Preface

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

(i) Government companies,

(ii) Statutory corporations, and

(iii) Departmentally managed commercial undertakings.

2. This Report deals with the results of audit of Government companies and Statutory corporations and has been prepared for submission to the Government of Andhra Pradesh under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time. The results of audit relating to departmentally managed commercial undertakings are included in the Report of the Comptroller and Auditor General of India (Civil) – Government of Andhra Pradesh.

3. Audit of the accounts of Government companies is conducted by the CAG under the provisions of Section 619 of the Companies Act, 1956.

4. In respect of Andhra Pradesh State Road Transport Corporation which is a Statutory corporation, CAG is the sole auditor. As per the State Financial Corporation (Amendment) Act, 2000, CAG has the right to conduct the audit of accounts of Andhra Pradesh State Financial Corporation in addition to the audit conducted by the Chartered Accountants appointed by the Corporation out of the panel of auditors approved by the Reserve Bank of India. In respect of Andhra Pradesh State Warehousing Corporation, CAG has the right to conduct the audit of accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with CAG. In respect of Andhra Pradesh Electricity Regulatory Commission, CAG is the sole auditor. The Audit Reports on the annual accounts of all these Corporations/Commission are forwarded separately to the State Government.

5. The cases mentioned in this Report are those which came to notice in the course of audit during the year 2008-09 as well as those which came to notice in earlier years but were not dealt with in the previous Reports. Matters relating to the period subsequent to 31 March 2009 have also been included, wherever necessary.

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

Overview

1. Overview of Government companies and Statutory corporations

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by CAG. These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2009, the State of Andhra Pradesh had 42 working PSUs (39 companies including two 619 B companies and 3 Statutory corporations) and 24 non-working PSUs (all companies including six 619 B companies), which employed 2.60 lakh employees. The State working PSUs registered a turnover of Rs 44,180.06 crore for 2008-09 as per their latest finalised accounts. This turnover was equal to 14.13 *per cent* of State GDP indicating an important role played by State PSUs in the economy. The working State PSUs earned an aggregate profit of Rs 701.56 crore for 2008-09 and had accumulated losses of Rs 2,351.72 crore.

Investments in PSUs

As on 31 March 2009, the investment (Capital and long term loans) in 66 PSUs was Rs 40,469.51 crore. It grew by over 31.22 *per cent* from Rs 30,841.99 crore in 2003-04. Power Sector accounted for nearly 49 *per cent* of total investment in 2008-09. The Government contributed Rs 12,466.34 crore towards equity, loans and grants/subsidies during 2008-09.

Performance of PSUs

During the year 2008-09, 26 PSUs earned profit of Rs 1,015.71 crore and eight PSUs incurred loss of Rs 314.15 crore. The major contributors to profit were Andhra Pradesh Industrial Infrastructure Corporation Limited (Rs 312.88 crore), The Singareni Collieries Company Limited (Rs 132.83 crore), Andhra Pradesh Power Generation Corporation Limited (Rs 246.46 crore) and Andhra Pradesh State Road Transport Corporation (Rs 110.78 crore). The heavy losses were incurred by Andhra Pradesh State Housing Corporation Limited (Rs 296.12 crore) and Nizam Sugars Limited (Rs 11.63 crore).

The losses are attributable to various deficiencies in the functioning of PSUs. A review of three years' Audit Reports of CAG shows that the State PSUs' losses of Rs 1,238.09 crore were controllable with better management. Thus, there is tremendous scope to improve the functioning and enhance profits. The PSUs can discharge their role efficiently only if they are financially self-reliant. There is a need for professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of accounts of PSUs needs improvement. Out of 46 accounts finalised during October 2008 to September 2009, 33 accounts received qualified certificates. There were 16 instances of non-compliance with Accounting Standards. Reports of Statutory Auditors on internal control of the companies indicated several weak areas.

Arrears in accounts and winding up

26 working PSUs had arrears of 70 accounts as of September 2009. The arrears need to be cleared by setting targets for PSUs and outsourcing the work relating to preparation of accounts. There were 24 non-working companies including six 619-B companies. As no purpose is served by keeping these PSUs in existence, they need to be wound up quickly.

Discussion of Audit Reports by COPU

The Audit Reports (Commercial) for 1992-93 onwards are yet to be discussed fully by COPU. These audit reports contained 66 reviews and 313 paragraphs of which 19 reviews and 174 paragraphs have been discussed.

(Chapter 1)

2. Performance audits relating to Government companies

Performance Audit relating to ***Operational performance of Kothagudem Thermal Power Station of Andhra Pradesh Power Generation Corporation Limited*** and IT Audit relating to ***INDIRAMMA Project Management and MIS in Andhra Pradesh State Housing Corporation Limited*** were conducted. Executive summaries of audit findings are given below.

Performance audit of operational performance of Kothagudem Thermal Power Station

Kothagudem Thermal Power Station (KTPS) located at Paloncha in Khammam District, consists of 10 Units in two plants (Operation & Maintenance Complex and Stage V) having a generation capacity of 1,220 MW and is one of the five thermal stations under Andhra Pradesh Power Generation Corporation Limited (Company). The performance review was conducted to ascertain whether the generation was at optimum of installed capacity, effective preventive maintenance was carried out, auxiliary consumption was within norms, material management was efficient and environment control measures were implemented.

Operational Performance

The norm fixed by CEA/ APERC for generation of power was achieved during the period under review. Net generation of power by these Units during the five year period 2004-09 was 39,386 MUs at an aggregate cost of Rs 5,768 crore. There was a shortfall of 4,586 MUs in the possible generation.

Auxiliary consumption

The auxiliary consumption was in excess of norms due to inherent design constraints in Units V and VI, partial load operations and deferring of overhauls in Units IX and X and use of power for construction loads for Unit XI resulting in excess consumption of 84.18 MUs valuing Rs 12.14 crore.

Energy audit

Energy audit was not conducted for Units IX and X. The recommendations made by Energy Auditors in respect of Units I to VIII were not implemented there by expected savings of power valuing Rs 5.63 crore per annum was not achieved.

Inputs management

Consumption of inputs was in excess of norms to the extent of Rs 44.94 crore in Coal (Rs 35.11 crore) due to non-inclusion of boilers in refurbishment works, Grinding media (Rs 5.66 crore) due to inefficient operations and Fuel oil (Rs 4.17 crore) due to frequent trippings during the period 2004-09.

Inventory management

Holding of stock of stores & spares in excess of norms of 12 months consumption and Fuel oil in excess of two months consumption led to loss of interest of Rs 9.57 crore during 2004-09.

Environmental safeguards

Air, Noise and Water pollution were not kept at levels prescribed by Andhra Pradesh Pollution Control Board.

Safety measures

Insufficient manpower, non-existence of hydrant system, smoke detection system and portable fire extinguishing equipment in the coal handling plant and non-installation of equipment bought for Units I to IV made the safety measures inadequate to the requirement.

Conclusion and Recommendations

The KTPS achieved the norm of generation prescribed by the CEA but none of the Units generated the possible power during the actual hours of operation. There were deficiencies in control of input costs and auxiliary consumption. The review contains five recommendations which include undertaking timely preventive maintenance and efficient utilization of inputs.

(Chapter 2.1)

IT Audit relating to ***INDIRAMMA Project Management and MIS in Andhra Pradesh State Housing Corporation Limited***

The A.P. State Housing Corporation Limited was incorporated in July 1979 with the main objective to formulate, promote and execute various housing schemes on behalf of State and Central Government for the benefit of weaker sections. The Government of A.P. launched (May 2006) a new housing programme under INDIRAMMA and to monitor the financial and physical progress of the scheme, the Company developed a web-based application software.

Application Software

The application software was developed (January 2007) with client server technology with POSTGRE SQL as database, Java as front end and Redhat Linux as Operating System.

Investment and Finance

The Company procured Laptops, Digital Cameras, Printers and other hardware at a total cost of Rs 7.38 crore and incurred an expenditure of Rs 1.57 crore (March 2009) towards software development. The Company also incurs a monthly expenditure of Rs 5.34 lakh towards maintenance.

Project Management

The Company did not follow the accepted software development life cycle. There was no feasibility study. The Company did not enter into an agreement with Centre for Good Governance (CGG). System design documents, process control specification documents and test documents were not provided by CGG.

Absence of policy, strategy and planning

The Company has not formulated any IT policy or drawn up any IT strategy for preparation of long term and short term plans for computerisation. It did not formulate any formal security policy and change management policy. The Company did not develop a business continuity and disaster recovery plan for continuing the operations in the event of a disaster.

Incomplete data

The database developed was not complete or accurate and lacked integrity and thus could not be relied upon. Neither the application software itself nor the data residing in the database was ever subjected to Internal Audit. The data entry was also not supervised.

Inadequacies

The application did not provide for adequate Input controls. The security for online transactions was inadequate. Business Rules were also not incorporated in the application software. Inadequacy of such controls led to disbursement of Rs 479.55 crore to multiple beneficiaries under one ration card and Rs 4.15 crore to the same beneficiaries under different IDs in contravention of the Scheme guidelines. Non-incorporation of business rules also resulted in allotment of houses under SPR Scheme to beneficiaries other than STs, short-recovery of administrative charges and issue of cement in excess of norms fixed. Lack of security in seamless transfer of files also led to fraudulent payment of Rs 2.29 crore to persons other than beneficiaries.

Recommendations

The Company should draw up and document IT Policy and Security Policy, Change Management Policy, Business continuity plan with adequate validation checks.

(Chapter 2.2)

3. Performance Audit relating to Statutory Corporation

Performance Audit on the functioning of ***Andhra Pradesh State Road Transport Corporation*** was conducted. Executive summary of audit findings is given below.

The Andhra Pradesh State Road Transport Corporation (Corporation) provides public transport in the State through its 202 depots. The Corporation had fleet strength of 20704 buses as on 31 March 2009 and carried an average of 1.40 crore passengers per day. It accounted for a share of 80.34 *per cent* in public transport while the remaining came from private operators. The performance audit of the Corporation for the period from 2004-05 to 2008-09 was conducted to assess efficiency and economy of its operations, ability to meet its financial commitments, possibility of realigning the business model to tap non-conventional sources of revenue, existence and adequacy of fare policy and effectiveness of the top management in monitoring the affairs of the Corporation.

Finances and Performance

The Corporation earned a profit of Rs 110.78 crore in 2008-09. Its accumulated losses and borrowings stood at Rs 1151.84 crore and Rs 1404.47 crore as at 31 March 2009, respectively. The Corporation earned Rs 18.84 per kilometre and expended Rs 18.43 per kilometre in 2008-09. Audit noticed that with a right kind of policy measures and better management of its affairs, it is possible to increase revenue and reduce costs, so as to earn more profit and serve its cause better.

Declining Share

Of 24,877 buses licensed for public transport in 2007-08, about 80.34 *per cent* belonged to the Corporation. The percentage share declined marginally from 84.36 *per cent* in 2004-05. The decline in share was mainly due to procurement of lesser number of buses than planned on account of non-availability of adequate funds to replace/add new buses. Nonetheless, vehicle density (including private operators buses) per one lakh population increased marginally from 28.88 in 2004-05 to 29.69 in 2007-08 due to increase in number of private buses indicating stability in the level of public transport in the State.

Vehicle profile and utilisation

Corporation's buses consisted of own fleet of 17,096 buses and 3,279 hired buses. Of its own fleet, 12,576 (72.76 *per cent*) were overage, i.e., run for more than five lakh kilometres. Corporation's fleet utilisation at 99.52 *per cent* in 2008-09 and its vehicle productivity at 360 kilometres per day per bus was above the AIA. Similarly, its load factor at 72.27 *per cent* remained above the AIA of 63 *per cent*. The Corporation did well on operational parameters as 40 *per cent* routes were profitable and preventive maintenance was appreciable as backlog declined from 3.71 *per cent* to 2.31 *per cent* during review period.

Economy in operations

Manpower and fuel constitute 68.24 *per cent* of total cost. Interest, depreciation and taxes account for 12.50 *per cent* and are not controllable in the short term. Thus, the expenditure control has to come from manpower and fuel. The Corporation succeeded in reducing the manpower per bus from 6.14 in 2004-05 to 5.59 in 2008-09. However, the expenditure on repairs and maintenance was Rs 550.01 crore (Rs 3.18 lakh per bus) in 2008-09, of which nearly 39.32 *per cent* was on manpower. The Corporation did not attain its own fuel consumption targets resulting in excess consumption of fuel valued at Rs 222.91 crore during 2004-09.

The Corporation has 3279 hired buses where bus owners provide buses with drivers and incur all expenses. The Corporation provides conductors and makes payment as per kilometres operated. The Corporation saved an amount of Rs 245.62 crore towards cost by operating these hired buses during the period 2004-09. As this arrangement has the potential to cut down the cost substantially, the Corporation needs to explore possibility to replace overage buses by hired buses in future

Revenue Maximisation

As it mainly utilises ground floor/ land for its operations, the space above can be developed on public private partnership basis to earn steady income which can be used to cross-subsidise its operations. The Corporation has not framed any policy in this regard. The Corporation however identified vacant sites at 133 locations of which 11 projects covering 71,575 Sq.mtrs area were given for development. The anticipated revenue was Rs 2,309 crore over a period of 30 to 33 years.

Need for a regulator

Though the Government approves the fare increase, there is no scientific basis for its calculation. The Corporation has also not formed norms for providing services on uneconomical schedules. Thus, it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes and address grievances of commuters.

Monitoring by top management

There is effective Management Information System (MIS) for obtaining feedback on achievement. The Board of Directors regularly monitors the operational parameters.

Conclusion and Recommendations

Though the Corporation is earning profits for last two years ending 2008-09 it can still improve its performance i.e. by hiring more number of buses. This review contains six recommendations to improve the Corporation’s performance. Hiring of buses and creating a regulator to regulate fares and services are some of these recommendations.

(Chapter 3)

4. Transaction audit observations

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

Loss of Rs 6.19 crore in five cases due to non compliance with rules, directives, procedures, terms and conditions of contracts.

(Paragraphs 4.7, 4.8, 4.12, 4.13 and 4.15)

Loss of Rs 22.53 crore in five cases due to non-safeguarding the financial interests of organisation.

(Paragraphs 4.3, 4.10, 4.16, 4.19 and 4.20)

Loss of Rs 3.06 crore in four cases due to defective/deficient planning

(Paragraphs 4.5, 4.6, 4.11 and 4.18)

Loss of Rs 0.30 crore due to lack of fairness/transparency and competitiveness in operations.

(Paragraph 4.14)

Loss of Rs 4.97 crore in four cases due to inadequate/deficient monitoring.

(Paragraphs 4.4, 4.9, 4.17 and 4.21)

Unfruitful expenditure of Rs 2.90 crore in two cases due to non-realisation/partial realisation of objectives.

(Paragraphs 4.1 and 4.2)

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

Expenditure of Rs 2.70 crore incurred by **Andhra Pradesh State Irrigation Development Corporation Limited** on a Lift Irrigation Scheme became nugatory as the Company failed to ascertain before going ahead with the execution about the areas to be covered in a reservoir project.

(Paragraph 4.1)

Failure to enhance insurance cover for the stocks by **Andhra Pradesh Beverages Corporation Limited** resulted in loss of Rs 1.04 crore.

(Paragraph 4.4)

Payment of rail freight in higher slab by **Andhra Pradesh Power Generation Corporation Limited** resulted in excess payment of Rs 9.87 crore.

(Paragraph 4.10)

Allowing price variation in excess of 10 *per cent* contrary to the provisions of purchase manual by **Northern Power Distribution Company of Andhra Pradesh Limited** resulted in unauthorized payment of Rs 3.05 crore.

(Paragraph 4.17)

Failure to levy voltage surcharge by **Southern Power Distribution Company of Andhra Pradesh Limited** resulted in non-realisation of revenue - Rs 2.67 crore and loss of interest- Rs 43.72 lakh.

(Paragraph 4.12)

Chapter I

1. Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Andhra Pradesh, the State PSUs occupy an important place in the state economy. The working State PSUs registered a turnover of Rs 44,180 crore for 2008-09 as per their latest finalised accounts as of September 2009. This turnover was equal to 14.13 *per cent* of State Gross Domestic Product (GDP) for 2008-09. Major activities of Andhra Pradesh State PSUs are concentrated in power sector. The working State PSUs including working statutory corporations earned a profit of Rs 701.56 crore in the aggregate for 2008-09 as per their latest finalised accounts. They had employed 2.60 lakh employees[♣] as of 31 March 2009. The State PSUs do not include nine Departmental Undertakings (DUs), which carry out commercial operations but are a part of Government departments. Audit findings of these DUs are incorporated in the Civil Audit Report for the State.

1.2 As on 31 March 2009, there were 66 PSUs as per the details given below. Of these, no Company was listed on the stock exchange.

Type of PSUs	Working PSUs	Non-working PSUs[ϒ]	Total
Government Companies	39[≈]	24[∇]	63
Statutory Corporations	3	-	3
Total	**42**	**24**	**66**

1.3 During the year 2008-09, No PSU was established whereas one PSU namely Wolkem Andhra Mining Private Limited became a non-Government Company (December 2008). The Company though became a joint venture Company with Andhra Pradesh Mineral Development Corporation Limited (APMDC) in the year November 2000, had not commenced business activities till December 2008 and created no assets for carrying out its business for the reason that the Company could not obtain the required mining lease license to carry out the excavation of minerals.

Audit Mandate

1.4 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is

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♣ As per the details provided by 38 working PSUs. Remaining PSUs have not furnished the man power details.

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

≈ includes two 619-B working companies (Sl No: 5 and 17 of Part A of Annexure-1).

∇ includes six 619-B non- working companies (Sl No: 17 to 22 of Part-C of Annexure-1).

one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and Corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as per Section 619-B of the Companies Act, 1956.

1.5 The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

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

Investment in State PSUs

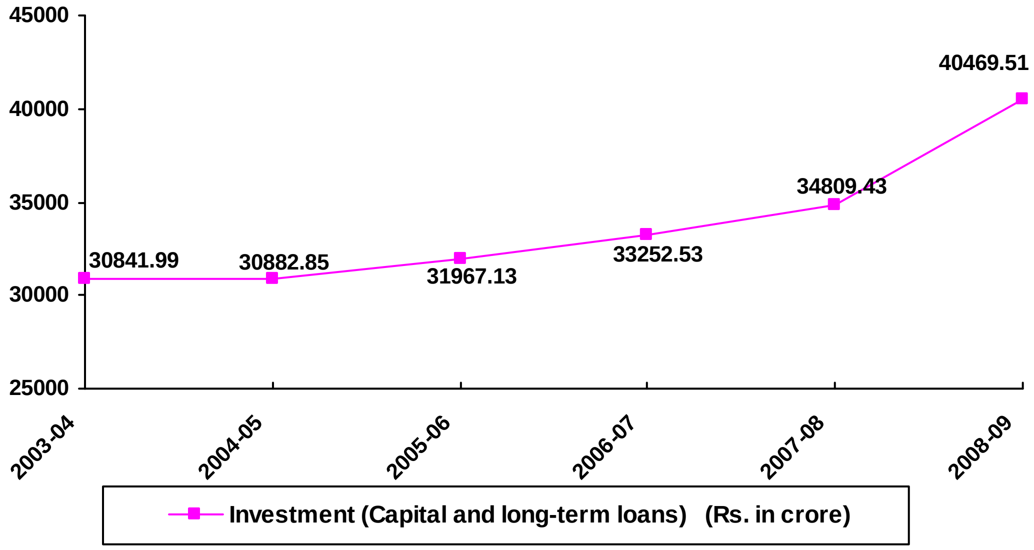
1.7 As on 31 March 2009, the investment (capital and long-term loans) in 66 PSUs (including 619-B companies) was Rs 40,469.51 crore as per details given below:

(Rupees in crore)

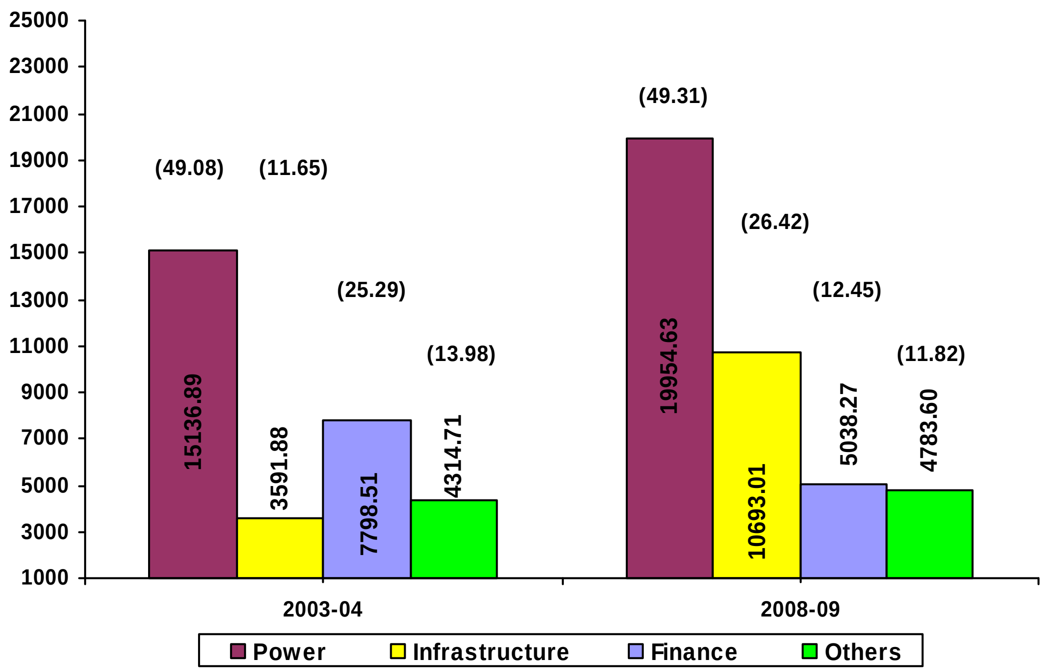
	Government Companies			Statutory Corporations			Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	6737.68	30064.61	36802.29	414.89	2986.92	3401.81	**40204.10**
Non-working PSUs	81.97	183.44	265.41	--	--	--	**265.41**
Total	**6819.65**	**30248.05**	**37067.70**	**414.89**	**2986.92**	**3401.81**	**40469.51**

A summarized position of Government investment in State PSUs is detailed in **Annexure-1.**

1.8 As on 31 March 2009, of the total investment in State PSUs, 99.34 *per cent* was in working PSUs and the remaining 0.66 *per cent* in non-working PSUs. This total investment consisted of 17.88 *per cent* towards capital and 82.12 *per cent* in long-term loans. The investment has grown by 31.22 *per cent* from Rs 30,841.99 crore in 2003-04 to Rs 40,469.51 crore in 2008-09 as shown in the graph on the next page.



1.9 The investment (amount in crore) in various important sectors and percentage thereof at the end of 31 March 2004 and 31 March 2009 are indicated below in the bar chart. The thrust of PSUs investment was mainly on power sector during the five years which has seen marginal increase in percentage share from 49.08 in 2003-04 to 49.31 in 2008-09.



(Figures in brackets show the percentage of total investment)

During the period from 2003-04 to 2008-09, the investment in Infrastructure sector had become almost tripled with an increase of 197.70 *per cent* (Rs 7,101.13 crore*)* due to increase in investment in housing activity of

Andhra Pradesh State Housing Corporation Limited (Rs 6,375.71 crore). The investment in Power sector had increased by 31.83 *per cent* (Rs 4,817.74 crore) due to development of infrastructure in power sector. However, during the same period the investment in Finance sector had decreased by 35.39 *per cent* (Rs 2,760.24 crore) on account of decrease in business of lending of loans and advances to business entities in the state, as a result the long term loans from SIDBI and IDBI got reduced.

Budgetary outgo, grants/subsidies, guarantees and loans

1.10 The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in **Annexure-3**. The summarised details are given below for three years ended 2008-09.

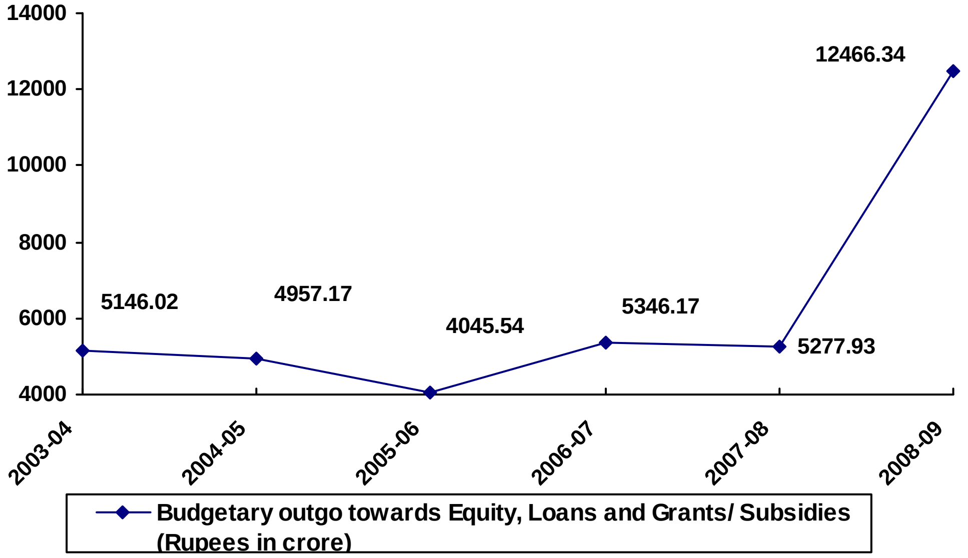
(Rupees in crore)

		2006-07		**2007-08**		**2008-09**	
		No. of PSUs	**Amount**	**No. of PSUs**	**Amount**	**No. of PSUs**	**Amount**
1.	Equity Capital outgo from budget	02	14.42	06	131.40	02	5.06
2.	Loans given from budget	07	817.04	04	21.67	02	2732.21
3.	Grants/Subsidy received≈	18	4514.71	17	5124.86	16	9729.07
4.	**Total Outgo (1+2+3)**	**22***	**5346.17**	**17***	**5277.93**	**18***	**12466.34**
5.	Loans converted into equity	--	--	--	--	--	--
6.	Loans written off	01	0.21	--	---	--	--
7.	Interest/Penal interest written off	01	0.76	--	--	01	36.18
8.	**Total Waiver (6+7)**	**01**	**0.97**	**--**	**--**	**01**	**36.18**
9.	Guarantees issued	07	1514.06	6	807.27	05	511.78
10.	Guarantee Commitment	15	18278.63	16	16313.51	15	15300.88

≈ Amount represents outgo from State budget only.

* The figure represents number of PSUs which have received outgo from budget under one or more heads i.e., Equity, loans and grants/subsidies.

1.11 The details regarding budgetary outgo towards equity, loans and grants/ subsidies for past five years are given in a graph below.



The main beneficiary of subsidy and grants out of budget was Power sector which received 56.32 *per cent* (Rs 5,479.01 crore) of total amount of subsidy and grants (Rs 9,729.07 crore) while the main beneficiary of loans given out of budget was Infrastructure Sector which received 99.96 *per cent* (Rs 2,731.22 crore) of total amount of loans (Rs 2,732.21 crore). During the year 2008-09, penal interest of Rs 36.18 crore levied on Southern Power Distribution Company of Andhra Pradesh Limited was waived.

1.12 The Government charges guarantee commission at the concessional rate of 0.50 *per cent* to two *per cent* for term loans granted by the Financial Institutions and Banks to various PSUs. The guarantee commission is payable as and when loans are guaranteed. The amount of Guarantees outstanding increased from Rs 2,648.49 crore in 2003-04 to Rs 15,300.88 crore in 2008-09 showing an increase of 477.72 *per cent*. The increase was mainly on account of more amounts guaranteed by State Government over a period of six years for Andhra Pradesh Power Finance Corporation Limited to develop power projects and infrastructure in power sector, Andhra Pradesh State Housing Corporation Limited to implement housing activity under various schemes and Andhra Pradesh State Financial Corporation to provide financial assistant to small and medium scale industries. During the Year 2008-09, the State Government received Rs 3.76 crore towards guarantee commission and Rs 0.74 crore was due to be received.

Reconciliation with Finance Accounts

1.13 The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2009 is stated below.

(Rupees in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	3314.88	6254.55	2939.67
Loans	2677.04	9016.28	6339.24
Guarantees	13475.15	15300.88	1825.73

1.14 Audit observed that the amount as per the records of PSUs was much more than that of Finance Accounts. The differences occurred in respect of 61 PSUs and some of the differences were pending reconciliation since long period. The matter was taken up from time to time with the Finance Department of Government of Andhra Pradesh regarding the difference in figures relating to equity, loans and guarantees as per finance accounts and as per records of PSUs. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

1.15 The financial results of PSUs, financial position and working results of working Statutory corporations are detailed in **Annexure - 2, 5 and 6** respectively. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSU turnover and State GDP for the period 2003-04 to 2008-09.

(Rupees in crore)

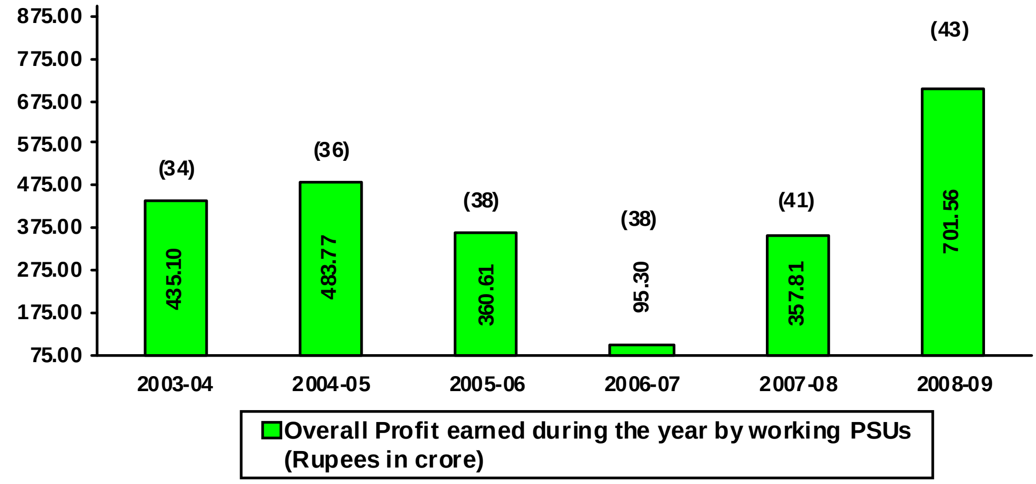
Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Turnover™	31553	33983	29019	31797	36923	44180
State GDP	190880	210449	236034	269173	311752	312741*
Percentage of Turnover to State GDP	16.53	16.15	12.29	11.81	11.84	14.13

*Provisional

The turnover of PSUs after recording a decline of Rs 4,964 crore (14.61 *per cent*) in 2005-06 over the previous year 2004-05 increased gradually during 2006-07 to 2008-09. Percentage of increase in turnover ranged between 9.57 and 19.65 during 2006-09 whereas percentage of increase in GDP ranged between 0.32 and 15.82 during the period 2003-09.

™ Turnover of working PSUs as per finalized accounts.

1.16 Profit[®] earned by State working PSUs during 2003-04 to 2008-09 are given below in a bar chart.



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

It can be seen from the above chart that the profit earned by the working PSUs was showing the fluctuating trend. The profit earned in 2004-05 had increased by 11.19 *per cent* and later decreased by 25.46 *per cent* in 2005-06 and by 73.57 *per cent* in 2006-07. However, the profit had increased during 2007-08 by 275.46 *per cent* and by 96.07 *per cent* in 2008-09. According to the latest finalised accounts **(Annexure-2)**, 26 PSUs earned profit of Rs 1,015.71 crore and eight PSUs incurred loss of Rs 314.15 crore. Three working PSUs[♣] prepared their accounts on a 'no profit no loss' basis and four PSUs[≈®] have not finalised their first accounts since incorporation. Two PSUs[ℵ] prepared Capital accounts out of total *43* working PSUs[♦]. The major contributors to profit were Andhra Pradesh Industrial Infrastructure Corporation Limited (Rs 312.88 crore), The Singareni Collieries Company Limited (Rs 132.83 crore), Andhra Pradesh Power Generation Corporation Limited (Rs 246.46 crore) and Andhra Pradesh State Road Transport Corporation (Rs 110.78 crore). Heavy losses were incurred by Andhra Pradesh State Housing Corporation Limited (Rs 296.12 crore) and Nizam Sugars Limited (Rs 11.63 crore).

1.17 The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of projects, running their operations and monitoring. A review of latest three Audit Reports of CAG shows that the State PSUs incurred losses to the tune of Rs 1,238.09 crore and infructuous investment of Rs 69.99 crore which were controllable with better

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® Figures are as per the latest finalised accounts during the respective years.

♣ Andhra Pradesh Power Finance Corporation Limited, Andhra Pradesh State Police Housing Corporation Limited and Non-conventional Energy Development Corporation of Andhra Pradesh Limited.

≈® Andhra Pradesh Rajiv Swagruha Corporation Limited, Fab city SPV (India) Pvt Limited, Hyderabad Growth Corridor Limited, Vizag Apparel Park for Exports.

ℵ Wolkem Andhra Mining Private Limited (became private company from December 2008) and Hyderabad Metro Rail Limited.

♦ includes Wolkem Andhra Mining Company Limited which was privatized in December 2008 but yet to furnish two years accounts.

management. Year-wise details from Audit Reports are stated below.

(Rupees in crore)

Particulars	2006-07	2007-08	2008-09	Total
Net Profit (loss)	95.30	357.81	701.56	1154.67
Controllable losses as per CAG's Audit Report	521.83	141.30	574.96	1238.09
Infructuous Investment	48.49	17.30	4.20	69.99

1.18 The above losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses would be much more. The above table shows that with better management the profits can be enhanced substantially. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for greater professionalism and accountability in the functioning of PSUs.

1.19 Some other key parameters pertaining to State PSUs are given below.

(Rupees in crore)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Return on Capital Employed (*Per cent*)	2430.21 (10.93)	2309.27 (9.12)	1433.56 (5.32)	1447.82 (5.33)	2046.27 (6.18)	2999.08 (6.96)
Debt	22679.76	25567.79	24889.79	26366.38	27799.65	33234.97
Turnover[ℵ]	31553.38	33983.13	29367.68	31796.88	36922.54	44180.06
Debt/ Turnover Ratio	0.72:1	0.75:1	0.85:1	0.83:1	0.75:1	0.75:1
Interest Payments[•]	2712.39	2613.52	2546.98	2344.48	2169.58	2644.13
Accumulated Profits (losses)	(2872.60)	(2215.35)	(2766.22)	(2628.25)	(3160.58)	(2761.49)

Note: Above figures pertain to all PSUs except for turnover which is for working PSUs

1.20 The turnover of PSUs recorded an average annual growth of 7.06 *per cent* during last five years while average annual growth of debts was 8.20 *per cent* indicating that the debts were rising at more than the turnover. The rising debts to turnover ratio from 0.72:1 in 2003-04 to 0.75:1 in 2008-09 as well as decreasing trend in return on capital employed (decreased by 3.97 *per cent*) pointed to deteriorating performance of PSUs. The Infrastructure sector was major contributor to the rising debt to turnover ratio as debt/turnover ratio rose from 18.93:1 in 2003-04 to 27.48:1 in 2008-09.

1.21 The State Government had not formulated any specific dividend policy under which all PSUs are required to pay a minimum return on the paid up share capital contributed by the State Government. As per their latest finalised accounts, 26 PSUs earned an aggregate profit of Rs 1,015.71 crore and four PSUs declared a dividend of Rs 36.62 crore (Rs 35.10 crore by three working PSUs[♦] and Rs 1.52 crore by one working Statutory corporation[ℜ]) at the rates ranging between two *per cent* and 20 *per cent* on paid up share capital. In the absence of specific dividend policy, the State Government should formulate

[ℵ] Figures as per latest finalised accounts shown in Part A+B of Annexure-2.

[•] Figures as per finalised accounts.

[♦] The Singareni Collieries Company Limited, Andhra Pradesh Mineral Development Corporation Limited and Andhra Pradesh Handcraft Development Corporation Limited.

[ℜ] Andhra Pradesh State Warehousing Corporation.

such dividend policy to yield reasonable revenue on the investment made in all the profit making companies.

Performance of major PSUs

1.22 The investment in working PSUs and their turnover together aggregated to Rs 84,384.16 crore during 2008-09. Out of 42 working PSUs, the following five major PSUs accounted for individual investment *plus* turnover of more than five *per cent* of aggregate investment *plus* turnover. These five PSUs together accounted for 59.31 *per cent* of aggregate investment *plus* turnover.

(Rupees in crore)

PSU Name	Investment	Turnover	Total (2) + (3)	Percentage to Aggregate Investment plus Turnover of all PSUs
(1)	**(2)**	**(3)**	**(4)**	**(5)**
Andhra Pradesh Power Generation Corporation Limited	11259.03	6229.99	17489.02	20.73
Andhra Pradesh State Housing Corporation Limited	9597.54	96.48	9694.02	11.49
The Singareni Collieries Company Limited	2263.87	6396.09	8659.96	10.26
Central Power Distribution Company of Andhra Pradesh Limited	1886.70	6475.85	8362.55	9.91
Andhra Pradesh State Road Transport Corporation	1605.74	4237.75	5843.49	6.92
Total	**26612.88**	**23436.16**	**50049.04**	**59.31**

Some of the major audit findings of past five years for above PSUs are stated in the succeeding paragraphs.

Andhra Pradesh Power Generation Corporation Limited

1.23 The profit of the Company has risen continuously in past three years from Rs 63.04 crore in 2005-06 to Rs 246.46 crore in 2008-09. Similarly, the turnover too has risen from Rs 3,888.68 crore to Rs 6,229.99 crore during this period and the return on capital employed has also increased from 3.23 *per cent* to 5.74 *per cent.*

1.24 The following are the major findings from last five years Audit Reports

Deficiencies in planning

- Failure of the Company to get itself linked with a colliery for long term supply of coal resulted in excess expenditure of Rs 48.72 crore due to procurement of coal through e-auction.

(*Paragraph 2.2.22 Audit Report 2008-09*)

Deficiencies in monitoring

- Due to non-compliance with pollution control parameters at Kothagudem Thermal Power Station, Rayalaseema Thermal Power Project and Vijayawada Thermal Power Station, the Company could not take the advantage of concessional rate of water cess and rebate on water cess amounting to Rs 31.80 crore during 2000-05.

(***Paragraphs 2.1.28 and 2.1.31 of Audit Report 2004-05***)

Non-achievement of objectives

- The suspended Particulate Matter (SPM) levels in 15 out of 20 thermal generating units were more than the prescribed level during the last four years up to 2004-05. Although seven of these units were upgraded for obtaining designed SPM level of 50 mg/Nm3, the annual SPM level was quite high rendering the expenditure of Rs 35.42 crore on up-gradation by and large unproductive.

(***Paragraphs 2.1.11 to 2.1.13 of Audit Report 2004-05*)**

- Failure to adhere to norms for consumption of major components for generation of power like coal, fuel oil, demineralised water and auxiliary power resulted in extra expenditure of Rs 45.96 crore.

(*Paragraphs 2.1.23 to 2.1.26 of Audit Report 2007-08*)

Deficiencies in financial management

- The Company failed to avail interest rebate on loan from Power Finance Corporation due to delay in commissioning of units as per schedule and also the interest subsidy on loan from Rural Electrification Corporation to the extent of Rs 9.21 crore.

(***Paragraph 2.1.8 of Audit Report 2007-08***)

Andhra Pradesh State Housing Corporation Limited

1.25 The Company has submitted its latest accounts for the year 2005-06. The Company had arrears of three years accounts.

1.26 The loss of the Company has risen continuously in past three years from Rs 282.38 crore in 2001-02 to Rs 296.12 crore in 2005-06. Similarly, the turnover too has risen from Rs 16 crore to Rs 96.48 crore during this period. The return on capital employed has also increased from zero *per cent* to 1.48 *per cent*.

1.27 The following are the major findings from last five years Audit Reports

Deficiencies in planning

- Due to delay in completion of houses at Daminedu in Tirupati Municipality beyond the scheduled time, the expenditure of Rs 11.50 crore remained unfruitful.

(***Paragraph 2.2.28 of Audit Report 2007-08***)

Deficiencies in implementation

- Due to un-authorised implementation of State Government orders in respect of Urban Permanent Houses scheme regarding revocation of conversion of UP houses into Vambay houses, the expenditure of Rs 7.48 crore incurred by the Company became unfruitful besides depriving the targeted families of housing facility.

(***Paragraph 2.2.14 of Audit Report 2007-08***)

Deficiencies in monitoring

- Due to non-release of matching grant on time by the State Government for Indira Awaas Yojana, funds to the extent of Rs 22.72 crore were diverted from other schemes which showed the ineffective monitoring in implementation of schemes to attain the relevant objective for which the said scheme was introduced.

(***Paragraph 2.2.21 of Audit Report 2007-08***)

Non-achievement of objectives

- Failure to take up the matter with the State Government and lack of co-ordination between the Company and State Government regarding partial release of subsidy of Rs 84.03 crore in respect of Urban Permanent Housing resulted in non-achievement of objective to provide houses to economically weaker sections.

(***Paragraph 2.2.26 of Audit Report 2007-08***)

- Ineffective planning to execute the works under Valmiki Ambedkar Awaas Yojana without ensuring the loan tie up with banks resulted in non-completion and delay in completion of 23,204 houses with the delay of one to six years thus defeating the main objective to provide shelter to the Below Poverty Line beneficiaries in urban slums besides diverting the funds of Rs 42.17 core from other schemes.

(***Paragraph 2.2.10 of Audit Report 2007-08)***

Central Power Distribution Company of Andhra Pradesh Limited

1.28 The Company earned a profit of Rs 47.29 crore in 2005-06 and the same declined to Rs 12.52 crore in 2008-09. But, the turnover has risen from Rs 4,496.64 crore to Rs 6,475.85 crore during this period. However, the return on capital employed has declined from 7.12 *per cent* to 6.75 *per cent*.

1.29 The following are the major findings from last five years Audit Reports

Deficiencies in implementation

- The Company failed to adhere to the quota fixed by Andhra Pradesh Electricity Regulatory Commission for purchase and sale of energy to various categories of consumers and suffered net loss of revenue of Rs 190.58 crore

(***Paragraphs 2.2.1, 2.2.8 and 2.2.10 of Audit Report 2004-05***)

Deficiencies in monitoring

- The Company extended concessional tariff to ineligible consumers without ensuring fulfillment of criteria or compliance of the foremost conditions which led to loss of revenue of Rs 29.66 crore.

(***Paragraphs 2.2.21 and 2.2.23 of Audit Report 2004-05***)

The Singareni Collieries Company Limited

1.30 The Profit of the Company decreased in past three years from Rs 332.49 crore in 2005-06 to Rs 132.83 crore in 2008-09. The turnover has risen from Rs 3,629.11 crore to Rs 6,396.09 crore during this period. However, the return on capital employed has declined from 15.71 *per cent* to 5.10 *per cent*.

1.31 The following are the major findings from last five years Audit Reports

Deficiencies in planning

- Though proposals for outsourcing of OB removal for the next year were to be received six months in advance, there were delays in submitting the proposals by OC mines' authorities. Two proposals received for outsourcing of OB removal relating to the same mine were finalized separately at different rates resulting in extra expenditure of Rs 19.47 crore.

(***Paragraph 2.1.13 of Audit Report 2005-06***)

Deficiencies in implementation

- The guidelines and conditions for environmental aspects issued by Ministry of Environment and Forest as well as Pollution control Board were not fully complied with on implementation of environmental control measures relating to air, water and noise pollution.

(***Paragraph 3.10 of Audit Report 2004-05***)

Deficiencies in monitoring

- Due to award of contracts at composite rates without segregating the quantities of topsoil that did not require drilling and blasting, the Company incurred avoidable expenditure of Rs 8.55 crore.

(***Paragraph 2.1.14 of Audit Report 2005-06***)

Andhra Pradesh State Road Transport Corporation

1.32 The Corporation incurred loss of Rs 42.78 crore in 2005-06 but earned a profit of Rs 110.78 crore in 2008-09. The turnover has risen from Rs 3,192.45 crore to Rs 4,237.75 crore during this period. The return on capital employed has also increased from 4.86 *per cent* to 44.24 *per cent*.

1.33 The following are the major findings from last five years Audit Reports

Deficiencies in monitoring

- Despite obtaining the competitive rates in open tender, the Corporation failed to negotiate with existing bus owners before renewal of agreement for operation of hired buses resulting in extra financial burden of Rs 2.88 crore.

(*Paragraph 3.18 of Audit Report 2004-05*)

Non-achievement of objective

- Land acquired for construction of a bus depot was kept vacant for over two decades which forced the Corporation to transfer the prime land valuing Rs 12.92 crore back to Jubli Hills Co-operative society without receipt of any compensation.

(***Paragraph 3.21 of Audit Report 2006-07)***

Deficiencies in financial management

- Failure to negotiate for revision of interest rates on outstanding loans on par with the rates agreed upon for the fresh loans resulted in avoidable payment of interest of Rs 7.28 crore.

(***Paragraph 3.19 of Audit Report 2004-05)***

Conclusion

1.34 The above details indicate that there is tremendous scope for improvement in their overall performance. The PSUs need to imbibe greater degree of professionalism to ensure delivery of their products and services efficiently and profitably. The State Government should introduce a performance based system of accountability for PSUs.

Arrears in finalisation of accounts

1.35 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2009.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Number of Working PSUs	34	39	39	42	43♦
2.	Number of accounts finalised during the year	29	32	28	36	46
3.	Number of accounts in arrears	63	63	70	73	70
4.	Average arrears *per* PSU (3/1)	1.85	1.62	1.80	1.74	1.63
5.	Number of Working PSUs with arrears in accounts	24	23	25	29	26
6.	Extent of arrears	1 to 8 years	1 to 9 years	1 to 10 years	1 to 10 years	1 to 11 years

1.36 It could be seen from the above table that there was an improvement in finalisation of arrears accounts by Working PSUs after continuous pursuance with the management of PSUs. The average arrears per PSU reduced from 1.85 in 2004-05 to 1.63 in 2008-09. The main reasons for the delay in finalisation of accounts were (i) non-maintenance/ incorrect maintenance of records, (ii) non-reconciliation of various transactions, (iii) lack of effective internal controls and (iv) lack of co-ordination amongst various departments in PSUs.

1.37 As regards non-working companies, out of 24 such PSUs, 11 had gone into liquidation process, two were wound up and one was under merger. The remaining 10 non-working PSUs were either under closure having no business activities or having no assets besides they had arrears of accounts for six to *25* years.

1.38 The State Government had invested Rs 11,306.42 crore (Equity: Rs 24.47 crore, loans: Rs 3,600.77 crore, grants: Rs 5,657.39 crore and others: Rs 2,023.79 crore in 29 PSUs (26 working and three non-working PSUs) during the years between 1998-99 and 2008-09 for which accounts have not been finalised as detailed in **Annexure-4.** In the absence of accounts and their subsequent audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not. Thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

♦ includes Wolkem Andhra Mining Company Limited which was privatized in December 2008 but yet to furnish two years accounts.

1.39 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed every quarter by the Audit, of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this the net worth of these PSUs could not be assessed in audit. The matter of arrears in accounts was also taken up (June 2009) with the Chief Secretary to expedite the backlog of arrears in accounts in a time bound manner. Assurance was given that expeditious action would be taken to finalise the arrears accounts at the earliest.

1.40 In view of above state of arrears, it is recommended that:

- **The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies which would be monitored by the cell.**

- **The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.**

Winding up of non-working PSUs

1.41 There were 24 non-working PSUs[≈] (all companies) as on 31 March 2009. Of these, 11 PSUs have commenced liquidation process, two were under winding up and one PSU was under merger. The number of non-working companies at the end of each year during past five years was 24.

The non-working PSUs are required to be closed down as their existence is not going to serve any purpose. During 2008-09, three non-working PSUs[•] incurred an expenditure of Rs 21.66 lakh towards salary and establishment. This expenditure was met through sale of assets, interest on deposits and rent on buildings of these PSUs.

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

Sl. No.	Particulars	Companies	Statutory Corporations	Total
1.	Total No. of non-working PSUs	24	-	24
2.	Of (1) above, the No. under			
(a)	liquidation by Court/ Voluntary winding up (liquidator appointed)	11	-	11
(b)	Winding up (liquidator not appointed)	02	-	02
(b)	Merger	01	-	01
(c)	Closure, i.e., closing orders/ instructions issued but winding up process not yet started.	10	-	10

[≈] includes six 619 (B) non working companies at Sl No: 17 to 22 of Part C of Annexure-1 and 2.

[•] Andhra Pradesh Textile Development Corporation Limited, Andhra Pradesh Electronics Development Corporation Limited and Andhra Pradesh Small Scale Industrial Development Corporation Limited.

1.43 During the year 2008-09, no company was wound up. The companies which have taken the route of winding up by Court order are under liquidation for a period ranging from two years to eight years. The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/ pursued vigorously. The Government may make a decision regarding winding up of left over 10 non-working PSUs where no decision about their continuation or otherwise has been taken after they became non-working. The Government may consider setting up a cell to expedite closing down its non-working companies.

Accounts Comments and Internal Audit

1.44 Thirty one working companies forwarded their 43 audited accounts to the Accountant General (Commercial and Receipt Audit) during the year 2008-09. Of these, 39 accounts of 28 companies were selected for supplementary audit and four accounts of three companies♦ were not reviewed. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below.

(Rupees in crore)

		2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	06	314.30	09	246.72	12	345.53
2.	Increase in profit	05	92.08	05	62.18	02	75.13
3.	Increase in loss	07	399.48	06	776.79	05	144.13
4.	Decrease in loss	01	31.90	--	--	01	5.96
5.	Non-disclosure of material facts	--	--	--	--	07	88.68
6.	Errors of classification	02	60.04	05	408.11	12	213.53

1.45 During the year, the statutory auditors had given unqualified certificates for 12 accounts, qualified certificates for 31 accounts while adverse certificates (which means that accounts do not reflect a true and fair position) and disclaimers (meaning the auditors are unable to form an opinion on accounts) were not issued against any account. Additionally, CAG also gave neither adverse comments nor disclaimer comments on any accounts during the supplementary audit. However, a certificate indicating turning of profit into loss in respect of Central Power Distribution Company of Andhra Pradesh Limited, Eastern Power Distribution Company of Andhra Pradesh Limited, Northern Power Distribution Company of Andhra Pradesh Limited and Southern Power Distribution Company of Andhra Pradesh Limited was issued by CAG on the accounts of 2008-09. The compliance of companies with the Accounting Standards remained poor as there were 16 instances of

♦ Wolkem Andhra mining Company Limited (2NRCs), Damodara Minerals Private Limited (1 NRC) and Leather Industries Development Corporation of Andhra Pradesh Limited (1 NRC).

non-compliance in eight accounts® during the year.

1.46 Some of the important comments in respect of accounts of companies are stated below.

Central Power Distribution Company of Andhra Pradesh Limited (2008-09)

- Non accountal of thermal incentive claimed by APGENCO resulted in understatement of Current Liabilities and overstatement of Profit by Rs 24.91 crore.

Eastern Power Distribution Company of Andhra Pradesh Limited (2008-09)

- Non-accountal of thermal incentive claimed by APGENCO resulted in understatement of Current Liabilities and overstatement of Profit by Rs 8.55 crore.

Northern Power Distribution Company of Andhra Pradesh Limited (2008-09)

- Non-accountal of thermal incentive claimed by APGENCO resulted in understatement of Current Liabilities and overstatement of Profit by Rs 8.58 crore.

Southern Power Distribution Company of Andhra Pradesh Limited (2008-09)

- Non-accountal of thermal incentive claimed by APGENCO resulted in understatement of Current Liabilities and overstatement of Profit by Rs 12.04 crore.

- Non-accountal of demand withdrawn resulted in overstatement of Profit and Sundry Debtors by Rs 1.47 crore**.**

Andhra Pradesh Power Generation Corporation Limited (2008-09)

- Non provision for loss suffered on account of rejection of claim by the insurance company resulted in overstatement of Other Current Assets and Profit by Rs 5.70 crore.

Andhra Pradesh Industrial Development Corporation Limited (2006-07)

- Non-provision of permanent diminution in value of long term investments in terms of AS-13 resulted in overstatement of Profit and Investments by Rs 33.59 crore as the accounting policy declared by the Company is in violation of provisions of AS-13.

® Andhra Pradesh State Agro Industries Development Corporation Limited, Andhra Pradesh Industrial Development Corporation Limited, Andhra Pradesh Industrial Infrastructure Corporation Limited, Andhra Pradesh State Housing Corporation Limited (2 accounts) and Nizam Sugar Limited (2 accounts) and Andhra Pradesh Tourism Development Corporation Limited.

- Non-provision of the value of loss assets (Term loans and other loans) in respect of 13 sold units being irrecoverable resulted in overstatement of Profit as well as Loans and Advances by Rs 7.18 crore.

Andhra Pradesh State Irrigation Development Corporation Limited (2006-07)

- Non-provision for difference of contribution to Group gratuity between accrued liability and fund balance resulted in understatement of Current Liabilities and 'loss for the year' by Rs 5.38 crore.

Andhra Pradesh State Housing Corporation Limited (2005-06)

- Due to non-provision of known and crystallized liabilities/ losses, there was an understatement of "Excess of expenditure over income" by Rs 3.56 crore.

1.47 Similarly two working Statutory corporations forwarded their three accounts to AG during the year 2008-09. Of these, two accounts of Andhra Pradesh State Road Transport Corporation (APSRTC) pertained to sole audit by CAG, the audit of which for the year 2008-09 is under progress (September 2009). The remaining one account pertaining to Andhra Pradesh State Financial Corporation (APSFC) was selected for supplementary audit. The audit reports of statutory auditors and the sole/ supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below.

(Rupees in crore)

		2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	--	--	01	0.07	02	79.70
2.	Increase in loss	01	165.15	--	--	--	--
3.	Non-disclosure of material facts	--	--	--	--	02	--
4.	Errors of classification	02	172.37	02	90.46	01	26.81

1.48 During the year 2008-09, three accounts (two from APSRTC and one from APSFC) were received. CAG of India is the sole auditor for APSRTC and issued qualified certificate for the year 2007-08 while the accounts of APSFC were issued qualified certificates by Statutory Auditors.

1.49 Some of the important comments in respect of accounts of statutory corporations are stated below.

Andhra Pradesh State Road Transport Corporation (2007-08)

- Non-provision of interest on loan received from State Government resulted in overstatement of Profit carried over to Appropriation account by Rs 30.74 crore and understatement of Interest on Borrowings by Rs 10.60

crore and Prior period expenditure by Rs 20.14 crore.

- ❖ Incorrect withdrawal of provision made towards gratuity between old pay and new pay as per the revised pay scales (01 April 2005) resulted in overstatement of Profit carried over to Appropriation account and understatement of Revenue Liabilities by Rs 8.58 crore.

- ❖ In Hyderabad Zone, value of buildings as on 31 March 2008 as per accounts was Rs 64.38 crore against Rs 52.28 crore as per fixed assets register resulting in difference of Rs 12.10 crore.

Andhra Pradesh State Financial Corporation (2008-09)

- ❖ Non provision of guarantee commission of Rs 12.01 crore resulted in understatement of Prior Period Expenses by Rs 11.74 crore and overstatement of profit for the year by Rs 0.27 crore with consequential overstatement of Reserve Fund and Other Reserves by Rs 12.01 crore and understatement of Current Liabilities and Provisions by similar amount.

- ❖ Due to restructuring, the loan accounts as per the revised guidelines of SIDBI, loans to the extent of Rs 225.24 crore were upgraded during the year as a special regulatory treatment. The impact on accounts due to such change was not disclosed.

1.50 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/ internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors in respect of finalised accounts on possible improvement in the internal audit/ internal control system in respect of 15 companies for the year 2007-08 and 17 companies[∉] for the year 2008-09

[∉] Andhra Pradesh Meat Development Corporation Limited, Andhra Pradesh Handicrafts Development Corporation Limited, Andhra Pradesh Industrial Development Corporation Limited, Andhra Pradesh Industrial Infrastructure Corporation Limited, Andhra Pradesh State Housing Corporation Limited, Andhra Pradesh Police Housing Corporation Limited, Andhra Pradesh Urban Finance and Infrastructure Development Corporation Limited, Andhra Pradesh Beverages Corporation Limited, Andhra Pradesh Heavy Machinery and Engineering Limited, Leather Industries Development Corporation of Andhra Pradesh Limited, Non conventional Energy Development Corporation of Andhra Pradesh Limited, Andhra Pradesh State Civil Supplies Corporation Limited, Andhra Pradesh State Trade Promotion Corporation Limited, Andhra Pradesh Technology Services Limited, Andhra Pradesh Tourism Development Corporation Limited, Andhra Pradesh State Warehousing Corporation and Andhra Pradesh State Financial Corporation.

are given below.

