

Preface

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

- (i) Government companies,
- (ii) Statutory corporations, and
- (iii) Departmentally managed commercial undertakings.

This Report deals with the results of audit in respect of Government companies and Statutory corporations and has been prepared for submission to the Government of Madhya Pradesh under Section 19-A 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 for the year ended 31 March 2009 (Civil)- Government of Madhya Pradesh.

Audit of the accounts of Government companies is conducted by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act, 1956. In respect of Madhya Pradesh Road Transport Corporation and Madhya Pradesh State Electricity Board which are Statutory corporations, the Comptroller and Auditor General of India is the sole auditor. As per the State Financial Corporations (Amendment) Act 2000, CAG has the right to conduct the audit of accounts of Madhya Pradesh 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 Madhya Pradesh Warehousing and Logistics Corporation, CAG has the right to conduct the audit of its accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with CAG. In respect of Madhya Pradesh Electricity Regulatory Commission, CAG is the sole auditor. The Audit Reports on the annual accounts of all these corporations are forwarded separately to the State Government.

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 2008-09 have also been included, wherever necessary.

Audit have 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 Madhya Pradesh had 40 working PSUs (36 companies and 4 Statutory corporations) and 10 non-working PSUs (all companies), which employed 0.36 lakh employees. The working PSUs registered a turnover of Rs. 20,735.68 crore for 2008-09 as per their latest finalised accounts. This turnover was equal to 12.76 *per cent* of State GDP indicating an important role played by State PSUs in the economy.

Investments in PSUs

As on 31 March 2009, the investment (Capital and long term loans) in 50 PSUs was Rs 17,447.93 crore. It grew by 239.81 *per cent* from Rs. 5,134.61 crore in 2003-04. Power Sector accounted for 83.85 *per cent* of total investment in 2008-09. The State Government contributed Rs 2,940.55 crore towards equity, loans and grants/subsidies during 2008-09.

Performance of PSUs

During the year 2008-09, out of 40 working PSUs, 26 PSUs earned profit of Rs 113.70 crore and 10 PSUs incurred loss of Rs 3,233.83 crore for remaining four companies first accounts were not received. Working PSUs had accumulated losses of Rs. 6,497.80 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. 365.76 crore and infructuous investments of Rs. 22.41 crore were controllable with better management. Thus, there is tremendous scope to improve the functioning and minimise/eliminate losses. The PSUs can discharge their role efficiently only if they are financially self-reliant. There is a need for professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of accounts of PSUs needs improvement. All 27 accounts finalised during October 2008 to September 2009 received qualified certificates from Statutory Auditors. There were 32 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

29 working PSUs had arrears of 63 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, if required. There were 10 non-working 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 2004-05 onwards are yet to be discussed fully by COPU. These four audit reports contained 15 reviews and 69 paragraphs of which three reviews and 22 paragraphs have been discussed.

(Chapter I)

Performance review relating to Government company

Madhya Pradesh State Agro Industries Development Corporation Limited

The Madhya Pradesh State Agro Industries Development Corporation Limited (Company) was incorporated in March 1969 for establishment and promotion of agro based industries and allied activities. The performance audit of the Company for the period 2004-09 was conducted to assess efficiency and economy of the activities of trading fertilisers, pesticides, promotion and supply of Ready to Eat food (RTE), Bio fertilisers, cultivation activities at Mechanised Agriculture Farm, Babai (MAF) and implementation of National Biogas Programme. Ability of the Company to meet its financial commitments alongwith increase in the profitability by realigning the activities were studied besides the management and monitoring aspects.

Finance and Performance

The accumulated loss of the Company stood at Rs 9.90 crore against the paid up capital of Rs 3.30 crore as on 31 March 2007. The Company did not prepare perspective plan and their annual operational plans were delayed upto seven months. These annual action plans were not compared with actual achievements and thus lacked focus in setting up priorities.

Performance of RTE plant and Joint Ventures (JVs)

The Company failed to approach the State Government for procurement of sugar at Public Distribution System (PDS) rates, which had resulted in avoidable expenditure of Rs. 1.40 crore.

The Woman and Child Development Department of the State Government fixed the sale price of RTE on the basis of inflated cost data supplied by

the Company. Since uniform pricing was applicable to the Company as well as JVs, undue favour was extended to Rs. 16.83 crore to JVs and 1.88 crore to the Company. Further, undue favour of Rs. 1.49 crore passed on to JVs due to consideration of same transportation component for the Company as well as JVs though the Company's own plant was farther than the JVs plant.

Performance of Bio-Fertiliser Plant and Organic Manure Plant

The production by Bio-Fertiliser plant exceeded the demand leading to unsold stock. As the self life of Bio-fertiliser is of six months only, the Company incurred expenditure of Rs. 63.52 lakh for retrieval of lignite of Rs. 13.94 lakh only. Thus, expenditure of Rs. 49.58 lakh remained infructuous.

The Company established Organic Manure Plant of 22 MTs of waste per day at Bhopal out of city wastage /garbage. The production of manure was drastically reduced from 1,472 MTs to 263 MTs as sales did not pick up. Efforts were not made to increase sales.

Performance of Mechanised Agriculture Farm (MAF), Babai

The Company had 3,251 acres of land at Babai for cultivation since inception of which 2,444 acres land was levelled and made fit for cultivation. 231 acres land was used for building and roads. Despite passage of 38 years, 576 acres was still left as barren land. As a result, there was encroachment on 203 acres land valuing Rs 2.59 crore by Jhuggi dwellers/villagers. The Company did not achieve the norms in respect of cultivation of wheat and

tuar. Harvested crop of wheat & paddy were sold in open market at less than the minimum support price fixed by Government of India/State Government and thereby a loss of Rs.0.46 crore was incurred. The Company also failed in seed cultivation in 2005-06 and incurred loss of Rs. 0.77 crore on sale of sub-standard seeds. The by-product (Husk) produced from wheat cultivation during 2004-09 was not sold and hence revenue worth Rs.0.24 crore was forgone.

Implementation of National Project on Biogas Development

National Project on biogas development through setting up of biogas plants and distribution of financial assistance to the beneficiaries was implemented by the company.

Due to non receipt of completion certificates since 1991-92 to 2008-09, the Company could not render assistance of Rs 2.64 crore to the beneficiaries

Conclusion and Recommendations

The performance of the Company with regard to establishment and promotion of agro based industry was dismal as it failed to achieve the targets during 2004-08 and it did not venture into diversification in Agro based industries rather confined only to supply of RTE and farming at Babai. The review contained three recommendations which included reduction in operation cost , increase in efficiency and establishing system for realistic cost determination for RTE.

(Chapter 2)

3. Transaction audit observations

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

Infructuous, avoidable loss and extra expenditure of Rs 6.96 crore in five cases.

(Paragraphs 3.2, 3.5, 3.6, 3.9 and 3.10)

Undue benefit of Rs 11.12 crore to entrepreneurs/contractors in three cases.

(Paragraphs 3.3, 3.4 and 3.8)

Loss of interest due to blockage of funds and non-recovery of dues of Rs. 3.30 crore in two cases.

(Paragraphs 3.7 and 3.11)

Irregular expenditure of Rs 3.53 crore on excess/idle staff.

(Paragraph 3.5)

Some important observations are below:

Madhya Pradesh State Mining Corporation Limited has forgone revenue of Rs.23.06 lakh due to non invitation of tenders.

(Paragraph 3.1)

Procurement of Condensor tubes by **Madhya Pradesh Power Generating Company Limited** without any confirmation from Generating Station resulted in blockage of funds of Rs.3.94 crore and resulted interest loss of Rs.1.05 crore.

(Paragraph 3.7)

Non-recovery of cost of material from contractor by **Madhya Pradesh Power Transmission Company Limited** resulted in loss of Rs.24.05 lakh.

(Paragraph 3.9)

Release of loan by the **Madhya Pradesh Financial Corporation** to a firm without fulfillment of condition of agreement and sanction of further loan despite default in repayment of first loan resulted in non recovery of dues of Rs. 2.25 crore.

(Paragraph 3.11)

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 Madhya Pradesh, the State PSUs occupy an important place in the state economy. The State working PSUs registered a turnover of Rs. 20,735.68 crore for 2008-09 as per their latest finalised accounts as of September 2009. This turnover was equal to 12.76 *per cent* of State Gross Domestic Product (GDP) for 2008-09. Major activities of Madhya Pradesh PSUs are concentrated in power sector. The State PSUs incurred a loss of Rs. 3,132.59 crore in the aggregate for 2008-09 as per their latest finalised accounts. They had employed 0.36 lakh¹ employees as of 31 March 2009. The State does not have any prominent Departmental Undertaking (DU), which carryout commercial operations.

1.2 As on 31 March 2009, there were 50 PSUs as per the details given below. Of these, none of the companies were listed on the stock exchange(s).

Type of PSUs	Working PSUs	Non-working PSUs ²	Total
Government ³ Companies	36	10	46
Statutory Corporations	4	Nil	4
Total	40	10	50

1.3 During the year 2008-09, two PSUs were established viz. M. P. Audyogik Kendra Vikas Nigam (Ujjain) Limited (MPAKVN(U)L) and Ujjain City Transport Services Limited.

Audit Mandate

1.4 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which not less than 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

¹ As per the details provided by 39 PSUs. Remaining 11 PSUs did not furnish the details.

² Non working PSUs are those which have ceased to carry on their operations.

³ Includes 619-B companies

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 the 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 four Statutory corporations, CAG is the sole auditor for Madhya Pradesh State Electricity Board (MPSEB) and Madhya Pradesh Road Transport Corporation (MPRTC). In respect of M.P. Warehousing and Logistics Corporation (MPWLC) and Madhya Pradesh Financial Corporation (MPFC), the audit is conducted by Chartered Accountants and Supplementary audit by CAG.

Investment in State PSUs

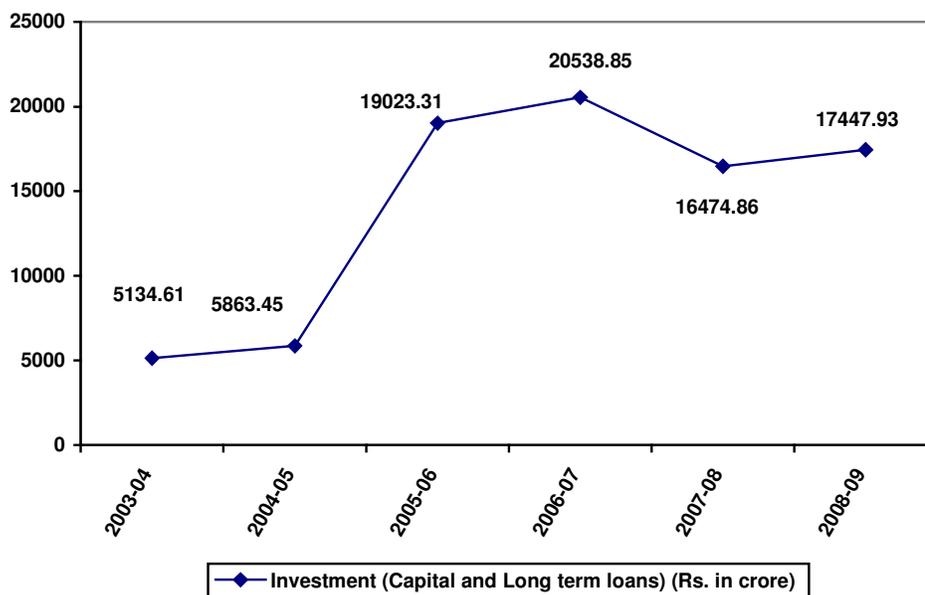
1.7 As on 31 March 2009, the investment (capital and long-term loans) in 50 PSUs (including 619-B companies) was Rs. 17,447.93 crore as per details given below:

(Amount: Rupees in crore)

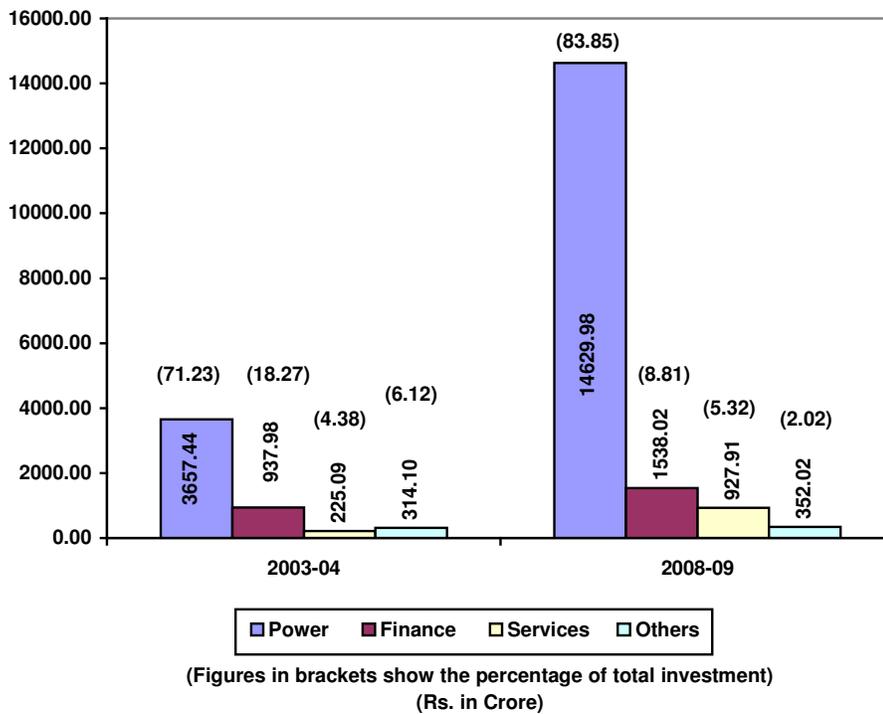
Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	6,488.82	7,951.88	14,440.70	1,589.01	1,180.29	2,769.30	17,210.00
Non-working PSUs	61.10	176.83	237.93	--	--	--	237.93
Total	6,549.92	8,128.71	14,678.63	1,589.01	1,180.29	2,769.30	17,447.93

A Summarised 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, 98.64 per cent was in working PSUs and the remaining 1.36 per cent in non-working PSUs. This total investment consisted of 46.65 per cent towards capital and 53.35 per cent in long-term loans. The investment has grown by 239.81 per cent from Rs. 5,134.61 crore in 2003-04 to Rs. 17,447.93 core in 2008-09 as shown in the graph below:



1.9 The investment in various important sectors and percentage there of at the end of 31 March 2004 and 31 March 2009 are indicated below in the bar chart :



The thrust of PSU investment was mainly in power sector during the five years which ranged between 71.23 per cent and 83.85 per cent during the five years ending 31 March 2009. The Government percentage investment has increased in power and service sector, however, the same has decreased in finance and others sector during the last five years ended 31 March 2009. The focus of the State Government was mainly in Power and Service sector.

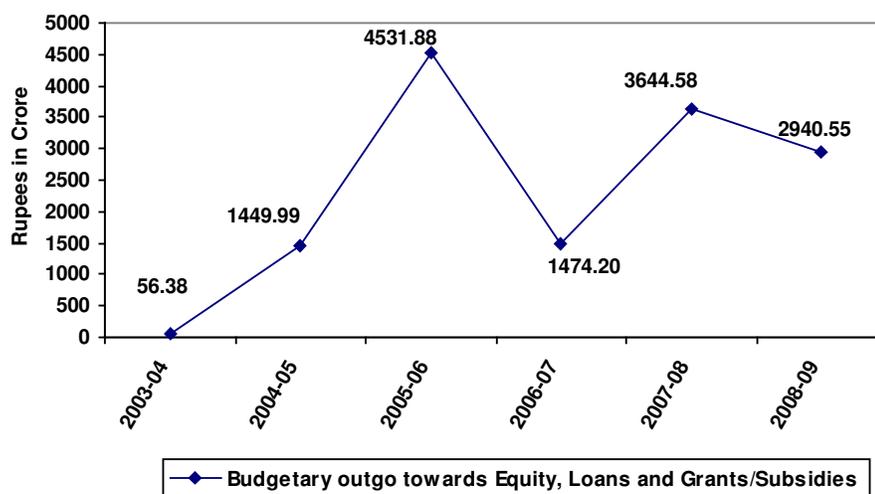
Budgetary outgo, grants/subsidies, guarantees and loans

1.10 The details regarding budgetary outgo from the State Government 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.

(Amount: Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	7	983.61	7	1,541.19	10	679.73
2.	Loans given from budget	5	196.79	6	638.71	4	215.63
3.	Grants/Subsidy received	12	293.80	14	1,464.68	17	2,045.19
4.	Total Outgo (1+2+3)		1,474.20		3,644.58		2,940.55
5.	Loans converted into equity	--	--	--	--	1	2.00
6.	Loans written off	--	--	--	--	--	--
7.	Interest/Penal interest written off	--	--	--	--	--	--
8.	Total Waiver (6+7)	--	--	--	--	--	--
9.	Guarantees issued	7	483.83	8	153.43	5	310.85
10.	Guarantee Commitment	9	3,044.29	10	618.04	11	2,751.27

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



The budgetary outgo towards equity, loans and grants/subsidies has increased sharply from Rs. 56.38 crore in 2003-04 to Rs. 2,940.55 crore in 2008-09 mainly due to release of grant/subsidy of Rs. 54.22 crore to Service sector and Rs. 1,130.70 crore to Power sector during 2008-09. The loan of Madhya Pradesh Adivasi Vitta Evam Vikas Nigam (MPAVVN) amounting to Rupees two crore was converted into equity by the State Government during 2008-09.

1.12 The PSUs are liable to pay guarantee commission (GC) at the rates ranging from 0.5 per cent to 1 per cent per annum to the State Government on the maximum of guarantee sanctioned irrespective of the amount availed or outstanding. The guarantee commitment by the Government at the end of 2008-09 was Rs. 2,751.27 crore against 11 PSUs. The guarantee commission of Rs. 5.55 crore was payable by 10 PSUs as on 31 March 2009 whereas the guarantee commission of Rs. 1.10 crore was paid by three PSUs.

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:

(Amount: Rupees in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	6,734.02	7,809.93	1,075.91
Loans	4,525.53	3,121.23	1,404.30
Guarantees	439.33	2,751.27	2,311.94

1.14 Audit observed that the difference occurred in respect of 35 PSUs and some of the differences were pending reconciliation since 2005. In order to reconcile the discrepancy in figures of investment on equity and loans made by State Government in Government companies/corporations, the letters were written to head of all concerned PSUs during February 2009 to April 2009 for reconciliation of figures. Matter was also taken up (March 2009) with Finance Secretary of Madhya Pradesh for reconciliation of differences. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

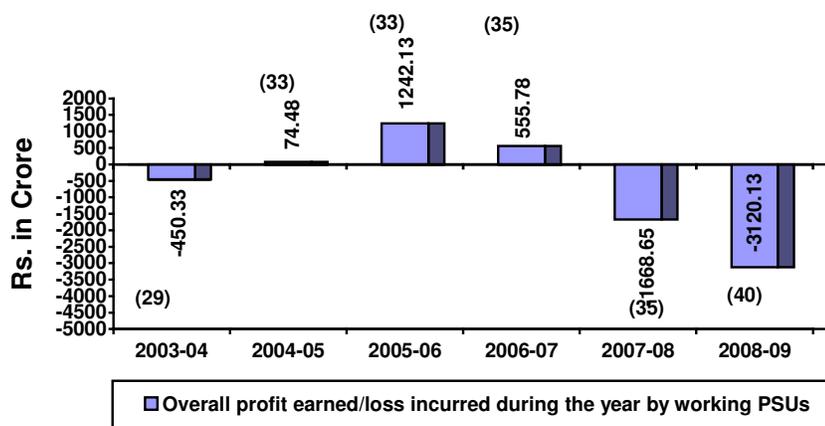
1.15 The financial results of PSUs, financial position and working results of working Statutory corporations are detailed in **Annexure 2, 5 and 6** respectively. A ratio of PSUs turnover to State GDP shows the extent of PSUs activities in the State economy. Table below provided the details of working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

(Amount: Rupees in crore)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Turnover ⁴	5,599.96	6,327.41	7,375.32	14,257.18	12,800.73	20,735.68
State GDP	1,02,838.64	1,06,807.95	1,16,932.38	1,30,571.44	1,42,499.93	1,62,525.22
Percentage of Turnover to State GDP	5.45	5.92	6.31	10.92	8.98	12.76

The percentage of turnover to State GDP has consistently increased from 5.45 per cent in 2003-04 to 12.76 per cent in 2008-09. This was mainly due to steep rise in turnover by 270 per cent (Rs. 5,599.96 crore in 2003-04 to Rs. 20,735.68 crore in 2008-09) in comparison to modest rise of State GDP by 58.04 per cent (Rs. 1,02,838.64 crore to Rs. 1,62,525.22 crore) during the same period.

1.16 Profit (losses) earned/incurred by State working PSUs during 2003-04 to 2008-09 are given below in a bar chart.



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

From the above it can be seen that working PSUs earned overall profit during 2004-07. Thereafter there was continuous overall losses of Rs. 1,668.65 crore in 2007-08 and Rs. 3,120.13 crore in 2008-09. During the year 2008-09, out of 40 working PSUs, 26 PSUs earned profit of Rs. 113.70 crore and 10 PSUs incurred loss of Rs. 3,233.83 crore, for remaining four companies their first accounts has not been received. The major contributors to profit were Madhya Pradesh State Industrial Development Corporation Limited (Rs. 36.35 crore), Madhya Pradesh State Mining Corporation Limited (Rs. 12.14 crore), Madhya Pradesh Laghu Udyog Nigam Limited (Rs. 14.50 crore), Madhya Pradesh State Civil Supplies Corporation Limited (Rs. 10.46 crore) and Madhya Pradesh Rajya Van Vikas Nigam Limited (Rs. 7.92 crore). The major contributory to losses were Madhya Pradesh Poorva Kshetra Vidyut Vitaran Company Limited (Rs. 1,706.92 crore), Madhya Pradesh Paschim Kshetra

⁴ Turnover as per the latest finalised accounts as of 30 September.

Vidyut Vitaran Company Limited (Rs. 674.44 crore), Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited (Rs. 494.22 crore) and Madhya Pradesh Power Generating Company Limited (Rs. 335.66 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 Audit Reports of CAG shows that the State PSUs incurred losses to the tune of Rs. 365.76 crore and infructuous investment of Rs. 22.41 crore which were controllable with better management. Year wise details for Controllable losses and Infructuous Investment from Audit Reports are stated below:

(Amount: Rupees in crore)

Particulars	2006-07	2007-08	2008-09	Total
Net Profit /loss (-)	542.87	(-) 1,677.80	(-) 3,132.59	(-) 4,267.52
Controllable losses as per CAG's Audit Report	292.06	52.95	20.75	365.76
Infructuous Investment	16.53	1.71	4.17	22.41

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 losses can be minimised. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

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

(Amount: Rupees in crore)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Return on capital employed (per cent)	0.47	18.20	12.81	5.51	--	--
Debt	4,452.15	5,154.16	14,337.67	14,989.72	9,170.36	9,309.00
Turnover	5,599.96	6,327.41	7,375.32	14,257.18	12,800.73	20,735.68
Debt/Turnover Ratio	0.80:1	0.81:1	1.94:1	1.05:1	0.72:1	0.45:1
Interest Payments	544.38	472.77	391.20	734.80	1,228.69	545.89
Accumulated Profit /loss)	(3,873.53)	(4,062.48)	(2,618.22)	(3,400.63)	(6,274.55)	(6,755.18)

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

1.20 The above parameters clearly exhibit an uneven trend in financial position of PSUs. Return on capital employed has increased from a mere 0.47 per cent in 2003-04 to 18.20 per cent in 2004-05, thereafter it continuously decreased and became negative. Debt Turnover ratio has deteriorated from 0.80:1 in 2003-04 to 1.94:1 in 2005-06 as debt increased from Rs. 4,452.15 crore (2003-04) to Rs. 14,337.67 crore (2005-06), thereafter it shows declining trend from 1.05:1 (2006-07) to 0.45:1 (2008-09) due to decrease in debt from Rs. 14,989.72 crore (2006-07) to Rs. 9,309.00 crore (2008-09) during the same period.

1.21 The State Government had formulated (July 1998) a dividend policy for payment of minimum dividend of 12 *per cent* on equity subsequently revised (July 2005) to 20 *per cent* on profit after tax. The same policy was again communicated to concerned Secretaries and CMDs of all PSUs. As per their latest finalised accounts, 25 PSUs earned an aggregate profit of Rs. 113.70 crore and eight PSUs declared a dividend of Rs. 11.33 crore. Observation revealed that above mentioned policy was not strictly adhered to by the PSUs.

Performance of major PSUs

1.22 The investment in working PSUs and their turnover together aggregated to Rs. 37,945.68 crore during 2008-09. Out of 40 working PSUs, the following eight PSUs accounted for individual investment plus turnover of more than five *per cent* of aggregate investment plus turnover. These eight PSUs together accounted for 90.83 *per cent* of aggregate investment plus turnover.

(Amount: Rupees in crore)

Name of PSUs	Investment	Turnover	Total	Percentage to aggregate Investment plus Turnover
Madhya Pradesh Power Transmission Company Limited	3,078.94	818.85	3,897.79	10.27
Madhya Pradesh Poorva Kshetra Vidyut Vitaran Company Limited	1,459.14	2,424.94	3,884.08	10.24
Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited	1,445.89	2,548.60	3,994.49	10.53
Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited	1,439.77	2,174.75	3,614.52	9.53
Madhya Pradesh Power Generating Company Limited	6,087.50	2,563.30	8,650.80	22.80
Madhya Pradesh Power Trading Company Limited	20.00	5,662.05	5,682.05	14.97
Madhya Pradesh State Civil Supplies Corporation Limited	8.47	2,755.56	2,764.03	7.28
Madhya Pradesh State Electricity Board	1,098.00	882.12	1,980.12	5.22
Total	14,637.71	19,830.17	34,467.88	90.83

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

Madhya Pradesh Power Transmission Company Limited

1.23 The Company had no arrears of accounts as on September 2009. The Company earned profit of Rs. 42.33 crore in 2006-07 which turned into loss of Rs. 4.67 crore in 2008-09. Similarly, the return on capital employed also turned negative during above period.

Deficiencies in planning

- Improper planning in procurement of 160 MVA power transformer resulted in idling of asset valuing Rs. 2.76 crore and consequential interest loss of Rs. 68.08 lakh. **(Paragraph 4.12) Audit Report 2006-07**

Madhya Pradesh Poorva Kshetra Vidyut Vitaran Company Limited

1.24 The Company had no arrears of accounts as on September 2009. The Company incurred loss of Rs. 304.42 crore in 2006-07 which increased to Rs. 1,706.92 crore in 2008-09. Similarly, the return on capital employed remained negative during above period.

Deficiencies in implementation

- Extension of delivery period with price variation clause on the request of the supplier resulted in undue benefit of Rs. 29.91 lakh during 2007-08. **(Paragraph 4.8) Audit Report 2007-08**

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited

1.25 The Company had arrears of accounts for one year (2008-09) as of September 2009. The Company incurred loss of Rs. 200.04 crore in 2005-06 which increased to Rs. 674.44 crore in 2007-08. Similarly, the return on capital employed remained negative during above period.

