Automobiles Behror	Rs.31.83 lakh upto September 2000	Since beginning	59.71	70.32	The Corporation failed in apprising promoter's experience in the proposed industry and marketability of the product.

8.	Vardhman Plastics Bhiwadi	Rs.13.30lakh Upto December 2001	Since beginning	13.59	21.35	The Corporation sanctioned loan without ascertaining the technical and financial viability of the project.
9.	Moonlight Polymers Bhiwadi	Rs.74.13 lakh upto February 2001	Since beginning	82.17	110.27	While sanctioning the loan the Corporation ignored the fact that the performance of sister concern as well as other similar industry in the same line of production was unsatisfactory
Total (A)					618.09	
Sanction of loan without sufficient security						
10.	Amba Industries	Rs. 14.98 lakh upto October 2002	Since beginning	9.54	20.76	Despite the promoter not having any immovable property the loan was sanctioned without obtaining collateral security.
11.	(i) Shagun Sarees	Rs.75 lakh up to March 2000	Since beginning	17.45	34.30	Collateral security was accepted based on the certificate of a private valuer instead of verification by technical officer of the Corporation which was subsequently found of lower value.
	(ii) Sareewala			11.80	19.82	
	(iii) Vastra Bhandar			12.66	20.68	
	(iv) Adhunik Paridhan			12.49	20.51	
	(v) Poonam Khadya Bh.			13.62	21.47	
	(vi) Leela Sarees			12.44	20.46	
Total (B)					158.00	

Loans to promoters of doubtful credit worthiness						
12.	Global Syntax Bhilwara	Rs.100 Lakh upto January 2000	July 2000	173.24	207.99	Despite opinion of RIICO* to sanction working capital loan of Rs.48 lakh, the Corporation sanctioned loan of Rs.1 crore to the unit. Further the requirement of working capital was incorrectly assessed ignoring the funds parked in inter corporate deposits, advances to supplies and shares.
13.	Unique Bread Alwar	Rs.39.87 lakh upto October 2002	December 2002	37.55	57.38	The Corporation ignored the fact that the promoter was defaulter to a bank for a small car loan. Government stated (July 2005) that loan was sanctioned by taking collateral security of Rs.30 lakh. The fact remains that MRV of assets is Rs.16.96 lakh which also could not be realised.
14.	Sonu Steels, Bhiwadi	Rs.30lakh upto March 2001	Since beginning	108.18	122.98	The Corporation sanctioned further loan ignoring the default in repayment of earlier loan and also overlooking failure of similar units financed earlier. Government stated (July 2005) that legal action has been initiated to recover entire dues from the primary (Rs.49.52 lakh) and collateral security (Rs.15 lakh). However, the total dues of Rs.122.98 lakh cannot be recovered from available securities of Rs.64.52 lakh.

* Rajasthan State Industrial Development and Investment Corporation Limited.

15.	Vaishno Food Enterprises, Alwar	Rs.11.87 lakh	Since beginning	30.72	30.72	The Corporation did not exercise due care in ascertaining the credit worthiness of promoters. Government stated (July 2005) that loan was sanction to him on the basis of credit worthiness of the sister concerned of the promoter. The reply is incorrect as the promoters had taken loan from Delhi Financial Corporation and was defaulter in repayment of that loan.
Total(C)					419.07	
Grand Total (A+B+C)					1195.16	

Annexure-15
(Referred to in paragraphs 3.1.16)
Details of cases indicating lack of follow up and inaction for recovery by the
Rajasthan Financial Corporation

Sl. No.	Name of unit	Amount and period of disbursement	Default since	Outstanding as on 31-12-2004	Audit observation
1.	Brothers Farma VKIA, Jaipur	Rs. 36.19 lakh upto Nov. 1989	Jan. 1990	Rs.268.50 lakh	The unit was taken over in March 2001 and handed back (December 2001) without obtaining prescribed amount of Rs 16.67 lakh and inspite of non-payment of overdues, the Corporation did not take over the unit for the last three and half years. Government stated (July 2005) that the case was again settled (April 2005) by SLC against further lump sum amount of Rs.56.07 lakh which was not deposited by the borrower and settlement stand cancelled and the position remained as it is.
2.	Vasundhara Chem Syntex, Bhilwara	Rs. 50 lakh upto May 1998	April 1999	Rs. 160.67 lakh	Inspite of diversion of funds and erosion (September 2001) of entire networth of the Company, the Corporation did not take over the unit which got registered with BIFR in April 2002 and was still pending for decision of revival. Government stated (July 2005) that the unit managed to get time for preparing the case for BIFR.
3.	Shree Laxmi Cement, Hindaun	Rs. 40.59 lakh upto June 1987	July 1987	Rs. 155.47 lakh	The Corporation failed to get released the assets of the unit from erstwhile RSEB which took possession in February 1998 for its dues. Subsequently, official liquidator