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as *per* Annexure 2
1.	Non-fixation of minimum/ maximum limits of store and spares	01	A - 12
2.	Absence of internal audit system commensurate with the nature and size of business of the company.	12	A - 4, 7, 11, 13, 19, 20, 34, 35, 36 & 37 and B – 1 & 2.
3.	Non maintenance of cost record	01	A – 12.
4.	Non maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	06	A - 4, 7, 10, 11, 19 and 31.
5.	Lack of internal control	06	A - 4, 11, 12, 13 23, and 37.

Recoveries at the instance of audit

1.51 During the course of propriety audit in 2008-09, recoveries of Rs 14.63 crore were pointed out to the Management of various PSUs, of which, recoveries of Rs 14.63 crore were admitted by PSUs. An amount of Rs 1.12 crore was recovered during the year 2008-09.

Status of placement of Separate Audit Reports

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

Sl No.	Name of the Statutory Corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Andhra Pradesh State Financial Corporation	2007-08	2008-09	September 2009	--
2.	Andhra Pradesh State Warehousing Corporation	2004-05	--	--	--
3.	Andhra Pradesh State Road Transport Corporation	2006-07	2007-08	July 2009	--

Disinvestment, Privatisation and Restructuring of PSUs

Restructuring programme of Government of Andhra Pradesh

1.53 The Government of Andhra Pradesh had constituted (January 1995) a committee to study the working of PSUs and to make suitable recommendations. As a follow up to the Committee's recommendations, the State Government undertook public sector reforms, which included the following:

- An autonomous body by the name "Implementation Secretariat" was formed (April 1998).

- The reforms were implemented in two phases viz., Phase-I covering the period from January 1999 to December 2003 and Phase-II from 2002-03 to 2005-06.

- As a part of the reform programme under Phase-I all the manufacturing units except one in a Government Company (The Nizam Sugars Limited) had been privatised. Three Government Companies[¥] were closed and four Government companies[¢] were downsized/restructured.

- Under Phase-II of the reform programme, three Government companies[♠] were closed and five Government companies[♣] and one Statutory corporation (Andhra Pradesh State Warehousing Corporation) were downsized/restructured.

- On the recommendations of the Committee, voluntary retirement scheme (VRS) was introduced in 15 working Government companies[^] and one Statutory Corporation (Andhra Pradesh State Financial Corporation). At the end of March 2008, 24,033 employees (23,857 from Government companies and 176 from Statutory corporation) were discharged after payment of Rs 779.35 crore (Rs 763.27 crore by working Government companies and Rs 16.08 crore by Statutory corporation) towards retirement compensation. Similarly in respect of nine non-working

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[¥] AP Small Scale Industries Development Corporation Limited, Allwyn Watches Limited and Andhra Pradesh State Textile Development Corporation Limited.

[¢] Andhra Pradesh State Agro Industries Development Corporation Limited, Andhra Pradesh State Irrigation Development Corporation Limited, Andhra Pradesh Meat Development Corporation Limited and Andhra Pradesh Handicrafts Development Corporation Limited.

[♠] Andhra Pradesh Fisheries Corporation Limited, Andhra Pradesh Electronics Development Corporation Limited and Andhra Pradesh State Non Resident Indian Investment Corporation Limited.

[♣] Leather Industries Development Corporation of Andhra Pradesh Limited, Andhra Pradesh State Police Housing Corporation Limited, Andhra Pradesh State Film Television and Theatre Development Corporation Limited, Non Conventional Energy Development Corporation of Andhra Pradesh Limited and Andhra Pradesh Technology Services Limited.

[^] Andhra Pradesh State Agro Industries Development Corporation Limited, Andhra Pradesh State Irrigation Development Corporation Limited, Andhra Pradesh Meat Development Corporation Limited, Andhra Pradesh Industrial Development Corporation Limited, Andhra Pradesh Industrial Infrastructure Corporation Limited, Leather Industries Development Corporation of Andhra Pradesh Limited, Andhra Pradesh Heavy Machinery and Engineering Limited, Andhra Pradesh Handicrafts Development Corporation Limited, Andhra Pradesh Mineral Development Corporation Limited, The Singareni Collieries Company Limited, The Nizam Sugars Limited, Andhra Pradesh Power Generation Corporation Limited, Transmission Corporation of Andhra Pradesh Limited, Andhra Pradesh State Film Television and Theatre Development Corporation Limited and Andhra Pradesh State Trade Promotion Corporation Limited.

Government companies[×], 7,647 employees were discharged under VRS after paying retirement compensation of Rs 100.42 crore.

Reforms in Power Sector

Andhra Pradesh Electricity Regulatory Commission

1.54 Andhra Pradesh Electricity Regulatory Commission (APERC) with three members, including a Chairman appointed by the State Government was formed in March 1999 under the provisions of the Andhra Pradesh Electricity Reform Act [^] (APER Act) to act as a regulator of the electricity sector in the State and with the objective of rationalization of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. The audit of accounts of the Commission has been entrusted to the CAG under Section 104 (2) of the Electricity Act, 2003. The Commission had finalised its accounts upto the year 2004-05. During 2008-09, APERC issued only one order that too on annual revenue requirements pertaining to six power companies and no order on others was issued.

Status of implementation of Memorandum of Understanding (MoU) between the State Government and the Central Government

1.55 In pursuance of the decision taken at the Chief Ministers' conference on Power Sector Reforms, a Memorandum of Understanding (MoU) was signed on 09 March 2001 between the Ministry of Power, Government of India (GoI) and the Department of Energy, Government of Andhra Pradesh (GoAP) as a joint commitment for implementation of a reform programme in the power sector with identified milestones. The progress achieved so far in respect of important milestones is shown below.

Sl No.	Commitment as per MOU	Targeted completion Schedule	Status (As on 30 September 2009)
	Commitments made by the State Government		
1.	Reduction in Transmission and Distribution losses	From 29.6 *per cent* to 19.5 *per cent* by 2006-2007	Reduced to 19.41 *per cent*
2.	100 *per cent* electrification of all villages		Achieved
3.	a) 100 *per cent* metering of all distribution feeders b) 100 *per cent* metering of 11 KV feeders	December 2001 March 2001	a) & b) 12492 numbers of 11KV Distribution feeders have been metered out of total 12537 Distribution feeders.

[×] Andhra Pradesh Fisheries Corporation Limited, Andhra Pradesh Dairy Development Corporation Limited, AP Small Scale Industries Development Corporation Limited, Allwyn Watches Limited, Allwyn Auto Limited, Republic Forge Company Limited, Andhra Pradesh Electronics Development Corporation Limited, Andhra Pradesh State Textile Development Corporation Limited and Andhra Pradesh State Non Resident Indian Investment Corporation Limited.

^ Since replaced with Section 82 (1) of Electricity Act, 2003.

4.	100 *per cent* metering of all consumers	March 2002	All the 1,81,65,672 numbers non agricultural services have been metered. 4,69,800 numbers agricultural service out of total agricultural services of 26,89,307 have been metered.
5.	Others		
	(i) Conversion of distribution companies into Joint Venture Companies	June 2002	There was no such proposal at this moment on privatization of DISCOMs
	(ii) Energy Audit at all Levels	December 2001	Energy audit at transmission and sub transmission levels to identify technical and commercial losses is being done in the power system.
	(a) 220 KV/132 KV boundary metering points between APGENCO and AP TRANSCO		89 Numbers 0.2 class accuracy meters have been installed.
	(b) at 485 inter - face points between APTRANSCO and DISCOMS		563 Numbers of 0.2 class accuracy and 495 Numbers 0.5 class accuracy meters have been installed.
	(c) at LT side of Agricultural transformers		Meters provided to 89,588 Numbers agricultural transformers on LT side.
	General		
6.	Monitoring of MoU	Once in 3 months	Distribution reforms committee was constituted (December 2002) to conduct meetings once in every three months. The meetings were held in every quarter.

Discussion of Audit Reports by COPU

1.56 The status as on 30 September 2009 of reviews and paragraphs that appeared in Audit Reports (Commercial) and discussed by the Committee on Public Undertakings (COPU) is as under:

Year of Audit Report	Number of reviews/ paragraphs			
	Appeared in Audit Report		Paras discussed	
	Reviews	Paragraphs	Reviews	Paragraphs
1992-93	07	29	06	29
1993-94	06	19	04	19
1995-96	05	23	02	12
1996-97	06	23	03	22
1997-98	06	23	01	10
1998-99	04	25	--	12
1999-2000	06	18	01	07
2000-01	04	17	01	14
2001-02	03	20	--	14
2002-03	03	13	01	10

2003-04	02	19	--	06
2004-05	02	21	--	09
2005-06	04	19	--	07
2006-07	05	24	--	03
2007-08	03	20	--	--
Total	**66**	**313**	**19**	**174**

1.57 The matter relating to clearance of backlog of reviews/ paragraphs was also discussed with Chairperson of COPU in May 2008 and February 2009.

Chapter - II

Performance audit relating to Government Companies

Andhra Pradesh Power Generation Corporation Limited

2.1 Operational performance of Kothagudem Thermal Power Station

Executive Summary

Kothagudem Thermal Power Station (KTPS) located at Paloncha in Khammam District, consists of 10 Units in two plants (Operation & Maintenance Complex and Stage V) having a generation capacity of 1,220 MW and is one of the five thermal stations under Andhra Pradesh Power Generation Corporation Limited (Company). The performance review was conducted to ascertain whether the generation was at optimum of installed capacity, effective preventive maintenance was carried out, auxiliary consumption was within norms, material management was efficient and environment control measures were implemented.

Operational Performance

The norm fixed by CEA/ APERC for generation of power was achieved during the period under review. Net generation of power by these Units during the five year period 2004-09 was 39,386 MUs at an aggregate cost of Rs 5,768 crore. There was a shortfall of 4,586 MUs in the possible generation.

Auxiliary consumption

The auxiliary consumption was in excess of norms due to inherent design constraints in Units V and VI, partial load operations and deferring of overhauls in Units IX and X and use of power for construction loads for Unit XI resulting in excess consumption of 84.18 MUs valuing Rs 12.14 crore.

Energy audit

Energy audit was not conducted for Units IX and X. The recommendations made by Energy Auditors in respect of Units I to VIII were not implemented there by expected savings of power valuing Rs 5.63 crore per annum was not achieved.

Inputs management

Consumption of inputs was in excess of norms to the extent of Rs 44.94 crore in Coal (Rs 35.11 crore) due to non-inclusion of boilers in refurbishment works, Grinding media (Rs 5.66 crore) due to inefficient operations and Fuel oil (Rs 4.17 crore) due to frequent trippings during the period 2004-09.

Inventory management

Holding of stock of stores & spares in excess of norms of 12 months consumption and Fuel oil in excess of two months consumption led to loss of interest of Rs 9.57 crore during 2004-09.

Environmental safeguards

Air, Noise and Water pollution were not kept at levels prescribed by Andhra Pradesh Pollution Control Board.

Safety measures

Insufficient manpower, non-existence of hydrant system, smoke detection system and portable fire extinguishing equipment in the coal handling plant and non-installation of equipment bought for Units I to IV made the safety measures inadequate to the requirement.

Conclusion and Recommendations

The KTPS achieved the norm of generation prescribed by the CEA but none of the Units generated the possible power during the actual hours of operation. There were deficiencies in control of input costs and auxiliary consumption. The review contains five recommendations which include undertaking timely preventive maintenance and efficient utilization of inputs.

(Chapter 2.1)

Introduction

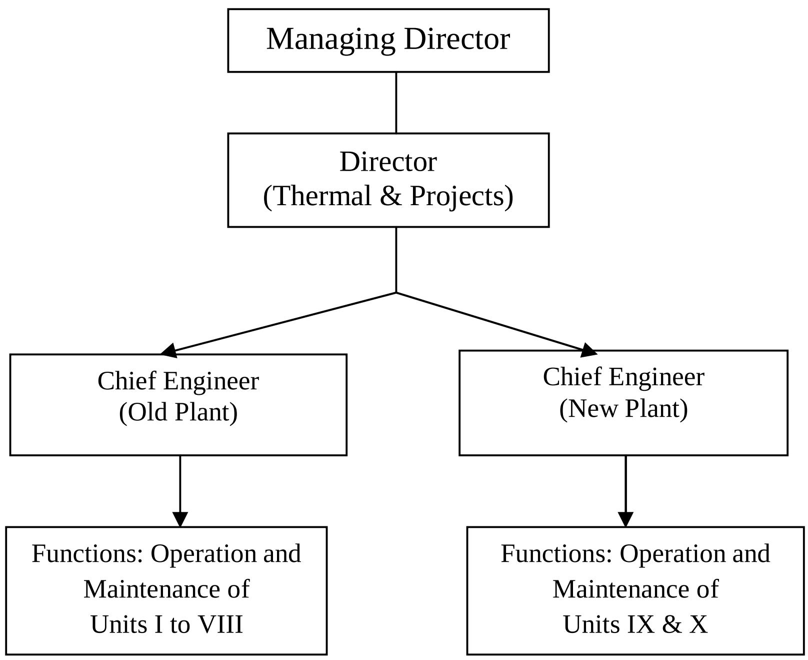
2.1.1 Andhra Pradesh Power Generation Corporation Limited (Company) has five thermal generation stations. Out of these, two stations with a total installed generating capacity of 1,220 MW power from 10 generating Units are located in Paloncha of Khammam District of Andhra Pradesh. While Units I to VIII (Stages I to IV) with the generating capacity of 720 MW are known as Kothagudem Thermal Power Station (KTPS) (Operation and Maintenance complex) (old plant), Units IX and X with generating capacity of 500 MW are known as Stage V (new plant). The Unit-wise details of installed capacity and year of commissioning were as follows:

Stage	Units	Installed capacity (MW)		Commissioned during
		Unit	Stage	
I	I and II	60	120	1966
II	III and IV	60	120	1967
III	V and VI	120	240	1974
IV	VII and VIII	120	240	1977-78
V	IX and X	250	500	1997-98
Total	**10**		**1220**	

In pursuance of the policy of Government of India to optimize power generation, the residual life extension / refurbishment work of the Units I to IV was done between 1998-2000 at a cost of Rs 175 crore and Units V to VIII during 2000-04 at a cost of Rs 372 crore.

Net generation of power by these Units during the five year period 2004-09 was 39,386 MUs at an aggregate cost of Rs 5,768 crore. The power generated was transferred to Distribution Companies for onward transmission to consumers.

Organisational set up relating to operation and maintenance of generating Units of KTPS is given below:



A review of expansion of installed capacity from 680 to 1,180 MW of KTPS was last conducted during 1998-99 and same has not been discussed by COPU so far (September 2009).

Scope of audit

2.1.2 The present review conducted between March 2009 and June 2009 covers operational performance and maintenance of all the 10 Units during the years 2004-09. Audit scrutinised the records maintained by respective Chief Engineers besides scrutinising the records at the Corporate Office of the Company.

Audit objectives

2.1.3 The audit objectives were to ascertain whether:

- ❖ the generation of power was in line with the plant capacities and as envisaged in refurbishment plan;
- ❖ installed capacity of the generating Units was optimally utilized as per norms fixed by Central Electricity Regulatory Commission (CERC)/Andhra Pradesh Electricity Regulatory Commission (APERC);
- ❖ time allowed for preventive maintenance/capital maintenance of boilers and turbines of the Units was as per norms;
- ❖ auxiliary consumption of generating Units was as per norms fixed by CERC/APERC;
- ❖ consumption of inputs was managed efficiently so as to achieve low cost of generation;
- ❖ principles of material management were followed;
- ❖ environment control measures were undertaken effectively; and
- ❖ adequate safety measures were taken.

Audit criteria

2.1.4 The following audit criteria were adopted:

- ❖ norms for operational performance fixed by CERC/APERC;
- ❖ norms fixed by Central Electricity Authority (CEA) for energy audit to reduce consumption of various inputs;
- ❖ specifications prescribed by Andhra Pradesh Pollution Control Board (APPCB) in respect of stack emissions and utilisation of ash generated by the Units;

- company's set standards for Annual/Capital Overhauls; and
- Electricity Act, 2003.

Audit methodology

2.1.5 Audit followed the following mix of methodologies:

- analysis of project reports, works awarded for execution of Repairs and Maintenance (R&M) works;
- analysis of operational performance data, MIS reports;
- analysis of data relating to consumption of inputs for generation of power;
- analysis of APPCB reports; and
- interaction with Management at different levels.

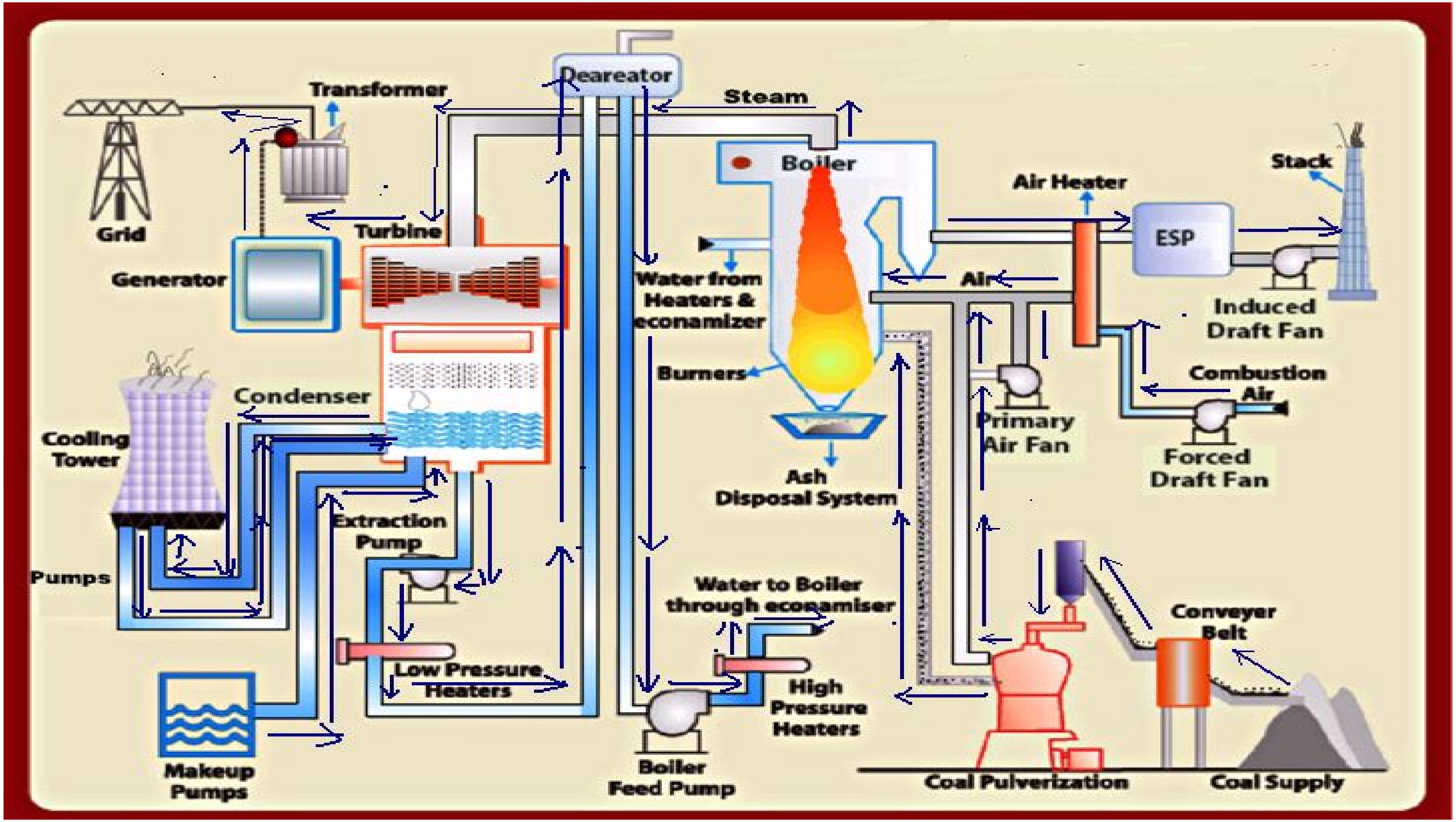
Audit findings

2.1.6 The audit findings were reported (6 August 2009) to the State Government/Management and discussed (18 September 2009) in the Exit Conference where the Management was represented by the Managing Director of the Company.

The review was finalized after considering the replies of the Government and Management. The audit findings are discussed in succeeding paragraphs.

Brief description of generation process

2.1.7 A machine called pulverizer (coal mill) grinds the coal into fine powder. The coal powder mixed with hot air, moves to the furnace. The burning coal heats water in a boiler, creating steam. Steam released from the boiler powers an engine called Turbine, transforming heat energy from burning coal into mechanical energy that spins the turbine engine. The spinning turbine is used to power a generator, a machine that turns mechanical energy into electric energy. This happens when magnets inside a copper coil in the generator spin. A condenser cools the steam moving through the turbine. As the steam is condensed, it turns back into water. The water returns to the boiler and the cycle begins again. Pictorial presentation of generation process of coal fired power plant is placed opposite.



Generation process of coal fired power plant

Operational performance

2.1.8 Operational performance profile of Units I to X for the five years ending 2008-09 is given in **Annexure-7**. A scrutiny of performance profile revealed the following:

Generation as compared to CERC/APERC norms

2.1.9 As per CERC/APERC norms, generation of energy per kilowatt (KW) of installed capacity during a year should not be lower than 7,008 kilowatt hours (units) considering the availability of plant at 80 *per cent* of available working hours in a year. Table below indicates the actual generation of power by the 10 Units and deficit/surplus power generated as compared to targeted generation during 2004-09:

(figures in MUs)

Particulars	Old plant								New plant		Total
	Unit I	Unit II	Unit III	Unit IV	Unit V	Unit VI	Unit VII	Unit VIII	Unit IX	Unit X	
Power to be generated as per CERC / APERC norms	2103.55	2103.55	2103.55	2103.55	4207.10	4207.10	4207.10	4207.10	8764.80	8764.80	42772.20
Actual Generation	2102.78	2110.52	2090.50	2100.29	3982.96	4023.41	4022.67	3942.98	9997.37	8939.65	43313.13
Deficit (-) / Surplus power generated with reference to CERC / APERC norms	-0.77	6.97	-13.05	-3.26	-224.14	-183.69	-184.43	-264.12	1232.57	174.85	540.93
Percentage of Deficit	0.04	-	0.62	0.15	5.33	4.37	4.38	6.28	-	-	-

As can be seen from above, the KTPS with 1220 MW capacity achieved the CERC/APERC norm by generating 43,313 MUs as against the norm of 42,772 MUs. Though overall norm was achieved due to surplus in new plant, all the Units of old plant except Unit II failed to achieve the norms.

The table indicates the units generated, cost incurred, cost recovered and surplus by these Units during the period under review.

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	Total
Net Generation (MUs)	8688.45	7467.64	7698.12	8193.60	7338.16	39385.97
Cost of Generation (Rs in crore)	1381.55	1083.78	1060.26	1182.99	1059.48	5768.06
Recovery of cost per unit (Paise)	162.25	150.13	147.55	151.85	151.85[1]	
Total Recovery (Rs in crore)	1409.70	1121.12	1135.86	1244.20	1114.30	6025.18
Surplus (Rs in crore)	28.15	37.34	75.60	61.21	54.82	257.12

[1] Cost of 2007-08 adopted as cost accounts for 2008-09 are not yet finalised.

The shortfall in excess of five *per cent* of the targeted generation during review period worked out to 782.69 MUs. Unit-wise and year-wise details are as follows:

(figures in MUs)

Unit	2005-06	2006-07	2007-08	2008-09	Total
II	52.79	-	-	-	**52.79**
III	0.23	14.32	-	6.33	**20.88**
IV	-	4.72	-	2.87	**7.59**
V	-	-	26.41	135.61	**162.02**
VI	36.93	-	19.09	51.76	**107.78**
VII	36.59	33.58	-	43.07	**113.24**
VIII	22.22	85.50	-	101.91	**209.63**
X	68.35	40.41	-	-	**108.76**
Total	**217.11**	**178.53**	**45.50**	**341.55**	**782.69**

Note: In 2004-05 shortfall in all the Units was below five *per cent.*

The shortfall is attributable to backing down in all the Units during 2005-06, forced outages (Paragraph 2.1.17), poor performance of boiler and its auxiliaries (Paragraph 2.1.17) and operation of Units at partial loads due to poor quality of coal (Paragraph 2.1.12).

The Government stated (September 2009) that the shortfall in generation was due to failure of boiler pressure parts for which no major R & M was done since inception, operational limitation such as ageing of equipment like air pre-heaters, pressure parts etc., and shortage / poor quality of coal.

As accepted by Government, the shortfall in generation is due to non-inclusion of boiler and its auxiliary units while undertaking refurbishment.

Had these Units also achieved the generation as per norms the performance would have further improved.

Possible generation

Short fall in possible generation was 4,586 MUs implying loss of margin of Rs 31.96 crore.

2.1.10 The Unit wise possible generation for the actual hours worked during the five year period 2004-09 is indicated in **Annexure-7.** Table below indicates consolidated generation of power required for the actual hours worked and actual power generated during the years 2004-09.

(figures in MUs)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	Total
Possible generation in hours actually worked	9876.08	9188.43	9182.07	9991.09	9661.10	47898.77
Actual Generation	9504.34	8214.36	8468.00	9001.16	8125.27	43313.13
Deficit (-)/Surplus power generated with reference to possible generation	-371.74	-974.07	-714.07	-989.93	-1535.83	-4585.64
Percentage of Deficit with reference to possible generation	3.76	10.60	7.78	9.91	15.90	9.57

Performances of individual Units indicated that none of the Units achieved the possible generation in all the five years i.e., 2004-09 except Unit IX in one year 2004-05. The cumulative shortfall in possible generation in hours actually worked was 4,586 MUs implying loss of margin Rs 31.96 crore.

The Government in reply attributed (September 2009) the failure in achieving the possible generation to deterioration in boiler pressure parts. Had the Management included boiler and its auxiliaries of old plant while undertaking refurbishment, it could have generated the possible power.

Low plant load factor

Shortfall of generation due to low PLF was 1,143 MUs.

2.1.11 Plant Load Factor (PLF) represents percentage of units generated and sent out to generating capacity reduced by normative auxiliary consumption. APERC fixed PLF norm at 80 *per cent*. The targeted net generation of power by the 10 Units as per APERC norms, actual net generation and deficit/surplus in net power generation during 2004-09 is indicated in **Annexure-8**. Year-wise details of Units not achieving PLF and loss of generation are indicated below:

Year	Units not achieving PLF	Loss of generation (MUs)
2004-05	NIL	NIL
2005-06	I,II, III,IV,V,VI,VII,VIII,IX & X	269.90
2006-07	V,VI,VII & VIII	232.08
2007-08	V & VI	126.91
2008-09	I,II, III,IV,V,VI,VII & VIII	514.32
Total		**1143.21**

The aggregate shortfall of generation due to non-achievement of PLF worked out to 1,143 MUs which was 2.64 *per cent* of energy generated during 2004-09.

The Government attributed (September 2009) the reasons for non-achievement of PLF to age of the plant.

The reply does not consider the fact that the Units were refurbished during 1998- 2004 which extended their life by another 20 years.

Partial load operations

2.1.12 The Management in times of short supply/inferior quality of coal, other coal handling failures, failure of boiler and auxiliary equipment and other miscellaneous problems operate the Units at partial loads. Due to such operations, the shortfall in generation was 4,604.75 MUs **(Annexure–9)**. Shortage of coal and receipt of inferior coal alone resulted in operation of the Units at partial load thereby resulting in shortfall of 2,251.45 MUs. However, the Management of KTPS never took up the matter of receipt of inferior quality of coal with the coal suppliers.

In addition, absence of proper and effective joint sampling mechanism to ensure receipt of quality coal and insufficient infrastructure at coal handling plant also resulted in partial load operation.

The Government accepted (September 2009) that partial load operations were due to receipt of poor quality of coal from the coal suppliers.

Repairs and maintenance

Outages

2.1.13 Outages represent the period during which the generating Unit is not available for power generation. Thermal stations have outages, which may be "planned" and/or "forced". While planned outages are necessary for maintenance work on boilers, turbo generators (TG) etc., forced outages are due to unforeseen factors such as lack of adequate and timely preventive maintenance, shortage of coal etc.

Planned outages

2.1.14 The Management as per its overhauling practices has to take up annual overhauls of boilers with duration of 15 days and capital overhaul with maximum duration of 45 days, once in every five years for each Unit.

The details of overhauls due and done during the period 2004-09 are indicated below:

Unit	Annual Overhaul		Capital Overhaul	
	To be done	Actually done	To be done	Actually done
I	5	5	1	0
II	5	4	1	1
III	5	5	1	1
IV	5	5	1	1
V	5	5	1	0
VI	5	5	1	0
VII	4	4	0	0
VIII	4	3	1	0
IX	5	4	1	0
X	5	4	1	1
Total	**48**	**44**	**9**	**4**

It could be seen from the above that Annual overhaul was deferred in Unit II (2006-07), Unit VIII (2004-05), Unit IX (2008-09) and Unit X (2007-08). Due to this deferment, outages were more in Units II and VIII and auxiliary consumption was more in Unit X. Similarly, Capital overhaul was delayed in Unit I (2005-06), Unit V (2006-07), Unit VI (2007-08), Unit VIII (2008-09) and Unit IX (2006-07). Due to this delay, outage was more in Unit I and auxiliary consumption was more in Unit IX.

The reason for deferment/delay was attributed to non-clearance for shutdown from Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) due to Andhra Pradesh Grid conditions.

The Government stated (September 2009) that the Company was taking up with APTRANSCO to permit shutdowns to carry out scheduled overhauls as required.

Excess time taken for overhauling and maintenance of boilers and turbo generators

Excess time taken for overhauling led to loss of generation of 659.93 MUs.

2.1.15 Annual shutdowns and capital overhauling of the 10 Units are tabulated in **Annexure-10**. The plant took 246 days in excess of norms for overhauling and maintenance of boilers and TGs resulting in generation loss of 659.93 MUs (loss of margin Rs 5.33 crore). Despite carrying out such overhauls, audit noticed that as against 15 days required, annual overhaul of Unit IV was carried out in 57 days (19 September 2006 to 14 November 2006). Audit analysis further revealed that capital overhaul of Unit III was also released on the same dates when Unit IV was under annual overhaul (19 September 2006 to 14 November 2006).

The Government in reply as well as in exit conference stated (September 2009) that the prolonged overhauls in Units III and IV (September–November 2006) was due to failure of coal feeding mechanism i.e. the collapse of the Coal Handling Plant (CHP) structural.

Had the preventive maintenance and renovation works of CHP were taken up along with the refurbishment of Units I to IV, these problems could have been avoided.

Forced outages

2.1.16 Despite planned maintenance, there were forced shutdowns for 14,617 hours during 2004-09 in Units I to X (**Annexure-7**).

Forced outages led to generation loss of 1,542 MUs.

The forced shutdowns included 230 shutdowns exceeding 24 hours at a time (12,865 hours) due to troubles in boilers and related equipment (6,620 hours), fault in generator and its auxiliaries (3,285 hours), fault in turbines (601 hours), fault in electric equipment (1,224 hours), shortage of coal (160 hours), and other miscellaneous reasons (975 hours). The generation loss due to total forced outages was 1,542 MUs and the loss of margin was Rs 10.90 crore.

Audit analysis of forced outages revealed that:

- troubles in boiler and related equipment accounted for 51 *per cent* of the forced outages exceeding 24 hours at a time, which was mainly due to leakages in various tubes on account of non-replacement of weak tubes during shutdowns for overhauling.
- troubles in turbines and generators accounted for 30 *per cent* of the forced outages exceeding 24 hours at a time despite annual overhauling/capital overhauling indicating that not all the defects were attended to during overhauling.

The Government attributed (September 2009) forced outages to non-replacement of tubes in the boilers during annual overhauls and inherent design constraints of the equipment etc.

The reply is not convincing since the boiler and its auxiliaries were not refurbished while refurbishing the old plant in 1998-2004.

Inadequate overhauling of Units

2.1.17 Audit noticed the following cases of inadequate overhauling of Units.

- Despite taking 709 hours in September 2004 against recommended 360 hours (15 days X 24 hrs) for annual overhaul in Unit I, the leaks in super heater tube continued for four times during September 2004 to March 2005 with total outages for 134 hours and generation loss of 8.2 MUs.

- Despite taking 1,295 hours from December 2005 to February 2006 against recommended 1080 hours (45 days X 24 hrs) for capital overhaul, Unit II encountered problems in economizers (boiler related equipment), turbines and primary super heaters and had tripped for 164 hours between May 2006 and October 2006 resulting in generation loss of 7.17 MUs.

- Unit IV was under frequent tripping between February 2007 and July 2007 due to super heater and economizer tube leaks involving outages for 177 hours resulting in generation loss of 8.49 MUs.

- Due to Management failure to take up the capital overhaul due in 2007, Unit VI tripped for 1,088 hours between February 2008 and May 2008 resulting in loss of generation of 105 MUs.

The Government stated (September 2009) that the capital overhaul could not be taken up due to grid constraints and the tests on generator transformer were done during annual overhauls. Hence there is no relation between generator transformers failure and non-conducting of the capital overhaul.

The reply is not correct as the generator transformer could not be tested as no periodical due overhaul was taken up.

- Though Unit VII was refurbished to achieve 120 MW generation and synchronized in May 2004 it tripped 12 times between May 2004 and October 2004 due to problems in boiler and auxiliary equipment and generator. Thereafter in November 2004, the Unit was tripped for conducting Performance Guarantee (PG) tests for 199 hours.

- Further, the economizer of Unit VII gave frequent troubles resulting in frequent tripping of the Unit and operation of the Unit with partial load. The Unit was tripped for 1,448 hours due to boiler and its auxiliaries' problems during 2004-09 and the generation loss on this account was 174 MUs.

- Though Unit VIII was refurbished (March 2004) to achieve 120 MW generation, the Unit tripped for 2,113 hours during 2004-09 due to problems in boiler and its auxiliaries and the generation loss was 254 MUs. This loss could be attributed to non-refurbishment of boilers at the time of R&M works.

- Unit X tripped in October 2006 due to fault in stator earth at generator, damage in rotor blades, guide blade carriers and damage in turbine side blades. The same was repaired at a cost of Rs 5.26 crore and synchronized in December 2006. The reasons for the failure were so far not analysed by Bharat Heavy Electricals Limited (BHEL) who was the original equipment supplier. Due to this major breakdown, the Unit was tripped for 700 hours resulting in loss of generation of 175 MUs.

Auxiliary consumption

Auxiliary consumption in excess of norms was 84.18 MUs.

2.1.18 The quantum of power consumed by auxiliary equipment of the generating station and transformer losses within the generating station is called auxiliary consumption. Further, the Government of India in line with the Electricity Act, 2003 clarified (June 2005) that auxiliary consumption shall include the power consumed at the residential colonies of the respective generating stations. As per APERC norms, the auxiliary consumption should be limited to 9.5 *per cent* of the gross energy generated. The details of power generated, power sent out and auxiliary consumption are indicated in **Annexure-11.** The auxiliary consumption in respect of Units V & VI during 2004-09 was 10.24 *per cent* which exceeded the norm by 0.74 *per cent*, in respect of Units IX and X was 9.81 *per cent* which exceeded the norm by 0.31 *per cent* during 2005-06, 2007-08 & 2008-09. This resulted in excess consumption of 84.18 MUs of energy costing Rs 12.14 crore.

The Government while accepting the audit contention stated (September 2009) that there was excess auxiliary consumption due to inherent design constraints in Units V and VI, partial load operations in Units IX and X and deferring of overhauls and use of power for construction loads in Unit XI.

The fact remains that Management failed to rectify the inherent design constraints in Units V and VI while undertaking refurbishment, make efforts to avoid partial load operations and carry out overhauls on time in Units IX and X.

Energy Audit

Non-implementation of energy audit recommendations

Due to non-implementation of energy audit recommendations, power valuing Rs 5.63 crore per annum was continued to be consumed for auxiliary purposes.

2.1.19 As per the provisions of Energy Conservation Act, 2001, all energy intensive industries should get their Units audited by accredited energy auditor. Energy Audit is meant for verification, monitoring and analysis of use of energy, which includes submission of technical report containing recommendations for improving energy efficiency with cost benefit analysis and an action plan to reduce energy consumption.

As per the directions of CERC, NTPC Limited conducted Energy Audit of old plant between July 2006 and October 2006 and identified certain areas in Units I to VIII where energy savings could be achieved to the extent of Rs 5.63 crore per annum in the auxiliary consumption provided the stations carry out Polymer Coating for Circulating Water Pump (CWP) internals and install on-line energy monitoring system at a cost of Rs 1.51 crore. However, the Management is yet to implement the recommendations.

Further, mandatory energy audit due for Units IX and X is yet to be taken up (September 2009).

The Government, while accepting non-implementation of recommendations, stated (September 2009) that major works were proposed to be taken up in old plant during the ensuing overhauls. It was also stated that in respect of new plant, they are negotiating the rates with NTPC for conducting Energy Audit.

Inputs management

Procurement and consumption of coal

2.1.20 Coal is the major input for generation of thermal power. Out of the total generation cost of Rs 5,768.06 crore in KTPS, coal cost constitutes Rs 3,444.38 crore which represents 59.71 *per cent* of generation cost during the review period.

Linkage

There was no long term linkage for supply of coal for old plant.

2.1.21 The KTPS for its coal requirement entered into Fuel Supply Agreement (FSA) with The Singareni Collieries Company Limited (SCCL) from 2005-06 to 2007-08, for the supply of coal to the tune of 59 lakh MTs per annum. The actual receipts of coal from SCCL during the period were 61.97 lakh MTs, 63.06 lakh MTs and 69.98 lakh MTs respectively. The plants also procured 66.58 lakh MTs in 2008-09 pending finalisation of FSA.

Lack of efforts to renew FSA led to procurement through e-auction resulting in extra expenditure of Rs 48.72 crore.

CEA and Ministry of Coal gave clear directions (September/October 2007) to have long term linkage for supply of coal. The Company obtained long term linkage for new plants. However, it failed to obtain the same for old plants. There was no record to show that the Company had taken up the matter with coal company for having long term coal linkage.

During 2008-09, to meet the gap between supplies pending FSA and actual requirement, Management of plants procured (September 2008 to November 2008) 1,77,276 MTs of coal through e-auction from SCCL at a premium cost of Rs 59.38 crore. The average landed cost of coal supplied under FSA was Rs 1,523 per MT whereas the coal procured under e-auction was at Rs 4,271 per MT. Thus, due to failure of the Management to assess the requirement of coal for generation and get themselves linked with a Colliery for long term supply of coal resulted in procurement of coal through e-auction resulting in the excess expenditure Rs 48.72 crore in 2008-09 (1,77,276 MTs X Rs 2,748).

The Government stated (September 2009) that existing long term linkages were found to be inadequate and the enhancement of the linkage quantities was taken up with CEA in May 2005. However, the fact remains that since May 2005 there was no progress despite reminders from CEA/ Ministry of Coal in September/ October 2007.

Excessive transit and handling loss of coal

2.1.22 The percentage of transit losses of coal suffered by the plants ranged between 0.95 and 2.71 (**Annexure–12**) during the years 2004-09 which was in excess of the norm of 0.8 *per cent* fixed by CERC (March 2004). The cumulative quantity of transit and handling loss in excess of the CERC norm was 2.43 lakh MTs valued at Rs 25.36 crore. APERC, however, approved the transit loss of coal at three *per cent* uniformly throughout the years 2004-09. This may have resulted in the issue not getting adequate attention of Management.

The Government while admitting above fact stated (September 2009) that the transit losses and windage and shrinkages were on high side and attributed the excess losses to calibration problems of weighbridges, differences between the invoiced and actually received quantity and vastness of stock yard area.

Excess consumption of coal

2.1.23 APERC, while approving generating tariff for 2004-05 onwards, stipulated heat rate for various Units of old and new plants. Details of average calorific value of coal, stipulated heat rate, standard consumption of coal per unit of generation, actual generation, standard and actual consumption of coal on the power generated and extra expenditure on coal consumption are tabulated in **Annexure-13**. It could be seen from the Annexure that consumption of coal was more than the norms prescribed by the APERC in Units I to IV to the tune of 3.33 lakh MTs valued at Rs 35.11 crore during the years 2006-09.

The Government stated (September 2009) that the excess consumption of coal in Units I and II was due to poor quality of coal and the age of boilers. However, the Management did not include boilers while undertaking refurbishment works to arrest frequent tube leakages and ensure proper functioning of pressure parts and air heating mechanism so that heat rate is sustained thereby coal consumption is controlled.

Non-Synchronization of coal shed at old station

2.1.24 The CHP of old station was refurbished during the period from 2003-08 at a total cost of Rs 10.03 crore. While the refurbishment works were in progress, it was proposed (2006) to construct a coal storage shed of 50,000 MTs capacity at an estimated cost of Rs four crore with the justifications:

- to stack surplus daily receipts of coal over daily consumption, and

- to stack wet coal received during rainy season which cannot be fed to the Unit bunkers directly for generation due to handling problems.

Management's efforts to construct the coal storage shed did not fructify for want of funds.

The proposal was later approved in September 2008 at a revised cost of Rs six crore, but the tenders received have not yet been finalized (September 2009). In the absence of a proper coal storage shed coal was being stored in open yard and consequently it becomes wet. The wet coal was directly fed into the bunkers resulting in loss of 455 MUs generation (taking an average rate of 65 MUs per year) besides escalation of the cost of shed by Rs two crore.

The Government stated (September 2009) that the existing coal shed available at the integrated coal handling plant of the old plant is meeting the present needs and the dry coal feeding was not affected due to non-existence of proposed shed.

The reply is not correct since Management itself blamed wetting of coal as one of the reasons for shortfall of generation.

Consumption of grinding media

Grinding media consumed in excess of norms was valued at Rs 5.66 crore.

2.1.25 In the process of pulverization of coal Grinding Media (GM) balls are being used**.** The designer of the plant recommended the life of GM as 0.2 kg per tonne of coal consumed, where Gross Calorific Value (GCV) of coal was 3,000 Kcal. It was seen that Units I to IV (2004-09), IX & X (2004-08) utilized (**Annexure-14**) 5,496.09 MTs of GM as against 3,566.67 MTs to be utilized as per the standard. The GM consumed in excess of standards was 1,929.42 MTs valued at Rs 5.66 crore.

The Government stated (September 2009) that excess consumption of GM was due to poor quality of coal. The reply is not convincing as the GCV of the coal utilized ranged between 3,087 and 3,658 Kcal which was more than the GCV specified by the designer.

Consumption of fuel oil in excess of norms

Fuel oil consumed in excess of norms was valued at Rs 4.17 crore.

2.1.26 As per the APERC norms consumption of fuel oil is two ml per unit of power generated. The details indicating norms of oil consumption fixed by CERC/APERC, actual units generated, standard requirement of oil, oil actually consumed and excess oil consumed during the five year period 2004-09 is given in **Annexure-15**. Audit analysis revealed that all the Units in 2004-09 achieved the norms except four Units (V, VI, VII and VIII) which consumed fuel oil 1,230.42 KL valued at Rs 4.17 crore (assuming the rate of fuel oil at Rs 33,910 per kilolitre) in excess of the norms during the year 2008-09.

Further analysis of coal and fuel oil consumption during the period 2004-09 indicated as under.

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Old plant					
Coal consumption (MTs)	3799197	3635858	3802038	4122779	3971057
Fuel Oil Consumption (KLs)	5543.00	5022.00	6207.00	4721.00	8832.00
Actual Generation (MUs)	5364.14	4732.26	4787.31	5030.28	4462.12
New plant					
Coal consumption (MTs)	2573440	2386213	2635610	2931169	3002195
Fuel Oil Consumption (KLs)	1781.32	2054.09	1324.11	1465.42	3824.67
Actual Generation (MUs)	4140.20	3482.10	3680.69	3970.88	3663.15

From the above it was observed that despite an increase in consumption of both coal and fuel oils in KTPS during 2008-09 generation of power was very less as compared to the earlier four years (excepting coal consumption in old station during 2007-08) i.e., 2004-08. This indicates the efficiency in utilisation of fuels during 2008-09 was very poor.

The Government stated (September 2009) that the excess consumption was due to poor quality and shortage of coal and frequent trippings of the Units.

The reply is not convincing since the average GCV of the coal received was 3,687 KCal in old plant and 2,804 KCal in new plant during 2008-09 indicating that the coal received was of desired quality as per FSA. Further, the Management failed to take up proper preventive maintenance of the plants leading to consequential frequent trippings.

Residual life assessment, life extension (Refurbishment)

Comprehensive refurbishment was not taken up for old plant

2.1.27 Units I to IV of old plant were installed in 1966-67 and Units V to VIII were installed during 1974-78 and these were more than 30 - 40 years old. Hence, these Units were taken up for refurbishment during 1997 to 2004, in pursuance of the policy of Government of India to optimize power generation. The refurbishment work of the Units I to IV was awarded during 1998-2000 at a cost of Rs 175 crore. Though the refurbishment should be comprehensive to include both turbine and boiler, the work was restricted only to turbine and related works thereby leaving out refurbishment of boiler related works. Due to the partial refurbishment these Units were operating at an average load of 52 MW against its installed capacity of 60 MW each. Therefore, another life extension and modernization proposal at an estimated cost of Rs 117.27 crore involving 59 activities on boiler area was approved and the works are yet to be taken up (September 2009).

Thus failure of the Management to take up comprehensive refurbishment of both boilers and TGs necessitated fresh refurbishment of both boiler and turbines within seven years of partial refurbishment.

2.1.28 The Units V to VIII in old station, which were having 110 MW capacity each, were refurbished during June 2000 and May 2004 at a total cost of Rs 372 crore resulting in the up-gradation of these Units to 120 MW capacity. BHEL which carried out such refurbishment, guaranteed the achievement of enhanced capacity of 120 MW and an assured PLF of 80 *per cent* of these Units for another 20 years.

However Units V and VI could achieve the PLF of 76.70 *per cent*, 77.11 *per cent* and 73.84 *per cent* only in the years 2005-06, 2006-07 and 2007-08 respectively and availability of Unit for generation was also reduced to 87.08 *per cent* in 2005-06 besides steep increase in auxiliary consumption up to 10.27 *per cent* in 2006-07 as against norm of 9.5 *per cent*. Further the air heaters replaced during refurbishment works in 2000-01 had to be replaced once again at a cost of Rs 11.48 crore due to severe erosion. In addition another proposal for R&M works to Units V and VI were taken up in December 2008 at an estimated cost of Rs 58.15 crore. Thus failure of the Management to enforce contractual obligations of BHEL, led to non-achievement of guaranteed life extension, besides incurring expenditure of Rs 11.48 crore on replacements of air heaters.

2.1.29 As regards Units VII and VIII, audit observed that economizer and air pre heaters were replaced during the refurbishment carried out during 2000-2004. However, the economizers and air pre heaters so replaced got eroded due to flue gases resulting in deterioration in the performance of these Units from 2005-06 thereby necessitating a fresh proposal for another renovation at an estimated cost of Rs 163.20 crore which is still under approval.

Audit analysis of refurbishment works also revealed that:

- in Units VII and VIII refurbishment work was carried out between 10 and 12 months as against the agreed time of five months.
- the defective HP heater replaced is yet to be erected.
- third primary air fan has not been erected so far (September 2009).
- Two crore rupees relating to the buyback arrangement of surplus spares is yet to be recovered.

The Government confirmed (September 2009) that during the refurbishment boiler and its auxiliary parts were not taken up, even though certain major spares in boiler area were replaced. The air pre-heaters and economizers were replaced after completion of their life of six to seven years i.e. during 2008.

The reply is not convincing since replacement of economizers and air pre-heaters was done in May 2008, the performance of the Units has steeply fallen down within 24 months after completion of the refurbishment works which indicates that failure to include the boilers in the refurbishment works resulted in non achieving the performance levels as envisaged in the refurbishment plan.

Inventory management

Stores and spares

2.1.30 APERC fixed a norm of 12 months' consumption for inventory holding for the purpose of reimbursement of interest on working capital. The table given below indicates the opening balance, receipts, issues, and closing stocks of stores and spares (other than fuel oil) during 2004-09:

(Rupees in crore)

Year	Opening Balance	Purchases	Consumption	Closing Balance	Closing Balance equivalent to months consumption
Old Plant					
2004-05	74.22	39.26	17.92	95.56	64
2005-06	95.56	19.77	22.73	92.60	49
2006-07	92.60	6.88	20.29	79.19	47
2007-08	79.19	32.70	25.25	86.64	41
2008-09	86.64	Cost Accounts are yet to be finalized			
New Plant					
2004-05	14.13	19.62	14.17	19.58	17
2005-06	19.58	26.52	23.60	22.50	11
2006-07	22.50	22.31	20.90	23.91	14
2007-08	23.91	32.32	14.50	41.73	35
2008-09	41.73	Cost Accounts are yet to be finalized			

It could be seen from the table that the inventory holding of old plant ranged between 41 and 64 months of consumption while it ranged between 11 and 35 months of consumption during the period from 2004-08 in respect of new plant. The value of inventory held on 31 March 2008 stood at Rs 128.37 crore (86.64 crore + 41.73 crore) is in excess by Rs 88.62 crore than 12 months' consumption (Rs 39.75 crore allowed by APERC). The carrying cost incurred on such excess holding worked out to Rs 8.86 crore per annum (calculated at minimum borrowing rate of 10 *per cent* per annum). Further the Company had not classified its stores as vital, essential and desirable (VED) categories indicating lacunae in inventory management.

Analysis of slow-moving (Rs 68.37 crore) and non-moving (Rs 24.88 crore) items valued at Rs 93.25 crore lying in stores were as follows.

- ❖ twenty five items (old plant) valued at Rs 0.98 crore and two items (new plant) valued at Rs 0.06 crore are in stock for more than 10 years.
- ❖ forty seven items (old plant) valued at Rs 4.42 crore and 224 items (new plant) valued at Rs 10.90 crore were lying in stock between five years to 10 years.

- nine hundred fifty two items (old plant) valued at Rs 54.19 crore and four hundred and fifty four items (new plant) valued at Rs 22.70 crore are held in stock for less than five years.

Audit further noticed that:

- the stock of non-moving stores increased from Rs 2.44 crore in March 2005 to Rs 6.78 crore in March 2009 (new plant);
- the construction material purchased in excess of requirement was Rs 1.92 crore which was lying in stores for more than 10 years;
- five hundred and one items of stores were not assigned with any value;
- despite having two instant standby motors in CWP, Management procured (May 2005) one more motor at a cost of Rs 70.06 lakh without justification which is still lying in stock without utilisation.

Thus improper inventory management led to unwarranted holding of spares and stores for longer periods and incurring of interest on carrying cost every month.

The Government attributed (September 2009) accumulation of inventories to availability of spares that were supplied with original equipment and due to enhancing of the capacities of Units V to VIII etc., and assured to introduce the inventory control techniques like categorization of material as VED and computerization of inventory management etc. It was also stated that accumulation is due to vital importance of the power sector and to the huge lead time in procurement.

The reply is not convincing since all the above factors were taken into consideration by the APERC while fixing the limits for inventory holding and consequent reimbursement of cost of working capital. Hence, necessary efforts should be made to maintain the inventory levels within norms.

Fuel oil

Holding of Fuel Oil stock in excess of norms led to extra carrying cost of Rs 5.89 lakh per month.

2.1.31 Furnace Oil (FO) and High Speed Diesel are used as secondary fuel in old plant while FO and Light Diesel Oil are used in new plant. APERC fixed a norm of 2 months' consumption for stock holding for the purpose of reimbursement of interest on working capital. The table given below indicates the value of opening balance, receipts, issues and closing stocks of fuel oil during 2004-09:

(Rupees in crore)

Year	Opening Balance	Purchases	Consumption	Closing Balance	Closing Balance in months consumption
Old Plant					
2004-05	5.02	8.19	9.28	3.93	5
2005-06	3.93	10.82	9.81	4.94	6
2006-07	4.94	14.59	14.04	5.49	5
2007-08	5.49	11.84	10.93	6.40	7
2008-09	6.40	Cost Accounts are yet to be finalized			
New Plant					
2004-05	0.86	3.27	2.79	1.34	6
2005-06	1.34	3.33	3.57	1.10	4
2006-07	1.10	3.95	2.77	2.28	10
2007-08	2.28	3.97	3.21	3.04	11
2008-09	3.04	Cost Accounts are yet to be finalized			

It could be seen from the table that the stock holding of fuel oil ranged between five and 11 months' consumption during 2004-08. The value of stock held on 31 March 2008 stood at Rs 9.44 crore (Rs 6.40 crore + Rs 3.04 crore) is in excess by Rs 7.08 crore than 2 months' consumption (Rs 2.36 crore) allowed by APERC. The carrying cost on such excess holding worked out to Rs 5.89 lakh per month (calculated at minimum borrowing rate of 10 *per cent* per annum).

The excess holding was attributed (September 2009) to shortage / poor quality of coal receipts, coal feeding problems due to wetness, partial load operations etc. and was stated to be unavoidable.

Since APERC is admitting only two months consumption for working capital calculation purpose, excessive holding is leading to extra financial burden on the Company.

Environmental safeguards

Utilisation/disposal of fly ash

Equipment for dry fly ash disposal valued at Rs 50.50 crore could not be installed due to dispute over responsibility for site clearance.

2.1.32 Ash is the principal waste product of combustion of coal in the boilers. Ministry of Environment and Forests (MoEF) issued a notification in September 1999 mandating all coal and lignite based thermal power stations to utilize 100 *per cent* fly ash so that disposing of the same in ash pond could be gradually phased out.

In order to abide by the notification, Management of old plant proposed to install "SILO", a system in which the dry fly ash will be blown through pipe lines with the help of blower fans to be collected at a storage tank for further disposal. Accordingly, two contracts were awarded (October 2007) viz. (i) for design and engineering, manufacture, testing of equipment of fly ash system at a cost of Rs 60.05 crore and (ii) complete civil and structural works for fly ash system at a cost of Rs 24.61 crore. These works were scheduled to be completed by November 2008 (Units I, V & VII), January 2009 (Units II, VI &

VIII), March 2009 (Unit III) and May 2009 (Unit IV). After abnormal delay, KTPS received (March 2009) the equipment so designed and manufactured valuing Rs 50.50 crore. However, the same could not be installed till June 2009 due to a dispute as to who would clear the dumps, underground cables and other obstacles in the site. It was also observed that KTPS failed to synchronize the receipt of equipment with site clearance and required civil works resulting in delay in providing fly ash system besides non-implementation of Government of India orders.

2.1.33 The Management of new plant prepared (September 1999) an action plan for 100 *per cent* utilisation of fly ash generated from Units IX and X by 2007-08. Accordingly, it entered (May 2005) into Memorandum of Understanding (MoU) with four cement manufacturing and other industries for disposal of fly ash. However, the actual utilisation achieved by 2008-09 was only 49 *per cent* resulting in disposal of balance fly ash in the form of slurry to ash pond. Thus, failure of the Management to insist compliance of MoU led to non-achievement of targets as per action plan besides failure to adhere to notification of MoEF.

The Government stated (September 2009) that the implementation of the project is in progress and attributed the delays to non-availability of skilled manpower and un-expected site related problems.

The reply belies the fact that the Company failed to take advance action for making the site ready in all respects before placing orders for the equipments. The delay in installation of the equipment also leads to loss of interest on borrowed funds besides losing benefit of performance guarantee.

Air pollution

2.1.34 Andhra Pradesh Pollution Control Board (APPCB) prescribed a maximum of 115 milligram per cubic meter (mg/Nm^3) of Suspended Particulate Matter (SPM) in the flue gas emissions of the plant. Table below indicates the actual SPM levels for the period 2004-09 for both the old and new plants:

(Figures in mg/Nm^3)

Unit	2004-05		2005-06		2006-07		2007-08		2008-09	
	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.
I	228	75	112	98	140	102	115	90	110	82
II	332	138	402	304	312	112	321	96	114	74
III	378	168	398	172	352	98	189	109	186	138
IV	104	81	104	65	110	95	112	83	96	74
V	114	66	130	80	118	108	127	84	98	68
VI	72	44	105	62	120	90	122	92	108	72
VII	163	82	120	105	148	80	290	99	136	90
VIII	123	81	138	108	126	110	132	108	118	96
IX	NA	NA	86	76	95	80	98	90	118	96
X	NA	NA	105	79	95	80	99	90	112	92

Audit observed that in respect of Unit II, during 2004-09 the SPM readings exceeded the norm in maximum readings during the period 2004-08. In Unit

III, maximum readings exceeded the norms in all the five years. In Unit V, the maximum readings exceeded during 2005-06, 2006-07, and 2007-08. In respect of Units VII and VIII, the maximum readings were on high side during the entire five-year period.

