



**Report of the  
Comptroller and Auditor General of India  
on  
Public Sector Undertakings  
for the year ended 31 March 2015**



**Government of Chhattisgarh**

*Report No. 2 of the year 2015*

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## Preface

This report deals with the results of audit of Government companies and Statutory corporation of Chhattisgarh for the year ended 31 March 2015.

The accounts of Government Companies (including companies deemed to be Government companies as per the provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 143 (6) of the Companies Act 2013. The Accounts certified by the Statutory Auditors (Chartered Accountants) appointed by the CAG under the Companies Act are subject to supplementary audit by officers of the CAG and the CAG gives his comments or supplements the reports of the Statutory Auditors. In addition, these companies are also subject to test audit by the CAG.

Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by the CAG for laying before State Legislature of Chhattisgarh under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the year 2014-15 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; matters relating to the period subsequent to 2014-15 have also been included, wherever necessary.

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

# Overview



## Overview

### 1. Functioning of State Public Sector Undertakings

Audit of Government companies is governed by Section 143 (6) of the Companies Act, 2013. As on 31 March 2015, the State of Chhattisgarh had 20 Government Companies and one Statutory Corporation<sup>1</sup> (all working). The accounts of Government companies are audited by Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG). These accounts are also subject to supplementary audit conducted by CAG. Audit of Chhattisgarh State Warehousing Corporation is governed by the Warehousing Corporations Act, 1962. These PSUs employed 20239 employees as on 31 March 2015. The PSUs registered a turnover of ₹ 15510.96 crore as per their latest finalised accounts as on 30 September 2015.

**(Paragraph 1.1)**

#### Investments in PSUs

As on 31 March 2015, the investment (Capital and Long term loans) in 21 PSUs (including one Statutory corporation) was ₹ 25947.51 crore. It grew by 182.70 *per cent* from ₹ 9178.35 crore in 2010-11. 47.58 *per cent* of total investment was towards Capital and 52.42 *per cent* was towards Long-term loans. The Government contributed ₹ 2824.39 crore towards equity, loans and grants/subsidies during 2014-15.

**(Paragraphs 1.6 and 1.8)**

#### Arrears in accounts

Seventeen PSUs had arrears of 34 accounts as of September 2015. The PSUs need to set targets for the work relating to preparation of accounts with special focus on clearance of arrears.

**(Paragraph 1.10)**

#### Performance of PSUs

During the year 2014-15, out of 21 PSUs, 12 PSUs earned total profit of ₹ 111.55 crore and six PSUs incurred total loss of ₹ 1344.19 crore. One PSU earned neither profit nor loss. The remaining two PSUs did not finalise their first accounts. The losses were mainly incurred by Chhattisgarh State Power Generation Company Limited and Chhattisgarh State Power Distribution Company Limited to the extent of ₹ 683.96 crore and ₹ 630.42 crore respectively as per their latest finalised accounts.

**(Paragraph 1.15)**

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<sup>1</sup> Chhattisgarh State Warehousing Corporation

### **Quality of accounts**

Out of 24 accounts finalised by working PSUs during October 2014 to September 2015 the Statutory Auditors had given unqualified certificates for four accounts, qualified certificates for 19 accounts and adverse certificate for one account. The audit reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of accounts needs to be improved.

**(Paragraphs 1.18 and 1.19)**

### **Coverage of this Report**

This Report contains 12 paragraphs, one long paragraph and one Performance Audit on “Working of Chhattisgarh State Industrial Development Corporation Limited” involving financial effect of ₹ 605.79 crore.

**(Paragraph 1.24)**

## **2. Performance Audit on “Working of Chhattisgarh State Industrial Development Corporation Limited”**

### **Introduction**

The main activity of the Chhattisgarh State Industrial Development Corporation Limited (Company) is to develop and maintain industrial areas and allot land to industrial units in and outside industrial areas for development of industries in the State. The Company also finalises rate contracts for Government purchases. As of 31 March 2015 the Company had established 17 industrial areas and four projects for development of industrial areas were in progress. In addition, the Company also conceived five projects during 2010-15 in which the development activities are yet to start.

The Performance Audit was conducted to assess the performance of the Company during 2010-15 covering various aspects such as development and maintenance of industrial areas, allotment of land, billing and recovery of user charges from industrial units, finalisation of rate contracts, investment of surplus funds and internal control and monitoring. Following are the main findings of Performance Audit.

**(Paragraphs 2.1 and 2.4)**

### **Financial Management**

- The Company has not finalised its accounts for 2010-11 to 2014-15 so far. Delayed finalisation of annual accounts and short deposit of advance tax due to incorrect assessment of budgeted income by the Company resulted in payment of penal interest of ₹ 4.70 crore to Income Tax Department.

**(Paragraph 2.6.1)**

### **Development and Maintenance of Industrial Areas**

- The Company had not prepared any plans for identification and development of industrial areas in the State in line with the objectives of State Industrial Policy.

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Further, the Company has also not prepared road map for creation of land bank for development of industries in the State as per Government of Chhattisgarh (GoCG) instructions of August 2009.

**(Paragraphs 2.7.1 and 2.7.2)**

- During 2010-15, the Company established four industrial areas and establishment of four industrial areas was in progress as on 31 March 2015. There were delays ranging between one and five years in execution of these projects due to delay in preparation of detailed project reports, non-availability of land and non-receipt of Government of India grants due to non fulfillment of conditions of grant etc.

**(Paragraph 2.7.3)**

- The Company had fixed land premium and maintenance charges for allotment of land in industrial areas on abnormally lower side without considering actual cost of development and maintenance as was required under GoCG instructions. This has resulted in loss of ₹ 171.70 crore to the Company.

**(Paragraphs 2.7.7 and 2.7.8)**

#### **Allotment of Land**

- During 2010-15, the Company had made 71 allotments for 3367 hectare land outside the industrial areas. In respect of seven cases of allotment of land measuring 446.112 hectare the land premium was assessed at rates lower than the rates applicable as per GoCG guidelines. As a result, there was short recovery of ₹ 262.64 crore.

**(Paragraphs 2.8.1 and 2.8.2)**

- In six cases of allotment of land measuring 16.715 hectare in industrial areas for auxiliary/ commercial purpose the Company did not recover land premium at commercial rates as per Land Allotment Rules, 1974 and decision of Board of Directors of the Company resulting in loss of ₹ 52.49 crore.

**(Paragraph 2.8.6)**

- As on 31 March 2015, user charges amounting to ₹ 26.27 crore were outstanding from 1112 allottees for the period ranging upto five years. The Company had not taken action against the defaulting allottees for recovery of user charges as per provisions of lease deed.

**(Paragraph 2.8.7)**

#### **Internal Control and Monitoring**

- The Company did not have Management Information System and internal audit wing. The internal audit conducted by hired chartered accountants was not comprehensive as it was limited to preliminary checking of accounts. The Company had also not conducted physical verification of assets during 2010 -15.

**(Paragraph 2.10)**

### **3. Transaction Audit Observations**

Transaction audit observations included in the Report highlight deficiencies in the management of Public Sector Undertakings involving serious financial implications. It also includes one Long Paragraph on “Irregularities in awarding of contracts at thermal power stations of Chhattisgarh State Power Generation Company Limited”. The irregularities pointed out are broadly of the following nature:

There was loss of ₹ 66.94 crore in 10 cases due to non-compliance with rules, directives, procedures, terms and conditions of contracts.

**(Paragraphs 3.1, 3.2, 3.3, 3.4, 3.6, 3.7, 3.8, 3.9, 3.10 and 3.11)**

Loss of ₹ 5.98 crore was incurred in one case due to defective/ deficient planning.

**(Paragraph 3.5)**

**Gist of important audit observations in the Long Paragraph are given below:**

The Chhattisgarh State Power Generation Company Limited awarded contract valuing ₹ 1.96 crore for work of construction of ash dyke at Korba Thermal Power Station in violation of Central Vigilance Commission guidelines.

**(Paragraph 3.1.5)**

The Company paid excess interest free mobilisation advance of ₹ 1.11 crore in violation of General Financial Rules resulting in avoidable loss of interest of ₹ 23.13 lakh.

**(Paragraph 3.1.6)**

The Company failed to ensure payment of special pay to security personnel deployed by its contractors as per instructions of GoCG.

**(Paragraph 3.1.8)**

**Gist of some important audit observations in respect of other transaction audit paragraphs are given below:**

The Chhattisgarh State Power Generation Company Limited has suffered loss of ₹ 57.76 lakh towards payment of penal interest due to delay in payment of commitment charges for extension of commencement period of usage of water.

**(Paragraph 3.2)**

The Chhattisgarh Medical Services Corporation Limited has appointed employees on Samvida basis without approved manpower setup and also made payment of higher consolidated pay in violation of Government rules and directives which has resulted in excess payment of ₹ 56.98 lakh.

**(Paragraph 3.4)**

There was loss of interest of ₹ 5.98 crore in Chhattisgarh Police Housing Corporation Limited due to non-availing of auto sweep facility in bank accounts.

**(Paragraph 3.5)**

The Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited made avoidable payment of penal interest of ₹ 8.38 crore due to short remittance of advance tax and non-submission of income tax return on time.

**(Paragraph 3.6)**

The Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited failed to take insurance cover of agricultural produce stored in its warehouses in accordance with the provision of the 'Madhya Pradesh Agricultural Warehouse Act 1947' resulting in loss of ₹ 85.62 lakh to the Company.

**(Paragraph 3.7)**

The Chhattisgarh State Beverages Corporation Limited has suffered loss of ₹ 53.65 crore due to payment of VAT on sale of Indian Made Foreign Liquor from its margin instead of recovering the same from the retailers.

**(Paragraph 3.8)**

The Chhattisgarh State Civil Supplies Corporation Limited has recovered penalty at lower rate from a supplier which resulted in loss of ₹ 1.22 crore.

**(Paragraph 3.9)**

The Chhattisgarh State Power Distribution Company Limited has paid extra commission of ₹ 67.40 lakh to the franchisees due to continuation of old 'Revenue Based Franchisee System' instead of implementation of new 'Input Based Franchisee System' for collection of revenue.

**(Paragraph 3.11)**

Failure of Chhattisgarh State Power Transmission Company Limited to take letter of credit and delay in disconnection of the consumer from pooling substation resulted in non recovery of ₹ 71.23 lakh towards operation and maintenance charges of pooling substation.

**(Paragraph 3.13)**

# Chapter - I

## CHAPTER - I

### 1. Functioning 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 a commercial nature while keeping in view the public welfare of people and occupy an important place in the State economy. As on 31 March 2015, in Chhattisgarh there were 21 PSUs, including 20 companies<sup>1</sup> and one Statutory corporation<sup>2</sup> (all working). None of these PSUs was listed in any of the stock exchanges. During the year 2014-15, one PSU i.e. Chhattisgarh Road Development Corporation Limited (CRDCL) was established and no PSU/ Statutory corporation was closed down. The details of the State PSUs in Chhattisgarh as on 31 March 2015 are given in *Table - 1.1*.

**Table - 1.1: Total number of PSUs as on 31 March 2015**

Type of PSUs	Working PSUs	Non-working PSUs <sup>3</sup>	Total
Government companies <sup>4</sup>	20	-	20
Statutory corporation	1	-	1
<b>Total</b>	<b>21</b>	<b>-</b>	<b>21</b>

The working PSUs registered a turnover of ₹ 15510.96 crore as per their latest finalised accounts as of 30 September 2015. This turnover was equal to 7.38 *per cent* of State Gross Domestic Product (GDP) for 2014-15. The working PSUs incurred loss of ₹ 1232.64 crore as per their latest finalised accounts as of 30 September 2015. They had employed 20239 employees as at the end of March 2015.

<sup>1</sup> (i) Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (CRBEKVNL), (ii) Chhattisgarh Rajya Van Vikas Nigam Limited (CRVVNL), (iii) Chhattisgarh Nishakt Jan Vitt AvamVikas Nigam (CNJVAVN), (iv) Chhattisgarh Infrastructure Development Corporation Limited (CIDC), (v) Chhattisgarh State Industrial Development Corporation Limited (CSIDC), (vi) Chhattisgarh Mineral Development Corporation Limited (CMDC), (vii) CMDC ICPL Coal Limited (CICL), (viii) Chhattisgarh Sondiha Coal Company Limited (CSCCL), (ix) CSPGCL AEL Parsa Collieries Limited (CAPCL), (x) Chhattisgarh State Power Distribution Company Limited (CSPDCL), (xi) Chhattisgarh State Power Generation Company Limited (CSPGCL), (xii) Chhattisgarh State Power Holding Company Limited (CSPHCL), (xiii) Chhattisgarh State Power Trading Company Limited (CSPTCL), (xiv) Chhattisgarh State Power Transmission Company Limited (CSPTCL), (xv) Chhattisgarh State Beverages Corporation Limited (CSBCL), (xvi) Chhattisgarh State Civil Supplies Corporation Limited (CSCSCL), (xvii) Chhattisgarh Medical Services Corporation Limited (CMSCL), (xviii) Chhattisgarh Police Housing Corporation Limited (CPHCL), (xix) Raipur Nagar Nigam Transport Limited (RNNTL) and (xx) Chhattisgarh Road Development Corporation Limited (CRDCL).

<sup>2</sup> Chhattisgarh State Warehousing Corporation (CSWC)

<sup>3</sup> Non-working PSUs are those which have ceased to carry on their operations.

<sup>4</sup> Government PSUs includes other Companies referred to in Section 139 (5) and 139 (7) of the Companies Act 2013.

State PSUs does not include the Chhattisgarh State Electricity Regulatory Commission (CSERC), an autonomous body, of which the Comptroller and Auditor General of India (CAG) is the sole auditor.

## Accountability framework

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

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

### Statutory Audit

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

Audit of Chhattisgarh State Warehousing Corporation (CSWC), a Statutory Corporation, is governed by the Warehousing Corporation Act, 1962. The audit of CSWC is conducted by Chartered Accountants and supplementary audit is done by CAG.

### Role of Government and Legislature

**1.4** The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government.



The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Reports together with the Statutory Auditors Reports and Comments of the CAG, in respect of State Government companies and Separate audit Reports in case of Statutory corporation is to be placed before the Legislature under Section 394 of the Act or as stipulated in the respective Act. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

### Stake of Government of Chhattisgarh

**1.5** The State Government has huge financial stake in these PSUs. This stake is of mainly three types:

- **Share Capital and Loans** - In addition to the share capital contribution, State Government also provides financial assistance by way of loans to the PSUs from time to time.
- **Special Financial Support** - State Government provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees** - State Government also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

### Investment in State PSUs

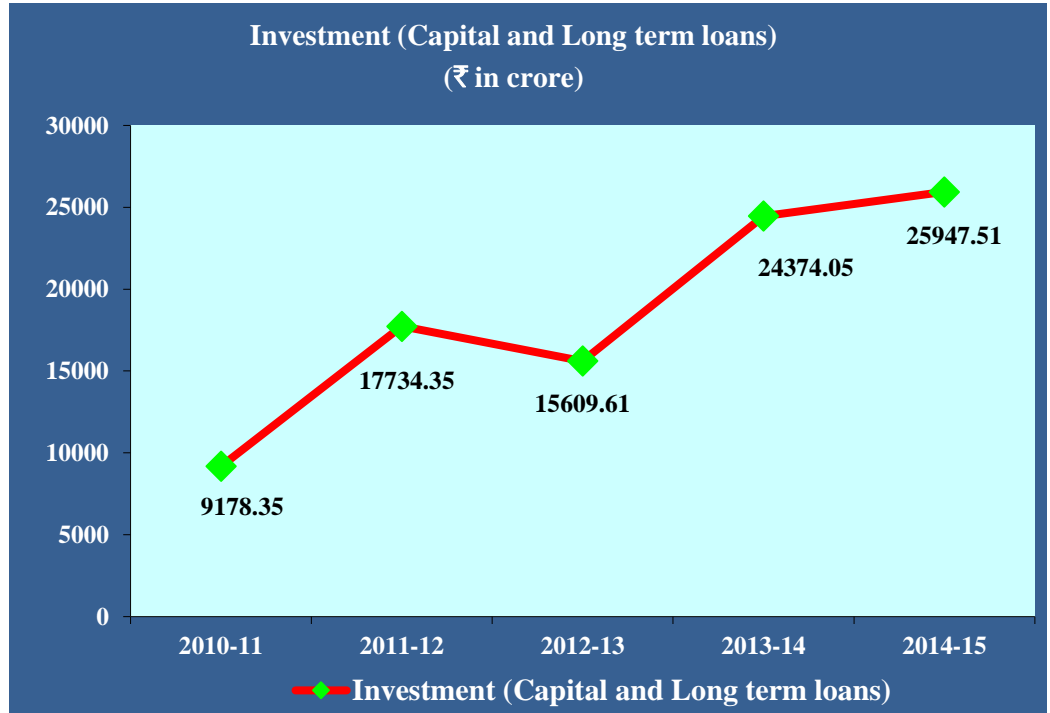
**1.6** As on 31 March 2015, the investment (capital and long-term loans) in 21 PSUs was ₹ 25947.51 crore as detailed in *Table - 1.2*.

**Table - 1.2: Total investment in PSUs**

Government companies			Statutory corporation			(₹ in crore)
Capital	Long term loans	Total	Capital	Long term loans	Total	Grand Total
12341.36	13519.78	25861.14	4.04	82.33	86.37	25947.51

As on 31 March 2015 of the total investment in State PSUs, 47.58 per cent was towards Capital and 52.42 per cent towards Long-term loans. The investment has grown by 182.70 per cent from ₹ 9178.35 crore in 2010-11 to ₹ 25947.51 crore in 2014-15 as shown in *Chart - 1.1*.

**Chart - 1.1**



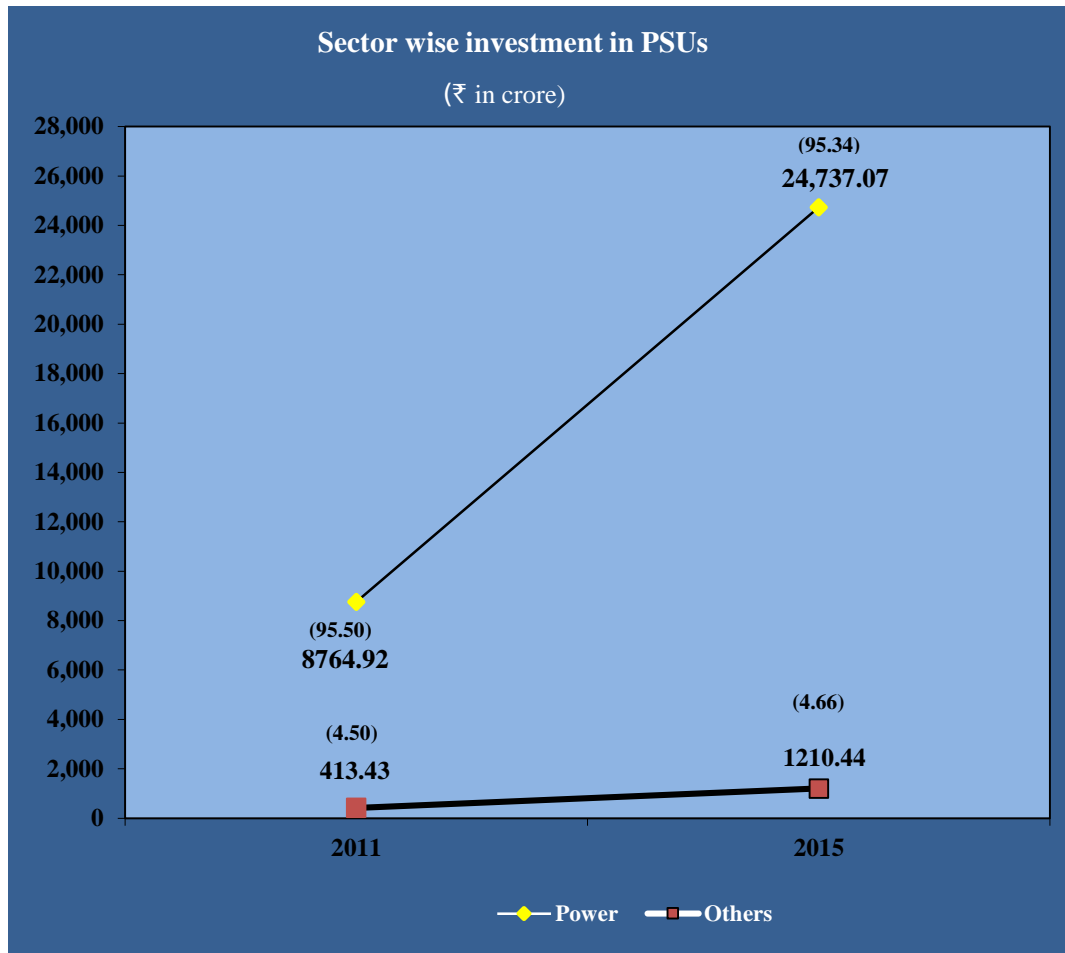
**1.7** The sector wise summary of investments in the State PSUs as on 31 March 2015 is given in **Table - 1.3**.

**Table - 1.3: Sector-wise investment in PSUs**

Name of Sector	Government companies	Statutory corporation	Total	Investment (₹ in crore)
Agriculture and allied	2	-	2	27.15
Finance	1	-	1	31.00
Infrastructure	3	-	3	33.66
Mining	4	-	4	106.76
Power	5	-	5	24737.07
Services	5	1	6	1011.87
<b>Total</b>	<b>20</b>	<b>1</b>	<b>21</b>	<b>25947.51</b>

The investment in various important sectors and the percentage thereof at the end of 31 March 2011 and 31 March 2015 are indicated in the **Chart - 1.2**. The thrust of PSU investment was mainly in power sector which increased from ₹ 8764.92 crore to ₹ 24737.07 crore during 2010-11 to 2014-15.

Chart - 1.2



(Figures in brackets show percentage of total investment)

During the past five years the investment in this sector is showing an increasing trend. It grew by 182.23 per cent (from 2010-11 to 2014-15) mainly due to the investment made by the Government in equity and loans obtained by PSUs of power sector from Power Finance Corporation Limited/Rural Electrification Corporation Limited for their new projects/ development/upgradation works.

### Special support and returns during the year

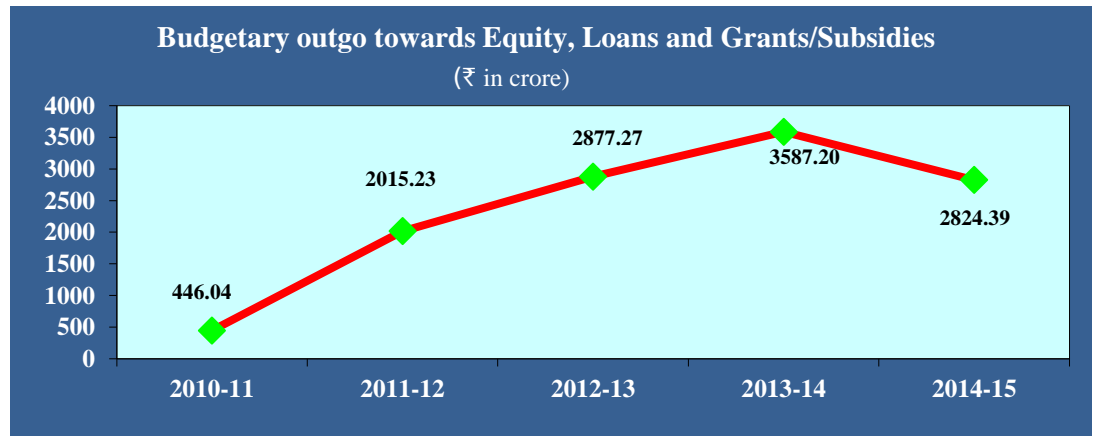
**1.8** The State Government provides financial support to PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and interest waived in respect of State PSUs for the three years ended 2014-15 are given in the *Table - 1.4*.

**Table - 1.4: Details regarding budgetary support to PSUs**

SN	Particulars	2012-13		2013-14		2014-15	
		No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)
1.	Equity Capital outgo from budget	4	903.52	2	22.45	1	4.90
2.	Loans given from budget	3	651.66	3	556.78	1	16.87
3.	Grants/ Subsidy received	6	1322.09	8	3007.97	9	2802.62
<b>4.</b>	<b>Total Outgo (1+2+3)</b>	<b>10</b>	<b>2877.27</b>	<b>11</b>	<b>3587.20</b>	<b>11</b>	<b>2824.39</b>
5.	Waiver of loans and interest	-	-	-	-	-	-
6.	Guarantees issued	1	500.00	1	500.00	2	526.00
7.	Guarantee commitment	3	736.08	3	867.70	3	744.73

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for the past five years are given in the *Chart - 1.3*.

**Chart - 1.3**



The budgetary outgo towards equity, loans and grants/subsidies drastically increased from ₹ 446.04 crore in 2010-11 to ₹ 3587.20 crore in 2013-14 and thereafter it declined to ₹ 2824.39 crore in 2014-15. The budgetary outgo of ₹ 2824.39 crore during 2014-15 included support of ₹ 2465.81 crore extended to two PSUs viz. Chhattisgarh State Civil Supplies Corporation Limited and Chhattisgarh State Power Distribution Company Limited by way of subsidy and grants of ₹ 1800.00 crore and ₹ 665.81 crore respectively.

The guarantees outstanding increased from ₹ 736.08 crore in 2012-13 to ₹ 744.73 crore in 2014-15. None of the PSUs had paid any guarantee fee/ commission to the State Government during 2014-15.

### Reconciliation with Finance Accounts

**1.9** The figures in respect of equity, loans and guarantees outstanding as per records of the 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 the differences. The position in this regard as at 31 March 2015 is stated in the *Table - 1.5*.

**Table - 1.5: Equity, loans, guarantees outstanding as per finance accounts vis a vis records of PSUs**

(₹ in crore)			
Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	1667.78	6812.79	5145.01
Loans	458.75	16.87	441.88
Guarantee	748.40	744.73	3.67

We observed that the differences occurred in respect of nine PSUs<sup>5</sup> and some differences were pending reconciliation since 2004-05. Though the differences between the amounts reflected in the Finance Accounts and as per the records of the PSUs were reported in the Audit Reports of earlier years, no corrective action was taken by the State Government. The Government and the PSUs should take concrete steps to reconcile the differences in a time bound manner.

### Arrears in finalisation of accounts

**1.10** The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year i.e. by September end in accordance with the provisions of Section 96 (1) of the Act. Failure to do so, may attract penal provisions under Section 99 of the Act. Similarly, in case of Statutory corporation the account is finalised, audited and presented to the Legislature as per the provisions of the respective Act.

The **Table - 1.6** provides the details of progress made by PSUs in finalisation of accounts as of 30 September 2015.

**Table - 1.6: Position relating to finalisation of accounts of working PSUs**

SN	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1.	Number of PSUs	18	20 <sup>6</sup>	19	20	21 <sup>7</sup>
2.	Number of accounts finalised during the year	15	16	24	21	24
3.	Number of accounts in arrears	38	41	36	37 <sup>8</sup>	34
4.	Number of PSUs with arrears in accounts	15	15	15	15	17
5.	Extent of arrears (years)	1 to 5	1 to 6	1 to 7	1 to 7	1 to 6

<sup>5</sup> CRVNL, CSIDC, CSPDCL, CSPGCL, CSPHCL, CSPTCL, CSCSCL, CPHCL and CSWC.

<sup>6</sup> CSEB not considered as arrears of accounts and CPHCL incorporated on 14 December 2011 is also not considered to be in arrears as their first accounts were prepared for 15 months period. However, in respect of CMSCL two accounts have been considered as arrears because the Company has prepared two accounts separately - one for the period from 7 October 2010 to 31 March 2011 and another for the period from 1 April 2011 to 31 March 2012.

<sup>7</sup> CRDCL incorporated on 11 November 2014

<sup>8</sup> Three accounts for the years 2011-12 to 2013-14 are yet to be received from RNNTL.

It can be observed that the number of accounts in arrears has decreased from 38 in 2010-11 to 34 in 2014-15.

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 stipulated period. We informed the concerned administrative departments and officials of the Government of the arrears in finalisation of accounts. In addition, the Accountant General took up the matter with the Chief Secretary twice during the current financial year (April 2015 and September 2015) for liquidating the arrears of accounts. However, no significant improvement has been noticed.

**1.11** The State Government had invested ₹ 759.67 crore in eight PSUs (Loans: ₹ 516.88 crore in three PSUs and Grants: ₹ 242.79 crore in five PSUs ) during the years for which accounts have not been finalised as detailed in *Annexure - 1.1*. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not. Further, the present net worth of these PSUs could not be assessed in the absence of finalisation of accounts. Thus Government's investment in such PSUs remained outside the control of State Legislature.

### Placement of Separate Audit Reports

**1.12** The position depicted in *Table - 1.7* below shows the status of placement of Separate Audit Reports (SAR) issued by the CAG (up to 30 September 2015) on the accounts of Chhattisgarh State Warehousing Corporation in the State Legislature.

**Table - 1.7: Status of placement of SARs in Legislature**

SN	Name of Statutory corporation	Year up to which SAR placed in Legislature	Year for which SAR not placed in Legislature	
			Year of SAR	Date of issue to the Government
1.	Chhattisgarh State Warehousing Corporation	2012-13	2013-14	13.02.2015

(Source: Data compiled from the information furnished by the corporation)

### Impact of non-finalisation of accounts

**1.13** As pointed out above (Paragraph 1.10 and 1.11), the 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 relevant Statutes. In view of the above state of arrears of accounts, the actual contribution of PSUs to the State GDP for the year 2014-15 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

**It is, therefore, recommended that:**

- The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies/corporation 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.

