

OVERVIEW

1. Overview of Government companies and Statutory corporations

- *As on 31 March 2002, the State had 91 Public Sector Undertakings (PSUs) comprising 84 Government companies and seven Statutory corporations, as against the same position as on 31 March 2001. Out of 84 Government companies, 44 were working Government companies, while 40 were non-working Government companies. All the seven Statutory corporations were working corporations.*
- *Total investment in working PSUs increased from Rs.14662.96 crore as on 31 March 2001 to Rs.16322.83 crore as on 31 March 2002. The total investment in non-working PSUs also increased from Rs.851.11 crore to Rs.864.11 crore during the same period.*
- *The budgetary support in the form of capital, loans and grants/subsidies disbursed to the working PSUs decreased from Rs.5620.38 crore in 2000-01 to Rs.2839.02 crore in 2001-02. The State Government also contributed Rs.3.06 crore in terms of loan to three non-working companies during 2001-02. The State guaranteed loans aggregating Rs.1206.09 crore to working PSUs during 2001-02. The total amount of outstanding loans guaranteed by the State Government to all PSUs as on 31 March 2002 was Rs.2499.97 crore.*
- *Only two working Government companies finalised their accounts for the year 2001-02. The accounts of remaining 42 working Government companies and seven working Statutory corporations were in arrears for periods ranging from 1 to 14 years as on 30 September 2002. The accounts of all non-working Government companies were in arrears for periods ranging from 1 to 27 years as on 30 September 2002.*
- *According to latest accounts, 11 working PSUs (nine Government companies and two Statutory corporations) earned aggregate profit of Rs.41.57 crore, out of which two Government companies declared dividend of Rs.0.98 crore during the year. Against this, 35 working PSUs (32 Government companies and three Statutory corporations) incurred aggregate loss of Rs.621.01 crore as per their latest accounts. Of the loss incurring working Government companies, 22 companies had accumulated losses aggregating Rs.2192.36 crore, which exceeded their aggregate paid-up capital of Rs.913.84 crore. Of the three loss incurring Statutory corporations, two corporations had accumulated losses of Rs.1134.41 crore, which exceeded their paid-up capital of Rs.421.37 crore.*

- *Even after completion of five years of their existence, the individual turnover of 16 working companies had been less than Rs.5 crore in each of the preceding five years as per their latest accounts. Further, 12 working companies had been incurring losses for five consecutive years leading to negative net worth.*

(Paragraphs 1.1 to 1.10)

2. Reviews relating to Government companies

UTTAR PRADESH STATE AGRO INDUSTRIAL CORPORATION LIMITED

2A. WORKING OF UTTAR PRADESH STATE AGRO INDUSTRIAL CORPORATION LIMITED

Uttar Pradesh State Agro Industrial Corporation Limited (AICL) was established with the main objective of promoting or advancing agro industrial development of the State. AICL failed to achieve the objective because it could not keep pace with the technological developments due to lack of professional expertise of management and frequent changes of Managing Directors. It incurred losses every year on account of failure to identify and address weak areas, increased inventory holding and debtors, unreconciled bank balances, excess costs incurred on execution of works etc. Some of the important points noticed in the review were as under:

- *AICL sold 1042 un-approved model of tractors resulting in passing of inadmissible subsidy aggregating Rs.3.13 crore.*

(Paragraph 2A.3.1)

- *AICL suffered loss of Rs.0.65 crore on procurement of defective (Rs.0.19 crore) and short weight GI pipes (Rs.0.46 crore) and loss of Rs.1.38 crore in procurement of hand pumps at higher rates. Installation of hand pumps was marked by higher consumption of casing pipes (Rs.0.69 crore) and charging of excessive margin (Rs.3.93 crore) from Basic Siksha Parishad. Further, AICL incorrectly made double/avoidable payment of UPTT amounting to Rs.0.58 crore.*

(Paragraphs 2A.3.2 to 2A.3.4.3 and 2A.5.1)