Though APPCB was issuing continuous notices to the Management of old plant from January 2008 to maintain on-line continuous stack dust monitoring equipment in Units III, V and VI the same were not installed due to non-availability of Units for shutdown. Thus, the failure of the Management to install the monitoring equipment resulted in continuous air pollution.

The Government stated (September 2009) that shutdowns for installation of the equipment could not be permitted due to shortage of power.

The reply is not convincing as it is also the responsibility of the Government to give credence to environmental issues.

Noise pollution

2.1.35 As per the APPCB, day time and night time noise pollution has to be restricted to 75 decibels (dbs) and 70 dbs respectively. Table below indicates noise pollution achieved by old and new plants.

(Figures in dbs)

Area	Units	2005-06		2006-07		2007-08		2008-09	
		Max	Min	Max	Min	Max	Min	Max	Min
Turbine	Old Plant	89.5	58.8	91.9	75.6	99.1	80	98.2	77.2
	New Plant	85	71	86	72	85	70	87	74
Generator	Old Plant	89.8	84.0	91.7	75.5	97.5	83.1	98.2	77.2
	New Plant	86	70	87	71	86	70	87	72
Mills	Old Plant	99.6	88.9	99.8	72.4	103.6	80.1	102.8	67.4
	New Plant	87	77	86	76	87	75	88	76
Crusher	Old Plant	98.5	83.0	93.8	81.3	101.3	88.5	98.5	77.4
	New Plant	89	86	88	85	87	85	86	85
UCB	Old Plant	71.3	65.0	84.7	61.3	89.7	60.1	89.2	60.7
	New Plant	55	50	54	50	50	48	50	49

In turbine area in old plant, noise levels were above the norms in both maximum and minimum readings in the four-year period from 2005-06 to 2008-09 except the minimum readings in 2005-06. In respect of new plant, the maximum readings were on high side in the above said period. In mills area and in crusher area, both the plants exceeded the norms both in maximum and minimum readings. In Unit Control Board area, in respect of old plant, the maximum readings crossed the norms of noise levels.

The Company is required to provide acoustic enclosures and the intake exhaust system has to be provided with silencers besides using damping material such as thin rubber/led sheet at work places to reduce vibrations.

The Government, while accepting that noise levels at the equipment are slightly higher occasionally, stated (September 2009) that necessary steps are being taken to achieve the levels as per norms.

Water pollution

2.1.36 As per the APPCB guidelines water pollution should be in the range of 6.5-8.5 (pH). However, the pH level (a unit of Hydrogen Ion concentration) of both sedimentation tank effluent water and ash pond effluent water ranged between pH 6.8 – 8.96 for old plant, while new plant was maintaining water pollution level during 2004-09. Audit observed that despite directions (August 2008) by APPCB to take measures to arrest leakages in pipelines to prevent discharge of ash slurry into the nearby water sources (Karakavagu/ Kinnersani River), no remedial action has so far (September 2009) been taken.

Similarly as per APPCB norms the Total Suspended Solids (TSS) should be 100 milligrams (mg) / litre of water. However, TSS in old plant was upto 300 mg / litre in 2004-05 and 115 mg / litre in 2005-06. In new plant, TSS was upto 505 mg/litre in 2005-06 in ash pond effluent water and 880 mg/litre in 2005-06 in Sediment Tank Effluent water.

The Government stated (September 2009) that various measures are being taken to minimize the water pollution.

Safety measures

Lack of adequate safety measures

2.1.37 The following inadequacies were noticed in safety measures taken by the Company.

Coal handling plant (CHP)

2.1.38 The CHP of old plant was not having integrated fire-fighting system. An audit analysis of the effectiveness of the fire fighting system revealed the following:

- ❖ The existing system was not optimally utilized due to non-existence of proper water resources required to meet fire exigencies.
- ❖ No hydrant system, smoke detection system and portable fire extinguishing equipment exist in the plant.
- ❖ No sufficient manpower for the operation of the existing fire fighting equipment in the safety division was available with the plant. As against the 32 personnel sanctioned for the safety division only 13 were on rolls as at February 2009. The fire station was not provided with sufficient infrastructure to shelter the men and machinery of the fire fighting system.

The Government stated (September 2009) that steps were being taken to establish the integrated fire fighting system for the coal handling plant.

Inordinate delay in carrying out the improvements to fire fighting system

2.1.39 Management of old plant placed two Purchase Orders (PO) (March 2003) for:

- supplying material required for making improvement of the fire protection system for a total value of Rs 56.53 lakh, and
- service part of the system at a cost of Rs 7.17 lakh.

The Purchase order stipulated that supplies should be completed within four-five months from the date of PO i.e., by the end of December 2004. The firm supplied the material valued Rs 56.53 lakh by August 2005 but did not commission the system so far (September 2009) for want of additional material valued Rs 15.26 lakh required for erection of the system. The Management however did not take (September 2009) any decision regarding the procurement of additional items resulting in a vulnerable situation of not providing required fire protection system since 2003.

The Government stated (September 2009) that additional items required for installation of the equipment are being procured for completion of the work.

Failure to carry out the improvements to fire fighting system

2.1.40 The existing fire fighting system in Units I to IV of old plant became ineffective and inefficient due to long service and wear and tear. Though an order for Design, Manufacture and supply of fire protection system including augmentation of existing system was placed (February 2003) for Rs 45 lakh, neither the firm supplied the system nor did the Management pursue the supplier resulting in continued dependence on old and ineffective system.

The Government stated (September 2009) that the supplier had backed out from the execution of the contract and there was no coordination between the field and corporate office of the Company and alternate arrangements were made.

The reply is not convincing as it is the responsibility of the Company to ensure performance of contract by the suppliers and coordination among staff.

Acknowledgement

Audit acknowledges the co-operation and assistance extended by the staff and the Management of the Company at various stages of conducting the Performance Audit.

Conclusion

The KTPS achieved the norm of generation prescribed by CEA. However, the operation of KTPS by Company did not meet the expectations as follows:

- ***Though refurbishment works were carried out for eight Units, only three out of ten Units could achieve the generation as per norms fixed by CERC/APERC.***
- ***None of the Units generated the possible power during the actual hours of operation.***
- ***Despite taking time in excess of standards set by the Company for overhauls, there were forced shutdowns for 14,617 hours.***
- ***Recommendations of energy audit were not implemented leading to continued excess auxiliary consumption in old plant. Energy audit was not conducted for new plant.***
- ***Long term linkage for coal supply was not obtained. Failure to enter into Fuel Supply Agreement beyond 2007-08 led to procurement of coal in e-auction incurring additional expenditure of Rs 48.72 crore.***
- ***Dry Fly Ash was not disposed as per guidelines of Government of India/APPCB and norms for noise and air pollution controls were not maintained.***
- ***Safety measures taken were inadequate.***

Recommendations

The Company needs to:

- ***ensure that refurbishment/renovation works are taken up comprehensively to achieve the desired capacity enhancement;***
- ***ensure timely preventive maintenance and up-keep of the plant and equipment to avoid forced shutdowns of the generating Units;***
- ***ensure uninterrupted and timely supply of coal to avoid shutdowns and partial load operations;***
- ***implement environment safeguards to bring various parameters of pollution control within prescribed limits.***
- ***ensure adequacy of safety measures***.

Andhra Pradesh State Housing Corporation Limited

2.2 IT Audit Report on INDIRAMMA Housing Project Management and MIS

Executive Summary

The A.P. State Housing Corporation Limited was incorporated in July 1979 with the main objective to formulate, promote and execute various housing schemes on behalf of State and Central Government for the benefit of weaker sections. The Government of A.P. launched (May 2006) a new housing programme under INDIRAMMA and to monitor the financial and physical progress of the scheme, the Company developed a web-based application software.

Application Software

The application software was developed (January 2007) with client server technology with POSTGRE SQL as database, Java as front end and Redhat Linux as Operating System.

Investment and Finance

The Company procured Laptops, Digital Cameras, Printers and other hardware at a total cost of Rs 7.38 crore and incurred an expenditure of Rs 1.57 crore (March 2009) towards software development. The Company also incurs a monthly expenditure of Rs 5.34 lakh towards maintenance.

Project Management

The Company did not follow the accepted software development life cycle. There was no feasibility study. The Company did not enter into an agreement with Centre for Good Governance (CGG). System design documents, process control specification documents and test documents were not provided by CGG.

Absence of policy, strategy and planning

The Company has not formulated any IT policy or drawn up any IT strategy for preparation of long term and short term plans for computerisation. It did not formulate any formal security policy and change management policy. The Company did not develop a business continuity and disaster recovery plan for continuing the operations in the event of a disaster.

Incomplete data

The database developed was not complete or accurate and lacked integrity and thus could not be relied upon. Neither the application software itself nor the data residing in the database was ever subjected to Internal Audit. The data entry was also not supervised.

Inadequacies

The application did not provide for adequate Input controls. The security for online transactions was inadequate. Business Rules were also not incorporated in the application software. Inadequacy of such controls led to disbursement of Rs 479.55 crore to multiple beneficiaries under one ration card and Rs 4.15 crore to the same beneficiaries under different IDs in contravention of the Scheme guidelines. Non-incorporation of business rules also resulted in allotment of houses under SPR Scheme to beneficiaries other than STs, short-recovery of administrative charges and issue of cement in excess of norms fixed. Lack of security in seamless transfer of files also led to fraudulent payment of Rs 2.29 crore to persons other than beneficiaries.

Recommendations

The Company should draw up and document IT Policy and Security Policy, Change Management Policy, Business continuity plan with adequate validation checks.

(Chapter 2.2)

Introduction

2.2.1 Andhra Pradesh State Housing Corporation Limited, Hyderabad (Company) was incorporated in July 1979 as a wholly owned Government Company with the main objective to formulate, promote and execute housing schemes for the benefit of people in general and the weaker sections in particular.

The Company implements various housing schemes for the homeless families below poverty line (BPL) in the State belonging to different occupational groups with Central/State assistance by arranging financial, material and technical assistance. In place of the existing Rural and Urban Housing Schemes, the Government launched (May 2006) a new programme, named "Integrated Novel Development in Rural and Model Municipal Areas" (INDIRAMMA) with a goal to develop all the villages and municipal towns in the state in a phased manner. This goal was planned to be achieved in a phased manner over a period of three years with a saturation approach.

Under the above scheme, the Government sanctioned 21,77,069, 25,71,161 and 25,16,059 houses (both in Rural and in Urban areas) between 2006-07 and 2008-09, under Phase I, II and III respectively. The basic unit cost of a house in Rural Areas was Rs 25,000 and of that in Urban areas was Rs 40,000. The unit cost consists of three elements viz., Subsidy, Loan and Beneficiary Contribution. The beneficiaries construct individual houses on self-help/ mutual help basis and payment/material is released to them at various stages viz., Basement Level (BL), Lintel Level (LL), Roof Level (RL) and Roof Cast (RC). Apart from the Beneficiary Contribution, Admission Fees and Administrative Charges are recovered from the beneficiary. These are adjusted at the time of making payment to the beneficiary.

To monitor the financial and physical progress of the scheme, the Company developed a web-based application software.

Organisational set up

2.2.2 The management of the company is vested in a Board of Directors (Board). As on 31 March 2009, there were 12 Directors including a Chairman. The Managing Director is the Chief Executive and is assisted by an Executive Director, one Chief General Manager (Finance), one General Manager (Finance), one Chief Engineer and three Superintending Engineers at the Head Office. The Company has set up offices in all the Districts headed by District Manager, assisted by Deputy Executive Engineers (DEE) (at Divisional Level) Assistance Engineers (AEs)/ Mandal In Charge (MIC) and Work Inspectors (at Mandal Level).

Information systems set up

2.2.3 The web-based application software for monitoring the implementation of various housing schemes was developed with POSTGRE as back end and Java as front end. The operating system in use is Red hat Linux. The IT system architecture was client server.

Criticality of the database

2.2.4 The details of the beneficiaries under various housing schemes [1] like beneficiary ID number, ration card number, names, photographs, addresses and the stage of the house constructed, along with value of cement issued and the amount disbursed are captured in the database. The database is thus critical and is vital for monitoring the stage-wise progress of the houses under construction, amounts to be disbursed, and recovery of Admission Fees, Beneficiary Contribution and administrative charges. Further, the above data would also be useful to arrest double payments.

Audit Objectives

2.2.5 The IT Audit of the application software was conducted with a view to

- Ensure that the process of software development was consistent with the accepted industry standards.
- Ensure that the application software supports various systems of procedure, guidelines issued relating to various housing schemes.
- Ensure that business rules were incorporated in the application software.
- Ensure that adequate input, process and output controls exist in the application software and the data captured in the system were accurate, complete and valid.
- Ensure that the application software has achieved the objectives with which it was developed.

[1] INDIRAMMA Rural and Urban Housing Schemes, Indira Awaas Yojana (IAY), Weavers Housing Programme, Fishermen Housing Programme, Beedi Workers Housing Programme, Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Integrated Housing and Slum Development Programme (IHSDP).

Scope and methodology of audit

2.2.6 All matters relating to development of the application software and its utilisation in monitoring the implementation of various housing schemes covering the transactions in four[2] out of 23 District offices and at Head Office were reviewed.

The data, covering transactions up to the end of March 2009, furnished by the Company was scrutinised using the Generalised Audit Software –IDEA. The results of queries were compared with the physical records/documents available at the Head Office and District Offices and also as displayed on the Company's website.

The methodology adopted also included

- Scrutiny of Agenda and Minutes of the Meetings of the Board of Directors, other files/records relating to implementation of application software.
- Discussions with staff and Officers of the Company at Head Office and District Offices which were later documented.

The process of making payments to beneficiary

2.2.7 Before the introduction of the application software, the progress in the construction of the house by the beneficiary was inspected by the Work Inspector and was reported to the AE. The AE would then inspect the progress, update it in the Measurement Book, prepare the bill and present it to the DEE. The DEE would inspect *ten percent* of the physical progress and pass the bill for payment.

After the introduction of the application software, the entire process from entering the master data to making payment of the Unit Cost to the beneficiary is automated. The initial master data relating to beneficiaries is entered in the database by the Data Entry Operator (DEO) at the Mandal Level. The services of DEOs were specially outsourced for the purpose. The progress of the construction of the house is supervised by the Work Inspectors. One AE, now designated as Mandal In charge (MIC), was made in charge of one Mandal and as the strength of the existing AEs was not adequate, services of private persons as MICs were also outsourced. The MIC updates the stage of the house, uploads the image of the latest phase of construction and then generates Cement Release Order for issue of cement, or Payment Release Order for releasing payment online to the bank account of the beneficiary. Under Phase II and Phase III, the payments are released to the bank accounts of Village

[2] Sangareddy, Kurnool, Warangal and Visakhapatnam.

Organisations/Self Help Groups (VOs/SHGs) of which the beneficiary is a member. The VOs then make payment to the beneficiary.

For this purpose, the Company procured Laptops, Digital Cameras, Printers and other hardware at a total cost of Rs 7.38 crore.

Constraints faced by Audit

2.2.8 The size of the Data dump covering the transactions between 2006-07 and 2008-09 was large and was about 10 GB in size. The data for images was found to be around 3 TB, and there was no Magnetic Media, which could be used to import and analyse the images. Depending upon the requirement, Audit looked up/ viewed the images on the website of the Company. Though certain cases of duplicate images were detected in audit, help of any specialised software could not be taken because of lack of storage space.

Further, when the Audit party queried the database for existence of duplicate ration cards, or more than one beneficiary on one ration card, it was seen that the field “Ration Card Number” contained irrelevant characters. The ration card issued to a family should contain three alphabets followed by 12 numbers-a total length of 15 characters. There were 14,90,632 (out of 22,41,412), 2,64,741(out of 24,08,011) and 1,036 (out of 17,97,591) records in Phases I, II and III respectively without a proper Ration Card Number. These cases could not be analysed in a meaningful way to detect existence of more than one beneficiary on one ration card. Only the records containing a proper ration card number were considered for the purpose of analysis.

Because of this, not only the database depicted an incorrect picture but also any report generated on matters relating to Ration Card from the database for the use of the Management or the Government was not true and transparent.

Audit findings

2.2.9 The Audit findings were reported (17 September 2009) to the State Government/Management and discussed (7 October 2009) in the exit conference which was attended by the Principal Secretary, the Managing Director, the Executive Director and the representative of the Centre for Good Governance (CGG). In the exit conference the Government and Management accepted the observations and explained the changes made in the application software. The audit findings are discussed below.

Lack of IT Policy

2.2.10 The Company has not formulated and documented Information Technology (IT) Policy for automation of various activities/ branches of operation or Long Term and Short Term Information Technology Plans appropriate to the needs of the Company.

Development of application software

2.2.11 During the year 2006-07 when the Government of Andhra Pradesh launched the programme INDIRAMMA, the Company decided to monitor the implementation of the programme through a web-based application software.

The development of application software was initially entrusted (January 2007) to the Institute of Electronic Governance (IEG), Hyderabad, under the administrative control of the Department of Information Technology and Communication, Government of Andhra Pradesh. From December 2007, the task of database maintenance and further development of/making changes to application software was entrusted to another State Government agency viz., Centre for Good Governance (CGG) without entering into any agreement/Memorandum of Understanding.

Up to March 2009, the Company had incurred an expenditure of Rs 1.57 crore towards development of the application software and changes to the software. (IEG Rs 12.42 lakh and CGG Rs 1.45 crore). The Company incurs a monthly expenditure of Rs 5.34 lakh towards maintenance of servers and administration of database.

Since the Company did not have an IT Policy, it was observed that

- For the purpose of automation of activities, the Company initiates development on ad-hoc basis considering the requirements in each functional area

- The development of application software did not follow the accepted development cycle. The processes of feasibility study, finalisation of User and System requirement, testing, and post implementation review were not followed

- The intellectual property rights of the application software still rest with the CGG.

Though the Government of Andhra Pradesh formulated (August 2001) IT standards, guidelines and best practices and made them mandatory to be implemented in all IT Projects including the projects in the pipeline, the Company did not advise the agencies entrusted with the task of development of application software to follow these standards.

Absence of Security Policy

2.2.12 The Company has not formulated any security policy of its own. Absence of security features exposes the data to the threat of accidental or intentional errors, which would lead to payment to unauthorised persons. In spite of this threat, it was seen that the data was not encrypted during online transactions. It was observed that the Company had not implemented Secure Sockets Layer (SSL) and thus, tacitly compromised Security of the system and data.

Absence of user name and password control policy

2.2.13 Though the Company's website was accessed by about 2500 users regularly to update the data and for releasing payments to the beneficiaries by using their user ids and passwords, the Company neither formulated any password policy nor issued any instructions to the users to follow the guidelines released by the Government in May 2006 with respect to Information Security. Basic password control procedures like minimum length, unique user name and password, periodical compulsory change, limiting the consecutive unsuccessful attempts to login, password protected screens, idle time per session, restricting multiple simultaneous login by the users, etc. were also not followed.

No Change management controls were in place

2.2.14 For the purpose of recording and performing changes in the software in the post implementation stage, a well-defined and documented Change Management Policy is essential. The Company had no such policy. The changes sought by the Company and carried out by the developer were not documented. Even the changes actually made were not compared with the changes sought to be made. The changes were also not tested before implementation.

Lack of change management policies exposed the system to the risk of unauthorised/uncalled for changes being made and may render the system difficult and expensive for correction and improvement.

No business continuity and disaster management plan

2.2.15 The data residing in the server is critical to the business needs of the Company. The Company did not develop a documented business continuity and disaster recovery plan defining the roles, responsibilities, rules and structures for continuing the operations in the event of a disaster. The Company also did not have an alternative processing facility to be employed in case of a disaster.

In the absence of a business continuity and disaster recovery plan, a disaster impacting the servers and other systems could paralyse the normal operations of the Company and result in loss of vital data. Absence of such a plan could also result in loss of goodwill, unwarranted expenditure, duplicate payments and processing delays.

Legacy data entered without verification

2.2.16 At the time of introducing the online method of payment through the web based application software, though the data relating to the existing beneficiaries was entered in the database, its comprehensiveness, correctness, and completeness was not verified, with the result that the data is incomplete, incorrect and irrelevant.

A test check at Warangal District Office revealed that the data pertaining to 414 out of total 689 beneficiaries under Beedi Workers Housing Programme was not entered in the database. The payment made to these beneficiaries up to the end of July 2009 was Rs 68.43 lakh.

Non achievement of primary objective of automation

2.2.17 One of the major constraints resulting in delay in completion of houses by beneficiaries was delay in stage wise release of funds to the beneficiaries. The system in vogue before automation was time consuming and the beneficiaries were put to a lot of hardship because of delay in release of funds for the work done by them. Under the automated system, the payments were released online and directly to the bank account of the beneficiary/VO thereby reducing the time between work done and release of funds. Thus one of the objectives of introduction of automation was to complete a higher number of houses.

A review of the houses sanctioned and completed during the five years ended 2008-09 revealed that the percentage of houses completed after introduction of automation actually decreased. The details are given below:

Sl. No.	Year	Number of houses sanctioned under various schemes	Number of houses completed	Percentage of houses completed to sanctioned
1	2004-05	6,88,943	5,28,552	76.72
2	2005-06	8,15,816	6,83,243	83.75
3	2006-07	21,77,069	5,73,840	26.36
4	2007-08	25,71,161	8,81,101	34.27
5	2008-09	25,16,059	12,20,783	48.52

It may be seen that the percentage of houses completed to sanctioned came down from 83.75 in 2005-06 to 26.36 in 2006-07, during which year automation was introduced. Though the percentage increased during the year

2008-09, it was far less than what was achieved before introduction of automation.

Thus the primary objective of introduction of automation was not achieved even after three years of introduction of the application software.

Input controls

Incomplete database of Phase I

Data entered by outsourced personnel was incomplete and inaccurate.

2.2.18 In view of the situation explained in paragraphs from **2.2.10 to 2.2.16,** the database developed over the years was not complete or accurate and lacked integrity and thus could not be relied upon. The Master Data entered by the DEOs and MICs, who were employed on contract basis, was not authorised by any higher authority and thus the database was updated without any supervisory control. This exposed the database to the risk of unrestricted data manipulation. Neither the application software itself nor the data residing in the database were ever subjected to Internal Audit.

Not only the business rules relating to various parameters of the housing schemes were not incorporated, but also fields capturing vital and critical data were not marked mandatory. Further, whereas certain crucial data was not captured, input controls restricting the total payments to the beneficiaries to the Unit Cost of the house were not incorporated. It was also seen that beneficiaries under different housing schemes were grouped under housing schemes having identification numbers not present in the Scheme Master.

Multiple beneficiaries on one Ration Card

2.2.19 The fields capturing the Ration Card number, annual income of the beneficiary, the scheme id number, the patta number etc were not made unique and mandatory.

Non-existence of input validation controls led to sanction of multiple houses on same ration card contrary to the scheme guidelines.

The guidelines issued under various Housing Schemes envisaged, *inter alia,* that only one member should be considered for sanction of a house from a BPL Family. A ration card typically represents the unit “Family”.

Since, the objective of the housing schemes was to facilitate maximum number of “families”- as opposed to maximum number of “beneficiaries”- to own a house, the process of identification and selection of beneficiaries also stipulated that only one member of a family should be considered for sanction of a house from each of the families.

Guidelines issued by the Government of Andhra Pradesh in May 2006, while launching housing programme under INDIRAMMA in 2006-07 also stipulated that only one member should be considered for sanction of a house from a family.

Guidelines also stipulated that the AEs concerned should ensure that no beneficiary covered under any other earlier housing scheme either on his name/name of the spouse, be covered under the above scheme and the policy of "one house to one family" should be adhered to strictly. The intention of the Government was clear that there should not exist more than one beneficiary on a ration card. This implied that a ration card number should appear only once in any one of the three phases irrespective of the Scheme.

A query on the database revealed the presence of multiple beneficiaries on one ration card not only in Phase I and Phase II simultaneously, but also in certain instances, in all the three phases. This not only defeated the intentions of the scheme but also deprived other deserving families of the benefit of the scheme.

The details of the result of the query is as follows:

Phase	Number of records (more than one beneficiary per ration card)	Amount disbursed to these beneficiaries (Rs in crore)
Phase I	22,355	200.86
Phase II	63,906	265.85
Phase III	Nil	Nil
Same Ration Card appearing in more than one Phase	3,365	12.84
Total	**89,626**	**479.55**

Following are further observations:

- ❖ As the orders of the Government clearly indicated that only one member should be considered for sanction of a house from a family, presence of more than one member from a family as a beneficiary resulted not only in violation of the guidelines of the Government but also in denial of benefit to other eligible families

- ❖ The presence of a ration card more than once in the database points to the fact that the application software did not have input controls restricting the entry of the same ration card in the master database

Double payment to the same beneficiary

2.2.20 The objective of developing the application software and building up the database of the beneficiaries was also to ensure that the payments were made only to a genuine beneficiary and were released directly to him/her.

A query on the database on similar names/spouse names in the same district, same Mandal and same panchayat (village) of Kurnool District revealed that in respect of 1,971, cases payment was made to the same beneficiary twice. A total amount of Rs 4.15 crore was paid to these beneficiaries as detailed below.

Phase	Number of beneficiaries with similar names/spouse names	Amount paid to these beneficiaries (Rs in crore)
Phase-I	1,389	3.04
Phase-II	518	1.03
Phase-III	64	0.08
TOTAL	**1,971**	**4.15**

The beneficiary details available on the website of the Company confirmed that the beneficiary was the same and was registered under a different beneficiary identity number.

A view of the beneficiary details of certain cases from out of the above 1,971 records also confirmed that the photographs were also same. Such beneficiaries were not only admitted in the scheme but payment was also made to these beneficiaries without verifying the identity of these beneficiaries.

The following further observations emerge:

- Presence of such records in the database reveals that the software does not prescribe any validation checks in respect of the fields capturing the above data, or the validations prescribed were inadequate in preventing entry of similar names, father/spouse names, etc. in identifying the genuineness of the beneficiary

- Lack of adequate validation checks and non-supervision of the data entered resulted in payment to the same persons under different IDs.

Issue of cement in excess of norms fixed - Passing on of excess subsidy to the beneficiary

2.2.21 Cement is issued to a beneficiary at a subsidised price at various stages of construction. The maximum number of cement bags that could be issued to a beneficiary, under any of the housing schemes, for completing the house is 50.

A query on the database revealed that cement issued at various stages of construction was in excess of the norms fixed for the relevant phase.

It was seen that a total of 9,07,659 bags of cement was issued to 78,818 beneficiaries under three Phases in excess of the norms. The value of cement issued in excess of the norm was Rs 13.62 crore. The details are indicated in **Annexure-16.**

The following observations emerge:

- Issue of cement in excess of the norms was possible apparently because there were no validation checks to monitor the issue of cement.
- Though the value of cement issued to the beneficiary was a part of the final unit cost of the house, issue of cement in excess of 50 bags tantamounts to passing on of excess subsidy to the beneficiary than intended.

Other than ST beneficiaries under SPR

Non-incorporation of business rules led to allotment of houses under SPR Scheme to other than ST beneficiaries.

2.2.22 Semi Permanent Rural Housing Scheme (SPR) implemented by the Company was meant exclusively for the members of ST. This Scheme was implemented in Phase I only.

A query on the database revealed that a total number of 13 beneficiaries not belonging to the ST category were allotted houses under this Scheme. An amount of Rs 1.03 lakh was also disbursed to these beneficiaries whose houses were under different stages of completion.

This was not only against the guidelines of the Scheme but also deprived the deserving ST members of the benefit.

Houses under Urban Housing Schemes classified under Rural Area

2.2.23 In Visakhapatnam District, under Phase I, 247 beneficiaries were sanctioned houses under Urban housing scheme in Pedagantyada Mandal, though this Mandal falls under Rural area. These beneficiaries were at various stages of construction and a total amount of Rs 97.20 lakh was paid to them. It was seen that 243 out of the above 247 beneficiaries who have completed the construction were paid in excess of the unit cost (Rs 34,250 under Rural Housing Scheme) of the house and such excess payment amounted to Rs 13.97 lakh.

Similarly under Phase II, 107 beneficiaries were sanctioned houses under Urban Housing Scheme in that Mandal. These beneficiaries were at various stages of construction and a total amount of Rs 18.11 lakh was paid to them. It was seen that 18 beneficiaries who had completed the construction were paid in excess of the unit cost of the house and such excess payment amounted to Rs 0.98 lakh.

This was apparently a result of not properly mapping the Mandals into Rural and Urban areas and listing them in the Mandal Master. As the Unit Cost in an Urban area was different from that of one in Rural Area, such misclassification could lead to either payment of higher unit cost to a beneficiary of Rural areas being included in an Urban area or otherwise denial of the total unit cost to a beneficiary.

Transfer of completed houses from one scheme to another

Because of not making necessary changes in database and in books of account the database depicted an incorrect picture.

2.2.24 It was also noticed that completed houses under Rural Housing schemes were transferred to Indira Awaas Yojana (IAY). The software did not have provision to capture the dates on which such transfers were made.

Further, it was noticed that beneficiaries under both these schemes were also grouped under a single "Scheme ID number", which made the data analysis irrelevant.

The Rural Housing Schemes were sponsored by the State Government and the Unit Cost contained an element of Loan. The Unit Cost under the IAY was entirely subsidised and did not contain a loan component. The subsidy was shared by the State and Central Governments in the ratio of 25 *per cent* and 75 *per cent* respectively. No rectification entries were however made either in the books of account or the database in cases where such transfer was affected.

Also, since the Unit Cost under IAY was lower than that of Rural Housing schemes, upon transfer of beneficiaries to IAY, the actual payments made appeared as payment in excess of unit cost and the component of Loan would cease to exist. Because of the BPL status of the beneficiary, this was rendered unrecoverable.

This also tantamounts to tacit misrepresentation of the actual number of houses completed under these schemes and accounting of funds received thereunder. The process and quantum of recovery of Interest on the Loans advanced also gets adversely affected.

Because of this, not only the database depicted an incorrect picture but also any report generated from the database for the use of the Management or the Government was not true.

Process controls

Non-incorporation of business rules in procedure for making payments to the beneficiaries

Non-incorporation of business rules resulted in non-verification of payments authorised by MICs.

2.2.25 After the implementation of the application software facilitating on-line payment to the beneficiaries, it was observed that the MICs were authorised to generate the Payment Release Order (PRO) by updating the stage of construction. There were no checks on the data updated by an MIC, as were available in the erstwhile procedure. The DEE was not provided with a login ID.

The data fed by the MICs was updated in the database, without being authorised by any higher authority, nor any M-Books were created in the database, to be checked by the DEE. In these circumstances money was disbursed to beneficiaries by an outsourced MIC without any check by a higher authority, which was contrary to the procedure so far followed by the Company.

In Mandals, where the payments were to be made to beneficiaries/ VOs having an account with a bank not equipped with core banking facility, the MIC manually issued a Funds Transfer Requisition (FTR) enclosing all PROs generated online, to bank concerned. The PROs generated were in PDF format. The FTR contained the total amount of all PROs to be paid to the beneficiaries who held an account in that Bank. The local Banks released the amount as per the details available in PROs enclosed with the FTR and claimed the amount from their designated Branch in Hyderabad, which in turn claim the amount from the Company by providing the details of FTRs on which the payment was made.

As per the Memorandum of Understanding signed between Company and Nodal Banks in November 2007, the Banks would submit a daily statement to the Company, showing the receipts/ drawals on their account, Mandal-wise/ FTR wise for reconciliation.

PROs generated by MICs in respect of non-core banking facility, could be altered by altering the beneficiary name/account number manually, before handing over to the local banks.

Though there was necessity for manual intervention in such cases, no internal control mechanism like, say, the FTRs countersigned by a higher authority before they were presented to the bank, or issue of advices to the bank to allow only system generated PROs, was built in.

It was observed that in the Warangal District Office the details of daily disbursements were not obtained and the daily payments by the Banks were not reconciled. During the period between April 2008 and January 2009 the Regonda and Kothapally Branches of Andhra Pradesh Grameena Vikas Bank disbursed payments amounting to Rs 1.84 crore and Rs 1.22 crore respectively. These payments could not be verified by the Mandal Office because of lack of availability of any supporting records with them.

Lack of security in online payment to beneficiaries

Lack of provision for seamless transfer in application software resulted in fraudulent disbursement of Rs 2.29 crore.

2.2.26 Where a beneficiary/VO holds an account in a bank having a core-banking facility, the payment is released from the Head Office using net banking facility offered by the banks. The PROs generated during the earlier working day in respect of banks having core-banking facility, were e-mailed by the central server to the designated officers in Head Office. The details of bank wise PROs so received were in the form of Comma Separated Value (CSV) files. The officers using their user ID and password logged on to the net banking and uploaded the file received from the server for making payment. The threat in this transaction lied in the fact that the CSV files could be edited and could be uploaded more than once. The account number values could be altered before making payment through the net banking facility. Payment gateways should have been sought from the banks to curb this threat.

Lack of provision of any kind of seamless transfer of the file received from the server resulted in payment of Rs 2.29 crore to bank accounts other than those of the beneficiaries. This occurred because the excel sheet was edited and account numbers of beneficiaries were replaced fraudulently with account numbers other than those of beneficiaries, before uploading the sheet for release of payment.

Short-recovery of administrative charges

2.2.27 The Administrative Charges recoverable from Rural and Urban beneficiaries were fixed at Rs 1,350 and Rs 3,300 respectively.

A query on the database revealed that there was a short-recovery of Administrative Charges in respect of Rural and Urban beneficiaries amounting to Rs 1.78 crore as shown below:

Number of beneficiaries who have reached RC stage	Administration Charges recoverable (Rupees)	Administration charges actually recovered (Rupees)	Short recovery of Admn. Charges (Rupees in crore)
19,914	2,68,83,900(@Rs 1,350)	1,00,01,489	1.69
631	20,82,300 (@Rs 3,300)	11,29,750	0.09
Total			**1.78**

It is evident from the above that the application software was not designed to recover the Administrative Charges as specified under the schemes.

As Administrative Charges were recovered mainly to absorb the administrative expenses incurred by the Company in implementation of housing schemes, short recovery thereof had a direct and negative impact on the Receipt and Payment Account.

Presence of a look-alike website owned by a third party

2.2.28 The Company had registered a domain name styled “apshcl.gov.in” in April 2005. But instead of hosting their website on their own domain name, it was seen that the company had hosted its site on the site of the software developers as a sub-domain “housing.cgg.gov.in”.

Incidentally, another website identical and with similar properties to the Company’s website owned by a third party also existed. The Emblems And Names (Prevention Of Improper Use) Act, 1950 prevents the improper use of certain emblems and names for professional and commercial purposes. Further, Section 14 of the Information Technology Act, 2000 (21 of 2000) also states that the information/data compiled must remain confidential, secure and retaining its integrity. Computer programmes and databases cannot be copied or downloaded without the owner’s permission. Audit observed that so far. (August 2009) no action had been initiated to block the look-alike web site.

Audit did not have requisite tools to vouchsafe that the look-alike website was not capturing personal and confidential information of the users and putting it to illegal use, in the event of a user accidentally accessing the said website.

Inadequacies in application software

Generation of a Cement Release Order (CRO)

2.2.29 A CRO could be generated on-line, when the details of the stage of construction are updated in the database. Against the CRO, cement is issued to the beneficiary from the cement godowns in the Mandal.

An examination of the process of on-line generation of CRO, revealed that:

- A CRO could be generated for (a) a quantity more than the available stock or (b) even when there was no stock in the godown. This was possible because the CRO was not integrated with the stocks in the godowns

- Some beneficiaries opt for Asbestos Cement (AC) sheets for roof in place of RCC slab. In such cases also a CRO could be generated. In such cases, the MIC generated the CRO, printed it and recorded thereon the fact that the beneficiary had opted for AC sheets for roof and hence, cement would not be issued to him. There was a threat of misappropriation/misuse of a CRO in such cases

The option of the beneficiary could be taken in the initial stage itself. The process of generation of CRO for the roof in such cases could be disabled *ab initio*. Later when the beneficiary opts for RCC roof, the option could be enabled by the District Manager/Superintending Engineer.

Alternatively, as the Work Inspectors and the MICs are in frequent contact with the beneficiary, when it is known that the beneficiary is opting for AC sheets, the generation of CRO could be disabled in such case.

Inadequate capture of data

2.2.30 It was observed that the following vital information was not captured in the database, making the database incomplete and unreliable.

- After completion of the house, the beneficiaries would repay the Loan by way of EMIs. The software did not have provision to capture the EMIs actually paid by a beneficiary and the amount of Loan and Interest outstanding. As a result, the software was not capable of indicating the total outstanding dues, for the Management to monitor the recovery process

- The beneficiaries lodge their documents relating to allotment/ownership of land on which the house is constructed. After the loan is fully repaid, these are returned to the beneficiaries. Though there was a provision in the database to capture the date of lodging of documents there was no provision to capture the details of returning the documents to beneficiaries

- The VOs/SHGs were entitled to a commission of 0.5 *per cent* of the amount disbursed to the beneficiaries. Amount due/paid to them on account of commission is also not ascertainable from the database

Amounts disbursed not accounted until the house is complete

2.2.31 The unit cost of a house, under most of the housing schemes, consisted of three components of finance viz., (a) Beneficiary Contribution, (b) Grant/Subsidy from Government and (c) Loan.

It was seen that the payments released to the beneficiaries were not captured in the Module Online Financial Management System. The software was redundant to this extent.

It was also seen that there was no order in which the funds released were accounted for in the books of account. The amounts paid to the beneficiaries were segregated into the three components only after the construction of the house was completed. It was seen that the value of houses yet to be completed stood at Rs 6,360.56 crore as at 31 March 2008 (as per Provisional Accounts) and the components under which these funds were disbursed were not known.

Presence of out of place images

2.2.32 The MICs were required to upload the stage wise photograph/image of the beneficiary standing in front of the house, depicting the progress made and thus qualifying for release of cement/payment. It was noticed that in many instances the images other than the ones prescribed were uploaded, as was seen from the page showing Beneficiary Details on the company's website. Such images included the images of gods, screen savers and other irrelevant images. Even same images were uploaded more than once.

Missing Records and Records deleted from database

2.2.33 A beneficiary in Warangal (Urban) Mandal was paid a total amount of Rs 0.39 lakh during July, August and September 2008, but these details did not find place in the data dump (table indicating payments to beneficiaries) provided to Audit which was up to March 2009.

Upon a verbal enquiry with CGG it was informed that though the payments were entered as above, they were really made "off line", i.e., before implementation of application software, but were entered in the database only in April 2009.

It was seen that the data available on the website (Report on Details of Beedi workers' Schemes), indicates no change in the number of beneficiaries as at the end of March 2009 and as at July 2009 in the Warangal (Urban) Mandal. Also, the dates of payment entered in the details (Report on beneficiary Details) did not reflect in the Table detailing the Payment Release Orders. Hence it could be concluded that they were not correct. If the payments were in reality made earlier to the implementation of the application software the legacy data (backlog data) said to have been entered in April 2009 should not have allowed the option of entering "dates of payment", instead an option of entering only "off-line payment" should have been allowed. The addition in the Warangal (Urban) Mandal does not show in the Report generated from the website. This could be because the addition of one beneficiary would have been compensated by deletion of yet another one. The Report generated in the instant case, is obviously incorrect. It was also seen that though one beneficiary was added in the District, the addition was shown in Cherial Mandal and not in Warangal (Urban) Mandal. The officials concerned in the District Office could not confirm the addition in either of the Mandals. In the absence of communication to the District Office, it is not known how the Management ensured that the number of beneficiaries was in conformity with the number sanctioned by the Government. Circumstances under which the beneficiary was added was not made clear by the officials of the District Office. This also indicated that the data was incomplete, could not be relied upon and the veracity of the data could not be vouchsafed in Audit.

In another instance, in the Visakhapatnam District, records relating to two beneficiaries under Phase I/Spill Over Schemes were found to be deleted from the Beneficiary Details on the website. An amount of Rs 0.26 lakh and Rs 0.23 lakh respectively was paid to these beneficiaries.

It was also noticed in the tables “public_pro”, “public_cro”, “public_mro” and “public_payments”, that there were gaps in the serial number of the release order. This indicates that these records were deleted from the database.

Records were thus deleted in violation of the principles of RDBMS. Any reports generated from such a database would not be true.

Spill over housing schemes

Observation on the database relating to Housing Scheme for Beedi Workers

2.2.34 Government of India, Ministry of Labour & Employment issued (May 2005) guidelines in respect of “The Revised Integrated Housing Scheme 2005 for Beedi Workers etc.,”. As per the guidelines, the minimum cost of construction of a house was Rs 45,000, out of which the Central subsidy was Rs 40,000 and Beedi Worker’s contribution Rs 5,000. The guidelines stipulated, *inter alia*, that the house would be completed within a period of 18 months failing which the amount of subsidy should be forfeited and should be recovered along with penal interest to be determined by Government of India. The subsidy and such penal interest were to be recovered as arrears of land revenue.

The details of number of houses sanctioned/allotted for the Warangal District are as follows:

Year	Original sanction by GOI	Finally Taken up	Already completed	Balance no. of Houses at various stages
Up to 1996-97				31
2003-04	906	430	48	382
2005-06	2,561	2,561	1,231	1,330
2007-08	480	480	0	480
Total	**3,947**	**3,471**	**1,279**	**2,223**

A query on the database relating to the beneficiaries of the above Scheme revealed presence of many shortcomings, which rendered monitoring the progress of work and of expenditure impracticable. The observations are as follows:

a) Different identifying numbers for the same scheme under two tables

The database revealed that the Scheme ID assigned to the Scheme of the Beedi Workers housing programme was ‘69’ (as per the table “public_beneficiary details") at 31 March 2009, which was different from that of Online ID (Nomenclature of Scheme ID as visible on the Company's website) which was "1C".

Further, in the table indicating the details of payment to beneficiaries the ID of the Scheme was not captured. Normally, the payments to be made to a beneficiary should be monitored with reference to the scheme. The ID of the scheme was however captured in the table indicating details of the beneficiaries but not in the table indicating details of payment. As the unit cost and phase-wise payment varies depending upon the Scheme, capturing the ID of the Scheme in the table indicating payment would help in keeping a check on the total payment made/to be made. Because of this there existed a threat that the payments could not be monitored, if the user was not vigilant.

As the Scheme ID is different from Online ID, there is a possibility of confusion and the varying Scheme ID would make it difficult for user to identify the scheme and trace the beneficiary. In the absence of a common Scheme ID number, the MIS reports generated on this scheme would also be incorrect.

b) Discrepancy in the number of beneficiaries

A query on the database revealed that there was also discrepancy in the total number of beneficiaries under the above Scheme. It was seen that the number of beneficiaries as per the database was 1,210 (as per the table indicating beneficiary details under Phase I) and the number of houses (as per the table indicating details of payment) was 2,223. The number of beneficiaries under this scheme as at the end of March 2009 available on the Company's website and available on the IT Manager's login, was 1,718, which does not agree with either of the above two tables.

The difference in the number of beneficiaries under two different tables in the database indicates that the database was incongruous, lacked integrity and thus was unreliable.

c) Non-recovery of subsidy from the Tenements not completed within the stipulated period

Non-monitoring of the progress of the Scheme defeating one of the objectives for the development of software.

A query on the database of Warangal District revealed that 650 beneficiaries had not completed the construction within the stipulated time. The delays (represented by the time lapse between date of last update and date of documentation) ranged between 549 days and 1618 days. Query also revealed that in case of 84 beneficiaries out of the above 549, either of the two date fields was blank. This indicates that the validation checks were not adequate to aid watching the progress of the scheme.

Further, there was no provision to capture the delays in order to compute the quantum of penal Interest to help commence the process of recovery of penal Interest.

As per the database, the total amount paid to these 650 beneficiaries and recoverable from them was Rs 2.38 crore. This was neither forfeited nor exemption orders obtained from the Government of India. This amount was locked up in the shape of houses under various stages of construction without attaining the objective for which they were advanced.

Thus, the application software did not help the Management in monitoring the implementation of the housing schemes.

d) Short-payment to beneficiaries:

A query on the database revealed that as many as 413 (out of 992) beneficiaries who had reached the RC level, were paid less than the unit cost. As per the database, such short-payment was Rs 12.57 lakh.

It was evident that the validation checks to monitor the quantum of money to be paid upon reaching a level of construction were also inadequate, in as much as the beneficiaries were deprived of the legitimate benefits available to them under the housing scheme.

Miscellaneous

2.2.35 A query on the database relating to the various housing schemes of the Warangal District in Phase I revealed the following:

a. Same Scheme IDs for different Schemes:

All the data relating to the various housing schemes implemented by the Company throughout the State is also displayed on the Company's website. On the website the scheme is also assigned an identification number. It was seen that the Scheme ID number assigned to a housing scheme in the data dump was at variance with that assigned on the website.

A query on the database also revealed various other inconsistencies. It was observed that in the data dump, the beneficiaries who were sanctioned houses under two different schemes were grouped under one Scheme ID number. Thus, the data contained therein was incorrect and unreliable.

The results of the query are detailed in **Annexure-17.**

b. Inclusion of certain Schemes not implemented in Warangal District

A query on the database revealed that some beneficiaries were included in schemes, not executed by the Warangal District so far. The details are as hereunder.

Name of the Scheme	Scheme ID assigned as per Dump	Number Of beneficiaries	Amount Paid (Rs in lakh)
IHSDP	15	6	1.05
JNNURM	16	4	0.10
Total			**1.15**

It is not known how these beneficiaries were grouped under the Scheme.

c. Some beneficiaries not grouped under any of the Schemes

It was seen that a total number of 51,743 beneficiaries through out the State as at the end of March 2009 were not grouped under any of the Schemes. These were grouped under "Other Schemes". The payment made to these beneficiaries as at July 2009 was Rs 96.06 crore.

Not grouping these beneficiaries under any of the Schemes rendered them unbound by any of the guidelines and thus not susceptible to any checks regarding quantum and time of payments.

In the absence of any details, it could not be verified in Audit whether the payments made to these beneficiaries was regular and within the unit cost.

It is apparent that at no stage the Management reviewed the database. A review would have either prevented or helped detection of presence of such irrelevant data.

General Controls

No Login ID for the District Manager

2.2.36 The District Manager/Superintending Engineer is overall in-charge of the District and supervises the work done by the EEs, Dy. EEs and AEs/ MICs. He is responsible for the operation of housing schemes in the District.

After introduction of the application software the progress of all the activities in the District were updated in the database by the MIC/IT Manager, through their Login Id. The post of the IT Manager was created after implementation of the application software and was occupied by an out-sourced person.

The District Manager has not been provided with a Login Id. He has to depend on the IT Manager for getting the online reports. In the absence of the IT Manager, the District Manager cannot obtain the required reports online.

The District Manager also conducts/attends periodical review meetings in the District/villages and also conducts surprise checks of the housing programme in the District. Provision of a Lap top with Internet facility and Login Id would go a long way in better discharge of his duties and would also eliminate his dependence on the IT Manager and Mandal in-charge who are provided with a Login Id.

Back up of Data/Images at the District Offices

2.2.37 The MICs/IT Managers usually store data/images pertaining to beneficiaries/houses on their Laptops/machines before uploading/ updating them in the database. It was seen that no regular back-ups were taken of these data. Further, no instructions have been issued by the Head Office to the MICs/IT Manager to take backups at regular intervals.

In the event of crash/malfunction/loss of images/laptops provided to the MICs/machines at the District Office the data/images stored would be permanently lost as there is no back up available to restore the system. The back up of the data not yet uploaded by the MICs was also not available with the IT Manager in the District Office.

Redundancy of Module, Records and Work

Cement logistics and payment

2.2.38 There exists a provision in the application software under the module "Cement logistics and payment" which facilitates the District Offices to place indent on the cement manufacturers whenever the stocks were low. The cement manufacturers also could upload the details of despatches of cement made. The module would also facilitate Head Office in allocation of cement to various Districts/Mandals/Godowns and making payment to the cement manufacturers for the supplies affected by them. It was seen that because of lack of integration with the cement godowns, this facility was not being used. The software, to this extent, was redundant.

Replacing the system of maintenance of physical records

2.2.39 Before implementation of the application software, the following records were being maintained manually in the various Field Offices of the Company (i.e., by the Assistant Engineers, DEEs, Executive Engineers and at District Offices) for monitoring the implementation of Housing Schemes:

1. Register of Houses sanctioned – G.O.-wise/ Proceeding-wise/ Year-wise/ Scheme-wise
2. Register/Statement showing Beneficiary Contribution and Admission Fees
3. Statement of Loan Recoveries with details of Principal and Interest
4. Loan Ledgers
5. Bank Subsidy Ledger (Form 17)
6. Completed Houses/ Colony Register (Form 23)
7. Schemes in Progress (Form 24)
8. Individual Beneficiary Ledger/Beneficiary Payment Register (Form 30)
9. Stock Register (Cement/ Nirmiti Kendra Material) Form 31

Automation is normally aimed at dispensing with maintenance of records and should, in the normal course, result in reduction of number of records maintained manually.

A review of the records maintained in the Field Offices of Warangal District after implementation of the application software revealed the following:

a. Records continued to be maintained manually, though information is available in the database

The maintenance of the following two records was not discontinued though the information is available on the website of the Company.

1. Form 24 Register (Schemes in Progress)
2. Form 30 (Individual Beneficiary Ledger/ Beneficiary Payment Register)

b. Records discontinued to be maintained though the information is not available online

The information relating to the amount of Loan disbursed to beneficiaries, the amount of Interest to be recovered from them and the amount actually recovered with details of Principal and Interest was not being captured in the database and hence not displayed online. But it was seen that the maintenance of the following three registers, dealing with the above was discontinued, resulting in loss of valuable data.

1. Statement of Loan Recoveries with details of Principal and Interest
2. Loan Ledgers
3. Loan Recovery Statement

c. Redundant records additionally maintained manually, in spite of automation

The field offices were instructed to maintain the following records/ registers, though the information is available online and can be easily accessed.

1. The information available online was to be compared with the records maintained manually and if any discrepancy is noticed it has to be brought to the notice of higher authorities so that can be resolved without any delay.
2. Preparation of abstract of the PROs, CROs and MPROs and the Statement "Schemes in Progress" scheme-wise/ year-wise.
3. Preparation of bank-wise statements indicating drawals.
4. Maintenance of separate bank book for the houses taken up departmentally.
5. Maintenance of physical progress reports scheme-wise/year-wise on weekly basis by taking prints from online records.

Preparation and maintenance of these records resulted in redundancy of work as well as redundancy of records.

Other observations

Computation of loans to the beneficiaries under Current Assets, Loans and Advances

2.2.40 The recovery of the Loan component of the unit cost commences in the form of Equated Monthly Instalments, from the month following the completion of the house. The Loan recovery was one of the important functions of the Company.

Though the Interest on loans due from beneficiaries is accounted for on cash basis in the Books of the Account, the amount of Interest actually recovered is brought to the Income and Expenditure Account. The Loans to beneficiaries is accounted under Loans and Advances.

The Company converted many completed houses from RPH schemes to IAY. The unit cost of the house under IAY had no loan component and consisted entirely of subsidy. No corresponding changes were being made either in the database or in the accounts, thereby the figures of number of houses completed under various housing schemes, the loan disbursed to and interest thereon due from beneficiaries as shown in the website were not correct.

As a result, Current Assets, Loans and Advances, under Schemes in Progress as exhibited in the Balance Sheet were not true.

It was also observed that the District Offices furnish their progress report showing the loan and interest due thereon in respect of completed houses under various schemes. To furnish the above figures, the District Offices took out a report from the Company's website in respect of various schemes and based on the report, arrived at the quantum of loan component by multiplying the number of houses with the loan component available under the scheme. But as no changes were made in database upon transfer of completed houses to IAY, the report so prepared was also not true.

All the above factors have impact on the compilation of the value of Loans to beneficiaries under Current Assets, Loans and Advances.

Physical verification of IT related Inventory

2.2.41 All the field offices were provided with desktops, laptops, and other hardware. It was seen that no periodical physical verification of these stocks was conducted.

Non-integration with other Departments

2.2.42 The critical data relating to the Ration Card, door/house number, patta possession certificate number etc., were captured while entering the master data of the beneficiary. As these certificates were issued by various state government departments and the database is available with them, sharing that database or looking up that database, for ensuring that the applicant is genuine would help at least in reducing the instances of duplicate beneficiaries in the same names/spouse names.

The observations were issued to the Management and the Government in September 2009. The replies from them have not been received so far (October 2009).

Acknowledgement

Audit acknowledges the co-operation and assistance extended by the staff and the Management of the Company at various stages of conducting the Information Technology Audit.

Conclusion

- ***Since the Company did not have an IT Policy, the development of application software did not follow the accepted development cycle. It was observed that the Company did not also advise the agencies entrusted with the task of development of application software to follow these standards formulated by the Government in August 2001.***

- ***The processes of feasibility study, finalisation of User and System requirement, testing, and post implementation review were not followed. The application software was not tested before putting it into operation.***
- ***The data relating to the existing beneficiaries before automation though entered in the database, the entry of such data was not supervised or authorised by any higher authority. Data relating to some beneficiaries is yet to be entered in the database, rendering the database incomplete and un-reliable.***
- ***Although the database of the beneficiaries was built up and application software was developed with an objective to monitor the progress of housing programme and timely payment to the beneficiaries, because of incorrect, irrelevant records and payment to beneficiaries through Village Organisations/Self Help Groups, these objectives were not achieved.***
- ***Because of inadequacy of input controls more than one beneficiary was admitted on one ration card in violation of the scheme guidelines and cement was issued to beneficiaries in excess of norms fixed.***
- ***Because of lack of security in the application software, and non-incorporation of business rules, payments were made to bank accounts other than those of the beneficiaries.***
- ***Though completed houses were transferred from one scheme to another, no correcting entries were passed in the books of account and no changes were made in the database, rendering the database incorrect. Because of this the figures as exhibited in the annual accounts of the Company under Current Assets, Loans and Advances were not true.***
- ***Contrary to the norms of the RDBMS, records were deleted from the database, rendering the database incomplete.***
- ***Vital data on repayment of loans by the beneficiaries, the dates of return of their original documents etc., were not captured in the database.***
- ***The module on cement logistics and payment was not fully developed and was not being used. The payment made to the beneficiaries was not being captured in the module online finance management system.***
- ***Certain physical records maintained prior to automation continued to be maintained though the information is available on the Company's website, whereas certain others were discontinued though data relating thereto is not captured in the database.***

Recommendations

- ***There is an urgent need for formulating IT Policy and Security Policy***
- ***The threats present in the application software are to be urgently removed***
- ***The Company has to formulate a change management policy and record all changes made in the application software***
- ***All the modules of the application have to be completely developed and utilised***
- ***The Company has to document business continuity and disaster recovery plan***
- ***The data relating to beneficiaries which is not yet updated is to be updated making the database complete***
- ***The data entered in the database is to be authorised by a higher authority preventing entry of incorrect and irrelevant data***
- ***Adequate validation controls are to be built in preventing presence of blank fields, entry of irrelevant and incorrect data***
- ***Business Rules are to be incorporated in the application software***
- ***Steps are to be taken to disable multiple beneficiaries on one ration card so as to ensure that only one beneficiary on one ration card exists***
- ***When completed houses are transferred from one scheme to another, correcting entries are to be passed in the Books of accounts and the database, so that the database exhibits the true picture***
- ***While entering the data relating to the Ration Card, door/house number, patta possession certificate number etc., sharing that database or looking up that database would ensure that the applicant is genuine and would help at least in reducing the instances of duplicate beneficiaries in the same names/spouse names.***

Chapter - III

Performance audit relating to Statutory Corporation

Andhra Pradesh State Road Transport Corporation

3. Performance audit on the functioning of Andhra Pradesh State Road Transport Corporation

Executive Summary

The Andhra Pradesh State Road Transport Corporation (Corporation) provides public transport in the State through its 202 depots. The Corporation had fleet strength of 20704 buses as on 31 March 2009 and carried an average of 1.40 crore passengers per day. It accounted for a share of 80.34 per cent in public transport while the remaining came from private operators. The performance audit of the Corporation for the period from 2004-05 to 2008-09 was conducted to assess efficiency and economy of its operations, ability to meet its financial commitments, possibility of realigning the business model to tap non-conventional sources of revenue, existence and adequacy of fare policy and effectiveness of the top management in monitoring the affairs of the Corporation.

Finances and Performance

The Corporation earned a profit of Rs 110.78 crore in 2008-09. Its accumulated losses and borrowings stood at Rs 1151.84 crore and Rs 1404.47 crore as at 31 March 2009, respectively. The Corporation earned Rs 18.84 per kilometre and expended Rs 18.43 per kilometre in 2008-09. Audit noticed that with a right kind of policy measures and better management of its affairs, it is possible to increase revenue and reduce costs, so as to earn more profit and serve its cause better.