**Performance of PSUs as per their latest finalised accounts**

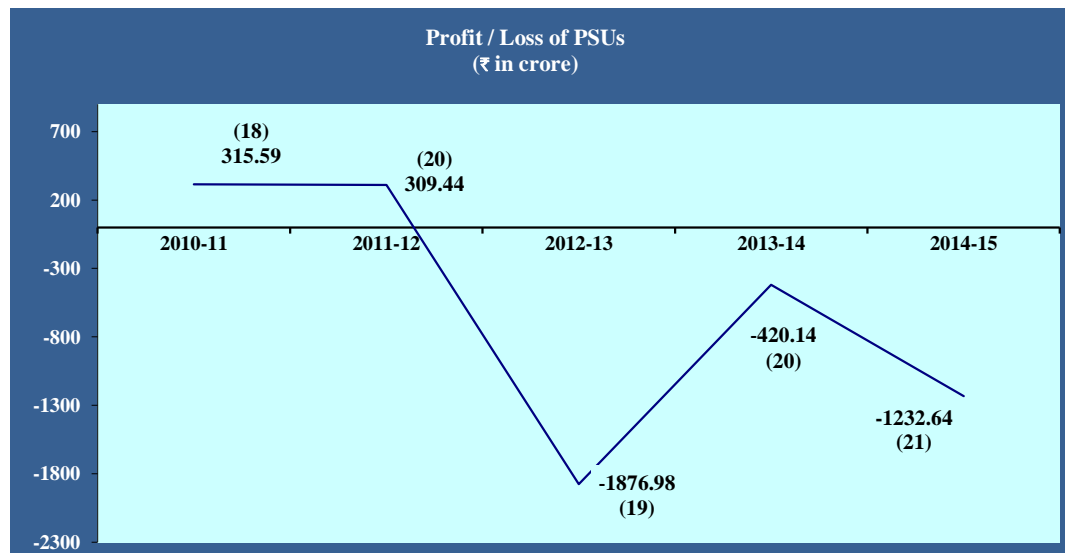
**1.14** The financial position and working results of Government companies and Statutory corporation are detailed in *Annexure - 1.2*. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. *Table - 1.8* provides the details of PSU turnover and State GDP for a period of five years ending 2014-15.

**Table - 1.8: Details of working PSUs turnover vis-a-vis State GDP**

Particulars	(₹ in crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Turnover <sup>9</sup>	8804.03	14200.21	11776.04	13734.46	15510.96
State GDP	119419.76	144112.20	165641.20	185682.48	210191.79
Percentage of Turnover to State GDP	7.37	9.85	7.11	7.40	7.38

The percentage of PSU turnover to State GDP was almost remained constant during 2010-15 except in 2011-12.

**1.15** Overall profit/losses earned/incurred by State PSUs during 2010-11 to 2014-15 is given in the *Chart - 1.4*.

**Chart - 1.4**

(Figures in brackets shows the number of PSUs in the respective year based on latest audited accounts)

<sup>9</sup> Turnover as per the latest finalised accounts as of 30 September.

The aggregate profit of ₹ 315.59 crore earned by the State PSUs in 2010-11 turned into aggregate loss of ₹ 1876.98 crore in 2012-13 due to heavy loss (₹ 2012.27 crore) incurred by Chhattisgarh State Power Distribution Company Limited (CSPDCL). In 2014-15 there was an aggregate loss of ₹ 1232.64 crore. During the year, out of 21 working PSUs, 12 PSUs<sup>10</sup> earned total profit of ₹ 111.55 crore and six PSUs<sup>11</sup> incurred total loss of ₹ 1344.19 crore. One PSU<sup>12</sup> earned neither profit nor loss. The remaining two PSUs<sup>13</sup> did not finalise their first accounts. The major contributors to profit were Chhattisgarh State Warehousing Corporation (₹ 41.40 crore), Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (₹ 20.53 crore) and Chhattisgarh Rajya Van Vikas Nigam Limited (₹ 16.84 crore). Losses were mainly incurred by Chhattisgarh State Power Generation Company Limited (₹ 683.96 crore), Chhattisgarh State Power Distribution Company Limited (₹ 630.42 crore) and Chhattisgarh State Power Transmission Company Limited (₹ 28.38 crore).

**1.16** Some other key parameters of PSUs are given in the *Table - 1.9*.

**Table - 1.9: Key parameters of State PSUs**

Particulars	(₹ in crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Return on Capital Employed ( <i>Per cent</i> )	5.10	5.59	-	-	-
Debt	5258.06	8576.28	3156.39	12033.56	13602.11
Turnover <sup>14</sup>	8804.03	14200.21	11776.04	13734.46	15510.96
Debt/Turnover Ratio	0.60	0.60	0.27	0.88	0.88
Interest Payments	353.87	618.38	395.46	415.87	697.83
Accumulated Profit /(-)Loss	2025.21	2002.78	(-3136.26)	(-3627.12)	(-4780.58)

Return on Capital Employed during 2010-11 and 2011-12 was 5.10 *per cent* and 5.59 *per cent* respectively and in the subsequent years there was no return as the PSUs suffered losses. The accumulated profit of the State PSUs of ₹ 2025.21 crore in 2010-11 has turned into accumulated loss of ₹ 4780.58 crore in 2014-15 which was mainly due to losses incurred by Chhattisgarh State Power Distribution Company Limited and Chhattisgarh State Power Generation Company Limited. This indicated the deteriorating operational performance of PSUs. The Debt turnover ratio increased from 0.60:1 in 2010-11 to 0.88:1 in 2014-15 showing that turnover has not increased in the proportion in which debt has increased during this period.

**1.17** The State Government had not formulated any dividend policy for payment of minimum return on the paid-up share capital contributed by it. As per their latest finalised accounts, 12 PSUs earned profit aggregating ₹ 111.55 crore of which only two PSUs (Chhattisgarh Rajya Van Vikas Nigam Limited and Chhattisgarh State Warehousing Corporation) declared dividend of ₹ 2.48 crore.

<sup>10</sup> CRBEKVNL, CRVVNL, CNJVAVN, CIDC, CSIDC, CSPHCL, CSPTTr.CL, CSBCL, CSCSCL, CMSCL, CPHCL and CSWC

<sup>11</sup> CMDC, CSCCL, CAPCL, CSPDCL, CSPGCL and CSPTCL

<sup>12</sup> CICL

<sup>13</sup> RNNTL and CRDCL

<sup>14</sup> Turnover of PSUs as per their latest finalised accounts as of 30 September 2015.



## Accounts Comments

**1.18** Sixteen companies forwarded their 23 audited accounts to the Accountant General during the period from 1 October 2014 to 30 September 2015. Of these, 13 companies<sup>15</sup> 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 in *Table - 1.10*.

**Table - 1.10: Impact of audit comments on working Companies**

SN	Particulars	2012-13		2013-14		2014-15	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1.	Decrease in Profit	6	9.41	7	3.70	9	26.35
2.	Increase in Loss	4	42.66	3	216.54	4	6.09
3.	Increase in Profit	4	10.90	4	0.90	5	150.74
4.	Decrease in Loss	3	129.49	4	1448.49	1	360.86
5.	Non-disclosure of material facts	1	1.74	3	1065.51	6	527.54
6.	Error in classification	4	216.94	1	34.01	6	77.76

During the year, the Statutory Auditors had given unqualified certificates for four accounts, qualified certificates for 18 accounts and adverse certificate (which means that accounts do not reflect a true and fair position) for one account. The compliance of companies with Accounting Standards remained poor as there were 35 instances of non-compliance in 15 accounts during the year.

**1.19** Similarly, the Chhattisgarh State Warehousing Corporation forwarded its accounts for the year 2013-14 to the Accountant General during the year 2014-15. The Statutory Auditors have given qualified certificate on the accounts and the accounts of the Corporation was selected for supplementary audit. The details of aggregate money value of comments of Statutory Auditor and CAG on the Corporation is given in *Table - 1.11*.

**Table - 1.11: Impact of audit comments on Statutory Corporation**

SN	Particulars	2012-13		2013-14		2014-15	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1	Increase in profit	1	0.81	-	-	1	0.53
2	Decrease in profit	-	-	1	0.20	1	0.82

<sup>15</sup> CRBEKVNL, CRVVNL, CNJVAVN, CIDC, CSIDC, CMDC, CSCCL, CICL, CSPDCL, CSPGCL, CSPTCL, CSBCL and CSCSCL

## Response of the Government to Audit

### Performance Audits and Paragraphs

**1.20** For the Report of the Comptroller and Audit General of India for the year ended 31 March 2015, one performance audit, one long paragraph and 12 compliance audit paragraphs involving six departments were issued to the Additional Chief Secretaries/ Principal Secretaries of the respective Departments with request to furnish replies within six weeks. However, replies in respect of one performance audit and eight compliance audit paragraphs were awaited from State Government (October 2015).

## Follow up action on Audit Reports

### Replies outstanding

**1.21** The Report of the Comptroller and Auditor General (CAG) of India represents the culmination of the process of audit scrutiny. According to the Rules of procedure for the internal working of the Committee on Public Undertakings (COPU), the Administrative Departments were to initiate, *suo moto* action on all Audit Paragraphs and performance audits featuring in the Comptroller and Auditor General's Audit Report (ARs) regardless of whether these are taken up for examination by COPU or not. They were also to furnish explanatory notes, indicating the remedial action taken or proposed to be taken by them within six months of the presentation of the ARs to the State Legislature. The replies/ explanatory notes awaited as on 30 September 2015 are given in **Table - 1.12**.

**Table - 1.12: Explanatory notes not received (as on 30 September 2015)**

Year of the Audit Report (Commercial/PSU)	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs) and Paragraphs in the Audit Report		Number of PAs/Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2008-09	26.03.2010	1	5	-	2
2013-14	26.03.2015	1	11	1	4
<b>Total</b>		<b>2</b>	<b>16</b>	<b>1</b>	<b>6</b>

From the above, it could be seen that out of 18 paragraphs/ performance audits, explanatory notes to seven paragraphs/ performance audit in respect of five departments, which were commented upon, were awaited (September 2015).

### Discussion of Audit Reports by COPU

**1.22** The status as on 30 September 2015 of performance audits and paragraphs that appeared in Audit Reports (Civil & Commercial) and Audit Reports (PSUs) and discussed by COPU is as given in **Table - 1.13**.

**Table - 1.13: Performance Audits/ Paragraphs appeared in Audit Reports vis-a-vis discussed as on 30 September 2015**

Period of Audit Report	Number of Performance Audits (PAs)/ Paragraphs					
	Appeared in Audit Report		Paras discussed		Paras pending for discussion	
	PAs	Paragraphs	PAs	Paragraphs	PAs	Paragraphs
2008-09	1	5	1	3	-	2
2010-11	1	8	1	2	-	6
2011-12	1	10	-	1	1	9
2012-13	1	9	-	3	1	6
2013-14	1	11	-	-	1	11
<b>Total</b>	<b>5</b>	<b>43</b>	<b>2</b>	<b>9</b>	<b>3</b>	<b>34</b>

**Compliance to Reports of Committee on Public Undertakings (COPU)**

**1.23** Action Taken Notes (ATN) of the Government Departments to seven paragraphs pertaining to six Reports of the COPU presented to the State Legislature between July 2008 and March 2012 have not been received (September 2015) as indicated in *Table - 1.14*.

**Table - 1.14: Compliance to COPU Reports**

Year of the COPU Report	Total number of COPU Reports	Total number of recommendations in COPU Report	Number of recommendations for which ATN not received
2008-09	1	1	1
2009-10	1	1	1
2010-11	3	4	3
2011-12	1	2	2
<b>Total</b>	<b>6</b>	<b>8</b>	<b>7</b>

These Reports of COPU contained recommendations in respect of paragraphs pertaining to three departments, which appeared in the Reports of the CAG of India for the years 2002-03 to 2004-05.

It is recommended that the Government may ensure: (a) sending of replies/ explanatory notes to IRs/draft paragraphs/performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule; (b) recovery of loss/outstanding advances/overpayments within the prescribed period; and (c) revamping of the system of responding to audit observations.

**Coverage of this Report**

**1.24** This Report contains 12 paragraphs, one long paragraph and one Performance Audit i.e. on “Working of Chhattisgarh State Industrial Development Corporation Limited” involving financial effect of ₹ 605.79 crore.

# Chapter - II

## CHAPTER - II

### 2. Performance Audit of Government Company

#### Working of Chhattisgarh State Industrial Development Corporation Limited

##### Executive Summary

###### **Introduction**

The main activity of the Chhattisgarh State Industrial Development Corporation Limited (Company) is to develop and maintain industrial areas and allot land to industrial units in and outside industrial areas for development of industries in the State. The Company also finalises rate contracts for Government purchases. As of 31 March 2015 the Company had established 17 industrial areas and four projects for development of industrial areas were in progress. In addition, the Company also conceived five projects during 2010-15 in which the development activities are yet to start.

The Performance Audit was conducted to assess the performance of the Company during 2010-15 covering various aspects such as development and maintenance of industrial areas, allotment of land, billing and recovery of user charges from industrial units, finalisation of rate contracts, investment of surplus funds and internal control and monitoring. Following are the main findings of Performance Audit.

**(Paragraphs 2.1 and 2.4)**

###### **Financial Management**

- The Company has not finalised its accounts for 2010-11 to 2014-15 so far. Delayed finalisation of annual accounts and short deposit of advance tax due to incorrect assessment of budgeted income by the Company resulted in payment of penal interest of ₹ 4.70 crore to Income Tax Department.

**(Paragraph 2.6.1)**

###### **Development and Maintenance of Industrial Areas**

- The Company had not prepared any plans for identification and development of industrial areas in the State in line with the objectives of State Industrial Policy. Further, the Company has also not prepared road map for creation of land bank for development of industries in the State as per Government of Chhattisgarh (GoCG) instructions of August 2009.

**(Paragraphs 2.7.1 and 2.7.2)**

- During 2010-15, the Company established four industrial areas and establishment of four industrial areas was in progress as on 31 March 2015. There were delays ranging between one and five years in execution of these projects due

to delay in preparation of detailed project reports, non-availability of land and non-receipt of Government of India grants due to non fulfillment of conditions of grant etc.

**(Paragraph 2.7.3)**

- The Company had fixed land premium and maintenance charges for allotment of land in industrial areas on abnormally lower side without considering actual cost of development and maintenance as was required under GoCG instructions. This has resulted in loss of ₹ 171.70 crore to the Company.

**(Paragraphs 2.7.7 and 2.7.8)**

### **Allotment of Land**

- During 2010-15, the Company had made 71 allotments for 3367 hectare land outside the industrial areas. In respect of seven cases of allotment of land measuring 446.112 hectare the land premium was assessed at rates lower than the rates applicable as per GoCG guidelines. As a result, there was short recovery of ₹ 262.64 crore.

**(Paragraphs 2.8.1 and 2.8.2)**

- In six cases of allotment of land measuring 16.715 hectare in industrial areas for auxiliary/ commercial purpose the Company did not recover land premium at commercial rates as per Land Allotment Rules, 1974 and decision of Board of Directors of the Company resulting in loss of ₹ 52.49 crore.

**(Paragraph 2.8.6)**

- As on 31 March 2015, user charges amounting to ₹ 26.27 crore were outstanding from 1112 allottees for the period ranging upto five years. The Company had not taken action against the defaulting allottees for recovery of user charges as per provisions of lease deed.

**(Paragraph 2.8.7)**

### **Internal Control and Monitoring**

- The Company did not have Management Information System and internal audit wing. The internal audit conducted by hired chartered accountants was not comprehensive as it was limited to preliminary checking of accounts. The Company had also not conducted physical verification of assets during 2010 -15.

**(Paragraph 2.10)**

## **2.1 Introduction**

The erstwhile Madhya Pradesh Audyogik Kendra Vikas Nigam (Raipur) Limited incorporated (November 1981) under the Companies Act 1956 was renamed (April 2001) as Chhattisgarh State Industrial Development Corporation Limited (Company) consequent to formation of new State of Chhattisgarh in 2000. The

main objective of the Company is to develop and maintain industrial areas<sup>1</sup> with common facilities like roads, water, power etc. and allot land to potential industrial units in and outside industrial areas besides promoting, assisting the establishment and growth of industries and industrialisation in the State. As of 31 March 2015 the Company had established 17 industrial areas and four projects for development of industrial areas were in progress. In addition, the Company also conceived five projects during 2010-15 in which the development activities are yet to start. The details of industrial areas are given in *Annexure - 2.1*.

The Company, apart from its core activity of development and maintenance of industrial areas, is also engaged in finalisation of rate contracts for government purchases, supply of iron, steel and coal to the Small Scale Industries (SSI) of Chhattisgarh, providing various testing facilities for industrial products through its testing lab and manufacturing of steel and wooden furniture for government supply. Similarly the Finance Cell of the Company looks after the work of recovery of loan disbursed by erstwhile Madhya Pradesh Finance Corporation relating to areas in Chhattisgarh and it does not grant any loan to industries.

## 2.2 Organisational Setup

The Management of the Company is vested in Board of Directors (BoD) consisting of eight directors including Managing Director (MD) and a Chairman appointed by the Government of Chhattisgarh (GoCG). The MD is the Chief Executive officer and looks after day to day affairs of the Company with assistance of Executive Director and functional heads. The Company has two Regional offices at Durg and Bilaspur each headed by Chief General Manager. The total manpower of the Company as on March 2015 was 283. The organisational chart is given in *Annexure - 2.2*.

## 2.3 Audit Objectives

The performance audit was conducted to assess whether the Company had:-

- An effective and efficient financial management system;
- Formulated and implemented definitive and viable plans for development and maintenance of industrial areas in an economic and efficient manner in line with industrial policy of the State and objectives of the Company;
- Allotted land to the industries in transparent and equitable manner;
- Finalised rate contracts for Government purchases economically, effectively, efficiently and in a timely manner; and
- An efficient and effective monitoring system and internal control framework.

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<sup>1</sup> Industrial areas, growth centers, industrial parks etc.

## **2.4 Scope and Methodology of Audit**

The Performance Audit was conducted during May to July 2015 to assess the performance of the Company during 2010-11 to 2014-15 covering various aspects such as development and maintenance of industrial areas, allotment of land, billing and recovery of user charges<sup>2</sup> from industrial units, finalisation of rate contracts for Government purchases, investment of surplus funds and internal control and monitoring.

We reviewed records in respect of all the four industrial areas (Kapan, Teknar, Engineering Park and Metal Park) established during 2010-15 and nine ongoing projects at the Head Office (HO) and two Regional offices. The Entry Conference was held with the Secretary, Department of Commerce and Industries, GoCG and Managing Director of the Company on 24 June 2015 wherein the objectives, scope and methodology was discussed. The Audit findings were reported to the Company and GoCG in July 2015 and discussed in an Exit Conference held on 28 October 2015. The Exit Conference was attended by the Secretary (Commerce and Industries), GoCG and Managing Director of the Company. The views expressed by them in Exit Conference have been considered while finalising Performance Audit Report.

## **2.5 Audit Criteria**

The Performance of the Company was assessed with reference to the:

- State Industrial Policy (SIP) and directives issued;
- Memorandum and Articles of Association of the Company, agenda notes, resolutions of BoD, circulars issued by the Company, annual budgets and Detailed Project Report (DPR) of industrial areas;
- Standard procedures for implementation of projects and Public Works Department Manual of GoCG;
- Land Allotment Rules, 1974 (LAR 1974) and subsequent amendments and guidelines thereto;
- Chhattisgarh Stores Purchase Rules, 2002 and subsequent amendments; and
- The Companies Act 1956 and the Income Tax Act 1961.

## **Audit Findings**

The audit findings are discussed in the succeeding paragraphs.

## **2.6 Financial Management**

The major source of revenue of the Company is land premium and user charges from industrial areas, grants received from GoI/GoCG for development of industrial areas, revenue from other activities, service charges on allotment of land outside the industrial areas, interest earned on fixed deposit etc. The land

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<sup>2</sup> Lease rent, annual maintenance charges and street light charges



premium and user charges from industrial areas as well as grants received from GoI/GoCG is treated as Government revenue and thus not routed through profit and loss account of the Company.

The expenditure relating to development and maintenance of industrial areas is met from Government revenue. The surplus of Government revenue is retained by the Company and shown as payable to Government under ‘State Government Memorandum Account’. This surplus amount is invested by the Company in fixed deposits (FDs). The interest income on FDs after adjusting salary and administrative expenditure in respect of Head Office is also transferred to ‘State Government Memorandum Account’ through profit and loss account. Therefore the profit/ loss shown in the profit and loss account depicts the operational performance of the other activities of the Company such as supply of iron, steel and coal to SSIs, providing various testing facilities for industrial products and manufacturing of steel and wooden furniture.

The Company had finalised its accounts for the year upto 2009-10 so far. The unaudited provisional figures in respect of financial position and working results of the Company for the last three years ending March 2013 are given in *Annexure - 2.3*. The Company incurred loss of ₹ 1.32 crore in 2010-11 which increased to ₹ 1.56 crore in 2012-13<sup>3</sup> owing to loss incurred in its other activities such as coal cell, furniture factory and testing lab.

***Delayed finalisation of annual accounts resulting in avoidable payment of penal interest***

**2.6.1** As per Section 210 of the Companies Act, 1956 read with Section 166 and 216, it is the responsibility of BoD to place the accounts of the Company along with Auditor’s Report in the Annual General Meeting of the shareholders within six months of the close of the financial year.

We observed that there was backlog in preparation of annual accounts of the Company. As on October 2015, five years’ annual accounts (2010-11 to 2014-15) were in arrears. Delay in finalisation of accounts is not only violation of provisions of the Companies Act, 1956 but also renders it difficult for the Company to detect/ prevent any lapse/fraud and take immediate corrective action. We also observed that due to delay in finalisation of accounts and absence of a system for periodical review of budgeted income, the Company failed to precisely assess the profit/loss on a quarterly basis for the purpose of payment of advance tax as required under section 208 of the Income Tax Act 1961. As a result the Company short deposited advance tax and had to pay penal interest of ₹ 4.70 crore under section 234 A/B/C of the Income tax Act 1961 for the year 2005-06 and 2006-07.

The Government stated (October 2015) that the finalisation of accounts is being done on top priority to clear the backlog within one year.

<sup>3</sup> Provisional figures for 2013-14 and 2014-15 have not been finalised by the Company so far.

**Delayed finalisation of annual accounts and absence of system of periodical review of budgeted income for the purpose of payment of advance tax resulted in avoidable payment of penal interest of ₹ 4.70 crore.**

### **Recommendation:**

The Company needs to clear the backlog of accounts. It should also devise a system for periodical review of budgeted income in order to pay advance tax as per provisions of the Income Tax Act.

#### ***Injudicious investment of surplus funds resulted in loss of interest of ₹90.39 lakh***

**The Company had invested its surplus funds injudiciously which resulted in loss of interest of ₹ 90.39 lakh.**

**2.6.2** As discussed in paragraph 2.6, the Company invests its surplus funds in FDs with various scheduled banks. As of 31 March 2015 the Company had ₹ 355.26 crore in FDs. We observed that the Company had not formulated any policy as of June 2015 for investment of its surplus funds despite being repeatedly pointed out in Audit<sup>4</sup>. In absence of the same, the FDs were made on discretionary basis and without proper analysis of liquidity position. For instance, in some cases the Company made FDs with different rate of interest with different banks on the same day for same period instead of investing at banks, which was offering highest rate of interest resulting in loss of interest of ₹ 66.47 lakh as detailed in ***Annexure - 2.4.***

We also observed that 19 FDs amounting to ₹ 160.45 crore in four banks were maturing in October 2013 and the Company decided to reinvest the same in FDs. The Company, ignoring the highest rate of interest of 9.25 per cent offered by Corporation Bank for one year for investment of ₹ one crore to less than ₹ five crore, renewed the FDs in the respective existing banks for one year at lower rate of interest ranged between nine and 9.10 per cent resulting in loss of interest of ₹ 23.92 lakh.

While accepting the observation, the Government stated (October 2015) that the Company has now prepared policy for investing its surplus funds and the same would be followed for maximising the interest from FDs.

#### ***Loss of interest of ₹ 26.45 lakh due to non availing of auto sweep facility in current account***

**The Company had suffered loss of ₹ 26.45 lakh due to non availing of auto sweep facility in its current account.**

**2.6.3** The Company had 23 current accounts (transaction accounts for making payment to parties) in different banks at Head Office and field offices. However the Company had availed auto sweep facility (where surplus fund lying in saving/current account is automatically converted into fixed deposit on weekly basis) only in two current accounts.

We test checked the bank statement of current account of Raw Material Division in Bank of Baroda (without auto sweep facility) and observed that balance ranged between ₹ 3.48 lakh and ₹ 3.92 crore were lying in the non-interest bearing current account during the period 2010-11 to 2014-15. Had the Company availed auto sweep facility it could have earned interest of ₹ 26.45 lakh.

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<sup>4</sup> Para no. 4.3.6 of Report of CAG of India (Civil and Commercial) for the year ended 31 March 2011, GoCG and para no. 3.7 of Report of CAG of India on Public Sector Undertakings for the year ended 31 March 2014, GoCG.

The Management stated (July 2015) that auto sweep facility shall be implemented wherever possible as per the requirement of the Company. The Government also endorsed (October 2015) the views of the Company.

## **2.7 Development and maintenance of industrial areas**

The Industrial Promotion and Project Development Cell of the Company conceive projects for setting up of new industrial areas and prepare DPR after approval of BoD. The Land Acquisition Cell of the Company acquires requisite Government land through transfer from revenue department and private land through the Land Acquisition Officer (LAO) i.e. concerned district Collector. After requisite land is transferred to the Company, the Technical Cell of the Company starts development of common facilities like roads, drains and sewage, power supply, water supply, street lights etc. by engaging contractors. The developed land is allotted to the entrepreneurs and maintenance works such as repairing/construction of roads, drains, electrical systems is undertaken as per requirement. The deficiencies noticed in this regard are discussed in succeeding paragraphs.

### ***Absence of plan for development of industrial areas***

**2.7.1** In conformity with the objectives of the Company and objectives of State Industrial Policy 2009-14 for accelerated and balanced industrial development of the State with more thrust on development of backward areas, it was required that the targets in quantitative and financial terms were set and monitored through a Long Term Plan document.

We observed that the Company had not prepared any plans for identification and development of industrial areas in an economic and efficient manner. Further, before selection of site for establishing new industrial areas, the Company has not conducted Industrial Potential Survey to determine the suitability of location.

The Government stated (October 2015) that plan is being prepared through Consultants for exploring non-core sector and balanced industrial development within the State.

### **Recommendation:**

The Company should prepare plans for identification and development of industrial areas in accordance with SIP.

### ***Non-preparation of road map for creation of Land Bank***

**2.7.2** In line with the objective of SIP 2009-14 for accelerated and balanced growth of the industrial development of the State, GoCG prescribed (August 2009) that the Company would prepare a roadmap for next 20 years for creation of Land Bank. It also provided that tracts of Government/ barren land were to be identified to ensure minimum acquisition of agricultural land. As on May 2015, the Company had 517.161 hectare land in its land bank.

We observed that the Company has not prepared any road map so far and also not identified Government/ barren land in line with the GoCG instructions of August 2009. The reply of the Government is awaited (October 2015).

**Recommendation:**

The Company should immediately prepare road map for creation of Land Bank.

***Delay in development of industrial areas***

There were delays ranging between one and five years in execution of projects for development of industrial areas.

**2.7.3** The status of development works in four industrial areas (Kapan, Teknar, Engineering Park, Bhilai and Metal Park, Raipur) established during 2010-15 and four industrial areas (Tilda, Tendua, Gangapurkhurd and Sector D, Tifra) in progress as on June 2015 are given in the ***Annexure - 2.5***. It may be seen from the ***Annexure - 2.5*** that there were delays ranging between one and five years in execution of projects. The main reasons for delay were delayed preparation of DPR (Industrial Area, Teknar), encroachment of land (Metal Park, Raipur), starting development work without preparation of DPR (Industrial Area, Gangapurkhurd), starting development activities without having adequate land (Industrial Area, Sector-D, Tifra), non fulfillment of conditions for release of grants by GoI (Industrial Areas - Kapan, Teknar and Tilda).

The reply of the Government is awaited (October 2015).

**Recommendation:**

The Company should remove the bottlenecks in execution of projects and ensure that the projects are completed within scheduled time.

***Award of works valuing ₹13.26 crore without inviting tender***

**2.7.4** Clause 2.6 of Appendix 2.10 of tender terms and conditions *inter alia* provided that the Contractor will have to carry out additional/non SOR works relating to the original work subject to the condition that variation in the quantities of any item or items shall be limited to (+) 25 per cent and increase in total value of work is limited upto (+) 10 per cent of the amount of contract value.

The Company had awarded nine works amounting to ₹ 13.26 crore without inviting tender.

Scrutiny of records revealed that during 2010-15 nine works amounting to ₹ 13.26 crore were awarded by the Company to the contractors working in the near vicinity without inviting tender citing the provision of clause 2.6, urgency, ease of execution of work etc. as detailed in ***Annexure - 2.6***. We observed that the award of work without inviting tender was not justified as these works neither falls under the category of additional work as per the clause 2.6 of tender terms and conditions, nor any justification was found regarding urgency in the records produced to Audit. The award of work valuing ₹ 13.26 crore without inviting tender was irregular and as a result the Company could not obtain benefit of competitive rates.

The Management stated (July 2015) that the works were of urgent nature and in the ambit of the clause 2.6 of tender terms and conditions and hence the same were carried out through the existing contractors. The Management, however, assured that in future the works would be awarded through tender only. The Government also endorsed (October 2015) the views of the Company. The reply is not acceptable because the works executed did not fall under the category of additional work to the original work under clause 2.6 of tender terms and

conditions as these were totally new works at different locations and no way related to the original works.

**Recommendation:**

The Company should adhere to standard tender procedure in awarding of works.

***Unwarranted changes in scope of work resulting in avoidable extra expenditure of ₹1.33 crore***

**2.7.5** As per technical sanction (January 2013) construction of Reinforced Cement Concrete (RCC) drain was envisaged at Metal Park, Raipur. However, considering the site condition, the Company felt appropriate (January 2014) to construct Random Rubble Masonry Pucca Surface drain (RR Masonry) and awarded three works valuing ₹ 7.30 crore as detailed in *Annexure - 2.7*. The contractors did not start the works on the ground that the boulders required for construction of RR Masonry drain was not available in the market and requested<sup>5</sup> the Company to change the scope of work to construction of RCC drain. The Company accepted the requests and changed the scope of work and issued revised work orders valuing ₹ 8.63 crore as detailed in *Annexure - 2.8*.

The Company incurred avoidable extra expenditure of ₹ 1.33 crore due to unwarranted changes in scope of work.

We observed that the Company without verifying the claim of the contractors of non availability of boulders, unfairly changed the scope of work because at the same time (April to December 2014) the work of construction of RR Masonry drains at other adjacent industrial areas i.e. Urla and Sarora were carried out by the other contractors which indicated that there were no shortage of boulders. Thus unwarranted change in scope of work resulted in extra expenditure of ₹ 1.33 crore (₹ 8.63 crore - ₹ 7.30 crore).

The Management stated (March 2015) that the construction of RCC drains in place of RR Masonry drains was done on the basis of site conditions and technical sanction. The Government also stated (October 2015) that the scope of works was changed according to site conditions.

The reply is not acceptable. Though as per technical sanction, RCC drain was envisaged, the Company had subsequently taken a conscious decision to construct RR Masonry drain as per site conditions. Further the scope was changed without verifying the claim of the contractors about non availability of boulders.

