सत्यमेव जयते

Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings
for the year ended 31 March 2018

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Government of Chhattisgarh

Report No. 01 of the year 2020

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Comptroller and Auditor General of India
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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 2018.

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 2017-18 as well as those which came to notice in earlier years, but could not be reported in previous Audit Reports. Instances relating to the period subsequent to year 2017-18 have also been included, wherever related and necessary.

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

Overview

Overview

This Report contains the following chapters:

Introduction: Functioning of State Public Sector Undertakings,

Chapter-1 : Functioning of Power Sector Undertakings,

Chapter-2 : Performance Audit on Construction and Operation of Atal Bihari Vajpayee Thermal Power Station, Marwa of Chhattisgarh State Power Generation Company Limited,

Chapter-3 : Functioning of State Public Sector Undertakings (other than Power Sector), and

Chapter-4 : Three compliance Audit paragraphs relating to Public Sector Undertakings (other than Power Sector).

The total financial impact of the Audit findings is ₹ 4,112.99 crore.

Functioning of State Public Sector Undertakings

As on 31 March 2018, Chhattisgarh had 26 State Public Sector Undertakings (PSUs) including one Statutory Corporation and 25 Government companies (including three non-functional Government companies) under the audit jurisdiction of the Comptroller & Auditor General of India. 18 PSUs whose accounts are not in arrear for three years or more or were functional/not in under liquidation are covered in this report. The working PSUs covered in this report registered an annual turnover of ₹ 28,802.99 crore as per their latest finalised accounts. This turnover was equal to 9.87 *per cent* of Gross Domestic Product (GDP) of Chhattisgarh. There are eight PSUs (all Government companies) having an investment of ₹ 394.63 crore which are not covered in this Report.

(Paragraphs 1 and 2)

1. Functioning of Power Sector Undertakings

The Power Sector Undertakings registered a turnover of ₹ 20,024.86 crore during 2017-18 as per their latest finalised accounts. This turnover was equal to 6.87 *per cent* of the Gross State Domestic Product (GSDP) of Chhattisgarh indicating an important role played by the Power Sector companies in the economy of the State.

(Paragraph 1.1)

Stake of Government of Chhattisgarh

As on 31 March 2018, the total investment (equity and long term loans) in five power sector undertakings was ₹ 20,103.80 crore. The investment consisted of 32.79 *per cent* towards equity and 67.21 *per cent* in long-term loans. Out of this, Government of Chhattisgarh (GoCG) has invested ₹ 6,744.28 crore in the four PSUs under Power Sector consisting of equity of ₹ 6,591.84 crore and long term loans of ₹ 152.44 crore.

(Paragraphs 1.4 and 1.8)

Performance of Power Sector Undertakings

Performance of PSUs

The profit earned by power sector PSUs was ₹ 64.82 crore in 2017-18 against losses of ₹ 187.84 crore incurred in 2015-16. As per latest finalised accounts of PSUs covered in this report, three PSUs earned profit of ₹ 489.52 crore and two PSUs incurred loss of ₹ 424.70 crore. The Chhattisgarh State Power Distribution Company Limited (CSPDCL) incurred heavy loss of ₹ 421.76 crore.

(Paragraph 1.9)

Real Return on Investment on the basis of Present Value of investment

The Present Value of investments of the State Government in four power sector PSUs upto 31 March 2018 worked out to ₹ 15,781.41 crore. During the period between 2008-09 and 2011-12 (except during 2009-10) total earnings of the four power sector PSUs remained substantially below the minimum expected return towards the investment made by GoCG. Further, the total earnings for the year relating to these PSUs remained negative during 2012-13 to 2015-16 which indicates that instead of generating returns on the invested funds, these PSUs did not even recover the cost of funds to the Government. During 2017-18 against the minimum expected return of ₹ 946.47 crore on the State Government investment, these four Power sector PSUs earned only marginal profit of ₹ 67.76 crore.

(Paragraph 1.11)

Erosion of Net worth

As on 31 March 2018 there were two PSUs with accumulated losses of ₹ 6,839.32 crore. Of the two PSUs, one PSU (CSPDCL) incurred losses in the year 2017-18 amounting to ₹ 421.76 crore and one PSU Chhattisgarh State Power Generation Company Limited (CSPGCL) had not incurred loss in the year 2017-18, even though it had accumulated loss of ₹ 843.04 crore. Of the four Power Sector Undertakings, the net worth of (-) ₹ 3,733.18 crore had fully eroded equity investment of ₹ 2,263.10 crore and Government loan of ₹ 86.42 crore in Chhattisgarh State Power Distribution Company Limited. Net worth of ₹ 1,971.26 crore was less than the paid up capital of ₹ 2,814.30 crore in respect of CSPGCL at the end of 31 March 2018.

(Paragraph 1.12)

Return on Equity

Return on Equity (ROE) in respect of three profit making power sector PSUs where funds had been infused by the State Government, the ROE ranged between 12.52 *per cent* and 12.76 *per cent* during the period from 2015-16 to 2017-18.

(Paragraph 1.14)

Return on Capital Employed (ROCE)

The ROCE improved from 6.63 *per cent* in 2015-16 to 11.77 *per cent* in 2017 -18 due to increase in earnings before interest and tax (EBIT) mainly due to decrease in losses of CSPDCL and increase in profits of CSPGCL and CSPTCL.

(Paragraph 1.15)

Financial Turnaround of DISCOMs under Ujwal DISCOM Assurance Yojana (UDAY)

The GoCG had taken over 75 *per cent* of total debt of ₹ 1,153.60 crore by providing grant of ₹ 870.12 crore during the period 2015-16 as per requirement of UDAY. However, as regards achievement of operational targets under UDAY the performance was not satisfactory. The Discom has not initiated action for the smart metering of consumers, it has performed poorly in metering of Distribution Transformers in rural areas, feeder metering and feeder segregation. Further, the Aggregate Technical and Commercial (AT&C) loss of the State Discom was 19.07 *per cent* by 2017-18 against the target of 18 *per cent.* So, the State Discom could not achieve the most important target of reduction of AT&C loss.

(Paragraphs 1.19.3 and 1.19.4)

Quality of accounts

The quality of accounts of power sector PSUs needs improvement. Statutory Auditors have qualified all five accounts that were finalised between 1 January 2018 to 31 December 2018. Further there were two instances of non-compliance to the Accounting Standards in one account.

(Paragraph 1.20)

2. Performance Audit relating to Power Sector Undertakings

Construction and Operation of Atal Bihari Vajpayee Thermal Power Station, Marwa of Chhattisgarh State Power Generation Company Limited

Introduction

The Chhattisgarh State Electricity Board (CSEB) approved (March 2005) establishment of a coal based 2x500 MW green field power project at Marwa in Janjgir-Champa District of the State based on Feasibility Report (FR). FR envisaged availability of 11,011.32 Million Units (MUs) against demand of 15,146.04 MUs during 2005-06 which will increase to 33,945 MUs and 31,527.24 MUs respectively by 2011-12.

The cost of project as per Detailed Project Report (DPR) was ₹ 5,119.84 crore to be completed on 30 November 2012. It was completed on 31 July 2016 with time overrun of three years eight months and cost overrun of ₹ 3,772.67 crore upto 31 March 2019. The Project was subsequently renamed as “Atal Bihari Vajpayee Thermal Power Station (ABVTPS)” in September 2018.

The following are the main audit findings of Performance Audit:

Planning

As per scope of work of consultant for preparation of DPR, Desk-top study of maps was to be done by the consultant. As per the DPR 80 *per cent* land was barren and 20 *per cent* agricultural which was not supported by detailed survey. The Company acquired total 1,728.73 acre land out of which only 283.77 acre (16.41 *per cent*) land was barren and remaining 1,444.96 acre (83.59 *per cent*) was agricultural land. As a result 15 Rehabilitation and

Resettlement (R&R) issues, protest of land oustees, strike, *kaamroko*, *talabandi* took place which hampered the project work.

It is also seen that the Company acquired total 1,728.73 acre land, against limit of 1,254.76 acre which was 38 *per cent* higher than the limit fixed by the Ministry of Environment, Forest and Climate Change (MoEF&CC), Government of India (GoI) while granting Environment Clearance for which no approval was obtained from it and reasons for the same were not on records. Acquisition of excess land resulted in increase in cost of project by ₹ 63.32 crore.

(Paragraph 2.6.1)

Contract Management

The Company executed two major contracts valuing ₹ 3,890.62 crore relating to Boiler, Turbine and Generator (BTG- Main Plant) and Balance of Plant (BOP- Ancillary works) contracts on Engineering, Procurement and Construction (EPC) contract basis.

M/s Development Consultants Private Limited (consultant) was appointed project execution management consultant for ABVTPS. The consultant approved design for in-motion Weigh Bridge for 52 kg /mtr rail against the requirement of 60 kg /mtr rail. Due to mismatch in specifications in-motion Weigh Bridge, it could not be commissioned till (May 2019). Consequently coal lost in transit against procured coal valuing ₹ 1,681.52 crore could not be assessed during the period 2016-17 to 2018-19.

Due to unrealistic terms of payment in BTG and BOP contract (release of 95/90 *per cent* advance) the Company released ₹ 2,600.42 crore towards supply portion on receipt of material at site against permissible 75 *per cent* as per works manual without linking of erection of supplied material. Subsequently, the contractors showed little interest in completion of erection work. Thus only 36.82 *per cent*/ 40.37 *per cent* erection work was completed by schedule date of completion (November 2012).

The Company released ₹ 276.75 crore as interest free advance towards supply of material and ₹ 25.40 crore as interest free mobilisation advance to M/s BHEL. This resulted in extension of undue advantage to M/s BHEL and consequent loss of realisable interest of ₹ 87.66 crore to the Company. Despite the fact that mobilisation advances were paid to ensure speedy execution of the work, the project was not completed in time.

(Paragraphs 2.7, 2.7.1.1, 2.7.2 and 2.7.3)

Project Execution

Unit - 1 and 2 of the project were commissioned with a delay of 42 and 44 months respectively due to delay in execution of agreement, supply of material, awarding and completion of BTG civil works, awarding and completion of facilities under BOP contracts etc. This resulted in generation loss of 16,440.07 MUs amounting to ₹ 4,438.82 crore, deprival of a rebate on interest of ₹ 17.95 crore on Power Finance Corporation (PFC) loan and avoidable procurement of power of ₹ 315.92 crore at higher rates by Chhattisgarh State Power Distribution Company Limited.

The actual expenditure incurred by the Company on the project upto 31 March 2019 was ₹ 8,892.51 crore (approved cost by Chhattisgarh State Electricity Regulatory Commission) against the original estimated cost of ₹ 5,119.84 crore and the Company had to incur additional expenditure of ₹ 3,772.67 crore due to increase in Interest during Construction (IDC) on loan, cost of Main and Ancillary Plant, cost of land acquisition and Rehabilitation and Resettlement expenditure etc.

(Paragraphs 2.8.1, 2.8.2 and 2.8.3)

Operational performance

Even after commissioning of both the units of the Power Plant the Company failed to achieve the objective of generation of at least 850 MW per hour power (at 85 *per cent* Plant Load Factor) it could generate only 575 MW per hour. Consequently there was shortfall in generation of 6,345.53 MUs power valuing ₹ 1,713.29 crore due to high rate of outages attributable to installation of defective turbine, non availability of spares GT and ineffective overhauling as identified and reported by the Management. Poor operational performance also resulted in consumption of fuel oil in excess of the prescribed norms - excess expenditure of ₹ 47.72 crore, the station heat rate was higher than prescribed norms - excess consumption of 1.54 lakh MT coal valuing ₹ 37.69 crore.

(Paragraphs 2.9.1, 2.9.2, 2.9.3, 2.9.4, 2.9.5 and 2.9.7)

Environmental Issues

The Company did not adhere to the provisions of various Acts, Regulations and norms prescribed by the Government of India and Chhattisgarh Environment Conservation Board (CECB) which may adversely impact the environment.

There were 52 numbers of instances when level of Sulphur Dioxide ranged between 202.10 mg/Nm^3 and 246.15 mg/Nm^3 (1.05 *per cent* to 23.08 *per cent*) against the norm 200 mg/Nm^3.

In six out of 12 locations the monthly average noise level ranged between 95.74 decibel and 83.64 decibel, against the prescribed limit of 75 decibel for day time during the period August 2016 to March 2019.

The Company failed to prepare "Environment Impact Assessment (EIA)" Report even after 30 months from commissioning of plant although CECB while granting consent (31 March 2014) directed that it shall be submitted within 15 months from date of commissioning of plant. Hence, actual impact on environment due to operation of the plant could not be ascertained.

(Paragraphs 2.10.1, 2.10.2 and 2.10.3)

Internal Control and Monitoring

Non-preparation of works manual, non-conducting of energy audit, deficient internal audit system, non-insurance of plant and deficient SAP-ERP system indicates lack of effective internal control and monitoring mechanism.

(Paragraphs 2.11.1, 2.11.3, 2.11.4, 2.11.5 and 2.11.6)

Summary of recommendations

The Company should:

- **always assess and carry out the detailed survey of land before proceedings to acquire land. Should take action against responsible officials who failed to assess the nature of land.**
- **safeguard its financial interest while determining the terms and conditions of the contract relating to release of advances in future projects.**
- **ensure timely execution of new thermal power plant through better planning, close monitoring and follow up with contractors and consultants to avoid time and cost overrun and consequent loss of generation.**
- **make efforts to improve the operational performance and achieve the operational parameters fixed by the CSERC in respect of coal and oil consumption to minimise the cost of generation.**
- **ensure strict adherence to the environmental acts and regulations.**
- **strengthen its internal control and monitoring mechanisms relating to pre-execution activities, execution of project, compliance of terms and conditions through SAP-ERP system.**

3. Functioning of State Public Sector Undertakings (other than Power Sector)

As on 31 March 2018, Chhattisgarh had 21 State PSUs (other than Power Sector) consisting of 17 working companies, one working Statutory Corporation and three non-working PSUs (all companies). Of the 21 State PSUs, financial performance of 13 PSUs is covered in this report. These working PSUs registered a turnover of ₹ 8,778.13 crore during 2017-18 as per their latest finalised accounts. This turnover was equal to 3.01 *per cent* of the GSDP.

(Paragraphs 3.1 and 3.2)

Stake of Government of Chhattisgarh

As on 31 March 2018, the total investment (equity and long term loans) in these 21 PSUs was ₹ 1,021.54 crore. Out of this, the total investment (equity and long term loans) in 13 PSUs (covered in this report) was ₹ 626.91 crore. The investment consisted of 9.13 *per cent* towards equity and 90.87 *per cent* in long-term loans. Out of this, GoCG has invested ₹ 388.07 crore in 10 PSUs consisting of equity of ₹ 49.18 crore and long term loans of ₹ 338.89 crore.

(Paragraphs 3.4 and 3.11)

Arrears in accounts

Nine working PSUs had arrears of 15 accounts as on 31 December 2018 ranging from one to four years. Further, one account of one non working PSU was also in arrear. The GoCG had provided ₹ 2,597.28 crore (Grant: ₹ 302.43 crore and Subsidy: ₹ 2,294.85 crore) in five of the 10 State PSUs accounts of which had not been finalised by 31 December 2018.

(Paragraph 3.8.1)

Performance of State PSUs (other than Power Sector)

Performance of the PSUs

The profit of ₹ 120.76 crore earned by these functional PSUs in 2015-16 decreased to ₹ 93.85 crore in 2017-18. According to latest finalised accounts of these 13 functional State PSUs, 10 PSUs earned profit of ₹ 94.28 crore and three PSUs incurred losses of ₹ 0.43 crore. Out of 13 PSUs, eight PSUs earned 97.38 *per cent* profit (₹ 91.81 crore) which were either having monopolistic advantage or were having assured income from budgetary support, centage, commission, interest on bank deposits etc.

(Paragraphs 3.12 and 3.12.1)

Real Return on Investment on the basis of Present Value of investment

The Present Value of funds infused by the State Government upto 31 March 2018 worked out to ₹ 284.74 crore. During the period between 2008-09 and 2017-18, these companies earned substantial profits (except in 2012-13) to recover cost of funds infused by GoCG in these PSUs.

(Paragraph 3.14)

Return on Equity (ROE)

Despite having monopolistic advantage or having assured income from budgetary support, centage, commission, interest on bank deposits etc., ROE of PSUs with monopolistic and assured income sector ranged between 3.98 *per cent* and 14.98 *per cent* during the period 2015-18. The ROE of competitive sector was negative mainly due to loss (₹ -1.51 crore) incurred by CMDC during the year 2015-16. Further, GoCG has invested interest free loans (IFL) in competitive sector PSU (CMDC) of ₹ 81.05 crore, ₹ 95.16 crore and ₹ 179.32 crore outstanding during the years 2015-16, 2016-17 and 2017-18 respectively. During 2016-17 and 2017-18 ROE of Competitive environment PSUs was 0.34 *per cent* and 1.19 *per cent* respectively. This shows that despite substantial amount of investment in the form of IFL, ROE was not commensurate with earning of the PSU in competitive sector.

(Paragraph 3.15)

Return on Capital Employed

The Return on Capital Employed (ROCE) of the 13 State PSUs (other than Power Sector) decreased during the year 2016-17 and 2017-18 in comparison to that for the year 2015-16 mainly due to decrease in profits of two PSUs viz., Chhattisgarh Rajya Van Vikas Nigam Limited and Chhattisgarh State Beverages Corporation Limited and increase in long term loans of three PSUs viz., Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam, Chhattisgarh Police

Housing Corporation Limited and Chhattisgarh Mineral Development Corporation Limited.

(Paragraph 3.16)

Erosion of Net worth

As on 31 March 2018, out of 10 State PSUs there were two PSUs with accumulated losses of ₹ 211.09 crore. Of these two PSUs, one PSU incurred loss in the year 2017-18 amounting to ₹ 0.10 crore and one PSU had not incurred loss in the year 2017-18, even though it had accumulated loss of ₹ 210.59 crore. Out of 10 state PSUs, net worth of Chhattisgarh State Civil Supplies Corporation Limited was (-) ₹ 205.21 crore which had completely eroded equity investment of ₹ 4.43 crore.

(Paragraph 3.17)

Dividend Payout

The State Government has not formulated any dividend policy for State PSUs. The Dividend Payout Ratio during 2015-16 to 2017-18 ranged between 2.33 *per cent* and 10.49 *per cent* only. Out of the nine State PSUs who had earned an aggregate profit of ₹ 94.05 crore on the Government equity of ₹ 44.28 crore, only Chhattisgarh Rajya Van Vikas Nigam Limited and Chhattisgarh State Warehousing Corporation proposed the dividend of ₹ 2.41 crore.

(Paragraph 3.18)

Quality of accounts

The quality of accounts of PSUs needs improvement. Statutory Auditors have qualified all the 14 accounts that were finalised during 1 January 2018 to 31 December 2018. There were seven instances of non-compliance with Accounting Standards by the PSUs in four accounts.

(Paragraphs 3.21 and 3.22)

4. Compliance Audit Observations relating to Public Sector Undertakings (other than Power Sector)

Gist of some of the important compliance audit paragraphs are given below:

The Chhattisgarh State Beverages Corporation Limited failed to monitor construction of godown entrusted to Public Works Department on deposit basis which resulted in an avoidable expenditure of ₹ 1.64 crore on account of hiring of godown.

(Paragraph 4.1)

The Chhattisgarh Medical Services Corporation Limited placed purchase orders for 73.95 lakh bottles of multivitamin syrup against requirement for the year 2016-17 on last day of the year (31 March 2017) on backdate resulted in loss of ₹ 6.84 crore due to expired 30.81 lakh bottles and purchase of syrup at higher rates.

(Paragraph 4.2)

The Chhattisgarh Medical Services Corporation Limited procured food baskets under Chief Minister TB Nutrition Scheme at exorbitantly higher rates from lone ineligible bidder ignoring the fact that State Health Resource Centre incurred the cost of ₹ 409 per food basket during pilot project of the Scheme. The Company initially placed order at higher rate of ₹ 1,039.50 per food basket which was reduced to ₹ 892.50 due to less receipt of funds from GoCG and further reduced to ₹ 714 after being pointed out by Audit. This resulted in avoidable extra expenditure of ₹ 5.04 crore.

(Paragraph 4.3)

Introduction

Functioning of Public Sector Undertakings

Introduction

Functioning of State Public Sector Undertakings

General

1 State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory Corporations. State PSUs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the State economy. As on 31 March 2018, there were 26 PSUs in Chhattisgarh, including one[1] Statutory Corporation and 25 Government companies (including three non-functional government companies) under the audit jurisdiction of the Comptroller & Auditor General of India. None of these Government companies were listed on the stock exchange.

2 The financial performance of the PSUs on the basis of latest finalised accounts as on 31 December 2018 is covered in this report. The nature of PSUs and the position of accounts are indicated in table – 1.

Table 1: Nature of PSUs in the Report

Nature of PSUs	Total Number	Number of PSUs of which accounts received during the reporting period				Number of PSUs of which accounts are in arrear (total accounts in arrear) as on 31 December 2018
		Accounts upto 2017-18[2]	Accounts upto 2016-17	Accounts upto 2015-16	Total	
PSUs covered in this Report						
Government companies	17	7	10	-	17	10 (10)
Statutory corporation	1	1	-	-	1	-
Total	**18**	**8**	**10**	**-**	**18**	**10 (10)**
PSUs not covered in this Report						
PSUs with arrear of accounts of three years or more / first accounts not submitted / due, or did not commenced business operation	5	1	-	-	1	4 (10)
Non-functional Government companies	3	2	1	-	3	1 (1)
Non-functional Statutory corporation	-	-	-	-	-	-
Total	**8**	**3**	**1**	**-**	**4**	**5 (11)**
Grand Total	**26**	**11**	**11**	**-**	**22**	**15 (21)**

This Report does not include eight PSUs whose accounts are in arrears for three years or more or were non-functional/under liquidation or first accounts were not received or were not due or did not commence business operation as detailed in ***Annexure - 3.2***. The 18 State PSUs[3] covered in this report registered an annual turnover of ₹ 28,802.99 crore as per their latest finalised accounts as on 31 December 2018. This turnover was equal to 9.87 *per cent* of

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[1] Chhattisgarh State Warehousing Corporation

[2] From January 2018 to December 2018

[3] The figure includes five power sector PSUs and 13 PSUs other than power sector.

Gross State Domestic Product (GSDP) for the year 2017-18 (₹ 2,91,681 crore). The PSUs covered in this Report earned a profit of ₹ 158.67 crore as per their latest finalised accounts. As on March 2018, the State PSUs covered in this report had employed around 18,270 employees.

There are eight PSUs (all Government companies) which are not covered in this report having an investment of ₹ 394.63 crore towards capital (₹ 160.65 crore) and long term loans (₹ 233.98 crore). This is a critical area as the investments in these PSUs do not contribute to the economic growth of the State.

Accountability framework

3 The procedure for audit of Government companies are laid down in Sections 139 and 143 of the Companies Act, 2013 (Act 2013). According to Section 2 (45) of the Act 2013, a 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.

The Comptroller & Auditor General of India (CAG) appoints the statutory auditors of a Government Company under Section 139 (5) and (7) of the Companies Act, 2013. Section 139 (5) of the Companies Act, 2013 provides that the statutory auditors in case of a Government Company are to be appointed by the CAG within a period of one hundred and eighty days from the commencement of the financial year. Section 139 (7) of the Companies Act, 2013 provides that in case of a Government Company, the first auditor are to be appointed by the CAG within sixty days from the date of registration of the Company and in case CAG does not appoint such auditor within the said period, the Board of Directors of the Company or the members of the Company have to appoint such auditor.

Further, as per sub-Section 7 of Section 143 of the Act 2013, the Comptroller and Auditor General of India (CAG) may, in case of any Company covered under sub-Section (5) or sub-Section (7) of Section 139, if considered necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19A 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 controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by 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

4 The financial statements of the Government companies (as defined in Section 2 (45) of the Act 2013) are audited by Statutory Auditors, who are appointed by the CAG as per the provisions of Section 139(5) or (7) of the Act

2013. The Statutory Auditors submit a copy of the Audit Report to the CAG including, among other things, financial statements of the Company under Section 143 (5) of the Act 2013. These financial statements are also subject to supplementary audit by the CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act 2013.

Audit of Statutory Corporations is governed by their respective legislations. In respect of Chhattisgarh State Warehousing Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the CAG.

Submission of accounts by PSUs

Need for timely finalisation and submission

5 According to Section 394 and 395 of the Companies Act 2013, Annual Report on the working and affairs of a Government Company, is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation laid before the Houses or both the Houses of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating statutory corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of the State.

Section 96 of the Companies Act, 2013 requires every Company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration. Section 129 (7) of the Companies Act, 2013 provides for levy of penalty like fine and imprisonment on the persons including directors of the Company responsible for noncompliance with the provisions of Section 129 of the Companies Act, 2013.

Role of Government and Legislature

6 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 State 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 Corporations are to be placed before the State Legislature under Section 394 of the Act 2013 or as stipulated in the respective Acts. The Audit Reports of the CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Investment by Government of Chhattisgarh in State Public Sector Undertakings (PSUs)

7 The Government of Chhattisgarh (GoCG) has high financial stakes in the PSUs. This is mainly of three types:

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

8 The sector-wise summary of investment in the PSUs as on 31 March 2018 are given in table – 2.

Table 2: Sector-wise investment in PSUs

Name of sector	Government companies		Statutory Corporation		Total	Investment (₹ in crore)		
	Working	Not covered in this report	Working	Not covered in this report		Equity	Long term loans	Total
Power	5	-	-	-	**5**	6,591.89	13,511.91	**20,103.80**
Other than power	12	8	1	-	**21**	217.87	803.67	**1,021.54**
Total	**17**	**8**	**1**	**-**	**26**	**6,809.76**	**14,315.58**	**21,125.34**

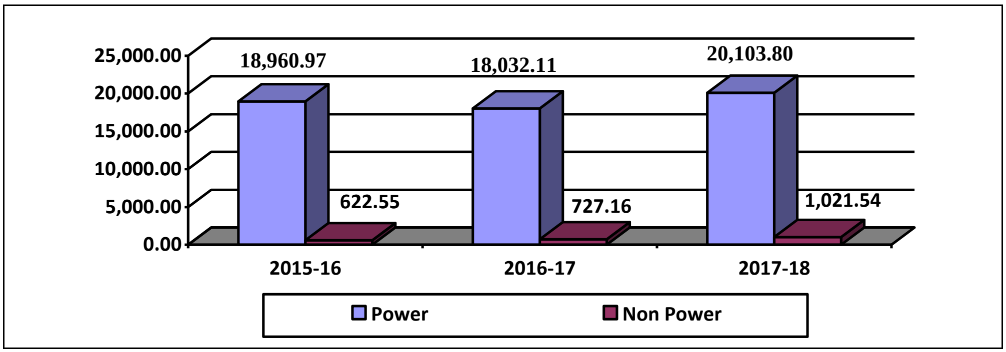
(Source: Compiled based on annual accounts of PSUs and sanction/release orders for equity and loans)

The thrust of PSU investment was mainly in power sector during the last three years. The power sector received investments of ₹ 1,142.83 crore (74.12 *per cent*) out of total investment of ₹ 1,541.82 crore made during the period from 2015-16 to 2017-18.

9. The investment in power and other than power sector at the end of 31 March 2016 and 31 March 2018 is indicated in the chart-1:

Chart-1: Sector-wise investment in PSUs

(Figures in ₹ crore)



Keeping in view the huge investment in Power Sector, we are presenting the results of audit of five Power Sector PSUs in Part-1[4] of this report and of the 21 PSUs (other than power sector) in the Part-2[5] of the report.

[4] The Part-1 includes Chapter-1 (Functioning of Power Sector Undertakings) and Chapter-2 (Performance Audit relating to Power Sector PSUs).

[5] The Part-2 includes Chapter-3 (Functioning of PSUs other than Power Sector) and Chapter-4 (Compliance audit paragraphs relating to PSUs other than Power Sector).

Part-1

Chapter-1

PART-1

Chapter-1

Functioning of Power Sector Undertakings

1. Introduction

1.1 The power sector companies play an important role in the economy of the State. Apart from providing a critical infrastructure required for development of the State's economy, the sector also adds significantly to the GDP of the State. A ratio of Power sector PSUs' turnover to Gross State Domestic Product (GSDP) shows the extent of activities of PSUs in the State economy. The table - 1.1 provides the details of turnover of the power sector undertakings and GSDP of Chhattisgarh for a period of three years ending March 2018.

Table - 1.1: Details of turnover of power sector undertakings *vis-a-vis* GSDP of Chhattisgarh

(₹ in crore)

Particulars	2015-16	2016-17	2017-18
Turnover	15,166.73	20,024.86	20,024.86
Percentage change in turnover as compared to turnover of preceding year	18.71	32.03	-
GSDP of Chhattisgarh	2,34,212	2,62,263	2,91,681
Percentage change in GSDP as compared to GSDP of preceding year	5.91	11.98	11.22
Percentage of Turnover to GSDP of Chhattisgarh	6.48	7.64	6.87

(Source: Compiled based on Turnover figures of power sector PSUs from CAG Audit Report and GSDP figures as per Economic Review 2017-18 of Government of Chhattisgarh)

The turnover of power sector undertakings has increased and it ranged between 18.71 *per cent* and 32.03 *per cent* during the period 2015-18, whereas increase in GSDP of Chhattisgarh ranged between 5.91 *per cent* and 11.98 *per cent* during the same period. The compounded annual growth[1] of GSDP was 7.59 *per cent* during the last three years. The compounded annual growth is a useful method to measure growth rate over multiple time periods. Against the compounded annual growth of 7.59 *per cent* of the GSDP, the turnover of power sector undertakings recorded higher compounded annual growth of 9.70 *per cent* during last three years. This resulted in increase in share of turnover of these power sector undertakings to the GSDP from 6.48 *per cent* in 2015-16 to 6.87 *per cent* in 2017-18.

Formation of Power Sector Undertakings

1.2 The Chhattisgarh State Electricity Board (CSEB) was unbundled into five new companies viz., Chhattisgarh State Power Holding Company Limited

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[1] Rate of Compounded Annual Growth [{(Value of 2017-18/Value of 2015-16)^(1/3 years)}-1]*100.

(CSPHCL), Chhattisgarh State Power Generation Company Limited (CSPGCL), Chhattisgarh State Power Transmission Company Limited (CSPTCL), Chhattisgarh State Power Distribution Company Limited (CSPDCL) and Chhattisgarh State Power Trading Company Limited (CSPTrCL) w.e.f. 1 January 2009 vide State Government's Gazette notification dated 19 December 2008 and all the assets and liabilities of CSEB (including equity of ₹ 4,475.90 crore[2] and loans and capital liabilities of CSEB of ₹ 2,985.41 crore) were distributed among these companies according to the provisions of the Transfer Scheme Rules 2010. Further, as per the Transfer Scheme Rules 2010 notified (31 March 2010) by the State Government, the properties and all interest, rights, liabilities etc. of the erstwhile CSEB stands transferred to and vested with the State Government w.e.f. 1 January 2009.

Disinvestment, restructuring and privatisation of Power Sector Undertakings

1.3 No disinvestment, restructuring and privatisation of Power Sector Undertakings was done during this period in the State of Chhattisgarh.

Investment in Power Sector Undertakings

1.4 The activity-wise summary of investment in the power sector undertakings as on 31 March 2018 is given in table - 1.2.

Table - 1.2: Activity-wise investment in power sector undertakings

Activity	Number of government undertakings	Investment (₹ in crore)		
		Equity	Long term loans	Total
Generation of Power	1	2,814.30	8,249.63	11,063.93
Transmission of Power	1	904.71	1,101.72	2,006.43
Distribution of Power	1	2,263.10	4,160.56	6,423.66
Other[3]	2	609.78[4]	-	609.78
Total	**5**	**6,591.89**	**13,511.91**	**20,103.80**

(Source: Compiled based on annual accounts of PSUs and sanction/release orders for equity and loans.)

As on 31 March 2018, the total investment (equity and long term loans) in five power sector undertakings was ₹ 20,103.80 crore. The investment consisted of 32.79 *per cent* towards equity and 67.21 *per cent* in long-term loans.

The Long term loans advanced by the State government constituted 1.13 *per cent* (₹ 152.44 crore) of the total long term loans, whereas

[2] The final amount of equity apportioned to the CSPHCL (₹ 715.58 crore), CSPGCL (₹ 1,230.26 crore), CSPTCL (₹ 749.05 crore), CSPDCL (₹ 1,780.96 crore) and CSPTrCL (₹ 0.05 crore) as per the GoCG's notification No.:1816/F-21/13/13-2/2014 dated 17 July 2017.

[3] Sr. No. 4 and 5 of ***Annexure - 1.1***.

[4] GoCG released equity of ₹ 6,591.89 crore to CSPHCL as equity which includes amount of ₹ 5,982.16 crore which was invested by CSPHCL (holding company) in its subsidiary companies viz., CSPGCL (₹ 2,814.30 crore), CSPTCL (₹ 904.71 crore), CSPDCL (₹ 2,263.10 crore) and CSPTrCL (₹ 0.05 crore) as shown under Generation, Transmission, Distribution and other sector as shown in **Table - 1.2** and ***Annexure – 1.1***. Therefore, the figure (₹ 609.78 crore) includes the equity of ₹ 609.73 crore in CSPHCL (excluding the amount of ₹ 5,982.16 crore which was given by the GoCG for its subsidiary companies) and equity of ₹ 0.05 crore in CSPTrCL.

98.87 *per cent* (₹ 13,359.47 crore) of the total long term loans were availed from other financial institutions. However, during 2015-16, out of the outstanding debts (₹ 1,153.60 crore) of CSPDCL as on 30 September 2015, the State Government has taken over (March 2016) ₹ 870.12 crore (State Government share) under Ujwal DISCOM Assurance Yojana[5] (UDAY) scheme.

Budgetary Support to Power Sector Undertakings

1.5 The Government of Chhattisgarh (GoCG) provides financial support to power sector undertakings in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity during the year in respect of power sector undertakings for the last three years ending March 2018 are given in table – 1.3.