Declining Share

Of 24,877 buses licensed for public transport in 2007-08, about 80.34 per cent belonged to the Corporation. The percentage share declined marginally from 84.36 per cent in 2004-05. The decline in share was mainly due to procurement of lesser number of buses than planned on account of non-availability of adequate funds to replace/add new buses. Nonetheless, vehicle density (including private operators buses) per one lakh population increased marginally from 28.88 in 2004-05 to 29.69 in 2007-08 due to increase in number of private buses indicating stability in the level of public transport in the State.

Vehicle profile and utilisation

Corporation's buses consisted of own fleet of 17,096 buses and 3,279 hired buses. Of its own fleet, 12,576 (72.76 per cent) were overage, i.e., run for more than five lakh kilometres. Corporation's fleet utilisation at 99.52 per cent in 2008-09 and its vehicle productivity at 360 kilometres per day per bus was above the AIA. Similarly, its load factor at 72.27 per cent remained above the AIA of 63 per cent. The Corporation did well on operational parameters as 40 per cent routes were profitable and preventive maintenance was appreciable as backlog declined from 3.71 per cent to 2.31 per cent during review period.

Economy in operations

Manpower and fuel constitute 68.24 per cent of total cost. Interest, depreciation and taxes account for 12.50 per cent and are not controllable in the short term. Thus, the expenditure control has to come from manpower and fuel. The Corporation succeeded in reducing the manpower per bus from 6.14 in 2004-05 to 5.59 in 2008-09. However, the expenditure on repairs and maintenance was Rs 550.01 crore (Rs 3.18 lakh per bus) in 2008-09, of which nearly

39.32 per cent was on manpower. The Corporation could not attain its own fuel consumption targets resulting in excess consumption of fuel valued at Rs 222.91 crore during 2004-09.

The Corporation has 3279 hired buses where bus owners provide buses with drivers and incur all expenses. The Corporation provides conductors and makes payment as per kilometres operated. The Corporation saved an amount of Rs 245.62 crore towards cost by operating these hired buses during the period 2004-09. As this arrangement has the potential to cut down the cost substantially, the Corporation needs to explore possibility to replace overage buses by hired buses in future.

Revenue Maximisation

As it mainly utilises ground floor/ land for its operations, the space above can be developed on public private partnership basis to earn steady income which can be used to cross-subsidise its operations. The Corporation has not framed any policy in this regard. The Corporation however identified vacant sites at 133 locations of which 11 projects covering 71,575 Sq. mtrs area were given for development. The anticipated revenue was Rs 2,309 crore over a period of 30 to 33 years.

Need for a regulator

Though the Government approves the fare increase, there is no scientific basis for its calculation. The Corporation has also not formed norms for providing services on uneconomical schedules. Thus, it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes

Monitoring by top management

There is effective Management Information System (MIS) for obtaining feedback on achievement. The Board of Directors regularly monitors the operational parameters.

Conclusion and Recommendations

Though the Corporation is earning profits for last two years ending 2008-09 it can still improve its performance i.e. by hiring more number of buses. This review contains six recommendations to improve the Corporation's performance. Hiring of buses and creating a regulator to regulate fares and services are some of these recommendations.

(Chapter 3)

Introduction

3.1.1 In Andhra Pradesh State, the public road transport is primarily provided by Andhra Pradesh State Road Transport Corporation (Corporation), which is mandated to provide an efficient, adequate, economical and properly co-ordinated road transport. The State also allows the private operators to provide public transport. The State has reserved 95 *per cent* of the routes exclusively for the Corporation while allowing both Corporation and private operators to operate on the remaining routes. The fare structure for the Corporation is controlled by the Government which approves it. However, the fare structure for the private operators is not controlled by the Government and is generally higher than State Government rates fixed for the Corporation on majority of routes.

3.1.2 The Corporation was incorporated on 11 January 1958 by the State Government under Section 3 of the Road Transport Corporations Act, 1950 as its wholly owned Corporation. The Corporation is under the administrative control of the Transport Department of the State Government. The Management of the Corporation is vested with a Board of Directors comprising Chairman, Vice Chairman & Managing Director (VC&MD) and eleven Directors appointed by the State Government. The day-to-day operations are carried out by the VC&MD, the Chief Executive of the Corporation, with the assistance of Executive Directors, Heads of Department, Regional Managers and Depot Managers. The Corporation comprises seven Zones, 23 Regional Offices, 202 Depots, seven Workshops and seven Tyre Retreading Shops. The bus body building operations are carried out through lone Bus Body Building Unit of the Corporation and also through external agencies.

3.1.3 The Corporation had a fleet strength of 20,704 buses (including 3,279 hired buses) as on 31 March 2009. The Corporation carried an average of 1.40 crore passengers per day during 2008-09. The Corporation's share in the passenger transport operations in the State during 2007-08[§] was 80.34 *per cent* and the remaining 19.66 *per cent* was accounted for by private operators. The turnover of the Corporation was Rs 5,039.52 crore in 2008-09 which was equal to 1.52 *per cent* of the State Gross Domestic Product. The Corporation employed about 1,13,370 employees as at 31 March 2009.

Scope and methodology of audit

3.2.1 The present review conducted during February 2009 to July 2009 covers the performance of the Corporation during the period from 2004-05 to 2008-09. The review mainly deals with operational efficiency, financial management, fare policy, fulfillment of social obligations and monitoring by

§ The figures for 2008-09 have not been compiled by the Transport Department so far.

top management of the Corporation. The audit examination involved scrutiny of records at the Head Office, seven** out of 23 Regional Offices, 70†† out of the 202 depots and three‡‡ out of seven Workshops. The regions were selected based on financial performance and operational parameters like loss incurring, profit earning, higher/ lower cost of operations, mix of rural, urban and ghat services, revenue generation (41.32 *per cent*), fleet strength (42.39 *per cent*) and kilometers operated (39.61 *per cent*) so as to cover all the three geographical regions (two regions each) namely Telangana, Andhra and Rayalaseema besides one (Hyderabad) city service.

3.2.2 The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of explaining audit objectives to top management, scrutiny of records at Head Office and selected units, interaction with the auditee personnel, analysis of data with reference to audit criteria, raising of audit queries, discussion of audit findings with the Management and issue of draft review to the Management for comments.

Audit objectives

3.3 The objectives of the performance audit were to assess:

3.3.1 *Operational performance*

- ❖ the extent to which the Corporation was able to keep pace with the growing demand for public transport;
- ❖ whether the Corporation succeeded in recovering the cost of operations;
- ❖ whether adequate maintenance was undertaken to keep the vehicles roadworthy; and
- ❖ the extent to which economy was ensured in cost of operations.

3.3.2 *Financial management*

- ❖ whether the Corporation was able to meet its commitments and recover its dues efficiently; and
- ❖ the possibility of realigning the business model of the Corporation to tap non-conventional sources of revenue and adopting innovative methods of accessing such funds.

**Regions - Hyderabad City, Mahabubnagar, Karimnagar, Chittoor, Kadapa, North East Coastal, Visakhapatnam.

†† Depots of the selected seven Regions.

‡‡ Karimnagar, Chittoor, North East Coastal.

3.3.3 *Fare Policy and fulfilment of social obligations*

- the existence and adequacy of fare policy; and
- whether the Corporation operated adequately on uneconomical routes.

3.3.4 *Monitoring by top management*

- whether the monitoring by Corporation's top management was effective.

Audit criteria

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

- all India averages for performance parameters;
- performance standards and operational norms fixed by the Association of State Road Transport Undertakings (ASRTU);
- physical and financial targets/ norms fixed by the Management;
- manufacturers' specifications, norms for life of a bus, preventive maintenance schedule, fuel efficiency norms, etc.;
- instructions of the Government of India (GOI) and State Government and other relevant rules and regulations;
- corporate policy for investment of funds; and
- procedures laid down by the Corporation.

Financial position and working results

3.5.1 The financial position of the Corporation for the five years upto 2008-09 is given below.

(Rupees in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09 §§
A. Liabilities					
Paid up Capital	201.27	201.27	201.27	201.27	201.27
Reserves & Surplus (including Capital Grants but excluding Depreciation Reserve)	237.30	210.29	189.71	141.11	101.85
Borrowings (Loan Funds)	1325.89	1157.00	1095.69	1299.74	1404.47
Current Liabilities & Provisions	609.38	617.52	1134.92	1163.99	1418.71
Total	**2373.84**	**2186.08**	**2621.59**	**2806.11**	**3126.30**
B. Assets					
Gross Block	2059.74	2133.16	2231.29	2362.12	2475.96
Less: Depreciation	1426.90	1558.82	1667.12	1714.56	1740.17
Net Fixed Assets	632.84	574.34	564.17	647.56	735.79
Capital works-in-progress (including cost of chassis)	41.62	5.32	24.51	30.99	40.50
Investments	0.62	0.62	0.62	0.62	0.62
Current Assets, Loans and Advances	455.07	319.33	634.00	864.31	1197.55
Accumulated losses	1243.69	1286.47	1398.29	1262.63	1151.84
Total	**2373.84**	**2186.08**	**2621.59**	**2806.11**	**3126.30**

§§ 2008-09 figures in the Report are provisional.

3.5.2 The details of working results like operating revenue and expenditure, total revenue and expenditure, net surplus/ loss and earnings and cost per kilometre of operation are given below.

(Rupees in crore)

Sl. No	Description	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total Revenue	3215.76	3676.37	4187.38	4457.54	5039.52
2.	Operating Revenue[ϕ]	3107.33	3560.95	4063.29	4313.10	4707.12
3.	Total Expenditure	3440.62	3719.15	4299.20	4321.88	4928.74
4.	Operating Expenditure[ψ]	3021.82	3273.38	3641.13	3790.19	4318.38
5.	Operating Profit	85.51	287.57	422.16	522.91	388.74
6.	Profit/ Loss for the year	-224.86	-42.78	-111.82	135.66	110.78
7.	Accumulated Loss	-1243.69	-1286.47	-1398.29	-1262.63	-1151.84
8.	Fixed Costs					
	(i) Personnel Costs	1165.84	1200.97	1371.99	1426.46	1513.29
	(ii) Depreciation	157.46	157.57	167.90	176.24	190.96
	(iii) Interest	102.96	84.60	76.34	91.24	116.86
	(iv) Other Fixed Costs	504.62	585.02	788.44	682.30	1021.38
	Total Fixed Costs	1930.88	2028.16	2404.67	2376.24	2842.49
9.	Variable Costs					
	(i) Fuel & Lubricants	1033.03	1279.11	1457.28	1476.34	1586.05
	(ii) Tyres & Tubes	69.55	87.51	111.26	121.18	121.22
	(iii) Other Items/ spares	45.24	53.76	65.61	68.56	70.24
	(iv) Taxes (M V Tax etc.)	361.92	270.61	260.38	279.56	308.74
	(v) Other Variable Costs	0	0	0	0	0
	Total Variable Costs	**1509.74**	**1690.99**	**1894.53**	**1945.64**	**2086.25**
10.	Effective KMs operated (in crore KM)	232.50	238.08	244.73	253.47	267.49
11.	Earnings *per* KM (Rs) (1/10)	13.83	15.44	17.11	17.59	18.84
12.	Fixed Cost *per* KM (Rs) (8/10)	8.31	8.52	9.83	9.37	10.63
13.	Variable Cost *per* KM (Rs) (9/10)	6.49	7.10	7.74	7.68	7.80
14.	Cost *per* KM (Rs)(3/10)	14.80	15.62	17.57	17.05	18.43
15.	Net Earnings *per* KM (Rs) (11-14)	-0.97	-0.18	-0.46	0.54	0.41
16.	Traffic Revenue (Rs in crore) [§]	2936.64	3192.45	3657.94	3879.13	4237.74
17.	Traffic revenue *per* KM (Rs) (16/10)	12.63	13.41	14.95	15.30	15.84
18.	Operating profit per Km (Rs) (5/10)	0.37	1.21	1.72	2.06	1.45

Elements of cost

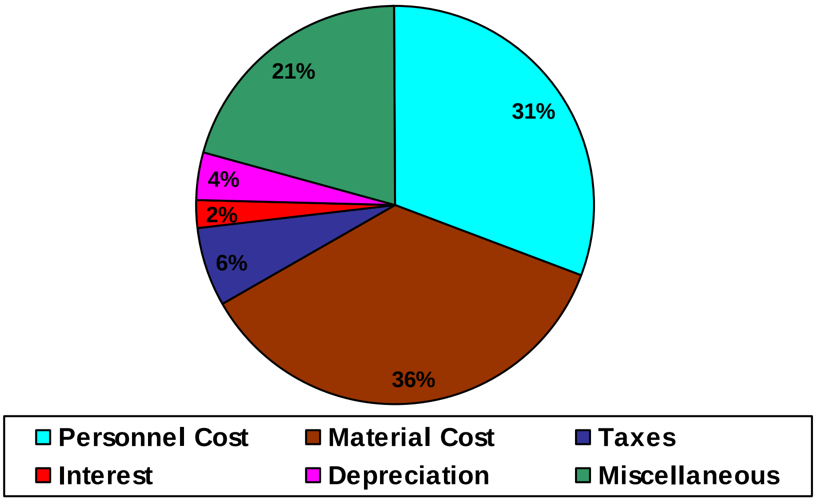
3.5.3 Personnel costs and material costs constitute the major elements of costs. The percentage break-up of costs for 2008-09 is given below in the pie-chart.

ϕ Operating revenue includes traffic earnings, passes and season tickets, reimbursement against concessional passes, fare realised from private operators under KM Scheme etc.

ψ Operating expenditure includes expenses relating to traffic, depreciation on fleet, repair and maintenance, electricity, welfare and remuneration, licenses and taxes and general administration expenses.

§ Traffic revenue represents sale of tickets, advance booking, reservation charges and contract services earnings.

Components of various elements of cost

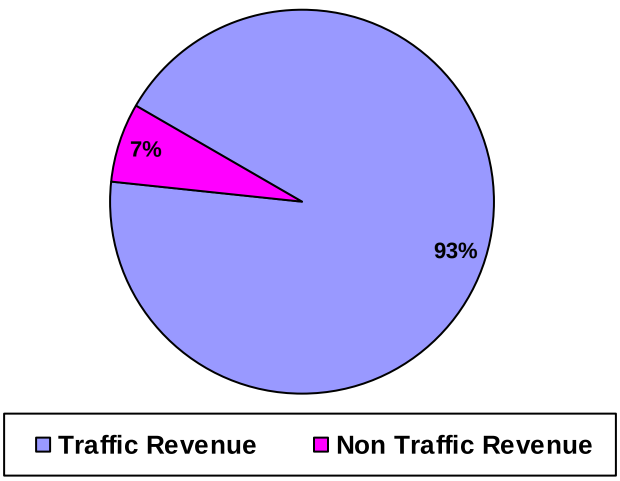


Miscellaneous element of cost includes hire charges paid to private bus operators besides other miscellaneous expenses.

Elements of revenue

3.5.4 Traffic revenue and non-traffic revenue constitute the major elements of revenue. The percentage break-up of revenue for 2008-09 is given below in the pie-chart.

Components of various elements of revenue



Audit findings

3.6.1 Audit explained the audit objectives to the Corporation during an 'entry conference' held on 27 February 2009. Subsequently, audit findings were reported to the Corporation and the Government in August 2009 and discussed in an 'exit conference' held on 18 September 2009, which was attended by Deputy Secretary, Transport Department, Government of Andhra Pradesh and four functional Executive Directors and Financial Advisor of the Corporation. The Corporation also replied to audit findings in September 2009. The views expressed by them have been considered while finalising this review. The audit findings are discussed below.

Operational performance

3.7.1 The operational performance of the Corporation for the five years ending 2008-09 is given in the **Annexure-18**. The operational performance of the Corporation was evaluated on various operational parameters as described below. It was also seen whether the Corporation was able to maintain pace with the growing demand of public transport. Audit findings in this regard are discussed in the subsequent paragraphs. These audit findings show that the losses were controllable and there is scope for improvement in performance.

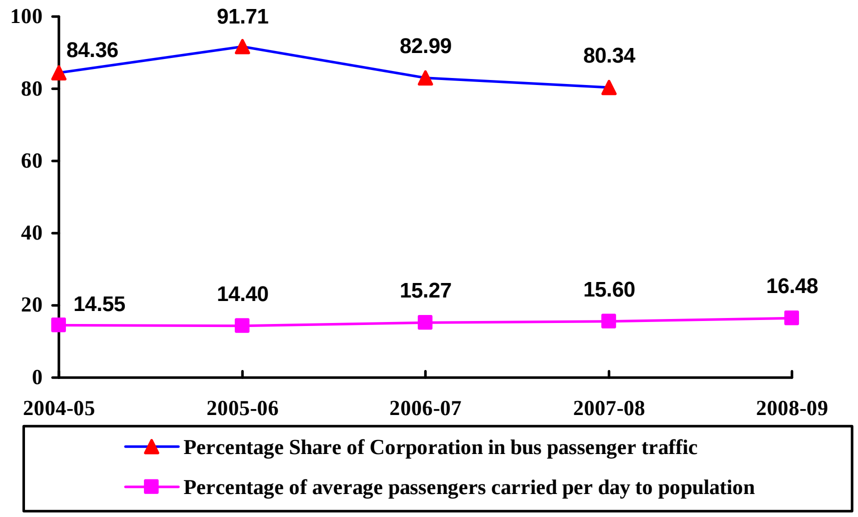
Share of corporation in public transport

3.8.1 The State Government did not formulate any transport policy. However, a transport policy aiming at achieving a balanced model mix of public transport and to discourage personalised transport is desirable. The focus would be on increasing mass transport options by providing adequate, accessible and affordable modes like buses, mini-buses, electric trolley buses complemented by network of rail based mass rapid transit systems like metro and commuter rail.

3.8.2 Line-graphs depicting the percentage share of the Corporation in the bus passenger traffic of the State during four years ending 2007-08[∞] and percentage of average passengers carried per day by the Corporation to the

[∞] Data regarding number of passenger transport vehicles in AP for 2008-09 is not available with the Transport Department.

population*** of the State during five years ending 2008-09 are given below:



3.8.3 The table below depicts the growth of public transport in the State.

S.No	Particulars†††	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Corporations' buses including hired buses	19609	19407	19618	19987	20704
2.	Private stage carriages	3636	1755	4021	4890	NA
3.	Total buses for public transport	23245	21162	23639	24877	NA
4.	Percentage share of Corporation	84.36	91.71	82.99	80.34	NA
5.	Percentage share of private operators	15.64	8.29	17.01	19.66	NA
6.	Vehicle density *per* one lakh population	28.88	25.93	28.58	29.69	NA

3.8.4 The Corporation, however, has not been able to keep pace with the growing demand for public transport during the years 2004-05 to 2007-08 since percentage share of Corporation declined from 84.36 *per cent* to 80.34 *per cent* during the review period. This was as a result of procurement of lesser number of buses compared to demand. The

*** The population has been worked out on the basis of census data for 2000-01 by extrapolating the same at the annual compounding rate of 1.37 *per cent.*

††† The number of buses at serial numbers 1,2 and 3 are the figures as at the end of the respective financial years.

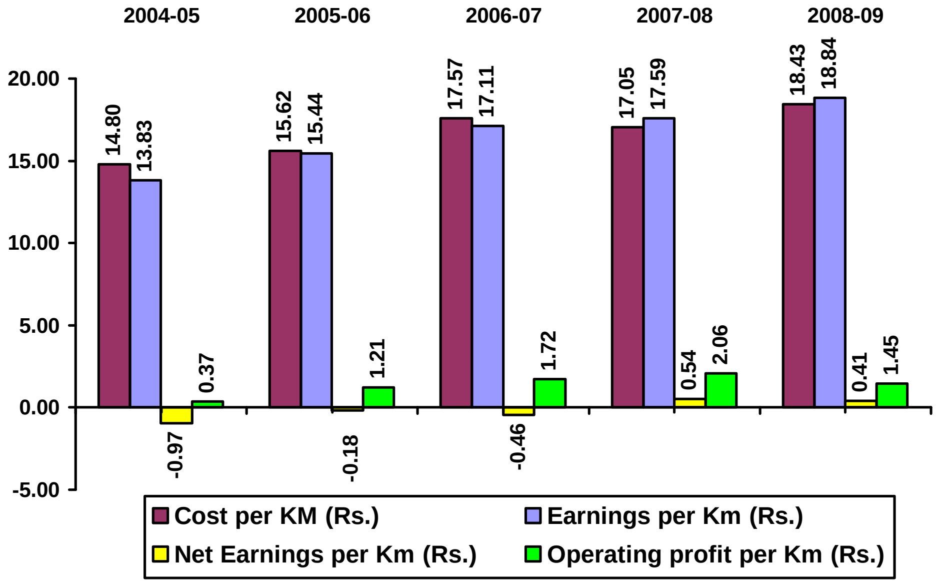
effective *per* capita KM operated per year is given below:

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Effective KMs operated (in crore)	232.50	238.08	244.73	253.47	267.49
Estimated Population (crore)	8.05	8.16	8.27	8.38	8.50
Per Capita KM *per* year	28.88	29.18	29.59	30.25	31.47

3.8.5 Public transport has definite benefits over personalised transport in terms of costs, congestion on roads and environmental impact. The public transport services have to be adequate to derive those benefits. In the instant case, the Corporation was not able to maintain its share in transport mainly due to operational inefficiencies as described later.

Recovery of cost of operations

3.9.1 The Corporation was not able to recover its cost of operations (arrived at by taking the total revenue and total expenditure) in three (2004-07) out of five years. There was, however marginal improvement and profit during two years (2007-09) as given in the graph⊗ below:



⊗ Cost *per* KM represents total expenditure divided by effective KM operated.
Revenue *per* KM is arrived at by dividing total revenue with effective KM operated.
Net Revenue *per* KM is revenue *per* KM reduced by cost *per* KM.
Operating loss *per* KM would be operating expenditure *per* KM reduced by operating income *per* KM.

Efficiency and economy in operations

Fleet strength and utilisation

Fleet Strength and its Age Profile

3.10.1 The Corporation has its own fleet of buses. It also hires buses from contractors. Audit findings in respect of hired buses are given in paragraphs 3.16.1 to 3.16.3. The table below explains the position of corporation's own fleet.

3.10.2 The Association of State Road Transport Undertakings (ASRTU) had prescribed (September 1997) that the desirable age of a bus as eight years or five lakh kilometres, whichever was earlier. The table below shows the profile (based on Kilometres run)‡‡‡ of the buses held by the Corporation for the period of five calendar years ending 2008.

S.No.	Particulars	2004	2005	2006	2007	2008
1.	Average number of buses (own) §§§	17818	16743	18017	17391	17285
2.	Buses having run above 5 lakh KMs	12855	10536	13309	12937	12576
3.	Percentage of over-aged buses (More than 5 lakh KMs)	72.15	62.93	73.87	74.39	72.76

3.10.3 The above table shows that the Corporation was not able to achieve the norm of right age buses. During 2004-09, though the Corporation planned to buy 12,302 new buses, it added only 7,230 buses at a cost of Rs 935.18 crore leaving a shortfall of 5,072 buses. The expenditure was funded out of Depreciation fund and bank borrowings. To achieve the norm of right age buses, the Corporation was required to buy 12,576 new buses (as at the end of March 2009) additionally which would have cost it Rs 1,891.43 crore**** approximately. However, the Corporation did not generate adequate resources through its operations to finance the replacement of buses. It earned a profit of Rs 717.11 crore before charging of depreciation during 2004-09, which was inadequate. Audit scrutiny revealed that the Corporation did not maintain proper records indicating details of buses declared as scrap and actually scrapped as some of the buses declared scrap were also being used by the Corporation.

Procurement of Volvo buses

3.10.4 The Corporation planned to procure 78 Volvo and 3120 Express buses during 2005-06 to 2008-09. However, it procured 72 Volvo and 2004 Express buses. While the average cost of Volvo bus was Rs 55 lakh, the same was

‡‡‡ Age-wise profile of the fleet was not maintained by the Corporation up to 2006-07.
§§§ These figures relate to average number of buses during the calendar year while the figures in the Appendix relate to the financial year.
**** Worked out on the basis of procurement rate per bus during 2008-09.

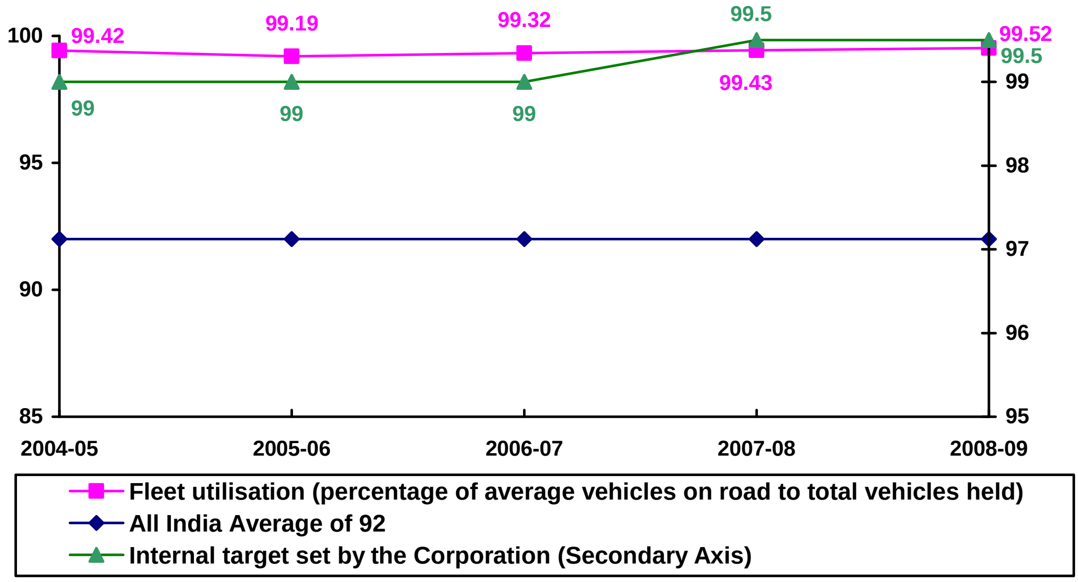
Rs 12 lakh in respect of Express bus. A detailed examination of records in Audit revealed that the profit margin of operation per KM was Rs 2.20 and Rs 0.84 in respect of Express bus and Volvo bus respectively. Thereby, the profit margin was higher in respect of Express bus by Rs 1.36 per KM as compared to operation of Volvo bus. However, the Corporation emphasised more on procurement of Volvo buses and decided to procure 92 *per cent* of planned procurement whereas only 64 *per cent* planned Express buses were procured. As a result of the decision to buy Volvo buses in preference to Express buses, the Corporation lost an opportunity to earn a profit of Rs 4.17 crore per annum. Thus, the Corporation's ability to survive and grow depends on its efforts to remove operational inefficiencies, cut costs and tap non-conventional revenue avenues so that it can fund its capital expenditure and be self-reliant.

The Management replied (September 2009) that the Volvo buses were introduced to attract the passengers who prefer to travel quickly and comfortably than other existing services.

However, the management did not strike a balance between economy in cost of operation, profitability and commuter satisfaction of a select class.

Fleet utilisation

3.10.5 Fleet utilisation represents the ratio of buses on road to buses held by the Corporation. The Corporation had set a target of fleet utilisation of 99 and 99.5 *per cent* during the years 2004-07 to 2007-09 respectively as compared to the All India Average∝ of 92 *per cent*, as indicated in the graph given below.



∝ All India Average is for the year 2006-07 which has been used for comparison for the period under review.

3.10.6 The fleet utilisation of the Corporation was consistently higher than the All India average and achieved the internal target fixed by it even by utilising its reserved buses to the extent possible. The percentage of buses not operated was below 0.50 *per cent* during 2008-09.

Vehicle productivity

3.11.1 Vehicle productivity (VU) refers to the average Kilometres run by each bus (including hired buses) *per* day in a year. The vehicle productivity of the Corporation vis-à-vis the overage fleet for the five years ending 2008-09 is shown in the table below.

S.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Vehicle productivity (KMs run *per* day *per* bus)	332	335	347	352	360
2.	Overage fleet (percentage)	72.15	62.93	73.87	74.39	72.76

3.11.2 Compared to the All India Average of 313 KMs *per* day, the vehicle productivity of the Corporation was higher in all the years under review even with the over-aged fleet and increased from 332 to 360 KMs per day due to operation of more number of long distance services.

Tamil Nadu (Villupuram), Tamil Nadu (Salem) and Tamil Nadu (Kumbakonam) registered best vehicle productivity at 474, 469 and 462.8 KMs per day respectively during 2006-07

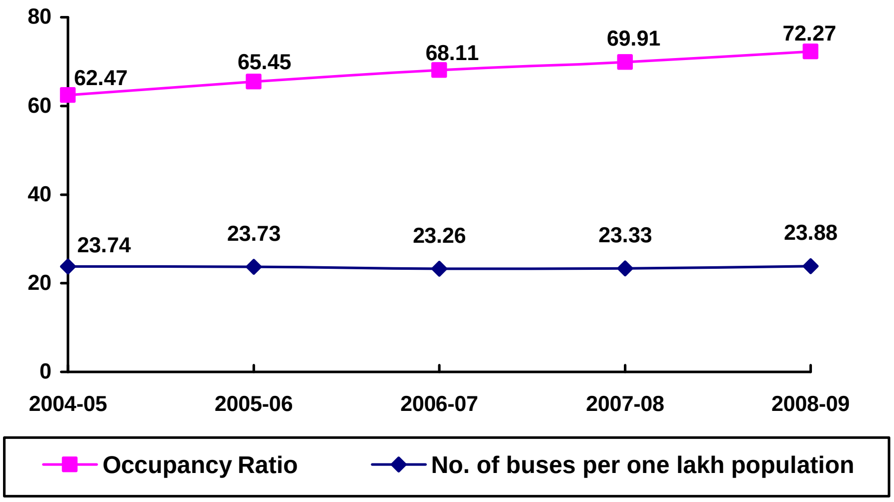
(Source: STUs profile and performance

Capacity utilisation

Load Factor

3.12.1 Capacity utilisation of a transport undertaking is measured in terms of Occupancy Ratio (OR) representing the percentage of passengers carried to seating capacity. The schedules to be operated are to be decided after proper study of routes and periodical reviews are necessary to improve the OR which increased from 62.47 *per cent* in 2004-05 to 72.27 *per cent* in 2008-09 against the All India Average of 63 *per cent.* A graph depicting the OR vis-à-vis number of buses†††† per one lakh population is given below:

†††† Worked out on the basis of average number of vehicles on road for the respective financial year.



Number of buses per one lakh population remained at the same level during the last five years. However, OR increased from 62.47 *per cent* to 72.27 *per cent* during review period as the passengers carried by the Corporation increased by 19.53 *per cent* as against an increase of 5.58 *per cent* in Corporation buses during review period.

3.12.2 The table below provides the details for break-even load factor (BELF) for traffic revenue as well as total revenue. Audit worked out this BELF at the given level of vehicle productivity and total cost *per* KM.

S.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Cost *per* KM (in Rs)	14.80	15.62	17.57	17.05	18.43
2.	Traffic Earnings per KM at 100 *per cent* Load factor (Rs)	20.22	20.49	21.95	21.89	21.92
3.	Break–even Load Factor considering only traffic revenue	73.19	76.23	80.05	77.89	84.08

3.12.3 The break-even load factor is quite high and is not likely to be achieved given the present load factor and the fact that the Corporation is also required to operate uneconomical routes. Thus, while the scope to improve upon the load factor remains limited, there is tremendous scope to cut down costs of operations as explained later.

Route planning

3.12.4 Appropriate route planning to tap demand leads to higher load factor. The main reason contributing to low load factor is operation of buses in uneconomic routes. The routes are planned based on the availability of buses, traffic potential, representations from the public and feasibility to operate. The route-wise and service-wise performance of the Depots are regularly reviewed every month at Depot level, Region level and Zonal levels to take corrective action on low performance routes/services.

3.12.5 The Corporation is not maintaining details of total route length in the State. A total of 95 *per cent* of the routes are nationalised and the Corporation operated 7,551 routes covering a length of 9.96 lakh KM‡‡‡‡ during 2007-08. The Corporation operates on profitable as well as non-profitable routes. The Corporation also did not maintain the consolidated position of the routes being profitable and unprofitable. As a result it could not monitor and reschedule the routes. The position in this regard in respect of selected seven Regions as made available to audit, is given in the Table below:

Particulars	Total No. of routes (*Per cent*)	No. of routes making profit (*Per cent*)	No. of routes not meeting total cost (*Per cent*)	No. of routes not meeting variable cost (*Per cent*)
2004-05	1529 (100)	355 (23)	1174 (77)	395 (26)
2005-06	1413 (100)	470 (33)	943 (67)	269 (19)
2006-07	1334 (100)	467 (35)	867 (65)	276 (21)
2007-08	1450 (100)	543 (37)	907 (63)	296 (20)
2008-09	1454 (100)	584 (40)	870 (60)	339 (23)

3.12.6 It can be seen from the table that number of routes making profit increased from 23 *per cent* to 40 *per cent* during review period. Though some of the routes now appearing unprofitable would become profitable once the Corporation improves its efficiency, there would still be some uneconomical routes. Given the scenario of mixed routes and obligation to serve uneconomical routes, an organisation should decide an optimum quantum of services on different routes so as to optimise its revenue while serving the cause. Accordingly, the Corporation is reviewing the route-wise and service-wise performance at depot, Region and Zonal levels every month and corrective action is being taken wherever necessary.

Operation of uneconomic routes

Operation of buses in uneconomical routes resulted in loss of Rs 815.42 crore.

3.12.7 The Corporation is operating ordinary/ pallevelugu buses to cater to the needs of commuters in rural areas. During the year 2004-05, it operated 11,531 pallevelugu buses on various uneconomical routes which were gradually brought down to 9,668 in 2008-09 to contain the losses as there was loss on operations of these pallevelugu buses due to higher repair and maintenance expenditure, poor road conditions, higher MV taxes etc. The recovery of cost was low due to poor load factor on account of flow of traffic only during morning and evening schedules, shorter route lengths and more number of stoppages. Audit noticed that though the Corporation was able to recover its cost of operations on other routes, the trend was negative in pallevelugu buses. The loss incurred on these routes during the period 2004-09 was Rs 815.42 crore. Thus, operating profit earned by the Corporation on

‡‡‡‡ Data for 2008-09 not available with the Corporation.

other routes was drastically reduced (32.33 *per cent*) by the losses incurred on these buses.

Though the Corporation has improved its load factor from 58 *per cent* in 2004-05 to 69 *per cent* in 2008-09 on these uneconomic routes being operated under social obligation, still it was incurring losses. The Corporation did not submit any claim for compensating the losses on these uneconomic routes.

The Management in its reply accepted the reasons for incurring of losses on these uneconomic routes.

Cancellation of scheduled kilometres

3.12.8 A review of the operations indicated that the scheduled kilometres were not fully operated mainly due to non-availability of adequate number of buses, shortage of crew and other factors like breakdowns, accidents, late arrivals, etc.

3.12.9 The details of scheduled kilometres, effective kilometres there against and cancelled kilometres are furnished in the table below.

(in lakh KMs)

S.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Scheduled kilometres	NA	23825	24168	25067	26389
2.	Effective kilometres §§§§	23250	23100	23742	24520	25925
3.	Kilometres cancelled	NA	725	426	547	464
4.	Percentage of cancellation (against Scheduled KMs)	NA	3.04	1.76	2.18	1.76
Cause-wise analysis						
5.	Want of buses (KMs in lakh)	NA	3	5	3	2
6.	Want of crew (KMs in lakh)	NA	114	133	120	109
7.	Others***** (KMs in lakh)	NA	608	289	424	353
8.	Contribution *per* KM (in Rs)	6.87	7.85	8.86	9.34	9.80
9.	Cancellation for want of buses and crew (KMs in lakh)	NA	117	138	123	111
10.	Loss of contribution (8X9) (Rs in lakh)	NA	918.45	1222.68	1148.82	1087.80

Cancellation of scheduled KMs resulted in loss of contribution of Rs 43.78 crore.

Tamil Nadu (Salem), State Express Transport Corporation (Tamil Nadu) and Tamil Nadu (Villupuram) registered least cancellation of scheduled KMs at 0.45, 0.67 and 0.78 *per cent* respectively during 2006-07

(Source: STUs profile and performance 2006-07 by CIRT, Pune)

3.12.10 It can be seen from the above table that the percentage of cancellation of scheduled kilometres declined from 3.04 *per cent* to 1.76 *per cent* during 2004-05 to 2008-09. However, it remained on the higher side as compared to the best performers. The cancellations were very high under 'others' category and amounted to 3.01 crore KM during 2005-06 on account of agitations. Due to cancellation of

§§§§ The figures of effective KM will not tally with the figures given in Annexure-18 as these reflect effective KM run against scheduled KM only.
***** includes breakdowns, tyres failure, agitations, lack of traffic etc.

scheduled kilometres for want of buses and crew, the Corporation was deprived of contribution of Rs 43.78 crore during 2005-06 to 2008-09.

Maintenance of vehicles

Preventive Maintenance

3.13.1 Preventive maintenance is essential to keep the buses in good running condition and to reduce breakdowns/ other mechanical failures. The Corporation had Tata and Leyland make buses for which the following schedule of maintenance has been prescribed by the Original Equipment Manufacturers (OEMs).

Sl.No.	Particulars	Schedule
1.	**Engine Oil change**	
1 (a)	Tata make	Every 18000 KMs
1 (b)	Leyland make	Every 15000 KMs
2.	**Radiator Coolant**	
2 (a)	Tata make	Every 3,20,000 KMs or Every 2 years
2 (b)	Leyland make	Every 75,000 KMs

3.13.2 The Corporation has also prescribed the following schedule of maintenance as follows:

Sl.No.	Maintenance Activity	Periodicity
Schedule -I	Verifying leakages of Diesel Oil, Engine Oil and Gear oil, Inflation of Tyres	Daily
Schedule-II	Lubricating, maintenance of battery, steering, brakes (including Sch-1)	Weekly
Schedule –III	Maintenance of Engine and connected points, Front wheel alignment (including Sch-1 and 2)	For every 12000-13000 KMs
Schedule-IV	Checking of Diesel Tank, Gear Box, Clutch assemblies (including Sch-1, 2 and 3)	For every 36000 KMs

3.13.3 The details of schedule of maintenance due and actually carried out during 2007-09 are given below:

Year	Sch III		Sch IV		Total		
	Due	Done	Due	Done	Due	Done	Variance
2007-08	107550	103578	57511	55352	165061	158930	6131
2008-09 (up to Feb 09)	97107	94807	50882	49769	147989	144576	3413

It can be seen from the above that scheduled maintenance for a total of 6131 buses in 2007-08 and 3413 buses in 2008-09 could not be completed on time. The delay in carrying out maintenance as prescribed was due to shortage of staff and extra special operations undertaken during festivals.

The Management stated that the percentage of backlog was only 3.71 and 2.31 *per cent* respectively in the years 2007-08 and 2008-09.

However, efforts need to be made to reduce the delay in scheduled maintenance of the vehicles to improve their efficiency.

Repairs and maintenance

3.13.4 A summarised position of fleet holding, over-aged buses, repairs and maintenance (R&M) expenditure for the last five years up to 2008-09 is given below.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total buses (No.)[µ]	17818	16743	18017	17391	17285
2.	Over-age buses (more than 5 lakh KMs run)	12855	10536	13309	12937	12576
3.	Percentage of over-age buses	72.15	62.93	73.87	74.39	72.76
4.	R&M Expenses (Rs in crore)	384.44	416.42	509.39	538.05	550.01
5.	R&M Expenses per bus (Rs in lakh) (4/1)	2.16	2.49	2.83	3.09	3.18
6.	Percentage of manpower cost in R&M expenses	44.45	41.36	38.99	38.37	39.32

3.13.5 It can be seen from the above that the R&M expenditure per bus per year increased from Rs 2.16 lakh to Rs 3.18 lakh during review period. This is partly due to replacement of vehicles at an extended life of more than 12 lakh KMs as against prescribed replacement life of 11 lakh KMs. This expenditure can be further reduced by opting for hire buses as detailed in para no. 3.16.2.

Manpower cost

3.14.1 The cost structure of the organisation shows that manpower and fuel constitute 68.24 *per cent* of total cost during 2008-09. Interest, depreciation and taxes, the costs which are not controllable in the short-term, account for 12.50 *per cent*. Thus, the major cost saving can come only from manpower and fuel.

3.14.2 Manpower is an important element of cost which constituted 30.7 *per cent* of total expenditure of the Corporation in 2008-09. Therefore, it is imperative that this cost is kept under control and the manpower is utilised optimally to achieve high productivity.

Gujarat, Tamil Nadu (Villupuram) and Tamil Nadu (Salem) registered best performance at Rs 6.10, Rs 6.13 and Rs 6.21 cost *per* effective KMs respectively during 2006-07

(Source: STUs profile and performance 2006-07 by CIRT, Pune)

The Table below provides the details of manpower, its cost and productivity.

µ excluding hired buses.

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total Manpower (Nos.)	117400	115946	115529	113340	113370
2.	Manpower Cost (Rs in crore)	1359.20	1405.48	1744.77	1645.10	1777.28
3.	Effective KMs (in crore)	232.50	238.08	244.73	253.47	267.49
4.	Cost per effective KM (Rs) (2/3)	5.85	5.90	7.13	6.49	6.64
5.	Productivity *per* day *per* person (KMs)	51	53	55	57	59
6.	Total Buses (No.)†††††	19105	19357	19232	19558	20292
7.	Manpower *per* bus	6.14	5.99	6.01	5.80	5.59

The manpower Cost per effective KM had increased from Rs 5.85 in 2004-05 to Rs 6.64 in 2008-09 while the manpower productivity had increased from 51 Kms in 2004-05 to 59 Kms in 2008-09. The pay scales of the officers and employees are revised separately every four years. Pay revisions were made with effect from April 2001 and later with effect from April 2005 during the period under review. The manpower per bus remained below the All India Average of 6.5.

North West Karnataka State Road Transport, Karnataka State Road Transport and Himachal Pradesh registered best performance at 4.89, 4.99 and 4.94 manpower *per* bus

(Source : STUs profile and performance 2006-07 by CIRT, Pune

Underutilisation of crew

Unfruitful expenditure of Rs 251.06 crore due to underutilisation of crew.

3.14.3 The normal duty hours prescribed for operating crew were eight hours whereas it was seen that crew links were drawn for less than eight hours. The short utilisation was up to 4 hours. The unfruitful expenditure due to such short utilisation was Rs 251.06 crore for four years as detailed below.

Sl. No.	Particulars		2005-06	2006-07	2007-08	2008-09	Total
1	Duty Hours Lost (in lakh)	Drivers	94.99	94.60	93.12	94.37	377.08
		Conductors	75.89	71.51	66.55	66.92	280.87
2	Pay & Allowances of crew (Rs in crore)	Drivers	420.14	443.55	587.68	488.97	1940.34
		Conductors	402.15	408.16	554.23	458.90	1823.44
3	No. of crew	Drivers	41451	42253	43173	43113	169990
		Conductors	41399	41853	41099	43527	167878
4	Average Salary per Hour (in Rs)	Drivers	34.71	35.95	46.62	38.84	39.09
		Conductors	33.27	33.40	46.18	36.11	37.20
5	Total Loss due to under-utilisation (Rs in crore)	Drivers	32.97	34.01	43.41	36.65	147.04
		Conductors	25.25	23.88	30.73	24.16	104.02

The Management stated that the utilisation of crew was low due to operation of long distance special type services operated during night times and inter-state services. It was also stated that operation of ordinary buses for 16 hours was not feasible.

††††† Average number of buses (including hired) on road during the year.

The Management did not furnish any data in support of such services rendered by the Corporation so that its impact on overall utilisation of crew could be perceived.

Fuel cost

Consumption of HSD oil in excess of internal targets resulted in additional expenditure of Rs 222.91 crore.

3.15.1 Fuel is a major cost element which constituted 31.43 *per cent* of total expenditure in 2008-09. Control of fuel costs by a road transport undertaking has a direct bearing on its productivity. Corporation's KMPL shows a steady decline from 2003-04. Though the KMPL obtained was above All India Average of 4.94, it remained lower than its own targets. Additional expenditure on account of excess consumption of HSD oil due to decline in KMPL as compared to the targets has resulted in additional expenditure of Rs 222.91 crore as detailed below:

S.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Gross Kilometres (excluding hire buses) (in lakh)	21398.25	21777.41	22679.69	23274.23	22496.22
2.	Target of KMPL fixed by Corporation	5.70	5.44	5.43	5.36	5.36
3.	Kilometre obtained per litre (KMPL)	5.29	5.27	5.26	5.23	5.25
4.	Actual Consumption (in lakh litres)	4042.53	4132.47	4312.83	4446.05	4286.6
5.	Consumption as per internal targets (in lakh litres) (1/2)	3754.08	4003.20	4176.74	4342.21	4197.06
6.	Excess Consumption (in lakh litres) (4-5)	288.45	129.27	136.09	103.84	89.54
7.	Average cost per litre (in Rs)	25.11	30.46	33.11	32.44	36.13
8.	Extra expenditure (Rs in crore) (6X7)	72.43	39.38	45.06	33.69	32.35

3.15.2 It can be seen from the above table that the mileage obtained *per* litre had shown a declining trend over the period under review though the same was more than that of the all India average. However, the Corporation could not achieve its own targets. The failure of the Corporation to achieve its target resulted in excess consumption of 7.47 crore litres of fuel valued Rs 222.91 crore.

North East Karnataka State Road Transport and Uttar Pradesh registered mileage of 5.45 and 5.33

(Source: STUs profile and performance 2006-07 by CIRT, Pune)

The Management stated that the increase in fuel consumption was due to introduction of high powered BS-II model vehicles as per statutory provisions and high end products like Volvo, Meghdoot and Super luxury buses. It was also stated that contract drivers who have no exposure to fuel conservation techniques had to be recruited due to ban on recruitment.

3.15.3 A test check in Audit of Petrol, Oil and Lubricants consumption (POL) statements for two months each year under review, in seven selected Regions showed that the Corporation had a mechanism in place to monitor vehicle wise or driver wise data for consumption of fuel so as to exercise effective management control. Further, the Corporation had prescribed norms for ideal driving speed to enhance fuel economy.

Consumption of engine oil and coolant in excess of norms resulted in additional expenditure of Rs 13.60 crore.

3.15.4 Coolant and engine oil are changed in accordance with the schedule prescribed by the Original Equipment Manufacturer (OEM). The norm for engine oil is 16.5 litres and 10.5 litres for every 18,000 Kms in respect of TATA and Ashok Leyland buses respectively. Similarly, for Coolant the norm is 12 litres for every 3.2 lakh Kms or every two years for TATA make and 4.5 litres for every 75,000 Kms for Ashok Leyland.

The audit scrutiny revealed that there was excess consumption of engine oil which was on increase up to 2007-08 with a marginal reduction in 2008-09. The Corporation consumed engine oil in excess of norms to the extent of 12.87 lakh litres valued at Rs 7.91 crore during 2004-05 to 2008-09. Similarly, against the requirement of 6.24 lakh litres of radiator coolant, actual consumption during 2004-09 was 12.54 lakh litres resulting in excess consumption of 6.30 lakh litres valuing Rs 5.69 crore.

An analysis of the excess consumption of coolant when compared to the norms fixed revealed that though the existing coolant system was virtually ‘no loss cooling’ system and does not warrant any top up between the coolant change intervals, coolant were being used for top up and other miscellaneous purposes resulting in additional consumption of coolant.

The Management stated that the engine oil needs to be topped up whenever necessary depending on the condition of the engine and during overhauls, crank case dilution with HSD oil etc. It was also stated that the consumption of coolant was high due to loss of coolant on account of evaporation, spill over and leakage during checking of coolant levels and top overhauls and at the time of replacement of radiator related parts.

However, as per the OEM specifications, there is no requirement for top-up of the engines in between the oil changes. Even if done the same is to be done using reclaimed oil instead of new engine oil.

Cost effectiveness of hired buses

Due to hiring of buses lees than the authorised, Corporation could not save Rs 152.60 crore.

3.16.1 The Corporation started (1979) hiring private buses on Kilometer payment basis (KM Scheme). Agreements with the private bus owners were initially entered into for a period of three years. The owners of these buses were required to provide buses with drivers and incur all expenditure for the running of the buses. The Corporation would provide conductors for these buses and pay hire charges as per the actual Kilometers operated by these hired buses. During 2004-09, the Corporation incurred a net loss of Rs 71.40

crore from the operation of hired buses as shown below.

(Amount in Rs)

S.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
	Own fleet					
1.	Cost *per* effective KM	14.80	15.62	17.57	17.05	18.43
2.	Traffic Revenue *per* effective KM	13.83	15.44	17.11	17.59	18.84
3.	Net Revenue *per* effective KM	-0.97	-0.18	-0.46	0.54	0.41
	Hired buses					
4.	No. of Hired buses at the end of the year	1593	1794	1580	1719	3279
5.	Cost *per* effective KM[£]	13.71	14.08	14.80	14.96	16.19
6.	Traffic Revenue per effective KM	12.65	13.31	14.76	15.00	15.37
7.	Net Revenue per effective KM	-1.06	-0.77	-0.04	0.04	-0.82
8.	Total effective KMs operated (in crore)	19.13	21.01	18.82	21.32	42.73
9.	Profit/ Loss from hired buses (Rs in crore) (7X8)	-20.28	-16.18	-0.75	0.85	-35.04
10	Cost Savings per effective KM on operation of Hired buses (1-5)	1.09	1.54	2.77	2.09	2.24
11	Savings in cost (Rs. in crore) (8X10)	20.85	32.36	52.13	44.56	95.72

3.16.2 It is observed from the above table that the cost of operation of hired buses *vis-a-vis* owned bus was less. The Corporation had a cost savings of Rs 245.62 crore since the saving in cost per KM was from Rs 1.09 to Rs 2.24 during the review period. The benefit of saving in cost could not be derived as the revenue per Km was still lower than own buses due to utilising the hired buses on uneconomic routes.

The Board of Directors permitted to operate 10, 15, 15, 15 and 20 *per cent* of its fleet strength as hired buses during 2004-05 to 2008-09 respectively. However, the Corporation operated only 8.29, 9.20, 8.17, 8.74 and 16.09 *per cent* respectively during the said period. As a result, desired cost savings in operation of hired buses could not be achieved. The loss of cost saving due to operation of less number of buses on hire than authorized by the Board worked out to Rs 152.60 crore as detailed below:

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Average RTC buses held	17615	17705	17770	17944	17096
2.	Average Hire buses held	1593	1794	1580	1719	3279
3.	Total buses held (1+2)	19208	19499	19350	19663	20375
4.	Percentage of hired buses (2/3*100)	8.29	9.20	8.17	8.74	16.09
5.	Percentage of hire buses permitted	10	15	15	15	20
6.	Hire buses that could be deployed [‡‡‡‡‡]	1957	3124	3136	3167	4274
7.	Shortfall (6-5)	364	1330	1556	1448	995
8.	Vehicle Utilisation per day (Kms)	332	335	347	352	360
9.	KMs lost per annum (in crore) (7X8X365)	4.41	16.26	19.71	18.60	13.07
10.	Saving in CPK due to hire (in Rs per KM)	1.09	1.54	2.77	2.09	2.24
11.	Loss of saving on cost (Rs in crore) (9X10)	4.81	25.04	54.60	38.87	29.28

£ This includes the contract price plus conductors pay plus M V tax

‡‡‡‡‡ {(Average RTC buses held X 100) / (100 - Percentage of hire buses permitted)} minus Average RTC buses held.

The Management accepted that the private buses were engaged under hire scheme to save cost on personnel and maintenance and to register some surplus margin. It also stated that the Corporation could not hire as directed by the Board of Directors due to poor response in some Regions and anticipated industrial unrest due to surplus existing manpower and the existing infrastructure resources. The reply is not convincing since the Board might have taken into consideration all related factors.

Reimbursement of comprehensive insurance to private bus owners

Avoidable expenditure of Rs 14.84 crore due to reimbursement of comprehensive insurance to hire bus owners.

3.16.3 As per the Notice inviting Tender (NIT) (clause 19) and hire agreement (clause 5(iii)), signed from time to time, the Corporation had no liability for damages to vehicle so hired during the period under hire with the Corporation. Further, the Corporation was neither liable to pay any claims arising out of Motor Accident Claims Tribunal in respect of accidents in accordance with the clause 4(vi) nor any damages caused to the vehicles during the period of agitation / accident. Contrary to the above provisions, the agreement also provided for payment of comprehensive insurance premiums under clause 6(iii). Accordingly, the Corporation has already paid Rs 10.05 lakh and is liable to pay Rs 2.08 crore§§§§§ towards the compensation on the directions of the court. However, these amounts were not being recovered from the bus owners since in majority of cases agreement terms had already expired. As the liability of the Corporation was limited to risk of passengers travelling in the bus and third party, if any, the Corporation should have restricted the reimbursement of premium to cover both these risks only. Thus, due to the contradictory provisions in the agreement, the Corporation incurred avoidable expenditure of Rs 14.84 crore being the difference between third party risk coverage and comprehensive insurance (48.61 *per cent* of the premium relates to passenger risk and third party risk).

The Management stated that the Corporation is reimbursing the comprehensive insurance premium as in case of damages caused to hire buses involved in accidents/ agitations etc., when operating under hire scheme, the capital investment made on hire bus by the owner is totally lost.

The reply is not convincing since the hirer is not responsible for any liability towards damages to the vehicle under clause 5(iii).

Body building

3.17.1 The Corporation has a body building unit. The Corporation also outsourced fabrication of buses to private contractors. The cost per bus of body building unit *vis-a-vis* cost incurred by outsourcing the job revealed that outsourcing of fabrication of buses is economical as compared to in-house cost. While the cost of fabrication per bus was Rs 6.00 lakh in its body building unit, as compared to outsourcing cost of Rs 5.79 lakh per bus during

§§§§§ pertains to seven selected regions.

2007-08. Thus cost saving can be achieved by closing down the body building unit. The body building is also not a core activity of the Corporation.

Financial management

3.18.1 Raising of funds for capital expenditure, i.e., for replacement/ addition of buses happens to be the major challenge in financial management of Corporation's affairs. This issue has been covered in Paragraphs 3.10.1 to 3.10.5. The section below deals with the Corporation's efficiency in raising claims and their recovery. This section also analyses whether an opportunity exists to realign the business model to generate more resources without compromising on service delivery.

Claims and dues

3.19.1 The Corporation provides free/ concessional passes to various categories of Commuters like students, senior citizens, State Government servants etc. The State Government reimbursed 50 *per cent* of concession up to 2005-06 and 100 *per cent* of concession amount from 2006-07 for student passes and senior citizen passes to the Corporation. The number of passes issued under each category during 2004-05 to 2008-09, amount recoverable and the amount actually recovered are shown in the Table below.

S.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	No. of student passes issued (in lakh)	Details not available with APSRTC	67.96	72.17	74.74	79.88
2.	No. of Senior Citizen passes issued		4803	4248	3772	3589
3.	Amount recoverable for student passes (Rs in crore)		300.92	328.45	342.93	359.59
4.	Amount recoverable for senior citizen passes (Rs in crore)		3.46	3.06	2.72	2.58
5.	Amount recoverable for other concessional passes (Rs in crore)		73.83	79.21	88.31	107.20
5.	Total amount recoverable from Government including Others (Rs in crore)	167.50*	378.21	410.72	433.96	469.37
6.	Amount actually received in cash (Rs in crore)	100.00	128.00	100.00	150.00	160.00
7.	Amount adjusted to MV tax (Rs in crore)	67.50	237.31	226.20	240.79	263.36
8.	Unrealised claims (Rs in crore)******	0.00	12.90	84.52	43.17	46.01

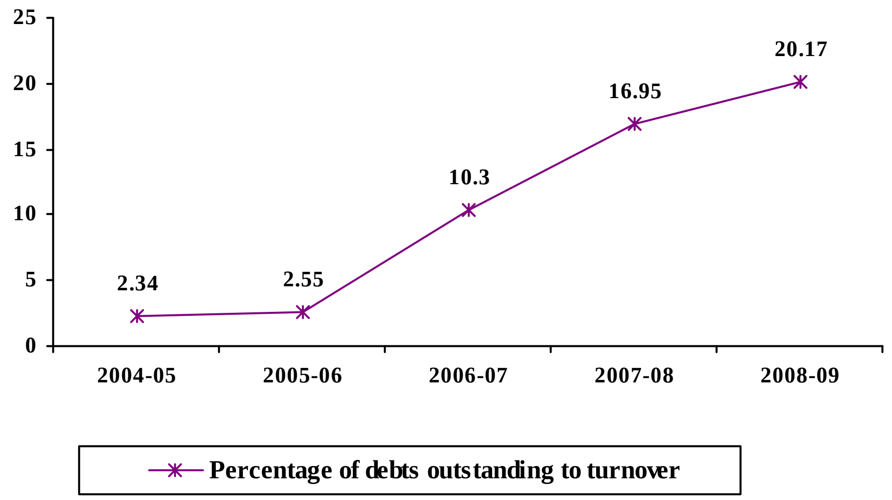
* 50 *per cent* of Rs 335.00 crore being the total concession extended by RTC.