***Irregular deviation in Bill of Quantity resulting in extra expenditure of ₹69.74 lakh***

The Company has incurred avoidable extra expenditure of ₹ 69.74 lakh due to irregular deviation in BOQ while inviting tenders.

**2.7.6** The Company awarded (September 2013) work of construction of 18 meter wide Wet Mixed Macadam and Bituminous Road for Sector-3 and 4 at Metal Park, Raipur to M/s Raipur Construction Private Limited (Contractor) at 19 per cent above Schedule of Rates (2010-11) for Probable Value of Contract of ₹ 6.08 crore. The contractor had executed the work valuing ₹ 4.33 crore and work was in progress (June 2015). We observed that as per technical sanction, the Grade-III material was to be used for granular sub base. However, while inviting

<sup>5</sup> October 2014 – 1<sup>st</sup> work/ May 2014 – 2<sup>nd</sup> work/ June 2014 – 3<sup>rd</sup>work

tender the grade of material for granular sub base was changed from Grade-III to Grade-I resulting in increase in cost by ₹ 69.74 lakh (Grade-I is costlier material and also requires more quantity as compared to Grade-III), justification for which was not on record.

The Management stated (March 2015) that the work of granular sub base (Grade-I) would be completed by using the original quantity as of Grade-III indicated in technical sanction. The Government further added (October 2015) that the changes in the scope of works were due to site conditions and were well within the provisions of the agreement. The Government has, however, noted the audit observation.

The reply of the Management does not explain how the work of granular sub base (Grade-I) which requires 14782 m<sup>3</sup> material would be completed by using the lesser quantity of 10564.56 m<sup>3</sup> of Grade-III without compromising the quality. It confirms that the tender estimate was prepared by the Company without any justification. Further the Government reply of October 2015 is also not acceptable and seems to be afterthought because we did not find any evidence on records in this regard.

***Loss of ₹ 108.32 crore due to fixation of land premium for industrial areas on lower side***

**2.7.7** As per GoCG instructions of August 2009, land premium in industrial areas was to be fixed by the Company taking into account the cost of acquisition of land, service charge, cost of development etc. In respect of new industrial areas established/ being established during the period 2010-15, we observed that the Company has no uniform policy/ methodology to work out the rate of land premium by considering all the elements as per GoCG instruction of August 2009. In absence of the same, land premium has been fixed on *ad hoc* basis on lower side resulting in loss of ₹ 108.32 crore as discussed in the **Table - 2.1**.

**There was loss of ₹ 108.32 crore due to fixation of land premium for industrial areas on lower side.**

**Table - 2.1: Details of fixation of land premium**

S N	Particulars	Industrial Areas						
		Metal Park, Raipur	Engine- ring Park, Bhilai	Industrial Area, Sector D, Tifra,	Industrial Area, Tilda, Raipur	Industrial Area Gangapurk- hurd,	Industrial Area Tendua, Raipur	
1	Total estimated cost of development of the project excluding cost of land as per DPR (₹ in crore)	92.00	49.78	18.00	18.45	18.98	12.21	
2	Total saleable land excluding land reserved for SC/ST entrepreneurs (hectare)	26.77	42.00	11.38	11.48	3.55	8.38	
3	Land premium to be fixed (₹ in crore per hectare) (1/2))	3.44	1.19	1.58	1.61	5.35	1.46	
4	Land premium fixed (₹ in crore per hectare)	1.00	1.00	1.00	1.00	0.40	1.00	
5	Short fixation of land premium (₹ in crore per hectare) (3-4)	2.44	0.19	0.58	0.61	4.95	0.46	
6	Under recovery of cost due to fixation of land premium on lower side (₹ in crore) (2X5)	65.32	7.98	6.60	7.00	17.57	3.85	
7	Total under recovery of cost (₹ in crore)							108.32

(Source: Data compiled from the information furnished by the Company)

It could be seen from the above table that the land premium has been fixed at abnormally lower rate of ₹ 40 lakh to ₹ one crore per hectare as against the per hectare cost of development of ₹ 1.19 crore to ₹ 5.35 crore in above industrial areas.

The Government stated (October 2015) that the basic objective of the Company is to promote industrialisation and not earning profits. Besides costs, other things such as saleability etc. are to be seen before fixation of premium. The Government also stated that the new Land Allotment Rules 2015 (LAR 2015) have been implemented and accordingly premium would be revised from time to time.

Reply is not acceptable as the Company had not considered cost of development of land while fixing land premium as required under GoCG instructions of August 2009. Moreover, for promotion of industrialisation, SIP already provides concession to specified industries on the land premium fixed by the Company. Thus, fixation of land premium on lower side amounted to extension of double concession to industries which was not justified. Further, the Audit is not suggesting making profit through premium but is of the view that the Company should at least recover the cost of development. Also the revision of land premium in June 2015 as per LAR, 2015 was done by the Company without any analysis and considering the cost of development.

**Recommendation:**

The Company should fix land premium after taking into account actual cost in accordance with the instructions of GoCG.

***Loss of ₹63.38 crore due to fixation of maintenance charges on lower side***

**2.7.8** For proper and regular maintenance of industrial areas the Company recovers annual maintenance charges and street light charges from the allottees. The Company had revised (September 2010) the maintenance charge and street light charge to 2.50 per cent of land premium and ₹ 10000 per hectare per annum respectively with condition that these rates be revised every year on 1<sup>st</sup> April.

However the Company did not revise the maintenance charges thereafter and street light charges were revised (increased to ₹ 15000 per hectare per annum) only once in June 2015. The Company also does not have any policy/methodology to fix these charges taking into account the actual expenditure incurred on these activities. This is evident from the fact that during 2010-15, against the total expenditure of ₹ 70.06 crore incurred on maintenance of industrial areas, the Company has earned revenue ₹ 6.68 crore only from maintenance and street light charges as detailed in the **Table - 2.2**.

**The Company had suffered loss of ₹ 63.38 crore due to fixation of maintenance charges on lower side.**

**Table - 2.2: Details of maintenance and electricity charges**

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	Total
Maintenance expenditure incurred	7.90	10.65	16.72	12.95	19.90	68.12
Electricity charges paid	0.23	0.24	0.37	0.48	0.62	1.94
<b>Total expenditure</b>	<b>8.13</b>	<b>10.89</b>	<b>17.09</b>	<b>13.43</b>	<b>20.52</b>	<b>70.06</b>
Revenue received from maintenance and street light charges	1.16	1.01	1.25	1.69	1.67	6.68

(Source: Data compiled from the information furnished by the Company)

Thus fixation of maintenance and street light charges on abnormally lower side has resulted in loss of ₹ 63.38 crore to the Company as well as extension of undue benefit to the industries to that extent through indirect subsidy.

The Government stated (July 2015) that the maintenance charges are described in the lease deed and hence the same could not be revised. The Government also stated that LAR 2015 has been implemented and revision of maintenance charges would be done accordingly.

The reply is not acceptable because in 115<sup>th</sup> meeting (August 2013) of BoD of the Company, it was decided that suitable condition would be incorporated in the existing as well as new lease deed for revision of maintenance charges. However no such condition has been included in lease deed so far. It is also pertinent to mention that though the Company revised the rates of electricity charges in June 2015 as per LAR 2015, the rate of maintenance charges were not revised after considering actual expenses as required under LAR 2015.

### **Recommendation:**

The Company should fix the maintenance charges after taking into account actual cost.

### ***Loss of ₹30.56 crore due to recovery of water charges at lower rate***

**2.7.9** The Company, in its industrial areas, supplies water to industries as per their demand either from its own sources (tube well, bore etc.) or through the water received from Water Resources Department (WRD), GoCG. The Company is having a water supply system (Borai Anicut) for its Borai industrial area in Durg district where it receives water from WRD and from there it is supplied to industries by Radius Water limited (RWL), the operator of Borai Anicut. For supply of water to industries at Borai, the Company bears mainly two costs i.e. water charges paid to WRD and RWL.

We observed that as against the actual cost of ₹ 62.02 crore incurred on water supply during 2010-15, the Company recovered water charges of ₹ 31.47 crore from the industries as detailed in the **Annexure - 2.9**. We also observed that the actual cost borne by the Company on supply of water to industries during 2010-15 ranged between ₹ 26.71 and ₹ 42.55 per KL. As against this, the Company recovered water charges at lower rate of ₹ 21.75 per KL from large/medium industries and ₹ 17.25 per KL from SSIs. Recovery of water charges at lower rate has resulted in loss of ₹ 30.56 crore to the Company as detailed in **Annexure - 2.9**

**The Company had suffered loss of ₹ 30.56 crore due to recovery of water charges at lower rate from industries at Borai industrial Area.**



and also resulted in extension of undue benefit to the industries by way of unintended subsidy.

The Management while accepting the observation stated (July 2015) that the water charges were not increased due to protest from Borai Industries Association. The Management also stated that the proposal for increase of rates of water charges would be submitted to BoD for consideration. The Government also endorsed (October 2015) the views of the Company.

**Recommendation:**

The Company should fix water charges by considering actual cost to avoid losses.

## 2.8 Allotment of Land

The Company allots land outside the industrial areas as well as within the industrial areas developed by it.

### Allotment of land outside industrial areas

For allotment of land to the industries the Company collects land premium equal to the value of land as per Central Valuation Board (CVB) guidelines<sup>6</sup> of GoCG plus solatium at the rate of 30 per cent, interest at the rate of 12 per cent and service charge at the prevailing rate.

During 2010-15, the Company had allotted total land measuring 3367 hectare in 71 cases outside the industrial areas. Irregularities noticed in allotment of these cases are discussed in the succeeding paragraphs.

#### *Non assessment of land premium as per Model Rehabilitation Policy*

**2.8.1** As per GoCG orders of March 2012 (made applicable with retrospective effect from 19 March 2010) the land premium to be recovered from industries at the rates notified by CVB would be subject to minimum rate of ₹ 14.83 lakh per hectare for uncultivated<sup>7</sup> land and ₹ 24.71 lakh per hectare for irrigated land as stipulated in Model Rehabilitation Policy, 2007.

The Company had short recovered ₹ 233.33 crore in four cases of allotment of land outside the industrial area due to non assessment of land premium as per Model Rehabilitation Policy.

We observed that in three cases of allotment (between March 2010 and March 2012) of uncultivated land (216.135 hectare) the land premium recovered by the Company as per CVB rates was below the minimum rate of ₹ 14.83 lakh per hectare as per Model Rehabilitation Policy. Thus as per above GoCG orders the Company was required to recover the differential amount of land premium in these cases by upward revision of land premium at the rate of ₹ 14.83 lakh per hectare. However, the Company did not recover the revised land premium resulting in short recovery of ₹ 29.70 crore towards land premium and ₹ 97.96 crore towards lease rent over the lease period of 99 years as detailed in the *Annexure - 2.10*.

<sup>6</sup> For every financial year, the Central Valuation Board fixes the value of different land according to their nature and location

<sup>7</sup> *Padti* land

We further observed that in one case of allotment (August 2010) of irrigated land of 206.210 hectare, the Company, while revising the land premium retrospectively in accordance with GoCG orders of March 2012, had wrongly considered rate of land as ₹ 14.83 lakh per hectare applicable for uncultivated land instead of ₹ 24.71 lakh per hectare applicable for irrigated land. This has resulted in short recovery of ₹ 24.58 crore towards land premium and ₹ 81.09 crore towards lease rent over the lease period of 99 years as detailed in *Annexure - 2.11*.

The Management while accepting the observation relating to first three cases, stated (July 2015) that notice has been issued (July 2015) to the respective allottees for payment of differential amount. The Government further added (October 2015) that necessary action is being taken in case of non deposit of differential amount. However, the reply of the Government is awaited (October 2015) in fourth case of land allotted in August 2010.

### ***2.8.2 Assessment of land premium at rates lower than the rates fixed by Central Valuation Board***

The Company had short recovered ₹ 29.31 crore in three cases of allotment of land outside the industrial area due to non assessment of land premium as per rate fixed by Central Valuation Board.

For every financial year, the Central Valuation Board (CVB) of Chhattisgarh fixes the value of different land according to their nature and location. The Company while allotting Government land, collects land premium based on the rates fixed by CVB.

(a) We observed that in two cases the Company allotted (July 2010 and October 2011) 22.268 hectare Government land situated at main road at the rates lower than the rates prescribed by the CVB for the said land. This has resulted in short recovery of ₹ 6.36 crore towards land premium and ₹ 20.96 crore towards lease rent over the period of lease of 99 years as detailed in the *Annexure - 2.12* and *Annexure - 2.13*.

The Management while accepting the observation relating to land allotted in July 2010 stated (July 2015) that notice has been issued for payment of differential amount. Regarding allotment made in October 2011, the Management stated that at the time of allotment the subject land was not situated at main road and accordingly rate applicable for main road was not considered. The Government also endorsed (October 2015) the management reply.

The reply regarding second allotment is factually incorrect because as per Government records the land was situated at main road (Ring Road) and the Company while issuing (29 March 2011) initial offer for allotment had also acknowledged this fact.

(b) We further observed that in another case the Company allotted (January and October 2010) 1.509 hectare Government land situated within 46 meters from main road at the lower rates applicable for land situated beyond 46 meters from main road. The Company also allowed 50 *per cent* concession on land premium to firm applicable for dairy industry under SIP. This was not in order because as per SIP the concession was applicable for land situated in industrial areas whereas the subject land was situated outside industrial area. Thus adoption of lower rate of

land and irregular grant of 50 per cent concession in land premium has resulted in short recovery of ₹ 53.27 lakh towards land premium and ₹ 1.46 crore towards lease rent over the lease period of 99 years as detailed in **Annexure - 2.14**.

The reply of the Government is awaited (October 2015).

### **Recommendation:**

The Company should follow Government guidelines while assessing land premium and immediately recover the short realised amount from allottees.

### **Non-recovery of penal interest of ₹2.98 crore**

**2.8.3** The Company selected (March 2008) a firm as developer for construction of residential cum commercial complex at Bhilai and authorisation agreement was executed between the Company and the firm in July 2008. Section 8.3 of the authorisation agreement *inter alia* provided payment of land premium in four equal quarterly installments commencing from the date of signing of lease deed and levy of penal interest at the rate of 24 per cent per annum for default in payment. As per terms of authorisation agreement, the Company allotted (April 2010) 16.390 hectare land at a total premium of ₹ 14.54 crore to the firm.

**The Company failed to recover penal interest of ₹ 2.98 crore on account of delayed payment of land premium.**

Audit scrutiny revealed that the firm paid the quarterly installments belatedly, however, it did not pay penal interest of ₹ 2.98 crore towards delayed payment of premium as per Section 8.3 of the authorisation agreement and had requested (July 2013) the Company to waive the same citing encroachment in the subject land. The matter is yet to be decided by the Company (June 2015).

We observed that the subject land allotted was free from encroachment and thus the contention of the firm regarding encroachment was not correct. The Company instead of recovering the amount has kept the matter pending for more than two years which has resulted in non recovery of ₹ 2.98 crore.

The Government stated (October 2015) that action is being taken to recover the amount.

### **Allotment of land within industrial areas**

For allotment of land in industrial areas, the entrepreneurs submit application to the Company. The Company allots land on 99 years lease at the prevailing rate of land premium, lease rent, maintenance charges and street light charges as per the provision of Land Allotment Rules 1974 (LAR 1974) on first come first serve basis subject to the eligibility and fulfillment of conditions. After receipt of total amount of land premium and one year advance lease rent, maintenance charges and street light charges, land allotment order is issued. After execution of lease deed, possession of land is transferred in favour of allottees.

We reviewed all 99 cases of land allotted in four industrial areas<sup>8</sup> established during 2010-15 and all the cases of allotment made at old industrial areas, Sirgitti

<sup>8</sup> Metal Park (51), Engineering Park (42), Kapan Industrial area (5) and Teknar Industrial area (1)

(130) and Borai (49) during 2010-15. The deficiencies noticed are discussed in succeeding paragraphs.

***Non formation of committee for allotment of land***

**2.8.4** Vide para no. 6.2.23 of Audit Report (Civil and Commercial) of CAG for the year ended 31 March 2008, Government of Chhattisgarh, it was pointed out that the applications received for allotment of land by the Company were not routed through Finance Section for verification of land premium, lease rent and other related matters from financial angles. They were also not routed through Technical Section to vet whether the area of land applied for is consistent with the technical specifications for size of industry to be set up. In response GoCG had stated (September 2010) before Committee on Public Undertaking (COPU) that for processing the cases of land allotment, an internal committee comprising representatives from Land Allotment Section, Finance Section and Technical Section would be formed.

We, however, observed (July 2015) that no such committee has been formed by the Company so far.

The Management stated (July 2015) that constitution of committee for allotment of land is not required as the process of receipt of application is now made online. The reply does not explain how mere receipt of online application would ensure proper scrutiny from the angle of technical and financial aspects.

The reply of the Government is awaited (October 2015).

***Allotment of land to large industries at rates applicable for small industries***

**2.8.5** As per SIP 2009-14, small industry means industrial enterprise falling under definition of Small Enterprises under Micro Small and Medium Enterprise Act, 2006 and is in possession of provisional registration certificate issued by DTIC. Audit scrutiny revealed that in Sirgitti Industrial Area, Bilaspur the Company allotted (September 2010) 1.037 acre land under SSI category to a firm for setting up of newspaper printing and publishing unit at the rate of ₹ 12 lakh per hectare. The Company also allotted (July 2014) 2.009 acre land to another firm under SSI category for setting up of packaged drinking water plant at the rate of ₹ 40 lakh per hectare (details in ***Annexure - 2.15***).

We observed (July 2015) that the newspaper printing firm is one of the leading print media group in India, publishing 35 newspaper editions in eight States whose total investment in plant and machinery was much more than the limit of ₹ five crore specified in MSME Act 2006 for classifying an industry as SSI. Further, packaged water manufacturing firm is a Miniratna Company (Category-1) of GoI having investment in plants and machinery of ₹ 33.03 crore. Accordingly, these allottees should not have been treated as SSI and land premium should have been recovered at the prevailing rate for large/medium industries i.e. ₹ 20 lakh per hectare for newspaper printing firm and ₹ 60 lakh for packaged water manufacturing firm.

The Company had suffered loss of ₹ 86.33 lakh due to allotment of land to large scale industries at rates applicable for small scale industries.

Thus due to adoption of lower rate of land premium, the Company has suffered loss of ₹ 21.59 lakh towards land premium and ₹ 64.74 lakh towards lease rent over the period of lease of 99 years as detailed in the *Annexure - 2.15*.

The Government stated (October 2015) that these firms are SSI units as per provisional registration certificate issued by DTIC and CSIDC has no other means to decide their status.

The reply is not acceptable because the Company, being final authority for allotment of land and to protect its interest, should not have solely depended on the provisional certificate issued by DTIC and it should have also verified the SSI status as stipulated in SIP. It is pertinent to mention that on being pointed out by Audit<sup>9</sup> a similar case of allotment of land to a newspaper printing firm at industrial area, Sirgitti, Bilaspur the Company had recovered (September 2010) the land premium at the rate applicable for large/ medium industries.

#### **Recommendation:**

The Company should immediately recover the amount of differential amount and also evolve a system for verification of SSI status.

#### ***Loss of ₹52.49 crore due to non recovery of land premium at commercial rates***

**2.8.6** Rule 16 (i) of Land Allotment Rules (LAR) 1974 enables the Company to allot the land to the industries in its industrial areas for auxiliary purpose (railway siding, restaurants, post office, banks, STD booths, etc.) at commercial rates. The Company also allots land for commercial purposes in its industrial areas at commercial rates.

We observed that in two cases the Company allotted (between August 2012 and September 2014) 14.33 hectare land to two industries for construction of railway sidings at lower rate applicable for large and medium industries instead of higher commercial rates fixed by the Company. Due to adoption of lower rate of land premium the Company suffered loss of ₹ 10.75 crore towards land premium and ₹ 35.46 crore towards lease rent over the lease period of 99 years as detailed in *Annexure - 2.16*.

The Company had suffered loss of ₹ 52.49 crore in six cases of allotment of land due to non recovery of land premium at commercial rates.

Further, in four cases the Company allotted 5.894 acre land at Sirgitti Industrial Area, Bilaspur for setting up of service centers for car/vehicles under SSI category. We observed that allotment of land in these cases at the rates applicable for SSIs was not justified as vehicle service center is not an industry and should not have been treated as SSIs. The service center is purely commercial activity and hence land premium should have been recovered at the commercial rates. Thus, unjustified adoption of lower rate of land premium applicable to SSIs, has resulted in loss of ₹ 1.56 crore towards land premium and ₹ 4.72 crore towards lease rent over the period of lease of 99 years as detailed in *Annexure - 2.17*.

The Government stated (October 2015) that the allotment for railway siding to the units is for captive use and not for commercial use. Hence same was allotted at

<sup>9</sup> Para no 6.2.31 of Audit Report (Civil and Commercial) of CAG of India for the year ended 31 March 2008, Government of Chhattisgarh

industrial rate and not at commercial rates. Regarding allotment of land to service centers, the Government stated that the land was allotted to these allottees at SSI rates on the basis of provisional certificate issued by DTIC wherein the units were mentioned as SSI.

The reply is not acceptable because as per LAR 1974 railway siding is an auxiliary purpose and BoD of the Company also reiterated (May 2010) that the allotment of land in industrial areas for railway siding is to be made on commercial rates. The reply regarding service centers is also not acceptable as the Company should not have solely depended upon the provisional certificate issued by DTIC and it should have also verified the SSI status as per provision of SIP.

#### **Recommendation:**

The Company should recover the land premium for auxiliary/commercial purpose at commercial rates from allottees and evolve a system for verification of SSI status.

#### **Post allotment monitoring**

After allotment of land it is the responsibility of the Company to see whether the industries have been setup within stipulated period, conditions of allotment have been fulfilled and user charges are paid on time. In this regard we observed the following deficiencies.

#### ***Non-recovery of user charges of ₹26.27 crore from allottees***

**2.8.7** As per provision of lease deed the lessee shall pay the user charges on or before 10<sup>th</sup> of January of each year (Clause 2) and if the dues are not paid within one month, interest at the rate of 18 *per cent* per annum for first year and 24 *per cent* per annum after first year would be charged (Clause 3). In case the amount remains unpaid for six months, the lease would be terminated after 21 days' notice given by the lessor (Clause 26). The Clause 39 of lease deed also provided that all sums recoverable under lease deed may be recovered as arrears of land revenue. As on 31 March 2015, ₹ 26.27 crore from 1112 allottees pertaining to period 2010-15 were recoverable towards user charges as detailed in the ***Annexure - 2.18***.

On test check of records we observed that the system of recovery of user charges and its monitoring was inadequate. There is no system of raising bills towards user charges before commencement of the calendar year to remind the allottee to pay the dues within the time. On further scrutiny of 50 cases of default allottees<sup>10</sup> (***Annexure - 2.19***) we observed that in 29 cases the Company has not issued notice of 21 days to the allottees for cancellation of lease deed despite non-payment of lease rent for one to five years. In 11 cases though the Company issued notice after delay of one to five years but lease deeds have not been cancelled so far. Further in 10 cases though the lease deed has been cancelled but no action has been taken to recover the user charges as land revenue.

Failure of the Company to take action as per provision of lease deed has resulted in non-recovery of user charges of ₹ 26.27 crore from allottees.

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<sup>10</sup> 11 out of 55 for Durg, 28 out of 188 for Bilaspur and 11 out of 50 for outside industrial areas.

The Management stated (July 2015) that the Company has started online system for payment of user charges since October 2014. The Management also stated that it issues notices to the allottees having huge outstanding and assured to issue 21 days' notice to default allottees in future as suggested by audit.

It is true that the Company has implemented online system, however, it failed to produce the details of year wise outstanding of allottees in respect of industrial areas under jurisdiction of HO Raipur which indicated that the online system is not able to generate the desired data to know the actual position of arrears.

**Recommendation:**

The Company should take immediate action against the defaulting allottees to recover the outstanding user charges as per the provisions of lease deed.

***Non-recovery of ₹ 3.75 crore from the entrepreneurs who have not complied with the conditions for concession in land premium***

**2.8.8** For promotion of industrial investment in the State, SIP 2009-14 provides exemption/concession in premium on allotment of land in industrial areas to the eligible industries. To get the exemption/concession in land premium, entrepreneurs have to furnish eligibility certificate issued by the Directorate of Industries, GoCG. The entrepreneur has to start commercial operation within the scheduled time limit mentioned in the certificate else eligibility certificate would be automatically cancelled.

On scrutiny of 16 cases of allotment of land made on concessional premium during 2010-15, we observed that in respect of 10 cases as detailed in ***Annexure - 2.20***, though the entrepreneurs failed to start the commercial operation within the stipulated time frame, the Company has not taken any action to recover ₹ 3.75 crore which was allowed as concession.

The Government stated (October 2015) that necessary instructions are being issued to the concerned and appropriate action will be taken.

**The Company had not recovered ₹ 3.75 crore from 10 entrepreneurs who have not complied with the conditions for concession in land premium.**

## **2.9 Finalisation of Rate Contracts**

To ensure timely supply of quality material at economical rate to State Government Departments (user departments) and encourage local SSIs, the Company was made nodal agency for finalisation of rate contracts (RC) for procurement of items as per 'Chhattisgarh State Store Purchase Rules 2002' (Store Purchase Rules). The Company circulates the copy of the RCs to all the user departments and also uploads the same in its website. The user departments directly procure the items from the firms by issuing supply order as per the terms and conditions of RC and make payment to them directly. On scrutiny of 42 out of 212 RCs finalised during 2010-15, we observed the following deficiencies.

***Inadequate publicity of notice inviting tender***

**2.9.1** As per Rule 4.3.3 of Store Purchase Rules, advertisement for Notice Inviting Tender (NIT) for work valuing more than ₹ 20 lakh be published in at least two state level and two national level newspapers. In a test check of 42 rate

contracts, we observed that in 14 cases, the Company has not published the advertisement in required number of newspapers.

While accepting (July 2015) the observation, the Management assured that NIT would be published in required number of newspapers.

***No criteria fixed for Earnest Money Deposit (EMD)***

**2.9.2** EMD is taken to ensure participation of genuine bidders and it should be neither very low nor very high. The Company has not fixed any criteria for fixation of EMD and in absence of the same it is being taken on *ad hoc* basis. In most of the cases the Company has taken EMD of ₹ 50000 and ₹ one lakh whereas in case of tender for bicycle and lab equipment, EMD of ₹ 25 lakh and ₹ five lakh respectively was obtained.

The Government stated (October 2015) that the observation has been noted and the same shall be complied/ implemented.

***Lack of monitoring of rate contracts finalised by the Company***

**2.9.3** The Company, being RC finalising authority, should have a system of monitoring of execution of RCs to assess the performance of RC Holders as well as the difficulties faced, if any, by the user departments. As per clause 22 (3) of RC, the user departments shall send copy of every supply order to the Company and similarly the RC holder shall also submit quarterly statement of supply to the Company. This is important for the purpose of creating database to ascertain whether the supply order is issued to all the RC holders equally within their production capacity or it has been issued to a particular firm(s) by extending undue favour.

We observed that user departments had furnished the copy of supply orders only during December 2011 to February 2014 and RC holders did not submit quarterly statement of supply. Thus in absence of regular feedback the Company could not create any data base of RCs. We also observed that various user departments issued supply order in different formats in deviation to the standard terms and conditions of RC which indicated that the Company failed to implement the RCs in accordance with the terms and condition of the rate contracts.

The Management stated (July 2015) that it could not create database and monitor the RCs due to non receipt of copy of supply orders from user departments. The Government stated (October 2015) that the observation has been noted and the same shall be complied/ implemented.

**Recommendation:**

The Company should evolve a system for monitoring of RCs.

**2.10 Internal Control and Monitoring**

Internal controls are safeguards that are put in place by the management of an organisation to provide assurances that its operations are proceeding as planned. The following deficiencies were noticed in the internal control and monitoring mechanism of the Company.



### ***Lack of Management Information System***

**2.10.1** The Company does not have MIS policy and had not prescribed any periodical returns/ performance reports to be submitted to the higher authorities. In absence of this, the important activities such as status of transfer of land for various projects, implementation of various infrastructure and development projects, land available in industrial areas for allotment, arrears of user charges etc. remained unsupervised of BoD and higher authorities.

The Government stated (October 2015) that the Company has initiated the process for obtaining ISO certification which would cover MIS.

#### **Recommendation:**

The Company should implement MIS.

### ***Deficient and ineffective Internal Audit system***

**2.10.2** Internal audit is an essential component of the internal control. It ensures compliance with the directives, rules and regulations laid down by the Company/ Government.

We observed that the Company had no internal audit wing of its own and it had also not prepared internal audit manual so far (July 2015). The internal audit conducted by the Chartered Accountants was confined mainly to preliminary checking of accounts leaving scrutiny of core area of land allotment, tenders, realisation of user charges etc. Further there was no follow up and corrective action on the audit observations and internal audit reports were not submitted to BoD for perusal.

The Management stated (July 2015) the priority of the Company is to clear the arrears of accounts and observations of audit would be followed once the arrears is cleared. The Government also endorsed (October 2015) the views of the Company.

### ***Lack of physical verification of assets***

**2.10.3** Physical verification of assets confirms the physical existence of the assets and ensure that they are accounted for properly. On scrutiny of records at HO we observed that the Company had not maintained asset register showing location and quantity wise details of assets. We also observed that no physical verification of assets was conducted during the period 2010-15. Thus the internal control mechanism prevalent in the Company with regard to accounting and existence of assets was very weak.

The Government accepted (October 2015) the observation and assured to take corrective action from current financial year.

#### **Recommendation:**

The Company should conduct physical verification of assets regularly.

## Conclusion and Recommendations

- Due to delayed finalisation of annual accounts and incorrect assessment of budgeted income for payment of advance tax, the Company paid ₹ 4.70 crore as penal interest to Income Tax Department.

The Company needs to clear the backlog of accounts. It should also devise a system for periodical review of budgeted income in order to pay advance tax as per provisions of the Income Tax Act.

- During 2010-15, the Company established four industrial areas and establishment of four industrial areas was in progress as on 31 March 2015. There were delays ranging between one and five years in execution of these projects due to delay in preparation of detailed project reports, non-availability of land and non-receipt of GoI grants due to non fulfillment of conditions of grant etc.

The Company should remove the bottlenecks in execution of projects and ensure that the projects are completed within scheduled time.

- The Company had fixed land premium and maintenance charges for allotment of land in industrial areas on abnormally lower side without taking into account actual cost as per GoCG instructions resulting in loss of ₹ 171.70 crore.

The Company should fix land premium and maintenance charges after taking into account actual cost in accordance with the instructions of GoCG.