Table - 1.3: Details of budgetary support to power sector undertakings during the years

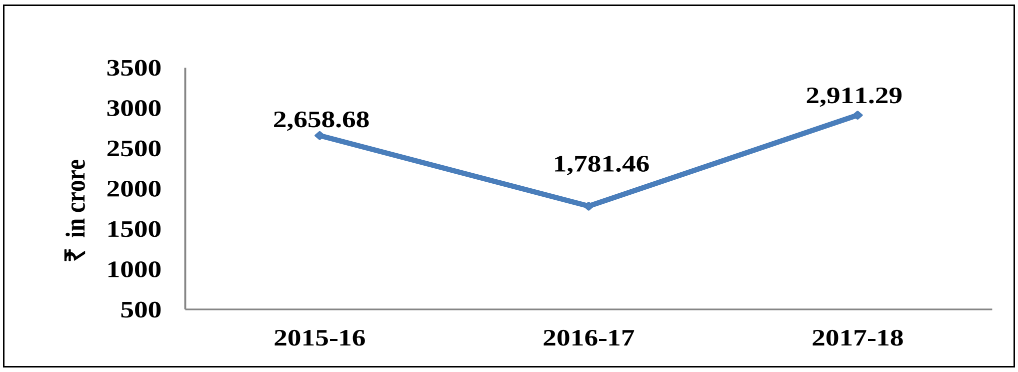
(₹ in crore)

Particulars[6]	2015-16		2016-17		2017-18	
	No of PSUs	Amount	No of PSUs	Amount	No of PSUs	Amount
Equity Capital outgo (i)	-	-	1	490.00	-	-
Loans given (ii)	-	-	-	-	-	-
Grants/Subsidies provided (iii)	1	2,658.68	1	1,291.46	1	2,911.29
Total Outgo (i+ii+iii)	**1**	**2,658.68**	**2**	**1,781.46**	1	**2,911.29**
Loan repayment/ written off	-	-	-	-	-	-
Loans converted into equity	-	-	-	-	-	-
Guarantees Outstanding	2	827.46	2	2,739.59	1	2,318.12
Guarantee Commitment	2	1,327.46	2	3,118.88	1	2,955.00

(Source: Compiled based on annual accounts of PSUs and sanction/release orders for equity, loans and guarantees)

The details of budgetary support towards equity, loans and grants/ subsidies for the last three years ending March 2018 are given in a chart – 1.1.

Chart - 1.1: Budgetary support towards Equity, Loans and Grants/Subsidies



[5] Scheme launched by Ministry of Power, GoI for financial and operational turnaround of DISCOMs.

[6] Amount represents outgo from State Budget only.

The budgetary assistance received by these PSUs during the year ranged between ₹ 2,911.29 crore and ₹ 1,781.46 crore during the period 2015-16 to 2017-18. The budgetary assistance of ₹ 2,911.29 crore received during the year 2017-18 was in the form of grants/subsidy for implementation of various schemes[7] as well as revenue subsidy.

Besides, the Ministry of Power (MoP), Government of India (GoI) also launched (20 November 2015) UDAY Scheme for operational and financial turnaround of State owned Power Distribution companies (DISCOMs). The provisions of UDAY and status of implementation of the scheme by CSPDCL are discussed under Para 1.19 of this Chapter. The subsidy/grants provided by the State Government for the year 2015-16 (₹ 2,658.68 crore) also includes assistance to CSPDCL under UDAY Scheme (₹ 870.12 crore).

GoCG provides guarantee under Chhattisgarh State Government Guarantee Rules (CSGGR), 2003 for PSUs to seek financial assistance from Banks and financial institutions. The guarantee fee is charged from the borrowing institution at a rate, in a manner and within a time period as specified by the GoCG in the grant order in case of loan availed by PSUs from banks/financial institutions without any exception under the provisions of the CSGGR 2003. Outstanding guarantee commitments decreased by 5.25 *per cent* from ₹ 3,118.88 crore in 2016-17 to ₹ 2,955 crore in 2017-18.

Reconciliation with Finance Accounts of Government of Chhattisgarh

1.6 The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the Government of Chhattisgarh. 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 on 31 March 2018 is stated in table – 1.4.

Table - 1.4: Equity, Loans and Guarantee outstanding as per Finance Accounts vis-à-vis records of power sector undertakings

(₹ in crore)

Form of investment	As per Finance Accounts	As per records of power sector undertakings	Difference
Equity	6,416.05	6,591.89	175.84[8]
Loans	108.71	152.44	43.73
Guarantees	2,318.12	2,190.00	128.12

(Source: Compiled based on information received from PSUs and Finance Accounts)

The differences between the figures are persisting since last many years. The issue of reconciliation of differences was also taken up with the PSUs/ Departments from time to time. The major difference in equity (₹ 175.84 crore) was observed in Chhattisgarh State Power Holding Company

[7] Subsidy / Grant for Single Bulb Connection, Free supply of Electricity to Agriculture pump, Mukhyamantri Majra-tola Vidyutikaran Yojna, Energisation of Agriculture pump etc. and revenue subsidy given to Chhattisgarh State Power Distribution Company Limited.

[8] The amount of equity of ₹ 175.84 crore was kept as share application money in the accounts of CSPHCL against which no equity shares have been issued by CSPHCL. Accordingly, GoCG has not considered the same as investment resulting in difference in equity investment by GoCG in Finance accounts.

Limited. The audit, therefore, recommend that the State Government and the respective PSUs should reconcile the differences in a time-bound manner.

Submission of accounts by Power Sector Undertakings

Timeliness in preparation of accounts by Power Sector Undertakings

1.7 There were five power sector undertakings under the audit purview of CAG as of 31 March 2018. Accounts for the year 2017-18 were not submitted by any Power sector PSUs by 31 December 2018. Details of arrears in submission of accounts of power sector undertakings as on 30th September of each financial year for the last three years ending 31 March 2018 are given in table – 1.5.

Table - 1.5: Position relating to submission of accounts of Power Sector Undertakings

Sl. No.	Particulars	2015-16	2016-17[9]	2017-18[10]
1.	Number of PSUs	5	5	5
2.	Number of accounts submitted during current year	5	5	5
3.	Number of PSUs which finalised accounts for the current year	-	-	-
4.	Number of previous year accounts finalised during current year	5	5	5
5.	Number of PSUs with arrears in accounts	5	5	5
6.	Number of accounts in arrears	5	5	5
7.	Extent of arrears	1 year	1 year	1 year

(Source: Compiled based on accounts of PSUs received till 31 December 2018)

Performance of Power Sector Undertakings

1.8 The financial position and working results of five power sector companies as per their latest finalised accounts as of 31 December 2018 are detailed in ***Annexure - 1.2***.

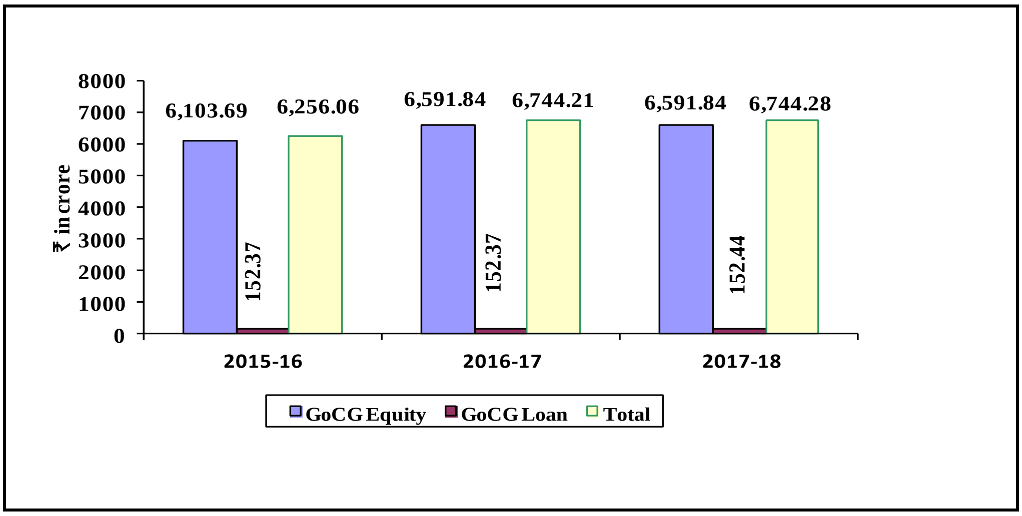
The Public Sector Undertakings are expected to yield reasonable return on investment made by Government in the undertakings. The total investment of State Government and others in the power sector PSUs was ₹ 20,103.80 crore consisting of ₹ 6,591.89 crore as equity and ₹ 13,511.91 crore as long-term loans (Government loan of ₹ 152.44 crore[11] and financial institutions loan of ₹ 13,359.47 crore) as detailed in ***Annexure - 1.1***. Out of this, Government of Chhattisgarh has investment of ₹ 6,744.28 crore in the four Power Sector PSUs[12] only consisting of equity of ₹ 6,591.84 crore and long-term loans of

[9] For the year 2016-17 accounts received till 31 December are considered.
[10] For the year 2017-18 accounts received till 31 December are considered.
[11] The adjustment of loan as well as interest has not been done by Energy Department, GoCG since 2015-16 and thus the outstanding amount has been reinstated as GoCG loan.
[12] GoCG released equity to the Chhattisgarh State Power Holding Company Limited on behalf of its four subsidiary power sector PSUs. Therefore, for the purpose of infusion of Government's fund, reduced equity of holding company (to the extent of equity invested in subsidiaries) and the equity capital of three subsidiary PSUS (in which GoCG has directly invested in the form of loans/grants/subsidies) have been considered (***Annexure – 1.1***). The Chhattisgarh State Power Trading Company Limited has not been considered for the purpose of GoCG investment.

₹ 152.44 crore.

The year wise status of investment of GoCG in the form of equity and long-term loans in the power sector PSUs during the period 2015-16 to 2017-18 is given in a chart - 1.2.

Chart - 1.2: Total investment of GoCG in power sector undertakings



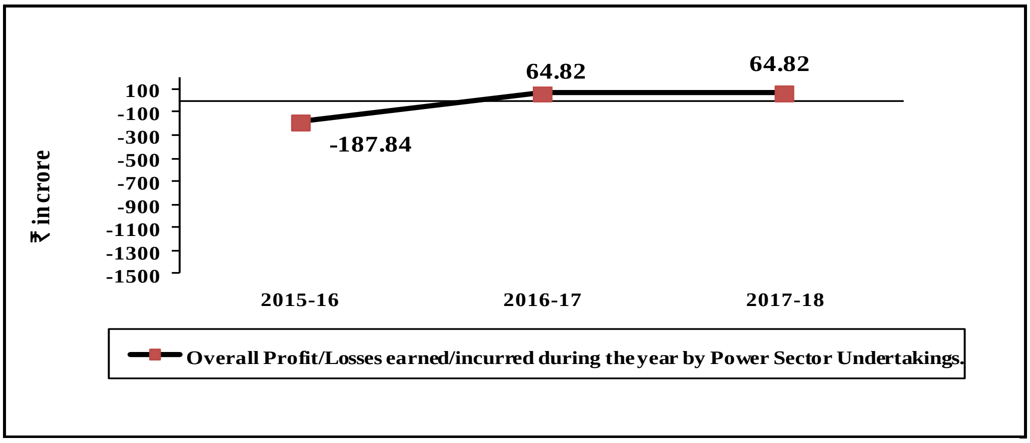
The profitability of a company is traditionally assessed through return on investment, return on equity and return on capital employed. Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity and long term loans and is expressed as a percentage of profit to total investment. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed. Return on Equity is a measure of performance calculated by dividing net profit after tax by shareholders' fund.

Return on Investment

1.9 Return on investment is the percentage of profit or loss to the total investment. The overall position of Profit/losses[13] earned/incurred by all the power sector undertakings during 2015-16 to 2017-18 is depicted in a chart – 1.3.

[13] Figures are as per the latest finalised accounts during the respective years.

Chart - 1.3: Profit/Losses earned/incurred by Power Sector Undertakings



The profit earned by power sector PSUs was ₹ 64.82 crore in 2017-18 against losses of ₹ 187.84 crore incurred in 2015-16. According to latest finalised accounts of PSUs covered in this report, three PSUs earned profit of ₹ 489.52 crore and two PSUs incurred loss of ₹ 424.70 crore *(**Annexure-1.2**)*. The profit making companies were Chhattisgarh State Power Generation Company Limited (₹ 336.49 crore) and Chhattisgarh State Power Transmission Company Limited (₹ 152.06 crore) while Chhattisgarh State Power Distribution Company Limited (₹ 421.76 crore) incurred heavy loss.

Position of Power Sector Undertakings which earned/incurred profit/loss during 2015-16 to 2017-18 is given in table – 1.6.

Table -1.6: Power Sector Undertakings which earned profit /incurred loss

Financial year	Total PSUs in power sector	Number of PSUs which earned profits during the year	Number of PSUs which incurred loss during the year	Number of PSUs which had No profit/ loss during the year
2015-16	5	3	2	-
2016-17	5	3	2	-
2017-18	5	3	2	-

Real return on the basis of Present Value of Investment

1.10 In view of the significant investment by Government in the four Power Sector companies, return on such investment is essential from the perspective of State Government. Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value of money. Therefore, the return on investment has been calculated after considering the Present Value of money to arrive at real return in investment made by the GoCG. PV of the State Government investment was computed where funds had been infused by the State Government in the shape of equity, interest free/defaulted long term loans and Capital grants since finalisation of the balance sheets of these companies after unbundling of erstwhile Electricity Board (2008-09) till 31 March 2018.

The Present value (PV) of the State Government investment in power sector undertakings was computed on the basis of following assumptions:

- Interest free/defaulted long term loans and capital grants have been considered as investment infusion by the State Government. Further, in those cases where interest free loans given to the PSUs were later converted into equity, the amount of loan converted into equity has been deducted from the amount of interest free loans and added to the equity of that year. The funds made available in the form of revenue grants and subsidies have not been reckoned as investment except in the case of grant given under UDAY scheme as referred in *Paragraph 1.19.*

- The average rate of interest on government borrowings for the concerned financial year[14] was adopted as discount rate for arriving at Present Value since they represent the cost incurred by the government towards investment of funds for the year.

For the period 2015-16 to 2017-18 when one[15] power sector PSU in which GoCG invested incurred losses, a more appropriate measure of performance is the erosion of net worth due to the losses. The erosion of net worth of the company is commented upon in *Paragraph 1.12*.

1.11 The position of State Government investment in the four power sector companies in the form of equity, Interest free/defaulted long term loans and Capital Grants from 2008-09 till 31 March 2018 and the consolidated position of the PV of the State Government investment relating to them from 2008-09 till 31 March 2018 is indicated in table – 1.7.

[14] The average rate of interest on government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Chhattisgarh) for the concerned year wherein the calculation for the average rate for interest paid = Interest Payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100.

[15] CSPDCL

Table - 1.7: Year wise details of investment by the State government and present value (PV) of government funds from 2000-01 to 2017-18

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the State government during the year	Interest free / defaulted loans, Capital Grant given by the State government during the year	Total investment during the year	Average rate of interest on government borrowings (in %)	Total investment at the end of the year	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year[16]
i	ii	iii	iv	v=iii+iv	vi	vii=ii+v	viii={vii*(1+vi)/100}	ix={vii*vi/100}	x
Upto 2007-08	-	24.92	-	24.92	-	-	41.31	-	-
2008-09	41.31	5,106.84	29.50	5,136.34	7.36	5,177.65	5,558.72	381.07	136.94
2009-10	5,558.72	0.00	200.80	200.80	7.13	5,759.52	6,170.17	410.65	435.29
2010-11	6,170.17	0.00	78.49	78.49	7.34	6,248.66	6,707.32	458.65	296.51
2011-12	6,707.32	900.00	100.00	1,000.00	7.08	7,707.32	8,252.99	545.68	280.80
2012-13	8,252.99	704.00	182.73	886.73	6.34	9,139.72	9,719.18	579.46	-1,883.53
2013-14	9,719.18	22.00	172.12	194.12	6.12	9,913.30	10,520.00	606.69	-492.35
2014-15	10,520.00	0.00	200.81	200.81	6.16	10,720.81	11,381.21	660.40	-1,334.29
2015-16	10,727.09	-654.12[17]	1,102.70	448.58	6.25	11,175.67	11,874.15	698.48	-185.68
2016-17	11,874.15	488.20[18]	296.47	784.67	6.62	12,658.82	13,496.83	838.01	67.76
2017-18	13,496.83	0.00	1,338.11	1,338.11	6.38	14,834.94	15,781.41	946.47	67.76
Total		**6,591.84**	**3,701.73**	**10,293.57**					

The balance of investment of the State Government in these four companies at the end of the year increased to ₹ 10,293.57 crore in 2017-18 from ₹ 24.92 crore in 2007-08 as the State Government made further investments in shape of equity (₹ 6,566.92 crore), interest free loans and capital grants (₹ 3,701.73 crore). The PV of investments of the State Government upto 31 March 2018 worked out to ₹ 15,781.41 crore.

During the period between 2008-09 and 2011-12 (except during 2009-10), total earnings of these PSUs remained substantially below the minimum expected return towards the investment made by GoCG. Further, the total earnings for the year relating to these PSUs remained negative during the period between 2012-13 and 2015-16 which indicates that instead of generating returns on the invested funds, these companies did not recover the cost of funds to the Government during the period.

Further, the GoCG investment also include grant of ₹ 870.12 crore during

[16] Total earnings for the year depict total of net earnings (profit/loss) for the concerned year relating to those Power Sector PSUs where funds were infused by State Government.

[17] The surplus revenue pertaining to the period from 1 January 2008 to 31 March 2009 of erstwhile Chhattisgarh State Electricity Board was kept as share application money by CSPHCL after bifurcation of CSEB. Further, GoCG decided (2015-16) that the amount of ₹ 654.12 crore was the income of CSPDCL and hence was transferred to CSPDCL, which was considered as an exceptional item (income) in P&L account of 2015-16 of CSPDCL. Thus, investment in equity by GoCG in power sector PSUs decreased to that extent during the year 2015-16.

[18] The figure includes budgetary support in the form of equity of ₹ 490 crore given by GoCG to Chhattisgarh State Power Generation Company Limited through Chhattisgarh State Power Holding Company Limited (CSPHCL). Further, the equity of CSPHCL was adjusted by ₹ (-) 1.80 crore in light of the final Balance sheet vide notification No. 1816/F-21/13/13-2/2014 dated 17 July 2017 of GoCG. Thus, the net equity infusion by GoCG during the year 2016-17 has been taken as ₹ 488.20 crore (₹ 490.00 crore - ₹ 1.80 crore).

2015-16 to the Chhattisgarh State Power Distribution Company Limited under UDAY scheme for taking over the debts of the Company due to banks and financial institutions.

Erosion of Net worth

1.12 Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure.

As on 31 March 2018 there were two PSUs with accumulated losses of ₹ 6,839.32 crore. Of the two PSUs, one PSU (CSPDCL) incurred losses in the year 2017-18 amounting to ₹ 421.76 crore and one PSU (CSPGCL) had not incurred loss in the year 2017-18, even though it had accumulated loss of ₹ 843.04 crore ***(Annexure - 1.2)***. None of the PSUs were under winding up/closure/ liquidation/ strategic disinvestment.

Net worth of one (CSPDCL) out of two PSUs had been completely eroded by accumulated loss and its net worth was negative. The net worth of the PSU was (-) ₹ 3,733.18 crore against equity investment of ₹ 2,263.10 crore as on 31 March 2018.

In respect of one PSU (CSPDCL) whose capital had been eroded, Government loans ₹ 86.42 crore outstanding as on 31 March 2018 also stand eroded.

Net worth of ₹ 1,971.26 crore was less than the paid up capital of ₹ 2,814.30 crore in respect of one PSU (CSPGCL) at the end of 31 March 2018, indicating its potential financial sickness.

The table – 1.8 indicates paid up capital, accumulated profit/loss and net worth of CSPDCL during the period 2015-16 to 2017-18.

Table - 1.8: Net worth of CSPDCL a loss making Power Sector Undertaking during 2015-16 to 2017-18

(₹ in crore)

Year	Paid up Capital at end of the year	Accumulated Profit (+)/ Loss (-) at end of the year	Deferred revenue Expenditure	Net worth
2015-16	2,326.37	-5,574.52	-	-3,248.15
2016-17	2,263.10	-5,996.28	-	-3,733.18
2017-18	2,263.10	-5,996.28	-	-3,733.18

Dividend Payout

1.13 The State Government has not formulated any dividend policy for State PSUs. As per their latest finalised accounts, three out of four PSUs who has earned an aggregate profit of ₹ 489.52 crore on the Government equity of ₹ 4,328.74 crore[19], no dividend from their profit were proposed by the Power Sector Undertakings. Dividend Payout relating to four Power Sector Undertakings where equity was infused by GoCG during the period is shown in table – 1.9.

[19] Paid-up capital of CSPGCL, CSPTCL and CSPHCL as per their latest finalised accounts.

Table - 1.9: Dividend Payout of four Power Sector Undertakings during 2015-16 to 2017-18

(₹ in crore)

Year	Total PSUs where equity infused by GoCG		PSUs which earned profit during the year		PSUs which declared/paid dividend during the year		Dividend Payout Ratio (%)
	Number of PSUs	Equity infused by GoCG	Number of PSUs	Equity infused by GoCG	Number of PSUs	Dividend declared/paid by PSUs	
1	2	3	4	5	6	7	8=7/5*100
2015-16	4	6,103.64	3	3,777.27	-	-	-
2016-17	4	6,591.84	3	4,328.74	-	-	-
2017-18	4	6,591.84	3	4,328.74	-	-	-

During the period 2015-16 to 2017-18, of three PSUs which earned profits, none of the PSUs declared/paid dividend to GoCG. Further analysis disclosed that none of these companies declared/paid dividend since inception.

Return on Equity

1.14 Return on Equity (ROE)[20] is a measure of financial performance to assess how effectively management is using company's assets to create profits and is calculated by dividing net income (i.e. net profit after taxes) by shareholders' fund *plus* GoCG loans. It is expressed as a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

Return on Equity has been computed in respect of three profit making power sector PSUs where funds had been infused by the State Government. The details of Shareholders fund and ROE relating to these profit making power sector undertakings during the period from 2015-16 to 2017-18 are given in table – 1.10.

Table - 1.10: Return on Equity relating to three Power Sector Undertakings where funds were infused by the GoCG

Year	Net Income/ total Earnings for the year[21] (₹ in crore)	Shareholders' Fund (₹ in crore)	ROE (in *per cent*)
2015-16	366.27	2869.72[22]	12.76
2016-17	489.52	3910.71[23]	12.52
2017-18	489.52	3910.71[24]	12.52

[20] Return on Equity = (Net Profit after Tax and preference Dividend/Equity)*100 where Equity = Paid up Capital + Free Reserves + GoCG Loans – Accumulated Loss – Deferred Revenue Expenditure

[21] As per annual accounts of the respective years.

[22] The figure of shareholder's fund includes net worth (₹ 2,803.70 crore) of CSPGCL, CSPTCL and CSPHCL *plus* GoCG loan of CSPGCL (₹ 50.33 crore) and CSPTCL (₹ 15.69 crore).

[23] The figure of shareholder's fund includes net worth (₹ 3,844.69 crore) of CSPGCL, CSPTCL and CSPHCL *plus* GoCG loan of CSPGCL (₹ 50.33 crore) and CSPTCL (₹ 15.69 crore).

[24] The figure of shareholder's fund includes net worth (₹ 3,844.69 crore) of CSPGCL, CSPTCL and CSPHCL *plus* GoCG loan of CSPGCL (₹ 50.33 crore) and CSPTCL (₹ 15.69 crore) as shown in Annexure – 1.2 and Annexure – 1.1 respectively.

As can be seen from the above table, during the last three years period ended March 2018, the Net Income and Shareholders fund ranged between 12.52 *per cent* and 12.76 *per cent* during the period from 2015-16 to 2017-18.

Return on Capital Employed

1.15 Return on Capital Employed (ROCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed.

ROCE is calculated by dividing a company’s earnings before interest and taxes (EBIT) by the capital employed[25]. The details of ROCE of PSUs covered in this report during the period from 2015-16 to 2017-18 are given in table – 1.11.

Table - 1.11: Return on Capital Employed

Year	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (%)
2015-16	720.03	10,858.17	6.63
2016-17	1,507.91	12,808.47	11.77
2017-18	1,507.91	12,808.47	11.77

The ROCE improved from 6.63 *per cent* in 2015-16 to 11.77 *per cent* in 2017-18 due to increase in EBIT mainly due to decrease in losses of Chhattisgarh State Power Distribution Company Limited and increase in profits of Chhattisgarh State Power Generation Company Limited and Chhattisgarh State Power Transmission Company Limited.

Analysis of Long term loans of the Companies

1.16 The analysis of the long term loans of the companies which had leverage during 2015-16 to 2017-18 was carried out to assess the ability of the companies to service the debt owed by the companies to Government, banks and other financial institutions. This is assessed through the Interest coverage ratio.

Interest Coverage Ratio

1.17 Interest coverage ratio is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's EBIT by interest expenses of the same period. The lower the ratio, the lesser the ability of the company to pay interest on debt. An interest coverage ratio of below one indicates that the company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio of PSUs which had outstanding loans covered in the report during the period from 2015-16 to 2017-18 are given in table – 1.12.

[25] Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised.

Table - 1.12: Interest coverage ratio

Year	Interest (₹ in crore)	EBIT[26] (₹ in crore)	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Number of companies having interest coverage ratio more than 1	Number of companies having interest coverage ratio less than 1
2015-16	907.74	721.78	3	2	1
2016-17	1,442.61	1,509.40	3	2	1
2017-18	1,442.61	1,509.40	3	2	1

It was observed that the number of power sector companies with interest coverage ratio of more than one was two during the period from 2015-16 and 2017-18. Further, one PSU (CSPDCL) had interest coverage ratio of less than one throughout the period from 2015-16 to 2017-18 which indicates high risk of insolvency in the PSU.

Age wise analysis of interest outstanding on State Government Loans

1.18 As on 31 March 2018, interest amounting to ₹ 41.57 crore was outstanding on the long term loans of three PSUs provided by GoCG. The age wise analysis of interest outstanding on GoCG Loans in PSUs is depicted in table – 1.13.

Table - 1.13: Interest outstanding on State Government Loans

(₹ in crore)

Sl. No.	Name of PSU	Outstanding interest on loans	Outstanding for less than 1 year	Outstanding for 1 to 3 years	Outstanding for more than 3 years
1	CSPGCL	16.61	4.28	8.56	3.77
2	CSPTCL	5.53	1.40	4.13	-
3	CSPDCL	19.43	7.41	12.02	-
Total		**41.57**	**13.09**	**24.71**	**3.77**

Assistance under Ujwal DISCOM Assurance Yojana (UDAY)

1.19 The Ministry of Power (MoP), Government of India launched (20 November 2015) Ujwal DISCOM Assurance Yojana (UDAY Scheme) for operational and financial turnaround of State owned Power Distribution companies (DISCOMs). As per provisions of UDAY Scheme, the participating States were required to undertake following measures for operational and financial turnaround of DISCOMs.

Scheme for improving operational efficiency

1.19.1 The participating States were required to undertake various targeted activities like compulsory feeder and distribution transformer (DT) metering, consumer indexing and GIS mapping of losses, upgrading or changing transformers and meters, smart metering of all consumers consuming above 200 units per month, Demand Side Management (DSM) through energy efficient equipments, quarterly revision of tariff, comprehensive IEC campaign to check theft of power, assure increased power supply in areas where the Aggregated Technical and Commercial (AT&C) losses have been

[26] The figures pertaining to EBIT of those PSUs having long term loans.

reduced for improving the operational efficiencies. The timeline prescribed for these targeted activities were also required to be followed so to ensure achievement of the targeted benefits *viz.* ability to track losses at feeder and DT level, identification of loss making areas, reduce technical losses and minimize outages, reduce power theft and enhance public participation for reducing the theft, reduce peak load and energy consumption etc. The outcomes of operational improvements were to be measured through indicators *viz.* reduction of AT&C loss to 15 *per cent* in 2018-19 as per loss reduction trajectory finalised by the MoP and States, reduction in gap between average cost of supply and average revenue realised to zero by 2018-19.

Scheme for financial turnaround

1.19.2 The participating States were required to take over 75 *per cent* of DISCOMs debt outstanding as on 30 September 2015 *i.e.* 50 *per cent* in 2015-16 and 25 *per cent* in 2016-17. The scheme for financial turnaround *inter alia* provided that:

- State will issue *'Non Statutory Liquidity Ratio (Non-SLR) bonds'* and the proceeds realised from issue of such bonds shall be transferred to the DISCOM which in turn shall discharge the corresponding amount of Banks/ FIs debt. The bonds so issued will have a maturity period of 10-15 years with a moratorium on repayment of principal upto five years.
- Debt of DISCOM will be taken over in the priority of debt already due, followed by debt with higher cost.
- The transfer to the DISCOM by the State in 2015-16 and 2016-17 will be as a grant which can be spread over three years with the remaining transfer through State loan to DISCOM. In exceptional cases, 25 *per cent* of grant can be given as equity.

Implementation of the UDAY Scheme

1.19.3 The status of implementation of the UDAY Scheme is detailed below:

A. Achievement of operational parameters

The achievement *vis-a-vis* targets under UDAY Scheme regarding different operational parameters relating to the CSPDCL is given in the table – 1.14.

Table - 1.14: Parameter wise achievements *vis-a-vis* targets of operational performance upto 31 March 2018

Parameter	Target period as per MoU	Target	Achievement
Financial turnaround			
Takeover of loans of DISCOMs by GoCG by conversion into grant (in ₹ crore)	2015-16	865.20	870.12 (Achieved)
Reduction of AT & C Loss (in *per cent*)	2017-18	18	19.07
Elimination of ACS - ARR gap (upto ₹ per unit)	2017-18	-0.34	-0.03
Tariff Revision in time	2017-18	Timely filing of Tariff petition	No delay
Billing efficiency (in *per cent*)	2017-18	85.28	84.54
Collection efficiency (in *per cent*)	2017-18	99.66	82.93
Operational turnaround			
Distribution transformers metering (Urban) (in nos.)	2017-18	92,811	1,857
Distribution transformers metering (Rural) (in nos.)	2017-18	1,04,488	3,859
Feeder metering (Rural) (in nos.)	2017-18	2,023	1,687
Rural feeder audit (in nos.)	2017-18	2,793	921
Smart metering above 500 KWH (in nos.)	2017-18	2,92,984	Nil
Electricity access to un-connected households (in lakh)	2017-18	6.40	7.14 (achieved)
Distribution of LEDs under UJALA scheme (in lakh)	2017-18	75	124.85 (achieved)
Physical feeder segregation (in nos.)	2017-18	1179	103

(Source: Compiled based on information received from PSUs)

The State has not initiated action for the smart metering of consumers consuming above 200 units per month, it has performed poorly in metering of DTs in rural areas, feeder metering and feeder segregation, whereas the performance has been excellent in terms of providing electricity to unconnected households and distribution of LEDs. Further, the AT&C loss of the State was 19.84 *per cent* by 2018-19 against the target of 15 *per cent.* So, the State could not achieve the most important target of reduction on AT&C loss.

B. Implementation of Financial Turnaround

1.19.4 With an objective to improve the operational and financial efficiency of the State DISCOMs, Ministry of Power, Government of India (GoI) launched (November 2015) Ujwal Discom Assurance Yojna (UDAY), a scheme for the financial turnaround of power distribution companies.

Memorandum of Understanding (MoU) was signed (January 2016) between Ministry of Power, GoI, Government of Chhattisgarh (GoCG) and Chhattisgarh State Power Distribution Company Limited (CSPDCL) for implementation of the scheme with identified financial and operational targets. As per provisions of the UDAY Scheme and tripartite MoU, out of total outstanding debt (₹ 1,740.24 crore) pertaining to CSPDCL as on

30 September 2015, the GoCG was to take over debt of ₹ 1,305.18 crore (75 *per cent* of total debt) by providing grant of ₹ 870.12 crore during the period 2015-16 and ₹ 435.06 crore during 2016-17.

However, due to exclusion of its borrowings from State Government and CSPDCL bonds, GoCG revised the total debt of CSPDCL by ₹ 1,153.60 crore for which GoCG was liable to provide grant of ₹ 865.20 crore (75 *per cent* of ₹ 1,153.60 crore) only.

Comments on Accounts of Power Sector Undertakings

1.20 Five Power sector companies forwarded their five audited accounts to the Accountant General during 1 January 2018 to 31 December 2018. All the five accounts were selected for supplementary audit. The Audit Reports of Statutory Auditors and supplementary audit conducted by the CAG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the CAG for the accounts of 2015-18 are given in table – 1.15.

Table - 1.15: Impact of audit comments on Power Sector companies

(₹ in crore)

<table>
<tr><th rowspan="2">Sl. No.</th><th rowspan="2">Particulars</th><th colspan="2">2015-16</th><th colspan="2">2016-17</th><th colspan="2">2017-18</th></tr>
<tr><th>No. of accounts</th><th>Amount</th><th>No. of accounts</th><th>Amount</th><th>No. of accounts</th><th>Amount</th></tr>
<tr><td>1</td><td>Decrease in profit</td><td>2</td><td>9.68</td><td>3</td><td>20.75</td><td colspan="2" rowspan="6">The accounts of power sector PSUs for the year 2017-18 were not finalised till 31 December 2018.</td></tr>
<tr><td>2</td><td>Increase in profit</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>3</td><td>Increase in loss</td><td>1</td><td>7.93</td><td>1</td><td>167.79</td></tr>
<tr><td>4</td><td>Decrease in loss</td><td>1</td><td>26.34</td><td>-</td><td>-</td></tr>
<tr><td>5</td><td>Non-disclosure of material facts</td><td>-</td><td>-</td><td>4</td><td>281.62</td></tr>
<tr><td>6</td><td>Errors of classification</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
</table>

(Source: Compiled from comments of the Statutory Auditors/ C&AG in respect of Government companies)

During the year 2017-18, the Statutory Auditors had issued qualified certificates on five accounts. Compliance to the Accounting Standards by the PSUs remained poor as the Statutory Auditors pointed out two instances of non-compliance to the Accounting Standards in one account.