3.19.2 It can be seen from the above that against the balance of Rs 186.60 crore due from the State Government during the five years ending 2008-09,

****** It represents the net amount receivable from the State Government after adjusting MV Tax payable.

the State Government had guaranteed for debt servicing of the loan for Rs 140.59 crore pertaining to unrealised claims of 2005-06 to 2007-08. The unrealised amount from Government as on 31 March 2009 was Rs 46.01 crore.

3.19.3 An analysis in Audit of the debts outstanding as a percentage of turnover for the five years ending March 2009 are shown in the graph below.



From the above, it can be seen that the outstanding dues increased from Rs 68.81 crore (2.34 *per cent*) in 2004-05 to Rs 854.64 crore (20.17 *per cent*) in 2008-09. Besides, reimbursement of concessional amount (Rs 772.83 crore), it includes receivables in respect of stall rents (Rs 10.70 crore), police warrant bills (Rs 13.29 crore), NGO's subsidy (Rs 1.32 crore) and others (Rs 56.50 crore).

The Management replied (September 2009) that constant persuasion is being made to realise the pending debts. However, the fact remains that the above amounts were pending since long.

Realignment of business model

3.20.1 The Corporation is mandated to provide an efficient, adequate and economical road transport to public. Therefore, the Corporation cannot take an absolutely commercial view in running its operations. It has to cater to uneconomical routes to fulfil its mandate. It also has to keep the fares affordable. In such a situation, it is imperative for the Corporation to tap non-traffic revenue sources to cross-subsidize its operations. However, the share of non-traffic revenues (excluding reimbursement of concessional passes) was nominal at 2.94 to 6.60 *per cent* of total revenue during 2004-09. This revenue of Rs 800.27 crore during 2004-09 mainly came from shop rentals (Rs 294.39 crore), advertisements (Rs 33.71 crore), sale of scrap materials/vehicles (Rs 206.61 crore), clerical/service charges (Rs 86.77 crore), sale of power (Rs 19.83 crore) and others (Rs 158.96 crore). Audit observed that the Corporation has non-traffic revenue sources which it has not tapped substantially as explained below.

Development of property

3.20.2 Over a period of time, the Corporation has come to acquire sites at prime locations in cities, district and Tehsil headquarters. The Corporation generally uses the ground floor/ land for its operations, leaving an ample scope to construct and utilise spaces above. Audit observed that the Corporation has land (mostly owned/ leased by Government) at important locations. However, the Corporation has not maintained consolidated details of locations in Cities (municipal areas), District Headquarters and Tehsil Headquarters. Audit scrutiny revealed that the Corporation started utilising its vacant land/ terraces and invited tenders on 16 occasions between July 2003 and September 2008 for development of vacant sites at 133 locations under Build, Operate and Transfer (BOT) scheme and 13 projects were awarded between June 2005 and August 2009 for development of 74,826 Square metre (SM) area. Out of this, two projects (3,251 SM**)** were cancelled subsequently due to dispute with Tirupati Municipality over ownership of the land (July 2007) and backing out of the successful bidder (February 2008). Out of the remaining 11 projects (71,575 Sq. mt), three projects (42,543 Sq. mt area) are yet to commence and balance eight projects (29,032 Sq. mt area) were under various stages of construction.

As per the BOT scheme, land/ premises were handed over to the successful bidder (Licensee) for a period of 30 to 33 years. The revenue expected to be generated from these 11 projects during the entire license period is estimated at Rs 2,309 crore. As against a revenue of Rs 12.78 crore to be realised by 31 March 2009, Rs 10.19 crore has been realised from these projects.

Fare policy and fulfillment of social obligations

Existence and fairness of fare policy

Despite approval from Government, Corporation failed to revise fares in selected services.

3.21.1 The proposals of fare revision are submitted by the Corporation based on the increase in cost of inputs viz., HSD oil, tyres and personnel cost. Based on the proposals submitted by the Corporation from time to time the State Government approves revision of fares. The fares were revised in February 2003 and February 2006 during the period under review.

Table below indicates the fare being charged by the Corporation during the period 2004-05 to 2008-09.

Fare table for ordinary buses

Stages	Distance (KMs)	From 04.02.2003 to 07.02.2006	08.02.2006 onwards
1	5	Rs. 3	Rs. 3
2	10	Rs. 4	Rs. 4
3-20 (one stage for every 5 KM)	11-100	35 ps. Per KM	38 ps. Per KM

On review of the proposals of the Corporation audit observed that:

- element-wise normative cost was not calculated for each type of service;
- the Corporation did not submit claims incurred on servicing uneconomic routes under social obligation. The Corporation utilised 59 *per cent* to 71 *per cent* of the fleet (excluding city services) as pallevelugu buses during the period of 2004-05 to 2008-09 on uneconomical routes; and
- The State Government approved (February 2006) revision of fares in all sectors. However, the Corporation did not revise fares in respect of city services and suburban services up to 8 KMs as was done at earlier occasion in February 2003. This resulted in loss of revenue of Rs 23.60 crore. Consequently, fare for bus passes also could not be revised and the amount of Rs 54.69 crore remained unclaimed from the State Government. Similarly, hire charges recoverable from PSUs were also not revised in respect of City ordinary services from Rs 21 to Rs 23 causing in short recovery of Rs 2.06 crore from March 2006 to July 2008.

The Management stated (September 2009) that during the years 2003-04 to 2008-09, the load factor (OR) in respect of city services increased by 13.33 *per cent*. Therefore, the Corporation could contain the deflection of traffic to other modes of transport due to non-revision of city fares and achieved the above growth of OR. It was also stated that fare of bus passes and recovery from PSUs was also not revised since it was linked with city services.

However, the increase in OR cannot be attributed only to non-revision of fare since other factors such as increase in population, non augmentation of buses also contributed to the increase of OR. Further, revision of hire charges is not linked with general fare revision.

3.21.2 Further, the fare policy of the Corporation has no scientific basis as it does not take into account the normative cost. Thus, there is a risk of commuters paying for inefficiency of the Corporation. The table below shows how the Corporation could have curtailed cost and increased revenue with better operational efficiency.

(in Rs)

S.No.	**Particulars**	**2004-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09**
1	Operating expenditure *per* KM	13.00	13.75	14.88	14.95	16.14
2	Operating revenue *per* KM	13.36	14.96	16.60	17.02	17.60
3	Loss of revenue *per* KM due to less vehicle productivity	0	0	0	0	0
4	Excess cost *per* KM due to low manpower productivity	0	0.24	0.24	0.29	0.23
5	Excess cost *per* KM due to excess consumption of fuel	0.31	0.17	0.18	0.13	0.12
6	Ideal revenue *per* KM (2+3)	13.36	14.96	16.60	17.02	17.60
7	Ideal cost *per* KM [1-(4+5)]	12.69	13.34	14.46	14.53	15.79
8	Net revenue *per* KM (2-1)	0.36	1.21	1.72	2.07	1.46
9	Net ideal revenue *per* KM (6-7)	0.67	1.62	2.14	2.49	1.81
10	Effective KMs (in crore)	232.50	238.08	244.73	253.47	267.49
11	Avoidable loss (Rs in crore) [(8-9) x 10]	72.08	97.61	102.79	106.46	93.62

The above Table does not take into account other inefficiencies such as excess tyre cost, defective route planning, etc. Nonetheless, it shows that the operating profit could have been higher by Rs 472.56 crore††††††, if the operations were properly planned and efficiently managed, than what they actually were. Thus, the case made by the Corporation for increase in fare, includes its inefficiencies and in a way would make the commuters pay more than what they should be actually paying.

The above facts lead to conclude that it is necessary to regulate the fares on the basis of a normative cost and it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes and address the grievances of commuters.

Adequacy of services on uneconomical routes

3.22.1 The Corporation had about 40 *per cent* profit making routes in the selected Regions as of March 2009 as shown in Table under paragraph 3.12.5. However, the position would change if the Corporation improves its efficiency. Nonetheless, there would still be some routes which would be uneconomical. Though the Corporation is required to cater to these routes, the Corporation has not formulated norms for providing services on uneconomical

†††††† This figure will not tally with the total of figures given in paragraphs 3.14.2 and 3.15.2 on account of rounding off the excess cost per KM due to low productivity and excess consumption of fuel.

routes. In the absence of norms, the adequacy of services on uneconomical routes cannot be ascertained in audit. The desirability to have an independent regulatory body to specify the quantum of services on uneconomical routes, taking into account the specific needs of commuters, is further underlined.

The Corporation was serving on all motorable routes and there were no routes served by private operators only. The Corporation was not having any specific norms for ensuring adequacy of services on uneconomic routes. However, Corporation was operating buses in almost all rural areas based on minimum demand. Though the Corporation was operating buses in these uneconomical routes ranging from 43 *per cent* to 59 *per cent* during the years 2004-09, it did not get the reimbursement of the excess cost of operation from the Government.

Monitoring by top management

MIS data and monitoring of service parameters

3.23.1 For an organisation like a Road Transport Corporation to succeed in operating economically, efficiently and effectively, there has to be written norms of operations, service standards and targets. Further, there has to be a Management Information System (MIS) to report on achievement of targets and norms. The achievements need to be reviewed to address deficiencies and also to set targets for subsequent years. The targets should generally be such that the achievement of which would make an organisation self-reliant. In the light of this, Audit reviewed the system obtaining in the Corporation. The status in this regard is given below.

The Corporation has an exhaustive MIS system in place at all levels i.e., Depot, Region, Zone and Corporate Levels which covers all key performance parameters at monthly intervals. The targets are being fixed by the Corporate Office and communicated to Zones and Regions for implementation at Depot level. The MIS in the Corporation is functional, effective and aids the top management in arriving at crucial decisions. The achievements of the Depots and the Regions are compared with the targets in the regular monthly meetings at Corporate, Zonal and Regional levels and wherever deficiencies are there, necessary instructions are being issued. The operational performance of the Corporation is also being regularly monitored by its Board of Directors.

Conclusion

Operational performance

- ***The Corporation could not keep pace with the growing demand for public transport as its share declined from 84.36 per cent in 2004-05 to 80.03 per cent in 2007-08.***

- ***The Corporation also did not ensure economy in operation of its manpower as the crew was not optimally utilized and fuel efficiency was not as per its own targets.***

Financial management

- ***The Corporation could not succeed in replacing all its overage buses.***
- ***The Corporation has tremendous potential to tap non-conventional sources of revenue but it did not have a policy in place to undertake large scale tapping of such funds.***

Fare policy and fulfilment of social obligations

- ***The Corporation has no fare policy and the revision was not based on normative cost.***
- ***No policy had been laid down for operation of uneconomical routes as a social obligation.***

Monitoring by top management

- ***The Corporation has an effective system of monitoring at all levels.***

In view of the foregoing, there is still some scope to improve the performance of the Corporation.

Recommendations

The Corporation may:

- ***maintain proper records of buses declared as scrapped and actually scrapped so as to work out the actual requirement of buses.***
- ***make cost analysis at Corporate level in respect of routes operated into profitable and unprofitable so that it could be monitored at top level.***
- ***monitor its fuel efficiency by implementing the norms of OEM and utilize the available manpower to the optimum level and enhance its productivity.***
- ***hire more number of private buses as the cost of operation of hire buses is much lower than that of Corporation's own fleet.***
- ***keep details at Corporate level, of lands owned by it in municipal cities, District Headquarters and Tehsil Headquarters so that a policy for utilisation of vacant space is chalked out.***

The Government may:

- ***consider creating a regulator to regulate fares and also services on uneconomical routes.***

Chapter IV

4. Transaction Audit Observations

Government Companies

Andhra Pradesh State Irrigation Development Corporation Limited

4.1 Nugatory Expenditure

The Company's failure to ascertain the areas affected by the reservoir project before incurring expenditure on Lift Irrigation Scheme led to incurring of avoidable expenditure of Rs 2.70 crore.

In order to provide irrigation facilities from Gundlakamma river through lift irrigation scheme with an ayacut of 4,950 Acres, Government of Andhra Pradesh (GoAP) accorded sanction (February 2000) for Nagulupallapadu – I Lift Irrigation scheme (LIS) under Rural Infrastructure Development Fund (RIDF) – V of National Bank for Agriculture and Rural Development (NABARD) at a cost of Rs 8.24 crore (Rs 6.29 crore from RIDF as loan assistance and balance Rs 1.95 crore from GoAP). The LIS consisted of construction of intake well to collect water from the river, laying of intake pipeline, construction of sump well, pump house, pressure main and delivery cistern and delivery of water thereafter through main canals.

Andhra Pradesh State Irrigation Development Corporation Limited (Company), the executing agency, grounded the scheme in April 2000 and went ahead with works of construction of head works, pressure works, gravity mains and delivery cisterns etc.

In August 2002, Chief Engineer, Irrigation Department (CE) intimated the Company that GoAP was considering to construct a reservoir across Gundlakamma River (GRP) near Mallavaram Village under Nagullupallapadu Mandal, to irrigate 80,000 acres of land and to provide drinking water facility. The CE, accordingly, advised the Company not to take up any LIS in the command area or submerged area of the project, by which time the Company had already incurred an expenditure of Rs 4.49 crore under the LIS.

The Company, instead of seeking clarification to either continue or foreclose the LIS being executed by them, continued the work incurring further expenditure of Rs 0.71 crore (Rs 5.20 crore – Rs 4.49 crore) till November 2003. In November 2003, the GoAP while reiterating the instruction of CE intimated the Company the details of villages/Mandals that would be affected/benefited by the construction of the reservoir. The Company, completed (April 2005) all the works at a cost of Rs 7.19 crore required for the

LIS except construction of main canals to carry water, as beneficiaries failed to hand over the land required for executing the canals.

As efforts to construct main canals did not fructify, the Company proposed formation of Gravity main in place of open canals. Since Gundlakamma Project authorities have also started formation of canals pertaining to GRP, the Company felt a need to reexamine its decision to take up the gravity main. Therefore, the Company took up the matter (November 2008) with the Executive Engineer of GRP and realized that with the construction of GRP, the ayacut that can be covered by this LIS has been reduced to 471.49 Acres as against 4,950 Acres originally contemplated. The Company further, realized that balance 471.49 Acres were also scattered and could not be fed through the LIS.

In the meantime, the Company without constructing the canals issued completion certificate to NABARD indicating final cost of the project as Rs 7.19 crore.

Thus, the case would reveal the following:

- ❖ Though Irrigation Department instructed the Company in August 2002 not to take up any LIS in the command and submerged areas of Gundlakamma project, the Company instead of seeking clarification went ahead to execute balance works of LIS on the plea that the instructions were applicable only to the new projects which were not grounded, resulting in an avoidable expenditure of Rs 2.70 crore.

- ❖ The entire LIS completed at a cost of Rs 7.19 crore also proved nugatory, as main canals to carry water were not constructed.

The Government stated (June 2009) that the project was grounded much earlier to the receipt (November 2003) of instructions by which time 80 *per cent* of the works were completed and only in December 2008 they were notified that 90 *per cent* of the ayacut of the LIS is covered under GRP. It was further stated that in case GRP cannot supply water to the tail end area of the ayacut, LIS would be utilized as supplementation scheme. The reply is an after thought to utilize the LIS as supplementation scheme but was not contemplated while taking up the LIS. The necessity to have the scheme to serve tail end ayacut area was also not part of the Scheme.

There is need for the Company to seek clarification from the authorities concerned before incurring expenditure on such schemes instead of going ahead with implementation on the plea of lack of clarity in Government orders.

Andhra Pradesh Industrial Infrastructure Corporation Limited

4.2 Undue benefit to an allottee

Allotment of alternate land to an allottee at a concessional rate resulted in loss of Rs 20.17 lakh and consequential undue benefit to the allottee.

In order to set up readymade garments factory at Kukatpally Industrial Development Area (KIDA), Andhra Pradesh Industrial Infrastructure Corporation Limited (Company) allotted (January 1979) land admeasuring one Acre (4,047 Square Metres) to Konark Engineering Company (allottee) at a rate of Rs 15,000 per acre and allottee paid 50 *per cent* of land cost amounting to Rs 7,500. The sale agreement was executed (May 1979) and the land without any encroachments was handed over (May 1979) to the allottee. The allottee represented (March 1982) that the allotted plot was encroached by hut dwellers in December 1979. The allottee requested (March 1986) for allotment of alternate plot in KIDA itself. As there were no vacant plots in KIDA, the efforts made by the Company to offer alternate land in Industrial Development Area at Cherlapally and Pashamylaram did not fructify as the allottee insisted for allotment at KIDA itself. Finally the allottee applied (November 2007) for an alternate land.

The Company allotted (January 2008) one acre in the Industrial Park, Jadcharla at a special rate of Rs 500 per square metre (psm) even though the prevailing land rate was Rs 1,000 psm. The allottee paid the entire cost of land (Rs 20.30 lakh) and took possession of the land by entering into an agreement (September 2008). Surprisingly, the alternate land was allotted to a different unit under the same management which envisaged for other activity of manufacture of “Elevator Assembly”.

The case would thus reveal that:

- the Company allotted the land at a lesser rate of Rs 500 psm against the prevailing rate of Rs 1,000 psm thereby leading to a loss of Rs 20.17 lakh (Rs 40.47 lakh – Rs 20.30 lakh).

- the alternate land was allotted to a different unit under the same management for setting up different activity of manufacture of “Elevator Assembly”, instead of setting up a ready-made garment factory as contemplated earlier.

The Government stated (July 2009) that subsequent to allotment (January 1979) and execution of sale agreement (May 1979), the plot was encroached by the hut dwellers and all efforts made to remove the encroachment failed. Hence, it was decided to allot alternate plot at a reduced rate of Rs 500 psm. Further there is no loss to the Company in allotment of alternate land at a cost of Rs 20.30 lakh as against original plot which is now worth Rs 2.02 crore.

The reply indicates that the Management's decision was unjustified as plot was encroached subsequently due to delay in setting up of unit by the allottee. The

Company instead of taking action for cancellation of plot as per allotment regulations, considered the case for allotment at concessional rate. Further the contention that original plot worth Rs 2.02 crore is hypothetical as Company was unable to get the plot vacated from encroachers for more than 27 years.

Thus, undue benefit of allotment of alternate land to an allottee who was not interested in starting small scale industry even after 28 years resulted in a loss of Rs 20.17 lakh due to collection of lower land rate.

The Company should invariably follow the allotment regulations even for allotment of alternate land and collect the rates fixed. The Company should also take into account any abnormal delay in starting the industry in the land allotted earlier and also the changed business priorities of the allottee before any decision is taken to allot alternate land.

4.3 Loss of interest due to non-deposit of demand drafts

Company retained the cancelled Demand Drafts for an year resulting in loss of interest of Rs 26.78 lakh.

In order to set up a Cement Packaging Unit at Kakinada, Andhra Pradesh Industrial Infrastructure Corporation Limited (Company) allotted (March 1995 and January 1996) 72 Acres and 14 cents of land to Gujarat Ambuja Cements Limited (allottee) for Rs 2.24 crore. The allottee without taking possession of land or executing sale agreement paid the land cost.

The allottee requested (July 1997) for transfer of allotment of land to their subsidiary company which was acceded in September 1997. Later the allottee requested (October 1998) to restore the allotment back to them. The request of the allottee was agreed (November 1998) in principle on the condition that the allottee would remit restoration charges at the rate of one *per cent* on prevailing land cost, along with enhanced compensation at the rate of Rs Four lakh per acre and frontage charges of 15 *per cent* on present land cost. As the allottee failed to pay the restoration charges, the Company withdrew the restoration orders (March 2006) resulting in allottee filing a petition in the Court.

Though the Hon'ble High Court of Andhra Pradesh ordered to maintain status quo (31 May 2006), the Company returned (22 September 2006) Rs 2.23 crore being the land cost after deducting the EMD by way of Demand Drafts (DDs). The allottee, however, returned the payment immediately (28 September 2006). But these DDs were retained by the zonal office of the Company and credited to Company accounts only on 5 September 2007 after a lot of correspondence between the Zonal office and Head office.

The case would thus reveal that:

- Despite an order of the court to maintain status quo, the company refunded Rs 2.23 crore to the allottee in September 2006.

- Instead of paying the refunded land cost by cheque, payment was made by DD in September 2006.
- Though the DD was returned immediately by the allottee in September 2006, the company retained the DD without crediting back to their account, resulting in loss of interest of Rs 26.78 lakh.

The Government stated (June 2009) that it was felt appropriate to refund the amount by way of DDs to show the intention of the Company in refunding the amount. The reply is not relevant as the Company failed to encash the DDs returned by the allottee and retained for one year in their office losing the interest on the same.

There is need for the Company to evolve a system to see that delays are avoided.

Andhra Pradesh Beverages Corporation Limited

4.4 Loss due to under insurance

Due to failure of the Company to enhance the insurance cover sufficient to the existing stock, it suffered a loss of Rs 1.04 crore.

Andhra Pradesh Beverages Corporation Limited (Company) purchases Indian Made Foreign Liquor (IMFL) from different distilleries and later sells it through retailers by storing stocks in its godowns established across the State of Andhra Pradesh. The stocks are insured against loss/damage with different insurance companies through standard Fire and Special Perils Policy (material damage). The depot managers (in-charge of godown) are required to send the peak value particulars every month to the Branch of Insurance Company concerned and also to the Corporate office of the Company for insurance purpose as per Corporate office instructions.

The Company which was holding stock worth Rs 3.59 crore (October 2006) in their Kurnool godown had taken an insurance cover worth Rs Four crore valid for one year from 25 November 2006. The depot manager of Kurnool unit while sending the peak value statement every month to the Branch of the insurance company, though requested to enhance the insurance cover, did not indicate the amount by which it has to be increased. There is no record to show that the corporate office initiated action to enhance the insurance cover despite getting a copy of peak value statement every month. Despite a notice (April 2007) from the Insurance Company to intimate the amount by which the insurance cover has to be enhanced, the management failed to do so.

In June 2007, due to heavy rainfall, the godown was inundated causing damage to the stored stock of IMFL worth Rs 5.59 crore. Of the damaged stocks Company recovered stocks worth Rs 1.01 crore and declared balance stock of Rs 4.58 crore as damaged. The Company, accordingly, filed (July 2007) a claim of Rs 4.68 crore (including Rs 10 lakh spent on salvaging) with the Insurer. While assessing the damage as Rs 4.11 crore the Insurance

Company restricted the claim to match the insurance coverage and paid (April 2009) Rs 2.80 crore.

The Government stated (July 2009) that insurance claim of Rs 4.68 crore includes Rs 1.92 crore of excise duty. Matter for waiver of excise duty was under process. It was also stated that Company was permitted to send the damaged stocks for reprocessing and it was estimated that the same would be worth Rs 43.48 lakh. Hence, the Government contention was that the net gain would be Rs Four lakh i.e., Rs 2.76 crore loss less Rs 2.80 crore claim amount. But the fact remains that gain of Rs Four lakh is based on realisation of Rs 43.48 lakh on reprocessing which is not certain. The amount of Rs 1.92 crore when waived off is required to be paid back as per subrogation clause to the Insurance company.

Thus, the failure of the Company to increase the insurance cover resulted in a loss of Rs 1.04 crore being the difference between the actual claim amount of Rs 3.84 crore based on the stock existing (May 2007) and the admitted claim amount of Rs 2.80 crore.

The Company should evolve a system to monitor the sufficiency or otherwise of the insurance cover based on the value of stocks maintained in its depots.

The Singareni Collieries Company Limited

4.5 Wasteful expenditure

The Company spent Rs 80.20 lakh on matters related to acquisition of land for Peddampeta shaft project but dropped the same since the technology to be employed was not finalized.

The Singareni Collieries Company Limited (Company) is extracting coal from its mines by way of open cast (OC), Continuous and Longwall Mining Technology. As the OC mines of Ramagundam area were fast depleting and conventional mining technology was not considered suitable to extract coal from deeper seams, the Company proposed (June 2003) to implement three deep shaft projects (Adriyala, Jallaram and Peddampeta) with high capacity Longwall technology for extracting coal lying beyond 300 Metre depth.

For this purpose the Company conducted (June 2003) a feasibility study on Peddampeta shaft project (project) for extracting coal and found that 1.46 Million Tons (MTs) of coal can be mined per annum out of the total extractable reserves of estimated 41.40 MTs. The Board accordingly sanctioned (December 2003) an estimate (Rs 356.86 crore) for working on the project in three seams[1] by Longwall[2] and continuous miner[3] technology.

[1] It is stream of coal formation having dimensions of thickness, width and length embedded between the earth crust.

[2] It is a sophisticated machine with a rotating drum that moves mechanically back and forth across a wide coal seam.

[3] It is a machine used to cut through the coal and immediately load the coal onto a shuttle car which takes it to a conveyor belt, finally transporting it to the surface.

For the project, the Company required land admeasuring 65.98 Acres (26.70 hectares) for diversion of Jallaram vagu[4], out of which the Company was already in possession of 16.56 Acres (6.70 hectares). The Company therefore decided to procure balance 49.42 Acres (20 hectares) of land. Subsequently, the Company to avoid subsidence effect over villages requisitioned (March 2006) additional land admeasuring 137.05 Acres with Land Acquisition authorities by depositing necessary charges. While the Company did not acquire 49.42 Acres (20 hectares) land required under diversion of Jallaram vagu, it went ahead with acquisition of 137.05 Acres.

However, without ascertaining the efficacy of high production Longwall Technology being executed elsewhere, Company incurred an expenditure of Rs 80.20 lakh between September 2005 to September 2006 (Rs 45.40 lakh towards publication charges of Draft Declaration (DD) and Draft Notification (DN) for the acquisition of land admeasuring 137.05 Acres and Rs 34.80 lakh on clearances and public hearing related to land acquisition). Later, the Board decided (September 2007) to defer the project until it ascertained the efficacy of high production Longwall Technology from Adriyala and Jallaram projects resulting in withdrawal of land acquisition proposals. The approval for withdrawal of the Peddampeta shaft project was already received (April 2007) from the Ministry of Coal, Government of India, New Delhi.

Further, the expenditure incurred on clearances and public hearing related to land acquisition (Rs 34.80 lakh) and the expenditure incurred on publication of DD/DN (Rs 45.40 lakh) was accordingly written off in 2007-08 and 2008-09 respectively.

A scrutiny of records of Adriyala and Jallaram projects indicated that the developmental works are at an infant stage and sinking of Return Air Shaft work is in progress and procurement action of Longwall equipment is also under process and the extraction of coal with Longwall technology is likely to commence only from 2011-12.

Thus, the case would reveal the following:

- ❖ Company has grounded multiple Longwall projects without ascertaining the efficacy of the technology in either of the other two projects (Adriyala and Jallaram).
- ❖ Company subsequently withdrew Peddampeta shaft project, which resulted in wasteful expenditure of Rs 80.20 lakh.

The Management stated (April 2009) that in order to implement the projects as per the schedule the proponents obtained clearances and initiated certain advance action ahead of project approvals. The reply is not convincing as land acquisition and related clearances should commence only after determining the technology to be employed. Expenditure incurred, if any on determination of technology, ascertaining the coal deposits etc., can alone be treated as preliminary expenditure. This expenditure was incurred in haste by the

[4] A stream of water/nala.

Company even before determining the technology to be employed, hence avoidable.

Whenever a new technology is to be implemented, the Company should not ground multiple projects at a time. The Company on an experimental method should ground one such project and only after the new technology is proved successful, may go ahead with other projects.

The matter was reported to the Government (March 2009); their reply had not been received (September 2009).

4.6 Infructuous expenditure

Failure of the Company to give right specifications for the Double Roll Crushers and inability to modify the specifications led to idling of three crushers valued Rs 69.93 lakh.

The Singareni Collieries Company Limited (Company) is presently supplying crushed coal of (-)[π] 200 mm size from its existing Coal Handling Plants (CHPs). However, in order to supply 100 *per cent* crushed coal to consumers as a part of institutional reforms, the Company proposed (October 2004) to modify the existing CHPs by installing secondary crushers for crushing of coal upto (-) 50 mm size as it facilitates washing of coal for quality improvement for consumers. The Committee constituted for this purpose recommended (October 2004) crushing of coal upto (-) 100 mm size instead of (-) 50 mm size as associated losses like dust at CHPs and storage losses were attributed with supply of (-) 50 mm size. Besides, the Company also anticipated enough demand for 100 *per cent* crushed coal.

The Board approved (March 2005) the change in crushing of coal from (-) 50 mm to (-) 100 mm. Accordingly, the Company called for (July 2005) tenders for the supply of crushers from various suppliers.

Without assessing the market demand for (-) 100 mm product size of coal and without inviting interests for crushed coal of (-) 100 mm from the existing consumers of coal, the Company placed (September 2006) a purchase order with Sayaji Iron and Engineering Company Private Limited, Baroda, Gujarat for supply of four (4 Nos.) – 300 Tons per hour (TPH) Double Roll Crushers (DRC) (two for Srirampur and two for Ramakrishnapur).

All four DRCs valuing Rs 93.24 lakh (at the rate of Rs 23.31 lakh each) were received in June 2007. As per purchase order, crushers were guaranteed for material, design and workmanship for a period of 12 calendar months from the date of issue/commissioning or 18 calendar months from the date of dispatch, whichever was earlier.

However, the Company without installing the crushers requested (January 2008) the supplier to modify DRCs to increase their crushing capacity from

[π] (-) indicates size of coal less than

300 to 500 TPH and to modify the input size (from 1080 mm X 765 mm to 1500 mm X 1500 mm) and output size (from (-)[π] 100 mm to (-) 250 mm) to suit their requirement. The supplier, however, expressed his inability (April 2008) to modify the same as the Toothed Roll Crushers were tailor made to suit each application. Due to changed requirement of the Company, only one out of four crushers was installed (January 2009) at CHP Ramakrishnapur and the remaining three DRCs are lying in stores/site without utilisation from the date of receipt (June 2007). In the meantime, warranty of the equipment expired in June 2008.

Thus, the failure of the Company to assess market demand for crushed coal of (-) 100 mm product size before placement of purchase order has not only resulted in non-installation of remaining three DRCs but has also resulted in infructuous expenditure of Rs 69.93 lakh to the Company.

The Government in reply stated (June 2009) that the crushed ROM coal of (-) 200 mm size supplied from these two CHPs were meeting their requirement and as there was no specific demand for (-) 100 mm size of coal, the remaining three DRCs were not installed. It was also stated that the DRC commissioned at Srirampur, CHP was working satisfactorily and the crushed coal of (-) 100 mm size was being mixed and dispatched with (-) 250 mm size.

The reply does not address the fact that the Company advanced procurement of DRCs without assessing the demand for (-) 100 mm crushed coal and thereafter requested the supplier to modify the crushers which was not possible as they were tailor made. Further, the objective of the Company was to supply (-) 100 mm crushed coal for washing of coal for quality improvement to consumers and not to mix up with (-) 250 mm size which was against the objectives of institutional reforms to be brought in, thus defeating the very purpose of procurement of DRCs. As a result, the expenditure of Rs 69.93 lakh became infructuous.

There is need for the Company to assess the market demand for any new product before placing orders for machinery to produce it.

Andhra Pradesh State Police Housing Corporation Limited

4.7 Additional expenditure

Company's failure to use the economical concrete mix in civil works led to avoidable additional expenditure of Rs 31.49 lakh.

The standards prescribed by Bureau of Indian Standards stipulate using of design mix concrete in the construction of civil works in place of nominal mix. While in the design mix lower quantity of cement is used by controlling the water cement ratio correctly to obtain the desired strength of concrete, thereby

[π] (-) indicates size of coal less than saving around 80 Kgs of cement per cubic metre of concrete, the cement content in the nominal mix (1:1.5:3) is more and hence expensive. The average difference in cost between two kinds of concrete mix per cubic metre was Rs 339.17 (2005-06) and Rs 472.69 (2006-07).

In December 2005 the Andhra Pradesh State Police Housing Corporation Limited (Company) instructed all its Executive Engineers to execute the vibrated reinforced concrete cement works by using design mix in civil works costing more than Rs One crore and use nominal mix if design mix cannot be used for any reason in case of works costing upto Rs One crore. Despite the instructions, the Company accepted contractors' request in 14 works (Rs 20.51 crore) each costing more than Rs One crore for use of nominal mix instead of design mix thereby incurring an avoidable expenditure of Rs 31.49 lakh.

Thus, use of nominal mix despite instructions to use design mix led to avoidable expenditure of Rs 31.49 lakh.

The Management should follow the standards fixed by Bureau of Indian Standards and ensure compliance with its own instructions.

The matter was reported to the Government/Management (March 2009); their replies had not been received (September 2009).

Andhra Pradesh Rajiv Swagruha Corporation Limited

4.8 Undue benefit to contractors

Reimbursement of insurance charges in contravention of terms and conditions of the NIT/agreement resulted in undue benefit to the contractors – Rs 1.14 crore.

Government of Andhra Pradesh (GoAP) through Andhra Pradesh Rajiv Swagruha Corporation Limited (Company) launched (March 2007) Rajiv Swagruha Programme with an aim to provide affordable housing equipped with all modern facilities at 25 *per cent* less than the prevailing market value.

The Company for execution of the works in three projects[5] under the said programme, awarded works (February – November 2008) to six contractors. As per the terms and conditions of the Notice Inviting Tender (NIT)/agreements, contractors are required to provide insurance cover from the start date to the end of the defects liability period (24 months after completion) for any loss or damage to the works, plant and materials, equipment, property in connection with the contract and personal injury or death of persons employed for construction. It was however seen that in

[5] Pocharam, Bandlaguda and Nellore.

respect of one project (Chandanagar) transferred (August 2007) to the company after grounding by Andhra Pradesh Housing Board, there was no provision for reimbursement of insurance premia since the rates finalised were inclusive of all taxes.

The NIT/agreements while enforcing the contractor to pay premium regularly and produce the receipts thereof to the Company well in advance, also provided for the Company to pay the premium in case of failure of the contractors to pay the same and recover it from the contractors' payments. Thus, it is evident that the responsibility to provide insurance cover is of the contractor. Contrary to the conditions of the contract, the Company in Part II of bill of quantities appended to the agreement provided for reimbursement of insurance premium upto 0.25 *per cent* of estimated cost value or actual, whichever is less.

It was seen (April 2009) that five out of six contractors claimed reimbursement of insurance premia and the Company reimbursed (July 2008 to March 2009) Rs 1.14 crore. As payment of insurance premia is the liability of contractors and not of the Company, reimbursement of the same resulted in undue benefit of Rs 1.14 crore to contractors.

The Management stated (July 2009) that GoAP issued orders (July 2003) to include reimbursement of insurance premium charges in the estimate and accordingly the insurance premia were paid.

The reply is factually incorrect as orders of GoAP of July 2003 pertain to Irrigation department and applying the same to Rajiv Swagruha Programme launched in March 2007 was irregular. Since the fact of reimbursement was not included in the NIT, the inclusion of same in Bill of quantities was not in order. Besides, Company did not provide for reimbursement in respect of one contractor of Chandnagar project.

The Company should ensure that the terms and conditions of NIT/ contract are unambiguous so as to avoid extending undue benefit to contractors.

The matter was reported to the Government (June 2009); their reply had not been received (September 2009).

Andhra Pradesh State Civil Supplies Corporation Limited

4.9 System Failure

Company's failure in conducting the physical verification as prescribed resulted in non-detection of misappropriation and consequent shortage of rice valued Rs 53.55 lakh.

Andhra Pradesh State Civil Supplies Corporation Limited (Company) is responsible for holding stock of rice and other commodities at each Mandal Level Stockist Point (MLS) for eventual transfer to the public distribution system. To streamline the system of physical verification (PV) of stocks at each MLS point, the Company issued (February 1999) following instructions:

- District Managers (DMs) to conduct 100 *per cent* PV at one third of the MLS points every month and to conduct average PV at the remaining two third of the MLS points so that all the MLS points may be covered by 100 *per cent* PV in a quarter.

- DMs to submit a certificate on reconciliation of actual book balance and physical balance of stocks in MLS points along with PV report.

- DMs to verify and countersign the PV reports before submitting to the Company.

Despite these instructions, 100 *per cent* physical verification at MLS point at Siddipet was not conducted regularly and physical verification whenever conducted was reportedly conducted on weighted average[6] basis. Though the Head office was aware of deviation in the method of conducting PV, no corrective action was taken. Further, PV of stock was not conducted during the major period of the year 2004-05 and the reconciliation certificate in Stock register was not signed by the DM. In February 2006 the MLS point in-charge at Siddipet declared shortage and operational loss of 595 Metric tonnes (MTs) of rice since last two years. Thereafter, a team of Company and Government officials deputed to verify the loss, found out (March 2006) loss of 595 MTs of rice valuing at Rs 53.55 lakh. The team also carried out an investigation and concluded:

- that PV was not conducted at 100 *per cent* but was conducted on weighted average basis leading to serious omission as it allowed the MLS point in-charge to claim losses attributable to previous two years period,

- MLS point Stock Register and Goods Received Register for the year 2004-05 were not available in District Office for verification which shows a serious omission in the accounts of the MLS point, and

- reconciliation statement was not signed in the Stock Register for many months during the year 2005-06.

The team, accordingly, blamed the DM and the MLS in-charge for the lapse. The MLS in-charge responsible for the loss has been dismissed (May 2009) duly ordering for recovery of actual loss (Rs 53.55 lakh) as against penal recovery (Rs 1.07 crore) at double the economic cost as per the extant instructions. The DM responsible was already under suspension in another case.

Thus due to failure of Management in detection of lapse in PV by the DM and not taking any action even after non-receipt of reconciliation statements led to

[6] Weighted average means counting the total number of bags and multiplying the quantity indicated on the gunny bag to arrive at the physical stock available.

non-detection of pilferage of stock and consequent misappropriation of 595 MTs of rice valuing Rs 53.55 lakh. Further due to failure of the management to initiate timely action for recovery as per extant orders, the company was put to loss of Rs 53.55 lakh (the penal portion of recovery) and recovery of actual value of stocks misappropriated (Rs 53.55 lakh) has been delayed since the official concerned has been dismissed.

The Government while admitting the fact stated (May 2009) that the amount would be recovered by invoking Revenue Recovery Act. The fact remains that recovery is yet to commence (September 2009).

To avoid recurrence of such cases, Company needs to strengthen the existing monitoring system and ensure that the PV is conducted regularly in the manner prescribed.

Andhra Pradesh Power Generation Corporation Limited

4.10 Excess Payment

The Company paid rail freight at higher slab resulting in excess payment of Rs 9.87 crore.

Andhra Pradesh Power Generation Corporation Limited (Company) receives its Coal supplies for its Thermal Power Station at Vijayawada (Power Station) from Bharatpur and IB Valley sidings of Mahanadi Coal Fields Limited, Orissa (Coalfield). Company transports its coal from the Coalfield to its Power station through rail. Till December 2004, railways were charging freight based on the distance of transportation by multiple rounding off at each intermediate stage to the next Kilometer (KM). However, in December 2004 Ministry of Railways, in order to remove anomalies in the method of arriving at the chargeable distance for fare and freight by different zonal railways, decided to charge transportation by rounding off the total distance to the next higher KM only once at destination point. The revised policy was effective from January 2005.

As per railways erstwhile policy of billing freight charges, Company was paying for the distance of its transportation of coal from Bharatpur siding to its Power Station under the slab 951-976 KM by multiple rounding off the distance at each intermediate stage at 951 KM, taking into account the distance travelled as follows:

Distance Travelled	Actual distance (Kms.)	Rounded off distance at each stage (Kms.)
Bharatpur to Talcher	13	13
Talcher to Budhapank Junction	5.32	6
Budhapank Junction to Duvvada	568.47	569
Duvvada to Kondapalli	358.68	359
Kondapalli to Power Station	3.73	4
Total Distance	**949.20**	**951**
Total Distance if rounded off once at the end		**950**

With the revised policy of the Ministry of Railways, Company was liable to pay its freight charges at the lower slab of freight under 926-950 KM. However, the Company which has received 46.70 lakh of Metric Tonnes of Coal from Bharatpur siding of the Coalfield during the period January 2005 to April 2009, paid its freight at higher charges under the slab 951-976 KM resulting in excess payment of Rs 9.87 crore (including other levies based on percentage on freight such as Busy Seasons' Surcharge and Development Surcharge). The Company neither noticed the excess freight charge being billed nor issued any notice to railways to refund excess charge so paid within the stipulated period of six months of delivery.

Thus, failure of the Company to check the correctness of the rail freight based on the revised policy of the railways resulted in excess payment of freight charges of Rs 9.87 crore.

The Government stated (June 2009) that the payment is made in the appropriate slab from May 2009 and a claim has been preferred with railways for refund of excess freight paid.

The fact however remains that the Company will not be able to get refund of Rs 9.56 crore being the excess freight paid for the period from January 2005 to February 2009 as the time limit for claiming refund has expired. Company should evolve a system to check the correctness of application of appropriate tariff besides other checks before passing the claims.

Transmission Corporation of Andhra Pradesh Limited

4.11 Avoidable loss of interest

Company paid Guarantee commission of Rs 1.52 crore against proposed loan from REC without acquiring the land for the construction of sub-stations. This led to avoidable loss of Rs 52.44 lakh.

Government of Andhra Pradesh (GoAP), at the request (January 2005) of Transmission Corporation of Andhra Pradesh Limited (Company), sanctioned (March 2005) Government guarantee for the years 2004-05 and 2005-06 for an amount of Rs 1,131.76 crore. The guarantee was for part of loan assistance (30 *per cent*) from Rural Electrification Corporation (REC) for executing certain schemes. The sanction envisaged the Company to pay two *per cent* of the guarantee commission as consolidated upfront fee for the entire guarantee period.

Accordingly, Company accorded administrative approval (March 2005) to establish a "short gestation power transmission project" (Project) at an estimated cost of Rs 324.37 crore (Loan component Rs 252.74 crore). The project included extension of Vemagiri-Nunna 400 KV DC line from Nunna to Narasaraopet, and construction of (i) 400/220 KV Substation at Narasaraopet, (ii) 220 KV DC line from Narasaraopet to Parchur and (iii) establishment of 220/132 KV Substation at Narasaraopet and Parchur.

The Government guarantee was for Rs 75.82 crore (30 *per cent* of Loan component of Rs 252.74 crore). The Guarantee commission (upfront fee) at the rate of two *per cent* of this guaranteed amount worked out to Rs 1.52 crore. This was included in the amount of Rs 24.43 crore paid (June 2005) towards Guarantee commission in respect of other works relating to four Power Distribution companies. Though the Company proposed (December 2005) to acquire land admeasuring 70 Acres for construction of 400/220 KV substations, it could not acquire the land (March 2009), due to objections from the land owners. Meanwhile, the Company went ahead (March 2006) with execution of the loan agreement, by misrepresenting that it had already acquired the land required for the project. As per the loan agreement, REC would release the first instalment of 10 *per cent* of loan only on completion of documentation and acquisition of land for sub-station. As the Company is still to acquire the land (March 2009), it could neither avail of the loan nor start the project.

The case would reveal the following:

- ❖ Company in a haste to avail the loan, paid the guarantee commission of Rs 1.52 crore in June 2005 but could not avail loan as it had not acquired the land so far (March 2009);
- ❖ Advance payment of guarantee commission resulted in locking up of funds and consequential loss of interest of Rs 52.44 lakh (at nine *per cent* for 46 months from June 2005 to March 2009).

The Government stated (August 2009) that some of the works related to schemes could not be taken up due to non-finalisation of the site. It was further stated that the other related works are nearing completion without drawal of the loan. Had the Company waited till finalisation of site for payment of Guarantee commission, it could have avoided the loss of interest on the amount paid as Guarantee commission.

In order to avoid such a situation in future, the Company should draw the loan or pay upfront fee thereon only after ensuring availability of all infrastructural facilities necessary for execution of any project.

Southern Power Distribution Company of Andhra Pradesh Limited

4.12 Loss of revenue

Failure of the Company to levy voltage surcharge resulted in non-realisation of revenue - Rs 2.67 crore and loss of interest- Rs 43.72 lakh.

The tariff orders and general terms and conditions of supply provide that if HT consumer with Contracted Maximum Demand (CMD) of 5,000 KVA and above intends to avail of supply on a common feeder, the supply shall be availed of at 132/220 KV as may be decided by the Southern Power Distribution Company of Andhra Pradesh Limited (Company). If the consumer avails of supply at a lower voltage level, surcharge at 12 *per cent* of demand charges and 10 *per cent* of energy charges over the normal tariff rates should be recovered from the consumer. In case of independent feeders, CMD upto 10,000 KVA can be availed of at 33 KV provided that the consumer should have an exclusive dedicated feeder from sub-station and should pay full cost of the service line.

Amara Raja Batteries Limited was availing of HT power supply (since April 1991) from the Company on a common feeder, which was an existing feeder upto 33/11 KV Karakambadi sub-station and was extended to the premises of the consumer by tapping off from the existing line. The CMD of this service was increased from 450 KVA to 14,190 KVA over a period of time upto June 2007. From June 2005 onwards the CMD of the service crossed 5,000 KVA requiring the consumer either to avail of power at higher voltage (132/220 KV) or to pay voltage surcharge for availing of supply at 33 KV. But the Company did not levy the voltage surcharge resulting in undue favour to the consumer and revenue loss to the Company to an extent of Rs 2.67 crore for the period from June 2005 to November 2007.

Thus, failure of the Company to levy voltage surcharge as per the terms and conditions of supply and tariff orders resulted in non-realisation of revenue of Rs 2.67 crore and loss of interest (at the rate of eight *per cent* per annum) of Rs 43.72 lakh to the end of March 2009.

The Management stated (August 2009) that shortfall amount of Rs 2.58 crore towards voltage surcharge was included in July 2008 CC Bill but the consumer had approached (March 2009) the Vidyut Ombudsman, Hyderabad. However, the fact remains that the amount is yet to be realised by the Company.

The Company should ensure strict adherence to the terms and conditions of supply and tariff orders in regard to billing of consumers to avoid loss of revenue and interest thereon.

The matter was reported to the Government (June 2009); their reply had not been received (September 2009).

4.13 Unauthorised concession

Company did not include price variation clause in the Purchase Order and also allowed price variation in excess of ten *per cent* contrary to the provisions of Purchase Manual, resulting in unauthorised payment of Rs 1.34 crore.

Company is allowing price variation on purchase orders based on the provisions of its Purchase Manual. The Purchase Manual, *inter-alia*, catered to the following:

- ❖ Where variable prices are permitted, a definite price variation formula should be indicated in the bid;
- ❖ The price variation should be subject to a ceiling of 10 *per cent* ;
- ❖ All purchase orders placed after 2003 should indicate price variation clause subject to a maximum of 10 *per cent*.

The Company placed (August 2005) two purchase orders for Rs 22.08 crore for supply of 25 KVA Distribution Transformers (DTRs) to be supplied between October 2005 and July 2006, on two suppliers viz., Kanyaka Parameswari Company Limited, Hyderabad (3,000 at the rate of 300 per month) and Hi-Power Electrical Industries, Patancheru (3,000 at the rate of 300 per month).

Subsequently on a representation of suppliers to remove the ceiling on price variation due to abnormal increase in the cost of raw material, the company decided (July 2006) to raise the limit of price variation to be allowed to 30 *per cent* from 10 *per cent* in respect of contracts awarded in future (after July 2006) but not to allow such raise in respect of ongoing contracts.

The suppliers delivered all the DTRs by February 2007 and out of them 1,128 DTRs were supplied after July 2006. It was seen that the Company allowed price variation between 36 and 48 *per cent* on these 1,128 DTRs instead of eligible 10 *per cent* resulting in unauthorised concession of Rs 1.34 crore.

The Government stated (May 2009) that the price variation was allowed in accordance with the decision taken in a meeting of Chairman and Managing Directors of all DISCOMs and APTRANSCO held on 26 April 2005. It was also stated that the price variation was allowed without ceiling based on amendment to purchase manual issued in May 2005.

The reply that the decision to remove the ceiling was taken in a meeting held (April 2005) by all CMDs of DISCOMs and APTRANSCO is doubtful since no records to that effect were produced. Further, the amendment of May 2005 is not held valid in audit as the same was neither taken in a meeting of Board of Directors nor was ratified later. It can also be seen that the meeting held later (July 2006) by all the CMDs at DISCOMs and APTRANSCO maintained that the price variation will be allowed at 10 *per cent* for ongoing contracts as per the existing provisions of purchase manual. Hence, allowing price variation beyond 10 *per cent* on these ongoing purchase orders on the plea that supplies were made after July 2006 tantamounts to extending unauthorised concession to the suppliers to the tune of Rs 1.34 crore.

There is need for the Company to keep in view its financial interests before acting on representations of the suppliers.

4.14 Undue benefit

The Company instead of penalizing the contractor for non-completion of work, awarded the left over work to the same contractor at a higher rate resulting in undue benefit of Rs 30.38 lakh.

Company concluded (March 2006) a contract agreement (CA) with Variegate Projects Private Limited (Contractor) for 'Electrification of villages/habitations and households under Rajiv Gandhi Grameena Vidyutikaran Yojana (RGGVY) in Rayachoti Division in Kadapa District' at a cost of Rs 5.14 crore. The contract, *inter alia*, catered for erection of 277.2 Kilo Metre (KM) 6.3 KV line, erection of 442.2 KM LT AB cable, erection of 660 single phase 15 KVA Distribution Transformers (DTR) and giving 41,660 Nos Service Connections to Below Poverty Line (BPL) households. The contract period of the agreement which was up to March 2007 was extended till September 2007, due to delay in conducting detailed survey, preparation of estimates, obtaining sanctions and work orders. Though the purchase manual stipulated inclusion of risk and cost clause indicating that if the contractor fails to execute the work at the rate agreed to, the work not executed by the Contractor would be executed at his risk and cost, the Company failed to include such clause in the CA.

When the contract was under extended period of execution, the Divisional Engineer (Construction), Kadapa, initiated (May 2007) a deviation proposal for the CA to revise the quantities and to add extra items not covered in CA. The CA was, accordingly, amended (July 2007) to Rs 4.79 crore. In the meantime, Company invited (May 2007) fresh tenders for RGGVY Phase-II in six districts except Rayachoti Division since the Contractor had agreed to complete the balance work in Rayachoti under the same agreement.

Despite this, the Contractor stopped the work (September 2007) and decision was taken by the Company (October 2007) to call for fresh tenders for RGGVY for Rayachoti under Phase-II of the project including the work that had been left incomplete by the contractor. Instead of debarring the Contractor for his failure to carry out his earlier agreement concluded in March 2006, the Contractor was again issued with tenders and he became the lowest tenderer in Phase-II also. The Company concluded (February 2008) CA with the

Contractor for an amount of Rs 10.41 crore for erection of 622.2 KM of 6.3 KV line, erection of 1,193.7 KM of LT cable, erection of 1,037 numbers (Nos) of single phase 15 KVA DTRs and giving 18,341 BPL connections. This revised quantity of work to be executed also included unfinished works in earlier CA, erection of 179 Nos of DTRs and 6,391 BPL connections in earlier contract.

The Company in September 2008 released retention money of the Contractor amounting to Rs 23.38 lakh held with them under the earlier contract, by indicating that the contractor had completed all the works in all respects in his earlier contract and the maintenance period also completed.

Thus, the case would reveal the following:

- Despite clear stipulation in the contract manual to include risk and cost clause, Company failed to include such clause in CA.
- Absence of risk and cost clause in the contract resulted in non-invoking of penal provision for completing the balance work of earlier contract.
- Instead of debarring the contractor from further tendering, the second contract was also awarded to the defaulting contractor resulting in execution of unfinished portion of the earlier contract at an additional expenditure of Rs 30.38 lakh.
- Instead of forfeiting the retention money of Rs 23.38 lakh, the company released the same by falsely indicating that the contractor had completed the earlier work in all respects.

The Government stated (June 2009) that the request of the contractor to foreclose the contract due to steep rise in prices was acceded to on par with other contractors but the reply was silent on the observation regarding non-inclusion of risk and cost clause in the contract.

The Company should invariably include risk and cost clause in every CA and invoke it whenever contractor fails to execute the agreed works. If a risk and cost clause is excluded, accountability for exclusion of such clause in the CA should be fixed.

4.15 Extra expenditure

Company failed to invoke the risk purchase clause of purchase order and had to incur extra expenditure of Rs 29.44 lakh.

Southern Power Distribution Company of Andhra Pradesh Limited (Company) requested Northern Power Distribution Company of Andhra Pradesh Limited, (NPDCL) to place repeat orders towards purchase of 17,500 Fixed and 5,000 Moving contacts suitable to 11 KV switches. On behalf of the Company, NPDCL placed (December 2005) two separate purchase orders on VJV Powertech (P) Limited, Hyderabad (supplier) for supply of (a) 17,500 Fixed contacts at Rs 83.02 each and (b) 5,000 Moving contacts at Rs 101.02

each. Supplier was required to submit Bank Guarantee (BG) of Rs 1.96 lakh. The BG was neither submitted by the supplier nor company obtained the same.

The purchase orders, *inter-alia*, provided for right to the Company to purchase the balance quantity from the open market and recover extra expenditure thus incurred from the supplier, in case the supplier failed to adhere to the delivery schedule. The supplier failed to supply the entire quantity ordered. However, the supplier was blacklisted for two years, but the Company failed to take up the matter with the NPDCL either to cancel the purchase orders or to invoke risk purchase clause on the supplier for non-supply.

Subsequently, the Company without invoking the risk purchase clause on the defaulted supplier, placed nine fresh purchase orders (December 2006) for procurement of 60,000 each of Fixed and Moving contacts at Rs 213.54 each and Rs 232.96 each respectively. Thus, the Company incurred avoidable extra expenditure of Rs 29.44 lakh on procurement of 17,500 Fixed contacts (Rs 22.84 lakh) and 5,000 Moving contacts (Rs 6.60 lakh) that were not supplied earlier by defaulted supplier.

The Government stated (June 2009) that NPDCL was asked to forfeit the permanent performance Bank Guarantee and blacklisted the supplier. The fact however remains that due to not invoking the clauses of Purchase Order, the Company had to incur extra expenditure of Rs 29.44 lakh.

There is need for the Company to obtain the Bank guarantee invariably and invoke the clauses of Purchase Order without fail to safeguard its financial interests. The Company should initiate action to recover the extra expenditure incurred and also share the information with all DISCOMs for possible recovery.

Central Power Distribution Company of Andhra Pradesh Limited

4.16 Extra expenditure on procurement of poles

Company failed to invoke risk purchase clause but placed orders on the same supplier at higher rates leading to extra expenditure of Rs 58.63 lakh on procurement of poles.

Central Power Distribution Company of Andhra Pradesh Limited (Company) placed (September 2007) four purchase orders (PO) on Manchukonda Prakasam & Company, Hyderabad (firm) for 26,300 numbers of Pre-stressed Concrete Cement poles (poles) required for four circles[7], at the rates ranging from Rs 1,825 to Rs 1,945. The PO, *inter-alia*, provided for right to the Company for procuring the balance quantity from the open market and recover extra expenditure thus incurred from the supplier, in case the supplier failed to adhere to the delivery schedule.

[7] Medak, Nalgonda, Rangareddy and Hyderabad.

The firm supplied 4,794 poles and 6,006 poles respectively during the scheduled delivery period (till February 2008) and the extended delivery period i.e., upto August 2008, leaving a balance of 15,500 poles. The Company without invoking the risk purchase clause for non-supply of balance 15,500 poles, pre-closed (24 September 2008) the PO and placed (25 September 2008) fresh POs on the same firm for supply of 14,000 poles at a higher rate ranging from Rs 2,400 to Rs 2,490 each. Thus, the Company incurred avoidable extra expenditure of Rs 58.63 lakh on procurement of poles due to not invoking risk purchase clause.

In reply, the Government stated (July 2009) that:

- the firm refused to supply the poles due to abnormal increase of steel and cement prices during February and March 2008.
- they have pre-closed the POs due to non-receipt of requisitions from the field.
- there was not much difference between unit price of the pre-closed purchase orders with price variation and the rates of fresh purchase orders.

The reply of the Government does not address the fact that the firm should have procured cement and steel well in advance taking into account the scheduled delivery period of 13 February 2008. The contention that there was no requisition from the field is not plausible as it had placed new purchase order on the very next day of the pre-closure of old POs. Also the contention that difference between unit price of the pre-closed purchase orders with price variation and the rates of fresh purchase orders would be minimal, is also not acceptable as the purchase order did not cater for price variation and price variation clause was introduced by Government of Andhra Pradesh only on 16 April 2008, that too on work contracts and not on purchases.

The Company should invariably invoke risk purchase clause as stipulated in the terms and conditions of the agreement, in case of default by the suppliers.