- In seven cases of allotment of land measuring 446.112 hectare outside industrial areas, the Company had short recovered the land premium amounting to ₹ 262.64 crore due to assessment of same on lower side in violation of Government guidelines.

The Company should follow Government guidelines while assessing land premium and immediately recover the short realised amount from the allottees.

- The Company suffered loss of ₹ 52.49 crore in six cases of allotment of land in industrial areas for auxiliary/ commercial purpose due to non recovery of land premium at applicable commercial rates as per Land Allotment Rules, 1974 and decision of Board of Directors of the Company.

The Company should recover the land premium for auxiliary/ commercial purpose at commercial rates as per applicable rates/ guidelines.

- **As on 31 March 2015 user charges amounting to ₹ 26.27 crore were outstanding from 1112 allottees for the period ranging upto five years. The Company had not taken action against the defaulting allottees for recovery of user charges as per provisions of lease deed.**

**The Company should take immediate action to recover the outstanding user charges as per the provisions of lease deed.**

- **The Company did not have Management Information System and internal audit wing. The Company had also not conducted physical verification of assets during 2010 -15.**

**The Company should implement Management Information System and conduct physical verification of assets regularly.**

# Chapter - III

## CHAPTER -III

### 3. Transaction Audit Observations

Important audit findings emerging from test check of transactions made by the State Government Companies have been included in this Chapter.

#### Chhattisgarh State Power Generation Company Limited

#### 3.1 Long paragraph on irregularities in awarding of contracts at thermal power stations of Chhattisgarh State Power Generation Company Limited

##### Introduction

**3.1.1** Generation of power in Chhattisgarh is carried out by the Chhattisgarh State Power Generation Company Limited (Company) which was incorporated on 19 May 2003 under the Companies Act, 1956 as a fully owned Government Company under the administrative control of Energy Department, Government of Chhattisgarh.

The Company has four Thermal Generation Stations<sup>1</sup>, four Hydro Generation Stations<sup>2</sup> and one Co-generation<sup>3</sup> station at Kawardha. The installed capacity of Thermal, Hydro and Cogeneration Power Stations was 2280 MW, 138.70 MW and 6 MW respectively as of 31 March 2015.

The Company awards various contracts for overhauling of equipment, repair and maintenance of equipment, transportation and unloading of coal, deployment of security guards, daily cleaning of plants and allied buildings etc. to private contractors at its Thermal Power Stations (TPSs). The Chief Engineer (Generation)/Executive Director (Generation) are the functional heads of TPSs who works under the overall control of the Managing Director of the Company.

##### Audit objectives

**3.1.2** The long draft paragraph was attempted to assess whether:

- The contracts were awarded with due regards to standard procedures and in a transparent manner and their execution safeguarded the interests of the Company; and
- The Company and the contractors complied with the Statutory requirements.

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<sup>1</sup> Korba Thermal Power Station (KTPS), Hasdeo Thermal Power Station (HTPS), Hasdeo Thermal Power Station - Extension and Dr. Shyama Prasad Mukherjee Thermal Power Station (DSPM)

<sup>2</sup> Hasdeo Bango Hydel Project at Korba, Mini-Hydel Project at Korba (West), Gangrel Hydel Project at Dhamtari and Sikesar Hydel Project

<sup>3</sup> Co-generation means simultaneous generation of heat and power.

### Audit criteria

**3.1.3** The audit criteria adopted for assessing the achievement of the audit objectives were derived from the following sources:

- Standard procedures for award of contract with reference to principles of economy, efficiency and effectiveness;
- Guidelines issued by Central Vigilance Commission, General Financial Rules 2005; and
- Minimum Wages Act, 1948 and Instructions/orders of Government of Chhattisgarh and Labour Commissioner relating to wages payable to Contractors' workers.

### Scope and methodology of audit

**3.1.4** The Audit was conducted during May 2015 to July 2015 during which records of contracts awarded during the period 2010-11 to 2014-15 at two out of four TPSs viz. Korba Thermal Power Station (KTPS and Dr. Shyama Prasad Mukherjee Thermal Power Station (DSPM) were scrutinised.

Audit findings were reported to the Company and the State Government in July 2015 and discussed in an Exit Conference held on 30 September 2015. The exit conference was attended by Principal Secretary (Energy) and Managing Director of the Company. The Company and Government replied to audit findings in September 2015. The views expressed by them in Exit Conference and replies have been considered while finalizing the Long Paragraph.

### Audit findings

The audit findings are discussed in succeeding paragraphs.

#### ***Awarding of contract valuing ₹ 1.96 crore in violation of Central Vigilance Commission guidelines***

**3.1.5** As per Central Vigilance Commission (CVC) guidelines (3 March 2007) post tender negotiation with lowest tenderer was not permissible except in case of procurement of proprietary items, item with limited source of supply and items where there is suspicion of cartel formation. The Company directed (November 2011) its officials to ensure strict compliance to said CVC guidelines.

The Company invited (May 2012) tenders for work of further creation of ash dyke at KTPS. Out of four tenders received, price bids of two bidders who fulfilled the tender criteria, were opened. M/s Neelkantham System Private Limited had quoted the lowest rate of ₹ 2.53 crore which was 32.69 per cent above the estimated cost of ₹ 1.91 crore.

In view of higher rates received and poor participation the Chief Engineer (Civil and Maintenance- Generation) recommended (12 July 2012) for cancellation and re-invitation of tenders as there were chances of receiving lower rate. However, the Executive Director (Finance) advised (16 July 2012) the Chief Engineer (Civil and Maintenance- Generation) that an effort may be made for reduction in rate through negotiation with the lowest tenderer.

Accordingly, negotiation was held (24 August 2012) with the L-1 firm and the firm reduced the quoted price from ₹ 2.53 crore to ₹ 1.96 crore. The Company awarded (10 January 2013) contract to the firm for ₹ 1.96 crore.

Thus negotiation was held with the lowest bidder in violation of CVC guidelines (March 2007) stated above instead of retendering and contract was awarded in non-transparent manner.

During the exit conference (September 2015), Government stated that negotiation was done as per Company's policy. Further, it was stated that the case relates to raising of height of ash dyke essential for facilitating evacuation of ash from boiler to ash dyke, thereby facilitating generation of power to meet the demand of consumers.

The reply is not acceptable as the said policy of the Company adopted in August 2014 i.e. after award of the contract in January 2013, only reiterated the CVC guidelines which were not adhered in the present case. Further, the site was handed over to the contractor only in April 2014 after lapse of 15 months from the award date due to non-obtaining of forest clearance from the Forest Department. This indicates that the contract was not of urgent nature.

**Recommendation:**

The Company should strictly adhere to the CVC guidelines in awarding the contracts.

***Payment of excess interest free mobilisation advance ₹1.11 crore***

**3.1.6** Rule 159 (1) (ii) of the General Financial Rules, 2005 (GFR) provided that advance payment to the State or Central Government agency or a Public Sector Undertaking should not exceed 40 *per cent* of the contract value.

The Company awarded (25 June 2013) contract for repair of High Pressure and Intermediate Pressure Turbine Module at DSPM to Bharat Heavy Electricals Limited (BHEL) at a total cost of ₹ 30.50 crore (ex-works price ₹ 26.62 crore) with payment terms of 50 *per cent* interest free mobilisation advance on ex-works price. Accordingly, interest free mobilisation advance ₹ 13.31 crore was released (July 2013) to BHEL.

As per above provision of GFR, maximum mobilisation advance payable to BHEL was ₹ 12.20 crore being 40 *per cent* of contract value. Thus excess interest free mobilisation advance of ₹ 1.11 crore was given to BHEL. The advance was adjusted in March 2015. We observed that the Company has taken loan from Power Finance Corporation Limited at the interest rate of 12.50 *per cent* per annum during the same period of granting of interest free advance. Thus payment of excess interest free mobilisation advance of ₹ 1.11 crore to BHEL was not in the financial interest of the Company and this resulted in avoidable interest burden ₹ 23.13 lakh<sup>4</sup>.

During the exit conference (September 2015), Government stated that this was an emergency situation and BHEL was not ready to relax its terms and

<sup>4</sup> Interest calculated on ₹ 1.11 crore at the rate of 12.50 *per cent* from August 2013 to March 2015

conditions. Hence, this was one time dispensation for expediting 250 MW Unit repairs at DSPM.

Reply is not acceptable as the Company had not adhered to General Financial Rules 2005 and there was nothing on record to show that the Company had pursued with BHEL to restrict the amount of mobilisation advance to the limits prescribed in GFR.

**Recommendation:**

The Company should strictly adhere to rules in granting mobilisation advance to contractors.

***Awarding of contract on lottery system basis in violation of prevalent instructions***

**3.1.7** The erstwhile Chhattisgarh State Electricity Board (CSEB) circular dated 29 May 2008 stipulated that the Cartel clause be incorporated in all future tenders as “Quoting same rates i.e. pool rate is not acceptable. In case the same rate is found to be quoted by more than two bidders, offers of all such bidders shall be out rightly rejected.” Further, the Chief Engineer (Store & Purchase-Generation) directed (April 2014) that tender clause may be incorporated in such a way that quoting same rate by all the bidders could be avoided so that lottery system<sup>5</sup> may be discarded in awarding the contracts.

The Company invited (December 2014) tender for maintenance of Boiler and Turbine at KTPS for 1095 shifts. The price bid was opened (21 January 2015) and out of 12 tendering firms, 11 firms quoted same profit margin (₹ 0.01) over base rate (₹ 1620.00 per shift) and lottery was drawn amongst the 11 firms which was in favour of M/s A.P. Construction & Services. Accordingly, contract was awarded (31 March 2015) to the firm for ₹ 19.93 lakh.

Thus, the Company did not reject the bids quoting same rate and awarded the above contract on lottery basis in violation of CSEB circular dated 29 May 2008 and Company’s own instructions.

During the exit conference (September 2015), Government stated that all the bidders quoted the same rate and lottery was drawn as per Company’s policy.

The reply is not acceptable because the Company awarded the contract on lottery basis in violation of its prevailing instructions. Further, the Company policy stated to be followed in award of the contract was not furnished to audit despite being requested during exit conference.

**Recommendation:**

The Company should incorporate a suitable clause in tenders to avoid lottery system as per its prevailing instructions.

***Non-payment of Special Pay***

**3.1.8** The Government of Chhattisgarh (GoCG) categorised (November 2010) the whole State into three categories (A, B and C) for the purpose of payment of special pay to workers and Korba district was kept under ‘B’

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<sup>5</sup> A drawing of lots used to select the successful bidder.



category. Accordingly special pay of ₹ 10.00 per day to each worker was payable in addition to minimum wages prescribed by the Labour Commissioner in Korba district.

The Company awarded (21 February 2013) contract for deployment of security personnel at KTPS to M/s Edward Enterprises for the period of one year at a total cost of ₹ 70.28 lakh.

Audit scrutiny revealed that the contractor had not paid special pay<sup>6</sup> to 62 security personnel during April 2013 to February 2014 which resulted in violation of above GoCG orders. As a result, the security personnel were deprived of the right of special pay.

During the exit conference (September 2015), Government accepted the audit observation and stated that the contractor has been advised to pay the difference amount to the security personnel.

**Recommendation:**

The Company should ensure payment of dues of workers deployed by its contractors as per prevalent Statutes/instructions.

**Conclusion and Recommendations**

- **The contract for further creation of Ash Dyke at Korba Thermal Power Station (KTPS) was awarded on negotiation basis for ₹ 1.96 crore in violation of CVC guidelines.**

**It is recommended that the Company should strictly adhere to the CVC guidelines while awarding the contracts.**

- **In violation of General Financial Rules, 2005 excess interest free mobilisation advance ₹ 1.11 crore was granted to Bharat Heavy Electricals Ltd. in the contract for repair of High Pressure and Intermediate Pressure Turbine Module at DSPM.**

**It is recommended that the Company should strictly adhere to rules in granting mobilisation advance to contractors.**

- **The contract for maintenance of Boiler and Turbine at KTPS was awarded on lottery system in violation of prevalent circular and instructions.**

**The Company should incorporate a suitable clause in tenders to avoid lottery system.**

- **The Company failed to ensure payment of special pay to security personnel deployed by its contractors as per instructions of GoCG.**

**It is recommended that the Company should ensure payment of dues of workers by the contractors as per prevalent Statutes/ Instructions.**

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<sup>6</sup> ₹ 1.79 lakh

### 3.2 Avoidable payment of penal interest

**The Company has suffered loss of ₹ 57.76 lakh towards payment of penal interest due to delay in payment of commitment charges for extension of commencement period of usage of water.**

Chhattisgarh State Power Generation Company Limited (Company) had applied (6 July 2004) for allotment of 26 Million Cubic Meter (MCM) water for its Korba West Thermal Power Extension Project, stage III (power plant) to Water Resources Department, Government of Chhattisgarh (WRD) which was approved by WRD on 5 October 2005.

As per clause 8 of the letter of allotment of water, usage of water was to be started within four years from the date of allotment i.e. by 4 October 2009 otherwise commitment charges at the rate of five *per cent* in first year and ten *per cent* in second year of total annual water charges of allotted water quantity were to be paid within three months of expiry of the relevant year for extension of commencement of usage of water for another two years. Further, as per circular issued (April 2007) by WRD, any delay in payment of commitment charges would attract penal interest at the rate of 15 *per cent* per annum.

We observed that the Company failed to draw water from WRD within stipulated four years period from the date of allotment i.e. by 4 October 2009 due to delay in commissioning of power plant and requested (17 December 2009) WRD to extend the period of commencement of usage of water till 2012 without levy of commitment charges. However WRD did not accept the request of waiving off commitment charges and instructed (29 January 2010) the Company to pay commitment charges to keep the allotment live for another two years upto 4 October 2011.

Subsequently WRD raised (18 January 2011) demand note of ₹ 2.19 crore towards commitment charges (including penal interest of ₹ 8.29 lakh for delayed payment) for extension of time period for additional two years upto 4 October 2011 and the same was paid by the Company on 11 September 2012. The Company further requested (17 January 2012) WRD to extend the commencement period for usage of water upto September 2012 without levy of commitment charges as it failed to commission the power plant. However, WRD again demanded (10 October 2013) ₹ 93.61 lakh (including penal interest of ₹ 49.47 lakh for delayed payment) for another two years upto 5 October 2013 and the same was paid by the Company on 27 November 2013.

Thus the Company's failure to pay the required commitment charges on time resulted in avoidable payment of interest of ₹ 57.76 lakh (₹ 8.29 lakh *plus* ₹ 49.47 lakh) to WRD. Had the commitment charges been paid on time, payment of penal interest of ₹ 57.76 lakh could have been avoided.

The Management stated (July 2014) that the best possible efforts were made to avoid payment of commitment charges. It was also stated that WRD has monopoly therefore the Company was bound to abide by their conditions.

The reply is not acceptable because the Company was aware that as per clause 8 of allotment letter, commitment charges were payable and in case of default in making such payment the Company was also liable to pay penal interest as per circular of April 2007. Further from the reply itself it is clear that the Company knew that WRD has monopoly and therefore the Company was bound to abide by their conditions and thus it should have paid the commitment charges on time at the first instance to avoid penal interest.

The Company should ensure payment of all dues to the concerned authorities on time so as to avoid payment of penalty.

We reported (July 2015) the matter to the Government, their reply is awaited (October 2015).

### **3.3 Avoidable expenditure due to delay in disposal of non-operational system**

**The Company incurred avoidable expenditure of ₹ 32.96 lakh on deployment of security for scrap Bi-Cable Ropeway at Korba Thermal Power Station due to delay in its disposal.**

The Chhattisgarh State Power Generation Company Limited (Company) decided (29 June 2012) to write off its non-operational Bi-Cable Ropeway (BCRW) System at Korba Thermal Power Station and dispose it as scrap through e-auction.

We observed that the Committee for fixation of reserve price was constituted (28 December 2012) six months after the decision to dispose-off the BCRW. Further the reserve price was also repeatedly changed (February 2013, April 2013 and September 2013) leading to delay in disposal of BCRW. The BCRW scrap was finally disposed of through e-auction on 10 December 2013 after 17 months of decision to dispose it. In the meantime, the Company had deployed security through private contractors at BCRW upto December 2013 i.e. date of its disposal.

We further observed that the Company has laid down a time limit of 100 days for finalisation of the tender/e-auction. Had the Company taken prompt action for disposal of BCRW through e-auction within the laid down time limit of 100 days, the deployment of security at BCRW would not have been required from November 2012 onwards. The Company incurred an expenditure of ₹ 32.96 lakh on security of scrapped BCRW during the period from November 2012 to December 2013. Thus, delay in disposal of scrapped BCRW System resulted in avoidable expenditure of ₹ 32.96 lakh on its security.

The Government stated (September 2015) that monitoring mechanism for identification and timely disposal of scrap shall be strengthened in future.

The Company should take prompt action for disposal of scrap within the laid down time frame.

**Chhattisgarh Medical Services Corporation Limited**

**3.4 Irregular appointment of employees and payment of excess pay**

**The Company has appointed employees on *Samvida* basis without approved set-up and also made payment of higher consolidated pay in violation of Government rules and directives which has resulted in excess payment of ₹ 56.98 lakh.**

The Chhattisgarh Medical Services Corporation Limited (Company) was incorporated (October 2010) as a fully owned State Government Company. The main activities of the Company are to procure medical equipments & drugs and constructs hospital buildings on behalf of the Government Departments. While clearing the proposal for setting up of the Company, the Government of Chhattisgarh (Government) decided (March 2010) that the required staff would be appointed by the Company after getting necessary approval of the new set-up (i.e. number of posts, qualifications, eligibility criteria, pay and allowances etc.) from the administrative department i.e. Health and Family Welfare Department.

Accordingly, the Board of Directors of the Company (BOD) in its 1<sup>st</sup> meeting (March 2011) decided that recruitment of employees may be made either on deputation basis from central/State Government departments and PSUs or on contract (*Samvida*) basis in accordance with the '*Chhattisgarh Civil Service (Samvida Niyukti) Niyam 2004*' (*Samvida Niyam*) and payments to the *Samvida* employees may be made on consolidated basis in accordance with the *Samvida Niyam*. The *Samvida Niyam 2004* was amended by the Government in December 2012 as *Samvida Niyam 2012*.

The *Samvida Niyam* stipulated that *Samvida* appointment can be made either through direct recruitment or from persons retired from Government service {Rule 5} and duration of appointment will be normally for three years, which can be extended based on requirement (Rule 11). It also stipulated payment of lump sum consolidated amount as salary to the directly recruited *Samvida* employees as decided by the Government (Rule 12). Accordingly, the Government from time to time notified (2005, 2007, 2009, 2012 and 2013) the lump sum amount to be paid to the directly recruited *Samvida* employees.

The Company since its inception up to February 2015 has appointed 135 persons in various posts on *Samvida* basis (direct recruitment) who are paid consolidated pay as detailed in **Annexure - 3.1**. In this connection we observed (June 2014) the following:

a) The Company did not send the manpower set-up for approval of the Government till June 2014 despite clear cut instructions to that effect. Though the same was sent to Government in July 2014 after being pointed out in audit, it has not been approved by Government till now (October 2015). Thus appointment of 132 *Samvida* employees (except three direct Executive Engineers for which separate sanction has been given by the Government) without approved set-up was irregular.

The Management stated (March 2015) that the set-up has been approved by BoD with concurrence of representatives of Finance and Health department in

the BoD and their approval is deemed to be taken as administrative approval. The Management also stated that for formal technical approval, set-up has been sent (July 2014) to the Government which is under process.

The reply of the Management confirms that appointments were made without approved set-up. The reply regarding approval of the set-up by BOD was not acceptable because the Government order of March 2010 clearly stipulated that before appointment of employees, the set-up was to be approved by the administrative department which is still pending.

b) The Company has been paying consolidated pay in excess of the amount fixed by the Government under *Samvida Niyam* without approval of the Government resulting in irregular excess payment of ₹ 56.98 lakh upto February 2015 as detailed in *Annexure - 3.1*. Even there is variation in the consolidated pay fixed by the Company within the same grade pay post. Further the appointment of General Managers (GMs) carrying grade pay of ₹ 8700/- on *Samvida* basis is totally irregular because as per *Samvida Niyam*, *Samvida* appointment can be made only for the posts carrying grade pay upto ₹ 7600/-.

The Management stated (March 2015) that Company is having its own resources to generate the income and being an autonomous body, the consolidated pay was fixed as per the position and responsibility of work.

The reply is not acceptable as being a Government Company it should adhere to the *Samvida Niyam* strictly and any deviations should have the prior approval of the Government. Further the reply of the Management is silent on the issue of appointment of GMs on contract basis in posts carrying grade pay of ₹ 8700 in violation of *Samvida Niyam*.

Thus, appointment of employees on *Samvida* basis pending approval of manpower set-up by the Government and payment of higher consolidated pay in excess of pay fixed by Government as per *Samvida Niyam* 2012 is irregular and resulted in excess payment of ₹ 56.98 lakh upto February 2015. The excess payment was in violation of Government instructions (March 2003 and October 2009) wherein it was directed that all the state departments, PSUs and Corporations will provide pay, allowances and other perquisites to its staff at par with the Government and anything extra will not be paid/provided without prior approval of the Government as it would create discrimination among the employees.

The Company should immediately get the manpower set-up approved by the Government and pay the consolidated pay strictly as per the *Samvida Niyam* so as to avoid further excess payment in this regard.

We reported (April 2015) the matter to the Government, their reply is awaited (October 2015).

## Chhattisgarh Police Housing Corporation Limited

### 3.5 Loss of interest

**The Company has suffered loss of interest of ₹ 5.98 crore due to non-availing auto sweep facility in saving and current bank accounts.**

The Chhattisgarh Police Housing Corporation Limited (Company) receives funds from Government of India (GoI) as well as Government of Chhattisgarh (GoCG) under various schemes for construction work of police stations, chowkis, residential buildings for police department etc. These works are carried out by the Company as deposit works through contractors based on the estimates prepared by it. As the Company starts the works only after receipt of funds and the activities relating to preparation of estimates, approval and tendering process takes time, the funds received from GoI and GoCG under various schemes were lying unspent in the Company's various bank accounts. As on 31 March 2014 the Company was having 21 saving accounts<sup>7</sup> and three current accounts<sup>8</sup> in 13 banks.

We noticed that all these banks had introduced Auto Sweep Facility (Scheme) for saving as well as current accounts. Under the Scheme the customer has to maintain a minimum balance depending on the bank scheme and the amount exceeding the minimum balance would be automatically converted into fixed deposits (FDs) on periodic basis (daily or weekly basis depending on the bank scheme) for the period till the fund is utilised by the customer. At the requirement of the customer, if there are insufficient funds in the saving/current accounts, the FDs would be automatically closed (depending on the withdrawal amount) on Last in First Out (LIFO) basis and interest would be calculated for the period during which the fund was under the Scheme.

We observed that out of 21 saving and three current accounts, the Company has availed auto sweep facility only in two current accounts (account no. - 611400C400000018 in PNB and account no. – 32260616504 in SBI). As a result of non-availing of auto sweep facility in other bank accounts the Company retained huge balances in the saving/current accounts at lower rate of interest. Test check of 15 out of 21 savings bank accounts and one current account revealed that had the Company availed auto sweep facility in these accounts too, it could have earned additional interest of ₹ 5.98 crore (over and above the interest due in savings accounts) during February 2013 to March 2014, as detailed in *Annexure - 3.2*.

While accepting the audit observation, the Management stated (August 2015) that as per the suggestion of audit, auto sweep facility has since been availed in all the bank accounts. The Government has also endorsed (August 2015) the views of the Company.

<sup>7</sup> State Bank of India (three accounts), Indian Overseas Bank (three accounts), Central Bank of India, Axis Bank (three accounts), Kotak Mahindra Bank (two accounts), ICICI Bank, Punjab National Bank, Indusind Bank, HDFC Bank (two accounts), IDBI Bank, ING Vysya Bank, Yes Bank and Indian Bank

<sup>8</sup> State Bank of India, Punjab National Bank and HDFC Bank

The facts remains that the Company has suffered loss of interest of ₹ 5.98 crore due to non-availing of auto sweep facility in bank accounts and it has taken corrective action only after it was pointed out by audit.

### Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited

#### 3.6 Avoidable payment of penal interest

**The Company made avoidable payment of penal interest of ₹ 8.38 crore due to short remittance of advance tax and non-submission of income tax returns on time.**

As per Section 210 of the Companies Act, 1956 read with Section 166 and 216, it is the responsibility of the Board of Directors of the Company to place the accounts of the Company along with Auditor's Report in the Annual General Meeting of the shareholders within six months of the close of the financial year. Further, as per Section 208 of the Income Tax Act 1961 (Act), advance tax is payable during a financial year, in every case, where the amount of such tax payable by the assessee during the year is rupees ten thousand or more. In case of failure to comply with Section 208, the assessee is liable to pay penal interest under Section 234 A/B/C of the Act.

The Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (Company) was incorporated on 8 October, 2004 and there was backlog in preparation of the annual accounts of the Company. It was reported vide para no. 4.3.8 of the Report of CAG of India (Civil & Commercial) for the year ended 31 March 2010, Government of Chhattisgarh that the Company had failed to prepare its annual accounts timely and also failed to correctly assess the periodical budgeted income for the purpose of payment of advance tax which resulted in payment of penal interest of ₹ 52.68 lakh for the years 2005-06 to 2008-09. In response, the State Government issued (July 2010) directions to the Company to prepare the accounts in time so as to avoid recurrence of similar lapse in future.

Scrutiny of records revealed that after issuance of Government directives, the Company had finalised six annual accounts (2004-06<sup>9</sup> to 2010-11) upto December 2014. However the Company could not clear all the backlogs and three annual accounts (2011-12 to 2013-14) are in arrears till date (October 2015). Scrutiny of records further revealed that the Company finalised annual accounts for the years 2009-10 and 2010-11 on 28 February 2014 and 15 December 2014 respectively and filed income tax returns on 28 February 2014 and 24 December 2014 respectively.

We observed that the Company assessed estimated profit of ₹ 12.69 crore and ₹ 14.16 crore as against actual profit of ₹ 18.75 crore and ₹ 32.16 crore for the years 2009-10 and 2010-11 respectively. As a result, as against the actual tax liability of ₹ 6.88 crore and ₹ 10.68 crore for the years 2009-10 and 2010-11 respectively, the Company had paid advance tax of ₹ 4.29 crore and ₹ 3.77 crore respectively. Thus, due to delay in finalisation of accounts, failure to assess budgeted income precisely and delayed filing of income tax returns,

<sup>9</sup> 8 October 2004 to 31 March 2006

the Company had to pay penal interest of ₹ 2.48 crore<sup>10</sup> and ₹ 5.90 crore<sup>11</sup> under section 234 A/B/C of the Act for the financial year 2009-10 and 2010-11.

The Management stated (June 2015) that delay in finalisation of accounts was due to initial problems such as delay in transfer of assets and liabilities by Mandi Board, non-taking up of audit by first Statutory Auditor and non-availability of proper accounting staff. The Management further assured that arrears of accounts would be cleared in a time bound manner and stated that the Company had paid the actual tax liability and also filed income tax returns for the years 2011-12 to 2013-14 based on provisional accounts prepared for those years.

Fact remains that delayed finalisation of accounts, incorrect assessment of budgeted income and belated filing of income tax returns by the Company resulted in short remittance of advance tax and consequent payment of penal interest of ₹ 8.38 crore for the years 2009-10 and 2010-11 to Income Tax Department.

We reported (June 2015) the matter to the Government, their reply is awaited (October 2015).

### 3.7 Loss due to non-insurance of agricultural produce

**The failure of the Company to take insurance cover of agricultural produce stored in its warehouses in accordance with the provision of the 'Madhya Pradesh Agricultural Warehouse Act 1947' resulted in loss of ₹ 85.62 lakh to the Company.**

Consequent upon creation of State of Chhattisgarh, the Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (Company) was formed in 2004 with the main objective of providing quality seeds of different crops to the farmers at reasonable price. The Company procures seeds, stores the same in its godowns at processing centers<sup>12</sup> and then sells the seeds to the farmers.

The Madhya Pradesh Agricultural Warehouse Act, 1947, (Act)<sup>13</sup> was brought to encourage the establishment of warehouses for storing agricultural produce and to make provision for their proper supervision and control. As per Section 13 of the Act "every warehouseman shall insure the produce stored in his warehouse against such risk and to such extent and in such manner as may be prescribed". Further, Rule 31 of the Madhya Pradesh Agricultural Warehouse Rules, 1961, (Rules) also stipulates that "the warehouseman shall fully insure the warehouse against fire and also against other risk when so directed by the prescribed authority. He shall also insure the goods deposited in the warehouse against risks of fire etc., and shall be deemed to be an agent of the depositor for this purpose".

Scrutiny of records (July 2014) revealed that on 24 May 2013, a major fire broke out in the godown at Abhanpur processing center of the Company which

<sup>10</sup> under Section 234A ₹ 1.06 crore, Section 234B ₹ 1.22 crore and Section 234C ₹ 0.20 crore

<sup>11</sup> under Section 234A ₹ 2.60 crore, Section 234B ₹ 3.00 crore and Section 234C ₹ 0.30 crore

<sup>12</sup> The Company is having 27 Processing Centers.

<sup>13</sup> Consequent to creation of new State, this Act is applicable to State of Chhattisgarh.



damaged 4733.60 quintals of paddy and 8225 numbers of jute bags worth ₹ 96.64 lakh. From sale of these damaged materials the Company had realized ₹ 11.02 lakh.

We observed that the Company had not taken insurance cover for any of its godowns as well as agricultural produce stored therein in accordance with the provisions of the Madhya Pradesh Agricultural Warehouse Act, 1947 and the Madhya Pradesh Agricultural Warehouse Rules, 1961. Thus absence of insurance cover has resulted in loss of ₹ 85.62 lakh (₹ 96.64 lakh - ₹ 11.02 lakh) to the Company due to fire accident at Abhanpur.

The Management stated (June 2015) that insurance of all the godowns has been taken effective from 14 May 2015 and it will be renewed every year.

The fact remains that the failure of the Company to take insurance cover of agricultural produce stored in its warehouses in accordance with the provision of the Madhya Pradesh Agricultural Warehouse Act 1947 has resulted in loss of ₹ 85.62 lakh to the Company.

We reported (April 2015) the matter to the Government, their reply is awaited (October 2015).