- *In sale of imported diammonium phosphate, AICL facilitated passing of subsidy of Rs.9.49 crore by MMTC to a Dubai firm.*

(Paragraph 2A.4.4)

UTTAR PRDESH POWER CORPORATION LIMITED

2B. ELECTRIFICATION OF VILLAGES UNDER DISTRICT PLAN

The State Government entrusted the work of village electrification to Uttar Pradesh Power Corporation Limited with a view to accelerating pace of economic and industrial development of rural areas. Up to March 2001, only 59 per cent of total villages in the State had been electrified. The Company failed to devise proper monitoring and control mechanisms to check problems like higher cost on works, electrification of already electrified villages and submission of false utilisation certificates. Some of the important points noticed in the review were as under:

- *Use of higher phase and wires resulted in extra cost of Rs.1.81 crore, installation of higher capacity transformers involving higher cost of Rs.35.53 lakh, excessive use of poles and conductors involving excess cost of Rs.22.02 lakh, procurement of LT clamps at higher cost of Rs.27.92 lakh and excessive expenditure of Rs.0.62 crore on cartage of material.*

{Paragraph 2B.3(i to iv and vi)}

- *Under the scheme of electrification of villages under MLA/MLC quota, limit of Rs.25 lakh per MLA/MLC for five villages as prescribed was not adhered to resulting in excess expenditure of Rs.4.36 crore. Besides, Energy Minister and Chief Minister got 31 and five villages electrified at a cost of Rs.1.56 crore and Rs.16.58 lakh respectively not falling within their constituency.*

{Paragraph 2B.5.2(i and iii)}

- *Electrification of villages without any prospective and potential consumer resulted in unfruitful expenditure of Rs.4.18 crore besides loss of revenue amounting to Rs.46.67 lakh up to 31 March 2002.*

(Paragraph 2B.4.1)

- *18 villages which were already electrified were selected under MLA quota and re-electrified at a cost of Rs.0.93 crore from district plan fund.*

{Paragraph 2B.5.3 (i)}

- *Rs.5.45 crore booked under village electrification fund were either diverted or unutilised.*

(Paragraph 2B.6.4)

UTTAR PRADESH JAL VIDYUT NIGAM LIMITED

2C. IMPLEMENTATION AND PERFORMANCE OF SMALL AND MINI HYDEL PROJECTS

Uttar Pradesh Jal Vidyut Nigam Limited (JVN) was established with an objective to install small and mini hydel projects and power evacuation system in the State. JVN completed 11 small and mini hydel projects after a delay ranging from 17 to 86 months and at higher cost by Rs. 21.42 crore and nine projects were behind the expected schedule by 3 to 116 months. The construction activities suffered from deficiencies that include lack of planning and haphazard manner of undertaking the projects leading to delays and losses, undertaking of commercially uneconomic projects etc. Capacity utilisation of nine completed projects was low on account of faulty planning due to inadequate basic data. Further, instead of required single circuit line and lower specification poles, the connected transmission system was of double circuit line and higher specification towers. Some of the important points noticed in the review were as under:

- *In Belka and Babail projects (each of 3 MW), there were delays in acquisition of land, approval of drawings and start of work causing increase in the cost of projects as claims of Rs.1.61 crore had to be admitted.*

(Paragraph 2C.2.2)

- *In execution of projects, JVN (i) incurred extra expenditure of Rs.0.82 crore in earth work (ii) made avoidable payment of Rs.0.54 crore on extra lead (iii) suffered loss of Rs.4.96 crore due to under insurance and (iv) incurred wasteful expenditure of Rs.1.04 crore due to excessive earth cutting.*

(Paragraphs 2C.4.2.1 to 2C.4.2.3 and 2C.4.2.5)

- *Transmission works was characterised by use of double circuit transmission line instead of required single circuit line resulting in infructuous expenditure of Rs.1.53 crore, use of higher specification poles resulting in excess expenditure of Rs.44 lakh and electrification of non-existent villages at a cost of Rs.22 lakh.*