Deficiencies in planning

- The Company suffered revenue loss of Rs. 268.68 crore during July 2005 to August 2006 mainly on account of unrealistic assessment of consumption of agricultural consumers. **(Paragraphs 2.2.9 and 2.2.10) Audit Report 2006-07**

Deficiencies in monitoring

- Non recovery of mobilisation advance in time resulted in undue benefit to the contractor and loss of interest of Rs. 44.10 lakh to the Company. **(Paragraph 4.13) Audit Report 2006-07**

Non-achievement of objectives

- Improper accountal of demand of Anti Power Theft Squads resulted in poor follow up and non-realisation of arrears of Rs. 33.97 crore in respect of theft cases. **(Paragraph 2.2.20) Audit Report 2006-07**

Deficiencies in financial management

- There was short billing of Rs. 4.58 crore in Ujjain region as demand raised during July 2005 to March 2006 was less than the subsidised rate and wrong categorisation of a consumer resulted in loss of revenue of Rs. 2.34 crore. **(Paragraphs 2.2.11 and 2.2.12) Audit Report 2006-07**
- Delay in issue of bills to franchisees and failure to collect outstanding amount from the franchisees resulted in blockage of funds of Rs. 3.53 crore and loss of surcharge of Rs. 62 lakh during November 2006 to November 2007. **(Paragraph 4.5) Audit Report 2007-08**

Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited

1.26 The Company had arrears of accounts for one year (2008-09) as of September 2009. The Company incurred loss of Rs. 304.25 crore in 2005-06 which increased to Rs. 494.22 crore in 2007-08. Similarly, the return on capital employed remained negative during above period.

Deficiencies in monitoring

- Failure to bill the short drawal of power, in violation of the orders of Madhya Pradesh Electricity Regulatory Commission (MPERC), resulted in loss of revenue of Rs. 1.15 crore during 2002-03 to 2006-07. **(Paragraph 4.6) Audit Report 2007-08**

Non-achievement of objectives

- Decision to keep the partly completed projects in abeyance resulted in blocking of funds of Rs. 76.85 lakh with consequential loss of interest of Rs. 25.83 lakh. **(Paragraph 4.14) Audit Report 2006-07**

Madhya Pradesh Power Generating Company Limited

1.27 The Company had no arrears of accounts as on September 2009. The Company incurred loss of Rs. 35.54 crore in 2006-07 which increased to Rs. 335.66 crore in 2008-09, however, the Company earned profit of Rs. 5.17 crore during 2007-08. Similarly, the percentage return on capital employed declined from 3.06 *per cent* (2006-07) to 1.68 *per cent* (2007-08) and turned negative in 2008-09.

Deficiencies in planning

- There was shortfall in generation of 3,801.16 MUs valued at Rs. 1,140.35 crore mainly due to planning deficiency in maintenance activities and delay in taking up Renovation and Modernisation works. **(Paragraph 2.3.7) Audit Report 2006-07**

Deficiencies in implementation

- The auxiliary consumption in power station was in excess of norms prescribed by Central Electricity Agency (CEA) which resulted in excess consumption of 150.34 MUs valued at Rs. 45.10 crore **(Paragraph 2.3.9) Audit Report 2006-07**
- The Amarkantak Thermal Power Station (ATPS) consumed oil in excess of prescribed norm resulting in extra expenditure of Rs. 44.55 crore. Cost of treatment of demineralised water consumed in excess of the target fixed was Rs. 2.23 crore. **(Paragraphs 2.3.15 & 2.3.16) Audit Report 2006-07**
- Excess time taken in overhauling/capital overhauling over and above the norms prescribed by Kukde Committee appointed by Government of India resulted in loss of generation of 160.56 MUs valued at Rs. 48.17 crore. **(Paragraph 2.3.18) Audit Report 2006-07**

Deficiencies in monitoring

- Failure to take timely action to transfer Damua-Sarni road to Public Works Department resulted in infructuous expenditure of Rs. 1.32 crore on its maintenance. **(Paragraph 4.15) Audit Report 2006-07**

Non-achievement of objectives

- Low thermal efficiency resulted in excess consumption of 18.27 lakh MT of coal valuing Rs. 196.92 crore. Excess station heat over designed parameters resulted in excess consumption of 5.54 lakh MT of coal valuing Rs. 59.74 crore. **(Paragraphs 2.3.10 & 2.3.11) Audit Report 2006-07**
- Delay in the Renovation and Modernisation work of ATPS PH-II due to frequent changes in the scope of work deprived the Company of anticipated generation of 350 MUs annually. **(Paragraphs 2.3.25) Audit Report 2006-07**
- The hours lost due to planned and forced outages in excess of norm prescribed by CEA led to loss of generation of 1,305.08 MUs valued at Rs. 391.52 crore. **(Paragraph 2.3.17) Audit Report 2006-07**

Deficiencies in financial management

- Failure of the Company to include the additional quantity as per the revised indent in the original order resulted in extra expenditure of Rs. 47.83 lakh on purchase of admiralty brass condensed tubes. **(Paragraph 4.17) Audit Report 2006-07**

Madhya Pradesh Power Trading Company Limited

1.28 The Company had arrears of accounts for two years as of September 2009. The Company was incorporated in May 2006. The Company incurred profit of Rs. 0.04 crore in 2006-07. Similarly, the percentage return on capital employed was 0.20 *per cent* during 2006-07.

Deficiencies in monitoring

- Undue benefit of Rs. 57.04 lakh was extended to a power supplier during 2005-06 due to non deduction of penalty as per letter of intent. **(Paragraph 4.7) Audit Report 2007-08**

Madhya Pradesh State Civil Supplies Corporation Limited

1.29 The Company had no arrears of accounts as on September 2009. The profit of the Company was Rs. 21.53 crore in 2005-06 which rose to Rs. 57.12 crore in 2006-07 and then declined to Rs. 10.46 crore in 2008-09. Similarly, the percentage return on capital employed was 34.81 *per cent* in 2005-06 which declined to 1.64 *per cent* (2008-09) after rising to 50.10 *per cent* in 2006-07.

Deficiencies in planning

- Incorrect estimation of Income Tax liability resulted in payment of interest of Rs. 2.18 crore during 2001-02 to 2005-06. **(Paragraph 4.2) Audit Report 2007-08**
- Avoidable expenditure Rs. 44.64 lakh was incurred on procurement of gunny bags due to improper assessment of their requirement. **(Paragraph 4.11) Audit Report 2006-07**

Deficiencies in implementation

- Mismatch between actual despatch of stocks and the rake movement plan resulted in avoidable expenditure of Rs. 24.32 lakh towards storage charges on unutilised reserved storage space. **(Paragraph 4.5) Audit Report 2005-06**
- Procurement of non fair average quality wheat resulted in loss of Rs. 1.37 crore. **(Paragraph 4.2) Audit Report 2004-05**

Deficiencies in monitoring

- Non-compliance with the specified despatch schedule of wheat by the district offices resulted in loss of Rs. 30.27 lakh on local transportation and storage, locking up of Rs. 6.64 crore and consequent loss of interest of Rs. 30.19 lakh. **(Paragraph 4.2) Audit Report 2005-06**

Non-achievement of objectives

- Transportation of 7,022 MTs of wheat by longer route resulted in avoidable expenditure of Rs. 10.53 lakh. **(Paragraph 4.6) Audit Report 2005-06**

Deficiencies in financial management.

- Intermediary storage of stock resulted in avoidable expenditure of Rs. 1.01 crore on local transportation and storage and Rs. 1.06 crore towards interest on the cost of wheat locked up. **(Paragraph 4.1) Audit Report 2005-06**
- Payment of the cost of wheat to Food Corporation of India by Demand Drafts instead of by Cheques resulted in avoidable expenditure of Rs. 48.56 lakh on bank commission. **(Paragraph 4.3) Audit Report 2005-06**
- Contrary to its own instructions, the head office of the Company finalised rake movement plan that involved movement over longer distances. This resulted in avoidable expenditure of Rs. 25.20 lakh towards freight on transportation. **(Paragraph 4.4) Audit Report 2005-06**
- Payment for element of work not done by transport contractors resulted in extra expenditure of Rs. 7.49 crore. **(Paragraph 4.1) Audit Report 2004-05**

Madhya Pradesh State Electricity Board (MPSEB)

1.30 The Board had arrears of accounts for two years as of September 2009. The Board incurred profit of Rs. 93.99 crore in 2005-06, which declined to Rs. 0.53 crore in 2006-07. Similarly, the percentage return on capital employed was 1.92 *per cent* during 2005-06 which declined to 0.64 *per cent* in 2006-07.

Deficiencies in planning

- Advance procurement of transmission/sub-transmission materials worth Rs. 67.45 crore and distribution material worth Rs. 27.22 crore resulted in blockage of funds aggregating to Rs. 94.67 crore. **(Paragraphs 3.2.14 and 3.2.17) Audit Report 2005-06**
- Improper planning in procurement of conductors resulted in excess procurement of the material and locking up of funds of Rs. 3.91 crore for two years and consequential loss of interest of Rs. 82.11 lakh. **(Paragraph 3.2.9) Audit Report 2005-06**

- The Board did not have a uniform policy of checking the consumer's service connections and the percentage of checking varied between 4.06 and 46.95 in different regions. **(Paragraph 3.3.6) Audit Report 2005-06**
- Deficient planning and bid evaluation coupled with delays in bid evaluation, commissioning of transformers, construction of sub-stations, resulted in avoidable excess expenditure of Rs. 70.40 crore on the procurement of transformers. Besides, the delays in completion of various schemes resulted in unquantifiable losses in revenue. **(Paragraphs 3.6.4,3.6.5,3.6.7,3.6.8 and 3.6.9) Audit Report 2004-05**

Deficiencies in implementation

- Injudicious decision of the Board to place order for supply and erection of Fire Protection System on the same contractor resulted in blockage of funds to the extent of Rs. 3.36 crore and consequent loss of interest of Rs. 1.28 crore (up to March 2006) to the Board. **(Paragraph 4.12) Audit Report 2005-06**
- Non adherence to the tariff order resulted in under billing of electricity charges and consequent revenue loss of Rs. 1.10 crore. **(Paragraph 4.13) Audit Report 2005-06**
- Due to delay in commissioning of various 220/132 KV lines/sub-stations, the Board could not derive the envisaged benefits in reduction of sub transmission losses. **(Paragraph 3.2.13) Audit Report 2005-06**
- During the five years ended March 2005, as against 10,413 cases of theft of Board's property involving Rs. 25.15 crore, the Board filed FIR in respect of 4,328 cases only representing 41.56 *per cent* of the total theft cases. **(Paragraphs 3.3.14 and 3.3.15) Audit Report 2005-06**
- Non-repair of nine 40 MVA failed transformers resulted in avoidable expenditure of Rs. 10.62 crore on purchase of new transformers. **(Paragraph 3.6.16(a)) Audit Report 2004-05**
- The Board incurred an extra expenditure of Rs. 24.04 crore on procurement of coal due to payment at higher rates than that notified by the Government of India. **(Paragraph 3.4.4) Audit Report 2003-04**
- During 1999-2004 ATPS and Satpura Thermal Power Station (STPS) consumed 39,740.66 Kiloliters of oil in excess of prescribed norm resulting in extra expenditure of Rs. 59.62 crore. **(Paragraph 3.8.1) Audit Report 2003-04**

Deficiencies in monitoring

- Failure to scrutinise freight bills and delay in raising refund claims resulted in payment of excess transportation charges of Rs. 2.86 crore. **(Paragraph 4.11) Audit Report 2005-06**
- Extra expenditure of Rs. 12.60 lakh due to delay in making advance payment as required. **(Paragraph 4.19) Audit Report 2005-06**
- Failure of the Board in initiating action for repair of 14,170 failed within guarantee period transformers resulted in idle inventory of Rs. 48.41 crore. **(Paragraph 3.6.25) Audit Report 2004-05**
- Board's failure in taking timely action for repair of 13,104 failed beyond guarantee period transformers resulted in idle inventory of Rs. 31.74 crore. **(Paragraph 3.6.26) Audit Report 2004-05**
- The thermal power stations incurred expenditure of Rs. 1.24 crore during 2000-05 outside the action plan to bring down the level of environmental pollution to the norms prescribed, however, the benefits actually accrued were not reviewed. **(Paragraph 4.17.3) Audit Report 2004-05**
- The Board did not pursue cases of missing/diverted wagons of coal valued at Rs. 50.46 crore with railways. **(Paragraph 3.7.3) Audit Report 2003-04**
- Failure to timely disconnect power supply led to accumulation of arrears and loss of Rs. 1.44 crore. **(Paragraph 4.7) Audit Report 2003-04**
- Failure to get defective transformers repaired led to a loss of Rs. 1.49 crore. **(Paragraph 4.9) Audit Report 2003-04**

Non-achievement of objectives

- The stated objectives of restructuring the power sector in the State could not be achieved due to high incidence of Transmission and Distribution losses, slow meterisation of consumers and cross subsidisation. Restructuring did not have perceptible improvement on these aspects. **(Paragraph 3.10) Audit Report 2007-08**
- Transmission and Distribution losses of the Board ranged between 45.57 and 42.62 *per cent* during the five years ended March 2005, as against the acceptable level of 15.5 *per cent*, resulting in loss of potential revenue to the tune of Rs. 9,397.47 crore. **(Paragraph 3.3.6) Audit Report 2005-06**

- Out of the total demand of Rs. 390.12 crore on account of value of theft of electricity detected, recovery of Rs. 93.82 crore representing 24.05 *per cent* were pending realisation. **(Paragraph 3.3.8) Audit Report 2005-06**
- The Board lost Rs. 10,619.31 crore of potential revenue due to T&D losses and failed to achieve modest target of reduction of T&D losses progressively to 28 *per cent* by 2004-05 as prescribed by the regulatory commission. **(Paragraph 3.6.2) Audit Report 2004-05**
- Due to low thermal efficiency there was an excess consumption of heat aggregation 2.74 million Kilo calories resulting in excess consumption of coal valued at Rs. 491.54 crore. **(Paragraph 3.5) Audit Report 2003-04**
- Non commissioning of fire protection system rendered the expenditure of Rs. 36.11 lakh unproductive. **(Paragraph 4.8) Audit Report 2003-04**

Deficiencies in financial management.

- Failure to implement “no profit no loss” based tariff till the turn around was achieved by the Discoms, resulted in avoidable payment of income tax amounting to Rs. 19.06 crore by the companies (Transco and Genco). **(Paragraph 3.7.4) Audit Report 2007-08**
- Lack of financial autonomy to the successor entities and continuation of cash flow mechanism by residual Board, left a little scope and freedom for the successor entities to improve their performance. **(Paragraphs 3.9 & 3.14) Audit Report 2007-08**
- The staff related liabilities amounting to Rs. 4,494 crore and leave encashment liability amounting to Rs. 263 crore still remained unfunded. **(Paragraph 3.13.2) Audit Report 2007-08**
- Not invoking of the risk and cost purchase clause against the defaulting supplier resulted in extra payment of Rs. 70.06 lakh. **(Paragraph 4.14) Audit Report 2005-06**
- Acceptance of Fixed Deposit Receipts (FDR) not discharged by the contractor in favour of the Board resulted in non-recovery of dues amounting to Rs. 38.67 lakh from the contractor. **(Paragraph 4.15) Audit Report 2005-06**
- Non availing of concessional rate of commercial tax resulted in avoidable expenditure of Rs. 15.81 lakh. **(Paragraph 4.16) Audit Report 2005-06.**

- Blocking of funds amounting to Rs. 1.20 crore and consequential loss of interest of Rs. 17.16 lakh. **(Paragraph 4.17) Audit Report 2005-06**
- Non enforcement on the ordered supplies of 11 KV Vacuum Circuit Breakers resulting in extra expenditure of Rs. 16.18 lakh. **(Paragraph 4.18) Audit Report 2005-06**
- The Board had to incur extra expenditure of Rs. 2.81 crore due to placement of orders for identical items of material at different rates under different packages of the same tender. **(Paragraph 3.2.15) Audit Report 2005-06**
- The Board granted extension of delivery periods to defaulting suppliers without imposing liquidated damages of Rs. 93 lakh. **(Paragraphs 3.2.10 and 3.2.11) Audit Report 2005-06**
- As against the theft of Board's property involving Rs. 25.15 crore, the Board could recover stolen property worth Rs. 8.63 lakh only representing 0.34 *per cent* of the total value of theft. **(Paragraph 3.3.17) Audit Report 2005-06**
- Insistence of the Board on negotiation the rates, ignoring the reasonability of the offers and the market trend resulted in avoidable expenditure of Rs. 4.34 crore. **(Paragraph 4.8) Audit Report 2004-05**
- Wheeling of the power generated by private wind energy generators through the transmission and distribution lines of the Board with a provision of mere four *per cent* compensation for line loss resulted in loss of Rs. 2.47 crore. **(Paragraph 4.9) Audit Report 2004-05**
- Extra payment of Rs. 1.66 crore to the contractor due to irregular revision of rates. **(Paragraph 4.10) Audit Report 2004-05**

Conclusion

1.31 The above details indicate that the State PSUs are not functioning efficiently and there is tremendous scope for improvement in their overall performance. They 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

1.32 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 Section 166, 210, 230, 619 and 619-B of the Companies Act, 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	33	33	35	38	40
2.	Number of accounts finalised during the year	36	26	31	37	25
3.	Number of accounts in arrears	43	52	57	55	63
4.	Average arrears per PSU (3/1)	1.30	1.58	1.63	1.45	1.58
5.	Number of working PSUs with arrears in accounts	24	29	30	25	29
6.	Extent of arrears	1 to 6 years	1 to 7 years	1 to 7 years	1 to 7 years	1 to 8 years

1.33 From the above table it would be seen that with the increase in number of working PSUs, arrear of accounts has also increased gradually during last five years as companies had not finalised at least one account in a year during 2005-06 to 2008-09. Concrete steps to clear the arrear of accounts were not taken. Further in case of four working Companies viz. M.P. Audyogik Kendra Vikas Nigam (Ujjain) Limited (MPAKVN(U)L), Indore City Transport Services Limited (ICTSL), Bhopal City Link Limited (BCLL) and Ujjain City Transport Services Limited (UCTSL), the first year accounts were not finalised. The main reason for delay in finalisation of accounts was lack of trained staff, lack of interest of administrative department etc.

1.34 In addition to above, there were also the arrears in finalisation of accounts by non- working PSUs. Out of 10 non-working PSUs, five had gone into liquidation process. Of the remaining five non-working PSUs, all had arrears of accounts for two to 19 years.

1.35 The State Government had invested Rs. 2,442.78 crore (Equity: Rs. 490.04 crore, loans: Rs. 23.61 crore, grants: Rs. 128.54 crore and subsidy: Rs. 1,800.59 crore) in 17 PSUs during the years for which accounts have not been finalised as detailed in **Annexure 4**. In the absence of accounts and their subsequent audit, it can not 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 and thus Government's investment in such PSUs remained outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

1.36 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 Chief Secretary, Government of Madhya Pradesh was informed half yearly 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. It was suggested (July 2009) to outsource the work for preparation of accounts in a time bound manner under monitoring of Finance Department .

1.37 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

1.38 There were 10 non-working PSUs (all companies including one 619-B company) as on 31 March 2009. Of these, five PSUs have commenced liquidation process. The non-working PSUs are required to be closed down as their existence is not going to serve any purpose. During 2008-09 four non-working PSUs incurred an expenditure of Rs. 0.42 crore toward salary, establishment expenditure etc. This expenditure was financed by the State Government (Rs. 0.30 crore) and through sale of assets (Rs. 0.12 crore) of these PSUs.

1.39 The stages of closure in respect of non-working PSUs are given below:

Sl. No.	Particulars	Companies
1.	Total No. of non-working PSUs	10
2.	Of (1) above, the No. under	
(a)	Voluntary winding up (liquidator appointed)	5
(b)	Closure, i.e. closing orders/ instruction issued but liquidation process not yet started.	5

1.40 During the year 2008-09, no companies/corporations were finally wound up. The process of voluntary winding up the Companies Act is much faster and needs to be adopted/pursued vigorously. The Government may make a decision regarding winding up of five non-working PSUs (including one 619-B company) 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

1.41 Twenty three working companies forwarded their audited 25 accounts to PAG for the period 2008-09. Of these, 17 accounts of 17 companies were selected for supplementary audit. 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:

(Amount: Rupees in crore)

Sl. No	Particulars	2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	6	10.96	7	54.57	9	280.66
2.	Increase in loss	7	5.80	10	257.58	6	91.17
3.	Non-disclosure of material facts	1	0.27	8	1,271.86	11	1,353.38
4.	Errors of classification	1	0.34	6	47.13	8	293.92

The above table shows that aggregate money value of comments of Statutory Auditors and CAG has gradually increased during last three years. Non-disclosure of material facts was commented upon in 2006-07 for a amount involving Rs. 0.27 crore which increased to Rs. 1,353.38 crore in 2008-09, showing the inadequate disclosure by the companies.

1.42 During the year, the Statutory Auditors had given qualified certificates for all the accounts of working companies. Additionally, CAG gave comments on 16 accounts during the supplementary audit. The compliance with the Accounting Standards remained poor as there were 32 instances of non-compliance with Accounting Standards (AS) issued by the Institute of Chartered Accountants of India in 11 accounts during the year.

1.43 Some of the important comments in respect of accounts of companies are stated below:

Madhya Pradesh Power Generating Company Limited (2008-09)

• **Inventories (Schedule No.-7)- Rs. 396.20 crore**

This includes 21,200 MTs of carpet coal valuing Rs. 3.49 crore identified by the Company as on March 2009 at SGTPS, Sarni which was physically not available. Thus provision for it should have been made in the accounts. This has resulted in overstatement of inventories by Rs. 3.49 crore and understatement of provisions to the same extent.

Madhya Pradesh Power Transmission Company Limited (2008-09)

- Current Liabilities and Current Assets are understated by Rs. 11,90,72,090.48 (Previous year Rs. 55,29,037.65) as following negative balances (Cr.) appear in Schedule 10 of Other Current Assets & Schedule 11 (Loans and Advances). These should be shown in Current Liabilities (Schedule 12):
 - Amount recoverable from employees/Ex. Employees - Rs. 1,94,980.80
 - Other Claims (Insurance) – Rs. 1,81,644.00

- Other miscellaneous receivables from DISCOMs – Rs. 11,11,67,396.31
- Loans and Advances to staff (interest bearing) –Rs. 75,28,069.37

Madhya Pradesh State Civil Supplies Corporation Limited (2008-09)

- The amount recoverable from Chattisgarh Civil Supplies Corporation Limited as on 31 March 2009 was Rs. 4,49,34,993 the outstanding are due for over seven years hence we are unable to form an opinion regarding the extent of provision to be made for Bad and Doubtful Debts as on 31 March 2009.

The Madhya Pradesh State Agro Industries Development Corporation Limited (2006-07)

- Stores and Spares includes implements valuing Rs. 21.26 lakh which were found missing during physical verification of different branches. This has resulted in overstatement of Inventories and understatement of loss by Rs. 21.26 lakh.

Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited (2007-08)

- Out of Capital work in progress transferred to Fixed Assets during the year amounting to Rs. 33,248.66 lakh many assets were already in use, only entries were passed later. No depreciation charged in respect of the period they were in use.

Madhya Pradesh Poorva Kshetra Vidyut Vitaran Company Limited (2008-09)

- Purchase of power & wheeling charges did not include Rs. 41.46 crore towards additional cost of power purchase and Power Grid Corporation of India Limited charges for the year 2008-09 (September 2008 to March 2009) as per Retail Supply Tariff Order 2008-09. This had resulted in understatement of power purchase cost and understatement of loss by Rs. 41.46 crore.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited (2007-08)

- Provision for power purchase and related expenses was understated by Rs. 28.18 crore being liability on account of trued up amount of transmission charges for 2006-07 as per Tariff Order (March 2008). This had resulted in understatement of loss to that extent.

M.P. Audyogik Kendra Vikas Nigam (Indore) Limited (2005-06)

- Capital work in progress of Software Technology Park (STP) did not include Rs. 0.68 crore being the balance amount payable to Nagarjuna

Construction Co. Limited as on 31 March 2006 in respect of construction of STP. Non accountal of contractual liability had resulted in understatement of Capital work in progress by Rs. 0.68 crore and liabilities to that extent.

1.44 Similarly, four working statutory corporations forwarded their six accounts to PAG during the period 2008-09 of these, three accounts of two statutory corporations (Madhya Pradesh State Electricity Board and Madhya Pradesh Road Transport Corporation Limited) pertained to sole audit by CAG which were in progress. Remaining three accounts were selected for supplementary audit of which two were completed and issuance of audit certificate for Madhya Pradesh Financial Corporation was in progress. The 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:

(Amount: Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	--	--	1	2.06	1	113.83
2.	Increase in loss	1	924.24	1	893.16	1	1,009.86
3.	Non-disclosure of material facts	2	39.36	1	867.01	--	--
4.	Errors of classification	1	39.45	2	87.16	1	8.78

The above table shows that aggregate money value of comments of statutory auditors and CAG resulting in “increase in loss” has increased from Rs. 924.24 crore in 2006-07 to Rs. 1,009.86 crore during 2008-09. Comments resulting in “Decrease in profit” has also increased to Rs. 113.83 crore in 2008-09 from nil in 2006-07.

1.45 During the year, Statutory Auditors had given qualified certificates for two accounts of M.P. Warehousing & Logistics Corporation (2007-08 and 2008-09).

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

Madhya Pradesh Road Transport Corporation (2006-07)

- Loans did not include Rs. 4.25 crore (Rs. 52.49 lakh for the year & Rs. 3.73 crore up to 2005-06) being the amount of penal interest on loan of Rs. 17.50 crore from the State Government, which had resulted in understatement of interest on loan as well as loss by Rs. 4.25 crore.
- Motor Vehicle Tax did not include Rs. 885.56 crore being the liability towards Motor Vehicle Tax, penalty, interest and composition fees for

the period from August 1978 to March 2002, which had resulted in understatement of Sundry creditors- Motor Vehicle Tax and cumulative loss by the same amount.

- Understatement of Interest and Debt charges by Rs. 2.60 crore due to non-reckoning of interest charges payable on MACT claims which were decided during 2006-07 (2,161 no. of cases).

Madhya Pradesh State Electricity Board

(Year 2005-06 i.e. 1 April 2005 to 31 May 2005)

- Fixed Assets were understated by Rs. 8.78 crore due to:
 - Non-capitalization of capital works in progress in Ratlam, Khandwa, Hoshangabad, Mandasour, Khargone and Morena Rs. 8.70 crore.
 - Land worth Rs. 0.04 crore owned under full title (A.H.10.101) incorrectly booked under capital work in progress (Sirmour) (A.H.14.101).
 - Non inclusion of expenses of Rs. 0.04 crore incurred on renovation of L.T lines (Sehore).

This also resulted in overstatement of capital work in progress by Rs. 8.78 crore.

- Capital expenditure in progress and liabilities was understated by Rs. 0.72 crore due to non-inclusion of the amount payable to contractors (Jabalpur, Sarni, Rewa).
- Coal Stock and Surplus overstated by Rs. 3.36 crore due to inclusion of stone/shale and other foreign material (Birsinghpur) for which value is nil.
- Revenue subsidies and Grants was overstated by Rs. 9.42 crore due to inclusion of subsidies relating to period prior to April 2005 (Ujjain) This has resulted in overstatement of Revenue Subsidies and understatement of prior period income.