Performance Audit and Compliance Audit Paragraphs

1.21 For Part-1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2018, a performance audit on "Construction and Operation of Atal Bihari Vajpayee Thermal Power Station, Marwa" of Chhattisgarh State Power Generation Company Limited, relating to power sector undertakings were issued to the Principal Secretary of Energy Department, GoCG with request to furnish replies within six weeks. Reply on the performance audit has been received (November 2019) from the State Government and suitably incorporated in this report. The total financial impact of the Performance Audit is ₹ 4,099.47 crore.

Follow up action on Audit Reports

1.22 The Report of the Comptroller and Auditor General of India is the product of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of Chhattisgarh issued (April 2017) instructions to all Administrative Departments to submit replies/explanatory notes to paragraphs/performance audits included in the Reports of the CAG of India within a period of three months after their presentation to the Legislature, in the prescribed format, without waiting for any questionnaires from the Committee on Public Undertakings (COPU).

Discussion of Audit Reports by COPU

1.23 The status of discussion of Performance Audits and paragraphs that appeared in Audit Reports (PSUs) by the COPU as on 31 December 2018 are given in the table - 1.16.

Table - 1.16: Performance Audits/Paragraphs appeared in Audit Reports vis-a-vis discussed as on 31 December 2018

Period of Audit Report	Number of Performance Audits/Paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	Performance Audit	Paragraphs	Performance Audit	Paragraphs
2008-09	-	04	-	02 (4.3.1, 4.3.2)
2009-10	01(CSPGCL)	-	01	-
2010-11	01 (CSPDCL)	01	01	01 (4.3.8)
2011-12	01 (CSPTCL)	05	-	05 (3.6 to 3.10)
2012-13	-	03	-	03 (3.7 to 3.9)
2013-14	-	04	-	-
2014-15	-	06	-	-
2015-16	01(RAPDRP)	01	-	-
2016-17	-	-	-	-

(Source: Compiled based on the discussions of COPU on the Audit Reports)

Compliance to Reports of COPU

1.24 Action Taken Notes (ATNs) on one report[27] of the COPU presented to the State Legislature in March 2006 had not been received (31 December 2018) relating to the State PSUs (Power sector) as indicated in table - 1.17.

Table - 1.17: Compliance to COPU Reports

Year of the COPU Report	Total number of Reports of COPU	Total number of recommendation in COPU Reports	Number of recommendations where ATNs not received
2004-05	01	01	01

(Source: Compiled based on ATNs received on recommendations of COPU from the respective Departments of GoCG)

The above mentioned Reports of COPU contained recommendations in respect of paragraphs pertaining to the erstwhile Chhattisgarh State Electricity Board which appeared in the Report of the CAG of India for the year 2004-05.

[27] Pertaining to Energy Department, GoCG, which appeared in the reports of the CAG of India for the year 2004-05.

Chapter - 2

CHAPTER-2

2. Performance Audit of Power Sector Undertakings

Performance Audit on "Construction and Operation of Atal Bihari Vajpayee Thermal Power Station, Marwa" of Chhattisgarh State Power Generation Company Limited

Introduction

2.1 Chhattisgarh State Electricity Board (CSEB) was formed on 15 November 2000 to generate transmit and supply power in the State of Chhattisgarh. In January 2009, CSEB was unbundled and activity relating to generation of power was transferred to Chhattisgarh State Power Generation Company Limited (Company), which was incorporated on 19 May 2003.

The CSEB appointed (22 December 2004) M/s Desein Private Limited, New Delhi for preparation of Feasibility Report (FR) at a cost of ₹ 4.41 lakh for setting up of Thermal Power Plant in Janjgir-Champa District who submitted its report in February 2005. CSEB approved (March 2005) establishment of a coal based 2x500 MW green field power project at Marwa in Janjgir-Champa District of the State based on feasibility report. The justification for establishment of Power Plant at Marwa as per feasibility report is as under:

i) Feasibility Report envisaged availability of 11,011.32 Million Units (MUs) against demand of 15,146.04 MUs during 2005-06 which will increase to 33,945 MUs and 31,527.24 MUs respectively by 2011-12. To meet the growing demand during next five years requirement of plant was felt.

ii) One of Power plant at Bhaiyathan which was under execution has become uncertain due to local public resistance.

iii) Easy availability of water, rail and road link.

iv) Power Finance Corporation also agreed with the suitability of project site.

Accordingly, CSEB appointed (18 July 2005) M/s Desein for preparation of Detailed Project Report (DPR) for the project at a cost of ₹ 5.51 lakh who gave its report in May 2006. M/s Bharat Heavy Electricals Limited (M/s BHEL) was appointed (17 August 2005) for preparation of Environment Impact Assessment (EIA) Report at a cost of ₹ 28.65 lakh and report was submitted by BHEL in January 2007.

Detailed Project Report envisaged demand of 18,834 MUs during 2005-06 against availability of 15,624.80 MUs which were estimated to increase to 38,982 MUs and 46,089.40 MUs respectively by 2011-12. On the basis of DPR and EIA report CSEB accorded (January 2008) approval for awarding of project. Against the estimated demand and availability of power as per DPR actual were 18,908.53 MUs and 18,767.58 MUs respectively during 2011-12. This indicates minor gap between demand and supply.

Chhattisgarh State Electricity Board decided (March 2008) to award the Main Plant (Boiler, Turbine and Generator) work at a cost of ₹ 2,256.91 crore to BHEL on the same techno commercial conditions on which National Thermal Power Corporation Limited (NTPC) had placed order for 2X500 MW TPP

Mauda project. However, important conditions relating to payment terms, liquidated damages, delivery schedule and price variations ceiling were adopted (March 2008) with modification. The agreement was executed with BHEL on 10 September 2009. Similarly, work for Ancillary works (Demineralised Water Plant, Cooling Tower, Coal Handling Plant and Ash Handling Plant) was awarded at a cost of ₹ 1,633.71 crore to M/s BGR Energy System Limited (BGR) in August 2009.

The cost of project as per DPR was ₹ 5,119.84 crore. The project was to be completed on 30 November 2012 however, same was completed on 31 July 2016 with time overrun of three years eight months and cost overrun of ₹ 3,772.67 crore upto 31 March 2019. The Project was subsequently renamed (September 2018) as "Atal Bihari Vajpayee Thermal Power Station (ABVTPS)."

Even after commissioning of the both the units of the Marwa Power Plant the Company failed to achieve the objective of generation of at least 850 MW (at 85 *per cent* PLF) per hour power it could generate only 575 MW per hour. The main reasons attributable for non achievement of targeted generation during 2016-19 were poor performance of the both the units due to installation of defective turbine, non-availability of spare generator transformer and poor quality of coal.

Organisational Setup

2.2 The Management of the Company is vested with a Board of Directors (BoDs) comprising five directors appointed by the State Government. The day to day operations are carried out by the Managing Director (MD), who is the Chief Executive of the Company with the assistance of Executive Directors (ED), Chief Engineers (who head each Station), and Superintending Engineers. The Chief Engineer (Generation), ABVTPS is responsible for the day-to-day operations of the plant.

Audit Objectives

2.3 The Performance Audit was carried out to assess whether:

- Planning of project was adequate and effective to ensure that the project was executed economically, efficiently and effectively.
- The project achieved operational efficiency as per the prescribed norms/ standards.
- Internal control and monitoring was effective and adequate.

Scope of Audit and Audit Methodology

2.4 The Performance Audit covered the planning, construction and operational activities of the ABVTPS (2X500 MW), Marwa since "in principle approval (2004-05)" for the project to operations of the project till March 2018.

Audit methodology involved scrutiny of records maintained by the Company, Chhattisgarh State Power Distribution Company Limited (CSPDCL), Chhattisgarh Environment Conservation Board (CECB), and ABVTPS. Analysis of data with reference to audit criteria and issue of audit observations. Joint physical verification of assets created under the project was taken up alongwith the Company officers. Besides, information available on the official websites of Central Electricity Authority (CEA), Chhattisgarh State Electricity Regulatory Commission (CSERC), Central Electricity Regulatory Commission (CERC) and Ministry of Power, GoI were utilised.

The objectives, scope and methodology of the performance audit were intimated to the Special Secretary, Department of Energy, Government of Chhattisgarh (GoCG) on 10 January, 2019 but no response was received hence no entry conference was held. The audit findings were reported to the Company and GoCG on May 2019. The Exit Conference was held with the Principal Secretary, Department of Energy and the MD of the Company on 15 May 2019. The reply of the Government was received in November 2019. Views expressed by them in the Exit Conference and reply of the Government have been considered while finalising the Performance Audit Report.

Audit acknowledges the cooperation extended by the Management in timely completion of Audit.

Audit Criteria

2.5 The source of audit criteria adopted for achievement of the audit objectives were:

- Guidelines/norms/orders of Central Electricity Regulatory Commission (CERC), Central Electricity Authority (CEA), Chhattisgarh State Electricity Regulatory Commission (CSERC) and instructions of Ministry of Power (MoP), Government of India (GoI) and Government of Chhattisgarh (GoCG) with regard to construction and operation of thermal power stations;
- BoDs minutes and agenda papers, FR, DPRs, design specifications, project implementation schedule, tender documents, agreements, Works Department (WD) Manual; and
- Environmental norms fixed by the Central Pollution Control Board (CPCB), Chhattisgarh Environment Conservation Board (CECB) and Ministry of Environment, Forest and Climate Change (MoEF&CC).

Audit Findings

The audit findings are discussed in the succeeding paragraphs.

Planning

2.6 In this part, audit findings related to deficiencies in planning of pre-execution activities have been discussed:

Activity wise deficiencies noticed in planning have been discussed in succeeding paragraphs:

Feasibility Study and Detailed Project Report

2.6.1 After conceptualisation of a project, feasibility study report is prepared. This include site specification study, comments on statutory clearances, size of the Thermal Power Plant (TPP), technology to be used, cost estimates, financial analysis and investment approval of the project etc. Thereafter, the DPR of the project is prepared.

The FR (February 2005) and DPR (May 2006) was prepared by M/s Desein Private Limited (Consultant), who was selected[1] on lowest tender basis for which limited tenders were invited.

Audit observed (November 2018) that DPR was prepared in May 2006 while EIA report was prepared by M/s BHEL[2] in January 2007. However, it should have been part of DPR.

Further, it was also observed that nature of available land was not correctly envisaged at FR/DPR there were deficiencies in acquisition of land as discussed below.

- As per scope of work of consultant for preparation of DPR, Desk-top study of maps was to be done by the consultant. There was no provision for detailed survey for selection of site. Further, joint team of CSEB officers and consultant visited at three locations[3] and selected the Marwa site. Accordingly, the consultant prepared the DPR. As per the DPR 80 *per cent* land was barren and 20 *per cent* agricultural. However, the Company neither conducted detailed survey nor verify the revenue records of land to assess the nature of land. The Company acquired total 1,728.73 acre land out of which only 283.77 acre (16.41 *per cent*) land was barren and remaining 1,444.96 acre (83.59 *per cent*) was agricultural land. These facts were verified[4] (April 2019) by the Audit from the revenue records of department in three days time. This could have been done by the Chief Engineer (Civil-Project 1) *abinitio*. As a result 15 Rehabilitation and Resettlement (R&R) issues, protest of land oustees, strike, *kaamroko*, *talabandi* took place which hampered the project work.

  The Government stated (October 2019) that total acquired land was 1,766.60 acre out of which 790.04 acre was barren therefore the actual ratio of barren and agriculture land was 44.72:55.28.

  The reply is not acceptable as the Company considered all government land as barren though it was used for agricultural purpose. Hence, ratio of agricultural and barren land was 83.59:16.41.

- Similarly, as per the FR/DPR/EIA there was no forest land in project area. However, while executing the project the Company had to acquire 282.57 acre forest land valuing ₹ 9.58 crore. This resulted in delay of three years and six months in acquisition of 175.93 acre forest land for alternative afforestation although it has no impact on commissioning of plant.

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[1] In December 2004 for preparation of FR and in July 2005 for preparation of DPR.
[2] Awarded cost was ₹ 28.65 lakh
[3] Marwa, Jarwe and Kurda
[4] Land acquired from Villagers/private parties.

The Government stated (October 2019) that identified land for project was forest land.

The reply is not acceptable as during the preparation of FR/DPR/EIAR the Company failed to identify that there was forest land.

- As per GoCG order (8 September 2006) the government land was to be allotted to the Company at a nominal cost of one rupee. The Company acquired 755.63 acre government land from GoCG. However, the district administration in respect of two villages[5] out of 10 villages allotted land at ₹ 7.01 crore whereas in remaining villages, land was allotted at nominal rate. Superintending Engineer (Land Acquisition), ABVTPS initiated the payment and the same was approved by the Chief Engineer (Civil Project) of the Company. Despite request of the Company this amount was not refunded (May 2019) by the district administration leading to avoidable additional burden on consumers.

While accepting the observation the Management stated (December 2018) that process for refund of cost of land is under progress.

- The District Land Acquisition Officer (DLAO) acquired 977.66 acre of land which took abnormal time of more than one year in two cases[6] of land allotment, since receipt of application to award of order.

  The Government stated (October 2019) that the delay in acquisition of land after passing of award was due to non acceptance of compensation by the concerned project affected persons.

  Reply does not address the issue because audit has pointed out the delay before award of order for land acquisition.

- While granting (5 February 2008) Environment Clearance (EC) the MoEF&CC, GoI directed that no land in excess of 1,254.76 acre shall be acquired for any utilities/facilities relating to this project. However, in violation of EC condition the CE (Civil Project) acquired (till April 2017) total 1,728.73 acre land, against limit of 1,254.76 acre which was 38 *per cent* higher than the limit fixed for which no approval was obtained from the MoEF&CC and reasons for the same were not on record resulting in cost of project was increased by ₹ 63.32 crore. In such a situation the MoEF&CC could revoke the clearance but no such action was taken.

  The Government stated (October 2019) that total acquired land for ABVTPS was originally conceived to accommodate expansion units under the said project. Accordingly, 1,201.58 acre land was acquired for present 1,000 MW ABVTPS and remaining of land was acquired for expansion unit of plant.

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[5] Taga and Pauna village

[6] 145.52 acre and 18.91 acre at Lachhanpur and Marwa respectively.

The reply is not acceptable as it seems to be an afterthought as neither in DPR nor at the time of approval from MoEF&CC the Company mentioned about the future expansion of plant. Further, the Company did not obtain approval from MoEF&CC for excess acquisition of land.

Recommendation:

The Company should always assess and carry out the detailed survey of land before proceedings for acquisition of land. It may also consider to take action against responsible officials who failed to assess the nature of land.

Contract Management

2.7 Contract Management includes inviting tenders, evaluation of tenders, deciding the terms and conditions of the contract, award of work and enforcement of terms and conditions of the contract. The Company executed two major contracts valuing ₹ 3,890.62 crore[7] relating to BTG and BOP contracts on Engineering, Procurement and Construction (EPC) contract basis. Deficiencies noticed in award of work, terms and conditions entered into and non compliance of terms and conditions of contracts are discussed below:

Irregularities by Project execution management consultant

2.7.1 The Chairman of the Company approved (August 2008) to award the work to M/s Development Consultant Private Limited (M/s DCPL) at a total cost of ₹ 13.99 crore as Project execution Management Consultant (PMC) on limited tender basis from the approved vendor list of Power Finance Corporation (PFC).

The major scope of work of M/s DCPL was approval/review of drawings/design, documents to be submitted by the BTG and BOP contractors, quality surveillance and assurance, supervision, testing and commissioning of the plant equipments and project monitoring from concept to completion.

Following irregularities were noticed on part of the consultant:

Approval of incorrect specifications of material led to non-installation of Weigh Bridge

2.7.1.1 As per the work awarded to M/s BGR Energy System Limited (M/s BGR), they are required to supply in motion weigh bridge for weighment of coal received from South Eastern Coalfield Limited (SECL) through railway infrastructure from Naila Railway station to plant yard. M/s BGR submitted design for in-motion Weigh Bridge for 52 kg /mtr rail for approval of M/s DCPL who approved (March 2012) the same without examining that rail network is designed for 60 kg /mtr rail. Accordingly M/s BGR supplied (August 2012) in-motion Weigh Bridge for 52 kg /mtr rail. Due to mismatch in specifications in-motion Weigh Bridge could not be commissioned till (May 2019). Further, SE (Fuel Management) also failed to notice the incorrect specifications approved by the M/s DCPL due to lack of supervision. He also failed to pursue the matter vigorously for procurement of required in motion Weigh Bridge for early commissioning. It is pertinent to mention that cost of

[7] BTG erection – ₹ 314.91 crore, BTG supply- ₹ 1,942 crore, BOP erection – ₹ 691.86 crore, BOP supply- ₹ 941.85 crore

in-motion weigh bridge was ₹ 20 lakh only and the Company received coal worth ₹ 1,681.52 crore during the period 2016-19 but same could not be measured to ascertain coal lost in transit. The Chhattisgarh State Electricity Regulatory Commission has specified norm of 0.50 *per cent* for coal lost in transit.

The Government stated (October 2019) that the in-motion weigh bridge has been installed and commissioning is in progress.

The fact remains that due to delayed installation of weigh bridge coal received during three years period could not be measured.

Non-recovery of penalty of ₹19.71 crore

2.7.1.2 The Natural Draft Cooling Tower (NDCT)[8] is a semi closed device for evaporative cooling of water by contact with air. The main function of cooling tower is to remove waste heat into the atmosphere from condenser.

Audit observed (January 2019) that as per technical specification M/s BGR was to install 16 Automatic Valve less Gravity (AVG) filters in the NDCT but only six AVG filters were installed up to January 2019. As required number of AVG filters were not installed the required normative temperature i.e. 33°C could not be maintained. This resulted in high temperature above the norm at the outlet of cooling tower ranged between 0.28°C to 6.89°C during the period March 2016 to December 2018 (Unit-1) and 0.17°C to 4.36°C during the period February 2017 to November 2018 (Unit-2). The Company appointed (7 April 2017) NTPC as third party for conducting Performance Guarantee (PG) test. The PG test for Cooling Tower was conducted in the month of October 2018 instead of during summer month defeating the objective of PG test and the same was approved by the consultant even after its poor performance, resultantly the cooling towers had failed to maintain outlet temperature. The ED (PRG 1) failed to enforce the penalty of ₹ 19.71 crore[9] as per the Letter of Award (LoA)[10] so far (May 2019).

The Government stated (October 2019) that PG test was conducted by M/s NTPC and test report confirms that the cooling towers are fully complying with the terms and conditions of the contract document as well as the designed characteristics of the said cooling towers.

Reply is not acceptable because PG test was conducted in October 2018 and temperature of cooling towers were within the guaranteed outlet temperature of 33°C. However, as per the contract agreement the same should be in all weather conditions which it failed to maintain. Hence, the penalty of ₹ 19.71 crore was to be recovered from contractor as per contract.

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8 NDCT are large concrete chimneys to introduce air through the media. The hot water is introduced into the tower through spray nozzles approximately 10 m above the basin. The main function of the spray zone is to simply distribute the water evenly across the tower. The water passes through a small spray zone as fast moving droplets before entering the fill. This significantly increases the surface area for heat and mass transfer.

9 ₹ 12.07 crore (₹ 35 lakh for every 0.2°C x 6.9) for unit – 1 and ₹ 7.64 crore (₹ 35 lakh for every 0.2°C x 4.37) for Unit – 2

10 ₹ 35 lakh for every 0.2°C or part thereof increase over and above the guaranteed temperature of 33°C

Delay in approval of drawings

2.7.1.3 M/s DCPL took one month to 15 months for review/approval of drawings[11] result of which execution work was delayed.

Deficient terms and conditions of BOP and BTG contract

2.7.2 Works Department Manual, GoCG restricts advance against materials brought to site by the contractor at 75 *per cent* of the value assessed by the Engineer-in-charge. The recovery of such advances shall be made from each succeeding running bill, to the extent of the materials that have been consumed in the relevant finished item.

Audit observed (November 2018) that the Company accepted the terms and conditions for supply of material under BOP contract as 90 *per cent* advance against permissible limit of 75 *per cent* and only 10 *per cent* of the contract price was linked with Commercial Operation Date (COD) and PG test. The Company released bulk of the payment of ₹ 847.67 crore[12] against due amount of ₹ 706.39 crore[13] before COD. Resultantly, the contractor showed very little interest to complete the work in time because on schedule date of completion of project (November 2012) 40.37 *per cent* work was completed.

Similarly, the terms and conditions for payment for BTG contract were 15 *per cent* interest free initial advance against Bank Guarantee, 60 *per cent* progressive payment against proof of dispatch for supply, 20 *per cent* against receipt of materials at site, 2.5 *per cent* on COD and 2.5 *per cent* Performance Guarantee (PG) test for each unit. However, the Company released 95 *per cent* on receipt of material at site against permissible limit of 75 *per cent* and only five *per cent* of the contract price was linked with COD and PG test, and bulk of the payment of ₹ 1,752.75 crore against due amount of ₹ 1,383.75 crore was released before COD. Resultantly, the contractor showed very little interest to complete the work in time because on schedule date of completion of project (November 2012) 36.82 *per cent* work was completed.

The Government stated (October 2019) that progressive payment of 60 *per cent* was released to M/s BHEL to facilitate smooth execution of work.

Reply is not acceptable as the Company released 95 *per cent* payment against the delivery of material at site to M/s BHEL. So, the bulk of the payment had been released before COD, and the contractor showed less interest in completing the project as he had already realised the profit element. This also contributed to delay in completion of project.

Recommendation:

The Company should safeguard its financial interest while determining the terms and conditions of the contract relating to release of advances in future projects.

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[11] Relating to lightening protection lay out for CHP building, fire water pump house footing layout, layout of ventilation fans/air conditioning plant room in TG building and ID system foundation plan

[12] ₹ 941.85 crore x 90 *per cent*

[13] ₹ 941.85 crore x 75 *per cent*

Payment of interest free advances to M/s BHEL

2.7.3 As per Central Vigilance Commission (CVC) guidelines standard benchmark advances should be interest bearing and recovery should be time based and not linked with the progress of the work. Further, in other contracts the Company provided interest bearing advances to the contractors.

Audit observed (November 2018) that the Company availed loan of ₹ 7,365.38 crore as on 31 March 2018 from M/s PFC to finance the ABVTPS project. The rate of interest ranged between 9.90 *per cent* and 13 *per cent*. As per terms of payment, the Company released (23 April 2008) ₹ 276.75 crore[14] as interest free advance towards supply of material and ₹ 25.40 crore (24 March 2009) as interest free mobilisation advance for the work of erection, testing & commissioning to M/s BHEL. The Company recovered the whole advance against supply in 3,347 instalments from the invoices furnished by M/s BHEL during the period from February 2009 to June 2017 and mobilisation advances in 345 instalments by February 2018. As per prudent business practice, interest free advances to vendor should be avoided. PFC loan being costly, the Company should have provided interest bearing advance to M/s BHEL. This has resulted in extension of undue advantage to M/s BHEL and consequent loss of realisable interest of ₹ 87.66 crore[15] to the Company. Though, mobilisation advances were paid to ensure speedy execution of the work, the project was not completed in time. It is pertinent to mention that a similar case had also been pointed out earlier in Audit[16].

The Government stated (October 2019) that CVC guidelines are neither adopted by GoCG nor by the Company. Further, the Government stated that by providing interest free advance to the bidders the Company has attracted competitive bids at comparatively low price. The Government also stated that NTPC in its Mauda project had given advance.

The reply is not acceptable as the Company should have followed CVC guidelines as a best practice in absence of GoCG/Company's guidelines. Further, the reply regarding attracted competitive bids is factually incorrect because the Company selected M/s BHEL on negotiation basis. Apart from it the Company failed to follow the terms and conditions of the NTPC, Mauda project where interest bearing advance was provided to M/s BHEL.

Acceptance of percentage contract

2.7.4 As per CVC guidelines standard benchmark consultant's fee should be fixed on the original contract value. In other case the Company limit the consultant fees upto the contract value.

The Company awarded (December 2008) the work of engineering/ consultancy and supervision of BTG civil works and Chimney on cost plus 10 *per cent* of the contract value to M/s BHEL. The value of work order of

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[14] 15 *per cent* of the value of contract i.e. ₹ 1,845 crore

[15] Loss of interest ₹ 76.14 crore on supply advance i.e. ₹ 276.75 crore and ₹ 11.52 crore on mobilisation advance i.e. ₹ 25.40 crore which was calculated at the rate of 9.90 *per cent* on minimum rate of interest of loan availed from PFC.

[16] Para 4.2.10.2 of Audit Report (Civil and Commercial) of CAG of India for the year ended 31 March 2010, Government of Chhattisgarh.

BTG civil work and Chimney was ₹ 180.10 crore[17] and the Company paid ₹ 194.82 crore including price escalation of ₹ 19.18 crore against the same. This has resulted in additional cost burden of ₹ 1.92 crore as supervision charges on price escalation. Had the Company adopted lump sum (Firm/fix price) contract instead of percentage contract additional cost burdened could have been avoided.

The Government stated (October 2019) that the CVC guidelines are neither adopted by GoCG nor by the Company. The Government further stated that the Company placed work order after getting approval of the Competent Authority, which is comparable with the other similar orders and all sincere efforts were made to have reasonable price for the BTG package as well as execution of civil works under the contract.

The reply is not acceptable as the Company should have followed CVC guidelines as a best practice in absence of GoCG/Company's guidelines. Further, the Government reply did not address the issue of acceptance of percentage contract.

Recommendation:

The Company should award the consultancy works with long completion period on firm price basis considering CVC guidelines as standard benchmark.

Project Execution

2.8 The project execution includes effective actions to resolve bottlenecks, ensuring quality control through different test for material used in the project, ensuring that the work was executed as per terms and conditions of the contract, deviation in achieving of milestone of various activities, if any is duly approved by the competent authority.

Slippage of Project schedule

2.8.1 Board of Directors (BoDs) awarded (March 2008) BTG work to M/s BHEL on negotiation basis. Notification of Award (NoA) was issued (April 2008) for supply and erection of BTG package amounting to ₹ 2,256.91 crore[18] and completion of Facilities/COD was to be achieved by 30 September 2012 and 30 November 2012 for Unit-1 and Unit-2 respectively after change in zero date. However, there was no change in the date of completion of facilities for supply of material.

Similarly, the Company issued (25 August 2009) LoA to M/s BGR for BOP Package of the Project at a total cost of ₹ 1,633.71 crore[19] with schedule period of 30 months. Thus, the completion of facilities was to be achieved by 24 February 2012.

[17] Order value of BTG Civil work was ₹ 156.19 crore + Order value of Chimney supply and erection work was ₹ 23.91 crore

[18] Supply ₹ 1,942 crore and for erection ₹ 314.91 crore

[19] Supply ₹ 941.85 crore and for erection ₹ 691.86 crore

The major milestones of the project, achievement there against and delay (if any) is given in table - 2.1.

Table - 2.1: Details of major milestone of the Project

Sl. No.	Major Milestones	Unit-1			Unit-2		
		Target	Actual	Delay[20] (in months)	Target	Actual	Delay (in months)
BTG Work							
1	Commencement of Boiler Erection	30-01-10	15-02-10	0	30-03-10	26-04-10	1
2	Erection of boiler structure i.e. Boiler drum lifting	31-08-10	06-08-10	-1	21-10-10	06-03-11	4
3	Commencement of Condenser erection	30-11-10	07-03-11	4	31-01-11	15-10-11	4
4	Hydraulic Testing of Boiler	30-08-11	05-10-11	-2	30-10-11	06-09-12	2
5	Commencement of TG Erection	21-12-11	23-02-13	13	21-02-12	02-12-13	11
6	Commencement of TG Oil Flushing	28-12-11	14-02-13	-1	28-02-12	29-03-14	4
7	Boiler ready for testing	30-01-12	14-01-13	-2	30-03-12	08-05-14	0
8	Steam Blowing in Boiler	31-03-12	26-10-13	7	31-05-12	03-09-14	2
9	Barring Gear i.e. rotation of turbine generator	21-04-12	09-11-13	0	21-06-12	17-01-15	3
10	Rolling and synchronisation	26-05-12	21-12-13	1	28-07-12	31-03-15	1
11	COD	30-09-12	31-03-16	23	30-11-12	31-07-16	12
BOP work							
1	Availability of DM water	24-03-11	23-04-17	Completed after COD	24-03-11	23-04-17	Completed after COD
2	Readiness of Cooling Tower	24-10-11	23-04-17	Completed after COD	24-10-11	23-04-17	Completed after COD
3	Coal Handling Plant	24-02-12	01-05-17	Completed after COD	24-02-12	01-05-17	Completed after COD
4	Ash Handling Plant	24-02-12	01-05-17	Completed after COD	24-02-12	01-05-17	Completed after COD
(Source: Data compiled with the records of the Company)							

It is clear from the table that Unit-1 and Unit-2 of the project were delayed by 42 and 44 months respectively. The projects were being monitored at different levels of management i.e. Project Manager at site, ED/CE (PRG 1), MD and Chairman at Company's Headquarters. At Headquarters level every month progress of project as a whole was reviewed. It also discussed various issues causing hindrances in the progress of projects and tried to resolve them along with responsibility centres. Besides above, the Energy Department, GoCG and MoP, GoI also monitoring the ABVTPS project to ensure its timely completion. However, these meetings had no significant impact in containing

[20] Delay was calculated on the basis of difference between target date and actual date of one stage to next stage.

delay in commissioning of ABVTPS project as Unit-1 and Unit-2 were not completed within schedule time period. It is pertinent to mention here that in spite of comment on delay in execution of projects being pointed out by CAG[21], no corrective measures were taken by the Company. The main reasons for time overrun are discussed below:

Delay in execution of agreement

2.8.1.1 As per clause 10.0 of NoA (April 2008), M/s BHEL was required to prepare and finalise the contract documents for signing of the formal contract agreement and shall enter into the contract agreement with the Company, as per the proforma acceptable to CSEB, within 28 days from the date of NoA. The CE (PRG 1) executed an agreement on 10 September 2009 with abnormal delay of 16 months (after considering 28 days i.e. from 9 May 2008). The reasons for such delay were attributable to delay in finalisation of scope of work (Bill of Quantity) and terms and conditions of the contract for different works which were to be carried out under the contract and delay in finalisation of agency to carry out BTG civil works.

The Government stated (October 2019) that there was no impact of delay in execution of agreement in the project execution as M/s BHEL started supply of various items prior to execution of contract agreement.

Reply is not acceptable as in the absence of agreement there was significant delay of 16 months in issuing essentiality certificate[22] which caused delay in supply of imported material by M/s BHEL and contributed in delay in completion of milestone at further stage.

Delay in Supply of material

2.8.1.2 The supply of materials which were used in assembling of Boiler, Turbine and Generator valuing ₹ 1,845 crore was to be completed upto January 2012 and March 2012 for Unit-1 and Unit-2 respectively by M/s BHEL. However, there was inordinate delay in supply of material due to:

- delay in issuing essentiality certificate: After delay of 16 months in entering into agreement with M/s BHEL, process for issuing essentiality certificate was initiated. M/s BHEL initially applied for the essentiality certificate with incomplete/ unsigned documents which were further submitted with a delay ranging from one to nine months[23]. The Chief Engineer (PRG 1) forwarded the same to Energy Department with delay ranging from one to five months, reasons for the same were not on record and Energy Department issued essentiality certificate with further delay ranging from two to eight months due to lack of pursuance by the Chief Engineer (PRG 1) with the Department. Thus, total delay in issuing essentiality certificates for different units[24] of M/s BHEL ranged between

[21] Para No. 4.2.9.2 of Audit Report (Civil and Commercial) of CAG of India for the year ended 31 March 2010, Government of Chhattisgarh.
[22] Essentiality certificate is required to avail concessional rate of custom duty on the imports made for Power Projects.
[23] Delay was considered after date of contract agreement i.e. 11 September 2009 instead of date of original application submitted with incomplete documents by M/s BHEL
[24] EDN Bangalore, HPBP Trichy, Piping Centre Chennai, HEEP Haridwar and Hyderabad Pumps

three to 16 months.

- delay in issuing of Material Dispatch Clearance Certificate[25] (MDCC) of M/s BHEL, Haridwar by the Chief Engineer (PRG 1) which ranged between one to five months due to submission of incomplete documents by M/s BHEL viz. test certificates, packing slip, etc. and delay in approval of materials by M/s DCPL.
- delay in receiving back, material[26] transferred to other projects by M/s BHEL viz. Korba West Extension, Damodar Valley Corporation (DVC), Koderma, DVC Andal, Bhusawal, etc. The monitoring mechanism of the Company failed in coordinating with main plant contractor to ensure timely supply of critical equipment in case of ABVTPS project.

The Government stated (October 2019) that analysis of delay in supply is in progress and appropriate action would be taken as per contractual provisions. The Government further stated that due to requirement of additional information from the Company or M/s BHEL for issuing essentiality certificate, delay occurred.

Reply is not acceptable as audit has quantified the delay for issuing essentiality certificate after considering time taken for additional information and further clarification required.

Delay in awarding and completion of BTG civil works

2.8.1.3 As per recommendation of the negotiation committee (March 2008), CE (Civil Project) was to finalise the tender for associated BTG civil works[27], however, it failed to do so for which reasons were not on record. Subsequently, same was included (September 2008) in the scope of M/s BHEL as a result, zero date was shifted from 11 April 2008 to 31 December 2008 and completion period was also extended by nine months. Further, M/s BHEL issued (24 August 2009) Letter of Intent (LoI) to M/s Bridge & Roof Co. (I) Limited, (B&R) at a total contract value of ₹ 156.19 crore with scheduled completion period of 42 months from the date of LoI. The work was to be completed by 23 February 2013 in all respect. However, the BTG civil work was completed with abnormal delay of 46 months i.e. on 31 December 2016 due to protest of land oustees by 187 days in phased manner, delay ranged between one to nine months in approval of drawings by M/s DCPL, deployment of inadequate manpower, non-providing of fronts by BOP contractor and non-payment of price variation bills by the Company.