### Chhattisgarh State Beverages Corporation Limited

#### 3.8 Loss due to payment of Value Added Tax from own margin

**The Company has made payment of Value Added Tax on sale of Indian Made Foreign Liquor from its margin instead of recovering the same from the retailers which resulted in loss of ₹ 53.65 crore to the Company.**

The Chhattisgarh State Beverages Corporation Limited, Raipur (Company), a FL-10 licensee (wholesale licensee to sell registered brands of Indian Made Foreign Liquor) under the 'Chhattisgarh Videshi Madira Niyam 1996' was established (November 2001) as a wholly owned State Government Company to act as sole licensed wholesale agent to procure, store and sell Indian Made Foreign Liquor (IMFL) in the State of Chhattisgarh. For every financial year, the Company invites open tender from suppliers/manufacturers of IMFL (Suppliers) for registration for supply of IMFL to the Company at the landing price<sup>14</sup>. The landing price is approved by the Company based on the offers received from the Suppliers.

From the registered Suppliers, the Company procures different brands of IMFL, stores the same in its godowns and after adding its margin (10 per cent during 2013-14 and 2014-15) on the landing price, the same is then sold to the retailers having permit of the State Excise Department. The only source of revenue to Company is the margin fixed by the Company which is also used to meet its establishment and administrative expenses.

The Government of Chhattisgarh (Government) had introduced (7 August 2013) Value Added Tax (VAT) at the rate of seven per cent on sale of IMFL by FL-10 licensee i.e. Company vide "The Chhattisgarh Value Added Tax (Amendment) Act 2013". As the landing price as well as

<sup>14</sup> The price at which the Company receives stock of IMFL from suppliers at its godowns

maximum and minimum retail price<sup>15</sup> of IMFL to be sold in the state during the year 2013-14 was already fixed, the Company decided (13 September 2013) not to recover VAT from the retailers as it would increase the retail price and pay the VAT from its margin during the year 2013-14. The Company further decided (3 March 2014) to continue the practice of paying VAT from its margin during the year 2014-15 also. Accordingly the Company deposited VAT amounting to ₹ 28.76 crore and ₹ 53.65 crore on total value of IMFL sold to the retailers during the years 2013-14<sup>16</sup> and 2014-15 respectively from its margin as detailed in the **Annexure - 3.3**.

We observed that the decision of Company to pay VAT from its margin during the year 2014-15 was not in the interest of the Company. The VAT is an indirect tax imposed on traders on the value added to the products at each stage by them. The trader collects the tax from the consumers and pays the same to the Government and thus the ultimate burden of tax is borne by the end consumer of the products. Therefore, the Company should have collected the VAT from retailers and deposited the same to the Government and the retailers in turn could have collected this amount from the end consumers. It is pertinent to mention that on one hand the Company increased its percentage of margin (from eight *per cent* in 2011-12 to nine *per cent* in 2012-13 and 10 *per cent* in 2013-14) citing shortfall of revenue and on other hand paid VAT from its margin which was not justifiable. Thus, the Company failed to safeguard its financial interest by paying the VAT from its margin instead of recovering the same from the retailers during the year 2014-15 resulting in loss of ₹ 53.65 crore.

The Company stated (April 2015) that the Government had introduced VAT on sale of IMFL by the FL-10 licensee only i.e. Company and it was not made applicable to other retailers even though the retailers were also engaged in sale of IMFL in the State. Therefore the Company has not recovered VAT from retailers and paid it from its own margin.

The reply of management is not acceptable as VAT is an indirect tax on products and its incidence is borne by the end consumers. Therefore, the Company should have recovered VAT from retailers instead of paying it from its margin.

We reported (April 2015) the matter to the Government, their reply is awaited (October 2015).

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<sup>15</sup> The price fixed by the State Excise Department at which IMFL is sold by the retailers to the consumers.

<sup>16</sup> From 7 August 2013 to 31 March 2014

## Chhattisgarh State Civil Supplies Corporation Limited

## 3.9 Short recovery of penalty

**The Company has recovered penalty at lower rate from the Supplier which has resulted in loss of ₹ 1.22 crore to the Company as well as extension of undue benefit to the Supplier to that extent.**

The Chhattisgarh State Civil Supplies Corporation Limited (Company) issued (January 2013) purchase order to M/s Neelkanth Salt Company, Gandhidham, Gujrat (Supplier) for supply of 8000 MT iodised salt per month for one year at the rate of ₹ 3690 per MT<sup>17</sup>. As per clause 15 (d) of Annexure - III of tender, if salt is supplied in poly pack below 70 micron, penalty at the rate of five *per cent* on bill amount was leviable.

The Supplier had supplied 93472.86 MT salt valuing ₹ 34.98 crore during the period March 2013 to March 2014. Scrutiny of the records revealed that the Company had deducted penalty of ₹ 66.63 lakh<sup>18</sup> from the bills of the Supplier for substandard poly pack during March 2013 to October 2013. On deduction of penalty, the Supplier firm had admitted that the salt was supplied in poly pack of 60 micron instead of 70 micron as per order and requested (4 June 2013) the Company to deduct ₹ 0.02 per poly pack towards penalty instead of ₹ 0.09 per poly pack. The Company finally levied (February 2014) penalty of ₹ 2.60 lakh only for two racks<sup>19</sup> of 5200 MT at the rate of ₹ 0.05 per poly pack on the basis of cost difference of poly pack between 70 and 55 micron and returned the balance withheld amount of ₹ 64.03 lakh.

We observed (August 2014) that 67654.569 MT<sup>20</sup> salt valuing ₹ 25 crore was supplied by the Supplier in poly pack below 70 micron (55 to 60 micron). Accordingly penalty of ₹ 1.25 crore at the rate of five *per cent* on ₹ 25 crore was leviable as per clause 15 (d) of tender conditions. However, the Company has levied only ₹ 2.60 lakh which has resulted in short recovery of penalty of ₹ 1.22 crore resulting in extension of undue benefit to the Supplier to that extent.

The Management stated (August 2014) that the Company had initially withheld the amount and after representation of Supplier, it decided to levy penalty at the rate of ₹ 0.05 per poly pack on the basis of cost difference between poly pack of 70 and 55 micron for two racks in which micron was found less than prescribed level.

Reply of the Management is not acceptable as 67654.569 MT salt valuing ₹ 25 crore was supplied in poly pack below 70 micron, therefore penalty on

<sup>17</sup> Rate per MT was increased to ₹ 3861.3 from October 2013 due to increase in railway freight

<sup>18</sup> ₹ 35.28 lakh at the rate of ₹ 0.09 per poly pack for the supplies made in 17 racks during 12 March 2013 to 11 June 2013, ₹ 29.09 lakh at the rate of ₹ 0.14 per poly pack for the supplies made in eight racks during 23 June 2013 to 29 August 2013 and ₹ 2.26 lakh at the rate of ₹ 0.09 per poly pack for one rack supply made on 4 October 2013.

<sup>19</sup> Each rack contains 2600 MT approximately

<sup>20</sup> 27 racks supplied during 12 March 2013 to 4 October 2013 and one rack supplied on 24 December 2013.

total quantity of 67654.569 MT was leviable at the rate of five *per cent* of the bill amount in accordance with the tender condition. Further the reply of the Management regarding deficient micron of poly packs found in two racks only is in contradiction to action of the Company of deducting penalty from bills of the Supplier due to less micron of poly packs found in 26 racks during March 2013 to October 2013.

The Company should recover ₹ 1.22 crore from the Supplier and fix responsibility for short recovery of penalty.

We reported (July 2015) the matter to the Government; their reply is awaited (October 2015).

### 3.10 Non recovery of cost of risk purchase

**The Company has not recovered ₹ 44.99 lakh towards cost of risk purchase from the supplier which resulted in extension of undue benefit to the supplier.**

The Chhattisgarh State Civil Supplies Corporation Limited (Company) issued (April 2013) purchase order to M/s Sanjay Grain Product Private Limited, Raipur (Supplier) for supply of yellow peas daal (*daal*) weighing 10000 MT at the rate of ₹ 36000 per MT during four months (2500 MT per month) for Bilaspur division. As per clause 7, Annexure-II of the tender, the Supplier was liable to supply additional 25 *per cent* quantity at the same rate, terms and conditions, if so required by the Company. Further, clause 16 stipulated that if the supplier failed to supply ordered quantity, the Company may procure the balance quantity from another supplier at risk and cost of the original supplier. Considering the instruction of Government of Chhattisgarh (Government) to keep two months stock of *daal* and also considering the time required for finalisation of new tender for procurement of *daal*, the Company issued (31 August 2013) extension order to the Supplier for additional quantity of 2500 MT *daal* in line with the clause 7 of tender condition so that availability of *daal* would be sufficient to meet the requirement upto November 2013.

We observed (August 2014) that the Supplier had supplied 11188.351 MT *daal* against the total ordered quantity of 12500 MT for Bilaspur division. The Supplier did not supply balance quantity of 1311.649 MT *daal* at the rate of ₹ 36000 per MT as per clause 7 of tender conditions. Subsequently, from November 2013 onwards the Company started procuring *daal* at higher rate of ₹ 39420 per MT for Bilaspur division from M/s Prime Vision Sugar Private limited under a new contract. Had the Supplier supplied the full ordered quantity, the Company would not have been required to procure balance quantity of 1311.649 MT *daal* at higher rate of ₹ 39420 per MT under new contract. Thus, non supply of ordered quantity of *daal* by the Supplier has resulted in extra expenditure of ₹ 44.99 lakh<sup>21</sup> to the Company which was to be recovered from the Supplier as cost of risk purchase in accordance with clause 16 of the tender conditions. However the Company has not recovered the same from the Supplier resulting in extension of undue benefit to the Supplier to the extent of ₹ 44.99 lakh.

<sup>21</sup> 1311.649 MT X (new rate ₹ 39420 - old rate ₹ 36000)

The Management stated (September 2014) that M/s Sanjay Grain Product Private Limited had supplied the balance quantity of 1311.649 MT at Raipur division and thus supplied the total ordered quantity of 12500 MT.

The reply is not acceptable because the supplier had supplied 1311.649 MT *daal* at different rate of ₹ 37340 per MT at Raipur division as per the requirement of the Company which was in addition to the total ordered quantity of 12500 MT for Bilaspur division.

The Company should immediately recover ₹ 44.99 lakh towards cost of risk purchase from M/s Sanjay Grain Product Private Limited, Raipur.

We reported (June 2015) the matter to the Government, their reply is awaited (October 2015).

## Chhattisgarh State Power Distribution Company Limited

### 3.11 Undue financial benefit to the franchisees

**The Company has paid extra commission of ₹ 67.40 lakh to the franchisees due to continuation of 'Revenue Based Franchisee System' instead of implementation of 'Input Based Franchisee System' for collection of energy charges.**

The erstwhile Chhattisgarh State Electricity Board (CSEB) decided (September 2006) to appoint franchisees for power supply, meter reading, distribution of bills and collection of revenue in those rural areas where recovery of revenue was below 50 *per cent* of monthly billed demand under the "Collection Based Revenue System" of appointment of franchisees (Revenue Based System). The Revenue Based System guidelines *inter alia* provided that the franchisees would be paid item wise remuneration<sup>22</sup> if collection of revenue was less than 50 *per cent*. In case collection of revenue was at least 50 *per cent* of the monthly demand, the franchisees would be paid commission at the percentage ranging between five and 19 *per cent* of amount collected or item wise remuneration whichever was more. In addition, if the quarterly revenue collection was more than 50 *per cent* of the quarterly demand, commission at the rate of five *per cent* of such additional collection was also be payable to the franchisee.

Accordingly, the erstwhile CSEB appointed (between December 2007 and February 2009) 17 franchisees in respect of operation & maintenance (O&M) Division I and II, Raigarh for meter reading, distribution and collection of electricity bills and minor maintenance etc. initially for two years under Revenue Based system.

Subsequently, after unbundling of CSEB, the Chhattisgarh State Power Distribution Company Limited (Company), introduced (January 2010) a new "Input Based Revenue Collection Franchisee System" (Input Based System) which was more economical and effective as compared to old Revenue Based system as the rate of commission under Input Based System was less and it was also linked with reduction of transmission and distribution (T&D)

<sup>22</sup> ₹ 1.50 per meter reading, ₹ one for distribution of bill and ₹ 2.50 per bill against collection of revenues

losses. The remuneration payable to the franchisees under Input Based System were as follows:

- (a) Regular commission for collection of monthly demand under clause 5(A) as given in the **Table - 3.1**.

**Table - 3.1: Remuneration payable to the franchisees under Input Based System**

SN	Range of collection of revenue with respect to monthly demand	Commission to Franchisee
1	0 per cent to 30 per cent of monthly demand	5 per cent of revenue collected
2	More than 30 per cent to 50 per cent of monthly demand	7.5 per cent of revenue collected
3	More than 50 per cent to 70 per cent of monthly demand	13 per cent of revenue collected
4	More than 70 per cent to 90 per cent of monthly demand	15 per cent of revenue collected
5	More than 90 per cent of monthly demand	17 per cent of revenue collected

- (b) Additional commission depending upon T&D losses under clause 5(B) as given in the **Table - 3.2**.

**Table - 3.2: Additional commission payable to the franchisees under Input Based System depending upon T&D losses**

SN	Range of T&D loss	Additional Commission payable to Franchisee
1	0 per cent to 10 per cent	3 per cent of revenue collected against present monthly demand
2	10 per cent to 15 per cent	2.5 per cent of revenue collected against present monthly demand
3	15 per cent to 25 per cent	1.5 per cent of revenue collected against present monthly demand
4	Above 25 per cent	Nil

The Company issued orders (between December 2010 and February 2014) for appointment of seven franchisees under Input Based System in respect of O&M Division I and II, Raigarh.

Scrutiny of records (May 2014) revealed that though the Company operated the new 'Input Based system' by appointing new franchisees in some villages, however, it continued to operate the old Revenue Based System in other villages by extending the period of existing franchisees till June 2013 as detailed in the **Annexure - 3.4**.

We observed that as the Input Based System was more economical and beneficial, the Company should have implemented Input Based System in all the places in O&M Division I and II, Raigarh instead of issuing extension order to the old Revenue Based System. By extending the old Revenue Based System the Company had to incur extra cost of ₹ 67.40 lakh for the period from April 2011 to June 2013 (**Annexure - 3.5**) on account of higher commission paid under Revenue Based System as compared to Input Based System. This has also resulted in extension of undue benefit to the franchisees to that extent.

The Management stated (May 2015) that the Company had not incurred any loss due to non-implementation of Input Based System and continuation of old Revenue Based System because in the Input Based System, the Company would have to pay additional commission at the rate of three per cent of total monthly demand to the franchisees towards reduction in T&D losses as per clause 5(B) of Input Based System.

The reply is factually incorrect because under clause 5(B) of Input Based System, additional commission would be payable to the franchisees where T&D losses were below 25 per cent. However in the instant cases the T&D losses in all the areas handed over to the franchisees during the period under

reference were in the range of 50.50 *per cent* to 76.20 *per cent* and therefore question of payment of additional commission does not arise.

We reported (June 2015) the matter to the Government, their reply is awaited (October 2015).

### 3.12 Delay in realisation of revenue

**The Company has failed to prepare Bank Reconciliation Statement regularly and take prompt action on uncleared cheques resulting in inordinate delay in realisation of revenue of ₹ 1.04 crore.**

As per clause 10.1 of the Chhattisgarh State Electricity Supply Code, 2011 (Supply Code), the consumers have to make payment every month as per the bills served by the licensee i.e. Chhattisgarh State Power Distribution Company Limited (Company) for the power consumed by them.

The Regional Accounts Office, Rajnandgaon (RAO) of the Company maintains three current accounts with State Bank of India (SBI), Union Bank of India (UBI) and Chhattisgarh *Gramin* Bank (*Gramin* Bank) for collection of revenue from the consumers. In case of payment received by cheque, it is sent to concerned bank for collection and after clearing, the Company's account is credited with the cheque amount. Here, Bank Reconciliation Statement (BRS) plays an important role being an essential tool for reconciliation of bank balances between cash book and bank statements for monitoring of un-presented/un-cleared/dishonoured cheques, demand drafts etc. As a prudent financial practice and tool of internal control, BRS should be prepared on monthly basis.

Scrutiny (January 2015) of records revealed that RAO did not prepare BRS regularly and as of January 2015, BRS upto December 2013 only was prepared. Scrutiny of BRS also revealed that cheques amounting to ₹ 1.04 crore received by RAO from different consumers during 16 April 2008 to 31 December 2013 were debited in cash book and presented to banks for clearance. However, even after lapse of period ranging between one and seven years, the cheques so presented were not credited in Company's account as of January 2015.

We observed that RAO had neither taken up the matter with banks nor made any efforts to find out the reasons for non-clearance of cheques so that amount may be recovered from the concerned consumers. As the validity of the cheques was six/ three months, all the outstanding cheques had become invalid. One of the main reason for accumulation and delay in detection of uncleared cheques was delay in preparation of BRS by the RAO. As BRS from January 2014 onwards was not yet prepared, possibility of existence of uncleared cheques during the period since January 2014 onwards could not be ruled out. This indicated weak internal control mechanism and poor financial management in revenue realisation in the Company. After being pointed out in Audit (January 2015) the Company realized ₹ 82.39 lakh and ₹ 21.25 lakh still remained unrealised as of August 2015.

RAO stated (February 2015) that as per rule only local cheques are to be accepted from consumers. However, due to acceptance of outstation cheques

by distribution centers, cheques were sent for clearance to outstation bank branches and in this process these remained uncleared.

Reply shows fault on the part of the distribution centers in accepting outstation cheques in violation of instructions. However, it is the responsibility of RAO to prepare BRS regularly in time and take prompt action on uncleared cheques so that chances of malpractices / misappropriation are minimised.

The Government stated (August 2015) that clearance of balance amount of ₹ 21.25 lakh is taking time as the amount pertains to old period (2008-13).

The fact remains that delay in preparation of BRS resulted in accumulation and non-realisation of old outstanding amount.

The Company should issue instructions regarding non-acceptance of outstation cheques towards energy charges and preparation of BRS regularly to monitor the uncleared cheques.

## Chhattisgarh State Power Transmission Company Limited

### 3.13 Non recovery of operation and maintenance charges

#### **Failure of the Company to take letter of credit and delay in disconnection of the consumer from pooling substation resulted in non recovery of ₹ 71.23 lakh towards O&M charges of pooling substation.**

As per the Chhattisgarh State Electricity Regulatory Commission (CSERC) order (2 December 2010) consumers having pooling substation<sup>23</sup>, are liable to pay actual charges towards operation and maintenance (O&M) of the pooling substation till it is converted into a load catering substation (common substation, from which other intended consumers can also get connectivity) to the Chhattisgarh State Power Transmission Company Limited (Company). After converting the pooling substation into load catering substation, the ownership of the substation is transferred to the Company.

M/s S.V. Power Private Limited (SVPPL) and M/s Vandana Energy & Steel Private Limited (VESPL) each established a 132 KV pooling substation at Renki and Chhurikhurd respectively and executed (SVPPL - 3 March 2011 and 22 July 2013, VESPL - 24 October 2011) agreements with the Company. As per the agreements, O&M charges were payable by SVPPL and VESPL on monthly basis from the date of commissioning/taking over of pooling substation. Further as per billing and payment clauses 2 and 4 of the agreement, SVPPL and VESPL were to open Letter of Credit (LC) for 105 *per cent* of estimated average monthly billing towards O&M charges in favour of the Company. In case of non-payment of bill within 15 days, Company had option to operate the LC to recover the payment of its bills besides levy of surcharge towards delayed payment and the consumer was also liable to be disconnected from the grid.

Scrutiny of records (December 2014) revealed that the Company had deployed its staff for O&M of the pooling substations through outsourcing contractor

<sup>23</sup> An Extra High Voltage substation established by a Company or a group of Companies (including Captive Power Plants/ Independent Power Producers) primarily for having connectivity of their generating plant to the state Transmission Utility.



w.e.f. 12 March 2011 for SVPPL and 5 November 2011 for VESPL and started billing of O&M charges in accordance with the agreement. VESPL and SVPPL stopped making payment of O&M charges from 5 May 2012 and 12 November 2013 respectively. Due to non-payment of O&M charges, the Company disconnected VESPL and SVPPL from pooling substation on 1 September 2014 and 6 December 2014 after lapse of more than two years and one year respectively. In the meantime outstanding dues of ₹ 1.04 crore (VESPL - ₹ 71.23 lakh and SVPPL - ₹ 32.27 lakh) had accumulated against the defaulting consumers.


We observed that in spite of non-payment of O&M charges by the consumers the Company continued to deploy its O&M staff in pooling substations and moreover, it has not taken any LC from SVPPL and VESPL in accordance with the agreement to secure payment of monthly O&M charges. We also observed that the agreement with VESPL was valid upto 23 October 2013; however, the Company did not enter into supplementary agreement to extend the validity of the agreement and continued to deploy the O&M staff for VESPL beyond the agreement period.

The Government Stated (August 2015) that the entire amount of outstanding against SVVPL has been recovered in April 2015 and action has been initiated against VESPL for recovery of dues under Dues Recovery Act. The Government also stated that due to inadvertent slip, required LC could not be obtained. Further to avoid occurrence of such thing in future a condition for depositing two year's O&M charges in advance has been incorporated in all such agreements being executed now.

The fact remains that the failure of the Company to take LC and delay in disconnection of connectivity of the consumer from pooling substation resulted in non recovery of ₹ 71.23 lakh.

The Company should make all efforts to recover ₹ 71.23 lakh from VESPL.

**Raipur**  
**The 20 December 2015**

  
**(BIJAY KUMAR MOHANTY)**  
**Accountant General (Audit), Chhattisgarh**

**Countersigned**

**New Delhi**  
**The 23 December 2015**

  
**(SHASHI KANT SHARMA)**  
**Comptroller and Auditor General of India**

# Annexures

**Annexure - 1.1**  
**Statement showing investment made by State Government in PSUs whose accounts are in arrears**  
*(Referred to in paragraph 1.11)*

*(Figures in Column 4 and 6 to 8 are ₹ in crore)*

SN	Name of the Public Sector Undertakings	Year upto which Accounts finalised	Paid up capital	Period of accounts pending finalisation	Investment made by State Government during the years for which accounts are in arrears			
					Equity	Loans	Grants	
1	2	3	4	5	6	7	8	
<b>A. Government companies</b>								
1	Chhattisgarh Rajya Van Vikas Nigam Limited	2013-14	26.65	2014-15	-	-	1.00	
2	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	2011-12	5.00	2012-13	-	-	0.40	
				2013-14	-	-	0.35	
				2014-15	-	-	0.40	
3	Chhattisgarh Infrastructure Development Corporation Limited	2008-09	4.20	2009-10	-	-	0.30	
				2010-11	-	-	0.30	
				2011-12	-	-	0.30	
				2012-13	-	-	0.30	
				2013-14	-	-	0.30	
4	Chhattisgarh State Industrial Development Corporation Limited	2009-10	1.60	2010-11	-	0.01	-	
				2011-12	-	-	-	
				2012-13	-	-	-	
				2013-14	-	-	-	
5	Chhattisgarh Mineral Development Corporation Limited	2013-14	1.00	2014-15	-	-	38.03	
				2013-14	-	-	200.81	
6	Chhattisgarh State Power Distribution Company Limited	2013-14	2326.37	2014-15	-	-	200.81	
7	Chhattisgarh State Civil Supplies Corporation Limited	2012-13	4.43	2013-14	-	500.00	-	
				2014-15	-	-	-	
<b>Total A (Government companies)</b>					-	500.01	242.79	
<b>B Statutory corporation</b>								
1	Chhattisgarh State Warehousing Corporation	2013-14	4.04	2014-15	-	16.87	-	
<b>Total B (Statutory corporation)</b>					-	16.87	-	
<b>Grand Total (A + B)</b>						-	516.88	242.79

*(Source: Data furnished by Government companies/Statutory corporation)*

**Annexure - 1.2**

**Summarised financial position and working results of Government companies and Statutory corporation as per their latest finalised financial statement/accounts**

(Referred to in paragraph 1.14)

(Figures in column 5 to 12 are ₹ in crore)

SN	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital <sup>^</sup>	Loans outstanding at the end of year	Accumulated Profit(+)/ Loss (-)	Turnover	Net Profit (+) / Loss (-)	Net impact of Audit comments <sup>#</sup>	Capital employed <sup>@</sup>	Return on capital employed <sup>\$</sup>	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>A. WORKING GOVERNMENT COMPANIES</b>													
<b>AGRICULTURE AND ALLIED</b>													
1.	Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited	2011-12	2015-16	0.50	-	60.82	448.89	20.53	Under finalisation	61.71	20.71	33.56	150
2.	Chhattisgarh Rajya Van Vikas Nigam Limited	2013-14	2014-15	26.65	-	134.22	48.77	16.84	(-) 9.35	171.38	16.84	9.83	699
<b>Sector wise total</b>				<b>27.15</b>	<b>-</b>	<b>195.04</b>	<b>497.66</b>	<b>37.37</b>	<b>(-) 9.35</b>	<b>233.09</b>	<b>37.55</b>	<b>16.11</b>	<b>849</b>
<b>FINANCE</b>													
3.	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	2011-12	2015-16	5.00	26.00	7.16	2.01	1.27	Under finalisation	22.46	1.77	7.88	7
<b>Sector wise total</b>				<b>5.00</b>	<b>26.00</b>	<b>7.16</b>	<b>2.01</b>	<b>1.27</b>	<b>-</b>	<b>22.46</b>	<b>1.77</b>	<b>7.88</b>	<b>7</b>
<b>INFRASTRUCTURE</b>													
4.	Chhattisgarh Infrastructure Development Corporation Limited	2008-09	2014-15	4.20	-	(-) 0.36	0.72	0.41	0.11	4.20	0.41	9.76	5
5.	Chhattisgarh State Industrial Development Corporation Limited	2009-10	2015-16	1.60	22.96	(-) 33.05	58.92	0.20	(-) 7.22	50.09	0.20	0.40	270
6.	Chhattisgarh Road Development Corporation Limited	*	-	4.90	-	-	-	-	-	-	-	-	12
<b>Sector wise total</b>				<b>10.70</b>	<b>22.96</b>	<b>(-) 33.41</b>	<b>59.64</b>	<b>0.61</b>	<b>(-) 7.11</b>	<b>54.29</b>	<b>0.61</b>	<b>1.12</b>	<b>287</b>
<b>MINING</b>													
7.	Chhattisgarh Mineral Development Corporation Limited	2013-14	2015-16	1.00	-	11.72	11.33	(-) 1.19	0.22	331.58	(-) 1.19	-	194
8.	CMDC ICPL Coal Limited	2014-15	2015-16	82.60	-	(-) 1.32	-	-	Under finalisation	141.16	-	-	-
9.	Chhattisgarh Sondiha Coal Company Limited	2014-15	2015-16	21.94	-	(-) 0.38	-	(-) 0.24	Under finalisation	21.56	(-) 0.20	-	-

SN	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital <sup>^</sup>	Loans outstanding at the end of year	Accumulated Profit(+)/ Loss (-)	Turnover	Net Profit (+) / Loss (-)	Net impact of Audit comments <sup>#</sup>	Capital employed <sup>@</sup>	Return on capital employed <sup>§</sup>	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
10.	CSPGCL AEL Parsa Collieries Limited	2014-15	2015-16	0.16	1.06	(-) 0.03	-	-	Under finalisation	1.18	-	-	1
<b>Sector wise total</b>				<b>105.70</b>	<b>1.06</b>	<b>9.99</b>	<b>11.33</b>	<b>(-) 1.43</b>	<b>0.22</b>	<b>495.48</b>	<b>(-) 1.39</b>	<b>-</b>	<b>195</b>
<b>POWER</b>													
11.	Chhattisgarh State Power Distribution Company Limited	2013-14	2014-15	2326.37	1540.10	(-) 4017.25	7111.74	(-) 630.42	(-) 358.37	1762.55	(-) 454.91	-	10380
12.	Chhattisgarh State Power Generation Company Limited	2013-14	2014-15	2287.74	9677.58	(-) 1029.55	2526.95	(-) 683.96	0.31	10965.15	(-) 318.41	-	4959
13.	Chhattisgarh State Power Holding Company Limited	2013-14	2014-15	6757.81	-	39.42	12.77	8.47	-	6797.24	8.47	0.12	189
14.	Chhattisgarh State Power Trading Company Limited	2013-14	2014-15	0.05	-	(-) 1.17	0.02	2.77	(-) 0.02	(-) 1.12	2.77	-	17
15.	Chhattisgarh State Power Transmission Company Limited	2013-14	2014-15	810.76	1336.66	51.82	635.28	(-) 28.38	3.07	51.82	82.75	2.75	1853
<b>Sector wise total</b>				<b>12182.73</b>	<b>12554.34</b>	<b>(-) 4956.73</b>	<b>10286.76</b>	<b>(-) 1331.52</b>	<b>(-) 355.01</b>	<b>19575.64</b>	<b>(-) 679.33</b>	<b>-</b>	<b>17398</b>
<b>SERVICES</b>													
16.	Chhattisgarh State Beverages Corporation Limited	2013-14	2014-15	0.15	-	46.34	706.21	11.78	(-) 3.73	46.49	11.84	25.47	45
17.	Chhattisgarh State Civil Supplies Corporation Limited	2012-13	2015-16	4.43	915.42	(-) 216.10	3814.41	0.52	147.89	2092.23	42.87	2.05	749
18.	Chhattisgarh Medical Services Corporation Limited	2013-14	2014-15	3.45	-	0.68	27.95	0.65	Non-review	141.73	0.65	0.46	146
19.	Chhattisgarh Police Housing Corporation Limited	2014-15	2015-16	2.00	-	22.05	12.92	6.71	Non-review	37.12	6.71	18.07	77
20.	Raipur Nagar Nigam Transport Limited	\$\$	-	0.05	-	-	-	-	-	-	-	-	1
<b>Sector wise total</b>				<b>10.08</b>	<b>915.42</b>	<b>(-) 147.03</b>	<b>4561.49</b>	<b>19.66</b>	<b>144.16</b>	<b>2317.57</b>	<b>62.07</b>	<b>2.68</b>	<b>1018</b>
<b>Total A (All sector wise Government companies)</b>				<b>12341.36</b>	<b>13519.78</b>	<b>(-) 4924.98</b>	<b>15418.89</b>	<b>(-) 1274.04</b>	<b>(-) 227.09</b>	<b>22698.53</b>	<b>(-) 578.72</b>	<b>-</b>	<b>19754</b>