1.47 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 on possible improvement in the internal audit/ internal control system in respect of 24 Companies for the year 2008-09 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	8	A-1,2,3,13,26,27,29,30
2.	Absence of internal Audit system commensurate with the nature and size of business of the Company	7	A-1,2,13,14,15,23,24,
3.	Non maintenance of cost record	5	A-1,2,13,25,26
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	4	A-1,3,24,30

Recoveries at the instance of audit

1.48 During the course of propriety audit in 2008-09, recoveries of Rs. 179.61 crore were pointed out to the Management of various PSUs, of which, recoveries of Rs. 174.74 crore were admitted by PSUs. An amount of Rs. 1.48 crore was recovered during the year 2008-09.

Status of placement of Separate Audit Reports

1.49 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 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.	M.P. Warehousing and Logistics Corporation	2007-08	2008-09	8 October 2009	
2.	Madhya Pradesh Financial Corporation	2007-08	2008-09	SAR under finalisation	
3.	Madhya Pradesh State Electricity Board	2005-06 (up to May 2005)	2005-06 (June 2005 to March 2006)	SAR under finalisation	
4.	Madhya Pradesh Road Transport Corporation	2005-06	2006-07	13 April 2009	Due to non printing

Delay in placement of SARs weakens the legislative control over Statutory corporations and dilutes the latter's financial accountability. The Government should ensure prompt placement of SARs in the legislature(s).

Disinvestments, Privatisation and Restructuring of PSUs

1.50 The State Government did not undertake Disinvestments, Privatisation and Restructuring of any of its PSUs during 2008-09.

Reforms in Power Sector

1.51 The State has Madhya Pradesh Electricity Regulatory Commission (MPERC) formed (August 1998) under the Electricity Regulatory Commission Act, 1998 (since replaced by the Electricity Act,2003) with the objective of rationalisation of electricity tariff, advising in matter relating to electricity generation, transmission and distribution in the State and issue of licenses. During 2008-09, MPERC issued no order on annual revenue requirements and two on others.

1.52 A Memorandum of understanding (MoU) was signed in May 2000 between the Union Ministry of Power and the State Government as a joint Commitment for implementation of reforms programme in power sector with identified milestones. The progress achieved so far in respect of important milestones is stated below.

Sl. No.	Milestone	Achievement
1	Re-organisation of Madhya Pradesh Electricity Board	The Board was unbundled into five Government companies viz. one Generation, one Transmission three Distribution in July 2002. For bulk power trading function Madhya Pradesh Power Trading Company Limited was constituted in June 2006.
2	100 per cent electrification of villages under the Rural Electrification Programme	50,474 out of 51,806 villages electrified (97.43 per cent) as on 31 March 2007.
3	Energy Audit	132 Kv-100 per cent, 33 KV - 92.46 per cent 11KV-92.50 per cent (as on 31 March 2007).
4	Reduction in T&D losses	T&D losses were 43.57 per cent as on 31 March 2006.
5	100 per cent metering of all consumers	46.49 lakh single phase meters, 6.91 lakh three phase meters and 7,529 HT meters have been provided till 31 March 2007

In the absence of updated data from the State Government the actual progress made so far in the above matters couldn't be ascertained.

Discussion of Audit Reports by COPU

1.53 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.

Period of Audit Report	Number of reviews/paragraphs			
	Appeared in Audit Report		Paras discussed	
	Reviews	Paragraphs	Reviews	Paragraphs
2004-05	3	22	2	13
2005-06	5	20	1	9
2006-07	5	19	Nil	Nil
2007-08	2	8	Nil	Nil
Total	15	69	03	22

1.54 The matter relating to clearance of backlog of reviews/ paragraphs was also discussed with Chairperson of COPU in August 2009.

Chapter-II

Performance Review relating to Government company

Working of The Madhya Pradesh State Agro Industries Development Corporation Limited

Executive Summary

The Madhya Pradesh State Agro Industries Development Corporation Limited (Company) was incorporated in March 1969 for establishment and promotion of agro based industries and allied activities. The performance audit of the Company for the period 2004-09 was conducted to assess efficiency and economy of the activities of trading fertilizers, pesticides, promotion and supply of Ready to Eat food (RTE), Bio fertilizers, cultivation activities at Mechanised Agriculture Farm (MAF) Babai and implementation of National Bio-gas Programme. Ability of the Company to meet its financial commitments alongwith increase in the profitability by realigning the activities were studied besides the management and monitoring aspects.

Finance and Performance

The accumulated loss of the Company stood at Rs. 9.90 crore against the paid up capital of Rs. 3.30 crore as on 31 March 2007. The Company did not prepare perspective plan and their annual operational plans were delayed upto seven months. These annual action plans were not compared with actual achievements and thus lacked focus in setting up priorities.

Performance of RTE plant and Joint Ventures (JVs)

The Company failed to approach the State Government for procurement of sugar at Public Distribution System (PDS) rates which had resulted in avoidable expenditure of Rs. 1.40 crore. The Woman and Child Development Department of the State Government fixed the sale price of RTE on the basis of inflated cost data supplied by the Company. Since uniform pricing was applicable to the Company as well as JVs, undue favour was extended for Rs. 16.83 crore to JVs and Rs. 1.88 crore to the Company. Further, undue favour of Rs. 1.49 crore passed on to JVs due to consideration of same transportation component for the Company as well as JVs though the Company's own plant was farther than the JVs plant.

Performance of Bio-Fertilizer Plant and Organic Manure Plant

The production by Bio-Fertilizer plant exceeded the demand leading to unsold stock. As the self life of Bio-fertilizer is of six months only, the Company incurred expenditure of Rs. 63.52 lakh for retrieval of lignite of Rs. 13.94 lakh only. Thus, expenditure of Rs. 49.58 lakh remained infructuous.

The Company established Organic Manure Plant of 22 MTs of waste per day at Bhopal out of city wastage /garbage. The production of manure was drastically reduced from 1,472 MTs to 263 MTs as sales did not pick up. Efforts were not made to increase sales.

Performance of Mechanised Agriculture Farm (MAF), Babai

The Company had 3,251 acres of land at Babai since inception of which 2,444 acres land was levelled and made fit for cultivation. 231 acres land was used for building and roads. Despite passage of 38 years, 576 acres was still left as barren land, as a result, there was encroachment on 203 acres land valuing Rs. 2.59 crore by Jhuggi dwellers/ villagers. The Company did not achieve the norms in respect of cultivation of wheat and tuar. Harvested crop of wheat & paddy were sold in open market at less than the minimum support price fixed by Government of India/State Government and thereby a loss of Rs. 0.46 crore was incurred. The Company also failed in seed cultivation in 2005-06 and incurred loss of Rs. 0.77 crore on sale of sub-standard seeds. The by-product

(Husk) produced from wheat cultivation during 2004-09 was not sold and hence revenue worth Rs. 0.24 crore was forgone.

Implementation of National Project on Biogas Development

National Project on biogas development through setting up of biogas plants and distribution of financial assistance to the beneficiaries was implemented by the Company. Due to non receipt of completion certificates since 1991-92 to 2008-09, the Company could not render assistance of Rs. 2.64 crore to the beneficiaries.

Conclusion and Recommendations

The performance of the Company with regard to establishment and promotion of agro based industry was dismal as it failed to achieve the targets during 2004-08 and it did not venture into diversification of activity for Agro based industries rather confined only to supply of RTE and farming at Babai. The review contained the three recommendations which included reduction in operation cost, increase in efficiency and establishing system for realistic cost determination for RTE.

Introduction

2.1 The Madhya Pradesh State Agro Industries Development Corporation Limited (Company) was incorporated in March 1969, as a joint venture of Government of Madhya Pradesh (State Government) and Government of India (GOI) under the Companies Act, 1956 with the objective of establishing agro-based industries in the State for manufacture of machinery and implements required for agriculture, fisheries, poultry farming etc. and promotion of agriculture and agro industries.

The Management of the Company is vested in a Board of Directors (Board). As on 31 March 2009, there were nine Directors, of whom eight (including a Chairman and a Managing Director) were nominated by the State Government and one by GOI.

The Managing Director is the Chief Executive of the Company who is assisted by two Deputy General Managers, four Managers and the unit Managers who looks after the Ready to Eat food (RTE) manufacturing unit and the farming activities at Babai farm, Culture plant, Indrapuri and Organic Manure Plant. The Company had seven Regional Offices and 35 District Offices for carrying out its marketing activities.

Scope of Audit

2.2 The working of the Company was last reviewed and included in the Report of the Comptroller and Auditor General of India (Commercial) for the year ended 31 March 2002 which was discussed (May 2005) by the Committee on Public Undertakings (COPU) but its recommendations were awaited (November 2009). The present performance audit conducted during April-July 2009, covered activities of trading of fertilizers, pesticides, production and supply of RTE, Bio fertilizers, cultivation activities at Babai farm and implementation of National Bio-gas programme by the Company during 2004-09. The records of Head Office, four Regional Offices⁶, eight District offices⁷ and RTE manufacturing unit, Badi and farming activities at Babai were examined during the course of audit. The selection of Regional offices and District offices under the respective Regional offices were made based on the geographical locations in the eastern, western, central and northern part of the State.

Audit objectives

2.3 The Audit Objectives were to ascertain whether:

- the Company has been successful in establishing and promoting agro based industries in the State;
- the activities of the Company are in accordance with the Memorandum/Articles of Associations;
- the targets fixed by the Central and State Government were achieved;
- the Company's core activities in the following areas fulfilled the overall objective set by it;

⁶ Bhopal, Gwalior, Indore and Jabalpur.

⁷ Bhind, Bhopal, Gwalior, Hoshangabad, Jabalpur, Katni, Morena and Vidhisha.

- Trading of fertilizers, pesticides and other subsidised agriculture implements;
- Production and supply of RTE food, Bio-fertilizers and organic manure;
- Cultivation activities at Babai;
- the operational activities were carried out keeping in view the best interest of the Company, with regard to economy and efficiency;
- receipt and utilisation of subsidy followed the designed pattern;
- the Company is able to generate sufficient margin to finance and expand its activities and has flexibility in operations to cope with changing market situations in the context of liberalisation and entry of private entrepreneurs; and
- system of supply, billing, recovery and internal control were adequate.

Audit Criteria

2.4 To achieve the audit objectives, criteria were set up for audit evaluation from following sources/ documents;

- relevant rules and regulations, policies & directions framed or issued from time to time by GOI and State Government;
- programme objectives and targets/MOUs with State Government; and
- long term / short term plan and strategies adopted by the Company.

Audit Methodology

2.5 The audit undertook study and analysis of the following:

- agenda papers and minutes of Board;
- the performance/MIS reports submitted to Government departments and important decisions taken by the Company;
- observations on accounts, important issues and transactions;
- terms and conditions laid down by the State Government/GOI while releasing grants/subsidy; and
- basic data and records of transactions maintained at various levels.

Audit findings

Audit findings noticed during performance review were reported to the Company/Government in April/July 2009 and discussed in the exit conference held on 28 October 2009, which was attended by the Managing Director. The views of the Management were considered while finalising the review.

Financial position and working results

The accumulated loss stood at Rs. 9.90 crore against paid up capital of Rs. 3.30 crore and were mainly due to improper cultivation in farming activities.

2.6 The Company had finalised (June 2009) its accounts upto 2006-07. In absence of even the provisional accounts for 2007-08 and 2008-09, the financial position and working results of the Company for the period from 2004-05 to 2006-07 only have been summarised and given in *Annexures 7 & 8*

It was observed that there was growth in the business activities over three years ending 2006-07. The Company, however, sustained loss of Rs. 4.15 crore (2004-05), Rs. 4.90 crore (2005-06) and Rs. 2.35 crore (2006-07).

The accumulated loss stood at Rs. 9.90 crore against the paid up capital of Rs. 3.30 crore as on 31 March 2007. The major losses were witnessed in farming activities. The liabilities included unutilised Government subsidy and grants and advances amounting Rs. 4.28 crore. Further, subsidy and other amounts receivable from the State Government stood at Rs. 1.01 crore as on 31 March 2007, which indicated that the Company failed to inject finance into the schemes for which subsidy had already been received from the Government and also failed to obtain the subsidy due from the State Government.

The sundry debtors were Rs. 33.54 crore as on 31 March 2007 which were pending mainly from various State Government Departments in the form of subsidy component on sale of agriculture implements. The spurt in outstandings occurred due to lack of timely monitoring/follow up and lapse of departmental budgetary allocations of the Government in respective years.

Managing Director of the Company stated in the Exit conference (28 October 2009) that the issue regarding outstanding debtors from the Government departments would be taken up with State Government. The audit suggested that age-wise/ party-wise breakup of the debtors should be maintained for effective monitoring.

Investment of surplus funds

The Company did not explore competitive rates from other Banks for investment of surplus funds.

2.7 The Company was investing its funds in short term / long term Fixed Deposit Receipts for a maximum period of one year. The investment in fixed deposits had increased from Rs. 4.23 crore (31 March 2005) to Rs. 13.21 crore (31 March 2007) and to Rs. 29.52 crore (31 March 2009).

Audit scrutiny revealed that the Company invested most of its fund with Punjab National Bank since 1986, on the plea that the Bank is extending facilities like non-charging of commission for Money Transfers from Branch Offices. The Company, however, did not assess the benefits of competitive rates *vis- a- vis* the Bank Charges by inviting participation of other banks.

The Management Stated (October 2009) that surplus funds generated were not huge and hence competitive rates were not invited from other banks. Management further stated that due to core banking facilities status enjoyed by Punjab National Bank, the fund could be transferred to their 29 branches without any difficulty. The reply is not convincing, as other banks may also provide similar or better facilities, the possibilities of which has not been explored by the Company. Besides the core-banking facilities would be a recent development whereas the existing arrangement continues for a much longer period.

Budgetary Control

The Company did not prepare perspective plan and their actual operational plans were delayed upto seven months which lacked force in setting up priorities.

2.8 The Company prepares its Annual Operational plan, detailing budget of sales/turnover and expenditure in respect of trading, engineering, services, production, cultivation and biogas installations specifying the target for each activity. The overall performance in respect of budgeted turnover during the period 2004-09 was as under.

(Amount: Rupees in crore)

Turnover ⁸	2004-05	2005-06	2006-07	2007-08	2008-09
Budgeted	200.00	232.70	252.00	337.47	287.97
Achievements	157.32	149.23	207.99	204.45	337.09
Percentage	78.66	64.13	82.54	60.58	117.06

Audit scrutiny of the Company's budgetary control systems revealed the following deficiencies:

- The Company did not prepare Perspective plan indicating plan for next five to ten years for sustainable growth of the organisation.
- The Company's annual operational plans were prepared with delay of seven months in 2004-05 and two months in 2005-06 and 2008-09.

⁸ Includes sales and services.

- No activity-wise physical targets were fixed (except 2006-07) to monitor performance and also activity/segment-wise profit/loss analysis was not done to identify weak areas.
- While preparing the annual operational plan, the Company did not compare the actual achievements for each activity from 2006-07 onwards. The plan, thus, lacked focus in setting up priorities.
- The Company achieved more than the target in 2008-09, mainly due to increase in sales of products viz. Pump sets, sprinklers, tractor drawn implements, RTE Pesticides and other non traded items. However, the Company failed to achieve the budgeted turnover in other years due to fixation of unrealistic budget as they were not comparing and analysing the reasons with reference to past performance.

The Management stated (October 2009) that the Board of Director delayed approval of the annual budget. The financial figures of the budget are arrived at on the basis of physical targets, as such these are not shown in the budget. The whole budget would be dealing with financial outlays and the annual plans would focus on Performance targets. In the absence of performance targets, monitoring of the performance can not be effective.

Diversification in agricultural activities

There were no diversification activity as the Company did not perform in the areas of value addition, harvest management, marketing of agricultural produce and promotion of floriculture.

2.9.1 The main objectives of the Company are establishing and promoting the agro based industries in the state as per the schemes of GOI, State Government. Further, special emphasis was needed on agro processing units and creation of facilities for preservation and storage of fruits, vegetables and flowers to encourage entrepreneurship in these areas.

It was observed that the activities of the Company were confined only to traditional areas *i.e.* trading of fertilizers, supply of RTE food to the Woman and Child Development Department (WCD), supply of tractors, Bullock Driven (BD) implements to farmers and implementation of Bio-gas scheme of GOI. The Company's activities did not include following important areas.

- Value addition to agriculture/horticulture produce through seed cultivation etc. for promotion of agro/food processing industries;
- Domestic as well as overseas marketing of agricultural produce;
- Post harvest management like proper grading, pre-cooling;
- Contract farming (integrated approach of creating linkages for lab, farm, factory and market under a single umbrella); and
- Promotion of Floriculture.

Due to this also, growth in Capital formation and enterprise in agro-based industries in the state were adversely impacted.

The Management stated (October 2009) that they were doing only traditional business.

Trading of Agricultural inputs and Ready-to-Eat food (RTE)

Company's market share in fertilizers declined from 47.99 per cent to 11.96 per cent.

2.9.2 The substantial portion of turnover of the Company was from trading of various agricultural inputs *viz* fertilizers, pesticides, tractors, pump sets, sprinklers and other agricultural implements. The Government opened up the sale of fertilizers and agricultural implements to private sector since 2003-04. The sale price (except for fertilizers and pesticides) consists of two parts *i.e.* one part as cash receipt from the buyer at the time of sale including the margin and other part as subsidy receivable from the Agricultural/Horticultural Departments at the rates fixed from time to time by the State Government. The sale of fertilizers, subsidy items, RTE and other *vis-a-vis* total sale during 2004-09 are detailed below:

(Amount: Rupees in crore)

Year	Total Sales	Fertilizers		Subsidised items		RTE and others	
		Sales	Percentage to total sales	Sales	Percentage to total sales	Sales	Percentage to total sales
2004-05	156.26	74.99	47.99	73.79	47.22	7.48	4.79
2005-06	148.40	47.62	32.09	88.02	59.31	12.76	8.60
2006-07	206.65	63.69	30.82	120.58	58.35	22.38	10.83
2007-08	204.09	39.02	18.84	141.99	69.57	23.08	11.59
2008-09	336.86	40.30	11.96	224.97	66.78	71.59	21.26

The above figures indicate that with entry of private players, the Company's market share in fertilizers declined from 47.99 *per cent* to 11.96 *per cent* during the period 2004-05 to 2008-09 and the overall sales could be sustained through sale of subsidised items and RTE.

The Management stated (October 2009) that due to opening of fertilizer business to private sector; the Company has diverted its focus to RTE business as well as non trading items. The Company needs to make constant efforts to increase its sales in non-subsidised sector *viz.* fertilizers to remain viable even without Government support.

Operations for supply of Ready-to-Eat Food (RTE)

2.10.1 The Company was designated as Nodal Agency by State Government to supply RTE food and Dalia to Integrated Child Development Services Projects (ICDS) in the State. The sales and expenditure in respect of RTE activities during 2004-09 are as under:

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Quantity available for sales in own plant (Quantity in MTs)	3,362.50	3,534.35	3,153.88	1,221.52	3,810.10
JVs supplies (Quantity in MTs)	--	3,806.57	9,745.26	12,256.77	32,398.97
Total available for sales (Quantity in MTs)	3,362.50	7,340.92	12,899.14	13,478.29	36,209.07
Sales (Quantity in MTs)	3,362.50	7,336.09	12,824.69	13,464.35	36,124.67
RTE sales (Rs. in crore)	6.26	11.62	20.97	22.69	70.29
RTE Expenditure (Rs. in crore)	5.05	10.11	19.73	21.66	67.67
Profit (Rs. in crore)	1.21	1.51	1.24	1.03	2.62

RTE Manufacturing Unit at Badi with annual installed capacity of 6,000 MTs was set up (1994) by the Company. As the demand in the state for RTE exceeded Company's production capacity, the Company made RTE supply arrangement with the private manufacturer (*viz.* Murliwala Agro-tech, Bhopal) in 2004-05. Subsequently, to meet the increased demand, the Company also established (November 2006 and December 2006) two Joint Venture Companies (JVs) *viz.* Madhya Pradesh Agro Food & Industries Limited and M.P. Agro Tonics Limited having manufacturing units at Mandideep, Bhopal with capacity of 12,000 MTs each.

The Directorate of WCD entered into a Memorandum of Understanding (MOU) with the Company (September 2003), with a commitment to buy minimum quantity of 29,000 MTs of RTE per year for the period up to March 2007. Subsequently, another MOU was again entered (March 2007) for buying minimum quantity of 50,000 MTs RTE food per year during the period from April 2007 to March 2012 from its existing plant at Badi and other units promoted under joint ventures. The Company floated (August 2007) bid for Expression of Interest for establishing more joint venture companies for supply of RTE, but the State Government cancelled (August 2007) the Expression of Interest as RTE food supplied was found to be substandard and decided that the quality of RTE of the Company and the RTE available at local markets was to be compared for which some time was required. The Company did not explore any possibility of entering new JVs as on date (November 2009) after the decision of the State Government though there was apparently increased demand on evident from revised MOU.

In regard to operation of RTE supply activities audit observed the following:

Under utilisation of Badi Unit

Underutilisation of capacity of plant resulted in undue benefit to JVs.

2.10.2 The Company is having one production unit for RTE at Badi with installed capacity of 6,000 MT per annum. The details of opening balance, production and supply of RTE by Badi Unit during the last five years are as under: -

(Quantity in MTs)

Year	Opening Balance	Production of RTE	Total RTE available for Supply	Total Supply	Capacity utilisation in comparison to installed capacity of 6000 MTs ⁹ (in percentage)
2004-05	50.60	3,311.90	3,362.50	3,362.50	55.20
2005-06	---	3,534.35	3,534.35	3,529.52	58.92
2006-07	4.83	3,149.05	3,153.88	3,079.43	52.48
2007-08	74.45	1,147.07	1,221.52	1,207.58	19.11
2008-09	13.94 ¹⁰	3,810.10	3,810.10	3,725.70	63.50

Against the installed capacity for production of 6,000 MTs of RTE the unit produced RTE between 1,147 MTs to 3,810 MTs during 2004-09 and to meet the committed supply of RTE, the Company had to depend on JVs from whom 58,207.57 MTs of RTE was supplied during the period. Thus, underutilisation of capacity of Badi plant resulted in undue benefit to JVs.

The Management Stated (October 2009) that plant was installed in 1994 with the capacity of 6,000 MTs per annum for the production of 4,800 MTs of RTE and 1,200 MTs of Dalia and the reasons for not achieving the installed capacity of production of RTE were irregular power supply and old plants. Further, the Company stated that the production of RTE achieved during 2007-08 was 96 per cent for three months since the orders were received only for two months supply.

The reply is not convincing as due to poor quality of supply during 2007-08 the Company could not get sufficient orders. Even though the demand increased in 2008-09, the Company did not take any steps to modernise and increase the capacity of the plant as well as seeking alternative arrangement i.e. operating a generator for power supply, to cope up with the problem of frequent power failure.

Purchase of Sugar in open Market

Purchase of sugar from open market instead of from PDS resulted in extra cost of Rs. 1.40 crore to the Company.

2.10.3 The main ingredient of the RTE food is Wheat. In order to reduce the cost of RTE, the WCD allot wheat through Food Corporation of India (FCI) to the Company at BPL rates. The Company, however, purchases Sugar from open market through limited tender from different sources viz-direct procurement from the sugar mills and wholesale markets from Indore, Bhopal and Hoshangabad. During 2004-09, the Company purchased 1,33,345.56 quintals of wheat and 31,393 quintals of sugar.

Though the Company was to procure huge quantity of sugar during 2004-09, it failed to establish a definite source for supply of sugar in Bhopal, the nearest

⁹ Total capacity available in Badi unit was production of 6,000 MTs per annum.

¹⁰ Opening stock of RTE of which self life expired.

point to Company's unit at Badi (103 KMs.) and the Company purchased sugar from far off places viz. Indore, Hosangabad and sugar Mills at Gadarwada, district Narsinghpur which involved transportation cost for 180 Kms to 305 Kms. The average procurement price (2004-05 to 2008-09) of Sugar in Bhopal market was Rs. 1,684 per quintal whereas the Company procured sugar at Rs. 1,746 per quintal from sugar mills, Rs. 1,802 per quintal from market at Indore and Rs. 1,859 per quintal from market at Hoshangabad. Thus, due to failure to procure its entire requirement of sugar from nearest market i.e. Bhopal; the Company incurred an avoidable expenditure of Rs. 27.51 lakh towards the extra cost during the period from April 2004 to March 2009.

Further, the Company had not made any effort for the allotment of sugar under Public Distribution System (PDS) (on the lines of wheat, being issued at the rates of BPL) which could have brought down the cost of RTE food by Rs. 1.40 crore, being the difference between the market price and PDS price of Rs. 1,326 per quintal during the period from April 2004 to March 2009.

The Management stated (October 2009) that it has followed best commercial practice to purchase sugar at competitive prices from open market and there was no policy of the Government to allot sugar to WCD at controlled price. Further, it also stated that view of Audit will be taken care of at the time of sugar purchase in future.

Supply of RTE through JVs

Avoidable payment of transportation cost

Undue benefit in transportation for Rs. 1.49 crore to JVs.

2.10.4 The State Government fixed the price of RTE on the basis of expenditure towards raw materials, production loss of eight *per cent* of the cost of raw materials, direct cost, overheads including transport and profit margin proposed by the Company's Badi unit and accordingly fixed the prices of RTE (i.e. Rs. 12,500 upto 31 August 2006, Rs. 16,200 from 1 September 2006 and Rs. 20,680 per MT from 18 June 2008) applicable for the supplies made both from Badi and JVs.

The Badi unit is located at a distance of 103 KMs from Bhopal and the costs of all raw materials was FOR Badi, whereas JVs manufacturing units were located at Mandideep (25 KMs from Bhopal). The Company assessed (August 2008) that if the Badi plant was shifted to Bhopal, there will be a reduction of transportation expenditure of Rs. 346 per MT.

As the said transportation expenditure was not being incurred by JVs, the Company should have negotiated with JVs to reduce the price by Rs. 346 per MT towards the cost of transportation. During discussion, the Management agreed (October 2009) in principle and explained that JVs are established at Mandideep, which is 25 kms away from Bhopal. Even after considering the unavoidable transport for 25 kms, the Company gave undue benefit of

Rs. 1.49 crore to JVs during the period from 2005-09 for avoidable transportation of raw material to the extent of 78 kms.

Pricing

2.10.5 The price of RTE fixed by the State Government includes the profit margin of 7.5 per cent upto May 2008 and thereafter it was increased to ten per cent, in June 2008. For the purpose of fixing the price of RTE, the Company was furnishing the cost data of Badi unit to the Government from time to time. The price of RTE was uniform to the supplies made from the Badi unit as well as through JVs. The details of the supplies from Badi unit and through JVs were as under:

Particulars	2007-08	2008-09
Supplies made from Badi unit (in MTs)	1,208	3,726
Supplies made through JVs (in MTs)	12,257	32,399
Total supplies (in MTs)	13,465	36,125
Percentage of supply by JVs to the total supplies	91.03	89.69
Actual cost per MT as per accounts of the unit (in Rs.)	12,509	15,025
Cost per MT projected in cost sheet (in Rs.)	15,041	17,707

It was observed from the above that:

- Out of the total supplies of RTE made to WCD during 2007-09, 90 per cent was made out of the production of JVs,
- The actual cost incurred by the Badi unit was less than the cost projected to the Government, for the price revision,
- The Company had not obtained the cost data of JVs to compare with the cost of Badi unit.

Undue Price advantage passed on to JVs of Rs. 16.83 crore.