The Government stated (October 2019) that there was procedural delay in awarding of BTG civil work such as calling limited offers, getting approval from higher authority etc.

The fact remains that there was significant delay of nine months in awarding of BTG civil works by the Company to M/s BHEL and further delay of four

[25] MDCC is an authorisation certificate for dispatch of materials from works to project site.
[26] Material used for assembling of Boiler, Turbine and Generator such as ID fan blade and motor, generator exciter, jacking oil pump etc.
[27] Site leveling and grading, Civil, Structural and architectural job of power block and other miscellaneous foundation and structures for Unit 1 and Unit 2

months by M/s BHEL in awarding work to M/s B&R. Further, reply does not address the issue for delay of 46 months in execution of civil works.

Delay in awarding and completion of construction of 275 meter twin flue Chimney

2.8.1.4 M/s BHEL awarded (September 2009) the work of construction of 275 meter high Reinforced Cement Concrete (RCC) twin flue steel lined chimney for ₹ 24.81 crore to M/s Gannon Dunkerley & Company Limited (GDCL), Kolkata but it was cancelled due to Chimney accident (23 September 2009) at BALCO, Korba being executed by GDCL. M/s BHEL re-awarded (5 April 2010) work to M/s Prasad & Company Limited, Hyderabad after a lapse of six months to be completed by November 2012. However, the same was completed on 30 April 2014 with an abnormal delay of 18 months attributable delays were, three months in casting of chimney raft mainly due to non-providing of construction drawings for Plain Cement Concrete (PCC) by M/s BHEL, delay of six months due to in casting of chimney shell and nine months in structural erection mainly due to non availability of chimney slab grade drawing by M/s BHEL, protest of land oustees and non-providing of experienced engineer for flue cane[28] and structural steel work by M/s BHEL.

While accepting the audit observation the Government stated (October 2019) that appropriate action would be taken for delay as per contractual provisions at the time of closure of contract.

Delay in completion of facilities under BOP contracts

2.8.1.5 As per agreement with M/s BGR various activities like availability of De-mineralised (DM) water, readiness of NDCT, Ash Handling Plant (AHP) and Coal Handling Plant (CHP) of the BOP package were to be completed upto February 2012, however the same was completed with delay ranged between 63 months and 74 months from schedule date of completion. The main reasons attributable to delay in completion of BOP works are discussed below:

- **Non deployment of adequate manpower:** As per agreement M/s BGR was required to adopt three shift working by deploying additional manpower and resources however, the contractor had deployed less number of manpower (1,800-1,900) at site against the requirement of 4,000 i.e. deployment was less than 50 *per cent* throughout the execution period. The deployed vendors were not adequately equipped to carry out the work in a time bound manner.
- **Delay in approval of drawings:** The drawings were approved with delay ranged between one to 15 months by the consultant (M/s DCPL).
- **Protest of land oustees:** The total protest of land oustees of 187 days in phase manner affected the execution of BOP work.
- **Delayed payment by M/s BGR:** The Company processed and passed the bills of M/s BGR in line with provision contained in the contract however,

[28] A flue cane is a duct, pipe or opening in a chimney for conveying exhaust gases from a fire place, furnace, boiler to the outdoors.

M/s BGR did not make payment to its sub vendor which affected the work adversely.

- **Crusher house fire incident**: Unit-1 was synchronised with coal for COD on 23 June 2015 and the load was increased upto 300 MW. However, due to fire accident occurred in the crusher house of coal handling plant on 14 July 2015, the COD of Unit-1 could not be achieved by the scheduled time i.e. August 2015. It was observed that M/s Allen Engineering, as sub-vendor of BGR, was not approved by CE (PRG 1) of CSPGCL and the welding work was carried out without taking prior permission. M/s BGR did not commission fire detecting and extinguishing system and CCTV cameras for protection against such incidences. Further, despite having excess[29] manpower in the plant it could not watch the unauthorised activities carried out by M/s BGR. The crusher house was restored on 22 February 2016 after more than seven months.

Thus, due to slow execution of work by M/s BGR critical civil works like various floors of thermal plant, dust suppression of pump house, sewage treatment plant, ash handling plant, coal handling plant and NDCT could not be completed till commissioning of plant. The monitoring mechanism of the Company could not ensure that such activities were carried out in timely manner.

While accepting the audit observation the Government stated (October 2019) that appropriate action would be taken against M/s BGR as per contractual provisions at the time of closure of contract. Further, the Company has taken action against responsible officials by withholding the increments with cumulative effects for fire incident.

Delay in commissioning of Unit-1 and 2 due to non-settlement of payment issue with M/s BHEL

2.8.1.6 The Company decided (9 February 2016) COD of Unit-1 and 2 in the month of February 2016 and March 2016 respectively. Accordingly, the Company requested to M/s BHEL for engaging commissioning engineers to complete balance work but M/s BHEL did not engage adequate commissioning engineers for the same due to non-settlement of outstanding payment of ₹ 65 crore. After assurance of the Company to release ₹ 32 crore payment, M/s BHEL deployed the engineers. Finally, the COD of Unit-1 was achieved on 31 March 2016 after the delay of one month.

Similarly, due to non-settlement of pending payment issue[30], M/s BHEL did not engage adequate manpower to rectify the defect of Unit-2 in all respect prior to COD of Unit-2. As a result the Company could not achieve the COD of Unit-2 in March 2016. After vigorous persuasion by the Company, M/s BHEL deployed the adequate manpower and same was achieved on 31 July 2016 after the delay of four months.

The Government stated (October 2019) that the decision of the Company to

[29] Excess manpower for Class I (EE to ED) ranged between 1.34 *per cent* to 75.75 *per cent*, for Class II (AE) 42.86 *per cent* to 295.45 *per cent* and for Class III (JE) 30.33 *per cent* to 173.12 *per cent* during the period from 2011-12 to 2016-17.

[30] Due to disagreement between the both on payment of price variation.

withhold the payment of M/s BHEL was in the interest of the project implementation.

The fact remains that due to non-releasing of payment by the Company COD of Unit-1 and Unit-2 was delayed by one and four months respectively.

Impact due to delay in commissioning

2.8.2 The Commercial Operation Date (COD) of Unit-1 and Unit-2 was scheduled in September 2012 and November 2012, however, the COD of Unit-1 and Unit-2 were achieved in 31 March 2016 and 31 July 2016. Delay in COD attributable to loss of generation, rebate on PFC loan, return on equity, procurement of power at higher rates and interest beyond scheduled completion date as discussed below:

Time overrun in commissioning of ABVTPS resulted in generation loss of 16,440.07 MUs.

- The COD of Unit-1 and 2 of ABVTPS, Marwa were delayed by 42 and 44 months respectively, had Unit-1 and 2 were completed within the scheduled period, considering the average generation of Unit-1 and 2 during the years 2016-17 and 2017-18, the Company could have earned potential revenue from generation of 16,440.07 MUs amounting to ₹ 4,438.82 crore. Thus, slippage of schedule of COD of Unit-1 and 2 had resulted in generation loss to the Company. It is pertinent to mention that in spite of this issue being pointed out by CAG[31], no corrective measures were taken for timely commissioning of plants.

  The Government stated (October 2019) that BTG and BOP works were awarded prior to issuance of Report by CAG. Hence, it is not relevant for ABVTPS.

  Reply is not relevant as in para no. 4.2.9.1 of Audit Report (Civil and Commercial) of CAG of India for the year ended 31 March 2010, Audit has pointed out generation loss due to delay in commissioning of project which has no relevance to awarding of works.

- As per policy in vogue, the PFC allows (August 2007) a rebate of 0.25 *per cent* in the interest rate for generation projects from the date of commissioning of the first unit of the project. The Company was, therefore, deprived of a rebate of ₹ 17.95 crore due to delay in commissioning of Unit-1 by 42 months.

  The Government stated (October 2019) that the project could not be completed in scheduled time as project was green field project and there were issues involved like rehabilitation and resettlement, land acquisition, supporting infrastructure, water availability etc.

  Reply is not acceptable as 307.75 acre land for construction of plant was acquired (March 2008) before awarding of works (April 2008) and delay in providing supporting infrastructure like rail infrastructure had no impact on the completion of project as main plant and BOP work was not completed on scheduled date. Further, due to strikes by land oustees project was affected only for 187 days.

[31] Para No. 4.2.9.1 of Audit Report (Civil and Commercial) of CAG of India for the year ended 31 March 2010, Government of Chhattisgarh.

- Clause 22.2 of CSERC (Terms and Conditions of determination of tariff according to Multi-Year Tariff Principles) Regulation, 2010 stipulated that in case of projects commissioned on or after 1 April, 2010, an additional return of 0.50 *per cent* shall be allowed if such projects are completed within 44 months from zero date for green field projects. Non completion of the project within schedule time resulted in a loss of ₹ 3.16 crore[32] on account of return on equity.

The Government stated (October 2019) that compliance of CSERC MYT Regulation, 2010 was not required as Unit-1 and 2 was to be completed within 45 and 47 months from zero date in place of 44 months as required in the CSERC provision.

Reply is not acceptable as for Unit-1 the Company did not make effort to reduce the target schedule completion period by one month to achieve the CSERC MYT Regulations. Further for Unit-2, Regulation allowed further six months which was well within the scheduled completion period. However, the Company could not complete the project within scheduled time.

- The project was to be commissioned in the year 2012-13. However, the same could not be achieved which resulted in procurement of power at higher rates from private sectors by CSPDCL as the Company has entered into power purchase agreement with CSPDCL. This had resulted in additional cost of ₹ 315.92 crore[33] to CSPDCL for energy during the period 2013-14 to 2015-16 which was passed on to the consumers.

The Government stated (October 2019) that the CSPDCL procured the power ranged between ₹ 2.55 per unit and ₹ 3.56 per unit to meet its shortfall. It was also stated that rates of procured power were less than the generating cost of ABVTPS.

Reply is not acceptable as the CSPDCL procured power from private parties due to non completion of Marwa project in time by the Company. Further, generation cost of ABVTPS increased to ₹ 4.16 per unit against range of ₹ 1.96 and ₹ 1.73 per unit as envisaged in the DPR due to cost overrun of project on part of the Company.

- The Company incurred loss of ₹ 1,317.60 crore[34] towards avoidable payment of interest during construction (IDC) from schedule date of completion to actual date of completion (COD) due to delay in completion of work.

Cost overrun

The Company had to incur additional expenditure of ₹ 3,772.67 crore towards cost overrun due to delay in commissioning of ABVTPS.

2.8.3 Due to delay in completion of the project, the actual expenditure incurred by the Company upto 31 March 2019 was ₹ 8,892.51 crore (approved cost by CSERC) against the original estimated cost of project of ₹ 5,119.84 crore and the Company had to incur additional expenditure of ₹ 3,772.67 crore. The components contributing to increase in cost are depicted in the pie-chart as follows:

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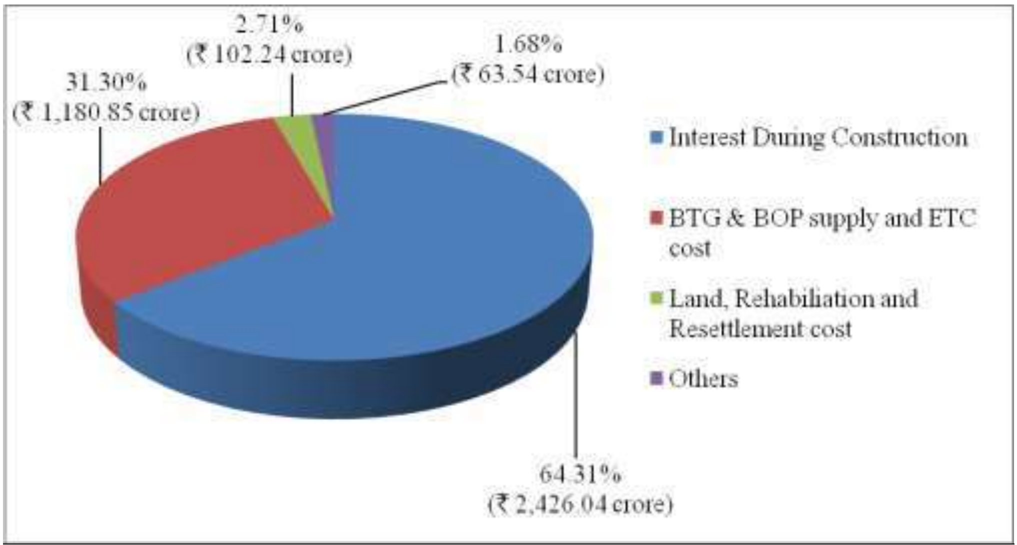
32 ₹ 6,317.70 crore X 10 *per cent* equity X 0.5 *per cent*

33 (Difference of rate per unit between DPR and actual) x procured power

34 ₹ 2,994.54 crore x 44 months/100 months



The main reasons attributable for cost overrun were as follows:

Increase in interest during construction (IDC) on PFC loan

The interest during construction (IDC) increased from ₹ 568.50 crore (as per DPR) to ₹ 2,994.54 crore (i.e. 426.74 *per cent).* Reasons that led to increase in IDC are discussed below:

Failure to infuse equity by the Company

2.8.3.1 The Company decided to avail 90 *per cent* of the estimated project cost as loan and the remaining 10 *per cent* was to be infused from equity (own sources/State Government contribution in equity).

During the period 2008-09 to 2017-18, the Company was to infuse 10 *per cent* equity amount ranging between ₹ 418 crore (2008-09) and ₹ 900 crore (2017-18) in the project.

Audit observed (December 2018) that due to non ensuring of infusing of 10 *per cent* equity before availing of loan from PFC and there was shortfall in infusing equity which ranged between ₹ 12.99 crore (2013-14) and ₹ 458.19 crore (2011-12). Instead of investing 10 *per cent* from equity, the ED (Finance) availed loan. As a result of this the Company had to bear additional interest burden of ₹ 92.56 crore.

It was also observed that no effort was made by the Company to get equity amount from GoCG till 2010-11 to reduce the cost of project, a request was made to GoCG only after August 2011.

The Government stated (October 2019) that there was no compulsion regarding infusing 10 *per cent* equity upfront before availing loan from PFC as per loan sanction order of the PFC.

Reply is not acceptable because as per prudent business practice before availing loan, fund was to be arranged from own sources to minimise availing of loan and interest burden thereon. However, the Company neither carried out exercise to assess the availability of funds to infuse 10 *per cent* equity nor efforts were made to obtain equity from GoCG till 2010-11 to avoid the additional interest burden.

Downgrading in rating of the Company

2.8.3.2 For the purpose of funding PFC categorised State Power Generation Companies based on the evaluation of utility's performance against specific parameters covering operational and financial performance including regulatory environment and audited accounts.

Audit observed (January 2019) that during the period from 16 February 2012 to 12 September 2012 rating of Company was downgraded from A+ to B due to compliance of previous year's statutory provision in respect of employee cost which resulted in loss to the Company in the year 2010-11 for which the PFC charged additional 0.50 *per cent* rate of interest on disbursed loan. Later on, the rating of Company was upgraded from B to A since 13 September 2012 and the same was retained till 6 October 2013. As a result, the PFC reduced additional rate of interest to 0.25 *per cent* on disbursed loan. Again rating of Company was downgraded from A+ to B during the period 1 October 2014 to 30 September 2015 due to loss to the Company during the year 2013-14 as there was underutilisation of plant capacity, for which PFC charged 0.50 *per cent* additional interest on disbursed loan. Resultantly, the Company had to bear additional interest burden of ₹ 18.01 crore and also incurred avoidable financial burden on ABVTPS to the same extent.

The Government stated (October 2019) that loss to the Company during the year 2010-11 is mainly due to statutory provisions required to be made in accounts in compliance to accounting standards and in 2013-14 it is due to true up order by CSERC and generation loss.

Reply is not acceptable as the Company incurred loss during the year 2010-11 as it made provision for retirement benefits of previous years. As regard loss during the year 2013-14 profit after tax was negative even after considering true up order of CSERC.

Increase in cost of BTG and BOP works

2.8.3.3 The cost of BTG supply and Erection, Testing and Commissioning (ETC) work increased from ₹ 2,437.01 crore (as per awarded value) to ₹ 2,666.91 crore (i.e. 9.43 *per cent).* The main reason for increase is payment of price variation in contract period.

Similarly the cost of BOP supply and ETC work increased from ₹ 1,902.05 crore (as per awarded value) to ₹ 2,208.57 crore (i.e. 16.12 *per cent).* The main reasons for increase are payment of price variation of ₹ 116.88 crore paid as per terms and conditions contract and construction of approach road ₹ 1.42 crore. The issue of non-availability of encumbrance free land led to avoidable expenditure of ₹ 1.42 crore on construction of approach road is discussed below.

Without acquiring the required land for construction of approach road, the Company issued (May 2012) work order valuing ₹ 2.34 crore for construction of road. The contract was rescinded (February 2013) due to non-availability of hindrance free land by the time contractor had executed work valued ₹ 13 lakh. Subsequently, the work order was issued[35] (March 2014) against

[35] M/s Asha Construction, Raipur

the land already acquired by the Company at a total financial commitment of ₹ 2.01 crore. Further, the Company issued[36] (June 2014) another work order at a total financial commitment of ₹ 1.75 crore after acquiring the balance land. Had the Company acquired the land before awarding the contract, extra expenditure of ₹ 1.42 crore could have been avoided.

The Government stated (October 2019) that at the time of awarding of work, the entire land could not be taken over due to resistance of the villagers. Further, contractor did not commence the work on the available land. Hence, the contract was rescinded and fresh contract was awarded.

Reply is not acceptable as land acquisition problem arose due to acquisition of land without conducting any detailed survey which resulted in avoidable expenditure of ₹ 1.42 crore.

Increase in cost of land acquisition and R&R

2.8.3.4 The land acquisition and R&R cost was considered at ₹ 71.66 crore in the DPR, however the actual expenditure incurred was ₹ 174 crore (i.e. 142.81 *per cent)* which comprising of ₹ 125 crore on land and ₹ 49 crore on R&R. The main reasons for increase in cost of land was excess acquisition of land, difference in rate of agricultural and barren land and excess expenditure incurred on settlement of R&R due to payment of compensation at higher rate.

Recommendation:

The Company should ensure timely execution of new thermal power plant through better planning, close monitoring and close follow up with contractors and consultants to avoid time and cost overrun and consequent loss of generation.

Non recovery of liquidated damages from the contractors

The Company extended undue benefit of ₹ 339.31 crore to contractors due to non-recovery of liquidated damages.

2.8.4 Though the contractors completed the works after 42 and 44 months of the scheduled date, no liquidated damages (LD) were recovered as stipulated in the contract for delay of 13 months on the part of M/s BHEL due to delay in awarding of BTG civil works and supply of materials and 16 months by M/s BGR due to non-deployment of adequate manpower. It is pertinent to mention that in spite of being pointed out by CAG[37] no lessons were learnt. This led to undue financial benefit of ₹ 339.31crore[38] to the contractors.

While accepting the audit observation the Government stated (October 2019) that the applicability of LD would be ascertained after finalisation of delay analysis which is under progress.

Project commissioned with incomplete ash handling plant

2.8.5 Electrostatic precipitator (ESP) is a particulate removal device that removes suspended particulate matter from combustible products using an

[36] M/s Shankar Engineering Works, Korba

[37] Para No. 4.2.9.1 of Audit Report (Civil and Commercial) of CAG of India for the year ended 31 March 2010, Government of Chhattisgarh.

[38] BTG contract ₹ 1,845 crore (contract value excluding tax and duties) X 10 *per cent* = ₹ 184.50 crore and BOP contract ₹ 1,548.09 crore (contract value excluding tax and duties) X 10 *per cent* = ₹ 154.81 crore.

electrostatic force. The installation work of ESP was in the scope of M/s BHEL.

Scrutiny of progress report (March 2016) revealed that the work of AHP remained incomplete even after COD. As AHP was not ready completely, the ash generated at boiler accumulated inside the ESP casing much beyond the capacity of ESP. Since, one pass was damaged completely, it was required to be replaced with new one. M/s BHEL refused (July 2016) as per terms of contract to rectify the defect as same was due to fault of the Company because the Company commissioned the plant with incomplete AHP. This has resulted in avoidable expenditure of ₹ 4.25 crore on replacement/repair of ESP.

The Government stated (October 2019) that the commissioning of Unit-1 and 2 was done only after completion of ESP and Ash Handling System.

Reply is factually incorrect because as on COD, AHP was not fully completed which was completed on 1 May 2017.

Recommendation:

The Company should start commercial operation only after ensuring completion of all facilities to avoid damage to equipments.

Non-compliance of Chhattisgarh State Electricity Grid Code

Improper trial run

2.8.6 The CSERC published (December 2011) Chhattisgarh State Electricity Grid Code 2011 (Grid Code 2011). It prescribed that trial run shall be carried out i.e. running of generator continuously for 72 hours. The Company[39] declared COD of Unit-1 and Unit-2 from 00:00 hrs of 31 March 2016 and at 00:00 hrs of 31 July 2016 respectively. Audit observed (January 2019) the following irregularities with respect to COD of the project:

The Company declared COD of ABVTPS in violation of CSERC Electricity Grid Code 2011.

- Unit-1 of ABVTPS was run for 108 blocks of 15 minutes continuously and not for a continuous required period of 72 hours i.e. 288 blocks of 15 minutes each at its installed capacity.
- Grid Code 2011 stipulated that the short interruptions, for a cumulative duration of four hours, should be permissible and more than four hours should call for repeat of trial operation or trial run. However, the cumulative interruption in Unit-1 and Unit-2 during the period of trial run was 173.25 hours and 14.25 hours respectively. The Company neither opted for repeat trial nor derated the capacity for Unit-1 and 2.
- The units of thermal Generating Station shall also demonstrate capability to raise load upto 105 *per cent* of its Installed Capacity (IC). The Unit-1 recorded maximum of 505.02 MW (29 March 2016 00:24:46 hrs) and 504.38 MW (29 March 2016 00:31:14 hrs). Thus, the unit ran at its full capacity for a total period of 18 minutes only (i.e. 00:31:14 hrs *minus* 00:13:37 hrs). The Unit-2 ran for 502 MW for only 1 block (27 July 2016 at 04:30:00 hrs). Both the units did not raise load upto 105 *per cent* of IC.
- Grid Code 2011 provided that the generating Company shall certify that

[39] Chief Engineer (C&CP) and ED (Gen) declared COD for Unit-1 and Unit-2 respectively.

the generating station meets the relevant requirements and provisions of the Grid Code 2011, BOP auxiliaries[40] have been commissioned and are capable of full load operation. The Company did not certify COD as required. Many important works such as Turbine Driven Boiler Feed Pump (TDBFP) 2B, Hydrogen Generation Plant, Fire fighting system, Effluent Treatment Plant (ETP), AHP, Chlorination system and CHP were not commissioned.

- The certificates were required to be signed by the Chairman and MD/Chief Executive Officer of the generating Company and a copy of the certificate was to be submitted to the Member Secretary of the concerned Regional Power Committee and concerned Regional Load Dispatch Centre (RLDC)/State Load Dispatch Centre (SLDC) before declaration of COD. But the certificate for COD was signed by the Chief Engineer (Commercial & Corporate Planning) and ED (Generation) for Unit-1 and Unit-2 respectively and submitted to the Chief Engineer (SLDC). Nothing was found on record to show that a copy of the certificate was submitted to the Member Secretary of the Western Regional Power Committee as required in the Grid Code 2011.
- The respective RLDC/SLDC was required to notify the clearance within seven days of receiving the generation data or else inform the generating Company of any deficiency in the trial run operation. But the RLDC/SLDC did not inform the generating Company of the deficiencies in the trial run operation as pointed above.
- Though the RLDC was empowered in the Grid Code 2011 not to schedule the unit station in the event of non-compliance of any of the provisions of Grid Code 2011, it did not object to commissioning of Unit-1 and 2.

While accepting the audit observation the Government stated (October 2019) that trail run of Unit-1 was conducted subsequent to declaration of COD.

Expenditure on non-utilisation of assets created

Infructuous expenditure of ₹ 1.37 crore on construction and maintenance of Temporary Bund at Marwa

2.8.7 The Executive Engineer (Civil 1), ABVTPS Project proposed (January 2012) to construct a coffer bund across Hasdeo River at downstream of intake pump house of the project as trial run was scheduled in March 2012. LoA for the subject work was issued[41] (March 2012) and work was completed (4 January 2013) at a cost of ₹ 28.58 lakh.

The BoDs of the Company accorded approval (June 2013) for construction of a temporary earthen bund near intake pump house on Hasdeo River and maintaining the same for a period of three years at an estimated cost of ₹ 1.45 crore to save ₹ 78.52 crore against water charges. Accordingly, tender was invited[42] by and work was awarded (September 2013) for construction

[40] Fuel Oil System, Coal Handling Plant, DM Plant, pre-treatment plant, fire-fighting system, Ash Disposal system

[41] EE (Civil) under office of ED (Civil Project)

[42] ED (Civil Project)

and maintenance of the said bund for ₹ 1.08 crore. The work was completed in 24 February 2014 at the cost of ₹ 1.08 crore.

In this connection, audit observed (November 2018) that major works such as Boiler light up, TG Box up, synchronisation and CHP were incomplete at the time of decision for construction of temporary bunds. Without completion of above mentioned work, commissioning of Units were delayed. As such, decision for construction of temporary bunds without synchronising with completion of plant works lacked justification. Further, no record was found to show that any water was drawn from the temporary bunds. As temporary bund was constructed on 24 February 2014 and COD was achieved in March 2016/July 2016, so at the time of completion of construction of temporary bund project was in under progress therefore, there was no use of it. This had resulted in infructuous expenditure of ₹ 1.37 crore.

The Government stated (October 2019) that proposal to construct and maintain temporary bund was initiated to meet the requirement of water during pre commissioning and testing activities.

Reply is not acceptable as water requirement for pre-commissioning activities was fulfilled from the *Choutaria Nala* and no water was utilised from temporary bund. Hence, there was no need to construct temporary bund.

Non-completion of Over Head Electrification (OHE) work led to idling of Railway line valuing ₹68.76 crore

2.8.8 The Company awarded (March 2008) the work of Project Management Consultancy Contract to M/s RITES who awarded contracts in six packages for Rail Infrastructure to the contractors.

The Company could not utilise 9.37 km railway line costing ₹ 68.76 crore due to non-completion of overhead electrification work.

The work under package IV for OHE was awarded (February 2009) to M/s Traxun Towers by M/s RITES at a cost of ₹ 10.46 crore. However, encumbrance free site was handed over (November 2013) by the Company. Accordingly, the schedule date of completion was extended to July 2014. The work of OHE could not be completed till (May 2019) due to non-completion of OHE wire stringing work. The contractor did not execute the balance work and requested for short closure of the work as the work was to be completed by April 2014 but due to delay in getting site clearance from Railway, Rail Over Rail (ROR) Bridge work remained incomplete by the Company till (May 2019).

The Company had already spent an amount of ₹ 183.19 crore till December 2018. But due to non-completion of balance work of OHE the Company was forced to use the single line i.e. the return line for both loaded and empty rakes. Thus, out of total railway line of 24.96 kilometer (km) only 15.59 km of the railway line could be utilised by the Company (i.e. 62 *per cent)*. A total of 9.37 km (38 *per cent)* of railway infrastructure costing ₹ 68.76 crore[43] remained idle (May 2019) even after three years of COD of the units.

[43] Cost of unused rail infrastructure = ₹ 183.19 crore (total cost)/24.96 km (total length of railway network) x 9.37 km (unused part of railway network)

Incomplete wire stringing work

The Government stated (October 2019) that OHE work was delayed due to delay in land acquisition, strike by villagers and delay in grant of block by Railway for ROR. The Government further stated that presently OHE work is under progress.

Reply is to be seen in the context that acquisition of land was done without conducting any detailed survey and the Company did not pursue the matter vigorously with Railway till COD to obtain grant of block.

Recommendation:

The Company should get the associated work completed within scheduled time to synchronise the system.

Unfruitful expenditure of ₹ 2.99 crore on automatic signalling system

2.8.9 M/s Vijaywargi Infra Engineers Private Limited was awarded the work of Signalling and Telecommunication (S&T) by M/s RITES. The work was completed (February 2016) at a cost of ₹ 2.99 crore. M/s RITES successfully commissioned and handed over the S&T system to CSPGCL on 24 February 2016.

Audit observed (December 2018) that since inception the Company knew that manpower to be deployed for operation and maintenance of S&T system. However, the Company neither deployed own staff[44] for training[45] nor engaged manpower through outsourcing to operate the system. The Company requested (24/02/2016) to RITES to close down the automatic signalling system. The system was operated manually from the date of handing over to till May 2019. Despite spending of ₹ 2.99 crore on automatic signalling system, objective of faster, reliable and safer train movement remained unfulfilled. The same was further established by photograph as follows which was taken during joint physical verification (December 2018).

[44] Superintending Engineer (Civil) Circle-1, requested (23/02/2016) Superintending Engineer (Services) to deploy staff.

[45] As offered by M/s RITES (Project Management Consultant) on 02/02/2016.

Steel apparatus case of automatic signalling system lying demolished at railway line between stretch of Bridge no.17 and null point of cutting section.

While accepting the audit observation the Government stated (October 2019) that initiative has been taken for deploying the trained manpower for operating the same.

Non-utilisation of procured materials

2.8.10 As per terms of payment the contractor was paid 90 *per cent* of the value of material supplied at site after issue of MRC. In this regard audit observed (January 2019) that material valued at ₹ 2.11 crore remained unutilised till date (May 2019) after lapse of 34 months is given in table - 2.2.

Table - 2.2: Statement showing unutilised items		
Sl. No.	**Item**	**Value (₹ in crore)**
1	0.52 lot Hoisting equipments out of one lot	1.48
2	One conveyor belt vulcaniser out of two	0.18
3	One Elevator (lift) out of two	0.45
Total		**2.11**

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

Non-installation of these materials resulted in idle investment of ₹ 2.11 crore besides operational problems in day to day work. As the above materials were supplied during the period March 2012 to March 2014 and more than four years had passed by, the guarantee/warranty period of the equipment expired. This shows that the contract enforcement by the SE (CHP) was extremely poor.

The Government stated (October 2019) that action is being initiated to ensure utilisation of procured materials. The Government further stated that LD would be levied as per contractual provisions after delay analysis.

Other issues

Delay in unloading of coal from wagons resulted in avoidable payment of demurrage charges of ₹ 1.15 crore

2.8.11 The Company arranged unloading of coal by placing (1 April 2016) a work order to M/s Neelkantham Systems Private Limited, Korba (Contractor). As per the work order, the wagons were to be unloaded within the scheduled time of 2 hours 15 minutes. In case of delay in unloading the wagons, penalty at the rate of ₹ 150 per wagon per hour or at the prevailing rate as notified by South Eastern Central Railway (SECR) from time to time shall be imposed and recovered from the Contractor.

Audit observed that during the period from March 2016 to May 2019, the Company paid ₹ 1.46 crore on account of demurrage charges to SECR on account of delay in unloading of coal wagons, however, the Company could recover only ₹ 0.31 crore from the Contractor and remaining amount of ₹ 1.15 crore was borne by Company due to poor monitoring of SE (CTD). The main reasons for delay in unloading of coal from wagons were due to problem in coal feeding and conveying or crushing system, big lumps of coal/shale which stuck-up wagon gate and hopper grill causing jamming and restriction in coal evacuation/unloading process.

The Government stated (October 2019) that restoration after crusher house fire accident and re-commissioning of other auxiliaries of CHP had taken considerable time for stabilisation which caused payment of demurrage charges. The Government further stated that demurrage charges have been reduced considerably in the year 2018-19 even after receipt of more coal in the year.

Reply is not acceptable because the audit considered the demurrage charges only after restoration of crusher house fire accident. The fact remains that major amount ₹ 98 lakh was paid as demurrage charges prior to 2018-19.

Non-obtaining of credit note of ₹66.08 crore from SECL

2.8.12 As per the Fuel Supply Agreement (FSA) available on Coal India Limited (CIL) website samples of coal shall be collected jointly by manual method during each of the shifts and at each of the delivery points for determining the quality of coal provided. As per the joint sampling of coal inspection clause, in case of any dispute with regard to grade of the coal, it was to be referred to a third party and decision of the third party would be final. Council of Scientific and Industrial Research-Central Institute of Mining and Fuel Research (CIMFR) was third party. The credit note on grade slippage was to be issued by the SECL within seven days of acceptance of results under joint signature.

Audit observed (December 2018) that as per analysis of CIMFR there was grade slippage of coal received from SECL during the month of December 2016 to December 2018. Accordingly, the Company was to receive credit note for ₹ 95.34 crore from SECL within seven days in succeeding month of respective month. However, the Company started claiming of credit note from SECL from September 2018. Thus delay in persuasion of matter by the SE (Coal Transport Division) with SECL and credit note has not been received (May 2019) amounting to ₹ 66.08 crore. Further, the reason for delay in payment of credit note by SECL was also not on records.

While accepting the audit observation the Government stated (October 2019) that after being pointed out by audit consistent persuasions were made to bring down the outstanding credit note amount resulted in reduction of credit note amount from ₹ 66.08 crore to ₹ 62.63 crore up to July 2019. Further, the Government stated that if SECL would not adjust credit note, the Company would withheld payment equal to amount of credit note from their bills.

Delay in execution of agreement with Water Resources Department (WRD) resulted in penalty of ₹4.47 crore

2.8.13 Total water requirement for 2X500 MW ABVTPS Marwa was to be met from the Hasdeo River flowing by the side of the project. The flow water requirement was about 35 Million Cubic Meter (MCM)/year.

Audit observed (January 2019) that initially, the Company was allotted 60 MCM/year which was reduced to 35 MCM/year in December 2016. However, the Additional Chief Engineer (Operation and Maintenance) did not execute any agreement with WRD till May 2017. In absence of agreement, drawal of water was treated as unauthorised and illegal. Resultantly, the Company had to bear penal water charges to the tune of ₹ 4.47 crore being thrice[46] the normal rate[47] during the period February 2017 to May 2017.