					has taken over (October 2003) the unit under winding up orders of the Court. Government stated (July 2005) that it was decided in year 2000 that possession of mini cement plant is not viable. On the other side, the Corporation has sought permission of the High Court for taking possession. The reply is contradictory and not tenable.\
4.	Vinay Textiles Bhilwara	Rs. 38.07 lakh upto March 1996	June 1996	Rs.119.26 lakh	The high court granted stay against dispossession of the unit upto March 2000, but the Corporation did not take over possession of the unit even after March 2000. Further, despite court's order (August 2004) for settlement of case, neither the dues of the unit were settled nor initiated action for recovery. Government stated (July 2005) that necessary instructions have now been issued to branch office to initiate recovery action.
5.	Shankar Weaving Mills Bhilwara	Rs. 42.57 lakh upto June 1995	April 1999	Rs.94.13 lakh	The High Court stayed the dispossession of the unit till 30 March 2000 but the Corporation did not take over the unit after March 2000. Government stated (July 2005) that decision on the OTS proposal submitted by the unit is under process.
6.	Amer Cable Jaipur	Rs. 113.10 lakh upto Oct. 1997	Jan. 1998	Rs.157.55 lakh	Inspite of having heavy overdues, the easily marketable collateral security of high value was released in exchange of low value

					security. The case was not pursued properly in the court to take possession of collateral security. Government stated (July 2005) that efforts are being made to get vacated court stay on possession of collateral security.
7.	Rava Cement, Jaipur	Rs. 49.76 lakh upto Aug. 2000	Oct. 2000	Rs.109.40 lakh	Loan was disbursed without obtaining collateral security despite condition of sanction and no action was taken to take over the unit in spite of heavy overdues. Government stated (July 2005) that after taking possession, the unit has been sold for Rs. 36.75 lakh. However, action under section 32G for recovery of deficit amount (Rs.72.65 lakh) has not been initiated.
8.	Vimal Petrochem Alwar	Rs.25.68 lakh upto February 1995	April 1999	Rs.97.47 lakh	Inspite of unit lying closed since April 2001, the Corporation has neither taken possession nor referred the case to District Collector under Section 32(G) for recovery of dues as an arrear of land revenue. Government stated (July 2005) that action is being taken to expedite recovery under Section 32(G).
9.	Motia Spinners Bhilwara	Rs.81.26 lakh upto February 1997	April 1997	Rs.355.90 lakh	Inspite of granting (September 1999) permission by Head office to take possession, the branch did not take possession of the unit, which was registered in BIFR in March 2000. Government stated (July 2005) that branch office was advised

					(Oct.1999) to obtain an acceptable concrete proposal to clear the overdues. However, no such agreed proposal was obtained.
10.	Pink City Sanitary wares Phulera	Rs.56.12 lakh upto July 1999	July 1999	Rs.464.80 lakh	Inspite of default since beginning and accumulation of heavy dues,the Corporation has not taken action against the unit under Section 29 or 31(1) or 32(G). Government stated (July 2005) that Corporation decided not to take over possession of the unit in view of bleak chances of its disposal. Legal notice under Section 32 (G) was returned undelivered (September 2003). However no subsequent efforts were made by the Corporation to serve the notice to the promoters after September 2003 despite verification of immovable properties of the promoter valuing Rs. One crore in September 2003 itself.
	Total			Rs.1983.15 lakh	

Annexure-16
(Referred to in paragraph 4.15.4)
Statement showing Companies having paid up capital of Rupees five crore or more
and less than Rupees five crore

Companies with paid up capital of Rupees five crore or more

1. **Rajasthan State Industrial Development and Investment Corporation Limited (RIICO)**
2. **Rajasthan Small Industries Corporation Limited (RSIC)**
3. **Rajasthan State Handloom Development Corporation Limited (RSHDC)**
4. **Rajasthan State Seeds Corporation Limited (RSSC)**
5. **Rajasthan State Road Development and Construction Corporation Limited (RSRDCC)**
6. **Rajasthan Tourism Development Corporation Limited (RTDC)**
7. **Rajasthan Renewable Energy Corporation Limited (RREC)**
8. **Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL)**
9. **Rajasthan Rajya Viadyut Prasaran Nigam Limited (RRVPNL)**
10. **Jaipur Vidyut Vitran Nigam Limited (JVVNL)**
11. **Rajasthan State Mines & Minerals Limited (RSMM)**
12. **Jodhpur Vidyut Vitran Nigam Limited (Jd VVNL)**
13. **Ajmer Vidyut Vitran Nigam Limited (AVVNL)**

Companies with paid up capital less than Rupees five crore

1. **Rajasthan State Ganganagar Sugar Mills Limited (RSGSM)**
2. **Rajasthan State Hotels Corporation Limited (RSHCL)**
3. **Rajasthan Jal Vikas Nigam Limited (RJVNL)**

Annexure-17

(Referred to in paragraph 4.15.8)