A review of pricing of RTE revealed that, the price of Rs. 12, 500 per MT was fixed (June 1995) which continued up to August 2006. As the cost and sales price was almost same during 2004-06, the Company incurred marginal loss (Rs. 0.59 lakh) on supply of RTE during 2004-06. However, after the entry of JVs, the State Government had revised the price to Rs. 16,200 from 1 September 2006 and Rs. 20,680 per MT from 18 June 2008. Consequently, the Company earned profit 29.50 per cent (2007- 08) and 37.64 per cent in 2008-09, which was very high, against the approved margin of 7.5 and 10 per cent by the State Government.

This resulted in extra profit to the Company by Rs. 1.88 crore on RTE produced and supplied by Badi unit as well as undue price advantage passed on to JVs for Rs. 16.83 crore due to the inflated cost data furnished by the Company to Government during the period 2007-09 (**Annexure-9**).

The Management stated (October 2009) that certain cost element viz. transportation charges from plant to project, interest on working capital, actual overheads of branches and head office testing charges were not included in the final accounts of Badi unit. Further, the cost of JVs could not be compared due to shortage of staff in Badi plant and the delay in payment of bills to JVs were about three months involving huge amount which involved interest cost considerably.

The reply is not convincing as price of RTE was fixed on higher side by considering inflated cost data even after including cost viz. Head office overheads, transportation and interest etc. Further, the audit insisted that separate price were to be fixed based on cost data of JVs and not based on prices of Badi unit as major sales of RTE were from JVs.

Non-recovery of fortification¹¹ charges.

Non recovery of fortification charges of Rs. 0.64 crore from State Government beyond the agreement date.

2.10.6 As per agreement signed between the Country Director of World Food programme (WFP) and Commissioner, WCD in November 2005, the Company had to issue bills for the fortification charges in the name of WFP after due verification from field offices of WCD. On submission of bills, WFP used to reimburse the charges as per bills raised by the Company. The Company was intimated (February 2006) that the reimbursement of fortification charges would be made up to 31 March 2007.

Audit observed when there was no order for reimbursement of fortification charges after March 2007, the Company supplied 8,702.075 MT of fortified RTE during the year 2007-08 for which Company was not entitled to Rs. 63.87 lakh. State Government as of November 2009 has not accepted the claim.

The Management accepted (October 2009) the observation.

Performance of the Bio-fertilizer and Organic manure plants

2.11.1 The Company's Bio-fertilizer plant (BFP), Bhopal manufactures different Bio-fertilizers/cultures viz. Rhizobium, Azetobactor, Azospirillum and Phosphate Solubilising Bacteria, which enhance the productivity of soil by fixing the atmospheric nitrogen and stimulating the growth of the agricultural production. The Ministry of Agriculture, GOI, issued the Bio-fertilizers under Fertilizer Control Order (January 2007) for promotion of bio-fertilizers and advised the State Governments, to educate the farmers about the importance of these products to increase agricultural yield.

The Production programme of the unit is based on the estimated demand of bio-fertilizers in the State as well as for Chhattisgarh State (from 2006-07) for

¹¹ Addition of vitamins and minerals premixes as per prescribed specification in RTE, is called fortification.

Rabi and Kharif seasons. Accordingly, the unit procures Lignite, being the main raw material, and other allied materials to manufacture the bio-fertilizers and markets the same through its District Offices, Co-operative societies and Block-level Agricultural development offices.

Audit analysis of the activities of Bio-fertilizer plant (BFP) for the period from 2004-05 to 2008-09 revealed the following:

2.11.2 The details of the production, sale of Bio-fertilizer and stock returned during the last five years ending 31 March 2009 are as follows: -

(In Packets)

Year	Production	Sales	Un-sold Stock returned to BFP by the depots for reprocessing	Percentage of stocks returned to production
2004-05	23,48,627	18,40,912	5,07,715	21.62
2005-06	20,68,083	15,45,632	5,22,451	25.26
2006-07	22,62,997	18,08,809	4,54,188	20.07
2007-08	25,03,119	16,05,898	8,97,221	35.84
2008-09	27,01,907	23,89,457	3,12,450	11.56

During 2004-09 the Company purchased Lignite, Chemicals and packing material for Rs. 70.88 lakh, Rs. 17.55 lakh and Rs. 103.20 lakh respectively. The total cost towards Lignite, Chemicals, packing material and conversion cost including transportation was around Rs. 2.16 (2007-08) and Rs. 2.64 (2006-07) per packet. Though production of around 22 lakh packets of 150/250g content was planned per annum based on the anticipated demand, the sale was in the range of 15.46 lakh packets (2005-06) and 23.89 lakh (2008-09) packets only. The District Offices had returned huge quantities of unsold Bio-fertilizer packets ranged between 11.56 *per cent* and 35.84 *per cent* during 2004-05 to 2008-09. The cost of manufacture of these returned stock was Rs. 63.52 lakh. As the self life of the Bio-fertilizer is of six months only, the unit processed such returned stocks to retrieve the Lignite component worth Rs. 13.94 lakh.

Infructuous expenditure of Rs. 49.58 lakh was incurred on stock unsold which was unfit for consumption.

Thus, the Company incurred infructuous expenditure of Rs. 49.58 lakh in the manufacture of returned unsold stock which was rendered unfit for consumption.

The Management accepted (October 2009) the views of audit and assured to analyse demand so as to minimise the unsold stock.

Encroachment of land at Bio Fertilizer plant

Failure of the Company to safeguard 4.60 acres land led to encroachment.

2.11.3 The Company was allotted (August 1983) 20.60 acres of land by the State Government at Indrapuri, Bhopal for erection of Bio-fertilizers plant. Out of the above, land admeasuring 4.60 acres were encroached by Jhuggi dwellers/ villagers. The Company, in order to avoid further encroachment of land at Indrapuri Bhopal, decided (February 2004) to construct the boundary wall at an estimated cost of Rs. 20 lakh. However, due to the dispute raised by a Private Housing Society, the boundary wall could not be constructed as of July 2009. The land is at prime location of Bhopal, for which no valuation was done as of July 2009. Thus, the Company's failure to take measures to safeguard the property by barbed wire fencing/construction of compound wall etc. resulted in encroachment of land.

Non recovery of dues from Chhattisgarh Government

2.11.4 The Company fixed (May 2006) the sale price of Bio-fertilizers of 250 gms packet at Rs. 6.50 and 150 gms packet at Rs. 5.25 to the Chhattisgarh Government against the prevailing rates of Rupees ten and Rupees eight in Madhya Pradesh. Despite less price offered by the Company to the Chhattisgarh Government, it failed to realise the sale proceeds in time and the dues accumulated to Rs. 30.37 lakh, pertaining to the period of 2005-09, could not be recovered as of June 2009. The Management stated (October 2009) that Rs. 16 lakh had been recovered from the Chhattisgarh Government.

Performance of Organic Manure Plants

2.11.5 Organic Manure improves soil porosity and water holding capacity of land. This manure is not chemical in nature and is manufactured through the process of aerobic and anaerobic decomposition. Fertilizers Control Order (FCO) also recommended (January 2007) the usage of this Organic manure for better agriculture.

In order to avoid open dumping of City waste/garbage, which creates environmental/health hazard, the Company set up two organic plants one at Bhopal (December 1993) and the other at Gwalior (September 1995) with the processing capacity of 22 MTs of waste per day for each. The Company sells the organic manure at its own plant site, district offices and through private dealers. The sale price was at Rs. 1,600 per MT Ex-factory to dealers and Rs. 2,800 per MT to retailers. The Company's failure to promote the products and develop market resulted in dismal performances of the plant at Bhopal and closure of the plant at Gwalior. Besides, the socio economic benefits expected from the plants of extracting organic manure from the waste generated in these cities were also not achieved.

Performance of Bhopal plant

2.11.6 The details of production of organic manure and their cost during 2004-09 were as under: -

Sl No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Production (MT)	1,472	752	626	525	263
2.	Sales (MT)	1,522	806	701	727	321
2.	Cost of Raw material + Direct Factory Exps. (Rs. in lakh)	9.14	6.96	6.12	7.38	3.15
3.	Indirect Exps. (Rs. in lakh)	12.06	11.10	12.65	12.61	16.04
4.	Cost of production per MT (Rs.)	621	926	978	1,406	1,198
5	Indirect Cost per MT (Rs.)	819	1,476	2,021	2,402	6,099
6.	Total cost per MT (Rs.)	1,440	2,402	2,999	3,808	7,297

From the above, following points are observed;

Lack of promotion of organic manure generated out of city waste/garbage resulted in non achievement of socio economic benefit and spurt in indirect expenses due to posting of additional staff when sale decreased in 2008-09.

- The production of Organic Manure was reduced drastically every year. Reduction of production was mainly due to less demand of organic manure by the farmers. Though the State Government issued (July 1999) directions to Departments of Horticulture and Forest to buy this manure for their nurseries yet, the Company had not made any efforts to follow the matter with the concerned departments, to increase the sales.
- The indirect expenses comprise mainly pay & allowances of staff, which increased from Rs. 819 per MT to Rs. 6,099 per MT during 2004-09. The abnormal increase in indirect expenses during 2008-09 was due to increase of pay and allowances to Rs. 14.58 lakh in 2008-09 from Rs.8.62 lakh in 2007-08 as the additional managerial staff were posted.

The Management assured (October 2009) that the measures would be taken up to increase the sales.

Revival of the operation of Plant at Gwalior

Organic plant at Gwalior was not revived and hence assets worth Rs. 0.54 crore were lying idle.

2.11.7 The Organic Manure Plant, Gwalior stopped production (July 2000), due to technical and marketing problems. Subsequently, the Company decided (September 2003) to explore the possibilities of leasing out the Plant to Private / Government Agency and also inquired from Nagar Nigam, Gwalior for the possible take over of the plant. Though, Nagar Nigam had offered (January 2005) to take the plant for Rs. 30 lakh, the Board in its meeting dated 9 February 2005 decided to invite tenders. Accordingly, tenders were invited (February 2005) but only one offer from Shubham Industries, Indore was received at the rate Rs. 33,000 per month. After comparison of the offer of Nagar Nigam, Gwalior with the offer of Shubham Industries, the Board

decided (June 2005) to transfer the plant to Nagar Nigam, Gwalior with prior permission from State Government.

Nagar Nigam Gwalior, however did not takeover the unit. The Company did not float any tender thereafter. Thus, the Organic Manure Plant, Gwalior, having assets worth Rs. 53.73 lakh was lying idle since June 2005.

The Management stated (October 2009) that there was a proposal to use the plant through public private participation (PPP). Further steps are awaited in this regard.

Performance of Mechanized Agriculture Farm, Babai

The Company did not utilise 576 acres out of 3,251 acres of land allotted by the State Government for farming activity and kept barren even after lapse of 38 years and land valuing Rs. 2.59 crore was encroached by Jhuggi dwellers /villagers.

2.12.1 The State Government allotted (1971) 3,251 acres land to the Company on the bank of Tawa river at Babai village in Hoshangabad District for establishment of Mechanised Agriculture Farm (MAF) with the following objectives:

- To produce and distribute quality seeds to the farmers.
- To use latest agricultural machinery/implements in farming and to demonstrate such cultivation methods to the farmers.
- To function as a training center for the farmers.

Out of 3,251 acres of land, 2,444 acres of land was levelled and made fit for cultivation purpose in 1978. Further out of the barren land, 231 acres was used for the buildings and roads while balance 576 acres of land is still left as barren, even after lapse of 38 years. No further land has been added for agricultural purpose thereafter. Out of the land allotted, the land to the extent of 203 acres were encroached by Jhuggi dwellers/villagers. The valuation of the encroached land was done (July 2005) by National Bank for Agriculture and Rural Development (NABARD) at Rs. 2.59 crore. The Company did not obtain any title in its favour or entered into formal lease agreement so far (March 2009).

Cultivable land usage

2.12.2 Out of the cultivatable land of 2,444 acres, 2,022.33 acres with irrigation facilities were used for farming in Rabi season (wheat, mustard, potato and others) and Kharif season (paddy, arhar and others) during the period from 2004-05 to 2008-09 as per details below:

(Figures in acre)

Utilisation for cultivation of irrigated land stood at 42.24 per cent in Rabi season and in Khariff season it reduced from 67.99 per cent to 34.76 per cent.

Particulars	2004-05		2005-06		2006-07		2007-08		2008-09	
	Rabi	Kharif								
Irrigated land	2,022.33		2,022.33		2,022.33		2,022.33		2,022.33	
Orchard Area	303		303		594.50		604.25		604.25	
Land available for cultivation	1,719.33		1,719.33		1,427.83		1,418.08		1,418.08	
Actual utilization on land for cultivation	854	1,169	1,007	1,019	759	1,009	725	725	599	493
Percentage of land utilised	49.67	67.99	58.57	59.27	53.16	70.67	51.12	51.12	42.24	34.76

From the above it is evident that utilisation of irrigated land remained between 42.24 to 58.57 per cent during 2004-05 to 2008-09 in Rabi season and in Kharif season it reduced from 67.99 per cent (2004-05) to 34.76 per cent (2008-09). The use of irrigated land was declining and percentage of utilization was as low as 42.24 and 34.76 per cent in Rabi and Kharif season as per the data available for the year 2008-09.

Seed Cultivation Performance

The Company suffered loss of Rs. 0.77 crore in Seed cultivation during 2005-06.

2.12.3 The unit had taken up the seed cultivation programme only in 2005-06. Out of 14,020 qtls. of different seeds produced during 2005-06, only 1,658 qtls. were sold as seeds and the balance of 12,362 qtls. of seeds (88 per cent) was declared as sub-standard. Defective germination, presence of weeds and other seeds including diseased one were cited as reasons for poor quality of seeds. These sub-standard seeds were sold in the open market at lesser rate, which resulted in a loss of Rs. 77.01 lakh being the difference in rate of seed and foodgrains as detailed below:

(Quantity in quintals)

Name of crop	Quantity produced	Quantity sold as seed	Qty. sold as food grain	Sale rate as seed Rs..	Sale rate as food grain Rs..	Rate difference Rs..	Loss of potential revenue Rs..in lakh
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8 = 4x7)
Wheat	3,570	753	2,817	1,672	1,012	660	18.59
Paddy	8,590	451	8,139	1,088	583	505	41.10
Mustard	1,162	178	984	2,554	1,553	1,001	9.85
Tuar	698	276	422	3,022	1,252	1,770	7.47
Total	14,020	1,658	12,362				77.01

The seed cultivation programme taken up by the MAF was thus a total failure.

The Management accepted (October 2009) the failure in seed cultivation. The audit suggested that the Company might approach State Government for one-time foundation budgetary support/ subsidy for modernising the techniques of cultivation of seeds.

Analysis of cultivation/ farming activities of Mechanized Agriculture Farm (MAF)

Low yield

Yield in wheat and tuar was far below of the norms.

2.12.4 The crop-wise norms fixed by the agricultural department and the actual yield obtained in respect of different crops raised by MAF during 2004-09 were as under:

Crop	Norms per Acre/ Qntl.	Actual yield per acre				
		2004-05	2005-06	2006-07	2007-08	2008-09
Wheat	14	9.64 (69)	7.94 (57)	7.48 (53)	9.69 (69)	9.28 (66)
Paddy	16	17.97 (112)	18.65 (117)	8.72 (55)	16.15 (101)	7.63 (48)
Tuar	4	1.26 (32)	1.39 (35)	0.11 (3)	0.86 (22)	3.06 (77)
Average cultivated land (acres)		1,011	1,013	884	725	546
Cultivation expenditure (Rs. in lakh)		158.20	198.39	147.24	106.75	112.95
Cultivation expenditure per acre (Rs.)		15,648	19,585	16,656	14,724	20,687

(Figure in brackets denote percentage of yield per acre to the norms.)

The actual yield of wheat remained far below the norms. It remained 53 per cent to 69 per cent of the norm fixed. In respect of tuar yield was worse, and it was in the range of 0.11 quintal/acre to 3.06 quintal/acre only against the target of four quintal per acre.

From the above table it could be seen that there were wide variations in the cost of cultivation per acre and the actual yield obtained was less than the norms fixed. The cultivation was continued without analysing the reasons for low yield and no efforts were made to make the unit viable.

The Management stated (October 2009) that the reason for low yield were due to sandy land, electricity problem and less capacity of land in fixing nitrogen etc. The reply is not convincing since the Company was able to achieve the norms of yield as is evident in the crop of Kharif from the above table. This indicated that Company had not taken any concrete steps to increase the yield in respect of wheat and tuar.

The working results of the Unit during the last five years ending 31 March 2009 was as follows:

(Amount: Rupees in lakh)

	2004-05	2005-06	2006-07	2007-08 (Provisional)	2008-09 (Provisional)
Income	103.61	146.59	75.61	137.54	80.21
Variable Expense	158.20	198.39	147.24	106.75	112.95
Contribution	(-)54.59	(-) 51.80	(-) 71.63	30.79	(-) 32.74
Fixed Expenditure	35.23	58.13	33.84	38.97	38.53
Loss	89.82	109.93	105.47	8.18	71.27

The MAF incurred accumulated loss of Rs. 8.83 crore which represents 89 per cent of the total accumulated loss Rs. 9.90 crore of the Company.

The Unit incurred loss every year since its inception (1971) and accumulated loss of the unit amounted to Rs. 8.83 crore as on 31 March 2007, which represents 89 per cent of the accumulated loss of Rs. 9.90 crore of the Company as a whole as on 31 March 2007.

To mitigate the loss of Rs. 109.93 lakh during 2005-06, the Company on the basis of directives received from the State Government constituted (July 2006) three committees, to reduce the administrative expenditure, and adopt appropriate crop programme for increasing yield alongwith proper inspection of crops. Due to reduction of expenditure on purchase of seeds and fertilizers, wages and increase in sales, the loss of the unit in the year 2007-08 reduced to Rs. 8.18 lakh as compared to Rs. 105.47 lakh in 2006-07. The loss for the year 2008-09 again increased to Rs. 71.27 lakh due to reduction in sales and increase in cost of procurement of fertilizers and seeds. Thus, there is no significant improvement in the performance of MAF.

The Management stated (October 2009) that they improved their performance which resulted in reduction of loss for 2007-08. The fact, however, remained that the unit continued to incur losses and there was increase in the loss for the year 2008-09 over the year 2007-08.

Usage of old Tractors – higher cost of cultivation

2.12.5 Six old tractors and two harvesters occupied by the Company were procured in 1977-89 to cater to the needs of farming activities of the unit. The details of the expenditure incurred on tractors during 2004-09 is as under:-

(Amount: Rupees in lakh)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Repair charges	4.92	7.20	14.28	2.63	2.83
Running charges	21.49	19.78	18.14	15.14	18.41
Tractor hiring expenses	6.55	15.33	9.61	Nil	Nil
Average cultivated land (Rabi+Kharif) in acres	1,011	1,013	884	725	546
Running charges per acre (Rs.)	2,126	1,953	2,052	2,088	3,372

An audit analysis of the above revealed the following:

Old tractors could have been replaced instead of incurring repairs and maintenance expenses and hiring of tractors.

- The running charges per acre increased from Rs. 1,953 per acre (2005-06) to Rs. 3,372 per acre (2008-09).
- As all the tractors were very old, the operating cost was not economical and hence the unit hired the tractors during 2004-07 for Rs. 31.49 lakh.
- The unit had incurred repair/maintenance charges of Rs. 31.86 lakh on six old tractors and two harvesters which were procured in 1977-89.

Instead of incurring huge expenditure on repairs, the Company could have procured new tractors in phased manner.

The Management stated (October 2009) that if the financial position of the Company improves, the capital expenditure would be incurred on procurement of tractors. The reply is not convincing since the replacement could have been done in phased manner.

Sale of Agricultural produce

Sale at less than Minimum Support Price (MSP)

Sale of wheat & paddy in open Market resulted in less realisation of Rs. 0.46 crore

2.12.6 The Government of India permitted the Madhya Pradesh State Civil Supplies Corporation to procure wheat, paddy and other grain at a Minimum Support Price (MSP). However, the Company sold, in the open market, the farm produce in Babai through inviting open tenders in leading newspapers.

Audit observed that, 8,174 qtls of Wheat produced in MAF (4,220 qtls in 2004-05 and 3,954 qtls in 2005-06) and Paddy of 9,240 qtls (2005-06) were sold in open market at the rates less than the MSP fixed by GOI/State Government resulting in less realisation of Rs. 46.42 lakh being the difference between the actual sales price and MSP.

Non-accounting of Wheat Bhusa / Husk

By-product husk from wheat was not sold resulting in loss of revenue of Rs. 0.24 crore.

2.12.7 During the process of Wheat harvesting, a by-product *viz.* Bhusa/husk is generated, which has demand in the market. The Company has not maintained any record for accounting of Bhusa/Husk. However, the unit estimated (March 2009) 1,200 Kgs of Bhusa per acre, could be generated and can be sold at Rupee one per Kg. It was observed that the Bhusa was not sold during 2004-09. Considering the total area of 1,982 acres, wherein wheat was cultivated during 2004-09, the Company lost revenue of Rs. 23.79 lakh.

The Management accepted (October 2009) the observation and assured to take action for sale of by-product of wheat.

Non fulfillment of objectives of MAF

2.12.8 The MAF at Babai was formed to implement the three objectives as discussed the paragraph 2.12.1 *supra*. However, the Company did not take any step with regard to use of latest agricultural machinery/implements in farming, to demonstrate such methods in cultivation and as to train the farmers, only 100 gardeners were trained in 2006-07.

Implementation of National project on Biogas development

2.13 The State Government nominated the Company as a Nodal Agency for implementation of National Project on Biogas development, a centrally sponsored scheme of Ministry of Non-Conventional Energy Sources (MNES), Government of India under the scheme. The Company installs the biogas plants and distribute the Central financial Assistance (CFA) to beneficiaries identified by the Agricultural Department of the State Government. As per the directives of GOI the CFA was to be disbursed only after the construction of biogas plants and claims were to be prepared only in respect of commissioned plants.

The details of performance conducted are in table below:

Year	Targets	No. of plants constructed	CFA received (Rs. in lakh)	No. of plants for which Completion Certificate awaited	CFA to be refunded to GOI (Rs. in lakh)
91-92 to 2003-04	NA*	NA*	NA*	2,629	47.32 (2629x1800)
2004-05	6,500	9,929	438.00	603	21.11 (603x3500)
2005-06	6,500	6,103	270.00	436	15.26 (436x3500)
2006-07	12,000	9,021	399.00	608	21.28 (608x3500)
2007-08	12,000	5,629	250.00	1,272	44.52(1272x3500)
2008-09	12,000	10,567	249.27	3,284	114.94 (3284x3500)
Total				8832	264.43

* Not Available

It may be seen from the above that in respect of 8,832 plants for which CFA was received by the Company, but the completion certificate were not obtained. The Company was, therefore, liable to refund the CFA of Rs. 2.64 crore involved in these cases.

The Management stated (October 2009) that they were taking appropriate action to obtain the completion certificates early.

Non-disposal of hazardous waste

2.14 The Company was having (1977) pesticides formulation plant at Bina to produce and distribute quality wettable dusting powder and liquid to farmers at reasonable prices. As there was an abrupt ban (1991-92) on use of BHC¹² by the GOI/State Government, the Company could not produce BHC and also could not sell the stock held by them. Further due to restrictions in sale of the pesticides imposed by the State Government the plant incurred losses and was closed in June 2006. The Company was having 175 MTs of unsold BHC as on 31 March 2009. The Company decided to dispose such

Due to ban on sale of BHC, the Company did not dispose of 175 MTs of the unsold stock which was lying in the plant.

¹² Benzene Hexa chloride

hazardous stocks at an estimated cost of Rs. 34.72 lakh and approached State Government for financial assistance (July 2007) but the State Government directed (March 2008) the Company to dispose off the same at the cost of the Company. The hazardous waste was lying with the plant without disposal as of July 2009.

Persistent irregularities

The Company failed to take corrective action in respect of accounting irregularities/ discrepancies pointed out by Auditors.

2.15 The Auditors of the Company repeatedly commented the following accounting irregularities/discrepancies since 2002-03 onwards.

- The Company was bifurcated into two companies i.e Madhya Pradesh State Agro Industries Development Corporation Limited and Chattishgarh Agro Industries Corporation Limited after Madhya Pradesh Reorganization Act, 2000. The final adjustments of assets and liabilities however is pending till date;
- The schedule of sundry debtors and age-wise break up is not maintained;
- No fixed assets register is maintained;
- Non-reconciliation of bank balances;
- Current liabilities, are being continued without verifying the actual liability;
- In the matters relating to benefits to the employees; and

The Company failed to take corrective action in respect of the above accounting lapses till date (November 2009).

Absence of Internal Audit system

2.16 The Internal Audit of the District offices and Production units was being conducted departmentally upto 2005-06 and thereafter it was discontinued due to shortage of staff. The internal audit for Head Office was not conducted as there was pre audit system before passing the bills. Weak internal controls in the organisation, resulted in mis-appropriation of funds by manipulating the records at Babai. Statutory Auditor also repeatedly commented on the inadequacy of Internal Audit system. However, the Company had not taken any measure to revive the internal audit system.

The Management stated (October 2009) that they have engaged the Chartered Accountants firms for internal audit for the year 2008-09 and 2009-10.

Conclusion

The performance of the Company with regard to establishment and promotion of agro based industry was dismal as it failed to achieve the targets during 2004-08 and it did not venture into the technological advancements for Agro based industries rather confined only to supply of RTE and farming at Babai. The Company did not optimise the production of installed capacity of RTE at their own plant and unrealistic costing of the product projected by the Company, resulted in extra burden to the Government besides undue benefit to the JVs. Efforts were not made by the Company to make the Babai farm viable.

Recommendations

The Company should consider;

- **reducing operational cost, increasing efficiency and achieve new milestones in farming through better agricultural method and technology;**
- **establishing system of arriving realistic costing of RTE to reduce burden on State Exchequer;**
- **taking suitable action plan to make organic fertilizer and bio-gas projects successful, keeping in view the environmental needs and Government of India initiatives.**

CHAPTER III

Transaction Audit Observations

Important audit findings arising out of test check of transactions carried out by the State Government companies and Statutory corporations are included in this Chapter.

Government companies

Madhya Pradesh State Mining Corporation Limited

3.1 Loss of revenue due to non-invitation of tenders

Non- invitation of tender for extraction and selling the Diaspore Crude and Pyrophyllite minerals resulted in potential revenue forgone to the extent of Rs. 23.06 lakh.

Madhya Pradesh State Mining Corporation Limited (Company), invited (January 2005) limited offers for extraction and selling of minerals namely Diaspore crude¹² and Pyrophyllite¹³ on experimental basis from mines at Kari in Tikamgarh District since Company was incurring losses when the minerals were extracted and sold on its own. In response to an offer received from Katni Bauxite Private Limited (firm), orders were initially issued (January 2005) for one year effective from January 2005 at the rate of Rs. 755 per MT for Diaspore crude and Rs. 840 per MT for Pyrophyllite with a clause that contract would be continued with six *per cent* increase in price every year.

On expiry of the existing contract the Company decided (December 2005) to call for limited tenders but legal advisor of the Company advised to delay the tendering process to avoid complications, as a Court case, initiated (2004) by one erstwhile agency, was pending. The tender notice was, however, issued (August 2006) but the same was deferred on the verbal orders of the Minister of Mineral Resources of the State on purported grounds of heavy rains. There was no necessity to approach the Government for seeking permission for inviting the tenders, yet the Company continued approaching on two to three

¹² A mineral form of a mixed aluminium oxide and hydroxide, $AlO.OH$.