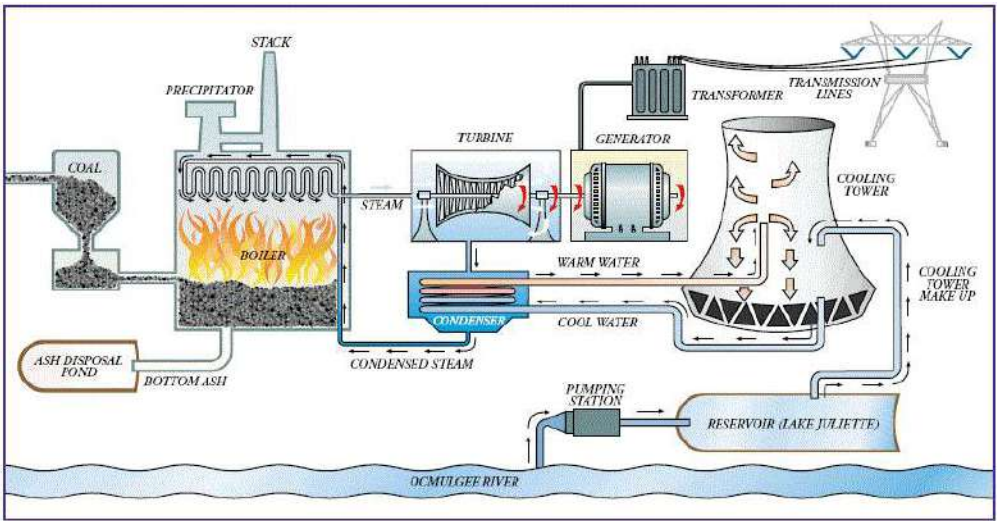
The Government stated (October 2019) that the matter is being pursued with WRD to waive off the penalty.

Recommendation:

The Company should execute the agreement timely so that penalty could be avoided.

Operational Performance

2.9 The pictorial representation of generation of electricity by a thermal plant is depicted below:



In a thermal plant, water is taken initially into the boiler from a water source. The boiler is heated with the help of coal. The increase in temperature helps in transformation of water into steam. The steam generated in the boiler is sent through a steam turbine. The turbine has blades, which rotate when high velocity steam flows across them. This rotation of turbine blades is used to generate electricity. A generator is connected to the steam turbine. When the turbine rotates, electricity is generated and given as output by the generator,

[46] ₹ 16.50/Cum
[47] ₹ 5.50/Cum

which is then supplied to the consumers through high voltage power lines. Operation efficiency of the power generating station is dependent on Plant Load Factor, plant availability, capacity utilisation, outages, auxiliary consumption and oil consumption. These aspects have been discussed below:

Non-achievement of generation target

2.9.1 The annual targets for generation of energy were fixed by the CSERC after considering the planned outages during the year.

Table - 2.3 depicts the details of installed capacity, target fixed and actual generation during the period April 2016 to March 2019.

Table - 2.3: Installed Capacity *vis-à-vis* actual generation

Unit	Year	Installed Capacity	Target Fixed by CSERC		Actual Generation		Shortfall
		(MUs)	(MUs)	PLF (*per cent*)	(MUs)	PLF (*per cent*)	(MUs)
Unit-1	2016-17	4,380	3,723	85	294.10	6.70	3,428.90
	2017-18	4,380	3,723	85	2,739.90	62.60	983.10
	2018-19	4,380	3,723	85	2,945.96	67.26	777.04
Unit-2	2016-17[48]	2,928	2,488	85	2,326.20	79.50	161.80
	2017-18	4,380	3,723	85	2,980.00	68.00	743.00
	2018-19	4,380	3,723	85	3,471.31	79.25	251.69
Total		**24,828**	**21,103**		**14,757.47**	**59.44**	**6,345.53**

(Source: Data compiled from the Company's records)

The Company could not attain the generation target and there was shortfall in generation of 6,345.53 MUs power valuing ₹ 1,713.29 crore due to high rate of outages.

Audit observed that shortfall of 6,345.53 MUs valuing ₹ 1,713.29 crore. The major reason as identified and reported by the Management[49] for shortfall in achieving generation target was high rate of outages as discussed below:

- Outages refer to the period for which the plant remained closed for attending planned/forced maintenance. Total number of hours lost due to planned outages increased from 275 hours in 2016-17 to 1,313.84 hours in 2018-19. Forced outages ranged between 8.70 *per cent* and 60.43 *per cent* during the period 2016-19. Main reasons for higher outages noticed in audit are as under:

Installation of Defective Turbine

2.9.2 The turbine box up for Unit-1 was completed in February 2013 and Unit-1 was synchronised (20 December 2013) with fuel oil. Thereafter, Unit-1 was re-synchronised and load was raised (30 March 2014) to 500 MW with coal. On both the occasions Unit-1 tripped due to TG shaft vibration and unit did not come on stable condition as it is a tendency for the turbine shaft to deflect or bend if allow to remain in one position too long. The Unit-1 could not be operated during 14 July 2015 to 22 February 2016 due to fire accident in the crusher house and thus achieved COD with effect from 31 March 2016. The Unit-1 tripped 18 times during the period 14 March 2016 to 2 May 2016 due to the turbine problem. The site engineers of M/s BHEL made several attempts to resolve the matter at their level but failed. Therefore, M/s BHEL declared (28 August 2016) that the turbine was not fit for operation. The turbine was sent for repair to M/s BHEL, Haridwar (30 September 2016) and

[48] 31 July 2016 to 31 March 2017

[49] Executive Engineer (Operation), ABVTPS, Marwa

was put back into operation w.e.f. 12 March 2017. Unit-1 was under shutdown during the period 2 May 2016 to 12 March 2017 (314 days). Further, despite repair by M/s BHEL the problem persisted and the Unit-1 was put under shut down on six occasions till December 2018.

In this connection, audit observed (January 2019) that the Unit-1 tripped 24 times since March 2016 to till date of audit (December 2018). A number of studies were carried out by both M/s BHEL and the Company to find out the exact reason for such high vibration, however the exact reason could not be ascertained till date of audit (January 2019) which indicated that M/s BHEL supplied and installed defective turbine valuing ₹ 89.94 crore at ABVTPS Marwa. Due to inherent defect in turbine, the Company was forced to operate the Unit-1 at restricted load ranging between 150 MW to 416 MW and incurred loss of ₹ 198.13 crore on account of partial loss of 736.84 MUs and chances of such partial loss during the designed life span of the Unit-1 could not be ruled out.

The Company despite being aware of the high vibrations in the turbine since first synchronisation of Unit-1 in December 2013, it neither insisted M/s BHEL for replacement of the defective turbine though stipulated in the contract nor took up the matter through Energy Department, GoCG. Inspite of provision for arbitration in the contract, the Company did not file any arbitration case against M/s BHEL.

The Government stated (October 2019) that the defects noticed in the turbine generator shaft were conveyed promptly to M/s BHEL to resolve the problem. Due to non-resolving the problem, the Company had decided to send the HP turbine to the works of M/s BHEL at Haridwar to identify the problem. The Government further stated that the vibration problem in turbine has been rectified (March 2019).

Reply is not acceptable as the Company was aware with the vibration problem in the turbine since first synchronisation (December 2013) but it could not take any action to rectify the same in three years till COD. Further, the Company had to bear generation loss of 4,654.35 MUs[50] valuing ₹ 1,256.67 crore[51] till March 2019 due to vibration problem in turbine.

Outages due to non availability of spare GT

2.9.3 M/s BHEL, Bhopal had supplied (April 2013) seven Generator Transformers (GT) for ABVTPS, out of which six GTs (three each) were erected and commissioned in Unit-1 and Unit-2. One GT was kept (Sl. No. 6006970) as a spare to deal with any emergent situation and the same would be replaced with defective GT.

On joint verification of the Company and M/s BHEL (December 2015), the core[52] of spare GT (Sl.No.6006970) was found earthed. The same was sent for

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[50] Generation loss of 3,917.51 MUs and 736.84 MUs due to shut down for 328 days and operated at restricted load respectively.

[51] 4,654.35 MUs X ₹ 2.70 per unit

[52] A core is piece of magnetic material with a high magnetic permeability use to confine and guide magnetic field in electrical or electromechanical and magnetic device in transformer.

repair to M/s BHEL. In the meantime GT (Sl. No. 6006966) of Unit-2 was tested (September 2016) for Dissolve Gas Analysis (DGA) by the Company and abnormal formation of combustible gases was found in the sample of which may cause the failure of GT at any time. As the spare GT (Sl. No. 6006970) was not received back after repair, the Company replaced defective GT (Sl. No. 6006966) with GT of Unit-1 on 17 November 2016 by taking shutdown of Unit-2 from 10 November 2016 to 17 November 2016.

M/s BHEL rectified and returned to the Company GT (Sl. No. 6006970) in August 2017 after lapse of 20 months. Further, a shutdown was proposed of Unit-1 from 13 November 2017 to 17 November 2017 for replacement of defective GT (Sl. No. 6006966)[53] with the spare GT (Sl. No. 6006970) and the same was replaced on 22 November 2017.

Audit observed (December 2018) that the spare GT was repaired after abnormal delay of 20 months. Had the GT (Sl. No. 6006970) been rectified within reasonable time, the defective GT (Sl. No. 6006966) of Unit-2 could have been replaced with the repaired spare GT in place of being replaced with GT of Unit-1 and subsequent shut down during the period 13 November 2017 to 23 November 2017 for 231.22 hours could have been avoided. However, the Company failed to do so which has resulted in avoidable generation loss of 115.683 MUs valuing ₹ 31.23 crore[54].

The Government stated (October 2019) that the Company had made vigorous persuasions and meetings with M/s BHEL to rectify the defects of spare GT.

The reply is factually incorrect as the problem in spare GT was found in January 2016 but the Company requested (24 August 2016) to M/s BHEL to repair the spare GT after lapse of eight months. Had the Company kept spare GT in working condition, it could have avoided one shut down.

Ineffective Overhauling

2.9.4 Annual Overhauling (AOH) of Unit-2 of ABVTPS was done during 2017-18 (15 February 2018 to 7 March 2018). Unit-2 remained shut down for 556 hours (16 incidents of tripping) in 2017-18 before carrying out AOH and after AOH it remained shut down for 1,008 hours (27 incidents of tripping) during March 2018 to March 2019. The main object of AOH is to minimise the tripping and save generation loss. But after AOH, number of tripping actually increased by 68.75 *per cent.*

While accepting the observation the Government stated (October 2019) that necessary instructions have been issued to make necessary rectification in the operation and maintenance of the units to avoid tripping in future.

High rate of outages resulted in increased consumption of fuel oil, auxiliary power and station heat rate against norms as discussed below:

Consumption of fuel oil in excess of norms valuing ₹47.72 crore

2.9.5 High Furnace Oil (HFO), LDO (Light Diesel Oil) and High Speed Diesel (HSD) are used as starting or ignition fuel in thermal power plants. The CSERC in provisional tariff (April 2016) for Unit-1 and Unit-2 prescribed

[53] Which was installed in Unit-1 by repairing it at site after removal from Unit- 2.
[54] 115.683 MUs i.e. 11,56,83,000 units X ₹ 2.70 per unit = ₹ 31,23,44,100

norms for consumption of oil at 0.50 millilitre per kilowatt-hour (ml/kWh). Against the prescribed norm, the average oil consumption ranged between 0.63 ml/kWh and 12.18 ml/kWh during 2016-17 to 2018-19. The ABVTPS consumed excess of HFO and HSD to the extent of 11,989.35 kilolitre valuing ₹ 47.72 crore (as detailed in ***Annexure - 2.1***).

Excess Auxiliary consumption of power

2.9.6 Energy consumed by power stations themselves for running their equipments in common services is called auxiliary consumption. Norms prescribed (30 April 2016) by CSERC in its Tariff Orders for auxiliary consumption for ABVTPS was 5.25 *per cent.* Against norms the actual auxiliary consumption ranged between 5.24 *per cent* and 20.03 *per cent* during the period 2016-17 to 2018-19. With reference to CSERC norms, there was excess consumption of 194.69 MUs which could have been transmitted to grid and generated revenue of ₹ 52.57 crore[55].

Station Heat Rate

2.9.7 The Station Heat Rate (SHR) is an important index for assessing the efficiency of a thermal power station. The heat rate of a power plant is the amount of chemical energy that must be supplied to produce one unit of electrical energy i.e. heat energy input in Kilocalorie (Kcal) required for generating one Kilowatt-hour (kWh) of electrical energy. It should be the endeavour of any station to operate the unit at as near its design Heat Rate as possible.

The CSERC prescribed SHR of 2,378 Kcal/kWh while approving (30 April 2016) provisional tariff order for Unit-1 and Unit-2 of ABVTPS. The SHR was much higher i.e. 2,708 and 2,593 Kcal/kWh than the norm fixed by CSERC during 2016-17 in respect of Unit-1 and Unit-2. The high SHR in Unit- 1 and 2 during 2016-17 and 2017-18 resulted in excess consumption of 1.54 lakh MT coal valuing ₹ 37.69 crore (as detailed in ***Annexure - 2.2***).

Avoidable payment of DSM Charges- ₹ 10.07 crore

2.9.8 Section 5 of the CERC {Deviation Settlement Mechanism (DSM) and related matters} Regulations, 2014 stipulated that the seller shall pay the charges[56] for deviations in injection of power for all the time-blocks[57] at the rate specified in the Regulation.

Audit observed (December 2018) that the Company paid an amount of ₹ 10.07 crore[58] on account of DSM charges as it failed to inject the scheduled energy in the grid during the period May 2016 to March 2019. Resulted in avoidable payment of ₹ 10.07 crore on account of DSM charges.

While accepting the observation the Government stated (October 2019) that

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[55] 194.69 MUs X 10,00,000 X ₹ 2.70 per unit as fixed by CSERC

[56] Work out on the basis of average frequency of a time-block at the rates specified in the Regulation.

[57] Means a time block of 15 minutes, for which specified electrical parameters and quantities are recorded by special energy meter, with first time block starting at 00:00 hrs.

[58] From April 2016 to March 2019

the main reasons for non-achievement of minimum generation were high vibration in the turbine shaft, ash evacuation problem, poor quality or short supply of coal, high percentage of dissolved gases in generator transformer and tube leakages. The Government further stated that before closing of contract, all the liabilities towards M/s BHEL and M/s BGR will be analysed and appropriate action will be taken against them.

Recommendation:

The Company should make efforts to improve the PLF and achieve the operational parameters fixed by the CSERC in respect of coal and oil consumption to minimise cost of generation.

Environmental issues

2.10 Coal based power plants significantly impact the local environment. Direct impacts resulting from construction and on-going operations include air pollution (Sulphur Dioxide, Nitrogen Dioxide etc.), water pollution (Arsenic, Fluoride etc.), land degradation (due to alterations of land used for storing fly ash) and noise pollution.

The Ministry of Environment, Forest & Climate Change (MoEF&CC), GoI accorded (February 2008) Environment Clearance (EC) to ABVTPS for a period of five years to start production and the same was extended (March 2016) for further five years i.e. upto February 2018. The Company is required to comply with 35 conditions out of which in 17 cases there were non-compliance of conditions of EC as detailed in ***Annexure - 2.3.*** However, nothing was found on records of Chhattisgarh Environment Conservation Board (CECB) to show that any action was taken against the Company for non-compliance. Some of the major non-compliances are discussed as under:

Excess Stack Emission Standard

2.10.1 The Ministry of Environment, Forest and Climate Change, GoI amended (December 2015) the "Environment (Protection) Rules, 1986" and prescribed stack emission standards to be achieved within two years from the date (7 December 2015) of publication of the notification for thermal power stations. According to said notification, the level of Sulphur Dioxide should be within 200 mg/Nm^3 in stack emission/ambient air quality.

Audit observed (January 2019) that during January 2018 to November 2018, as per records of the Plant there were 52 numbers of instances, when level of Sulphur Dioxide was beyond the norm and ranged between 202.10 mg/Nm^3 and 246.15 mg/Nm^3 (1.05 *per cent* to 23.08 *per cent*) after two years from the date of publication of the said notification.

The Government stated (October 2019) that new norm for level of sulphur dioxide within 200 mg/Nm^3 was applicable from 7 December 2015. As the implementation of the project was conceived during 2007-12 period, the designed parameter of the project components were finalised keeping in view of norms applicable during the said period. The Government further stated that the Company initiated necessary action to maintain the emission level of sulphur dioxide within the norm.

Reply is not acceptable as the Company failed to maintain the emission level of sulphur dioxide within the norm in prescribed time. Further, the Company initiated (May 2019) action for installation of Flue Gas Dissolved system to achieve the emission of flue gases as per the norms of MoEF &CC only after lapse of more than three years after notification.

Excess level of noise pollution

2.10.2 According to the Noise Pollution (Regulation and Control) Rules, 2000, GoI, "Ambient air quality standards in respect of noise in industrial area limits shall be in day time[59] 75 dBA[60] and in night time[61] 70 dBA". This condition was also intimated (May 2008) by CECB in its permission to establish.

Audit observed from the records of the Plant that in six[62] out of 12 locations[63] the monthly average noise level were beyond norm prescribed by environmental authorities due to steam turbine generator, other rotating equipment, combustion induced noises, flow induced noises and steam safety valves. It ranged between 95.74 dBA and 83.64 dBA, against the prescribed limit of 75 dBA for day time during the period August 2016 to March 2019. However, the Company did not record the noise level at night. It was also observed that in other plant[64] of the Company noise level was within norm. To achieve the above, noise emission from equipment be controlled at source, a green belt should be developed around the plant area to diffuse noise dispersion. However, the Company planted 1.28 lakh plants against the norms of 3.38 lakh[65] plants prescribed by MoEF&CC (February 2008).

The Government stated (October 2019) that as per noise level monitoring report of 14 May 2019 various parameters have been measured at 12 different identified locations of ABVTPS. Hence, the audit conclusion that the Company had not recorded noise level at night is not correct.

Reply is not acceptable because as per records of the Company for the period August 2016 to March 2019 the Company did not record the noise level at night. Further, the Company did not address the excess level of noise pollution in day time.

Environment Impact Assessment Report not prepared

2.10.3 While granting consent (31 March 2014) the CECB directed that "EIA Report covering one year data (four seasons) shall be submitted to the CECB within 15 months from date of commissioning of plant". Audit observed (January 2019) that the ABVTPS did not prepare any EIA Report even after

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[59] Day time shall mean from 6.00 am to 10.00 pm

[60] A-weighted decibels, abbreviated as dBA, is an expression of the relative loudness of sounds in air as perceived by the human ear.

[61] Night time shall mean from 10.00 pm to 6.00 am

[62] Turbine House, Air compressor area, Mill area, Boiler House, Crusher House and Cooling Water Pump house

[63] Turbine House, Air Compressor Area, Mill Area, ESP Area, Water Treatment Plant, Boiler House, Crusher House, CHP area, CW Pump House, Main Gate, Hospital and Intake Pump House.

[64] Korba West Extension

[65] Total plant area 225 hectare X 1,500 plants per hectare = 3,37,500 plants.

30 months from commissioning of plant in compliance of aforesaid condition. In absence of EIA Report, the actual impact on environment due to operation of the plant could not be ascertained.

While accepting the observation the Government stated (October 2019) that Notice Inviting Tender (NIT) was issued (8 July 2019) for conducting of Environment Impact Assessment at ABVTPS.

Non-compliance of ash utilisation norms of MoEF&CC

2.10.4 The Ministry of Environment, Forest and Climate Change (MoEF&CC), GoI notified (25 January 2016) that the coal or lignite based thermal power plants shall comply with the provision of 100 *per cent* utilisation of fly ash generated by them before 31 December 2017.

Ash utilisation was 24.07 *per cent* only as against 100 *per cent*

Audit observed that during the period March 2016 to March 2019, ash utilisation was 24.07 *per cent* only as against 100 *per cent* fly ash as per the directions of MoEF&CC due to non-completion of approach road to the plant for movement of heavy vehicles and non-uploading of fly ash availability data on its website by SE (Civil-III), ABVTPS to enable users to collect/place requisition for the ash. Further, no concerted efforts such as allotment of land on nominal lease charge, concession on power consumption charges and appropriate technical, managerial and marketing assistance were made by the Company to improve the utilisation of ash, as envisaged in the DPR.

The Government stated (October 2019) that the Company filed case before Supreme Court of India against 100 *per cent* ash utilisation.

The fact remains that ash utilisation was 24.07 *per cent* only as against 100 *per cent*.

Failure to fix reserve price of cenosphere

2.10.5 A cenosphere is a by product produced from the combustion of coal in power stations formed from fuel ash. Normally cenosphere is produced to an extent of 0.2 *per cent* to one *per cent* in fly ash. It is commercially useful as an extender for plastic compounds, being compatible with plastisol, thermo-plastics, latex, polyester, epoxies, phenol resins and urethanes. Synthetic foams are also made with cenosphere. It is compatible with cement and other building materials such as coatings and composites. It is used in a wide variety of other products, including sports equipment, insulators, automobile bodies, marine craft bodies, paints and fire and heat protection devices.

During April 2016 to March 2019, the ABVTPS had produced 40.62 lakh MT of ash which should have contributed 8,124 MT (0.2 *per cent* on conservative estimates) of cenosphere.

The Company failed to earn revenue of ₹ 11.67 crore on cenosphere due to non-fixing of its reserve price.

Audit observed (January 2019) that the Company issued (22 November 2017) work order to contractor[66] for collection of cenosphere, handling, processing, transportation and disposal with eco-friendly manner from Ash dyke of ABVTPS against revenue of ₹ 3.18 lakh per year. As the cenosphere, which has high demand and value in the market and could have earned more revenue

[66] Shri Haridas Bhu Visthapit Jan Kalyan Seva Samiti, Jurvey Janjgir-Champa

for the Company, it should have fixed reserve price/MT[67]. Had the Company awarded contract by fixing reserve price, it could have earned revenue to the tune of ₹ 11.67 crore[68]. Similarly, in other Plants also the Company failed to fix reserve price and during 2016-17 to 2017-18 DSPM, TPS, Korba East earned revenue of ₹ 6.26 lakh instead of ₹ 6.23 crore[69] and Korba West Extension, TPS earned revenue of ₹ 7.84 lakh instead of ₹ 6.16 crore[70].

The Government stated (October 2019) that the work of collection of cenosphere was awarded to the cooperative society formed by the land oustees for generation of their employment. The Government further stated that work for collection of cenosphere was awarded to such cooperative society who quoted highest rate.

Reply is not acceptable as the Company provided monthly allowances and employment to land oustees hence, providing of work of collection of cenosphere without safeguarding the financial interest of the Company lacks justification. Further, in absence of fixing of reserve price by the Company the highest rate received from cooperative societies were too meagre.

Non-commissioning of Sewage Treatment Plant (STP)

2.10.6 As per conditions of the renewal of consent issued (31 March 2016) under section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974 by CECB "Industry shall commission Sewage Treatment Plant (STP) for treatment of domestic effluent within six months positively".

Audit observed (January 2019) that the ABVTPS had not commissioned any sewage treatment plant[71] for treatment of domestic effluent at its residential area till date (May 2019) in compliance of aforesaid conditions of CECB even after lapse of 30 months. Reasons for the same were not on the records of the Company.

While accepting the observation the Government stated (October 2019) that consultant was appointed to prepare DPR for installation of STP at residential area.

Recommendation:

The Company should ensure strict adherence to the environmental acts and regulations.

Internal Control and Monitoring

2.11 Internal control is a management tool used to provide reasonable assurance that the objectives of the organisation are being achieved in an efficient, effective and orderly manner. Deficiencies in the internal control system and monitoring mechanism are discussed below:

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67 The Kothagudam Thermal Power Station, Telangana sold at a rate of ₹ 14,360 per MT.

68 ₹ 14,360/MT x 8,124 MT

69 0.2 *per cent* of 21,71,023 MT X ₹ 14,360/MT

70 0.2 *per cent* of 21,47,070 MT X ₹ 14,360/MT

71 Cost involved ₹ 3.04 crore

Non-preparation of works manual

2.11.1 The Company was incorporated in May 2003. The Company executed different types of civil work at its power stations including ABVTPS such as construction of roads, culverts, garden, residential quarters and supervision of the work of BTG/ BOP contractors. In this connection it was observed (January 2019) that the Company neither prepared its own works manual nor it adopted Public Works Department (PWD), GoCG manual. As a result of this the Company did not maintain any hindrance register consequently contracts could not be closed till date.

The Government stated (October 2019) that the Works Manual would be prepared at the earliest.

Non-submission of Utilisation Certificate

2.11.2 The works under Corporate Social Responsibility (CSR) for project affected people were carried out by the Company through local administration.

In this connection, Audit observed (December 2018) that during the period of 2009-10 to 2018-19, 56 works valuing ₹ 6.62 crore were executed through the local administration, Janjgir-Champa for which no Utilisation Certificate (UC) were received so far (January 2019). As a result the Company could not assess the status of fund utilisation as well as progress of work.

The Government stated (October 2019) that efforts are being made to obtain UCs from the District Authorities and UC of ₹ 2.77 crore has been received.

The fact remains that UC of ₹ 3.85 crore is not yet received.

Non-conducting of Energy Audit

2.11.3 As per provisions of Energy Conservation Act, 2001 (Act), all energy intensive industries should get their units audited by accredited energy auditors. Further, as per notification of Bureau of Energy Efficiency dated 28 April 2010, stipulated that every designated consumer shall have its first energy audit conducted, by an accredited energy auditor within 18 months of the notification issued by the Central Government.

Audit observed (January 2019) that the Company was to get the energy audit conducted for Unit-1 and Unit-2 within 18 months from date of COD i.e. September 2017 and January 2018, but no energy audit had been conducted for these two units so far (March 2019). As a result of which the Company was deprived from the benefit of the energy audit besides violation of the provisions of the Energy Conservation Act, 2001.

The Government stated (October 2019) that the consultant was appointed (July 2019) to conduct energy audit.

The fact remains that energy audit was not conducted within stipulated time of September 2017 and January 2018 for Unit-1 and Unit-2 respectively and same was initiated by the Company on being pointed out by audit.

Deficient and ineffective internal audit system

2.11.4 Internal Audit (IA) is an independent management function and involves a continuous and critical appraisal of the functioning of an entity with a view to suggest improvements thereto and add value to and strengthen the overall governance mechanism of the Company. In this connection Audit observed (December 2018) the Company had no internal audit wing of its own and it had also not prepared internal audit manual so far. The IA of ABVTPS was conducted (April 2017) upto 2016-17 by the Chartered Accountants appointed by the ED (Finance). The internal audit did not cover the core area of the project like preparation of DPR, terms and conditions of major contracts, funds arrangement for project, compliance of statutory requirements, execution of projects and operational efficiency. Further, internal audit reports were not placed to the BoDs for perusal.

The Government stated (October 2019) that the internal audit report would be submitted to the BoDs, in future.

Plant remained uninsured post COD

2.11.5 The main objective of insurance is to provide protection and mitigate risk. It was observed (January 2019) that the COD of Unit-1 and Unit-2 was carried out on 31 March 2016 and 31 July 2016 respectively and no insurance of the plant was covered. It was primary responsibility of the Company to take insurance of the plant but the Company did not take any insurance coverage of the complete plant. It was pertinent to mention here that the Company had already suffered a major setback in 14 July 2015 as fire accident occurred at crusher house which resulted in slippage of schedule of completion of facilities/COD by seven months for both the Units and it had to incur generation loss of 5,352 MUs. It should have learnt lesson from the past experience however, no action had been taken by the Company in this regard. It is pertinent to mention here that Damodar Valley Corporation and West Bengal Power Development Corporation Limited insured the generating plants.

The Government stated (October 2019) that the ABVTPS along with other plants of the Company would be insured shortly.

Non- monitoring of project through SAP-ERP system

2.11.6 Office of the Chief Engineer, Energy Info Tech Centre[72] (EITC) assists the Company to carry out its financial, operational and other activities through SAP-ERP system. However, the following shortcomings were observed (January 2019) in connection with the monitoring through SAP-ERP system over the construction activities carried out in ABVTPS, Marwa:

- The SAP is a transaction based software and based on which reports are generated in the system. However, work flow module was not implemented in the SAP. Hence, the approval levels were not in place for Vendor Billing Process.
- There was no provision in the SAP-ERP system to ensure that payment was made only after verifying all the terms and conditions of the contracts instead the bills were passed manually and it depended upon the bill passing authority to adhere to the terms and conditions of the contract.

[72] Chief Engineer is head of wing

- There was no provision in the SAP-ERP system to ensure that penalty was deducted automatically if there is delay in completion of works/ supply beyond the scheduled time. Though the commissioning of the project was delayed by 44 months the Company did not deduct any penalty.
- There was no check in the SAP-ERP system to monitor performance based penalty if any shortfall occurred in the execution/ performance of the work. The cooling tower failed to give guaranteed performance of outlet temperature of 33°C however, the Company did not impose any penalty.
- There was no provision in the SAP system to review validity of BG time to time. It was observed that bank guarantee (01310100003179) had expired on 30 September 2017 but it was renewed only on 6 November 2017 after lapse of 36 days.
- There was no provision in the SAP system to check security deposit (SD) was obtained within the stipulated time mentioned in the contract agreement.
- There was no provision in the SAP-ERP system to restrict the vendor to convert the earnest money into security deposit.
- There was nothing to ensure that no running account bill was passed without realising security deposit in advance.

The above deficiencies in the SAP-ERP system were mainly due to failure of the Company to design and implement customised system as per its requirement. It implemented manual system without proper work flow module as a result the transactions entered manually in the SAP-ERP system only was displayed in the system.

The Government stated (October 2019) that to meet the shortcomings pointed out by audit, appropriate work flow module would be developed in near future.

Recommendation:

The Company should strengthen its internal control and monitoring mechanisms relating to pre-execution activities, execution of project, compliance of terms and conditions through SAP-ERP system.

Conclusion

- The Company did not conduct detailed survey or verify the revenue records of land to assess the nature of land to ensure correctness of DPR. Due to it the Company acquired total 1,728.73 acre land out of which only 283.77 acre (16.41 *per cent*) land was barren and remaining 1,444.96 acre (83.59 *per cent*) was agricultural land. As a result 15 Rehabilitation and Resettlement (R&R) issues, protest of land oustees, strike, *kaamroko*, *talabandi* took place which hampered the project work.
- As per the terms and condition of BTG and BOP contract 95/90 *per cent* advance payment ₹ 2,600.42 crore towards supply was released without linking with erection and the contractors showed very little interest in completion of erection work resulting in delay in completion of condenser erection, TG erection, steam blowing activity, CHP, AHP etc. as on

schedule date of completion only 36.82 *per cent*/40.37 *per cent* erection work was completed.

- Unit-1 and Unit-2 of ABVTPS was to be completed by 30 September 2012 and 30 November 2012, however, the same was completed on 31 March 2016 and 31 July 2016 with delay of 42 and 44 months respectively due to delay in execution of agreement, supply of materials, awarding and completion of BTG civil work and completion of BOP work.

- Delay in commissioning of Plant led to potential generation loss of 16,440.07 MUs value of ₹ 4,438.82 crore, deprival of a rebate on interest of ₹ 17.95 crore on PFC loan and cost overrun of ₹ 3,772.67 crore due to increase in Interest during Construction (IDC) on loan, cost of BTG and BOP works, cost of land acquisition and Rehabilitation and Resettlement expenditure.

- The Company did not recover the liquidated damages of ₹ 339.31 crore from the defaulting contractors due to non-closure of contracts.

- Even after commissioning of the both the units of the Power Plant the Company failed to achieve the objective of generation of at least 850 MW (at 85 *per cent* Plant Load Factor) per hour power it could generate only 575 MW per hour. Consequently the Company could not attain the generation target and there was shortfall in generation of 6,345.53 MUs power valuing ₹ 1,713.29 crore. Main reasons for poor operational performance was high rate of outages due to installation of defective turbine, non availability of GT spares and ineffective overhauling, as well as excess consumption of fuel, auxiliary consumption and coal against the CSERC norms which led to extra expenditure of ₹ 85.41 crore.

- Non adherence to the provision of environmental Acts, regulations and norms resulted in non-achievement of specified stack emission levels, noise level and disposal of ash which adversely affected the environment.

- Despite having sufficient manpower, lack of effective internal control and monitoring mechanism led to non-preparation of works manual, non-conducting of energy audit, deficient internal audit system, non-insurance of plant and deficient SAP-ERP system.

Part-2

Chapter - 3

Part-2

Chapter-3

Functioning of State Public Sector Undertakings (other than Power Sector)

Introduction

3.1 There were 21 State Public Sector Undertakings (PSUs) as on 31 March 2018 which were related to sectors other than Power Sector. These State PSUs were incorporated during the period 1981-82 and 2017-18 and included 20 Government Companies and one Statutory Corporation *i.e.* Chhattisgarh State Warehousing Corporation and three non-functional companies, viz., Chhattisgarh Sondiha Coal Company Limited, CSPGCL AEL Parsa Collieries Limited and CMDC ICPL Coal Limited which did not commence commercial activities till 2017-18. Three new companies viz., Chhattisgarh State Information Infrastructure Corporation Limited, Atal Nagar Smart City Corporation Limited[1] and Bilaspur Smart City Limited were added during the year.

Of the 21 State PSUs, financial performance of 13 PSUs is covered in this report (***Annexure - 3.1***) and the nature of these PSUs is indicated in table - 3.1.

Table - 3.1: Coverage and nature of PSUs covered in this report

Nature of the PSUs	Total number of PSUs	Number of PSUs covered in the Report				Number of PSUs not covered in the report
		Accounts up to			Total	
		2017-18	2016-17	2015-16		
Government companies	20	07	05	--	12	08
Statutory Corporation	01	01	--	--	01	--
Total	**21**	**08**	**05**	**--**	**13**	**08**

This Report does not include eight PSUs whose accounts are in arrears for three years or more or were non-functional/under liquidation or first accounts were not received or were not due or did not commence its business operation as detailed in ***Annexure - 3.2.***

The State Government provides financial support to the State PSUs in the shape of equity, loans and grants/subsidy from time to time. Of the 13 State PSUs (covered in this report), the State Government invested funds in 10[2] State PSUs. Further, the State Government had also invested funds in four State PSUs[3] whose accounts are in arrears for three years or more or were non-functional/under liquidation or first accounts were not received or did not commence its business operation. The State Government did not infuse any

[1] The name of the PSU was changed from Naya Raipur Smart City Corporation Limited to Atal Nagar Smart City Corporation Limited.