Northern Power Distribution Company of Andhra Pradesh Limited

4.17 Unauthorised payment

Company allowed price variation in excess of ten *per cent* contrary to the provisions of Purchase Manual, thereby resulting in unauthorised payment of Rs 3.05 crore.

Northern Power Distribution Company of Andhra Pradesh Limited (Company), Warangal allows price variation on purchase orders based on the provisions of its Purchase Manual. The Purchase Manual, *inter alia*, provided that a) where variable prices are permitted, a definite price variation formula should be indicated in the bid; and b) the price variation should be subject to a ceiling of 10 *per cent*.

Between February 2006 and August 2006, the Company placed five purchase orders for procurement of 6,273 numbers of 16/25 KVA Distribution Transformers (DTRs) at a total cost of Rs 10.34 crore with a clause allowing price variation without any limit but as per IEEMA formula.

The Chairman and Managing Directors of all DISCOMS and APTRANSCO in the joint meeting held (July 2006) considered the representation of suppliers and IEEMA and decided to raise the price variation limit from 10 *per cent* to 30 *per cent* for all future contracts but did not allow any raise for ongoing contracts.

While three purchase orders were issued between February 2006 and June 2006 (before deciding to give effect of price variation of 30 *per cent*) two purchase orders were issued in August 2006. Thus, the three firms on whom orders were placed between February 2006 and June 2006 were not eligible for price increase beyond 10 *per cent* and the two firms on whom orders were placed in August 2006 were not eligible for price increase beyond 30 *per cent*. However, price variation without ceiling limit was allowed to all the firms which resulted in unauthorised excess payment of Rs 3.05 crore on purchase of 3,175 DTRs.

In reply to an audit query Management stated (April 2007) that the limit on price variation was not applied on these POs because supplies got delayed on previous POs as the suppliers complained of abnormal rise in cost of inputs. They further stated that other DISCOMs also floated tenders on similar lines.

The reply is not convincing as the procedure followed in these POs is contrary to the provisions of Purchase Manual. Further, a decision was taken in the joint meeting of the CMDs of all the DISCOMs and TRANSCO to increase the price variation only upto 30 *per cent* that too for contracts concluded after July 2006. Thus, allowing payments on account of price variation without ceiling limit resulted in unauthorised payment of Rs 3.05 crore to the suppliers.

In order to avoid such situations, Management should invariably adhere to the provisions of purchase manual and decisions taken thereon in the joint board meetings of TRANSCO along with CMDs of DISCOMs.

The matter was reported to Government (June 2009); their reply had not been received (September 2009).

4.18 Under utilisation of installed capacity

Company purchased PSCC poles from market without fully utilizing the installed capacity of departmental pole manufacturing centres leading to avoidable expenditure of Rs 1.04 crore.

Northern Power Distribution Company of Andhra Pradesh Limited (Company) has ten[8] departmental centers for in-house manufacture of Pre-stressed Concrete Cement poles (poles). The centers operate with available machinery and manufacture poles by employing labour through contractors. Besides manufacture, in case of necessity, Company also purchases 8.0 meter (m)/140 Kilograms (Kg) poles from private parties.

The Centers had an installed capacity ranging between 6,480 to 16,200 poles per annum and the cost of production for the years 2006-07 to 2008-09 was Rs 856, Rs 935 and Rs 1,113 per pole respectively. The total production capacity of all the pole centers worked out to 98,520[9] per annum. However, the Centers utilized their manufacturing capacity only to an extent ranging between 29.75 *per cent* and 68.89 *per cent* during the above period and resorted to placing supply orders at a rate more than the manufacturing cost of these poles in their centers.

During the period 2006-07 to 2008-09, the Company procured 1,41,500 poles from private parties at a cost of Rs 860, Rs 1,072 and Rs 1,190 respectively. The decision of the management to purchase 91,146 poles from private parties instead of manufacturing poles to the maximum of installed capacity led to avoidable extra expenditure of Rs 1.04 crore.

Management stated (May 2009) that the steel for which purchase order was placed (at the rate of Rs 36.89 per Kg) in the year 2005 (September 2005) was consumed till 2008 and 186.44 tonnes of steel was in stock as on 31 May 2008. A new purchase order was placed (at the rate of Rs 54.58 per Kg) in June 2008 and the difference in pole cost due to variation in steel prices was Rs 147 (Rs 17.69 x 8.3 Kg per pole). Taking into account the utilisation capacity based on target capacity and cost of pole production based on price variation in steel price, the excess expenditure was Rs 9.23 lakh. Further the Company purchases steel for all the PSCC pole centres and economy of scale was obtained which may not be possible for small entrepreneur.

The reply is factually incorrect as out of the total production of 1,32,178 poles during the years 2006-09, Company manufactured 1,24,793 poles with existing stock of steel (1,123.144 tonnes) and only 7,385 poles were manufactured with the steel procured at higher rates in 2008 (purchase order placed in June 2008). Hence price variation of steel is applicable only to 7,385 poles manufactured in the year 2008-09 and not for entire quantity of poles

[8] Warangal, Janagoan, Karimnagar, Durshed, Khammam, Sitarampatnam, Nirmal, Mancherial, Nizamabad and Kamareddy.

[9] Restricted to 10 months production capacity giving two months leverage for seasonal vagaries.

manufactured during the years 2007-08 and 2008-09 as stated. Further, when the Company was aware of the non-availability of economies of scale to the contractors, the Company should have manufactured rather than resorting to procurement.

Thus resorting to procurement of poles without fully utilizing the installed capacity of departmental pole centres resulted in avoidable expenditure of Rs 1.04 crore.

There is need for the Company to monitor the raw material stocks and man power in departmental pole centres so that they obtain optimum production and consequently limit procurement from market.

The matter was reported to the Government (April 2009); their reply had not been received (September 2009).

Andhra Pradesh Trade Promotion Corporation Limited

4.19 Delay in implementation of project

Delay in recovery of dues of Rs 11.29 crore due to change in the condition of loan agreement and non-establishment of Gems and Jewellery Park.

In order to set up an International Standard Show Room cum Marketing Complex for Gems and Jewellery, Leather Products and Handicrafts under one roof for marketing them to customers including foreign tourists, Government of Andhra Pradesh (GoAP) handed over possession (May 2001) of land admeasuring 2 Acres and 16 Guntas in Banjara Hills, Hyderabad to Andhra Pradesh Trade Promotion Corporation Limited (Company). To implement the project, GoAP while approving (May 2001) formation of a Special Purpose Company (SPC) with share holding of 11 *per cent* equity and preferential shares by Company towards land cost and balance 89 *per cent* by IOI Corporation, Malaysia (Developer) accorded permission to transfer the land in favour of the SPC on issue of share certificate. There was no record to show that Company has conducted any independent survey about the feasibility of Gems and Jewellery Park.

Accordingly, Company entered (August 2002) into a Memorandum of Understanding (MOU) with the Developer, catering for the following:

- ❖ Completion of the entire project in 18 months.
- ❖ Developer furnishing a performance guarantee of Rs 25 lakh in the form of Bank Guarantee (BG).
- ❖ Fixing the value of the land at Rs 14.43 crore (at a concessional rate of Rs 6.01 crore per Acre).

The SPC conducted Bhoomi Pooja for the project in May 2003. In February/July 2004, the Company also entered into a loan agreement with the SPC by:

- reworking out the scheduled required land as 2 acres and 5 guntas and valuing it at Rs 12.78 crore,
- agreeing to accept allotment of shares worth Rs 1.19 crore in the SPC,
- accepting to treat the balance land cost of Rs. 11.59 crore as loan granted by the Company to be repaid by the SPC with interest at 11 *per cent* from 04 May 2003, and
- accepting 30,000 Square feet (SFT) of the constructed building for realizing the loan amount.

Later, the Company changed its stance and entered into a fresh loan agreement with the SPC in May 2006 as follows:

- agreed to give up its share of 30,000 SFT in the building,
- agreed to the proposal of the SPC to pay Rs 5.66 crore towards part of the cost of land to GoAP, and
- agreed to get repayment of balance land cost of Rs 5.93 crore along with interest due and accrued from the first sale proceeds of the Gems and Jewellery Park.

The SPC, accordingly,

- allotted (June 2004) to the Company shares worth Rs 1.19 crore in the SPC.
- repaid (September 2005) Rs 5.66 crore to the GoAP, representing part cost of repayment of the loan of Rs 11.59 crore.

Though the entire infrastructure for establishing the park was completed in January 2007, the Park could not be commissioned till March 2009 due to lacklustre response from the dealers. Therefore, the Company could not enforce recovery of the balance cost of Rs 5.93 crore (Rs 11.59 crore less Rs 5.66 crore) along with interest (Rs 5.36 crore) as the first sale of the park has not yet materialised.

Thus due to lack of foresight, the Company by its agreement of May 2006, not only gave up its share of 30,000 SFT in the Park but also agreed for repayment of balance loan after first sale of park resulting in non-recovery of the balance cost of land along with interest amounting to Rs 11.29 crore till March 2009.

The Government stated (May 2009) that acceptance of 30,000 sft in the proposed building in lieu of balance cost of land (Rs 5.93 crore) was considered riskier than recovery of the same from the first sale proceeds of the park. Further, it was stated that the project would be made operational within six months and the balance cost of land would be recovered from the first sale proceeds of the park.

The reply is not convincing since the promoter stated (September 2002) that on the basis of discussions with traders/associations and the market feedback the project may not be viable if the Company does not take up built up area of the complex. Hence the alternative chosen by the Company was not in its interest.

There is need for the Company and Government to obtain assurance from the existing or proposed business groups before establishing such facilities exclusively for specified industry.

STATUTORY CORPORATIONS

Andhra Pradesh State Road Transport Corporation

4.20 Avoidable expenditure

Corporation had to ignore economy in procurement due to a guideline and incurred avoidable expenditure of Rs 51.15 lakh on procurement of pre-cured tread rubber.

Andhra Pradesh State Road Transport Corporation (Corporation) procures Pre-cured Tread Rubber (PTR) based on Cost Per Kilometer (CPK) of the rubber arrived at on the mileages evaluated on the products supplied by various firms duly reckoning the latest six quarters performance. The PTR is used for retreading of old tyres. The Corporation is also following a policy of restricting the order to 50 Metric Tonnes (MTs) on suppliers for bulk procurement from whom the supplies were discontinued for different reasons. Though the Provisioning Committee (PC) in its meeting of May 2006 expressed necessity for modification of these guidelines, Corporation continued with its existing policy, resulting in placement of Supply order at higher price. The case in brief is as follows:

In March 2006, the Corporation invited limited tenders for the supply of 1,330 MTs of PTR for 9 X 20 size tyres. The supplies were made between June 2006 and January 2007. Of the 20 firms responded, offer of MRF Ltd., (MRF) at Rs 113.63 per Kilogram (Kg) was the lowest based on CPK of 2.8097 paise. As the Corporation did not place orders on MRF in the preceding two occasions due to refusal of MRF to supply PTR at matching rates offered by the Corporation, the PC (9 May 2006), based on the existing guidelines, recommended for placing orders for 50 MT only on MRF at a net rate of Rs 113.63 per Kg. The PC also recommended for obtaining net matching rate of CPK of MRF from other suppliers. Though these suppliers did not agree to match the CPK rate of MRF (Rs 113.63 per Kg), they matched the rate with that of Vijay Flaps and Rubber Products Limited, the second lowest offer (Rs 123.71 per Kg). The PC accordingly recommended (16 May 2006) as follows:

- ❖ to retain the minimum allocation of 50 MT to MRF,

- to distribute balance 1,370 MTs[10] on seven suppliers with allocations ranging from 10 MT to 600 MT at the net rates quoted by them.

The Corporation placed Supply Orders (May 2006) for the revised quantity of 1,420 MTs on the following suppliers at the rates indicated against each.

S. No	FIRM	Qty (MTs)	Net Rate (per Kg) Rs.	Cost per KM
1.	MRF Limited, Hyderabad	50	113.63	2.8097
2.	Vijay Treads & Tubes Private Limited, Hyderabad	250	125.00	3.0589
3.	Vijay Flaps and Rubber Products Limited, Hyderabad	250	123.84	3.0589
4.	Vamshi Rubber, Hyderabad	600	124.08	3.0589
5.	Elgitread (I) Limited, Hyderabad	90	115.64	3.0589
6.	Manjira Rubber, Hyderabad	150	122.63	3.0590
7.	Nirmal Rubber, Hyderabad	10	98.42	3.0589
8.	Bremels Rubbers Industries (P) Ltd	20	98.42	3.0589
	Total	1420		

Thus, due to restricting the allotment to MRF to 50 MT, the Corporation had to incur avoidable expenditure of Rs 51.15 lakh. To arrive at the extra expenditure incurred, audit considered allocation of 600 MTs to MRF being capacity of MRF to supply in six months. The balance quantity is considered to be for the other firms which matched their rate with the second lowest (Vijay Treads & Tubes Private Limited) CPK based rate (Rs 123.71 per Kg) in the ratio recommended by PC but excluding the quantity allotted to MRF.

The Government stated (August 2009) that low CPK (Rs 2.8097) was due to the influence of small quantity of tyres available for analysis reflecting unduly high mileage. The reply is factually incorrect as the average mileage is not influenced, since the mileage obtained for small quantity of tyres was only 10 *per cent*.

Though PC felt a need to amend such guidelines, the guidelines were yet to be amended. The Corporation should consider the suggestion of PC and modify

[10] quantity revised at the request of two suppliers.

the guidelines of restricting supply order to 50 MT when the rates were genuine.

Andhra Pradesh State Financial Corporation

4.21 Doubtful recovery of dues

Failure of the Company to initiate action for recovery of dues, rendered recovery of Rs 33.83 lakh doubtful.

Andhra Pradesh State Financial Corporation (Corporation) sanctioned (June 2001) and disbursed (between January 2002 and January 2004) a term loan of Rs 29.36 lakh and Seed Capital of Rs 9.09 lakh to Om Siva Sai Quary Tech (borrower) for setting up a stone crushing unit in Kayam Village of Chittoor District. Corporation eased its terms and conditions of obtaining collateral security to the extent of 50 *per cent* for sanction of loan by accepting a house site at Tirupati valuing Rs 7.35 lakh, which amounted to 25 *per cent*. The Corporation also accepted equitable mortgage of 1.75 Acres of Darkastu patta land (Land) allotted by Government of Andhra Pradesh (GoAP) to one of the borrowers on which the unit was proposed to be set up and construction thereon along with plant and machinery as prime security.

The borrower was to repay the term loan and seed capital in 20 instalments of Rs 1.55 lakh and Rs 0.48 lakh respectively with last installment of Rs 1.30 lakh for term loan and first installment of Rs 0.40 lakh for seed capital loan. However, the borrower continuously defaulted in payment of instalments despite re-scheduling repayment of loan (November 2005) to start from October 2006. The District Collector cancelled (January 2006) the allotment of land and ordered for closure of the unit as the borrower obtained the land by mis-statement of facts. Though the borrower had informed (January 2006) about the cancellation of the allotment of land and closure of the unit, Corporation failed to confiscate the machinery and the collateral security. Later the borrowers approached (July 2006) the GoAP for restoration of the land to re-open the unit. However, GoAP rejected (January 2007) the request of the borrower. The Corporation, ignoring this fact, however, agreed (February 2007) to close the loan account at the request of the borrower (February and November 2006) under one time settlement scheme, on an undertaking that the borrower pays Rs 40 lakh (including Rs 2 lakh paid towards down-payment) by March 2007 against arrears of Rs 56.83 lakh.

The borrower, however, failed to pay the amount as agreed upon but leased out (August 2008) the unit to another party without informing the Corporation. After a lapse of two years from the cancellation of the land, in September 2008, the Corporation seized the unit. Subsequently the borrower informed the Corporation in October 2008 that the land along with the machinery was taken over by local Mandal Revenue Officer (MRO). The delayed seizure of the property by the Corporation led to accumulated overdue arrears of Rs 72.43 lakh as on June 2009 against which the Corporation is holding property valued at Rs 38.60 lakh consisting of house site offered as collateral security (Rs 21.40 lakh) along with Fixed Deposits Receipt (Rs 1.40 lakh) and machinery (Rs 15.80 lakh).

Thus, the Corporation failed to:

- ❖ obtain 50 *per cent* collateral security for the loan and restricted the collateral security to 25 *per cent*;
- ❖ confiscate the assets and realize the collateral security in January 2006 itself when the land allotment to the borrower was cancelled by GoAP;
- ❖ realize the collateral security as on date (June 2009).

As such, the failure of the Corporation resulted in doubtful recovery of Rs 33.83 lakh.

Further delay by the Corporation in realizing the value of seized machinery and collateral security will lead to loss of interest.

Management stated (June 2009) that the Corporation has been continuously making follow up for recovery of the amounts due from the borrower. It was also replied that the Corporation has not put the property offered as collateral security for sale as continuous persuasion is being done by the branch. The fact remains that there has been no progress in recovery of dues which stood at Rs 72.43 lakh as on 30 June 2009. The reply is silent on the failures of the Corporation as explained above.

The Corporation should strengthen system of monitoring of recovery by ensuring immediate recovery proceedings whenever a unit has been forced to close down instead of allowing the promoter to gain time to act in a way jeopardizing its financial interests.

The matter was reported to the Government (May 2009), their reply had not been received (September 2009).

General

4.22 Opportunity to recover money ignored

Twelve PSUs did not either seize the opportunity to recover their money or pursue the matters to their logical end. As a result, recovery of money amounting to Rs 505.83 crore remains doubtful.

A review of unsettled paras from Inspection Reports (IRs) pertaining to periods upto 2003-04 showed that there were 96 paras in respect of 12 PSUs, involving a recovery of Rs 505.83 crore. As per the instructions issued (September 1995) to all the Heads of the Departments by Finance & Planning (Finance Wing) Department, Government of Andhra Pradesh, all inspection reports shall be replied alongwith remedial action taken/proposed to be taken within a period ranging from one to three months after receipt of IRs.

However, inspite of these instructions no effective action has been taken by concerned PSUs to take the matters to their logical end i.e., to recover money from the concerned parties. As a result, these PSUs have so far lost the opportunity to recover the money which could have augmented their finances.

PSU wise details of paras and recovery amount are given below. The list of individual paras is given in **Annexure-19** of respective Companies/ Corporations.

Sl. No.	PSU Name	No. of Paras	Amount for recovery (Rs in crore)
1.	Andhra Pradesh Industrial Development Corporation Limited (APIDCL)	1	0.34
2.	Andhra Pradesh Urban Finance & Infrastructure Development Corporation Limited (APUF&IDCL)	3	441.80
3.	Andhra Pradesh State Financial Corporation (APSFC)	2	6.13
4.	Andhra Pradesh State Civil Supplies Corporation Limited (APSCSCL)	4	1.56
5.	Andhra Pradesh State Housing Corporation Limited (APSHCL)	4	21.95
6.	Andhra Pradesh Technology Services Limited	1	0.01
7.	Andhra Pradesh State Film, TV and Theatre Development Corporation Limited (APSFTTDCL)	1	1.28
8.	Andhra Pradesh Beverages Corporation Limited (APBCL)	1	0.01
9.	Central Power Distribution Company of Andhra Pradesh Limited (APCPDCL)	23	29.93
10.	Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL)	12	0.39
11.	Northern Power Distribution Company of Andhra Pradesh Limited (APNPDCL)	21	0.76
12.	Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL)	23	1.67
	Total :	**96**	**505.83**

The paras mainly pertain to recovery on account of amounts recoverable against bill discounting schemes (APIDCL), diversion and non recovery of loan funds to Municipalities/Local bodies (APUF&IDCL), misappropriation cases and excess payments towards differential price of rice (APSCSCL), non recovery of term loans and interest thereon (APSFC), principal and interest recovery from beneficiaries (APSHCL) and short billing in all the DISCOMs.

Above cases point out the failure of respective PSU authorities to safeguard their financial interests. Audit observations and their repeated follow up action by Audit, including bringing the pendency to the notice of the Administrative/ Finance Department and PSU management periodically, have not yielded the desired results in these cases.

The PSUs should initiate immediate steps to recover the money and complete the exercise in a time bound manner.

4.23 Lack of remedial action on audit observation

Thirteen PSUs did not either take remedial action or pursue the matters to their logical end in respect of 64 IR paras, resulting in foregoing the opportunity to improve their functioning.

A review of unsettled paras from Inspection Reports (IRs) pertaining to periods upto 2003-04 showed that there were 64 paras in respect of 13 PSUs, which are indication of deficiencies in the functioning of these PSUs. As per the instructions issued (September 1995) to all the Heads of the Departments by Finance & Planning (Finance Wing) Department, Government of Andhra Pradesh, all inspection reports shall be replied along with remedial action taken/ proposed to be taken within a period ranging from one to three months after receipt of IRs from Audit. However, inspite of these instructions no effective action has been taken by concerned PSUs to take the matters to their logical end i.e., to take remedial action to address these deficiencies. As a result, these PSUs have so far lost the opportunity to improve their functioning in this regard.

PSU wise details of paras are given below. The list of individual paras is given in **Annexure-20** of respective companies/corporations.

Sl.No.	PSU Name	No. of Paras
1.	Andhra Pradesh Industrial Development Corporation Limited (APIDCL)	01
2.	Andhra Pradesh Urban Finance & infrastructure Development Corporation Limited (APUF&IDCL)	02
3.	Andhra Pradesh State Warehousing Corporation (APSWC)	01
4.	Andhra Pradesh State Seeds Development Corporation Limited (APSSDCL)	01
5.	Andhra Pradesh State Film, TV and Theatre Development Corporation Limited (APSFT&TDCL)	01
6.	Andhra Pradesh State Irrigation Development Corporation Limited (APSIDCL)	01
7.	Andhra Pradesh Power Generation Corporation Limited	11
8.	Transmission Corporation of Andhra Pradesh Limited	04
9.	Central Power Distribution Company of Andhra Pradesh Limited (APCPDCL)	14
10.	Northern Power Distribution Company of Andhra Pradesh Limited (APNPDCL)	07
11.	Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL)	10
12.	Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL)	10
13.	Andhra Pradesh State Road Transport Corporation	01
	Total :	**64**

The paras mainly pertain to losses sustained by Company on unfruitful investment (APIDCL), avoidable payment of interest (APUF&IDCL), withholding of storage charges (APSWC), delay in preferring claims

(APSSDCL), non allotment of land (APSFT&TDCL), non-completion of Lift Irrigation Scheme (APSIDCL). Diversion of funds, pending refund claims, avoidable demurrage, irregularities in procurement of materials, abandonment of lines, excess expenditure over estimates, non-levy of liquidated damages, extension of undue favour to contractors, non recovery of costs from consumers etc. were noticed in DISCOMs. In financial terms Rs 53.45 crore is involved in 64 audit observations which require action/ attention of Government/ Management.

Above cases point out the failure of respective PSU authorities to address the specific deficiencies and ensure accountability of their staff. Audit observations and their repeated follow up by Audit, including bringing the pendency to the notice of the Administrative/Finance Department and PSU management periodically, have not yielded the desired results in these cases.

The PSUs should initiate immediate steps to take remedial action on these paras and complete the exercise in a time bound manner.

4.24 Follow up action on Audit Reports

Explanatory Notes Outstanding

4.24.1 Audit Reports of the Comptroller and Auditor General of India represent the culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in various offices and departments of Government. It is, therefore, necessary that appropriate and timely response is elicited from the Executive on the Audit findings included in the Audit Reports. Finance Department, Government of Andhra Pradesh issued (June 2004) instructions to all Administrative Departments to submit explanatory notes indicating corrective/remedial action taken or proposed to be taken on paragraphs and reviews included in the Audit Reports within three months of their presentation to the Legislature, without waiting for any notice or call from the Committee on Public Undertakings (COPU).

Though the Audit Reports for the years 1992-93 to 2007-08 were presented to the State Legislature between March 1994 and December 2008, 9 departments did not submit explanatory notes on 119 out of 381 paragraphs/ reviews as on September 2009 as indicated below:

Year of the Audit Report (Commercial)	Date of presentation to State Legislature	Total Paragraphs/ Reviews in Audit Report	No of Paragraphs/ reviews for which explanatory notes were not received
1992-93	29-3-1994	36	1
1993-94	28-4-1995	25	2
1995-96	19-3-1997	28	7
1996-97	19-3-1998	29	2
1997-98	11-3-1999	29	10
1998-99	03-4-2000	29	8
1999-2000	31-3-2001	24	10
2000-01	30-3-2002	21	5
2001-02	31-3-2003	23	9
2002-03	24-7-2004	16	3
2003-04	31-3-2005	21	12
2004-05	27-3-2006	23	6
2005-06	31-03-2007	23	7
2006-07	28-3-2008	29	17
2007-08	5-12-2008	25	20
Total	**--**	**381**	**119**

Department-wise analysis of reviews/ paragraphs for which explanatory notes are awaited is given in **Annexure-21**. Majority of the cases of non-submission of explanatory notes relate to PSUs under the Departments of Energy and Industries and Commerce.

Compliance to Reports of Committee on Public Undertakings (COPU)

4.24.2 Action Taken Notes (ATNs) on recommendations of the Committee on Public Undertakings (COPU) are required to be furnished within six months from the date of presentation of the Report to the State Legislature. ATNs on 694 recommendations pertaining to 41 Reports of the COPU presented to the State Legislature between April 1991 and March 2008 had not been received as of September 2009 are indicated below:

Year of COPU Report	Total number of Reports involved	No of Recommendations where replies not received
1991-92	1	3
1992-93	7	279
1993-94	5	136
1995-96	1	30
1996-97	1	2
1997-98	2	38
1998-99	3	19
2000-01	13	118
2002-03	2	16
2004-05	4	36
2005-06	2	17
Total:	**41**	**694**

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

Response to inspection reports, draft paragraphs and reviews

4.24.3 Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and departments concerned of State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through respective heads of departments within a period of six weeks. Inspection reports issued up to March 2009 pertaining to 34 PSUs disclosed that 2318 paragraphs relating to 626 inspection reports remained outstanding at the end of September 2009. Of these, 115 inspection reports containing 713 paragraphs had not been replied to for one to four years. Department wise break-up of Inspection reports and audit paragraphs outstanding as on 30 September 2009 is given in **Annexure-22.** In order to expedite settlement of outstanding paragraphs, 10 Audit Committee meetings involving seven PSUs were held during 2008-09 wherein position of outstanding paragraphs was discussed with executive/administrative departments.

Similarly, draft paragraphs and reviews are forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that seven draft paragraphs forwarded to various departments during March 2009 to June 2009 as detailed in **Annexure-23** had not been replied to so far (September 2009).

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

(SADU ISRAEL)

Hyderabad Accountant General

The (Commercial and Receipt Audit)

Andhra Pradesh

Countersigned

(VINOD RAI)

New Delhi Comptroller and Auditor General of India

The

Annexure -1

Statement showing particulars of up-to-date paid-up capital, loans outstanding and Manpower as on 31 March 2009 in respect of Government companies and Statutory corporations
(Referred to in paragraphs 1.7, 1.8, 1.9, 1.19 and 1.22)

(Figures in column 5(a) to 6(d) are in Rupees in crore)

Sl. No.	Sector and Name of the Company	Name of the Department	Month and Year of incorporation	Paid-up capital@				Loans outstanding at the close of 2008-09*				Debt-equity ratio for 2008-09 (Previous year)	Man Power (No. of employees) (as on 31-03-09)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
A	**Working Government companies**												
	AGRICULTURE AND ALLIED												
1	Andhra Pradesh State Agro Industries Development Corporation Limited	Agriculture and Co-operation	05 .03.1968	18.81	2.69	0.00	21.50	24.27	0.00	0.00	24.27	**1.13:1 (1.13:1)**	280
2	Andhra Pradesh Forest Development Corporation Limited	Forest, Environment Science and Technology	16.06.1975	21.32	0.50	0.00	21.82	22.99	0.00	57.85	80.84	**3.7:1 (4.01:1)**	897
3	Andhra Pradesh State Irrigation Development Corporation Limited	Irrigation and CAD	07.09.1974	132.86	0.95	0.00	133.81	48.08	0.00	0.00	48.08	**0.36:1 (0.36:1)**	643
4	Andhra Pradesh Meat Development Corporation Limited	Animal Husbandry, Dairy Development and Fisheries	31.10.1977	29.02	1.41	0.00	30.43	0.00	0.00	0.00	0.00		9
5	Andhra Pradesh State Seeds Development Corporation Limited	Agriculture and Co-operation	NA	1.08	0.90	0.80	2.78	133.62	0.00	5.00	138.62	**49.86:1 (48.19:1)**	289
	Total			**203.09**	**6.45**	**0.80**	**210.34**	**228.96**	**0.00**	**62.85**	**291.81**	**1.39:1 (1.4:1)**	**2118**

Sl. No.	Sector and Name of the Company	Name of the Department	Month and Year of incorporation	Paid-up capital@				Loans outstanding at the close of 2008-09*				Debt-equity ratio for 2008-09 (Previous year)	Man Power (No. of employees) (as on 31-03-09)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
	FINANCE												
6	Andhra Pradesh State Film Television and Theatre Development Corporation Limited	General Administration	10.10.1975	6.22	0.00	0.00	6.22	0.74	0.00	0.00	0.74	**0.12:1 (0.12:1)**	42
7	Andhra Pradesh Handicrafts Development Corporation Limited	Industry and Commerce	10.11.1981	1.50	0.50	0.00	2.00	0.49	0.00	0.00	0.49	**0.25:1 (0.25:1)**	168
8	Andhra Pradesh State Minorities Finance Corporation Limited	Minorities Welfare	19.01.1985	139.85	0.00	0.00	139.85	21.97	0.00	0.00	21.97	**0.16:1 (0.19:1)**	93
9	Andhra Pradesh Power Finance Corporation Limited	Energy	12.07.2000	29.00	0.00	0.00	29.00	0.00	0.00	3043.35	3043.35	**104.94:1 (123.42:1)**	3
	Total			**176.57**	**0.50**	**0.00**	**177.07**	**23.20**	**0.00**	**3043.35**	**3066.55**	**17.32:1 (20.37:1)**	**306**
	INFRASTRUCTURE												
10	Andhra Pradesh Industrial Development Corporation Limited	Industry and Commerce	16.12.1960	130.50	1.04	0.00	131.54	15.56	1.48	0.00	17.04	**0.13:1 (0.31:1)**	95
11	Andhra Pradesh Industrial Infrastructure Corporation Limited	Industry and Commerce	26.09.1973	16.33	0.00	0.00	16.33	0.00	0.00	373.15	373.15	**22.85:1**	608
12	Andhra Pradesh State Housing Corporation Limited	Housing	05.07.1979	0.25	0.00	0.00	0.25	8209.60	0.00	1387.69	9597.29	**38389.16:1 (28577.58:1)**	9307
13	Andhra Pradesh State Police Housing Corporation Limited	Home	20.05.1971	1.81	0.00	0.00	1.81	0.00	0.00	66.74	66.74	**36.87:1 (50.45:1)**	230
14	Andhra Pradesh Rajiv Swagruha Corporation Limited	Housing	27.08.2007	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00		261
15	Andhra Pradesh Urban Finance and Infrastructure Development Corporation Limited	Municipal Administration and Urban Development	12.01.1993	0.15	0.00	0.00	0.15	0.00	0.00	473.01	473.01	**3153.4:1 (1162.89:1)**	4

Sl. No.	Sector and Name of the Company	Name of the Department	Month and Year of incorporation	Paid-up capital@				Loans outstanding at the close of 2008-09*				Debt-equity ratio for 2008-09 (Previous year)	Man Power (No. of employees) (as on 31-03-09)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
16	Fab City (India) Pvt. Limited (S)	Industry and Commerce	02.05.2006	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00		
17	Hyderabad Growth Carridor Limited	Infrastructure and Investment	25-12-2005	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00		
18	Infrastructure Corporation of Andhra Pradesh Limited	Infrastructure and Investment	31.05.2005	15.63	0.00	0.00	15.63	0.00	0.00	0.00	0.00	**(0.35:1)**	40
	Total			**164.72**	**1.04**	**0.02**	**165.78**	**8225.16**	**1.48**	**2300.59**	**10527.23**	**63.5:1 (46.39:1)**	**10545**
	MANUFACTURING												
19	Andhra Pradesh Beverages Corporation Limited	Revenue	23.07.1986	8.34	0.00	0.00	8.34	0.00	0.00	0.00	0.00		765
20	Andhra Pradesh Heavy Machinery and Engineering Limited (S)	Energy	01.09.1976	0.15	0.00	17.12	17.27	1.00	0.00	2.48	3.48	**0.20:1 (0.27:1)**	537
21	Andhra Pradesh Mineral Development Corporation Limited	Industry and Commerce	24.02.1961	6.31	0.00	0.00	6.31	0.00	0.00	0.00	0.00		343
22	Damodar Minerals Private Limited(S)	Industry and Commerce	28.01.2000	0.00	0.00	0.04	0.04	0.00	0.00	0.00	0.00		8
23	Leather Industries Development Corporation of Andhra Pradesh Limited	Industry and Commerce	04.10.1973	7.25	0.00	0.00	7.25	6.96	0.00	0.00	6.96	**0.96:1 (0.75:1)**	112
24	The Nizam Sugars Limited	Public Enterprise	17.04.1937	33.49	0.00	0.51	34.00	39.27	0.00	0.00	39.27	**1.16:1 (1.16:1)**	
25	The Singareni Collieries Company Limited	Energy	18.11.1920	885.60	847.56	0.04	1733.20	0.00	530.67	0.00	530.67	**0.31:1 (0.38:1)**	70586
	Total			**941.14**	**847.56**	**17.71**	**1806.41**	**47.23**	**530.67**	**2.48**	**580.38**	**0.32:1 (0.38:1)**	**72351**
	POWER												
26	Andhra Pradesh Power Generation Corporation Limited	Energy	29.12.1998	2106.80	0.00	0.00	2106.80	0.00	0.00	9152.23	9152.23	**4.34:1 (3.34:1)**	10828
27	Central Power Distribution Company of Andhra Pradesh Limited	Energy	30.03.2000	728.48	0.00	0.00	728.48	46.24	0.00	1111.98	1158.22	**1.59:1 (1.24:1)**	13919
28	Eastern Power Distribution Company of Andhra Pradesh Limited	Energy	30.03.2000	121.23	0.00	0.00	121.23	57.02	0.00	570.07	627.09	**5.17:1 (5.46:1)**	7949

Sl. No.	Sector and Name of the Company	Name of the Department	Month and Year of incorporation	Paid-up capital@				Loans outstanding at the close of 2008-09*				Debt-equity ratio for 2008-09 (Previous year)	Man Power (No. of employees) (as on 31-03-09)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
29	Northern Power Distribution Company of Andhra Pradesh Limited	Energy	30.03.2000	274.76	0.00	0.00	274.76	29.66	0.00	871.52	901.18	**3.28:1 (3.17:1)**	8284
30	Non Conventional Energy Development Corporation of Andhra Pradesh Limited	Energy	20.10.1969	0.19	0.00	0.03	0.22	0.00	0.00	1.56	1.56	**7.09:1 (10.44:1)**	172
31	Southern Power Distribution Company of Andhra Pradesh Limited	Energy	30.03.2000	358.72	0.00	0.00	358.72	50.36	0.00	1770.40	1820.76	**5.08:1 (4.23:1)**	13084
32	Transmission Corporation of Andhra Pradesh Limited	Energy	29.12.1998	779.22	0.00	0.00	779.22	22.76	0.00	1901.40	1924.16	**2.47:1 (2.53:1)**	3635
	Total			**4369.40**	**0.00**	**0.03**	**4369.43**	**206.04**	**0.00**	**15379.16**	**15585.20**	**3.57:1 (2.97:1)**	**57871**
	SERVICES												
33	Andhra Pradesh State Civil Supplies Corporation Limited	Food, Civil Supplies and Consumer Affairs	31.12.1974	3.00	0.00	0.00	3.00	0.00	0.00	0.00	0.00		1338
34	Andhra Pradesh Tourism Development Corporation Limited	Tourism and Culture	18.02.1976	3.76	0.00	0.00	3.76	0.00	0.00	13.44	13.44	**3.57:1 (3.38:1)**	788
35	Andhra Pradesh Technology Services Limited	Finance and Planning	17.01.1985	0.20	0.00	0.00	0.20	0.00	0.00	0.00	0.00		86
36	Andhra Pradesh State Trade Promotion Corporation Limited	Industries and Commerce	05.06.1970	0.85	0.00	0.01	0.86	0.00	0.00	0.00	0.00		60
37	Hyderabad Metro Rail Limited	Transport, Roads and Buildings	18.5.2007	0.57	0.00	0.00	0.57	0.00	0.00	0.00	0.00		50
38	Vizag Apparel Park for Export **	Industry and Commerce	31.03.2004	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00		
	Total			**8.43**	**0.00**	**0.01**	**8.44**	**0.00**	**0.00**	**13.44**	**13.44**	**1.59:1 (1.52:1)**	**2322**
	MISCELLANEOUS												
39	Overseas Manpower Company Andhra Pradesh Limited	Employment and Training	10.01.2006	0.21	0.00	0.00	0.21	0.00	0.00	0.00	0.00		11
	Total			**0.21**	**0.00**	**0.00**	**0.21**	**0.00**	**0.00**	**0.00**	**0.00**		11
	Total: A			**5863.56**	**855.55**	**18.57**	**6737.68**	**8730.59**	**532.15**	**20801.87**	**30064.61**	**4.46:1 (3.72:1)**	**145524**

Sl. No.	Sector and Name of the Company	Name of the Department	Month and Year of incorporation	Paid-up capital[@]				Loans outstanding at the close of 2008-09*				Debt-equity ratio for 2008-09 (Previous year)	Man Power (No. of employees) (as on 31-03-09)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
B.	**Working Statutory Corporations**												
	AGRICULTURE AND ALLIED												
1	Andhar Pradesh State Warehousing Corporation	Agriculture and Co-operation	05.08.1958	3.81	0.00	3.81	7.62	0.00	0.00	8.05	8.05	**1.06:1**	383
	Total			**3.81**	**0.00**	**3.81**	**7.62**	**0.00**	**0.00**	**8.05**	**8.05**	**1.06:1**	**383**
	FINANCE												
2	Andhra Pradesh State Financial Corporation	Industries and Commerce	01.11.1956	176.86	28.87	0.27	206.00	1.94	11.40	1561.06	1574.40	**7.64:1 (6.91:1)**	534
	Total			**176.86**	**28.87**	**0.27**	**206.00**	**1.94**	**11.40**	**1561.06**	**1574.40**	**7.64:1 (6.91:1)**	**534**
	SERVICES												
3	Andhra Pradesh State Road Transport Corporation	Transport, Roads and Buildings	11.01.1958	140.20	61.07	0.00	201.27	106.00	0.00	1298.47	1404.47	**6.98:1 (6.37:1)**	113370
	Total			**140.20**	**61.07**	**0.00**	**201.27**	**106.00**	**0.00**	**1298.47**	**1404.47**	**6.98:1 (6.37:1)**	**113370**
	Total: B			**320.87**	**89.94**	**4.08**	**414.89**	**107.94**	**11.40**	**2867.58**	**2986.92**	**7.2:1 (6.52:1)**	**114287**
	Total: (A+B)			**6184.43**	**945.49**	**22.65**	**7152.57**	**8838.53**	**543.55**	**23669.45**	**33051.53**	**4.62:1 (3.88:1)**	**259811**
C.	**Non-working Govt. companies**												
	AGRICULTURE AND ALLIED												
1	Andhra Pradesh Dairy Development Corporation Limited	Animal Husbandry, Dairy Development and Fisheries	07.02.1974	18.72	0.00	0.00	18.72	0.00	0.00	0.00	0.00		
2	Andhra Pradesh Fisheries Corporation Limited	Animal Husbandry, Dairy Development and Fisheries	05.07.1974	4.67	0.00	0.00	4.67	8.67	0.00	0.00	8.67	**1.86:1 (1.86:1)**	
3	Proddutur Milk Foods Limited	Animal Husbandry, Dairy Development and Fisheries	23.10.1978	1.96	0.00	0.00	1.96	0.00	0.00	0.00	0.00		
	Total			**25.35**	**0.00**	**0.00**	**25.35**	**8.67**	**0.00**	**0.00**	**8.67**	**0.34:1**	

Sl. No.	Sector and Name of the Company	Name of the Department	Month and Year of incorporation	Paid-up capital@				Loans outstanding at the close of 2008-09*				Debt-equity ratio for 2008-09 (Previous year)	Man Power (No. of employees) (as on 31-03-09)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
												(0.34:1)	
	FINANCE												
4	AP Small Scale Ind. Dev.Corp. Ltd	Industry and Commerce	18.03.1961	9.62	0.00	0.00	9.62	4.60	0.00	0.00	4.60	**0.48:1 (0.6:1)**	
5	Andhra Pradesh Tourism Finance Limited	Youth advancement, Tourism &Culture	07.03.2001	0.03	0.00	0.00	0.03	0.00	0.00	0.00	0.00		
	Total			**9.65**	**0.00**	**0.00**	**9.65**	**4.60**	**0.00**	**0.00**	**4.60**	**0.48:1 (0.6:1)**	
	MANUFACTURING												
6	Allwyn Auto Limited	Industry and Commerce	31.05.1993	0.15	0.00	0.00	0.15	14.45	0.00	0.00	14.45	**96.33:1 (96.27:1)**	
7	Allwyn Watches Limited	Industry and Commerce	19.03.1993	0.15	0.00	0.00	0.15	64.93	0.00	0.00	64.93	**432.87:1 (432.58:1)**	
8	Andhra Pradesh Electronics Development Corporation Limited (S)	Industry and Commerce	21.11.1980	12.62	0.00	0.10	12.72	0.70	0.00	0.10	0.80	**0.06:1 (0.06:1)**	
9	Andhra Pradesh Steels Limited (S)	Industry and Commerce	16.11.1973	0.00	0.00	2.03	2.03	2.12	0.00	0.00	2.12	**1.04:1 (1.04:1)**	
10	Andhra Pradesh Scooters Limited	Industry and Commerce	21.08.1974	6.47	0.00	4.64	11.11	5.59	0.00	5.60	11.19	**1.01:1 (1.01:1)**	
11	Andhra Pradesh State Textile DevelopmentCorporation Limited	Industry and Commerce	31.05.1974	3.77	0.03	0.00	3.80	8.11	0.00	0.00	8.11	**2.13:1 (2.13:1)**	
12	Aptronix Communications Limited (S)**	Industry and Commerce	27.02.1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
13	Hyderabad Chemicals and Fertilizers Limited (S)	Agriculture and Co-operation	September, 1942	0.26	0.00	0.53	0.79	8.25	0.00	0.00	8.25	**10.44:1 (10.45:1)**	
14	Marine and Communication Electronics (India) Limited (S)	Industry and Commerce	29.08.1974	0.00	0.00	1.89	1.89	4.77	0.00	0.00	4.77	**2.52:1 (2.52:1)**	
15	Republic Forge Company Limited	Industry and Commerce	15.04.1957	7.07	0.00	0.70	7.77	54.77	0.00	0.00	54.77	**7.05:1 (7.05:1)**	
16	Southern Transformers and Electricals Limited (S)	Industry and Commerce	21.09.1976	0.00	0.00	0.58	0.58	0.78	0.00	0.00	0.78	**1.34:1 (1.36:1)**	
17	Andhra Pradesh Automobile Tyres & tubes Ltd	Industries and Commerce	20.07.1972	0.73	0.00	0.02	0.75	0.00	0.00	0.00	0.00		

Sl. No.	Sector and Name of the Company	Name of the Department	Month and Year of incorporation	Paid-up capital@				Loans outstanding at the close of 2008-09*				Debt-equity ratio for 2008-09 (Previous year)	Man Power (No. of employees) (as on 31-03-09)
				State Govt.	Central Govt.	Others	Total	State Govt.	Central Govt.	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
18	Golkonda Abrasives Ltd	Industries and Commerce	NA	0.38	0.00	0.17	0.55	0.00	0.00	0.00	0.00		
19	Krishi Engineering Ltd	Engineering	NA	0.29	0.10	0.13	0.52	0.00	0.00	0.00	0.00		
20	PJ Chemicals Ltd	Industries and Commerce	NA	0.16	0.22	0.00	0.38	0.00	0.00	0.00	0.00		
21	Suganthy Alloy castings Ltd	Industries and Commerce	NA	0.10	0.04	0.06	0.20	0.00	0.00	0.00	0.00		
22	Vidyut Steels Ltd	Industries and Commerce	NA	0.29	0.31	0.28	0.88	0.00	0.00	0.00	0.00		
	Total			**32.44**	**0.70**	**11.13**	**44.27**	**164.47**	**0.00**	**5.70**	**170.17**	**3.84:1 (3.84:1)**	
	SERVICES												
23	Andhra Pradesh Essential Commodities Corporation Limited	Food, Civil Supplies and Consumer Affairs	21.04.1984	1.13	0.00	0.00	1.13	0.00	0.00	0.00	0.00		
24	Andhra Pradesh State Non Resident Indian Investment Corporation Limited	Industries and Commerce	18.03.1981	1.57	0.00	0.00	1.57	0.00	0.00	0.00	0.00		
	Total			**2.70**	**0.00**	**0.00**	**2.70**	**0.00**	**0.00**	**0.00**	**0.00**		
	Total - C			**70.14**	**0.70**	**11.13**	**81.97**	**177.74**	**0.00**	**5.70**	**183.44**	**2.24:1 (2.25:1)**	
	A+B+C			**6254.57**	**946.19**	**33.78**	**7234.54**	**9016.27**	**543.55**	**23675.15**	**33234.97**	**4.59:1 (3.86:1)**	**259811**

Note:

1. Sl No 4 and 17 of Part-A are 619 B working Companies and Sl Nos:17 to 22 of Part-C are 619 B Non working Companies
2. *Loans outstanding at the close of 2008-09 represent long term loans only
3. **No activity since inception
4. @Paid up capital includes share application money of Rs 198.49 crore in respect of working PSUs (Sl No.A-4, 8, 10, 18, 19, 23 and 39) & Rs 3.72 crore in respect of Non-working PSU - Sl No C-1).
5. Except in respect of Companies and Corporations which finalized their accounts for 2008-09, figures are provisional and as given by the Companies and Corporations

Annexure -2

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalized

(Referred to in paragraphs 1.15, 1.16, 1.19, 1.21, 1.22, 1.48 and 1.51)

(Figures in column 5(a) to 11 are Rupees in crore)

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumu-lated profit(+)/ loss(-)	Capital employed @	Return on capital employed $	Percentage return on capital employed
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A	**Working Government companies**													
	AGRICULTURE AND ALLIED													
1	Andhra Pradesh State Agro Industries Development Corporation Limited	2007-08	2008-09	3.82	0.10	0.12	3.60	370.48	-1.81	21.50	-10.23	49.83	3.70	7.43
2	Andhra Pradesh Forest Development Corporation Limited	2008-09	2009-10	20.06	4.64	1.12	14.30	47.21	-2.02	21.82	74.40	238.49	79.04	33.14
3	Andhra Pradesh State Irrigation Development Corporation Limited	2007-08	2009-10	9.33	6.18	3.71	-0.56	2.73	-63.20	133.81	-92.61	160.98	5.62	3.49
4	Andhra Pradesh Meat Development Corporation Limited	2008-09	2009-10	4.82	0.00	2.14	2.68	1.09	-0.11	30.43	-21.10	14.36	2.68	18.66
5	Andhra Pradesh State Seeds Corporation Limited (619-B)	2008-09	2009-10	5.08	2.30	0.81	1.97	461.23	-10.59	2.77	1.02	199.55	4.26	2.13
	TOTAL			**43.11**	**13.22**	**7.90**	**21.99**	**882.74**	**-77.73**	**210.33**	**-48.52**	**663.21**	**95.30**	**14.37**
	FINANCE													
6	Andhra Pradesh State Film Television and Theatre Development Corporation Limited	2007-08	2008-09	0.44	0.21	0.11	0.12	4.66	0.00	6.22	1.56	9.11	0.33	3.62

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumu-lated profit(+)/ loss(-)	Capital employed @	Return on capital employed $	Percentage return on capital employed
(1)	**(2)**	**(3)**	**(4)**	**5(a)**	**5(b)**	**5(c)**	**5(d)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**
7	Andhra Pradesh Handicrafts Development Corporation Limited	2007-08	2008-09	1.76	0.10	0.60	1.06	51.33	0.00	2.00	3.66	8.37	1.17	13.98
8	Andhra Pradesh State Minorities Finance Corporation Limited	2005-06	2009-10	-1.69	0.58	0.14	-2.41	0.35	-12.29	115.75	-14.73	116.44	-1.83	0.00
9	Andhra Pradesh Power Finance Corporation Limited (No profit/ loss)	2008-09	2009-10	349.79	349.79	0.00	0.00	0.19	0.00	29.00	0.00	0.00	0.00	0.00
	TOTAL			**350.30**	**350.68**	**0.85**	**-1.23**	**56.53**	**-12.29**	**152.97**	**-9.51**	**133.92**	**-0.33**	**0.00**
	INFRASTRUCTURE													
10	Andhra Pradesh Industrial Development Corporation Limited	2006-07	2007-08	3.92	3.77	0.13	0.02	30.05	-41.51	131.17	17.11	78.34	3.78	4.83
11	Andhra Pradesh Industrial Infrastructure Corporation Limited	2007-08	2008-09	363.01	49.67	0.46	312.88	187.75	-9.61	16.33	383.04	741.06	362.55	48.92
12	Andhra Pradesh State Housing Corporation Limited	2005-06	2008-09	37.09	332.72	0.49	-296.12	96.48	-68.48	0.25	-2272.41	2478.90	36.59	1.48
13	Andhra Pradesh State Police Housing Corporation Limited (No profit/loss)	2008-09	2009-10	0.00	9.51	0.20	0.00	60.35	0.00	1.81	0.00	0.00	0.00	0.00
14	Andhra Pradesh Rajeev Swagruha Corporation Ltd. (August 2007)	First account not finalised												
15	Andhra Pradesh Urban Finance and Infrastructure Development Corporation Limited	1997-98	2008-09	0.00	0.00	0.00	0.00	0.11	-5.81	0.15	-0.12	3.14	0.00	0.00

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumu-lated profit(+)/ loss(-)	Capital employed @	Return on capital employed $	Percentage return on capital employed
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
16	Fab City SPV (India) Pvt. Ltd.(Subsidiary to APIIC w.e.f.19-07-2007)	First account not finalised												
17	Hyderabad Growth Carridor Limited (619-B company incorporated in December 2005)	First account not finalised												
18	Infrastructure Corporation of Andhra Pradesh Limited	2008-09	2009-10	1.19	0.00	0.09	1.10	5.20	0.00	15.63	-2.43	1.08	1.10	101.85
	TOTAL			**405.21**	**395.67**	**1.37**	**17.88**	**379.94**	**-125.41**	**165.34**	**-1874.81**	**3302.52**	**404.02**	**12.23**
	MANUFACTURING													
19	Andhra Pradesh Beverages Corporation Limited	2007-08	2008-09	4.78	4.49	0.66	-0.37	8346.60	0.00	8.34	0.50	96.25	-0.37	0.00
20	Andhra Pradesh Heavy Machinery and Engineering Limited (S)	2008-09	2009-10	1.46	0.56	0.19	0.71	64.01	-0.42	17.27	0.71	27.26	1.26	4.62
21	Andhra Pradesh Mineral Development Corporation Limited	2005-06	2008-09	7.83	0.00	0.40	7.43	58.35	6.32	6.31	51.79	59.06	7.43	12.58
22	Damodar Minerals Private Limited(S)	2008-09	2009-10	-0.01	0.00	0.00	-0.01	0.01	0.00	0.04	-0.03	0.00	-0.01	0.00
23	Leather Industries Development Corporation of Andhra Pradesh Limited	2001-02	2008-09	-2.24	0.78	0.02	-3.04	0.17	-0.02	7.25	-24.07	-4.49	-2.27	0.00
24	The Nizam Sugars Limited	October 2004 to September 2005	2009-10	3.18	14.66	0.15	-11.63	0.19	5.96	34.00	-177.47	-54.39	3.03	0.00
25	The Singareni Collieries Company Limited	2008-09	2009-10	403.22	21.19	249.20	132.83	6396.09	0.00	1733.20	143.78	3021.33	154.03	5.10

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumu-lated profit(+)/ loss(-)	Capital employed @	Return on capital employed $	Percentage return on capital employed
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
26	Wolkem Andhra Mining Private Limited(S)	2006-07	2009-10	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00	
	TOTAL			**418.22**	**41.68**	**250.62**	**125.92**	**14865.42**	**11.84**	**1806.43**	**-4.79**	**3145.02**	**163.10**	**5.19**
	POWER													
27	Andhra Pradesh Power Generation Corporation Limited	2008-09	2009-10	1691.07	671.65	772.96	246.46	6229.99	-5.70	2106.80	159.08	16007.90	918.11	5.74
28	Central Power Distribution Company of Andhra Pradesh Limited	2008-09	2009-10	547.42	273.97	260.93	12.52	6475.85	-215.33	728.48	-154.22	4244.21	286.49	6.75
29	Eastern Power Distribution Company of Andhra Pradesh Limited	2008-09	2009-10	295.29	124.07	157.63	13.59	2735.75	-25.80	121.23	65.56	2599.57	137.66	5.30
30	Northern Power Distribution Company of Andhra Pradesh Limited	2008-09	2009-10	266.01	122.87	136.69	6.45	1592.54	-23.71	274.76	-25.92	2226.05	129.32	5.81
31	Non Conventional Energy Development Corporation of Andhra Pradesh Limited (No profit/ loss)	2007-08	2009-10	2.37	0.25	2.12	0.00	13.85	0.00	0.22	-0.07	6.07	0.25	4.12
32	Southern Power Distribution Company of Andhra Pradesh Limited	2008-09	2009-10	477.36	242.06	224.32	10.98	3216.85	-50.43	358.72	136.53	4455.73	253.04	5.68
33	Transmission Corporation of Andhra Pradesh Limited	2008-09	2009-10	511.07	157.42	291.78	61.87	742.57	68.81	779.22	336.58	3609.18	219.29	6.08
	TOTAL			**3790.59**	**1592.29**	**1846.43**	**351.87**	**21007.40**	**-252.16**	**4369.43**	**517.54**	**33148.71**	**1944.16**	**5.86**

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumu-lated profit(+)/ loss(-)	Capital employed @	Return on capital employed $	Percentage return on capital employed
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	SERVICE													
34	Andhra Pradesh State Civil Supplies Corporation Limited	2007-08	2009-10	17.46	15.89	0.78	0.79	2353.01	0.00	3.00	101.14	166.86	16.68	10.00
35	Andhra Pradesh Trade Promotion Corporation Limited	2005-06	2008-09	3.94	2.57	0.27	1.10	25.58	-5.28	0.86	-4.80	10.75	3.67	34.14
36	Andhra Pradesh Technology Services Limited	2006-07	2007-08	5.02	0.00	0.28	4.74	10.86	0.00	0.20	12.48	12.83	4.74	36.94
37	Andhra Pradesh Tourism Development Corporation Limited	2006-07	2009-10	19.08	1.42	10.56	7.10	87.63	-0.01	3.76	3.98	92.70	8.53	9.20
38	Hyderabad Metro Rail Limited	2007-08	2009-10	0.00	0.00	0.00	0.00	0.00	0.00	0.57	0.00	0.00	0.00	0.00
39	Vizag Apparel Park for Exports	First account not finalised												
	TOTAL			**45.50**	**19.88**	**11.89**	**13.73**	**2477.08**	**-5.29**	**8.39**	**112.80**	**283.14**	**33.62**	**11.87**
	MISCELLANEOUS													
40	Overseas Manpower Company of Andhra Pradesh Limited*	2006-07	2008-09	0.05	0.00	0.08	0.05	0.30	0.00	0.21	0.00	0.26	0.05	19.23
	TOTAL			0.05	0.00	0.08	0.05	0.30	0.00	0.21	0.00	0.26	0.05	19.23
	TOTAL: A			**5062.69**	**2413.42**	**2119.06**	**530.21**	**39669.41**	**-461.04**	**6713.10**	**-1307.29**	**40676.79**	**2639.92**	6.49