*Audit Report on Public Sector Undertakings for the year ended 31 March 2015*

SN	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital <sup>^</sup>	Loans outstanding at the end of year	Accumulated Profit(+)/ Loss (-)	Turnover	Net Profit (+) / Loss (-)	Net impact of Audit comments <sup>#</sup>	Capital employed <sup>@</sup>	Return on capital employed <sup>§</sup>	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Statutory Corporation</b>													
<b>SERVICES</b>													
1.	Chhattisgarh State Warehousing Corporation	2013-14	2014-15	4.04	82.33	144.40	92.07	41.40	(-) 0.29	274.69	43.91	15.99	485
<b>Total B (Statutory Corporation)</b>				<b>4.04</b>	<b>82.33</b>	<b>144.40</b>	<b>92.07</b>	<b>41.40</b>	<b>(-) 0.29</b>	<b>274.69</b>	<b>43.91</b>	<b>15.99</b>	<b>485</b>
<b>Grand Total (A + B)</b>				<b>12345.40</b>	<b>13602.11</b>	<b>(-) 4780.58</b>	<b>15510.96</b>	<b>(-) 1232.64</b>	<b>(-) 227.38</b>	<b>22973.22</b>	<b>(-) 534.81</b>	<b>-</b>	<b>20239</b>

*(Source: Data compiled from the audited annual accounts of the PSUs)*

Note:

<sup>^</sup> Paid up capital includes share application money pending allotment

<sup>#</sup> Impact of accounts comments includes the net impact of qualifications of Statutory Auditors and comments of CAG and is denoted by (+) increase in profit/decrease in loss, (-) decrease in profit/increase in loss

<sup>@</sup> Capital employed represents Shareholder's Fund plus long term borrowings

<sup>§</sup> Return on capital employed has been worked out by adding profit and interest charged to profit and loss account

\* The Company incorporated on 11 November 2014 has not submitted its accounts so far

\$\$ The company incorporated on 1 October 2011 has not submitted its accounts so far

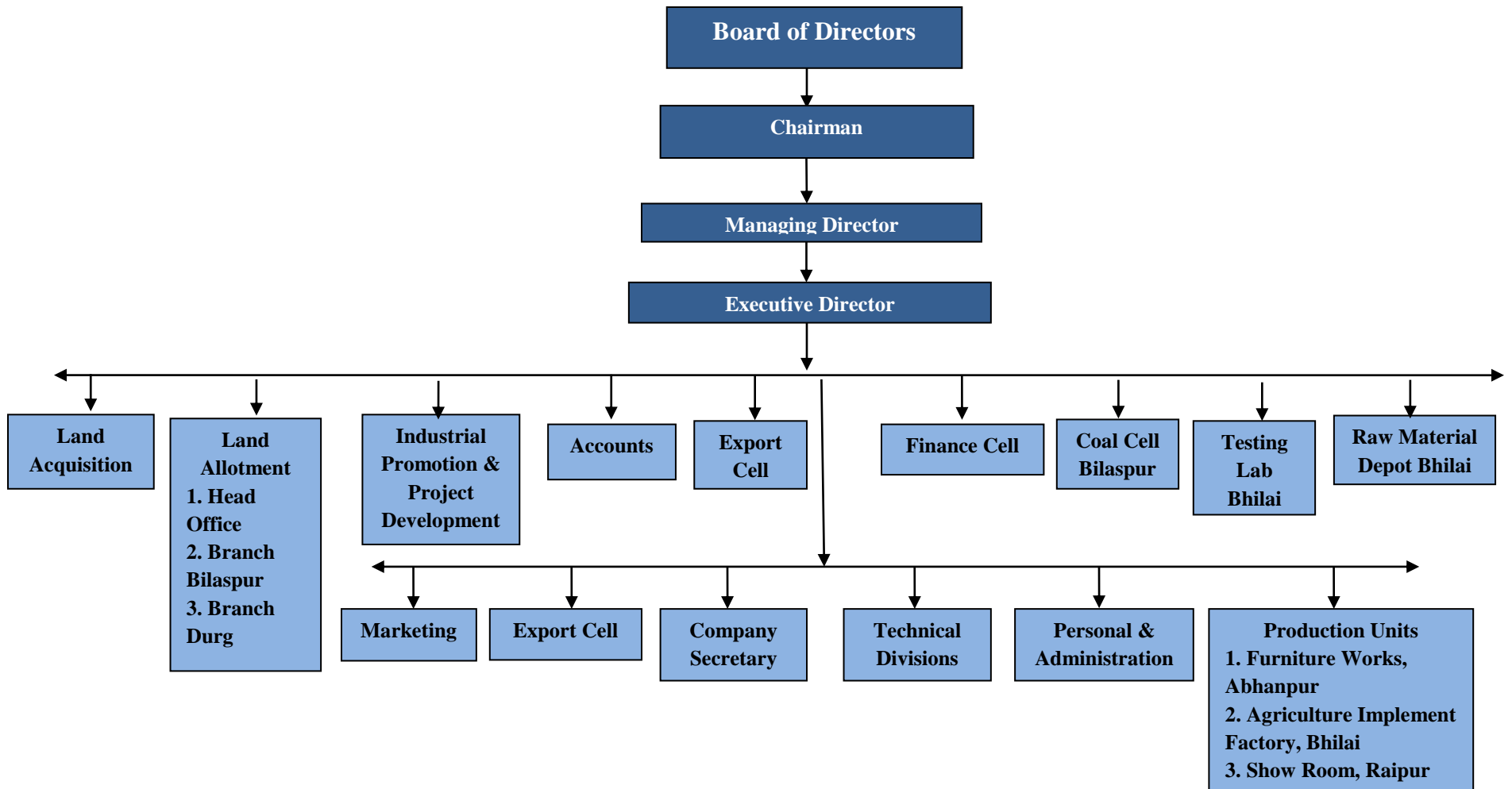
**Annexure-2.1**  
**Details of Industrial Areas of the Company**  
*(Referred to in paragraph 2.1)*

SN	Name of Industrial Areas	Total allotable land developed (in hectare)
<b>Old</b>		
1	Siltara, Raipur	872.00
2	Urla, Raipur	270.00
3	Bhanpuri, Raipur	103.48
4	Rawanbhata, Raipur	37.18
5	Amaseoni, Raipur	10.04
6	Sirgitti, Bilaspur	235.76
7	Silpahari, Bilaspur	134.42
8	Tifra, Bilaspur	39.48
9	Pendra Road, Bilaspur	10.89
10	Borai, Durg	192.00
11	Birkoni, Mahasamund	49.00
12	Harinchapra, Kabirdham	11.00
13	Nayanpur, Sarguja	24.06
<b>Established during the period under review (2010-15)</b>		
14	Industrial area, Kapan, Janjgir- Champa	15.33
15	Industrial area, Teknar, Dantewara	9.016
16	Engineering Park, Bhilai, Durg	56.00
17	Metal Park, Rawanbhata, Raipur <sup>1</sup>	17.05
<b>Projects in progress as on 31 March 2015</b>		
1	Industrial area, Tilda, Raipur	Being setup in 32.27 hectare land
2	Industrial area, Tendua Raipur,	Being setup in 22.03 hectare land
3	Industrial area, Gangapurkhurd, Sarguja	Being setup in 12.25 hectare land
4	Industrial area, Sector D, Tifra, Bilaspur	Being setup in 31.23 hectare land
5	Plastic Park	Proposal (May 2015) to setup a plastic park in the State.
6	Industrial area, Khaira, Durg	Proposal (March 2011) to setup industrial area in 25.40 hectare land. The proposal for transfer of land is pending with the concerned Collector.
7	Industrial area, Gram Selar, Bilha, Bilaspur	Proposal (March 2011) to setup industrial area in 22.27 hectare land. The proposal for transfer of land is pending with the concerned Collector.
8	Mega Food Park, Dhamtari	Proposal (July 2014) to setup this project in 68.68 hectare land under GoI scheme of Mega Food park at total cost of ₹ 103.75 crore including GoI grant of ₹ 50 crore.
9	Electronic Manufacturing Cluster, Raipur	Proposal (July 2014) to setup this project in 70 hectare land under GoI scheme of Electronic Manufacturing Cluster at total cost of ₹ 105.23 crore including GoI grant of ₹ 50 crore.

*(Source: Data compiled from the information furnished by the Company)*

<sup>1</sup> Out of total allotable land of 35.72 hectare, 17.05 hectare land has been developed.

**Annexure-2.2**  
**Organisational Chart**  
*(Referred to in paragraph 2.2)*





**Annexure- 2.3**  
**Financial position and working results of the Company**  
**(provisional and unaudited)**  
*(Referred to in paragraph 2.6)*

(₹ in lakh)

Particulars	2010-11	2011-12	2012-13
<b>Financial position</b>			
<b>A. Liabilities</b>			
Share Capital	160	160	160
Reserves and surplus	2302.19	2302.19	2302.19
Secured loan	8.88	8.88	8.88
Unsecured loan	2295.57	2295.57	2295.57
Current liabilities and provision	67106.46	80737.48	73657.58
<b>Total</b>	<b>71873.10</b>	<b>85504.12</b>	<b>78424.22</b>
<b>B. Assets</b>			
Fixed Assets Gross block	380.02	433.70	472.86
Less : Depreciation	245.27	268.89	292.50
Net Block	134.75	164.81	180.36
Investment	27.71	27.71	27.71
Inventories	68.69	330.69	270.13
Sundry debtors	535.11	741.31	130.14
Cash and bank	58892.27	71270.61	68019.43
Other current assets	6612.24	7440.89	4425.18
Loans and advances	2279.27	2143.99	1831.56
Accumulated Profit and Loss	3323.06	3384.11	3539.71
<b>Total</b>	<b>71873.10</b>	<b>85504.12</b>	<b>78424.22</b>
<b>Working results</b>			
<b>Income</b>			
Sales	3195.30	6844.06	8288.48
Service charges receipts	2448.45	2521.68	2152.89
Misc. business receipts	2985.70	5202.06	5815.10
Increase/(decrease) in stock	32.41	12.46	64.54
<b>Total</b>	<b>8661.86</b>	<b>14580.26</b>	<b>16321.01</b>
<b>Expenditure</b>			
Purchase	2831.90	6097.51	6539.79
Raw material and stores consumed	239.32	536.80	1476.28
Salaries and other benefits	1331.39	1111.07	1410.56
Administrative and other expenses	446.73	538.35	1698.11
Depreciation	16.86	23.61	23.61
Excess of earnings transferred to State Government Account	3927.73	6333.97	5328.24
<b>Total</b>	<b>8793.93</b>	<b>14641.31</b>	<b>16476.59</b>
<b>Loss</b>	<b>132.07</b>	<b>61.05</b>	<b>155.58</b>

*(Source: Data furnished by the Company)*

**Annexure - 2.4**

**Statement showing loss of interest due to investment in fixed deposit at different rates on the same day**  
(Referred to in paragraph 2.6.2)

SN	Name of Bank	FDR No.	Date of investment	Due date	Rate of interest (%)	FDR Amount (₹)	FDs made on same day and for same period with different bank at higher rate of interest		Difference in rate of interest (%)	Loss of interest (₹)
							Name of Bank	Rate of interest (%)		
1	2	3	4	5	6	7	8	9	10 (9-6)	11 (7 x 10)
1	CBI MAIN BRANCH RAIPUR	32762	10-Apr-10	10-May-11	6.00	141941925	Syndicate Bank	6.25	0.25	384021
2	PNB MAIN BRANCH RAIPUR	33760	12-Apr-10	10-May-11	6.50	9000000	Bank of India	6.75	0.25	24226
3	PNB MAIN BRANCH RAIPUR	33779	12-Apr-10	10-May-11	6.50	9000000	Bank of India	6.75	0.25	24226
4	PNB MAIN BRANCH RAIPUR	33788	12-Apr-10	10-May-11	6.50	9000000	Bank of India	6.75	0.25	24226
5	PNB MAIN BRANCH RAIPUR	33797	12-Apr-10	10-May-11	6.50	9000000	Bank of India	6.75	0.25	24226
6	PNB MAIN BRANCH RAIPUR	33803	12-Apr-10	10-May-11	6.50	9000000	Bank of India	6.75	0.25	24226
7	ANDHRA BANK FAFADIH	18231	12-Apr-10	13-May-11	6.50	9000000	Bank of India	6.75	0.25	24411
8	ANDHRA BANK FAFADIH	18232	12-Apr-10	14-May-11	6.50	9000000	Bank of India	6.75	0.25	24473
9	ANDHRA BANK FAFADIH	18233	12-Apr-10	14-May-11	6.50	9000000	Bank of India	6.75	0.25	24473
10	ANDHRA BANK FAFADIH	18234	12-Apr-10	15-May-11	6.50	9000000	Bank of India	6.75	0.25	24534
11	ANDHRA BANK FAFADIH	18235	12-Apr-10	16-May-11	6.50	9000000	Bank of India	6.75	0.25	24596
12	ANDHRA BANK SHANKAR NGR	316277	16-Aug-10	16-Sep-11	7.00	10000000	Indusind Bank	7.25	0.25	27123
13	CBI ,CG COLLEGE BR.RAIPUR	28897	19-Feb-11	18-Feb-12	9.50	56670607	Bank of Baroda	9.96	0.46	259971
14	SBI NEW SHANTI NAGAR RYP.	31636581505	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
15	SBI NEW SHANTI NAGAR RYP.	31636578570	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
16	SBI NEW SHANTI NAGAR RYP.	31636582134	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
17	SBI NEW SHANTI NAGAR RYP.	31636577178	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
18	SBI NEW SHANTI NAGAR RYP.	31636576606	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575

19	SBI NEW SHANTI NAGAR RYP.	31636576141	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
20	SBI NEW SHANTI NAGAR RYP.	31636574676	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
21	SBI NEW SHANTI NAGAR RYP.	31636574100	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
22	SBI NEW SHANTI NAGAR RYP.	31636573491	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
23	SBI NEW SHANTI NAGAR RYP.	31636572986	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
24	SBI NEW SHANTI NAGAR RYP.	31636572205	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
25	SBI NEW SHANTI NAGAR RYP.	31636571620	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
26	SBI NEW SHANTI NAGAR RYP.	31636571018	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
27	SBI NEW SHANTI NAGAR RYP.	31636570514	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
28	SBI NEW SHANTI NAGAR RYP.	31636559087	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
29	SBI NEW SHANTI NAGAR RYP.	31636568302	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
30	SBI NEW SHANTI NAGAR RYP.	31636567636	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
31	SBI NEW SHANTI NAGAR RYP.	31636567035	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
32	SBI NEW SHANTI NAGAR RYP.	31636566235	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
33	SBI NEW SHANTI NAGAR RYP.	31636565481	19-Feb-11	15-Nov-13	9.25	9900000	Bank of Baroda	9.96	0.71	192575
34	SBI NEW SHANTI NAGAR RYP.	31636529221	19-Feb-11	15-Nov-13	9.25	215042	Bank of Baroda	9.96	0.71	4183
35	UBI, PANDRI RAIPUR	370320	11-Mar-11	11-Mar-12	10.05	50000000	UCO Bank	10.25	0.20	100274
36	INDIAN OVERSEAS BANK	156807	11-Mar-11	16-Sep-12	9.25	5000000	UCO Bank	10.25	1.00	76027
37	I.D.B.I. BANK LTD. BHILAI	48107000084978	25-Mar-11	5-Apr-13	9.50	11603444	Union Bank of India	10.31	0.81	191066
38	I.D.B.I. BANK LTD. BHILAI	48107000084987	25-Mar-11	5-Apr-13	9.50	12761914	Union Bank of India	10.31	0.81	210142
39	BANK OF BARODA, RAIPUR	864097	25-Mar-11	25-Mar-12	10.25	50000000	Union Bank of India	10.31	0.06	30082
40	BANK OF MAHARASTRA	30821	31-Mar-11	31-Mar-12	9.00	10000000	United Bank of India	10.06	1.06	106290
41	SIDBI, RAIPUR	1061400028	19-Jul-11	19-Jul-12	9.50	13601177	HDFC Bank	10.00	0.50	68192
42	SBI KUTCHERY BRANCH RYP.	32002883677	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
43	SBI KUTCHERY BRANCH RYP.	32002903650	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
44	SBI KUTCHERY BRANCH RYP.	32002904916	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745

45	SBI KUTCHERY BRANCH RYP.	32002906141	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
46	SBI KUTCHERY BRANCH RYP.	32002906979	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
47	SBI KUTCHERY BRANCH RYP.	32002908387	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
48	SBI KUTCHERY BRANCH RYP.	32002909197	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
49	SBI KUTCHERY BRANCH RYP.	32002910114	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
50	SBI KUTCHERY BRANCH RYP.	32002916263	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
51	SBI KUTCHERY BRANCH RYP.	32002917187	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
52	SBI KUTCHERY BRANCH RYP.	32002917904	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
53	SBI KUTCHERY BRANCH RYP.	32002918760	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
54	SBI KUTCHERY BRANCH RYP.	32002919435	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
55	SBI KUTCHERY BRANCH RYP.	32002920393	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
56	SBI KUTCHERY BRANCH RYP.	32002921342	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
57	SBI KUTCHERY BRANCH RYP.	32002923123	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
58	SBI KUTCHERY BRANCH RYP.	32002924343	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
59	SBI KUTCHERY BRANCH RYP.	32002925109	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
60	SBI KUTCHERY BRANCH RYP.	32002925777	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
61	SBI KUTCHERY BRANCH RYP.	32002926497	22-Oct-11	22-Oct-12	9.25	9900000	Bank of Baroda	9.60	0.35	34745
62	SBI KUTCHERY BRANCH RYP.	32002928406	22-Oct-11	22-Oct-12	9.25	2000000	Bank of Baroda	9.60	0.35	7019
63	O.B.C.TATIBANDH	14343031002678	25-Oct-11	25-Oct-12	9.60	200000000	Andhra Bank	9.70	0.10	200548
64	HDFC BANK RAIPUR	1524470097008	25-Jan-12	1-Feb-13	9.50	25000000	Bank of Baroda	9.82	0.32	81753
65	BANK OF BARODA, RAIPUR	864899	26-Mar-12	26-Mar-13	10.75	54779971	Union Bank of India	10.81	0.06	32868
66	AXIS BANK	911040045789138	7-Sep-12	7-Sep-13	9.00	23327366	Bank of Baroda	9.25	0.25	58318
67	ANDHRA BANK FAFADIH	49320100028216	16-Sep-13	16-Sep-14	9.85	13012542	Indian Overseas Bank	10.00	0.15	19519
<b>Total</b>										<b>6647419</b>

(Source: Data compiled from the information furnished by the Company)

**Annexure - 2.5**  
**Status of development of industrial areas**  
*(Referred to in paragraph 2.7.3)*

SN	Name of project	Date of DPR	Cost of project as per DPR (₹ in crore)	Scheduled date of completion	Date of actual completion	Physical progress as on June 2015	
						Value of work done (₹ in crore)	Remarks
1	Industrial Area, Kapan, Janjgir-Champa	Jul-07	10.00 (Revised to 11.50 in November 2010)	December 2013	In progress (More than one year delay so far)	5.09	The Company started allotment of land from 2013-14 and allotted five plots (0.66 hectare) out of 135 plots developed in total area of 15.33 hectare.
2	Industrial Area, Teknar, Dantewara	Original May-07, Revised March- 11	Original 10.50, Revised 12.41	September 2012	In progress (More than three years delay so far)	6.87	The Company started allotment of land from 2014-15 and allotted four plots (0.60 hectare) out of 49 plots developed in total area of 9.016 hectare.
3	Engineering Park, Bhilai	Apr-12	49.78	September 2014	In progress	34.97	The Company started allotment of land from 2014-15 and allotted 42 plots (21 hectare) out of 215 plots developed in 56.00 hectare.
4	Metal Park, Raipur	Original June 2007, Revised Apr-11	Original 16.75, Revised 92.00	October 2012	In progress (about three years delay so far)	42.16	The Company started allotment of land from 2013-14 and allotted 51 plots (9.25 hectare) out of 100 plots developed in 17.05 hectare.
5	Industrial Area, Tilda, Raipur	May-12	12.60 (revised to 18.45 in December 2013)	March 2016	In progress	3.50	Allotment not started
6	Industrial Area, Tendua, Raipur	Nov-10	12.20	September 2012	In progress (Three years delay so far)	4.50	Allotment not started
7	Industrial Area, Gangapurkhurd, Sarguja	Original estimate-Sept. 08, Revised estimate-Dec.14 (DPR not prepared)	Original -2.32, Revised - 18.98	February 2012	In progress (More than three years delay so far)	7.08	Allotment not started
8	Industrial Area, Sector-D, Tifra, Bilaspur	Feb-07	18.00	March 2010	In progress (More than five years delay so far)	6.99	Allotment not started

*(Source: Data compiled from the information furnished by the Company)*

**Annexure- 2.6**

**Statement showing details of works awarded without inviting tenders**

(Referred to in paragraph 2.7.4)

(₹ in crore)

SN	Particulars of original work	Awarded value	Date of work order	Particulars of additional work	Awarded value	Date of additional order	Name of Contractor
1	Work of widening and strengthening of Central Avenue Road at Industrial Area Borai, Durg	3.76	07/05/2011	Work of widening and strengthening of Road No. 1/B at Industrial Area Borai	0.99	20/01/2012	Sewa Singh Oberoi & Company
2	Upgradation & Strengthening of 60' & 40' wide road and construction of RR Masonry Pucca Surface Drain at Industrial Area Tifra, Bilaspur	2.69	02/05/2013	Upgradation and strengthening of road below over bridge at Industrial Area Tifra, Bilaspur	0.33	27/12/2013	Anandi Builders
3	Construction of Sarora- Bana road and Road No. 17 at Industrial Area Urla (3055 mtr)	5.38	26/09/2013	Construction of road No. 22 (700 mtrs) at Industrial Area Urla, Raipur	1.98	23/02/2015	Raipur Construction Private Limited
4	Construction of 24 meter and 15 meter Water Mixed Macadam BT road, R. R. Masonry drain and 12 numbers RCC Slab Culvert at Industrial Area Gangapurkhurd, Ambikapur	3.34	20/01/2014	Land filling/leveling works of Plots (Block- A to D) at Industrial Area Gangapurkhurd, Ambikapur	1.40	17/06/2014	Sarguja Bricks Industries
5	Construction of 24 meter wide WMM and BT approach road (7.50 meter carriage way) from PWD National Highway No-5 to Industrial Area Gangapurkhurd, District Sarguja	5.64	20/01/2014	Construction of nullah at Industrial Area Gangapurkhurd	2.85	04/03/2014	Sarguja Bricks Industries

6	Upgradation and strengthening of 60' and 40' wide road at Sector-B and C at industrial area Sirgitti, Bilaspur (original work)	1.50	21/02/2014	Upgradation and repairing of other damaged roads of Sector-B of the Sirgitti Industrial Area	0.62	11/06/2014	Anil Buildcon (I.) Private Limited
7	Construction of R.R. Masonry Pucca surface drain both side of 40' and 60' wide road at Sector- A, B and C of Industrial Area Sirgitti, Bilaspur	1.86	21/02/2014	Construction of boundary wall on the open land situated at Hi-tech Bus Stand, Bilaspur	0.12	29/05/2014	Arora Construction, Bilaspur
8	Construction of 18 Nos. R.C.C. Slab bridge on 18 meter wide single lane road at Metal Park, Rawanbhata, Raipur	2.06	03/03/2014	Construction of one number RCC Slab bridge on 24 meter wide double lane road at Metal Park	2.00	30/05/2014	Raipur Construction Private Limited
9	Construction of 24 meter (7.50 meter carriageway) and 18 meter (6.00 meter carriageway) internal BT road including RCC Slab Culverts (1.00 meter span) at Industrial Area, Bartori (Tilda), District Raipur	6.16	01/12/2014	Construction of 1.8 km approach road from village Nakti-Khapri to Industrial Area Bartori.	2.97	12/06/2015	Raipur Construction Private Limited
<b>Total</b>		<b>32.39</b>			<b>13.26</b>		

(Source: Data compiled from the records of the Company)

**Annexure - 2.7**  
**Statement showing details of work awarded for construction of RR Masonry drain**  
**at Metal Park, Raipur**  
*(Referred to in paragraph 2.7.5)*

SN	Particulars	Date of NIT	Probable amount of contract (₹ in lakh)	Percentage above/ (-) below SOR	Total value of work awarded (₹ in lakh)	Date of award	Name of contractor
1	Both side of road in Phase – I, Metal Park (5039 meter X 2)	04-05-13	336.23	13.51	381.65	13-02-2014	Varsha Construction, Raipur
2	Both side of 18 meter wide road in Phase-II, Metal Park (3300 meter X 2)	09-01-14	225.73	11.26	251.15	03-03-2014	Chouhan Construction, Raipur
3	Both side of 24 meter wide road in Phase-II, Metal Park (1200 meter X 2)	09-01-14	85.24	14.26	97.40	03-03-2014	Chouhan Construction, Raipur
<b>Total</b>			<b>647.20</b>		<b>730.20</b>		

*(Source: Data compiled from the records of the Company)*



**Annexure - 2.8**  
**Statement showing revised work orders issued for construction of RCC drain at**  
**Metal Park, Raipur**  
*(Referred to in paragraph 2.7.5)*

SN	Particulars	Date of revised work order	Revised amount probable of Contract (₹ in lakh)	Percentage above/ below SOR (-)	Total value of work awarded (₹ in lakh)
1	Both side of road in Phase – I, Metal Park (5039 meter X 2)	18-11-14	423.24	13.51	480.53
2	Both side of 18 meter wide road in Phase-II, Metal Park (3300 meter X 2)	14-08-14	247.30	11.26	275.14
3	Both side of 24 meter wide road in Phase-II, Metal Park (1200 meter X 2)	19-06-14	93.82	14.26	107.20
<b>Total</b>			<b>764.36</b>		<b>862.87</b>

*(Source: Data compiled from the records of the Company)*

**Annexure - 2.9**

**Statement showing loss due to uneconomical operation of water supply at Borai Industrial Area**  
(Referred to in paragraph 2.7.9)

(Amount in ₹)

Year	Total amount billed by WRD towards water charges including minimum commitment charges			Total Amount billed by RWL			Cost of water to the Company		Water charges billed to industries by the Company		Loss
	Quantum (KL)	Amount	Effective rate per KL	Quantum (KL)	Amount	Effective rate per KL	Cost per KL	Total cost	Quantum (KL)	Amount	
1	2	3	4	5	6	7	8 (4+7)	9 (3+6)	10	11	12 (9-11)
2010-11	2739889	57441775	20.97	2739889	45565063	16.63	37.60	103006838	3044042	55145541	47861297
2011-12	3335565	83941305	25.17	3335565	54735016	16.41	41.58	138676321	3149189	67552527	71123794
2012-13	4542330	81035241	17.84	3634330	57964173	15.95	33.79	138999414	3187838	67775012	71224402
2013-14	4927470	51868373	10.53	3962370	64127474	16.18	26.71	115995847	2895022	62065320	53930527
2014-15	4908142	60323056	12.29	3642330	63239913	17.36	29.65	123562969	2971978	62139459	61423510
<b>Total</b>	<b>20453396</b>	<b>334609750</b>		<b>17128108</b>	<b>285631639</b>			<b>620241389</b>	<b>15248069</b>	<b>314677859</b>	<b>305563530</b>

(Source: Data compiled from the information furnished by the Company)

**Annexure- 2.10**  
**Statement showing short assessment of land premium and lease rent**  
*(Referred to in paragraph 2.8.1)*

(Amount in ₹)

SN	Particulars	Lanco Solar Private Limited (Allotted between March 2010 and December 2010)	KSK Mahanadi Power Company Limited (Allotted in April 2010)	SKS Power Generation (Chhattisgarh) Limited (Allotted in June 2011)	Total
1	Per hectare minimum value of land as per Model Rehabilitation Policy (₹ 600000 per acre X 2.471 acre with conversion factor of one hectare equal to 2.471 acre)	1482600	1482600	1482600	1482600
2	Land area in hectare	150.333	58.007	7.798	216.138
3	Value of land (1 X 2) (₹ )	222883706	86001178	11561315	320446199
4	Add: Service charge at the rate of 20 % of 3 above	44576741	17200236	2312263	64089240
5	Amount of land premium to be recovered (3+4)	267460447	103201414	13873578	384535439
6	Lease rent to be fixed (2.5 % of 5 above)	6686511	2580035	346840	9613386
7	Land premium actually recovered	41239585	37499437	8841557	87580579
8	Lease rent actually fixed	1030990	937486	221039	2189515
9	Short assessment of land premium (5 - 7)	226220862	65701977	5032021	296954860
10	Short recovery of lease rent consequent upon short assessment of land premium (row 6 – 8) for 99 years (considering 25 per cent increase for interval of every 30 years as per lease deed clause 4)	746263693	216739474	16599835	979603001
11	Total short assessment of land premium and lease rent	972484555	282441451	21631856	1276557861

**Annexure - 2.11**

**Statement showing short assessment of land premium and lease rent in respect of land allotted in August 2010 to Sona Power Private Limited at District Janjgir Champa**

*(Referred to in paragraph 2.8.1)*

		(Amount in ₹)
SN	Particulars	Amount
1	Per hectare minimum value of irrigated land as per Model Rehabilitation Policy (₹ 10.00 lakh per acre X 2.471 with conversion factor of one hectare equal to 2.471 acre)	2471000
2	Land area in hectare	206.21
3	Value of land (1 x 2)	509544910
4	Add: Service charge at the rate of 20% of value of land	101908982
5	Amount of land premium to be recovered (3+4)	611453892
6	Lease rent to be fixed (at the rate of 2.5 % of 5 above)	15286347
7	Short assessment of land premium {₹ 611453892 – (₹ 324980773 original demand + ₹ 40653696 supplementary demand)}	245819423
8	Short recovery of lease rent consequent upon short assessment of land premium { ₹ 15286347 – (₹ 8124519 original demand + ₹ 1016342 supplementary demand) x 99 years (considering 25 per cent increase for interval of every 30 years as per lease deed clause 4)	810916082
9	Total short assessment of land premium and lease rent	1056735505

*(Source: Data compiled from the records of the Company)*

## Annexure - 2.12

**Statement showing short assessment of land premium and lease rent in respect of land allotted in July 2010 to M/s Radha Madhav Industries Private Limited at Village Rambod, District Bilaspur**  
(Referred to in paragraph 2.8.2.a)

(Amount in ₹)

SN	Particulars	Amount
1	Per hectare minimum value of land as per CVB guidelines (2010-11) for land situated at village main road	1058000
2	Land area in hectare	9.768
3	Value of land (1X2)	10334544
4	Add: Solatium at the rate of 30% on 3 above	3100363
5	Add: Interest at the rate of 12% on 3 above	1240145
6	Total value of land (3+4+5)	14675052
7	Add: Service charge at the rate of 20% on 6 above	2935010
8	Amount of land premium to be recovered (6+7)	17610063
9	Lease rent to be fixed at the rate of 2.5% of 8 above	440252
10	Land premium actually recovered based on value of <i>Padti</i> land	5462097
11	Lease rent actually fixed	136552
12	<b>Short assessment of land premium (8-10)</b>	<b>12147966</b>
13	<b>Short recovery of lease rent consequent upon short assessment of land premium ( ₹ 440252 – ₹ 136552) for 99 years (considering 25 per cent increase for interval of every 30 years as per lease deed clause 4)</b>	<b>40074164</b>
14	<b>Total short assessment of land premium and lease rent</b>	<b>52222130</b>