[2] PSUs at Sl. No. 1, 2, 3, 4, 5, 6, 7, 8, 11 and 12 as mentioned in ***Annexure – 3.1***.

[3] PSUs at Sl. No. 1, 2, 4 and 5 as mentioned in ***Annexure – 3.2.***

funds in seven[4] companies, which are joint ventures/subsidiaries of above State PSUs. Equity of these seven companies was contributed by the respective Co-partner/ Holding companies.

Contribution to Economy of the State

3.2 A ratio of turnover of the PSUs covered in this Report to the Gross State Domestic Product (GSDP) shows the extent of activities of the PSUs in the State economy. The table - 3.2 provides the details of turnover of State PSUs (other than Power Sector) and GSDP of Chhattisgarh for a period of three years ending March 2018.

Table - 3.2: Details of turnover of State PSUs (other than Power Sector) *vis-a-vis* GSDP of Chhattisgarh

(₹ in crore)

Particulars	2015-16	2016-17	2017-18
Turnover	7,924.14	8,687.38	8,778.13
Percentage change in turnover as compared to turnover of preceding year	-12.61	9.63	1.04
GSDP of State Chhattisgarh	2,34,212	2,62,263	2,91,681
Percentage change in GSDP as compared to GSDP of preceding year	5.91	11.98	11.22
Percentage of Turnover to GSDP of Chhattisgarh	3.38	3.31	3.01

(Source: Compiled based on Turnover figures from accounts of functional PSUs (other than power) and GSDP figures as per Economic Review 2017-18 of Government of Chhattisgarh)

The turnover of these PSUs decreased during 2015-16 by 12.61 *per cent* mainly due to decrease in turnover of Chhattisgarh State Civil Supplies Corporation Limited. Further, the turnover increased and remained 9.63 *per cent* in 2016-17. However, during the year 2017-18 there was marginal increase in turnover by 1.04 *per cent*. The turnover ranged between (-) 12.61 *per cent* and 9.63 *per cent* during the period between 2015-16 and 2017-18, whereas increase in GSDP of the State ranged between 5.91 *per cent* and 11.98 *per cent* during the same period. The compounded annual growth[5] of GSDP was 7.59 *per cent* during last three years. The compounded annual growth is a useful method to measure growth rate over multiple time periods. Against the compounded annual growth of 7.59 *per cent* of the GSDP, the turnover of non-power sector undertakings recorded compounded annual growth of 3.47 *per cent* during the period. This resulted in decrease in the share of turnover of these PSUs to the GSDP from 3.38 *per cent* in 2015-16 to 3.01 *per cent* in 2017-18.

[4] PSUs at Sl. No. 9, 10 and 13 in ***Annexure – 3.1*** and PSUs at Sl. No. 3, 6, 7 and 8 in ***Annexure – 3.2***.

[5] Rate of Compounded Annual Growth [{(Value of 2017-18/Value of 2015-16)^(1/3 years)} -1]*100

Investment in State PSUs (other than Power Sector)

3.3 Details of investment in equity and long term loans in 13 State PSUs[6] covered in this report upto 31 March 2018 are detailed in ***Annexure - 3.3.***

The PSUs covered in this Report fall in the following three categories:

1. PSUs not in open market competition (monopolistic PSUs): In Chhattisgarh, out of 13 functional PSUs, two PSUs fall under this category as they have monopolistic/oligopolistic nature of operations i.e. their operations do not have any competition or have very limited competition.
2. PSUs with assured income: This category includes PSUs whose major income comes from assured sources of income such as Government grants/subsidies, centage, commission, interest on bank deposits etc. nine PSUs fall under this category.
3. PSUs in competitive sector: This category includes two PSUs, which are open to market competition.

3.4 The sector-wise summary of investment in these State PSUs as on 31 March 2018 is given in table - 3.3.

Table - 3.3: Sector-wise investment in State PSUs (other than power sector)

(₹ in crore)

Sector	Number of PSUs	Investment						
		Equity			Long term loans			Total
		State Government	GoI	Others[7]	State Government	GoI	Others[7]	
PSUs in Monopolistic Sector	2	25.88	0.92	-	-	-	-	**26.80**
PSUs with assured income	9	22.30	-	2.22	159.57	-	223.32	**407.41**
PSUs in Competitive Environment	2	1.00	-	4.90	179.32[8]	-	7.48	**192.70**
Total (PSUs covered in this report)	**13**	**49.18**	**0.92**	**7.12**	**338.89**	**-**	**230.80**	**626.91**
PSUs not covered in this Report	8	31.35	-	129.30	-	-	233.98	**394.63**
Grand Total	**21**	**80.53**	**0.92**	**136.42**	**338.89**	**-**	**464.78**	**1,021.54**

(Source: Compiled based on annual accounts of PSUs and sanction/release orders for equity and loans.)

As on 31 March 2018, the face value[9] of total investment (equity and long term loans) in 13 PSUs covered in this report was ₹ 626.91 crore. The investment consisted of 9.13 *per cent* towards equity and 90.87 *per cent* in

6 It excludes PSUs whose accounts were in arrear for more than three years or more or were non-functional/under liquidation or first accounts were not received or were not due or did not commence its business operation.

7 Others includes investment by Holding Companies, financial institutions, banks etc.

8 The amount of loan has been received from Chhattisgarh Mineral Development Fund, Mineral Resources Department, GoCG and hence has been considered as GoCG investment.

9 The original cost of the equity shares paid by the subscribers.

long term loans. The long term loans advanced by the State Government constituted 59.49 *per cent* (₹ 338.89 crore) of the total long term loans whereas 40.51 *per cent* (₹ 230.80 crore) of the total long term loans were availed from other financial institutions like National Handicapped Finance and Development Corporation Limited (₹ 52.08 crore), Public sector banks (₹ 171.24 crore) and respective holding Companies (₹ 7.48 crore).

The investment in 13 State PSUs covered in this report has increased by 124.73 *per cent* from ₹ 278.96 crore in 2015-16 to ₹ 626.91 crore in 2017-18. The investment mainly increased due to addition of ₹ 343.85 crore towards long term loans during 2015-16 to 2017-18.

Disinvestment, restructuring and privatisation of State PSUs (other than Power Sector)

3.5 During the year 2017-18, no disinvestment, restructuring or privatisation was done by the State Government in State PSUs.

Budgetary Support to State PSUs (other than Power Sector)

3.6 The Government of Chhattisgarh provides financial support to State PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and loans converted into equity during the year in respect of State PSUs for the last three years ending March 2018 are given in table - 3.4.

Table - 3.4: Details regarding budgetary support to State PSUs (other than Power Sector) during the years

(₹ in crore)

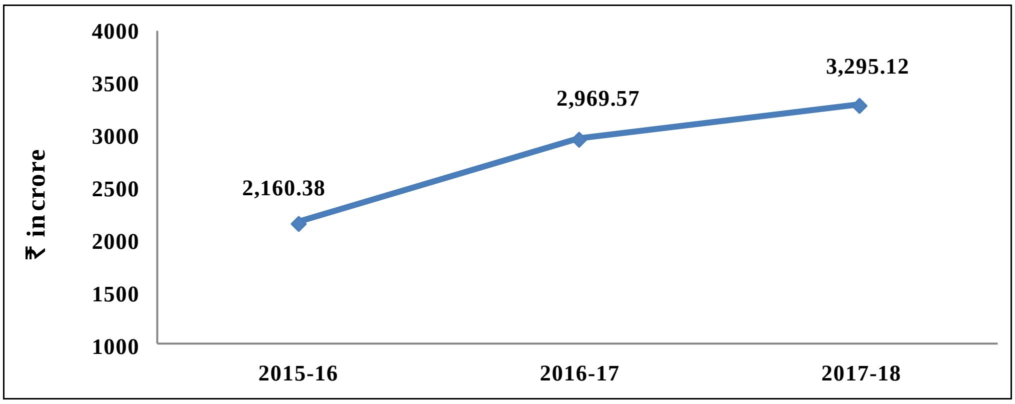
Particulars[10]	2015-16		2016-17		2017-18	
	No of PSUs	Amount	No of PSUs	Amount	No of PSUs	Amount
Equity Capital outgo (i)	-	0.00	1	4.00	-	-
Loans given (ii)	2	31.00	1	81.86	1	2.81
Grants/Subsidy provided (iii)	7	2,129.38	9	2,883.71	9	3,292.31
Total Outgo (i+ii+iii)	**8**	**2,160.38**	**11**	**2,969.57**	**10**	**3,295.12**
Loan repayment written off	-	0.00	-	0.00	-	0.00
Loans converted into equity	-	0.00	-	0.00	-	0.00
Guarantees outstanding	1	26.63	1	12.00	1	8.50
Guarantee Commitment	1	26.00	1	32.50	1	32.50

(Source: Compiled based on annual accounts of PSUs and sanction/release orders for equity, loans and guarantees.)

The details regarding budgetary outgo towards equity, loans and grants/subsidies for the last three years ending March 2018 are given in chart - 3.1.

[10] Amount represents outgo from State Budget.

Chart - 3.1: Budgetary support towards Equity, Loans and Grants/Subsidies



The annual budgetary assistance to these PSUs ranged between ₹ 2,160.38 crore and ₹ 3,295.12 crore during the period 2015-16 to 2017-18. The budgetary assistance ₹ 3,295.12 crore received during the year 2017-18 included ₹ 2.81 crore and ₹ 3,292.31 crore in form of loans and grants/ subsidy respectively. The major portion of subsidy/grants was given to Chhattisgarh State Civil Supplies Corporation Limited (₹ 2,241.92 crore) to provide food grain on concessional rate to the public and Chhattisgarh Road Development Corporation Limited (₹ 853.53 crore) for construction of road projects. Grant/Subsidies were also given to Chhattisgarh State Industrial Development Corporation Limited (₹ 40.66 crore) for industrial area development, Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (₹ 44.72 crore) for purchase and distribution of agricultural seed / pesticides / equipments, Chhattisgarh Mineral Development Corporation Limited (₹ 20.16 crore) for mineral exploration work, Chhattisgarh State Police Housing Corporation (₹ 79.82 crore) for Construction of police stations/quarters including ₹ 5.50 crore as establishment grant, Chhattisgarh Rajya Van Vikas Nigam Limited (₹ 0.96 crore) for plantation work, and to Chhattisgarh Nishakt Jan Vitt Evam Vikas Nigam (₹ 0.54 crore), Chhattisgarh Infrastructure Development Corporation Limited (₹ 10 crore) as establishment grant.

GoCG provides guarantee under Chhattisgarh State Government Guarantee Rules (CSGGR), 2003 for PSUs to seek financial assistance from Banks and financial institutions. The guarantee fee is charged from the borrowing institution at a rate, in a manner and within a time period as specified by the GoCG in the grant order in case of loan availed by PSUs from banks/financial institutions without any exception under the provisions of the CSGGR 2003. Outstanding guarantee commitments stood at ₹ 32.50 crore in 2017-18. During the year 2017-18, no guarantee commission was paid by the PSUs.

Reconciliation with Finance Accounts of Chhattisgarh

3.7 The figures in respect of equity, loans and guarantees outstanding as per records of all State PSUs should agree with that of the figures appearing in the Finance Accounts of the Government of Chhattisgarh. 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 on 31 March 2018 is given in table - 3.5.

Table - 3.5: Equity, loans and guarantees outstanding as per Finance Accounts of Government of Chhattisgarh vis-à-vis records of State PSUs (other than Power Sector)

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of State PSUs	Difference
Equity	47.78	80.53	32.75[11]
Loans	159.57	338.89	179.32[12]
Guarantees	835.31	832.50	2.81

(Source: Compiled based on information received from PSUs and Finance Accounts.)

Audit observed that out of 14 State PSUs in which GoCG had invested, such differences occurred in respect of seven PSUs as shown in ***Annexure - 3.4***. The differences between the figures have been persisting for last many years. The issue of reconciliation of differences was also taken up with the PSUs and the Departments from time to time. Major difference was observed in Chhattisgarh Rajya Van Vikas Nigam Limited (Equity: ₹ 19.18 crore[13]), Chhattisgarh Railway Corporation Limited (Equity: ₹ 21.50 crore), Chhattisgarh State Industrial Development Corporation Limited (Equity: ₹ 9.50 crore[14]), Chhattisgarh Mineral Development Corporation Limited (Loan: ₹ 179.32 crore) and Chhattisgarh State Warehousing Corporation (Equity: ₹ 1.52 crore). The audit, therefore, recommend that the State Government and the respective PSUs should reconcile the differences in a time-bound manner.

Submission of accounts by State PSUs (other than Power Sector)

3.8 Of the total 21 State PSUs, there were 18 functional PSUs i.e. 17 Government companies and one Statutory Corporation and three non-functional PSUs which are all Government companies under the purview of CAG as of 31 March 2018. The status of timeliness followed by the State PSUs in preparation of accounts by the functional State PSUs is as detailed under:

[11] The figure includes ₹ 21.50 crore given to Chhattisgarh Railway Corporation Limited (CRCL) from Chhattisgarh Mineral Development Fund (CMDF), whereas the said amount was shown as equity investment by GoCG in the accounts of CRCL. Further, it also includes ₹ 0.05 crore given to Chhattisgarh State Information Infrastructure Corporation Limited (CSIIC) from Chhattisgarh Infotech Promotion Society (ChiPS), whereas the said amount was shown as equity investment by GoCG in the accounts of CSIIC.

[12] The figure pertains to loan amounting to ₹ 179.32 crore given by the GoCG to Chhattisgarh Mineral Development Corporation Limited from CMDF and was shown as loan from CMDF in the accounts of CMDC.

[13] The difference in amount of equity of Chhattisgarh Rajya Van Vikas Nigam Limited is due to conversion of loan of ₹ 20.11 crore into equity as per the orders of the GoCG's order dated 7 January 2008 which has not been accounted for in the finance accounts.

[14] The difference in amount of equity of ₹ 9.50 crore is due to keeping equity of erstwhile Madhya Pradesh Financial Development Corporation (which was merged into CSIDC after the bifurcation of the State) under reserves and surplus by CSIDC in its accounts.

Timeliness in preparation of accounts by the State PSUs

3.8.1 Accounts for the year 2017-18 were required to be finalised by all the functional PSUs by 30 September 2018. However, out of 17 Government companies, eight Government companies submitted their accounts for the year 2017-18 for audit by CAG on or before 31 December 2018 whereas accounts of nine Government companies were in arrears. Accounts of one functional Statutory Corporation, for the year 2017-18 were presented for audit in time. Out of three non functional State PSUs two PSUs submitted accounts for the year 2017-18 and accounts of one PSU were in arrears.

Details of arrears in submission of accounts of functional PSUs (other than Power Sector) as on 31 December 2018 are given in table - 3.6.

Table - 3.6: Position relating to submission of accounts by the State PSUs (other than Power Sector)

Particulars		Government Companies / Statutory Corporation		
		Government companies	Statutory corporation	Total
Total number of PSUs under the purview of CAG's audit as on 31.03.2018		20[15]	1	21
Less: New PSUs from which accounts for 2017-18 were not due		--	--	--
Number of PSUs from which accounts for 2017-18 were due		20	1	21
Number of PSUs which presented the accounts for CAG's audit by 31 December 2018		10	1	11
Number of accounts in arrears		16[16]	--	16
Break-up of arrears	(i) Under Liquidation	--	--	--
	(ii) Non-functional	1	--	1
	(iii) First Accounts not submitted	2	--	2
	(iv) Others	13	--	13
Age–wise analysis of arrears against 'Others' category	One year (2017-18)	5	--	5
	Two years (2016-17 and 2017-18)	1	--	1
	Three years and more	7	--	7

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. The concerned Departments were informed regularly regarding arrears in accounts.

The GoCG had provided ₹ 2,597.28 crore (Grant: ₹ 302.43 crore and Subsidy: ₹ 2,294.85 crore) in five out of the 10 State PSUs accounts of which had not been finalised by 31 December 2018 whereas no investment was made in remaining five PSUs during the period for which accounts are in arrears. PSU wise details of investment made by State Government during the years for which accounts are in arrears are shown in ***Annexure - 3.5***.

[15] The figure includes three non-functional PSUs.
[16] The figure includes one account of one non-functional PSU for the year 2017-18.

In the absence of finalisation of accounts and their subsequent audit in remaining five PSUs, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the funds were utilised for the purpose for which these were provided by the State Government.

Winding up of non-functional State PSUs

3.9 Three State PSUs which were non-functional[17] companies having a total investment of ₹ 338.68 crore mainly towards capital (₹ 104.70 crore) and long term loans (₹ 233.98 crore) as on 31 March 2018, in Chhattisgarh Sondiha Coal Company Limited (Equity: ₹ 21.94 crore), CSPGCL AEL Parsa Collieries Limited (Equity: ₹ 0.16 crore, Loans: ₹ 2.27 crore) and CMDC ICPL Coal Limited (Equity: ₹ 82.60 crore, Loans: ₹ 231.71 crore). The number of non-functional PSUs at the end of each year during last three years ended 31 March 2018 are given in table – 3.7.

Table - 3.7: Non-functional State PSUs

Particulars	2015-16	2016-17	2017-18
No. of non-functional PSUs	--	03	03
Out of above, No. of PSUs which were under liquidation	--	--	--

(Source: Compiled from the information included in Audit Report (PSU), GoCG of respective years and in Annexure - 3.2)

As regards three non-functional PSUs from last two years, the Government may take appropriate decision regarding winding up of these PSUs.

Impact of non-finalisation of accounts of State PSUs (other than Power Sector)

3.10 As pointed in paragraph 3.8, 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 the State PSUs (other than Power Sector) to State GDP and their profitability including profit earned/loss incurred for the year 2017-18 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that the Administrative Department should strictly monitor and issue necessary directions to liquidate the arrears in accounts. The Government may also look into the constraints in preparing the accounts of the PSUs and take necessary steps to liquidate the arrears in accounts.

Performance of State PSUs (other than Power Sector)

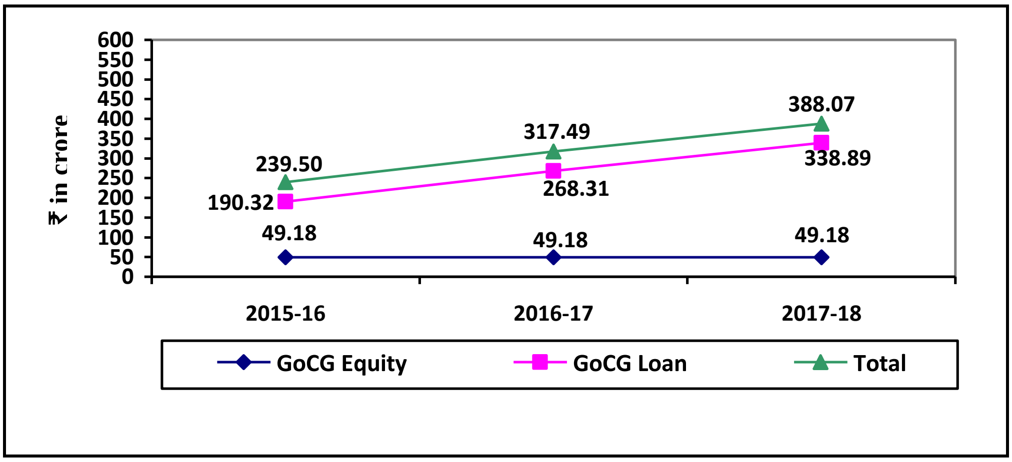
3.11 The financial position and working results of the 13 State PSUs covered in this report as per their latest finalised accounts[18] as of 31 December 2018 are detailed in ***Annexure - 3.1.***

[17] Three State PSUs were non functional due to cancellation of their coal blocks.
[18] Latest finalised accounts during the period between 2015-16 to 2017-18.

The PSUs are expected to yield reasonable return on investments made by Government in the undertakings. The total investment of GoCG / Government of India (GoI) and others in the 13 PSUs covered in this report was ₹ 626.91 crore consisting of equity of ₹ 57.22 crore and long term loans of ₹ 569.69 crore. Out of this, GoCG has investment of ₹ 388.07 crore in 10 State PSUs consisting of equity of ₹ 49.18 crore and long term loans of ₹ 338.89 crore.

The year wise investment of GoCG in the PSUs other than power sector covered in this report during the period 2015-16 to 2017-18 is shown in a chart – 3.2.

Chart -3.2: Total investment of GoCG in PSUs (other than power sector)



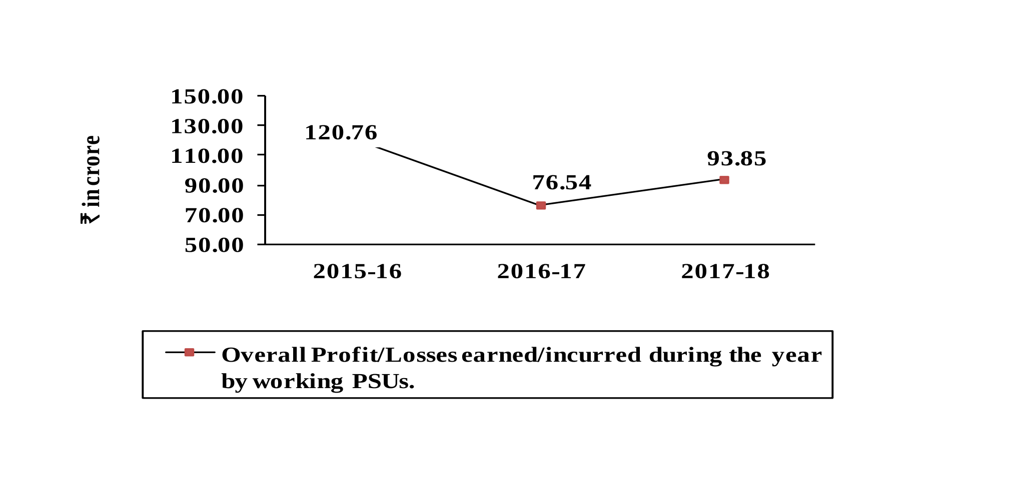
The profitability of a company is traditionally assessed through return on investment (ROI), return on equity (ROE) and return on capital employed (ROCE). Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity and long term loans and is expressed as a percentage of profit to total investment. Return on Equity is a measure of performance calculated by dividing net profit after tax by shareholders' fund. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed.

Return on Investment

3.12 The Return on investment is the percentage of profit or loss to the total investment. The overall position of Profit/losses[19] earned/incurred by the 13 functional State PSUs during 2015-16 to 2017-18 is depicted in a chart - 3.3.

[19] Figures are as per the latest finalised accounts of the respective years.

Chart - 3.3: Profit/Losses earned/incurred by functional PSUs (other than Power Sector) during the years



The profit of ₹ 120.76 crore earned by these functional PSUs in 2015-16 decreased to ₹ 93.85 crore in 2017-18. According to latest finalised accounts of these 13 functional State PSUs, 10 PSUs earned profit of ₹ 94.28 crore and three PSUs incurred losses of ₹ 0.43 crore as detailed in ***Annexure - 3.1***.

3.12.1 The number of PSUs that earned profit was 10[20] in 2017-18 as compared to eight in 2015-16. The profit earned by these PSUs decreased from ₹ 122.35 crore in 2015-16 to ₹ 94.28 crore in 2017-18. Therefore, the return on Equity (RoE) of these 10 PSUs decreased to 7.97 *per cent* in 2017-18 as compared to 18.14 *per cent* in eight PSUs in 2015-16. Return on Equity in all the 13 PSUs (covered in this report) i.e. including loss making and zero profit companies was 15.60 *per cent* in 2017-18.

The details of sector wise profit of PSUs during 2017-18 are summarised in table - 3.8

Table - 3.8: Sector wise profitability of PSUs

Sector	Number of Profit earning PSUs	Profit after Tax (₹ in crore)	Percentage of profit to total profit after tax
PSUs in Monopolistic Sector	2	20.94	22.21
PSUs with assured income	6	70.87	75.17
PSUs in Competitive Environment	2	2.47	2.62
Total	**10**	**94.28**	

(Source: Compiled based on latest finalised annual accounts of PSUs)

It may be seen from above table that out of 13 PSUs, eight PSUs earned 97.38 *per cent* profit (₹ 91.81 crore) which were either having monopolistic advantage or were having assured income from budgetary support, centage, commission, interest on bank deposits etc.

Thus in audit view sustainability of these PSUs is State dependent.

[20] The figure includes two PSUs viz., KCL and CMDC earned profit from 2016-17 onwards. Further, Raipur Smart City Limited incorporated during 2016-17 and Atal Nagar Smart City Corporation Limited incorporated during 2017-18 sustained losses since its inception.

The top profit making PSUs were Chhattisgarh State Warehousing Corporation (₹ 33.88 crore), Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (₹ 25.91 crore) and Chhattisgarh Rajya Van Vikas Nigam Limited (₹ 16.20 crore) while three[21] State PSUs incurred marginal loss of ₹ 0.43 crore.

Of the 13 PSUs (other than Power Sector) covered in this report as on 31 March 2018, position of profit/loss earned/incurred during 2015-16 to 2017-18 is given in table -3.8.1.

Table - 3.8.1 : Details of Public Sector Undertakings (other than Power Sector) which earned/ incurred profit/loss during 2015-16 to 2017-18

Financial year	Total number of PSUs (other than Power Sector)	Number of PSUs which earned profits during the year	Number of PSUs which incurred loss during the year	Number of PSUs which had Marginal[22]/Zero profit/ loss during the year
2015-16	11	8	2	1
2016-17	12	10	2	--
2017-18	13	10	3	--

Real Return on Investment on the basis of Present Value of Investment

3.13 An analysis of the earnings vis-a-vis investments in respect of those 10 State PSUs where funds had been infused by the State Government was carried out to assess the profitability of these PSUs. Traditional calculation of return based only on the basis of historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value of money. Therefore return on investment has been calculated after considering the Present Value (PV) of money to arrive at real return on the investment made by the GoCG. PV of the State Government investment was computed where funds had been infused by the State Government in the shape of equity, interest free/defaulted loans and capital grants starting from 2008-09 in these companies till 31 March 2018. During the period from 2008-09 to 2017-18, these PSUs had positive returns on investment. The return on investment for these years have, therefore, been calculated and depicted on the basis of PV.

The present value of the State Government investments in these PSUs was computed on the following assumptions:

- Loans have been considered as fund infusion by the State Government. However, in case of repayment of loans by the PSUs, the PV was calculated on the reduced balances of loans over the period. The funds made available in the form of grant/subsidy have not been reckoned as investment except capital grant since they do not qualify to be considered as investment as indicated by the nature of subsidy indicated in *Paragraph 3.6*.

[21] CRDCL, RSCL and ANSCL.
[22] PSUs which earns profit/loss less than ₹ one lakh.

- The average rate of interest on government borrowings for the concerned financial year[23] was adopted as discount rate for arriving at PV since they represent the cost incurred by the Government towards investment of funds for the year and therefore considered as the minimum expected rate of return on investments made by the government.

3.14 PSU wise position of State Government investment in these 10 State PSUs in the form of equity, interest free/defaulted loans and capital grants on historical cost basis for the period from 2008-09 to 2017-18 is indicated in ***Annexure - 3.6***. Further, consolidated position of PV of the State Government investment relating to these PSUs for the same period is indicated in table - 3.9.

Table 3.9: Year wise details of investment by the State Government and present value (PV) of government investment for the period from 2007-08 to 2017-18

(₹ in crore)

Financial year	Present value of total investmen-t at the beginning of the year	Equity infused by the State govern-ment during the year	Interest free Loans and capital grants given by the State government during the year[24]	Total investme-nt during the year	Average rate of interest on government borrowings (in %)	Total investment at the end of the year	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total Earnings for the year[25]
i	ii	Iii	iv	v=iii+iv	vi	vii=ii+v	viii={vii*(1 + vi)/100}	ix={vii*vi)/ 100}	x
Upto 2007-08	--	15.19	21.11	36.30	--	53.26	57.51	--	--
2008-09	57.51	20.11	-20.11[26]	0.00	7.36	57.51	61.74	4.23	40.22
2009-10	61.74	0.00	0.00	0.00	7.13	61.74	66.14	4.40	40.29
2010-11	66.14	3.53	8.92	12.45	7.34	78.59	84.36	5.77	17.24
2011-12	84.36	2.00	0.00	2.00	7.08	86.36	92.48	6.11	28.14
2012-13	92.48	2.00	0.00	2.00	6.34	94.48	100.47	5.99	5.31
2013-14	100.47	1.00	0.00	1.00	6.12	101.47	107.68	6.21	69.47
2014-15	107.68	5.35	0.45	5.80	6.16	113.48	120.47	6.99	99.12
2015-16	120.47	0.00	81.05	81.05	6.25	201.52	214.11	12.59	120.76
2016-17	214.11	0.00	18.02	18.02	6.62	232.13	247.50	15.37	76.47
2017-18	247.50	0.00	20.16	20.16	6.38	267.66	284.74	17.08	93.95
Total		**49.18**	**129.60**	**178.78**					

The balance of investment by the State Government in these PSUs at the end of the year increased to ₹ 178.78 crore in 2017-18 from ₹ 36.30 crore in 2007-08 as the State Government made further investments in shape of equity (₹ 33.99 crore) and loans/capital grant (₹ 108.49 crore) during the period between 2008-09 and 2017-18. The PV of funds infused by the State Government upto 31 March 2018 amounted to ₹ 284.74 crore. During the

23 The average rate of interest on government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Chhattisgarh) for the concerned year wherein the calculation for the average rate for interest paid = Interest Payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100.

24 Negative figures of loans shown in this column represent repayment of loans by the PSUs to the State Government during the concerned year.

25 Total Earning for the year depicts total of net earnings (profit/loss) for the concerned year relating to those 10 PSUs (other than Power Sector) where funds were infused by State Government. In case where annual accounts of any PSU was pending during any year then net earnings (profit/loss) for that year has been taken as per latest audited accounts of the concerned PSU.

26 The figure pertains to budgetary support in the form of conversion of interest free loan of ₹ 20.11 crore into equity of Chhattisgarh Rajya Van Vikas Nigam Limited.

period between 2008-09 and 2017-18, these companies earned substantial profits (except in 2012-13) to recover cost of funds infused by GoCG in these PSUs.

Return on Equity of PSUs

3.15 Return on equity (ROE)[27] is a measure of financial performance of companies calculated by dividing net income by shareholders' fund *plus* GoCG loan. Sector wise ROE of PSUs[28] in which the GoCG has invested is depicted in table -3.10.

Table - 3.10: Return on Equity of Sector wise

Sl. No.	Sector	ROE during 2015-16		ROE during 2016-17		ROE during 2017-18	
		No of PSUs	ROE (%)	No of PSUs	ROE (%)	No of PSUs	ROE (%)
1	PSUs in Monopolistic Environment	2	14.98	2	3.98	2	6.58
2	PSUs with Assured Income	6	16.01	7	12.63	7	12.86
3	PSUs in Competitive Environment	2	(-) 1.44	2	0.34	2	1.19
Total		**10**		**11**		**11**	

It could be seen that despite having monopolistic advantage or having assured income from budgetary support, centage, commission, interest on bank deposits etc., ROE of PSUs with monopolistic and assured income sector declined during the period between 2015-16 and 2017-18. Further, GoCG has invested huge amount in competitive sector PSU (CMDC) in the form of interest free loans (IFL) and the IFL of ₹ 81.05 crore, ₹ 95.16 crore and ₹ 179.32 crore were outstanding during the years 2015-16, 2016-17 and 2017-18 respectively. However, the ROE of competitive environment PSUs was negative (-) 1.44 *per cent* in 2015-16 due to loss (₹ -1.51 crore) incurred mainly by CMDC. Further, the ROE of competitive sector PSU was 0.34 *per cent* and 1.19 *per cent* only during the year 2016-17 and 2017-18 respectively. This shows that despite substantial amount of investment in the form of interest free loan, the ROE was not commensurate with earning of the PSU in competitive sector.

[27] Return on Equity = (Net Profit after Tax and preference Dividend/Equity)*100 where Equity = Paid up Capital + Free Reserves + GoCG Loans – Accumulated Loss – Deferred Revenue Expenditure.

[28] ROE of those PSUs whose ROE / shareholder's fund were positive.

Table - 3.10.1 depicts a comparison of ROE between monopoly[29] PSUs and non-monopoly PSUs (which had earned profits / has positive shareholder's fund).

Table - 3.10.1: Monopoly/Assured Income vs Competitive Sectors comparison of Return on Equity of PSUs

Year	Monopoly/Assured PSUs		Non-Monopoly (competitive) PSUs	
	No. of PSUs	ROE (%)	No. of PSUs	ROE (%)
2015-16	8	15.63	2	(-)1.44
2016-17	9	9.41	2	0.34
2017-18	9	10.52	2	1.19

Return on Capital Employed

3.16 Return on Capital Employed (ROCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed[30]. The details of ROCE of PSUs covered in this report during the period from 2015-16 to 2017-18 are given in table - 3.11.

Table - 3.11: Return on Capital Employed

Year	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (in %)
2015-16	172.26	784.10	21.97
2016-17	121.86	879.52	13.86
2017-18	140.58	1,186.61	11.85

It was observed that ROCE of 13 PSUs decreased during the year 2016-17 and 2017-18 in comparison to that for the year 2015-16 mainly due to decrease in profits of two[31] PSUs and increase in long term loans of three[32] PSUs.

Erosion of Net worth of PSUs

3.17 As on 31 March 2018, there were two[33] PSUs with accumulated losses of ₹ 211.09 crore. Of these two PSUs, one[34] PSU incurred loss in the year 2017-18 amounting to ₹ 0.10 crore and one[35] PSU had not incurred loss in the year 2017-18, even though it had accumulated loss of ₹ 210.59 crore.