Statement showing position of attendance of non executive Directors

S.No	Name of PSU	Position of attendance of non executive Directors
1.	RTDC	One Government nominee Director attended only seven out of eleven meetings during June 2001 to December 2003 and another Government nominee Director attended one out of four meetings held during March 2003 to December 2003.
2.	RSHC	One Government nominee Director did not attend two meetings held during his tenure (April 2001 to December 2001). Four Government nominee directors attended only one, one, four and four out of three, four, seven and seven meetings respectively during their tenure (December 2001 to December 2003).
3	RSSC	One nominee director of National Seeds Corporation (NSC) did not attend any of the ten meetings held during September 2001 to March 2004. Another nominee of NSC attended three out of twelve meetings held during April 2001 to March 2004. One government nominee director attended only one out of 11 meetings held during April 2001 to March 2004.
4	RJVNL	Eight government nominee directors did not attend a single meeting out of two to seven meetings held during their tenure. Other two nominee directors attended five and two meetings out of eight and five meetings held in their tenure between August 2001 and April 2004.
5.	RSMM	One director did not attend any meeting out of ten meetings during April 2001 to September 2002. Other five attended only four, two, nine, ten and two out of 10, 8, 21, 17 and 7 meetings respectively, during their tenure between 2001-04.
6.	RSIC	There were 14 board meetings held during April 2001 to March 2004. One Government nominee director who remained as director in whole period did not attend any meeting. The other Government nominee director whose tenure was from January 2001 to October 2002 did not attend any meeting out of seven meeting held in his tenure. Two Directors in whose tenure ten meetings were held, one attended four meetings and other attended three meetings. A Director in whose tenure seven

		meetings were held attended three meetings only.
7.	RIICO	One nominee Director did not attend any of the nine meetings held during April 2001 to December 2002. Two non-official Government nominee directors attended only four and five out of 18 and 13 meetings held during April 2001 to December 2003. Five government nominee directors attended eight, eleven, three, three and three out of fourteen, nineteen, nine, thirteen and ten meetings during April 2001 to March 2004.
8.	RRECL	Two Government nominee directors attended one and five meetings out of five and ten meetings held during July 2002 to December 2003.
9.	RSRDC	Four Government nominee directors did not attend any of the meetings held during April 2001 to September 2003. One Government nominee director attended only one out of five meetings during June 2002 to December 2003 and another Government nominee director attended one out of five meetings during April 2001 to June 2002.
10.	RSHDC	One Government of India nominee director did not attend any of the five meetings held during April 2001 to February 2002. Three Government nominee directors did not attend any of the meetings ranging from two to ten meetings held during April 2001 to March 2004 (with in there tenure). Attendance of other nine nominee directors was not regular during the above period and their absence ranged from three to ten meetings with in their tenure.
11.	RSGSM	During 2000-01 to 2003-04 six Government nominee directors (with in their tenure period) did not attend any meeting ranging from three to sixteen meetings. Attendance of other six nominee directors was not regular and their absence ranged from two to nine meeting (with in their tenure).

ANNEXURE - 18

(Referred to in Paragraph 4.17)

Statement showing lack of responsiveness to Inspection Reports

Sl. No.	Name of Department	Outstanding Inspection Reports and Paragraphs				1 st compliance not received				Compliance not received for more than two years			
		No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Monetary value (Rs. in lakh)	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Monetary value (Rs. in lakh)	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Monetary value (Rs. in lakh)
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
(A) Government companies													
1.	Agriculture and allied	3	19	72	1402.59	1	6	32	509.35	-	-	-	-
2.	Industries	2	85	317	6168.27	1	1	5	22.13	-	-	-	-
3.	Handloom and Handicrafts	1	3	12	221.64	1	1	7	71.20	-	-	-	-
4.	Mining	1	28	111	14296.01	1	1	17	7488.97	-	-	-	-
5.	Construction	1	26	89	2357.66	-	-	-	-	-	-	-	-
6.	Sugar	1	16	55	786.37	1	2	10	90.74	-	-	-	-
7.	Tourism	2	62	195	1338.67	1	5	20	78.04	-	-	-	-
8.	Power	6	511	1613	65937.94	3	8	13	67.08	2	3	4	4.14
Total		17	750	2464	92509.15	9	24	104	8827.51	2	3	4	4.14
(B) Statutory corporations													
1.	Finance	1	110	385	58267.23	1	14	68	9729.36	-	-	-	-
2.	Agriculture	1	75	170	195.92	-	-	-	-	-	-	-	-
3.	Transport	1	87	202	1314.24	-	-	-	-	-	-	-	-
Total		3	272	757	59777.39	1	14	68	9729.36	-	-	-	-
Grand Total (A+B)		20	1022	3221	152286.54	10	38	172	18056.87	2	3	4	4.14

ANNEXURE-19

(Referred to in Paragraph 4.17)

**Statement showing the department wise draft paragraphs/reviews
replies to which are awaited**

Sl. No.	Name of the Department	No. of draft paragraphs	Period/date of issue
1.	Mines	3	April 2005 to September 2005
2.	Finance	1	June 2005
3.	Agriculture	1	May 2005
4.	Industries, Agriculture, Tourism, Energy, Mines and Finance	1	September 2005
Total		6	-