(Source: Data compiled from the records of the Company)

**Annexure - 2.13**

**Statement showing short assessment of land premium and lease rent in respect of land allotted in October 2011 to M/s L L Logistic Private Limited at village Giroud at Ring Road-3, Raipur**

*(Referred to in paragraph 2.8.2.a)*

(Amount in ₹)

SN	Particulars	Amount
1	Per hectare minimum value of land as per CVB guidelines (2010-11) for land situated at Ring Road-3, Raipur	3500000
2	Land area in hectare	12.5
3	Value of land (1X2)	43750000
4	Add: Solatium at the rate of 30% on 3 above	13125000
5	Add: Interest at the rate of 12% on 3 above	5250000
6	Total value of land (3+4+5)	62125000
7	Add: Service charge at the rate of 20% on 6 above	12425000
8	Amount of land premium to be recovered (6+7)	74550000
9	Lease rent to be fixed at the rate of 2.% of 8 above	1863750
10	Land premium actually recovered based on value of land situated at Village Giroud	23138486
11	Lease rent actually fixed	578462
<b>12</b>	<b>Short assessment of land premium (8-10)</b>	<b>51411514</b>
<b>13</b>	<b>Short recovery of lease rent consequent upon short assessment of land premium (₹ 1863750 – ₹ 578462) for 99 years (considering 25 per cent increase for interval of every 30 years as per lease deed clause 4)</b>	<b>169597768</b>
<b>14</b>	<b>Total short assessment of land premium and lease rent</b>	<b>221009282</b>

*(Source: Data compiled from the records of the Company)*

**Annexure - 2.14**  
**Statement showing short assessment of land premium and lease rent in respect of**  
**land allotted to M/s Tirupati Chanwal Udyog at Village Atari, Raipur**  
*(Referred to in paragraph 2.8.2.b)*

(Amount in ₹)

SN	Particulars	Allotment 1 (1.20 acre) (January 2010)	Allotment 2 (2.53 acre) (October 2010)	Total
1	Per acre value of land (within 46 meter of main road as per physical verification conducted by the Company in June 2009) as per CVB guidelines (₹ 25 lakh per hectare/2.471 with conversion factor of one hectare equal to 2.471 acre)	1011736	1011736	
2	Land area in acre	1.20	2.53	3.73
3	Value of land (1 x 2)	1214083	2559692	3773775
4	Add: Solatium at the rate of 30 % of 3 above	364225	767908	1132133
5	Interest at the rate of 12 % p.a. on 3 above (for allotment 1 : one year and for allotment 2: two years)	145690	614326	760016
6	Total value of land (3+4+5)	1723998	3941926	5665924
7	Add: Service charge at the rate of 10 % on 6 above	172400	394193	566592
8	Land premium to be recovered (6+7)	1896398	4336118	6232516
9	Lease rent to be fixed at the rate of 2.5 % of 8 above	47410	108403	155813
10	Land premium recovered based on value of land situated beyond 46 meters from main road	291380	614326	905706
11	<b>Short recovery of land premium (8-10)</b>	<b>1605018</b>	<b>3721792</b>	<b>5326810</b>
12	Short recovery of lease rent (₹ 155813 – 45285) x 99 years (considering 25 per cent increase for interval of every 30 years as per lease deed clause 4)			14584515
13	<b>Total short recovery of land premium and lease rent</b>			<b>19911325</b>

(Source: Data compiled from the records of the Company)

**Annexure - 2.15**  
**Statement showing loss due to short assessment of land premium and lease rent**  
**towards land allotted to Rajasthan Patrika and IRCTC**  
*(Referred to in paragraph 2.8.5)*

(Amount in ₹)

SN	Particulars	Rajasthan Patrika (Allotted in September 2010)	IRCTC (Allotted in July 2014)	Total
1	Land premium to be recovered (at the rate of ₹ 60.00 lakh per hectare in case of IRCTC and ₹ 20.00 lakh per hectare in case of Rajasthan Patrika as applicable for large and medium industries with conversion factor of one hectare equal to 2.471 acre)	839336	4878187	5717523
2	Additional 10 % premium for wide road or corner plot to be recovered (10 % of above)	83934	487819	571753
3	Annual lease rent to be fixed (2.5 % of 1 above)	20983	121955	142938
4	Land premium actually recovered	503360	3251678	3755038
5	Additional premium actually recovered	50336	325168	375504
6	Lease rent actually fixed	12584	81292	93876
<b>7</b>	<b>Short assessment of land premium (row 1 – row 4)</b>	<b>335976</b>	<b>1626509</b>	<b>1962485</b>
<b>8</b>	<b>Short recovery of additional premium (row 2 – row 5)</b>	<b>33598</b>	<b>162651</b>	<b>196249</b>
<b>9</b>	<b>Short recovery of lease rent consequent upon short assessment of land premium (row 3 – row 6) for 99 years (considering 25 per cent increase for interval of every 30 years as per lease deed clause 4)</b>	<b>1108274</b>	<b>5365610</b>	<b>6473884</b>
<b>10</b>	<b>Total short assessment of land premium, additional premium and lease rent</b>	<b>1477848</b>	<b>7154770</b>	<b>8632618</b>

(Source: Data compiled from the records of the Company)



## Annexure - 2.16

**Statement showing loss due to short assessment of land premium and lease rent towards land allotted to Lafarge India Private Limited at Industrial Hub, Bhatapara and GMR Chhattisgarh Energy Limited at industrial area, Tilda**

*(Referred to in paragraph 2.8.6)*

(Amount in ₹)

SN	Particulars	Lafarge India Private Limited (Allotted in September 2014)	GMR Chhattisgarh Energy Limited (allotted between August 2012 and August 2014)	Total
1	Value of land per hectare for commercial purpose as fixed by the Company	10000000	10000000	10000000
2	Land area in hectare	9.275	5.055	14.33
3	Amount of land premium to be recovered (1 X 2)	92750000	50550000	143300000
4	Lease rent to be recovered at the rate of 2.5 % of 3 above	2318750	1263750	3582500
5	Land premium actually recovered	19581370	16224214	35805584
6	Lease rent actually fixed	489534	405605	895139
7	<b>Short assessment of land premium (3-5)</b>	<b>73168630</b>	<b>34325786</b>	<b>107494416</b>
8	<b>Short recovery of lease rent consequent upon short assessment of land premium (row 4 - row 6) for 99 years considering 25 per cent increase for interval of every 30 years as per lease deed clause 4</b>	<b>241370768</b>	<b>113234914</b>	<b>354605682</b>
9	<b>Total short assessment of land premium and lease rent</b>	<b>314539398</b>	<b>147560700</b>	<b>462100098</b>

*(Source: Data compiled from the records of the Company)*

**Annexure - 2.17**

**Statement showing loss due to short assessment of land premium and lease rent towards land allotted for vehicle service centers at Sirgitti Industrial area, Bilaspur**

(Referred to in paragraph 2.8.6)

(Amount in ₹)

SN	Particulars	Satya Vencers Private Limited (Allotted in January 2011)	Krishna Auto Riders Private Limited (Allotted in September 2012)	G. K. Auto wheels Private Limited (Allotted in March 2012)	Orion Auto Wheels (Allotted in October 2014)	Total
1	Area (in acre)	2.58	1.377	1.297	0.64	5.894
2	Value of land per hectare for commercial purpose as fixed by the Company	10000000	10000000	10000000	10000000	
3	Land premium to be recovered ( 2 X 1/2.471 for conversion from hectare to acre)	10441117	5572643	5248887	2590045	18280049
4	10 % additional premium to be recovered on 3 above, if any	1044112	557264	524889	0	1569000
5	Lease rent to be recovered (2.5% of 3 above)	261028	139313	131222	64751	457001
6	Land premium actually recovered	4180728	2229725	2098986	1044104	7323818
7	Additional premium actually recovered	418073	222973	209899	0	627972
8	Lease rent actually fixed	104518	55743	52475	26103	183096
9	Short assessment of land premium (3-6)	6260389	3342918	3149901	1545941	14299149
10	Short recovery of additional premium (4-7)	626039	334291	314990	0	1275320
11	Short recovery of lease rent consequent upon short assessment of land premium (row 5 – row 8) for 99 years (considering 25 per cent increase for interval of every 30 years as per lease deed clause 4)	20651974	11027719	10390936	5099739	47170368
12	Total short assessment of land premium, additional land premium and lease rent	27538401	14704928	13855827	6645680	62744836

(Source: Data compiled from the records of the Company)

**Annexure - 2.18***(Referred to in paragraph 2.8.7)***(a) Statement showing outstanding amount towards user charges as on 31 March 2015**

Name of Units	Total no. of allottees	No. of default allottees	Outstanding amount as on 31 March 2015 (₹)			
			Lease rent	Maintenance charges	Street light charges	Total
Industrial areas under jurisdiction of Regional office, Durg	150	55	6530205	6530205	1240533	14300943
Industrial areas under jurisdiction of Regional office, Bilaspur	632	188	6687642	6687642	3303343	16678627
Industrial areas under jurisdiction of Head Office Raipur	1142	819	19950015	9042667	2041135	31033817
Land allotted outside industrial areas	145	50	200730547	Not applicable	Not applicable	200730547
<b>Total</b>	<b>2069</b>	<b>1112</b>	<b>233898409</b>	<b>22260514</b>	<b>6585011</b>	<b>262743934</b>

**(b) Age wise analysis of outstanding user charges (Details of Industrial Areas of Raipur not furnished)**

SN	Year	Industrial areas, Durg	Industrial areas, Bilaspur	Outside industrial areas	Total (₹)
1	Upto 2010	0	1821506	0	1821506
2	2011	0	1386204	3113726	4499930
3	2012	315691	1650574	13196976	15163241
4	2013	3496011	1764419	22159584	27420014
5	2014	4172985	2588635	61723033	68484653
6	2015	6316256	7467289	100537228	114320773
<b>Total</b>		<b>14300943</b>	<b>16678627</b>	<b>200730547</b>	<b>231710117</b>

*(Source: Data compiled from the information furnished by the Company)*

**Annexure - 2.19**  
**Statement showing cases test checked in audit towards recovery of user charges**

(Referred to in paragraph 2.8.7)

SN	Name of industries	Total outstanding user charges (₹)							Remarks
		2010	2011	2012	2013	2014	2015	Total	
<b>Industrial Areas, Durg</b>									
1	Jai Balaji Industries	0	0	0	200000	2200000	2200000	4600000	User charges is outstanding since 2013, but no action has been taken for cancellation of lease deed
2	Aros Magnetic Equipment	0	0	10944	10944	12403	12403	46694	User charges is outstanding since 2012, but no action has been taken for cancellation of lease deed
3	Shri Radhe Bricks	0	0	2300	2300	29900	29900	36800	User charges is outstanding since 2012, but no action has been taken for cancellation of lease deed
4	Simhagiri Foundry Works Pvt. Ltd.	0	0	0	0	0	119280	61060	User charges is outstanding since 2015, but no action has been taken for cancellation of lease deed
5	Arman Industries	0	0	0	6045	6045	6045	9765	User charges is outstanding since 2013, but no action has been taken for cancellation of lease deed
6	Matharu Engineering Works Unit 2	0	0	0	12312	12312	12312	31464	User charges is outstanding since 2013, but no action has been taken for cancellation of lease deed
7	U. B. Engineering Ltd.	0	0	0	0	639450	639450	669900	User charges is outstanding since 2014, however notice for cancellation of lease deed was issued only on 5 May 2015. Lease deed has not been cancelled so far
8	Shridhar Briks Industries	0	0	18000	18000	18000	18000	40000	User charges is outstanding since 2012, however notice for cancellation of lease deed was issued only on 5 June 2015. Lease deed has not been cancelled so far
9	Brihaspati Iron & Steel Company	0	0	274780	830293	830293	830293	2765659	Lease deed cancelled in 2012 and 2013, but no action has been taken to recover the user charges as land revenue
10	Aros Fly Ash Bricks	0	0	8208	8208	8208	8208	18240	Lease deed cancelled on 12 January 2015, but no action has been taken to recover the user charges as land revenue
11	Capital Sponge Iron & Power Limited	0	0	0	406450	406450	406450	665100	Lease deed cancelled on 5 May 2015, but no action has been taken to recover the user charges as land revenue

Industrial Areas, Bilaspur									
12	M/s Abha Power	110139	46205	46205	29624	46205	62786	341164	User charges is outstanding since 2010, but no action has been taken for cancellation of lease deed
13	M/s Arora C.G. Energy	0	65409	51315	51315	51315	108759	328113	User charges is outstanding since 2011, but no action has been taken for cancellation of lease deed
14	M/s Raja Ispat Private Ltd.	112402	25388	38597	38597	38597	38597	292178	User charges is outstanding since 2010, but no action has been taken for cancellation of lease deed
15	M/s Shakun Sponge Iron	0	11491	78602	78602	78602	78602	325899	User charges is outstanding since 2011, but no action has been taken for cancellation of lease deed
16	M/s A. S. Fun	155647	151851	151851	151851	151851	151851	914902	User charges is outstanding since 2010, but no action has been taken for cancellation of lease deed
17	M/s Rituraj Steel	3510	702	702	702	101484	11900	119000	User charges is outstanding since 2010, but no action has been taken for cancellation of lease deed
18	M/s M. M. Industries	0	3716	5574	5574	7279	8361	30504	User charges is outstanding since 2011, but no action has been taken for cancellation of lease deed
19	M/s U P Petro Chemicals	18722	2745	2745	2745	2745	2745	32447	User charges is outstanding since 2010, but no action has been taken for cancellation of lease deed
20	M/s S. K. Line Product	27808	2277	2277	2277	2277	2277	39193	User charges is outstanding since 2010, but no action has been taken for cancellation of lease deed
21	M/s Jatin Industries	0	3716	3716	3716	5576	5574	22298	Lease rent is outstanding since 2011, but no action has been taken for cancellation of lease deed
22	M/s Shanti Industries	17022	3764	5130	5646	5646	5646	42854	User charges is outstanding since 2010, but no action has been taken for cancellation of lease deed
23	M/s H. S. Engineering	0	0	0	1253	1253	1253	3759	User charges is outstanding since 2013, but no action has been taken for cancellation of lease deed
24	M/s K. K. Construction Company	0	0	0	0	22298	25085	47383	User charges is outstanding since 2014, but no action has been taken for cancellation of lease deed
25	M/s Siddhi Bricks Industries	0	0	12542	12542	12542	12542	50168	User charges is outstanding since 2012, but no action has been taken for cancellation of lease deed
26	M/s Rakesh Cold Storage	0	0	17144	17144	17144	17144	68576	User charges is outstanding since 2012, but no action has been taken for cancellation of lease deed
27	M/s Innovative Technology	0	0	0	0	18779	97551	116330	User charges is outstanding since 2014, but no action has been taken for cancellation of lease deed
28	M/s Ma Ambe Bricks Industries	0	0	2555	10219	10219	10219	33212	User charges is outstanding since 2012, however notice for cancellation of lease deed was issued on 7 April 2014, 27 October 2014, but lease deed has not been cancelled so far.

29	M/s Ma Mahamaya Steel Industries	0	12542	12542	12542	12542	12542	62710	User charges is outstanding since 2011, however notice for cancellation of lease deed was issued only on 22 March 2012. Lease deed has not been cancelled so far.
30	M/s Shiv Gauri Metal Product (Ex-Sanjay Kumar Gupta)	4644	2322	2322	2901	3483	3483	19155	User charges is outstanding since 2010, however notice for cancellation of lease deed was issued only on 25 March 2011. Lease deed has not been cancelled so far.
31	M/s Dinesh Ice and cold storage	8740	8740	8740	8740	8740	8740	52440	User charges is outstanding since 2010, however notice for cancellation of lease deed was issued only on 14 January 2015. Lease deed has not been cancelled so far.
32	M/s S.S. Chemicals	4180	4180	4180	5435	6270	6270	30515	User charges is outstanding since 2010, however notice for cancellation of lease deed was issued only on 27 July 2005. Lease deed has not been cancelled so far.
33	M/s Jalandhar Pipe fitting	0	2324	2324	2650	3486	3486	14270	Lease deed cancelled on 27 May 2012. No action has been taken to recover the outstanding user charges as land revenue.
34	M/s Marsh Ede and Argano Private Ltd.	0	0	4018	4018	4018	4018	16072	Lease deed cancelled on 28 May 2012. No action has been taken to recover the outstanding user charges as land revenue.
35	M/s Mahamaya udyog	87796	43898	43898	43898	43898	43898	307286	Lease deed cancelled on 28 June 2014. No action has been taken to recover the outstanding user charges as land revenue.
36	M/s Om SR enterprises	662	6271	6271	6271	6271	6271	32017	Lease deed cancelled on 16 October 2014. No action has been taken to recover the outstanding user charges as land revenue.
37	M/s Shree Ram Industries	0	12542	12542	12542	12542	12542	62710	Lease deed cancelled on 23 June 2014. No action has been taken to recover the outstanding user charges as land revenue.
38	M/s Sambhav Industries	0	0	1394	12542	12542	12542	39020	Lease deed cancelled on 28 May 2012. No action has been taken to recover the outstanding user charges as land revenue.
39	M/s Forging and costing Private Ltd.	255492	92906	92906	113228	150972	150972	856475	Lease deed cancelled on 27 May 2015. No action has been taken to recover the outstanding user charges as land revenue.
40	M/s Lanko Amarkantak power private Ltd.	-	-	-	384837	384837	384837	1154511	Lease rent is outstanding since 2013, but no action has been taken for cancellation of lease deed

41	M/s IFCO Chhattisgarh Power and Ispat Ltd.	-	-	-	457331	1636529	1636529	3730389	Lease rent is outstanding since 2013, but no action has been taken for cancellation of lease deed
42	M/s LankoAmarkantak power private Ltd.	-	-	-	1300732	1300732	1300732	3902196	Lease rent is outstanding since 2013, but no action has been taken for cancellation of lease deed
43	M/s Vandana vidyut Ltd.	-	-	1135616	1135616	1135616	1135616	4542464	Lease rent is outstanding since 2012, but no action has been taken for cancellation of lease deed
44	M/s Vandana vidyut Ltd.	-	-	321840	321840	321840	321840	1287360	Lease rent is outstanding since 2012, but no action has been taken for cancellation of lease deed
45	M/s Vandana vidyut Ltd.	-	-	229759	229759	229759	229759	919036	Lease rent is outstanding since 2012, but no action has been taken for cancellation of lease deed
46	M/s S.E.W. Infrastructure Ltd.	-	-	282271	660442	660442	660442	2263597	Lease rent is outstanding since 2012, but no action has been taken for cancellation of lease deed
47	M/s Vandana vidyut Ltd.	-	-	219309	219309	219309	219309	877236	Lease rent is outstanding since 2012, but notice for cancellation of lease deed issued only on 8 June 2015. Lease deed has not been cancelled so far.
48	M/s Sona power private Ltd.	-	3027218	8124520	8124520	8124520	8124520	35525298	Lease rent is outstanding since 2011, however notice for cancellation of lease deed was issued only on 12 May 2015. Lease deed has not been cancelled so far.
49	M/s Vandana vidyut Ltd.	-	-	716045	716045	716045	716045	2864180	Lease rent is outstanding since 2012, but notice for cancellation of lease deed issued only on 8 June 2015. Lease deed has not been cancelled so far.
50	M/s Vandana Energy and steel private Ltd.	-	-	277179	277179	277179	277179	1108716	Lease rent is outstanding since 2012, but notice for cancellation of lease deed issued only on 8 June 2015. Lease deed has not been cancelled so far.

(Source: Data compiled from the records of the Company)

**Annexure - 2.20**

**Statement showing cases where allottees failed to comply with the condition of concession**  
(Referred to in paragraph 2.8.8)

Name of Industrial area	Name of allottee	Land allotted	Date of allotment	Total amount of land premium (₹)	Amount of concession allowed on premium (₹)	Due date of commercial operation for eligibility of concession	Actual date of commercial operation
Bhanpuri	Raipur Polymers	1.44 acre	06/03/2013	2341208	1170604	31/10/2014	Not started so far
Urla	Daystar Polyco Pvt. Ltd	0.92 acre	29/04/2013	1486482	743241	31/10/2014	Not started so far
Urla	SBT Spintex Pvt. Ltd	2.34 acre	23/01/2013	3790528	1895264	31/10/2014	Not started so far
Urla	Prime Vision Industries Pvt. Ltd	1.01 acre	16/05/2013	1625840	812920	31/10/2014	Not started so far
Birkoni	SidharthPolytubes Pvt. Ltd.	0.869 acre	05/03/2014	705756	351878	31/10/2014	Not started so far
Borai	Simhagiri Foundry Works Pvt. Ltd.	0.284 hectares	14/08/2013	2328800	1164400	31/10/2014	Not started so far
Borai	Shalimar Pellet Feeds Ltd.	2.428 hectares	17/01/2012	19910970	9955485	31/10/2014	Not started so far
Borai	D&H India Limited	0.80 hectare	11/12/2012	6560000	3280000	31/10/2014	Not started so far
Borai	Dinshaw Dairy Food (CG) Pvt. Ltd.	2.00 hectare	08/01/2013	16400000	8200000	31/10/2014	Not started so far
Hathkhoj	Reliable Hi-tech infrastructure Pvt. Ltd.	1.9791 hectare	17/10/2014	19791000	9895500	31/10/2014	Not started so far (lease deed executed on 18 June 2015 i.e. after 31/10/2014, hence Company should have collected 100% premium before execution of lease deed)
<b>Total</b>				<b>74940584</b>	<b>37469292</b>		

(Source: Data compiled from the records of the Company)



## Annexure - 3.1

Statement showing excess payment of salary to Samvida Employees of the Chhattisgarh Medical Services Corporation Limited upto February 2015

(Referred to in paragraph 3.4)

SN	Name of the Employee	Designation	Pay Scales as per provisional Setup (₹)	Grade Pay (₹)	Period		Actual Consolidated salary paid per month (₹)	Consolidated salary to be paid as per samvida Niyam <sup>1</sup> (₹)	Excess salary paid per month (₹)	Total Excess payment (₹)
					6	7				
1	2	3	4	5	6	7	8	9	10 (8-9)	11
1	Swagata Kumar Sahoo	GM (Technical)	37000-67000	8700	1-May-13	31-Jul-13	60000	27840	32160	96480
					1-Aug-13	30-Apr-14	60000	30620	29380	264420
					1-May-14	28-Feb-15	63000	30620	32380	323800
2	Vipin Maheshwari	GM (Fin/)	37000-67000	8700	6-May-13	31-Jul-13	60000	27840	32160	92192
					1-Aug-13	5-May-14	60000	30620	29380	271275
					6-May-14	28-Feb-15	63000	30620	32380	321641
3	Nikhat Aafreen Khan	Deputy Manager (Admin & HR)	15600-39100	6600	23-Apr-13	31-Jul-13	30000	24960	5040	16632
					1-Aug-13	22-Apr-14	30000	27460	2540	22352
					23-Apr-14	28-Feb-15	31500	27460	4040	41881
4	Virendra Jain	Deputy Manager (Q & C)	15600-39100	6600	23-Apr-13	31-Jul-13	30000	24960	5040	16632
					1-Aug-13	22-Apr-14	30000	27460	2540	22352
					23-Apr-14	28-Feb-15	31500	27460	4040	41881
5	Ashutosh Poddar	DM (Fin)	15600-39100	6600	3-May-13	31-Jul-13	30000	24960	5040	14952
					1-Aug-13	30-Apr-14	30000	27460	2540	22860
					1-May-14	28-Feb-15	31500	27460	4040	40400
6	Tejaswi Shrivastava	Biomedical Engineer	15600-39100	6600	24-Aug-13	30-Sep-14	40000	27460	12540	168036
					1-Oct-14	28-Feb-15	41500	27460	14040	70200
7	Keyur Thumar	DM(PO)	15600-39100	6600	28-Sep-13	27-Sep-14	40000	27460	12540	150480
					27-Sep-14	28-Feb-15	41500	27460	14040	72072
8	Anand Padegaonkar	Executive Engineer	15600-39100	6600	3-Oct-13	3-Oct-14	40000	27460	12540	150480
					3-Oct-14	28-Feb-15	41500	27460	14040	69264
9	Mrityunjay Sahu	Executive Engineer	15600-39100	6600	3-Oct-13	3-Oct-14	40000	27460	12540	150480
					3-Oct-14	28-Feb-15	41500	27460	14040	69264
10	Mrigendra Jyoti Sonwani	Executive Engineer	15600-39100	6600	11-Oct-13	10-Oct-14	40000	27460	12540	150480
					11-Oct-14	28-Feb-15	41500	27460	14040	65520
11	Sukhdev Kashyap	System Manager	15600-39100	6600	15-May-14	28-Feb-15	30000	27460	2540	24469
12	Sarvottam Munjwani	Asst. Engineer	15600-39100	5400	13-May-13	31-Jul-13	29000	22610	6390	16827
					1-Aug-13	12-May-14	29000	24870	4130	39097
					13-May-14	28-Feb-15	30400	24870	5530	53641
13	Manish Sahu	Asst. Engineer	15600-39100	5400	22-Jul-13	31-Jul-13	29000	22610	6390	1917
					1-Aug-13	21-Jul-14	29000	24870	4130	48734
					22-Jul-14	28-Feb-15	30400	24870	5530	40738

<sup>1</sup> Since consolidated *samvida* pay is not available in *Samvida Niyam* against GP 8700 and 4600, for calculating the excess pay against these posts, the consolidated pay as per *Samvida Niyam* against GP 7600 and 4400 respectively has been considered.

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1	2	3	4	5	6	7	8	9	10 (8-9)	11
14	Shashikant Sahu	Asst. Engineer	15600-39100	5400	24-Sep-13	23-Sep-14	29000	24870	4130	50111
					24-Sep-14	28-Feb-15	30400	24870	5530	28940
15	Nishant Sur	Asst. Engineer.	15600-39100	5400	18-Nov-14	28-Feb-15	29000	24870	4130	14042
16	Mahendra Pratap singh	Asst. Engineer.	15600-39100	5400	20-Nov-14	28-Feb-15	29000	24870	4130	13767
17	Shnamukha Nadh	Asst. Biomedical Eng.	15600-39100	5400	1-Dec-14	28-Feb-15	29000	24870	4130	12390
18	Nurin Ahmed (Resigned 2015) January	HR Officer	9300-34800	4600	12-Jul-12	11-Jul-13	19000	16440	2560	30720
					12-Jul-13	31-Jul-13	20200	16440	3760	2381
					1-Aug-13	11-Jul-14	20200	18080	2120	24309
					12-Jul-14	31-Dec-14	21400	18080	3320	19035
19	Raunak Pandey	Admin officer	9300-34800	4600	27-Apr-13	31-Jul-13	19000	16440	2560	8107
					1-Aug-13	26-Apr-14	20200	18080	2120	18939
					27-Apr-14	28-Feb-15	20200	18080	2120	21695
20	Tripti Rai	Asst. System Manager	9300-34800	4600	1-May-13	31-Jul-13	19000	16440	2560	7765
					1-Aug-13	30-Apr-14	19000	18080	920	8341
					1-May-14	28-Feb-15	20200	18080	2120	21200
21	Ashok Kumar Dhiwar	Asst. A/c Officer	9300-34800	4600	3-May-13	31-Jul-13	19000	16440	2560	7595
					1-Aug-13	3-May-14	19000	18080	920	8433
					2-May-14	28-Feb-15	20200	18080	2120	21200
22	Shailendra Kumar Sahu	Asst. A/c Officer	9300-34800	4600	4-May-13	31-Jul-13	19000	16440	2560	7509
					1-Aug-13	3-May-14	19000	18080	920	8433
					4-May-14	28-Feb-15	20200	18080	2120	21200
23	Ram Kumar Patel	Asst. System Manager	9300-34800	4600	12-Aug-13	11-Aug-14	19000	18080	920	11040
					12-Aug-14	28-Feb-15	20200	18080	2120	14133
24	Sunil Kumar Nag	Asst. A/c Officer	9300-34800	4600	19-Aug-13	18-Aug-14	19000	18080	920	11040
					19-Aug-14	28-Feb-15	20200	18080	2120	13639
25	DekeshwarVerma	Tender & Purchase Officer	9300-34800	4600	22-Aug-13	21-Aug-14	19000	18080	920	11040
					22-Aug-14	28-Feb-15	20200	18080	2120	13427
26	Anita Suresh	Asst. A/c Officer	9300-34800	4600	3-Oct-13	2-Oct-14	19000	18080	920	11040
					3-Oct-14	28-Feb-15	20200	18080	2120	10459
27	Iti Naidu	Asst. System Manager	9300-34800	4600	5-Oct-13	4-Oct-14	19000	18080	920	11040
					5-Oct-14	28-Feb-15	20200	18080	2120	10317
28	Kalpana Suryavanshi	Tender & Purchase Officer	9300-34800	4600	7-Oct-13	6-Oct-14	19000	18080	920	11040
					7-Oct-14	28-Feb-15	20200	18080	2120	10176
29	Shalini Bajpai	Tender & Purchase Officer	9300-34800	4600	1-Apr-14	28-Feb-15	19000	18080	920	10120
30	Krishna Agnihotri	Sub Engineer	9300-34800	4200	26-Apr-13	31-Jul-13	19000	14180	4820	15424
					1-Aug-13	25-Apr-14	19000	15600	3400	30260
					26-Apr-14	28-Feb-15	20200	15600	4600	47227