Out of these two State PSUs, net worth (₹ 205.21 crore) of Chhattisgarh State Civil Supplies Corporation Limited had been completely eroded as the

[29] Monopoly means a market structure characterised by a single seller, selling a unique product in the market. In a monopoly market, the seller faces no competition, as he is the sole seller of goods with no close substitute. A PSU is classified as monopoly if there is no competition in the geographical area in which it operates.

[30] Capital Employed = Paid up Share capital + Free Reserves and surplus + Long term loans – Accumulated losses – Deferred Revenue Expenditure

[31] CRVVNL and CSBCL.

[32] CNJVAVN, CPHCL and CMDC.

[33] CSCSCL and CRDCL.

[34] CRDCL.

[35] CSCSCL.

accumulated loss of this company was (-) ₹ 210.59 crore against equity investment of ₹ 4.43 crore as on 31 March 2018. However, despite the capital had been eroded (being zero or negative net worth), Chhattisgarh State Civil Supplies Corporation Limited had earned marginal profit of ₹ 1.96 crore during 2017-18 largely on account of subsidy received from GoCG/GoI, income from forfeiture of earned money deposits (EMD) / security deposits of tenderers and interest on bank deposits.

Dividend Payout

3.18 The State Government had not formulated any dividend policy under which all profit making PSUs are required to pay a minimum *per cent* of return of the profit after tax/paid up capital.

Dividend Payout relating to 10 PSUs (covered in this report) where equity was infused by State Government during the period is shown in table – 3.12.

Table - 3.12: Dividend Payout of 10 PSUs (other than Power Sector) during 2015-16 to 2017-18

(₹ in crore)

Year	Total PSUs where equity infused by GoCG		PSUs which earned profit during the year		PSUs which declared/paid dividend during the year		Dividend Payout Ratio (%)
	Number of PSUs	Equity infused by GoCG	Number of PSUs	Equity infused by GoCG	Number of PSUs	Dividend declared/paid by PSUs	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8=7/5*100)
2015-16	10	49.18	8	43.28	2	4.54	10.49
2016-17	10	49.18	9	44.28	1	1.03	2.33
2017-18	10	49.18	9	44.28	2	2.41	5.44

During the period 2015-16 to 2017-18, the number of PSUs which earned profits ranged between eight and nine. During this period, number of PSUs which declared/paid dividend to GoCG ranged between one and two.

The Dividend Payout Ratio during 2015-16 to 2017-18 ranged between 2.33 *per cent* and 10.49 *per cent* only. Further analysis disclosed that the PSUs declared/paid dividend and the Dividend Payout Ratio decreased from 10.49 *per cent* in 2015-16 to 5.44 *per cent* in 2017-18.

During the year 2017-18, Chhattisgarh Rajya Van Vikas Nigam Limited and Chhattisgarh State Warehousing Corporation declared/paid dividend of ₹ 1.60 crore and ₹ 0.81 crore respectively.

Analysis of Long Term Loans of the PSUs (other than Power Sector)

3.19 Analysis of the Long Term Loans of the PSUs which had leverage during 2015-16 to 2017-18 was carried out to assess the ability of the companies to serve the debt owed by the companies to the Government, banks and other financial institutions. This is assessed through the interest coverage ratio and debt turnover ratio.

Interest Coverage Ratio

3.20 Interest coverage ratio is used to determine the ability of a PSU to pay interest on outstanding debt and is calculated by dividing earnings before interest and taxes (EBIT) of a PSU by interest expenses of the same period. The lower the ratio, the lesser the ability of the PSU to pay interest on debt. An interest coverage ratio below one indicated that the PSU was not generating sufficient revenues to meet its expenses on interest. The details of positive and negative interest coverage ratio of PSUs which had outstanding loans covered in the report during the period from 2015-16 to 2017-18 are given in table - 3.13.

Table - 3.13: Interest coverage ratio of functional State PSUs (other than Power Sector) having liability of loans

Year	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	Number of PSUs having liability of loans	Number of PSUs having interest coverage ratio more than one	Number of PSUs having interest coverage ratio less than one
2015-16	8.01	98.18	4	1	3[36]
2016-17	11.75	86.67	4	1	3[37]
2017-18	12.28	103.87	5	1	4[38]

Out of all the State PSUs (other than Power Sector) having liability of long term loans during the period between 2015-16 and 2017-18, only Chhattisgarh State Warehousing Corporation paid interest on loans and had interest coverage ratio of more than one. Further, the number of PSUs who did not pay interest on long term loans ranged between three to four during the period between 2015-16 and 2017-18 which indicates that these PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

Comments on Accounts of State PSUs (other than Power Sector)

3.21 Out of the 12 Government companies covered in this report, 12 functional companies forwarded 13 audited accounts to the Accountant General during the period from 1 January 2018 to 31 December 2018. Of these, 12 accounts were selected for supplementary audit. The Audit Reports of Statutory Auditors and supplementary audit conducted by the CAG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the CAG given in table – 3.14.

[36] CRBEKVNL, CNJVAVN and KCL did not pay interest on loan or loans were interest free.
[37] CRBEKVNL, CNJVAVN and KCL did not pay interest on loan or loans were interest free.
[38] CRBEKVNL, CNJVAVN and KCL did not pay interest on loan or loans were interest free. Interest on Loan of CPHCL was not due during the period 2017-18.

Table - 3.14: Impact of audit comments on Functional Companies (other than Power Sector)

(₹ in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18[39]	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	6	21.41	6	93.89	6	152.23
2.	Increase in profit	4	177.42	3	1.46	5	38.41
3.	Increase in loss	2	0.01	1	0.01	4	68.11
4.	Decrease in loss	3	0.24	-	-	2	179.34
5.	Non-disclosure of material facts	6	581.49	1	2,007.02	4	2,218.82
6.	Errors of classification	3	17.12	1	15.37	-	-

(Source: Compiled from comments of the Statutory Auditors/ C&AG in respect of Government Companies.)

During the year 2017-18, the Statutory Auditors had issued qualified certificates on 13 accounts. Compliance to the Accounting Standards by the PSUs remained poor as the Statutory Auditors pointed out seven instances of non-compliance to the Accounting Standards in four accounts.

3.22 The State has one Statutory Corporation *i.e*. Chhattisgarh State Warehousing Corporation which has been covered in this report. The Corporations forwarded its accounts for the year 2017-18 during the current year which were selected for supplementary audit. The details of aggregate money value of the comments of Statutory Auditors and supplementary audit by the CAG in respect of Statutory Corporation are given in table – 3.15.

Table - 3.15: Impact of audit comments on Statutory Corporation

(₹ in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1	Decrease in profit	1	74.86	1	2.60	The accounts for the year 2017-18 were under finalisation as on 31 December 2018.	
2	Increase in profit	-	-	-	-		
3	Increase in loss	-	-	-	-		
4	Decrease in loss	-	-	-	-		
5	Non-disclosure of material facts	-	-	-	-		
6	Errors of classification	-	-	-	-		

(Source: Compiled from comments of the Statutory Auditors/ C&AG in respect of Statutory Corporation)

Performance Audit and Compliance Audit Paragraphs

3.23 For the Report of the Comptroller and Auditor General of India (Public Sector Undertakings) for the year ended 31 March 2018, three compliance audit paragraphs related to Chhattisgarh Medical Services Corporation Limited and Chhattisgarh State Beverages Corporation Limited were issued to

[39] The figures of impact of accounts has been considered on the basis of accounts of PSUs covered in this report which were received / finalised during the period between 1 January 2018 and 31 December 2018.

the Principal Secretaries/ Secretaries of the respective Administrative Departments with request to furnish replies. Replies on two compliance audit paragraphs have been received from the State Government and taken into account while finalising this report. The total financial impact of these compliance audit paragraphs is ₹ 13.52 crore.

Follow up action on Audit Reports

Replies outstanding

3.24 The Report of the Comptroller and Auditor General of India is the product of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of Chhattisgarh issued (April 2017) instructions to all Administrative Departments to submit replies/explanatory notes to paragraphs/performance audits included in the Reports of the CAG of India within a period of three months after their presentation to the Legislature, in the prescribed format, without waiting for any questionnaires from the Committee on Public Undertakings (COPU).

The details regarding reply/explanatory notes to Performance Audits and paragraphs of Audit Report are given in table - 3.16.

Table - 3.16: Position of explanatory notes on Audit Reports related to PSUs other than Power Sector (as on 31 December 2018)

Year of the Audit Report (PSUs)	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs) and Paragraphs related to Non Power Sector in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2008-09	26 March 2010	1	3	-	2
2014-15	31 March 2016	1	7	1	0
2016-17	10 January 2018	1	4	1	4

(Source: Compiled based on explanatory notes received from respective Departments of GoCG)

Explanatory notes on six compliance audit paragraphs and two Performance Audits were pending till December 2018.

Discussion of Audit Reports by COPU

3.25 The status of discussion of Performance Audits and paragraphs related to PSUs (other than Power Sector) that appeared in Audit Reports (PSUs) by the COPU as on 31 December 2018 was given in table - 3.17.

Table - 3.17: Performance Audits/Paragraphs appeared in Audit Reports *vis-a-vis* discussed as on 31 December 2018

Period of Audit Report	Number of Performance Audits/Paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	Performance Audit	Paragraphs	Performance Audit	Paragraphs
2008-09	1	3	1	1
2009-10	-	8	-	8
2010-11	-	7	-	5
2011-12	-	5	-	4
2012-13	1	6	1	6
2013-14	1	7	1	7
2014-15	1	7	-	4
2015-16	-	9	-	2
2016-17	1	4	-	-

(Source: Compiled based on the discussions of COPU on the Audit Reports)

The discussion on Audit Reports (PSUs) up to 2007-08 and for the year 2009-10, 2012-13 and 2013-14 has been completed.

Compliance to Reports of COPU

3.26 Action Taken Notes (ATNs) on one report[40] of the COPU presented to the State Legislature in November 2007 had not been received (31 December 2018) relating to the State PSUs (other than Power Sector) as indicated in table - 3.18.

Table - 3.18: Compliance to COPU Reports

Year of the COPU Report	Total number of Reports of COPU	Total number of recommendation in COPU Reports	Number of recommendations where ATNs not received
2002-03	01	01	01

(Source: Compiled based on ATNs received on recommendations of COPU from the respective Departments of GoCG)

The above mentioned Reports of COPU contained recommendations in respect of paragraphs pertaining to Chhattisgarh State Civil Supplies Corporation Limited which appeared in the Reports of the CAG of India for the year 2002-03.

[40] Pertaining to one department of GoCG, i.e. Food, Civil Supplies and Consumer Protection Department which appeared in the reports of the CAG of India for the year 2002-03.

Chapter - 4

CHAPTER-4

4. Compliance Audit Observations of Public Sector Undertakings (other than Power Sector)

This chapter includes three paragraphs based on test check of transaction of State PSUs other than Power Sector.

Chhattisgarh State Beverages Corporation Limited

4.1 Avoidable payment of godown rent

Avoidable payment of godown rent amounting to ₹ 1.64 crore due to failure of the Company in ensuring monitoring of construction activities

The Chhattisgarh State Beverages Corporation Limited (Company) hired (July 2002) a godown at Gatori, Bilaspur, at an annual expenditure of ₹ 8.75 lakh[1] to store the procured liquor. Later, considering the hiring expenditure on rented godown, the Board of Directors (BoD) of the Company decided (July 2005) to construct its own godown engaging (December 2006) Public Works Department (PWD) on deposit work basis.

In compliance to the BoD's direction the Company acquired (November 2010) the land from Chhattisgarh State Industrial Development Corporation Limited (CSIDC) at Industrial Area Bilaspur for ₹ 1.18 crore and entrusted[2] (October 2012) the construction work to PWD at approved cost of ₹ 5.91 crore. The PWD awarded (January 2014) the construction work to M/s Vikas Construction Company, Bilaspur (Contractor) at ₹ 5.89 crore (i.e. 14.11 *per cent* above Schedule of Rate against estimated value of ₹ 5.16 crore), which was scheduled to be completed by 3 July 2015.

Audit observed (January 2018) that the Company released an amount of ₹ 5.05 crore[3] to PWD (up to June 2014) i.e. 85.74 *per cent* of value of work for construction of the godown. However, audit found no record which could support that construction work of godown was monitored by Company's officials. The PWD had demanded (August 2014) ₹ 2.25 crore[4] for completion of the remaining work but the Company did not deposit the same, mentioning that progress of work was not proportionate to the fund deposited to PWD. Though, PWD had clarified several times that the work was completed, the Company did not resolve the matter by meeting with PWD officers. As PWD had carried out the work and no fund was available with PWD for further execution, the contractor stopped the work from December 2014. Only after the lapse of scheduled date of completion of the work, the General Manager of the Company sent (August 2015) a letter to PWD enquiring the progress of work and no further action was taken till September 2016. During visit

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[1] Revised to ₹ 39.53 lakh w.e.f. October 2014

[2] Due to revision of the estimate on the basis of new SOR, for reducing the estimated value and approval of it in the BoD, final estimate with administrative approval was provided to PWD in October 2012.

[3] ₹ 3.04 crore (April 2012) + ₹ 2.01 crore (June 2014)

[4] ₹ 7.30 crore (after adding 14.11 *per cent* above SOR, additional supervision charges and escalation in ₹ 5.91 crore) - ₹ 5.05 crore

(October 2016) of General Manager at the site, it was observed that some associated works[5] were pending for completion and the actual progress of work was not in conformity with the status reported (August 2016) by PWD. Therefore, the matter was taken up (November 2016) with the Principal Secretary (PWD) and Secretary (PWD) (January 2017) to carry out inspection through a senior technical expert. In response, Deputy Secretary, PWD informed (September 2017) that, the balance work would be accomplished within six months provided the balance amount was released by the Company. Even after the assurance given by the Deputy Secretary, PWD, the Company did not deposit the balance amount to the PWD. As a result, the work is still (March 2019) pending for completion even after lapse of four years from the scheduled date of completion and the storage is being managed in rented godown relocated (July 2009) to Lingiyadih, Bilaspur. Further, the Company released (13 March 2018/ 2 May 2019) ₹ 1.16 crore to carry out very urgent work which is under progress (August 2019).

Thus, failure of the Company in ensuring monitoring of construction activities and in taking timely action on construction of godown resulted in an avoidable expenditure of ₹ 1.48 crore[6] (up to March 2019) on godown rent and idling of assets valuing ₹ 7.39 crore[7]. Apart from it, after acquiring the land in November 2010 the Company took six months for providing the estimate of godown to PWD i.e. June 2011 although it had been prepared in January 2006 and same was approved in 23rd BoD held on 19 March 2007. Had the Company provided the estimate to PWD immediately after acquiring the land it could have saved six months for activities of construction of godown and could avoid the godown rent of ₹ 0.16 crore[8].

Though, audit had pointed out the issue of ineffective approach of the Company for construction of godown vide Para No. 4.3.6 of Audit Report (Civil and Commercial) for the year ended 31 March 2010, the Company did not take any corrective action to expedite the completion of construction, resulting in avoidable payment on godown rent of ₹ 1.64 crore.

The Government stated (April 2019) that PWD had delayed the construction work, which was brought to the notice of higher authorities.

The reply is not convincing as it does not address the reasons for non-monitoring of construction work by the Company officials and for non-taking timely action in this regard. Further, the Company deposited the fund for execution of balance work after lapse of more than three years. Had the Company deposited it earlier the godown could be completed in time and Company could avoid the godown rent for 51 months from December 2010 to May 2011 and July 2015 to March 2019.

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[5] Construction of office building, common toilet, labour shade, electrical room and drain work etc.

[6] 30,000 sqft x ₹ 10.98 /sqft/month (applicable from October 2014) x 45 months (i.e. July 2015 to March 2019)

[7] ₹ 1.18 crore on land + ₹ 6.21 crore advances paid to PWD

[8] 30,000 sqft x ₹ 9 /sqft/month x 6 months (i.e. from December 2010 to May 2011)

Chhattisgarh Medical Services Corporation Limited

4.2 Unwarranted purchase of Multivitamin syrup at higher rates

Unwarranted purchase of Multivitamin syrup at higher rates by placing purchase orders on backdate violating Government instructions resulted in loss to the State Government

Chhattisgarh Medical Services Corporation Limited (Company) procures medicines based on indent received from the Directorate of Health Services (DHS). Audit noted that procurement process in case of multivitamin syrup for the indent year 2016-17 suffered from irregularities in procedure, procurement of excess than required quantity at higher rate in the delayed procurement/supply from a source with doubtful credentials as detailed below:

DHS indented (23 February 2016) for purchase of two crore bottles of Multivitamin (MV) syrup 100 ml as part of indent for medicines for the year 2016-17 for supply to various state government health organisations.

The Company invited (12 August 2016) an online tender[9] after six months of the indent. Since there was delay in finalisation of tender till January 2017, the Company sought (23 January 2017) the information from the Bureau of Pharma PSUs of India (BPPI) for purchase of 23 essential drugs (including MV syrup) at their finalised rates. BPPI informed (25 January 2017) the rate list of 23 drugs and stated that the supplies will be made through its local distributor i.e. M/s Nahar Medical Agencies, Raipur (Nahar). Simultaneously, the Company requested (24 January 2017) DHS to obtain the permission from Department of Commerce and Industries, Government of Chhattisgarh (DC&I) for purchase of 23 drugs (including MV syrup 100 ml) for such quantities which fulfill the requirement of three months from BPPI directly without tendering. DHS obtained (23 February 2017) permission from the DC&I for procurement of 23 essential drugs from BPPI by ensuring minimum purchase rates without inviting tenders for 2016-17 only.

It was seen that the three month's requirement of MV syrup bottles (100 ml each) was 50,58,540. BPPI offered (28 January 2017) rates of ₹ 27.64 per bottle of MV syrup 200 ml. Since the indent of DHS was for 100 ml bottles, hence the Company requested (8 March 2017) DHS for permission of procurement of 200 ml bottles of MV syrup. In response, DHS rejected (27 March 2017) the proposal of the Company and instructed to buy MV tablet in place of MV syrup (200 ml). Hence, the procurement was to be done only for 100 ml bottles/ multivitamin tablet.

Thereafter, Company got the quotation for 100 ml bottles from BPPI (73.95 lakh) apparently on 31 March 2017 and seemingly placed order on

[9] Tender no. 03 Medicines with due date of submission of 19 September 2016 which was extended upto 26 October 2016

same day for supply till June 2017. Against this the actual supply was in September and October 2017 only as detailed in Table-4.1.

Table-4.1

Date of obtaining quotations for 100 ml bottles	Date and quantity of order placed on BPPI	Schedule time for delivery	Actual delivery of 100 ml MV bottles
31.03.2017	31.3.2017 for 73.95 lakh bottles	By 29.6.2017	September and October 2017 72.59 lakh bottles

Thus the Company placed order for requirement for the year 2016-17 apparently on the last day of the year with delivery schedule in 2017-18 defeating the objective of procurement of medicine for distribution as indented by DHS.

Though the procurement for 2016-17 (for which tender was floated in August 2016), and was yet to be finalised, DHS further placed (18 October 2016) an indent for purchase of two crore bottles of MV syrup of 100 ml each for the year 2017-18. This indent was revised downward to five lakh bottles (28 April 2017). It was also instructed by DHS in its letter (28 April 2017) that against the indent for the year 2016-17 to the extent the quantity of drugs were not ordered/procured so far, no order for same should be placed in 2017-18. As such Audit examination reveals that no procurement was done as on 27 April 2017 and all process was done in backdate (detailed in point No. A). Thus DHS, in essence, shelved the indent for 2016-17 in April, 2017.

Against this second indent of DHS for five lakh Multivitamin syrup bottles for the year 2017-18 the Company after finalisation of tender placed (23 May 2017) purchase order on M/s Galpha Laboratories Ltd., Ankleshwar[10] at the rate of ₹ 16.60 per bottle (exclusive of VAT/GST). The supply against this order was completed in July 2017.

It was seen that no action for cancellation/revision of order for 2016-17 was taken by the Company despite having the knowledge of rates available before actual placement of order (backdated to 31 March 2017) with date of supply of quantities as June 2017 against which actual supply was made in September/ October 2017 only.

Audit noticed the following irregularities/incongruities committed by the Company in the process of procurement against indent of 2016-17:

A. Irregular Placement of purchase orders on BPPI on backdate

- As per the procedure adopted by the Company for placement of purchase orders (PO) on the suppliers, the Company sends the system generated

[10] The Company finalised the Rate contract for Multivitamin syrup with M/s Galpha Laboratories Ltd. being L1. The Company executed the agreement on 26 April 2017.

PO's to vendors through email on the same day of placing of order. However, in the instant case the Company deviated from this procedure and placed all the four POs on BPPI by hand and details/ particulars of person to whom handed over were not mentioned in the Dispatch Register being maintained by the Company. In dispatch register only details of POs, date and dispatch number had been mentioned on the last page of the Dispatch Register. Hence, there was process deviation.

- **The terms and conditions of PO/ payment were finalised only 5 July 2017 i.e. after schedule date (29 June 2017) of supply of material. Therefore, it is evident that actual PO was not on 31 March 2017 but on a later date (5 July 2017 or later) by making back date entry on 31 March 2017 in the dispatch register.**
- **The details of POs dated 31 March 2017 were not found in the backup database dated 26 April 2017 provided by the Company, which further confirms that the POs were not issued till 26 April 2017. Thus the Company had not actually placed the orders when the revised instructions were received from DHS in April 2017.**
- Records revealed that BPPI did not have any rate contract for supply of 100 ml MV syrup at the time of placement (31 March 2017) of PO by the Company, as it had invited tenders (not the rate contracts) for the same for fixed quantity of 70 lakh bottles on 22 May 2017 and opened the price bids on 21 June 2017 i.e. about 50 days after the placement of PO by the Company to BPPI. As such BPPI quoted the price for the above drug on 31 March 2017 without finalising its own rate contract. **This incongruity also strengthens the possibility of obtaining quotation of BPPI on back date to cope up with the time limit fixed by DC&I.**
- **In the printed label on MV syrup bottles supplied by BPPI's local agent M/s Nahar the name of manufacturing firm is printed as "Cian Health Care Private Limited, Baddi, District, Solan (Himachal Pradesh)". However, on verification of facts it is noticed that the Cian Health Care Private Limited is not a manufacturer of this drug and registered as trader of pharmaceutical products and raw materials with Himachal Pradesh State Health Department. Thus, the credentials of supplier firm are also in suspicion and poses questions on the entire system of procurement of MV Syrup by the Company.**

Though in October 2018 the Management maintained that the purchase orders were placed in offline mode on 31 March 2017 due to heavy traffic on online servers being the last day of the financial year and that these orders were regenerated on 2 May 2017 through online mode which was required for online receipt and distribution of drug. However Company did not produce evidence to support that.

Here it is worthwhile to mention that the Company in its reply of a complaint forwarded in this regard by GoCG accepted (May 2019) that purchase order was issued on back date to cope up with the deadline of 31 March 2017 given by the DC&I in this regard. This confirms that process followed was irregular.

B. Purchase of drug at higher rates resulted in loss of ₹ 1.02 crore

The Department of Commerce and Industries (DC&I) while according approval for purchase of drugs from BPPI for 2016-17, stipulated that while purchasing the drugs the minimum purchase price should be ensured.

Audit noted that the Company placed order on M/s Galpha Laboratories Ltd. at the rate of ₹ 16.60 per bottle received in tender[11] against indent for the year 2017-18 which was lower than the rate of ₹ 18 per bottle offered by BPPI's. From the Chronology of events it is evident that this rate was known before the supply by BPPI as terms and conditions for the supply by BPPI were also not finalised till 5 July 2017.

As such the Company should not have gone ahead with procurement process as DHS had asked to not place PO for those quantities not procured for earlier indent. However not only did the Company go ahead with the procurement but also did not take cognisance of lower rate available in April 2017 to modify/ cancel the earlier process initiated with BPPI. It is known that BPPI had invited tenders for procurement of MV syrup for supply to the Company on 22 May 2017 only and finalised the same after June 2017. Hence an opportunity was available with the Company to procure the drug at lower rates. This lack of action despite awareness of rates has resulted in loss of ₹ 1.02 crore[12] to the State Government and extending of undue financial benefit to the private supplier through BPPI.

The Management maintained in October 2018 that the orders were placed on 31 March 2017 and price bids for next tenders were opened afterwards, on 6 April 2017, hence, the Company was not aware about receipt of lower rates at the time of placement of orders. It was further stated that there was no clause in the PO regarding cancellation of PO after placement of orders. However the fact that Management has accepted in May 2019 that order was backdated to 31 March 2017 nullifies their earlier replies and contentions. The lack of due action has been accepted by the Company in its reply of a complaint forwarded in this regard by GoCG. The Company has accepted (May 2019) that had it cancelled the purchase orders of BPPI due to non supply of drug upto August 2017 in view of lower rates received in the regular tender, it could have saved ₹ 1.02 crore, as observed by Audit.

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[11] Price bid was opened on 1 April 2017 and tender was finalised in 6 April 2017.

[12] 72,59,250 x (₹ 18 - ₹ 16.60)

C. Procurement excess of requirement and delayed supply resulted in loss of ₹ 5.82 crore due to inability to utilise 30.81 lakh bottles before expiry date

Despite the reduction of indent in April 2017 by DHS, due to backdated procurement process the Company procured 77.59 lakh bottles by October 2017 (BPPI: 72.59 lakh and Galpha Laboratories: 5 lakh bottles at the rate of ₹ 18 per bottle and ₹ 16.60 per bottle respectively) of MV syrup. Audit noticed that out of 77.59 lakh bottles, 30.81 lakh bottles[13] stock of MV syrup had expired as on 28 February 2019. The value of these expired medicine was ₹ 5.82 crore which has resulted in direct loss to the Government exchequer.

Audit noticed that in order to reduce the stock of MV syrup, the Company issued (January 2019) 17.23 lakh bottles to the health facilities which was much more than the average monthly issue quantity of 2.26 lakh bottles considering the two years consumption (from July 2017 to December 2018). The health facilities had also issued 16.03 lakh bottles to outside/inside patient departments (OPD/IPD) in January 2019 for onward distribution to patients. The above action clearly show haste in issuing/distributing the MV syrup bottles just before they were due to expire.

Further the MIS system of the Health Department as well as the Company does not provide the details of issue of medicines to OPD/IPD patients and balance quantity of any medicines at OPD/IPD wards of the health facilities. Hence, even the distribution of 16.03 lakh bottles to OPD/IPD patients is not backed by any evidence and is doubtful because average monthly issue of medicine upto previous month was just 2.26 lakh bottle. Thus the issuance of huge quantity of MV syrup just before its expiry also seems to be to cover up the loss due to expiry of medicines.

On being requisitioned (February 2019) DHS failed to provide the details of balance quantity of Multivitamin syrup at OPD/IPD wards. As the medicine was issued to OPD/IPD wards at the fag end of its date of expiry, the chances of its utilisation by OPD/IPD seem remote. This has resulted in potential loss of ₹ 3.03 crore for 16.03 lakh bottles issued during January 2019 besides loss of ₹ 5.82 crore on expired Multivitamin syrup as discussed above.

Here it is pertinent to mention that the Company as well as DHS did not take any steps to utilise this excess stock in the health schemes of the State though Audit had pointed it out as early as in May 2018. Non-utilisation of Multivitamin syrup by the Health Department indicates that the Company had procured the medicine without any requirement and due to this the Government has suffered as indicated above.

[13] Company's warehouses : 17.43 lakh bottles, Health facilities : 11.05 lakh bottles and already expired at Company warehouses in January 2019 : 2.33 lakh bottles

Audit reported (February 2019) the matter to Government, their reply is awaited (February 2020).

The State Government should conduct an enquiry on above irregularities pointed from vigilance angle and fix responsibility.

4.3 Procurement of food baskets at exorbitantly higher rates

Procurement of food baskets under Chief Minister TB Nutrition Scheme at exorbitantly higher rates from lone ineligible bidder resulted in avoidable extra expenditure of ₹ 5.04 crore.

The Government of Chhattisgarh (GoCG) introduced (3 May 2016) the Chief Minister Tuberculosis (TB) Nutrition Scheme (Scheme). As per the Scheme Food Basket -Soyabean Oil (one litre), Groundnut (1.5 kg) and Skimmed milk powder (one kg) was to be provided on monthly basis through Primary Health Centres. The responsibility of procurement and distribution of food basket to TB patients for supplementary nutritions was entrusted (18 May 2016) to Chhattisgarh Medical Services Corporation Limited (Company) by GoCG.

The Company invited (27 September 2016) online tender for supply of 2.13 lakh food baskets but due to receipt of only one bid, the tender was cancelled (16 November 2016). The Company re-invited (18 November 2016) the tender, in three stage bids against which only two bids i.e. from M/s Mahadev Foods Corporation and M/s Shri Shyam Pulses (SSP) were received (7 December 2016). The bid of M/s Mahadev Foods Corporation was rejected (December 2016) due to non-fulfilment of required pre-qualification criteria by the tender committee. The price bid of the technically qualified bidder SSP was opened (18 January 2017). The rate quoted by SSP was ₹ 1,124.55 per food basket (including VAT) which was significantly higher than the price of ₹ 633 per food basket (including VAT) gathered (19 January 2017) by the Company through local retail market. Hence, the Company negotiated (25 January 2017) the rate and executed (31 January 2017) the supply agreement with SSP accepting the negotiated rate of ₹ 1,039.50 per food basket (including VAT).

Meanwhile, GoCG sanctioned (6 March 2017) ₹ 12.20 crore against the demand of ₹ 24.25 crore raised (10 February 2017) by the Company for the procurement of food basket. In view of this, the Company called (14 March 2017) SSP for further price negotiation where after a series of three negotiation meetings[14] the Company finalised (26 April 2017) rate of

[14] 3 April 2017 – agreed rate ₹ 900 per food basket; 21 April 2017 – agreed rate ₹ 890 per food basket and 25 April 2017 – agreed rate ₹ 850 per food basket excluding VAT

₹ 892.50 per food basket (including VAT) and revised (28 April 2017) the supply agreement.

The Company placed (1 May 2017) the initial supply order for 54,084 food baskets valuing ₹ 4.83 crore on SSP which it supplied by 23 June 2017.

In this regard Audit observed the following:

- Clause 2.1 (xv) of the tender (dated 27 September 2016) terms and conditions provides, "tenderer should at least have three years market standing as a manufacturer for each food item quoted in the tender as manufacturer". However, the Company[15] changed (29 October 2016) the eligibility criteria without any recorded justification on the request of SSP (26 October 2016) and stipulated that the "tenderer should at least have three years' experience in sale/manufacture of food item. The tenderer shall obtain authorisation from manufacturer for the quoted items". This fact was not indicated in Tender notice published in newspapers on 18 November 2016. This indicates that the said amendment in the eligibility criteria was made by the Company to enable SSP participate in bidding and pass on undue favour to a private person which consequently resulted in finalisation of tenders at exorbitantly higher rates as discussed in succeeding paragraphs.

The Government stated (August 2018) that the amendment in the tender conditions from manufacturer to sales/manufacturer was made by the Company because all the three ingredients of food basket have different manufacturers. It was further stated that the Company has power to amend the tender conditions.

It is evident from the reply that the Company was well aware about different manufactures and could get more competitive rates by inviting separate tender from manufacturers only.

- As per the tender terms and conditions, five *per cent* of the total contract value was to be submitted by the successful bidder as performance security within 10 days after notification of award with validity of two years from date of contract agreement.

  Audit observed that SSP had submitted (5 May 2017) performance security of ₹ 25 lakh only being five *per cent* value of initial purchase order of ₹ 4.83 crore instead of ₹ 95.17 lakh on the ground that the performance security for total contract value is a huge amount. This has also resulted in passing of undue financial benefit to SSP.

  On being pointed by Audit (September 2017), the Company terminated (28 February 2018) the contract for supply of food basket with SSP due to non-deposit of sufficient performance security. SSP contested the

[15] Managing Director

Company's action by filing appeal in the Hon'ble High Court of Chhattisgarh who directed (22 June 2018) the appellate authority-Secretary, Department of Health, GoCG to consider the matter as per the terms of the contract. After hearing (29 June 2018) the case, the Secretary ordered SSP to deposit the balance performance security.

The Government stated (August 2018) that SSP has deposited the applicable amount of performance security.

However the fact remains that the performance security was obtained after being pointed out in Audit.

- As only one qualified bid was received the Company without recording any justification accepted the same. This led to placement of supply order at an exorbitantly higher rate of ₹ 892.50 per food basket (including VAT) offered by SSP and the Company ignored the fact that cost of food basket with same ingredients/quantities to State Health Resource Centre (SHRC) was ₹ 409 per basket during the pilot project and the local market price of ₹ 633 per food basket (including VAT) gathered (19 January 2017) by it through local market. Later on after being pointed (September 2017) by Audit, the Company sought (23 November 2017) clarification from SSP as a result SSP reduced (15 February 2018) the per food basket price from ₹ 892.50 to ₹ 728 which was further reduced (4 July 2018) to ₹ 714 per food basket (₹ 680 plus GST) on further negotiation in view of orders passed (29 June 2018) by the Secretary, Department of Health, GoCG. Accordingly, the Company extended (16 July 2018) the earlier agreement with SSP with revised rates for further six months i.e. upto 15 January 2019 and procured 1.11 lakh food baskets upto the validity of agreement.

  In this connection, Audit observed that the Company again did not assess the reasonability of rate of ₹ 714 per food basket offered by SSP in negotiation meeting of July 2018. This had resulted in avoidable extra expenditure of ₹ 5.04 crore[16] on total 1.65 lakh food baskets procured from SSP.

The Government stated (August 2018) that the SHRC had not communicated about its pilot project and rates mentioned in the pilot project to the Company. The Government further stated that SSP has reduced the rates from ₹ 850 per food basket to ₹ 680 per food basket (excluding VAT) and that too for already supplied quantity.

The reply is factually incorrect because SHRC forwarded a copy of Report on pilot project to DHS in which rate was mentioned and Audit had found it in Company's records. The reply also confirms that the accepted rate of food basket was exorbitantly higher whereas reply is silent about the retail market

[16] (₹ 714 – ₹ 409) X 1,65,394 food baskets

price of ₹ 633 per basket, which was already known to the Company at the time of finalisation of bid. Further, the plea of reduction in price is also not acceptable as Company has not assessed the reasonability of reduced rates offered by the SSP during the negotiation meeting (4 July 2018) and no detailed price breakup could be provided by the Company in support of revised offer rate of ₹ 680 per food basket.