¹³ Pyrophyllite is a phyllosilicate mineral composed of aluminium silicate hydroxide; $AlSi_2O_5OH$.

occasions to obtain approval for inviting tender. This caused delay and the Company finally invited tenders on its own without any clearance from the Government.

The Contract with Katni Bauxite Private Limited was, thus, continued till February 2008. The Company, finally, called for (February 2008) tenders and the prices offered by Bundelkhand Associates at the rate of Rs. 3,500 per MT for Diaspore crude and Rs. 1,721 per MT for Pyrophyllite, were accepted in March 2008.

It was observed that before renewing the contract (January 2006) with Katni Bauxite Private Limited, one of listed contractor of the Company i.e. Devendra Minerals offered (December 2005) the rate of 10 *per cent* more than the existing rate and also offered 25 *per cent* more extraction than the quantity being extracted by the firm on the same terms and conditions. The offer of Devendra Minerals (December 2005) was not considered as the same was received through ordinary post and not against the tender. The Company, thus, comprehensively failed to notice the upward movement in price and remained tied in its relationship with the tenderer whose terms were not remunerative in Company's own interest though it had full freedom to terminate this non-lucrative arrangement in favour of better offer from others.

Thus, the existing contract was allowed to continue despite the fact that the rates were much lower, which was further corroborated by the fact that high rates were fetched in 2008. The Company could have earned additional revenue of Rs. 23.06 lakh if fresh tenders were invited after expiry of one year contract.

The Management stated (May 2009) that delay in invitation of tenders were caused due to some judicial and administrative reasons.

The reply is not convincing as the Company had the opportunity for augmenting the revenue which it did not avail.

The audit suggested that proper tendering procedure should be adopted for obtaining the best price advantage and transparency in selection of contractors.

The matter was reported (June 2009) to the Government; the reply is awaited (November 2009).

3.2 Loss due to acquisition of commercially unviable quarries

Acquisition of commercially unviable quarries resulted in avoidable loss of Rs. 0.58 crore thereon.

The Company is engaged in acquiring mining leases, raising and selling minerals and acting as intermediary for trading of minerals. As per State Government Minor Mineral Rules, 1996 the State Government entrusted the sand quarries to the Company on lease as well as on advance payment of royalty. Further, the Company also participates in open tender alongwith private parties and obtains mines/sand quarries from the District Collectors, on payment of auction value fixed in auction.

The State Government notification clearly stipulates that before participation in auction the status of mines/quarries, availability and quality of minerals etc is to be ensured by lessee. The Company, without analysing quality of sand in quarries, obtained 14 sand quarries (seven each in Hoshangabad and Raisen districts) through auction between 2005-06 and 2007-08 from the State Government. As per terms and conditions of auction, the Company paid Rs. 1.30 crore between 2005-06 and 2007-08 towards advance royalty for lifting of sand of 3.99 lakh cubic meters as estimated by the Company. As per prescribed procedure, if the quantity lifted is less than the estimated quantity, the unadjusted amount of royalty would lapse and be treated as expenditure.

Scrutiny of the records relating to these quarries revealed that during above period, the Company actually lifted only 0.74 lakh cubic meter sand which was sold at Rs. 0.72 crore. Thus, due to non-lifting of estimated quantity of sand for which royalty was paid, the Company was put to loss of Rs. 0.58 crore. The reasons for short lifting, as analysed (2007) by the Company, were non-assessment of quantity as well as quality of sand available in quarries and delay in taking up of possession of the quarries.

The Management stated (April/June 2009) that there was no demand for sand as the quality of sand from these quarries was poor leading to low sale of sand. Hence seven quarries of Hosangabad district were surrendered to State Government in 2008-09 and seven quarries of Raisen were allotted by the Company to a private contractor on 14 September 2008 for operation.

The reply is not convincing as the Company failed to evaluate the quality of sand before participation in auction and also failed to extract the estimated quantity.

Thus, due to poor judgment in selection and acquisition of quarries the Company suffered avoidable loss of Rs. 0.58 crore. It is recommended that technical assessment of quality and quantity of sand should be carried out before selection and acquisition of quarries.

The matter was reported (July 2009) to Government; the reply is still awaited (November 2009).

Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited

3.3 Loss due to short levy of premium and other charges

Acceptance of invalid application and non- application of relevant provision of rules caused a loss of Rs. 1.44 crore due to short-levy of premium and other charges and annual loss of Rs. 3.60 lakh by way of reduced lease rent.

The Company has been engaged in the development of industrial infrastructure and allotment of plots for industrial use within its jurisdiction. As per orders (1981) of formation, the Company enjoys the same rights for allotment of land for industrial use as are vested with the State Government under Madhya Pradesh Industrial (Shed, Plot and Land allotment) Rules, 1974. As per Rules, the applicant is required to submit the application for allotment of land in the prescribed format containing all the details of proposed project alongwith 25 *per cent* of the prevalent premium.

The Board of Directors in their meeting (24 February 2007) enhanced the rates of premium from Rs. 120 per sq mtrs to Rs. 280 per sq mtrs effective from 24 February 2007 and reduced the advance premium amount from 25 *per cent* to 10 *per cent* to be accompanied with the application.

The Company received an application on plain paper through fax on 23 February 2007 from Force Motors Limited (firm) for allotment of 81,657 square meter land. On 24 February 2007, another application with a fee of Rs. 9.80 lakh being the 10 *per cent* advance premium was also received from the firm. On the basis of the application, the Company allotted (March 2007) 81,657 sq mtrs land on lease for 30 year to the firm. In regard to above, the audit observed the following:

- The application for allotment of land was received on 24 February 2007, i.e. on the date when the rates were enhanced from Rs. 120 per sq mtrs to 280 per sq mtrs, the land was allotted at the old rates i.e. on Rs. 120 per sq mtr. As such an undue benefit of Rs. 1.44 crore¹⁴ was extended to the firm.
- The land allotted to the firm was actually not in the possession of the Company on 24 February 2007. Rather it was held by Kinetic Motors Limited who was allotted 7,21,360 sq mtr. of land earlier. Kinetic Motors Limited was actually permitted to surrender some portion of land (81,657 sq mtrs) during March 2007 and the land was finally

¹⁴ (Rs. 280- Rs. 120) *81657 + 10 Per cent additional premium as per policy of the Company.

surrendered in January 2008. Thus, the Company actually did not possess the land on the date when the land was allotted to Force Motors Limited.

- The annual lease rent was also fixed at the old rates causing an annual loss of Rs. 3.60 lakh for a period of 30 years.

The Management stated (January and May 2009) that the firm had submitted a letter on 16 August 2005 showing interest in taking land proposed to be surrendered by Kinetic Motors and the matter was under correspondence with both the firms and the application received on 23 February 2007 was entered in inward diary on the same day. Government endorsed (July 2009) the views of the management. The reply is not convincing as the correspondence cannot be treated as application and the actual application in prescribed format was submitted only on 24 February 2007. Further, since the Company actually did not possess the land, it should have waited for the allotment till it got actual possession.

Thus, the Company was in great hurry to allot the land to the firm, which it actually did not possess. As a result undue benefit was extended to the extent of Rs. 1.44 crore with further loss of annual lease rent by Rs. 3.60 lakh per annum over the lease period of 30 years.

It is recommended that the allotment of land should be made only on receipt of application in prescribed format with necessary advance premium strictly as per Rules and responsibility of the concerned official should be fixed for above lapse.

Madhya Pradesh Audyogik Kendra Vikas Nigam (Ujjain) Limited

3.4 Short levy of transfer fee

Loss of Rs. 42.79 lakh due to non-adherence with Government directives while charging transfer fee.

Madhya Pradesh Audyogik Kendra Vikas Nigam (Ujjain) Limited (Company) was incorporated (September 2008) as subsidiary of Madhya Pradesh Trade and Investment Facilitation Corporation Limited, Bhopal, as per State Government order dated 14 July 2008. The Company was engaged in the development of industrial infrastructure. As per orders of the State Government, the Company enjoys the same rights for allotment of land for industrial use within the Ujjain commissionerary area as are vested with the State Government in 1981. Further, all basic terms and conditions as amended from time to time, laid down by the State Government in this behalf are applicable to the allotment made by the Company. The plots and sheds allotted by the Company could also be transferred to another party on payment of transfer fee, as fixed by the State Government from time to time.

According to the Madhya Pradesh Industrial (Shed, Plot and Land allotment) Rules, 1974 amended on 1 April 1999, the transfer fee should be 100 *per cent* of the premium. The Company, however, did not take cognizance of the Government orders and charged transfer fee at 20 *per cent* of the premium from new industrial units to whom the land was transferred by old industrial units.

Thus, non-compliance of Government directives resulted in short collection of premium of Rs. 42.79 lakh in two¹⁵ transfer cases finalised during November 2008 and January 2009.

The Management stated (April 2009) that the Company followed the procedure of Madhya Pradesh Audhyogik Kendra Vikas Nigam (Indore) Limited regarding allotment of land. The reply is not convincing, as the Rules of State Government regarding transfer of lands were required to be observed.

Thus, non-compliance of Government orders led to undue benefit to the transferees to the extent of Rs. 42.79 lakh. It is recommended that the compliance of Government orders should be scrupulously followed by the Company for collecting necessary fees.

The matter was reported to Government (May 2009); the reply has not been received (November 2009).

Madhya Pradesh State Civil Supplies Corporation Limited

3.5 Avoidable loss

Company did not dispose off old trucks and their uneconomic operation led to loss of Rs. 4.16 crore besides expenditure of Rs. 3.53 crore on idle staff towards salary.

Under the centrally sponsored scheme of providing assistance for purchase of vehicles for running mobile shops¹⁶, the Madhya Pradesh State Civil Supplies Corporation Limited (Company) purchased (1986-1999) 58 trucks of various capacity to serve as mobile shops in tribal areas and also recruited drivers and cleaners/tulavaties¹⁷ to operate these trucks. The said scheme was closed in July 2004 but the Company did not take any action to dispose of these trucks and to re-deploy services of drivers and cleaners/tulavaties to other jobs. Instead these old trucks were utilised by the Company for the transportation of foodgrains in small quantities to remote places in some districts, where

¹⁵ *VE Commercial Vehicles Limited (Rs. 27.18 lakh) and Keshav Industries Private Limited (Rs. 15.61 lakh).*

¹⁶ *Trucks functioning as Shops for distribution of food grain in Public Distribution Schemes (PDS).*

¹⁷ *Weighers (who weigh)*

transport contractor discontinued their services. The Company, thus, on the operation of these trucks during July 2004 to March 2009 suffered loss of Rs. 4.16 crore as shown under: -

(Amount: Rupees in lakh)

Particulars	Years					Grand Total
	2004-05	2005-06	2006-07	2007-08	2008-09	
Vehicle running exp.	85.74	100.76	107.64	83.58	82.35	460.07
Repairs and Maintenance	25.82	19.79	19.77	17.54	17.95	100.87
Insurance	4.08	3.65	3.69	4.52	3.32	19.26
Total cost	115.64	124.20	131.10	105.64	103.62	580.20
Income apportioned by the Company*	55.12	25.65	23.90	23.00	36.48	164.15
Loss from operation	60.52	106.59	107.20	82.64	67.14	416.05

* On the basis of rates applicable to transport contractors

It was observed that during the year 2005-06 to 2008-09, though the expenditure of Rs. 95.32 lakh was incurred as vehicle running expenses in Bhopal, Mandla, Sagar, Sidhi and Vidisha Districts yet no income was rationally apportioned against these District offices.

The Company, further, incurred Rs. 3.53 crore towards salary of 33 drivers and 28 cleaners/tulavaties deployed exclusively for operating these trucks during these years.

On being pointed out by audit (March 2009) the Company stated (April 2009) that after closure of the scheme these trucks were used wherever transport contractor could not ply their trucks, and that due to non-availability of sufficient load and running of empty trucks during return journey the trucks were running in losses. Further the services of the idle drivers /other staff would be utilised for other works. It was also stated that overall profitability of public distribution system should be seen instead of commenting on isolated aspects/Schemes.

The reply does not take into account avoidable nature of loss. For emergency requirement of transportation, the Company could have hired the trucks or retained only few trucks instead of retaining all 58 trucks and incurring sizeable operational and maintenance cost as well as expenses on idle staff. Further, the Company has not analysed the reasons for expenditure over the income for these trucks. Use of a small number of new trucks would have reduced the operation and maintenance as well as fuel costs.

The matter was reported to the Government (May 2009); the reply has not been received (November 2009).

3.6 Excess expenditure due to acceptance of higher rates for local transportation of foodgrains

By accepting abnormally high rates for local transportation in Indore, the Company incurred excess expenditure of Rs. 64.73 lakh.

The Company invites open tender for finalisation of annual transportation rates at district level and on the basis of offers, the Company finalises /approves annual transportation rate per MT/Km for various leads for transportation outside city area and per MT without consideration of distance involved for transportation within city area i.e. for local transportation.

Scrutiny of local transportation contracts for Indore revealed that during 2006-09, the rates finalised were abnormally high as compared to the rates approved in neighboring Dewas district, which is in close proximity with the Indore. Acceptance of higher rates by the Company, thus, led to excess expenditure of Rs. 64.73 lakh as under: -

Year	Local Transport rates per MT in Indore (Rupees)	Local Transport rates per MT in Dewas (Rupees)	Difference per MT (Rupees)	Transportation of foodgrains in Indore local with in the radius of maximum 8 kms (in MTs)	Excess expenditure on local transportation in Indore (Rs. in lakh)
1	2	3	4=2-3	5	6= 4x5
2006-07	166	73	93	34102.65	31.72
2007-08	171	87	84	30410.50	25.54
2008-09	195	111	84	8890.90	7.47
Total					64.73

It was further observed that rates of local transportation in Indore were also higher than those in other big cities like Bhopal, Jabalpur and Gwalior. The rates of same contractor for local transport in Indore district, however, was repeatedly found to be lowest for last ten years (i.e. 1997-98) as per received offers. This indicates that the Company failed to take any decisive action to bring down the high rates and continued to suffer financial loss in the Indore segment.

The Company stated (April 2009) that in Indore city, there was restriction on movement of trucks within the city during certain hours and further cartel formation by transporters kept the rate artificially high. The Company also accepted the lapses/ lacunae in existing tendering process.

The reply is not convincing as the Company acquiesced in the exploitation caused to it due to cartel formation by the contractor and did not try out innovative methods like transportation bidding on lead based rates along notified routes to serve destinations within the locality. Further, there was restriction on movement of trucks in Dewas city also.

The matter was reported to the Government (August 2009); the reply is awaited (November 2009).

Madhya Pradesh Power Generating Company Limited

3.7 Idle Inventory

Procurement of CTs costing Rs. 3.94 crore and without any confirmation from the generating station regarding probable dates of use has resulted in blockage of funds and resultant interest loss of Rs. 1.05 crore.

Based on Company's decision (March 2005) for complete replacement of top zone of Condensor Tubes (CTs) for Unit IV of Sanjay Gandhi Thermal Power Station, Birsinghpur during Annual Overhauling (2006-07), orders were placed (April 2006) on two firms for supply of 10,000 numbers of Cupro Nickel Condensor Tubes at a cost of Rs. 2.19 crore. Subsequently, the Company found more tubes of Unit IV leaky/ damaged in the middle and lower portion of the condenser and it was not possible to replace them without disturbing the healthy ones as such all tubes were to be replaced. To obtain optimum condenser performance in bottom zone also, the Company decided (March 2006) to procure an additional 10,000 CTs. Accordingly extension orders were placed (May 2006) on the same firms, without inviting fresh tenders, to supply the CTs at a cost of Rs. 2.19 crore on same terms and conditions as in original order.

Audit noticed (October 2008) that the Company replaced (September 2006) only 2000 tubes towards plugging, replacement of leaking tubes etc. Thus, the contention of the Company that it was not possible to replace CTs without disturbing the healthy ones and required replacement of all the tubes was incorrect and resulted in excess procurement than the requirement. As a result,18,000 CTs were lying idle in stock (January 2009) as the annual overhauling / capital overhauling of Unit IV was not carried out during 2006-07 to 2008-09 .

As per 'Performance Guarantee' clause included in Purchase Order, the Condenser Tubes shall be guaranteed for 18 months from the date of supply or 12 months from the date of commissioning whichever is earlier. The guarantee period is over, any defect due to poor workmanship if discovered later will not render the procured material liable for replacement at supplier's cost. Thus, procurement of CTs in excess of the requirement resulted in blocking up of funds on idle inventory to the extent of Rs. 3.94 crore and resultant loss of interest of Rs. 1.05¹⁸ crore on blocked fund.

¹⁸ Calculated at the existing borrowing rate (10 per cent) of the Company from September 2006 to May 2009.

The Management replied (July 2009) that the idle CTs were not utilised as annual overhauling /capital overhauling was not permitted on the Unit IV during 2006-07 to 2008-09 due to prevailing power position in the State and it shall be utilised whenever the long duration overhaul was carried out during 2009-10 or else utilised in other units of the generating station.

The reply is not convincing as the procurement of the CTs was not need based leading to idle inventory and the Company could have waited for firm confirmation from the generation station before initiating procurement action.

The matter was reported to Government (May 2009); the reply has not been received (November 2009).

Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited

3.8 Undue benefit to a defaulted consumer

Undue benefit extended to an HT Consumer in Morena by allowing payment of outstanding dues of Rs. 12.32 crore in monthly instalments of Rupees six lakh each spread over 17 years, resulted in loss to the Company.

An HT consumer in Morena, was found (September 1999) involved in the theft of energy. The service connection was disconnected (October 1999) and the Board issued (March 2000) supplementary demand for Rs. 12.32 crore. Consumer requested the Board for resumption of supply and permission to pay supplementary bill in instalments. The Board directed the consumer to make down payment of Rs. 50 lakh which was paid by the consumer in September 2000 out of which, Rs. 25 lakh was adjusted against his supplementary bill. The Board then decided (January 2001) the payment plan according to which the consumer could pay 20 per cent of the dues as down payment and balance amount in 18 monthly instalments.

The consumer did not accept the above conditions and accordingly the service was not restored. The consumer filed (23 January 2003) a petition in Honourable High Court of Gwalior for reconnection. The Court dismissed the petition and decided (September 2003) the case in favour of the Company. The consumer again applied (September 2004) for reconnection and the same was provided in October 2004 by the Madhya Pradesh State Electricity Board without receipt of any down payment. A new power supply agreement was executed according to which outstanding dues of Rs. 12.32 crore were to be paid in instalments of Rupees six lakh per month along with monthly energy bill. The Company had recovered Rs. 3.61 crore including down payment Rs. 25 lakh from the consumer against the supplementary demand up to June 2009 and balance Rs. 8.71 crore was outstanding at the end of June 2009.

The decision of the Company / Board in restoring power supply to the defaulting consumer without receipt of down payment and permitting unusually long period of more than 17 years for payment of arrears violated Company / Board's own decision (January 2001) and resulted in undue benefit to a consumer who was found involved in power theft. In the process the Company also had to sustain a loss of Rs. 3.07 crore since net present value of Rs. 12.32 crore due for recovery over a span of 17 years and one month would amount to Rs. 9.25 crore discounted at Bank saving rate of interest of 3.5 per cent per annum.

Executive Engineer (O&M) Division, Morena, stated (January 2009) that the decision for recovery of outstanding in monthly instalment was taken in the meeting of Board of the Company (August 2004). The Company further replied (August 2009) that the demand made on the customer for theft of power was based on assessed units and not on the basis of actual units supplied to the consumer and therefore the consumer had shown inability to make the payment in the schedule (18 monthly instalments) permitted by the Board and finally it was decided by the Board to allow the consumer to pay in monthly instalments. It was also stated that there was no loss to the Company as there was no practice of charging interest in the permitted instalments for payment as monthly instalments was treated as demand itself.

The reply is not convincing as dues on theft of power were outstanding from March 2000 and as per Tariff Schedule for LT and HT consumers approved by MPERC, interest of one per cent per month or part thereof on the amount outstanding including arrears will be payable if the bills were not paid up to the due date. As the supplementary demand for Rs. 12.32 crore was raised on the consumer in March 2000, interest should have been charged on the dues while extending facility of payments in instalments to avoid loss to the Company. Besides non-receipt of electricity dues in time put burden on the Company to arrange working capital with considerable cost. Also with the Honourable Court's verdict in its favour the Company was free to reiterate its own decision made earlier which were more favorable.

The matter was referred to the Government (June 2009) and the reply had not been received (November 2009).

Madhya Pradesh Power Transmission Company Limited

3.9 Non-recovery of cost of unused material

Non-recovery of cost of material from contractor resulted in loss of Rs. 24.05 lakh.

The Chief Engineer (EHT-O&M), MPSEB, Jabalpur placed an order (July 2005) with a firm in Indore, for erection of 132 KV Meghanagar-Jhabua-Rajgarh (Dhar) double circuit single stringing line for a total value of Rs. 1.70

crore. As per the work order, the Board will supply line material to the firm and the work should have been completed by September 2006 and on completion of work, the balance material shall be returned by the contractor.

During the period November 2005 to September 2007, the Company issued material valued Rs. 7.37 crore to the contractor. Reportedly as the area was unsafe from law and order point of view and miscreants create nuisance, the firm abandoned the work in December 2007 after executing (August 2007) the work of 132 KV Meghnagar- Jhabua portion of the line work and out of 166 locations of Jhabua-Rajgarh line work, the contractor completed stub setting of 54 locations and tower erection of three locations. The value of work completed was Rs. 62.93 lakh i.e. 37 per cent and the Company also paid (January 2006 to December 2007) the full amount of Rs. 62.93 lakh to the firm. The liability of the firm at the time of abandonment of the work was Rs. 24.05 lakh, including Rs. 22.83 lakh pertaining to the value of the material issued to the firm which remained unutilised.

The management stated (November 2009) that the financial interests of the Company were protected by way of the permanent security deposit of Rupees three lakh and the insurance policy taken by the firm for the line material issued was hypothecated in favour of the Company. Legal action against the firm will be taken if the contractor fails to clear the liability.

The reply is not convincing as the security deposit of the firm available with the Company was Rupees three lakh only which was inadequate as compared to the value of the line material issued to the firm and even the same was not forfeited. Further the insurance coverage is no longer available as policy has expired in January 2008. Under the circumstances the recovery is possible only through legal action. Though the contractor abandoned the work in December 2007, the Company had not initiated any legal action against the firm so far (November 2009).

To safeguard its financial interest, the Company should have taken adequate security deposit /bank guarantee equivalent to the value of material supplied to the contractor before commencement of the work.

The matter was reported to the Government (July2009); the reply had not been received (November 2009).

Madhya Pradesh Power Trading Company Limited

3.10 Avoidable expenditure

Non-adherence to time schedule for payment to suppliers of electricity led to avoidable payment of surcharge for Rs. 1.33 crore.

The Company purchases short term power from various private parties to bridge the gap between demand and supply. The Company issues Letter of

Intent (LOI) for purchase of power which *interalia* provide weekly payment to the suppliers in their designated account within seven days from the date of receipt of the bills. Such payments are further secured by a letter of credit (LOC) for 18 days of energy billing furnished by the Company. As per LOI, the Company is also eligible for a rebate of two *per cent* for prompt payment within seven days from the date of receipt of the bill and liable to pay surcharge at the rate 15 *per cent* per annum on payments outstanding after 30 days from the date of receipt of the bill. The cash flow mechanism, 2006 notified (June 2006) by the Government of Madhya Pradesh *interalia* stipulated that cash management function of all the six Companies (three discoms, generating, transmission and power trading company) will be carried out by Madhya Pradesh State Electricity Board and their letter of credit, escrow comforts, working capital will be maintained by it and has a first charge on entire revenue of DISCOMs on sale of power. However, it was the responsibility of the Company to open LOC and escrow and the Board will ensure honouring timely payments through them. But the LOC was not opened by the Company.

Scrutiny of records relating to Madhya Pradesh Power Trading Company Limited for the period March 2007 to May 2008 revealed that in 152 cases there were delays in payment ranging from 1 to 146 days (beyond 30 days allowed for payment of power suppliers bills) and thereby the Company paid surcharge amounting to Rs. 1.33 crore. Thus non opening of LOC in favour of the suppliers as per the terms of agreement and under Cash Flow Mechanism, coupled with non prioritisation of payment of interest bearing suppliers bills, led to the avoidable payment of surcharge to the suppliers.

Had the Company taken due care in opening of LOC as per terms of agreement in favour of short term power suppliers, it would have not only avoided payment of surcharge but also earned rebate of two *per cent* on timely payment of bills within seven days.

The matter was reported (September 2009) to the Government and Company; their reply is awaited (November 2009).

Statutory corporation

Madhya Pradesh Financial Corporation

3.11 Loss due to non-recovery of dues

Release of loan without fulfillment of condition of agreement; and sanction of further loan despite default in repayment of first loan resulted in non-recovery of dues of Rs. 2.25 crore.

The Corporation sanctioned a loan of Rs. 35 lakh to Sumit Foods, Guna in June 1995 for setting up a cold storage and ice plant with the condition that the entrepreneur will employ suitable qualified and experienced staff to the

satisfaction of the Corporation. Though the above requirement was not met by the applicant, the loan was disbursed in December 1998 (Rs. 30.38 lakh) and March 1999 (Rs. 4.62 lakh), with commencement of repayment from December 1999.

The firm did not pay even the first instalment of repayment of loan. Notwithstanding the above lapse on the part of the firm, the Corporation further disbursed a loan of Rs. 10 lakh to it in February 2000 with repayment due from March 2001. The Corporation served (May 2000) a legal notice under section 29 of the State Financial Corporations Act, 1951 to take over the assets of the firm but withdrew the same (March 2002) in consideration of continuous drought condition and further disbursed Rs. 2.25 lakh in April 2002 and Rs. 2.75 lakh in May 2002. Funded Interest Term Loan of Rs. 19.09 lakh was also sanctioned in March 2002 by transferring accumulated interest from first two loans. The firm paid only Rs. 3.34 lakh (Rs. 3.00 lakh in March 2001 and Rs. 0.34 lakh in October 2002) and the unrealised amount rose to Rs. 2.25 crore including interest upto 31 March 2009.

The Deputy General Manager, Gwalior of the Corporation, meanwhile, visited the plant (January 2007) and found that it was lying closed. The Corporation issued a legal notice in January 2007 to the borrower and the guarantors but took no further action despite clear provision under section 29 and /or section 31 of the State Financial Corporations Act, 1951 for issuance of Revenue Recovery Certificates proceedings.

The Corporation stated (June 2009) that the firm had no experience of running a cold storage and ice plant and it had submitted a rehabilitation proposal to the Directorate of Industries, under M. P. Small Scale Industries Revival Scheme and taking over of the assets without finalisation of the scheme would not be proper. The fact, however, remained that the unit did not evince any interest for rehabilitation as evident from its non-participation in meetings held in this regard on 24 March 2007, 18 September 2007 and 21 October 2008. The Corporation further stated (October 2009) that the amount shall be realised once the Department of Commerce and Industries informs that Rehabilitation proposal has been rejected.

The reply of the management is not convincing, as the Corporation had not initiated any concrete action to recover the dues while the loanee is not concerned about finalisation of rehabilitation package as well as repayment of loan.

The Corporation should immediately start recovery proceedings against the defaulting firm and also consider taking action against the defaulting officers for granting loan without observing principle of financial prudence and for failure to take timely action for recovery.