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumu-lated profit(+)/ loss(-)	Capital employed @	Return on capital employed $	Percentage return on capital employed
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
B.	**Working Statutory Corporations**													
	AGRICULTURE AND ALLIED													
1	Andhra Pradesh State Warehousing Corporation Limited	2004-05	2007-08	21.53	0.08	3.73	17.72	64.07	0.00	7.61	65.70	76.11	17.80	23.39
	TOTAL			**21.53**	**0.08**	**3.73**	**17.72**	**64.07**	**0.00**	**7.61**	**65.70**	**76.11**	**17.80**	**23.39**
	FINANCE													
2	Andhra Pradesh State Financial Corporation	2008-09	2009-10	157.72	113.63	1.24	42.85	208.83	-12.01	206.01	41.71	1709.43	156.48	9.15
	TOTAL			**157.72**	**113.63**	**1.24**	**42.85**	**208.83**	**-12.01**	**206.01**	**41.71**	**1709.43**	**156.48**	**9.15**
	SERVICE													
3	Andhra Pradesh State Road Transport Corporation	2008-09	2009-10	418.60	116.86	190.96	110.78	4237.75	0.00	201.27	-1151.84	514.63	227.65	44.24
	TOTAL			**418.60**	**116.86**	**190.96**	**110.78**	**4237.75**	**0.00**	**201.27**	**-1151.84**	**514.63**	**227.65**	**44.24**
	TOTAL: B			**597.85**	**230.57**	**195.93**	**171.35**	**4510.65**	**-12.01**	**414.89**	**-1044.43**	**2300.17**	**401.93**	**17.47**
	TOTAL: A+B			**5660.54**	**2643.99**	**2314.99**	**701.56**	**44180.06**	**-473.05**	**7127.99**	**-2351.72**	**42976.95**	**3041.85**	**7.08**
C	**Non-working companies**													
	AGRICULTURE AND ALLIED													
1	Andhra Pradesh Fisheries Corporation Limited	1-4-02 to 9-5-02	2003-04	0.00	0.00	0.00	0.00	0.00	0.00	4.67	-21.75	-7.24	-0.13	0.00
2	Proddutur Milk Foods Limited	1983-84	1990-91	0.00	0.00	0.00	0.00	0.00	0.00	1.96	0.00	0.00	0.00	0.00
3	Andhra Pradesh Dairy Development Corporation Limited	2001-02	2006-07	0.00	0.00	0.00	0.00	0.00	0.00	18.72	-5.23	20.51	0.00	0.00
	TOTAL			**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**25.35**	**-26.98**	**13.27**	**-0.13**	**0.00**

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumu-lated profit(+)/ loss(-)	Capital employed @	Return on capital employed $	Percentage return on capital employed
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	FINANCE													
4	A.P Small Scale Industrial Development Corporation Limited	2001-02	2003-04	2.18	0.00	0.00	2.18	0.02	0.00	9.62	-20.03	2.93	3.25	110.92
5	Andhra Pradesh Tourism Finance Limited	2002-03	2004-05	0.11	0.00	0.00	0.11	0.11	0.00	2.00	0.07	2.05	0.11	5.37
	TOTAL			**2.29**	**0.00**	**0.00**	**2.29**	**0.13**	**0.00**	**11.62**	**-19.96**	**4.98**	**3.36**	**67.47**
	MANUFACTURING													
6	Allwyn Auto Limited	1994-95	1997-98	-6.46	0.00	0.00	-6.46	0.00	0.00	0.15	-13.54	-2.97	-5.24	0.00
7	Allwyn Watches Limited	1998-99	2002-03	-70.69	0.00	0.00	-70.69	13.00	0.00	0.15	-248.70	95.75	-30.03	0.00
8	Andhra Pradesh Electronics Development Corporation Limited	2002-03	2006-07	-0.75	0.00	0.00	-0.75	0.00	0.00	12.72	-10.74	3.68	-0.75	0.00
9	Andhra Pradesh Scooters Limited	1992-93	1993-94	-3.70	0.00	0.00	-3.70	0.00	0.00	11.11	-34.49	-3.79	-2.26	0.00
10	Andhra Pradesh State Textile Development Corporation Limited	1996-97	2008-09	-0.21	0.14	0.03	-0.38	8.11	0.00	3.80	-3.78	3.81	-0.38	0.00
11	Andhra Pradesh Steels Limited (S)	1991-92	1993-94	-2.09	0.00	0.00	-2.09	0.00	0.00	2.03	-6.51	-2.51	-1.68	0.00
12	Aptronix Communications Limited (S)			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Hyderabad Chemicals and Fertilizers Limited (S)	1984-85	1986-87	0.62	0.00	0.00	0.62	0.00	0.00	0.78	-0.63	-1.34	-0.28	0.00

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumu-lated profit(+)/ loss(-)	Capital employed @	Return on capital employed $	Percentage return on capital employed
(1)	**(2)**	**(3)**	**(4)**	**5(a)**	**5(b)**	**5(c)**	**5(d)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**
14	Marine and Communication Electronics (India) Limited (S)	1992-93	1994-95	-4.70	0.00	0.00	-4.70	0.00	0.00	1.89	-4.21	7.23	-3.29	0.00
15	Republic Forge Company Limited	1991-92	1993-94	-3.34	0.00	0.00	-3.34	0.00	0.00	7.77	-23.41	8.82	-0.26	0.00
16	Southern Transformers and Electricals Limited(S)	1993-94	1996-97	-0.57	0.00	0.00	-0.57	0.00	0.00	0.58	-5.78	-1.45	-0.21	0.00
17	Andhra Pradesh Automobile Tyres & tubes Ltd	1992-93	NA	0.00	0.00	0.00	0.00	0.00	0.00	0.75	-0.77	0.00	-0.02	0.00
18	Golkonda Abrasives Ltd	1997-98	NA	-0.01	0.00	0.00	-0.01	0.00	0.00	0.55	-7.44	0.00	-0.01	0.00
19	Krishi Engineering Ltd	1984-85	NA	-0.52	0.00	0.00	-0.52	0.00	0.00	0.52	-3.54	0.00	-0.52	0.00
20	PJ Chemicals Ltd	1989-90	NA	-0.51	0.00	0.00	-0.51	0.00	0.00	0.38	-3.56	0.00	-0.51	0.00
21	Suganthy Alloy castings Ltd	1983-84	NA	-0.16	0.00	0.00	-0.16	0.00	0.00	0.20	-0.26	0.00	-0.16	0.00
22	Vidyut Steels Ltd	1985-86	NA	-0.40	0.00	0.00	-0.40	0.00	0.00	0.88	-1.55	0.00	-0.40	0.00
	TOTAL			**-93.49**	**0.14**	**0.03**	**-93.66**	**21.11**	**0.00**	**44.26**	**-368.91**	**107.23**	**-46.00**	**0.00**

Sl. No.	Sector and name of Company	Period of accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss	Turnover	Impact of Accounts Comments #	Paid-up capital	Accumu-lated profit(+)/ loss(-)	Capital employed @	Return on capital employed $	Percentage return on capital employed
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	SERVICE													
23	Andhra Pradesh Essential Commodities Corporation Ltd.	2003-04	2007-08	0.00	0.00	**0.00**	0.00	0.00	0.00	1.13	9.61	10.75	0.00	0.00
24	Andhra Pradesh Non Resident Indian Investment Corporation Ltd.	2002-03	2006-07	0.00	0.00	0.00	0.00	0.00	0.00	1.57	-3.53	-2.16	0.00	0.00
	TOTAL			**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**2.70**	**6.08**	**8.59**	**0.00**	**0.00**
	TOTAL: C			**-91.20**	**0.14**	**0.03**	**-91.37**	**21.24**	**0.00**	**83.93**	**-409.77**	**134.07**	**-42.77**	**0.00**
	Total: A+B+C			**5569.34**	**2644.13**	**2315.02**	**610.19**	**44201.30**	**-473.05**	**7211.92**	**-2761.49**	**43111.02**	**2999.08**	**6.96**

Notes:

1. Sl No: 5 and 17 of Part A and Sl Nos: 17 to 22 of Part C are 619-B companies.
2. # Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.
3. @ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).
4. $ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

Annexure – 3

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2009

(Referred to in paragraphs 1.10 and 1.11)

(Figures in column 3 (a) to 6 (d) are Rupees in crore)

Sl No.	Sector & Name of the Company	Equity/loans received out of budget during the year		Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year @		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ Penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
A.	**A. Working Government Companies**												
	AGRICULTURE AND ALLIED												
1	Andhra Pradesh Forest Development Corporation Limited	0.00	0.00	0.58	0.00	0.00	0.58	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**0.58**	**0.00**	**0.00**	**0.58**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	FINANCE												
2	Andhra Pradesh State Film, Television and Theatre Development Corporation Limited	0.00	0.00	0.00	0.25	0.00	0.25	0.00	0.00	0.00	0.00	0.00	0.00
3	Andhra Pradesh Handicrafts Development Corporation Limited	0.00	0.00	2.28	0.00	0.00	2.28	0.00	0.00	0.00	0.00	0.00	0.00
4	Andhra Pradesh State Minorities Finance Corporation Limited	0.00	0.00	0.00	134.26	0.00	134.26	0.00	30.00	0.00	0.00	0.00	0.00
5	Andhra Pradesh Power Finance Corporation Limited	0.00	0.00	0.00	349.78	0.00	349.78	0.00	4079.54	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**2.28**	**484.29**	**0.00**	**486.57**	**0.00**	**4109.54**	**0.00**	**0.00**	**0.00**	**0.00**
	INFRASTRUCTURE												
6	Andhra pradesh Industrial Development Corporation Limited	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Andhra Pradesh Industrial Infrastructure Corporation Limited	0.00	0.00	18.23	14.52	0.00	32.75	0.00	373.15	0.00	0.00	0.00	0.00

Sl No.	Sector & Name of the Company	Equity/loans received out of budget during the year		Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year @		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ Penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
8	Andhra Pradesh State Housing Corporation Limited	0.00	2731.22	835.66	1350.71	0.00	2186.37	0.00	1387.69	0.00	0.00	0.00	0.00
9	Andhra Pradesh State Police Housing Corporation Limited	0.00	0.00	0.00	14.13	0.00	14.13	0.00	3.75	0.00	0.00	0.00	0.00
10	Andhra Pradesh Urban Finance and Infrastructure Development Corporation Limited	0.00	0.00	0.16	0.00	0.00	0.16	0.00	0.00	0.00	0.00	0.00	0.00
11	Infrastructure Corporation of Andhra Pradesh Limited	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**5.06**	**2731.22**	**854.05**	**1379.36**	**0.00**	**2233.41**	**0.00**	**1764.59**	**0.00**	**0.00**	**0.00**	**0.00**
	MANUFACTURING												
12	Andhra Pradesh Beverages Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00
13	Andhra Pradesh Heavy Machinery and Engineering Limited (S)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.36	0.00	0.00	0.00	0.00
14	Leather Industries Development Corporation of Andhra Pradesh Limited	0.00	0.99	0.00	2.03	0.00	2.03	0.00	0.00	0.00	0.00	0.00	0.00
15	The Singareni Collieries Company Limited	0.00	0.00	30.90	0.00	0.00	30.90	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.99**	**30.90**	**2.03**	**0.00**	**32.93**	**0.00**	**106.36**	**0.00**	**0.00**	**0.00**	**0.00**
	POWER												
16	Andhra Pradesh Power Generation Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6926.48	0.00	0.00	0.00	0.00
17	Central Power Distribution Company of Andhra Pradesh Limited	0.00	0.00	0.00	2984.20	0.00	2984.20	0.00	5.50	0.00	0.00	0.00	0.00
18	Eastern Power Distribution Company of Andhra Pradesh Limited	0.00	0.00	24.65	13.73	0.00	38.38	6.06	2.19	0.00	0.00	0.00	0.00

Sl No.	Sector & Name of the Company	Equity/loans received out of budget during the year		Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year @		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ Penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
19	Southern Power Distribution Company of Andhra Pradesh Limited	0.00	0.00	10.15	402.60	1.03	413.78	220.63	103.36	0.00	0.00	36.18	36.18
20	Northern Power Distribution Company of Andhra Pradesh Limited	0.00	0.00	0.00	2073.43	0.00	2073.43	44.50	420.52	0.00	0.00	0.00	0.00
21	Non Conventional Energy Development Corporation of Andhra Pradesh Limited	0.00	0.00	5.58	5.05	0.00	10.63	0.00	0.00	0.00	0.00	0.00	0.00
22	Transmission Corporation of Andhra Pradesh Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1206.92	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**40.38**	**5479.01**	**1.03**	**5520.42**	**271.19**	**8664.97**	**0.00**	**0.00**	**36.18**	**36.18**
	SERVICE												
23	Andhra Pradesh State Civil Supplies Corporation Limited	0.00	0.00	5.86	2215.94	0.00	2221.80	0.00	0.00	0.00	0.00	0.00	0.00
24	Andhra Pradesh Tourism Development Corporation Limited	0.00	0.00	10.70	5.44	0.00	16.14	0.00	0.00	0.00	0.00	0.00	0.00
25	Vizag Apparal Park for Export	0.00	0.00	0.93	0.00	0.00	0.93	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**17.49**	**2221.38**	**0.00**	**2238.87**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	MISCELLANEIOUS												
26	Overseas Manpower Corporation Andhra Pradesh Limited	0.00	0.00	1.00	3.00	0.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**1.00**	**3.00**	**0.00**	**4.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Total A	**5.06**	**2732.21**	**946.68**	**9569.07**	**1.03**	**10516.78**	**271.19**	**14645.46**	**0.00**	**0.00**	**36.18**	**36.18**
B	**Working Statutory Corporations**												
	FINANCE												
1	Andhra Pradesh State Financial Corporation	0.00	0.00	0.00	0.00	0.00	0.00	100.00	490.00	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**100.00**	**490.00**	**0.00**	**0.00**	**0.00**	**0.00**

Sl No.	Sector & Name of the Company	Equity/loans received out of budget during the year		Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year @		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ Penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
	SERVICE												
2	Andhra Pradesh State Road Transport Corporation	0.00	0.00	0.00	160.00	0.00	160.00	140.59	165.42	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**0.00**	**160.00**	**0.00**	**160.00**	**140.59**	**165.42**	**0.00**	**0.00**	**0.00**	**0.00**
	Total B	**0.00**	**0.00**	**0.00**	**160.00**	**0.00**	**160.00**	**240.59**	**655.42**	**0.00**	**0.00**	**0.00**	**0.00**
	Grand Total A+B	**5.06**	**2732.21**	**946.68**	**9729.07**	**1.03**	**10676.78**	**511.78**	**15300.88**	**0.00**	**0.00**	**36.18**	**36.18**

@ Figures indicate total guarantees outstanding at the end of the year.

Annexure -4

Statement showing investments made by State Government in PSUs whose accounts are in arrears
(Referred to in paragraphs 1.42)

(Figures in Columns 4, 6 to 9 are Rupees in lakh)

Sl. No.	Name of PSU	Year upto which account finalised	Paid up Capital as per latest finalised accounts	Year in which Equity/ Loans/ Grants received	Investment made by Government during the years for which accounts are in arrears				No of accounts in arrears
					Equity	Loans	Grants	Others/ Investment	
1	2	3	4	5	6	7	8	9	10
A.	**Working Government companies**								
	AGRICULTURE AND ALLIED								
1	Andhra Pradesh State Agro Industries Development Corporation Limited	2007-08	2150.04	2008-09	0.00	0.00	0.00	0.00	1
2	Andhra Pradesh State Irrigation Development Corporation Limited	2007-08	13380.90	2008-09	0.00	0.00	0.00	0.00	1
	Total		**15530.94**		**0.00**	**0.00**	**0.00**	**0.00**	**2**
	FINANCE								
3	Andhra Pradesh State Film Television and Theatre Development Corporation Limited	2007-08	622.05	2008-09	0.00	0.00	25.00	0.00	1
4	Andhra Pradesh Handicrafts Development Corporation Limited	2007-08	200.36	2008-09	0.00	0.00	0.00	227.87	1
5	Andhra Pradesh State Minorities Finance Corporation Limited	2005-06	11575.00	2006-07	1410.00	700.00	3425.00	0.00	3
				2007-08	1000.00	300.00	7998.00	0.00	
				2008-09	0.00	0.00	13425.61	0.00	
6	Andhra Pradesh Urban Finance and Infrastructure Development Corporation Limited	1997-98	15.00	1998-99	0.00	2.50	32.50	0.00	11
				1999-00	0.00	0.00	0.00	0.00	
				2000-01	0.00	0.00	226.07	0.00	
				2001-02	0.00	0.00	3554.70	4730.80	
				2002-03	0.00	0.00	1907.53	3410.23	
				2003-04	0.00	6250.24	2376.70	5410.78	
				2004-05	0.00	2500.00	6714.81	9792.82	
				2005-06	0.00	0.00	15019.48	6481.90	
				2006-07	0.00	0.00	5751.52	8837.00	
				2007-08	0.00	0.00	361.89	651.58	
				2008-09	0.00	0.00	0.00	2106.27	
	Total		**12412.41**		**2410.00**	**9752.74**	**60818.81**	**41649.25**	**16**

Sl. No.	Name of PSU	Year upto which account finalised	Paid up Capital as per latest finalised accounts	Year in which Equity/ Loans/ Grants received	Investment made by Government during the years for which accounts are in arrears				No of accounts in arrears
					Equity	Loans	Grants	Others/ Investment	
1	2	3	4	5	6	7	8	9	10
	INFRASTRUCTURE								
7	Andhra Pradesh Industrial Development Corporation Limited	2006-07	13116.94	2007-08	31.13	301.08	0.00	0.00	2
				2008-09	5.71	0.00	0.00	0.00	
8	Andhra Pradesh Industrial Infrastructure Corporation Limited	2007-08	1632.75	2008-09	0.00	0.00	1451.64	2803.34	1
9	Andhra Pradesh State Housing Corporation Limited	2005-06	25.00	2006-07	0.00	76672.78	52146.73	32171.07	3
				2007-08	0.00	0.00	89090.00	38749.05	
				2008-09	0.00	273121.84	135070.93	83565.56	
10	Andhra Pradesh Rajeev Swagruha Corporation Ltd. (Date of Incorporation : 27.08.2007)	First account not finalised		2007-08	0.00	0.00	0.00	0.00	2
				2008-09	0.00	0.00	0.00	0.00	
11	Fab City SPV (India) Pvt. Ltd. (Date of incorporation: 02.05.2006)	First account not finalised	1.00	2006-07	0.00	0.00	0.00	0.00	3
				2007-08	0.00	0.00	0.00	0.00	
				2008-09	0.00	0.00	0.00	0.00	
12	Hyderabad Growth Carriodor (25-12-2005)	First account not finalised		2005-06 to 2008-09	0.00	0.00	0.00	0.00	4
	Total		**14775.69**		**36.84**	**350095.70**	**277759.30**	**157289.02**	**15**
	MANUFACTURING								
13	Andhra Pradesh Beverages Corporation Limited	2007-08	833.96	2008-09	0.00	0.00	0.00	0.00	1
14	Andhra Pradesh Mineral Development Corporation Limited	2005-06	630.62	2006-07	0.00	0.00	0.00	0.00	3
				2007-08	0.00	0.00	0.00	0.00	
				2008-09	0.00	0.00	0.00	0.00	
15	Leather Industries Development Corporation of Andhra Pradesh Limited	2001-02	725.35	2002-03	0.00	20.81	1061.12	0.00	7
				2003-04	0.00	0.00	528.00	180.00	
				2004-05	0.00	0.00	453.00	0.00	
				2005-06	0.00	0.00	203.00	0.00	
				2006-07	0.00	0.00	167.25	126.00	
				2007-08	0.00	0.00	203.00	74.00	
				2008-09	0.00	99.11	203.00	0.00	
16	The Nizam Sugars Limited	October 2004 to September 2005	3400.16	2005-06	0.00	0.00	0.00	0.00	3
				2006-07	0.00	0.00	0.00	0.00	
				2007-08	0.00	0.00	0.00	0.00	
17	Wolkem Andhra Mining Private Limited(S)	2006-07	2.06	2007-08	0.00	0.00	0.00	0.00	2
				2008-09	0.00	0.00	0.00		
	Total		**5592.15**		**0.00**	**119.92**	**2818.37**	**380.00**	**16**

Sl. No.	Name of PSU	Year upto which account finalised	Paid up Capital as per latest finalised accounts	Year in which Equity/ Loans/ Grants received	Investment made by Government during the years for which accounts are in arrears				No of accounts in arrears
					Equity	Loans	Grants	Others/ Investment	
1	2	3	4	5	6	7	8	9	10
	POWER								
18	Non Conventional Energy Development Corporation of Andhra Pradesh Limited	2007-08	21.95	2008-09	0.00	0.00	505.31	558.00	1
	Total		**21.95**		**0.00**	**0.00**	**505.31**	**558.00**	**1**
	SERVICE								
19	Andhra Pradesh State Civil Supplies Corporation Limited	2007-08	300.00	2008-09	0.00	0.00	221593.85	585.66	1
20	Andhra Pradesh Technology Services Limited	2006-07	20.00	2007-08	0.00	0.00	0.00	0.00	2
				2008-09	0.00	0.00	0.00	0.00	
21	Andhra Pradesh Trade Promotion Corporation Limited	2005-06	86.01	2006-07	0.00	0.00	0.00	0.00	3
				2007-08	0.00	0.00	0.00	0.00	
				2008-09	0.00	0.00	0.00	0.00	
22	Andhra Pradesh Tourism Development Corporation Limited	2006-07	376.13	2007-08	0.00	0.00	861.38	0.00	2
				2008-09	0.00	0.00	543.61	1775.94	
23	Hyderabad Metro Rail	2007-08	56.59	2008-09	0.00	0.00	0.00	0.00	1
24	Vizag Apparel Park for Exports (Date of Incorporation : 31.03.2004)	First account not finalised		2004-05	0.00	0.00	237.90	0.00	5
				2005-06	0.00	0.00	0.00		
				2006-07	0.00	0.00	100.00	66.73	
				2007-08	0.00	0.00	200.00	75.30	
				2008-09	0.00	0.00	0.00	93.28	
	Total		**838.73**	**0**	**0.00**	**0.00**	**223536.74**	**2361.60**	**14**
	MISCELLANEOUS								
25	Overseas Manpower Company of Andhra Pradesh Limited*	2006-07	21.49	2007-08	0.00	0.00	0.00	10.00	2
				2008-09	0.00	0.00	300.00	100.00	
	Total		21.49		0.00	0.00	300.00	110.00	2
	TOTAL: A		**49193.36**		**2446.84**	**359968.36**	**565738.53**	**202347.87**	**66**
B.	**Working Statutory Corporations**								
	AGRICULTURE AND ALLIED								
1	Andhra Pradesh State Warehousing Corporation Limited	2004-05	761.41	2005-06	0.00	0.00	0.00	0.00	4
				2006-07	0.00	0.00	0.00	0.00	
				2007-08	0.00	0.00	0.00	30.75	
				2008-09	0.00	0.00	0.00	0.00	
	TOTAL: B		**761.41**		**0.00**	**0.00**	**0.00**	**30.75**	**4**
	TOTAL: A+B		**49954.77**		**2446.84**	**359968.36**	**565738.53**	**202378.62**	**70**

Sl. No.	Name of PSU	Year upto which account finalised	Paid up Capital as per latest finalised accounts	Year in which Equity/ Loans/ Grants received	Investment made by Government during the years for which accounts are in arrears				No of accounts in arrears
					Equity	Loans	Grants	Others/ Investment	
1	2	3	4	5	6	7	8	9	10
C	**Non-working Government companies**								
	AGRICULTURE AND ALLIED								
1	Andhra Pradesh Fisheries Corporation Limited	1-4-02 to 9-5-02	467.17	2002-03	0.00	41.30	0.00	0.00	
			467.17		0.00	41.30	0.00	0.00	
	MANUFACTURING								
2	Allwyn Watches Limited	1998-99	15.01	2002-03	0.00	24.72	0.00	0.00	
				2003-04	0.00	24.72	0.00	0.00	
3	Andhra Pradesh State Textile Development Corporation Limited	1996-97	379.88	2000-01	0.00	18.10	0.00	0.00	
			394.89		0.00	67.54	0.00	0.00	
	TOTAL: C		**862.06**		**0.00**	**108.84**	**0.00**	**0.00**	
	TOTAL: A+B+C		**50816.83**		**2446.84**	**360077.20**	**565738.53**	**202378.62**	

Annexure – 5

Statement showing the financial position of Statutory corporations

(Referred to in paragraph 1.15)

(Rupees in crore)

1. Andhra Pradesh State Road Transport Corporation			
Particulars	**2006-07**	**2007-08**	**2008-09**
A. Liabilities			
Capital (including capital loan and equity capital)	201.27	201.27	201.27
Borrowings – Government	106.00	106.00	106.00
Others	989.68	1193.74	1298.47
Funds[@] (including expenditure from betterment fund, receipt on capital account and receipt under TGKP scheme)	189.71	141.11	101.85
Trade dues and other current liabilities (including provisions)	1134.92	1163.99	1418.72
Total-A	**2621.58**	**2806.11**	**3126.31**
B. Assets			
Gross block	2231.29	2362.12	2475.97
Less: Depreciation	1667.12	1714.56	1740.17
Net fixed assets	564.17	647.56	735.80
Capital works-in-progress (including cost of chassis)	24.50	30.99	40.50
Investments	0.62	0.62	0.62
Current assets, loans and advances	634.00	864.31	1197.55
Accumulated loss	1398.29	1262.63	1151.84
Total-B	**2621.58**	**2806.11**	**3126.31**
C. Capital employed[#]	**87.75**	**378.87**	**514.63**

[@] Excluding depreciation funds.

[#] Capital employed represents net fixed assets (including works-in-progress) plus working capital. While working out working capital, the element of interest on loans is included in Current Liabilities.

(Rupees in crore)

2. Andhra Pradesh State Financial Corporation			
Particulars	**2006-07**	**2007-08**	**2008-09**
A. Liabilities			
Paid-up capital	92.22	206.01	206.01
Reserve fund and other reserves and surplus	21.57	26.76	69.61
Borrowings:			
(i) Bonds and Debentures	180.27	330.15	418.82
(ii) Fixed deposits	46.58	59.55	29.43
(iii) SIDBI	761.65	899.93	1079.07
(iv) State Government	1.94	1.94	1.94
(v) Industrial Development Bank of India	11.40	11.40	11.40
(vi) Others	140.50	121.25	33.74
Other liabilities and provisions	163.30	183.19	184.68
Total-A	**1419.43**	**1840.18**	**2034.70**
B. Assets			
Cash and bank balances	101.38	158.17	74.80
Investments	1.14	41.06	77.18
Loans and advances	1159.28	1441.48	1660.50
Net fixed assets	20.78	130.55	141.45
Other assets	52.53	68.92	80.77
Accumulated loss	84.32	--	--
Total-B	**1419.43**	**1840.18**	**2034.70**
C. Capital employed[@]	**1216.91**	**1615.93**	**1709.43**

[@] Capital employed represents a mean of aggregate of opening and closing balances of paid up capital, reserves (other than those which have been funded specially and backed by investments outside), bonds, deposits and borrowings(including refinance).

(Rupees in crore)

3. Andhra Pradesh State Warehousing Corporation			
Particulars	**2002-03**	**2003-04**	**2004-05**
A. Liabilities			
Paid-up capital	7.61	7.61	7.61
Reserves and surplus (incl. Subsidy)	48.56	51.62	67.10
Borrowings (Others)	1.76	1.34	1.38
Trade dues and current liabilities (including provision)	21.35	26.35	26.01
Total-A	**79.28**	**86.92**	**102.10**
B. Assets			
Gross block	34.90	37.50	38.09
Less: Depreciation	18.32	23.00	26.04
Net fixed assets	16.58	14.50	12.05
Current assets, loans and advances	62.70	72.42	90.05
Total-B	**79.28**	**86.92**	**102.10**
C. Capital employed [@]	**57.93**	**60.57**	**76.11**

[@] Capital employed represents the net fixed assets (including capital works in progress) plus working capital.

Annexure – 6

Statement showing working results of Statutory corporations

(Referred to in paragraph 1.15)

(Rupees in crore)

1. Andhra Pradesh State Road Transport Corporation				
	Particulars	**2006-07**	**2007-08**	**2008-09**
1	**Operating:**			
	(a) Revenue	3657.94	3879.13	4237.75
	(b) Expenditure	4068.56	4274.93	4802.20
	(c) Surplus(+)/Deficit(-)	(-)410.62	(-)395.80	(-)564.45
2	**Non-operating:**			
	(a) Revenue	528.27	578.32	783.75
	(b) Expenditure	77.06	93.50	119.45
	(c) Surplus (+)/ Deficit (-)	451.21	484.82	664.30
3	**Total**			
	(a) Revenue	4186.21	4457.45	5021.50
	(b) Expenditure	4145.62	4368.43	4921.65
	(c) Net of prior period adjustments	(-)152.41	46.64	10.93
	(d) Net Profit (+)/Loss(-)[♣]	(-)111.82	135.66	110.78
4	Interest on capital and loans	76.34	91.24	116.86
5	Total return on Capital employed[@]	(-)35.48	226.90	227.65
6	Percentage of return on capital employed	--	59.89	44.24

[♣] Excluding prior period adjustments.
[@] Total return on capital employed represents net surplus/deficit plus total interest charged to Profit and Loss Account (less interest capitalised).

(Rupees in crore)

2. Andhra Pradesh State Financial Corporation				
	Particulars	**2006-07**	**2007-08**	**2008-09**
1	**Income**			
	(a) Interest on loans	144.77	200.22	208.83
	(b) Other income	13.84	26.65	28.70
	Total-1	**158.61**	**226.87**	**237.53**
2	**Expenses**			
	(a) Interest on long term and short term loans	80.64	93.55	113.63
	(b) Other expenses	69.82	118.32	79.32
	Total –2	**150.46**	**211.87**	**192.95**
3	Profit before tax (1-2)	8.15	15.00	44.58
4	Prior period adjustments	--	--	--
5	Provision for tax	1.66	3.13	10.56
6	Profit (+)/Loss (-) after tax	6.49	11.87	34.02
7	Other appropriations	20.72	77.64	8.83
8	Profit (+)/Loss (-) after other appropriation	27.21	89.51	42.85
9	**Total return on capital employed*****	**115.24**	**198.32**	**156.48**
10	**Percentage of return on capital employed**	**9.47**	**12.27**	**9.15**

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

(Rupees in crore)

3. Andhra Pradesh State Warehousing Corporation				
	Particulars	**2002-03**	**2003-04**	**2004-05**
1	**Income**			
	(a) Warehousing charges	47.28	62.16	64.07
	(b) Other income	3.87	4.73	4.41
	Total-1	**51.15**	**66.89**	**68.48**
2	**Expenses**			
	(a) Establishment charges	7.30	9.59	8.18
	(b) Other expenses	36.83	47.41	42.58
	Total –2	**44.13**	**57.00**	**50.76**
3	Profit (+)/Loss (-) before tax	7.02	9.89	17.72
4	Provision for tax	2.32	3.62	1.20
5	Prior period adjustments	(-) 0.42	(+) 0.15	(-)10.23
6	Other appropriations	(Cr.)1.45	4.89	14.76
7	Amount available for dividend	5.73	1.53	1.99
8	Dividend for the year	5.71	1.52	1.52
9	**Total return on capital employed**♣	**7.07**	**9.89**	**17.80**
10	**Percentage of return on capital employed**	**12.11**	**16.33**	**23.38**

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

Annexure – 7

Statement showing details of maximum possible generation, actual generation, actual running hours, plant availability and plant outages during 2004-09

(Referred to in paragraphs 2.1.8, 2.1.10 and 2.1.16)

Sl. No.	Unit	Years					
		2004-05	2005-06	2006-07	2007-08	2008-09	Total
1	2	3	4	5	6	7	8
1	**Hours available for operation (per unit)**						
		8760	8760	8760	8784	8760	
2	**Total outages (in hours)**						
	I	914	946	518	606	576	3560
	II	569	1647	277	606	701	3800
	III	280	980	1459	465	526	3710
	IV	482	818	1577	1190	584	4651
	V	818	662	684	770	896	3830
	VI	700	1601	723	995	1012	5031
	VII	1475	1741	1769	593	1113	6691
	VIII	723	1559	2295	893	553	6023
	IX	385	606	429	471	377	2268
	X	537	1665	2046	182	1439	5869
	Total	6883	12225	11777	6771	7777	45433
3	**Reserved outages (in hours)**						
	I	0	298	0	0	0	298
	II	0	294	125	0	0	419
	III	0	269	0	0	0	269
	IV	0	165	0	0	0	165
	V	0	18	101	0	0	119
	VI	0	1030	0	0	0	1030
	VII	0	954	0	0	0	954
	VIII	0	826	0	0	0	826
	IX	0	128	0	0	0	128
	X	0	803	0	0	0	803
	Total	0	4785	226	0	0	5011
4	**Planned outages (in hours)**						
	I	709	440	415	465	386	2415
	II	499	1296	0	454	374	2623
	III	262	529	1333	412	433	2969
	IV	434	538	1357	979	384	3692
	V	501	425	483	518	684	2611
	VI	468	405	531	562	638	2604
	VII	1103	380	355	420	582	2840
	VIII	307	370	441	386	0	1504
	IX	277	401	370	382	0	1430
	X	347	240	1984	0	546	3117
	Total	**4907**	**5024**	**7269**	**4578**	**4027**	**25805**

Sl. No.	Unit	Years					
		2004-05	2005-06	2006-07	2007-08	2008-09	Total
1	2	3	4	5	6	7	8
5	**Forced outages (in hours)**						
	I	205	208	103	141	190	847
	II	70	57	152	152	327	758
	III	18	182	126	53	93	472
	IV	48	115	220	211	200	794
	V	317	219	100	252	212	1100
	VI	232	166	192	433	374	1397
	VII	372	407	1414	173	531	2897
	VIII	416	363	1854	507	553	3693
	IX	108	77	59	89	377	710
	X	190	622	62	182	893	1949
	Total	**1976**	**2416**	**4282**	**2193**	**3750**	**14617**
6	**Actual running hours**						
	I	7846	7814	8242	8178	8184	40264
	II	8191	7113	8483	8178	8059	40024
	III	8480	7780	7301	8319	8234	40114
	IV	8278	7942	7183	7594	8176	39173
	V	7942	8098	8076	8014	7864	39994
	VI	8060	7159	8037	7789	7748	38793
	VII	7285	7019	6991	8191	7647	37133
	VIII	8037	7201	6465	7891	8207	37801
	IX	8375	8154	8331	8313	8383	41556
	X	8223	7095	6714	8602	7321	37955
	Total	**80717**	**75375**	**75823**	**81069**	**79823**	**392807**
7	**Possible generation in hours actually worked (MUs) (Sl. No. 6 X Capacity of plant/1000)**						
	I	470.76	468.84	494.52	490.68	491.04	2415.84
	II	491.46	426.78	508.98	490.68	483.54	2401.44
	III	508.80	466.80	438.06	499.14	494.04	2406.84
	IV	496.68	476.52	430.98	455.64	490.56	2350.38
	Total(I to IV)	**1967.70**	**1838.94**	**1872.54**	**1936.14**	**1959.18**	**9574.50**
	V	953.04	971.76	969.12	961.68	943.68	4799.28
	VI	967.20	859.08	964.44	934.68	929.76	4655.16
	Total(V & VI)	**1920.24**	**1830.84**	**1933.56**	**1896.36**	**1873.44**	**9454.44**
	VII	874.20	842.28	838.92	982.92	917.64	4455.96
	VIII	964.44	864.12	775.80	946.92	984.84	4536.12
	Total(VII & VIII)	**1838.64**	**1706.40**	**1614.72**	**1929.84**	**1902.48**	**8992.08**
	IX	2093.75	2038.50	2082.75	2078.25	2095.75	10389.00
	X	2055.75	1773.75	1678.50	2150.50	1830.25	9488.75
	Total(IX & X)	**4149.50**	**3812.25**	**3761.25**	**4228.75**	**3926.00**	**19877.75**
	Total	**9876.08**	**9188.43**	**9182.07**	**9991.09**	**9661.10**	**47898.77**

Sl. No.	Unit	Years					
		2004-05	2005-06	2006-07	2007-08	2008-09	Total
1	2	3	4	5	6	7	8
8	**Actual generation (MUs)**						
	I	416.89	410.18	440.73	433.82	401.16	2102.78
	II	445.57	346.67	466.79	443.54	407.95	2110.52
	III	471.79	399.23	385.14	441.21	393.13	2090.50
	IV	472.37	424.73	394.74	411.86	396.59	2100.29
	Total(I to IV)	**1806.62**	**1580.81**	**1687.40**	**1730.43**	**1598.83**	**8404.09**
	V	894.17	850.46	800.34	774.69	663.30	3982.96
	VI	911.44	761.98	820.83	782.01	747.15	4023.41
	Total(V & VI)	**1805.61**	**1612.44**	**1621.17**	**1556.70**	**1410.45**	**8006.37**
	VII	838.80	762.32	765.33	900.38	755.84	4022.67
	VIII	913.11	776.69	713.41	842.77	697.00	3942.98
	Total(VII & VIII)	**1751.91**	**1539.01**	**1478.74**	**1743.15**	**1452.84**	**7965.65**
	IX	2100.25	1886.05	2056.70	1994.02	1960.35	9997.37
	X	2039.95	1596.05	1623.99	1976.86	1702.80	8939.65
	Total (IX & X)	**4140.20**	**3482.10**	**3680.69**	**3970.88**	**3663.15**	**18937.02**
	Grand Total	**9504.34**	**8214.36**	**8468.00**	**9001.16**	**8125.27**	**43313.13**
9	**Targeted generation (MUs) (Sl. No. 1 x Capacity of unit x PLF approved by APERC)**						
	I	420.48	420.48	420.48	421.63	420.48	2103.55
	II	420.48	420.48	420.48	421.63	420.48	2103.55
	III	420.48	420.48	420.48	421.63	420.48	2103.55
	IV	420.48	420.48	420.48	421.63	420.48	2103.55
	Total(I to IV)	**1681.92**	**1681.92**	**1681.92**	**1686.52**	**1681.92**	**8414.20**
	V	840.96	840.96	840.96	843.26	840.96	4207.10
	VI	840.96	840.96	840.96	843.26	840.96	4207.10
	Total(V & VI)	**1681.92**	**1681.92**	**1681.92**	**1686.52**	**1681.92**	**8414.20**
	VII	840.96	840.96	840.96	843.26	840.96	4207.10
	VIII	840.96	840.96	840.96	843.26	840.96	4207.10
	Total(VII & VIII)	**1681.92**	**1681.92**	**1681.92**	**1686.528**	**1681.92**	**8414.20**
	IX	1752.00	1752.00	1752.00	1756.80	1752.00	8764.80
	X	1752.00	1752.00	1752.00	1756.80	1752.00	8764.80
	Total (IX & X)	**3504.00**	**3504.00**	**3504.00**	**3513.60**	**3504.00**	**17529.60**
	Grand Total	**8549.76**	**8549.76**	**8549.76**	**8573.16**	**8549.76**	**42772.20**
	Units I to IV: 60 MW each , Units V to VIII: 120 MW each and Units IX & X: 250 MW each						
10	**Shortfall (-)/Excess (+) of actual generation compared to targeted generation (Based on PLF approved by APERC) (Sl. No. 8 – Sl. No. 9)**						
	I	-3.59	-10.30	20.25	12.19	-19.32	-0.77
	II	25.09	-73.81	46.31	21.91	-12.53	6.97
	III	51.31	-21.25	-35.34	19.58	-27.35	-13.05
	IV	51.89	4.25	-25.74	-9.77	-23.89	-3.26
	V	53.21	9.50	-40.62	-68.57	-177.66	-224.14
	VI	70.48	-78.98	-20.13	-61.25	-93.81	-183.69
	VII	-2.16	-78.64	-75.63	57.12	-85.12	-184.43
	VIII	72.15	-64.27	-127.55	-0.49	-143.96	-264.12
	IX	348.25	134.05	304.70	237.22	208.35	1232.57
	X	287.95	-155.95	-128.01	220.06	-49.20	174.85
	Total	**954.58**	**-335.40**	**-81.76**	**428.00**	**-424.49**	**540.93**

Sl. No.	Unit	Years					
		2004-05	2005-06	2006-07	2007-08	2008-09	Total
1	2	3	4	5	6	7	8
11	**Shortfall in generation compared to possible generation (MUs) (Sl. No. 8 – Sl. No. 7)**						
	I	-53.87	-58.66	-53.79	-56.86	-89.88	-313.06
	II	-45.89	-80.11	-42.19	-47.14	-75.59	-290.92
	III	-37.01	-67.57	-52.92	-57.93	-100.91	-316.34
	IV	-24.31	-51.79	-36.24	-43.78	-93.97	-250.09
	Total(I to IV)	**-161.08**	**-258.13**	**-185.14**	**-205.71**	**-360.35**	**-1170.41**
	V	-58.87	-121.30	-168.78	-186.99	-280.38	-816.32
	VI	-55.76	-97.10	-143.61	-152.67	-182.61	-631.75
	Total(V & VI)	**-114.63**	**-218.40**	**-312.39**	**-339.66**	**-462.99**	**-1448.07**
	VII	-35.40	-79.96	-73.59	-82.54	-161.80	-433.29
	VIII	-51.33	-87.43	-62.39	-104.15	-287.84	-593.14
	Total(VII& VIII)	**-86.73**	**-167.39**	**-135.98**	**-186.69**	**-449.64**	**-1026.43**
	IX	6.50	-152.45	-26.05	-84.23	-135.40	-391.63
	X	-15.80	-177.70	-54.51	-173.64	-127.45	-549.10
	Total (IX & X)	**-9.30**	**-330.15**	**-80.56**	**-257.87**	**-262.85**	**-940.73**
	Grand Total	**-371.74**	**-974.07**	**-714.07**	**-989.93**	**-1535.83**	**-4585.64**
12	**Percentage of shortfall compared to possible generation (Sl. No. 11/Sl. No. 7)**						
	I	11.44	12.51	10.88	11.59	18.30	--
	II	9.34	18.77	8.29	9.61	15.63	--
	III	7.27	14.48	12.08	11.61	20.43	--
	IV	4.89	10.87	8.41	9.61	19.16	--
	V	6.18	12.48	17.42	19.44	29.71	--
	VI	5.77	11.30	14.89	16.33	19.64	--
	VII	4.05	9.49	8.77	8.40	17.63	--
	VIII	5.32	10.12	8.04	11.00	29.23	--
	IX	-0.31	7.48	1.25	4.05	6.46	--
	X	0.77	10.02	3.25	8.07	6.96	--
13	**Actual generation per KW of installed capacity [in units (Sl. No. 8 x 1000/Plant capacity)]**						
	I	6948.17	6836.33	7345.50	7230.33	6686.00	--
	II	7426.17	5777.83	7779.83	7392.33	6799.17	--
	III	7863.17	6653.83	6419.00	7353.50	6552.17	--
	IV	7872.83	7078.83	6579.00	6864.33	6609.83	--
	V	7451.42	7087.17	6669.50	6455.75	5527.50	--
	VI	7595.33	6349.83	6840.25	6516.75	6226.25	--
	VII	6990.00	6352.67	6377.75	7503.17	6298.67	--
	VIII	7609.25	6472.42	5945.08	7023.08	5808.33	--
	IX	8401.00	7544.20	8226.80	7976.08	7841.40	--
	X	8159.80	6384.20	6495.96	7907.44	6811.20	--

Annexure-8

The net generation of power required as per APERC norms by the ten Units, actual net generation and deficit / surplus in net power generation during 2004-09

(Referred to in paragraph 2.1.11)

Year	Particulars	Units I to IV	Units V & VI	Units VII & VIII	Units IX & X	Total
2004-05	Standard Energy to be sent (MUs)	1522.14	1522.14	1522.14	3171.12	7737.54
	Actual Energy Sent (MUs)	1669.12	1630.21	1619.31	3769.81	8688.45
	Percentage	87.72	85.68	85.11	95.10	89.83
	Excess (+) / Shortfall (-) (MUs)	146.98	108.07	97.17	598.69	950.91
2005-06	Standard Energy to be sent (MUs)	1522.14	1522.14	1522.14	3171.12	7737.54
	Actual Energy Sent (MUs)	1454.01	1450.84	1413.81	3148.98	7467.64
	Percentage	76.42	76.25	74.31	79.44	77.21
	Excess (+) / Shortfall (-) (MUs)	-68.13	-71.30	-108.33	-22.14	-269.90
2006-07	Standard Energy to be sent (MUs)	1522.14	1522.14	1522.14	3171.12	7737.54
	Actual Energy Sent (MUs)	1548.80	1454.76	1357.44	3337.12	7698.12
	Percentage	81.40	76.46	71.34	84.19	79.59
	Excess (+) / Shortfall (-) (MUs)	26.66	-67.38	-164.70	166.00	-39.42
2007-08	Standard Energy to be sent (MUs)	1526.31	1526.31	1526.31	3179.81	7758.74
	Actual Energy Sent (MUs)	1596.43	1399.40	1607.46	3590.31	8193.60
	Percentage	83.68	73.35	84.25	90.33	84.48
	Excess (+) / Shortfall (-) (MUs)	70.12	-126.91	81.15	410.50	434.86
2008-09	Standard Energy to be sent (MUs)	1522.14	1522.14	1522.14	3171.12	7737.54
	Actual Energy Sent (MUs)	1468.02	1261.15	1322.93	3286.06	7338.16
	Percentage	77.16	66.28	69.53	82.90	75.87
	Excess (+) / Shortfall (-) (MUs)	-54.12	-260.99	-199.21	114.94	-399.38
Total for 2004-09	Standard Energy to be sent (MUs)	7614.87	7614.87	7614.87	15864.29	38708.90
	Actual Energy Sent (MUs)	7736.38	7196.36	7320.95	17132.28	39385.97
	Percentage	81.28	75.60	76.91	86.39	81.40
	Excess (+) / Shortfall (-) (MUs)	121.51	-418.51	-293.92	1267.99	677.07

Annexure – 9

Statement showing loss of generation due to partial load

(Referred to in paragraph 2.1.12)

Unit	Major Causes of Partial Load	Loss of Generation (MUs)					
		2004-05	2005-06	2006-07	2007-08	2008-09	Total
Units I to IV	Coal Problems	69.38	78.66	52.67	139.99	137.27	477.97
	Other Coal handling failures	0.00	0.00	0.00	0.00	130.02	130.02
	Boiler & Auxiliaries	0.00	67.76	2.88	12.50	69.89	153.03
	Miscellaneous Problems	0.00	116.33	9.54	36.94	23.12	185.93
	Total	**69.38**	**262.75**	**65.09**	**189.43**	**360.30**	**946.95**
Units V & VI	Coal Problems	65.35	69.04	283.96	258.47	193.64	870.46
	Other Coal handling failures	0.00	0.00	0.00	0.00	140.78	140.78
	Boiler & Auxiliaries	0.00	0.00	2.23	23.52	122.40	148.15
	Miscellaneous Problems	0.00	285.68	38.55	15.68	6.14	346.05
	Total	**65.35**	**354.72**	**324.74**	**297.67**	**462.96**	**1505.44**
Units VII & VIII	Coal Problems	32.96	71.99	74.32	137.24	156.22	472.73
	Other Coal handling failures	0.00	0.00	0.00	0.00	115.85	115.85
	Boiler & Auxiliaries	0.00	0.00	13.17	6.93	173.15	193.25
	Miscellaneous Problems	0.00	268.32	53.00	29.66	4.92	355.90
	Total	**32.96**	**340.31**	**140.49**	**173.83**	**450.14**	**1137.73**
Units IX and X	Coal Problems	24.90	12.65	48.91	191.11	152.72	430.29
	Other Coal handling failures	0.00	5.21	2.13	0.00	54.19	61.53
	Boiler & Auxiliaries	12.46	63.79	13.38	24.92	38.77	153.32
	Miscellaneous Problems	7.42	260.93	36.17	51.94	13.03	369.49
	Total	**44.78**	**342.58**	**100.59**	**267.97**	**258.71**	**1014.63**
Total of Units I to X	Coal Problems	192.59	232.34	459.86	726.81	639.85	2251.45
	Other Coal handling failures	0.00	5.21	2.13	0.00	440.84	448.18
	Boiler & Auxiliaries	12.46	131.55	31.66	67.87	404.21	647.75
	Miscellaneous Problems	7.42	931.26	137.26	134.22	47.21	1257.37
	Total	**212.47**	**1300.36**	**630.91**	**928.90**	**1532.11**	**4604.75**

Annexure– 10

Statement showing overhauling of boilers and turbo generator (TG)

(Referred to in paragraph 2.1.15)

Unit	Period of previous overhauling	Next overhauling due		Overhauling done during		No. of days (hours) taken for overhauling	Standard in days (hours) for over-hauling	No. of days (hours) excess taken	Loss of generation (MUs)
		Boiler	TG	Boiler/ TG	Period				
1	2	3	4	5	6	7	8	9	10
I	Boiler and TG 09/2000	09/2004 there after every year	09/2005	Boiler	2004-05	30 (709)	15(360)	15(349)	20.94
				Boiler	2005-06	18 (440)	15(360)	3(80)	4.80
				Boiler	2006-07	17 (415)	15(360)	2(55)	3.30
				Boiler	2007-08	20 (485)	15(360)	5(125)	7.50
				Boiler	2008-09	16 (388)	15(360)	1(28)	1.68
II	Boiler and TG 10/1998	10/2004 there after every year	10/2003	Boiler	2004-05	21 (499)	15(360)	6(139)	8.34
				Boiler/TG	2005-06	54 (1295)	45(1080)	9(215)	12.90
				Boiler	2006-07	-	15(360)	-	-
				Boiler	2007-08	19 (454)	15(360)	4(94)	5.64
				Boiler	2008-09	16 (374)	15(360)	1(14)	0.84
III	Boiler and TG 04/1998	04/2004 there after every year	04/2003	Boiler	2004-05	11 (262)	15(360)	-	-
				Boiler	2005-06	22 (529)	15(360)	7(169)	10.14
				Boiler/TG	2006-07	56 (1333)	45(1080)	11(253)	15.18
				Boiler	2007-08	17 (412)	15(360)	2(52)	3.12
				Boiler	2008-09	18 (433)	15(360)	3(73)	4.38
IV	Boiler and TG 02/1998	02/2005 there after every year	02/2003	Boiler	2004-05	18 (434)	15(360)	3(74)	4.44
				Boiler	2005-06	22 (538)	15(360)	7(178)	10.68
				Boiler	2006-07	57 (1358)	15(360)	42(998)	59.88
				Boiler/TG	2007-08	41 (979)	45(1080)	-	-
				Boiler	2008-09	16 (384)	15(360)	1(24)	1.44
V	Boiler and TG 01/2002	01/2005 there after every year	01/2007	Boiler	2004-05	21 (501)	15(360)	6(141)	16.92
				Boiler	2005-06	18 (425)	15(360)	3(65)	7.80
				Boiler	2006-07	20 (483)	15(360)	5(123)	14.76
				Boiler	2007-08	22 (518)	15(360)	7(158)	18.96
				Boiler	2008-09	28 (684)	15(360)	13(324)	38.88

Unit	Period of previous overhauling	Next overhauling due		Overhauling done during		No. of days (hours) taken for overhauling	Standard in days (hours) for over-hauling	No. of days (hours) excess taken	Loss of generation (MUs)
		Boiler	TG	Boiler/ TG	Period				
1	2	3	4	5	6	7	8	9	10
VI	Boiler and TG 05/2002(During Unit R & M works)	05/2004 there after every year	05/2007	Boiler	2004-05	19 (468)	15(360)	4(108)	12.96
				Boiler	2005-06	17 (405)	15(360)	2(45)	5.40
				Boiler	2006-07	22 (531)	15(360)	7(171)	20.52
				Boiler	2007-08	23 (562)	15(360)	8(202)	24.24
				Boiler	2008-09	27 (638)	15(360)	12(278)	33.36
VII	Boiler and TG During 2003-04 the unit was under R & M	07/2005 there after every year	05/2009	Boiler	2005-06	16 (380)	15(360)	1(20)	2.40
				Boiler	2006-07	15 (355)	15(360)	-	-
				Boiler	2007-08	18 (420)	15(360)	3(50)	6.00
				Boiler	2008-09	23 (562)	15(360)	8(202)	24.24
VIII	Boiler and TG During 2003-04 the unit was under R & M	07/2005 there after every year	03/2009	Boiler	2005-06	15 (370)	15(360)	0(10)	1.20
				Boiler	2006-07	18 (441)	15(360)	3(81)	9.72
				Boiler	2007-08	16 (386)	15(360)	1(26)	3.12
				Boiler	2008-09	--	-	-	-
IX	Capital Overhaul of HP, LP Turbines, Generators 2000-01	2004-05 there after every year	2006-07 (LP&HP) 2000-01 (IP)	Boiler	2004-05	12 (277)	15 (360)	-	-
				Boiler	2005-06	17 (401)	15 (360)	2 (41)	10.25
				Boiler	2006-07	15 (370)	15 (360)	(10)	2.50
				Boiler	2007-08	16 (382)	15 (360)	1(22)	5.50
X	LP Turbine Generator 21-11-01 to 22-01-02	2004-05 there after every year	2007-08 (LP) 2001-02 (IP) 2004-05 (HP)	Boiler	2004-05	14 (347)	15 (360)	-	-
				Boiler	2005-06	10 (240)	15 (360)	-	-
				Capital OH	2006-07	83 (1984)	45 (1080)	38 (904)	226.00
				Boiler	2008-09	23 (546)	30 (720)	-	-
							Total	**246(5901)**	**659.93**

Annexure -11

Particulars of auxiliary consumption

(Referred to in paragraph 2.1.18)

Year	Unit	Energy generated (MUs)	Energy sent out (MUs)	Auxiliary consumption (MUs)				
				units consumed in Plant	units consumed At station transformer and colony	Total auxiliary consumption	Percentage to	
							Energy generated	Energy sent out
2004-05	Unit I to IV	1806.62	1669.12	137.50	--	--	7.61	8.24
	Unit V and VI	1805.61	1630.21	175.40	--	--	9.71	10.76
	Unit VII and VIII	1751.91	1619.31	132.60	--	--	7.57	8.19
	Old plant	**5364.14**	**4918.64**	**445.50**	**29.33**	**474.83**	**8.85**	**9.65**
	New Plant	**4140.20**	**3769.81**	**370.39**	**--**	**370.39**	**8.95**	**9.83**
2005-06	Unit I to IV	1580.81	1454.01	126.80	--	--	8.02	8.72
	Unit V and VI	1612.44	1450.84	161.60	--	--	10.02	11.14
	Unit VII and VIII	1539.01	1413.81	125.20	--	--	8.14	8.86
	Old plant	**4732.26**	**4318.66**	**413.60**	**26.53**	**440.13**	**9.30**	**10.19**
	New Plant	**3482.10**	**3148.98**	**333.12**	**--**	**333.12**	**9.57**	**10.58**
2006-07	Unit I to IV	1687.40	1548.80	138.60	--	--	8.21	8.95
	Unit V and VI	1621.17	1454.76	166.40	--	--	10.26	11.44
	Unit VII and VIII	1478.74	1357.44	121.30	--	--	8.20	8.94
	Old plant	**4787.31**	**4361.00**	**426.30**	**16.62**	**442.92**	**9.25**	**10.16**
	New Plant	**3680.69**	**3337.12**	**343.57**	**--**	**343.57**	**9.33**	**10.30**
2007-08	Unit I to IV	1730.43	1596.43	134.00	--	--	7.74	8.39
	Unit V and VI	1556.70	1399.40	157.33	--	--	10.11	11.24
	Unit VII and VIII	1743.15	1607.46	135.70	--	--	7.78	8.44
	Old plant	**5030.28**	**4603.29**	**427.03**	**20.14**	**447.17**	**8.89**	**9.71**
	New Plant	**3970.88**	**3590.31**	**380.57**	**--**	**380.57**	**9.58**	**10.60**
2008-09	Unit I to IV	1598.83	1468.02	130.80	--	--	8.18	8.91
	Unit V and VI	1410.45	1261.15	149.30	--	--	10.59	11.84
	Unit VII and VIII	1452.84	1322.93	129.90	--	--	8.94	9.82
	Old plant	**4462.12**	**4052.10**	**410.00**	**23.23**	**433.23**	**9.71**	**10.69**
	New Plant	**3663.15**	**3286.06**	**377.09**	**--**	**377.09**	**10.29**	**11.48**
Grand Total of both plants		**43313.13**	**39385.97**	**3927.17**	**115.85**	**4043.02**	**9.33**	**10.27**

Annexure – 12

Statement showing excessive transit loss of coal during 2004-09

(Referred to in paragraph 2.1.22)