(Paragraphs 2C.6.2 to 2C.6.4)

UTTAR PRADESH PROJECTS CORPORATION LIMITED

2D. WORKING OF UTTAR PRADESH PROJECTS CORPORATION LIMITED

Uttar Pradesh Projects Corporation Limited (PCL) was established in May 1976 with the main objectives to install new tube wells and to

improve the existing ones, assist in development of minor irrigation potential in the State. COPU had recommended in July 1997 that the work relating to construction of tube wells should be executed through PCL only. Despite this recommendation of COPU, PCL failed to secure sufficient orders to sustain its overheads. Some of the important points noticed in the review were as under:

- The accumulated loss (Rs.12.18 crore) of PCL at the end of March 2001 completely eroded the paid-up capital of Rs.6.40 crore. Further, the loss was also understated by Rs.14.32 crore due to inadmissible credit of interest income on unutilised Government fund, credit of excessive centage etc.

(Paragraph 2D.1.4)

- PCL incurred loss of Rs.7.20 crore on construction of tube wells under NABARD scheme mainly on account of acceptance of works without examining adequacy and reasonability of rates and accepting conditions which were detrimental to the interest of PCL.

(Paragraph 2D.2.1.1)

- Under OYT scheme, PCL incurred unfruitful expenditure of Rs.21.60 lakh on 30 partially completed tube wells.

(Paragraph 2D.2.2.1)

3. Miscellaneous topics of interest relating to Government companies and Statutory corporations

UTTAR PRADESH STATE HANDLOOM CORPORATION LIMITED

- The Company made excess payment of Rs.36.24 lakh to employees retired under VRS by incorrectly including interim relief and city compensatory allowance while calculating retirement benefits.

(Paragraph 3A.1)

UTTAR PRADESH SMALL INDUSTRIES CORPORATION LIMITED

- The Company suffered loss of Rs.27.62 lakh due to non-installation of a weighbridge at the dump yard at Agra for handling of SAIL's stock.

(Paragraph 3A.3)

UTTAR PRADESH PICHARA VARG VITTA EVAM VIKAS NIGAM LIMITED

- The Company incurred loss of Rs.0.55 crore deposited with City Co-operative Bank, Lucknow without verifying that the deposit could not be insured.

(Paragraph 3A.7)

**UTTAR PRADESH STATE INDUSTRIAL DEVELOPMENT
CORPORATION LIMITED**

- *The Company suffered loss of Rs.0.87 crore due to waiver of interest on account of avoidable delay in handing over possession of land to the allottee.*

(Paragraph 3A.9)

UTTAR PRADESH POWER CORPORATION LIMITED

- *The Company suffered loss of Rs.0.65 crore due to non-incorporation of minimum guaranteed weight in the purchase orders of steel tubular poles.*

(Paragraph 3A.13)

- *The Company could not recover over dues of Rs.48.53 lakh due to irregular waiver of minimum consumption guarantee, allowing facility of installments in contravention of rules and refusal of Government to refund dues waived by it.*

(Paragraph 3A.19)

- *Verbal instructions not ratified subsequently to realise part dues resulted in accumulation of arrears up to Rs.7.69 crore and non-levy of additional charge of Rs.3.28 crore.*

(Paragraph 3A.21)

- *The Company suffered loss of Rs.47.48 lakh due to excess wastage allowed in use of conductors.*

(Paragraph 3A.24)

- *The Company suffered loss of Rs.0.59 crore due to grant of undue preference to a consumer in violation of statutory provisions and at the behest of Energy Secretary.*

(Paragraph 3A.27)

UTTAR PRADESH FINANCIAL CORPORATION

- *Faulty appraisal procedure caused acceptance of false and fabricated securities not having marketable title resulting in non-recovery of Rs.0.72 crore.*

(Paragraph 3B.5)