Thus, release of loan despite non-availability of qualified and experienced staff and sanction of further loan to the defaulter firm and absence of concrete action for recovery of dues led to non-recovery of dues of Rs.2.25 crore.

The matter was reported to Government (September 2009); the reply is awaited (November 2009).

Outstanding paras of Companies/Corporations

3.12 Opportunity to recover money ignored

Seventeen PSUs did not either seize the opportunity to recover their money or pursue the matter to the logical end. As a result, recovery of money amounting to Rs. 118.84 crore remains doubtful.

A review of unsettled paras from Inspection Report (IRs) pertaining to periods upto 2003-04 showed that there were 72 paras in respect of 17 companies/corporation involving a recovery of Rs. 118.84 crore. As per the instructions issued to all the Heads of the Departments by the Finance Department, Government of Madhya Pradesh, all inspection reports shall be replied alongwith note on remedial action taken/proposed to be taken within a period of four weeks after receipt of Inspection Reports. However inspite of these instructions no effective action has been taken by concerned PSU to take the matters to their logical end i.e. to recover money from the concerned parties. PSUs have, thus, lost the opportunity to recover the money, which could have augmented their finances.

PSU wise details of paras and recovery amount are given below:

(Amount: Rupees in crore)

Sl. No.	Companies/Corporation Name	No. of paras	Amount for recovery
1	Madhya Pradesh Leather Development Corporation Limited	1	0.90
2	Madhya Pradesh State Industrial Development Corporation Limited	1	0.64
3	M.P. Audyogik Kendra Vikas Nigam (Bhopal) Limited	4	0.78
4	M.P. Audyogik Kendra Vikas Nigam (Jabalpur) Limited	1	0.82
5	M.P. Audyogik Kendra Vikas Nigam (Indore) Limited	4	0.92
6	Madhya Pradesh Urja Vikas Nigam Limited	1	0.38
7	Madhya Pradesh State Civil Supplies Corporation Limited	6	11.69
8	Madhya Pradesh Police Housing Corporation Limited	6	0.27
9	The Madhya Pradesh State Agro Industries Development Corporation Limited	1	1.40
10	Madhya Pradesh Financial Corporation	6	19.47
11	Madhya Pradesh State Textile Corporation Limited	4	1.87
12	Madhya Pradesh State Tourism Development Corporation Limited	3	0.69
13	Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited	6	6.37
14	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited	12	4.97
15	Madhya Pradesh Power Transmission Company Limited	3	0.22
16	Madhya Pradesh Poorva Kshetra Vidyut Vitaran Company Limited	2	6.68
17	Madhya Pradesh Power Generating Company Limited	11	60.77
	Total	72	118.84

The list of individual paras is given in **Annexure-10** for respective companies/corporation.

The paras mainly pertain to outstanding recovery on account of excess payment to employees and contractor, non-recovery of other dues/ loan etc. The cumulative effect of above lapses amounts to Rs. 118.84 crore as reflected in 72 individual paras issued after conducting audit.

Above cases pointed out the failure on the part of authorities of respective PSU to safeguard their financial interests. Audit observations and their repeated follow up action by Audit, include bringing to the notice of the Administrative/Finance Department and the management of respective PSU the pendency situation periodically, but without any improvement and change in the status as reported earlier. The PSUs should initiate immediate steps to recover the money and complete the exercise in a time bound manner.

The matter was reported to PSUs in October 2009, their replies are awaited (November 2009).

3.13 Lack of remedial action on audit observations

Eighteen PSUs did not either take remedial action or pursue the matter to logical end in respect of Inspection Reports paras, which led to foregoing the opportunity for improving their performance.

A review of unsettled paras from Inspection Report (IRs.) pertaining to periods upto 2003-04 showed that there were 117 paras in respect of 18 PSUs which pointed out deficiencies in the functioning of these PSUs. As per the instructions issued to all the Heads of the Departments by Finance and Planning Department, Government of Madhya Pradesh, all the Inspection Reports shall be replied alongwith remedial action taken/proposed to be taken within period of four weeks after receipt of Inspection Reports. However, inspite of these instructions no effective action has been taken by concerned PSU 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:

Sl. No.	PSUs Name	No. of paras
1.	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited	4
2.	Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited	5
3	Madhya Pradesh Power Transmission Company Limited	1
4	Madhya Pradesh Poorva Kshetra Vidyut Vitaran Company Limited	2
5	Madhya Pradesh Leather Development Corporation Limited	2
6	Madhya Pradesh State Industrial Development Corporation Limited	5

Sl. No.	PSUs Name	No. of paras
7	Madhya Pradesh Audyogik Kendra Vikas Nigam (Bhopal) Limited	2
8	Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited	11
9	Madhya Pradesh State Mining Corporation Limited	3
10	Madhya Pradesh Urja Vikas Nigam Limited	1
11	Madhya Pradesh State Civil Supplies Corporation Limited	14
12	Madhya Pradesh Police Housing Corporation Limited	9
13	The Madhya Pradesh State Agro Industries Development Corporation Limited	7
14	Madhya Pradesh Financial Corporation Limited	2
15	Madhya Pradesh State Textile Corporation Limited	25
16	Madhya Pradesh State Tourism Development Corporation Limited	7
17	Madhya Pradesh Adivasi Vitta Evam Vikas Nigam Limited	3
18	Madhya Pradesh Power Generating Company Limited	14
	Total	117

The list of individual paras is given in *Annexure-11* for respective PSUs.

The paras mainly pertain to losses sustained by the PSUs on non disposal of assets, damage of stock, misappropriation of budget grants, blocking of funds and infructuous expenditure, excess payment and non enhancement of premium, non payment of royalties, loss on sale of materials and non recovery of differential rates, excess expenditure on construction of quarters, under utilisation of subsidy and sale of poor quality seeds, missing assets, non utilisation of grants, closures of emporia, loss on sale and disposal of stocks, loss due to fire, infructuous investment and excess expenditure on tourist centers etc. With regard to power sector companies the nature of audit observation mainly pertain to delay in completion of substations, blocking of funds, non collection of supervision charges etc. In financial terms Rs. 132.36 crore is involved in 117 audit observations which require action/attention of Government/ Management.

Above cases pointed out the failure on part of respective PSU to address the specific deficiencies and ensure accountability of their staff. Audit observations and their repeated follow up by Audit, including the pendency position was brought to the notice of the Administrative/ Finance Department and PSU periodically. The situation however has remained unchanged.

The PSU should initiate immediate steps to recover the money and complete the exercise for improvement in a time bound manner.

The matter was reported to PSUs in October 2009, their replies are awaited (November 2009).

General

Follow-up action on Audit Reports

Explanatory notes outstanding

3.14.1 Report 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 the various offices of Public Sector Undertakings and Departments of Government. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. Chief Secretary, Government of Madhya Pradesh had issued instructions (November 1994) to all Administrative Departments to submit explanatory notes indicating corrective/remedial action taken or proposed to be taken on the 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 Undertaking (COPU).

Though, the Audit Report for the year 2006-07 was presented to the State Legislature on 18 March 2008, four departments which were commented upon, did not submit explanatory notes on seven out of 21 paragraphs /reviews as on 31 September 2009. Department-wise analysis is given in the *Annexure-12*.

Compliance to the Reports of Committee on Public Undertakings

3.14.2 The replies to recommendations of the COPU, as contained in its Reports, are required to be furnished within six months from the date of presentation of the Report by the COPU to the State Legislature. On the basis of recommendations of the COPU, no Action Taken Notes (ATNs) were received during 2008-09.

Response to Inspection Reports, Draft Paragraphs and Reviews

3.14.3 Audit observations noticed during audit and not settled on the spot are communicated to the heads of the PSUs and the administrative departments concerned of the State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through the respective heads of administrative departments within a period of four weeks. Inspection reports issued up to March 2009 pertaining to 37 PSUs showed that 4,277 paragraphs relating to 1,856 inspection reports remained outstanding at the end of September 2009. Of these, 1,845 inspection reports containing 4,211 paragraphs had not been replied to for one to 23 years. Department-wise breakup of inspection reports and audit observations outstanding as on 30 September 2009 is given in *Annexure-13*.

Similarly, draft paragraphs and reviews on the working of PSUs 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 four weeks. It was, however, noticed that

replies to one review and 12 draft paragraphs forwarded to various departments between May 2009 to October 2009 as detailed in **Annexure-14**, had not been received (November 2009).

It is recommended that the Government should ensure that: (a) procedure exists for action against the officials who fail to send replies to Inspection Reports/ draft paragraphs/reviews 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.

Gwalior
The

(Sanat Kumar Mishra)
Principal Accountant General
(Civil and Commercial Audit)
Madhya Pradesh

Countersigned

New Delhi
The

(Vinod Rai)
Comptroller and Auditor General of India

Annexure-1
(Referred to in paragraph 1.7)

Statement showing particulars of upto date paid up capital, loans outstanding and manpower as on 31 March 2009 in respect of Government companies* and Statutory corporations

(Figures in column 5(a) to 6(d) are Rupees in crore)

Sl. No.	Sector & Name of the PSU	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)	Manpower (No. of employees)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
1	2	3	4	5 (a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6 (d)	7	8
A. Working Government Companies													
AGRICULTURE & ALLIED													
1	The Madhya Pradesh State Agro Industries Development Corporation Limited (MPSAIDCL)	Fruit processing and Horticulture	21 March 1969	2.10	1.20	--	3.30	1.97	--	--	1.97	0.60:1 (0.60:1)	531
2	Madhya Pradesh Rajya Van Vikas Nigam Limited (MPRVVNL)	Forest	24 July 1975	37.93	1.39	--	39.32	--	--	--	--	--	1155
Sector wise total				40.03	2.59	--	42.62	1.97	--	--	1.97	0.05:1	1686
FINANCE													
3	M.P. Audyogik Kendra Vikas Nigam (Bhopal) Limited (MPAKVN(B)L)	Commerce & Industries	16 October 1987	--	--	1.35	1.35	--	--	--	--	--	275
4	M.P. Audyogik Kendra Vikas Nigam (Indore) Limited (MPAKVN(I)L)	--do--	16 November 1981	--	--	1.65	1.65	--	--	--	--	-- (6.31:1)	210
5	M.P. Audyogik Kendra Vikas Nigam (Jabalpur) Limited (MPAKVN(J)L)	--do--	16 November 1981	--	--	1.33	1.33	--	--	--	--	--	70
6	M.P. Audyogik Kendra Vikas Nigam (Rewa) Limited (MPAKVN(R)L)	--do--	16 November 1981	--	--	0.80	0.80	1.09	--	--	1.09	1.36:1 (1.36:1)	93
7	M.P. Audyogik Kendra Vikas Nigam (Ujjain) Limited (MPAKVN(U)L)	--do--	02 September 2008	--	--	10.00	10.00	--	--	--	--	--	6
8	Industrial Infrastructure Development Corporation (Gwalior) Limited (IIDC(G)L)	--do--	28 May 1985	--	--	0.75	0.75	--	--	--	--	--	154

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1	2	3	4	5 (a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6 (d)	7	8
9.	Madhya Pradesh Pichhara Varg Tatha Alpsankhyak Vitta Evam Vikas Nigam Limited (MPPVTAVVL)	Picchra Varg Kalyan	29 September 1994	7.55	--	--	7.55	0.58	--	32.26	32.84	4.35:1 (4.64:1)	20
10.	Madhya Pradesh Adivasi Vitta Evam Vikas Nigam Limited (MPAVVNL)	Schedule Tribe Welfare	29 September 1994	20.67	0.69	--	21.36	--	--	29.15	29.15	1.36:1 (1.74:1)	114
11.	The Provident Investment Company Limited (TPICL)	Finance	04 December 1926	0.49	--	--	0.49	--	--	--	--	--	23
12.	Madhya Pradesh State Industrial Development Corporation Limited (MPSIDCL)	Commerce & Industries	13 September 1965	81.09	--	--	81.09	105.65	--	440.41	546.06	6.73:1 (6.74:1)	98
Sector wise total				109.80	0.69	15.88	126.37	107.32	--	501.82	609.14	4.82:1	1063
INFRASTRUCTURE													
13.	Madhya Pradesh Police Housing Corporation Limited (MPPHCL)	Home (Police)	31 March 1981	4.58	--	--	4.58	--	--	--	--	--	141
14.	Madhya Pradesh Road Development Corporation Limited (MPRDCL)	PWD	14 July 2004	18.00	--	--	18.00	--	--	--	--	--	117
Sector wise total				22.58	--	--	22.58	--	--	--	--	--	258
MANUFACTURING													
15.	Pithampur Auto Cluster Pvt. Limited (PACPL)	Commerce & Industries	27 December 2004	--	--	9.98	9.98	--	--	--	--	--	2
16.	Madhya Pradesh State Electronics Development Corporation Limited (MPSEDCL)	Commerce & Industries	18 November 1983	21.91	--	--	21.91	--	--	--	--	--	72
17.	Crystal I.T. Park (Indore) Limited (CITPIL)	Commerce & Industries	16 September 2004	0.05	--	--	0.05	--	--	--	--	--	--
18.	Madhya Pradesh Hastha Shilp Evam Hath Kargha Vikas Nigam Limited (MPHHVNL)	Gram Udyog	28 November 1981	0.02	0.52	0.72	1.26	0.13	--	1.25	1.38	1.10:1 (1.79:1)	292
19.	Madhya Pradesh State Mining Corporation Limited (MPSMCL)	Mineral Resources	19 January 1962	2.20	--	--	2.20	--	--	--	--	--	435
Sector wise total				24.18	0.52	10.70	35.40	0.13	--	1.25	1.38	0.04:1	801
POWER													
20.	Madhya Pradesh Urja Vikas Nigam Limited(MPUVNL)	Energy Department	25 August 1982	0.69	--	--	0.69	--	--	--	--	--	229
21.	Madhya Pradesh Power Transmission Company Limited (MPPTCL)	Energy	22 November 2001	1324.53	--	--	1324.53	1164.37	--	590.04	1754.41	1.32:1 (1.39:1)	4980
22.	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited (MPPoKVVCL)	-do-	31 May 2002	603.79	--	--	603.79	366.79	--	488.56	855.35	1.42:1 (1.69:1)	13748

1	2	3	4	5 (a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6 (d)	7	8
23.	Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited (MPPaKVVCL)	-do-	31 May 2002	662.80	--	--	662.80	164.86	--	618.23	783.09	1.18:1 (0.98:1)	51
24.	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited (MPMKVVCL)	-do-	31 May 2002	529.88	--	--	529.88	577.01	--	332.88	909.89	1.72:1 (2.13:1)	--
25.	Madhya Pradesh Power Generating Company Limited (MPPGCL)	-do-	22 November 2001	2865.85	--	185.00	3050.85	17.78	--	3018.87	3036.65	1.00:1 (0.93:1)	6432
26.	Shahpura Thermal Power Company Limited (STPCL)	-do-	5 February 2007	--	--	0.05	0.05	--	--	--	--	--	7
27.	Madhya Pradesh Power Trading Company Limited (MPPTCL)	-do-	2 May 2006	20.00	--	--	20.00	--	--	--	--	--	129
Sector wise total				6007.54	--	185.05	6192.59	2290.81	--	5048.58	7339.39	1.19:1	25576
SERVICES													
28	M.P. Trade and Investment Facilitation Corporation Limited (MPTIFCL)	Commerce & Industries	14 February 1977	0.80	--	--	0.80	--	--	--	--	--	26
29	Madhya Pradesh Laghu Udyog Nigam Limited (MPLUNL)	-do-	28 December 1961	2.68	0.15	--	2.83	--	--	--	--	--	350
30	SEZ Indore Limited (SEZIL)	-do-	20 February 2003	2.00	--	29.39	31.39	--	--	--	--	--	3
31	Madhya Pradesh State Civil Supplies Corporation Limited (MPSCSCL)	Food, Civil Supplies & Consumer Protection	03 April 1974	8.47	--	--	8.47	--	--	--	--	--	1011
32.	Madhya Pradesh State Tourism Development Corporation Limited (MPSTDCL)	Tourism	24 May 1978	24.97	--	--	24.97	--	--	--	--	--	688
33.	Indore City Transport Services Limited (ICTSL)	Nagar Nigam	1 December 2005	--	--	0.25	0.25	--	--	--	--	--	7
34.	Jabalpur City Transport Services Limited (JCTSL)	Nagar Nigam,	31 August 2006	--	--	0.25	0.25	--	--	--	--	--	3
35.	Bhopal City Link Limited (BCLL)	Nagar Nigam,	25 July 2006	0.30	--	--	0.30	--	--	--	--	--	3
36.	Ujjain City Transport Services Limited (UCTSL)	--	--	--	--	--	--	--	--	--	--	--	--
Sector wise total				39.22	0.15	29.89	69.26	--	--	--	--	--	2091
Total A (All sector wise working Government Companies)				6243.35	3.95	241.52	6488.82	2400.23	--	5551.65	7951.88	1.23:1	31475

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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 & ALLIED													
1.	Madhya Pradesh Warehousing and Logistics Corporation (MPWLC)	Food, Civil Supplies & Consumer Protection	19 February 1958	4.28	--	3.78	8.06	--	--	3.28	3.28	0.41:1 (0.40:1)	1469
Sector wise total				4.28	--	3.78	8.06	--	--	3.28	3.28	0.41:1	1469
FINANCE													
2.	Madhya Pradesh Financial Corporation (MPFC)	Finance	30 June 1955	318.70	--	22.44	341.14	1.43	--	458.74	460.17	1.35:1 (1.38:1)	241
Sector wise total				318.70	--	22.44	341.14	1.43	--	458.74	460.17	1.35:1	241
POWER													
3.	Madhya Pradesh State Electricity Board (MPSEB)	Energy	01 April 1957 / 1 January 2001	1098.00	--	--	1098.00	--	--	--	--	--	1259
Sector wise total				1098.00	--	--	1098.00	--	--	--	--	--	1259
SERVICES													
4.	Madhya Pradesh Road Transport Corporation (MPRTC)	Transport	21 May 1962 / 1 January 2003	109.96	31.85	--	141.81	573.35	--	143.49	716.84	5.05:1 (5.05:1)	1361
Sector wise total				109.96	31.85	--	141.81	573.35	--	143.49	716.84	5.05:1	1361
Total B (All sector wise working Statutory corporations)				1530.94	31.85	26.22	1589.01	574.78	--	605.51	1180.29	0.74:1	4330
Grand Total (A+B)				7774.29	35.80	267.74	8077.83	2975.01	--	6157.16	9132.17	1.13:1	35805
C. Non working Government Companies													
AGRICULTURE & ALLIED													
1.	Madhya Pradesh Lift Irrigation Corporation Limited (MPLICL)	Water resources Deptt.	13 July 1976	5.92	--	--	5.92	--	--	--	--	--	Under liquidation
2.	Madhya Pradesh State Dairy Development Corporation Limited (MPSDDCL)	Agriculture	22 March 1975	--	--	--	--	--	--	--	--	--	Under liquidation
Sector wise total				5.92	--	--	5.92	--	--	--	--	--	--
FINANCE													
3.	Madhya Pradesh Film Development Corporation Limited (MPFDCL)	Department of Culture	16 December 1981	1.04	--	--	1.04	--	--	--	--	--	Under liquidation
4.	Madhya Pradesh Panchayati Raj Viitta Evam Gramin Vikas Nigam Limited (MPPRGVNL)	Panchayat and Rural Development	30 March 1981	0.16	--	--	0.16	--	--	--	--	--	Under liquidation
Sector wise total				1.20	--	--	1.20	--	--	--	--	--	--
INFRASTRUCTURE													
5.	The Madhya Pradesh State Industries Corporation Limited (MPSICL)	Commerce and Industries	11 April 1961	15.12	--	--	15.12	42.36	--	0.03	42.39	2.80:1 (2.81:1)	closed

1	2	3	4	5 (a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6 (d)	7	8
6.	Madhya Pradesh Rajya Setu Nirman Nigam Limited (MPRSNNL)	PWD	04 October 1978	5.00	--	--	5.00	--	--	--	--	--	closed
Sector wise total				20.12	--	--	20.12	42.36	--	0.03	42.39	2.11:1	--
MANUFACTURING													
7.	Madhya Pradesh Leather Development Corporation Limited (MPLDCL)	Rural Industries Department	25 November 1981	1.54	--	--	1.54	--	--	--	--	--	closed
8.	Optel Telecommunication Limited (OTL)	Commerce and Industries	23 December 1988	--	--	23.96	23.96	17.12	--	29.48	46.60	1.94:1 (1.94:1)	35
9.	Madhya Pradesh State Textile Corporation Limited (MPSTCL)	Commerce and Industries	27 November 1970	6.86	--	--	6.86	86.74	--	1.10	87.84	12.80:1 (12.81:1)	05
10.	Madhya Pradesh Vidyut Yantra Limited (MPVYL)			--	--	1.50	1.50	--	--	--	--	--	--
Sector wise total				8.40	--	25.46	33.86	103.86	--	30.58	134.44	3.97:1	40
Total C (All sector wise non working Government companies)				35.64	--	25.46	61.10	146.22	--	30.61	176.83	2.89:1	40
Grand Total (A+B+C)				7809.93	35.80	293.20	8138.93	3121.23	--	6187.77	9309.00	1.14:1	35845

Note

- 1 *For M. P. Madhya Kshetra Vidyut Vitaran Company Limited (A-24) data of year 2007-08 has been adopted as company was unable to furnish detail due to Accounts being under finalisation.*
- 2 *Ujjain City Transport Services Limite (A-36) is formed during 2008-09, information was not provided by company.*
- 3 *For Jabalpur City Transport Services Limited (A-35) equity capital for 2007-08 has been taken.*
- 4 *Paid up capital of M.P. Vidyut Yantra Limited (C-10) is taken for 1998-90 (AR 2007-08) as the company is non functional and no information is received*

** *Paid up capital includes share application money.*

*** *Loans outstanding at the close of 2008-09 represent long term loans only.*

* *Above includes Section 619-B companies at Sr. No A- 33 to A-36 (working Government companies) and Sr. No.C- 10 (Non working Government companies)*

Annexure –2
(Referred to in paragraphs 1.15 and 1.47)

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised
(Figures in column 5 (a) to 11 are Rupees in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit /Loss (-)				Turnover	Impact of Accounts Comments^	Paid up Capital	Accumulated Profit /Loss (-)	Capital employed	Return on capital employed#	Percentage return on capital employed
				Net Profit/ Loss(-) before Interest & Depreciation	Inte- rest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
AGRICULTURE & ALLIED														
1.	MPSAIDCL	2006-07	2008-09	(-)0.20	0.25	0.31	(-)0.76	209.67	-	3.30	(-)9.90	0.85	(-)0.51	--
2.	MPRVVNL	2007-08	2008-09	8.30	-	0.38	7.92	27.13	0.35	39.32	23.09	76.27	7.92	10.38
Sector wise total				8.10	0.25	0.69	7.16	236.80		42.62	13.19	77.12	7.41	9.61
FINANCE														
3.	MPAKVN(B)L	2007-08	2008-09	1.01	--	0.06	0.95	5.75	--	1.35	2.87	4.23	0.95	22.46
4.	MPAKVN(I)L	2005-06	2009-10	2.80	--	1.26	1.54	10.35	--	1.65	0.63	85.80	1.54	1.79
5.	MPAKVN(J)L	2007-08	2009-10	0.61	--	0.01	0.60	1.55	--	1.33	7.37	8.50	0.60	7.06
6.	MPAKVN(R)L	2007-08	2008-09	0.07	--	--	0.07	0.52	--	0.80	0.28	2.69	0.07	2.60
7.	MPAKVN(U)L	First accounts not received												
8.	IIDC(G)L	2005-06	2007-08	(-)0.09	--	0.05	(-)0.14	0.19		0.75	1.26	2.31	(-)0.14	--
9.	MPPVTAVVNL	2000-01	2008-09	0.25	--	0.01	0.24	1.31	(-)0.94	4.43	0.29	24.51	0.24	0.98
10.	MPAVVNL	2001-02	2007-08	3.02	1.21	0.01	1.80	4.36	--	15.77	1.71	44.13	3.01	6.86
11.	TPICL	2005-06	2007-08	3.68	--	0.04	3.64	5.01	--	0.50	7.88	9.71	3.64	37.49
12.	MPSIDCL	2007-08	2009-10	36.60	--	0.25	36.35	9.34	--	81.09	(-)621.01	89.33	36.35	40.69
Sector wise Total				47.95	1.21	1.69	45.05	38.38		107.67	(-)598.72	271.21	46.26	17.06
INFRASTRUCTURE														
13.	MPPHCL	2007-08	2009-10	7.85	--	0.14	7.71	30.81	(-)0.50	4.57	23.00	29.12	7.71	26.48
14.	MPRDCL	2007-08	2009-10	5.13	--	0.14	4.99	17.95	(-)2.73	11.50	14.99	32.17	4.99	15.51
Sector wise Total				12.98		0.28	12.70	48.76		16.07	37.99	61.29	12.70	20.72
MANUFACTURING														
15.	PACPL	2007-08	2008-09	1.62	0.12	0.05	1.45	0.17	--	5.98	1.89	38.46	1.57	4.08
16.	MPSEDCL	2006-07	2008-09	0.28	--	0.29	(-)0.01	4.32	--	21.91	(-)10.01	72.87	(-)0.01	--
17.	CITPHL	2005-06	2009-10	--	--	--	--	--	--	0.05	--	--	--	--
18.	MPHHVNL	2004-05	2008-09	1.02	0.14	0.26	0.62	21.19	(+)0.02	1.26	0.14	16.25	0.76	4.68
19.	MPSMCL	2007-08	2008-09	12.29	--	0.15	12.14	56.25	--	2.20	57.60	49.76	12.14	24.40
Sector wise Total				15.21	0.26	0.75	14.20	81.93		31.40	49.62	177.34	14.46	8.15