Particulars	Year					
	2004-05	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**Total**
Coal received (MTs)						
Units I to VIII	3893275.15	3718881.70	3798200.61	4058018.67	3983142.22	19451518
Units IX and X	2500331.10	2535726.69	2551410.10	2954069.84	2966148.58	13507686
Total	**6393606.25**	**6254608.39**	**6349610.71**	**7012088.51**	**6949290.80**	32959205
Transit loss (MTs)						
Units I to VIII	36624.92	6807.24	53924.51	90425.51	52258.84	240041
Units IX and X	29837.72	23241.05	22214.31	20753.86	20343.61	116391
Total	**66462.64**	**30048.29**	**76138.82**	**111179.37**	**72602.45**	**356432**
Windage & Shrinkage Loss (Handling Loss) (MTs)						
Units I to VIII	22288.51	30994.28	26102.61	19419.67	13395.22	112200
Units IX and X	3686.23	5697.59	8050.10	12669.83	7966.40	38070
Total	**25974.74**	**36691.87**	**34152.71**	**32089.50**	**21361.62**	**150270**
Grand Total loss (MTs)	92437.38	66740.16	110291.53	143268.87	93964.07	506702
% of Transit & handling loss						
Units I to VIII	1.51	1.02	2.11	2.71	1.65	9
Units IX and X	1.34	1.14	1.19	1.13	0.95	6
Transit loss & Handling loss permitted as per CERC norms of 0.8% (MTs)						
Units I to VIII	31146.20	29751.06	30385.61	32464.15	31865.14	155612
Units IX and X	20002.65	20285.81	20411.28	23632.56	23729.19	108061
Total	**51148.85**	**50036.87**	**50796.89**	**56096.71**	**55594.33**	**263674**
Transit & Handling loss in excess of CERC norms (MTs)						
Units I to VIII	27767.23	8050.46	49641.51	77381.03	33788.92	196629
Units IX and X	13521.30	8652.83	9853.13	9791.13	4580.82	46399
Total	**41288.53**	**16703.29**	**59494.64**	**87172.16**	**38369.74**	**243028**
Landed cost of coal (Rs)						
Units I to VIII	1007.29	1086.06	1043.33	1037.72	1087.65	5262
Units IX and X	1074.94	1053.37	945.56	1021.93	1111.35	5207
Loss due to excess transit & Handling loss (Rs)						
Units I to VIII	27969653.11	8743282.59	51792476.63	80299842.45	36750518.84	205555774
Units IX and X	14534586.22	9114631.54	9316725.60	10005849.48	5090894.31	48062687
Total	**42504239.33**	**17857914.12**	**61109202.23**	**90305691.93**	**41841413.15**	**253618461**

Annexure – 13
Statement showing the details of cost and quantity of excess consumption of coal in Units I to X during the period from 2004-05 to 2008-09

(Referred to in paragraph 2.1.23)

Sl. No.	Particulars	Unit	Year					Total
			2004-05	2005-06	2006-07	2007-08	2008-09	
1.	Average calorific value of coal (Kcal/kg)	I to VIII	3647	3444	3423	3283	3087	
		IX & X	3658	3364	3296	3170	2804	
2.	Stipulated Heat Rate (Kcal/KWH)	I to IV	3000	3000	2750	2750	2750	
		V & VI	3000	3000	2750	2750	2750	
		VII & VIII	3000	3000	2750	2750	2750	
		IX & X	2500	2500	2500	2500	2500	
3.	Standard consumption of coal for generation per KWH unit (gms.) (Sl. No. 2 X1000 /Sl. No. 1)	I to IV	823	871	803	838	891	
		V & VI	823	871	803	838	891	
		VII & VIII	823	871	803	838	891	
		IX & X	683	743	758	789	891	
4.	Actual Generation (MUs)	I to IV	1806.62	1580.81	1687.40	1730.43	1598.83	
		V & VI	1805.61	1612.44	1621.17	1556.70	1410.45	
		VII & VIII	1751.91	1539.01	1478.74	1743.15	1452.84	
		IX & X	4140.20	3482.10	3680.69	3970.88	3663.15	
5.	Standard consumption of coal for actual generation (MTs) (Sl. No. 3 X Sl. No. 4)	I to IV	1486848	1376886	1354982	1450100	1424558	
		V & VI	1486017	1404435	1301800	1304515	1256711	
		VII & VIII	1441822	1340478	1187428	1460760	1294480	
		IX & X	2827757	2587200	2789963	3133024	3263867	
6.	Actual consumption of coal (MTs)	I to IV	1407786	1336132	1486514	1564369	1512170	
		V & VI	1241199	1183241	1263263	1250437	1235863	
		VII & VIII	1150212	1116485	1052261	1307973	1223024	
		IX & X	2573440	2386213	2635610	2931169	3002195	
7.	Excess consumption of coal (MTs) (Sl. No. 6 (–) Sl. No. 5 Total	I to IV	-79062	-40754	131532	114269	87612	
		V & VI	-244818	-221194	-38537	-54078	-20848	
		VII & VIII	-291610	-223993	-135167	-152787	-71456	
		IX & X	-254317	-200987	-154353	-201855	-261672	
								333413
8.	Percentage of excess over the standard consumption	I to IV	-	-	9.71%	7.88%	6.15%	
		V & VI	-	-	-	-	-	
		VII & VIII	-	-	-	-	-	
		IX & X	-	-	-	-	-	-
9.	Average procurement cost of coal (Rs Per MT)	I to IV V & VI VII & VIII	1007.29	1086.06	1043.33	1037.72	1087.65	
		IX & X	1074.94	1053.37	945.56	1021.93	1111.35	
10.	Cost of excess coal consumed (Sl. No. 7 X Sl. No. 9)	I to IV	-	-	137231282	118579227	95291192	**351101700**
		V & VI	-	-	-	-	-	-
		VII & VIII	-	-	-	-	-	-
		IX & X	-	-	-	-	-	-

Annexure -14

Consumption of grinding media balls

(Referred to in paragraph 2.1.25)

Particulars	Units I to IV	Units IX & X
GM required to grind 73,06,971 MTs and 1,05,26,432 MTs of coal (at 0.2 kg / MT)	1461.39	2105.28
Actual consumption (MTs)	2882.62	2613.47
Excess consumption (MTs)	1421.23	508.19
Average Rate per MT (Rs)	25,443.67	40,212.57
Value of Excess consumption (Rs in crore)	**3.62**	**2.04**

Annexure -15

Particulars of fuel oil consumption

(Referred to in paragraph 2.1.26)

Sl. No.	Particulars	Unit	Year				
			2004-05	2005-06	2006-07	2007-08	2008-09
1.	Norms of consumption of fuel oil fixed by APERC (ml/unit)	I to IV	2.00	2.00	2.00	2.00	2.00
		V & VII	2.00	2.00	2.00	2.00	2.00
		VII & VIII	2.00	2.00	2.00	2.00	2.00
		IX & X	2.00	2.00	2.00	2.00	2.00
2.	Actual Generation (MUs)	I to IV	1806.62	1580.81	1687.40	1730.43	1598.83
		V & VII	1805.61	1612.44	1621.17	1556.70	1410.45
		VII & VIII	1751.91	1539.01	1478.74	1743.15	1452.84
		IX & X	4140.20	3482.10	3680.69	3970.88	3663.15
3.	Standard requirement of oil for actual generation (KL) (Sl. No. 1 X Sl. No. 2)	I to IV	3613.24	3161.62	3374.80	3460.86	3197.66
		V & VII	3611.22	3224.88	3242.34	3113.40	2820.90
		VII & VIII	3503.82	3078.02	2957.48	3486.30	2905.68
		IX & X	8280.40	6964.20	7361.38	7941.76	7326.30
4.	Actual Oil consumed (KL) (2.75 ml. / unit)	I to IV	1211.00	1295.00	1568.00	1546.00	1875.00
		V & VII	1359.00	1255.00	1842.00	1032.00	3097.00
		VII & VIII	2973.00	2472.00	2797.00	2143.00	3860.00
		IX & X	1781.32	2054.09	1324.11	1465.42	3824.67
5.	Excess consumption of oil KL	I to IV	-	-	-	-	-
		V & VII	-	-	-	-	276.10
		VII & VIII	-	-	-	-	954.32
		IX & X	-	-	-	-	-
6.	Average rate per KL (Rs)	I to IV	-	-	-	-	-
		V & VII	-	-	-	-	33910.00
		VII & VIII	-	-	-	-	33910.00
		IX & X	-	-	-	-	-
7.	Value of excess consumption (Rs in crore) (Sl. No. 5 X Sl. No. 6)	I to IV	-	-	-	-	-
		V & VII	-	-	-	-	9362551
		VII & VIII	-	-	-	-	32360991
		IX & X	-	-	-	-	-
Total							**41723542**

Annexure 16
(Referred to in Paragraph 2.2.21)

House at Stage	Number of bags to be issued to achieve next stage	Cumulative number of bags to be issued at the present stage	Number of beneficiaries to whom cement was issued in excess of norm	Cumulative number of bags to be issued to beneficiaries at 4	Actual number of bags issued to beneficiaries at 4	Number of bags excess issued	Value of excess cement issued (Col 7 x Rs 150)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Phase I							
NS	Nil	Nil	7	Nil	165	*165*	24,750
BBL	10	10	Nil	NA	NA	NA	NA
BL	10	20	5,627	1,12540	1,69,584	57,044	85,56,600
LL	Nil	20	12,902	2,58,040	3,99,455	1,41,415	2,12,12,250
RL	20	40	1,917	76,680	92,159	15,479	23,21,850
RC	10	50	58	2,900	3,385	485	72,750
Total			**20,511**			**2,14,588**	**3,21,88,200**
Phase II							
NS	Nil	Nil	4	Nil	60	60	9,000
BBL	10	10	5,827	58,270	1,16,510	58,240	87,36,000
BL	10	20	2	40	65	25	3,750
LL	Nil	20	6,718	1,34,360	2,61,217	1,26,857	1,90,28,550
RL	20	40	7,836	3,13,440	3,91,889	78,449	1,17,67,350
RC	10	50	92	4,600	5,610	1,010	151,500
Total			**20,479**			**2,64,641**	**3,96,96,150**
Phase III							
NS	Nil	Nil	4	Nil	40	40	6,000
BBL	10	10	31,783	3,17,830	6,35,660	3,17,830	4,76,74,500
BL	10	20	Nil	Nil	Nil	NA	NA
LL	Nil	20	5,210	1,04,200	2,06,450	1,02,250	1,53,37,500
RL	20	40	831	33,240	41,550	8,310	12,46,500
RC	10	50	Nil	Nil	Nil	NA	NA
Total			**37,828**			**4,28,430**	**6,42,64,500**

NOTE 1 – Phase II : In case of 2,90,328 beneficiaries the field "Phase_status" was blank

NOTE 2 – Phase III : A total number of 1,17,446 beneficiaries were "Registered" and had not started construction. These were other than 11,48,897 beneficiaries whose "Phase_status" was NS.

Annexure 17
(Referred to in Paragraph 2.2.35 a)

As assigned on the website (Online ID)	Name of the Scheme	Scheme ID as per data dump	Audit observations
11	Indiramma Rural	20	Indiramma Rural and IAY 2008-09 beneficiaries were grouped (Phase-I)
12	Indiramma Urban	21	-
24I	Weavers Housing (House cum workshed) Rural	28	-
1C	Beedi Workers Housing (Central) 2005-06	69 and 9	All Beedi Workers.
16	Rajiv Gandhi Rehabilitation Package 2005-06	16	JNNURM beneficiaries were included

Annexure -18

Statement showing operational performance of APSRTC

(Referred to in paragraph 3.7.1)

(Rs in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Average No. of Vehicles held					
RTC	17615	17705	17770	17944	17096
Hired	1593	1794	1580	1719	3279
Total	**19208**	**19499**	**19350**	**19663**	**20375**
Average No. of Vehicles on Road					
RTC	17512	17563	17652	17839	17013
Hired	1593	1794	1580	1719	3279
Total	**19105**	**19357**	**19232**	**19558**	**20292**
Percentage of Fleet Utilisation	99.42	99.20	99.34	99.43	99.52
Number of employees	117400	115946	115529	113340	113370
Employee vehicle ratio	6.14	5.99	6.01	5.80	5.59
Number of routes operated at the end of the year	8132	7641	7363	7551	7699
Route kilometers	9.02	9.03	9.78	9.96	NA
Kilometers operated (in crore)					
Gross	233.00	238.61	245.37	254.13	NA
Effective	232.50	238.08	244.73	253.47	267.49
Dead	0.50	0.53	0.64	0.66	NA
Percentage of dead kilometers to gross kilometers	0.22	0.22	0.26	0.26	NA
Average kilometers covered per bus per day	332	335	347	352	360
Average revenue per kilometer (Rs)	13.83	15.44	17.11	17.59	18.71
Average expenditure per kilometer (Rs)	14.8	15.62	17.57	17.05	18.28
Loss (-)/Profit (+) per kilometre (Rs)	-0.97	-0.18	-0.46	0.54	0.43
Number of operating depots	212	212	203	202	202
Average number of break-down per lakh kilometers	0.012	0.013	0.013	0.012	0.009
Average number of accidents per lakh kilometers	0.1	0.11	0.12	0.12	0.11
Passenger kilometre operated (in crore)	232.5	238.08	244.73	253.47	267.49
Occupancy ratio (Load Factor)	62.47	65.45	68.11	69.91	72.27
Kilometres obtained per litre of Diesel Oil	5.29	5.27	5.26	5.23	5.25

Annexure -19
Opportunity to recover money ignored
(Referred to in paragraph 4.22)

Sl.No.	Company Name	Year of IR (Para no)	Gist of Para	Amount (Rs in lakh)	Remarks
1	2	3	4	5	6
1	**Andhra Pradesh Industrial Development Corporation Limited**	2002-03 (Para XI)	Non-recovery of Rs 33.70 lakh (Principle-Rs 20.00 lakh+Interest Rs 13.70 lakh)against bill discounting from M/s Combat Drugs Ltd	33.70	Initial reply to IR not received.
	Total:			**33.70**	
2.	**Andhra Pradesh Urban Finance & Infrastructure Development Corporation Limited**				
2.1		1999-2000 (Para No. IV)	Diversion of APUFIDC funds for payment of salaries by municipalities amounting to Rs 117.43 lakh which is recoverable from municipalities. Out of Rs 117.43 lakh, an amount of Rs 24.24 lakh was already refunded /recovered from municipalities and balance amount of Rs 93.19 lakh is to be recovered .	93.19	Further reply is awaited .
2.2		2001-2002 (Para No. IV)	Diversion of Mega city project fund-Rs 12.43 crore. Amount to be recouped / recoverable from AP State Meat &Poultry Development Co., QQUDA & Municipalities.	1243.00	Adjustment/ recovery of amount for diversion of funds awaited.
2.3		2002-03 (Para No.I)	Non-recovery of loans released to Municipalities/local bodies	42843.87	It was replied (December 2006) that balance of Rs 428.44 crore will be recouped from the Non-Plan Grants of Municipalities in future and necessary adjustment will be made. Further progress in this regard is awaited.
	Total:			**44180.06**	
3	**Andhra Pradesh State Financial Corporation**				
3.1		2001-02 (Para No.XIII)	M/s Sathavahan Sea Foods (P) Ltd. was sanctioned and released (1987-89) term loans (Rs 48.60 lakh + Rs 2.08 lakh) to acquire two deep sea mini fishing trawlers. The unit failed to commence business and arrears mounted to Rs 559.94 lakh which is not secured.	546.03	Out of the total amount of Rs 559.94 lakh an amount of Rs 13.91 lakh was recovered (May 2005) balance amount of Rs 546.03 lakh is yet to be recovered.
3.2		2000-2001 (Para XI)	Term loan to United Roller Flour Mill(P) Limited – Non-realisation of dues	66.55	Amount is still to be recovered from the defaulters. A special team was sent to Coimbatore for identifying the parties and their solvency particulars.
	Total:			**612.58**	

Sl.No.	Company Name	Year of IR (Para no)	Gist of Para	Amount (Rs in lakh)	Remarks
1	**2**	**3**	**4**	**5**	**6**
4	**Andhra Pradesh State Civil Supplies Corporation Limited**				
4.1		2001-2002 (Para III)	District Manager, Mahaboobnagar. Non-issue of release orders in time due to lakh of proper planning by the unit resulted in excess payment of Rs 1.01 crore towards differential price which is recoverable	101.00	It was replied (June 2004) the matter is being pursued with the FCI authorities and audit would be informed amount realization. Amount is not recovered so far.
4.2		2000-01 (Para-I)	District Manager, Viskhapatanam Mis-appropriation cases. Amount recoverable from employees.	28.15	It was replied (September 2004), an amount of Rs 4.00 lakh (1.10+1.10+0.80+1.00) is recovered from 4 employees, still an amount of Rs 28.15 lakh is to be recovered.
4.3		2000-01 Para II	District Manager, Nellore Amount due from M/s Bharat Petroleum Corporation Limited Rs 1.89 lakh	1.89	Amount receivable from BPCL Limited
4.4		2001-02 Para No. IV	Misappropriation of stocks valued Rs 24.46 lakh noticed at Mandal Level Stock Point - Manchiryal	24.46	The company is constantly pursuing with the District Collector, Adilabad for recovery of loss under provisions of RR Act. Further reply is awaited.
	Total:			**155.50**	
5	**Andhra Pradesh State Housing Corporation Limited**				
5.1		1999-2000 (Para-V)	Divisional Manager, Warangal Non-recovery of principal and interest of Rs 2135.85 lakh from beneficiaries	2135.85	Recovery of amounts awaited from beneficiaries
5.2		1999-200 (Para-II)	Divisional Manager,Chitoor Non-recovery of beneficiaries contribution and admission fee dues amounting to Rs 289.19 lakh from beneficiaries.	48.49	It was replied (December 2001), that an amount of Rs 240.70 lakh was recovered and an amount of Rs 48.49 lakh is yet to be recovered.
5.3		2003-04 (Para-VIII)	Divisional Manager,Karimnagar Purchase of Steel-Non-recovery of Rs 1.45 lakh	1.45	It was replied (December 2004) instruction was given to the project manager to remit the amount before 31.10.2004. The amount is not remitted so far.
5.4		2003-04 (Para-IX)	Divisional Manager, Karimnagar Supply of cement to Nirmithi Kendras on credit-Non-recovery of RS.8.88 lakh.	8.88	It was replied (December 2004) instruction was given to the project manager to remit the amount before 31.10.2004. The amount is not remitted so far.
	Total :			**2194.67**	
6	**Andhra Pradesh Technology Service Limited**	2003-04 (Para-III)	Non-recovery of HBA paid to Ex-General Manager	0.72	It was replied (June 2004) that Rs 10,500 towards principle and Rs 61,762 towards interest is recoverable.
	Total :			**0.72**	

Sl.No.	Company Name	Year of IR (Para no)	Gist of Para	Amount (Rs in lakh)	Remarks
1	2	3	4	5	6
7	**Andhra Pradesh State Film, TV and Theatre Development Corporation Limited**	2001-02	Southern Movie Tone Limited	128.00	Final settlement is pending. The District Collector, Hyderabad has been requested to collect the loan amount under APRR Act.
	Total :			**128.00**	
8	**Andhra Pradesh Beverages Corporation Limited**	2002-03 (Para no. V)	The company has paid leave salary to Deputationist and could recover partial amount.	1.47	It was replied that out of Rs 2.48 lakh paid to deputationist an amount of Rs 1.01 lakh was recovered. The balance amount of Rs 1.47 lakh is yet to be recovered.
	Total :			**1.47**	
9	**Central Power Distribution Company of Andhra Pradesh Limited**				
9.1	SE(O), Nalgonda	1997-98 Para II	Un-authorised extension of 25% rebate on CC charges of M/s Nagarjuna Agro Tech Pvt.Ltd. Rs 11.10 lakh	11.10	It was replied in 10/2003 that the rebate amount allowed to the consumer was cancelled in 04/1998. But the consumer filed a petition and hIgh Court ordered the Company to serve a show cause notice to the consumer. The representation of the consumer was pending with Aptransco. The Company had not submitted further progress.
9.2	GRC, Mint Compound, Hyderabad	1997-98 Para I	Extension of 25% power rebate and loss of revenue to the Board Rs 12.70 lakh	12.70	Reply is awaited.
9.3	-do-	1997-98 Para II	Allowing of excess rebate to the consumer M/s Golden Products, Kukatpally SC.No.s-68006 and short collection of Bill amount for Rs 92091/-	1.60	Reply is awaited.
9.4	-do-	1997-98 Para IV	Non-conversion of Category-III services where connected load exceeded 75 HP continued to be billed under L.T.Category	1.26	Reply is awaited.
9.5	ERO, Suryapet	1998-99 Para II	Short billing cases (8 cases)	6.76	Realisation pariculars/further information awaited.
9.6	ERO, Medak	1998-99 Para I	Short billing (9 cases)	3.24	Realisation particulars are awaited. It was replied that D lists were issued for realisation.
9.7	-do-	1998-99 Para II	Release of more than one service under LT for a total contracted load of more than 75 HP - Loss of revenue Rs 6.02 lakh (2 cases)	6.02	In respect of M/s Kabila Firms, It was replied that the services were converted into HT Category. Recovery particulars of short fall amount till the date of conversion are awaited. In respect of M/s Narahari Chemicals, fact of conversion of the service is awaited.

Sl.No.	Company Name	Year of IR (Para no)	Gist of Para	Amount (Rs in lakh)	Remarks
1	2	3	4	5	6
9.8	-do-	1998-99 Para IV	Short billing of Rs 2.47 lakh in respect of SC.No.625	2.47	Recovery particulars under RR act are awaited.
9.9	GRC, Mint Compound, Hyderabad	1999-00 Para IV	Short billing due to non-review of low consumption - Sc.No.A2-12: Rs 109301/-	1.09	Field reports are awaited.
9.10	GRC, Mint Compound, Hyderabad	1999-00 Para VI	Short billing to the tune of Rs 78255/-	0.78	Final reply is awaited.
9.11	SE(O), Kurnool	1999-00 Para III	Short assessment of consumption during meter defective period SC.No.244 - M/s Nagarjuna construction Company Limited	22.9	Final reply awaited.
9.12	ERO, Dhone	1999-00 Para I	Short billing (5 cases)	7.28	Realisation particulars are awaited.
9.13	ERO, Saroor Nagar	1999-00 Para I	Short billing due to non-adoption of average consumption amounting to Rs 88204/-	0.88	Realisation particulars are awaited.
9.14	ERO, Sangareddy	2000-01 Para II	Exceeding contracted load in respect of SC.No.4126- Nataraj Theatre - Non-adoption of special rates Short demand of Rs 4,78,250/-	4.78	Even after lapse of 9 years, specific reply regarding the regularisation of additional load in respect of SC.No.4126 was not received.
9.15	GRC, Mint Compound, Hyderabad	2000-01 Para I	Short billing of energy charges Rs 0.78 lakh	0.78	Final reply is awaited.
9.16	GRC, Mint Compound, Hyderabad	2000-01 Para II	Short billing of energy charges in respect of SC.No.6735, Carisson Engineers inside MKO, Golkonda, Cat-II(Section 41) Rs 84348/-	0.84	Final reply is awaited.
9.17	ERO, Saroor Nagar	2000-01 Para II(a)	SC.Nos.156&263 M/s Balaji Foods at T.Yamjal Short billing due to non-conversion of multiple services into H.T. Category	0.92	Fact of conversion of the services into H.T. Category and recovery particulars of short fall amount are awaited.
9.18	Sub-ERO, Tandur	2000-01 Para I	Short billing (6 cases)	2.13	Realisation particulars are awaited.
9.19	ERO, Nagar kurnool	2002-03 Para II	Non-recovery of cost and installation charges of capacitors provided to agricultural consumers	10.4	The Company could not collect the cost of capacitors provided to 800 Nos. agricultural consumers. It was last replied that the matter would be brought to the notice of the higher authorities.
9.20	GRC, Mint Compound, Hyderabad	2002-03 Para I	Short billing of Rs 794019/- (22 cases)	7.94	Realisation particulars are awaited.
9.21	CMD, APCPDCL, Hyderabad	2002-03 Para III	Excess payment of over drawal surcharge to APTransco Rs 28.84 crore	2884.00	First reply was not received so far.
9.22	ERO-II, Sultan Bazar	2003-04 Para I	Avoidable payment of Rs 1.67 lakh to PAA s for services not rendered	1.67	Realisation particulars are awaited.
9.23	CMD, APCPDCL, Hyderabad	2003-04 Para III	Non-levy of penalty to the tune of Rs 120654/- on supply of DTRs	1.21	Realisation particulars are awaited.
	Total:			**2992.75**	

Sl.No.	Company Name	Year of IR (Para no)	Gist of Para	Amount (Rs in lakh)	Remarks
1	2	3	4	5	6
10	**Eastern Power Distribution Company of Andhra Pradesh Limited**				
10.1	ERO Palakol	1999-2000 Para III	Short billing of Rs 4.22 lakh due to incorrect categorization	4.22	No reply received.
10.2	ERO Palakol	1999-2000 Para IV	Short billing of Rs 1.29 lakh in respect of SC No.172 lakh due to incorrect categorization	1.29	No reply received
10.3	ERO Palakol	1999-2000 Para VII	Short billing of Rs 6.16 lakh and interest of Rs 1.60 lakh from five services	7.77	No action taken
10.4	ERO(East) Visakhapatnam	2000-01 Para I	Short billing of Rs 1.23 lakh in respect of SC. No.15679	1.24	final reply awaited
10.5	ERO Bobbili	I	Short billing of Rs 1.27 lakh	1.28	final reply awaited
10.6	ERO Bobbili	2002-03 Para V	Non-adoption of average consumption short billing of Rs 81445	0.81	Information yet to be furnished to audit remarks
10.7	ERO Bobbili	2002-03 Para VII	Short billing SC No.211 due to non adoption of average	0.56	Information yet to be furnished to audit remarks
10.8	ERO Bobbili	2002-03 Para VIII	Short billing SC No.49 due to non adoption of average	0.52	final reply awaited
10.9	ERO (West) Visakhapatnam	2002-03 Para II	Short assessment in respect of 19 Nos. services due to adoption of average consumption	5.05	final reply awaited
10.10	ERO (West) Visakhapatnam	2002-03 Para VIII	Short billing due to wrong categorisation of services	1.41	First replies for the para awaited
10.11	ERO Nidadavole	2002-03 Para IV	Short billing in respect of six services	3.90	final reply awaited
10.12	DE (O) Rajahmundry	2003-04 Para II	Back billing cases pending realisation	10.68	First reply not furnished so far
	Total:			**38.73**	
11	**Northern Power Distribution Company of Andhra Pradesh Limited**				
11.1	ERO, Huzurabad	1995-96 Para I	Short billing	0.87	Realisation particulars for 87,300/- is awaited.
11.2	ERO, Peddapally	1995-96 Para I	Short billing of Rs 2,08,128/- (Sl.Nos.I(i), 2, 3, 4, 5, 6, 7, 10, 12, 13, 19, 20(ii), 3, 4, 8(iii) & 25(vi)3	2.08	Reply not furnished which is still awaited.
11.3	ERO, Kothagudem	1996-97 Para I	Loss due to non-conversion of 2 Nos. LT services in Yellandu to HT Category	9.98	Realisation particulars are awaited.
11.4	DE(O), Nirmal	1996-97 Para I	Irregular admission of LTC claim	2.28	A claim taken to recover the amounts awaited.
11.5	AAO, GRC, Warangal	1996-97 Para II	Short billing (3 cases)	0.87	Realisation particulars are awaited.
11.6	AAO, GRC, Warangal	1999-00 Para I	Short billing due to non-adoption of average consumption(2 cases)	1.08	Realisation particulars are awaited.
11.7	ERO, Armoor	1999-00 Para IV A (i)	Short billing SC.No.1825/ Cat-II, Muneeswara Chary Rs 81038/-	0.81	Realisation particulars are awaited.

Sl.No.	Company Name	Year of IR (Para no)	Gist of Para	Amount (Rs in lakh)	Remarks
1	**2**	**3**	**4**	**5**	**6**
11.8	ERO, Peddapally	1999-2000 Para I	Short billing of Rs 0.77 lakh (Sl.Nos.4, 5)	0.77	It was replied that the service belongs to ERO/Manthani. Management was asked to obtain the realisation particulars from ERO/Manthani and furnish the same.
11.9	ERO(Rural), Karimnagar	1999-2000 Para I	Short Billing Item Nos.3, 4, 5, 9, 11, 12, 14	2.21	Realisation/withdrawal particulars are awaited.
11.10	SE(O), Karimnagar	2000-01 Para I(Part-II(A)	Non-collection of UCM charges from M/s BPL Power Projects Limited	10.00	Reply not furnished. Previously it was replied in O/L that clarification regarding collection of UCM charges was addressed to C&MD and instructions were awaited. The progress of the matter awaited.
11.11	DE(O), Warangal	2000-01 Para II	Non-recovery of net material cost of Rs 26.90 lakh from Government in road widening works	26.90	Realisation/adjustment particulars of Rs 26,90,185/- (pertaining to 12 estimates) is awaited.
11.12	AAO, GRC, Warangal	2000-01 Para I	Wrong categorisation of SC.No.7113 Loss of revenue Rs 2.92 lakh	2.92	Realisation particulars are awaited.
11.13	AAO, GRC, Warangal	2000-01 Para II	Short fall due to incorrect classification of services Rs 199155/-	1.99	Realisation particulars are awaited.
11.14	ERO(Rural), Karimnagar	2001-02 Para I	Short billing of Rs 1,30,291/- (Sl.No.1(SC No.294))	1.30	Management furnished a reply, which was not correct. Management was asked to furnish detailed reply after realising the amount as per GTCS.
11.15	ERO, Madhira	2003-04 Para I	Short billing (9 cases)	0.84	Realisation particulars are awaited.
11.16	ERO, Kothagudem	2003-04 Para I	a) Short billing- Rs 365170/- C) SC.No.3721 LT.Cat-III(B) of Kothagudem Town Incorrect adoption of monthly average	3.65	Management was asked to furnish the field report.
11.17	ERO, T, Khammam	2003-04 Para II	Short billing (2 cases)	0.58	Realisation particulars are awaited.
11.18	ERO, Badrachalam	2003-04 Para II	Short billing in respect of SC.No.10259, Paloncha	0.95	Realisation particulars are awaited.
11.19	ERO, Badrachalam	2003-04 Para V	Non-levy of capacitor surcharge (3 cases)	1.04	Realisation particulars are awaited.
11.20	AAO, GRC, Warangal	2003-04 Para III	Short billing (13 cases)	2.84	Realisation particulars are awaited.
11.21	ERO, Sirpur Khagaz Nagar	1997-98 Para I	Short billing (1 case-SC.No.4347)	1.89	Realisation particulars awaited.
	Total:			**75.85**	
12	**Southern Power Distribution Company of Andhra Pradesh Limited**				
12.1	ERO TOWN GUNTUR	1998-99 Para I	Non-levy of capacitor surcharge	57.00	Realisation details not furnished

Sl.No.	Company Name	Year of IR (Para no)	Gist of Para	Amount (Rs in lakh)	Remarks
1	2	3	4	5	6
12.2	ERO TOWN GUNTUR	1998-99 Para II	Short Billing	2.37	Recovery details not furnished
12.3	ERO RURAL GUNTUR	1998-99 Para I	Non-implementation of Board orders resulting in Short billing	1.20	Mgt replied that the amount was to be received from Government of AP
12.4	ERO RURAL GUNTUR	1998-99 Para II	Short billing in respect of SC No.533 Lift irrigation scheme	1.10	Mgt replied that the amount was to be received from Government of AP
12.5	ERO GURAZALA	1998-99 Para III	Non-realisation of CC charges during special guarantee period	0.71	Form-A notice issued in May 2005. No further progress made.
12.6	ERO(TOWN-I)GUNTUR	1998-99 Para I(2,4)	Short Billing Cases	1.99	Reply was not relevant
12.7	ERO MANGALAGIRI	1999-00 Para I	SC No.7968, Cat-III service Capacitor surcharge not levied	0.99	Reply not relevant. No action for realisation of shortfall was initiated.
12.8	ERO GURAZALA	1999-00 Para I	Short assessment of revenue	4.96	Reply not relevant. No action for realisation of shortfall was initiated.
12.9	SE(O) TIRUPATI	1999-00 Para IV	Non-collection of installment of arrears of development charges in respect of agricultural services	19.46	Specific reply not furnished by the management
12.10	DE(O), Nellore	1999-00 Para I	Non-collection of 2nd instalment amount from 1544 agricultural services towards regularisation of un-authorised agricultural services	14.70	Recovery could not be effected due to missing records.
12.11	ERO TOWN ONGOLE	1999-00 Para I	Non-realisation of CC dues from SC No.17422	11.77	It was replied that the matter was taken to the notice of higher authorities
12.12	DE(O), Gudur	2000-01 Para II	Non-collection of 2nd instalment amount from agricultural services towards regularisation of un-authorised agricultural services	10.30	Company could not recover as the consumers were not traceable
12.13	DE(O), Nellore	2000-01 Para III	Non-collection of service line charges and development charges in respect of Category-III services	1.21	Management failed to furnish proof of recovery of the amount
12.14	DE(O) KADAPA	2000-01 Para II	Non-recovery of Rs 7.20 lakh from M/s Triberwals Electronics Limited for non-erection of units drawn from the store	7.20	No action taken to recover
12.15	ERO NARSARAOPET	2000-01 Para II	Short billing	0.82	Matter referred to the field
12.16	DE(O) RAJAMPET	2001-02 Para IV	Non-recovery of dues from unathorised agricultural services Rs 14.63 lakh - Loss of interest Rs 8.19 lakh	14.63	Corporate office remarks were not furnished
12.17	ERO(Rural), Nellore	2001-02 Para II	Short billing of revenue due to wrong categorisation of services for fish ponds under Category-V instead of Category-III	0.82	Inconsistent reply.
12.18	SE(O) KADAPA	2002-03 Para V	Non-recovery of advances made to the contractor	5.86	Amount yet to be recovered
12.19	ERO BAPATLA	2002-03 Para III	Non-realisation of dues from Srinivasa rice mills SC No.364	0.72	Action yet to be taken

Sl.No.	Company Name	Year of IR (Para no)	Gist of Para	Amount (Rs in lakh)	Remarks
1	**2**	**3**	**4**	**5**	**6**
12.20	Sub-ERO, Challapalli	2003-04 Para II	Short billing due to non-conversion of services	1.61	Recovery could not be effected.
12.21	DE(O), Machilipatnam	2003-04 Para V	Non-realisation of dues from back billing cases	0.69	Realisation particulars not furnished.
12.22	ERO TOWN GUNTUR	2003-04 Para I	Short Billing due to incorrect categorisation	3.51	Final reply to be received
12.23	ERO TOWN GUNTUR	2003-04 Para II	Non-levy of capacitor surcharge	3.18	Final reply to be received
	Total:			**166.80**	

Annexure-20
List of paras involving deficiencies
(Referred to in paragraph 4.23)

(Amount Rupees in lakh)

Sl.No.	Company Name	Year of IR (Issue year)	Para	Amount	Remarks
1.	**Andhra Pradesh Industrial Development Corporation Limited**	2002-03 (Para I)	Write off loans against M/s Belman Medical aids Ltd.	52.01	Efforts are being made by company recover loss sustained on investment
	Total:			**52.01**	
2.	**Andhra Pradesh State Urban Finance and Infrastructure Development Corporation Limited**	1999-2000 (Para I)	Cash management-Loss of interest.	231.13	Reply awaited
		2003-04 (Para IV)	Avoidable payment of interest of Rs 29.61 lakh.	29.61	Action taken to make good loss of interest suffered is awaited
	Total:			**260.74**	
3.	**Andhra Pradesh State Warehousing Corporation**	2002-03 (Para V)	Withholding of deduction of storage charges due to infestation amounting to Rs 45.93 lakh.	45.93	Reply awaited.
	Total:			**45.93**	
4.	**Andhra Pradesh State Seeds Development Corporation Limited**	2003-04 (Para. II)	Delay in preferring claims of Rs 99.03 lakh for loss incurred due to ban imposed by State Government on sale of certain varieties of seeds.	99.03	Recovery is pending from the state government.
	Total:			**99.03**	
5.	**Andhra Pradesh Film, TV and Theatre Development Corporation Limited**	2003-04 (Para I(a))	Non allotment/non utilisation of 30 acres of land placed at the disposal of the company for allotment to develop film industry in the state.	16.69	Government has called for certain clarification and reply from AP Film Industry Employees Federation is awaited. The company has incurred security charges and other developmental expenditure.
	Total :			**16.69**	
6.	**Andhra Pradesh State Irrigation Development Corporation Limited**	2003-04 (Para IV)	The proposed development of Ayacut 900 Acres could not be developed due to non receipt of contribution from beneficiaries resulting in non completion of Rugada Lift Irrigation Scheme.	19.22	Even after 9 years the work on Lift Irrigation Scheme is said to be stand still and expenditure incurred to the extent of Rs 19.22 lakh became idle.
	Total :			**19.22**	
7.	**Andhra Pradesh Power Generation Corporation Limited**				
7.1	SE Civil AMRP lift scheme	2000-01 Para III	Diversion of funds to SLBC Lift scheme from REC schemes of APTRANSCO to meet the pending payments in March 1999.	10.00	Further reply is awaited as the amount is still not reimbursed by APGENCO
7.2	SE (O&M) SLBHES	2001-02 Para V	Missing parts of 400 kV GIS equipment at bonded ware house delay in settlement of claim from insurance company	9.72	Fact of settlement of claim from the Insurance company was called for.

7.3	SE (O&M) Machkund	2002-03 Para III	Commercial aspect of power sent to local feeders – revenue not realised	2.81	Non realisation of the power sent to three camps of Machkund Hydroelectric project which were not metered, an amount of 'Rs 66000 was realised, rest is yet to be realised
7.4	ED Coal	2000-01 Para II	a) Claim for refund of siding charges at Ramagundem which need not be levied for 1/7/87 to 31/5/93	1.03	Ratification orders were called for as the management expressed their inability to recover the amounts. (though DP was proposed, it was not taken up as the amounts were relating to very old period 1987 to 1992.)
7.5	-do-		b) Belated claim for refund of trip charges wrongly claimed by Railways.	1.12	Reply awaited
7.6	-do-		c) Refund of freight charges from railways due to wrong calculation of distance for the coal transported from Mahanadi Coal fields, Talcher to Vijayawada Thermal Station.	1.16	Reply awaited
7.7	ED Coal	2002-03 Para I	Amount claimed from Railways for the payments made towards coal transported in the missing wagons which have not reached the destination. Loss of interest on claim pending with railways	1.19	It was replied (6/03) that the process of settlement of claim was in the process. Hence the same was called for. But claiming of interest on missing wagons does not rise.
7.8	CE (O&M) KTPS V Stage	2002-03 Para II	Advances pending under Miscl advances	1.64	It was replied that the majority of amount is pending from M/s IOC and the recovery is in process (2/04) Page 214/c
7.9	do	2001-02 Para X	Avoidable payment of demurrage charges to the railways	1.16	The payment of Demurrage charges has to be regularised and intimated
7.10	do	2001-02 Para XI	Avoidable payment to BHEL in supply of SG Package of unit 9&10. As given 31,600 MT for the SG package actual utilisation was only 29825 MTs resulting in non utilisation of 1705 MTs of the package.	16.95	Proposals for getting the extra expenditure regularised was called for as the management had stated that there was no extra expenditure
7.11	do	2001-02 Para XV	Regularisation of Extra expenditure incurred on survey, construction and management of new marshalling yard	2.09	It was replied that proposals for face value enhancements for Rs 22.54 crore were submitted to headquarters for approval, the same is not received yet.
	Total:			**48.87**	
8.	**Transmission Corporation of Andhra Pradesh Limited**				
8.1	CE Transmission Prev CE P&MM	2000-01 Para I	Extra expenditure incurred due to non adoption of uniform procedure in procurement of material	6.04	The Para together with relevant records are to be shown to next local audit party for their remarks
8.2	do	2000-01 Para III (B)	Avoidable extra expenditure on procurement of conductors - ACSR Conductors	1.73	It was replied that the management has given preference for local suppliers to comply with GO No 233 dt 27/10/98. But the reply was silent about price preference of 3 % given to the local suppliers, the same was called for.
8.3	SE TLC Kadapa	2003-04 Para II	Work of erection of Renigunta to Sullurpet 220KV DC/SC line was abandoned resulting in avoidable expenditure to the company	5.76	Final replies are awaited as the reply furnished was of interim nature.

8.4	DE TL&SS, Gazuwaka	2002-03 Para II	Payment of property tax of DE/TL& SS premises disputed amount of Rs 61.31 lakhs and infructous expenditure of Rs . 6.62 lakhs- There has been a steep increase (38 times) of the present tax of Rs . 18,740/-, from 2001-02 to Rs 715816/-	0.61	It was replied that a revised reasonable assessment was being pursued from the municipal authorities and they have stopped paying taxes from 2001-02, Final Reply awaited.
	Total:			**14.14**	
9.	**Central Power Distribution Company of Andhra Pradesh Limited**				
9.1	DE(O), Saroornagar, Ranga Reddy South	1997-98 Para II	Regularisation of unauthorised agricultural services. Non-realisation of second instalment Rs 8857340	88.57	The Company could not collect the development charges for regularisation of additional loads so far. Remarks of the Corporate Office are awaited.
9.2	SE(O), Kurnool	1999-00 Para I	Unintended benefit to contractors - Rs 39.18 lakh	39.18	Specific replies to sub-paras (ii)&(iii) and ratification by competent authority are awaited.
9.3	SE(O), Ranga Reddy South	1999-00 Para V	Non-realisation of arrears of CC charges of Rs 0.80 crore M/s RG Foundry Forge Limited	80.06	It was last replied that the agreement was terminated and the case is being pursued under RR Act. Progress made in recovery of arrears is awaited.
9.4	ERO, Vikarabad	1999-00 Para V	Pilferage of energy case booked against Sri Venkateswara Reddy SC.No.229 Floor Mill, Cat-III	1.10	Realisation particulars are awaited.
9.5	DE(O), Nalgonda	2000-01 Para II	Non-collection of Rs 449.22 lakh from un-authorised LT agricultural services	449.22	The Company could not collect the development charges for regularisation of additional loads so far.
9.6	SE(O), Mahaboobnagar	2002-03 Para III	Non-collection of Development charges for regularisation of agricultural services Rs 361.83 lakh and consequential loss of interest Rs 253.28 lakh	361.83	The Company could not collect the development charges for regularisation of additional loads so far. Remarks of the Corporate Office are awaited.
9.7	SE(O), Medak	2002-03 Para I	Loss of Rs 198.98 lakh due to non-realisation of pilferage charges and other dues from M/s Avadesh Alloys Limited, Bollaram	198.98	Realisation particulars under RR act are awaited.
9.8	SE(O), Kurnool	2002-03 Para V	Non-payment of H.T.C.C charges of 1 MVA consumers : Rs 1271.38 lakh	1271.38	Latest position is awaited.
9.9	DE(O), Nandhyal	2002-03 Para I	Supply, erection and commissioning of 11 kV 2 MVAR capacitor Banks- Avoidable expenditure to the tune of Rs 94.48 lakh	94.48	Comments of the Director(operations), APCPDCL are awaited.
9.10	CMD, APCPDCL, Hyderabad	2002-03 Para IV	Placement of repeat orders for high quality energy meters Extra expenditure of Rs 87.60 lakh	87.60	Detailed reply is awaited.

9.11	CMD, APCPDCL, Hyderabad	2002-03 Para VII	Failure of DTRs within the guarantee period - Not withholding an amount of Rs 64.08 lakh	64.08	First reply was not received so far.
9.12	SE, DPE, Hyderabad	2003-04 Para II	Pilferage of energy by Madina Hotel	5.02	Realisation particulars are awaited.
9.13	SE(O), Anantapur	2003-04 Para III	Non-realisation of short fall amounts detected by HT wing (4 cases)	19.88	The realisation particulars/ settlement of the cases are still awaited.
9.14	SE(O), South, Hyderabad	2003-04 Para IV	In correct cost data employed in preparation of commercial estimates Rs 220.42 lakh	220.42	Remarks of the Corporate Office are awaited.
	Total:			**2981.80**	
10.	**Northern Power Distribution Company of Andhra Pradesh Limited**				
10.1	DE, MRT, Khammam	1995-96 Para I	Excess payment of price variation bills- Rs 500651	5.01	Management already issued notices to the contractors. Recovery particulars are awaited.
10.2	ERO, Sathupally	1996-97 Para I	Excess payment of Rs 10.53 lakh to the PAAs	10.53	Remarks of the Corporate Office awaited.
10.3	SE(O), Khammam	2000-01 Para I	Non-recovery of cost of LT shunt capacitors Rs 54.23 lakh	54.23	It was replied that the amount was collected from the respective consumers. Realisation particulars are awaited.
10.4	SE(O), Karimnagar	2001-02 Para I	Non-payment of CC charges - SC No.077, Karimnagar Category-II - HT collection complex, Karimnagar, Rs 30.75 lakh	30.75	Realisation particulars of CC charges arrears still awaited.
10.5	SE(O), Adilabad	2002-03 Para II	Non-realisation of Rs 1080.78 lakh from Cement Corporation of India towards CC charges against HT supply	1080.78	Detailed reply regarding the action taken to realise the arrears awaited.
10.6	DE(O), Peddapally	2002-03 Para I	HT service of M/s SCCL, Godavarikhani - Less billing Rs 12,41,925	12.42	Evidence in support of collecting the shortfall amount is awaited.
10.7	ERO, Sathupally	2003-04 Para VI	Recovery of cost of capacitors in respect of agricultural services Rs 12.73 lakh	12.73	Records are to be shown to next local audit party for verification.
	Total:			**1206.45**	
11.	**Eastern Power Distribution Company of Andhra Pradesh Limited**				
11.1	DE(O), Bobbili	1997-98 Para IV	Amounts kept under personal accounts: (1) Sri B.Venkoji Rao, AE, Civil, Rs 7,63,390 (2) Other transactions: Rs 59,000	8.42	The records were handed over to enquiry officers in 1996. No action was resorted. Action taken to regularise the transactions and clear the personal accounts are awaited.
11.2	CE Visakhapatnam	1998-99 Para II	Loss of Revenue to the tune of Rs 26.99 lakh due to delay in extension of HT supply to CISF complex	26.99	Final reply awaited
11.3	CE Visakhapatnam	1998-99 Para III	UCM charges recoverable Rs 7.33 lakh from SSI training Centre	7.33	Final reply awaited
11.4	ERO(Rural) Eluru	1998-99 Para I	Short billing	12.49	Realisation particulars awaited
11.5	SE (O) Rajahmundry	Sep-99	Non-payment of arrears to the tune of Rs 31.20 lakh by M/s Neelam Steels	31.21	Action to be taken under RR Act

11.6	SE (O) Vizianagaram	1999-2000 Para I	Extension of HT supply to M/s Tirumala Aqua culture farm (P) Ltd. UCM charges - Rs 49.56 lakh	49.56	Information as called for by the audit has not been furnished. Final reply awaited
11.7	DE (O) Srikakulam	2000-01 Para II	Amount pending against personal accounts	6.76	The fact of withdrawal of amounts pending in the personal accounts has to be furnished.
11.8	ERO Anakapalli	2001-02 Para I	Short billing amount of Rs 229758 in respect of 17 services	2.30	Matter referred to field for review. Reply awaited
11.9	CMD EPDCL Vizag	2003-04 Para III	Procurement of PSCC Poles from entire agencies avoidable expenditure of Rs 19.44 lakh	19.44	Final reply awaited
11.10	CMD EPDCL Vizag	2003-04 Para IV	Non-supply of AAA conductor by the suppliers-Forfeiture of SD of Rs 18.29 lakh	18.29	Final reply awaited
	Total:			**182.79**	
12	**Southern Power Distribution Company of Andhra Pradesh Limited**				
12.1	DE(O) TENALI	1997-98 Para III	Non-raising of debit advices for Rs 26.33 lakh towards value of retrieved conductor issued to other divisions	26.33	Adjustment particulars yet to be furnished by the mgt
12.2	DE(O) GUNTUR AND ERO RURAL GUNTUR	1998-99 Para I, IV	Theft of Energy by M/s Kiran Industries	11.49	RR Act was implemented but whereabouts of consumer not known.
12.3	ERO RURAL GUNTUR	1998-99 Para V	25% rebate allowed to ineligible industries	7.64	Reply was not clear. Required information not furnished
12.4	ERO(TOWN-I)GUNTUR	1998-99 Para III	Reconciliation of billing suspense-difference between financial ledger and consumer ledger	15.86	No action was taken to reconcile the difference
12.5	DE(O) MACHERLA	1999-2000 Para I	Irregular payment of work bills without supporting vouchers/files	4.21	Management replied that sanctioned estimates, agreements and relevant vouchers were to be obtained form Narasaraopet division
12.6	ERO TIRUPATI	1999-2000 Para III	Loss of Revenue for non-adoption of special rates in the absence of regularisation of loads	16.35	Reply was not clear. Required information not furnished
12.7	ERO CHIRALA	2000-01 Para II	Sanction of 25% rebate in CC charges to ineligible industries	2.83	Company has not furnished the required information
12.8	ERO NARSARAOPET	2000-01 Para VI	Reconciliation of financial ledgers with consumer ledgers differences	6.70	Final reply yet to be received
12.9	ERO (Rural), Nellore	2001-02 Para I	Loss of revenue due to delay in clubbing and conversion of multiple services in same premises from LT to HT	18.31	Laxity in compliance of instructions resulted in loss of revenue.
12.10	SE(O) TIRUPATI	2003-04 Para VII	Theft of material cases pending to the end of March 2003	36.78	Status of settlement of cases not furnished
	Total:			**146.50**	
13	**Andhra Pradesh State Road Transport Corporation**				
13.1	Zonal Workshop, Uppal	2002-03 Para IV	Consumption of cost control items in excess of norms.	270.70	
	Total:			**270.70**	
	Grand Total:			**5344.87**	

Annexure 21

(Referred to in paragraph 4.24.1)

Statement showing paragraphs/reviews for which explanatory notes were not received (as on 30 September 2009)

Sl.No	Name of the Department	1992-93		1993-94		1995-96		1996-97		1997-98		1998-99		1999-00		2000-01		2001-02		2002-03		2003-04		2004-05		2005-06		2006-07		2007-08		Total	
		R	P	R	P	R	P	R	P	R	P	R	P	R	P	R	P	R	P	R	P	R	P	R	P	R	P	R	P	R	P	R	P
1	Industries &Commerce	1	0			1	4	1	1	1	4	0	2	1	6	1	1	0	6	0	2	0	2	0	1	1	2	1	5	0	1	8	37
2	Agriculture & Cooperation																			0	1							0	2	1	2	1	5
3	Irrigation & CAD			1	0	0	1			0	1	1	0															0	1	0	2	2	5
4	Food, Civil Supplies & Consumer Affairs			1	0							0	1			0	1	0	1					0	1							1	4
5	Housing					1	0																							1	0	2	0
6	Energy									0	4	0	3	2	1	1	0	1	1			2	5	1	2	1	2	1	7	1	9	10	34
7	Forest																													0	1	0	1
8	Revenue															0	1													0	1	0	2
9	General Administration																					0	3	0	1	0	1	0	1	0	1	0	7
	Total	**1**	**0**	**2**	**0**	**2**	**5**	**1**	**1**	**1**	**9**	**1**	**6**	**3**	**7**	**2**	**3**	**1**	**8**	**0**	**3**	**2**	**10**	**1**	**5**	**2**	**5**	**2**	**16**	**3**	**17**	**24**	**95**

Note : R stands for Reviews P stands for Paragraphs

Annexure-22

Statement showing department-wise break-up of outstanding Inspection Reports (IRs)
(Referred to in paragraph 4.24.3)

Sl. No.	Name of department	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Year from which paragraphs outstanding
1.	Agriculture and Cooperation#	3	9	56	2004-05
2	Energy	10	387	1315	2004-05
3	Food, Civil Supplies and Consumer Affairs	1	8	49	2004-05
4	Information Technology and communication	1	1	1	2004-05
5	Forest, Environment, Science and Technology	1	3	4	2004-05
6	General Administration	1	1	4	2006-07
7	Home	1	3	19	2005-06
8	Housing	1	3	29	2005-06
9	Irrigation and Command Area Development	1	5	30	2004-05
10	Industry and Commerce	8	22	161	2004-05
11	Municipal Administration and Urban Development	1	2	11	2004-05
12	Minorities Welfare	1	2	7	2005-06
13	Revenue	1	5	32	2004-05
14	Transport, Roads and Buildings	2	171	549	2004-05
15	Tourism and Culture	1	4	51	2004-05
	Total	**34**	**626**	**2318**	

#includes 619(B) company

Annexure-23

Statement showing the department-wise draft paragraphs to which replies are awaited

(Referred to in paragraph 4.24.3)

Sl.No.	Name of the department	No. of draft paragraphs	Period of issue
1.	Industries & Commerce	1	May 2009
2.	Energy	4	March, April and June 2009
3.	Home	1	March 2009
4.	Housing	1	June 2009
	Total	**7**	

Glossary

Ac	Acres
ANL	Alloy Nitrates Limited
AP	Andhra Pradesh
APERC	Andhra Pradesh Electricity Regulatory Commission
APGENCO	Andhra Pradesh Power Generation Corporation Limited
APNPDCL	Northern Power Distribution Company of Andhra Pradesh Limited
APPCB	Andhra Pradesh Pollution Control Board
APPCC	Andhra Pradesh Power Coordination Committee
ASRTU	Association of State Road Transport Undertakings
BELF	break-even load factor
BG	Bank Guarantee
BHEL	Bharat Heavy Electricals Limited
BOBR	Bottom Open Brake Release
BOT scheme	Build, Operate and Transfer scheme
BPL	Below Poverty Line
BS-II	Bharat Standard-II
CA	Contract Agreement
CE	Chief Engineer
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CHP	Coal Handling Plant
CIRT	Central institute of Road Transport
CMD	Chairman and Managing Director
CPB	cost of operations per bus
CPK	Cost per Kilometer
CWP	Circulating Water Pump
dbs	Decibels
DDs	Demand Drafts
DISCOMs	Distribution Companies
DM	Demineralised Water
DMs	District Managers
DN	Draft Notification
DRCs	Double Roll Crushers

DTs	Distribution Transformers
EMDs	Earnest Money Deposits
EPB	Earnings per Bus
EPK	Earnings per Kilometre
Executive Director (A&P)	Executive Director (Administration & Provisions)
Executive Director (E&IT)	Executive Director (Engineering & Information Technology)
Executive Director (O&MIS)	Executive Director (Operations and Management Information Systems)
Executive Director (T&C)	Executive Director (Training & Co-ordination)
FO	Fuel Oil
FSA	Fuel Supply Agreement
GCV	Gross Calorific Value
GM	Grinding Media
GoAP	Government of Andhra Pradesh
GoI	Government of India
GRP	Gundlakamma River
HP	High Pressure
HPEI	Hi-Power Electrical Industries
HSD	High Speed Diesel
HT	High Tension
ICHP	Integrated Coal Handling Plant
IMFL	Indian Made Foreign Liquor
IP	Intermediate Pressure
KIDA	Kukatpally Industrial Development Area
KMPL	Kilometres per Litre
KMs	Kilometres
KPCL	Kanyaka Parameswari Company Limited
KW	Kilo Watt
LDO	Light Diesel Oil
LIS	Lift Irrigation Scheme
LP	Low Pressure
M V Tax	Motor Vehicle Tax
MACT	Motor Accidents Claims Tribunal
MIS	Management Information System
MLS	Mandal Level Stockist Point
MoEF	Ministry of Environment and Forests
MoU	Memorandum of Understanding
MRO	Mandal Revenue Officer

MTs	Metric Tonnes
MTs	Million Tons
MUs	Million Units
NABARD	National Bank for Agriculture and Rural Development
NIT	Notice Inviting Tender
NPDCL	Northern Power Distribution Company of Andhra Pradesh Limited
NTPC	National Thermal Power Corporation Limited
OC	Open Cast
OEMs	Original Equipment Manufacturers
OR	Occupancy Ratio/ Load Factor
OTS	One Time Settlement
PC	Provisioning Committee
PG	Performance Guarantee
pH	Unit of Hydrogen Ion Concentration
PLF	Plant Load Factor
PO	Purchase Order
POL statements	Petrol, Oil and Lubricants consumption statements
ps	paise
PSCC	Pre Stressed Concreter Cement poles
PSUs	Public Sector Undertakings
PTR	Pre-cured Tread Rubber
PV	Physical verification
R & M	Renovation & Modernisation
R&M	Repairs and maintenance
REC	Rural Electrification Corporation
RGGVY	Rajiv Gandhi Grameena Vidyutikaran Yojana
RIDF	Rural Infrastructure Development Fund
ROM	Run of Mines
Rs.	Rupees
RTC	Road Transport Corporation
SCCL	The Singareni Collieries Company Limited
SFT	Square Feet
SLDC	State Load Dispatch Centre
SPC	Special Purpose Company
SPDCL	Southern Power Distribution Company of Andhra Pradesh Limited
SPM	Suspended Particulate Matter
SSC	Secondary School Certificate
STUs	State Transport Undertakings

TGs	Turbo Generators
TPH	Tons Per Hour
TRANSCO	Transmission Corporation of Andhra Pradesh Limited
TSS	Total Suspended Solids
TTD	Tirumala Dirupathi Devasthanam
UCB	Unit Control Board
VC&MD	Vice Chairman & Managing Director
VED	Vital, Essential and Desirable
VU	Vehicle productivity (Vehicle Utilisation)