1	2	3	4	5	6	7	8	9	10 (8-9)	11
31	Abhishek Kumar Soni	Sub Engineer	9300-34800	4200	2-May-13	31-Jul-13	19000	14180	4820	14460
					1-Aug-13	1-May-14	19000	15600	3400	30940
					2-May-14	28-Feb-15	20200	15600	4600	46307
32	Devraj Gupta	Sub Engineer	9300-34800	4200	20-May-13	31-Jul-13	19000	14180	4820	11568
					1-Aug-13	19-May-14	19000	15600	3400	32980
					20-May-14	28-Feb-15	20200	15600	4600	43547
33	Lekhraj Thakur	Sub Engineer	9300-34800	4200	22-May-13	31-Jul-13	19000	14180	4820	11247
					1-Aug-13	21-May-14	19000	15600	3400	33207
					22-May-14	28-Feb-15	20200	15600	4600	43240
34	Pratima Sharma	Sub Engineer	9300-34800	4200	15-Jul-13	31-Jul-13	19000	14180	4820	2571
					1-Aug-13	15-Jul-14	19000	15600	3400	39440
					16-Jul-14	28-Feb-15	20200	15600	4600	34807
35	Ravikant Bhosle	Sub Engineer	9300-34800	4200	18-Jul-13	31-Jul-13	19000	14180	4820	2089
					1-Aug-13	17-Jul-14	19000	15600	3400	39667
					18-Jul-14	28-Feb-15	20200	15600	4600	34500
36	Ajay Kapse	Sub Engineer	9300-34800	4200	18-Jul-13	31-Jul-13	19000	14180	4820	2089
					1-Aug-13	17-Jul-14	19000	15600	3400	39667
					18-Jul-14	28-Feb-15	20200	15600	4600	34500
37	Manish Fulekar	Sub Engineer	9300-34800	4200	19-Jul-13	31-Jul-13	19000	14180	4820	1928
					1-Aug-13	18-Jul-14	19000	15600	3400	39780
					19-Jul-14	28-Feb-15	20200	15600	4600	34347
38	Amit Kumar Sharma	Sub Engineer	9300-34800	4200	19-Jul-13	31-Jul-13	19000	14180	4820	1928
					1-Aug-13	18-Jul-14	19000	15600	3400	39780
					19-Jul-14	28-Feb-15	20200	15600	4600	34347
39	Ranjana Agrawal	Sub Engineer	9300-34800	4200	22-Jul-13	31-Jul-13	19000	14180	4820	1446
					1-Aug-13	21-Jul-14	19000	15600	3400	40120
					22-Jul-14	28-Feb-15	20200	15600	4600	33887
40	Rushyant Kumar Mahalinge	Sub Engineer	9300-34800	4200	22-Jul-13	31-Jul-13	19000	14180	4820	1446
					1-Aug-13	21-Jul-14	19000	15600	3400	40120
					22-Jul-14	28-Feb-15	20200	15600	4600	33887
41	Vindya Kumar Tirkey	Sub Engineer	9300-34800	4200	24-Jul-13	31-Jul-13	19000	14180	4820	1125
					1-Aug-13	23-Jul-14	19000	15600	3400	40347
					24-Jul-14	28-Feb-15	20200	15600	4600	33580
42	Lalit Kumar Verma	Sub Engineer	9300-34800	4200	24-Jul-13	31-Jul-13	19000	14180	4820	1125
					1-Aug-13	23-Jul-14	19000	15600	3400	40347
					24-Jul-14	28-Feb-15	20200	15600	4600	33580
43	Rohit Kumar Nag	Sub Engineer	9300-34800	4200	23-Jul-13	31-Jul-13	19000	14180	4820	1285
					1-Aug-13	22-Jul-14	19000	15600	3400	40233
					23-Jul-14	28-Feb-15	20200	15600	4600	33733

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1	2	3	4	5	6	7	8	9	10 (8-9)	11
44	Praveen Meshram	Sub Engineer	9300-34800	4200	25-Jul-13	31-Jul-13	19000	14180	4820	964
					1-Aug-13	24-Jul-14	19000	15600	3400	40460
					25-Jul-14	28-Feb-15	20200	15600	4600	33427
45	Avinash Yadu	Sub Engineer	9300-34800	4200	30-Sep-13	30-Sep-14	19000	15600	3400	40800
					1-Oct-14	28-Feb-15	20200	15600	4600	23000
46	Shobha Ram Devhari	Sub Engineer	9300-34800	4200	1-Oct-13	30-Sep-14	19000	15600	3400	40800
					1-Oct-14	28-Feb-15	20200	15600	4600	23000
47	Amol Kannamwar	Sub Engineer	9300-34800	4200	1-Oct-13	30-Sep-14	19000	15600	3400	40800
					1-Oct-14	28-Feb-15	20200	15600	4600	23000
48	Irshad Khan	Sub Engineer	9300-34800	4200	3-Oct-13	2-Oct-14	19000	15600	3400	40800
					3-Oct-14	28-Feb-15	20200	15600	4600	22693
49	Robin Kujur	Sub Engineer	9300-34800	4200	3-Oct-13	2-Oct-14	19000	15600	3400	40800
					3-Oct-14	28-Feb-15	20200	15600	4600	22693
50	Vivek Ranjan Turkey	Sub Engineer	9300-34800	4200	3-Oct-13	2-Oct-14	19000	15600	3400	40800
					3-Oct-14	28-Feb-15	20200	15600	4600	22693
51	Vijet Sori (resigned from September 2014)	Sub Engineer	9300-34800	4200	3-Oct-13	31-Aug-14	19000	15600	3400	37400
52	Akash Sahu	Sub Engineer	9300-34800	4200	3-Oct-13	2-Oct-14	19000	15600	3400	40800
					3-Oct-14	28-Feb-15	20200	15600	4600	22693
53	Vasudev Argol	Sub Engineer	9300-34800	4200	5-Oct-13	4-Oct-14	19000	15600	3400	40800
					4-Oct-14	28-Feb-15	20200	15600	4600	22540
54	Surekha Minj	Sub Engineer	9300-34800	4200	5-Oct-13	4-Oct-14	19000	15600	3400	40800
					4-Oct-14	28-Feb-15	20200	15600	4600	22540
55	Shailesh Nageshwar	Sub Engineer	9300-34800	4200	7-Oct-13	6-Oct-14	19000	15600	3400	40800
					7-Oct-14	28-Feb-15	20200	15600	4600	22080
56	Divyanand Pachori	Sub Engineer	9300-34800	4200	7-Jun-14	28-Feb-15	19000	15600	3400	30147
57	Vishal Shree Jaiswal (resigned from Nov 14)	Sub Engineer	9300-34800	4200	10-Jun-14	31-Oct-14	19000	15600	3400	16207
58	Girijashankar Patre	Sub Engineer	9300-34800	4200	1-Jul-14	28-Feb-15	19000	15600	3400	27427
59	Mahendra Netam	Sub Engineer	9300-34800	4200	18-Nov-14	28-Feb-15	19000	15600	3400	11560
60	Santosh Kumar Sahu	steno(H)	5200-20200	2800	21-Nov-12	31-Jul-13	11000	10940	60	504
					1-Aug-13	20-Nov-13	11000	12030	0	0
					21-Nov-13	20-Nov-14	11800	12030	0	0
					21-Nov-14	28-Feb-15	12600	12030	570	1881
61	Poonam Tripathi	H R Section officer	5200-20200	2800	24-Aug-13	23-Aug-14	11000	12030	0	0
					24-Aug-14	28-Feb-15	11800	12030	0	0
62	Saurabh Kumar Shrivastava	Admin section officer	5200-20200	2800	25-Feb-14	28-Feb-15	11000	12030	0	0
63	Vikas Agrawal	Account Asst.	5200-20200	2800	18-Nov-14	28-Feb-15	11000	12030	0	0
64	Sanat Kumar Dhruw	Account Asst.	5200-20200	2800	18-Nov-14	28-Feb-15	11000	12030	0	0
65	Meenal Regulwar	Account Asst.	5200-20200	2800	1-Dec-14	28-Feb-15	11000	12030	0	0

1	2	3	4	5	6	7	8	9	10 (8-9)	11
66	Gajanand Shrivastava	DEO	5200-20200	2400	17-Jun-13	31-Jul-13	10000	9750	250	367
					1-Aug-13	16-Jun-14	10000	10670	0	0
					17-Jun-14	28-Feb-15	10700	10670	30	256
67	Vivek Kumar Patel	DEO	5200-20200	2400	22-Jun-13	31-Jul-13	10000	9750	250	325
					1-Aug-13	21-Jun-14	10000	10670	0	0
					22-Jun-14	28-Feb-15	10700	10670	30	251
68	Sohan Pradhan	DEO	5200-20200	2400	24-Jun-13	31-Jul-13	10000	9750	250	308
					1-Aug-13	23-Jun-14	10000	10670	0	0
					24-Jun-14	28-Feb-15	10700	10670	30	249
69	Vijaya Parate	DEO	5200-20200	2400	25-Jun-13	31-Jul-13	10000	9750	250	300
					1-Aug-13	24-Jun-14	10000	10670	0	0
					25-Jun-14	28-Feb-15	10700	10670	30	248
70	Dilip Kumar	DEO	5200-20200	2400	27-Jun-13	31-Jul-13	10000	9750	250	283
					1-Aug-13	26-Jun-14	10000	10670	0	0
					27-Jun-14	28-Feb-15	10700	10670	30	246
71	Naveen Dewangan	DEO	5200-20200	2400	27-Jun-13	31-Jul-13	10000	9750	250	283
					1-Aug-13	26-Jun-14	10000	10670	0	0
					27-Jun-14	28-Feb-15	10700	10670	30	246
72	Govinda Prasad (resigned from July 14)	DEO	5200-20200	2400	26-Aug-13	30-Jun-14	10000	10670	0	0
73	Chhattar Singh	DEO	5200-20200	2400	27-Jun-13	31-Jul-13	10000	9750	250	283
					1-Aug-13	26-Jun-14	10000	10670	0	0
					27-Jun-14	28-Feb-15	10700	10670	30	246
74	Raj Kumar Dhidhi	DEO	5200-20200	2400	19-Sep-13	18-Sep-14	10000	10670	0	0
					19-Sep-14	28-Feb-15	10700	10670	30	162
75	Peetambar Prasad	DEO	5200-20200	2400	30-Sep-13	30-Sep-14	10000	10670	0	0
					1-Oct-14	28-Feb-15	10700	10670	30	150
76	Rahul Gupta	DEO	5200-20200	2400	1-Oct-13	30-Sep-14	10000	10670	0	0
					1-Oct-14	28-Feb-15	10700	10670	30	150
77	Vinod Nirmalkar	DEO	5200-20200	2400	2-Dec-13	1-Dec-14	10000	10670	0	0
					2-Dec-14	28-Feb-15	10700	10670	30	88
78	Rohitkumar Sahu	DEO	5200-20200	2400	9-Dec-13	8-Dec-14	10000	10670	0	0
					9-Dec-14	28-Feb-15	10700	10670	30	81
79	Khemraj Sahu	DEO	5200-20200	2400	9-Dec-13	8-Dec-14	10000	10670	0	0
					9-Dec-14	28-Feb-15	10700	10670	30	81
80	Baldev Prasad Tiwari (resigned from Sep 14)	DEO	5200-20200	2400	16-Dec-13	31-Aug-14	10000	10670	0	0
81	Tokeshwar Dehariya	DEO	5200-20200	2400	15-Jan-14	14-Jan-15	10000	10670	0	0
					16-Jan-15	28-Feb-15	10700	10670	30	43
82	Ravisharan Uranw (resigned from July 14)	DEO	5200-20200	2400	16-Jan-14	30-Jun-14	10000	10670	0	0
83	Hemlata Markande	DEO	5200-20200	2400	21-Jan-14	20-Jan-15	10000	10670	0	0
					21-Jan-15	28-Feb-15	10700	10670	30	38

*Audit Report on Public Sector Undertakings for the year ended 31 March 2015*

1	2	3	4	5	6	7	8	9	10 (8-9)	11
84	Richard Rishiraj	Office Assistant	4400-7440	1300	20-Jun-13	31-Jul-13	10000	6640	3360	4592
					1-Aug-13	20-Jun-14	10000	7300	2700	29070
					21-Jun-14	28-Feb-15	10700	7300	3400	28560
85	Maya Singh	Office Assistant	4400-7440	1300	22-Jun-13	31-Jul-13	10000	6640	3360	4368
					1-Aug-13	21-Jun-14	10000	7300	2700	29160
					22-Jun-14	28-Feb-15	10700	7300	3400	28447
86	Harish Kumar Kosariya	Office Assistant	4400-7440	1300	26-Jun-13	31-Jul-13	10000	6640	3360	3920
					1-Aug-13	25-Jun-14	10000	7300	2700	29520
					26-Jun-14	28-Feb-15	10700	7300	3400	27993
87	Mahendra Kumar Patre	Office Assistant	4400-7440	1300	27-Jun-13	31-Jul-13	10000	6640	3360	3808
					1-Aug-13	26-Jun-14	10000	7300	2700	29610
					27-Jun-14	28-Feb-15	10700	7300	3400	27880
88	Chattra Prakash Pradhan	Hammal	4400-7440	1300	13-Aug-13	12-Aug-14	6000	7300	0	0
					13-Aug-14	28-Feb-15	6500	7300	0	0
89	Tej Narayan Dhruv	Peon	4400-7440	1300	13-Aug-13	12-Aug-14	6000	7300	0	0
					13-Aug-14	28-Feb-15	6500	7300	0	0
90	Kanhaiya Lal Sahu	Chowkidar	4400-7440	1300	13-Aug-13	12-Aug-14	6000	7300	0	0
					13-Aug-14	28-Feb-15	6500	7300	0	0
91	Ram Kumar Nagarchi	Peon	4400-7440	1300	14-Aug-13	13-Aug-14	6000	7300	0	0
					14-Aug-14	28-Feb-15	6500	7300	0	0
92	Chandra Kumar Kurre	Hammal	4400-7440	1300	14-Aug-13	13-Aug-14	6000	7300	0	0
					14-Aug-14	28-Feb-15	6500	7300	0	0
93	Laxminath Dhruwe	Hammal	4400-7440	1300	14-Aug-13	13-Aug-14	6000	7300	0	0
					14-Aug-14	28-Feb-15	6500	7300	0	0
94	Govind Ram Barle	Hammal	4400-7440	1300	14-Aug-13	13-Aug-14	6000	7300	0	0
					14-Aug-14	28-Feb-15	6500	7300	0	0
95	Ram Kumar Netam	Chowkidar	4400-7440	1300	14-Aug-13	13-Aug-14	6000	7300	0	0
					14-Aug-14	28-Feb-15	6500	7300	0	0
96	Radhe Shyam Paigwar	Chowkidar	4400-7440	1300	15-Aug-13	14-Aug-14	6000	7300	0	0
					15-Aug-14	28-Feb-15	6500	7300	0	0
97	Murli Sahu	Hammal	4400-7440	1300	16-Aug-13	15-Aug-14	6000	7300	0	0
					16-Aug-14	28-Feb-15	6500	7300	0	0
98	Man Das Padoti	Peon	4400-7440	1300	16-Aug-13	15-Aug-14	6000	7300	0	0
					16-Aug-14	28-Feb-15	6500	7300	0	0
99	Tankeshwer Baghel	Peon	4400-7440	1300	16-Aug-13	15-Aug-14	6000	7300	0	0
					16-Aug-14	28-Feb-15	6500	7300	0	0
100	Manish Patre	Hammal	4400-7440	1300	16-Aug-13	15-Aug-14	6000	7300	0	0
					16-Aug-14	28-Feb-15	6500	7300	0	0

1	2	3	4	5	6	7	8	9	10 (8-9)	11
101	Vishnu Ram	Guard	4400-7440	1300	16-Aug-13	15-Aug-14	6000	7300	0	0
					16-Aug-14	28-Feb-15	6500	7300	0	0
102	Ajay Baghel	Guard	4400-7440	1300	16-Aug-13	15-Aug-14	6000	7300	0	0
					16-Aug-14	28-Feb-15	6500	7300	0	0
103	Sohan Chandravanshi	Chowkidar	4400-7440	1300	17-Aug-13	16-Aug-14	6000	7300	0	0
					17-Aug-14	28-Feb-15	6500	7300	0	0
104	Chinta Ram Deshwar	Hammal	4400-7440	1300	19-Aug-13	18-Aug-14	6000	7300	0	0
					19-Aug-14	28-Feb-15	6500	7300	0	0
105	Rupesh Kumar Netam	Peon	4400-7440	1300	19-Aug-13	18-Aug-14	6000	7300	0	0
					19-Aug-14	28-Feb-15	6500	7300	0	0
106	Tameshwar Yadav	Chowkidar	4400-7440	1300	19-Aug-13	18-Aug-14	6000	7300	0	0
					19-Aug-14	28-Feb-15	6500	7300	0	0
107	Santanu Ram	Chowkidar	4400-7440	1300	19-Aug-13	18-Aug-14	6000	7300	0	0
					19-Aug-14	28-Feb-15	6500	7300	0	0
108	Thakara Ram Sahu	Hammal	4400-7440	1300	19-Aug-13	18-Aug-14	6000	7300	0	0
					19-Aug-14	28-Feb-15	6500	7300	0	0
109	Permeshwar Gagwansi	Hammal	4400-7440	1300	19-Aug-13	18-Aug-14	6000	7300	0	0
					19-Aug-14	28-Feb-15	6500	7300	0	0
110	Rajesh Kumar Divan	Peon	4400-7440	1300	19-Aug-13	18-Aug-14	6000	7300	0	0
					19-Aug-14	28-Feb-15	6500	7300	0	0
111	Mithlesh Kumar Kuril	Chowkidar	4400-7440	1300	19-Aug-13	18-Aug-14	6000	7300	0	0
					19-Aug-14	28-Feb-15	6500	7300	0	0
112	Niranjan Bag	Hammal	4400-7440	1300	19-Aug-13	18-Aug-14	6000	7300	0	0
					19-Aug-14	28-Feb-15	6500	7300	0	0
113	Rajbir Das	Hammal	4400-7440	1300	22-Aug-13	21-Aug-14	6000	7300	0	0
					22-Aug-14	28-Feb-15	6500	7300	0	0
114	Ramesh Kumar Maravi	Hammal	4400-7440	1300	22-Aug-13	21-Aug-14	6000	7300	0	0
					22-Aug-14	28-Feb-15	6500	7300	0	0
115	Manbahar Singh Paikra	Chowkidar	4400-7440	1300	23-Aug-13	22-Aug-14	6000	7300	0	0
					23-Aug-14	28-Feb-15	6500	7300	0	0
116	Sandeep Kumar Ekka	Peon	4400-7440	1300	23-Aug-13	22-Aug-14	6000	7300	0	0
					23-Aug-14	28-Feb-15	6500	7300	0	0
117	Rajesh Kujur	Chowkidar	4400-7440	1300	23-Aug-13	22-Aug-14	6000	7300	0	0
					23-Aug-14	28-Feb-15	6500	7300	0	0
118	Suresh Lakra	Hammal	4400-7440	1300	23-Aug-13	22-Aug-14	6000	7300	0	0
					23-Aug-14	28-Feb-15	6500	7300	0	0
119	Ram Kumar Dillo	Hammal	4400-7440	1300	23-Aug-13	22-Aug-14	6000	7300	0	0
					23-Aug-14	28-Feb-15	6500	7300	0	0
120	Suresh Kumar Bhagat	Peon	4400-7440	1300	23-Aug-13	22-Aug-14	6000	7300	0	0
					23-Aug-14	28-Feb-15	6500	7300	0	0
121	Usha Kiran Ekka	Hammal	4400-7440	1300	23-Aug-13	22-Aug-14	6000	7300	0	0
					23-Aug-14	28-Feb-15	6500	7300	0	0
122	Shanker Lal Dansena	Chowkidar	4400-7440	1300	23-Aug-13	22-Aug-14	6000	7300	0	0
					23-Aug-14	28-Feb-15	6500	7300	0	0

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1	2	3	4	5	6	7	8	9	10 (8-9)	11
123	Rajesh Singh Sidar	Chowkidar	4400-7440	1300	24-Aug-13	23-Aug-14	6000	7300	0	0
					24-Aug-14	28-Feb-15	6500	7300	0	0
124	Vivek Mandavi	Hammal	4400-7440	1300	24-Aug-13	23-Aug-14	6000	7300	0	0
					24-Aug-14	28-Feb-15	6500	7300	0	0
125	Lakesh Jureshia	Chowkidar	4400-7440	1300	29-Aug-13	28-Aug-14	6000	7300	0	0
					29-Aug-14	28-Feb-15	6500	7300	0	0
126	Gaind Singh (resigned from Nov 14)	Chowkidar	4400-7440	1300	29-Aug-13	28-Aug-14	6000	7300	0	0
					29-Aug-14	31-Oct-14	6500	7300	0	0
127	Roopesh Kumar	Peon	4400-7440	1300	4-Sep-13	3-Sep-14	6000	7300	0	0
					4-Sep-14	28-Feb-15	6500	7300	0	0
128	Rahul Lodhi	Peon	4400-7440	1300	12-Sep-13	11-Sep-14	6000	7300	0	0
					12-Sep-14	28-Feb-15	6500	7300	0	0
129	Rimnath Korram	Hammal	4400-7440	1300	16-Sep-13	15-Sep-14	6000	7300	0	0
					16-Sep-14	28-Feb-15	6500	7300	0	0
130	Susheel Kumar Dahre	Peon	4400-7440	1300	17-Sep-13	16-Sep-14	6000	7300	0	0
					17-Sep-14	28-Feb-15	6500	7300	0	0
131	Khelavan Divan	Guard	4400-7440	1300	11-Dec-13	10-Dec-14	6000	7300	0	0
					11-Dec-14	28-Feb-15	6500	7300	0	0
132	Subodh Tirkey	Office Assistant	4400-7440	1300	15-Jan-14	14-Jan-15	10000	7300	2700	32400
					15-Jan-15	28-Feb-15	10700	7300	3400	4987
133	Shital Prasad Sidar	Guard	4400-7440	1300	26-Feb-14	28-Feb-15	6000	7300	0	0
134	Ashok Kumar Sahu	Hammal Rajnandgaon	4400-7440	1300	1-Jul-14	28-Feb-15	6000	7300	0	0
135	Syam Charan Gupta	Guard Ambikapur	4400-7440	1300	1-Jul-14	28-Feb-15	6000	7300	0	0
									<b>Total</b>	<b>5698088</b>

*(Source: Data compiled from the information furnished by the Company)*



**Annexure - 3.2**  
**Statement showing loss of interest due to non-availing Auto Sweep facility in bank accounts**

(Referred to in paragraph 3.5)

SN	Name of Bank	Account no.	Loss of interest <sup>2</sup> (₹)
1	Punjab National Bank, saving account	6114000100016402	6236828
2	State Bank of India, saving account	32802133523	2278692
3	State Bank of India, saving account	33181757582	504321
4	Axis Bank, saving account	913010024103123	1253013
5	Axis Bank, saving account	913010010530689	3093830
6	Kotak Mahindra, saving account	9511296179	323694
7	Kotak Mahindra, saving account	9511274191	1930816
8	HDFC, saving account	1521450000451	6038241
9	HDFC, saving account	1521450000461	17886821
10	HDFC, current account	1527620000015	2450239
11	Indian overseas Bank, saving account	121301000010000	4882642
12	Indian overseas Bank, saving account	287101000000888	1319933
13	Indian overseas Bank, saving account	287101000000666	442593
14	IDBI, saving account	49104000504454	1711975
15	Central Bank of India, saving account	3246995981	3753185
16	ICICI Bank, saving account	16101015110	5656500
<b>Total</b>			<b>59763321</b>

(Source: Data compiled from the information furnished by the Company)

<sup>2</sup> Interest has been worked out considering minimum balance of ₹ 1.00 lakh in primary account and auto sweep in multiple of ₹ 1000 on weekly basis in excess of minimum balance of ₹ 1.00 lakh by applying SBI card rate for the period during which the fund was under the Scheme subject to minimum period of 15 days. At the time of requirement of fund (closure of auto sweep FDs), Last in First Out (LIFO) method has been applied as reverse auto sweep.

**Annexure - 3.3**  
**Statement showing amount of VAT paid by the Company**  
*(Referred to in paragraph 3.8)*

(Amount in ₹)

Month	Total value of sale including margin of 10% *	VAT at the rate of 7% paid on total value of sale
1	2	3 (2 x 7/107)
Aug-13	432903905	28320816
Sep-13	511909065	33489378
Oct-13	640073733	41873983
Nov-13	518128444	33896253
Dec-13	621044243	40629063
Jan-14	567748228	37142407
Feb-14	540192519	35339698
Mar-14	563861368	36888127
<b>Total 13-14</b>		<b>287579725</b>
Apr-14	837996561	54822205
May-14	810356481	53013975
Jun-14	685674150	44857187
Jul-14	589785839	38584120
Aug-14	591042335	38666321
Sep-14	646720439	42308814
Oct-14	688526818	45043811
Nov-14	589097904	38539115
Dec-14	735717351	48131042
Jan-15	750358513	49088875
Feb-15	736366312	48173497
Mar-15	539847484	35317125
<b>Total 14-15</b>		<b>536546087</b>

*(Source: Data compiled from the information furnished by the Company)*

\* Sale to retailers including government shops but excluding security forces

**Annexure - 3.4**  
**Statement showing continuation of existing work orders issued under Revenue Based system**  
*(Referred to in paragraph 3.11)*

SN	Name of franchisee	Area (DC)	Villages allotted	Date of original work order	Date of first extension order and period	Date of second extension order and period	Date of third extension order and period
<b>(A) O&amp;M Division – I, Raigarh</b>							
1	Prashant Kumar Meshram	Raigarh (Rural)	10	02.04.2008 (2 years)	19.03.2010 (2 years)	04.05.2012 (1 year)	upto 30.06.2013 (3 months)
2	Dileshwar Sao	Raigarh (Rural)	16	26.03.2008 (2 years)	19.03.2010 (2 years)	03.05.2012 (1 year)	upto 30.06.2013 (3 months)
3	Ganesh Kumar Dey	Raigarh (Rural)	20	20.05.2008 (2 years)	24.04.2010 (2 years)	28.05.2012 (1 year)	19.05.2013 (3 months)
4	Ganesh Kumar Dey	Raigarh (Rural)	8	28.02.2009 (2 years)	10.03.2011 (2 years)	upto 31.05.2013 (3 months)	-
5	Rajesh Kumar Yadav	Gharghoda	36	03.10.2008 (2 years)	22.10.2010 (2 years)	17.10.2012 (6 months)	upto 30.06.2013 (3 months)
<b>(B) O&amp;M Division – II, Raigarh</b>							
6	Uma Sao	Kondatarai & Pussore	57	01.10.2008 (2 years)	28.08.2010 (2 years)	-	-
7	Gangadhar Patel	Kondatarai	16	25.02.2008 (2 years)	10.05.2010 (2 years)	-	-
8	Narendra Panda	Kondatarai & Pussore	57	03.03.2008 (2 years)	01.05.2010 (2 years)	03.05.2012 (upto 01.03.2013)	-
9	Martand Patel	Saria	29	12.12.2007 (2 years)	03.12.2009 (2 years)	02.12.2011 (4 months)	03.05.2012 (upto 31.03.13) and 30.09.2013 (upto 30.06.13)
10	Rakesh Nayak	Baramkela	51	12.12.2007 (2 years)	03.12.2009 (2 years)	02.12.2011 (4 months)	03.05.2012 (upto 31.03.13) and 30.09.2013 (upto 30.06.13)
11	Kusum Kumar Patel	Kondatarai, Saria & Pussore	47	27.03.2008 (2 years)	18.01.2010 (2 years)	03.05.2012 (upto 31.03.13) and 30.09.2013 (upto 30.06.13)	-
12	Sudama Izardar	Saria	14	24.01.2008 (2 years)	29.01.2010 (2 years)	03.05.2012 (upto 31.03.13) and 30.09.2013 (upto 30.06.13)	-

*(Source: Data compiled from the information furnished by the Company)*

**Annexure - 3.5**

**Statement showing avoidable extra payment made to the franchisee at Raigarh O&M Division I and II**  
(Referred to in paragraph 3.11)

(Amount in ₹)

SN	Name of franchisee	Name of Distribution Centre	Period	Total demand for the period	Amount collected by the franchisee	Amount collected by the DC	Total collection	Commission paid under Revenue Based System			Maximum commission payable under Input Based System	Avoidable payment
								Regular	Quarterly	Total		
1	2	3	4	5	6	7	8	9	10	11	12	13 (12-13)
<b>A. O&amp;M Division I, Raigarh</b>												
1	Prashant Kumar Meshram	Raigarh (Rural)	04/2011 to 06/2013	63142136	61409078	1102764	62511842	11726536	1557040	13283576	10402915	2880661
2	Dileshwar Sao	Raigarh (Rural)	04/2011 to 06/2013	36814512	29853176	419265	30272441	5219295	588525	5807820	4834654	973167
3	Ganesh Kumar Dey (20 Villages)	Raigarh (Rural)	04/2011 to 05/2013	12974022	11213092	803298	12016390	2110938	not claimed till date	2110938	1892661	218277
4	Ganesh Kumar Dey (8 Villages)	Raigarh (Rural)	04/2011 to 02/2013	6221998	5429238	80577	5509815	1011901	not claimed till date	1011901	901362	110539
5	Rajesh Kumar Yadav	Gharghoda	04/2011 to 05/2013	12608058	7921118	3543693	11464811	1992574	250357	2242931	1828964	413967
<b>Total (A)</b>				<b>94946214</b>	<b>115825702</b>	<b>5949597</b>	<b>121775299</b>	<b>22061244</b>	<b>2395922</b>	<b>24457166</b>	<b>19860555</b>	<b>4596612</b>

<b>B. O&amp;M Division II, Raigarh</b>												
1	Uma Sao	Kondatarai & Pussore	04/2011 to 09/2012	17701798	12912036	84337	12996373	2169950	204807	2374757	1928251	446507
2	Gangadhar Patel	Kondatarai	04/2011 to 03/2013	3390521	2926733	0	2926733	552718	41366	594084	474051	120033
3	Narendra Panda	Kondatarai & Pussore	04/2011 to 03/2013	8447424	6481909	0	8721588	1608614	137092	1745706	1387986	357720
4	Martand Patel	Saria	12/2011 to 06/2013	11676344	14307638	0	14307638	2579754	328353	2908107	2320943	587164
5	Rakesh Nayak	Baramkela	12/2011 to 06/2013	12561920	13999713	0	13999713	2578422	345776	2924198	2330410	593788
6	Kusum Kumar Patel	Pussore	05/2012 to 06/2013	1075323	1033830	0	1033830	183267	0	183267	164204	19063
7	Sudama Izardar	Saria	05/2012 to 06/2013	2260230	1033830	0	1033830	183267	0	183267	164204	19063
<b>Total (B)</b>				<b>57113560</b>	<b>52695689</b>	<b>84337</b>	<b>55019705</b>	<b>9855992</b>	<b>1057394</b>	<b>10913386</b>	<b>8770048</b>	<b>2143338</b>
<b>Grand Total (A+B)</b>				<b>152059774</b>	<b>168521391</b>	<b>6033934</b>	<b>176795004</b>	<b>31917236</b>	<b>3453316</b>	<b>35370552</b>	<b>28630603</b>	<b>6739949</b>

(Source: Data compiled from the information furnished by the Company)

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General of India  
[www.cag.gov.in](http://www.cag.gov.in)

Email: [agauchhattisgarh@cag.gov.in](mailto:agauchhattisgarh@cag.gov.in)