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
POWER														
20.	MPUVNL	2007-08	2008-09	(-)1.58	--	1.81	(-)3.39	2.35	--	0.69	--	1.34	(-)3.39	--
21.	MPPTCL	2008-09	2009-10	190.07	--	194.74	(-)4.67	818.85	--	1324.53	(-)14.41	3489.73	(-)4.67	--
22.	MPPoKVVCL	2008-09	2009-10	(-)1535.20	86.66	85.06	(-)1706.92	2424.94	(-)42.12	603.79	(-)2233.76	(-)293.28	(-)1620.26	--
23.	MPPaKVVCL	2007-08	2008-09	(-)446.56	151.97	75.91	(-)674.44	2548.60	--	788.58	(-)1034.02	810.34	(-)522.47	--
24.	MPMKVVCL	2007-08	2008-09	(-)384.95	47.95	61.32	(-)494.22	2174.75	--	564.37	(-)1322.55	490.25	(-)446.27	--
25.	MPPGCL	2008-09	2009-10	129.40	205.17	259.89	(-)335.66	2563.30	(-)3.49	3050.85	(-)363.32	5785.32	(-)130.49	--
26.	STPCL	2008-09	2009-10	--	--	--	--	--	--	0.05	--	1.54	--	--
27.	MPPTDCL	2006-07	2009-10	0.04	--	--	0.04	5662.05	--	19.95	0.04	19.96	0.04	0.20
Sector wise Total				(-) 2048.78	491.75	678.73	(-) 3219.26	16194.84		6352.81	(-)4968.02	10305.20	(-) 2727.51	--
SERVICES														
28	MPTIFCL	2006-07	2009-10	0.15	--	0.08	0.07	28.38	--	0.80	5.44	7.48	0.07	0.94
29	MPLUNL	2007-08	2008-09	15.04	--	0.54	14.50	131.81	(+)0.18	2.82	34.38	36.79	14.50	39.41
30	SEZIL	2005-06	2009-10	2.16	--	0.33	1.83	11.48	(+)0.50	26.97	0.63	36.11	1.83	5.07
31	MPSCSCL	2008-09	2009-10	10.80	--	0.34	10.46	2755.56	(-)193.70	8.40	133.17	637.70	10.46	1.64
32.	MPSTDCL	2005-06	2009-10	2.32	--	1.57	0.75	22.46	(-)0.22	24.97	(-)10.10	84.16	0.75	0.89
33.	ICTSL	First accounts not received												
34.	JCTSL	2006-07	2007-08	--	--	--	--	0.03	--	0.25	--	0.24	--	--
35.	BCLL	First accounts not received												
36.	UCTSL	First accounts not received												
Sector wise Total				30.47	--	2.86	27.61	2949.72		64.21	163.52	802.48	27.61	3.44
Total A (All sector wise working Government companies)				(-) 1934.07	493.47	685.00	(-) 3112.54	19950.43		6614.78	(-) 5302.42	11694.64	(-) 2619.07	--
B. Working Statutory corporation														
AGRICULTURE & ALLIED														
1.	MPW&LC	2008-09	2009-10	9.82	--	4.83	4.99	48.97	--	8.06	69.39	125.55	4.99	3.97
Sector wise total				9.82	--	4.83	4.99	48.97	--	8.06	69.39	125.55	4.99	3.97
FINANCE														
2.	MPFC	2008-09	2009-10	36.00	35.49	--	0.51	44.11	(-)1.95	338.29	(-)240.78	795.21	36.00	4.53
Sector wise total				36.00	35.49	--	0.51	44.11	(-)1.95	338.29	(-)240.78	795.21	36.00	4.53
POWER														
3.	MPSEB	2006-07	2009-10	12.70	6.82	5.35	0.53	882.12		778.00	0.53	1140.53	7.35	0.64
Sector wise total				12.70	6.82	5.35	0.53	882.12		778.00	0.53	1140.53	7.35	0.64
SERVICES														
4.	MPRTC	2007-08	2008-09	1.08	10.10	4.60	(-)13.62	210.05		141.81	(-)1024.52	(-)144.80	(-)3.52	--
Sector wise total				1.08	10.10	4.60	(-)13.62	210.05		141.81	(-)1024.52	(-)144.80	(-)3.52	--
Total B (All sector wise working Statutory corporations)				59.60	52.41	14.78	(-)7.59	1185.25		1266.16	(-) 1195.38	1916.49	44.82	2.34
Grand Total (A+B)				(-) 1874.47	545.88	699.78	(-) 3120.13	20735.68		7880.94	(-) 6497.80	13611.13	(-) 2574.25	--

Audit Report (Commercial) for the year ended 31 March 2009

(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
C Non working Government companies														
AGRICULTURE & ALLIED														
1.	MPLICL	2001-02	2009-10	0.01	--	--	0.01	Under liquidation	--	5.92	(-)6.38	(-)0.40	0.01	--
2.	MPSDDCL	2001-02	2002-03	--	--	--	--	Under liquidation	--	--	--	--	--	--
Sector wise total				0.01	--	--	0.01	--	--	5.92	(-)6.38	(-)0.40	0.01	--
FINANCE														
3.	MPFDCL	2007-08	2008-09	--	--	--	--	Under liquidation	--	1.03	--	1.02	--	--
4.	MPPRGVNL	2005-06	2006-07	0.03	--	--	0.03	Under liquidation	--	0.16	0.02	0.16	0.03	18.75
Sector wise total				0.03	--	--	0.03	--	--	1.19	0.02	1.18	0.03	2.54
INFRASTRUCTURE														
5.	MPSICL	2005-06	2008-09	(-)0.40	--	0.03	(-)0.43	0.95	--	15.12	(-)57.58	6.56	(-)0.43	--
6.	MPRSNNL	1989-90	1993-94	(-)1.13	--	--	(-)1.13	Under liquidation	--	5.00	(-)2.15	2.87	(-)1.13	--
Sector wise total				(-) 1.53	--	0.03	(-)1.56	0.95	--	20.12	(-) 59.73	9.43	(-) 1.56	--
MANUFACTURING														
7.	MPLDCL	1995-96	2008-09	0.04	0.01	0.06	(-)0.03	1.06	--	0.96	0.34	1.41	(-)0.02	--
8.	OTL	2006-07	2009-10	(-)3.33	--	2.68	(-)6.01	1.87	(-)2.44	23.97	(-)84.70	9.07	(-)6.01	--
9.	MPSTCL	2005-06	2009-10	(-)4.88	--	0.02	(-)4.90	0.66	--	6.85	(-)106.97	(-)11.89	(-)4.90	--
10.	MPVYL	--	1989-90	--	--	--	--	--	--	1.50	0.04	--	--	--
Sector wise total				(-) 8.17	0.01	2.76	(-)10.94	3.59	--	33.28	(-) 191.29	(-) 1.41	(-) 10.93	--
Total C (All sector wise non working Government companies)				(-) 9.66	0.01	2.79	(-) 12.46	4.54	--	60.51	(-) 257.38	8.80	(-) 12.45	--
Grand Total (A+B+C)				(-) 1884.13	545.89	702.57	(-) 3132.59	20740.22	--	7941.45	(-) 6755.18	13619.93	(-) 2586.70	--

^ *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.*

Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

Annexure-3
(Referred to in paragraph 1.10)

Statement showing grants and subsidy received, guarantees received, waiver of dues, loans, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2009.

(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		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year [@]		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/penal interest waived	Total
1	2	3(a)	3(b)	4 (a)	4 (b)	4 (c)	4 (d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
A.	Working Government companies												
1.	MPSAIDCL	--	--	4.31	0.20	--	4.51	--	--	--	--	--	--
2.	MPRVVNL	--	--	0.22	4.63	--	4.85	--	--	--	--	--	--
3.	MPAKVN(DL)	--	--	4.16	1.00	--	5.16	--	--	--	--	--	--
4.	MPAKVN(JL)	--	--	0.11	3.31	--	3.42	--	--	--	--	--	--
5.	MPAKVN(U/L)	--	--	0.30	0.41	--	0.71	--	--	--	--	--	--
6.	IIDC(G/L)	--	--	3.30	--	--	3.30	--	--	--	--	--	--
7.	MPPVTAVVNL	0.50	0.50	--	0.04	--	0.04	32.26	32.26	--	--	--	--
8.	MPAVVNL	2.00	--	--	1.38	--	1.38	6.85	6.85	--	2.00	--	2.00
9.	MPSIDCL	--	0.98	14.80	--	--	14.80	--	0.60	--	--	--	--
10.	MPRDCL	1.00	--	--	812.87	--	812.87	--	--	--	--	--	--
11.	PACPL	--	--	33.30	--	--	33.30	--	--	--	--	--	--
12.	MPSEDCL	--	--	4.19	27.92	--	32.11	--	--	--	--	--	--
13.	MPHHVNL	--	--	0.76	8.33	--	9.09	--	8.25	--	--	--	--
14.	MPUVNL	--	--	6.63	6.28	--	12.91	--	--	--	--	--	--
15.	MPPTCL	175.40	--	--	--	--	--	--	234.02	--	--	--	--
16.	MPPoKVVCL	110.45	192.02	--	244.63	--	244.63	0.32	0.17	--	--	--	--
17.	MPPaKVVCL	160.72	22.13	--	519.42	--	519.42	--	0.20	--	--	--	--
18.	MPMKVVCL	--	--	--	360.37	--	360.37	--	--	--	--	--	--
19.	MPPGCL	64.61	--	--	--	--	--	260.82	2313.66	--	--	--	--
20.	MPSCSCL	--	--	1237.51	13.47	--	1250.98	10.60	10.60	--	--	--	--
21.	MPSTDCL	--	--	30.89	40.75	--	71.64	--	--	--	--	--	--
22.	BCLL	0.05	--	--	--	--	--	--	--	--	--	--	--
	Total A	514.73	215.63	1340.48	2045.01	--	3385.49	310.85	2606.61	--	2.00	--	2.00
B	Working Statutory corporations												
1.	MPFC	5.00	--	--	0.18	--	0.18	--	131.44	--	--	--	--
2.	MPSEB	160.00	--	--	--	--	--	--	--	--	--	--	--
3.	MPRTC	--	--	--	--	--	--	--	13.22	--	--	--	--
	Total B (All sector wise working Statutory corporations)	165.00	--	--	0.18	--	0.18	--	144.66	--	--	--	--
	Grand Total (A+B)	679.73	215.63	1340.48	2045.19	--	3385.67	310.85	2751.27	--	2.00	--	2.00

Annexure-4
(Referred to in paragraph 1.35)

**Statement showing investment made by the State Government in PSUs,
whose accounts are in arrears**

(Amount:-Rupees in crore)

Sl. No	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Arrear years in which investment received	Investment made by State Government during the year in which accounts are in arrears			
					Equity	Loan	Subsidy	Grants
A. Working Government Companies								
1	The Madhya Pradesh State Agro Industries Development Corporation Limited	2006-07	3.30	2007-08 to 2008-09	--	--	0.64	--
2	Madhya Pradesh Rajya Van Vikas Nigam Limited	2007-08	39.32	2008-09	--	--	--	4.63
3	M.P.A.K.V.N. (Indore) Limited	2005-06	1.65	2006-07 to 2008-09	--	--	1.00	5.71
4	M.P.A.K.V.N. (Jabalpur) Limited	2007-08	1.33	2008-09	--	--	3.31	--
5	M.P.A.K.V.N. (Ujjain) Limited	**	--	2008-09	--	--	0.41	--
6	Madhya Pradesh Pichhada Varg Tatha Alpsankhyak Vitta Evam Vikas Nigam Limited	2000-01	4.43	2001-02 to 2008-09	3.12	0.50	--	0.04
7	Madhya Pradesh Adivasi Vitta Evam Vikas Nigam Limited	2001-02	15.77	2002-03 to 2008-09	4.90	--	29.12	7.82
8	Madhya Pradesh State Industrial Development Corporation Limited	2007-08	81.09	2008-09	--	0.98	--	--
9	M.P. Road Development Corporation Limited	2007-08	11.50	2008-09	1.00	--	812.87	--
10	Madhya Pradesh State Electronics Development Corporation Limited	2006-07	21.91	2007-08 to 2008-09	--	--	27.92	5.80
11	Madhya Pradesh Hashta Shilp Evam Hath Kargha Vikas Nigam Limited	2004-05	1.26	2005-06 to 2008-09	--	--	--	36.46
12	Madhya Pradesh Urja Vikas Nigam Limited	2007-08	0.69	2008-09	--	--	6.28	--
13	Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited.	2007-08	788.58	2008-09	160.72	22.13	512.81	6.61
14	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited.	2007-08	564.37	2008-09			360.37	
15	Madhya Pradesh State Tourism Development Corporation Limited.	2005-06	24.97	2006-07 to 2008-09	--	--	45.86	60.58
16	Bhopal City Link Limited			2006-07 to 2008-09	0.30	--	--	0.89
	Total (A)		1560.17		170.04	23.61	1800.59	128.54
B. Working corporations								
1.	Madhya Pradesh State Electricity Board	2006-07	778.00	2007-08 to 2008-09	320.00	--	--	--
	Total (B)		778.00		320.00	--	--	--
	Grand Total (A+B)		2338.17		490.04	23.61	1800.59	128.54
					2442.78			

Annexure-5
(Referred to in paragraph 1.15)

Statement showing financial position of Statutory corporations
(Amount: Rupees in crore)

Working Statutory corporations			
1. Madhya Pradesh State Electricity Board			
	2004-05	2005-06 [@]	2006-07 (Provisional)
A. Liabilities			
Equity capital	1673.04	479.61	778.00
Loans from Government	3787.10	-	0.00
Other long-term loans (including bonds)	4222.95	2.31	2.31
Reserves and surplus	--	0.03	0.03
Current liabilities and provisions	6492.79	2759.30	891.67
Total A	16175.88	3241.25	1672.01
B. Assets			
Gross fixed assets	11702.04	71.70	72.13
Less : Depreciation	5593.41	40.70	45.61
Net fixed assets	6108.63	31.00	26.52
Capital works-in-progress	2772.78	12.74	12.73
Deferred cost	1.27	-	-
Current assets	6471.99	3074.36	1491.37
Investments	130.58	123.15	141.39
Profit and Loss Account	690.63	-	-
Total - B	16175.88	3241.25	1672.01
(C) Capital employed**	8860.61	358.81	1140.53
2. Madhya Pradesh Road Transport Corporation			
	2005-06	2006-07	2007-08
A. Liabilities			
Capital (including capital loan and equity capital)	141.81	141.81	141.81
Borrowings (Government)	17.50	574.12	703.05
(Others)	466.24	13.79	13.79
Funds [§]	422.57	27.43	21.09
Trade dues and other current liabilities (including provisions)	597.75	920.01	873.52
Total - A	1645.87	1677.16	1753.26
B. Assets			
Gross Block	460.74	460.77	457.50
Less : Depreciation	64.07	69.49	74.59
Net fixed assets	396.67	391.28	382.91
Capital works-in-progress (including cost of chassis)	1.74	1.92	1.16
Investments	0.02	0.02	0.02
Current assets, loans and advances	380.14	273.04	344.65
Accumulated loss	867.30	1010.90	1024.52
Total - B	1645.87	1677.16	1753.26
C. Capital employed[#]	180.80	(-)253.77	(-)144.80

[@] The column depicts the figures as per the accounts prepared by the Board for 10 months period from June 2005 to March 2006 but not submitted for audit. The Board has separately finalised the accounts for the remaining two months (viz April 2005 to May 2005).

^{**} Capital employed represents net fixed assets (including capital works-in-progress) plus working capital. While working out working capital, the element of deferred cost and investments have been excluded from current assets.

[§] Excluding depreciation funds.

3. Madhya Pradesh Financial Corporation			
	2006-07	2007-08#	2008-09
A. Liabilities			
Paid-up capital	268.29	333.29	338.29
Share application money	--	-	-
Reserve fund and other reserves and surplus	8.90	39.02	38.92
Borrowings (Including interest due):			
(i) Bonds and debentures	109.16	65.32	41.40
(ii) Fixed deposits			
(iii) Industrial Development Bank of India & Small Industries Development Bank of India	274.74	301.82	369.45
(iv) Reserve Bank of India	--	--	--
(v) Loan towards share capital from:			
(a) State Government	1.43	1.43	1.43
(b) Small Industrial Development Bank of India	1.43	1.43	1.43
(vi) Others (including State Government)	126.58	91.70	47.48
Other Liabilities and provisions	9.98	22.19	34.61
Total – A	800.51	856.20	873.01
B. Assets			
Cash and Bank balances	13.05	104.06	33.10
Investments	187.22	187.22	187.07
Loans and advances	337.52	302.83	390.42
Net fixed assets	8.52	8.32	8.24
Other assets	11.90	12.48	13.40
Miscellaneous expenditure	242.30	241.29	240.78
Total – B	800.51	856.20	873.01
C. Capital employed*	687.03	812.27	795.21
4. M.P. Warehousing and Logistics Corporation			
	2006-07	2007-08	2008-09
A. Liabilities			
Paid-up Capital	8.06	8.06	8.06
Advances against Capital			
Reserves and surplus	89.09	92.75	97.66
Borrowings (Including interest due):			
Government	--	--	--
Others	4.83	3.66	3.31
Trade dues and current liabilities (including provisions)	35.93	28.39	41.64
Total A	137.91	132.86	150.67
B. Assets			
Gross Block	127.83	139.76	147.94
Less : Depreciation	43.83	48.15	52.97
Net Fixed assets	84.00	91.61	94.97
Capital works-in-progress	8.80	5.79	5.45
Current assets, loan and advances	45.11	35.46	50.25
Total -B	137.91	132.86	150.67
Capital employed[£]	101.98	104.47	125.55

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

Corporation has prepared its accounts for 2007-08 on accrual basis system, based on Recommended Accounting Practices by SIDBI and regrouped the previous year figure (i.e. 2006-07) wherever necessary.

* *Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, loans in lieu of capital, seed money, debentures, reserves (other than those which have been funded specifically and backed by investments outside), bonds, deposits and borrowings (including refinancing).*

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

Annexure-6
(Referred to in paragraph 1.15)

Statement showing working results of Statutory corporations

(Rupees in crore)

A. Working Statutory corporations				
1.	Madhya Pradesh State Electricity Board			
	Particulars	2004-05	2005-06[@]	2006-07 (Provisional)
1	(a) Revenue receipts	6082.74	5393.08	882.12
	(b) Subsidy/Subvention from Government	794.30	67.26	0.00
	Total	6877.04	5460.34	882.12
2	Revenue expenditure (net of expenses capitalised) including write-off of intangible assets but excluding depreciation and interest	6313.70	5820.69	869.42
3	Gross Surplus (+)/Deficit(-) for the year (1-2)	563.34	(-360.35)	12.70
4	Adjustments relating to previous years (Credit)	1511.89	655.70	(-0.53)
5	Final Gross Surplus (+)/Deficit(-) for the year (3+4)	2075.23	295.35	12.17
6	Appropriations :			
	(a) Depreciation (less capitalised)	519.21	95.07	5.35
	(b) Interest on Government loans	106.75	23.21	0.00
	(c) Interest on others, bonds, advance, etc. and finance charges	319.49	101.55	6.82
	(d) Total interest on loans & finance charges (b+c)	426.24	124.76	6.82
	(e) Less :- Interest capitalised	114.10	18.47	0.00
	(f) Net interest charged to revenue (d-e)	312.14	106.29	6.82
	(g) Total appropriations (a+f)	831.35	201.36	12.17
7	Surplus(+)/deficit(-)before accounting for subsidy from State Government {5-6(g)-1(b)}	449.58	26.73	0.00
8	Net Surplus(+)/Deficit (-) {5-6(g)}	1243.88	93.99	0.00
9	Total return on capital employed [*]	1556.02	200.28	7.35
10	Percentage of return on capital employed	17.56	55.82	0.64
2.	Madhya Pradesh Road Transport Corporation			
		2005-06	2006-07	2007-08
1	Operating			
	(a) Revenue	218.34	204.97	205.41
	(b) Expenditure	294.38	340.86	202.16
	(c) Surplus(+)/Deficit(-)	(-76.04)	(-135.89)	3.25
2	Non-operating			
	(a) Revenue	5.42	2.15	4.64
	(b) Expenditure	15.44	9.86	21.51
	(c) Surplus(+)/Deficit(-)	(-10.02)	(-7.71)	(-16.87)
3	Total			
	(a) Revenue	223.76	207.12	210.05
	(b) Expenditure	309.82	350.72	223.67
	(c) Net Profit(+)/Loss(-)	(-86.06)	(-143.60)	(-13.62)
4	Interest on capital and loans	11.00	9.05	10.10
5	Total return on Capital employed*	(-75.06)	(-134.55)	(-3.52)

[@] *The column depicts consolidated figures of the accounts for two periods (i.e. April 2005 to May 2005 and June 2005 to March 2006) as prepared by the Board. The accounts for the period from June 2005 to March 2006 are not yet received for Audit.*

^{*} *Total return on capital employed represents net Surplus/ Deficit plus total interest charged to Profit and Loss Account (less interest capitalised).*

3. Madhya Pradesh Financial Corporation				
		2006-07	2007-08^{\$}	2008-09
1	Income			
	(a) Interest on loans	41.07	46.46	40.60
	(b) Other Income	2.81	31.56	3.51
	Total-1	43.88	78.02	44.11
2	Expenses			
	(a) Interest on long-term loans	34.71	58.25	35.49
	(b) Provision for non performing assets	16.05	3.34	00.81
	(c) Other expenses	8.13	13.13	7.98
	(d) Depreciation	0.21	--	0.24
	Total-2	59.10	74.72	44.52
3	Profit/Loss before tax (1-2)	(-)15.22	(+)3.30	(-)0.41
4	Provision for tax	--	0.21	0.21
5	Other appropriations	--	2.08	(-)1.13
6	Amount available for dividend [†]	--	1.01	--
7	Dividend declared	--	--	--
8	Total return on capital employed**	19.49	61.55	36.00
9	Percentage of return on capital employed	2.84	7.58	4.53
4. M.P. Warehousing and Logistics Corporation				
		2006-07	2007-08	2008-09
	Income			
	(a) Warehousing charges	32.39	35.07	46.34
	(b) Other Income	2.32	3.26	2.63
	Total	34.71	38.33	48.97
	Expenses			
	(a) Establishment charges	16.71	20.34	24.50
	(b) Other expenses	11.26	11.79	16.09
	Total	27.97	32.13	40.59
	Profit (+)/Loss(-) before tax	6.74	6.20	8.38
	Other appropriations [@]	6.44	5.90	8.08
	Amount available for dividend	0.30	0.30	0.30
	Dividend for the year	0.30	0.30	0.30
	Total return on capital employed**	4.00	4.93	4.99
	Percentage of return on capital employed	3.92	4.72	3.97

^{\$} Corporation has prepared its accounts for 2007-08 on accrual basis system, based on Recommended Accounting Practices by SIDBI and regrouped the previous year figure i.e. 2006-07 wherever necessary.

^{*} Represents profit for current year available for dividend after considering the specific reserves and provision for taxation.

[@] This does not include prior period adjustments.

^{**} Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss accounts (less interest capitalised).

Annexue-7
(Referred to in paragraph 2.6)

**Financial Position of The Madhya Pradesh State Agro Industries
Development Corporation Limited**

(Rupees in Lakh)

Particulars	2004-05	2005-06	2006-07
Liabilities			
Paid up Capital	329.50	329.50	329.50
Reserves & Surplus	47.29	43.19	57.09
Unsecured Loan	197.16	197.16	197.16
Interest on Unsecured Loan	467.75	486.65	505.55
Trade dues & Current Liabilities	7250.77	7025.78	9281.17
Total	8292.47	8082.28	10370.47
Assets			
Gross Block	1035.55	1053.79	1087.51
(-) Depreciation	604.11	634.01	654.25
Net Block(Fixed Assets)	431.44	419.78	433.27
Investments	-	-	14.30
Current Assets Loans and Advances			
Inventories	1230.69	841.15	720.45
Sundry Debtors	3121.49	3358.56	3354.45
Cash and Bank balances	2020.17	1784.02	4133.23
Loans and Advances	917.42	764.26	724.75
Accumulated Loss	571.26	914.50	990.02
Total	8292.47	8082.28	10370.47

Annexure-8
(Referred to in paragraph -2.6)

Working results of The Madhya Pradesh State Agro Industries Development Corporation Limited

(Rupees in lakh)

	Particulars	2004-05	2005-06	2006-07
	Income			
1	Sales	15626.17	14839.87	20665.13
2	Services	105.50	83.08	133.70
3	Interest Earned	50.53	38.61	60.20
4	Misc. Receipt & Other sales	59.85	110.09	104.23
5	Grant-in-Aid	5.10	5.10	4.10
	Total	15847.15	15076.75	20967.36
	Expenses			
6	Purchases and Material consumed	14560.18	13769.36	19419.03
7	Manufacturing, Selling & Admin. Expenses	1536.39	1595.09	1558.56
8	Cost of Production (6+7)	16096.57	15364.45	20977.59
9	Operating Profit/Loss Before Interest and Tax [(1+2)-(8)]	(364.90)	(441.50)	(178.76)
10	Interest/Finance cost	20.97	18.90	25.50
	Depreciation	28.87	29.90	30.99
	Operating Loss after interest and depreciation	(414.74)	(490.30)	(235.25)
	Percentage of material purchased and consumed to sales	93.18	92.79	93.97

Annexure-9
(Referred to in paragraph 2.10.5)

**Calculation of undue price advantage to Joint Ventures and its own sales of RTE
during the year 2007-08 and 2008-09**

(Rupees Per MTs)

Sl. No.	Particulars	Sale price Rs.12,500 per MT up to August 2006	Sale price w.e.f. 1.9.2006 - Rs.16,200 per MT	Sale price w.e.f. 18.6.2008- Rs.20,680 per MT
1.	Actual cost (Based on finalized accounts)	11011.69 (2005-06)	11011.69 (2005-06)	13469.18 (2007-08) Provisional
2.	Transportation	816.00	816.00	836.00
3.	Head office overheads and interest	681.00	681.00	720.00 ¹
4.	Total cost as per accounts	12508.69	12508.69	15025.18
5.	Cost as per cost sheet submitted to Government	NA	15041.21	17706.96
6.	Sale price	12,500	16,200	20,680
7.	Actual Profit/Loss (6-4)	(-)8.69	3691.31	5654.82
8.	Percentage of profit	--	29.50	37.64
9.	Profit margin allowed by Government	--	938.15 (@7.5% of 12508.69)	1502.52 (@10% of 15025.18)
10.	Extra profit (7-9)	--	2753.16	4152.30
11.	Extra benefit	--	@ Rs.2753.16 per MT	@ Rs.4152.30 per MT
	to Company	--	For 1208 MTs =Rs.33.26 lakh	For 3726 MTs= Rs.154.71 lakh
	to Joint Ventures	--	For 12257 MTs= Rs.337.45 lakh	For 32399 MTs= Rs.1345.30 lakh
	Total Benefit to Company			Rs.187.97 Lakh
	Total Benefits to Joint Ventures			Rs.1682.75 Lakh
Total Extra benefit				Rs.1870.73 lakh

¹ While fixing the profit Government denied for inclusion of Head office overheads and interest from 18-06-2008 onwards.