Raipur
The: 22 June 2020

(DINESH R. PATIL)
Accountant General (Audit)
Chhattisgarh

Countersigned

New Delhi
The: 30 June 2020

(RAJIV MEHRISHI)
Comptroller and Auditor General of India

Annexures

Annexure – 1.1

Statement showing position of equity and outstanding loans relating to State Power Sector PSUs as on 31 March 2018

(Referred to in paragraphs 1.4 and 1.8)

(₹ in crore)

Sl. No.	Sector & Name of the PSU	Name of the Departm-ent	Month and year of incorporat-ion	Equity[$] at close of the year 2017-18				Long term loans outstanding at close of the year 2017-18			
				GoCG	GoI	Others	Total	GoCG	GoI	Others[#]	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
A. Generation											
1	Chhattisgarh State Power Generation Company Limited (CSPGCL)	Energy	19.05.2003	-	-	2,814.30	2,814.30	50.33	-	8,199.30	8,249.63
Sub-Total				**-**	**-**	**2,814.30**	**2,814.30**	**50.33**	**-**	**8,199.30**	**8,249.63**
B. Transmission											
2	Chhattisgarh State Power Transmission Company Limited (CSPTCL)	Energy	19.05.2003	-	-	904.71	904.71	15.69	-	1,086.03	1,101.72
Sub-Total				**-**	**-**	**904.71**	**904.71**	**15.69**	**-**	**1,086.03**	**1,101.72**
C. Distribution											
3	Chhattisgarh State Power Distribution Company Limited (CSPDCL)	Energy	19.05.2003	-	-	2,263.10	2,263.10	86.42	-	4,074.14	4,160.56
Sub-Total				**-**	**-**	**2,263.10**	**2,263.10**	**86.42**	**-**	**4,074.14**	**4,160.56**
D. Others											
4	Chhattisgarh State Power Holding Company Limited (CSPHCL)	Energy	31.12.2008	609.73[€]	-	-	609.73	-	-	-	-
5	Chhattisgarh State Power Trading Company Limited (CSPTrCL)	Energy	30.12.2008	-	-	0.05	0.05	-	-	-	-
Sub-Total				**609.73**	**-**	**0.05**	**609.78**	**-**	**-**	**-**	**-**
Grand Total				**609.73**	**-**	**5,982.16**	**6,591.89**	**152.44**	**-**	**13,359.47**	**13,511.91**

$ Includes share application money pending allotment.

\# Includes financial institutions, Banks and PSUs etc.

€ GoCG released equity of ₹ 6,591.89 crore to CSPHCL as equity which includes amount of ₹ 5,982.16 crore which was invested by CSPHCL (holding company) in its subsidiary companies viz., CSPGCL (₹ 2,814.30 crore), CSPTCL (₹ 904.71 crore), CSPDCL (₹ 2,263.10 crore) and CSPTrCL (₹ 0.05 crore) as shown at Sl. No. 1.2.3 & 5. Therefore, the figure of equity in CSPHCL has been shown excluding ₹ 5,982.16 crore which was given by the GoCG for its subsidiary companies.

Annexure – 1.2

Summarised financial position and working results of Government companies and Statutory Corporation as per their latest finalised financial statements

(Referred to in paragraphs 1.8, 1.9 and 1.12)

(₹ in crore)

Sl. No.	Sector, Type & Name of the PSU	Period of accounts	Net Profit/ loss before interest and tax	Net Profit/Loss after interest and tax	Turnover	Paid up capital	Capital employed#	Net Worth¥	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10
A. Generation									
1	CSPGCL	2016-17	1,351.76	336.49	6,193.55	2,814.30	10,865.93	1,971.26	-843.04
	Sub-Total		**1,351.76**	**336.49**	**6,193.55**	**2,814.30**	**10,865.93**	**1,971.26**	**-843.04**
B. Transmission									
2	CSPTCL	2016-17	295.22	152.06	994.10	904.71	2,329.92	1,221.95	317.24
	Sub-Total		**295.22**	**152.06**	**994.10**	**904.71**	**2,329.92**	**1,221.95**	**317.24**
C. Distribution									
3	CSPDCL	2016-17	-137.58	-421.76	12,835.76	2,263.10	-1,030.90	-3,733.18	-5,996.28
	Sub-Total		**-137.58**	**-421.76**	**12,835.76**	**2,263.10**	**-1,030.90**	**-3,733.18**	**-5,996.28**
D. Others									
4	CSPHCL	2016-17	1.45	0.97	1.45	609.73£	651.48	651.48	41.75
5	CSPTrCL	2016-17	-2.94	-2.94	0.00	0.05	-7.96	-7.96	-8.01
	Sub-Total		**-1.49**	**-1.97**	**1.45**	**609.78**	**643.52**	**643.52**	**33.74**
	Grand Total		**1,507.91**	**64.82**	**20,024.86**	**6,591.89**	**12,808.47**	**103.55**	**-6,488.34**

\# Capital employed = Paid up share capital + free reserves and surplus + long term loans - accumulated losses - deferred revenue expenditure.

¥ Net worth = Paid up capital + free reserve and surplus – accumulated loss - deferred revenue expenditure.

£ GoCG released equity of ₹ 6,591.89 crore to CSPHCL as equity which includes amount of ₹ 5,982.16 crore which was invested by CSPHCL (Holding Company) in its subsidiary companies viz., CSPGCL (₹ 2,814.30 crore), CSPTCL (₹ 904.71 crore), CSPDCL (₹ 2,263.10 crore) and CSPTrCL (₹ 0.05 crore) as shown at Sl. No. 1.2.3 & 5. Therefore, the figure of equity in CSPHCL has been shown excluding ₹ 5,982.16 crore which was given by the GoCG for its subsidiary companies. Therefore, the amount of ₹ 5,982.16 crore included in equity of CSPHCL, has also been excluded for calculation of net worth and capital employed and total paid up capital of CSPHCL.

Annexure – 2.1

Statement showing loss to the Company due to excess consumption of oil

(Referred to in paragraph 2.9.5)

Unit	Year	Actual generate-on in MU	Unit generated in kWh	Actual oil consump-tion (in kilo litre)	Actual oil consumption in ml	Actual oil cons-ump-tion in ml/ kWh	CSERC Norm in ml/ kWh	Oil consumption allowed as per norms in ml	Oil cons-umption allowed as per norms in kl	Excess oil consumption in kl	Aver-age price of oil for kl (in ₹)	Loss due to excess oil consumption (in ₹)
		A	B=A*10,00,000	C	D= C*10,00,000	E = (D/B)	F	G = B*F	H= G/ 10,00,000	I = C – H	J	K= I*J
Unit –1	2016-17	294.08	29,40,80,000	3,582.97	3,58,29,70,000	12.18	0.5	14,70,40,000	147.04	3,435.93	35,770	12,29,03,216.10
	2017-18	2,739.96	2,73,99,60,000	2,832.02	2,83,20,20,000	1.03	0.5	1,36,99,80,000	1,369.98	1,462.04	48,031	7,02,23,243.24
	2018-19	2,946.00	2,94,59,60,000	2,379.05	2,37,90,50,000	0.81	0.5	1,47,29,80,000	1,472.98	906.07	48,031	4,35,19,448.17
Unit –2	2016-17	2,084.66	2,08,46,60,000	5,653.73	5,65,37,30,000	2.71	0.5	1,04,23,30,000	1,042.33	4,611.40	35,770	16,49,49,778.00
	2017-18	2,980.03	2,98,00,26,000	1,867.20	1,86,72,00,000	0.63	0.5	1,49,00,13,000	1,490.01	377.19	48,031	1,81,16,812.89
	2018-19	3,471.31	3,47,13,10,000	2,932.38	2,93,23,80,000	0.84	0.5	1,73,56,55,000	1,735.66	1,196.73	48,031	5,74,80,138.63
Total		**14,516.04**	**14,51,59,96,000**	**19,247.35**	**19,24,73,50,000**	**1.33**	**0.5**	**7,25,79,98,000**	**7,258.00**	**11,989.36**		**47,71,92,637.03**

(Source: Data compiled from the Company's records)

Annexure – 2.2

Statement showing excess coal consumption due to excess SHR

(Referred to in paragraph 2.9.7)

Particulars	Unit 1			Unit 2			Total
	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19	
Gross generation (MUs) (A)	294.10	2,739.90	2,945.96	2,326.20	2,980	3,471.31	
Station Heat Rate as per norms of CSERC (B)	2,378	2,378	2,378	2,378	2,378	2,378	
Actual Station Heat Rate (Kcal/kWh) (C)	2,708	2,387	2,360	2,593	2,396	2,346	
Coal consumption (MT) (D)	2,18,997.07	17,79,279.51	19,34,944.59	17,22,670.99	19,45,814.96	22,66,487.64	
Average GCV of coal (Kcal/kg) (E)	3,467.13	3,660.65	3,544	3,467.13	3,660.65	3,544	
Heat required from coal for generation (in lakh Kcal) (F) = (A) X (B) X 10	69,93,698	6,51,54,822	7,00,54,928.80	5,53,17,036	7,08,64,400	8,25,47,751.80	
Coal required for gross generation (MT) (G) = (F)/(E) X 100	2,01,714.33	17,79,870.30	19,76,719.21	15,95,470.49	19,35,842.00	23,29,225.50	
Excess consumption of coal (MT) (H) = (D) - (G)	17,282.74	-590.79	-41,774.62	1,27,200.50	9,972.96	-62,737.86	**1,54,456.21**
Average rate of coal (₹ per MT)	2,462.73	2,112.83	2,234.32	2,462.73	2,112.83	2,234.32	
Value of excess coal consumption (₹ in crore)	4.26	0	0	31.33	2.11	0	**37.69**
(Source: Data compiled from the Company's records)							

Annexure - 2.3

Statement showing the non-compliance of conditions of environment clearance

(Referred to in paragraph 2.10)

Sl. No.	Terms and conditions	Audit observation
1	No Land in excess of 508 ha (1,254.76 acre) shall be acquired for any utilities/ facilities relating to this project.	Included vide para no. 2.6.1.
2	High Efficiency ESP with 99.89 *per cent* efficiency shall be installed so as to ensure that particulate emission do not exceed 100 mg/Nm3.	During the scrutiny of records it was observed that in January 2017, February 2017 and June 2017 the average SPM level exceeded the prescribed levels and ranged between 51 mg/Nm3 and 65 mg/Nm3 (02 *per cent* to 30 *per cent* excess than the norm[1])
3	Cycle of Concentration (CoC) not less than five shall be adopted.	Audit observed that CoC is less than five most of the time due to recirculation of water with salt components which resulted in extra consumption of fresh water. However, it has no impact as the water consumed was within the contracted quantity of 35 MCM per annum.
4	Treated effluents conforming to the prescribed standards shall be re-circulated and reused within the plant. No effluents shall be discharged outside the project boundary.	Audit observed that the Sewage Treatment Plant (STP) at residential colony of Power Plant is not commissioned so far (March 2019). The Company did not disclose this fact in its compliance report. Moreover, non-installation of STP led to disposal of untreated domestic water into Hasdeo river through Chautaria Nalah.
5	100 *per cent* fly ash shall be collected in dry form and its full utilisation shall be achieved within 09 years in accordance with the Notification on fly ash utilization S.O. 763 (E) dtd 14th Sept 1999 and the amendments made therein from time to time.	During the period March 2016 to March 2019, ash utilisation was 24.07 *per cent* only as against 100 *per cent* fly ash as per the directions of MoEF&CC.
6	Leq of Noise level shall be limited to 75 dBA and regular maintenance of equipments should be undertaken. For people working in high noise areas, personal protection devices should be provided.	Included vide para no. 2.10.2.
7	Green belt shall be developed around the plant boundary with tree density around 1500-2000 trees per ha (2.47 acre) covering at least 174 ha (429.78 acre) area.	The Company should have planted 3,46, 440 number[2] of plants in acquired area in compliance with MoEF&CC and CECB conditions in spite of this the Company planted only 2,36,543 number of plants covering with 158 ha (390.26 acre) area. This has resulted in shortfall of 1,09,897 number of plants and 73 ha (180.31 acre) area covered besides violation of environmental norms.
8	Regular monitoring of air quality shall be carried out in and around the plant boundary and record to be maintained. The location of the monitoring stations and frequency of monitoring shall be decided in consultation with State Pollution Control Board. Periodic reports shall be submitted to the	Audit observed that only two Continuous Ambient Air Quality Monitoring Stations (CAAQMS) were installed at east and west directions however, in its compliance report submitted to CECB the Senior Chemist reported that "Ambient air quality levels are being monitored regularly in Power House premise in all the four

[1] Ministry of Environment, Forest and Climate Change (7 December 2015) level of SPM from 100 to 50 mg/Nm3.

[2] 230.96 ha (570.48 acre) (33 *per cent* of 699.89 ha (1,728.73 acre)) X 1,500 (minimum number of trees) = 3,46,440

Sl. No.	Terms and conditions	Audit observation
	Regional Office of this Ministry at Bhopal.	directions of the stack on daily basis. Air quality is also being monitored". For this CECB did not take any action for such misreporting as they neither checked the supporting documents for the statement nor physically verified CAAQMS in all four directions.
9	Dust extraction and suppression system with water sprinklers shall be provided for controlling the fugitive dust during coal transportation, in coal storage & handling area and other vulnerable areas of the plant.	Scrutiny of erection bill for CHP revealed that the work of dust extraction and dust suppression system was half done. It was also observed that four number of dust extraction systems were not installed till date and the dust suppression system was also being operated manually as auto mode was yet to be commissioned.
10	A separate Environment Management Cell with qualified staff shall be set up for implementation of the stipulated environmental safeguards.	Audit observed that no qualified person has been posted at Environment Cell as of date (April 2019) which was formed in July 2016.
11	Regional Office, of the MoEF at Bhopal will monitor the implementation of the stipulated conditions. A complete set of documents including Environmental Impact Assessment report and Environment Management plan along with the other information submitted from time to time shall be forwarded to Regional office for their use during monitoring.	Included vide para no. 2.10.3.
12	Allotment of separate fund for implementation of Environmental protection measures.	Nothing was found on record to show that any separate fund for implementation of Environmental protection measures was allocated by the Company.
13	The standards stipulated by the Ministry vide Notification dated 7 December 2015 for Thermal Power Plants shall be duly complied.	As per notification dated 7 December 2015, the permissible limit for Sulphur Dioxide (SO2) was 200 mg/ Nm^3 for having capacity of 500 MW Thermal Power Station, against this it was ranged between 202.10 mg/Nm^3 and 246.15 mg/Nm^3 during the period January 2018 to November 2018 as discussed vide para no. 2.10.1.
14	Harnessing solar power within the premises of the plant particularly at available roof tops shall be carried out and status of implementation including actual generation of solar power shall be submitted along with half-yearly monitoring report.	The Company did not install the Solar system in compliance of the condition of Environment Clearance so far (March 2019). Consequently, it failed to promote use of non-conventional source of energy.
15	Fugitive emissions shall be controlled to prevent impact on agricultural or non- agricultural land. In case of any proven damage to agricultural land/crop, necessary compensation shall be paid by the PP.	Frequent fugitive emission was observed in the plant area due to leakage of pipes. As the pipes were being repaired frequently, chances of substandard quality of pipes being used in the project could not be ruled out.
16	Green belt shall also be developed around the Ash Pond over and above the Green belt around the plant boundary.	The Company acquired total 699.89 ha (1,728.73 acre) land (excluding land acquired for forest land compensation). Accordingly, plantation was to be done in 230.96 ha[3] of land. The Company should plant 3,46,440 number[4] of plants in acquired area against this, it had planted only 2,36,543 number of plants covering

[3] 699.89 ha (1,728.73 acre) X 33 *per cent* = 230.96 ha (570.48 acre)

[4] 230.96 ha (570.48 acre) (33 *per cent* of 699.89 ha (1,728.73 acre)) X 1,500 (minimum number of trees) = 3,46,440

Sl. No.	Terms and conditions	Audit observation
		with 158 ha (390.26 acre) area resulting in shortfall of 1,09,897 number of plants. Further, extensive plantation was not carried out at ash dyke area. During joint physical verification (January 2019) audit observed that approximately 250 to 300 numbers of plants out of 6,000 plants were found in good condition as growing plant and rest of plants were either dead or barely stayed alive.
17	CSR schemes identified based on need based assessment shall be implemented in consultation with the village Panchayat and the District Administration starting from the development of project itself. As part of CSR prior identification of local employable youth and eventual employment in the project after imparting relevant training shall be also undertaken. Company shall provide separate budget for community development activities and income generating programmes.	The Company did not identify the local employable youth for training to provide employment in the project. Moreover, non-submission of UCs by District Administration is discussed vide para no. 2.11.2.
***(Source: Data compiled from the Company's /CECB records*)**		

Annexure – 3.1

Summarised financial results of State PSUs (other than Power Sector) covered in this Report for the year for which accounts were finalised

(Referred to in paragraphs 3.1, 3.11 and 3.12)

(₹ in crore)

Sl. No.	Sector, Type & Name of the PSU	Period of accounts	Year in which finalised	Net Profit/ loss before interest and tax	Net Profit/ loss after interest and tax	Turnover	Paid up capital	Capital employed#	Net Worth¥	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11
I. PSUs working in Monopolistic environment										
A. Government companies										
1	Chhattisgarh Rajya Van Vikas Nigam Limited (CRVVNL)	2017-18	2018-19	17.89	16.20	45.61	26.65	248.57	248.57	214.55
2	Chhattisgarh State Beverages Corporation Limited (CSBCL)	2017-18	2018-19	7.66	4.74	863.06	0.15	69.82	69.82	69.67
Total (I)				**25.55**	**20.94**	**908.67**	**26.80**	**318.39**	**318.39**	**284.22**
II. PSUs with assured income from centage, commission, revenue grants/subsidies										
A. Government companies										
3	Chhattisgarh State Civil Supplies Corporation Limited (CSCSCL)	2016-17	2018-19	2.80	1.96	6895.69	4.43	-205.21	-205.21	-210.59
4	Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (CRBEKVNL)	2016-17	2018-19	41.01	25.91	622.77	0.50	194.59	175.19	174.31
5	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam (CNJVAVN)	2016-17	2018-19	2.15	1.09	2.63	5.00	66.04	17.87	12.87
6	Chhattisgarh Medical Services Corporation Limited (CMSCL)	2016-17	2018-19	5.96	3.98	133.44	3.45	17.99	17.99	14.54
7	Chhattisgarh Police Housing Corporation Limited (CPHCL)	2017-18	2018-19	6.20	4.05	8.17	2.00	211.73	40.49	38.49
8	Chhattisgarh Road Development Corporation Limited (CRDCL)	2017-18	2018-19	-0.10	-0.10	38.80	4.90	4.40	4.40	-0.50
9	Raipur Smart City Limited (RSCL)	2016-17	2018-19	-0.02	-0.02	2.98	0.10	0.08	0.08	-0.02
10	Atal Nagar Smart City Corporation Limited (ANSCL)	2017-18	2018-19	-0.31	-0.31	-	0.10	-0.21	-0.21	-0.31

Sl. No.	Sector, Type & Name of the PSU	Period of accounts	Year in which finalised	Net Profit/ loss before interest and tax	Net Profit/ loss after interest and tax	Turnover	Paid up capital	Capital employed[#]	Net Worth[¥]	Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11
	Total (II-A)			**57.69**	**36.56**	**7,704.48**	**20.48**	**289.41**	**50.60**	**28.79**
B. Statutory Corporation										
11	Chhattisgarh State Warehousing Corporation (CSWC)	2017-18	2018-19	54.19	33.88	136.01	4.04	370.63	211.06	207.02
	Total (II-B)			**54.19**	**33.88**	**136.01**	**4.04**	**370.63**	**211.06**	**207.02**
	Total (II)			**111.88**	**70.44**	**7,840.49**	**24.52**	**660.04**	**261.66**	**235.81**
III. PSUs working in Competitive environment										
A. Government companies										
12	Chhattisgarh Mineral Development Corporation Limited (CMDC)	2017-18	2018-19	2.83	2.24	28.51	1.00	195.48	16.16	15.02
13	Kerwa Coal Limited (KCL)	2017-18	2018-19	0.32	0.23	0.46	4.90	12.70	5.22	0.32
	Total (III)			**3.15**	**2.47**	**28.97**	**5.90**	**208.18**	**21.38**	**15.34**
	Grand Total (I + II + III)			**140.58**	**93.85**	**8,778.13**	**57.22**	**1,186.61**	**601.43**	**535.37**

Capital employed = Paid up share capital + free reserves and surplus + long term loans - accumulated losses - deferred revenue expenditure.

¥ Net worth = Paid up capital + free reserve and surplus – accumulated loss - deferred revenue expenditure

Annexure – 3.2

Details of State PSUs (other than Power Sector) not covered in this Report

(Referred to in paragraphs 3.1 and 3.9)

(₹ in crore)

Sl. No.	Sector, Type & Name of the PSU	Period of accounts	Year in which finalised	Net Profit/ loss after interest, tax and dividend	Turnover	Paid up capital
1	2	3	4	5	6	7
I. Functional PSUs with arrears of accounts for three or more years/first accounts not received/not due or did not commence business operation						
A. Government companies						
1	Chhattisgarh State Industrial Development Corporation Limited (CSIDC)	2013-14	2018-19	-0.82	122.46	1.60
2	Chhattisgarh Infrastructure Development Corporation Limited (CIDC)	2014-15	2018-19	-	0.59	4.20
3	Bilaspur Smart City Limited (BSCL)	Accounts not submitted since inception (2016-17)	--	-	-	-
4	Chhattisgarh Railway Corporation Limited (CRCL)[1]	2017-18	2018-19	-4.18	1.10	50.00
5	Chhattisgarh State Information Infrastructure Corporation Limited (CSIIC)	First accounts not submitted (2017-18)	--	-	-	-
Total - I				**-5.00**	**124.15**	**55.80**
II. Non functional PSUs						
A. Government companies						
6	CMDC ICPL Coal Limited (CICL)	2016-17	2018-19	-	-	82.60
7	Chhattisgarh Sondiha Coal Company Limited (CSCCL)	2017-18	2018-19	-0.01	-	21.94
8	CSPGCL AEL Parsa Collieries Limited (CAPCL)	2017-18	2018-19	-	-	0.16
Total – II				**-0.01**	**-**	**104.70**
Grand Total (I + II)				**-5.01**	**124.15**	**160.50**

[1] The projects of the PSU are under construction and thus the actual business operation of the PSU has not started.

Annexure – 3.3

Statement showing position of equity and outstanding loans relating to State PSUs (other than Power Sector) as on 31 March 2018

(Referred to in paragraph 3.3)

(₹ in crore)

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity$ at close of the year 2017-18				Long term loans outstanding at close of the year 2017-18			
				GoCG	GoI	Others#	Total	GoCG	GoI	Others#	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
I. PSUs working in Monopolistic environment											
A. Government companies											
1	Chhattisgarh Rajya Van Vikas Nigam Limited	Forest	22.05.2001	25.73	0.92	-	26.65	-	-	-	-
2	Chhattisgarh State Beverages Corporation Limited	Commercial Tax	29.11.2001	0.15	-	-	0.15	-	-	-	-
	Total (I)			**25.88**	**0.92**	**-**	**26.80**	**-**	**-**	**-**	**-**
II. PSUs with assured income from centage, commission, revenue grants/subsidies											
A. Government companies											
3	Chhattisgarh State Civil Supplies Corporation Limited	Food Civil Supplies and Consumer Protection	13.03.2001	4.43	-	-	4.43	-	-	-	-
4	Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited	Agriculture	08.10.2004	0.50	-	-	0.50	-	-	-	-
5	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	Social Welfare	04.07.2004	5.00	-	-	5.00	-	-	52.08	52.08
6	Chhattisgarh Medical Services Corporation Limited	Health	07.10.2010	3.45	-	-	3.45	-	-	-	-
7	Chhattisgarh Police Housing Corporation Limited	Home	14.12.2011	2.00	-	-	2.00	-	-	171.24	171.24
8	Chhattisgarh Road Development Corporation Limited	PWD/Urban Administrative and Development Department	11.11.2014	4.90	-	-	4.90	-	-	-	-
9	Raipur Smart City Limited	Urban Administrative and Development	16.09.2016	-	-	0.10	0.10	-	-	-	-

Sl. No.	Sector & Name of the PSU	Name of the Department	Month and year of incorporation	Equity$ at close of the year 2017-18				Long term loans outstanding at close of the year 2017-18			
				GoCG	GoI	Others#	Total	GoCG	GoI	Others#	Total
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**
		Department									
10	Atal Nagar Smart City Corporation Limited	Urban Administrative and Development Department	16.10.2017	-	-	0.10	0.10	-	-	-	-
Total (II-A)				**20.28**	**-**	**0.20**	**20.48**	**-**	**-**	**223.32**	**223.32**
B. Statutory Corporation											
11	Chhattisgarh State Warehousing Corporation	Food Civil Supplies and Consumer Protection	02.05.2002	2.02	-	2.02	4.04	159.57	-	-	159.57
Total (II-B)				**2.02**	**-**	**2.02**	**4.04**	**159.57**	**-**	**-**	**159.57**
Total (II)				**22.30**	**-**	**2.22**	**24.52**	**159.57**	**-**	**223.32**	**382.89**
III. PSUs working in Competitive environment											
A. Working Government companies											
12	Chhattisgarh Mineral Development Corporation Limited	Geology and Mining	07.06.2001	1.00	-	-	1.00	179.32@	-	-	179.32
13	Kerwa Coal Limited	Geology and Mining	20.01.2015	-	-	4.90	4.90	-	-	7.48	7.48
Total (III)				**1.00**	**-**	**4.90**	**5.90**	**179.32**	**-**	**7.48**	**186.80**
Grand Total (I + II + III)				**49.18**	**0.92**	**7.12**	**57.22**	**338.89**	**-**	**230.80**	**569.69**

$ Includes share application money pending allotment.

Includes investment by financial institutions, Banks and holding company and PSUs etc.

@The amount of loan has been received from Chhattisgarh Mineral Development Fund, Mineral Resources Department, GoCG and hence has been considered as GoCG investment.

Annexure – 3.4

Statement showing difference between Finance Accounts of Government of Chhattisgarh and Accounts of the State PSUs (other than Power Sector) in respect of balances of Equity, Loans and Guarantee

(Referred to in paragraph 3.7)

(₹ in crore)

Sl. No.	Name of the PSU	As per records of the State PSUs			As per Finance Accounts of Government of Chhattisgarh			Difference		
		Paid-up Capital	Loans outstan-ding	Guarantee Committed	Paid-up Capital	Loans outstand-ing	Guarantee Committed	Paid-up Capital	Loans outstand-ing	Guarantee Committed
PSUs other than Power Company										
1	Chhattisgarh Rajya Van Vikas Nigam Limited	25.73	-	-	6.55	-	-	19.18	-	-
2	Chhattisgarh Railway Corporation Limited	25.50	-	-	4.00	-	-	21.50	-	-
3	Chhattisgarh State Industrial Development Corporation Limited	1.60	-	-	11.10	-	-	9.50	-	-
4	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	5.00	-	32.50	5.00	-	35.31	-	-	2.81
5	Chhattisgarh State Information Infrastructure Corporation Limited	0.05	-	-	-	-	-	0.05	-	-
6	Chhattisgarh State Warehousing Corporation	2.02	159.57	-	0.50	159.57	-	1.52	-	-
7	Chhattisgarh Mineral Development Corporation Limited	1.00	179.32	-	1.00	-	-	-	179.32	-

Annexure – 3.5

Statement showing position of State Government investment in working State PSUs (other than Power Sector) accounts of which are in arrears during the year 2017-18

(Referred to in paragraph 3.8.1)

(₹ in crore)

Sl. No.	Name of the PSU	Period upto which accounts finalised	Period for which accounts are in arrears	Paid up capital as per latest accounts finalised	Investment made by the State Government during the period for which accounts are in arrears				
					Equity	Loans	Grants$	Subsidy	Total
A. Functional PSUs									
I. Arrears upto two years									
1	Chhattisgarh State Civil Supplies Corporation Limited	2016-17	2017-18	4.43	-	-	-	2,241.92	2,241.92
2	Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited	2016-17	2017-18	0.50	-	-	-	44.72	44.72
3	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	2016-17	2017-18	5.00	-	-	0.40	0.14	0.54
4	Chhattisgarh Medical Services Corporation Limited	2016-17	2017-18	3.45	-	-	-	-	-
5	Raipur Smart City Limited	2016-17	2017-18	0.10	-	-	-	-	-
	Sub Total – I				**-**	**-**	**0.40**	**2,286.78**	**2,287.18**
II. Arrears of accounts for three or more years/first accounts not received									
1	Chhattisgarh State Industrial Development Corporation Limited	2013-14	2014-15 to 2017-18	1.60	-	-	292.03	8.07	300.10
2	Chhattisgarh Infrastructure Development Corporation Limited	2014-15	2015-16 to 2017-18	4.20	-	-	10.00	-	10.00
3	Bilaspur Smart City Limited	Accounts not submitted since inception (2016-17)	2016-17 to 2017-18	-	-	-	-	-	-
4	Chhattisgarh State Information Infrastructure Corporation Limited	First accounts not submitted	2017-18	-	-	-	-	-	-
	Sub Total – II				**-**	**-**	**302.03**	**8.07**	**310.10**
	Total (A)				**-**	**-**	**302.43**	**2,294.85**	**2,597.28**

Sl. No.	Name of the PSU	Period upto which accounts finalised	Period for which accounts are in arrears	Paid up capital as per latest accounts finalised	Investment made by the State Government during the period for which accounts are in arrears				
					Equity	Loans	Grants$	Subsidy	Total
B. Non-Functional PSUs									
1	CMDC ICPL Coal Limited	2016-17	2017-18	82.60	**-**	**-**	**-**	**-**	-
	Total (B)				**-**	**-**	**-**	**-**	**-**
	Total (A + B)				**-**	**-**	**302.43**	**2,294.85**	**2,597.28**

$ The figures include capital as well as revenue (establishment) grant.

Annexure – 3.6

Statement showing the State Government funds infused in State PSUs (other than Power Sector) during the year from 2008-09 to 2017-18

(Referred to in paragraph 3.14)

(₹ in crore)

Sector	A. PSUs working in Monopolistic environment								B. PSUs with assured income from centage, commission, revenue grants/subsidies							
Sl. No.	1				2				3				4			
Unit	CRVVNL				CSBCL				CSCSCL				CRBEKVNL			
Year	Equity	Interest Free Loans	Loans on which Interest payment defaulted	Capital Grants	Equity	Interest Free Loans	Loans on which Interest payment defaulted	Capital Grants	Equity	Interest Free Loans	Loans on which Interest payment defaulted	Capital Grants	Equity	Interest Free Loans	Loans on which Interest payment defaulted	Capital Grants
Upto 2007-08	**5.62**	**20.11**	**0.00**	**0.00**	**0.15**	**0.00**	**0.00**	**0.00**	**0.90**	**1.00**	**0.00**	**0.00**	**0.50**	**0.00**	**0.00**	**0.00**
2008-09	20.11	-20.11[¥]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2009-10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2010-11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2011-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2012-13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2017-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**25.73**	**0.00**	**0.00**	**0.00**	**0.15**	**0.00**	**0.00**	**0.00**	**4.43**	**1.00**	**0.00**	**0.00**	**0.50**	**0.00**	**0.00**	**0.00**

¥ During the year 2008-09, the budgetary support in the form of interest free loan of ₹ 20.11 crore was converted into equity in Chhattisgarh Rajya Van Vikas Nigam Limited by GoCG, and thus ₹ 20.11 crore has been reduced from the interest free loan and included in equity received from GoCG during the year 2008-09.

Sector	B. PSUs with assured income from centage, commission, revenue grants/subsidies															
Sl. No.	5				6				7				8			
Unit	**CNJVAVN**				**CMSCL**				**CPHCL**				**CRDCL**			
Year	**Equity**	**Interest Free Loans**	**Loans on which Interest payment defaulted**	**Capital Grants**	**Equity**	**Interest Free Loans**	**Loans on which Interest payment defaulted**	**Capital Grants**	**Equity**	**Interest Free Loans**	**Loans on which Interest payment defaulted**	**Capital Grants**	**Equity**	**Interest Free Loans**	**Loans on which Interest payment defaulted**	**Capital Grants**
Upto 2007-08	**5.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
2008-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2009-10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2010-11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2011-12	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2012-13	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2013-14	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2014-15	0.00	0.00	0.00	0.00	0.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.90	0.00	0.00	0.00
2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2017-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**5.00**	**0.00**	**0.00**	**0.00**	**3.45**	**0.00**	**0.00**	**3.91**	**2.00**	**0.00**	**0.00**	**0.00**	**4.90**	**0.00**	**0.00**	**0.00**

Sector	**B. PSUs with assured income from centage, commission, revenue grants/subsidies**				**C. PSUs working in Competitive environment**			
Sl. No.	9				10			
Unit	**CSWC**				**CMDC**			
Year	**Equity**	**Interest Free Loans**	**Loans on which Interest payment defaulted**	**Capital Grants**	**Equity**	**Interest Free Loans**	**Loans on which Interest payment defaulted**	**Capital Grants**
Upto 2007-08	**2.02**	**0.00**	**0.00**	**0.00**	**1.00**	**0.00**	**0.00**	**0.00**
2008-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2009-10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2010-11	0.00	0.00	0.00	8.92	0.00	0.00	0.00	0.00
2011-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2012-13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2014-15	0.00	0.00	0.00	0.45	0.00	0.00	0.00	0.00
2015-16	0.00	0.00	0.00	0.00	0.00	81.05	0.00	0.00
2016-17	0.00	0.00	0.00	0.00	0.00	14.11	0.00	0.00
2017-18	0.00	0.00	0.00	0.00	0.00	20.16	0.00	0.00
Total	**2.02**	**0.00**	**0.00**	**9.37**	**1.00**	**115.32**	**0.00**	**0.00**

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