Annexure – 10
(Referred to in paragraph 3.12)

Opportunity to recover money Ignored

(Amount: Rupees in crore)

Sl. No.	Name of the Company & Gist of para	Year of Inspection report	Amount of Para	Remark
1	Madhya Pradesh Leather Development Corporation Limited			
	Non utilization and Non recovery of loan assistant given to various leather Co-operative societies under Central Assistance Scheme	1998-99	0.90	Action taken not intimated by the company till date
	SUB-TOTAL		0.90	
2	Madhya Pradesh State Industrial Development Corporation Limited			
	Non Receipt of expenses Incurred in Implementation of the Project NMBM	2001-02	0.64	--do--
	SUB-TOTAL		0.64	
3	M.P. Audyogik Kendra Vikas Nigam (Bhopal) Limited			
	Improper management of cash results in non-recovery of Rents	2001-02	0.07	--do--
	Non- recovery of interest from holding Company (MPSIDC) on un-reconciled amount credit to the company ICD account	2001-02	0.09	--do--
	Outstanding dues of water charges from various units amounting Rs. 0.12 crore	2001-02	0.12	--do--
	Non-recovery of excess expenditure incurred on deposit work of contractor – loss of electric sub station in Govindpura Area	2002-04	0.50	--do--
	SUB-TOTAL		0.78	
4	M.P. Audyogik Kendra Vikas Nigam (Jabalpur) Limited			
	Loss of revenue due to non billing / recovery of street light charge and blocking up of fund	2001-02	0.82	--do--
	SUB-TOTAL		0.82	
5	M.P. Audyogik Kendra Vikas Nigam (Indore) Limited			
	Advance paid to Retired employees / employees transferred to other department –not recovered	2000-01	0.03	--do--
	Advance to contractors / other parties not recovered /adjusted	2000-01	0.28	--do--
	Water charge recovered from parties who have installed unit at Industrial area the company	2001-02	0.41	--do--
	Non Recovery outstanding due against the units taken over by financial institution	2002-04	0.20	--do--
	SUB-TOTAL		0.92	
6	Madhya Pradesh Urja Vikas Nigam Limited			
	Non-recovery of subsidy	2002-03	0.38	--do--
	SUB-TOTAL		0.38	

Sl. No.	Name of the Company & Gist of para	Year of Inspection report	Amount of Para	Remark
7	Madhya Pradesh State Civil Supplies Corporation Limited			
	Recovery of Advances given to various parties by District Offices from FCI & Private parties	1999-2000	8.83	--do--
	Loss due to non- settlement of Subsidy claims of wheat differential price @ Rs 3926.10 per MT	2002-03	1.55	--do--
	Non recovery of transport charges from DRDA.	2002-03	1.17	--do--
	Non-recovery of outstanding against Ex-Director (Smt.Kamla Devi, Shri R. Jaiswal, S.S. Bhadoriya , P.N. Mishra & P.J. Mankal)	2002-03	0.05	--do--
	Non-recovery of balance amount towards transport charges from FCI	2002-03	0.05	--do--
	Non- recovery of over due amount from FCI	2002-03	0.04	--do--
	SUB-TOTAL		11.69	
8	Madhya Pradesh Police Housing Corporation Limited			
	Short levying of Penalty- recoverable from contractor	1992-94	0.02	--do--
	Avoidable loss on account of Non-recovery of excess cost	1994-95	0.10	--do--
	Loss due to undue advantage to contractor Recoverable from M/s Vijaya construction	1995-96	0.02	--do--
	Recovery of extra expenditure on construction of Police quarters in delay of executing work by M/s Pioneer Engineered Builders	1996-97	0.08	--do--
	Non-Realization of loans & advance outstanding	1996-97	0.01	--do--
	Cement lying with – the construction of Bhopal Division (M/s Patel & co. M/s Jagdish , K.Savital, M/s Man Singh & Co. and M/s Pioneer Bug & Binllen)	1998-99	0.04	--do--
	SUB-TOTAL		0.27	
9	The Madhya Pradesh State Agro Industries Development Corporation Limited			
	Non-recovery of subsidy and utilization of share	2001-02	1.40	--do--
	SUB-TOTAL		1.40	
10	Madhya Pradesh Financial Corporation			
	Non-recovery of outstanding loan from M/s South Delhi erection (Indore) (Pvt) Ltd ,Vidisha	2001-02	1.48	--do--
	Non- recovery from M/s Vikash Spring & wearing Mills	2001-02	2.00	--do--
	Non-recovery from Pioneer Rubber, Indore	2001-02	1.15	--do--
	Non-recovery from M/s Beta Securities Ltd, Indore	2002-03	3.65	--do--
	Non- recovery from M/s Starting Kalk & Brick Limited Khargone	2002-03	2.07	--do--
	Non-recovery from M/s Achal Allongs (P) Limited ujjain	2002-03	0.63	--do--
	Non-recovery from M/s Maheswari Protenes Limited	2002-03	0.50	--do--
	Non-recovery from M/s Phytochem & Research Labs Ranyverra ,Mandsaur	2002-03	0.51	--do--
	Non- recovery of loan with interest from M/s Satpura Paper and Sugar Mill (P) Limited, Jablapur	2003-04	6.06	--do--

Sl. No.	Name of the Company & Gist of para	Year of Inspection report	Amount of Para	Remark
	Non recovery /payment of loan from M/s Rajsheel coiv Roan Pithamper , Dhar	2003-04	0.94	--do--
	Non – recovery of interest, from M/s Jyoti Printing Press, Indore	2003-04	0.26	--do--
	Non-recovery from M/s Modern Plastic Katni	2003-04	0.22	--do--
	SUB-TOTAL		19.47	
11	Madhya Pradesh State Textile Development Corporation Limited			
	Recovery from Ex-chairman (Mr. Jagdish Moher)	1998-2000	0.03	--do--
	Recovery from Avanthi Handloom, Raipur	1998-2000	0.01	--do--
	Short claiming of Market Development Assistance (MDA) inordinate delay in claiming for 1997-98& 1998-99	1998-2000	0.41	--do--
	Non-recovery from Central/ State of Market Development Assistance	2002-03	1.42	--do--
	SUB-TOTAL		1.87	
12	Madhya Pradesh State Tourism Development Corporation Limited			
	Non recovery of dues from bauspout loathing (1996-99)	1996-99	0.30	--do--
	Non-recovery dues from Cousumen (1996-99)		0.04	
	Non-recovery of amount from deposit work M/s Ashoka Ltd Com.		0.03	
	Non-recovery of dues from Bughore State clensurance Corp.	2000-01	0.02	--do--
	Non-recovery of temporary advances from Staff	2000-01	0.30	--do--
	SUB-TOTAL		0.69	
13	Madhya Pradesh Pachim Kshetra Vidyut Vitaran Company Limited			
	Recoverable amount of Rs. 3.65 lakh due to less billing in March 1995, on M/s. Ruchi Soya Manglia , Indore.	1995-96	0.04	--do--
	Short billing due to incorrect levy of electricity duty of Rs. 3.06 lakh	1993-94	0.03	--do--
	Non-recovery of energy charges from consumers at 50% of their total requirement- Rs.553.79 lakh	2001-02	5.54	--do--
	Non-recovery of Rs.19,35,207 from Bridge Stone Indore Limited, Stone Indore Limited, Pithampur	2000-01	0.20	--do--
	Non-recovery towards damaged metering equipments at the premises of Balaji Roller Flour Industries Rs.111412	2000-01	0.01	--do--
	Outstanding recovery of Grant-in-aid Rs.54.72 lakh for extension of line upto 4 hectares of land holding cultivators	1991-94	0.55	--do--
	SUB-TOTAL		6.37	
14	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited			
	Under billing for Railway Traction, due to defective KW/KVA M.D. indicators etc. Rs.71.09 lakh	1992-93	0.71	--do--
	Under billing of Rs.140.58 lakh due to defective meter of M/s Cimmco Steel foundry, Gwalior	1993-95	1.41	--do--

Sl. No.	Name of the Company & Gist of para	Year of Inspection report	Amount of Para	Remark
	Under billing Rs.63.87 lakh on M/s Cadbury India Limited	2000-01	0.64	--do--
	Under billing for Rs.1.74 lakh on M/s. Gwalior Sugar Mill, Dabra	2000-01	0.02	--do--
	Short billing of FCA charges of Rs.0.80 lakh	1999-2000	0.01	--do--
	Under billing of Rs.22.89 lakh for township of BHEL (service No.573104)	2000-01	0.23	--do--
	Under billing of Rs.9.92 lakh due to wrong execution of H.T. agreement and wrong application of Tariff	2000-01	0.10	--do--
	Under billing of Rs.35.81 lakh on M/s CIAE on Account of wrong average consumption adopted during defective meter	2001-02	0.36	--do--
	Non-billing of Vigilance claims M/s. SOM distilleries Limited Rs. 4.84 lakh	2002-04	0.05	--do--
	Non-billing of wheeling charges of Rs.40 lakh to M/s H.E.G. at Mandideep	2002-04	0.40	--do--
	Less billing of Rs.16.79 lakh due to incorrect adjustment of payment received from H.T. Consumers.	1991-92	0.17	--do--
	Wrong refund of Rs.87.18 lakh made to Central Railway Bhusawal	1992-93	0.87	--do--
	SUB-TOTAL		4.97	
15	Madhya Pradesh Power Transmission Company Limited			
	Non-recovery of Rs.11.82 lakh from M/s Tata Transformers Limited Bombay on account of repaired transformer	1999-2001	0.12	--do--
	Non-recovery of Rs.7.56 lakh incurred on repairing of Transformer	1993-95	0.08	--do--
	Non-recovery of dues of Rs.1.16 lakh on account of materials supplied	1993-95	0.02	--do--
	SUB-TOTAL		0.22	
16	Madhya Pradesh Poorva Khsetra Vidyut Vitaran Company Limited			
	Non-recovery of dues of Rs.5.41 crore from M/s, Garrison engineers on account of non-grant of subvention subsidy by the Govt. for extension of concession in tariff to Defence establishment	2001-02	5.41	--do--
	Non-billing and non-recovery of electricity duty on own generation by M/s. Diamond Cement resulting in loss of revenue to Govt. Rs.1.27 crore.	2001-02	1.27	--do--
	SUB-TOTAL		6.68	
17	Madhya Pradesh Power Generating Company Limited			
	Recovery of Rs.4,06,358.65 from M/s S.E.C.L. and Nair & Sons	1995-96	0.04	--do--
	Non-recovery of extra expenditure Rs.5.49 lakh from contractor	1998-2000	0.05	--do--
	Non-recovery of commercial tax Rs.6.56 lakh	1998-2000	0.07	--do--
	Non-recovery of Rs.2,67,786 from contractor M/s Bhaktawar Singh Balkrishna & Co. Bhilai	1994-96	0.03	--do--
	Non recovery cost of maintenance of CHP during guarantee period Rs.15.34 lakh	1998-2000	0.15	--do--

Sl. No.	Name of the Company & Gist of para	Year of Inspection report	Amount of Para	Remark
	Non-recovery of license fees/ rent from Government Department undertakings Rs.14.77 lakh	1999-2001	0.15	--do--
	Outstanding recovery from private parties on account of shops/land of Rs.3.89 lakh	1999-2001	0.04	--do--
	Arrears on account of rent from contractor Rs.4.48 lakh	1999-2001	0.04	--do--
	Non-recovery of charges incurred on loading of coal from coal Company Rs.2.30 lakh	2002-03	0.02	--do--
	Doubtful consumption of 11,710 liters diesel during the period of thresher non operation Rs.1.34 lakh	1998-2000	0.01	--do--
	Construction of Polytechnic Complex under World Bank aided project recoverable amount from the director of Technical Education, Bhopal Rs.24.44 lakh	1995-99	0.24	--do--
	Non-recovery of extra recovery of extra expenditure of Rs.59.74 crores from Water Resources Department, Bhopal	1995-99	59.74	--do--
	Non reimbursement of Losses Rs.11.65 lakh by contractor in construction	1993-95	0.12	--do--
	Non-recovery of cost of steel given for construction of work Rs.6.58 lakh	1993-95	0.07	--do--
	SUB-TOTAL		60.77	
	Total		118.84	

Annexure – 11
(Referred to in paragraph 3.13)

Lack of remedial action on audit observations

(Amount: Rupees in crore)

Sl. No.	Name of The PSU & Gist of para	Year of Inspection report	Amount of the Para	Nature of Action Required	Remark (Action taken by PSUs)	
1	Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited			PSUs should have initiated action against disposal of unutilized assets, mis-appropriation of budget grants, undue advantage to contractors/Suppliers, non-recovery of differential rates, missing assets, undue extension of concessional rates, blockage of fund, unfruitful expenditure etc.		
	Extension of concessional rates instead of HT general tariff to defence establishment resulting in likely loss revenue of Rs.13.52 crore.	1999-2000	13.52		Reply is awaited	
	Non-inclusion of value of free electricity to employees in taxable income resulting in loss of revenue to Govt. Rs. 26.21 lakh	2001-04	0.26		-----do-----	
	Extension of 33 KV, 2 nd feeder from Guna to Aron locking up of funds to the tune of Rs.16.42 lakh in unutilized erected poles	2001-03	0.16		-----do-----	
	Avoidable loss of interest owing to inordinate delay in fixing the final cost Adjustment rate Rs.60.25 lakh	1999-2000	0.60		-----do-----	
	SUB-Total		14.54			
2	Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited					
	Idle investment of Rs.5.54 crore on 220 kv Sub-station at Handia	1999-2001	5.54		-----do-----	
	Supply of defective HT Static trivector meters by M/s Duke Arnies (P) LIMITED Rs.75.22 lakh	2001-03	0.75		-----do-----	
	Failure to convert Lt Connection of Sharma Ayurvedic Mandir resulting in revenue loss to Board Rs.10.66 lakh	2001-04	0.11		-----do-----	
	Managerial inaction which led to seizure of bank account and vehicles of the board by the revenue authorities Rs.33.55 lakh	2000-04	0.34		-----do-----	
	HT Power supply to GVSSM (Rural Electric Co-Operative Society) Manasa, Deductions of energy unit from sales-loss of Rs.13.08 lakh	2000-04	0.13		-----do-----	
	SUB-Total		6.87			
3	Madhya Pradesh Power transmission Company Limited					
	Idle stock of materials lying at site Rs.18.56 lakh	1999-2000	0.19	-----do-----		
	SUB-Total		0.19			
4	Madhya Pradesh Poorva Kshetra Vidyut Vitran Company Limited					
	Acceptance of defective supply of Regulator Booster (Rs.5.50 lakh) supplied by M&D Switchgear, Indore,	2001-03	0.06	-----do-----		
	Non-assessment of energy dues below poverty line SC/ST/SLP consumers which resulted heavy loss to the Board	2000-02	0.65	-----do-----		
	SUB-Total		0.71			
5.	Madhya Pradesh Leather Development Corporation Limited					
	Misappropriation of budget grants for delivery leather endnotes / crop-society Unauthorized diversion of grants of state govt. establishing Tarring central	1998-99	2.92 0.71	-----do-----		
	Non Distribution of salt to leather workers	2003-04	0.89	-----do-----		
	SUB-Total		4.52			

Sl. No.	Name of The PSU& Gist of para	Year of Inspection report	Amount of the Para	Nature of Action Required	Remark (Action taken by PSUs)
6	Madhya Pradesh State Industrial Development Corporation Limited				
	Lack of Monitoring of recovery performance dues resulted in blockage of funds	2002-03	7.50		----do-----
	Blocking of funds Rupees 4.79 crore in equity participation owing to delay in timely in action in buy back shares.	2002-03	4.50		----do-----
	Grant of financial assistance to 7 companies in excess of powers resulted in blockage of funds	2002-03	3.41		----do-----
	Loss due to infructuous expenditure in takeover of Alpine Industries	2002-03	0.24		----do-----
	Payment of Advocate fee in excess of rates fixed	2002-03	-		----do-----
	SUB-Total		15.65		
7	M.P. Audyogik Kendra Vikas Nigam (Bhopal) Limited				
	Deduction of extra expenses by MPSIDC Holding Company from ICD account of Corporation	2001-02	0.03		----do-----
	Refund of dues to District collector, Raisen	2001-02	0.03		----do-----
	SUB-Total		0.06		
8.	M.P. Audyogik Kendra Vikas Nigam (Indore) Limited				
	Employees on deputation irregular payment	1999-2000	---		----do-----
	Excess payment	1999-2000	---		----do-----
	Construction of 6000 MT cold storage of food processing pools	2002-03	-		----do-----
	Construction of WBM Road from Indore Air port to Pithampura Area	2002-03	-		----do-----
	Construction of 1400 S/v. Mtr. Ware home at Jaggakhed	2002-03	-		----do-----
	Loss of revenue due to under charging of premium on plots	2002-04	0.13		----do-----
	Loss of due to non-enhancement of premium @ 7.5%	2002-04	0.05		----do-----
	Irregular investment is ICD A/c remitted in blocking of funds & loss of interest	2002-04	1.21	---do---	----do-----
	Deferment of sale tax into loan liability	2002-04	-		----do-----
	Investment of AKVN (I) in new company (Special Economic Zone)	2002-04	-		----do-----
	Unfruitful expenditure on foreign Tour	2002-04	0.40		----do-----
	SUB-Total		1.79		
9	Madhya Pradesh State Mining Corporation Limited				
	Loss to corporation due to short supply of martial to BASCO by the contractor	2001-02	1.16		----do-----
	Loss of Revenue due to non-payment of Royalty in Rock phosphate found short	2001-02	0.12		----do-----
	Loss of Revenue due to non-payment of Royalty to the Govt. on Solomit	2001-02	-		----do-----
	Delay in liquidation avoidable payment of interest.	2001-02	4.54		----do-----
	SUB-Total		5.82		
10	Madhya Pradesh Urja Vikas Nigam Limited				
	Interest liability payable to Govt. of India	2003-04	0.20		----do-----
	SUB-Total		0.20		
11	Madhya Pradesh State Civil Supplies Corporation Limited				
	Pending Railway claims on loss material in godown	1999-2000	0.62		----do-----
	Recovery of pending transport margin in mid day meals schemes	1999-2000	9.92		----do-----
	Non-Recovery of differential rates in respect of Sugar, wheat and rice	2000-01	1.16		----do-----
	Loss on sale corn on minimum support price plan	2000-01	0.16		----do-----

Sl. No.	Name of The PSU & Gist of para	Year of Inspection report	Amount of the Para	Nature of Action Required	Remark (Action taken by PSUs)	
	Non-claiming of shortages in godowns	2000-01	1.14		-----do-----	
	Blockage of funds	2000-01	1.83		-----do-----	
	Damage of Jute bags	2000-01	0.20		-----do-----	
	Recovery of pending transport advance	2000-01	0.16		-----do-----	
	Loss from Railway transport due to short receipt of wheat	2000-01	0.09		-----do-----	
	Avoidable extra expenditure due to delay in submission of bills	2000-01	0.27		-----do-----	
	Avoidable excess payment interest on advance income tax	2002-03	0.43		-----do-----	
	Loss on procurement of wheat from central pool	2002-03	2.74		-----do-----	
	Irregular procurements of wheat	2002-03	0.15		-----do-----	
	Blockage of capital due to absence of marketing mechanism	2002-03	0.09		-----do-----	
	SUB-Total		18.96			
12	Madhya Pradesh Police Housing Corporation Limited					
	Payment of escalation charges	1992-94	0.06		--do--	-----do-----
	Non- renewal of FDRs for EMD after maturity	1995-96	0.07	-----do-----		
	Avoidable excess expenditure on construction of police quarter (M/s Patel & co)	1996-97	0.03	-----do-----		
	Irregular appointment of daily wages worker resulting irregular payment	1999-2000	0.05	-----do-----		
	Construction of police quarter at Noorabad	2000-01	0.40	-----do-----		
	Construction of police fore station at Dewas	2002-03	0.60	-----do-----		
	Award of work to same contractor after withdrawal of work under clause 3 (A) agreement M/s Surandra Kumar Khana (Gwalior)	2003-04	0.09	-----do-----		
	Construction of 2 NGO + 6 constable quarters Noorabad	2003-04	0.39	-----do-----		
	Non- handing over the building by Gwalior division	2003-04	2.07	-----do-----		
	SUB-Total		3.76			
13	The Madhya Pradesh State Agro industries Development Corporation Limited					
	Under utilized subsidizing	1989-99	3.10	--do--		-----do-----
	Non-disbursement of Bio-gas subsidizing to benefit area	1999-2000	4.30			-----do-----
	Avoidable Electricity expenditure	2002-03	0.12		-----do-----	
	Loss on account of under Utilisation of pesticides project	2002-03	0.23		-----do-----	
	Loss of interest due to non-transfer of sale price to Headquarter in time	2002-03	0.16		-----do-----	
	Non- completion Bio-gas plant as per plan	2002-03	----		-----do-----	
	Loss due to non-sale of poor quality seeds	2002-03	0.08		-----do-----	
	SUB-Total		7.99			
14	Madhya Pradesh Financial Corporation					
	Loanees whereabouts not known	2001-02	5.41	--do--	-----do-----	
	Missing Assets	2001-02	3.74		-----do-----	
	SUB-Total		9.15			

Sl. No.	Name of The PSU & Gist of para	Year of Inspection report	Amount of the Para	Nature of Action Required	Remark (Action taken by PSUs)
15	Madhya Pradesh State Textile development Corporation Limited				
	Avoidable payment of carrying charges and interest on cotton purchases M/s Avntis spinning mills, Sanawal	1991-93	0.06	-----do-----	-----do-----
	Overpayment to M/s Shaba interiors, Jehargirabad, Bhopal	1991-93	---		-----do-----
	Utilisations of state/central grants	1995-96	1.20		-----do-----
	Blocking of corporation's working capital	1995-96	0.89		-----do-----
	Non- impositions of penalty in execution of work	1999-2000	0.01		-----do-----
	Infructuous expenditure on show room at Inderpari BHEL area, Bhopal, not opened	2000-01	0.04		-----do-----
	Liquidated damages deducted by MPSEB for delayed supply of terry cotton Khaki cloth	2000-01	0.09		-----do-----
	Shortages on physical verification	2000-01	0.09		-----do-----
	Loss due to sale of cloths	2001-2002	1.53		-----do-----
	Tax paid to Bihar Government on handloom sarees and Dhotis	2001-2002	0.73		-----do-----
	Loss due to non-deposit of P.F. in time	2001-02	1.07		-----do-----
	Avoidable expenditure on constructions of sheds at padana & Mirideshwar (Indore)	2001-02	0.04		-----do-----
	Loss due to closure of Avanthi show Room at Bhopal	2001-02	0.17		-----do-----
	Pending of Miscellaneous amount Recoverable	2001-02	0.96		-----do-----
	Avoidable Expenditure of salaries & allowances of non-core staff	2002-03	0.46		-----do-----
	Loss due to delay in disposal of stock at Avanti Handloom, Jabalpur	2002-03	0.69		-----do-----
	Non-utilisation of grant	2002-03	0.23		-----do-----
	Pending recoveries from Debtor	2002-03	3.12		-----do-----
	Deficit in Regional office, Gwalior as per Annual account	2002-03	0.18		-----do-----
	Extra expenditure on Interior decoration of Avanti Handloom showroom, Bhopal	2002-03	0.10		-----do-----
	Payment to retired employees	2002-03	0.06		-----do-----
	Loss of goods transported to other units	2002-03	0.02		-----do-----
	Loss on acquiring the company's land by MPSEB & municipality	2002-03	3.71		-----do-----
	Damages charges on non-payment of PF in time	2002-03	0.71	-----do-----	
	Surcharges on payment of rent on Building	2002-03	0.18	-----do-----	
	SUB-Total		16.34		
16.	Madhya Pradesh State Tourism Development Corporation Limited				
	Avoidable payment of Penalty	1996-99	0.01	-----do-----	-----do-----
	Loss on infuctuous investment in wayside amenities	2000-01	0.22	-----do-----	-----do-----
	Loss due to excess contract demand and non-maintenance of power factor of energy	2002-03	0.18	-----do-----	-----do-----
	Loss due to fire	2002-03	0.32	-----do-----	-----do-----
	Loss due to operational performance of hotels	2002-03	0.48	-----do-----	-----do-----
	Unauthorized transfer of property at Barman ghat	2003-04	0.45	-----do-----	-----do-----
	Excess expenditure on construction of tourist recreation centers	2003-04	0.08	-----do-----	-----do-----
	SUB-Total		1.74		

Sl. No.	Name of The PSU& Gist of para	Year of Inspection report	Amount of the Para	Nature of Action Required	Remark (Action taken by PSUs)
17.	Madhya Pradesh Adivasi vitta evam vikas Nigam				
	Difference of Rs. 87,97,210 between the account No. 6946 Date 31.03.2000 of Punjab National Bank Habibgunj with Bank ledger and Bank Statement	2000-01	0.88		----do-----
	Irregularities of pervious years main office Bhopal	2002-03	0.13		----do-----
	Irregularities in cash book at main office Bhopal	2002-03	-		----do-----
	SUB-Total		1.01		
18.	Madhya Pradesh Power Generating Company Limited				
	Loss of Rs.24.99 lakh due to payment of surcharges to Railways,	1998-2000	0.25		----do-----
	Delay in construction of Railway tracks for wagon tippler complex resulting in extra expenditure of Rs.147.75 lakh on engagement of manual labours	1998-2000	1.48		----do-----
	Irregular payment of Rs.75.94 lakh on account of escalation to contractor M/s United Steel Allied Industries, Hyderabad and overpayment of Rs.2.84 lakh	1986-90	0.79	----do-----	----do-----
	Infructuous expenditure of Rs.12,07,584 in construction work of 1200 cum capacity overhead tank No. 1	1988-93	0.12		----do-----
	Construction of 136-C Type quarters-M/s A.P. Nirman Korba-contract value Rs. 380.34 lakh – Non imposition of penalty for delay in work	1996-98	3.80		----do-----
	Abnormal delay in initiating legal action doubtful recovery Rs.34.95 lakh	2000-01	0.35		----do-----
	Infructuous expenditure of Rs.9.50 crore in DPTE System in Sarni power house	1995-2000	9.50		----do-----
	Avoidable payment of Rs.1.40 crore on account of compensation paid on derailment of coal wagons.	1999-2000	1.40		----do-----
	Electrification of Sarni Railway siding claim of departmental & Journal charges of Rs.77.56 lakh – non recovery of income tax Rs.8.22 lakh	1999-2000	0.86		----do-----
	Supply of defective material by BHEL non replacement there of Rs.72.31 lakh	1999-2001	0.72		----do-----
	Payment of commitment charges to M/s PFC for the undrawn amount of loan Rs.31.87 lakh	1999-2000	0.32		----do-----
	Delay in installation of 12 units of MPSP system costing Rs.289.68 lakh	1999-2000	2.90		----do-----
	Loss of Rs.43 lakh due to escalation payment	1997-99	0.43		----do-----
	Blocking up to fund to the tune of Rs.14.31 lakh due to non-recovery or excess payment to M/s Anushree Consultants & Associates Pvt. Limited New Delhi	1997-99	0.14		----do-----
	SUB-Total		23.06		
	Grand Total		132.36		

Annexure-12
(Referred to in Paragraph 3.14.1)

Statement showing paragraphs/reviews for which explanatory notes were not received.

Sl. No.	Name of Department	2006-07	2007-08	Total
1.	Energy	1	5	6
2.	Food, Civil Supplies and consumer protection	1	1	2
3.	Mining	3	1	4
4.	Commerce and industry	--	3	3
5.	Home (Police) Department	2	--	2
	Total	7	10	17

Annexure-13
(Referred to in Paragraph 3.14.3)

Statement showing outstanding Inspection Report (IRs) and paragraphs to which replies are awaited.

Sl. No.	Name of Department	Number of PSUs	Number of outstanding IRs	Number of outstanding paragraphs	Earliest year from which paragraph outstanding
1.	Energy	07	1493	3274	1985-86
2.	Transport	01	229	539	1993-94
3.	Commerce and industries	15	63	183	1992-93
4.	Mining resources	01	05	20	2000-01
5.	Tribal welfare	01	05	13	2001-02
6.	Tourism	01	08	19	1993-94
7.	Home (Police)	01	13	32	1993-94
8.	Rural industries	02	11	20	1998-99
9.	Agricultural	01	08	22	1998-99
10.	Minorities welfare	01	03	22	2004-05
11.	Forest	01	03	08	2005-06
12.	Food, Civil & Supplies & Consumer protection	02	10	81	1999-2000
13.	PWD	01	03	23	2004-05
14.	Finance	02	02	21	2001-02
	Total	37	1856	4277	

Anenxure-14
(Referred to in Paragraph 3.14.3)

Review and Draft paragraphs to which the replies are awaited

S.No.	Name of Department	No. of reviews	No. of DPs	Period of Issue
1.	Industries Department		1	May 2009
2.	Mining Department		2	June and July 2009
3.	Food , Civil Supplies and Consumer Protection		2	May and August 2009
4.	Finance Department		1	September 2009
5.	Energy Department		4	May, June, July and September 2009
6.	Agriculture Department	1		October 2009
	TOTAL	1	10	

Note:- In addition to above stated position, two Draft Paragraphs (issued in October 2009) relating to the disposal of paras of old Inspection reports pertaining to all companies and corporations have also not been replied by the concerned departments.